NEW ISSUE
BOOK-ENTRY ONLY

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

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2016A Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2016A Bonds, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2016A Bonds is exempt from income taxation in the State of Indiana for all purposes, except the State financial institutions tax. See "TAX MATTERS" and "BOND PREMIUM" and APPENDIX C, "FORM OF APPROVING OPINION OF BOND COUNSEL."

$67,470,000
THE TRUSTEES OF PURDUE UNIVERSITY
Purdue University Student Facilities System Revenue Bonds, Series 2016A

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

The Trustees of Purdue University (the "Corporation") will issue its Purdue University Student Facilities System Revenue Bonds, Series 2016A (the "Series 2016A Bonds"), pursuant to resolutions adopted by the Board of Trustees of the Corporation and an Indenture of Trust dated as of January 1, 2003, as supplemented and amended to date and as supplemented by a Seventeenth Supplemental Indenture dated as of April 1, 2016, by and between the Corporation and The Bank of New York Mellon Trust Company, N.A. (the ultimate successor in interest to Bank One Trust Company, National Association), as trustee (the "Trustee"), for the purpose of (i) paying or reimbursing a portion of the costs of the acquisition, construction, equipping and furnishing of certain research facilities of the Corporation, (ii) refunding certain of the Corporation's outstanding Purdue University Student Facilities System Revenue Bonds and (iii) paying or reimbursing certain costs of issuing the Series 2016A Bonds, all as described in this Official Statement. See "PLAN OF FINANCE."

Interest on the Series 2016A Bonds is payable on January 1 and July 1 of each year, commencing July 1, 2016. The Series 2016A Bonds are issuable only as fully registered bonds, and will be issued in denominations of $5,000 or any integral multiple thereof. The Series 2016A 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 2016A Bonds will be made in book-entry only form, and purchasers of a beneficial interest in the Series 2016A Bonds will not receive physical delivery of the certificates representing their interests in the Series 2016A Bonds. The principal of and interest on the Series 2016A Bonds will be paid to DTC or its nominee as the registered owner of the Series 2016A Bonds. Disbursement of such payments to owners of beneficial interests in the Series 2016A Bonds will be the responsibility of DTC and its participants and indirect participants. See "DESCRIPTION OF SERIES 2016A BONDS—Book Entry System."

Certain of the Series 2016A Bonds are subject to redemption prior to maturity, as described herein. See "DESCRIPTION OF SERIES 2016A BONDS–Redemption."

The Series 2016A Bonds are special and limited obligations of the Corporation, secured exclusively by the Pledged Revenues and payable solely from the Pledged Revenues and other Available Funds, all as defined in this Official Statement. The Series 2016A Bonds are not a general obligation, debt or liability of the Corporation or the State of Indiana, and no recourse may be had for the payment of the principal of or interest on the Series 2016A Bonds against the State of Indiana or the Corporation, or against the property or funds of the State of Indiana or the Corporation, except to the extent of the Pledged Revenues and other Available Funds. The Corporation has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

Principal Amount	Due July 1	Interest Rate	Price	Yield	CUSIP[1]	Principal Amount	Due July 1	Interest Rate	Price	Yield	CUSIP[1]
$ 790,000	2016	5.00%	100.623%	0.502%	746189WD7	$4,280,000	2027	5.00%	128.676%*	1.880%*	746189WQ8
2,780,000	2017	3.00	102.707	0.610	746189WE5	4,495,000	2028	5.00	127.827*	1.960*	746189WR6
2,880,000	2018	4.00	106.948	0.720	746189WF2	2,870,000	2029	5.00	127.089*	2.030*	746189WS4
2,995,000	2019	4.00	109.866	0.810	746189WG0	3,020,000	2030	5.00	126.461*	2.090*	746189WT2
3,120,000	2020	4.00	112.348	0.950	746189WH8	3,170,000	2031	5.00	125.629*	2.170*	746189WU9
3,270,000	2021	5.00	119.432	1.100	746189WJ4	3,340,000	2032	5.00	125.009*	2.230*	746189WV7
3,430,000	2022	5.00	122.091	1.250	746189WK1	3,505,000	2033	5.00	124.393*	2.290*	746189WW5
3,600,000	2023	4.00	117.678	1.390	746189WL9	3,685,000	2034	5.00	123.780*	2.350*	746189WX3
3,755,000	2024	5.00	126.370	1.540	746189WM7	3,220,000	2035	3.00	100.000	3.000	746189WY1
3,925,000	2025	4.00	119.764	1.660	746189WN5	1,255,000	2036	5.00	122.666*	2.460*	746189WZ8
4,085,000	2026	4.00	120.612	1.770	746189WP0						

*Priced to first optional redemption date of July 1, 2026

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 2016A Bonds are offered when, as and if issued by the Corporation and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel and Disclosure Counsel. Certain legal matters will be passed on for the Corporation by Stuart & Branigin LLP, Lafayette, Indiana, and for the Underwriters by Ice Miller LLP, Indianapolis, Indiana. Blue Rose Capital Advisors, LLC, is serving as financial advisor to the Corporation. It is anticipated that the Series 2016A Bonds will be available for delivery to DTC on or about May 11, 2016.

Morgan Stanley

BofA Merrill Lynch **Cabrera Capital Markets, LLC**

Official Statement dated: April 6, 2016

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* Term expires June 30, 2016
** Has announced intent to retire in July 2017
*** Effective July 1, 2016, Thomas Keon will serve as Chancellor for Purdue Northwest

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

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

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL NOR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2016A BONDS IN ANY JURISDICTION IN WHICH OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2016A 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 2016A BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED IN ANY STATE AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT NOR APPROVED THE SERIES 2016A BONDS FOR SALE.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

Page

SUMMARY STATEMENT

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

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

The main campus of Purdue University is located in West Lafayette, about 60 miles northwest of Indianapolis; regional campuses are maintained in the Cities of Hammond and Westville, and two regional campuses are operated jointly with Indiana University in Fort Wayne and Indianapolis. The West Lafayette campus is organized academically into ten colleges. Undergraduate, masters and doctorate degrees are awarded in each school. Purdue University's 2015 Fall semester headcount enrollment for all campuses exceeded 68,600, excluding the Indianapolis campus. An additional 6,010 Purdue students attend the Indiana University-Purdue University campus in Indianapolis. See Appendix A.

PURPOSES OF ISSUE. The Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2016A (the "Series 2016A Bonds"), are being issued to (a) pay or reimburse a portion of the costs of the acquisition, construction, equipping and furnishing of certain research facilities of the Corporation (the "Series 2016A Facilities"), (b) refund the Corporation's outstanding Purdue University Student Facilities System Revenue Bonds identified in Appendix E (the "Refunded Bonds") and (c) pay or reimburse certain costs of issuing the Series 2016A Bonds, all as described in this Official Statement. See "PLAN OF FINANCE."

SECURITY. The Series 2016A Bonds are being issued under an Indenture of Trust by and between the Corporation and The Bank of New York Mellon Trust Company, N.A. (the ultimate successor in interest to Bank One Trust Company, National Association), as trustee (the "Trustee"), dated as of January 1, 2003, as supplemented and amended to date and as supplemented by a Seventeenth Supplemental Indenture by and between the Corporation and the Trustee, dated as of April 1, 2016 (the "Seventeenth Supplemental Indenture") (such Indenture of Trust, as supplemented and amended to date and as supplemented by the Seventeenth Supplemental Indenture, the "Indenture"). The Series 2016A Bonds and any other obligations of the Corporation secured by a first lien on the Pledged Revenues under the Indenture (the Series 2016A Bonds and such other obligations, "First Lien Bonds") are special and limited obligations of the Corporation, payable solely from the Pledged Revenues and the other Available Funds and secured exclusively by a pledge of and first lien on the Pledged Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

Upon the issuance of the Series 2016A Bonds, the following First Lien Bonds will be outstanding (after giving effect to (a) the issuance of the Series 2016A Bonds and (b) the defeasance of the Refunded Bonds) (such First Lien Bonds, the "Outstanding First Lien Bonds"):

Series	Issue Date	Original Principal Amount	Outstanding Principal Amount
Series 2004A Bonds	May 6, 2004	$28,100,000	$ 17,600,000
Series 2005A Bonds	February 23, 2005	24,200,000	6,020,000
Series 2007A Bonds	January 5, 2007	61,865,000	57,680,000
Series 2007B Bonds	March 29, 2007	27,065,000	2,715,000
Series 2007C Bonds	October 3, 2007	61,725,000	25,520,000
Series 2009A Bonds	January 22, 2009	35,025,000	1,055,000
Series 2009B Bonds	May 21, 2009	41,525,000	1,120,000
Series 2010A Bonds	December 15, 2010	24,985,000	21,605,000
Series 2011A Bonds	June 24, 2011	49,440,000	38,360,000
Series 2012A Bonds	September 5, 2012	44,770,000	35,370,000
Series 2015A Bonds	March 31, 2015	98,070,000	97,745,000
Series 2016A Bonds	May 11, 2016	67,470,000	67,470,000
			$372,260,000

The Series 2016A Bonds and all other Bonds (as hereinafter defined) are not a general obligation, debt or liability of the Corporation or the State of Indiana, and no recourse may be had for the payment of the principal of or interest on the Bonds against the Corporation or the State of Indiana, or against the property or funds of the Corporation or the State of Indiana, except to the extent of the Pledged Revenues. The Corporation has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

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

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

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

BOOK-ENTRY SYSTEM. The Series 2016A Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, and all payments of principal and interest will be made to Cede & Co. which will in turn remit such payments to DTC Participants and DTC Indirect Participants for subsequent disbursement to the Beneficial Owners of the Series 2016A Bonds. Purchases of the Series 2016A Bonds by investors will be made in book-entry form only and individual purchasers will not receive physical delivery of Series 2016A Bond certificates. See "DESCRIPTION OF SERIES 2016A BONDS—Book Entry System."

DEBT SERVICE COVERAGE. The following projected debt service coverage summary is based solely on Net Income (unaudited) for the Fiscal Years ended June 30, 2015, and June 30, 2014 (excluding any other Available Funds), and the projected average of the annual debt service on the Outstanding First Lien Bonds:

	Fiscal Year Ended June 30	
	2015	2014
Net Income[(1)]	$ 42,229,137	$39,945,482
Projected coverage[(2)]	1.93	1.83
Projected average annual debt service: $21,866,912[(2)]		

(1) See "FACILITIES AND SYSTEM—Historical Debt Service Coverage."

(2) Projected average of annual debt service for Fiscal Years ending June 30, 2016, through and including June 30, 2041, after giving effect to (a) issuance of Series 2016A Bonds and (b) defeasance of Refunded Bonds. Debt service assumes Series 2004A Bonds, Series 2005A Bonds and Series 2007C Bonds (which bear interest at variable rates) bear interest at 3.50% per annum. Debt service is not reduced by subsidy payments to be received by Corporation from U.S. Treasury for qualified Build America Bonds.

The Available Funds balance (unaudited), at June 30, 2015, exceeded 8.2 times the projected average of the annual debt service on the Outstanding First Lien Bonds, determined in accordance with the footnote (2) above.

The Available Funds balance (unaudited), at June 30, 2015, exceeded 5.4 times the projected average of the annual debt service on (a) the Outstanding First Lien Bonds, determined in accordance with the footnote (2) above, and (b) the outstanding certificates of participation in lease payments to be made by the Corporation from Available Funds (listed as "Leasehold Indebtedness" under "Outstanding Indebtedness" in Appendix A).

NO RESERVE FUND. No Reserve Fund Requirement exists for the Series 2016A Bonds, and the Series 2016A Bonds will not have access to any Reserve Fund.

ADDITIONAL OBLIGATIONS. The Corporation may issue: (a) First Lien Bonds on a parity with the Series 2016A Bonds and all other outstanding First Lien Bonds; or (b) obligations payable out of any of the Pledged Revenues (but only after making payment of principal of and interest on the First Lien Bonds then due), any lien on any of the Pledged Revenues securing which obligations is junior and subordinate to the lien on the Pledged Revenues securing any First Lien Bonds (any obligations described in (a) or (b) issued under the Indenture, "Bonds"). See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Issuance of First Lien Bonds" and "—Issuance of Junior Lien Obligations and Credit Facility Obligations."

CONTINUING DISCLOSURE. Pursuant to the continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "Rule"), the Corporation entered into an Amended and Restated Continuing Disclosure Undertaking Agreement dated as of November 1, 2010, as heretofore supplemented, and as further supplemented by an Eighth Supplement to Continuing Disclosure Undertaking Agreement, dated as of April 1, 2016 (collectively, the "Undertaking Agreement"), pursuant to which the Corporation will agree to provide (i) on an annual basis to the Municipal Securities Rulemaking Board (the "MSRB"), certain annual financial information, and (ii) notice to the MSRB, upon the occurrence of certain events more fully described herein. See "APPENDIX D: SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING AGREEMENT."

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OFFICIAL STATEMENT

$67,470,000
THE TRUSTEES OF PURDUE UNIVERSITY
Purdue University Student Facilities System Revenue Bonds, Series 2016A

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices, is to set forth information concerning the issuance and sale by The Trustees of Purdue University (the "Corporation") of its Purdue University Student Facilities System Revenue Bonds, Series 2016A (the "Series 2016A Bonds").

The Series 2016A Bonds are being issued under Indiana Code 21-32-1-1, *et. seq*., 21-32-2-1, *et seq*., 21-35-1-1, *et seq*., 21-35-3-1, *et seq*., and 21-35-5-1, *et seq*., as amended (the "Act"), and pursuant to resolutions adopted by the Board of Trustees of the Corporation (the "Board") and in accordance with the provisions of an Indenture of Trust by and between the Corporation and The Bank of New York Mellon Trust Company, N.A. (the ultimate successor in interest to Bank One Trust Company, National Association), as trustee (the "Trustee"), dated as of January 1, 2003, as supplemented and amended to date and as supplemented by a Seventeenth Supplemental Indenture by and between the Corporation and the Trustee, dated as of April 1, 2016 (the "Seventeenth Supplemental Indenture") (such Indenture of Trust, as supplemented and amended to date and as supplemented by the Seventeenth Supplemental Indenture, the "Indenture").

The Indenture permits the Corporation to issue: (a) First Lien Bonds on a parity with the Series 2016A Bonds and all other outstanding First Lien Bonds or (b) obligations payable out of any of the Pledged Revenues (but only after making payment of principal of and interest on the First Lien Bonds then due), any lien on any of the Pledged Revenues securing which obligations is junior and subordinate to the lien on the Pledged Revenues securing any First Lien Bonds (any obligations described in (a) or (b) issued under the Indenture, "Bonds"). Certain terms of the Indenture, including provisions for the issuance of additional First Lien Bonds, are described in this Official Statement in the section entitled "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

The Series 2016A Bonds and any other obligations of the Corporation secured by a first lien on the Pledged Revenues under the Indenture (the Series 2016A Bonds and such other obligations, "First Lien Bonds") are special and limited obligations of the Corporation, payable solely from the Pledged Revenues and the other Available Funds and secured exclusively by a pledge of and first lien on the Pledged Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

Upon the issuance of the Series 2016A Bonds, the following First Lien Bonds will be outstanding (after giving effect to (a) the issuance of the Series 2016A Bonds and (b) the defeasance of the Refunded Bonds (as hereinafter defined)) (such First Lien Bonds, the "Outstanding First Lien Bonds"):

Series	Issue Date	Original Principal Amount	Outstanding Principal Amount
Series 2004A Bonds	May 6, 2004	$28,100,000	$ 17,600,000
Series 2005A Bonds	February 23, 2005	24,200,000	6,020,000
Series 2007A Bonds	January 5, 2007	61,865,000	57,680,000
Series 2007B Bonds	March 29, 2007	27,065,000	2,715,000
Series 2007C Bonds	October 3, 2007	61,725,000	25,520,000
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Series 2009B Bonds	May 21, 2009	41,525,000	1,120,000
Series 2010A Bonds	December 15, 2010	24,985,000	21,605,000
Series 2011A Bonds	June 24, 2011	49,440,000	38,360,000
Series 2012A Bonds	September 5, 2012	44,770,000	35,370,000
Series 2015A Bonds	March 31, 2015	98,070,000	97,745,000
Series 2016A Bonds	May 11, 2016	67,470,000	67,470,000
			$372,260,000

The Series 2016A Bonds and all other Bonds are not a general obligation, debt or liability of the Corporation or the State of Indiana, and no recourse may be had for the payment of the principal of or interest on the Series 2016A Bonds or any other Bonds against the Corporation or the State of Indiana, or against the property or funds of the Corporation or the State of Indiana, except to the extent of the Pledged Revenues. The Corporation has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

The Corporation has covenanted and agreed in the Indenture to pay Net Income to the Trustee on or before each principal or interest payment date (see "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Flow of Funds – Sinking Fund") in an amount sufficient to pay the principal of and interest on the Series 2016A Bonds and all other First Lien Bonds due on such date. Such amounts will be deposited in the Sinking Fund.

Certain of the Series 2016A Bonds are subject to redemption prior to maturity, as described herein. See "DESCRIPTION OF SERIES 2016A BONDS–Redemption."

The Corporation has entered into an Amended and Restated Continuing Disclosure Undertaking Agreement dated as of November 1, 2010, as heretofore supplemented, and as further supplemented by an Eighth Supplement to Continuing Disclosure Undertaking Agreement, dated as of April 1, 2016 (the "Undertaking Agreement"), for the benefit of the beneficial owners of the Series 2016A Bonds, obligating the Corporation to provide certain continuing disclosure as described in "APPENDIX D: SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING AGREEMENT."

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

PURPOSE OF SERIES 2016A BONDS

The Series 2016A Bonds are being issued for the purpose of (a) paying or reimbursing a portion of the costs of the acquisition, construction, equipping and furnishing of certain research facilities of the Corporation (the "Series 2016A Facilities"), (b) refunding the Corporation's outstanding Purdue University Student Facilities System Revenue Bonds identified in Appendix E (the "Refunded Bonds") and (c) paying or reimbursing certain costs of issuing the Series 2016A Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

DESCRIPTION OF SERIES 2016A BONDS

General

The Series 2016A Bonds will be issued in the aggregate principal amount of $67,470,000 and will be dated and bear interest from their date of delivery. The Series 2016A Bonds will bear interest, payable January 1 and July 1 of each year, commencing July 1, 2016 (each such date, an "Interest Payment Date"), at the rates and will mature on the dates and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Series 2016A Bonds will be computed on the basis of a 360-day year, consisting of twelve 30-day months.

Each Series 2016A Bond will bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless it is (a) authenticated after the fifteenth day of the month immediately preceding such Interest Payment Date (each fifteenth day of the month immediately preceding an Interest Payment Date, a "Record Date") and on or before the following Interest Payment Date, in which case it will bear interest from such Interest Payment Date, or (b) authenticated before the close of business on the Record Date preceding the first Interest Payment Date, in which case it will bear interest from their date of delivery. However, if, at the time of authentication, interest on any Series 2016A Bond is in default, such Series 2016A Bond will bear interest from the date to which interest has been paid.

Certain of the Series 2016A Bonds are subject to redemption prior to maturity, as described herein. See "Redemption."

The Series 2016A Bonds will be issued in fully registered form in the denomination of $5,000 or any integral multiple thereof (an "Authorized Denomination").

The Series 2016A Bonds will be registered on the books of the Corporation kept for that purpose at the designated corporate trust operations office of the Trustee, as Registrar. The principal of the Series 2016A Bonds is payable when due upon presentation and surrender thereof at the designated corporate trust operations office of the Trustee. Interest on the Series 2016A Bonds is payable when due by check or draft mailed by the Trustee to the registered owners as their names and addresses appear in the Corporation's registration books on the Record Date.

The person in whose name any Series 2016A Bond is registered will be deemed and regarded as the absolute owner thereof for all purposes, and payment of any principal of or premium, if any, or interest on any Series 2016A Bond will be made only to or upon order of the registered owner thereof, or the registered owner's legal representative. The Corporation and the Trustee, Registrar and Paying Agent may deem and treat the registered owner of any Series 2016A Bond as the absolute owner of such Series 2016A Bond, whether such Series 2016A Bond is overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the Corporation nor the Trustee, Registrar or Paying Agent will be affected by any notice to the contrary.

Redemption

Optional Redemption. The Series 2016A Bonds maturing on or after July 1, 2027, are subject to redemption prior to maturity at the option of the Corporation at any time on or after July 1, 2026, in whole or in part, in any order of maturity as selected by the Corporation (less than all of the Series 2016A Bonds of a single maturity to be selected by lot in any manner selected by the Trustee), at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption.

Selection of Series 2016A Bonds to be Redeemed. If less than all of the Series 2016A Bonds within a maturity are called for redemption, the Trustee will select the Series 2016A Bonds or portions thereof within a maturity to be redeemed in any manner the Trustee in its sole discretion deems appropriate.

Notice of Redemption. For so long as the Series 2016A Bonds are registered in the name of DTC or its nominee or its successor, any redemption notice will be given only to DTC or its nominee or successor, as described under "Book Entry System."

Notice of redemption of the Series 2016A Bonds or portions thereof will be given by the Trustee by mailing a copy of the redemption notice by first class mail not less than 30 days nor more than 45 days prior to the date fixed for redemption to the registered owner of each Series 2016A Bond to be redeemed at the address shown on the registration books. In the case of optional redemption of Series 2016A Bonds, notice will also be sent to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Series 2016A Bonds (the sole such depository now being The Depository Trust Company of New York, New York), not less than 30 days nor more than 45 days prior to the date fixed for redemption. Any failure to give any such notice, or any defect therein, with respect to any Series 2016A Bond will not affect the validity of any proceedings for the redemption of any other Series 2016A Bonds. If for any reason it is impossible or impractical to mail such notice of call for redemption in the manner provided, then any mailing in lieu thereof made with the Trustee's approval will constitute sufficient notice.

On and after the redemption date specified in the aforesaid notice, such Series 2016A Bonds, or portions thereof, thus called (provided funds for their redemption are on deposit at the place of payment) will no longer bear interest, will no longer be protected by the Indenture and will no longer be deemed to be Outstanding under the Indenture, and the holders thereof will have the right to receive only the redemption price thereof plus accrued interest thereon to the date fixed for redemption.

No notice of optional redemption of any Series 2016A Bonds will be effective if sufficient funds have not been deposited in the Redemption Fund on the redemption date pursuant to the Indenture, and such event will not constitute an Event of Default under the Indenture and such Series 2016A Bonds will continue to bear interest until paid at the same rate as if such Series 2016A Bonds had not been called for redemption.

Partial Redemption or Purchase. In case any Series 2016A Bond is of a denomination larger than the minimum Authorized Denomination, all or a portion of such Series 2016A Bond may be redeemed (or purchased), provided that the principal amount not being redeemed (or purchased) is in any Authorized Denomination.

Upon surrender of any Series 2016A Bond for redemption (or purchase) in part only, the Corporation will execute and the Trustee will authenticate and deliver to the registered owner thereof, at the Corporation's expense, a new Series 2016A Bond or Series 2016A Bonds of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of such Series 2016A Bond surrendered.

Open Market Purchases. At its option, to be exercised not less than 45 days prior to any redemption date, or such shorter period as is acceptable to the Trustee and Paying Agent, the Corporation may (a) deliver to the Trustee any Series 2016A Bonds purchased with moneys on deposit in the Revenue Fund and available for redemption of such Series 2016A Bonds and (b) instruct the Trustee to apply the principal amount of such Series 2016A Bonds so delivered for credit at 100% of the principal amount thereof against the principal amount of Series 2016A Bonds of the same maturity to be redeemed on the next succeeding redemption date. The Trustee will so credit each such Series 2016A Bond so delivered.

Redeemed Series 2016A Bonds. If the amount necessary to redeem any Series 2016A Bonds called for redemption has been deposited with the Trustee for that purpose on or before the date specified for redemption, and if the notice described above has been duly given and all proper charges and expenses of the Trustee, Registrar and Paying Agent in connection with such redemption have been paid or provided for, the Corporation will be released from all liability on such Series 2016A Bonds, and such Series 2016A Bonds will no longer be deemed to be outstanding under the Indenture. Thereafter, such Series 2016A Bonds will not be secured by the lien of the Indenture, and the holders thereof may look only to the Trustee for payment thereof.

Payment of Principal and Interest

For so long as the Series 2016A Bonds are registered in the name of DTC or its nominee or its successor, payments of principal and interest will be made as described under "Book Entry System." In the event the Series 2016A Bonds are no longer registered under a book-entry only system, payment of the principal of and interest on the Series 2016A Bonds will be made as described above under "General."

Interest Account. The Trustee will establish and maintain, as long as any Series 2016A Bonds are outstanding, a separate account within the Sinking Fund created by the Indenture to be known as the Series 2016A Interest Account. On or before the first day of each January and July (or, if such first day is not a Business Day, on the next succeeding Business Day), the Trustee will deposit in the Series 2016A Interest Account moneys received from the Corporation in an amount equal to the difference, if any, between (a) the interest on the Series 2016A Bonds due on such date and (b) the amount of moneys then on deposit in the Series 2016A Interest Account available to pay such interest. The Trustee will use moneys on deposit in the Series 2016A Interest Account to pay the interest on the Series 2016A Bonds whenever such interest is due and payable.

Principal Account. The Trustee will establish and maintain, as long as any Series 2016A Bonds are outstanding, a separate account within the Sinking Fund to be known as the Series 2016A Principal Account. On or before the first day of each July (or, if such first day is not a Business Day, on the next succeeding Business Day), the Trustee will deposit in the Series 2016A Principal Account moneys received from the Corporation in an amount equal to the difference, if any, between (a) the principal amount of Series 2016A Bonds maturing or subject to mandatory sinking fund redemption on such date and (b) the amount of moneys then on deposit in the Series 2016A Principal Account available to pay such principal. The Trustee will use moneys on deposit in the Series 2016A Principal Account to pay the principal of the Series 2016A Bonds at maturity or upon mandatory sinking fund redemption.

Redemption Account. The Trustee will establish and maintain, as long as any Series 2016A Bonds are outstanding, a separate account within the Redemption Fund to be known as the Series 2016A Account. On or before any day on which any Series 2016A Bonds are subject to optional redemption, the Trustee will deposit in the Series 2016A Account of the Redemption Fund moneys received from the Corporation in an amount equal to the difference, if any, between (a) the redemption price of the Series 2016A Bonds due on such date and (b) the amount of moneys then on deposit in the Series 2016A Account of the Redemption Fund available to pay such redemption price. The Trustee will use moneys on deposit in the Series 2016A Account of the Redemption Fund to pay the optional redemption price of the Series 2016A Bonds whenever such redemption price is due and payable.

Payments Due on Saturdays, Sundays and Holidays

In the event that the date of maturity of principal of or interest on any Series 2016A Bonds or the date fixed for redemption of any Series 2016A Bonds is a day other than a Business Day, then payment of interest or principal need not be made on such date, but may be made (without additional interest) on the next succeeding Business Day with the same force and effect as if made on the date of maturity or date fixed for redemption.

Transfer and Exchange

For so long as the Series 2016A Bonds are registered in the name of DTC or its nominee or its successor, the transfer and exchange procedures will be as described under "Book Entry System."

Book Entry System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2016A Bonds. The Series 2016A 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 2016A Bonds certificate will be issued for the Series 2016A Bonds, in the aggregate principal amount of the Series 2016A Bonds, 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 2016A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016A 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 2016A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial

Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016A Bonds, except in the event that use of the book-entry system for the Series 2016A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016A 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 2016A 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 2016A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2016A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2016A Bond documents. For example, Beneficial Owners of Series 2016A Bonds may wish to ascertain that the nominee holding the Series 2016A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the 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 2016A 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 Series 2016A 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 2016A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2016A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2016A Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2016A Bond certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2016A Bond certificates will be printed and delivered to DTC.

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

Discontinuation of Book-Entry System

In the event that the book-entry system for the Series 2016A Bonds is discontinued, the Trustee would provide for the registration of the Series 2016A Bonds in the name of the Beneficial Owners thereof. The Corporation and the Trustee would treat the person in whose name any Series 2016A Bond is registered as the absolute owner of such Series 2016A Bond for the purposes of making and receiving payment of the principal thereof and interest thereon, and for all other purposes, except as otherwise described in Appendix D: "SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING AGREEMENT," and neither the Corporation nor the Trustee would be bound by any notice or knowledge to the contrary.

Each Series 2016A Bond would be transferable or exchangeable only upon the presentation and surrender thereof at the designated corporate trust operations office of the Trustee, duly endorsed for transfer or exchange, or accompanied by a written assignment duly executed by the owner or its authorized representative in form satisfactory to the Trustee. Upon due presentation of any Series 2016A Bonds for transfer or exchange, the Trustee would authenticate and deliver in exchange therefor, within a reasonable time after such presentation, a new Series 2016A Bond or Series 2016A Bonds, registered in the name of the transferee or transferees (in the case of a transfer), or the owner (in the case of an exchange), in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Series 2016A Bond or Series 2016A Bonds so presented. The Corporation or the Trustee would require the owner of any Series 2016A Bonds to pay a sum sufficient to cover any tax, fee or other governmental charge required to be paid in connection with the transfer or exchange of such Series 2016A Bonds. A Series 2016A Bond would not be subject to transfer or exchange after the mailing of notice calling such Series 2016A Bond for redemption has been made, or during a period of 15 days next preceding the mailing of notice for redemption of any Series 2016A Bonds.

SECURITY AND SOURCES OF PAYMENT FOR BONDS

The Series 2016A Bonds and all other First Lien Bonds are special and limited obligations of the Corporation, secured exclusively by a pledge of and first lien on the Pledged Revenues, as provided in the Indenture, and payable solely from the Pledged Revenues and the other Available Funds. The Series 2016A Bonds and all other Bonds are not a general obligation, debt or liability, or a charge against any property or fund, of the Corporation or the State of Indiana, and no recourse may be had for the payment of the principal of or interest on the Series 2016A Bonds or any other Bonds against the Corporation or the State of Indiana, except to the extent of the Pledged Revenues. The following sections regarding security for the Bonds summarize certain provisions of the Indenture. For a complete summary of the provisions of the Indenture relating to the security for the Series 2016A Bonds and all other First Lien Bonds, see "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE."

No recourse under or upon any indebtedness, obligation, covenant, agreement or liability contained in the Indenture or any Series 2016A Bonds or other Bonds may be had against any past, present or future officer, trustee, employee, agent or representative of the Corporation. No personal liability whatever will attach to or be incurred by any past, present or future officer, trustee, employee, agent or representative of the Corporation by reason of any of the indebtedness, obligations, covenants, agreements or liabilities contained in the Indenture or any Series 2016A Bonds or other Bonds, or be implied therefrom.

Net Income

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

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

(ii) the sum of

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

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

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

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

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

See "DEBT SERVICE COVERAGE" and "FACILITIES AND SYSTEM" (including "Financial Information" and "Historical Debt Service Coverage").

Available Funds

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

(a) the Pledged Revenues; and

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

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

No Reserve Fund

The Series 2016A Bonds will have no claim on any reserve fund. However, the Corporation may in the future issue Bonds which will have a claim on the Reserve Fund established under the Indenture in the manner prescribed in the Indenture, for which a reserve fund requirement may exist. See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Flow of Funds – No Reserve Fund."

Issuance of First Lien Bonds, Junior Lien Obligations and Credit Facility Obligations

The Corporation may issue First Lien Bonds, Junior Lien Obligations and Credit Facility Obligations upon the terms and subject to the conditions set forth in the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Issuance of First Lien Bonds" and "—Issuance of Junior Lien Obligations and Credit Facility Obligations."

DEBT SERVICE COVERAGE

The following projected debt service coverage summary is based solely on Net Income (unaudited) for the Fiscal Years ended June 30, 2015, and June 30, 2014 (excluding any other Available Funds), and the projected average of the annual debt service on the Outstanding First Lien Bonds:

	Fiscal Year Ended June 30	
	2015	2014
Net Income(1)	$ 42,229,137	$39,945,482
Projected coverage(2)	1.93	1.83
Projected average annual debt service: $21,866,912(2)		

(1) See "FACILITIES AND SYSTEM—Historical Debt Service Coverage."
(2) Projected average of annual debt service for Fiscal Years ending June 30, 2016, through and including June 30, 2041, after giving effect to (a) issuance of Series 2016A Bonds and (b) defeasance of Refunded Bonds. Debt service assumes Series 2004A Bonds, Series 2005A Bonds and Series 2007C Bonds (which bear interest at variable rates) bear interest at 3.50% per annum. Debt service is not reduced by subsidy payments to be received by Corporation from U.S. Treasury for qualified Build America Bonds.

The Available Funds balance (unaudited), at June 30, 2015, exceeded 8.2 times the projected average of the annual debt service on the Outstanding First Lien Bonds, determined in accordance with the footnote (2) above.

The Available Funds balance (unaudited), at June 30, 2015, exceeded 5.4 times the projected average of the annual debt service on (a) the Outstanding First Lien Bonds, determined in accordance with the footnote (2) above, and (b) the outstanding certificates of participation in lease payments to be made by the Corporation from Available Funds (listed as "Leasehold Indebtedness" under "Outstanding Indebtedness" in Appendix A).

ANNUAL DEBT SERVICE REQUIREMENT

The projected annual debt service requirement for the Series 2016A Bonds and the other Bonds that will be outstanding upon issuance of the Series 2016A Bonds is as follows:

Fiscal Year ended June 30	Outstanding Debt Service[(1)(2)]	Series 2016A Bonds Principal[(1)]	Series 2016A Bonds Interest	Total Debt Service[(1)(2)]
2016	$28,469,235	-	-	$28,469,235
2017	27,982,627	$ 790,000	$1,927,232	30,699,859
2018	25,862,658	2,780,000	2,966,250	31,608,908
2019	26,153,951	2,880,000	2,866,950	31,900,901
2020	26,018,729	2,995,000	2,749,450	31,763,179
2021	23,723,459	3,120,000	2,627,150	29,470,609
2022	23,718,600	3,270,000	2,483,000	29,471,600
2023	23,821,344	3,430,000	2,315,500	29,566,844
2024	23,818,841	3,600,000	2,157,750	29,576,591
2025	23,804,107	3,755,000	1,991,875	29,550,982
2026	23,774,313	3,925,000	1,819,500	29,518,813
2027	23,924,475	4,085,000	1,659,300	29,668,775
2028	23,927,346	4,280,000	1,470,600	29,677,946
2029	23,915,339	4,495,000	1,251,225	29,661,564
2030	22,480,376	2,870,000	1,067,100	26,417,476
2031	18,629,418	3,020,000	919,850	22,569,268
2032	17,644,564	3,170,000	765,100	21,579,664
2033	17,550,213	3,340,000	602,350	21,492,563
2034	11,009,270	3,505,000	431,225	14,945,495
2035	5,872,850	3,685,000	251,475	9,809,325
2036	4,416,700	3,220,000	111,050	7,747,750
2037	4,417,000	1,255,000	31,375	5,703,375
2038	4,416,400	-	-	4,416,400
2039	4,419,600	-	-	4,419,600
2040	4,416,400	-	-	4,416,400
2041	4,416,600	-	-	4,416,600

(1) Principal matures on preceding July 1.
(2) After giving effect to the defeasance of Refunded Bonds. Debt service assumes Series 2004A Bonds, Series 2005A Bonds and Series 2007C Bonds (which bear interest at variable rates) bear interest at 3.50% per annum. Debt service is not reduced by subsidy payments to be received by Corporation from U.S. Treasury for qualified Build America Bonds.

Note: Totals may not add as a result of rounding.

FACILITIES AND SYSTEM

General

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

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

Currently, the System is owned and generally operated by the Corporation and is comprised of a variety of student residence facilities for single undergraduate students, graduate students and married students (as listed below under "Current System Housing Facilities"), all dining operations facilities located on the West Lafayette campus (as described below under "West Lafayette Campus Facilities—Dining Facilities") and the McCutcheon Garage on the West Lafayette campus.

Certain Facilities financed by the First Lien Bonds (including the Series 2016A Facilities and certain parking facilities) are ***not*** currently included in the System.

Accommodations, including both room and board, room only, and apartments, are available to both undergraduate and graduate students. The West Lafayette campus provides 12,002 spaces for students in 2015-2016. There are 10,265 undergraduate residence hall room and board spaces, 340 graduate housing spaces, 827 single student spaces in apartments with food contract options, and 570 married student spaces in apartments. The Fort Wayne and Calumet campuses provide 1,204 and 744 spaces, respectively, for students in 2015-2016.

Management

The student housing facilities on the West Lafayette campus are managed by a central administrative office under the direction of the Vice Provost for Student Life. The housing facilities are managed by a team of administrative professionals responsible for fiscal affairs, housing operations, maintenance and residential life. Each facility, except family housing, has formed self-governing student and social organizations offering student representation in the overall operation of the unit. Food services are administered by the Purdue University Dining and Catering team.

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

West Lafayette Campus Facilities

Single Student Housing. Currently, 10,265 single undergraduate students can be housed in fourteen traditional residence halls. All of these halls are multi-storied facilities containing lounges, recreation rooms and mail room facilities. One additional facility is an apartment complex located on campus that currently houses 827 single undergraduate students and seven graduate students. Optional board service is available through the dining services in any of the halls or apartments. The 796-bed Honors College and Residence Hall is currently under construction and is scheduled to open in Fall 2016.

Graduate Housing. Approximately 340 spaces are available in on-campus apartments for graduate students. Facilities include laundry, community and recreation spaces. The graduate housing contracts are for room only, which includes all utilities. Food service is available on a cash basis in any of the dining locations.

Married Student Housing Complex. The complex provides 570 spaces for graduate and married students in apartments within walking distance of the main campus. The spaces consist of unfurnished apartments in one- and two-bedroom units. Rent includes all utilities, including basic telephone service.

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

Regional Campus Facilities

Fort Wayne Student Housing. There are 1,204 spaces consisting of thirteen apartment buildings with two freestanding commons buildings. The housing complex is linked to the main campus by a pedestrian bridge. The furnished apartments are one-, two- and four-bedroom units with shared or private baths. The buildings include recreation rooms and computer learning centers. On-campus housing became available in 2003; the most recent construction was completed in 2010.

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

Current System Housing Facilities

	Initial Construction	**Fall 2015 Total Spaces Available**
Franklin Levering Cary Quadrangle	1927	1,186
Windsor Residence Halls	1934	688
Hilltop Apartments	1944	834
Virginia C. Meredith Residence Hall	1952	608
Richard Owen Residence Hall	1957	708
Married Student Housing Complex	1957	903
Newton Booth Tarkington Residence Hall	1958	708
Harvey W. Wiley Residence Hall	1958	748
John T. McCutcheon Residence Hall	1963	733
Amelia Earhart Residence Hall	1964	792
Benjamin Harrison Residence Hall	1966	782
George A. Hawkins Graduate House	1968	827
Eleanor B. Shreve Residence Hall	1970	856
Hillenbrand Residence Hall	1993	800
First Street Towers	2007	525
Third Street Suites	2012	304
Fort Wayne Student Housing Complex, I	2003	568
Fort Wayne Student Housing Complex, II	2007	188
Fort Wayne Student Housing, Complex, III	2009	448
Calumet Student Housing, Phase I	2004	376
Calumet Student Housing, Phase II	2008	368
Total		13,950

The System also includes the Honors College and Residence Hall, which is under construction and expected to be available for 796 students in Fall 2016.

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

System Occupancy

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

	Academic Year				
	2015-16[1]	2014-15	2013-14	2012-13	2011-12
West Lafayette Student Facilities					
Single Student Housing					
Spaces Available	11,099	10,995	10,775	10,824	10,790
Spaces Occupied	11,243	10,824	10,449	10,646	10,462
Occupancy Percentage	101.3%	98.4%	97.0%	98.4%	97.0%
Married Student Housing Complex					
Spaces Available	903	902	963	955	827
Spaces Occupied	880	876	887	826	714
Occupancy Percentage	97.5%	97.1%	92.1%	86.5%	86.3%
West Lafayette Occupancy Percentage	101.0%	98.3%	96.6%	97.4%	96.2%
Regional Campus Student Facilities					
Fort Wayne Student Housing Complex					
Spaces Available	1,204	1,204	1,204	1,204	1,204
Spaces Occupied	930	921	901	912	1,021
Occupancy Percentage	77.2%	76.5%	74.8%	75.7%	84.8%
Calumet Student Housing Complex					
Spaces Available	744	744	744	744	744
Spaces Occupied	732	706	572	574	596
Occupancy Percentage	98.4%	94.9%	76.9%	77.2%	80.1%

[1]Fall 2015

Housing Rental Rates

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

	Academic Year				
	2016-17[(1)]	**2015-16**	**2014-15**	**2013-14**	**2012-13**
West Lafayette					
Single Student Housing (including Board)[(2)]					
Minimum Academic Year Rate[(3)]	$ 5,444	$ 5,444	$ 5,572	$ 5,572	$ 7,076
Maximum Academic Year Rate	14,898	14,898	14,672	15,344	15,806
Married Student Housing Complex[(2)]					
Minimum Monthly Rate	$642	$642	$642	$642	$628
Maximum Monthly Rate	785	785	785	785	767
Graduate Housing[(2)]					
Minimum Monthly Rate	$584	$584	$584	$522	$510
Maximum Monthly Rate	767	767	767	767	750
Fort Wayne Student Housing Complex[(2)]					
Minimum Monthly 12-Month Rate	$383	$395	$395	$395	$399
Maximum Monthly 12-Month Rate	867	923	900	876	849
Calumet Student Housing Complex[(2)]					
Minimum Monthly 12-Month Rate	$560	$560	$549	$533	$517
Maximum Monthly 12-Month Rate	706	706	692	672	652

(1) West Lafayette, Fort Wayne and Calumet housing rates for 2016-17 were approved by Board of Trustees on December 19, 2015.
(2) Rates are effective with start of fall semester in August, except Married Student Housing Complex rates which are effective July 1.
(3) In 2013-14, reduced meal plan was made available; in 2015-16, new flex plan was added.

Food Service Rates

Within the System, the West Lafayette food service operations include traditional food services (five locations), mini-mart operations (two locations), and grill operations (four locations). See "West Lafayette Campus Facilities—Dining Facilities." The meal plans are outlined below.

	Academic Year				
	2016-17[(1)]	**2015-16**	**2014-15**	**2013-14**	**2012-13**
Flex Unlimited - $500 Dining Dollars[(2)(3)]	$5,398	$5,398	N/A	N/A	N/A
Flex Unlimited - $250 Dining Dollars[(4)]	5,172	5,172	$5,172	N/A	N/A
13 Meal Plan[(5)]	4,554	4,554	4,554	N/A	N/A
Boiler Block Plan[(5)(6)]	4,292	4,292	4,292	$4,518	$4,708
8 Meal Plan[(7)]	2,998	2,998	2,998	N/A	N/A
Boiler Gold Plan[(8)]	1,500	1,500	1,500	N/A	N/A
20 Meal Plan[(9)]	N/A	N/A	N/A	5,444	5,674
15 Meal Plan[(10)]	N/A	N/A	N/A	5,072	5,286
12 Meal Plan[(5)]	N/A	N/A	N/A	4,794	4,996
10 Meal Plan[(9)]	N/A	N/A	N/A	4,398	4,584
7 Meal Plan	N/A	N/A	N/A	2,988	N/A

(1) Food service rates for 2016-17 were approved by Board of Trustees on December 19, 2015.
(2) Was initially offered in 2015-16.
(3) Unlimited meal swipes per week plus $500 discretionary dining dollars.
(4) Unlimited meal swipes per week plus $250 discretionary dining dollars.
(5) Includes $450 discretionary dining dollars.
(6) 246 meal swipes for full academic year.
(7) Includes no discretionary dining dollars.
(8) No meal swipes, $1,500 discretionary dining dollars.
(9) Includes $250 discretionary dining dollars.
(10) Includes $350 discretionary dining dollars.

Financial Information

The following is the Statement of Revenues, Expenses and Changes in Net Assets for the Purdue University Student Facility System as of June 30, 2015, 2014 and 2013, reported as of December 2015 (unaudited). This information should be used in conjunction with the financial statements and the notes to the Corporation's statements contained in Appendix B to this Official Statement.

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

	2015	2014[1]	2013[1]
Operating Revenues			
Housing, Net	$ 71,145,840	$ 66,637,875	$ 67,252,995
Food Service	46,955,935	46,115,131	52,263,448
Other Operating Revenues	919,171	788,335	1,632,673
Total Operating Revenues	$119,020,946	$113,541,341	$121,149,116
Operating Expenses			
Depreciation[2]	$ 21,134,291	$ 19,514,653	$ 17,236,267
Operating Expenses	76,798,033	73,597,013	86,274,735
Total Operating Expenses	$ 97,932,324	$ 93,111,666	$103,511,002
Operating Income	$ 21,088,622	$ 20,429,675	$ 17,638,114
Non-operating Revenues (Expenses)			
Investment Income[3][4]	$ 6,224	$ 1,154	$ 1,452,660
Interest Expense	(11,076,050)	(12,539,938)	(13,121,772)
Other	(2,756)	1,840	(3,721)
Total Non-operating Revenues (Expenses), Net	($ 11,072,582)	($ 12,536,944)	($ 11,672,833)
Increase in Net Assets	$ 10,016,040	$ 7,892,731	$ 5,965,281

[1] Corrected for facilities included in System.
[2] Operation and Maintenance Expenses, as defined in Indenture, exclude depreciation.
[3] Gross Income, as defined in Indenture, excludes investment income on bond proceeds.
[4] Effective Fiscal Year 2014, most investment income has been reallocated to Purdue University initiatives.

Note: sums may not equal totals due to rounding.

Historical Debt Service Coverage

The Net Income calculation, included in the following table, is based on the Statement of Revenues, Expenses and Changes in Net Assets for the Purdue University Student Facility System as of June 30, 2015, 2014 and 2013, reported as of December 2015 (unaudited). See "Financial Information."

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

	Fiscal Year ended June 30		
	2015	**2014**[(1)(2)]	**2013**[(1)]
Operating Income	$21,088,622	$20,429,675	$17,638,114
Investment Income[(3)(4)]	6,224	1,154	1,452,660
Total Operating Income	$21,094,846	$20,430,829	$19,090,774
Depreciation[(5)]	21,134,291	19,514,653	17,236,267
Net Income	$42,229,137	$39,945,482	$36,327,041
Principal and interest paid	$24,574,103	$31,653,452	$23,129,335
Debt Service Coverage[(6)]	1.72x	1.26x	1.57x

(1) Corrected for facilities included in System.
(2) Final maturity of Student Facilities System Revenue Bonds, Series 2003A, in amount of $3,510,000, was called and paid in Fiscal Year 2014, one year before due.
(3) Gross Income, as defined in Indenture, excludes investment income on bond proceeds.
(4) Effective Fiscal Year 2014, most investment income has been reallocated to Purdue University initiatives.
(5) Operation and Maintenance Expenses, as defined in Indenture, exclude depreciation.
(6) Net Income divided by principal and interest paid. Debt service is not reduced by subsidy payments received by Corporation from U.S. Treasury for qualified Build America Bonds.

Capital Plans

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

West Lafayette Campus. Construction of the 796-bed Honors College and Residence Hall is underway and is expected to be completed in Fall 2016. Several repair and maintenance projects to the housing facilities on the West Lafayette campus are underway and are included in "*Major Construction Projects*" below.

The Corporation's decisions relating to its strategic plan, enrollment management and resident versus non-resident mix will affect the revenue of the System. During fiscal year 2015, the Corporation approved the State Street Redevelopment Project on and around the West Lafayette campus. This collaborative effort between the City of West Lafayette and Purdue University will provide, among other things, new housing options and focus on student and business needs. A significant portion of the existing Purdue Village housing is likely to be replaced during this development project through December 2018.

Regional Campuses. The System includes three housing facilities on the Fort Wayne campus, providing 1,204 beds. The Calumet campus has student housing providing 744 beds. Both campuses perform routine maintenance on their respective student housing facilities.

Major Construction Projects. As of December 2015, the System has $90 million of projects greater than $500,000 in progress or awarded. The System also has $12.4 million in additional projects authorized for the System greater than $500,000 for which construction has not yet been awarded. Major construction projects include

(a) the new $90 million Honors College and Residence Hall, funded by $75 million in bond proceeds and $15 million in internal funds, and (b) repair and rehabilitation projects in the amount of $12.4 million, which will be internally funded.

PLAN OF FINANCE

The Series 2016A Bonds are being issued for the purpose of (a) paying or reimbursing a portion of the costs of the acquisition, construction, equipping and furnishing of the Flex Lab Facility on the West Lafayette campus, and any property, real or personal, related thereto (the "Series 2016A Facilities"), (b) refunding the Refunded Bonds and (c) paying or reimbursing certain costs of issuing the Series 2016A Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS."

Series 2016A Facilities

A portion of the proceeds of the Series 2016A Bonds, together with reserve funds in the amount of approximately $20,500,000 and gift funds in the amount of approximately $13,500,000, will be applied to pay the costs of acquiring, constructing, equipping and furnishing the Flex Lab Facility on the West Lafayette campus. The new Flex Lab Facility, with approximately 75,000 gross square feet and constructed in Discovery Park, will create a new multidisciplinary research facility designed to support the growth of the College of Engineering and to meet the ever changing research needs of Purdue University. The Flex Lab Facility will also provide a transformative environment encouraging collaboration, team based research, learning and engagement among peers with diverse research interests. Both wet and dry lab needs will be accommodated in the facility designed to address the expectations of today's diverse research portfolio and to adapt to the changing requirements of the future. Infrastructure will be built-out to accommodate future expansion of this facility on this site.

Refunding of Refunded Bonds

A portion of the proceeds of the Series 2016A Bonds will be applied to refund the Refunded Bonds. The Refunded Bonds will be refunded pursuant to the terms of an Escrow Deposit Agreement between the Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee and escrow trustee (the "Escrow Trustee") for the Refunded Bonds, dated as of April 1, 2016 (the "Escrow Agreement"). The refunding of the Refunded Bonds will be accomplished by (a) creating an irrevocable escrow fund for the Refunded Bonds (the "Escrow Fund") to be held by the Escrow Trustee and (b) depositing in the Escrow Fund, from a portion of the proceeds of the Series 2016A Bonds, a sum of initial cash and certain noncallable, direct obligations of the United States of America (the "Governmental Obligations"), the principal of and interest on which, together with such cash, will be sufficient to pay the principal of and interest on the Refunded Bonds to and including the date on which the Refunded Bonds will be called for redemption prior to maturity.

All cash and Governmental Obligations on deposit with the Escrow Trustee in the Escrow Fund, including investment income, will be pledged solely and irrevocably for the benefit of the holders of the Refunded Bonds, and no such cash or Governmental Obligations will be available to pay the principal of or interest on the Series 2016A Bonds. Upon such deposit, the Corporation will be released from all liability on the Refunded Bonds, which will no longer be deemed to be outstanding, and any lien of the Refunded Bonds on the Pledged Revenues will be released.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds related to the issuance of the Series 2016A Bonds are summarized below:

Sources of Funds:	
Principal Amount of Series 2016A Bonds	$67,470,000
Original Issue Premium	13,316,708
Reserve Funds	20,500,000
Gift Funds	13,500,000
Total Sources of Funds	$114,786,708
Uses of Funds:	
Flex Lab Facility	$54,000,000
Refunding of Refunded Bonds	60,290,006
Costs of Issuance(1)	496,702
Total Uses of Funds	$114,786,708

(1) Includes without limitation the Underwriters' discount, Trustee fees and expenses, financial advisory fees and expenses, escrow verification fees, legal fees and expenses, and other costs of issuance of the Series 2016A Bonds.

SUMMARY OF CERTAIN PROVISIONS OF INDENTURE

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

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Derivative Product" for any Bonds means any of the following, if identified by the Corporation as a Derivative Product for such Bonds: (a) any agreement (including terms and conditions incorporated by reference in such agreement) that is a rate swap agreement, basis swap, forward rate agreement, interest rate option, rate cap agreement, rate floor agreement, rate collar agreement or any other similar agreement (including any option to enter into any such agreement); (b) any combination of any agreements described in clause (a); or (c) any master agreement for any agreement or any combination of agreements described in clause (a) or (b), together with all supplements to any such agreement.

"Escrow Agreement" means the Escrow Deposit Agreement among the Corporation, the Trustee and the Escrow Trustee, dated as of April 1, 2016.

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

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

"Facilities" means any:

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

(b) food service facilities;

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

(d) parking facilities in connection with academic facilities;

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

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

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

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

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

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

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

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

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

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

"Indenture" means the Indenture of Trust by and between the Corporation and the Trustee, Registrar and Paying Agent, dated as of January 1, 2003, as supplemented and amended to date and as supplemented and amended by the Seventeenth Supplemental Indenture, and as further supplemented or amended from time to time.

"Interest Payment Date" means each January 1 and July 1, commencing July 1, 2016.

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

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

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

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

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

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

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

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

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

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

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

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

(a) Federal Securities;

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

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

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

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

"Rating Agency" means any nationally recognized securities rating agency.

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

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

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

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

"Refunded Bonds" means the Corporation's outstanding Purdue University Student Facilities System Revenue Bonds identified in Appendix E.

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

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

"Reserve Fund" means the Student Facilities System Reserve Fund established by the Indenture. The Series 2016A Bonds have no claim on the Reserve Fund or any other reserve fund.

"Reserve Fund Credit Instrument" means any insurance policy, surety bond, letter of credit or other instrument which is payable to or may be drawn upon by the Trustee and is deposited in the Reserve Fund in lieu of or in partial substitution for cash required to be on deposit therein, the issuer of which is (a) in the case of any insurance policy or surety bond, an insurer which, at the time of issuance of such insurance policy or surety bond, has been assigned the highest rating accorded insurers by any Rating Agency, (b) in the case of any letter of credit, a banking institution having a credit rating on its long-term, unsecured debt within the two highest rating categories from any Rating Agency, and (c) in the case of any other instrument, any person having a credit rating on its long-term, unsecured debt within the two highest rating categories from any Rating Agency. The Series 2016A Bonds have no claim on the Reserve Fund or any other reserve fund.

"Reserve Fund Requirement" means an amount equal to the least of (a) 10% of the stated principal amount (or, if part of an issue which has more than a *de minimus* amount of original issue discount or premium, the issue price) of all Bonds with any claim on the Reserve Fund, calculated as of the date of issuance thereof, (b) the maximum annual principal and interest requirements on all Bonds with any claim on the Reserve Fund, calculated as of the date of issuance thereof, or (c) 125% of the average annual principal and interest requirements on all Bonds with any claim on the Reserve Fund, calculated as of the date of issuance thereof, all determined in accordance with any Supplemental Indenture authorizing the issuance of any such Bonds; provided, however, that any Bonds may be issued which have no claim on the Reserve Fund. The Series 2016A Bonds have no claim on the Reserve Fund or any other reserve fund.

"Resolutions" means the resolutions adopted by the Corporation's Board of Trustees, authorizing the execution and delivery of the Seventeenth Supplemental Indenture and the issuance of the Series 2016A Bonds.

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

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

"Series 2016A Bondholder," "Holder of a Series 2016A Bond," "holder of a Series 2016A Bond," "Owner of a Series 2016A Bond," "owner of a Series 2016A Bond" or any similar term means a registered owner of any Series 2016A Bond.

"Series 2016A Bonds" means the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2016A.

"Series 2016A Facilities" means the Flex Lab Facility on the West Lafayette campus, and any property, real or personal, related thereto.

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

"Seventeenth Supplemental Indenture" means the Seventeenth Supplemental Indenture by and between the Corporation and the Trustee, Registrar and Paying Agent, dated as of April 1, 2016.

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

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

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

"Treasurer" means the Treasurer of the Corporation.

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

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

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

Issuance of First Lien Bonds

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

Any First Lien Bonds may be authorized and executed by the Corporation and authenticated and delivered by the Registrar during any Fiscal Year, if the Corporation certifies that, to the best of its knowledge, the Corporation is in compliance with all covenants contained in the Indenture and is not in default in the performance or observance of any of the terms or provisions thereof.

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

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

Issuance of Junior Lien Obligations and Credit Facility Obligations

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

(a) First Lien Bonds;

(b) Credit Facility Obligations; or

(c) Junior Lien Obligations.

Flow of Funds

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

There will be created on the books of the Corporation, within the Project Fund, the following accounts: (a) the "Series 2016A Facilities Account" and (b) the "Series 2016A Refunding Account".

At any time and from time to time, the Corporation may withdraw any money on deposit in the Series 2016A Facilities Account, without any requisition, voucher or other direction or authorization, for the purpose of paying or reimbursing the Corporation for the payment of any costs of acquiring, erecting, constructing, reconstructing, extending, remodeling, improving, completing, equipping, furnishing or financing the Series 2016A Facilities. After acquisition, erection, construction, reconstruction, extension, remodeling, improvement, completion, equipping, furnishing or financing of the Series 2016A Facilities has been completed, the Corporation will transfer any money remaining in the Series 2016A Facilities Account to the Series 2016A Account of the Bond Expense Fund, the Sinking Fund or the Redemption Fund, for application in accordance with any instructions from the Corporation.

Immediately upon its receipt of any money in the Series 2016A Refunding Account of the Project Fund, the Corporation will transfer or cause to be transferred such money to the Escrow Trustee for application in accordance with the Escrow Agreement.

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

There will be created on the books of the Corporation, within the Bond Expense Fund, the "Series 2016A Account."

A portion of the proceeds of the Series 2016A Bonds will be deposited in the Series 2016A Account of the Bond Expense Fund.

At any time and from time to time, the Corporation may withdraw any money on deposit in the Series 2016A Account of the Bond Expense Fund, without any requisition, voucher or other direction or authorization, for the purpose of paying, or reimbursing the Corporation for the payment of, any Costs of Issuance of the Series 2016A Bonds. The Corporation will transfer any money in the Series 2016A Account of the Bond Expense Fund remaining after payment of Costs of Issuance of the Series 2016A Bonds to the Series 2016A Facilities Account of the Project Fund, the Sinking Fund or the Redemption Fund, for application in accordance with any instructions from the Corporation.

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

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

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

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

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

No Reserve Fund. The Series 2016A Bonds will have no claim on the Reserve Fund or any other reserve fund.

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

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

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

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

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

Additional Covenants of Corporation

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

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

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

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

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

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

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

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

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

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

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

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

Additions to and Removals from System. At any time and from time to time, the Corporation may add any Facilities to or remove any Facilities from the System.

Tax Covenants. The Corporation will not permit the Series 2016A Facilities or the Refunded Bonds Facilities to be used in a manner that would result in the loss of exclusion of interest on any Series 2016A Bonds or any Refunded Bonds from gross income for federal tax purposes under Section 103 of the Code, as in effect on the date of issuance of the Series 2016A Bonds; nor will the Corporation act in any other manner that would result in the loss of exclusion of interest on any Series 2016A Bonds or any Refunded Bonds from gross income for federal income tax purposes under Section 103 of the Code, as in effect on the date of issuance of the Series 2016A Bonds.

The Corporation will not make any investment or do any other act or thing during the period that any Series 2016A Bonds or any Refunded Bonds are Outstanding that would cause any Series 2016A Bonds or any Refunded Bonds to become or to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code, as in effect on the date of issuance of the Series 2016A Bonds.

It will not be an Event of Default under the Indenture if the interest on any Series 2016A Bonds or any Refunded Bonds is not excludable from gross income for federal income tax purposes or is otherwise subject to federal income taxation pursuant to any provision of the Code which is not in effect on the date of issuance of the Series 2016A Bonds.

Defaults and Remedies

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

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

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

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

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

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

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

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

Right of Bondholders to Direct Proceedings. The owners of a majority in aggregate principal amount of the Bonds then Outstanding will have the right, at any time during the continuance of an Event of Default, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the

Indenture, or for the appointment of a receiver or any other proceedings under the Indenture, as long as such direction is not otherwise than in accordance with the provisions of law and the Indenture.

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

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

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

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

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

Discharge of Indenture

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

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

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

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

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

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

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

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

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

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

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

Supplemental Indentures

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

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

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

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

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

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

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

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

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

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

(j) Otherwise to modify any of the provisions of the Indenture or to relieve the Corporation from any of the obligations, conditions or restrictions contained in the Indenture; provided that no such modifications is or becomes operative or effective, or materially impairs any of the rights of any Bondholders or the Trustee (except as otherwise provided in the Indenture), while any Bonds issued prior to the execution of such Supplemental Indenture remain Outstanding; and provided, further, that such Supplemental Indenture is specifically referred to in the text of all Bonds issued after the execution of such Supplemental Indenture.

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

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

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

TAX MATTERS

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2016A Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2016A Bonds (the "Code"). This opinion relates only to the exclusion from gross income of interest on the Series 2016A Bonds for federal income tax purposes under Section 103 of the Code. The opinion of Barnes & Thornburg LLP is based on certain certificates, covenants and representations of the Corporation and is conditioned on continuing compliance therewith. In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2016A Bonds is exempt from income taxation in the State of Indiana for all purposes except the State financial institutions tax. See APPENDIX C for the form of opinion of Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2016A Bonds as a condition to the exclusion from gross income of interest on the Series 2016A Bonds for federal income tax purposes. Noncompliance with such requirements may cause interest on the Series 2016A Bonds to be included in gross income for federal tax purposes retroactive to the date of issue, regardless of the date on which noncompliance occurs. Should the Series 2016A Bonds bear interest that is not excluded from gross income for federal income tax purposes, the market value of the Series 2016A Bonds would be materially and adversely affected. It is not an event of default if interest on the Series 2016A Bonds is not excludable from gross income for federal tax purposes pursuant to any provision of the Code which is not in effect on the date of issuance of the Series 2016A Bonds.

The interest on the Series 2016A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes; however, such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in Indiana. The franchise tax will be measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel will render an opinion that interest on the Series 2016A Bonds is excludable from gross income for federal tax purposes and exempt from State income tax, the accrual or receipt of interest on the Series 2016A Bonds may otherwise affect an owner's federal or State tax liability. The nature and extent of these other tax consequences will depend upon the owner's particular tax status and the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2016A Bonds should consult their own tax advisors with respect to the other tax consequences of owning the Series 2016A Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Series 2016A Bonds. Prospective purchasers of the Series 2016A Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Series 2016A Bonds.

BOND PREMIUM

The initial public offering price of the Series 2016A Bonds maturing July 1, 2016, through July 1, 2034, and the Series 2016A Bonds maturing July 1, 2036 (collectively, the "Premium Bonds"), is greater than the principal amount payable at maturity. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Premium Bond in the initial public offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds (including sale, redemption or payment at maturity). The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules for determining (a) the amount of amortizable Bond Premium and (b) the amount amortizable in a particular year are set forth at Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

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

LITIGATION

Absence of Litigation Related to Series 2016A Bonds

As of the date of delivery the Series 2016A 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 2016A Bonds or the pledging of the Pledged Revenue, or in any way contesting, questioning or affecting the validity of any provision of the Series 2016A Bonds, the proceedings or the authority of the Corporation taken with respect to the issuance or sale thereof, the resolutions authorizing the Series 2016A Bonds, or the Indenture. Neither the creation, organization or existence of the Corporation nor the title of any of the present Board members or other Corporation officers to their respective offices is being contested.

Other Proceedings

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

VERIFICATION

The arithmetical accuracy of the mathematical computations as to the adequacy of the maturing principal amounts of, and interest on, the Governmental Obligations held under the Escrow Agreement, together with cash held under the Escrow Agreement, to pay the principal of and interest on the Refunded Bonds, and the mathematical computations supporting the conclusions of Barnes & Thornburg LLP, Bond Counsel, that the refunding of the Refunded Bonds will not cause the Series 2016A Bonds to be "arbitrage bonds" under the Code, will be verified by Causey Demgen & Moore P.C. Such verifications will be based upon information supplied to Causey Demgen & Moore P.C. by the Underwriters.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), and Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. ("S&P"), have given the Series 2016A 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, 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, 10041. Any such rating reflects only the view of the respective rating agency and is not a recommendation to buy, sell or hold any of the Series 2016A Bonds. There is no assurance that any rating will continue for any given period of time, and any rating may be revised downward or withdrawn entirely, if, in the judgment of the respective rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price or marketability of the Series 2016A Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2016A Bonds are subject to the approval of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel and Disclosure Counsel. Certain legal matters will be passed on for the Corporation by Stuart & Branigin LLP, Lafayette, Indiana, and certain legal matters will be passed on for the Underwriters by Ice Miller LLP, Indianapolis, Indiana. The form of the approving opinion of Bond Counsel with respect to the Series 2016A 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 2016A 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 2016A 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 2016A Bonds in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

UNDERWRITING

Morgan Stanley & Co. LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Cabrera Capital Markets, LLC (collectively, the “Underwriters”), have agreed to purchase the Series 2016A Bonds subject to certain conditions precedent, and the Underwriters are obligated to purchase all Series 2016A Bonds issued at an aggregate purchase price of $80,562,329.69 (representing the par amount of the Series 2016A Bonds, plus an original issue premium of $13,316,708.20, and less an Underwriters’ discount of $224,378.51). The Underwriters may offer and sell the Series 2016A Bonds to certain dealers (including dealers depositing the Series 2016A Bonds into unit investment trusts) and to others at a price lower than that offered to the public. The initial public offering price may be changed from time to time by the Underwriters.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Series 2016A Bonds, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley

& Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2016A Bonds.

FINANCIAL ADVISOR

The Corporation has engaged Blue Rose Capital Advisors, LLC, to serve as its financial advisor on debt and capital related issues, including the issuance of the Series 2016A Bonds.

OTHER 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. In the various 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 Corporation (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Corporation. 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.

MISCELLANEOUS

During the initial offering period for the Series 2016A Bonds, a copy of the Indenture will be available for inspection at the Office of the Treasurer of the Corporation, Hovde Hall, West Lafayette, Indiana 47907, and at the offices of Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036.

THE TRUSTEES OF PURDUE UNIVERSITY

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

Dated: April 6, 2016

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APPENDIX A

PURDUE UNIVERSITY
AND
THE TRUSTEES OF PURDUE UNIVERSITY

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Purdue University
and
The Trustees of Purdue University

General

Purdue University (the "University") was established in 1869 as one of the land-grant colleges and universities created as a result of the Morrill Act of 1862. The University was originally established to teach agricultural and mechanical arts and was named in honor of John Purdue, a substantial donor to the University. The University is one of the seven state-supported universities in Indiana. The University has grown from 39 students and six instructors at its inception, to an estimated population in excess of 68,600 full-time and part-time students and approximately 5,250 faculty and lecturers on its main, regional, and statewide campuses as of Fall 2015. An additional 6,010 Purdue students were enrolled in Fall 2015 at the Indiana University-Purdue University campus in Indianapolis.

Purdue University is composed of four campuses, with its main campus in West Lafayette and regional campuses serving other areas of the state located in Hammond (Calumet), Fort Wayne (IPFW), and Westville (North Central). Indiana University and Purdue University jointly offer academic programs at the Fort Wayne campus and at the campus in Indianapolis (IUPUI). Purdue University has fiscal responsibilities for IPFW while Indiana University has fiscal responsibilities for IUPUI. At the request of the State of Indiana, a review of the role and governance for IPFW was released January 15, 2016. 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. In July 2014, the Calumet and North Central campuses began an administrative consolidation with a target for completion of the unification as “Purdue Northwest” by July 2016. See “Purdue Calumet and Purdue North Central Unification Effort” 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 the ten academic colleges as follows: Agriculture; Education; Engineering; Health and Human Sciences; Liberal Arts; Management; Pharmacy; Science; Technology; and Veterinary Medicine. Undergraduate, Masters, and Doctor of Philosophy degrees are awarded in all schools. The University also awards the professional degrees of Doctor of Pharmacy and Doctor of Veterinary Medicine.

The major areas and fields of study at the regional campuses are organized as follows:

Calumet – Business; Education; Engineering, Mathematics & Science; Liberal Arts & Social Sciences; Nursing; and Technology.

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

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

Accreditation and Membership

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

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/.

Purdue Calumet and Purdue North Central Unification Effort

In July 2014, the Calumet and North Central campuses began administrative consolidation to make additional resources available to students such as more choices in programs and more options for community engagement and professional development. Upon completion, the new unified campuses, Purdue University Northwest, will be the fifth largest public university in Indiana, enrolling more than 15,000 students and offering more than 70 graduate and undergraduate programs of study on two campuses. On February 25, 2016, The Higher Learning Commission of the North Central Association of Colleges and Schools voted to approve the application for Purdue University Calumet and Purdue University North Central to unify into a single institution, Purdue University Northwest, contingent upon certain actions by the University. The anticipated date for satisfaction of the contingencies and completion of the unification is July 2016. All students enrolled from that date forward will be students of Purdue University Northwest. Effective July 1, 2016, Thomas Keon will serve as Chancellor for Purdue Northwest.

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 include:

- Affordability & Accessibility
    - Breaking a 36-year series of tuition increases, Purdue tuition will remain near the 2012-13 levels through at least the 2016-17 academic year for all students
    - Housing costs have been held flat since 2014
    - Meal costs were cut by 5% in fiscal 2014 and 2015, respectively, then held flat for fiscal 2016
    - Purdue student and parent borrowing for college costs is down by 23% since 2012
    - The Fall 2015 freshman class is the largest in recent history
- STEM Leadership
    - The Purdue Polytechnic Institute was officially formed in May 2015, and is delivering a transformed first-year experience to more than 600 students in Fall 2015
    - The College of Engineering exceeded its undergraduate expansion goal in Fall 2015, a year ahead of schedule, by enrolling a record 7,928 undergraduates — 150 students above the expansion target
    - The Department of Computer Science has grown its undergraduate student population by 56% and its graduate student population by 37% in the past three years, and has added 10 new faculty in the last 18 months
- World-Changing Research
    - The Purdue University Center for Drug Discovery was established in Fall 2014
    - Purdue has invested more than $20 million in the College of Agriculture for plant sciences research and education since Fall 2013
    - Purdue ranked 16th in the world among universities granted U.S. utility patents in 2014
- Transformative Education
    - Summer enrollment is up over 13% since 2013
    - Study Abroad participation is up 52% since 2013
    - Purdue launched the Gallup-Purdue Index, the largest representative study of college graduates of its type, in conjunction with Gallup and the Lumina Foundation in December 2013. The Index seeks to measure two of the most important outcomes of higher education — great careers and lives that matter — and provides higher education leaders with productive insights for meaningful performance improvements. The Gallup-Purdue Index will release annual reports until 2018, beginning with the first two reports released in May 2014 and September 2015

- Acknowledging the benefits of living on campus for students' academic success, many residence halls have been 'academicized', providing students with a variety of study spaces including meeting rooms, conference rooms, group study rooms, a computer lab and collaboration tables, all designed to meet various study styles

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*	Michael Klipsch
Michael Berghoff	Gary J. Lehman
JoAnn Brouillette	Cameron S. Mann
Vanessa Castagna	Thomas E. Spurgeon
John D. Hardin, Jr.*	Don Thompson*

Officers of the Corporation

The current officers of the Corporation are listed below.

Michael 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, *Legal Counsel*

Principal Administrative Officers of the University

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

Mitchell E. Daniels, Jr., President
Morgan J. Burke, Vice President and Director of Intercollegiate Athletics **
Gina C. DelSanto, Chief of Staff
Debasish Dutta, Executive Vice President for Academic Affairs and Provost
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
William E. Sullivan, Treasurer and Chief Financial Officer

Regional Campus Staff
Vicky L. Carwein, Chancellor, Indiana University-Purdue University Fort Wayne
James B. Dworkin, Chancellor, Purdue University North Central *
Thomas L. Keon, Chancellor, Purdue University Calumet ***
Stephen R. Turner, Vice Chancellor for Finance and Administration, Purdue University North Central and Purdue University Calumet
David Wesse, Vice Chancellor for Financial and Administrative Affairs, Indiana University- Purdue University Fort Wayne

*Term expires June 30, 2016
**Has announced intent to retire in July 2017
***Effective July 1, 2016, Thomas Keon will serve as Chancellor for Purdue Northwest, see "Purdue Calumet and Purdue North Central Unification Effort"

Student Admissions

The table below sets forth the total number of first year applications received and accepted, and the number of students enrolled at the West Lafayette campus for the academic years indicated. The University is managing admission and monitoring retention and graduation rates at the West Lafayette campus to maintain a level enrollment of approximately 30,500 undergraduate students by 2019.

ACADEMIC YEAR	APPLICATIONS RECEIVED	APPLICATIONS ACCEPTED	PERCENT ACCEPTED	STUDENTS ENROLLED	YIELD OVERALL	YIELD IN STATE
2011-12	29,513	20,163	68.3%	6,659	33.0%	57.3%
2012-13	30,903	18,951	61.3%	6,291	33.2%	58.4%
2013-14	30,955	18,684	60.4%	6,283	33.6%	59.2%
2014-15	39,706	23,506	59.2%	6,373	27.1%	55.9%
2015-16	45,023	26,524	58.9%	6,812	25.7%	55.9%

The freshman applicants at the West Lafayette campus for the fall semesters 2011 through 2015 had an average combined score for the Scholastic Aptitude Test (SAT) verbal and mathematical test of 1175, 1186, 1200, 1213 and 1212. Approximately 80% of the Fall 2015 freshman class had a high school grade point average between 3.5 and 4.0 and 93% of the Fall 2015 freshman class had a high school grade point average between 3.0 and 4.0.

Tuition and Fees

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

Student Fees, Tuition and Other Fees: The table below sets forth the tuition and general fees applicable to both full-time and part-time students at the West Lafayette campus for the academic years 2011-12 through 2015-16. Approximately 54% of the total undergraduate and graduate students at the West Lafayette campus and approximately 12% of regional campus students were non-residents of the State of Indiana at Fall 2015.

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
2011-12	$9,478	$27,646	$336	$916
2012-13	9,900	28,702	348	948
2013-14	9,992	28,794	348	948
2014-15	10,002	28,804	348	948
2015-16	10,002	28,804	348	948

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

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

The table below sets forth the tuition and fees charged per academic year to students attending each regional campus of the University for the academic years 2011-12 through 2015-16. The tuition and fees listed assume that undergraduate students are enrolled for 30 hours per academic year and graduate students are enrolled for 24 hours per academic year.

REGIONAL CAMPUS TUITION AND FEES
(PER ACADEMIC YEAR)

CALUMET

ACADEMIC YEAR		UNDERGRADUATE INDIANA RESIDENT	UNDERGRADUATE NON-RESIDENT	GRADUATE INDIANA RESIDENT	GRADUATE NON-RESIDENT
2011-12	[1]	$6,789	$15,336	$6,616	$14,088
2012-13	[2]	6,959	15,720	6,781	14,441
2013-14	[3]	7,098	16,035	6,917	14,730
2014-15	[4]	7,241	16,356	7,055	15,025
2015-16	[5]	7,359	16,625	7,171	15,272

FORT WAYNE

ACADEMIC YEAR		UNDERGRADUATE INDIANA RESIDENT	UNDERGRADUATE NON-RESIDENT	GRADUATE INDIANA RESIDENT	GRADUATE NON-RESIDENT
2011-12	[1]	$7,454	$17,903	$7,351	$16,646
2012-13	[2]	7,640	18,350	7,535	17,063
2013-14	[3]	7,793	18,717	7,686	17,404
2014-15	[4]	7,949	19,092	7,840	17,752
2015-16	[5]	8,079	19,407	7,969	18,044

NORTH CENTRAL

ACADEMIC YEAR		UNDERGRADUATE INDIANA RESIDENT	UNDERGRADUATE NON-RESIDENT	GRADUATE INDIANA RESIDENT	GRADUATE NON-RESIDENT
2011-12	[1]	$6,872	$16,359	$6,678	$15,034
2012-13	[2]	7,044	16,769	6,845	15,409
2013-14	[3]	7,185	17,105	6,982	15,718
2014-15	[4]	7,329	17,447	7,121	16,032
2015-16	[5]	7,358	17,516	7,148	16,094

[1] Includes the R&R fee of $3.35, $3.00 and $2.45 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2011.
[2] Includes the R&R fee of $3.45, $3.10 and $2.50 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2012.
[3] Includes the R&R fee of $3.50, $3.15 and $2.55 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2013.
[4] Includes the R&R fee of $3.55, $3.20 and $2.60 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2014.
[5] Includes the R&R fee of $3.60, $3.20 and $2.60 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2015.

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 125 countries. The following table presents the University's combined headcount enrollment for the Fall semester of the academic years 2011-12 through 2015-16.

ACADEMIC YEAR	WEST LAFAYETTE CAMPUS FULL-TIME	PART-TIME	TOTAL		REGIONAL CAMPUSES FULL-TIME	PART-TIME	TOTAL	STATEWIDE TECHNOLOGY	UNIVERSITY TOTAL[1]
2011-12	36,193	3,444	39,637		17,160	12,231	29,391	1,231	70,259
2012-13	35,759	3,497	39,256		16,219	13,654	29,873	1,145	70,274
2013-14	35,213	3,575	38,788		15,960	14,041	30,001	1,018	69,807
2014-15	34,115	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

[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] 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.

ACADEMIC YEAR	WEST LAFAYETTE UNDER GRADUATE	GRADUATE & PROFESSIONAL	TOTAL	FULL-TIME EQUIVALENT[2]	PURDUE SYSTEM FULL-TIME EQUIVALENT[1, 2]
2011-12	30,776	8,861	39,637	38,216	58,928
2012-13	30,147	9,109	39,256	37,976	58,706
2013-14	29,440	9,348	38,788	37,401	57,285
2014-15	29,255	9,515	38,770	36,984	56,700
2015-16	29,497	9,912	39,409	37,341	56,644

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

Faculty and Employees

As of November 4, 2015, the University's faculty and staff aggregate total was 20,204. Of the total faculty, 64% hold 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	58	24	82
Academic Department Heads	98	50	148
Professors	814	123	937
Associate Professors	556	284	840
Assistant Professors	405	132	537
Instructors	1	3	4
Sub-Total of Tenured/Tenure Track Faculty	**1,932**	**616**	**2,548**
Non-Tenure Appointments			
Clinical/Professional	170	69	239
Research Faculty	32	1	33
Visiting Faculty	101	55	156
Post Doctoral	416	4	420
Sub-Total of Non-Tenure Appointments	**719**	**129**	**848**
Continuing Lecturers and Limited-Term Lecturers			
Continuing Lecturers	178	109	287
Limited-Term Lecturers	210	790	1,000
Sub-Total of Continuing Lecturers and Limited-Term Lecturers	**388**	**899**	**1,287**
Adjunct Faculty			
Adjunct Faculty	337	230	567
Sub-Total of Adjunct Faculty	**337**	**230**	**567**
Graduate Student Staff			
Graduate Assistants	1,795	122	1,917
Fellow Administered as Graduate Assistant	174	-	174
Graduate Lecturers	35	-	35
Graduate Research Assistants	2,584	34	2,618
Graduate Administrative/Professional	269	23	292
Graduate Aides	-	103	103
Sub-Total of Graduate Student Staff	**4,857**	**282**	**5,139**
Staff			
Management	561	106	667
Administrative Staff	1,167	297	1,464
Operations Assistant	478	98	576
Professional Staff	334	13	347
Professional Assistant	1,274	185	1,459
Technical Assistant	274	25	299
Extension Educators	260	-	260
Clerical Staff - Regular	929	262	1,191
Clerical Staff - Temporary	100	48	148
Service Staff - Regular	1,856	262	2,118
Service Staff - Temporary	1,000	286	1,286
Sub-Total of Staff	**8,233**	**1,582**	**9,815**
GRAND TOTAL ALL STAFF	**16,466**	**3,738**	**20,204**

Facilities (as of Fall 2015)

Academic, Administrative, Athletic and Residential Facilities: The University has 229 principal buildings of 10,000 or more square feet used for academic instruction, research, athletics, residential and administrative functions. These buildings are located on the University's four campuses that comprise approximately 4,500 acres. The University, together with related foundations, also owns approximately 14,700 acres of land used for agricultural purposes throughout the state.

Libraries: The Purdue University Libraries system on the West Lafayette campus includes 11 subject-oriented libraries, the Hicks Undergraduate Library and the Virginia Kelly Karnes Archives and Special Collections Research Center. The campus library system consists of approximately 1.8 million printed volumes, over 1.9 million electronic books, 143,526 electronic and print journals, more than 871,000 government documents, and in excess of 2,097,000 e-resources, with access to more.

Research Facilities: The University has approximately 1.51 million square feet of research laboratories located on its West Lafayette campus. In addition to the laboratories for research within a department or school, there are many other specialized research facilities, some of an interdisciplinary nature.

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

The West Lafayette campus provided 12,002 spaces for students in Fall 2015. The Fort Wayne campus provided 1,204 spaces and the Calumet campus provided 744 spaces for students in Fall 2015. Occupancy on the West Lafayette campus was 101% for Fall 2015. Occupancy was 77% on the Fort Wayne campus and 98% on the Calumet campus for Fall 2015.

The predominant rate for room and board at the West Lafayette campus for the 2015-16 academic year is $9,414. The 2015-16 monthly housing rates at the Fort Wayne campus and Calumet campus range from $395 to $923 and $560 to $706, 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 planned for 2016.

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

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

Financial Operations of the Corporation

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

During fiscal year 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. June 30, 2014 amounts have not been restated to reflect the impact of GASB 68 because the information is not available to calculate the impact on pension expense for the fiscal year ending June 30, 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).

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

The effect of GASB Statement No. 61:

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

Refer to the Financial Statements for Purdue University 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)			
	2015 [1]	2014 [2]	2013	2012 [3]
Operating Revenues				
Tuition and Fees	$862,346	$839,367	$834,222	$805,295
Less: Scholarship Allowance	(114,833)	(112,111)	(103,972)	(97,499)
Net Tuition and Fees	$747,513	$727,256	$730,250	$707,796
Federal Grants	21,750	16,398	14,970	14,331
County Grants	8,283	7,760	8,241	9,012
Grants and Contracts	360,411	344,537	364,697	375,341
Sales and Services	81,033	74,721	73,866	72,526
Auxiliary Enterprises (Net of Scholarship Allowance of $14,585, $14,254, $13,895, and $12,725, respectively)	241,962	254,567	249,379	250,744
Other Operating Revenues	10,851	9,970	8,728	6,822
GASB 61 Paper Adjustment				
Total Operating Revenues	**$1,471,803**	**$1,435,209**	**$1,450,131**	**$1,436,572**
Operating Expenses				
Compensation and Benefits	$1,218,807	$1,201,478	$1,252,812	$1,220,731
Supplies and Services	439,007	485,556	424,676	418,340
Depreciation Expense	157,751	148,356	135,846	126,284
Scholarships, Fellowships, and Student Awards	72,079	72,291	63,775	68,365
Total Operating Expenses	**$1,887,644**	**$1,907,681**	**$1,877,109**	**$1,833,720**
Net Operating Loss	**($415,841)**	**($472,472)**	**($426,978)**	**($397,148)**
Non-operating Revenues (Expenses)				
State Appropriations	$399,039	$392,293	$370,382	$389,078
Grants and Contracts	59,260	61,534	65,687	73,261
Private Gifts	83,129	85,226	61,009	70,647
Investment Income	58,858	280,979	150,321	16,034
Interest Expense	(32,035)	(23,142)	(34,535)	(32,843)
Other Non-operating Revenues, Net	4,146	6,223	5,575	3,623
Total Non-operating Revenues before Capital/Endowments	**$572,397**	**$803,113**	**$618,439**	**$519,800**
Capital and Endowments				
State Capital Appropriations	$0	$6,322	$0	$0
Capital Gifts	14,029	16,116	11,122	133
Private Gifts for Permanent Endowments and Charitable Remainder Trusts	31,712	29,075	26,351	20,048
Gain (Loss) on Retirement of Capital Assets, Net of Proceeds and Insurance Recoveries	3,651	257	(1,458)	(6,349)
Total Capital and Endowments	**$49,392**	**$51,770**	**$36,015**	**$13,832**
Total Nonoperating Revenues	**$621,789**	**$854,883**	**$654,454**	**$533,632**
Increase in Net Assets	**$205,948**	**$382,411**	**$227,476**	**$136,484**
Net Assets, Beginning of Year	**$4,194,369**	**$3,811,958**	**$3,584,482**	**$3,447,998**
Prior Period Adjustments	**($79,564)**			
Net Assets, End of Year	**$4,320,753**	**$4,194,369**	**$3,811,958**	**$3,584,482**

[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 expenses in 2014.

[3] Restatement due primarily as a result of the Ross-Ade Foundation changing from a blended component unit to a discretely presented component unit in 2013 as a result of GASB 61. Non-material changes related to consolidation of Student Organization activity is also restated in 2012.

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 2011 through 2015, and budgeted for fiscal years 2016 and 2017 are set forth below. This information should be reviewed in conjunction with the University's financial statements, including the Management Discussion and Analysis, and the Notes to the statements.

STATE APPROPRIATIONS
(dollars in thousands)

	Normal Recurring Appropriations					
	Unrestricted		Restricted			
Fiscal Year Ended June 30	General Operating	Fee Replacement	Repair & Rehabilitation	Special	Non-Recurring Appropriations	Total[7]
Historical						
2011	$317,986	$31,779	-	$26,919	$9,534 [1]	$386,218
2012	312,325	29,009 [2]	-	26,954	-	368,288
2013	312,325	31,069 [3]	-	26,953	-	370,347
2014	318,606	30,146	$9,265	34,276	5,750 [4]	398,043
2015	325,109	29,529 [5]	9,265	34,093	1,034 [4]	399,030
Budgeted						
2016	325,156	29,182	10,567	36,466	72,016 [4,6]	473,387
2017	326,131	28,155	10,567	33,466	7,450 [6]	405,770

[1] Separately, a non-recurring appropriation of $45,474,070 was designated by the State for the 2009-2011 biennium for (a) R&R or (b) R&R or General Operating Expense. These funds were initially appropriated by the State under the American Recovery and Reinvestment Act (ARRA) of 2009. During 2009-2010, $35,131,844 reverted to the State and the balance of $10,342,226 was available for 2010-2011 but not appropriated. An additional $10 million was available to be allocated between Purdue and Indiana University in fiscal year 2011 at the discretion of the State Budget Agency but was not appropriated.
[2] Net of bond proceeds interest income in the amount of approximately $2.8 million, appropriated by the State but not claimed by the University.
[3] Net of interest savings of $272,100 and other savings in the amount of $842,486 appropriated by the State but not claimed by the University.
[4] Capital appropriations towards construction of West Lafayette Active Learning Center ($50,000,000) and IPFW South Campus Renovations ($21,350,000) will be funded based on the actual timing of the recognition of expenses. The balance remaining at the end of Fiscal 2015 was $64,566,120.
[5] Net of savings in the amount of $108,263 largely generated by refunding of outstanding bonds.
[6] Total capital appropriation of $2,400,000 towards planning for Calumet Emerging Technologies Building.
[7] Sums may not equal totals due to rounding.

Student Financial Aid

Among Purdue students, there was a 3.7% decrease in State Awards and a 3.9% decrease in Federal Pell Grants from academic year 2013-14 to 2014-15. Total grants and scholarships decreased by 0.7% compared to a decrease of 7.1% in total loans in academic year 2014-15 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 2014-15 academic year.

STUDENT FINANCIAL ASSISTANCE[1]

Academic Year 2014-15

	West Lafayette	Regional Campuses	Total
Scholarships and Grants:			
University Scholarships, Grants & Fee Remissions	$83,129,029	$8,200,114	$91,329,143
University Incentive Grant	12,058,842	-	12,058,842
Purdue Opportunity Awards	446,609	-	446,609
Athletic Grant-in-Aid	10,647,680	2,582,396	13,230,076
State Awards	26,106,284	18,294,430	44,400,714
Private Awards	12,192,871	4,019,711	16,212,582
Fellowships	12,364,068	-	12,364,068
Federal Pell Grants	23,738,743	33,033,608	56,772,351
Federal SEOG	1,881,375	609,804	2,491,179
Other Federal Grants	15,563,039	739,749	16,302,788
Total Scholarships and Grants	**$198,128,540**	**$67,479,812**	**$265,608,352**
Loans:			
Federal Stafford Loans	$95,528,393	$81,079,039	$176,607,432
Federal Parent Loans for Undergraduate Students	43,256,694	5,142,902	48,399,596
Federal Graduate PLUS Loans	4,868,063	470,505	5,338,568
Federal Perkins and Health Professions Loans	4,496,767	685,458	5,182,225
Purdue Loans	3,478,549	-	3,478,549
Private Loans	21,244,732	4,319,745	25,564,477
Total Loans[2]	**$172,873,198**	**$91,697,649**	**$264,570,847**
Employment and Employment Related:			
Work-Study Salaries	$1,401,088	$602,463	$2,003,551
Graduate Student Staff Salaries	89,913,679	2,152,243	92,065,922
Other Part-Time University Salaries	19,470,685	4,240,588	23,711,273
Employment Related Fee Remissions	51,873,130	2,330,236	54,203,366
Other Employment Related Awards	3,524,217	-	3,524,217
Total Employment Related	**$166,182,799**	**$9,325,530**	**$175,508,329**
Total Student Financial Assistance	**$537,184,537**	**$168,502,991**	**$705,687,528**

[1] Reported by Academic Year. Data does not tie to Fiscal Year reporting provided in the Financial Report.
[2] Reduction in loans at West Lafayette campus versus prior year due to aid changes, financial literacy, and other outside factors.

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 2011 through 2015 are shown below. These values are not pledged under the Indenture and do not include endowments separately held by the Corporation valued at $47,587,427 on June 30, 2015. The current spending policy for the endowment is 5.0%, based on a 12-quarter rolling average.

FISCAL YEAR ENDED JUNE 30	ENDOWMENT MARKET VALUE
2011	$1,239,002,010
2012	1,194,501,367
2013	1,400,657,554
2014	1,592,824,888
2015	1,549,142,743

As of December 31, 2015, the unaudited market value of the Corporation's endowment was $1,464,297,541 and the unaudited consolidated market value of the endowment (including Purdue Research Foundation) was $2,227,484,602 (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 asset value, income and support to the Corporation for each foundation for the fiscal year ending June 30, 2015 is shown in the following table.

FOUNDATION	ASSET (BOOK) VALUE	INCOME	DISBURSED TO/FOR THE CORPORATION
Purdue Research Foundation	$2,387,080,160	$118,752,525	$79,908,505
Ross-Ade Foundation	131,593,200	5,654,242	5,333,823
Indiana-Purdue Foundation at Fort Wayne	12,417,858	1,078,369	1,322,461
Total	**$2,531,091,218**	**$125,485,136**	**$86,564,789**

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 7,363 acres of land, 6,166 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.

Other Related Entities

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

Fund Raising Activity

Fiscal 2015 was a record fundraising year, producing $343.4 million from more than 76,000 donors – including a record 18,596 first-time friends. The total includes gifts and new pledge commitments. The number of donors to Purdue is up 16% over prior year after growing by 12% from the year before. Donors from 58 countries gave to Purdue in fiscal 2015.

During the fiscal year, Purdue received its largest single cash donation ever, a $40 million grant from Lilly Endowment Inc. to help fund five key elements of the Purdue Moves initiatives.

In 2015, Purdue's second annual Day of Giving resulted in donations of $13.7 million, setting a record for most dollars raised for higher education through a single-day campaign. The event also set Purdue records for number of donations received (9,592 gifts) and number of countries represented (37 countries).

Also in 2015, Purdue University President Mitch Daniels announced "Ever True: The Campaign for Purdue University," which will focus fundraising efforts across three priorities: "Place Students First," "Build on Our Strengths" and "Champion Research and Innovation." The goal is $2.019 billion raised by 2019, the 150th anniversary of Purdue's founding and the 50th anniversary of alumnus Neil Armstrong's historic walk on the moon. A campaign focus is to reinforce the University's overarching commitment to keeping a rigorous college education within students' financial reach. The campaign encompasses the Purdue Moves initiatives of Affordability & Accessibility, STEM

Leadership, World-Changing Research and Transformative Education. Other campaign segments will focus on the local community, faculty and staff, parents and families, and the Purdue international community.

The campaign's goal, the largest in the university's history, includes:

- $400-500 million for student support, including scholarships and graduate professional student support
- $400-500 million to fund a 50% increase in the number of endowed professorships, headships and deanships, including named positions for early-career faculty
- $400-500 million to expand interdisciplinary research across the University, to further cancer research, and to increase the impact and visibility of Discovery Park
- $300-400 million to improve and better utilize Purdue's physical infrastructure through renovations and some new construction
- $300-400 million in unrestricted funds over the course of the campaign, to be allocated where University needs are greatest

As of February 24, 2016, approximately $1.060 billion has been raised toward the $2.019 billion goal.

The table below summarizes gift giving by category for the past 5 fiscal years.

TOTAL GIFT GIVING BY CATEGORY
(dollars in thousands)

	2015	2014	2013	2012	2011
Cash/Securities *	$166,355	$119,538	$100,923	$109,364	$121,863
Real Estate	437	4,178	0	70	0
Gifts-in-Kind	82,124	54,930	50,446	64,890	72,812
Irrevocable Deferred	4,558	4,666	6,003	18,645	7,127
Revocable Deferred	71,105	47,643	91,921	24,213	37,064
New Pledge Balances*	52,807	72,192	30,498	120,170	37,972
Total Production	**$377,386**	**$303,147**	**$279,791**	**$337,352**	**$276,838**
Less: Prior Year Pledge payments *	($34,033)	($67,493)	($60,863)	($38,533)	($47,597)
Net Production	**$343,353**	**$235,654**	**$218,928**	**$298,819**	**$229,241**

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

Grants and Contracts

System-wide sponsored program expenditures for the 2014-2015 fiscal year were $345.1 million, a decrease of $6.0 million, or approximately 2%, below previous year expenditures. The following list represents departments with sponsored research program expenditures in excess of $5 million.

- Electrical & Computer Engineering, $32.9 million
- Civil Engineering, $26.2 million
- Mechanical Engineering, $19.4 million
- Chemistry, $14.2 million
- Computer Sciences $13.7 million
- Physics, $13.3 million
- Aeronautics & Astronautics, $11.5 million
- Biological Sciences, $11.5 million
- Agronomy, $9.3 million
- Biomedical Engineering, $9.0 million
- Chemical Engineering, $8.9 million
- Nutrition Science, $8.2 million
- College of Pharmacy, $6.9 million
- Agricultural & Biological Engineering $6.3 million
- Human Development and Family Studies, $6.2 million
- Botany and Plant Pathology, $5.9 million
- Forestry and Natural Resources, $5.7 million
- Agricultural Economics, $5.6 million

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

	2015	2014	2013	2012	2011
Federal Sources					
Department of HHS	$37,898	$44,424	$56,779	$53,949	$60,764
National Science Foundation	73,650	84,696	91,826	93,839	88,863
Department of Energy	21,288	26,384	30,543	35,582	30,825
Department of Defense	29,543	28,659	35,087	34,492	32,942
Department of Agriculture	21,659	22,172	22,325	23,518	18,966
Other Federal Agencies	33,642	29,299	35,360	39,103	34,194
Total Federal Sources	**$217,679**	**$235,634**	**$271,920**	**$280,484**	**$266,553**
State of Indiana	19,915	17,513	19,855	24,317	25,312
Business and Foundations	84,845	76,187	75,240	75,044	67,305
Non-Profit Organizations	19,282	17,675	11,260	9,781	10,916
Foreign Government	3,341	4,060	2,309	2,519	1,962
Total Non-Federal Sources	**$127,384**	**$115,435**	**$108,664**	**$111,660**	**$105,495**
Total All Sources [1]	**$345,063**	**$351,069**	**$380,584**	**$392,144**	**$372,048**

[1] Sums may not equal totals due to rounding

Outstanding Indebtedness

The Corporation is authorized by various acts of the Indiana General Assembly to issue bonds for the purpose of financing construction of student union buildings, academic and athletic facilities, 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.

Debt Outstanding	Final Maturity	Amount Outstanding as of 4/5/2016	
Bonds Outstanding			
Student Fee Bonds, Series P	2017	$6,705,000	(1)
Student Fee Bonds, Series U	2022	21,855,000	(1)
Student Fee Bonds, Series X	2028	81,180,000	(1)
Student Fee Bonds, Series Y	2027	54,885,000	(1)
Student Fee Bonds, Series Z1	2024	34,365,000	(1)
Student Fee Bonds, Series Z2	2035	96,805,000	(1)(4)
Student Fee Bonds, Series AA	2032	49,160,000	(1)
Student Fee Bonds, Series BB-1	2034	45,135,000	(1)
Student Fee Bonds, Series BB-2	2032	17,850,000	(1)(5)
Student Facilities System Revenue Bonds, Series 2004A	2033	17,600,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2005A	2029	6,020,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2007A	2029	57,680,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2007B	2018	2,715,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2007C	2032	25,520,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2009A	2028	18,920,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2009B	2035	36,445,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2010A	2030	21,605,000	(2)(3)(4)
Student Facilities System Revenue Bonds, Series 2011A	2025	38,360,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2012A	2032	35,370,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2015A	2040	97,745,000	(2)(3)
Student Facilities System Revenue Bonds, Series 2016A	2036	67,470,000	(2)(3)
Leasehold Indebtedness			
COPS 2006	2025	32,520,000	(3)
COPS 2009B	2031	42,795,000	(3)(4)
COPS 2011A	2035	32,185,000	(3)
COPS 2014A	2027	21,530,000	(3)
Total Outstanding Indebtedness		**$962,420,000**	

(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.

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. $7,070,000 of the outstanding balance is allocable to Bowen. The final maturity is July 1, 2029.

Physical Property

Physical property owned by the Corporation, or otherwise available to and utilized by the University, consists primarily of 19,237 acres of land and 470 buildings. The buildings, together with equipment and furnishings, were valued at an estimated replacement cost for insurance purposes at approximately $6.3 billion as of August 30, 2014. The following table sets forth the increase in net plant investment for the five years ended June 30, 2011 through 2015. 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]
2011	$3,199,534,972	$1,363,558,581	$1,835,976,391
2012	3,419,911,763	1,475,574,875	$1,944,336,889
2013	3,602,007,093	1,589,082,494	$2,012,924,600
2014	3,782,512,325	1,712,859,720	$2,069,652,605
2015	3,957,413,715	1,843,388,778	$2,114,024,937

[1] Sums may not equal totals due to rounding

Insurance

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

The Corporation also maintains business interruption insurance for protection against loss of income due to temporary shutdown of operations resulting from physical damage to property. The total value of business interruption reported to the Corporation's insurer is $937 million, which is based on values gathered from the annual IPEDS Finance Survey. A $250,000 deductible applies per occurrence and is funded by the Risk Management departmental reserve fund.

Premises and Operations Liability: The Corporation procures insurance for liability brought by third parties arising out of accidents on University premises and in connection with its operations globally. Except for the airport (covered by a separate $50,000,000 liability policy) and the aircraft (covered by a separate $25,000,000 policy), the Corporation's primary liability policy is in the amount of $40,000,000 per occurrence/wrongful act/annual aggregate over a $2,000,000 per occurrence or claim self-insured retention. Losses handled within this retention are financed through the Risk Management Department allocated reserve fund.

Capital Programs

The Corporation has an on-going capital improvement program consisting of new construction and the renovation of existing facilities. Capital improvement projects are expected to be funded from a variety of sources, including gifts, state appropriations, bond financing and Corporation funds. Major construction recently completed on the West Lafayette campus includes a softball stadium and strategic infrastructure and utility improvements. Major projects currently under construction on the West Lafayette campus include: the Active Learning Center; the Honors College and Residences; and a variety of repair and rehabilitation projects. Renovations of the South Campus are underway on the Fort Wayne Campus. On the North Central campus, a new student services and activities complex is under construction.

The four campuses are each authorized to issue up to $15 million in qualified energy savings (QES) bonds. Several QES projects are completed or under construction. Total debt outstanding for these QES projects is $5.8 million and included in Student Fee Bonds, Series BB-1.

The Corporation expects to issue debt obligations in the first half of calendar year 2016 for the following purposes:

- Student Fee Bonds to partially fund the construction of the Agricultural and Life Sciences Facility on the West Lafayette campus of the University, and to refund certain prior Student Fee Bonds,
- Student Facilities System Revenue Bonds to partially fund the construction of a research facility, on the West Lafayette campus of the University, the Engineering Flex Laboratory, and to refund certain prior Student Facilities System Revenue Bonds, and
- Certificates of Participation in lease rental payments by the Corporation with the respect to the lease-purchase of a new and renovated Football Performance Complex on the West Lafayette Campus of the University.

Retirement Plans

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

The clerical and service staff hired on or prior to September 8, 2013 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 and may increase or decrease from year to year, depending on factors outside of the University's control. The Corporation is current with all payments due to PERF.

The General Assembly adopted House Enrolled Act 1466 in its 2015 session (the "Act"), which, among other things, provided that participating entities in PERF, including the Corporation, which had frozen their participation in PERF, as described in the Act, are required to pay to PERF certain amounts. These amounts are determined under the Act, and include all of the following:

- Amounts necessary to provide sufficient assets to pay benefits to retired members attributable to service with the Corporation;
- Amounts that the INPRS Board determines are necessary to fund fully the service for members of PERF who have creditable service with the Corporation and who are not employees as of the effective date of the participation freeze;
- Amounts of required contributions under IC 5-10.2-2-11 for members of PERF who are employees of the Corporation on the date of the notice of the freeze; and
- Amounts the INPRS Board determines are necessary to fund fully the benefits attributable to service with the Corporation that are vested or will become vested and are not expected to be fully funded through the continuing contributions under IC 5-10.2-2-11 during the duration of the members' employment with the Corporation.

The Act provides for the method of calculation of such amounts and options for their payment by the Corporation. The Corporation is currently in discussions with the Indiana Public Retirement System regarding such obligation.

All clerical and service staff hired on or after September 9, 2013 participate in a defined contribution retirement plan which is subject to a three year cliff vesting. The University will contribute 4% of an employee's salary and make an additional match up to 4% of the employee's salary.

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

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

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

See Note 9, Note 12 and Required Supplementary Information to the Financial Statements for Purdue University for further information. See also "Financial Operations of the Corporation" 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, 2015, the University reported Other Post-Employment Benefits (OPEB) annual cost of $7,672,000. 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. 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 to the Financial Statements for Purdue University and “Retirement Plans” below for further information.

Forward Looking Statements

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

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APPENDIX B

PURDUE UNIVERSITY
FINANCIAL REPORT

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PURDUE
UNIVERSITY

Financial Report 2015

Purdue Moves the World Forward

LETTER OF TRANSMITTAL

October 20, 2015

To the Board of Trustees of Purdue University:

We are pleased to submit this, the 93rd annual financial report of Purdue University. This report is for the fiscal year that ended June 30, 2015, 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.
President Mitchell E. Daniels, Jr.

BOARD OF TRUSTEES

As of June 30, 2015

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, 2015

OFFICERS OF THE BOARD OF TRUSTEES

Thomas E. Spurgeon, Chairman

Michael R. Berghoff, Vice Chairman

William E. Sullivan, Treasurer

James S. Almond, Assistant Treasurer and Assistant Secretary

Janice A. Indrutz, Secretary

Steven R. Schultz, Legal Counsel

Thomas B. Parent, Assistant Legal Counsel

ADMINISTRATIVE OFFICERS

Mitchell E. Daniels, Jr., President

Morgan J. Burke, Vice President and Director of Intercollegiate Athletics

Gina C. DelSanto, Chief of Staff

Debasish Dutta, Executive Vice President for Academic Affairs and Provost

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

William E. Sullivan, Treasurer and Chief Financial Officer

REGIONAL CAMPUS STAFF

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

James B. Dworkin, Chancellor, Purdue University North Central

Thomas L. Keon, Chancellor, Purdue University Calumet

Stephen R. Turner, Vice Chancellor for Finance and Administration, Purdue University North Central and Purdue University Calumet

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 fiscal years ended June 30, 2015 and June 30, 2014. We provide this information on our financial position and the results of operations as part of the University's commitment to report annually on its fiscal affairs. These financial statements have been audited by the Indiana State Board of Accounts and their report, which is an unmodified opinion, appears on pages 5 and 6.

Purdue University's record-setting fiscal year 2015 was a response to the Purdue Moves initiatives that have captured the spirit and drive of our great institution. Purdue Moves' compelling themes of Student Affordability and Accessibility, STEM Leadership, World-Changing Research and Transformative Education have garnered unparalleled support as seen in our record-breaking year in the areas of overall donations to the University, student support, sponsored research awards, corporate sponsorship support, creation of patents and licenses, and establishment of startup companies.

Purdue has dedicated the past year to an intense resource review and budget alignment process focused on student affordability and accessibility. Administrative and academic leaders forged a strong partnership to review the use of unit and institutional resources, resulting in the funding of an unprecedented fourth year of tuition freezes for students. We will build on the momentum from that success, continuing to find new ways to provide our core services efficiently and identifying additional opportunities to hold the line on student costs. Providing higher education at the highest proven value is more than a slogan on this campus — it represents an unwavering commitment to our mission of developing the next generation of educated citizens, thought leaders and a competitive and talented workforce.

All areas of the University have participated in reviewing operational needs or reimagining service delivery to reduce costs. Our work in holding tuition flat since the 2012-13 academic year, combined with decreases in room and board rates and textbook savings generated through our innovative partnership with Amazon.com has led to an overall reduction in the total cost of attendance for our students. Reducing all categories of cost has a direct impact on the debt load of our students with financial need. These unified University actions have led to a decline in student debt, the number of student borrowers and student loan default rates.

Though the future remains uncertain, continuing our strategic review of the budget, simplifying business processes to enhance efficiency, and examining in detail the use and needs of our facilities will position us to maximize University resources. Implementing prudent financial strategies like these and planning for what might lie ahead has put us on course to meet the challenges of a global economy. I encourage you to read our financial statements, which provide a deeper understanding of the finances of the University, and see firsthand how we are realizing our resource stewardship responsibilities. We are grateful for your continued support of this great University.

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, 2015 and 2014, 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 Purdue Research Foundation (Foundation), a component unit of the University as discussed in Note 1, which represents 95 percent of the total assets, 98 percent of net assets, and 96 percent of revenues of the discretely presented component units at June 30, 2015. 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 of material misstatement.

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 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.

We believe that our 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, 2015 and 2014, and the respective changes in financial position, where applicable, and its cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in fiscal year 2015, the University adopted new accounting guidance GASB Statement 68 *Accounting and Financial Reporting for Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), 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 basic financial statements. The Letter of Transmittal, Report of the President, Board of Trustees, Officers of the University, In-State Enrollment, and Acknowledgements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Letter of Transmittal, Report of the President, Board of Trustees, Officers of the University, In-State Enrollment, 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.

Other Reporting Required by _Government Auditing Standards_

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2015 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University's internal control over financial reporting and compliance.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

October 20, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014

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

The following discussion and analysis provides an overview of the financial position and activities of the University for the fiscal years ended June 30, 2015 and 2014, with comparative financial information for fiscal year 2013. Since this presentation includes highly summarized data, it should be read in conjunction with the financial statements and documents, which include the following components.

- ***Independent Auditor's Report*** presents an unmodified opinion prepared by our auditors, the Indiana State Board of Accounts, on the fairness in all material respects of our financial statements.
- ***Statement of Net Position*** presents the assets, liabilities, and net position of the University at a point in time (June 30, 2015 and 2014). Their purpose is to present a financial snapshot of the University. This statement aids readers in determining the assets available to continue the University's operations; how much the University owes to employees and vendors; whether the University has any deferred inflows or outflows other than assets or liabilities; and a picture of net position and its availability for expenditure by the University.
- ***Statement of Revenues, Expenses, and Changes in Net Position*** presents the total revenues earned and expenses incurred by the University for operating, non-operating and other related activities, during a period of time (fiscal years ended June 30, 2015 and 2014). Their purpose is to assess the University's operating and non-operating activities.
- ***Statement of Cash Flows*** presents cash receipts and payments of the University during a period of time (the fiscal years ended June 30, 2015 and 2014). Their purpose is to assess the University's ability to generate net cash flows and meet its obligations as they come due.
- ***Notes to the Financial Statements*** present additional information to support the financial statements. The purpose of these notes is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of the financial highlights may be found.

The financial information presented in this report is designed to enable the user to review how the University managed its resources to meet its primary missions of discovery, learning, and engagement. It should be recognized that a presentation of the financial performance of the University is not a full measure of the value of 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 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 available online at https://www.purdue.edu/datadigest/.

Financial Highlights

Statement of Net Position

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

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

	2015	2014	2013
Current Assets	$ 918,164	$ 660,052	$ 686,626
Capital Assets	2,114,025	2,072,125	2,012,925
Other Assets	2,646,778	2,701,680	2,389,315
Total Assets	5,678,967	5,433,857	5,088,866
Deferred Outflows of Resources	22,829	7,227	8,011
Current Liabilities	335,965	355,176	350,987
Noncurrent Liabilities	1,025,445	891,527	933,914
Total Liabilities	1,361,410	1,246,703	1,284,901
Deferred Inflows of Resources	19,633	12	18
Net Investment in Capital Assets	1,236,479	1,166,479	1,139,118
Restricted - Nonexpendable	590,555	548,952	508,524
Restricted - Expendable	1,034,870	995,855	796,503
Unrestricted	1,458,849	1,483,083	1,367,813
Total Net Position	**$ 4,320,753**	**$ 4,194,369**	**$ 3,811,958**

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 accounts receivable, pledges receivable, and investments. As of June 30, 2015, total assets were approximately $5.7 billion, an increase of $245.1 million, or 4.5%, over the previous year. The overall growth in assets is attributed to increases in cash, investments, and capital assets.

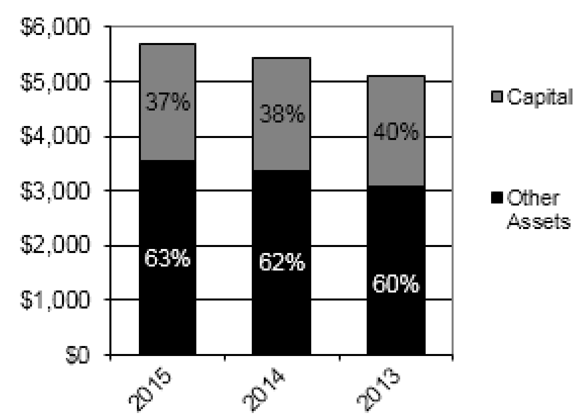
Figure 1 depicts the portion of total assets that represent capital assets. More information about capital assets is provided in the Capital Asset and Debt Administration section.

Current assets increased approximately $258.1 million during the fiscal year, resulting in a balance of approximately $918.2 million at June 30, 2015. As of June 30, 2015 cash and cash equivalents were approximately $555.9 million, an increase of approximately $176.5 million. Included in this amount is $108.5 mil-

Figure 1

Capital vs. Other Assets

(Dollars in Millions)



lion that represent invested bond proceeds related to the University's capital financing activities. The remaining $447.4 million of cash and cash equivalents is available for operations.

As of June 30, 2015, noncurrent assets decreased approximately $13.0 million, or .3%, due predominantly to the decrease in market value of investments. Noncurrent investments decreased approximately $56.8 million in fiscal year 2015, primarily driven by fluctuations in the market. Please reference a more detailed discussion in the Statement of Revenues, Expenses, and Changes in Net Position section and in Note 2.

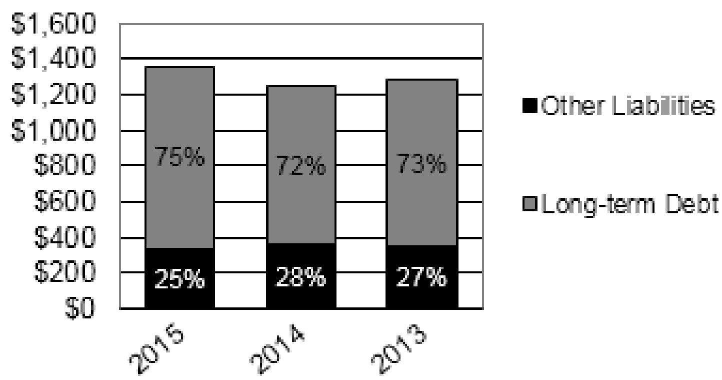
Current liabilities generally are due and payable over the course of the following fiscal year. These include accounts and other payables, unearned revenues, the current portion of long-term debt, liability for securities lending activity, and salaries and related compensation payables. Current liabilities include variable-rate demand bonds, although most of the bonds are expected to be paid in future fiscal years. Noncurrent liabilities include bonds, notes, and leases payable. Total liabilities were approximately $1.4 billion as of June 30, 2015.

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

Figure 2

Long-term Debt vs. Other Liabilities

(Dollars in Millions)



Bonds, leases, and notes payable increased by $46.7 million in fiscal year 2015. A discussion of the University's capital financing activities appears in the Debt and Financing Activities section below as well as in Note 6.

Net position is classified into four categories:

- **Net investment in capital assets** represents the University's investment in capital assets such as movable equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation and related debt.

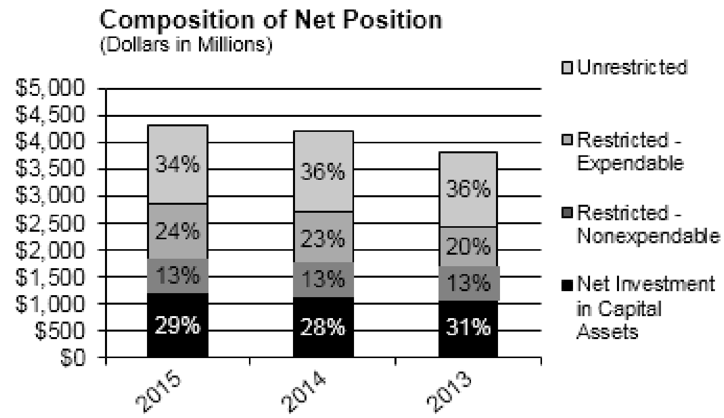
- **Restricted–nonexpendable** represents the University's permanent endowment funds received from donors for the purpose of creating present and future income. These funds must be held inviolate and in perpetuity. Earnings on these funds are used to support various programs designated by donors at the time of the gift.

- **Restricted–expendable** represents funds that have purpose restrictions imposed by third parties. Examples include but are not limited to scholarship funds and grant and contract funds.

- **Unrestricted funds** have no third-party restrictions. Management designates the majority of these funds for specific purposes to fulfill strategic initiatives and operational needs. It is management's practice to review the balances in unrestricted net position relative to their specific purposes at the close of each fiscal year.

Total net position for the University was $4.3 billion as of June 30, 2015. Figure 3 provides a comparison between fiscal years as well as the composition of net position.

Figure 3



Net investment in capital assets increased $70.0 million in fiscal year 2015, comprised of additions to capital assets of $209.2 million, offset by annual depreciation of $157.8 million and net retirements of capital assets in the amount of $9.5 million. Additional details are provided in the Capital Asset and Debt Administration section of this analysis.

Restricted-nonexpendable funds increased $41.6 million in Fiscal Year 2015, primarily resulting from contributions to endowments. Restricted-expendable funds increased $39.0 million, driven by increases of $32.8 million in sponsored grants and contracts, gifts provided by donors, and a $6.2 million prior period adjustment to incorporate the net position of student organizations. Unrestricted funds had an overall decrease of $24.2 million attributable to the prior period adjustment of $85.7 million in net pension obligation required by the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*. This decrease in unrestricted funds was offset by an increase of $61.5 million related to the current year's operational results.

Statement of Revenues, Expenses, and Changes in Net Position

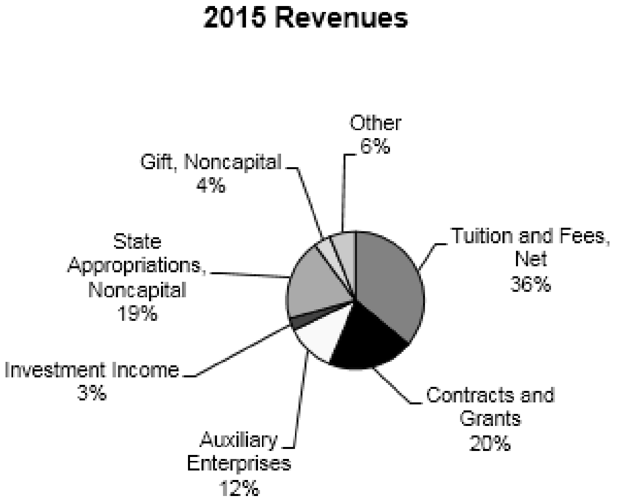
A summarized comparison of the University's revenues, expenses, and changes in net position follows in Table 2.

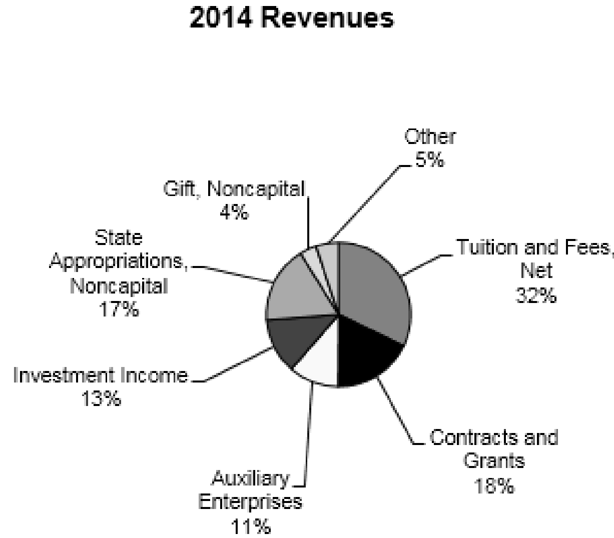
Table 2. Summary Statement of Revenues, Expenses, and Changes in Net Position (Dollars in Thousands)

	2015	2014	2013
Operating Revenues			
Tuition and Fees, Net	$ 747,513	$ 727,256	$ 730,250
Grants and Contracts	360,411	344,537	364,697
Auxiliary Enterprises, Net	241,962	254,567	249,379
Other Operating Revenues	121,917	108,849	105,805
Total Operating Revenues	1,471,803	1,435,209	1,450,131
Operating Expenses			
Depreciation	157,751	148,356	135,846
Other Operating Expense	1,729,893	1,759,325	1,741,263
Total Operating Expenses	1,887,644	1,907,681	1,877,109
Operating Loss	(415,841)	(472,472)	(426,978)
Nonoperating Revenue	572,397	803,113	618,439
Capital and Endowments	49,392	51,770	36,015
Total Nonoperating Revenues	621,789	854,883	654,454
Increase in Net Position	205,948	382,411	227,476
Net position, Beginning of Year	4,194,369	3,811,958	3,584,482
Prior Period Adjustments	(79,564)		
Net Position, Beginning of Year, as restated	4,114,805		
Net position, End of Year	**$ 4,320,753**	**$ 4,194,369**	**$ 3,811,958**

Revenues are classified for financial reporting as either operating or non-operating. 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 are shown net of an allowance for scholarships. Non-operating revenues are those received by the University without providing a commensurate good or service and include our state appropriations, investment income, and private gifts. Because Purdue is a public university, non-operating revenues are an integral part of its operating budget. Private gifts for capital projects and additions to the University's endowment are also considered non-operating sources of revenue but are not part of the University's operating budget. Figure 4 provides information about the University's sources of revenues, excluding endowments and capital, for fiscal years 2015 and 2014. The University had an increase in the restated net position of $205.9 million for the fiscal year ended June 30, 2015.

Figure 4: University Revenue by Category



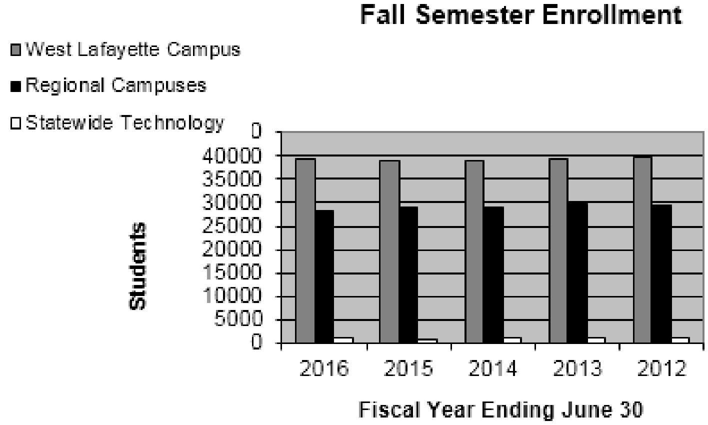


Total operating revenues increased $36.6 million, or 2.6% from fiscal year 2014 to fiscal year 2015. $20.3 million of the increase is from net tuition and fee revenue, primarily resulting from increased resident and non-resident enrollment at the West Lafayette campus, an increase in summer enrollment, and a modest rate increase at Regional campuses. Enrollment patterns for the past five years are illustrated in Figure 5.

Operating grants and contracts revenue increased $21.7 million in Fiscal Year 2015. This increase is principally due to increases in grant revenue from industrial sponsors.

Total operating expenses decreased by $20.0 million, or 1.1%, from fiscal year ended June 30, 2014 to fiscal year ended June 30, 2015. Details are described in Note 8.

Figure 5 Five-Year Enrollment Data*



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

Fiscal year 2015 non-operating revenues, net of expenses, decreased from the previous year by $230.7 million primarily due to a reduction in investment income related to fluctuations in the market. The net investment performance of the University's endowment was 2.3% for the fiscal year ended June 30, 2015. The endowment was invested in private investments (47.9%), public equities (41.7%), and in fixed income investments (10.4%). The portfolio composition did not materially change from the prior year.

Capital and Endowments income decreased $2.4 million or 4.6% from the previous year. Capital gifts decreased $2.1 million while private gifts for endowments increased $2.6 million for the fiscal year ended June 30, 2015.

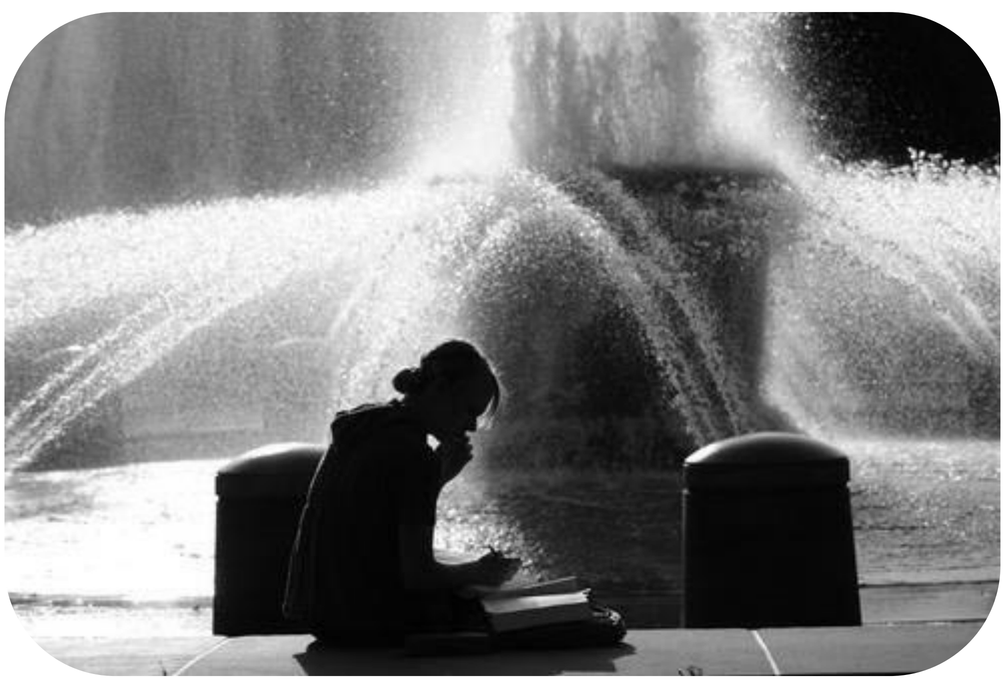
Statement of Cash Flows

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

	2015	2014	2013
Cash Used by Operating Activities	$ (256,769)	$ (321,369)	$ (293,488)
Cash Provided by Noncapital Financing Activities	562,058	577,382	532,179
Cash Provided (Used) by Investing Activities	22,586	(50,525)	(39,130)
Cash Used by Capital and Related Financing Activities	(151,388)	(262,238)	(187,324)
Net Increase (Decrease) in Cash and Cash Equivalents	176,487	(56,750)	12,237
Cash and Cash Equivalents, Beginning of Year	379,414	436,164	423,927
Cash and Cash Equivalents, End of Year	**$ 555,901**	**$ 379,414**	**$ 436,164**

The cash provided by noncapital financing activities reflects the non-operating revenue changes described above. The cash used by investing activities in 2014 reflected deployment of cash into investments, and the subsequent cash provided by investing activities in 2015 represents the return of cash to operations, making those funds available for use in other areas of the University. 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 2015 and 2014 are presented in Table 4, significant projects in progress at June 30, 2015 are presented in Table 5, and significant projects authorized by the Board of Trustees but not started as of June 30, 2015 are presented in Table 6.

Table 4. Significant Construction Projects Completed (Dollars in Thousands)

Projects Completed in 2015		
Vawter Field Housing (Third Street Suites)	$	37,397
Total Significant Construction Projects Completed	**$**	**37,397**
Projects Completed in 2014		
Center for Student Excellence and Leadership	$	28,100
Drug Discovery Facility		28,694
Health Human Science Facility		38,000
Total Significant Construction Projects Completed	**$**	**94,794**

Table 5. Significant Construction Projects in Progress (Dollars in Thousands)

	Project Budget	
Engineering Renovation	$	70,000
Honors College		90,000
IPFW - South Campus Renovations Phase 1		21,350
PNC - Student Services & Activities Complex		34,700
Wilmeth Active Learning Center		79,000
Total Significant Construction Projects in Progress	**$**	**295,050**

Table 6. Significant Construction Projects Authorized but not Started (Dollars in Thousands)

	Project Budget	
Ag Life Sciences Research Facility	$	60,000
Emerging Technologies		40,500
Flex Lab Facility		54,000
Total Significant Construction Projects Authorized but not Started	**$**	**154,500**

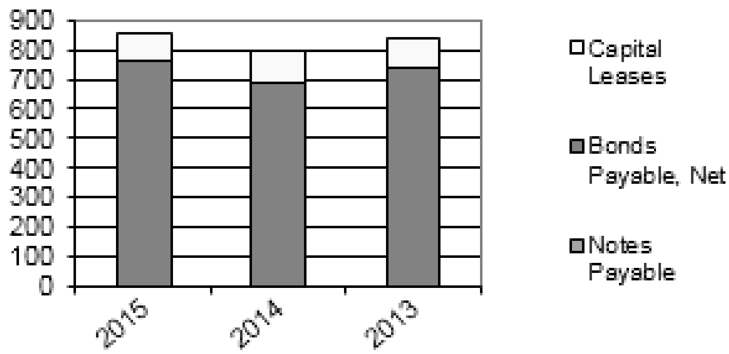
Debt and Financing Activities

Bonds, Leases, and Notes Payable totaled $995.6 million as of June 30, 2015 and represents approximately 73% of the total liabilities of the University. The University's debt portfolio as of June 30, 2015 consists of $81.3 million of variable rate instruments (8.2%), compared to $914.3 million in fixed rate obligations (91.8%). Figure 6 compares the composition of noncurrent debt by fiscal year. Additional details about University indebtedness is provided in Note 6.

Figure 6

Composition of Long Term Debt

(Dollars in Millions)



As of June 30, 2015 and 2014, the University had a credit rating of Aaa from Moody's Investors Service. Purdue's Standard & Poor's rating for fixed rate debt was AA+ as of June 30, 2015 and 2014. The University was one of only eight public higher education institutions whose Moody's credit rating was Aaa. In addition, the University's variable-rate debt received short-term ratings from Moody's of VMIG-1/P-1 and by Standard & Poor's of A-1+.

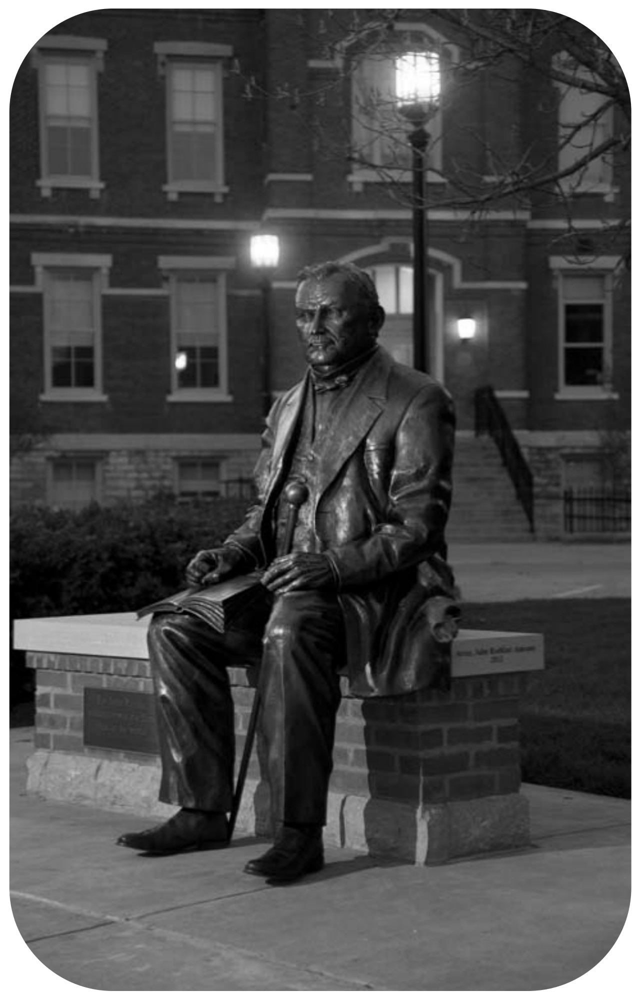
Economic Outlook

As a result of the 2015-17 budget and legislative process, fiscal year 2016 state operating appropriations decreased by $1.9 million for the University to $325 million, distributed among the campuses as follows: West Lafayette (-$2.6 million), Calumet ($0.2 million), Fort Wayne ($0.3 million), and North Central ($0.2 million). The State of Indiana provided $21.1 million in this biennium toward the university's repair and rehabilitation needs and an additional $10.5 million to IPFW and $1.25 million each to Calumet and North Central to address deferred maintenance needs for our regional campuses. The State also provided $3 million in support of the Purdue Polytechnic Institute's operating expenses for fiscal year 2016.

Academic year 2015-16 tuition rates for both Indiana resident and nonresident students remain flat at the West Lafayette campus for the third year in a row. Regional campus modest tuition increases are as follows: Calumet (1.65%), Fort Wayne (1.65%) and North Central (0.4%). 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 68,659* for the fall semester of the 2015-2016 academic year. Enrollment at the West Lafayette campus was 39,409 up slightly from the fall semester of the prior academic year. First-year students totaled 6,812. 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 92.8 percent compared to 92.6 percent last year, and the second-year retention rate is at 87.7 percent, up from last year's 86.1 percent. The four-year and six-year graduation rates increased to 51.5 percent and 75.4 percent from 49.2 percent and 73.8 percent, respectively. The class average SAT scores remained steady at 1788 on the critical reading, math and writing sections. In nine years, the cumulative point gain for incoming students' SAT scores is 104.

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



Statement of Net Position

As of June 30 (Dollars in Thousands)

	2015	2014 As Restated
Assets and Deferred Outflows of Resources:		
Current Assets:		
Cash and Cash Equivalents	$ 555,901	$ 379,414
Investments	206,413	112,700
Accounts Receivable, Net of Allowance for Uncollectible Amounts	68,924	83,669
Pledges Receivable, Net of Allowance for Uncollectible Amounts	21,335	26,944
Notes Receivable, Net of Allowance for Uncollectible Amounts	9,076	3,884
Other Receivables	7,181	8,667
Other Assets	49,334	44,774
Total Current Assets	**918,164**	**660,052**
Noncurrent Assets:		
Investments	2,550,827	2,607,608
Pledges Receivable, Net of Allowance for Uncollectible Amounts	34,395	29,030
Notes Receivable, Net of Allowance for Uncollectible Amounts	48,332	53,996
Interest in Charitable Remainder Trusts	13,224	11,046
Capital Assets, Net of Accumulated Depreciation	2,114,025	2,072,125
Total Noncurrent Assets	**4,760,803**	**4,773,805**
Total Assets	**5,678,967**	**5,433,857**
Deferred Outflows of Resources:		
Debt Refunding	8,818	7,227
Defined Benefit Pension Items	14,011	-
Liabilities and Deferred Inflows of Resources:		
Current Liabilities:		
Accounts Payable and Accrued Expenses	107,326	109,307
Unearned Revenue	38,667	37,338
Deposits Held in Custody for Others	22,494	25,194
Accrued Compensated Absences	26,407	26,361
Bonds (net), Leases, and Notes Payable	141,071	156,976
Total Current Liabilities	**335,965**	**355,176**
Noncurrent Liabilities:		
Accrued Compensated Absences	32,506	30,996
Other Post Employment Benefits	36,693	38,568
Net Pension Liability	74,323	1,898
Funds Held in Trust for Others	7,465	8,153
Advances from Federal Government	19,891	19,930
Bonds (net), Leases, and Notes Payable	854,567	791,982
Total Noncurrent Liabilities	**1,025,445**	**891,527**
Total Liabilities	**1,361,410**	**1,246,703**
Deferred Inflows of Resources:		
Debt Refunding	6	12
Defined Benefit Pension Items	19,627	-

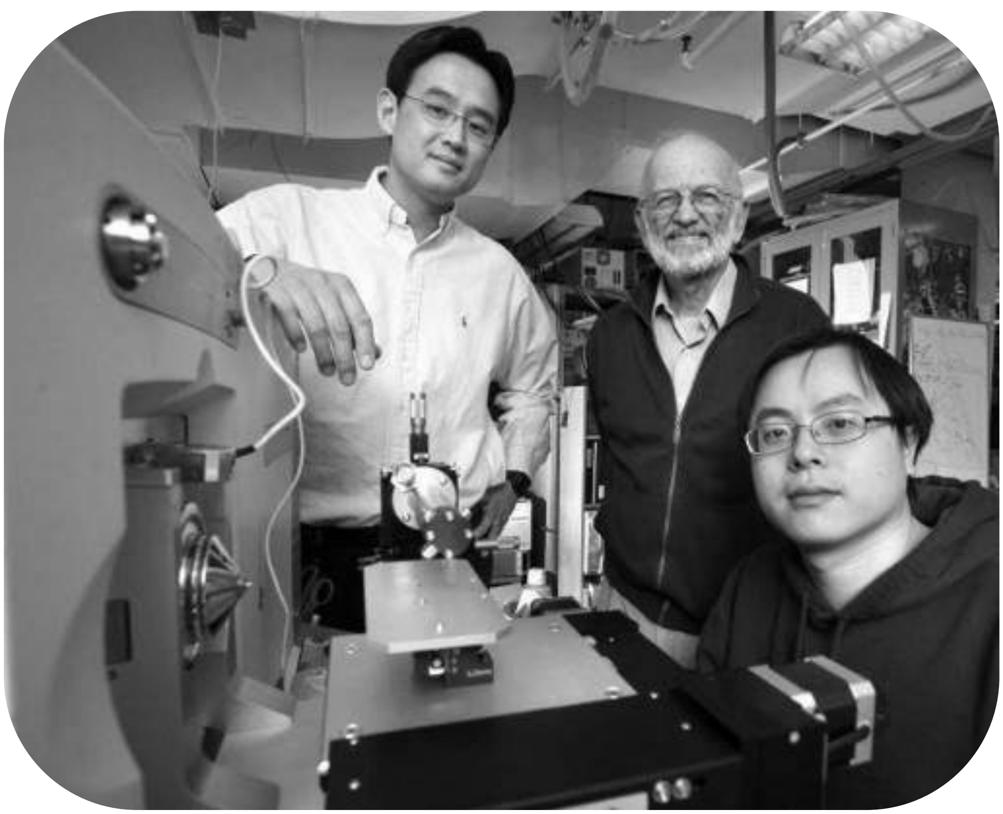
Statement of Net Position

As of June 30 (Dollars in Thousands)

(continued from previous page)

		2015		2014 As Restated
Net Position:				
Net Investment in Capital Assets	$	**1,236,479**	$	**1,166,479**
Restricted:				
Nonexpendable:				
Instruction and Research		297,209		279,578
Student Aid		264,021		247,332
Other		29,325		22,042
Total Nonexpendable		**590,555**		**548,952**
Expendable:				
Instruction, Research and Public Service		241,957		167,275
Student Aid		93,157		97,021
Construction		76,072		101,016
Other		623,684		630,543
Total Expendable		**1,034,870**		**995,855**
Unrestricted		**1,458,849**		**1,483,083**
Total Net Position	$	**4,320,753**	$	**4,194,369**

See Accompanying Notes to the Financial Statements.



Component Units

For the Years Ended June 30 (Dollars in Thousands)

Consolidated Statement of Financial Position

	2015	2014
Assets:		
Cash and Cash Equivalents	$ 13,422	$ 4,987
Accounts Receivable, Net	38,774	33,015
Other Assets	5	5
Investments	2,525,592	2,610,670
Pledges Receivable, Net	-	-
Lease Purchase Agreements	129,264	122,191
Notes Receivable, Net	11,625	12,323
Interest in Charitable Perpetual Trusts	15,677	16,016
Capital Assets, Net of Accumulated Depreciation	170,303	166,074
Total Assets	**2,904,662**	**2,965,281**
Liabilities:		
Accounts Payable and Accrued Expenses	25,292	26,875
Due on Split Interest Agreements	57,100	58,290
Deposits Held in Custody for Others	1,607,232	1,668,966
Bonds (Net), Leases, and Notes Payable	219,569	213,862
Other Liabilities	19,672	21,112
Total Liabilities	**1,928,865**	**1,989,105**
Net Assets:		
Temporarily Restricted	701,292	708,982
Permanently Restricted	141,793	139,096
Unrestricted	132,712	128,098
Total Net Assets	**$ 975,797**	**$ 976,176**

Statement of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30 (Dollars in Thousands)

	2015	2014
Operating Revenues:		As Restated
Tuition and Fees (Net of Scholarship Allowance of $114,833 and $112,112, respectively)	$ 747,513	$ 727,256
Federal Grants	21,750	16,398
County Grants	8,283	7,760
Grants and Contracts	360,411	344,537
Sales and Services	81,033	74,721
Auxiliary Enterprises (Net of Scholarship Allowance of $14,585 and $14,254, respectively)	241,962	254,567
Other Operating Revenues	10,851	9,970
Total Operating Revenues	**1,471,803**	**1,435,209**
Operating Expenses:		
Compensation and Benefits	1,218,807	1,201,478
Supplies and Services	439,007	485,556
Depreciation Expense	157,751	148,356
Scholarships, Fellowships, & Student Awards	72,079	72,291
Total Operating Expenses	**1,887,644**	**1,907,681**
Net Operating Loss	**(415,841)**	**(472,472)**
Nonoperating Revenues (Expenses):		
State Appropriations	399,039	392,293
Grants and Contracts	59,260	61,534
Private Gifts	83,129	85,226
Investment Income	58,858	280,979
Interest Expense	(32,035)	(23,142)
Other Nonoperating Revenues (Net of Nonoperating Expenses of $932 and $346, respectively)	4,146	6,223
Total Nonoperating Revenues before Capital and Endowments	**572,397**	**803,113**
Capital and Endowments:		
State Capital Appropriations	-	6,322
Capital Gifts	14,029	16,116
Private Gifts for Permanent Endowments and Charitable Remainder Trusts	31,712	29,075
Gain on Retirement of Capital Assets (Net of proceeds and insurance recoveries)	3,651	257
Total Capital and Endowments	**49,392**	**51,770**
Total Nonoperating Revenues	**621,789**	**854,883**
INCREASE IN NET POSITION	**205,948**	**382,411**
Net Position, Beginning of Year	4,194,369	3,811,958
Prior Period Adjustments	(79,564)	
Net Position, Beginning of Year, as restated	4,114,805	
Net Position, End of Year	**$ 4,320,753**	**$ 4,194,369**

See Accompanying Notes to the Financial Statements.

Component Units

For the Years Ended June 30 (Dollars in Thousands)

Consolidated Statement of Activities

	2015	2014
Revenue and Support		
Amount Received for Purdue University Research Projects	$ 3,591	$ 2,380
Less Payments to Purdue University	(3,591)	(2,380)
Administrative Fee on Research Projects	-	-
Contributions	68,880	17,485
Income on Investments	20,019	20,737
Net Unrealized and Realized Gains	16,856	132,152
Decrease in Value of Split Interest Agreements	(2,432)	(9,044)
Increase in Interests in Perpetual Trusts	(339)	1,424
Rents	14,492	11,954
Royalties	5,105	6,963
Other	33,614	17,278
Total Revenue and Support	**156,195**	**198,949**
Expenses and Losses		
Expenses for the Benefit of Purdue University		
Contributions to Purdue University	20,363	20,050
Patent and Royalty	3,654	6,281
Grants	52,595	12,589
Services for Purdue University	830	340
Development Office	-	750
Other	3,661	2,266
Total Expenses for the Benefit of Purdue University	**81,103**	**42,276**
Administrative and Other Expenses		
Salaries and Benefits	27,108	18,062
Property Management	14,691	12,529
Professional Fees	10,744	3,874
Supplies	1,578	718
Interest	8,752	8,744
Research park	2,541	1,384
Other	10,057	8,409
Total Administrative and Other Expenses	**75,471**	**53,720**
Change in Net Assets	(379)	102,953
Net Assets, Beginning of Period	976,176	873,223
Net Assets, End of Period	**$ 975,797**	**$ 976,176**

Statement of Cash Flows

For the Years Ended June 30 (Dollars in Thousands)

	2015	2014 As Restated
Cash Flows From Operating Activities:		
Tuition and Fees, Net of Scholarship Allowances	$ 752,027	$ 731,848
Federal Grants	21,750	16,398
County Grants	8,283	7,760
Grants and Contracts	370,989	342,137
Sales and Services	81,357	76,680
Auxiliary Enterprises, Net of Scholarship Allowances	241,181	252,463
Other Operating Revenues	12,651	(8,140)
Compensation and Benefits	(1,223,684)	(1,200,387)
Supplies and Services	(451,382)	(468,751)
Scholarships, Fellowships and Student Awards	(72,059)	(71,931)
Student Loans Issued	(8,480)	(8,411)
Student Loans Collected	10,598	8,965
Cash Used by Operating Activities	**(256,769)**	**(321,369)**
Cash Flows From Noncapital Financing Activities:		
State Appropriations	391,858	392,293
Grants and Contracts	59,260	61,534
Gifts for Other than Capital Purposes	105,895	113,798
Funds Held in Trust for Others	3,019	3,534
Other Nonoperating Revenues, Net	2,026	6,223
Cash Provided by Noncapital Financing Activities	**562,058**	**577,382**
Cash Flows From Investing Activities:		
Purchases of Investments	(3,201,885)	(3,105,503)
Proceeds from Sales and Maturities of Investments	3,196,463	3,014,968
Interest and Dividends on Investments, Net	28,008	40,010
Cash Provided (Used) by Investing Activities	**22,586**	**(50,525)**
Cash Flows From Capital and Related Financing Activities:		
Debt Repayment	(130,634)	(74,565)
Capital Debt Proceeds	191,377	35,455
Interest Expense	(39,599)	(40,821)
Capital Gifts Received	15,129	8,356
State Appropriations for Capital Projects	-	6,322
Construction or Purchase of Capital Assets	(187,661)	(196,985)
Cash Used by Capital and Related Financing Activities	**(151,388)**	**(262,238)**
Net Increase (Decrease) in Cash and Cash Equivalents	**176,487**	**(56,750)**
Cash and Cash Equivalents, Beginning of Year	379,414	436,164
Cash and Cash Equivalents, End of Year	**$ 555,901**	**$ 379,414**

Statement of Cash Flows

For the Years Ended June 30 (Dollars in Thousands)
(continued from previous page)

Reconciliation of Cash Used for Operating Activities (Indirect Method)	2015	2014 As Restated
Reconciliation of net operating loss to net cash used by operating activities:		
Operating Loss	$ (415,841)	$ (490,473)
Depreciation Expense	157,751	148,356
Noncash investing, capital, and financing activities	(3)	793
Changes in Assets and Liabilities:		
Accounts Receivable	12,977	(1,830)
Notes Receivable	2,592	96
Other Assets	(4,560)	21,255
Accrued Compensated Absences	(8,011)	999
Accounts Payable	(6,927)	14,255
Unearned Revenue	5,292	(16,168)
Deposits Held in Custody for Others	-	1,350
Advances from Federal Government	(39)	(2)
Cash Used by Operating Activities	**$ (256,769)**	**$ (321,369)**

See Accompanying Notes to the Financial Statements.

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

For the Fiscal Year Ended June 30, 2015

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

Indiana University-Purdue University Fort Wayne

Purdue University Calumet

Purdue University North Central

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

College of Technology Statewide Technology Program

College of Agriculture Purdue Extension

Technical Assistance Program

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

REPORTING ENTITY

Governmental Accounting Standards Board (GASB) Statement No. 14 *The Financial Reporting Entity* as amended by GASB No. 39 *Determining Whether Certain Organizations Are Component Units* and GASB No. 61 *The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No. 14 and No. 34* define the financial reporting entity as an entity that consists of the primary government, 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 provide an international focus on facilitating the University's international education, research, and exchange activities. In this regard, Purdue International, Inc. serves as the flagship entity for Purdue's global affairs programs. PII was a modification of The Purdue Foundation, Inc., which was created in 1979. The University is the sole beneficiary of Purdue International, Inc. and the governing body is substantively the same as the University's governing body. As a result, Purdue International, Inc. is reported as a blended component unit of the University. Purdue International, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for Purdue International, Inc. may be obtained by writing to: Purdue International, Inc., c/o Accounting Services, 401 S. Grant Street, West Lafayette, IN 47907.

There are three discretely presented component units presented, which are defined as organizations that raise and hold economic resources for the direct benefit of the University, and are included in the reporting entity as required by GASB Statement No. 39. All of the current discretely presented component units report under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117 *Financial Reporting of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the financial information in the University's financial report for these differences.

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

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. Complete financial statements for the foundation can be obtained by writing to: Ross-Ade Foundation, 1281 Win Hentschel Boulevard, West Lafayette, IN 47906.

Indiana Purdue Fort Wayne (IPFW) Foundation was created in 1958 to promote the educational purposes of Indiana University-Purdue University Fort Wayne. The IPFW Foundation accomplishes that purpose by owning and leasing land and buildings, receiving gifts of money or property, and investing, transferring, or leasing personal or real property for educational or charitable purposes. The IPFW Foundation provides services entirely to the University or otherwise exclusively benefits the University even if it doesn't provide services directly to it; however, the University does not appoint the voting majority of the IPFW Foundation's Board of Directors. As a result, the IPFW Foundation is reported as a discretely presented component unit. The IPFW Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for the foundation can be obtained by writing to: IPFW Foundation, c/o Matt Whitney, 2101 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 component unit of the state of Indiana. 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, 2015 and 2014.

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 2015, the University adopted GASB Statements 68 *Accounting and Financial Reporting for Pensions* and GASB Statement 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. During fiscal year 2014, the University adopted GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

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 dramatically 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. June 30, 2014 amounts have not been restated to reflect the impact of GASB 68 because the information is not available to calculate the impact on pension expense for the fiscal year ending June 30, 2014.

The effect of GASB Statement No. 65:

> Changed the presentation of certain items previously required to be reported as assets or liabilities to properly record them as either deferred outflows of resources or deferred inflows of resources, or to

recognize certain items that were previously reported as assets or liabilities as outflows of resources (expenses) or inflows of resources (revenues).

BASIS OF ACCOUNTING

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

The University applies all applicable GASB pronouncements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents. Cash and cash equivalents include cash, revolving and change funds, cash in transit, credit card deposits in transit, unspent debt proceeds, and certain investments with 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 a) readily convertible to known amounts of cash and b) so near their maturity date that they present insignificant risk of changes in value because of changes in interest rates.

Investments. Investments, exclusive of institutional physical properties, are generally reported at fair value. Fair value is generally based on quoted market 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 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 primarily included in noncurrent investments, with the exception of amounts designated for distribution.

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

Other Receivables. Other receivables represent a state appropriation receivable at June 30, 2015 and a bond payment receivable at June 30, 2014.

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

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

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

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

The University records its interest in PRF 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.

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

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

Capital Assets. Capital assets are stated at cost or if a gift, at fair market value 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. Depreciation is computed on a straight-line basis over the estimated useful life, as shown in the following table. Capital assets are removed from the records at the time of disposal.

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

Assets under capital leases are capitalized when valued over $500,000 and recorded at the present value of future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or the estimated useful life. Such amortization is included as depreciation expense in the accompanying financial statements.

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

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

Accrued Compensated Absences. Liabilities for compensated absences are recorded for vacation leave based on actual amounts earned as of the 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.

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.

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Gifts. The University receives pledges of financial support from many different sources. Gift income is recognized when received or pledged. In-kind gifts of tangible or intangible property are recognized at fair value on the date of gift and are capitalized, if appropriate, subject to the University's policies on capitalization. Revenue from gifts-in-kind of approximately $2,801,000 and $931,000 was recognized during the years ending June 30, 2015 and 2014, respectively.

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

Prior Period Adjustments. The implementation of GASB Statement 68 *Accounting and Financial Reporting for Pensions* required a prior period adjustment to record the University's net pension liability and related items, resulting in a decrease of approximately $85,734,000 to the Unrestricted Fund Balance. An additional prior period adjustment increased Restricted Other Fund Balance in the amount of approximately $6,170,000 to incorporate the net position of student organizations. As a result of these two prior period adjustments the July 1, 2014 Net Position balance decreased from $4,194,369,000 as originally stated to $4,114,805,000.

In addition, the fiscal year 2014 Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position were restated to accurately characterize a prepaid lease of $18,000,000 that had been expensed in 2014.

Note 2 — Deposits and Investments

Deposits. As of June 30, 2015 and 2014, the bank balance of the University's deposits (demand deposit accounts) was approximately $99,938,000 and $90,909,000, respectively. Federal depository insurance covered $250,000 and the remaining balance was insured by the state of Indiana's Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

University Investments. Authorization for investment activity is stated in Indiana Code IC 21-29-2-1. Additionally, the Bylaws of the Trustees, revised and amended on December 15, 2012, authorize the Treasurer of the Trustees to implement investment activity. Except for some investments that are separately held in accordance with donor restrictions or bond covenants, the University investments are managed 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 investments (dollars in thousands):

Investment Type	June 30, 2015	June 30, 2014
SEPARATELY HELD INVESTMENTS:		
Investment Held by State Treasurer	$ 340	$ 340
Separately Managed US Equity	41,756	39,512
Public Real Estate	1,628	1,628
Separately Managed US Agencies	5	10
Venture Capital/Private Equity	1,740	1,795
BOND PROCEEDS INVESTED:		
Money Market & Cash	108,460	43,332
PIPC (formerly CMIP):		
Asset-Backed Securities	76,679	41,287
Corporate Bonds	389,112	368,556
Mortgage-Backed Securities	223,224	218,785
US Agencies	103,665	106,988
US Treasuries and Securities	366,247	367,647
Mutual Funds and Cash	351,204	212,387
PIP:		
Emerging Markets	103,297	107,299
Fixed Income	110,326	107,730
International Equity	213,301	219,143
US Equity	359,361	375,303
Marketable Alternatives	384,247	361,657
Private Natural Resources	72,918	79,360
Public Natural Resources	-	7,182
Private Real Estate	49,312	47,031
Public Real Estate	38,502	38,366
Venture Capital/Private Equity	190,266	170,974
Mutual Funds and Cash	27,613	92,501
Total	**$ 3,213,203**	**$ 3,008,813**

Investment values included accumulated unrealized gains of $258,774,000 and $339,959,000 as of June 30, 2015 and 2014, respectively. Investment income included unrealized gains/(losses) of ($81,185,000) and $146,467,000 during the year ended June 30, 2015 and 2014, 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, 2015 and 2014 is as follows (dollars in thousands):

Investment Type		June 30, 2015		June 30, 2014
Short-Term Investments	$	45	$	47
U.S. Equity		14,089		17,576
Fixed Income		5,243		5,220
Venture Capital		276		149
Pooled Funds:				
Short-Term Investments		99,554		120,474
U.S. Equity		504,034		579,248
International Equity		333,197		340,164
Fixed Income		225,411		251,320
Funds Invested with University		14,085		12,500
Emerging Markets		161,361		166,555
Public Real Estate		60,144		62,079
Private Real Estate		77,030		73,003
Public Natural Resources		-		11,148
Private Natural Resources		113,905		123,186
Hedge Funds		600,234		561,380
Venture Capital/Private Equity		297,215		265,393
Total	**$**	**2,505,823**	**$**	**2,589,442**

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

- The Cash Management Investment Policy (CMIP) outlining the parameters for all investments exclusive of endowment funds was approved on April 11, 2008, and was in place until May 15, 2015 when the Purdue Board of Trustees adopted the Purdue Investment Pool--Cash (PIPC). 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 (U.S.) government, its agencies, and its instrumentalities; asset-backed and mortgage-backed securities (rated at least AAA or equivalent); corporate notes, corporate bonds, 144A bonds and Yankee bonds (rated investment grade) with demonstrated liquidity and marketability; pooled funds including mutual funds and common trust funds; high-yield bonds, 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.

As of June 30, 2015 and 2014, the University had $293,001,000 and $339,532,000 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 April 13, 2012. 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 15% for fixed income.

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

In addition, 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, 2015	**Maturity**				
Investment Type	**0–1 year**	**1–5 years**	**6–10 years**	**>10 years**	**Totals**
Separately Managed US Agencies	$ -	$ 5	$ -	$ -	$ 5
PIPC (formerly CMIP):					
Asset-Backed Securities	10,782	61,811	3,192	894	76,679
Corporate Bonds	43,608	208,955	96,034	40,515	389,112
Mortgage-Backed Securities	32,097	29,404	21,924	139,799	223,224
US Agencies	42,887	23,214	34,495	3,069	103,665
US Treasuries and Securities	115,871	226,698	14,588	9,090	366,247
PIP:					
Fixed Income and other	24,006	67,723	26,278	31,019	149,026
Total	$ 269,251	$ 617,810	$ 196,511	$ 224,386	$ 1,307,958

June 30, 2014	**Maturity**				
Investment Type	**0–1 year**	**1–5 years**	**6–10 years**	**>10 years**	**Totals**
Separately Managed US Agencies	$ 5	$ 5	$ -	$ -	$ 10
PIPC (formerly CMIP):					
Asset-Backed Securities	16,724	20,052	3,432	1,079	41,287
Corporate Bonds	30,190	226,553	83,231	28,582	368,556
Mortgage-Backed Securities	6,586	32,969	53,899	125,332	218,786
US Agencies	3,662	63,589	20,496	19,240	106,987
US Treasuries and Securities	145,466	215,062	1,172	5,947	367,647
PIP:					
Fixed Income and other	26,175	56,665	51,888	30,803	165,531
Total	$ 228,808	$ 614,895	$ 214,118	$ 210,983	$ 1,268,804

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 15% 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, 2015	% of Total	June 30, 2014	% of Total
Separately Held:				
A	$ 5	100.00%	$ 10	100.00%
Total Separately Held	5	100.00%	10	100.00%
PIPC (formerly CMIP):				
A	154,181	13.30%	135,142	12.25%
AA	60,575	5.23%	55,829	5.06%
AAA	682,456	58.89%	691,515	62.68%
B	546	0.05%	556	0.05%
BA	25,523	2.20%	16,229	1.47%
BAA	136,771	11.80%	145,319	13.17%
CAA	722	0.06%	745	0.07%
Unrated	98,153	8.46%	57,928	5.25%
Total PIPC (formerly CMIP):	1,158,927	99.99%	1,103,263	100.00%
PIP:				
A	21,466	14.40%	31,741	19.18%
AA	7,857	5.27%	32,074	19.38%
AAA	77,565	52.05%	70,632	42.67%
BA+	3,611	2.42%	2,115	1.28%
BAA	20,934	14.05%	17,776	10.74%
Unrated	17,593	11.81%	11,193	6.76%
Total PIP	149,026	100.00%	165,531	100.00%
Total	**$ 1,307,958**		**$ 1,268,804**	

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.

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

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, 2015 and 2014 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 $696,743,000 and $659,022,000 respectively at June 30, 2015 and 2014.

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 $113,505,000 and $103,923,000 as of June 30, 2015 and 2014, respectively.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to magnitude of an entity's investment in a single issuer. As of June 30, 2015 and 2014, consistent with policy limits, no single issuer, with the exception of U.S. Treasury and Agencies, held more than 5% of total investments.

Donor-Restricted Endowments. The University's endowment funds (including true, term, and funds functioning as endowments) are invested in a unitized pool. The unitized endowment pool purchases investments to generate present and future income in support of various programs. The Trustees establish the spending policy for the unitized endowment pool. 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, 2015 and 2014, accumulated market appreciation of the PIP pool was approximately $506,676,000 and $588,811,000, respectively. Of this amount, 43.13% and 40.71% represents appreciation attributable to donor-restricted (true and term) endowments during the year ended June 30, 2015 and 2014, 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, 2015 and 2014, the PRF PIP investment pool includes the following PRF Trusts assets (in thousands).

	Assets at Fair Value		Beneficiary Interest	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
University	$ 24,004	$ 22,670	$ 13,244	$ 11,046
PRF	45,425	48,653	17,361	18,585
Related Parties	8	8	2	1
Other Affiliates	223	231	101	93
Total	**$ 69,660**	**$ 71,562**	**$ 30,708**	**$ 29,725**

As of June 30, 2015 and 2014, the University PIP investment pool includes the following endowment assets (in thousands), which are offset by Funds Held in Trust obligations to the other beneficiaries (Note 7).

	Assets at Fair Value	
	June 30, 2015	June 30, 2014
IPFW Foundation	$ 334	$ 374
Related Parties	7,131	7,779
Total	**$ 7,465**	**$ 8,153**

The University also has beneficiary interest in insurance contracts of $790,000 and $756,000, respectively, as of June 30, 2015 and 2014.

Note 3 — Accounts, Pledges, and Notes Receivable

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

	June 30, 2015	June 30, 2014
Grants and Contracts	$ 37,196	$ 50,396
Student and General	20,041	22,736
Other Accrued Revenues	15,418	15,094
Less: Allowance for Doubtful Accounts	(3,731)	(4,557)
Total Accounts Receivable, Net	**68,924**	**83,669**
Pledges Receivable	57,826	58,191
Less: Allowance for Doubtful Pledges	(2,096)	(2,217)
Net Pledges Receivables	55,730	55,974
Less: Noncurrent Portion	(34,395)	(29,030)
Pledges Receivable, Current Portion	**21,335**	**26,944**
Perkins Loans	25,848	26,334
Institutional Loans	21,090	21,053
State Appropriation and Bonds Receivable	7,181	8,667
Other Student Loans and Receivables	12,207	11,017
Less: Allowance for Doubtful Loans	(1,737)	(524)
Net Notes Receivables	64,589	66,547
Less: Noncurrent Portion	(48,332)	(53,996)
Notes Receivable, Current Portion	**$ 16,257**	**$ 12,551**

Note 4 – Capital Assets

Capital Assets Activity	Balance July 1, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Capital Assets, Not Being Depreciated:					
Land	$ 28,179	$ 9,084	$ 82	$ -	$ 37,181
Construction in Progress	130,141	80,761	-	(80,041)	130,861
Total, Capital Assets, Not Being Depreciated	158,320	89,845	82	(80,041)	168,042
Capital Assets, Being Depreciated:					
Land Improvements	73,046	1,607	-	821	75,474
Infrastructure	105,008	12,531	275	7,536	124,800
Buildings	2,881,489	68,587	14,187	71,563	3,007,452
Equipment	508,753	36,592	22,189	121	523,277
Software	58,369	-	-	-	58,369
Total, Capital Assets, Being Depreciated	3,626,665	119,317	36,651	80,041	3,789,372
Less Accumulated Depreciation:					
Land Improvements	59,074	2,149	-	-	61,223
Infrastructure	46,668	6,362	35	-	52,995
Buildings	1,221,281	106,035	7,346	-	1,319,970
Equipment	344,415	38,211	19,841	-	362,785
Software	41,422	4,994	-	-	46,416
Total Accumulated Depreciation	1,712,860	157,751	27,222	-	1,843,389
Total Capital Assets, Net of Accumulated Depreciation	**$ 2,072,125**	**$ 51,411**	**$ 9,511**	**$ -**	**$ 2,114,025**

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

During fiscal year 2015, the University incurred $34,580,000 in interest costs related to the acquisition and construction of capital assets. Of this total, $32,035,000 was charged as interest expense and $2,545,000 was capitalized.

Note 5 —Accounts Payable and Accrued Expenses

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

	June 30, 2015	June 30, 2014
Construction Payables	$ 22,134	$ 17,334
Accrued Insurance Liabilities	24,261	22,329
Interest Payable	17,058	16,914
Accrued Salaries and Wages	8,391	7,870
Vendor and Other Payables	35,482	44,860
Total Accounts Payable	**$ 107,326**	**$ 109,307**

Accrued Insurance Liabilities. The University is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; accident, health, and other medical benefits provided to employees and their dependents; and long-term disability benefits provided to employees. The University handles these risks of loss through combinations of risk retention and commercial insurance. For buildings and contents, the University's risk retention is $250,000 per occurrence. There is $2,000,000 retention per occurrence or wrongful act for general, automobile, and professional and educators' legal liability coverage. The University retains the entire risk for medical benefits. The maximum liability to the University for job-related illness or injury is $500,000 per incident, with a maximum annual aggregate liability of approximately $8,000,000 as of June 30, 2015 and 2014.

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, 2015 and 2014, the University reflected approximately $0 and $793,000, 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, 2015	June 30, 2014
Beginning Liability	$ 22,329	$ 22,475
Claims Incurred	107,536	125,672
Claims Payments	(105,604)	(125,818)
Ending Liability	**$ 24,261**	**$ 22,329**

Note 6 — Debt Related to Capital Assets

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

Debt Related Liabilities	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion
Commercial Paper	$ 18,308	$ -	$ 18,308	$ -	$ -
Notes Payable	710	-	94	616	101
Leases Payable to Affiliated Foundations	144,968	-	12,741	132,227	38,245
Bonds Payable					
Student Facilities System Revenue Bonds	332,147	98,070	35,015	395,202	64,774
Student Fee Bonds	452,825	67,615	52,847	467,593	37,951
Total Bonds Payable	784,972	165,685	87,862	862,795	102,725
Total Debt Related Liabilities	**$ 948,958**	**$ 165,685**	**$ 119,005**	**$ 995,638**	**$ 141,071**

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

Commercial Paper. On April 1, 2008, a commercial paper agreement was negotiated with Goldman, Sachs & Company. This agreement authorized a maximum outstanding at any time of $50,000,000 to finance portions of the costs of certain infrastructure, equipment, and facilities on various campuses. The interest rate is variable and reset based on market conditions. The University can set the maturity dates up to 270 days. As of June 30, 2015 there was no outstanding balance. At June 30, 2014 the balance outstanding was $18,308,000.

Notes Payable. As of June 30, 2015 and 2014, the balance of notes outstanding was approximately $616,000 and $710,000, respectively, representing financing for various activities.

On June 10, 2010, the University entered into a loan agreement with PRF to refinance its capital lease with PRF. This agreement authorized the transfer of the Schneider Avenue building from PRF to the Calumet campus in exchange for the original promise to pay approximately $1,140,000 over thirteen annual payments. The outstanding balance of this note was approximately $616,000 and $710,000 as of June 30, 2015 and 2014, respectively. The current portion of this note was approximately $101,000 and $93,000 as of June 30, 2015 and 2014, respectively. The interest rate for the note was fixed at 8.00% as of June 30, 2015 and 2014.

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

Issue	Issue Date	Interest Rates	Final Maturity Date	Outstanding June 30, 2015	Outstanding June 30, 2014	Current Outstanding June 30, 2015
Certificates of Participation with Ross-Ade:						
Series 1998	1998	-	2015	$ -	$ 895	$ -
Series 2006	2006	5.00 - 5.25%	2025	32,520	35,455	3,075
Series 2009A	2009	-	2015	-	2,025	-
Series 2009B	2009	4.07 - 5.96%	2031	42,795	42,795	2,080
Series 2011A	2011	0.06%*	2035	32,185	32,185	32,185
Series 2014A	2014	2.66%	2027	21,955	21,955	425
Leases with Purdue Research Foundation:						
Academic Learning Center	2012	-	2030	-	6,235	
Remo Property	2011	6.38%	2015	-	57	
Kaplan	2012	5.63%	2022	755	841	91
Leases with Indiana Purdue Fort Wayne Foundation:						
Child Care Center	2011	6.20%	2016	116	225	116
				130,326	142,668	37,972
Net unamortized premiums and costs				1,901	2,300	273
Total				**$ 132,227**	**$ 144,968**	**$ 38,245**

**Variable interest rates are reset weekly and are based upon market conditions. Rates shown are as of June 30, 2015.*

The Certificates of Participation are secured by certain real estate and the projects located on that real estate, the lease payments to the Ross-Ade Foundation, and a pledge of available income, except student fees and state appropriations. During the Fiscal Years June 30, 2015 and 2014, the University included approximately $32,185,000 in Current Liabilities related to variable rate Certificates of Participation (Series 2011A). The University has entered into a lease purchase arrangement whereby on the termination of the stated lease, title to the land and buildings will be conveyed absolutely to the Trustees of the University. At any time during the lease term, the University has the right to acquire the entire title to the facility by paying the Ross-Ade Foundation an amount equal to the then outstanding indebtedness. The Ross-Ade Foundation has created a reserve for valuation to reduce the carrying value of certain properties leased to the University in an amount not greater than the proceeds to be received if disposal was made to the University.

As of June 30, 2015 and 2014, long-term debt included amounts relating to properties with a net book value (net of accumulated depreciation) of approximately $151,409,000 and $154,209,000, respectively, leased from Ross-Ade Foundation, Purdue Research Foundation, or the Indiana Purdue Fort Wayne Foundation.

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

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

Bonds Payable. As of June 30, 2015 and 2014, the balance of bonds payable was approximately $862,795,000 and $784,972,000, respectively. Bonds payable consisted of the following issues (dollars in thousands):

Issuance and Description	Issue Date	Interest Rates	Final Maturity Date	Total Outstanding June 30, 2015	Total Outstanding June 30, 2014	Current Outstanding June 30, 2015
Student Facilities System Revenue Bonds:						
Series 2004A						
Finance construction of Calumet student housing and parking garage facilities	2004	0.07%*	2033	17,600	17,600	17,600
Series 2005A						
Finance construction and renovation of West Lafayette housing and food service facilities	2005	0.06% *	2029	6,020	6,020	6,020
Series 2007A						
Refund a portion of Student Facilities System Revenue Bond Series 2003A and 2003B	2007	5.00-5.25%	2029	59,840	61,865	2,160
Series 2007B						
Finance construction of the new West Lafayette dining court and Fort Wayne student housing facility	2007	5.00%	2018	3,510	23,110	795
Series 2007C						
Renovate a West Lafayette student housing facility, and finance construction on a new West Lafayette student housing facility	2007	0.06% *	2032	25,520	25,520	25,520
Series 2009A						
Finance construction of new West Lafayette and Calumet student housing, renovate a West Lafayette student housing facility, and refund a portion of commercial paper	2009	5.00%	2028	19,930	33,495	1,010
Series 2009B						
Finance Fort Wayne and West Lafayette student housing facilities, and refund a portion of commercial paper	2009	4.00-5.00%	2035	37,510	38,520	1,065
Series 2010A						
Taxable Build America Bonds to finance the renovation of West Lafayette student housing facilities, and refund a portion of commercial paper	2010	2.71-5.96%	2030	22,750	23,875	1,145
Series 2011A						
Refund a portion of Student Facilities System Revenue Bond Series 2004A, 2005A, and 2007C	2011	3.75-5.00%	2025	41,295	44,100	2,935
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	3.13-5.00%	2032	38,825	42,100	3,455
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	3.00-5.00%	2040	98,070	-	325
				370,870	$316,205	$62,030
Net unamortized premiums and costs				24,332	15,942	2,744
Total Student Facilities System Revenue Bonds				**$395,202**	**$332,147**	**$64,774**

**Variable interest rates are reset weekly and are based upon market conditions. Rates shown are as of June 30, 2015.*

Issuance and Description		Issue Date	Interest Rates	Final Maturity Date	Total Outstanding June 30, 2015	Total Outstanding June 30, 2014	Current Outstanding June 30, 2015
Student Fee Bonds:							
Series N							
	Refund Student Fee Bond Series B and D	1998	n/a	2014	$0	$500	
Series P							
	Refund Student Fee Bond Series M	1998	5.25%	2017	11,475	15,990	4,770
Series U							
	Refund a portion of Student Fee Bond Series Q	2005	3.85-5.25%	2022	24,670	27,355	2,815
Series W							
	Finance West Lafayette strategic infrastructure and utilities improvements	2006	5.00%	2015	1,895	31,515	1,895
Series X							
	Finance the construction of the West Lafayette Health and Human Sciences facility, add a wing to the West Lafayette Mechanical Engineering Building, West Lafayette power improvements, construct the Fort Wayne Student Services and Library Complex, for repair and rehabilitation projects, and to refund a portion of commercial paper	2009	5.00-5.25%	2028	85,510	89,615	4,330
Series Y							
	Refund Student Fee Bond Series S, T, and V	2010	4.00-5.00%	2027	58,255	61,490	3,370
Series Z-1							
	Finance a portion of construction of the West Lafayette Student Fitness and Wellness Center, Fort Wayne Parking Garage, and West Lafayette Repair & Rehabilitation projects as well as refund Student Fee Bond Series H, K, L, O, and a portion of Series R and a portion of commercial paper	2010	4.00-5.00%	2024	42,155	51,490	7,790
Series Z-2							
	Taxable Build America Bonds to finance a portion of the construction of the West Lafayette Student Fitness and Wellness Center and the Fort Wayne Parking Garage, and a portion of West Lafayette Repair & Rehabilitation projects	2010	1.61-5.33%	2035	99,305	100,010	2,500
Series AA							
	Finance a portion of construction of the West Lafayette Student Fitness and Wellness Center, Health and Human Sciences Facility, Repair & Rehabilitation projects on the West Lafayette campusand reallocation from Drug Discovery to Purdue North Central Student Services and Activities complex	2012	3.25-5.00%	2032	51,025	52,810	1,865
Series BB1							
	Finance a portion of construction of North Central Student Services and Activities Complex, Repair and 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	2.00-5.00%	2034	48,630	-	3,495
Series BB2							
	Taxable debt for reallocation of Drug Discovery from tax-exempt Series AA	2015	0.04-3.81%	2032	18,985		1,135
					441,905	$430,775	$33,965
Net unamortized premiums and costs					25,688	22,050	3,986
Total Student Fee Bonds					**$467,593**	**$452,825**	**$37,951**

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, 2015 and 2014, the University had approximately $49,140,000 included in Current Liabilities related to variable rate Student Facility System Revenue demand bonds (Series 2004A, Series 2005A, and Series 2007C). These bonds are backed by certain auxiliary revenues and other available funds, maturing serially through July 1, 2033. The bonds were issued under Indiana Code IC 21-34 and IC 21-35. The proceeds of the bonds were used to 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 February 20, 2014, the University issued $21,955,000 of Certificates of Participation Series 2014A to fund the construction of a softball field at the West Lafayette campus, to pay for allowable construction period interest and cost of issuance, and to refund a portion of Certificates of Participation Series 2006. As a result of the refunding, the university estimates a reduction in its aggregate debt service payments over the life of the debt of approximately $1,680,789. The refunding resulted in an estimated economic gain (difference between the present value of the debt service payment on the old and new debt) of approximately $1,388,980.

On January 7, 2015, tax-exempt Student Fee Bonds, Series BB-1 were issued at par value $48,630,000 and a premium of approximately $7,210,000. Concurrently, taxable Student Fee Bonds, Series BB-2 were issued for par value of $18,985,000. The Series BB-1 bonds provided funds for construction of the Student Service and Activities Complex at the Purdue North Central campus and financed various West Lafayette repair and rehabilitation projects. The series also refunded all outstanding commercial paper, a portion of which funded several energy conservation projects at each of the Purdue campuses. A portion of the outstanding Student Fee Bonds, Series W was also refunded, resulting in a reduction in the University's aggregate debt service payments over the life of the debt of approximately $4,109,000. The refunding resulted in an estimated economic loss of approximately $1,027,000. The taxable Series BB-2 was issued to reallocate a portion of previously issued tax-exempt Series AA proceeds due to a change in use of a financed facility, the West Lafayette Drug Discovery building. Proceeds of Series AA were reallocated to the Student Services and Activities Complex at the Purdue North Central campus while the taxable proceeds from BB-2 were allocated to the West Lafayette Drug Discovery building.

On March 31, 2015, tax-exempt Student Facilities System Revenue Bonds, Series 2015A, were issued at par value of $98,070,000 and a premium of approximately $11,712,000. The series was issued to finance a portion of the construction of the West Lafayette Honors College and Residence Hall. The series also refunded a portion of each of the outstanding Student Facilities System Revenue Bonds, Series 2007B and Series 2009A bonds, $18,835,000 and $12,750,000, respectively. As a result of the refunding, the University will have a reduction in its aggregate debt service payments over the life of the debts of approximately $5,661,000. The refunding resulted in an economic loss of approximately $1,380,000.

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
2016	$52,742	$41,193	$93,935
2017	52,885	40,009	92,894
2018	50,749	37,752	88,501
2019	51,199	35,462	86,661
2020	52,125	33,062	85,187
2021-2025	252,535	128,564	381,099
2026-2030	244,910	66,051	310,961
2031-2035	155,730	21,666	177,396
2036-2040	26,510	3,041	29,551
2041	4,330	-	4,330
	$943,715	$406,800	$1,350,515
Net unamortized premiums and costs	51,921	-	51,921
Total	995,636	406,800	1,402,436

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 through maturity when due and have been deposited in irrevocable trusts with the trustee. Neither the defeased bonds nor the related trusts are reflected in the accompanying financial statements.

	Final Maturity/	Amount Outstanding	
Description of Bonds	**Call Date**	**June 30, 2015**	**June 30, 2014**
Student Fee and Facilities:			
Student Facilities System Revenue Bonds, Series 2007	1/1/2017	$18,835	0
Student Facilities System Revenue Bonds, Series 2009	1/1/2016	12,750	0
Student Fee Bonds:			
Student Fee Bonds, Series W	1/1/2016	$27,800	0

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
2016	4,245
2017	3,660
2018	3,637
2019	2,300
2020	2,329
Total Future Minimum Payments	**$16,171**

Note 7— Other Debt Information

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

Long-term Liabilities	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion
Accrued Compensated Absences	$ 57,357	$ 27,917	$ 26,361	$ 58,913	$ 26,407
Other Post Employment Benefits	38,568	7,672	9,547	36,693	-
Funds Held in Trust for Others	8,153	6,537	7,225	7,465	-
Advances from Federal Government	19,930	-	39	19,891	-
Total	**$ 124,008**	**$ 42,126**	**$ 43,172**	**$ 122,962**	**$ 26,407**

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

Other Post-Employment Benefits. The University offers medical insurance for 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 above program is no longer offered, however they may participate in a Medicare Supplement plan. The post-retirement Medicare Supplement plans are single-employer plans administered by the University, as authorized by the Trustees, and financed on a pay-as-you-go basis. Purdue's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with 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 year ended June 30, 2011, the Trustees approved a voluntary retirement incentive program for employees at least 60 years of age with at least 10 years of employment. The plan will contribute to a health reimbursement account (HRA) in the amount of $7,000 per year up to a total of $35,000, which can be used to pay health premiums and other allowable medical expenses. For both the years ended June 30, 2015 and 2014, there were 523 and 513, employees, respectively, participating in the voluntary retirement incentive program. For the years ending June 30, 2015 and 2014, the University had an outstanding liability associated with the health reimbursement accounts of approximately $5,661,000 and $4,347,000, 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, 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, 2015	For Fiscal Year Ending June 30, 2014
Normal cost	$ 3,179	$ 3,095
Amortization of the Unfunded Actuarial Accrued Liability	5,999	5,840
Total Annual Required Contribution (End of year)	**$ 9,178**	**$ 8,935**

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%

Schedule of Funding Progress

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

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

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

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

Valuation Date	January 1, 2013
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	20 years from date of establishment, closed, level percent of pay
Asset valuation method	N/A, no assets in trust
Actuarial assumptions:	
Discount rate	4%
Projected payroll increases	3%
Health care cost trend rate:	
Medical	7.5% graded to 5% over 5 years
Prescription Drugs	7.5% graded to 5% over 5 years
Vision	3%
Administrative Costs	3%

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

Note 8—Operating Expenses by Function

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

June 30, 2015

Function	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction	$ 524,258	$ 98,199	$ -	$ -	$ 622,457
Research	159,195	62,909	-	-	222,104
Extension and Public Service	69,153	62,172	-	-	131,325
Academic Support	98,897	41,505	-	-	140,402
Student Services	38,582	9,091	-	-	47,673
General Administration and Institutional Support	111,520	33,006	-	-	144,526
Physical Plant Operations and Maintenance	76,855	55,247	-	-	132,102
Depreciation	-	-	157,751	-	157,751
Student Aid	-	-	-	72,079	72,079
Auxiliary Enterprises	140,347	76,878	-	-	217,225
Total	**$ 1,218,807**	**$ 439,007**	**$ 157,751**	**$ 72,079**	**$ 1,887,644**

June 30, 2014

Function	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction	$ 552,781	$ 93,902	$ -	$ -	$ 646,683
Research	158,597	76,410	-	-	235,007
Extension and Public Service	83,160	64,921	-	-	148,081
Academic Support	87,968	47,794	-	-	135,762
Student Services	39,017	6,968	-	-	45,985
General Administration and Institutional Support	107,851	55,155	-	-	163,006
Physical Plant Operations and Maintenance	79,940	51,296	-	-	131,236
Depreciation	-	-	148,356	-	148,356
Student Aid	-	-	-	72,291	72,291
Auxiliary Enterprises	92,164	89,110	-	-	181,274
Total	**$ 1,201,478**	**$ 485,556**	**$ 148,356**	**$ 72,291**	**$ 1,907,681**

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, 2015 and 2014, the University's contribution to FICA was approximately $53,524,000 and $52,405,000, 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, 2015 or 2014.

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, 2015 and 2014, there were 6,884 and 6,973 employees, respectively, participating in the plans with annual pay equal to approximately $572,478,000 and $556,325,000, respectively. For the years ended June 30, 2015 and 2014, the University made contributions totaling approximately $56,445,000 and $55,868,000, 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, 2015 and 2014, there were 1,088 and 385 employees, respectively, participating in the plan with annual pay equal to approximately $18,333,000 and $4,338,000, respectively. For the year ended June 30, 2015 and 2014, the University made base contributions totaling approximately $688,000 and $140,000, respectively, and matching contributions totaling approximately $540,000 and $89,000, 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, 2015 and 2014, the University was required to contribute 11.2% of the employee's salary. The employee contribution 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, 2015 and 2014, there were 3,967 and 4,651 employees, respectively, participating in PERF. The University's proportionate share of PERF's Net Pension Liability, based on covered payroll of approximately $138,081,000 was 2.82819% for the measurement date June 30, 2014, 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 $74,323,000 as of June 30, 2015. The University made contributions to the plan totaling approximately $16,942,000 and $19,746,000 for the years ending June 30, 2015 and 2014, respectively. The amount of contribution made after the measurement date, which is shown as a deferred outflow was approximately $13,405,000 for the year ended June 30, 2015. The proportionate share of pension plan expense for the year ended June 30, 2015 as calculated under GASB 68 guidance was approximately $6,924,000, less net amortization of deferred amounts of approximately $1,212,000, leaving a net pension expense of approximately $5,712,000.

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, 2014, and the valuation date for liabilities was June 30, 2013 with standard actuarial roll forward techniques used to project the total pension liability at June 30, 2014. 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 3.0% per year, projected salary increases of 3.25% - 4.5% per year, and 1% per year cost of living adjustments, all based on the period of 5 years ended June 30, 2010, the most recent study date. Mortality rates were based on the 2013 IRS Static Mortality table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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.

	Target Asset Allocation	Geometric Basis Long-Term Expected Real Rate of Return
Public Equity	22.5%	6.0%
Private Equity	10.0%	7.7%
Fixed Income - Ex Inflation-Linked	22.0%	2.1%
Fixed Income - Inflation-Linked	10.0%	0.5%
Commodities	8.0%	2.5%
Real Estate	7.5%	3.9%
Absolute Return	10.0%	1.8%
Risk Parity	10.0%	4.3%

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%)
$ 119,313,811	$ 74,322,998	$ 36,204,146

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

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

	As of June 30, 2015	
	Deferred Outflows	**Deferred Inflows**
Differences between expected and actual experience	$ -	$ 334
Net difference between projected and actual investment earnings on pension plan investments		14,444
Changes in proportion and differences between employer contributions and proportionate share of contributions	606	4,849
Contribution made after the measurement date	13,405	
Total Deferred Outflows and Inflows	$ 14,011	$ 19,627

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		
2015	$	(4,918,492)
2016		(4,918,492)
2017		(4,918,492)
2018		(4,264,770)
2019		-
Thereafter		-
Total	$	(19,020,246)

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

For the years ending June 30, 2015 and 2014, there were 104 and 101 employees, respectively, participating in Police/Fire. The University made contributions to this plan totaling approximately $1,030,000 and $1,260,000 for the years ending June 30, 2015 and 2014, respectively.

The pension benefit obligation was computed as part of an actuarial valuation performed as of July 1, 2014. 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 3% per year, and 3% per year cost of living adjustments.

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

Plan	Annual Required Contribution	Interest on Net Pension Obligation	Adjustment to Annual Required Contribution	Annual Pension Cost	Contributions Made [2]	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, 2014 [1]	812	44	(271)	585	1,068	(483)	(101)	(584)	183%
July 1, 2013	780	70	180	1,030	1,307	(277)	176	(101)	127%
July 1, 2012	767	85	435	1,286	1,166	120	56	176	91%

[1] Actuarial data for 2015 was not available at the time of this report.

[2] Police/Fire contributions include interest earnings.

Cooperative Extension Service. As of June 30, 2015 and 2014, there were 11 and 14 staff members, respectively, with federal appointments employed by the Indiana Cooperative Extension Service and covered by the Federal Civil Service Retirement System. The University contributed $71,000 and $94,000 during the years ended June 30, 2015 and 2014, respectively, to this plan.

Note 10 – Discretely Presented Component Units

Summary financial information as of and for the years ended June 30, 2015 and 2014, for the University's discretely presented component units are presented in the tables below.

Discretely Presented Component Unit Statement of Financial Position

June 30, 2015 (Dollars in Thousands)

	Purdue Research Foundation	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Assets:				
Cash and Cash Equivalents	$ 13,016	$ 195	$ 211	$ 13,422
Accounts Receivable, Net	38,683	33	58	38,774
Other Assets	-	2	3	5
Investments	2,514,584	1,052	9,956	2,525,592
Pledges Receivable, Net	-	-	-	-
Lease Purchase Agreements	-	129,081	183	129,264
Notes Receivable, Net	10,546	1,079	-	11,625
Interest in Charitable Perpetual Trusts	15,677	-	-	15,677
Capital Assets, Net of Accumulated Depreciation	162,626	151	7,526	170,303
Total Assets	**2,755,132**	**131,593**	**17,937**	**2,904,662**
Liabilities:				
Accounts Payable and Accrued Expenses	25,275	-	17	25,292
Due on Split Interest Agreements	57,100	-	-	57,100
Deposits Held in Custody for Others	1,607,232	-	-	1,607,232
Bonds (Net), Leases and Notes Payable	89,949	129,620	-	219,569
Other Liabilities	19,672	-	-	19,672
Total Liabilities	**1,799,228**	**129,620**	**17**	**1,928,865**
Net Assets:				
Temporarily Restricted	695,258	1,973	4,061	701,292
Permanently Restricted	134,702	-	7,091	141,793
Unrestricted	125,944	-	6,768	132,712
Total Net Assets	**$ 955,904**	**$ 1,973**	**$ 17,920**	**$ 975,797**

Discretely Presented Component Unit Statement of Financial Position
June 30, 2014 (Dollars in Thousands)

	Purdue Research Foundation	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Assets:				
Cash and Cash Equivalents	$ 4,593	$ 218	$ 176	$ 4,987
Accounts Receivable, Net	32,985	-	30	33,015
Other Assets	-	2	3	5
Investments	2,598,365	1,926	10,379	2,610,670
Pledges Receivable, Net	-	-	-	-
Lease Purchase Agreements	-	121,910	281	122,191
Notes Receivable, Net	11,244	1,079	-	12,323
Interest in Charitable Perpetual Trusts	16,016	-	-	16,016
Capital Assets, Net of Accumulated Depreciation	153,757	4,770	7,547	166,074
Total Assets	**2,816,960**	**129,905**	**18,416**	**2,965,281**
Liabilities:				
Accounts Payable and Accrued Expenses	25,708	1,134	33	26,875
Due on Split Interest Agreements	58,290	-	-	58,290
Deposits Held in Custody for Others	1,668,966	-	-	1,668,966
Bonds (Net), Leases and Notes Payable	86,752	127,110	-	213,862
Other Liabilities	21,112	-	-	21,112
Total Liabilities	**1,860,828**	**128,244**	**33**	**1,989,105**
Net Assets:				
Temporarily Restricted	703,155	1,661	4,166	708,982
Permanently Restricted	131,799	-	7,297	139,096
Unrestricted	121,178	-	6,920	128,098
Total Net Assets	**$ 956,132**	**$ 1,661**	**$ 18,383**	**$ 976,176**

Discretely Presented Component Unit Statement of Activities
For the Year Ended June 30, 2015 (Dollars in Thousands)

	Purdue Research Foundation	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Revenue and Support				
Amount Received for Purdue University Research Projects	$ 3,591	$ -	$ -	$ 3,591
Less Payments to Purdue University	(3,591)	-	-	(3,591)
Administrative Fee on Research Projects	-	-	-	-
Contributions	67,427	974	479	68,880
Income on Investments	14,904	4,663	452	20,019
Net Unrealized and Realized Gains	17,074	-	(218)	16,856
Change in Value of Split Interest Agreements	(2,432)	-	-	(2,432)
Increase in Interests in Perpetual Trusts	(339)	-	-	(339)
Rents	14,364	8	120	14,492
Royalties	5,105	-	-	5,105
Other	33,587	-	27	33,614
Total Revenue and Support	**149,690**	**5,645**	**860**	**156,195**
Expenses and Losses				
Expenses for the Benefit of Purdue University				
Contributions to Purdue University	19,233	-	1,130	20,363
Patent and Royalty	3,654	-	-	3,654
Grants	52,595	-	-	52,595
Services for Purdue University	830	-	-	830
Development Office	-	-	-	-
Other	3,596	-	65	3,661
Total Expenses for the Benefit of Purdue University	**79,908**	**-**	**1,195**	**81,103**
Administrative and Other Expenses				
Salaries and Benefits	27,108	-	-	27,108
Property Management	13,601	974	116	14,691
Professional Fees	10,744	-	-	10,744
Supplies	1,578	-	-	1,578
Interest	4,403	4,349	-	8,752
Research Park	2,541	-	-	2,541
Other	10,035	10	12	10,057
Total Administrative and Other Expenses	**70,010**	**5,333**	**128**	**75,471**
Change in Net Assets	(228)	312	(463)	(379)
Net Assets, Beginning of Period	956,132	1,661	$18,383	976,176
Net Assets, End of Period	**$ 955,904**	**$ 1,973**	**$ 17,920**	**$ 975,797**

Discretely Presented Component Unit Statement of Activities
For the Year Ended June 30, 2014 (Dollars in Thousands)

	Purdue Research Foundation	Ross-Ade Foundation	IPFW Foundation	Component Unit Total
Revenue and Support				
Amount Received for Purdue University Research Projects	$ 2,380	$ -	$ -	$ 2,380
Less Payments to Purdue University	(2,380)	-	-	(2,380)
Administrative Fee on Research Projects	-	-	-	-
Contributions	14,651	1,728	1,106	17,485
Income on Investments	15,492	4,810	435	20,737
Net Unrealized and Realized Gains	131,415	-	737	132,152
Change in Value of Split Interest Agreements	(9,044)	-	-	(9,044)
Increase in Interests in Perpetual Trusts	1,424	-	-	1,424
Rents	11,820	8	126	11,954
Royalties	6,963	-	-	6,963
Other	17,259	-	19	17,278
Total Revenue and Support	**189,980**	**6,546**	**2,423**	**198,949**
Expenses and Losses				
Expenses for the Benefit of Purdue University				
Contributions to Purdue University	18,244	-	1,806	20,050
Patent and Royalty	6,281	-	-	6,281
Grants	12,589	-	-	12,589
Services for Purdue University	340	-	-	340
Development Office	750	-	-	750
Other	2,206	-	60	2,266
Total Expenses for the Benefit of Purdue University	**40,410**	**-**	**1,866**	**42,276**
Administrative and Other Expenses				
Salaries and Benefits	18,062	-	-	18,062
Property Management	10,413	2,004	112	12,529
Professional Fees	3,874	-	-	3,874
Supplies	718	-	-	718
Interest	4,269	4,474	1	8,744
Research Park	1,384	-	-	1,384
Other	8,379	18	12	8,409
Total Administrative and Other Expenses	**47,099**	**6,496**	**125**	**53,720**
Change in Net Assets	102,471	50	432	102,953
Net Assets, Beginning of Period	853,661	1,611	17,951	873,223
Net Assets, End of Period	**$ 956,132**	**$ 1,661**	**$ 18,383**	**$ 976,176**

In addition to items in Note 6, Debt Related to Capital Assets, PRF provided grants, contracts, and gifts to the University totaling approximately $32,274,000 and $32,539,000 as of June 30, 2015 and 2014, respectively.

Note 11 — Contingent Liabilities and Commitments

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

Construction Projects. As of June 30, 2015 and 2014, contractual obligations for capital construction projects were approximately $84,776,000 and $42,386,000, 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.

Limited Partnership Agreements. For June 30, 2015, all PIP (Purdue Endowment Investment Policy) investments are held at PRF including private placements and investments in limited partnerships. As a result, the University no longer has an obligation to make periodic payments on these investments. Previously, under the terms of various limited-partnership agreements approved by the University's Board of Trustees, the University was obligated to make periodic payments for commitments to venture capital, private equity, natural resources, and real estate investments. As of June 30, 2014, the University had the following unfunded commitments: approximately $55,194,000 to approximately 55 private equity/venture capital managers, approximately $30,513,000 to approximately 20 private real estate managers, approximately $31,437,000 to approximately 25 natural resource managers. The University continues to have an unfunded commitment of approximately $77,000 at both June 30, 2015 and 2014 to the Indiana Future Fund. These amounts are not included as liabilities in the accompanying Statement of Net Position. For the June 30, 2014 reporting period, outstanding commitments were estimated to be paid based on the capital calls from the individual manager, subject to change due to market conditions.

Note 12 – Subsequent Events

On May 6, 2015, the State of Indiana passed HB1466 related to the public employees' retirement fund (PERF), effective July 1, 2015. This bill applies to employers who chose to discontinue adding new employees (freeze participation) to PERF's plan prior to the bill's effective date and requires these employers to pay PERF for the unfunded actuarial accrued liability (UAAL) associated with employees that remain in the plan. As discussed in Note 9, regular clerical and service staff employed at least half time and hired on or before September 8, 2013 are participants in the PERF plan and employees hired subsequently are enrolled in a defined contribution plan, therefore this bill applies to the University.

The portion of pension liability for our employees that remain in the PERF plan will be calculated by the Indiana Public Retirement System (INPRS). This House Bill discusses the payment options related to the UAAL as well as future contribution rates for the ongoing participants in the plan and other issues related to pension plan options. Since the financial statements and notes already reflect the university's unfunded actuarial accrued liability, this legislation does not result in an additional liability or disclosure, but is presented as information for financial statement users.

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,

	2014*	2013*
Proportion of the Net Pension Liability	2.8%	3.0%
Proportionate Share of the Net Pension Liability	$ 74,323	$ 103,102
Covered-employee payroll	$ 138,081	$ 144,526
Proportionate share of the Net Pension Liability as a percentage of covered-employee payroll	53.8%	71.3%
Plan fiduciary net position as a percentage of the total pension liability	84.3%	78.8%

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

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

**Based on INPRS previous fiscal year audit and report on allocation of pension amounts. Ie: FY2015 Purdue reported amounts based on INPRS FY2014 report.*

Required Supplementary Information
Retirement Plans--Schedule of Funding Progress Police/Fire Supplemental
Fiscal Year Ended June 30, 2015
(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										
7/1/2005	16,209	18,724	2,515	86.6%	4,675	53.8%	822	825	100.4%	(228)
7/1/2006	17,595	19,074	1,479	92.2%	4,595	32.2%	623	846	135.8%	(452)
7/1/2007	19,679	19,984	305	98.5%	4,854	6.3%	528	645	122.2%	(569)
7/1/2008	20,014	21,441	1,427	93.3%	5,318	26.8%	685	573	83.6%	(457)
7/1/2009	19,026	22,190	3,164	85.7%	5,537	57.1%	899	670	74.5%	(228)
7/1/2010	20,163	23,131	2,968	87.2%	5,582	53.2%	956	878	91.8%	(150)
7/1/2011	22,560	26,385	3,825	85.5%	5,677	67.4%	1,182	976	82.6%	56
7/1/2012	23,438	27,329	3,891	85.8%	5,648	68.9%	1,286	1,166	90.7%	176
7/1/2013	25,809	27,780	1,971	92.9%	5,611	35.1%	1,030	1,307	126.9%	(101)
7/1/2014	29,465	28,897	(568)	102.0%	5,803	-9.8%	585	1,068	182.6%	(584)

*Data for 2015 not available from actuaries at date of issuance

Total In-State Enrollment by County

Fall, 2014-15 Academic Year

The overall (in-state and out-of-state) enrollment at Purdue University was 68,649 students for the 2014-15 fall semester. The breakdown was West Lafayette, 38,770, Calumet, 9,501, Fort Wayne, 13,214, North Central 6,177, Statewide Technology, 987. Enrollment numbers do not include 5,767 Purdue University students at Indiana University-Purdue University Indianapolis. Although students came to Purdue from all over the world, 65% system-wide came from within Indiana.

County	West Lafayette	Regional Campuses	Statewide Technology Locations	Total
Adams	73	500	2	575
Allen	823	7,012	1	7,836
Bartholomew	185	30	63	278
Benton	79	4	5	88
Blackford	13	35	1	49
Boone	433	10	1	444
Brown	16	3	5	24
Carroll	134	7	8	149
Cass	119	29	9	157
Clark	81	3	65	149
Clay	35	2		37
Clinton	156	7	15	178
Crawford	6	1	2	9
Daviess	23	1	3	27
DeKalb	81	562		643
Dearborn	115	7	2	124
Decatur	68	3	8	79
Delaware	93	40	19	152
Dubois	138	4	5	147
Elkhart	316	204	21	541
Fayette	21	1	12	34
Floyd	108	7	52	167
Fountain	79	-	4	83
Franklin	58	5	3	66
Fulton	67	143	1	211
Gibson	51	4	1	56
Grant	90	85	4	179
Greene	35	4	1	40
Hamilton	1,847	52	15	1,914
Hancock	251	12	6	269
Harrison	39	1	31	71
Hendricks	548	27	4	579

County	West Lafayette	Regional Campuses	Statewide Technology Locations	Total
Henry	70	6	14	90
Howard	273	26	64	363
Huntington	77	347	2	426
Jackson	79	4	14	97
Jasper	110	318	1	429
Jay	27	23	3	53
Jefferson	49	4	7	60
Jennings	17	2	5	24
Johnson	295	18	8	321
Knox	57	3	8	68
Kosciusko	190	6,595	3	6,788
La Porte	196	1,644	2	1,842
Lagrange	53	320		373
Lake	1,167	1,374	1	2,542
Lawrence	72	8	1	81
Madison	176	60	49	285
Marion	1,474	94	15	1,583
Marshall	145	103	11	259
Martin	10	3	3	16
Miami	73	25	13	111
Monroe	148	26	3	177
Montgome	143	3	3	149
Morgan	128	15	2	145
Newton	36	96	1	133
Noble	72	561		633
Ohio	2	-		2
Orange	22	1	4	27
Owen	16	2	1	19
Parke	32	-		32
Perry	19	-	1	20
Pike	14	1		15
Porter	455	2,992		3,447

County	West Lafayette	Regional Campuses	Statewide Technology Locations	Total
Posey	71	2		73
Pulaski	47	28	1	76
Putnam	76	2	1	79
Randolph	34	10	2	46
Ripley	68	5	3	76
Rush	32	2	3	37
Scott	14	1	9	24
Shelby	74	6	3	83
Spencer	51	1	3	55
St Joseph	748	186	103	1,037
Starke	36	197	1	234
Steuben	65	275	1	341
Sullivan	12	3		15
Switzerland	9	-		9
Tippecanoe	2,968	66	88	3,122
Tipton	58	5	11	74
Union	10	1	3	14
Vanderburg	218	9		227
Vermillion	16	-		16
Vigo	79	10	1	90
Wabash	73	204	3	280
Warren	59	-	2	61
Warrick	112	6		118
Washington	41	1	24	66
Wayne	86	10	38	134
Wells	68	438		506
White	150	12	4	166
Whitley	73	539		612
Unknown	1,246	19	16	1,281
Total	**18,472**	**25,517**	**928**	**44,917**

Acknowledgements

The following staff members of the Treasurer's Office prepared the 2014-15 Financial Report.

Kendra A. Cooks, *Comptroller*

Kathleen E. Thomason, *Assistant Comptroller of Accounting and Reporting Services*

Stacy L. Brown, *Endowment Accountant*

Lisa A. Geisler, *Property Accounting Manager*

Kimberly K. Hoebel, *Assistant Comptroller of Managerial Accounting Services*

Aaron Jackson, *Unrestricted/Restricted Funds Accountant*

Natalie Miller, *Assistant Systems and Reporting Accountant*

Brigette L. Samuelson, *Plant Funds Accountant*

Jamaal Smith, *Systems and Reporting Accountant*

Nicole Smith, *Assistant Plant Funds Accountant*

Stacy L. Umlauf, *Manager of Financial Reporting*

Katherine Vanderwall, *Manager of Fund Accounting*

JoAnn Wiley, *Gift Funds Accountant*





PURDUE

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APPENDIX C

FORM OF APPROVING OPINION OF BOND COUNSEL

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May 11, 2016

The Trustees of Purdue University
West Lafayette, Indiana

Re: The Trustees of Purdue University
Purdue University Student Facilities System Revenue Bonds, Series 2016A

Ladies and Gentlemen:

We have acted as bond counsel to The Trustees of Purdue University (the "Issuer"), in connection with the issuance by the Issuer of $67,470,000 aggregate principal amount of its Purdue University Student Facilities System Revenue Bonds, Series 2016A, dated the date hereof (the "Bonds"), pursuant to Indiana Code 21-32-1-1, *et seq*., 21-32-2-1, *et seq*., 21-35-1-1, *et seq*., 21-35-3-1, *et seq*., and 21-35-5-1, *et seq*., each as amended to date, resolutions adopted by the Board of Trustees of the Issuer on May 16, 2014, July 18, 2014, September 26, 2014, and December 19, 2015 (the "Resolutions"), and an Indenture of Trust between the Issuer and The Bank of New York Mellon Trust Company, N.A. (the ultimate successor in interest to Bank One Trust Company, National Association), as trustee (the "Trustee"), dated as of January 1, 2003, as supplemented and amended to date and as supplemented by a Seventeenth Supplemental Indenture between the Issuer and the Trustee, dated as of April 1, 2016 (such Indenture of Trust, as so supplemented and amended, the "Indenture"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

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

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

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

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

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

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

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

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

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement dated April 6, 2016, or any other offering material relating to the Bonds.

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

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

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

Very truly yours,

APPENDIX D

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

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APPENDIX D

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "Rule"), the Corporation entered into an Amended and Restated Continuing Disclosure Undertaking Agreement, dated as of November 1, 2010, as heretofore supplemented, to be further supplemented by an Eighth Supplement to Continuing Disclosure Undertaking Agreement, dated as of April 1, 2016 (collectively, the "Undertaking").

Pursuant to the terms of the Undertaking, the Corporation will agree to provide the following information while any of the Series 2016A Bonds are Outstanding:

- Audited Financial Statements. To the Municipal Securities Rulemaking Board (the "MSRB"), when and if available, the audited financial statements of the Corporation for each fiscal year of the Corporation, beginning with the fiscal year ending June 30, 2016, together with the auditor's report and all notes thereto; and

- Financial Information in Official Statement. To the MSRB, within 180 days of the close of each fiscal year of the Corporation, beginning with the fiscal year ending June 30, 2016, annual financial information of the Corporation for such fiscal year, other than the audited financial statements described above, including (a) unaudited financial statements of the Corporation if audited financial statements are not then available and (b) 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 REQUIREMENT (or corollary sections) (Total Debt Service column only)

  FACILITIES AND SYSTEM

  APPENDIX A

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

- Event Notices. In a timely manner within 10 business days after the occurrence thereof, to the MSRB, notice of the occurrence of any of the following events with respect to the Series 2016A Bonds:

  — principal and interest payment delinquencies;
  — non-payment related defaults, if material;
  — unscheduled draws on debt service reserves reflecting financial difficulties;
  — unscheduled draws on credit enhancements reflecting financial difficulties;

— substitution of credit or liquidity providers, or their failure to perform;
— adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2016A Bonds, or other material events affecting the tax status of the Series 2016A Bonds;
— modifications to the rights of owners of the Series 2016A Bonds, if material;
— Series 2016A Bond calls, if material, and tender offers;
— defeasances;
— release, substitution or sale of property securing repayment of the Series 2016A Bonds, if material;
— rating changes;
— bankruptcy, insolvency, receivership or similar event of the Corporation;
— the consummation of a merger, consolidation or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
— appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

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

Dissemination Agent. The Corporation may, at its sole discretion, utilize an agent 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 2016A Bonds, the Indenture or any other agreement to which the Corporation is a party and will not give rise to any other rights or remedies.

In the event the Corporation fails to provide any information required of it by the terms of the Undertaking, any holder or beneficial owner of Series 2016A 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 2016A 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 2016A 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 2016A 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 2016A 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 2016A Bonds, as determined either by (A) any person selected by the Corporation that is unaffiliated with the Corporation (including the trustee under the Indenture, or nationally recognized bond counsel) or (B) an approving vote of the holders of a majority of Outstanding Series 2016A Bonds at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the Rule, as then in effect.

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

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

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APPENDIX E

REFUNDED BONDS

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APPENDIX E

REFUNDED BONDS

The Refunded Bonds consist of the following:

1. The Trustees of Purdue University, Purdue University Student Facilities System Revenue Bonds, Series 2009A, issued January 22, 2009, identified below (the "Refunded Series 2009A Bonds"):

Maturity Date	Principal	Interest Rate	CUSIP
July 1, 2017	$1,115,000	5.00%	746189LT4
July 1, 2018	1,170,000	5.00	746189LU1
July 1, 2019	1,230,000	5.00	746189LV9
July 1, 2020	1,295,000	5.00	746189LW7
July 1, 2021	1,360,000	5.00	746189LX5
July 1, 2022	1,430,000	5.00	746189LY3
July 1, 2023	1,505,000	5.00	746189LZ0
July 1, 2024	1,585,000	5.00	746189MA4
July 1, 2025	1,660,000	5.00	746189MB2
July 1, 2026	1,750,000	5.00	746189MC0
July 1, 2027	1,835,000	5.00	746189MD8
July 1, 2028	1,930,000	5.00	746189ME6

The Refunded Series 2009A Bonds maturing on or after July 1, 2019, will be called for redemption prior to maturity, at a redemption price equal to 100% of the principal thereof, on January 1, 2019.

2. The Trustees of Purdue University, Purdue University Student Facilities System Revenue Bonds, Series 2009B, issued May 21, 2009, identified below (the "Refunded Series 2009B Bonds"):

Maturity Date	Principal	Interest Rate	CUSIP
July 1, 2017	$ 1,170,000	4.00%	746189NK1
July 1, 2018	1,225,000	5.00	746189NL9
July 1, 2019	1,285,000	5.00	746189NM7
July 1, 2020	1,350,000	5.00	746189NN5
July 1, 2021	1,425,000	5.00	746189NP0
July 1, 2022	1,495,000	5.00	746189NQ8
July 1, 2023	1,575,000	5.00	746189NR6
July 1, 2024	1,650,000	5.00	746189NS4
July 1, 2025	1,735,000	5.00	746189NT2
July 1, 2026	1,825,000	5.00	746189NU9
July 1, 2027	1,920,000	5.00	746189NV7
July 1, 2028	2,020,000	5.00	746189NW5
July 1, 2029	2,120,000	5.00	746189NX3
July 1, 2035	14,530,000	5.00	746189NY1

The Refunded Series 2009B Bonds maturing on or after July 1, 2020, will be called for redemption prior to maturity, at a redemption price equal to 100% of the principal thereof, on July 1, 2019.

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