NEW ISSUE
BOOK-ENTRY ONLY

RATINGS:
Moody's: Aa1
Standard & Poor's: AA
(See "RATINGS" herein)

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2009B 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 2009B Bonds. This opinion is based on certain certifications, covenants and representations of the Corporation and is conditioned on continuing compliance therewith. In the opinion of Bond Counsel, under existing law, interest on the Series 2009B Bonds is exempt from income taxation in the State of Indiana for all purposes, except the Indiana financial institutions tax. See "TAX MATTERS" and APPENDIX C herein.

$41,525,000
THE TRUSTEES OF PURDUE UNIVERSITY
Purdue University Student Facilities System Revenue Bonds, Series 2009B

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 2009B (the "Series 2009B Bonds"), in the original aggregate principal amount of $41,525,000, 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 and amended by a Twelfth Supplemental and Amendatory Indenture dated as of May 1, 2009, by and between the Corporation and The Bank of New York Mellon Trust Company, N.A. (the ultimate successor in interest to Bank One Trust Company, National Association), as trustee (the "Trustee"), for the purpose of (i) paying or reimbursing a portion of the costs of the acquisition, construction, renovation, equipping and furnishing of certain student housing facilities of the Corporation, (ii) refunding certain of the Corporation's outstanding commercial paper, the proceeds of which were applied to pay such costs, (iii) paying interest on a portion of the Series 2009B Bonds during the anticipated completion of the acquisition, construction, renovation, equipping and furnishing of a portion of such facilities, and (iv) paying or reimbursing certain costs of issuing the Series 2009B Bonds, all as described in this Official Statement. See "PROJECTS."

Interest on the Series 2009B Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2010. The Series 2009B Bonds are issuable only as fully registered bonds, and will be issued in denominations of $5,000 or any integral multiple thereof. The Series 2009B 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 2009B Bonds will be made in book-entry only form, and purchasers of a beneficial interest in the Series 2009B Bonds will not receive physical delivery of the certificates representing their interests in the Series 2009B Bonds. The principal of and interest on the Series 2009B Bonds will be paid to DTC or its nominee as the registered owner of the Series 2009B Bonds. Disbursement of such payments to owners of beneficial interests in the Series 2009B Bonds will be the responsibility of DTC and its participants and indirect participants. See "DESCRIPTION OF SERIES 2009B BONDS—Book Entry System."

Certain of the Series 2009B Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described in this Official Statement. See "DESCRIPTION OF SERIES 2009B BONDS—Redemption."

The Series 2009B Bonds are special and limited obligations of the Corporation, secured exclusively by the Pledged Revenues and payable solely from the Pledged Revenues and the other Available Funds, all as defined in this Official Statement. The Series 2009B 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 2009B 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. The Corporation has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

Principal Amount	Due July 1	Interest Rate	Yield	CUSIP	Principal Amount	Due July 1	Interest Rate	Yield	CUSIP
$ 205,000	2010	3.00%	1.00%	746189NC9	$ 1,350,000	2020	5.00%	3.66%*	746189NN5
895,000	2011	5.00	1.40	746189ND7	1,425,000	2021	5.00	3.82*	746189NP0
475,000	2012	3.00	1.73	746189NE5	1,495,000	2022	5.00	3.96*	746189NQ8
460,000	2012	5.00	1.73	746189NZ8	1,575,000	2023	5.00	4.07*	746189NR6
970,000	2013	3.00	1.98	746189NF2	1,650,000	2024	5.00	4.21*	746189NS4
1,010,000	2014	5.00	2.30	746189NG0	1,735,000	2025	5.00	4.35*	746189NT2
1,065,000	2015	5.00	2.64	746189NH8	1,825,000	2026	5.00	4.47*	746189NU9
1,120,000	2016	5.00	2.84	746189NJ4	1,920,000	2027	5.00	4.56*	746189NV7
1,170,000	2017	4.00	3.04	746189NK1	2,020,000	2028	5.00	4.62*	746189NW5
1,225,000	2018	5.00	3.23	746189NL9	2,120,000	2029	5.00	4.70*	746189NX3
1,285,000	2019	5.00	3.43	746189NM7					

$14,530,000 5.00% Term Bonds due July 1, 2035 – Yield 4.84%* CUSIP 746189NY1

* Yield to par call date of July 1, 2019.

The Series 2009B 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. Certain legal matters will be passed on for the Corporation by its counsel, Stuart & Branigin, Lafayette, Indiana. John S. Vincent & Company LLC is serving as financial advisor to the Corporation. It is anticipated that the Series 2009B Bonds will be available for delivery to DTC on or about May 21, 2009.

Barclays Capital

City Securities Corporation **Loop Capital Markets, LLC**

Dated: May 8, 2009

THE TRUSTEES OF PURDUE UNIVERSITY
West Lafayette, Indiana

[1] Through July 10, 2009 – See "Appendix A – Chairman of the Board of Trustees"
[2] Term expires June 30, 2009
[3] Effective July 1, 2009 upon Board of Trustee approval
[4] Effective July 1, 2009 – See "Appendix A – Executive Vice President for Business and Finance, Treasurer Search"
[5] Effective through June 30, 2009 and thereafter resumes administrative position as Vice President for Business Services and Assistant Treasurer

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 2009B BONDS IN ANY JURISDICTION IN WHICH OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2009B 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 2009B BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED IN ANY STATE AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR ANY OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT NOR APPROVED THE SERIES 2009B BONDS FOR SALE.

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

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SUMMARY STATEMENT

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

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

The main campus of Purdue University is located in West Lafayette, about 60 miles northwest of Indianapolis; regional campuses are maintained in the Cities of Hammond and Westville, and two regional campuses are operated jointly with Indiana University in Fort Wayne and Indianapolis. Purdue University has fiscal and administrative oversight for the Fort Wayne campus. Indiana University has fiscal and administrative oversight for the Indianapolis campus. The West Lafayette campus is organized academically into ten colleges with undergraduate, masters and doctorate degrees awarded in all colleges. Purdue University's 2008 fall semester headcount enrollment for all campuses was approximately 67,000.

PURPOSES OF ISSUE. The Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2009B (the "Series 2009B Bonds"), are being issued to (i) pay or reimburse a portion of the costs of the acquisition, construction, renovation, equipping and furnishing of certain student housing facilities of the Corporation, (ii) refund certain of the Corporation's outstanding commercial paper, the proceeds of which were applied to such costs, (iii) pay interest on a portion of the Series 2009B Bonds during the anticipated completion of the acquisition, construction, equipping and furnishing of a portion of such facilities, and (iv) pay or reimburse certain costs of issuing the Series 2009B Bonds. See "PROJECTS."

SECURITY. The Series 2009B 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 and amended by a Twelfth Supplemental and Amendatory Indenture by and between the Corporation and the Trustee, dated as of May 1, 2009 (such Indenture of Trust, as so supplemented and amended, the "Indenture"). The Series 2009B Bonds and any other obligations of the Corporation secured by a first lien on the Pledged Revenues under the Indenture, including (i) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2003A (the "Series 2003A Bonds"), $27,750,000 aggregate principal amount of which remain outstanding, (ii) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2003B (the "Series 2003B Bonds"), $5,655,000 aggregate principal amount of which remain outstanding, (iii) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2004A (the "Series 2004A Bonds"), $28,000,000 aggregate principal amount of which remain outstanding, (iv) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2005A (the "Series 2005A Bonds"), $21,585,000 aggregate principal amount of which remain outstanding, (v) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2007A (the "Series 2007A Bonds"), $61,865,000 aggregate principal amount of which remain outstanding, (vi) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2007B (the "Series 2007B Bonds"), $26,470,000 aggregate principal amount of which remain outstanding, (vii) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2007C (the "Series 2007C Bonds"), $61,725,000 aggregate principal amount of which remain outstanding, and (viii) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2009A (the "Series 2009A Bonds"), $35,025,000 aggregate principal amount of which remain outstanding (the Series 2009B Bonds and such other obligations, including the Series 2003A Bonds, the Series 2003B Bonds, the Series 2004A Bonds, the Series 2005A Bonds, the Series 2007A Bonds, the Series 2007B Bonds, the Series 2007C Bonds and the Series 2009A Bonds, "First Lien Bonds"), are special and limited obligations of the Corporation, payable solely from the Pledged Revenues and the other Available Funds and secured exclusively by a pledge of and first lien on the Pledged Revenues. The Series 2009B Bonds and 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 2009B Bonds or 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."

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

AVAILABLE FUNDS. Available Funds include: (a) the Pledged Revenues; and (b) any other available income or funds of the Corporation, any transfer of which income or funds to the Sinking Fund or any use of which income or funds to pay any principal of or premium, if any, or interest on any Bonds does not violate, conflict with or breach, or constitute a default under, (i) any pledge, assignment, security interest, mortgage, lien, encumbrance, trust, appropriation, restriction or authorization to which such income or funds are subject, or (ii) any law, rule or regulation, any contract, agreement, indenture, lease, guaranty, bond, note or instrument, or any order, writ, judgment or decree to which the Corporation or any of its property is subject. **Generally, under Indiana law, state appropriated funds and mandatory student fees assessed 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."

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 2009B 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 2009B Bonds. Purchases of the Series 2009B Bonds by investors will be made in book-entry form only and individual purchasers will not receive physical delivery of Series 2009B Bond certificates.

DEBT SERVICE COVERAGE. The following projected debt service coverage summary is based solely on Net Income for the Fiscal Years ended June 30, 2008, and June 30, 2007 (excluding any other Available Funds), and the projected average of the annual debt service on the Series 2003A Bonds, the Series 2003B Bonds, the Series 2004A Bonds, the Series 2005A Bonds, the Series 2007A Bonds, the Series 2007B, the Series 2007C Bonds, the Series 2009A Bonds and the Series 2009B Bonds (which are the only First Lien Bonds that will be outstanding upon issuance of the Series 2009B Bonds).

	Fiscal Year Ended June 30	
	2008	2007
Net Income	$22,827,393	$24,867,960
Projected coverage[1]	1.25	1.36
Projected annual debt service: $18,238,035[1]		

[1] Projected average of annual debt service, assuming that the Series 2004A Bonds, the Series 2005A Bonds and the Series 2007C Bonds bear interest at 3.5% per annum.

RATE COVENANT. The Corporation covenants that it will establish and collect rents, fees, rates and other charges for the System so as to generate Net Income in each Fiscal Year equal to not less than 100% of the Annual Debt Service Requirement for such Fiscal Year and any other amounts reasonably required or anticipated to be paid from Net Income in such Fiscal Year, in accordance with the Indenture. See "SECURITY AND SOURCES FOR PAYMENT FOR BONDS–Rate Covenant."

NO RESERVE FUND. No Reserve Fund Requirement exists for the Series 2009B Bonds, and the Series 2009B 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 2009B 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"). First Lien Bonds may be issued if the Net Income during the immediately preceding Fiscal Year (including certain adjustments thereto) is not less than 100% of the Average Annual Debt Service to become due in all succeeding Fiscal Years for the payment of principal of and interest on the Bonds then outstanding and on such First Lien Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS-Issuance of First Lien Bonds."

CONTINUING DISCLOSURE. Pursuant to the continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "Rule"), the Corporation entered into a Continuing Disclosure Undertaking Agreement dated as of July 1, 1996, as heretofore supplemented, to be further supplemented by a Twenty-Third Supplement to Continuing Disclosure Undertaking Agreement, to be dated the date of issuance of the Series 2009B Bonds, with The Bank of New York Mellon Trust Company, N.A., as counterparty (collectively, the "Undertaking Agreement"), pursuant to which the Corporation will agree to provide (i) on an annual basis to each nationally recognized municipal securities information repository (a "NRMSIR") then in existence and to the Indiana state information depository then in existence, if any (the "SID"), certain annual financial information, and (ii) notice to each NRMSIR or to the Municipal Securities Rulemaking Board, and to the SID, upon the occurrence of certain material events more fully described herein. See "APPENDIX D: SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING AGREEMENT." The Corporation is in compliance with undertakings previously entered into by it pursuant to the Rule.

OFFICIAL STATEMENT

$41,525,000
The Trustees of Purdue University
Purdue University Student Facilities System Revenue Bonds, Series 2009B

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 $41,525,000 aggregate principal amount of its Purdue University Student Facilities System Revenue Bonds, Series 2009B (the "Series 2009B Bonds").

The Series 2009B 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 (the "Original Indenture"), as supplemented and amended to date and as supplemented and amended by the Twelfth Supplemental and Amendatory Indenture by and between the Corporation and the Trustee, dated as of May 1, 2009 (the "Twelfth Supplemental Indenture") (the Original Indenture, as supplemented and amended to date and as supplemented by the Twelfth Supplemental Indenture, the "Indenture").

The Indenture permits the Corporation to issue: (a) First Lien Bonds on a parity with the Series 2009B 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 2009B Bonds and any other obligations of the Corporation secured by a first lien on the Pledged Revenues under the Indenture, including (i) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2003A (the "Series 2003A Bonds"), $27,750,000 aggregate principal amount of which remain outstanding, (ii) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2003B (the "Series 2003B Bonds"), $5,655,000 aggregate principal amount of which remain outstanding, (iii) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2004A (the "Series 2004A Bonds"), $28,000,000 aggregate principal amount of which remain outstanding, (iv) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2005A (the "Series 2005A Bonds"), $21,585,000 aggregate principal amount of which remain outstanding, (v) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2007A (the "Series 2007A Bonds"), $61,865,000 aggregate principal amount of which remain outstanding, (vi) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2007B (the "Series 2007B Bonds"), $26,470,000 aggregate principal amount of which remain outstanding, (vii) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2007C (the "Series 2007C Bonds"), $61,725,000 aggregate principal amount of which remain outstanding, and (viii) the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2009A (the "Series 2009A Bonds"), $35,025,000 aggregate principal amount of which remain outstanding (the Series 2009B Bonds and such other obligations, including the Series 2003A Bonds, the Series 2003B Bonds, the Series 2004A Bonds, the Series 2005A Bonds, the Series 2007A Bonds, the Series 2007B Bonds, the Series 2007C Bonds and the Series 2009A Bonds, the "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 a first lien on the Pledged Revenues. The Series 2009B Bonds and 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 2009B Bonds or 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 2009B Bonds and all other First Lien Bonds due on such date. Such amounts will be deposited in the Sinking Fund.

Certain of the Series 2009B Bonds are subject to optional and mandatory sinking fund redemption prior to maturity in the manner and at the times described herein. See "DESCRIPTION OF SERIES 2009B BONDS—Redemption."

The Corporation has entered into the Undertaking Agreement for the benefit of the beneficial owners of the Series 2009B Bonds, obligating itself 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 2009B BONDS

The Series 2009B Bonds are being issued for the purpose of (i) paying or reimbursing a portion of the costs of the acquisition, construction, renovation, equipping and furnishing of certain student housing facilities of the Corporation, (ii) refunding certain of the Corporation's outstanding commercial paper, the proceeds of which were applied to pay such costs, (iii) paying interest on a portion of the Series 2009B Bonds during the anticipated completion of the acquisition, construction, renovation, equipping and furnishing of a portion of such facilities, and (iv) paying or reimbursing certain costs of issuing the Series 2009B Bonds. See "PROJECTS" and "ESTIMATED SOURCES AND USES OF FUNDS."

DESCRIPTION OF SERIES 2009B BONDS

General

The Series 2009B Bonds will be issued in the principal amount of $41,525,000 and will be dated and bear interest from their date of delivery. The Series 2009B Bonds will bear interest, payable January 1 and July 1 of each year, commencing January 1, 2010 (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 2009B Bonds will be computed on the basis of a 360-day year, consisting of twelve 30-day months.

Each Series 2009B Bond will bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless it is (i) authenticated after the fifteenth day of the month immediately preceding such Interest Payment Date (each fifteenth day of the month immediately preceding an Interest Payment Date, a "Record Date") and on or before the following Interest Payment Date, in which case it will bear interest from such Interest Payment Date, or (ii) authenticated before the close of business on the Record Date preceding the first Interest Payment Date, in which case it will bear interest from their date of delivery. However, if, at the time of authentication, interest on any Series 2009B Bond is in default, such Series 2009B Bond will bear interest from the date to which interest has been paid.

Certain of the Series 2009B Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described in this Official Statement. See "Redemption."

The Series 2009B Bonds will be issued in fully registered form in the denomination of $5,000 or any integral multiple thereof (an "Authorized Denomination").

The Series 2009B 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 2009B Bonds is payable when due upon presentation and surrender thereof at the designated corporate trust operations office of the Trustee. Interest on the Series 2009B 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 2009B 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 2009B 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 2009B Bond as the absolute owner of such Series 2009B Bond, whether such Series 2009B 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 2009B Bonds maturing on or after July 1, 2020, are subject to redemption prior to maturity at the option of the Corporation at any time on or after July 1, 2019, in whole or in part, in any order of maturity as selected by the Corporation (less than all of the Series 2009B 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.

Mandatory Sinking Fund Redemption. The Series 2009B Bonds maturing on July 1, 2035, are subject to mandatory sinking fund redemption by lot prior to maturity on the dates and in amounts set forth below, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, without premium:

July 1	Amount
2030	$2,230,000
2031	2,340,000
2032	2,465,000
2033	2,590,000
2034	2,720,000
2035[1]	2,185,000

[1] Final Maturity

Not less than 45 days prior to the dates set forth above, the Trustee will select the Series 2009B Bonds of the respective maturity to be so redeemed and will promptly give notice of redemption as set forth below, which notice will state that Series 2009B Bonds are being redeemed by mandatory sinking fund redemption.

Selection of Series 2009B for Redemption. If less than all of the Series 2009B Bonds within a maturity are called for redemption, the Trustee will select the Series 2009B 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 2009B 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 2009B 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 2009B Bond to be redeemed at the address shown on the registration books. In the case of optional redemption of Series 2009B 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 2009B 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 2009B Bond will not affect the validity of any proceedings for the redemption of any other Series 2009B 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 2009B 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 2009B 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 2009B Bonds will continue to bear interest until paid at the same rate as if such Series 2009B Bonds had not been called for redemption.

Partial Redemption or Purchase of Series 2009B Bonds. In case any Series 2009B Bond is of a denomination larger than the minimum Authorized Denomination, all or a portion of such Series 2009B 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 2009B 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 2009B Bond or Series 2009B Bonds of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of such Series 2009B Bond surrendered.

Any Series 2009B Bonds maturing on July 1, 2035, which have been optionally redeemed may be credited (at a price equal to 100% of the principal amount thereof) against the mandatory sinking fund redemption requirements of the Indenture for such Series 2009B Bonds in the order selected by the Corporation.

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 2009B Bonds purchased with moneys on deposit in the Revenue Fund and available for redemption of such Series 2009B Bonds and (b) instruct the Trustee to apply the principal amount of such Series 2009B Bonds so delivered for credit at 100% of the principal amount thereof against the principal amount of Series 2009B Bonds of the same maturity to be redeemed on the next succeeding redemption date. The Trustee will so credit each such Series 2009B Bond so delivered.

Redeemed Series 2009B Bonds. If the amount necessary to redeem any Series 2009B 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 2009B Bonds, and such Series 2009B Bonds will no longer be deemed to be outstanding under the Indenture. Thereafter, such Series 2009B Bonds will not be secured by the lien of the Indenture, and the holders thereof may look only to the Trustee for payment thereof.

Payment of Principal and Interest on Series 2009B Bonds

For so long as the Series 2009B 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 2009B Bonds are no longer registered under a book-entry only system, payment of the principal of and interest on the Series 2009B Bonds will be made as described above under "General."

Interest Account. The Trustee will establish and maintain, as long as any Series 2009B Bonds are outstanding, a separate account within the Sinking Fund created by the Indenture known as the Series 2009B 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), beginning January 1, 2010, the Trustee will deposit in the Series 2009B Interest Account moneys received from the Corporation in an amount equal to the difference, if any, between (a) the interest on the Series 2009B Bonds due on such date and (b) the amount of moneys then on deposit in the Series 2009B Interest Account available to pay such interest. The Trustee will use moneys on deposit in the Series 2009B Interest Account to pay the interest on the Series 2009B Bonds whenever such interest is due and payable.

Principal Account*.* The Trustee will establish and maintain, as long as any Series 2009B Bonds are outstanding, a separate account within the Sinking Fund to be known as the Series 2009B 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), beginning July 1, 2010, the Trustee will deposit in the Series 2009B Principal Account moneys received from the Corporation in an amount equal to the difference, if any, between (a) the principal amount of Series 2009B Bonds maturing or subject to mandatory sinking fund redemption on such date and (b) the amount of moneys then on deposit in the Series 2009B Principal Account available to pay such principal. The Trustee will use moneys on deposit in the Series 2009B Principal Account to pay the principal of the Series 2009B Bonds at maturity or upon mandatory sinking fund redemption.

Redemption Account. The Trustee will establish and maintain, as long as any Series 2009B Bonds are outstanding, a separate account within the Redemption Fund to be known as the Series 2009B Account. On or before any day on which any Series 2009B Bonds are subject to optional redemption, the Trustee will deposit in the Series 2009B 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 2009B Bonds due on such date and (b) the amount of moneys then on deposit in the Series 2009B Account of the Redemption Fund available to pay such redemption price. The Trustee will use moneys on deposit in the Series 2009B Account of the Redemption Fund to pay the optional redemption price of the Series 2009B 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 2009B Bonds or the date fixed for redemption of any Series 2009B Bonds is a day other than a Business Day, then payment of interest or principal need not be made on such date, but may be made (without additional interest) on the next succeeding Business Day with the same force and effect as if made on the date of maturity or date fixed for redemption.

Transfer and Exchange of Series 2009B Bonds

For so long as the Series 2009B Bonds are registered in the name of DTC or its nominee or its successor, the transfer and exchange procedures will be as described under "Book Entry System."

Book Entry System

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Series 2009B Bonds. The Series 2009B 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 2009B Bond certificate will be issued for each maturity of the Series 2009B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The

Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2009B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2009B 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 2009B 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 2009B Bonds, except in the event that use of the book-entry system for the Series 2009B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009B 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 2009B Bonds with DTC and their registration in the name of Cede & Co. or other such DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2009B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009B 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 2009B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2009B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2009B Bond documents. For example, Beneficial Owners of Series 2009B Bonds may wish to ascertain that the nominee holding the Series 2009B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2009B 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 series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2009B Bonds, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2009B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2009B 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 2009B 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, 2009B 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, 2009B Bond certificates will be printed and delivered to DTC.

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

Discontinuation of Book-Entry System

In the event that the book-entry system for the 2009B Bonds is discontinued, the Trustee would provide for the registration of the 2009B Bonds in the name of the Beneficial Owners thereof. The Corporation and the Trustee would treat the person in whose name any 2009B Bond is registered as the absolute owner of such 2009B 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 Building Corporation nor the Trustee would be bound by any notice or knowledge to the contrary.

Each 2009B Bond would be transferable or exchangeable only upon the presentation and surrender thereof at the corporate trust office of the Trustee, duly endorsed for transfer or exchange, or accompanied by a written assignment duly executed by the owner or its authorized representative in form satisfactory to the Trustee. Upon due presentation of any 2009B Bonds for transfer or exchange, the Trustee would authenticate and deliver in exchange therefor, within a reasonable time after such presentation, a new 2009B Bond or 2009B 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 2009B Bond or 2009B Bonds so presented. The Corporation or the Trustee would require the owner of any 2009B 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 2009B Bonds.

SECURITY AND SOURCES OF PAYMENT FOR BONDS

The Series 2009B 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 2009B 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 2009B 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 2009B 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 2009B 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 2009B Bonds or other Bonds, or to be implied therefrom.

Net Income

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

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

(ii) the sum of

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

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

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

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

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

Available Funds

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

(a) the Pledged Revenues; and

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

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

No Reserve Fund

The Series 2009B Bonds will have no claim on any reserve fund. However, the Corporation may issue Bonds at some later date which will have a claim on the Reserve Fund established under the Indenture in the manner prescribed in the Indenture, for which a reserve fund requirement may exist. See "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Flow of Funds – No Reserve Fund."

Rate Covenant

The Corporation has agreed to establish and collect rents, fees, rates and other charges for the System so as to generate Net Income in each Fiscal Year equal to no less than the sum of:

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

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

(c) Any other amounts reasonably required or anticipated to be paid from Net Income in such Fiscal Year in accordance with the Indenture.

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

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

Issuance of First Lien Bonds

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

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

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

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

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

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

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

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

is not less than 100% of the Average Annual Debt Service to become due in all succeeding Fiscal Years for the payment of principal of and interest on the Bonds then Outstanding under the Indenture and on such First Lien Bonds.

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

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

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

Issuance of Junior Lien Obligations and Credit Facility Obligations

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

(a) First Lien Bonds;

(b) Credit Facility Obligations; or

(c) Junior Lien Obligations.

DEBT SERVICE COVERAGE

The following projected debt service coverage summary is based solely on Net Income for the Fiscal Years ended June 30, 2008, and June 30, 2007 (excluding any other Available Funds), and the projected average of the annual debt service on the Series 2003A Bonds, the Series 2003B Bonds, the Series 2004A Bonds, the Series 2005A Bonds, the Series 2007A Bonds, the Series 2007B, the Series 2007C Bonds, the Series 2009A Bonds and the Series 2009B (which are the only First Lien Bonds that will be outstanding upon issuance of the Series 2009B Bonds).

	Fiscal Year Ended June 30	
	2008	2007
Net Income	$22,827,393	$24,867,960
Projected coverage[(1)]	1.25	1.36
Projected annual debt service: $18,238,035[(1)]		

[(1)] Projected average of annual debt service, assuming that the Series 2004A Bonds, the Series 2005A Bonds and the Series 2007C Bonds bear interest at 3.5% per annum.

ANNUAL DEBT SERVICE REQUIREMENT

The projected annual debt service requirement for the Series 2009B Bonds and the other Bonds outstanding on the date hereof is as follows:

Fiscal Year Ending June 30	Series 2009B Bonds Principal[(1)]	Series 2009B Bonds Interest[(2)]	Other Bonds Principal[(1)]	Other Bonds Interest[(2) (3)]	Total Debt Service[(1)(2)(3)]
2009	–	–	$ 5,775,000	$10,205,811	$15,980,811
2010	–	$ 283,097	6,960,000	11,001,690	18,244,787
2011	$ 205,000	1,113,633	8,245,000	11,278,721	20,842,355
2012	895,000	2,003,025	8,915,000	10,896,060	22,709,085
2013	935,000	1,962,025	9,860,000	10,452,421	23,209,446
2014	970,000	1,928,850	10,545,000	9,990,601	23,434,451
2015	1,010,000	1,889,050	11,045,000	9,499,543	23,443,593
2016	1,065,000	1,837,175	8,070,000	9,081,195	20,053,370
2017	1,120,000	1,782,550	8,455,000	8,715,942	20,073,492
2018	1,170,000	1,731,150	8,960,000	8,342,149	20,203,299
2019	1,225,000	1,677,125	9,675,000	7,931,811	20,508,936
2020	1,285,000	1,614,375	9,950,000	7,506,514	20,355,889
2021	1,350,000	1,548,500	10,505,000	7,044,133	20,447,633
2022	1,425,000	1,479,125	11,005,000	6,566,137	20,475,262
2023	1,495,000	1,406,125	11,635,000	6,060,220	20,596,345
2024	1,575,000	1,329,375	12,185,000	5,531,520	20,620,895
2025	1,650,000	1,248,750	12,775,000	4,962,321	20,636,071
2026	1,735,000	1,164,125	13,375,000	4,373,717	20,647,842
2027	1,825,000	1,075,125	14,035,000	3,751,938	20,687,063
2028	1,920,000	981,500	14,720,000	3,099,916	20,721,416
2029	2,020,000	883,000	15,435,000	2,408,614	20,746,614
2030	2,120,000	779,500	12,700,000	1,773,116	17,372,616
2031	2,230,000	670,750	9,320,000	1,331,691	13,552,441
2032	2,340,000	556,500	10,640,000	908,539	14,445,039
2033	2,465,000	436,375	10,980,000	466,307	14,347,682
2034	2,590,000	310,000	6,580,000	149,045	9,629,045
2035	2,720,000	177,250	1,505,000	37,625	4,439,875
2036	2,185,000	54,625	–	–	2,239,625

[(1)] Principal matures on the preceding July 1.
[(2)] Net of capitalized interest.
[(3)] Assumes that the Series 2004A Bonds, the Series 2005A Bonds and the Series 2007C Bonds bear interest at 3.5% per annum.

FACILITIES AND SYSTEM

General

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

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

Currently, the System is owned and generally operated by the Corporation and is comprised of a variety of student residence and dining operation facilities for single undergraduate students, graduate students and married students. Accommodations, including both room and board, room only, and apartments, are available to both undergraduate and graduate students. The West Lafayette campus will provide 11,564 spaces for students in 2008-09. There are 8,536 residence hall room and board spaces, 790 graduate housing spaces, 1,481 single student spaces in apartments with food contract options, and 757 married student spaces in apartments. The Fort Wayne and Calumet campuses will provide 756 and 370 spaces, respectively, for students in 2008-09.

Management

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

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

West Lafayette Campus Facilities

Single Student Housing. Approximately 8,536 single students can be housed in eleven traditional residence halls, seven of which are co-educational. Eight of these halls are multi-storied facilities containing lounges, recreation rooms and post office facilities. An additional facility is an apartment complex located on campus that can house 947 single students. Additional student apartments are also available for single students in the married student housing complex. Optional board service is available through the dining services in any of the halls. Construction of the first phase of a five phase renovation of Windsor Hall is complete and a second phase is currently underway. A portion of the proceeds from this financing will fund the third phase of this renovation.

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

Graduate Housing. Approximately 790 spaces are available in one housing unit for graduate students. Facilities include laundry, recreation rooms and post office services. The graduate housing contracts are for room only. Food service is available on a contract basis in any of the dining locations. At the close of the 2007-08 academic year, residential rooms at the Ernest C. Young Graduate House were converted to administrative office space for University staff.

Married Student Housing Complex. There are 1,291 spaces in apartments (of which 757 are currently for married students) within walking distance of the main campus. The spaces consist of unfurnished apartments in one- and two-bedroom types. Rent includes all utilities, including basic telephone service. Depending on University needs, two bedroom apartments are available as one married space or three single spaces.

Regional Campuses Facilities

Fort Wayne Student Housing. There are 756 spaces in nine apartment buildings with a freestanding commons building. The housing complex is linked to the main campus by a pedestrian bridge. The furnished apartments are one- and two-bedroom types with shared or private baths. The buildings include a laundry, recreation rooms and a computer learning center. Construction on a third phase to add an additional 448 beds began in early 2009 and will be funded by this financing.

Calumet Student Housing. There are 370 spaces available in a four-story building with 94 furnished apartments, each with four private bedrooms and two shared baths. The apartment suites have a kitchen/dining room and a living room. The apartment facility was opened to students in the Fall of 2005 and sits on University property in close proximity to the Physical Education and Recreation Building. A second phase is currently under construction.

Current System Housing Facilities	**Initial Construction**	**Fall 2008 Total Spaces Available**
Franklin Levering Cary Quadrangle	1927	1,156
Windsor Residence Halls	1934	593
Hilltop Apartments	1944	947
Virginia C. Meredith Residence Hall	1952	620
Richard Owen Residence Hall	1957	708
Married Student Housing Complex	1957	1,291
Newton Booth Tarkington Residence Hall	1958	707
Harvey W. Wiley Residence Hall	1958	750
John T. McCutcheon Residence Hall	1963	745
Amelia Earhart Residence Hall	1964	787
Ernest C. Young Graduate House	1965	0
Benjamin Harrison Residence Hall	1966	812
George A. Hawkins Graduate House	1968	790
Eleanor B. Shreve Residence Hall	1970	858
Hillenbrand Residence Hall	1993	800
Fort Wayne Student Housing Complex, I	2003	568
Fort Wayne Student Housing Complex, II	2007	188
Calumet Student Housing, Phase I	2004	370
Total		12,690

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

System Occupancy

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

	Year Ended June 30				
	2008-09	**2007-08**	**2006-07**	**2005-06**	**2004-05**
West Lafayette Student Facilities*					
Single Students					
Spaces Available	10,807	10,736	10,937	10,675	10,467
Spaces Occupied	10,537	10,513	10,663	10,431	10,263
Occupancy Percentage	97.5%	97.9%	97.5%	97.7%	98.1%
Married Student Housing Complex					
Spaces Available	757	821	981	983	1,013
Spaces Occupied	681	720	898	873	943
Occupancy Percentage	90.0%	87.7%	91.5%	88.8%	93.1%
West Lafayette Occupancy Percentage	97.0%	97.2%	97.0%	97.0%	97.6%
Regional Campus Student Facilities					
Fort Wayne Student Housing Complex					
Spaces Available	756	756	568	568	563
Spaces Occupied	756	756	568	568	495
Occupancy Percentage	100.0%	100.0%	100.0%	100.0%	87.9%
Calumet Student Housing Complex					
Spaces Available	370	370	370	384	
Spaces Occupied	370	370	370	283	
Occupancy Percentage	100.0%	100.0%	100.0%	73.6%	

***Preliminary for 2008-09**

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

Housing Rental Rates

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

	Year Ended June 30				
	2009-10[1]	2008-09	2007-08	2006-07	2005-06
West Lafayette:					
Single Room and Board Units[2]					
Minimum Academic Year Rate	$6,502	$6,118	$5,818	$5,528	$5,256
Maximum Academic Year Rate	14,550	12,886	12,144	11,510	10,894
Married Student Housing Complex[2]					
Minimum Monthly Rate	582	550	530	520	504
Maximum Monthly Rate	717	680	655	640	639
Graduate Housing[2]					
Minimum Monthly Rate	375	350	335	320	320
Maximum Monthly Rate	696	655	615	585	585
Fort Wayne Student Housing Complex[2]					
Minimum Monthly 12-Month Rate	451	438	422	406	394
Maximum Monthly 12-Month Rate	700	667	642	617	599
Calumet Student Housing [2]					
Minimum Monthly 12-Month Rate[3]	468	448	427	415	399
Maximum Monthly 12-Month Rate[3]	544	448	427	415	399

[1] The West Lafayette, Fort Wayne and Calumet housing rates for 2009-10 were approved by the Board of Trustees on December 19, 2008.
[2] Married Student Housing Complex rates are effective July 1, and all others rates are effective with the start of the fall semester in August.
[3] Only one rate assessed prior to 2009-10; no maximum or minimum.

Food Service Rates

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

	Year Ended June 30				
	2009-10[1]	2008-09	2007-08	2006-07	2005-06
20 Meal Plan [2]	$5,220	$4,970	$4,468	$4,468	$4,256
Gold Plan [3]	n/a	n/a	3,924	3,924	3,738
15 Meal Plan [3]	4,864	4,632	3,924	3,924	3,738
Black Plan [3]	n/a	n/a	3,618	3,618	3,446
12 Meal Plan[4]	4,598	4,378	n/a	n/a	n/a
Boiler Block Plan[4]	4,330	4,124	n/a	n/a	n/a
10 Meal Plan [2]	4,220	4,018	3,618	3,618	3,446

[1] The food service rates for 2009-10 were approved by the Board of Trustees on December 19, 2008.
[2] Includes $250 discretionary dining dollars.
[3] Includes $350 discretionary dining dollars.
[4] Includes $450 discretionary dining dollars.

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

Financial Information

The following are the Statements of Revenues, Expenses and Changes in Net Assets for the Purdue University Student Facility System as of June 30, 2008, 2007 and 2006. This information should be used in conjunction with the financial statements and the notes to the University's statements contained in Appendix B.

FINANCIAL OPERATIONS OF THE SYSTEM

Statement of Revenues, Expenses and Changes in Net Assets

Fiscal Year Ended June 30 (Unaudited)

	2008	2007	2006
Operating Revenues			
Housing, Net	$48,729,220	$46,928,778	$42,735,367
Food Service	42,905,309	40,797,100	37,729,525
Other Operating Revenues	2,241,104	2,075,976	2,501,858
Total Operating Revenues	$93,875,632	$89,801,853	$82,966,750
Operating Expenses			
Depreciation[(1)]	$10,007,313	$10,098,858	$8,318,890
Operating Expenses	73,484,307	67,203,081	63,741,015
Total Operating Expenses	$83,491,619	$77,301,940	$72,059,905
Operating Income	$10,384,013	$12,499,914	$10,906,845
Non-operating Revenues (Expenses)			
Investment Income	$2,436,067	$2,269,188	$2,803,455
Interest Expense	(8,412,469)	(9,859,757)	(6,889,928)
Other	(14,892)	55,233	31,140
Total Non-operating Revenues (Expenses), Net	($5,991,294)	($7,535,336)	($4,055,333)
Increase in Net Assets	$4,392,719	$4,964,578	$6,851,512

Numbers may not add due to rounding

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

Projected Debt Service Coverage

The projected coverage calculation is the division of Net Income by the projected average of the annual debt service ($18,238,035[(1)]).

	2008	2007	2006
Operating Income	$10,384,013	$12,499,914	$10,906,845
Investment Income	2,436,067	2,269,188	2,803,455
Total Operating Income	$12,820,080	$14,769,102	$13,710,300
Depreciation[(2)]	10,007,313	10,098,858	8,318,890
Net Income	$22,827,393	$24,867,960	$22,029,190
Projected annual debt service coverage [(1)]	1.25	1.36	1.21

(1) Projected average of annual debt service, assuming that the Series 2004A Bonds, the Series 2005A Bonds and the Series 2007C Bonds bear interest at 3.5% per annum.
(2) Operation and Maintenance Expenses, as defined in the Indenture, exclude depreciation expenses.

Capital Plans

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

West Lafayette Campus. A major renovation project began in May 2000 on the West Lafayette campus to consolidate the food service operation from 11 to 5 dining courts and from 7 to 5 mini-marts/grills. The total authorization for this project was $57.9 million. The final phase of this project, Wiley Dining Court, was completed in August 2008. Other recently completed construction includes a $2 million Village Community Center and a $16.7 million McCutcheon drive parking garage both of which were funded internally.

A renovation of the Windsor Residence Halls complex was authorized for $53.0 million and began in May 2007. A component of this financing will fund the third of a five-phase renovation. The first phase of the five-phase renovation is complete and the second phase is currently under construction. Construction on the third phase is planned to begin in May 2009 and is expected to be completed for the Fall 2010 term. Each of the remaining two halls will begin renovations over the next two years.

Two long-term projects are currently underway to further enhance the West Lafayette campus. The first project is to improve the fire safety features (e.g., sprinkling and new fire alarm systems) in the student housing facilities with completion expected by the end of 2012. The second project is to add air conditioning to some of the student rooms on campus with completion targeted by the summer of 2011. These projects are included in "*Major Construction Projects"* below and are expected to be financed with internal funds.

University decisions relating to its strategic plan, enrollment management and resident versus non-resident mix will affect the revenue of the System. During fiscal year 2002, the University announced plans to create Discovery Park, an academic research facility that will occupy approximately half the acreage originally used by the System's married students housing complex. A total of 600 spaces are projected to be demolished over a multi-year period to provide for this growth. Since 2002, 256 spaces have been demolished to clear land for Discovery Park, a new childcare facility and community center.

Regional Campuses. The System includes two housing facilities on the Fort Wayne campus, providing 756 beds, including a newly constructed facility which opened in August 2007. The 288 furnished apartments are one-, two- and four-bedroom floor plans with shared or private baths. Also funded by this financing is the third phase of Student Housing at the IPFW campus with up to 448 beds and additional commons facilities which was authorized for $38.0 million and is under construction.

At the Calumet campus, a 94-unit furnished apartment facility provides 370 beds. Each unit has four private bedrooms and two shared baths. The apartment suites have a kitchen/dining room and a living room. A second similar facility providing approximately 370 additional beds is currently under construction and is expected to be available for the Fall 2009 term.

Major Construction Projects. As of May 2009, the System has $184.0 million of projects greater than $500,000 in progress or awarded of which $28.3 million may be internally funded. Internally funded projects include the addition of air-conditioning and fire sprinkling in McCutcheon Hall for $11.2 million, the renovation of the Hillenbrand Hall Dining Court for $2.4 million, and fire sprinkling in Harrison Hall for $11.5 million.

Purdue University has authorized one new project for the System in the amount of $500,000 for which construction has not yet begun. The authorized project is intended to be internally funded by the System.

PROJECTS

The Series 2009B Bonds are being issued for the purpose of paying, reimbursing the Corporation for the payment of, or refunding any of the Corporation's outstanding Purdue University Tax-Exempt Commercial Paper Notes, Series 2008-1 and the Series 2008-2 (collectively, the "Commercial Paper"), the proceeds of which were applied to pay a portion of the costs of the acquisition, construction, renovation, equipping and furnishing of the following (the "Projects"): (i) any student housing facilities on the Indiana UniversityPurdue University Fort Wayne ("IPFW") campus (including the IPFW Student Housing Phase III), and any property, real or personal, related thereto (the "IPFW Student Housing Phase III"), and (ii) any student housing facilities on the West Lafayette campus (including the Windsor Residence Halls), and any property, real or personal, related thereto (the "Windsor Residence Halls").

IPFW Student Housing Phase III

This project will construct the third phase of student housing on the IPFW campus. Occupancy is planned beginning in the Fall 2010 semester. Construction and interest capitalized through completion of the project will be funded by this financing.

Windsor Residence Halls Renovation

To meet contemporary student expectations, this project will renovate the five separate buildings of the Windsor Residence Halls complex. Work will be completed in phases over a period of five years and encompasses upgrading each building to meet current building codes. This work will include fire protection and accessibility; upgrading, restoring or replacing architectural finishes; repairing historical architectural elements such as decorative plaster, woodwork and ceramic tile; replacing all five passenger elevators; increasing privacy in community bathrooms; and replacing existing electrical and mechanical systems in each building as required. In addition, air conditioning will be added to the entire Windsor Residence Halls complex. The first phase, the renovation of Wood Hall, began in May 2007 and is complete. The second phase is under construction and is expected to be available for student occupancy in Fall 2009.

A component of this financing will fund the third phase of this renovation, Shealy Hall, which will begin in May 2009. Construction is expected to be completed and Shealy Hall available for student occupancy for the Fall 2010 semester. Annually, renovations will begin on the next scheduled building in the Windsor Residence Halls complex, completing approximately one year later. The total project is expected to be completed by the Fall semester of 2012. This multi-phase project was approved by the Board of Trustees for $53.0 million and is expected to be debt funded.

Refunding of Commercial Paper Notes

The Commercial Paper was issued from time to time to provide temporary financing of a portion of the costs of certain facilities, including the Projects.

The Corporation expects to apply a portion of the proceeds of the Series 2009B Bonds to pay a portion of the principal of and interest on (i) the Commercial Paper, Series 2008-1, to be issued on May 11, 2009, in the aggregate principal amount of $6,316,000, upon the maturity thereof on June 11, 2009, and (ii) the Commercial Paper, Series 2008-2, to be issued on May 13, 2009, in the aggregate principal amount of $30,926,000, upon the maturity thereof on or about June 12, 2009. However, no such proceeds will be pledged to pay any principal of or interest on any such Commercial Paper, and all such Commercial Paper will remain outstanding unless and until the principal thereof and interest thereon are paid in full upon the maturity thereof.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds related to the issuance of the Series 2009B Bonds are summarized below:

Sources of Funds:	
Principal Amount of Series 2009B Bonds	$41,525,000
Net Original Issue Premium	2,200,365
Total Sources of Funds	$43,725,365
Uses of Funds:	
Deposit to Series 2009B IPFW Student Housing Facility Account[(1) (2)]	$31,686,974
Deposit to Series 2009B Windsor Residence Halls Facility Account[(1)]	8,830,164
Deposit to refund Commercial Paper (IPFW Student Housing Facility)	1,744,942
Deposit to refund Commercial Paper (Windsor Residence Halls Facility)	1,111,058
Costs of Issuance, Underwriters' Discount and Contingency	352,227
Total Uses of Funds	$43,725,365

(1) Excludes deposit to refund Commercial Paper
(2) Includes payment of capitalized interest on a portion of the Series 2009B 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.

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

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

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

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

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

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

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

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

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

“Commercial Paper” means the Purdue University Tax-Exempt Commercial Paper Notes, Series 2008-1 and Series 2008-2.

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

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

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

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

“Credit Facility Provider” means the provider of any Credit Facility.

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

“Event of Default” means any event defined as an “Event of Default” in the Indenture. See “Defaults and Remedies--Events of Default.”

“Facilities” means any:

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

(b) food service facilities;

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

(d) parking facilities in connection with academic facilities;

(e) medical research facilities associated with a school of medicine, if the facilities will generate revenue from state, federal, local or private gifts, grants, contractual payments or reimbursements in an amount that is reasonably expected to at least equal the annual debt service requirements of any bonds for the facility for each fiscal year that such bonds are outstanding; 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 Original Indenture, as supplemented and amended to date and as supplemented and amended by the Twelfth Supplemental Indenture, and as further supplemented or amended from time to time.

"Interest Payment Date" means each January 1 and July 1, commencing January 1, 2010.

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Federal Securities;

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

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

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

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

"Projects" means the acquisition, construction, equipping and furnishing of the Series 2009B Facilities.

"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.

"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 2009B 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 2009B Bonds have no claim on the Reserve Fund or any other reserve fund.

"Reserve Fund Requirement" means an amount equal to the least of (a) 10% of the stated principal amount (or, if part of an issue which has more than a *de minimus* amount of original issue discount or premium, the issue price) of all Bonds with any claim on the Reserve Fund, calculated as of the date of issuance thereof, (b) the maximum annual principal and interest requirements on all Bonds with any claim on the Reserve Fund, calculated as of the date of issuance thereof, or (c) 125% of the average annual principal and interest requirements on all Bonds with any claim on the Reserve Fund, calculated as of the date of issuance thereof, all determined in accordance with any Supplemental Indenture authorizing the issuance of any such Bonds; provided, however, that any Bonds may issued which have no claim on the Reserve Fund. The Series 2009B 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 Twelfth Supplemental Indenture and the issuance of the Series 2009B 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 2009B Bondholder," "Holder of a Series 2009B Bond," "holder of a Series 2009B Bond," "Owner of a Series 2009B Bond," "owner of a Series 2009B Bond" or any similar term means a registered owner of any Series 2009B Bond.

"Series 2009B Bonds" means the Purdue University Student Facilities System Revenue Bonds, Series 2009B, authorized to be issued by the Corporation pursuant to the terms and conditions of the Indenture.

"Series 2009B Facilities" means the Series 2009B Windsor Residence Halls Facility and the Series 2009B IPFW Student Housing Facility.

"Series 2009B IPFW Student Housing Facility" means any student housing facilities on the Indiana University – Purdue University Fort Wayne ("IPFW") campus (including the IPFW Student Housing Phase III), and any property, real or personal, related thereto.

"Series 2009B Windsor Residence Halls Facility" means any student housing facilities on the Purdue University West Lafayette campus (including the Windsor Residence Halls), and any property, real or personal, related thereto.

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

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

"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.

"Twelfth Supplemental Indenture" means the Twelfth Supplemental and Amendatory Indenture by and between the Corporation and the Trustee, Registrar and Paying Agent, dated as of May 1, 2009.

"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.

Flow of Funds

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

There will be created on the books of the Corporation, within the Project Fund, the following accounts: (i) the "Series 2009B Windsor Residence Halls Facility Account"; and (ii) the "Series 2009B IPFW Student Housing Facility Account."

At any time and from time to time, the Corporation may withdraw any money on deposit in the Series 2009B Windsor Residence Halls Facility Account of the Project Fund, without any requisition, voucher or other direction or authorization, for the purpose of paying or reimbursing the Corporation for the payment of, or refunding any Commercial Paper the proceeds of which were applied to pay, any costs of acquiring, erecting, constructing, reconstructing, extending, remodeling, improving, completing, equipping, furnishing or financing the Series 2009B Windsor Residence Halls Facility. The Corporation will transfer any money remaining in the Series 2009B Windsor Residence Halls Facility Account of the Project Fund, after acquisition, erection, construction, reconstruction, extension, remodeling, improvement, completion, equipping, furnishing or financing of the Series 2009B Windsor Residence Halls Facility has been completed, to Series 2009B IPFW Student Housing Facility Account of the Project Fund, the Series 2009B Account of the Bond Expense Fund, the Sinking Fund or the Redemption Fund, for application in accordance with any instructions from the Corporation.

At any time and from time to time, the Corporation may withdraw any money on deposit in the Series 2009B IPFW Student Housing Facility Account of the Project Fund, without any requisition, voucher or other direction or authorization, for the purpose of paying or reimbursing the Corporation for the payment of, or refunding any Commercial Paper the proceeds of which were applied to pay (i) any costs of acquiring, erecting, constructing, reconstructing, extending, remodeling, improving, completing, equipping, furnishing or financing the Series 2009B

IPFW Student Housing Facility or (ii) any interest on the Series 2009B Bonds. The Corporation will transfer any money remaining in the Series 2009B IPFW Student Housing Facility Account of the Project Fund, after acquisition, erection, construction, reconstruction, extension, remodeling, improvement, completion, equipping, furnishing or financing of the Series 2009B IPFW Student Housing Facility has been completed, to Series 2009B Windsor Residence Halls Facility Account of the Project Fund, the Series 2009B Account of the Bond Expense Fund, the Sinking Fund or the Redemption Fund, for application in accordance with any instructions from the Corporation.

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 2009B Account".

A portion of the proceeds of the Series 2009B Bonds will be deposited in the Series 2009B 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 2009B 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 2009B Bonds. The Corporation will transfer any money in the Series 2009B Account of the Bond Expense Fund remaining after payment of Costs of Issuance to 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: (i) to pay the cost of the acquisition, erection, construction, reconstruction, extension, remodeling, improvement, completion, equipping or furnishing of any Facilities, or to accumulate a reserve for such purpose; (ii) to purchase or redeem any First Lien Bonds, or to accumulate a reserve for such purpose; (iii) to pay any principal of or interest on any Junior Lien Obligations; (iv) to pay any other lawful expenditure or cost related to the System; and (v) for any other lawful purpose of the Corporation, including any purpose not related to the System.

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

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

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

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

No Reserve Fund. The Series 2009B Bonds will have <u>no</u> claim on the Reserve Fund or any other reserve fund.

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

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

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

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

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

Additional Covenants of Corporation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tax Covenants. The Corporation will not permit the Series 2009B Facilities to be used in a manner that would result in the loss of exclusion of interest on the Series 2009B 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 2009B Bonds; nor will the Corporation act in any other manner that would result in the loss of exclusion of interest on the Series 2009B 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 2009B Bonds.

The Corporation will not make any investment or do any other act or thing during the period that any Series 2009B Bonds are Outstanding that would cause any Series 2009B 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 2009B Bonds.

It will not be an Event of Default under the Indenture if the interest on any Series 2009B 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 2009B Bonds.

Defaults and Remedies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Discharge of Indenture

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

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

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

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

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

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

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

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

All moneys or Federal Securities so set aside and held in trust pursuant to the provisions 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 2009B Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and is effective on the date of issuance of the Series 2009B Bonds (the "Code"). This opinion relates only to the exclusion from gross income of interest on the Series 2009B 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 2009B 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 2009B Bonds as a condition to the exclusion from gross income of interest on the Series 2009B Bonds for federal income tax purposes. Noncompliance with such requirements may cause interest on the Series 2009B 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 2009B Bonds bear interest that is not excluded from gross income for federal income tax purposes, the market value of the Series 2009B Bonds would be materially and adversely affected. It is not an event of default if interest on the Series 2009B 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 2009B Bonds.

The interest on the Series 2009B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, and, pursuant to the American Recovery and Reinvestment Act of 2009, is not 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 2009B 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 2009B 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 2009B Bonds should consult their own tax advisors with respect to the other tax consequences of owning the Series 2009B Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Series 2009B Bonds. Prospective purchasers of the Series 2009B Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Series 2009B Bonds.

BOND PREMIUM

The initial public offering price of the Series 2009B Bonds is greater than the principal amount payable at maturity. As a result, the Series 2009B Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Series 2009B Bond in the initial public offering will be required to adjust the owner's basis in the Series 2009B 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 Series 2009B Bonds (including sale, redemption or payment at maturity). The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth at Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Series 2009B Bonds. Owners of Series 2009B 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 Series 2009B Bonds and with respect to the state and local tax consequences of owning and disposing of Series 2009B 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 2009B Bonds

As of the date of delivery the Series 2009B 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 2009B Bonds or the pledging of the Pledged Revenue, or in any way contesting, questioning or affecting the validity of any provision of the Series 2009B Bonds, the proceedings or the authority of the Corporation taken with respect to the issuance or sale thereof, the resolutions authorizing the Series 2009B Bonds, or the Indenture. Neither the creation, organization or existence of the Corporation nor the title of any of the present Board members or other Corporation officers to their respective offices is being contested.

Other Proceedings

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

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. ("S&P"), have given the Series 2009B Bonds the ratings of "Aa1" and "AA," respectively. An explanation of the rating by Moody's may be obtained from such agency at 99 Church Street, New York, New York, 10007, and an explanation of the rating by S&P may be obtained from such agency at 55 Water Street, New York, New York, 10041. Any such rating reflects only the view of the respective rating agency and is not a recommendation to buy, sell or hold any of the Series 2009B Bonds. There is no assurance that any rating will continue for any given period of time, and any rating may be revised downward or withdrawn entirely, if, in the judgment of the appropriate rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price or marketability of the Series 2009B Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2009B Bonds are subject to the approval of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be subject to the approval of Stuart & Branigin, Lafayette, Indiana, counsel to the Corporation. The form of the approving opinion of Bond Counsel with respect to the Series 2009B 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 2009B 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 2009B 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 2009B Bonds in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

UNDERWRITING

Barclays Capital Inc., City Securities Corporation and Loop Capital Markets, LLC (the "Underwriters"), have agreed to purchase the Series 2009B Bonds subject to certain conditions precedent, and the Underwriters are obligated to purchase all Series 2009B Bonds issued at an underwriting discount of $179,304.60 from the initial public offering prices producing the prices or yields set forth on the cover page of this Official Statement. The Underwriters may offer and sell the Series 2009B Bonds to certain dealers (including dealers depositing the Series

2009B Bonds into unit investment trusts) and to others at a price lower than that offered to the public. The initial public offering price may be changed from time to time by the Underwriters.

MISCELLANEOUS

During the initial offering period for the Series 2009B Bonds, a copy of the Indenture will be available for inspection at the Office of the Treasurer of the University, Hovde Hall, West Lafayette, Indiana 47907, and at the offices of Barclays Capital Inc., 745 Seventh Avenue, New York, New York 10019.

THE TRUSTEES OF PURDUE UNIVERSITY

/s/ James S. Almond
James S. Almond, Assistant Treasurer

Dated: May 8, 2009

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APPENDIX A

PURDUE UNIVERSITY
AND
THE TRUSTEES OF PURDUE UNIVERSITY

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Purdue University
and
The Trustees of Purdue University

General

Purdue University (the "University") was established in 1869 and is one of sixty-eight land-grant colleges and universities created as a result of the Morrill Act of 1862. The University was originally established to teach agricultural and mechanical arts and was named in honor of John Purdue, a substantial donor to the University. The University is one of the seven state-supported universities in Indiana. The University has grown from 39 students and six instructors at its inception, to a current population of approximately 67,000 full-time and part-time students and more than 4,800 faculty on its main, regional and statewide campuses. An additional 4,629 Purdue students attend the Indiana University-Purdue University campus in Indianapolis.

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

Academic Colleges & Schools of Purdue University

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

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

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

Calumet - Education; Engineering; General Studies; Mathematics & Science; Liberal Arts & Social Sciences; Nursing; and Technology.

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

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

Accreditation and Membership

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

Strategic Plan

In June 2008, the Board of Trustees of the University approved a new five-year strategic plan that was created under the leadership of Dr. France Córdova, who began as the eleventh president of the University in July 2007. The plan intends to: 1) position the University to meet the challenges facing humanity; 2) grow and create opportunities for Indiana and the global economy; and 3) enhance student learning for success in a changing world. The plan's foundation consists of the following three goals: 1) launch tomorrow's leaders by enhancing student success with careers in a dynamic global society, as well as fostering intellectual, professional and personal development for lifelong learning; 2) promote discovery with delivery by conducting field-defining research with breakthrough outcomes and catalyzing research-based economic development and entrepreneurship; and 3) meet global challenges by enhancing Purdue's presence and impact in addressing the grand challenges of humanity.

The new strategic plan follows the successful implementation of a five-year strategic plan completed in June 2007. The focus of that plan, under the leadership of former President Martin C. Jischke, was to make the University a preeminent university with strategies to advance quality in all areas, lead the world in basic and applied sciences and engineering, and contribute to societal progress - especially in Indiana.

Fundraising

The "Campaign for Purdue" fund-raising effort which began in 2001 generated $1.7 billion, and was completed on June 30, 2007. The University has launched a new campaign called "Student Access and Success". The first phase of this campaign will enable a Mackey Arena complex renovation and addition with a total budget of $99.5 million. The project will bring the facility up to current standards for program space, fan amenities, and accessibility of the University's 500 student-athletes. The second phase of the campaign, Student Access and Success, is to raise in excess of $300 million over the course of seven years for programs and scholarship.

Trustees

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

The Board of Trustees of the Corporation

J. Timothy McGinley, *Chairman of the Board* [1]
John D. Hardin, Jr., *Vice Chairman of the Board*

Michael J. Birck[2]
JoAnn Brouillette[2]
Susan B. Butler[2]
Keith J. Krach
William S. Oesterle
Mamon M. Powers, Jr.
Thomas E. Spurgeon
Jill L. Steiner[2]

[1]Through July 10, 2009 - See Chairman of the Board of Trustees

[2]Term expires June 30, 2009

Officers of the Corporation

The current officers of the Corporation are listed below.

J. Timothy McGinley, *Chairman*
John D. Hardin, Jr., *Vice Chairman*
Alphonso V. Diaz, *Treasurer* [3]
James S. Almond, *Assistant Treasurer*
Roseanna M. Behringer, *Secretary*
Anthony S. Benton, *Legal Counsel*
Thomas B. Parent, *Assistant Legal Counsel*

Principal Administrative Officers of the University

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

France A. Córdova, *President*
William R. Woodson, *Provost*
Alphonso V. Diaz, *Executive Vice President for Business and Finance, Treasurer* [4]
James S. Almond, *Interim Executive Vice President for Business and Finance and Treasurer* [5]
Murray M. Blackwelder, *Senior Vice President for Advancement*
Richard O. Buckius, *Vice President for Research*
Morgan J. Burke, *Director of Intercollegiate Athletics*
Peggy L. Fish, *Director of Audits*
Kevin P. Green, *Director of State Relations*
Joseph B. Hornett, *Senior Vice President, Purdue Research Foundation*
Victor L. Lechtenberg, *Vice President for Engagement*
William G. McCartney, *Vice President for Information Technology*
Robert E. McMains, *Vice President for Physical Facilities*
Jesse L. Moore, *Director, Supplier Diversity Development*
Rabindra N. Mukerjea, *Executive Director, Strategic Planning and Assessment*
Thomas B. Robinson, *Vice President for Student Services*
Alysa C. Rollock, *Vice President for Ethics and Compliance*
Ken L. Sandel, *Managing Director for the Senior Vice President for Business and Finance, Treasurer*
Timothy J. Sanders, *Associate Vice President for Governmental Affairs*
John A. Sautter, *Vice President for Housing and Food Services*
Scott W. Seidle, *Senior Director of Investments*
Teri Lucie Thompson, *Vice President for Marketing and Media*
Glenn F. Tompkins, *Senior Associate Athletic Director for Business*

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

[3]Effective July 1, 2009 upon Board of Trustee approval

[4]Effective July 1, 2009 - See Executive Vice President for Business and Finance, Treasurer Search

[5]Effective through June 30, 2009 and thereafter resumes administrative position as Vice President for Business Services and Assistant Treasurer

Student Admissions

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

ACADEMIC YEAR	APPLICATIONS RECEIVED	APPLICATIONS ACCEPTED	PERCENT ACCEPTED	STUDENTS ENROLLED	YIELD OVERALL	YIELD IN STATE
2004-05	24,003	19,259	80.2%	6,786	35.2%	60.1%
2005-06	24,052	20,432	84.9%	7,191	35.2%	58.9%
2006-07	24,883	21,042	84.6%	7,518	35.7%	59.1%
2007-08	25,929	20,429	78.8%	6,888	33.7%	58.3%
2008-09	29,952	21,423	71.5%	7,063	33.0%	55.3%

The freshman applicants at the West Lafayette campus for the fall semesters 2004 through 2008 had an average combined score for the Scholastic Aptitude Test (SAT) verbal and mathematical test of 1149, 1150, 1142, 1145 and 1152 respectively. Fifty-eight percent of the Fall 2008 freshman class had a high school grade point average between 3.5 and 4.0 and ninety percent of the Fall 2008 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 2004-05 through 2008-09. Approximately 42 percent of the total undergraduate and graduate students at the West Lafayette campus and approximately 4 percent at the regional campuses were non-residents of the State of Indiana during 2008-09.

WEST LAFAYETTE CAMPUS FEES

ACADEMIC YEAR		FULL-TIME (PER ACADEMIC YEAR) INDIANA RESIDENT	FULL-TIME (PER ACADEMIC YEAR) NON-RESIDENT	PART-TIME (PER CREDIT HOUR) INDIANA RESIDENT	PART-TIME (PER CREDIT HOUR) NON-RESIDENT
2004-05	[1]	$6,092	$18,700	$218	$621
2005-06	[1]	6,458	19,824	232	658
2006-07	[1, 2]	7,096	21,266	254	706
2007-08	[2]	7,416	22,224	266	738
2008-09	[2]	7,750	23,224	278	771

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

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

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 fees charged per academic year to students attending each regional campus of the University for the academic years 2004-05 through 2008-09. The 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 FEES
(PER ACADEMIC YEAR)

CALUMET

ACADEMIC YEAR		UNDERGRADUATE INDIANA RESIDENT	UNDERGRADUATE NON-RESIDENT	GRADUATE INDIANA RESIDENT	GRADUATE NON-RESIDENT
2004-05	[1,2]	$4,795	$10,750	$4,718	$9,916
2005-06	[1,2]	5,081	11,395	5,002	10,511
2006-07	[1,2,3]	5,466	12,159	5,365	11,206
2007-08	[2,4]	5,711	12,706	5,606	11,710
2008-09	[2,5]	5,969	13,279	5,860	12,238

FORT WAYNE

ACADEMIC YEAR		UNDERGRADUATE INDIANA RESIDENT	UNDERGRADUATE NON-RESIDENT	GRADUATE INDIANA RESIDENT	GRADUATE NON-RESIDENT
2004-05	[1]	$5,312	$12,249	$5,250	$11,398
2005-06	[1]	5,630	12,984	5,566	12,082
2006-07	[1,3]	6,041	13,836	5,958	12,865
2007-08	[4]	6,312	14,666	6,226	13,637
2008-09	[5]	6,596	15,545	6,505	14,454

NORTH CENTRAL

ACADEMIC YEAR		UNDERGRADUATE INDIANA RESIDENT	UNDERGRADUATE NON-RESIDENT	GRADUATE INDIANA RESIDENT	GRADUATE NON-RESIDENT
2004-05	[1]	$4,901	$11,523	$4,774	$10,595
2005-06	[1]	5,195	12,215	5,060	11,231
2006-07	[1,3]	5,567	13,008	5,412	11,953
2007-08	[4]	5,817	13,593	5,656	12,491
2008-09	[5]	6,080	14,205	5,910	13,054

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

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

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

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

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

Student Enrollment

The University attracts students from a variety of backgrounds and geographical locations. The following table presents the University's headcount enrollment for the Fall semester of the academic years 2004-05 through 2008-09.

ACADEMIC YEAR	WEST LAFAYETTE CAMPUS FULL-TIME	PART-TIME	TOTAL	REGIONAL CAMPUSES FULL-TIME	PART-TIME	TOTAL	STATEWIDE TECHNOLOGY	UNIVERSITY TOTAL[1]
2004-05	34,745	3,908	38,653	13,645	10,833	24,478	1,451	64,582
2005-06	34,968	3,744	38,712	14,138	10,500	24,638	1,419	64,769
2006-07	35,497	3,731	39,228	14,692	10,039	24,731	1,358	65,317
2007-08	35,549	3,553	39,102	15,367	10,135	25,502	1,383	65,987
2008-09	36,901	3,189	40,090	16,005	9,903	25,908	1,361	67,359

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

ACADEMIC YEAR	WEST LAFAYETTE UNDERGRADUATE	GRADUATE & PROFESSIONAL	TOTAL	FULL-TIME EQUIVALENT	PURDUE SYSTEM FULL-TIME EQUIVALENT[1]
2004-05	30,747	7,906	38,653	37,281	54,642
2005-06	30,875	7,837	38,712	37,533	55,177
2006-07	31,290	7,938	39,228	38,148	56,210
2007-08	31,186	7,916	39,102	38,060	56,747
2008-09	31,761	8,329	40,090	39,489	58,686

[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.

The University projects that total enrollment will remain stable at or near current levels.

Faculty and Employees

As of October 2008, the University's faculty and staff aggregate total was 18,975. Of the total faculty, 54% hold tenured/tenure track appointments.

	West Lafayette	Regional & Statewide Technology	Total
Tenured/Tenure Track Faculty			
Academic, Associate and Assistant Deans	60	20	80
Academic Department Heads	71	49	120
Professors	766	147	913
Associate Professors	529	266	795
Assistant Professors	463	214	677
Instructors	1	9	10
Sub-Total of Tenured/Tenure Track Faculty	**1,890**	**705**	**2,595**
Non-Tenure Appointments			
Clinical/Professional	93	25	118
Research Faculty	29	1	30
Continuing Lecturers	131	86	217
Limited-Term Lecturers	166	814	980
Visiting Faculty	115	69	184
Non Tenure Faculty less than 50%	3	1	4
Post Doctoral	316	3	319
Sub-Total of Non-Tenure Appointments	**853**	**999**	**1,852**
Adjunct Faculty			
Adjunct Faculty	295	106	401
Sub-Total of Adjunct Faculty	**295**	**106**	**401**
Graduate Student Staff			
Graduate Assistants	1,830	56	1,886
Fellow Administerd as Graduate Assistant	114	0	114
Graduate Lecturers	27	0	27
Graduate Research Assistants	2,361	7	2,368
Graduate Aides	0	193	193
Graduate Student Administrative	269	18	287
Sub-Total of Graduate Student Staff	**4,601**	**274**	**4,875**
Staff			
Management	517	105	622
Administrative Staff	1,057	255	1,312
Operations Assistant	369	64	433
Professional Staff	298	19	317
Professional Assistant	1,238	208	1,446
Technical Assistant	238	16	254
Extension Educators	292	0	292
Clerical Staff	1,346	381	1,727
Service Staff	2,480	369	2,849
Sub-Total of Staff	**7,835**	**1,417**	**9,252**
GRAND TOTAL ALL STAFF	**15,474**	**3,501**	**18,975**

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

Facilities

Academic and Administrative Facilities: The University has 207 principal buildings used for academic instruction, research, athletics, residential and administrative functions. These buildings are located on the University's four campuses that comprise 3,696 acres. The University, together with related foundations, also owns 14,517 acres of land used for agricultural purposes throughout the state.

Libraries: The Purdue University Libraries system is made up of the Hicks Undergraduate Library and 11 departmental and college libraries with over 2,500,000 volumes, more than 260,000 electronic books and other information sources, and over 28,000 serial titles. In addition to books and journals, the Libraries system has over 3,145,000 items in microform (reel film, micro cards, microfiche, etc.) which include older scholarly and technical materials not readily available in other forms.

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

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

The West Lafayette campus provided 11,564 spaces for students in 2008-09. There are 8,536 room and board spaces, 790 graduate housing room spaces, 1,481 spaces in single student apartments with food contract options and 757 spaces in married student apartments. The Fort Wayne campus provided 756 spaces and the Calumet campus provided 370 spaces for students in 2008-09. Occupancy on the West Lafayette campus is projected at 97.5% for the academic year. Occupancy of 100% is anticipated for both Regional campuses with housing.

The predominant rates for room and board for students at the West Lafayette campus for the 2009-10 academic year will be $8,902 with 20 meals per week, $8,544 with 15 meals per week, $8,274 with 12 meals per week, and $7,894 with 10 meals per week. The monthly housing rates at the Fort Wayne campus for the 2009-10 academic year will range from $451 to $700. The monthly housing rates at the Calumet campus for the 2009-10 academic year will range from $468 to $544.

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

Parking Facilities: The University has nine parking garages on the West Lafayette campus, one on the Calumet campus and two on the Fort Wayne campus in addition to surface parking on each campus.

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

Financial Operations of the Corporation

The financial statements of Purdue University have been prepared in accordance with the principles contained in Governmental Accounting Standards Board (GASB) Statement No. 35, "Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities," and with other accounting principles generally accepted in the United States of America, as prescribed by the GASB. The following information has been extracted from the Corporation's audited financial statements for the fiscal years ended June 30, 2008, 2007, 2006 and 2005. "Appendix B" contains the audited financial statement for the fiscal years ended June 30, 2008 and 2007.

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

	Fiscal Year Ended June 30 (dollars in thousands)			
	2008	2007	2006 [1] (Reclassified)	2005
Operating Revenues				
Tuition and Fees	$596,019	$559,414	$510,215	$471,677
Less: Scholarship Allowance	(70,228)	(67,292)	(60,524)	(53,740)
Net Tuition and Fees	$525,791	$492,122	$449,691	$417,937
Federal Appropriations	16,901	16,660	14,874	15,299
County Appropriations	7,862	7,460	7,379	6,992
Grants and Contracts	278,481	251,714	270,785	262,869
Sales and Services	60,568	50,884	45,371	44,484
Auxiliary Enterprises (Net of Scholarship Allowance of $8,133, $7,299, $6,587, and $5,944, Respectively)	211,676	190,732	182,364	196,743
Other Operating Revenues	5,141	2,182	2,194	1,760
Total Operating Revenues	**$1,106,420**	**$1,011,754**	**$972,658**	**$946,084**
Operating Expenses				
Compensation and Benefits	$1,060,743	$994,371	$939,814	$887,579
Supplies and Services	390,310	333,954	323,774	338,217
Depreciation Expense	106,652	97,708	90,325	83,627
Scholarships, Fellowships, and Student Awards	38,354	33,267	30,021	29,262
Total Operating Expenses	**$1,596,059**	**$1,459,300**	**$1,383,934**	**$1,338,685**
Net Operating Loss	**($489,639)**	**($447,546)**	**($411,276)**	**($392,601)**
Nonoperating Revenues (Expenses)				
State Appropriations	$377,004	$365,354	$358,282	$358,957
Grants and Contracts	37,567	33,684		
Private Gifts	90,063	75,557	55,020	78,071
Investment Income	39,989	215,563	102,139	114,089
Interest Expense	(22,853)	(26,120)	(23,303)	(21,814)
Other Nonoperating Revenues, Net	9,720	3,828	4,277	3,997
Total Nonoperating Revenues before Capital and Endowments	**$531,490**	**$667,866**	**$496,415**	**$533,300**
Capital and Endowments				
Capital State Appropriations	$18,889	$10,706	$8,306	$6,076
Capital Gifts	27,882	21,746	25,435	19,755
Private Gifts for Permanent Endowments & Charitable Remainder Trusts	38,059	51,939	31,099	40,042
Plant Assets Retired	518	(2,668)	(1,079)	(3,784)
Total Capital and Endowments	**$85,348**	**$81,723**	**$63,761**	**$62,089**
Total Nonoperating Revenues	**$616,838**	**$749,589**	**$560,176**	**$595,389**
Increase in Net Assets before Change in Accounting Policy	**$127,199**	**$302,043**	**$148,900**	**$202,788**
Cumulative Effect of Change in Accounting Policy				
Assets under Capitalization Level Written Off [1]				(57,713)
Increase in Net Assets	**$127,199**	**$302,043**	**$148,900**	**$145,075**
Net Assets, Beginning of Year	**$2,834,592**	**$2,532,549**	**$2,383,649**	**$2,238,574**
Net Assets, End of Year	**$2,961,791**	**$2,834,592**	**$2,532,549**	**$2,383,649**

[1] See Notes to Financial Statements

State Appropriations

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

The Corporation 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 Corporation and to fund major repair and rehabilitation projects.

The State Appropriations received by the Corporation for the past five years, and the appropriations made for the 2008-09 fiscal year, are set forth below. This information should be reviewed in conjunction with the University's financial statements, including the Management Discussion and Analysis, and the Notes to the statements. See "Appendix B".

STATE APPROPRIATIONS
(dollars in thousands)

		Normal Recurring Appropriations					
		Unrestricted		Restricted			
Fiscal Year Ended June 30		General Operating	Fee Replacement	Repair & Rehabilitation	Special	Non-Recurring Appropriations	Total
Historical							
2004	1	$301,792	$28,359	$2,077	$24,741	-	$356,969
2005	1	311,128	22,899	2,077	24,780	-	360,884
2006	1	310,483	22,869	8,306	24,930	-	366,588
2007	1	314,468	26,054	8,306	24,831	$2,400	376,059
2008	1	325,309	26,024	9,889	25,671	5,000	391,893
Current							
2009	2	337,260	33,100	-	27,755	-	398,115

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

[2] The numbers above are net of State rescissions for Fiscal Year 2009. The Governor of Indiana announced that the State of Indiana will reduce General Operating and Special Appropriations by approximately $3.7 million and eliminate Repair and Rehabilitation Appropriations of approximately $9.9 million.

Student Financial Aid

Total financial support for students amounted to more than $595 million for the fiscal year that ended June 30, 2008. A substantial portion of funds provided to students is derived from sources outside the Corporation. All programs furnished by the federal and state government are subject to appropriation and funding by the respective legislatures. There can be no assurance that the amounts of federal and state financial aid to students will be available in the future at the same levels and under the same terms and conditions as presently apply. Any changes in the availability of federal and state financial aid may affect the University's enrollment, but the impact of any such changes cannot be assessed at this time.

The following table summarizes the financial aid provided to students of the University from various sources for the year that ended June 30, 2008.

	Fiscal Year Ended June 30, 2008 (dollars in thousands)		
	West Lafayette	**Regional Campuses**	**Total**
University Scholarships	$19,886	$2,867	$22,752
University Incentive Grant	5,931	0	5,931
Supplemental University Incentive Grant	675	0	675
Purdue Opportunity Awards	531	0	531
Athletic Grant in Aid Awards	7,300	1,692	8,992
State Awards	22,991	16,952	39,943
Private Awards	12,167	2,933	15,100
Indiana Resident Top Scholars	3,200	0	3,200
Fellowships	9,632	40	9,672
Institutional Fee Remissions	18,714	2,995	21,709
Federal Grants	33,248	22,064	55,312
Total Scholarships and Grants	**$134,274**	**$49,544**	**$183,818**
Federal Stafford Loans	$84,551	$70,839	$155,390
Federal Parent Loans for Undergraduate Students	47,877	5,048	52,925
Federal Graduate PLUS Loans	1,254	127	1,381
Federal Perkins and Health Professions Loans	3,740	1,422	5,162
Purdue Loans	4,509	0	4,509
Private Loans	38,750	6,741	45,491
Total Loans	**$180,681**	**$84,177**	**$264,858**
Work-Study Salaries	$1,311	$624	$1,935
Graduate Student Staff Salaries	84,435	2,052	86,487
Other Part-Time University Salaries	15,686	3,630	19,317
Employment Related Fee Remissions	34,784	1,991	36,775
Other Employment Related Awards	1,987	0	1,987
Total Employment Related	**$138,202**	**$8,298**	**$146,500**
Total Student Financial Assistance	**$453,157**	**$142,019**	**$595,176**

Other Post-Employment Benefits (OPEB)

In the financial statements for the year ending June 30, 2008, the University reported Other Post-Employment Benefits (OPEB) annual cost of $11.0 million. The University currently offers participation in its medical plan to retirees between the ages of 55 and 65. Approximately 300 retirees currently pay the entire cost of this insurance, which results in an implicit rate subsidy. Additionally, the University's long-term disability program covers medical, retirement, and life insurance for employees that will become or have become disabled. Approximately 300 employees are currently on long-term disability. See "Appendix B" Note 6 to the Financial Statements for further information.

Endowment and Similar Funds

The Corporation's endowment and similar funds include (1) endowment funds which are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity, the current income and capital appreciation of which are distributed at an annualized rate based on the market value of the endowment, either for donor-specified purposes or for general purposes of the University and (2) funds functioning as endowments which represent expendable funds received which, by decision of the Board of Trustees of the Corporation, have been retained and invested for future use, in accordance with the donor's restrictions or at the discretion of the Board of Trustees. The market value figures at the end of each of the past five fiscal years are shown below. These values are not pledged under the Indenture and do not include separately held endowments valued at $29.2 million on June 30, 2008. The current spending policy for the endowment is 4.5%, based on a 12-quarter rolling average. The distribution to the Corporation from the endowment for fiscal year ended June 30, 2008 was approximately 4% of total revenues.

FISCAL YEAR ENDED JUNE 30	ENDOWMENT MARKET VALUE
2004	$611,088,073
2005	694,177,086
2006	791,234,312
2007	968,961,174
2008	953,488,982

As of December 31, 2008, the unaudited market value of the Purdue University endowment was $837,774,877. The unaudited consolidated market value of the endowment (including Purdue Research Foundation) was $1,706,425,707 and $1,390,623,512 (including net additions) on June 30, 2008 and December 31, 2008, respectively.

Related Foundations

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

FOUNDATION	ASSET (BOOK) VALUE	INCOME	DISBURSED TO/FOR THE CORPORATION
Purdue Research Foundation	$914,254,515	$80,945,643	$43,419,762
Ross-Ade Foundation*	69,928,671	2,959,821	2,941,369
The Purdue Foundation, Inc.	2,752,625	46,067,070	46,067,070
Indiana-Purdue Foundation at Fort Wayne	11,488,221	6,872,388	2,190,061
Total	**$998,424,032**	**$136,844,922**	**$94,618,262**

Purdue Research Foundation: The Purdue Research Foundation is a nonprofit corporation that may accept gifts, administer trusts, acquire property, negotiate research contracts, and perform other services helpful to Purdue University. Its objectives are exclusively to aid the University. This Foundation developed the Purdue Research Park that provides a program for interaction between research and development activities of industry and the basic research of the University. The Foundation owns 7,409 acres of land, 6,177 acres of which is leased to Purdue University. In order to achieve investment efficiencies and minimize transaction and other associated costs across the Purdue affiliated Foundations, the termination and dissolution of Purdue Alumni Foundation and the distribution of its managed funds to the Purdue Research Foundation was authorized in September 2005. At December 31, 2005, the assets of the Purdue Alumni Foundation were consolidated into the Purdue Research Foundation and are reflected in the financial information above. Four members of the fifteen-member Board of Directors are members of the Board of Trustees of the Corporation. The financial information is as of June 30, 2008.

*The Foundation's fiscal year was changed to begin on July 1 of each year effective September 1, 2007. Financial information represents 10 months and is as of June 30, 2008.

Ross-Ade Foundation: The Ross-Ade Foundation was organized in 1924 through gifts from alumni to promote and develop the educational and physical welfare of students with funds that could not be provided from state appropriations. This Foundation has built the football stadium and parking garages, and has been instrumental in the development of the regional campuses by acquiring the land and constructing the facilities. All the facilities are leased to the Corporation on a cost basis. The five member Board of Directors of this Foundation includes the University President, who serves as Chief Executive Officer of the Board, and two members of the Board of Trustees of Purdue. The Foundation's fiscal year end was changed to begin on July 1 of each year effective September 1, 2007. The financial information is as of June 30, 2008 and represents 10 months.

The Purdue Foundation, Inc.: The Purdue Foundation, Inc. was incorporated in 1979 for the purpose of consolidating the solicitation, receipt and acceptance of gifts, donations, and bequests from the general public, including individuals, corporations and other sources, for the benefit of the Corporation. Included on the nine-member Board of Directors are five members who shall be elected by the Board of Trustees of the Trustees of Purdue University. The financial information is as of June 30, 2008.

Indiana-Purdue Foundation at Fort Wayne: Indiana-Purdue Foundation at Fort Wayne was incorporated in 1958 exclusively to promote the needs and programs of Indiana University and Purdue University. This Foundation has helped finance the construction of an academic building and has given land to these universities. The 15 member Board of Directors of this Foundation includes two members of the Board of Trustees of the Corporation. The financial information is as of June 30, 2008.

Fund Raising Activity

The "Campaign for Purdue" fund-raising effort which began in 2001 generated $1.7 billion, and was completed on June 30, 2007. The University has launched a new campaign called "Student Access and Success". The first phase of this campaign is anticipated to raise a portion of the $99.5 million budget for the Mackey Arena complex renovation and addition. The project will bring the facility up to current standards for program space, fan amenities, and accessibility of Purdue's 500 student-athletes. Several major donors have already contributed to the Mackey Arena project. The second phase of the campaign is to raise in excess of $300 million over the course of seven years for programs and scholarships.

For the year ended June 30, 2008, the Corporation and Purdue Research Foundation received $194.7 million in private support from individuals, corporations, foundations and other sources. Results for the last five years are shown in the following table.

TOTAL GIFT GIVING BY CATEGORY
(dollars in thousands)

	2008	2007	2006	2005	2004
Cash/Securities	$118,391	$136,825	$105,299	$120,171	$127,591
Real Estate	4,130	11,192	9,485	16,324	504
Gifts-in-Kind	8,754	24,491	26,124	50,268	36,047
Irrevocable Deferred	9,227	7,026	19,273	4,593	14,501
Pledge Balances	54,209	140,527	60,941	50,628	50,429
Total	**$194,711**	**$320,061**	**$221,122**	**$241,983**	**$229,071**

Grants and Contracts

System-wide sponsored program expenditures for the 2007-2008 fiscal year were $285.0 million, an increase of $20.5 million, or approximately 8% over previous year expenditures. Departments with sponsored research program expenditures in excess of $5 million were: Electrical & Computer Engineering, $24.0 million; Biological Sciences, $15.4 million; Chemistry, $17.6 million; Mechanical Engineering, $16.8 million; Civil Engineering, $9.6 million; Agronomy, $7.5 million; Medicinal Chemistry and Molecular Pharmacology, $8.7 million; Agricultural & Biological Engineering, $7.9 million; Physics, $7.3 million; Aeronautics & Astronautics, $8.6 million; Foods and Nutrition, $7.0 million; Chemical Engineering, $6.4 million and Computer Science, $5.5 million.

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

	2008	2007	2006	2005	2004
Federal Sources					
Department of Health and Human Services	$50,449	$48,474	$44,533	$42,465	$38,594
National Science Foundation	49,911	45,241	44,680	39,605	35,164
Department of Energy	15,181	14,099	12,263	14,472	10,133
Department of Defense	24,844	21,489	21,710	20,218	21,418
Department of Agriculture	13,925	12,749	13,894	15,607	17,565
Other Federal Agencies	24,620	27,290	29,763	25,916	23,736
Total Federal Sources	**$178,931**	**$169,342**	**$166,843**	**$158,283**	**$146,610**
State of Indiana	28,237	26,242	29,722	29,032	24,299
Business and Foundations	66,615	59,811	52,679	53,690	46,372
Non-Profit Organizations	11,252	9,160	9,435	8,616	8,366
Total Non-Federal Sources	**$106,104**	**$95,213**	**$91,836**	**$91,338**	**$79,037**
Total All Sources	**$285,035**	**$264,555**	**$258,679**	**$249,621**	**$225,647**

Other Outstanding Indebtedness

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

Title of Indebtedness	Final Maturity	Amount Outstanding as of May 1, 2009	
Bank Notes and Commercial Paper			
Qualified Energy Savings	2011	$464,028	(1)
Commercial Paper, Series 2008-1	2018	11,535,000	(4)(6)
Commercial Paper, Series 2008-2	2018	32,000,000	(4)(6)
Bonds Outstanding			
Student Fee Bonds, Series H	2015	8,100,000	(2)
Student Fee Bonds, Series K	2020	13,500,000	(2)
Student Fee Bonds, Series L	2020	11,800,000	(2)
Student Fee Bonds, Series N	2014	17,930,000	(2)
Student Fee Bonds, Series O	2019	22,510,000	(2)
Student Fee Bonds, Series P	2017	35,430,000	(2)
Student Fee Bonds, Series Q	2010	4,060,000	(2)
Student Fee Bonds, Series R	2023	14,560,000	(2)
Student Fee Bonds, Series S	2026	12,625,000	(2)
Student Fee Bonds, Series T	2027	13,990,000	(2)
Student Fee Bonds, Series U	2022	34,900,000	(2)
Student Fee Bonds, Series V	2027	58,280,000	(2)
Student Fee Bonds, Series W	2026	39,610,000	(2)
Student Fee Bonds, Series X	2028	106,925,000	(2)
Student Facilities System Revenue Bonds, Series 2003A	2028	27,750,000	(3)(4)
Student Facilities System Revenue Bonds, Series 2003B	2029	5,655,000	(3)(4)
Student Facilities System Revenue Bonds, Series 2004A	2033	28,000,000	(3)(4)
Student Facilities System Revenue Bonds, Series 2005A	2029	21,585,000	(3)(4)
Student Facilities System Revenue Bonds, Series 2007A	2029	61,865,000	(3)(4)
Student Facilities System Revenue Bonds, Series 2007B	2032	26,470,000	(3)(4)
Student Facilities System Revenue Bonds, Series 2007C	2032	61,725,000	(3)(4)
Student Facilities System Revenue Bonds, Series 2009A	2034	35,025,000	(3)(4)
Leasehold Indebtedness			
Parking Facilities (COPS 1998)	2015	5,450,000	(4)
Parking Facilities and Ross-Ade Stadium Renovation (COPS 2006)	2027	62,130,000	(4)
Total Outstanding Indebtedness		**$773,874,028**	
Refunded Indebtedness-Escrowed to Maturity or Call Date			
Building Facilities Fee Bonds	2009	$1,165,000	(5)
Student Fee Bonds, Series Q	2010	34,955,000	(5)
Ross-Ade Stadium Renovation (COPS 2001A)	2011	57,060,000	(5)
Student Facilities System Revenue Bonds, Series 2003A & 2003B	2013	66,295,000	(5)
Commercial Paper 2008-1 and 2008-2 refunding from Series X	2009	6,293,000	(5)
Total Refunded Bonds		**$165,768,000**	

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

(2) Secured by a pledge of Student Fees.

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

(4) Payable from available funds of the Corporation.

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

(6) Includes commercial paper totaling approximately $2,800,000 to be refunded with the Series 2009B bonds.

Physical Property

Physical property owned by the Corporation, or otherwise available to and utilized by the University, consists primarily of 18,938 acres of land and 454 buildings of which 207 had 10,000 or more gross square feet. The buildings, together with equipment and furnishings, were valued at an estimated replacement cost for insurance purposes at approximately $5 billion as of September 30, 2008. The following table sets forth the increase in net plant investment for the five years ended June 30, 2004 through 2008. 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
2004	$2,016,220,987	$848,357,941	$1,167,863,046
2005	2,130,035,414	907,927,404	1,222,108,010
2006	2,304,452,322	980,154,393	1,324,297,929
2007	2,483,026,403	1,059,735,776	1,423,290,627
2008	2,661,207,559	1,150,413,909	1,510,793,650

Insurance

All Risk Coverage: All facilities of the Corporation are insured under a blanket form policy, including new construction not yet completed. The blanket form covers buildings for loss up to the total of its replacement cost value (unless otherwise specified as actual cash value). There is a $250,000 deductible clause which is applicable to each occurrence. The Corporation self-insures those losses up to $250,000 through its Insurance Services Enterprise. The Insurance Services Enterprise allocated reserve fund balance was at $6.3 million as of June 30, 2008.

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 our insurer is $769 million. Coverage for the Student Facilities System and Purdue Memorial Union is based on an annual estimate of income and payroll. The values from these areas are included in the number above. A $250,000 deductible applies per occurrence and is funded by the Corporation's Insurance Services Enterprise.

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

Capital Programs

The Corporation has an on-going capital improvement program consisting of new construction and the renovation of existing facilities. Capital improvement projects are expected to be funded from a variety of sources, including gifts, state appropriations, bond financing and Corporation funds. Major construction in progress on the West Lafayette campus includes the strategic infrastructure improvement projects, the First Street Towers residence hall project, Discovery Learning Center, Hockmeyer Hall of Structural Biology and the Windsor Hall renovation (phases II & III of a five phase renovation). On the regional campuses, construction of phase II and phase III student housing for Calumet and IPFW, respectively, is currently underway.

Major projects approved by the Board of Trustees on the West Lafayette campus include the construction of a $53 million boiler and a $34.5 million Roger B. Gatewood Mechanical Engineering Wing addition, and on the IPFW campus include a $42.4 million student services and library complex. These projects will be funded by a combination of capital reserves, gifts, state appropriations and bond financing. In addition, the Board of Trustees has approved a $99.5 million Mackey Complex Renovation.

The University continues to develop Discovery Park, a research and education complex on the West Lafayette campus, that will integrate science, technology, engineering and management. Construction of four major buildings, including the Bindley Biosciences Center, Birck Nanotechnology Center, Burton D. Morgan Center for Entrepreneurship, and the Gerald and Edna Mann Hall, is complete.

The University has received legislative authority to issue bonds in an amount up to $60 million to address various repair and rehabilitation needs of the University and $10 million in qualified energy savings projects. Many of these projects are under construction and currently funded in part or in whole under the University's existing tax-exempt commercial paper program.

Retirement Plans

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

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

Executive Vice President for Business and Finance, Treasurer Search

After an extensive national search, Alphonso V. Diaz has been named Executive Vice President for Business and Finance, Treasurer, effective July 1, 2009. Mr. Diaz joins Purdue University from the University of California, Riverside where he last served as Vice Chancellor for Administration. James S. Almond will remain the interim Executive Vice President for Business and Finance and Treasurer through June 30, 2009 when he will resume his position as Vice President for Business Services and Assistant Treasurer.

Chairman of the Board of Trustees

After sixteen years, J. Timothy McGinley has announced his intent to resign his seat on the Purdue Board of Trustees following the expiration of his current term as Chairman of the Board. An election for a new Chairman will occur at the Board of Trustees meeting on July 10, 2009. A new Board member will be appointed by the Governor to complete McGinley's term on the Board through June 30, 2010.

APPENDIX B

PURDUE UNIVERSITY
FINANCIAL REPORT

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PURDUE
UNIVERSITY

Financial Report

2007–2008

Neil Armstrong Hall of Engineering

The Neil Armstrong Hall of Engineering, dedicated on October 27, 2007, is a spectacular new gateway to Purdue University's internationally recognized College of Engineering. Visitors approaching the building, located at Stadium and Northwestern avenues on the West Lafayette campus, are captivated by winglike roof extensions that mimic the appearance of an aircraft and symbolize Purdue's contributions to the flight and space program. Drawn closer, visitors are greeted by a bronze sculpture of Armstrong as an undergraduate at Purdue in the 1950s, and they can follow 21 sculpted moon boot impressions toward the $53.2 million building. Nearly four decades after Armstrong took the first steps on the moon, new generations of Purdue engineers are reaching for the stars.

LETTER OF TRANSMITTAL

To the Board of Trustees of Purdue University:


President France A. Córdova

We are pleased to submit this, the 86th annual financial report of Purdue University. This report is for the fiscal year that ended June 30, 2008, and sets forth the complete and permanent record of the financial status of the University for the year.

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

Respectfully submitted,

FRANCE A. CÓRDOVA
President

Respectfully submitted,

MORGAN R. OLSEN
Executive Vice President and Treasurer

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

REPORT OF THE TREASURER

This report presents Purdue University's financial position and the results of operations for the fiscal year ending June 30, 2008. We provide this financial report as part of the University's commitment to report annually on its fiscal affairs. These financial statements have been audited by the Indiana State Board of Accounts, and their report appears on page 5.

Purdue University, founded in 1869 and named after benefactor John Purdue, began its journey with six faculty and 39 students and a mission to provide agriculture and mechanical arts education as one of the nation's land-grant institutions. Today, Purdue University is a world-class research university, offering instruction in a wide range of disciplines and granting undergraduate and graduate degrees through four campuses. The student body is made up of more than 70,000 students enrolled statewide, from every Indiana county, all fifty states, and 130 countries.

In 2008, Purdue kicked off a new strategic plan — "New Synergies" — focused on achieving the challenges facing humanity, growing and creating opportunities for Indiana and the global economy, and enhancing student learning for success in a changing world. Three major goals form the plan's foundation: launching tomorrow's leaders, promoting discovery with delivery, and meeting global challenges. Complete details of the plan are presented at www.purdue.edu/strategic_plan.

The campus master planning process for West Lafayette, Indiana University-Purdue University Fort Wayne, and Purdue North Central continues, with completion and approval expected by the end of the 2009 fiscal year. Purdue Calumet's plan was approved recently by the Board of Trustees.

An Office of Sustainability has been established to bring organization and coordination to the many "green" activities underway across the West Lafayette campus. Four staff members now are accredited professionals by the U.S. Green Building Council for Leadership in Energy and Environmental Design (LEED), and new buildings will be designed to LEED standards with few exceptions. Global influence on the local energy market is more significant than at any point in history — as evidenced by the 60% increase in the price of Indiana coal in one year — making campus energy conservation efforts more critical than ever before. We are entering the second year of a comprehensive retro-commissioning process for existing buildings, and an energy service company has been hired to perform qualified energy savings projects. With the third year of the repair and rehabilitation (R&R) funding plan completed in 2008, existing facilities and infrastructure updates continue.

The University completed major construction projects in excess of $126 million during fiscal year 2008, including Neil Armstrong Hall of Engineering, McCutcheon Drive parking addition, PMU Market renovation, Fort Wayne Music Building, and Phase II of Fort Wayne Housing. Additional facility investments estimated at more than $571 million were under way or authorized as of June 30, 2008.

The University's enterprise student information systems were replaced in June 2008, completing the successful implementation of the entire set of core University administrative systems.

Purdue manages and invests a consolidated asset pool comprised of the Purdue University and Purdue Research Foundation endowment funds in order to capture economy of scale and to provide access to a variety of sophisticated investment options. The Purdue Endowment continued diversification efforts during fiscal year 2008 by decreasing allocations to U. S. equities and increasing allocations to natural resources and marketable and non-marketable alternative investments. The market value of the combined endowment decreased $51 million during fiscal year 2008 to $1.736 billion.

MORGAN R. OLSEN
Executive Vice President and Treasurer

BOARD OF TRUSTEES

As of June 30, 2008

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 20-12-37. 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.

J. Timothy McGinley
Chairman of Board
Appointed July 1993
Indianapolis, Indiana
President, House Investments, Inc.
Term: 1989–2007

John D. Hardin Jr.
Vice Chairman of Board
Appointed September 2004
Danville, Indiana
Farmer
Term: 1992–2007

Michael J. Birck
Hinsdale, Illinois
Chairman and CEO, Tellabs, Inc.
Term: 1999–2009

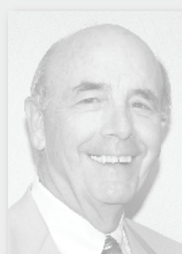
JoAnn Brouillette
West Lafayette, Indiana
Managing Partner and President, Demeter LP
Term: 2006–2009

Susan B. Butler
Tucson, Arizona
Founder and CEO, Susan Bulkeley Butler Institute for the Development of Women Leaders
Term: 2006–2009

Keith Krach
Los Gatos, California
CEO, 3points, LLC
Term: 2007–2010

William S. Oesterle
Indianapolis, Indiana
CEO, Angie's List
Term: 2005–2008

Mamon M. Powers Jr.
Gary, Indiana
President, Powers and Sons Construction Company, Inc.
Term: 1996–2008



Thomas E. Spurgeon
Peoria, Illinois
Consultant, Lincoln Office
Term: 2005–2008

Jill Steiner
Berne, Indiana
Student
Term: 2007–2009

OFFICERS OF THE UNIVERSITY

As of June 30, 2008

OFFICERS OF THE BOARD OF TRUSTEES

J. TIMOTHY MCGINLEY, *Chairman*
JOHN D. HARDIN JR., *Vice Chairman*
MORGAN R. OLSEN, *Treasurer*
JAMES S. ALMOND, *Assistant Treasurer and Assistant Secretary*
ROSEANNA M. BEHRINGER, *Secretary*
ANTHONY S. BENTON, *Legal Counsel*

ADMINISTRATIVE OFFICERS

FRANCE A. CÓRDOVA, *President*
W. RANDY WOODSON, *Provost*
MORGAN R. OLSEN, *Executive Vice President and Treasurer*
MURRAY M. BLACKWELDER, *Senior Vice President for Advancement*
JAMES S. ALMOND, *Vice President for Business Services and Assistant Treasurer*
JOSEPH L. BENNETT, *Vice President for University Relations*
RICHARD O. BUCKIUS, *Vice President for Research*
MORGAN J. BURKE, *Director of Intercollegiate Athletics*
PEGGY L. FISH, *Director of Audits*
JOSEPH B. HORNETT, *Senior Vice President, Treasurer, Purdue Research Foundation*
VICTOR L. LECHTENBERG, *Interim Vice President for Governmental Relations*
WILLIAM G. MCCARTNEY, *Vice President for Information Technology and CIO*
JOSEPH A. MIKESELL, *Interim Vice President for Physical Facilities*
JESSE L. MOORE, *Manager, Supplier Diversity Development*
RABINDRA N. MUKERJEA, *Director of Strategic Planning and Assessment*
THOMAS B. ROBINSON, *Vice President for Student Services*
ALYSA CHRISTMAS ROLLOCK, *Vice President for Human Relations*
KEN L. SANDEL, *Managing Director for the Executive Vice President and Treasurer*
JOHN A. SAUTTER, *Vice President for Housing and Food Services*
SCOTT W. SEIDLE, *Senior Director of Investments*
GLENN F. TOMPKINS, *Senior Associate Athletic Director — Business*

REGIONAL CAMPUS STAFF

HOWARD S. COHEN, *Chancellor, Purdue University Calumet*
JAMES B. DWORKIN, *Chancellor, Purdue University North Central*
MICHAEL A. WARTELL, *Chancellor, Indiana University-Purdue University Fort Wayne*
G. WILLIAM BACK, *Vice Chancellor for Administration, Purdue University North Central*
WALTER J. BRANSON, *Vice Chancellor for Financial Affairs, Indiana University-Purdue University Fort Wayne*
JAMES K. JOHNSTON, *Vice Chancellor for Administrative Services, Purdue University Calumet*

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of Purdue University, a component unit of the State of Indiana, as of and for the years ended June 30, 2008 and 2007. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the component unit of the University as discussed in Note 1, which represents 100% of the assets and revenues of the discretely presented component unit. We also did not audit the trust which maintains the University's portion of trust agreements as discussed in Note 1. The University's interest in the charitable remainder trusts represents approximately .5% of the assets of the University. The financial statements of these units were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to those units, is based upon the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Purdue University, as of June 30, 2008 and 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2008, on our consideration of Purdue University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit. This report will be issued in the University's Single Audit report prepared in accordance with OMB Circular A-133.

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

State Board of Accounts
STATE BOARD OF ACCOUNTS

October 15, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ending June 30, 2008

INTRODUCTION

The following discussion and analysis provides an overview of the financial position of Purdue University for the fiscal year ending June 30, 2008, the financial activities for the 2007–2008 fiscal year, and a brief description of the financial statements produced herein. This discussion should be read in conjunction with the financial statements and the notes to the statements, which immediately follow this section.

The financial information presented in this report is designed to enable the user to review how the University managed its resources to meet its primary missions of discovery, learning, and engagement.

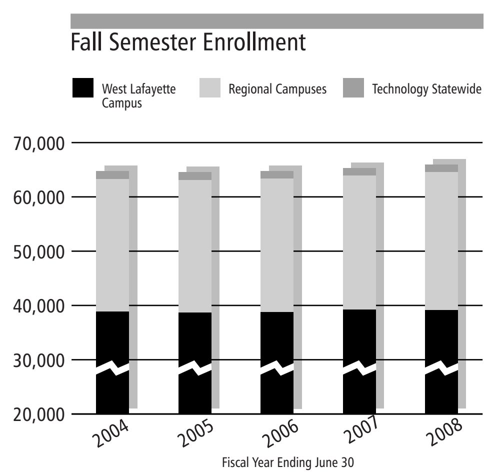
It should be recognized that a presentation of the financial performance of the University is not a full measure of the value of the discovery, learning, and engagement functions carried out during the year. This report deals with the costs and sources of revenue used to provide the quality and diversity in higher education that the University believes necessary to meet its goals and objectives.

FINANCIAL HIGHLIGHTS

Operating revenues were $1.11 billion, compared to $1.01 billion in the prior year — an increase of 9.4%. This increase is due primarily to increases in net student fee revenue ($33.7 million), grants and contracts ($26.8 million), and auxiliary enterprises ($20.9 million).

Tuition and fee revenue, net of scholarship allowances, increased from $492.1 million in the 2006–2007 fiscal year to $525.8 million in the 2007–2008 fiscal year — an increase of 6.8%. Enrollment at all campuses for 2007–2008 increased by 670 students. West Lafayette's enrollment decreased 126 students. Enrollment patterns for the past five years are illustrated in Figure 1.

Figure 1. Five-Year Enrollment Data*



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

Total operating expenses increased 9.4% from $1.46 billion for the 2006–2007 fiscal year to $1.60 billion for the 2007–2008 fiscal year. This change was driven by a 6.7% increase in compensation and benefits, the single largest component of operating expenses, which increased by $66.3 million from $994.4 million to $1.06 billion. An increase of $56.3 million in supplies and services from $334.0 million to $390.3 million also contributed to the rise. This change is largely attributed to the increase in utilities and the inflation of costs associated with inventory and supplies.

Nonoperating revenues decreased $132.8 million, from $749.6 million in the 2006–2007 fiscal year to $616.8 million in the 2007–2008 fiscal year. Investment income decreased $175.6 million from $215.6 million in the 2006–2007 fiscal year to $40.0 million in the current fiscal year. Investment income includes dividends and interest, realized gains and losses, and net unrealized gains. The University reports its investments at fair value as of the date of the financial statements. The change in the market value of investments between June 30, 2007, and June 30, 2008, is included in investment income.

Capital and endowment activity increased $3.6 million or 4.4% from the 2006–2007 fiscal year.

The 2007–2008 change in net assets of $127.2 million represents a decrease of $174.8 million or 57.9% from the prior year increase of $302.0 million.

PURDUE UNIVERSITY FINANCIAL STATEMENTS

Use of the Financial Statements

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 main goal of a college or university is to provide services that fulfill societal needs without regard for financial gain. Resources are consumed to attain service objectives rather than to make a profit. The accounting and reporting process must, therefore, address itself to accounting for resources received, used, and held rather than for the determination of net income.

The Statement of Net Assets provides a summary view of the assets, liabilities, and net assets of the University. The Statement of Revenues, Expenses, and Changes in Net Assets, on the other hand, summarizes the yearlong financial activities that caused the changes in year-end net assets on the Statement of Net Assets. Likewise, the Statement of Cash Flows reconciles the beginning and ending balances of cash and cash equivalents and articulates sources and uses of cash. The Statement of Net Assets classifies assets and liabilities as either current or noncurrent. Current assets are available to meet the needs of the University in the short term. Similarly, current liabilities are due and payable within the next fiscal year.

Statement of Net Assets

Current assets include those that may be used to support current operations, such as cash and cash equivalents, accounts and pledges receivable, and inventories. Noncurrent assets include capital assets, certain pledges receivable, and investments. Total assets were $3.96 billion as of June 30, 2008, compared to $3.91 billion at June 30, 2007, an increase of $49.4 million or 1.3%. Current assets as of June 30, 2008, decreased $75.8 million, while noncurrent assets increased $125.2 million, or 3.9%.

Figure 2 depicts the portion of total assets that were capital.

Current liabilities are generally expected to become due and payable over the course of the following fiscal year. These include accounts payable, the current portion of long-term debt, liability for securities lending activity, and salaries and wages payable. Current liabilities include variable-rate demand bonds, although most of the bonds are expected to be paid in future fiscal years. Noncurrent liabilities

Figure 2

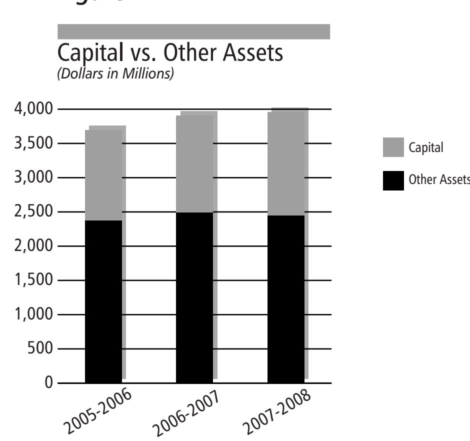


Figure 3

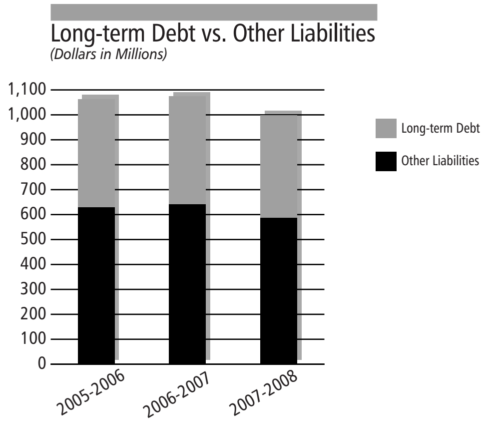
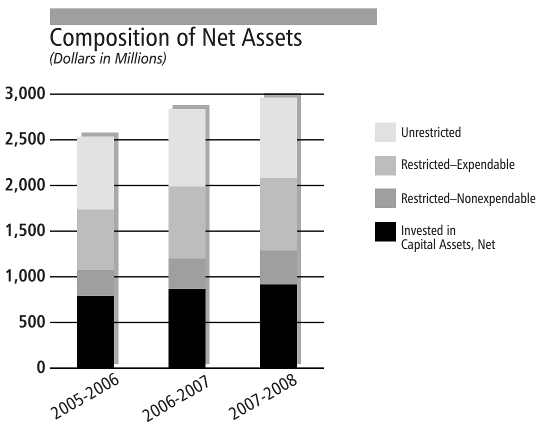


Figure 4

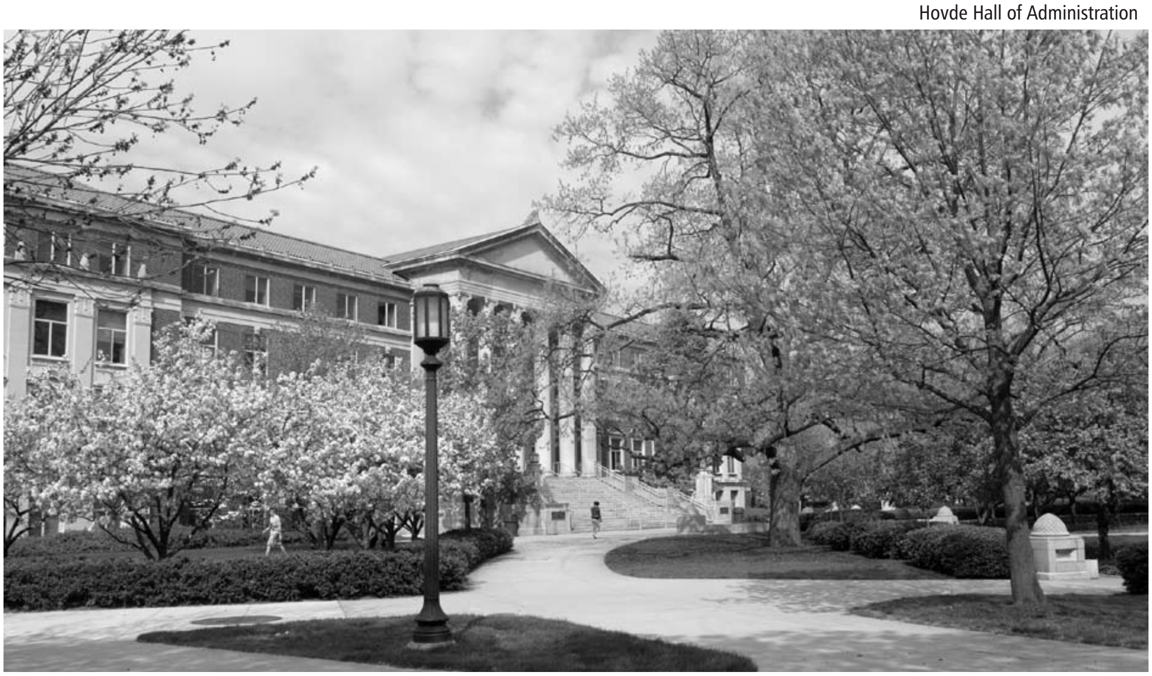


include bonds, notes, and leases payable. Total liabilities were $997.6 million on June 30, 2008, and $1.075 billion on June 30, 2007. Figure 3 depicts the portion of long-term debt (noncurrent) relative to total liabilities.

A discussion of the University's capital financing activities appears in the Debt and Financing Activities section on page 11.

Net assets are classified into four categories: invested in capital assets, net of related debt; restricted–nonexpendable; restricted–expendable; and unrestricted. "Invested in capital assets, net of related debt" represents the University's investment in capital assets such as movable equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation and related debt, subject to the University's policies on capitalization. "Restricted–nonexpendable" represents the University's permanent endowment funds received from donors for the purpose of creating present and future income. These funds must be held inviolate and in perpetuity and are, therefore, not expendable. Earnings on these funds support various programs determined by donors. "Restricted–expendable" represents net assets that have purpose restrictions imposed by third parties. Examples include scholarship funds and contract and grant funds. Unrestricted net assets do not have third-party restrictions, although management has designated these funds for a particular purpose. It is management's practice to designate unrestricted net assets for specific purposes at the close of each fiscal year. Total net assets for the University were $2.96 billion as of June 30, 2008. Figure 4 provides a comparison between fiscal years as well as the composition of net assets.

Hovde Hall of Administration



A summarized comparison of the University's assets, liabilities, and net assets appears in Table 1.

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

	2005–2006	2006–2007	2007–2008
Current Assets	$616,334	$681,386	$605,607
Capital Assets	1,324,298	1,423,291	1,510,794
Other Assets	1,654,189	1,805,246	1,842,966
Total Assets	$3,594,821	$3,909,923	$3,959,367
Current Liabilities	$584,425	$597,753	$530,147
Noncurrent Liabilities	477,847	477,578	467,429
Total Liabilities	$1,062,272	$1,075,331	$997,576
Invested in Capital Assets, Net of Related Debt	$791,088	$863,282	$913,478
Restricted–Nonexpendable	282,897	335,904	375,364
Restricted–Expendable	662,549	785,084	790,562
Unrestricted	796,015	850,322	882,387
Total Net Assets	**$2,532,549**	**$2,834,592**	**$2,961,791**

Capital and Noncapital Projects

The University continues to expand its campuses and renovate existing facilities to meet the needs of its students, faculty, and staff. Significant projects completed during the 2007–2008 fiscal year are listed in Table 2.

Table 2. Major Projects Completed during the 2007–2008 Fiscal Year (More than $2 million)

	Project Total (Dollars in Thousands)
Neil Armstrong Hall of Engineering	$53,187
Beck Agricultural Center	5,200
Forney Hall Renovation, Phase II	2,350
Fort Wayne Student Housing, Phase II	10,500
Fort Wayne Music Building	28,000
McCutcheon Drive Parking Garage Addition	16,712
PMU Market Renovation	7,000
Printing Services Facility	3,700
Total Major Projects Completed	**$126,649**

Purdue Mall Fountain and Purdue Bell Tower

Table 3. Major Construction Projects in Progress (More than $2 million)

	Project Budget (Dollars in Thousands)
Boiler No. 6	$53,000
Calumet — Student Housing, Phase II	21,100
Patty Jischke Early Care and Education Center (Child Care Center)	3,000
Discovery Learning Center	25,000
Discovery Park Site Development, Phase VI	2,400
Fort Wayne Energy Management Performance	2,454
Harrison Hall Sprinkler System and AC Renovation	16,200
Harrison Street Aerial Line Relocation	2,500
High-Voltage Improvement, Phase II	25,100
Wayne T. and Mary T. Hockmeyer Hall of Structural Biology	32,900
Lilly Hall West Wing Renovations	28,550
McCutcheon Hall Fire Protection and Air Conditioning	11,207
Niswonger Aviation Technology Building	7,800
Purdue Village Community Center	3,820
Replacement Student Apartments — State Street and MacArthur Drive	52,000
Residence Halls Food Service Consolidation, Phase IV	19,800
Stewart Center Fourth-Floor Renovation for Library Archives and Special Collections	3,600
Wade Utility MACT Compliance	9,000
Wetherill Laboratory of Chemistry Electrical Upgrade	2,000
Windsor Residence Halls Renovation	53,000
Young Hall Exterior Recladding	6,000
Young Hall Floors 9 and 10 Renovation	4,455
Total Major Projects in Progress	**$384,886**

In addition, the University's Board of Trustees has authorized the following major projects that had not been started as of June 30, 2008, and may not have state approval.

Table 4. Major Projects Authorized but Not Started

	Project Budget (Dollars in Thousands)
Brown Hall Fire Alarm and Sprinkler System	$3,000
Energy Performance Contract — Brown, Stewart, and Civil Engineering	4,504
Fort Wayne Student Housing, Phase III	38,000
Gatewood Wing — Mechanical Engineering	34,500
Hillenbrand Residence Hall Dining Court Renovation	3,200
Krannert Building Basement and Third-Floor Renovation	3,500
Mackey Complex Renovation and Addition	99,500
Total Major Projects Authorized	**$186,204**

DEBT AND FINANCING ACTIVITIES

During the fiscal year, the University issued Student Facilities Revenue Bonds Series 2007C for $61.725 million. This series was issued to partially fund construction of a new residence hall of 365 beds and the first of a five-phase renovation of the Windsor Hall complex at the West Lafayette campus. The bonds were issued in variable-rate mode.

The University also entered into a Commercial Paper Agreement with Goldman, Sachs & Company on April 1, 2008. This agreement authorized a maximum line of credit of $50 million to finance portions of the costs of certain infrastructure, equipment, and facilities on various campuses.

The University continues to maintain its excellent credit ratings by Moody's Investors Service (Aa1) and by Standard & Poor's (AA). Purdue University is one of only nine public higher education institutions whose Moody's credit rating is Aa1 or better (Aaa). In addition, the University's variable-rate debt received short-term ratings by Moody's of VMIG-1 and by Standard & Poor's of A-1+.

Figure 5

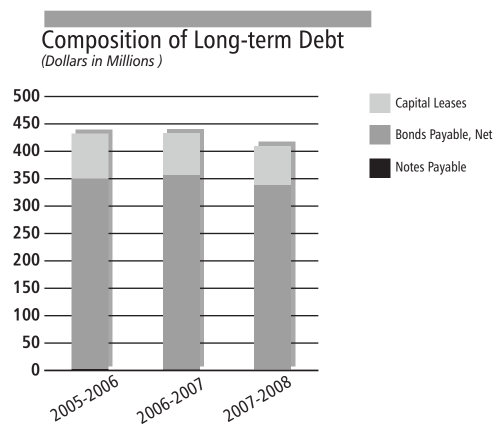


Figure 5 compares the composition of long-term debt by fiscal year.

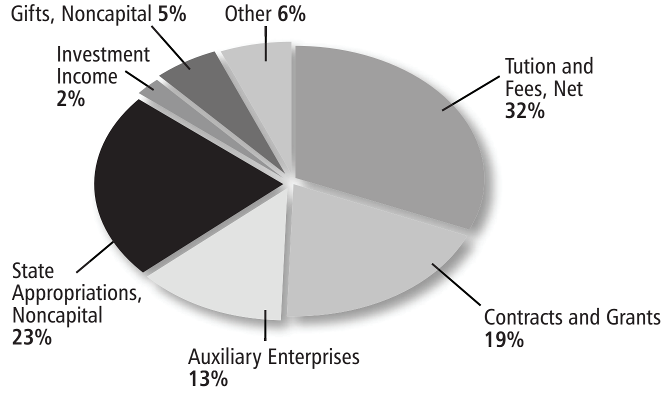
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses, and Changes in Net Assets provides information regarding how the results of operations, nonoperating revenues, and capital funding over the course of the fiscal year affect the net assets of the University.

Revenues are classified as either operating or nonoperating. Operating revenues include tuition and fees, grants and contracts, auxiliary enterprises, and sales and services. Tuition and fees and housing are shown net of an allowance for scholarships. If scholarships awarded to students exceed the amount owed for tuition and housing, the amounts paid to students are shown as expenses. Nonoperating revenues include state appropriations, investment income, and private gifts. Because Purdue is a public university, nonoperating revenues are an integral part of its operating budget. Private gifts for capital projects and additions to the University's permanent endowment are also considered nonoperating sources of revenue but are not part of the University's operating budget. Figure 6 provides information about the University's sources of revenues, excluding endowments and capital, for the 2007–2008 fiscal year.

Revenues, 2007–2008

Figure 6



A summarized comparison of the University's revenues, expenses, and changes in net assets follows in Table 5:

Table 5. Summary Statement of Revenues, Expenses, and Changes in Net Assets (Dollars in Thousands)

	2005–2006	2006–2007	2007–2008
Operating Revenues			
Tuition and Fees, Net	$449,691	$492,122	$525,791
Grants and Contracts	238,652	251,714	278,481
Auxiliary Enterprises, Net	182,364	190,732	211,676
Other Operating Revenues	69,818	77,186	90,472
Total Operating Revenues	$940,525	$1,011,754	$1,106,420
Operating Expenses			
Depreciation	$90,325	$97,708	$106,652
Operating Expenses	1,293,609	1,361,592	1,489,407
Total Operating Expenses	$1,383,934	$1,459,300	$1,596,059
Operating Loss	$(443,409)	$(447,546)	$(489,639)
Nonoperating Revenue	528,548	667,866	531,490
Capital and Endowments	63,761	81,723	85,348
Total Nonoperating Revenues	$592,309	$749,589	$616,838
Increase in Net Assets	$148,900	$302,043	$127,199
Net Assets, Beginning of Year	2,383,649	2,532,549	2,834,592
Net Assets, End of Year	**$2,532,549**	**$2,834,592**	**$2,961,791**

STATEMENT OF CASH FLOWS

The Statement of Cash Flows presents sources and uses of cash and cash equivalents throughout the fiscal year. These activities are presented in four categories: operating, noncapital financing, investing, and capital and related financing. Net increases or decreases in cash and cash equivalents provide a reconciliation to beginning and ending balances as presented in the Statement of Net Assets. This statement also indicates the extent to which operating activities provided or used cash. Table 6 provides a summarized comparison of the University's sources, uses, and changes in cash and cash equivalents.

Table 6. Summarized Comparison of Changes in Cash and Cash Equivalents (Dollars in Thousands)

	2005–2006	2006–2007	2007–2008
Cash Used by Operating Activities	$(349,652)	$(373,899)	$(379,971)
Cash Provided by Noncapital Financing Activities	473,227	534,389	546,414
Cash Provided (Used) by Investing Activities	37,159	10,731	(74,369)
Cash Used by Capital and Related Financing Activities	(137,467)	(122,703)	(139,582)
Net Increase (Decrease) in Cash and Cash Equivalents	$23,267	$48,518	$(47,508)
Cash and Cash Equivalents, Beginning of Year	385,383	408,650	457,168
Cash and Cash Equivalents, End of Year	**$408,650**	**$457,168**	**$409,660**

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

For the 2008–2009 fiscal year, the University received increases in operating appropriations from the state of Indiana for each campus — West Lafayette (4.8%), Calumet (4.0%), North Central (7.5%), and Fort Wayne (3.6%). Tuition rate increases were set for 2008–2009, with a four to five percent increase. With this combination of limited increases in operating appropriations and tuition and fees, the University has continued its emphasis on internal reallocations to high-priority initiatives.

The University expects to receive $19.8 million in repair and rehabilitation (R&R) funding from the state for the 2007–2009 biennium, which is fifty percent of the requested formula funding amount. The state has also agreed to pay in full the $8.6 million of its June 2005 Purdue University operating accounts payable next year. The University must allocate these dollars for deferred maintenance, not general fund expenses as originally appropriated.

The University has submitted its 2009–2011 Legislative Request for Operating Appropriations to the state. The request includes base adjustments for enrollment change, degree change, time to degree, and research support. The Indiana Commission for Higher Education (ICHE) and the State Budget Agency requested that no assumption be made for maintenance/price increases for the 2009–2011 biennium. Maintenance increases for personnel, supplies and expense, and institutional student aid will be considered by ICHE in setting non-binding tuition targets along with its budget recommendation. In addition to modest base adjustments, the request also calls for a new initiative to tap into the economic potential of the health and bioscience industries. Purdue University and Indiana University are proposing a historic partnership — the Indiana Innovation Alliance. The alliance will unite the state's largest research universities with businesses, economic development organizations, healthcare enterprises, and state government to expand Indiana's share of the national investments in bioscience research and development. The January 2009 legislative session will set Purdue's operating appropriation for the next biennium.

Enrollment* at all Purdue campuses increased to 67,355 for the fall semester of the 2008–2009 academic year — up from 65,987 the previous year. This includes an increase of 988 students on the West Lafayette campus for a total of 40,090. Undergraduate enrollment continues to be carefully managed at the West Lafayette campus, while other Purdue campuses have the ability to serve additional full-time and part-time students.

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

Particular attention should be given to the "Notes to the Financial Statements" that are an integral part of the financial statements.

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

STATEMENT OF NET ASSETS

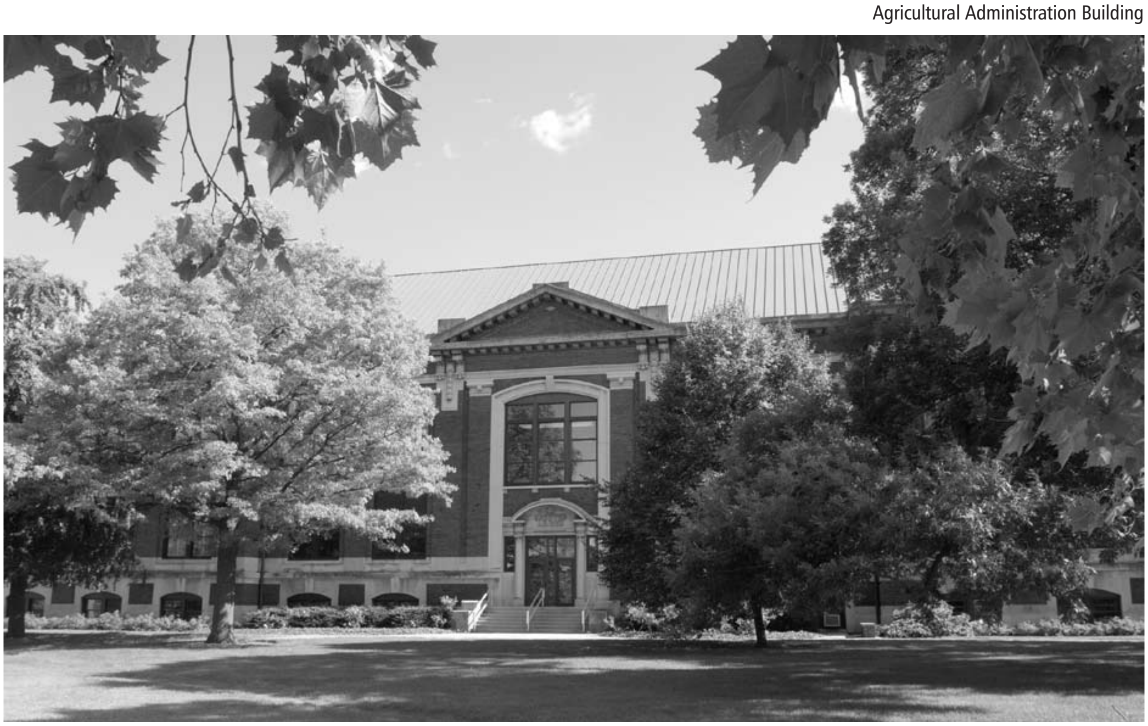
	As of June 30	
	2008	2007
	(Dollars in Thousands)	
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$409,660	$457,168
Accounts Receivable, Net of Allowance for Uncollectible Amounts	61,615	55,116
Marketable Securities	63,492	98,595
Pledges Receivable, Net of Allowance for Uncollectible Amounts	22,586	19,047
Notes Receivable, Net of Allowance for Uncollectible Amounts	8,214	9,295
Accrued Revenues	15,014	16,264
Appropriation Receivable from the State	8,603	8,598
Other Assets	16,423	17,303
Total Current Assets	**$605,607**	**$681,386**
Noncurrent Assets:		
Notes Receivable, Net of Allowance for Uncollectible Amounts	$45,532	$42,350
Pledges Receivable, Net of Allowance for Uncollectible Amounts	40,617	26,668
Marketable Securities and Other Investments	1,739,307	1,710,480
Interest in Charitable Remainder Trusts	17,510	17,149
Appropriation Receivable from the State		8,599
Capital Assets, Net of Accumulated Depreciation	1,510,794	1,423,291
Total Noncurrent Assets	**3,353,760**	**3,228,537**
Total Assets	**$3,959,367**	**$3,909,923**
LIABILITIES:		
Current Liabilities:		
Accounts Payable	$46,413	$52,072
Accrued Salary and Wages	10,809	10,351
Accrued Compensated Absences (Current Portion)	24,644	24,207
Deferred Revenue	41,983	47,246
Deposits Held in Custody for Others	22,576	21,657
Accrued Expenses	21,275	25,263
Securities Lending Liability	125,391	247,464
Other Post-Employment Benefits	4,880	
Bonds (Net), Leases, and Notes Payable (Current Portion)	232,176	169,493
Total Current Liabilities	**$530,147**	**$597,753**

STATEMENT OF NET ASSETS *(CONTINUED)*

	As of June 30	
	2008	2007
	(Dollars in Thousands)	
Noncurrent Liabilities:		
Accrued Compensated Absences (Less Current Portion)	$27,653	$16,263
Other Post-Employment Benefits (Less Current Portion)	1,254	
Funds Held in Trust for Others	7,556	8,042
Bonds (Net), Leases, and Notes Payable (Less Current Portion)	410,914	433,099
Advances from Federal Government	20,052	20,174
Total Noncurrent Liabilities	**467,429**	**477,578**
Total Liabilities	**$997,576**	**$1,075,331**
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	**$913,478**	**$863,282**
Restricted		
Nonexpendable		
Instruction and Research	197,569	179,317
Student Aid	149,752	129,179
Other	28,043	27,408
Total Nonexpendable	**$375,364**	**$335,904**
Expendable		
Instruction, Research, and Public Service	$139,512	$99,710
Student Aid	58,990	55,823
Auxiliary Enterprises	4,584	4,572
Construction	96,893	84,934
Other (Note 1)	490,583	540,045
Total Expendable	**$790,562**	**$785,084**
Unrestricted	**882,387**	**850,322**
Total Net Assets	**$2,961,791**	**$2,834,592**

See Accompanying "Notes to the Financial Statements."

Agricultural Administration Building



COMPONENT UNIT

Statement of Financial Position

	Purdue Research Foundation Statement Reported as of June 30, 2008 (Dollars in Thousands)
ASSETS:	
Cash and Cash Equivalents	$36,253
Accounts and Other Receivables	5,363
Pledges Receivable	1,140
Investments in Securities	776,294
Mortgages and Contracts	22
Notes Receivable	794
Investment in AmeriPlex PRF, LLC	10,261
Real Estate	145,885
Less Allowances	(19,662)
Net Real Estate	$126,223
Other Assets and Equipment	$11,483
Less Allowances	(4,706)
Net Other Assets and Equipment	$6,777
Interest in Charitable Remainder Trusts	$29,901
Interest in Charitable Perpetual Trust	17,555
Total Assets	**$1,010,583**
LIABILITIES AND NET ASSETS:	
Liabilities	
Accounts Payable	$13,013
Net Funds Held as Custodian	53,722
Bonds Payable	80,330
Mortgages and Notes Payable	6,018
Gift Annuity Payable	3,149
Total Liabilities	**$156,232**
NET ASSETS:	
Unrestricted	$108,399
Board Designated	7,500
Temporarily Restricted	520,969
Permanently Restricted	121,154
Unrealized Gains	96,329
Total Net Assets	**$854,351**
Total Liabilities and Net Assets	**$1,010,583**

See Note 1.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	For the Year Ending June 30	
	2008	2007
	(Dollars in Thousands)	
Operating Revenues		
Tuition and Fees	$596,019	$559,414
Less: Scholarship Allowance	(70,228)	(67,292)
Net Tuition and Fees (Pledged for Repayment of Student Fee Bonds)	$525,791	$492,122
Federal Appropriations	16,901	16,660
County Appropriations	7,862	7,460
Grants and Contracts	278,481	251,714
Sales and Services	60,568	50,884
Auxiliary Enterprises		
(Net of Scholarship Allowance of $8,133 and $7,299 Respectively)	211,676	190,732
Other Operating Revenues	5,141	2,182
Total Operating Revenues	**$1,106,420**	**$1,011,754**
Operating Expenses		
Compensation and Benefits	$1,060,743	$994,371
Supplies and Services	390,310	333,954
Depreciation Expense	106,652	97,708
Scholarships, Fellowships, and Student Awards	38,354	33,267
Total Operating Expenses	**$1,596,059**	**$1,459,300**
Net Operating Loss	**(489,639)**	**(447,546)**
Nonoperating Revenues (Expenses)		
State Appropriations	$377,004	$365,354
Grants and Contracts	37,567	33,684
Private Gifts	90,063	75,557
Investment Income	39,989	215,563
Interest Expense	(22,853)	(26,120)
Other Nonoperating Revenues, Net	9,720	3,828
Total Nonoperating Revenues before Capital and Endowments	**$531,490**	**$667,866**
Capital and Endowments		
State Capital Appropriations	$18,889	$10,706
Capital Gifts	27,882	21,746
Private Gifts for Permanent Endowments and Charitable Remainder Trusts	38,059	51,939
Plant Assets Retired and Insurance Recoveries	518	(2,668)
Total Capital and Endowments	**$85,348**	**$81,723**
Total Nonoperating Revenues	**616,838**	**749,589**
INCREASE IN NET ASSETS	**$127,199**	**$302,043**
Net Assets, Beginning of Year	2,834,592	2,532,549
Net Assets, End of Year	**$2,961,791**	**$2,834,592**

See Accompanying "Notes to the Financial Statements."

COMPONENT UNIT

STATEMENT OF ACTIVITIES

	Purdue Research Foundation For the Year Ending June 30, 2008 (Dollars in Thousands)
Revenue and Support	
Amount Received for Purdue University Research Projects	$5,269
Less Payments to Purdue University	(5,269)
Administrative Fee on Research Projects	
Contributions	$15,247
Income on Investments	15,974
Net Unrealized and Realized Losses	(33,372)
Change in Gift Annuities	112
Revenue from Pledges	335
Decrease in Interests in Charitable Trusts	(2,802)
Rents	7,363
Royalties	4,621
Other	2,868
Net Assets Released from Restrictions	
Total Revenue and Support	**$10,346**
Expenses and Losses	
Expenses for the Benefit of Purdue University	
Contributions to Purdue University	$18,574
Patent and Royalty	9,128
Grants	11,339
Services for Purdue University	1,790
Development Office	576
Other	2,013
Total Expenses for the Benefit of Purdue University	**$43,420**
Administrative and Other Expenses	
Salaries and Benefits	$9,512
Property Management	10,810
Professional Fees	5,257
Supplies	436
Interest	2,813
Research Park	904
Other	2,548
Total Administrative and Other Expenses	**$32,280**
Change in Net Assets	$(65,354)
Net Assets, Beginning of Year	919,705
Net Assets, End of Year	**$854,351**

See Note 1.

STATEMENT OF CASH FLOWS

	For the Year Ending June 30	
	2008	2007
	(Dollars in Thousands)	
Cash Flows by Operating Activities		
Tuition and Fees, Net of Scholarship Allowances	$524,439	$499,815
Federal Appropriations	16,901	16,660
County Appropriations	7,862	7,460
Grants and Contracts	274,561	237,001
Sales and Services	59,908	42,643
Auxiliary Enterprises, Net of Scholarship Allowances	207,832	192,596
Other Operating Revenues	6,526	(2,714)
Compensation and Benefits	(1,046,001)	(994,213)
Supplies and Services	(391,502)	(333,300)
Scholarships, Fellowships, and Student Awards	(38,354)	(33,267)
Student Loans Issued	(9,659)	(14,814)
Student Loans Collected	7,516	8,234
Cash Used by Operating Activities	**$(379,971)**	**$(373,899)**
Cash Flows by Noncapital Financing Activities		
State Appropriations	$385,599	$376,149
Grants and Contracts	37,567	33,684
Gifts for Other than Capital Purposes	117,215	120,218
Funds Held in Trust for Others	(3,274)	2,765
Other Nonoperating Revenues, Net	9,307	1,573
Cash Provided by Noncapital Financing Activities	**$546,414**	**$534,389**
Cash Flows by Investing Activities		
Purchases of Investments	$(14,318,019)	$(5,433,840)
Proceeds from Sales and Maturities of Investments	14,176,075	5,381,499
Interest and Dividends on Investments, Net	67,575	63,072
Cash Provided (Used) by Investing Activities	**$(74,369)**	**$10,731**
Cash Flows by Capital and Related Financing Activities		
Debt Repayment	$(29,541)	$(167,287)
Capital Debt Proceeds	70,037	214,165
Interest Expense	(23,173)	(25,434)
Capital Gifts Received	19,135	28,717
State Appropriations for Capital Projects	18,889	10,706
Construction or Purchase of Capital Assets	(194,929)	(183,570)
Cash Used by Capital and Related Financing Activities	**$(139,582)**	**$(122,703)**
Net Increase (Decrease) in Cash and Cash Equivalents	**$(47,508)**	**$48,518**
Cash and Cash Equivalents, Beginning of Year	457,168	408,650
Cash and Cash Equivalents, End of Year	**$409,660**	**$457,168**

STATEMENT OF CASH FLOWS *(CONTINUED)*

Reconciliation of Cash Used for Operating Activities (Indirect Method)

	For the Year Ending June 30	
	2008	**2007**
	(Dollars in Thousands)	
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	$(489,639)	$(447,546)
Depreciation Expense	106,652	97,708
Gifts in Kind	2,008	166
Changes in Assets and Liabilities:		
Accounts Receivable	(6,711)	(15,005)
Notes Receivable	(1,656)	(6,563)
Accrued Revenues	(791)	(622)
Other Assets	880	(4,743)
Accrued Compensated Absences	17,961	2,038
Accounts Payable	(3,741)	5,300
Deferred Revenue	(5,554)	(2,959)
Deposits Held in Custody for Others	3,951	561
Accrued Expenses	(3,668)	1,796
Accrued Salary and Wages	458	(3,747)
Advances from Federal Government	(121)	(283)
Cash Used by Operating Activities	**$(379,971)**	**$(373,899)**

See Accompanying "Notes to the Financial Statements."

Schleman Hall of Student Services

For the Fiscal Year Ending June 30, 2008

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

BASIS OF PRESENTATION:

The financial statements of Purdue University have been prepared in accordance with the principles contained in Governmental Accounting Standards Board (GASB) Statement No. 35, "Basic Financial Statements — and Management's Discussion and Analysis — for Public Colleges and Universities," within the financial reporting guidelines of GASB Statement No. 34, "Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments" and with other accounting principles generally accepted in the United States of America, as prescribed by the GASB. **Amounts in the notes are presented in thousands of dollars unless stated otherwise.**

During fiscal year 2008, the University-adopted GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions"; GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues"; and GASB Statement No. 50, "Pensions Disclosures."

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General Information. Purdue University was established in 1869. It is the land-grant university for the state of Indiana. The responsibility for making rules and regulations to govern the University is vested in a 10-member Board of 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 Purdue University. All trustees serve for a period of three years, except for the student member, who serves for two years.

The Internal Revenue Service has ruled that the units of Purdue University are exempt under Code sections 115(a) and 501(c)(3), and they are not "private foundations" under The Tax Reform Act of 1969.

Reporting Entity. The University is a special-purpose government that has elected to report as a business-type activity (BTA) using proprietary fund accounting and financial reporting. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. The University is also a component unit of the state of Indiana and is one of seven public universities in the state. The University receives funding from the state for operations, repair and maintenance, and debt service. Its nonexempt employees participate in the state's public employees retirement program. (See Note 12.)

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

The University adopted GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units," which 1) provides criteria for determining whether certain university-related organizations should be reported as component units based on the nature and significance of their relationship with a primary government and 2) clarifies reporting requirements for these organizations. Based on these criteria, the financial statements define the University as the primary government, and one entity — the Purdue Research Foundation — as a discretely presented component unit. Two other entities, The Purdue Foundation and the Ross-Ade Foundation, continue to be blended within the University's statements and are not separately presented, in accordance with GASB Statement No. 14.

Discrete Component Unit

Purdue Research Foundation. The Purdue Research Foundation (PRF) was created in 1930. The primary purpose of PRF is to promote the educational purpose of Purdue University; award scholarships, grants, or other financial assistance to students and faculty; seek, acquire, and hold gifts and endowments for the needs of the University; and acquire property or facilities for the future use or benefit of the University. PRF is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. PRF provided grants, contracts, and gifts to Purdue University totaling approximately $32,376 during its most recent fiscal year. PRF's fiscal year begins July 1 and ends June 30. PRF's audited financial statements, as presented in Purdue University's financial report, were rounded to the nearest thousand dollars. Complete financial statements for the foundation can be obtained by writing to: Purdue Research Foundation, 3000 Kent Avenue, West Lafayette, IN 47906.

PRF is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, "Financial Reporting of Not-for-Profit Organizations." As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the foundations' financial information in the University's financial report for these differences.

Blended Component Units

The Purdue Foundation, Inc. The Purdue Foundation, Inc., was created in 1979. It is a separately incorporated, not-for-profit entity. The primary purpose of the foundation is the solicitation, receipt, and acceptance of gifts, donations, and bequests of funds and other property for the benefit of Purdue University. The foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Purdue University is the sole beneficiary of The Purdue Foundation.

Ross-Ade Foundation. The Ross-Ade Foundation was created in 1923. It is a separately incorporated, not-for-profit entity organized as an affiliated organization. The Ross-Ade Foundation constructs athletic and parking facilities on behalf of the University. These assets are leased by the University and are reported as capital leases. (See Note 8.)

Other

IPFW Foundation. The University is also the co-beneficiary with Indiana University of the Indiana-Purdue Foundation at Indiana University-Purdue University Fort Wayne.

Accounting Methods and Policies

The University prepares its financial statements on an accrual basis using the economic resources measurement focus.

Financial Accounting Standards Board (FASB). Certain pre-1989 FASB statements apply to public colleges and universities. GASB Statement No. 35 also permits business-type activities to adopt post-1989 FASB statements unless they conflict with GASB pronouncements. The University has elected not to adopt post-November 30, 1989, FASB statements.

Accounts Receivable. Accounts receivable are shown net of an allowance for doubtful accounts. The amount of the allowance was $2,722 for the 2007–2008 fiscal year and $2,434 for the 2006–2007 fiscal year.

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. The amount of the allowance was $2,418 for the 2007–2008 fiscal year and $1,884 for the 2006–2007 fiscal year.

Notes Receivable. Notes receivable primarily represent student loan repayments due the University and are presented net of allowance for doubtful accounts of $20 for the 2007–2008 fiscal year and $34 for the 2006–2007 fiscal year.

Inventories. Inventories are composed of (1) consumable supplies and items held for resale or recharge within the University, (2) fuel for consumption, and (3) livestock and grain. The inventory of coal and limestone is valued on the Last In/First Out (LIFO) basis. Oil inventory is valued using the weighted-average method. Consumable supplies and items for resale are priced on a moving-average basis. Cattle and grain inventories are valued at market. Other miscellaneous inventories are generally valued on the First In/First Out (FIFO) basis. Agricultural commodities are reported using the consumption method and are measured by physical count. Consumable supplies and items held for resale are reported using the purchase method and are measured using the moving average cost method for the 2007–2008 fiscal year.

Investments. Investments, exclusive of institutional physical properties, are generally reported at fair value as of June 30, 2008. Fair value is generally based on quoted market price. Investments, exclusive of endowment funds, may be classified as cash equivalents, current or noncurrent, depending on the individual investments' maturity date at June 30. Endowment funds are primarily included in noncurrent investments, with the exception of amounts designated for distribution.

Prepaid Expenses. Prepaid expenses include amounts paid for services attributable to the fiscal year beginning July 1, 2008. These services include insurance, equipment leases, services of consultants, subscriptions, and certain subcontracts. These amounts are identified at the end of the fiscal year and accrued for financial reporting purposes.

Capital Assets. Capital assets are stated at cost or fair market value at date of gift, less accumulated depreciation computed on a straight-line basis over the estimated useful life, as shown in the following table (in whole dollars). Capital assets are removed from the records at the time of disposal.

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

Property Class	Threshold	Useful Life
Moveable Equipment (including fabricated equipment)	$2,500	More than one year
Software	$100,000	5 years
Administrative Systems	$500,000	7–10 years
Buildings and Related Components	$100,000	10–50 years
Land Improvements	$100,000	Varies
Infrastructure	$100,000	Varies

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

- Invested in capital assets, net of related debt: Resources resulting from capital acquisition or construction, net of accumulated depreciation and net of related debt. (See Note 8.)
- Restricted–nonexpendable: Net assets subject to externally imposed stipulations that the funds be maintained inviolate and in perpetuity. Such assets include the University's permanent and term endowment funds (see Note 10) and are categorized as instruction and research, student aid, and other.
- Restricted–expendable: Net assets that may be spent provided certain third-party restrictions are met. The following categories of restricted–expendable net assets are presented: instruction, research, and public service; student aid; auxiliary enterprises; construction; and other. Approximately 93% or $456,450 of the "other" category results from undistributed gain on endowment funds and the fair value of funds functioning as endowments where the donor has restricted the use of the funds for a particular purpose. Neither component is available for general institutional use.
- Unrestricted: Net assets not subject to externally imposed stipulations pertaining to their use. Management may designate that these funds will be spent for certain projects or programs or to fulfill certain long-term goals. Management has designated substantially all unrestricted net assets for academic and capital purposes.

Operating Revenues and Expenses. Business-type activities receive financing in whole or in part by charging fees for goods and services to external users. These exchange transactions are considered part of operations. The University's operating revenues 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. Revenues are accrued when earned and measurable. Most expenses of the University — other than interest — are considered operating expenses. Operating expenses include compensation and benefits, travel, and supplies. Graduate, staff, staff dependent, and staff spouse fee remissions are included with compensation and benefits. Expenses are accrued when incurred and measurable. Expenses are reported using natural classifications in the Statement of Revenues, Expenses, and Changes in Net Assets. Functional reporting appears in Note 14. Indirect expenses, such as depreciation, are not allocated across functional categories.

Nonoperating Revenues and Expenses. Nonoperating revenues include state appropriations, private gifts, investment income, and certain federal financial aid. Nonoperating expenses primarily include interest on short-term and long-term borrowings.

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

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.

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

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

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

Gifts. The University receives pledges of financial support from many different sources. Gift income is recognized when received or pledged. In-kind gifts of tangible or intangible property are recognized at fair value on the date of gift and are capitalized, if appropriate, subject to the University's policies on capitalization. For the 2007–2008 fiscal year, revenue from gifts-in-kind of $2,666 was recognized. Comparative data for 2006–2007 reflect $8,194 in gifts-in-kind revenue.

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

Compensated Absences. Liabilities for compensated absences are recorded for vacation leave based on actual amounts earned as of the balance sheet date. Exempt employees may accrue vacation benefits up to a maximum of 44 days. Clerical and service staff may earn vacation up to 320 hours. For all classes of employees, vacation is payable upon termination. Liabilities for sick leave are recorded for clerical and service staff that are eligible for, and have earned termination payments for, accumulated sick days upon termination or retirement. The accompanying statement of net assets reflects an accrual for the amounts earned and ultimately payable for such benefits as of the end of the fiscal year. As a result of a systems change in the 2007–2008 fiscal year, the University recorded compensated absences using actual vacation balances for its eligible administrative staff. In past fiscal years, this amount was estimated using statistical samples.

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

The University records its interest in PRF Trusts' charitable remainder trusts based on the estimated present value of future cash flows. Future cash flows are estimated using an assumed investment rate of return on the underlying investments that will satisfy the trust requirements and an applicable discount rate at the time of contribution. The University's discrete component unit reflects their respective PRF Trust interest on the Statement of Financial Position. The fair value of funds held by PRF Trusts for Purdue University was $27,727 for 2007–2008 and $28,413 for 2006–2007. 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.

Reclassifications. Certain reclassifications have been made to the prior year statements for comparative purposes and do not constitute a restatement of prior year periods. Major reclassifications include: $138,265 of Bonds, Leases, and Notes Payable from Noncurrent Liabilities to Current Liabilities; $32,059 of Restricted Expendable–Other net assets to Restricted Expendable–Construction net assets; and $33,684 of Grant and Contract revenue from Operating Revenues to Nonoperating Revenues.

NOTE 2 — CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, revolving and change funds, cash in transit, credit card deposits in transit, securities lending cash collateral, and certain investments with maturities three months or less as of the balance sheet date. It is the University's practice to invest operating cash balances and bond proceeds in investments of varying maturity dates. (See Note 3.) Investments, exclusive of endowment funds, that are included in cash equivalents represent short-term, highly liquid investments that are both a) readily convertible to known amounts of cash and b) so near their maturity date that they present insignificant risk of changes in value because of changes in interest rates. Cash purchases and sales of those types of investments are part of the University's cash management activities rather than part of its operating, capital, investing, and financing activities; details of these transactions are not reported in the Statement of Cash Flows.

NOTE 3 — DEPOSITS AND INVESTMENTS

Deposits. At June 30, 2008, the bank balance of the University's deposits (demand deposit accounts) was $2,628, of which $145 was covered by federal depository insurance. The remaining balance was insured by the state of Indiana's Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investments. Authorization for investment activity is stated in Indiana Code IC 21-29-2-1. Additionally, the Bylaws of the Trustees of Purdue University revised and amended on November 10, 2006, authorize the treasurer of the Board of Trustees to implement investment activity. The investment policy, as approved by the Board of Trustees, outlines parameters for investment activity for the University. As of June 30, 2008, and June 30, 2007, the University had the following investments:

Investment Type	June 30, 2008	June 30, 2007
U.S. Agencies	$93,751	$98,795
Asset-Backed Securities	50,188	58,209
Corporate Bonds	298,553	208,656
U.S. Equity	356,437	405,654
International Equity	187,295	207,757
International Fixed Income	7,365	9,338
Marketable Alternatives	169,427	144,265
Mortgage-Backed Securities	258,983	207,999
Private Equity	76,664	47,897
Real Estate	12,028	6,241
U.S. Treasuries and Securities	126,050	290,382
Securities Lending Cash Collateral	125,391	247,464
Mutual Funds and Cash	450,327	333,586
Total	**$2,212,459**	**$2,266,243**

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

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

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

The estimated fair value of investments is based on quoted market prices 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.

Purdue Memorial Union

The University had the following fixed-income investments and maturities on June 30, 2008, and June 30, 2007:

June 30, 2008	Maturity				
Sector	0–1 year	1–5 years	6–10 years	>10 years	Totals
U.S. Agencies	$49,291	$29,703	$6,549	$8,208	$93,751
Asset-Backed Securities		24,652	10,778	14,758	50,188
Corporate Bonds	18,238	192,319	57,335	30,661	298,553
International Fixed Income		5,427	1,938		7,365
Mortgage-Backed Securities	4,845	19,870	10,978	223,290	258,983
U.S. Treasuries and Securities		92,836	30,251	2,963	126,050
Securities Lending Cash Collateral	125,391				125,391
Mutual Funds and Cash	308,830	50,383	65,960	25,154	450,327
Total	**$506,595**	**$415,190**	**$183,789**	**$305,034**	**$1,410,608**

June 30, 2007	Maturity				
Sector	0–1 year	1–5 years	6–10 years	>10 years	Totals
U.S. Agencies	$67,420	$26,621	$2,866	$1,888	$98,795
Asset-Backed Securities		34,866	4,525	18,818	58,209
Corporate Bonds	27,426	100,783	51,174	29,273	208,656
International Fixed Income			9,338		9,338
Mortgage-Backed Securities	2,764	20,176	48,337	136,722	207,999
U.S. Treasuries and Securities	29,848	218,587	28,229	13,718	290,382
Securities Lending Cash Collateral	247,464				247,464
Mutual Funds and Cash	111,823	97,511	121,223	3,029	333,586
Total	**$486,745**	**$498,544**	**$265,692**	**$203,448**	**$1,454,429**

The distribution of investment securities by credit ratings for June 30, 2008, and June 30, 2007, is summarized below. The Federal National Mortgage Association and Federal Home Loan Mortgage Company debt instruments represent $124,560 (5.6%) and $100,930 (4.6%), respectively, as of June 30, 2008. This compares to $178,311 (7.9%) and $96,263 (4.2%), respectively, as of June 30, 2007.

	June 30, 2008		June 30, 2007	
AAA	$527,613	23.8%	$708,273	31.3%
AA	98,839	4.5%	60,499	2.7%
A	72,404	3.3%	40,312	1.8%
BAA	82,720	3.7%	60,022	2.6%
BA	13,296	0.6%	16,944	0.7%
B	5,160	0.2%	4,769	0.2%
CAA	1,111	0.1%	782	0.0%
Unrated	1,411,316	63.8%	1,374,642	60.7%
Total	**$2,212,459**	**100.0%**	**$2,266,243**	**100.0%**

Spire of University Hall

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. The University does not have a formal policy for custodial credit risk. At June 30, 2008, with the exception of $258,119 in private placements and investments in limited partnerships ($198,403 as of June 30, 2007), all investments were held in University accounts at the University's custodial banks.

Foreign Currency Risk. Endowment equity managers may invest in common stocks, preferred stocks or fixed-income instruments convertible into common stocks, and American Depository Receipts of foreign corporations. The University's endowment fixed-income managers may invest in foreign fixed-income securities equivalent in quality to permitted domestic securities, but not to exceed 20% of the assets entrusted to the manager. All currency exposures are to be hedged into the U.S. dollar unless otherwise approved by the Investment Committee. Please refer to the Investment Type table on page 26 for the University's exposure to international investments. In addition to those investments, the University estimates $29,888 of international exposure in its alternative investments ($38,942 as of June 30, 2007).

NOTE 4 — SECURITIES LENDING

The treasurer of the University, in accordance with policies established by the Board of Trustees, has entered into an agreement with a trust company to participate in a securities-lending program. The market value of the cash collateral is recorded as an asset in the Statement of Net Assets along with a corresponding liability. At June 30, 2008, the University had securities with market value of $130,201 involved in loans (compared to $323,084 on June 30, 2007). These loans were supported by collateral of $133,064 ($327,835). Of this collateral amount, $125,391 ($247,464) was cash and is included in cash and cash equivalents in the Statement of Net Assets, and $7,673 ($80,371) was acceptable non-cash collateral. The University does not have the ability to pledge or sell the non-cash collateral received except in the case of borrower default. Non-cash collateral is not included in the University's Statement of Net Assets. Securities lending of domestic securities is cash collateralized on the contract date at 102%, and foreign securities are cash collateralized at 105%. Credit risk is calculated as the aggregate of the lender's exposures to individual borrowers or on individual loans. At June 30, 2008, the University had no aggregate credit risk.

The University and the borrowers of its securities maintain the right to terminate all securities-lending transactions on demand. The cash collateral received on each loan is invested, together with the cash collateral of other lenders, in a co-mingled investment pool owned by the custodian. The maximum weighted maturity of the fund is 90 days. Since the loans may be called on demand, their duration does not generally match the duration of the investment made with the cash collateral. If the University had to terminate a term loan, the lending agent has the ability to substitute the same security from a different client while returning the University's security. For the year ending June 30, 2008, income from its participation in this securities-lending program was $9,388 (compared to $15,673 on June 30, 2007), and the expense was $8,342 ($15,333). Net income to the University from this program was $1,046 ($340). Under the securities-lending agreement, the custodian remits to the University earnings less rebate fees and expenses on a monthly basis.

NOTE 5 — DISAGGREGATION OF RECEIVABLES AND ACCOUNTS PAYABLE

Accounts receivable consisted of the following:

	June 30, 2008	June 30, 2007
Grants and Contracts	$43,177	$39,491
Student and General	21,160	18,059
Less: Allowance for Doubtful Accounts	(2,722)	(2,434)
Total Accounts Receivable, Net	**$61,615**	**$55,116**

Notes receivable consisted primarily of student loans as follows:

	June 30, 2008	June 30, 2007
Perkins Loans	$26,991	$26,580
Student Loans, Other Notes	26,775	25,099
Less: Allowance for Doubtful Loans	(20)	(34)
Total Notes Receivables	$53,746	$51,645
Less: Noncurrent Portion	(45,532)	(42,350)
Current Portion	**$8,214**	**$9,295**

Accounts payable consisted of the following:

	June 30, 2008	June 30, 2007
Construction Payables	$19,950	$21,868
Accounts Payables, Other	26,463	30,204
Total Accounts Payable	**$46,413**	**$52,072**

NOTE 6 — OTHER POST-EMPLOYMENT BENEFITS

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

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

The post-retirement medical plans are single-employer plans administered by Purdue University, as authorized by the Board of Trustees, and are financed on a pay-as-you-go basis. Purdue's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The actuarial assumptions included are shown on page 32. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a 20-year period.

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

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

Determination of Annual Required Contribution (ARC)

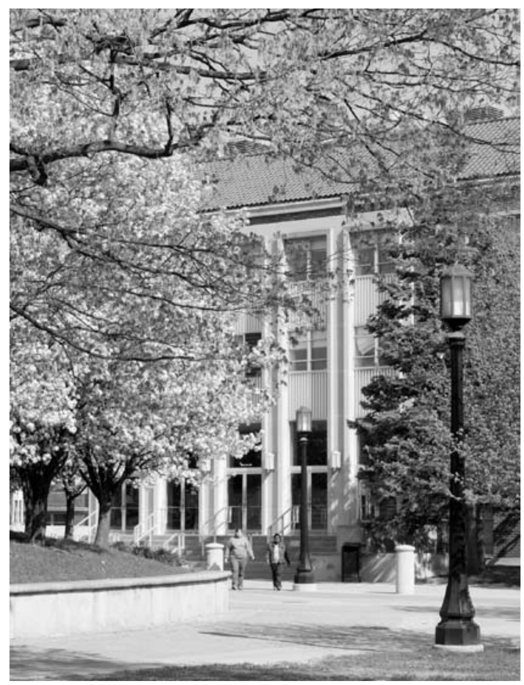
Cost Element	**For Fiscal Year Ending June 30,2008**
	Amount
Normal Cost	$6,578
Amortization of the Unfunded	
Actuarial Accrued Liability (20 Years)	4,436
Total Annual Required Contribution (End of Year)	**$11,014**

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contributions	Actual Contributions	Percentage Contributed
June 30, 2008	$11,014	$4,880	44%

Schedule of Funding Progress

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



Heavilon Hall

Net OPEB Obligation (NOO)

Actuarial Valuation Date	Fiscal Year End	Annual Required Contribution (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a)+(b)+(c) (d)	Actual Contribution Amount (e)	Net Increase in NOO (d)-(e) (f)	NOO as of End of Year (g)
January 1, 2007	**June 30, 2008**	$11,014	$0	$0	$11,014	$4,880	$6,134	$6,134

Valuation Date	January 1, 2007
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Amortization Method	20 Years, Closed, Level Percent of Pay
Remaining Amortization Period	20 Years Remaining as of January 1, 2007
Asset Valuation Method	N/A, No Assets in Trust
Actuarial Assumptions:	
Discount Rate	5%
Projected Payroll Increases	3%
Health-Care Cost Trend Rate:	
Medical	10% Graded to 5% over 5 Years
Prescription Drugs	12% Graded to 5% over 7 Years
Vision	3%
Administrative Costs	5%
Plan Membership:	January 1, 2007
Current Retirees and Surviving Spouses	242
Current Disabled	197
Current Active Members	12,047
Total	12,486

Bindley Bioscience Building

Martin C. Jischke Hall of Biomedical Engineering

NOTE 7 — CAPITAL ASSETS

Capital asset activity for the years ending June 30, 2008, and June 30, 2007, is summarized below.

Capital Assets Activity	**Balance July 1, 2007**	**Increases**	**Decreases**	**Balance June 30, 2008**
Capital Assets, Not Being Depreciated:				
Land	$22,721			$22,721
Construction in Progress	168,906	$84,788	$115,996	137,698
Total, Capital Assets, Not Being Depreciated	$191,627	$84,788	$115,996	$160,419
Capital Assets, Being Depreciated:				
Land Improvements	59,055	4,139		63,194
Infrastructure	54,687	5,252		59,939
Buildings	1,674,392	159,767	2,000	1,832,159
Equipment	460,779	41,989	16,501	486,267
Software	42,487	16,743		59,230
Total, Capital Assets, Being Depreciated	$2,291,400	$227,890	$18,501	$2,500,789
Less Accumulated Depreciation:				
Land Improvements	41,203	2,682		43,885
Infrastructure	15,136	3,875		19,011
Buildings	701,161	59,257	1,482	758,936
Equipment	291,342	35,998	14,492	312,848
Software (Operating and Administrative)	10,894	4,840		15,734
Total Accumulated Depreciation	$1,059,736	$106,652	$15,974	$1,150,414
Total Capital Assets, Net of Accumulated Depreciation	**$1,423,291**	**$206,026**	**$118,523**	**$1,510,794**

Capital Assets Activity	**Balance July 1, 2006**	**Increases**	**Decreases**	**Balance June 30, 2007**
Capital Assets, Not Being Depreciated:				
Land	$22,345	$376		$22,721
Construction in Progress	135,884	91,989	$58,967	168,906
Total, Capital Assets, Not Being Depreciated	$158,229	$92,365	$58,967	$191,627
Capital Assets, Being Depreciated:				
Land Improvements	55,837	3,218		59,055
Infrastructure	48,388	6,299		54,687
Buildings	1,591,343	83,150	101	1,674,392
Equipment	434,172	46,530	19,923	460,779
Software	16,484	26,940	937	42,487
Total, Capital Assets, Being Depreciated	$2,146,224	$166,137	$20,961	$2,291,400
Less Accumulated Depreciation:				
Land Improvements	38,802	2,401		41,203
Infrastructure	11,799	3,337		15,136
Buildings	646,674	54,588	101	701,161
Equipment	273,935	34,496	17,089	291,342
Software (Operating and Administrative)	8,945	2,886	937	10,894
Total Accumulated Depreciation	$980,155	$97,708	$18,127	$1,059,736
Total Capital Assets, Net of Accumulated Depreciation	**$1,324,298**	**$160,794**	**$61,801**	**$1,423,291**

NOTE 8 — DEBT RELATED TO CAPITAL ASSETS

Short-term Debt. On April 1, 2008, a commercial paper agreement was negotiated with Goldman, Sachs & Company. This agreement authorized a maximum line of credit of $50,000 to finance portions of the costs of certain infrastructure, equipment, and facilities on various campuses. The interest rate is variable and reset weekly based on market conditions. The University can set the maturity dates up to 270 days. The balance outstanding as of June 30, 2008, was $10,000.

Notes Payable. Notes outstanding of $1,230 at June 30, 2008, represent financing for various activities.

On March 1, 1998, an Energy Savings Loan Agreement was negotiated with Bank One, now JP Morgan Chase & Co. This agreement authorized a maximum line of credit of $10,000 to pay the costs of qualified energy savings projects through December 31, 2001. Projects included both capital and non-capital improvements to the physical plant. Individual notes may have either a fixed or floating interest rate with maturities not extending beyond 2011. The outstanding balance of these notes as of June 30, 2008, was $1,230. The interest rate for the notes ranged from 2.46% to 3.55% as of June 30, 2008. The floating-rate notes can be reset at the University's option every one, two, three, or six months and is based on London Interbank Offered Rate (LIBOR) at the reset dates.

Bonds Payable. Bonds payable at June 30, 2008, total $544,130, consisting of the following issues:

Issue	Issue Date	Interest Rates	Maturity Dates	Outstanding June 30, 2008
Student Facilities System Revenue Bonds:				
Series 2003A	2003	4.00%–5.38%	2004–2014	$31,890
Series 2003B	2003	2.00%–4.25%	2005–2018	5,905
Series 2004A	2004	1.60% at June 30*	2008–2033	28,100
Series 2005A	2005	1.55% at June 30*	2005–2029	22,275
Series 2007A	2007	5.00%–5.25%	2014–2029	61,865
Series 2007B	2007	4.00%–5.00%	2008–2032	27,065
Series 2007C	2007	1.15% at June 30*	2010–2033	61,725
Student Fee Bonds:				
Series H	1993	2.78%–5.25%	1998–2015	8,800
Series K	1995	2.20%–5.63%	1997–2020	14,400
Series L	1995	3.00%–5.63%	1997–2020	12,600
Series N	1998	3.55%–5.50%	1998–2014	21,340
Series O	1998	2.68%–5.63%	2000–2019	24,195
Series P	1998	4.00%–5.25%	1999–2017	38,760
Series Q	2000	2.63%–6.00%	2002–2010	6,060
Series R	2002	3.00%–5.38%	2002–2023	15,215
Series S	2004	1.60% at June 30*	2007–2026	12,975
Series T	2004	1.60% at June 30*	2008–2027	14,500
Series U	2005	3.50%–5.25%	2006–2022	35,000
Series V	2005	1.60% at June 30*	2008–2027	60,415
Series W	2006	4.00%–5.00%	2007–2026	41,045
Total				**$544,130**

**Variable interest rate.*

The Student Fee Bonds are secured by a pledge of mandatory student fees, and the Student Facilities System Revenue Bonds are secured by a pledge of any other available income, except student fees and state appropriations. Student fees (net of scholarship allowance) were $525,791 for the 2007–2008 fiscal year. Variable interest rates are updated weekly and are based upon market conditions.

On October 3, 2007, Student Facilities System Revenue Bonds, Series 2007C, were issued in the amount of $61,725. This series was issued to finance the costs for Phase I renovation of Windsor Residence Hall and a portion of the new student housing facility at the West Lafayette campus as well as costs of issuance.

Included in Current Liabilities for 2007–2008 is $199,990 ($139,580 for 2006–2007) of Student Fee demand bonds (Series S, Series T, and Series V), backed by student fees, and Student Facility Revenue demand bonds (Series 2004A, Series 2005A, and Series 2007C), backed by certain auxiliary revenues and other available funds, maturing serially through July 1, 2034. The bonds were issued under Indiana Code IC 21-34 and IC 21-35. The proceeds of the bonds were used to (a) provide funds for certain capital improvements, (b) refund certain interim financing, (c) provide for construction period interest for a portion of the bonds, and (d) pay costs incurred to issue the bonds. The anticipated redemption schedule for these bonds is included in the scheduled debt payments table on page 36.

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

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

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

For Student Fee Bonds, Series T, the University has chosen to maintain a standby purchase agreement with JPMorgan Chase & Co. whereby the bank would provide liquidity in the event of a bondholder put. The University pays an annual commitment fee of 9 basis points (0.09%) for this support. If the line is drawn, interest will accrue at a defined LIBOR-based rate not to exceed 10%. The current standby purchase agreement is valid through October 29, 2009. The agreement was extended in October 2008 with an annual commitment fee of 40 basis points (0.40%). There were no amounts drawn as of June 30, 2008.

Capital Leases. At June 30, 2008, long-term debt included amounts relating to properties with a net book value (net of accumulated depreciation) of $90,412 leased from the Ross-Ade Foundation, a blended component unit. The outstanding balance on these leases at June 30, 2008, was $67,580. The debt payments on these properties in the 2007–2008 fiscal year totaled $7,888, consisting of $4,345 principal and $3,543 interest.

On April 9, 2004, the University entered into an $8,195 capital lease agreement with the Purdue Research Foundation (PRF), a discrete component unit. The lease took effect upon completion of the Academic Learning Center near the Calumet campus. The outstanding balance on the lease was $7,595 as of June 30, 2008, and the facility had a book value (net of accumulated depreciation) of $7,493. The debt payments on this property in the 2007–2008 fiscal year totaled $565, consisting of $205 of principal and $360 of interest.

Scheduled bond, lease, and note payments for the fiscal years ending June 30 are as follows:

Fiscal Year	Principal	Interest	Total
2009	$34,373	$23,011	$57,384
2010	34,975	21,593	56,568
2011	30,855	20,167	51,022
2012	32,627	18,754	51,381
2013	34,430	17,243	51,673
2014–2018	158,390	65,331	223,721
2019–2023	133,480	38,014	171,494
2024–2028	117,870	15,368	133,238
2029–2033	49,435	2,266	51,701
2034	4,100	0	4,100
	$630,535	$221,747	$852,282
Net Unamortized Premiums and Deferred Costs	12,555		12,555
Total	**$643,090**	**$221,747**	**$864,837**

Purdue's Gateway to the Future arch, a gift from the classes of 1958 and 1959

NOTE 9 — OTHER DEBT INFORMATION

Long-term Liabilities. Long-term liability activity for the years ended June 30, 2008, and June 30, 2007, is summarized below:

Long-term Liabilities	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008	Current Portion
Advances from Federal Government	$20,174		$122	$20,052	
Bonds Payable, Net	518,181	$71,725	25,266	564,640	$226,286
Compensated Absences	40,470	36,034	24,207	52,297	24,644
Other Post-Employment Benefits		11,014	4,880	6,134	4,880
Funds Held in Trust for Others	8,042	5,802	6,288	7,556	
Leases Payable to Affiliated Foundations	82,150		4,930	77,220	5,124
Notes Payable	2,261		1,031	1,230	766
Total	**$671,278**	**$124,575**	**$66,724**	**$729,129**	**$261,700**

Long-term Liabilities	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007	Current Portion
Advances from Federal Government	$20,456		$282	$20,174	
Bonds Payable, Net	511,052	$99,641	92,512	518,181	$163,531
Compensated Absences	38,430	23,595	21,555	40,470	24,207
Deferred Revenue	838		838		
Other Post-Employment Benefits					
Funds Held in Trust for Others	7,026	1,296	280	8,042	
Leases Payable to Affiliated Foundations	86,170	72,923	76,943	82,150	4,931
Notes Payable	3,883		1,622	2,261	1,031
Total	**$667,855**	**$197,455**	**$194,032**	**$671,278**	**$193,700**

Commercial paper of $10,000 is included in the Bonds Payable value in the 2007–2008 table above.

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

Description of Bonds	Final Maturity/ Call Date	Amount Outstanding June 30, 2008
Student Fee and Facilities:		
Building Facilities Fee Bonds	7/1/2009	$2,260
Dormitory Facilities Revenue Bonds, Series A–L	7/1/2008	455
Student Fee Bonds Series Q	7/1/2010	34,955
Student Facilities System Revenue Bonds, Series 2003A	7/1/2013	48,345
Student Facilities System Revenue Bonds, Series 2003B	7/1/2013	17,950
Certificates of Participation, Issued by Ross-Ade Foundation:		
Certificates of Participation, Series 2001A	7/1/2011	$58,815

Direct Financing Lease. In 1998, the University agreed to refinance the construction of the Animal Disease Diagnostic Laboratory (ADDL) Building and lease it to the Indiana Department of

Administration on behalf of the Indiana State Board of Animal Health. Lease payments are equal to the University's debt service payments. Nonrecourse bonds for $10,830 were issued to the Indiana Bond Bank, secured solely by lease payments from the Indiana Department of Animal Health through annual appropriations for this purpose from the state of Indiana. The University's rights to receive lease payments have been assigned to the trustees for the Indiana Bond Bank. At June 30, 2008, the outstanding amount of these bonds was $3,335. The ADDL Building, the lease receivable, and the bonds payable are not reflected on the University's books.

In addition, the University has entered into various operating leases for buildings and equipment. Net expenses for rent under these leases for the year ending June 30, 2008, were $9,449 and are included in supplies and services in the Statement of Revenues, Expenses, and Changes in Net Assets.

NOTE 10 — 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 University's Board of Trustees establishes the spending policy for the unitized endowment pool. The current spending policy distributes 4.5% of the average of the ending values for the prior twelve quarters in semiannual distributions. The distribution includes both income and equity components. Market appreciation of the pool was $467,430 as of June 30, 2008. Of this amount, 39.2% represents appreciation attributable to donor-restricted (true and term) endowments. The University's endowment policies are subject to the provisions of Indiana Code IC 30-2-12, "Uniform Management of Institutional Funds." Under this section, the University's Board of Trustees may authorize expenditure — consistent with donors' intent — of net appreciation in the fair value of the assets of the endowment.

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, 2008, contractual obligations for capital construction projects were $100,259.

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

Limited Partnership Agreements. Under the terms of various limited partnership agreements approved by the University's Board of Trustees, the University is obligated to make periodic payments for commitments to venture capital, private equity, natural resources, and real estate investments over the next several fiscal years. As of June 30, 2008, the University had the following unfunded commitments: $56,870 to 37 private equity/venture capital managers, $13,459 to 11 private real estate managers, $25,364 to 11 natural resource managers, and $1,110 to the Indiana Future Fund. These amounts are not included as liabilities in the Statement of Net Assets. Outstanding commitments are estimated to be paid based on the capital calls from the individual managers, subject to change due to market conditions, as shown in the table at right:

Fiscal Year	Amount
2008–2009	$24,201
2009–2010	24,201
2010–2011	24,201
2011–2012	24,201

NOTE 12 — 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). For the 2007–2008 fiscal year, the University's cost was $47,440 under this program.

Faculty and Administrative/Professional Staff. Faculty, professional, and certain administrative employees of the University participate in a defined contribution plan administered through the Teachers Insurance and Annuity Association (TIAA). Benefit provisions are established and/or amended by the Board of Trustees. The plan purchases individual annuity contracts for members and provides for immediate vesting. Faculty and management personnel participate immediately upon employment; all others must satisfy a three-year waiting period. The University contributes 11% of each participating employee's salary up to $9 and 15% of the salary above $9. Employee contributions are not required but may be made on a voluntary basis. For the 2007–2008 fiscal year, the University made contributions totaling $66,201 to this plan. For the fiscal year ending June 30, 2008, there were 6,545 employees participating in TIAA with annual pay equal to $426,994.

Clerical and Service Staff. Regular clerical and service staff employed at least half-time participate in the Public Employees Retirement Fund (PERF), a retirement program administered by an agency of the state of Indiana. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. Benefit provisions are established and/or amended by the state of Indiana. There are two parts to this plan: an annuity savings plan to which the University contributes 3% of the employee's salary and a defined benefit agent multi-employer plan to which the University currently contributes 6.3% of the employee's salary. Employee contributions are not required but may be made on a voluntary basis. Employees are eligible to participate in this plan immediately upon employment and are fully vested in the defined benefit plan after 10 years of employment. For the 2007–2008 fiscal year, the University made contributions totaling $12,877 to this plan. For the fiscal year ended June 30, 2008, there were 5,295 employees participating in PERF with annual pay equal to $145,431.

The required employer's contribution was determined as part of the July 1, 2007, actuarial valuation using the entry age normal cost method. The actuarial assumptions included: (a) 7.25% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% per year, and (c) 1.5% per year cost-of-living adjustments. Actuarial information from the 2006–2007 fiscal year related to the University's portion of the plan is disclosed later in this note. Actuarial information for the 2004–2005 fiscal year is not available.

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

Police and Firefighters. A supplemental pension program for police officers and firefighters (Police/Fire) was authorized by the Board of 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 Purdue 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 Board of Trustees. The program is an agent single-employer defined benefit plan administered through the Teachers Insurance and Annuity Association (TIAA). The plan provides for vesting after the completion of 10 years of covered employment, and employees are eligible for normal retirement benefits after the completion of 20 years of covered employment and attainment of 55 years of age. The normal benefit payable under this plan is an amount equal to 50% of the annual base salary of a nonprobationary-level police officer at each campus, as in effect at the time of a member's retirement, reduced by the amount of any pension benefits payable under other Purdue University retirement programs, including TIAA-CREF and PERF. For the fiscal year ending June 30, 2008, there were 97 employees participating in Police/Fire with annual pay equal to $4,854.

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: Public Records Officer, Purdue University, Freehafer Hall, 401 South Grant Street, West Lafayette, IN 47907-2024.

The pension benefit obligation was computed as part of an actuarial valuation performed as of July 1, 2007. Because the plan was implemented on a retroactive basis to cover all current police officers and firefighters, the University has an unfunded actuarial liability at July 1, 2007, of $305, which is being amortized over a 30-year period. The required contribution to the plan for the 2007–2008 fiscal year was $662, consisting of $585 normal cost, $34 amortization of the unfunded liability, and $43 of interest. Of the required amount, $134 represents employee contributions, and $528 represents the University's contribution. The actual amount contributed by the University was $645. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included: (a) 7% investment rate of return, (b) projected salary increases of 4% per year, and (c) 3% per year cost-of-living adjustments.

Additional disclosures related to the University's defined benefit programs (PERF and Police/Fire) are presented in the table that follows on page 41.

Three-Year-Trend Information

Plan*	Fiscal Year Ending June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Total Unfunded (Excess) Actuarial Liability	Funded Ratio	Annual Covered Payroll	Liability to Payroll	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Benefit)
PERF†	2006	$177,925	$181,268	$3,343	98.2%	$127,808	2.6%	$5,137	113.0%	$(8,785)
	2007	190,984	187,822	(3,162)	101.7%	131,341	(2.4)%	7,829	89.1%	(7,932)
Police/Fire	2005	16,209	18,724	2,515	86.6%	4,675	53.8%	822	100.4%	(3)
	2006	17,595	19,074	1,479	92.2%	4,595	32.2%	623	135.8%	(223)
	2007	19,679	19,984	305	98.5%	4,854	6.3%	528	122.2%	(117)

**Data for 2008 not available from actuaries.*
†University portion only.

Cooperative Extension Service. As of June 30, 2008, there were 57 staff members with federal appointments employed by the Indiana Cooperative Extension Service and covered by the Federal Civil Service Retirement System.

NOTE 13 — RISK MANAGEMENT

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 per occurrence. There is $1,000 retention per occurrence or wrongful act for general, automobile, and professional and educators' legal liability coverage. The University retains the entire risk for medical benefits. The maximum liability to the University for job-related illnesses or injuries is $500 per incident, with a maximum annual aggregate liability of $7,353.

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. For the 2007–2008 fiscal year, the University reflected $2,852 of insurance proceeds as nonoperating income within the Plant Assets Retired line in the Statement of Revenues, Expenses, and Changes in Net Assets.

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. The liability for medical claims incurred but not reported at June 30, 2008, is based on actuarial estimates. Changes in the balances of claims liabilities during the 2007–2008 and 2006–2007 fiscal years were as follows:

	June 30, 2008	June 30, 2007
Beginning Liability	$15,093	$13,620
Claims Incurred	60,388	62,890
Claims Payments	(64,131)	(61,417)
Ending Liability	**$ 11,350**	**$ 15,093**

NOTE 14 — OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the fiscal years ended June 30, 2008, and June 30, 2007, are summarized as follows:

Operating Expenses by Function for the Year Ending June 30, 2008

	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships, and Student Awards	Total
Instruction and Departmental Research	$517,680	$79,861			$597,541
Organized Activities Related to Instruction and Research	10,646	9,597			20,243
Sponsored Research	122,019	60,360			182,379
Other Separately Budgeted Research	21,308	2,174			23,482
Extension and Public Service	72,299	31,981			104,280
Academic Support	14,226	15,855			30,081
Student Services	30,929	8,600			39,529
Physical Plant Operations and Maintenance	73,435	54,065			127,500
General Administration	71,467	24,444			95,911
General Institutional Services	37,458	11,707			49,165
Depreciation			$106,652		106,652
Student Aid	919	535		$38,354	39,808
Auxiliary Enterprises	88,357	91,131			179,488
Total	**$1,060,743**	**$390,310**	**$106,652**	**$38,354**	**$1,596,059**

Operating Expenses by Function for the Year Ending June 30, 2007

	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships, and Student Awards	Total
Instruction and Departmental Research	$470,860	$78,303			$549,163
Organized Activities Related to Instruction and Research	9,872	9,755			19,627
Sponsored Research	112,084	61,660			173,744
Other Separately Budgeted Research	22,351	2,467			24,818
Extension and Public Service	68,303	27,190			95,493
Academic Support	14,591	13,796			28,387
Student Services	30,489	7,333			37,822
Physical Plant Operations and Maintenance	76,033	31,635			107,668
General Administration	65,187	14,565			79,752
General Institutional Services	37,620	10,989			48,609
Depreciation			$97,708		97,708
Student Aid		746		$33,267	34,013
Auxiliary Enterprises	86,981	75,515			162,496
Total	**$994,371**	**$333,954**	**$97,708**	**$33,267**	**$1,459,300**

NOTE 15 — SUBSEQUENT EVENTS

On August 21, 2008, Tax-Exempt Commercial Paper, Series 2008-1, was issued in the amount of $8,000. This series was issued to provide financing or temporary financing for repair and rehabilitation projects and qualified energy savings projects.

It is anticipated that Student Facilities System Revenue Bonds, Series 2008A, will be issued in the amount of $36,600. This series will be issued to fund construction of a new residence hall on the Calumet campus, replacement housing, and the renovation of the Windsor Halls complex on the West Lafayette campus. A portion of the series will also refund commercial paper. The bonds will be issued in a fixed-rate mode.

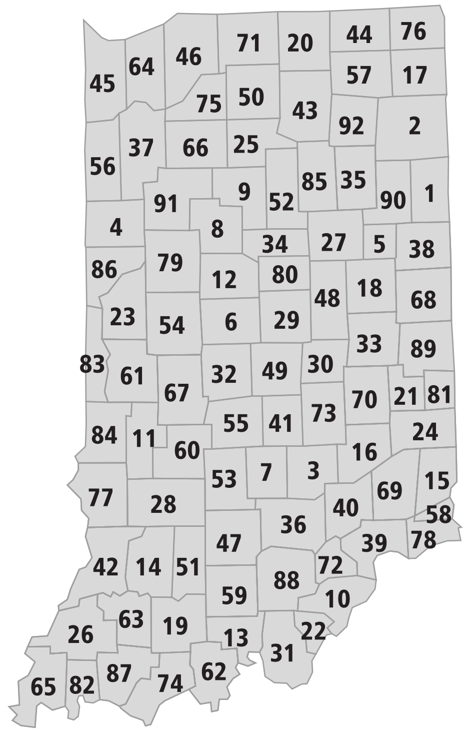
During September 2008, $77,570 of demand bonds were put to the University. As of October 2, all of the demand bonds were successfully remarketed.

Loeb Fountain in Founders Park

IN-STATE ENROLLMENT (UNAUDITED)

Total In-State Enrollment by County, Fall 2007–2008 Academic Year

The overall (in-state and out-of-state) enrollment at Purdue University was 70,398 students for the 2007–2008 fall semester. The breakdown was: West Lafayette, 39,102; Calumet, 9,607; Fort Wayne, 11,943; North Central, 3,904; and Technology Statewide, 1,383. (The enrollment figures do not include 4,411 Purdue University students at Indiana University-Purdue University Indianapolis.) Although students came to Purdue from all over the world, 73% systemwide came from within Indiana.



	County	West Lafayette	Regional Campuses	Statewide Technology Locations	Total
1	Adams	80	350	2	432
2	Allen	1,186	7,226	3	8,415
3	Bartholomew	267	1	82	350
4	Benton	134	2	8	144
5	Blackford	32	13		45
6	Boone	453	6	8	467
7	Brown	17		4	21
8	Carroll	192	2	19	213
9	Cass	180	21	18	219
10	Clark	129	4	33	166
11	Clay	53			53
12	Clinton	214	7	16	237
13	Crawford	10		2	12
14	Daviess	43	1		44
15	Dearborn	167	2	5	174
16	Decatur	105		41	146
17	DeKalb	117	555	2	674
18	Delaware	174	26	13	213
19	Dubois	166	3	1	170
20	Elkhart	513	141	46	700
21	Fayette	33	3	20	56
22	Floyd	160	2	33	195
23	Fountain	91		1	92
24	Franklin	80		6	86
25	Fulton	77	44	3	124
26	Gibson	71			71
27	Grant	138	102	21	261
28	Greene	62			62
29	Hamilton	1,829	16	22	1,869
30	Hancock	265	4	7	276
31	Harrison	56		25	81
32	Hendricks	639	6	19	664
33	Henry	107	3	27	137
34	Howard	409	21	106	536
35	Huntington	109	400	2	511
36	Jackson	103		21	124
37	Jasper	197	187	2	386
38	Jay	27	28	8	63
39	Jefferson	76		7	83
40	Jennings	33	1	19	53
41	Johnson	371	4	8	383
42	Knox	88			88
43	Kosciusko	241	518	3	762
44	LaGrange	53	127	3	183
45	Lake	1,970	7,636	2	9,608
46	LaPorte	361	1,693	1	2,055
47	Lawrence	91	3	1	95
48	Madison	263	14	70	347
49	Marion	2,143	45	28	2,216
50	Marshall	183	59	12	254
51	Martin	13			13
52	Miami	117	35	30	182
53	Monroe	226	9		235
54	Montgomery	201		8	209
55	Morgan	155	7	8	170
56	Newton	83	30	1	114
57	Noble	115	469		584
58	Ohio	15			15
59	Orange	47	1	1	49
60	Owen	27	1		28
61	Parke	38		2	40
62	Perry	23		3	26
63	Pike	13		1	14
64	Porter	891	2,203	1	3,095
65	Posey	74		1	75
66	Pulaski	113	42	1	156
67	Putnam	93	2	3	98
68	Randolph	62	7	5	74
69	Ripley	83	1	16	100
70	Rush	67	1	6	74
71	St. Joseph	963	124	97	1,184
72	Scott	24		7	31
73	Shelby	138	1	10	149
74	Spencer	59	1		60
75	Starke	64	175	2	241
76	Steuben	90	249		339
77	Sullivan	29	1		30
78	Switzerland	16			16
79	Tippecanoe	3,017	22	154	3,193
80	Tipton	90	3	13	106
81	Union	9	1	2	12
82	Vanderburgh	352	3		355
83	Vermillion	41		11	52
84	Vigo	182	1	5	188
85	Wabash	83	184	1	268
86	Warren	64		1	65
87	Warrick	201	1	2	204
88	Washington	31		14	45
89	Wayne	139	2	75	216
90	Wells	76	268		344
91	White	260	13	26	299
92	Whitley	87	414		501
	Total	23,029	23,547	1,287	47,863

ACKNOWLEDGEMENTS:

The following staff members of the Department of Accounting Services, Office of the Comptroller, prepared the *2007–2008 Financial Report* and the included financial statements.

JAMES S. ALMOND — *Vice President for Business Services and Assistant Treasurer*

JOHN R. SHIPLEY — *University Comptroller*

KIMBERLY K. HOEBEL — *Cost Accounting Manager*

ANTONIO L. C. MARZOLI — *Property Accounting Administrator*

KAY L. PARKER — *Manager of Financial Reporting*

STACY L. SMITH — *Cost and Rate Analyst*

KATHERINE L. VANDERWALL — *Manager of Endowment, Plant, and Auxiliary Funds*

MATTHEW D. WESTHUIS — *Assistant Comptroller*

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

JOANN WILEY — *Gift Funds Accountant*

KENNETH J. WILSON — *Associate Comptroller*

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APPENDIX C

FORM OF APPROVING OPINION OF BOND COUNSEL

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FORM OF APPROVING OPINION OF BOND COUNSEL

Upon delivery of the Series 2009B Bonds in definitive form, Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, proposes to render the following opinion with respect to the Series 2009B Bonds substantially in the form set forth below.

May __, 2009

The Trustees of Purdue University
West Lafayette, Indiana

Re: The Trustees of Purdue University
Purdue University Student Facilities System Revenue Bonds, Series 2009B

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 $41,525,000 aggregate principal amount of its Purdue University Student Facilities System Revenue Bonds, Series 2009B, dated May __, 2009 (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, certain resolutions adopted by the Board of Trustees of the Issuer on November 4, 2005, February 16, 2007, and June 20, 2008 (the "Resolutions"), and an Indenture of Trust between the Issuer and The Bank of New York Mellon Trust Company, N.A. (the ultimate successor in interest to Bank One Trust Company, National Association), as trustee (the "Trustee"), dated as of January 1, 2003, as supplemented and amended to date and as supplemented and amended by a Twelfth Supplemental and Amendatory Indenture between the Issuer and the Trustee, dated as of May 1, 2009 (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, Lafayette, Indiana, counsel to the Issuer, 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 (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, and is not 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 have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated May 8, 2009, or any other offering material relating to the Bonds, and we express no opinion relating thereto.

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) 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 a Continuing Disclosure Undertaking Agreement, dated as of July 1, 1996, as previously supplemented, to be further supplemented by a Twenty-Third Supplement to Continuing Disclosure Undertaking Agreement, dated as of the date of issuance of the Series 2009B Bonds (collectively, the "Undertaking"), with The Bank of New York Mellon Trust Company, N.A. (the ultimate successor to Bank One Trust Company, National Association), as counterparty (the "Counterparty"). Pursuant to the terms of the Undertaking, the Corporation will agree to provide the following information while any of the Series 2009B Bonds are Outstanding:

- Audited Financial Statements. To each nationally recognized municipal securities information repository (a "NRMSIR") then in existence and to the Indiana state information depository then in existence, if any (the "SID"), when and if available, the audited financial statements of the Corporation for each fiscal year, beginning with the fiscal year ending June 30, 2009, together with the auditor's report and all notes thereto; and

- Financial Information in Official Statement. To each NRMSIR then in existence and to the SID, within 180 days of the close of the Corporation's fiscal year, beginning with the fiscal year ending June 30, 2009, annual financial information of the Corporation for such fiscal year, other than the audited financial statements described above, including (i) unaudited financial statements of the Corporation if audited financial statements are not available and (ii) operating data (excluding any demographic information or forecasts) of the general type provided under the following headings in this Official Statement and Appendix A hereto (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

  (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

- Event Notices. In a timely manner, to each NRMSIR or to the Municipal Securities Rulemaking Board (the "MSRB"), and to the SID, notice of the occurrence of any of the following events with respect to the Series 2009B Bonds, if material (which determination of materiality will be made by the Corporation in accordance with the standards established by federal securities laws):

  — principal and interest payment delinquencies;
  — non-payment related defaults;
  — 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 or events affecting the tax-exempt status of the Series 2009B Bonds;
— modifications to the rights of owners of the Series 2009B Bonds;
— Series 2009B Bond calls;
— defeasances;
— release, substitution or sale of property securing repayment of the Series 2009B Bonds; and
— rating changes

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

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

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

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

Remedy. The sole remedy against the Corporation for any failure to carry out any provision of the Undertaking will be for specific performance of the Corporation's disclosure obligations under the Undertaking and not for money damages of any kind or in any amount or for any other remedy. The Corporation's failure to honor its covenants thereunder will not constitute a breach or default of the Series 2009B Bonds, the Indenture or any other agreement to which the Corporation is a party.

In the event the Corporation fails to provide any information required of it by the terms of the Undertaking, any holder or beneficial owner of Series 2009B 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 2009B 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 2009B Bonds supported by reasonable documentation of such claim will be sufficient to evidence standing to pursue the remedy set forth above. The Counterparty, upon satisfactory indemnification and demand by those persons it reasonably believes to be holders or beneficial owners of Series 2009B Bonds, may also pursue the remedy of specific performance set forth above in any court of competent jurisdiction in the State of Indiana. The Counterparty will have no obligation to pursue any remedial action in the absence of a valid demand from holders or beneficial owners of Series 2009B Bonds and satisfactory indemnification.

Prior to pursuing any remedy for any breach of any obligation under the Undertaking, a holder or beneficial owner of Series 2009B 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.

Modification of Undertaking. The Corporation and the Counterparty may, from time to time, amend or modify the Undertaking without the consent of or notice to the owners of the Series 2009B 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 2009B Bonds, as determined either by (A) any person selected by the Corporation that is unaffiliated with the Corporation (including the Counterparty or the trustee under the Indenture, or nationally recognized bond counsel) or (B) an approving vote of the holders of a majority of Outstanding Series 2009B Bonds as required under the Indenture at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the Rule, as then in effect,

Counterparty's Obligation. The Counterparty will have no obligation to take any action whatsoever with respect to information or notices provided or required to be provided by the Corporation under the Undertaking, except any obligations arising from the Counterparty's serving as a Dissemination Agent, and no implied covenants or obligations will be read into the Undertaking against the Counterparty. Further, the Counterparty will have no responsibility to ascertain the truth, completeness, timeliness or accuracy of the information or notices provided as required under the Undertaking by the Corporation, or otherwise to determine whether any such information or notices are or have been provided in compliance with the Rule or the requirements of the Undertaking.

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