

In the opinion of Ice Miller LLP, Bond Counsel, conditioned on continuing compliance with the Tax Covenants (as hereafter defined) under existing laws, judicial decisions, regulations and rulings, the interest on the Series 2011A Participation Certificates (as hereinafter defined) is excludable from gross income for purposes of federal income tax pursuant to Section 103 of the Internal Revenue Code of 1986 as amended, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. See "TAX MATTERS" herein for more complete discussions. In the opinion of Ice Miller LLP, Bond Counsel, under present laws, judicial decisions, regulations and rulings, interest on the Series 2011A Participation Certificates is exempt from income taxation in the State of Indiana. See "TAX MATTERS" herein.

\$32,185,000

**Certificates of Participation,
Series 2011A (Adjustable Demand)**



**Evidencing a Proportionate Interest of Owners Thereof in
Lease Payments to Be Made by
The Trustees of Purdue University, as Lessee
CUSIP: 746173 FX6
Price: 100%**

Dated: Date of Delivery

Due: July 1, 2035

The Certificates of Participation, Series 2011A (Adjustable Demand) (the "Series 2011A Participation Certificates") are issuable only as fully registered certificates and, when issued, will be registered in the name of CEDE & CO., as nominee for The Depository Trust Company, New York, New York ("DTC"). The Series 2011A Participation Certificates are issuable only as fully registered certificates, and will be issued in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The Series 2011A Participation Certificates 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 2011A Participation Certificates will be made in book-entry only form, and purchasers of beneficial interests in the Series 2011A Participation Certificates will not receive physical delivery of the certificates representing their interests in the Series 2011A Participation Certificates. The principal of and interest on the Series 2011A Participation Certificates will be paid to DTC or its nominee as the registered owner of the Series 2011A Participation Certificates. Disbursement of such payments to owners of beneficial interests in the Series 2011A Participation Certificates will be the responsibility of DTC and its participants and indirect participants. See "DESCRIPTION OF THE SERIES 2011A PARTICIPATION CERTIFICATES – Book Entry System."

The Series 2011A Participation Certificates are being sold to finance a portion of the cost of the completion of certain athletic facilities (collectively, the "2009 Project") leased to the Corporation (as defined below) by the Ross-Ade Foundation, as lessor (the "Lessor"). See "PLAN OF FINANCE." The Series 2011A Participation Certificates will be issued pursuant to a Trust Indenture dated as of February 15, 2011 (the "2011 Indenture") which supplements and amends a Trust Indenture dated as of November 15, 1996 (the "1996 Indenture"), a Trust Indenture dated as of November 1, 1998 (the "1998 Indenture"), a Trust Indenture dated as of November 15, 2006 (the "2006 Indenture") and a Trust Indenture dated as of August 15, 2009 (collectively, the "Indenture") between The Bank of New York Mellon Trust Company, N.A. (the "Trustee") and the Lessor. The 2009 Project will be constructed by the Lessor and leased to The Trustees of Purdue University (the "Corporation") pursuant to a Lease-Purchase Agreement and Sublease dated as of August 15, 2009 (the "2009 Lease").

The Series 2011A Participation Certificates may bear interest at a Daily Rate, a Weekly Rate, a Monthly Rate, a Quarterly Rate, a Semiannual Rate or a Term Rate (each, an "Adjustable Rate"), or a Fixed Rate, as determined in accordance with the 2011 Indenture. The Series 2011A Participation Certificates will initially bear interest at a Weekly Rate to be determined by the Remarketing Agent. Merrill Lynch, Pierce, Fenner & Smith Incorporated has been appointed as the initial Remarketing Agent for the Series 2011A Participation Certificates. Interest on the Series 2011A Participation Certificates is payable on the first Wednesday of each month while the Series 2011A Participation Certificates bear interest at a Weekly Rate unless and until the Series 2011A Participation Certificates are converted to a different interest rate determination method. Information regarding subsequent interest rates and Rate Periods may be obtained from the Remarketing Agent. Upon a change in interest rate determination methods under the circumstances described herein, the Series 2011A Participation Certificates will become subject to mandatory tender for purchase and remarketing in accordance with the 2011 Indenture. See "DESCRIPTION OF THE SERIES 2011A PARTICIPATION CERTIFICATES."

The Series 2011A Participation Certificates are subject to optional and mandatory sinking fund redemption and to optional and mandatory tender for purchase prior to maturity, as described herein. See "DESCRIPTION OF THE SERIES 2011A PARTICIPATION CERTIFICATES – Optional Tender for Purchase," "-- Mandatory Tender for Purchase" and "-- Redemption." Funds to pay the purchase price of any Series 2011A Participation Certificates tendered for purchase will be paid by the Trustee solely from (i) first, proceeds of the remarketing of such Series 2011A Participation Certificates, and (ii) second, any other monies furnished by the Corporation for the purchase of Series 2011A Participation Certificates. See "DESCRIPTION OF THE SERIES 2011A PARTICIPATION CERTIFICATES – Purchase of Tendered Series 2011A Participation Certificates."

This Official Statement, in general, describes the Series 2011A Participation Certificates only during the Weekly Rate Period, which is the period beginning on the date of delivery of the Series 2011A Participation Certificates and ending on the date on which interest is changed to another Adjustable Rate or converted to a Fixed Rate.

The Series 2011A Participation Certificates and any additional certificates issued pursuant to the Indenture on a parity therewith (collectively, the "Parity Certificates") evidence an undivided proportionate interest in certain rental payments (the "Lease Payments") payable by the Corporation pursuant to the 2009 Lease, certain existing lease-purchase agreements and any additional lease-purchase agreements, all between the Corporation, as lessee, and the Foundation, as lessor, assigned to the Trustee (hereinafter defined as the "Leases"). The Parity Certificates are special obligations, payable solely from and secured exclusively by certain property pledged thereto under the Indenture, including the Lease Payments under the Leases. The Lease Payments under the Leases are payable from all available funds of the Corporation which may be lawfully used for that purpose, excluding mandatory student fees and appropriations from the State of Indiana (the "State"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011A PARTICIPATION CERTIFICATES."

Neither the faith and credit of the Corporation or the State nor the taxing power of the State is pledged to the Series 2011A Participation Certificates. Neither the Series 2011A Participation Certificates nor the Leases constitute a debt of the Corporation or the State within the meaning of any constitutional or statutory debt limitation or restriction.

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

The Series 2011A Participation Certificates are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, to approval of certain legal matters by Ice Miller LLP, Indianapolis, Indiana, as Bond Counsel, and to certain other conditions. Certain legal matters are subject to the approval of Stuart & Branigin LLP, Lafayette, Indiana, counsel to the Corporation and the Foundation. Ice Miller LLP, Indianapolis, Indiana, will also serve as Disclosure Counsel. Barnes & Thornburg LLP, Indianapolis, Indiana, will serve as Underwriter's Counsel. It is expected that the Series 2011A Participation Certificates will be available for delivery to DTC in New York, New York, on or about February 16, 2011.

BofA Merrill Lynch

THE TRUSTEES OF PURDUE UNIVERSITY

West Lafayette, Indiana

The Board of Trustees of the Corporation

Keith J. Krach, *Chairman of the Board*
Mamon M. Powers, Jr., *Vice Chairman of the Board*

Michael J. Birck
JoAnn Brouillette
Michael R. Berghoff
John D. Hardin, Jr.

Gary Lehman
Thomas E. Spurgeon
Donald Thompson
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Officers of the Corporation

The current officers of the Corporation are listed below.

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

Regional Campus Staff

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

* To retire April 15, 2011; Janice A. Beard named to succeed

**See Appendix A: "Chancellor Search, Purdue University Calumet"

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

No dealer, broker, salesman or any other person has been authorized by the Corporation, Foundation or the Underwriter to give any information or to make any representation 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, Foundation or the Underwriter. Certain information in this Official Statement has been obtained from the Corporation or Foundation and other sources considered to be reliable, but is not guaranteed as to accuracy or completeness. Any information or expressions of opinion in this Official Statement 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 or Foundation since the date of this Official Statement.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Series 2011A Participation Certificates 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 UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2011A PARTICIPATION CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

UPON ISSUANCE, THE SERIES 2011A PARTICIPATION CERTIFICATES WILL NOT BE REGISTERED BY THE CORPORATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW OR REGULATION, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE.

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

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OFFICIAL STATEMENT

\$32,185,000

Certificates of Participation, Series 2011A (Adjustable Demand)

Evidencing a Proportionate Interest of Owners Thereof in Lease Payments to Be Made by

THE TRUSTEES OF PURDUE UNIVERSITY, AS LESSEE

INTRODUCTION

This Official Statement, including the cover page, the inside cover page and the Appendices (the “Official Statement”) is provided to furnish certain information with respect to the sale and delivery of Certificates of Participation, Series 2011A (Adjustable Demand) (the “Series 2011A Participation Certificates”), evidencing an undivided proportionate interest of the registered owners of such Series 2011A Participation Certificates in certain rental payments (the “Lease Payments”) to be made by The Trustees of Purdue University, as lessee (the “Corporation” or “Lessee”), as the rental for certain real and personal property (the “Leased Property”) pursuant to (i) a Lease-Purchase Agreement and Sublease dated as of August 15, 2009 (the “2009 Lease”), and (ii) certain other lease purchase agreements (as further described herein) pursuant to which the Projects (as defined herein) have been or will be financed and refinanced, all of which have been or will be assigned to the Trustee (as hereinafter defined) under the 1996 Indenture, the 1998 Indenture, the 2006 Indenture, the 2009 Indenture, and the 2011 Indenture (each, as hereinafter defined), all between the Corporation, as lessee, and the Ross-Ade Foundation, as lessor (the “Foundation” or “Lessor”) (all of which are referred to collectively herein as the “Leases”). The Series 2011A Participation Certificates will be delivered pursuant to a Trust Indenture dated as of February 15, 2011 (the “2011 Indenture”), between The Bank of New York Mellon Trust Company, N.A. (the “Trustee”) and the Lessor, which supplements and amends a Trust Indenture dated as of November 15, 1996 (the “1996 Indenture”) as previously supplemented by a Trust Indenture dated as of November 1, 1998 (the “1998 Indenture”) as supplemented and amended by a Trust Indenture dated as of November 15, 2006 (the “2006 Indenture”) and as supplemented and amended by a Trust Indenture dated as of August 15, 2009 (the “2009 Indenture”). The 1996 Indenture, the 1998 Indenture, the 2006 Indenture, the 2009 Indenture and the 2011 Indenture (together with any further amendments or supplements thereto) are referred to collectively herein as the “Indenture”. The Series 2011A Participation Certificates, the Certificates of Participation, Series 1998 (the “1998 Certificates”), the Certificates of Participation, Series 2006 (the “2006 Certificates”) and the Certificates of Participation, Series 2009A and Series 2009B (collectively, the “2009 Certificates”) are secured on a parity basis under the Indenture, and together with Additional Participation Certificates described below are referred to as “Parity Certificates”.

The Corporation has entered into the Leases to finance a portion of the cost of the acquisition and construction of (i) parking facilities on its West Lafayette and Fort Wayne campuses, (ii) improvements to Ross-Ade Stadium on the Corporation’s West Lafayette Campus and (iii) renovation of Mackey Arena and related and adjacent athletic improvements (the “2009

Project”) on the Corporation’s West Lafayette campus (collectively, the “Projects”). See “THE PROJECTS.”

The Lessor has executed with respect to the 2009 Lease an Assignment of Lease-Purchase (the “2009 Assignment”) and has previously assigned certain Leases pledged pursuant to the 1996 Indenture, the 1998 Indenture and the 2006 Indenture (collectively, the “Assignments”). The Assignments transfer and assign all of the Lessor’s rights in and obligations under the Leases to the Trustee for the benefit of the registered owners of all Parity Certificates. Under the Assignments, the Trustee will assume the rights and duties of the Lessor for all purposes of the Leases and the Lessor will have no continuing interest in, or responsibility with respect to, the Leases or the Leased Property or the Lease Payments under each Lease. However, the Lessor has retained its obligation to construct the 2009 Project under the 2009 Lease.

A portion of the costs of the acquisition and construction of the 2009 Project was financed with the 2009 Certificates and a portion of such costs was or will be paid from other Corporation funds. The Foundation and the Corporation expect to complete the 2009 Project with the issuance of the Series 2011A Participation Certificates and other funds of the Corporation. Rental payments by the Corporation under the 2009 Lease will reflect both the 2009 Participation Certificates and the Series 2011A Participation Certificates.

The Trustee will make payments of the interest and principal represented by the Parity Certificates solely from moneys available under the Indenture, including Lease Payments required to be made by the Corporation under the Leases.

In general, the Corporation is required under the Leases to pay Lease Payments equal to the principal of and premium, if any, and interest on all Parity Certificates and the Trustee’s fees related thereto. See “SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2011A PARTICIPATION CERTIFICATES -- Sources of Payment.” The Corporation is also required to pay any taxes and assessments and the cost of maintenance and repair of the Leased Property. See, for example, “PARKING LEASES -- Additional Rental Payments and Other Charges” in APPENDIX C.

The Parity Certificates are special and limited obligations, payable solely from and secured exclusively by certain property pledged thereto under the Indenture, including (a) the interests of the Trustee in real estate subject to the Leases and (b) all right, title and interest of the Trustee in moneys and investments, if any, in the 2011 Certificate Fund, including the right to receive money in such funds, including Lease Payments by the Corporation under the Leases. The Corporation’s obligation to make such Lease Payments is limited to funds legally available for that purpose and is subject to all prior liens on any such moneys. **STUDENT FEES AND STATE APPROPRIATIONS ARE NOT CONSIDERED TO BE AVAILABLE MONEYS FOR THESE PURPOSES.** See “SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2011A PARTICIPATION CERTIFICATES.”

For a discussion of the Corporation, its programs, campuses, students, faculty, sources of revenues and financial condition, see APPENDIX A: “PURDUE UNIVERSITY.”

THE PARITY CERTIFICATES ARE NOT A GENERAL OBLIGATION DEBT OR LIABILITY OF THE CORPORATION, THE FOUNDATION OR THE STATE OF INDIANA, AND NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PARITY CERTIFICATES AGAINST THE STATE OF INDIANA, THE CORPORATION OR THE FOUNDATION, OR AGAINST THE PROPERTY OR FUNDS OF THE STATE OF INDIANA, THE CORPORATION OR THE FOUNDATION, EXCEPT TO THE EXTENT OF THE FUNDS PLEDGED UNDER THE INDENTURE FOR PAYMENT OF THE PARITY CERTIFICATES. NEITHER THE PARITY CERTIFICATES NOR THE LEASES CONSTITUTE A DEBT OF THE CORPORATION OR THE STATE OF INDIANA WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS. See “SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2011A PARTICIPATION CERTIFICATES.”

The descriptions and summaries of and references to various documents contained in this Official Statement do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the full text of each such document.

This introduction is not a summary of this Official Statement. This introduction is qualified by more complete and detailed information contained in this entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of this entire Official Statement and the documents summarized or described herein. The offering of Series 2011A Participation Certificates to potential investors from time to time is made only by means of this entire Official Statement and any amendments and supplements hereto.

PLAN OF FINANCE

The Series 2011A Participation Certificates are being issued to complete the financing of a portion of the costs of the 2009 Project, provide capitalized interest for a portion of the construction period and pay costs of issuance for the Series 2011A Participation Certificates. See “INTRODUCTION”.

PURPOSE OF THE SERIES 2011A PARTICIPATION CERTIFICATES

The Series 2011A Participation Certificates are being issued as Additional Participation Certificates under the Indenture to execute a portion of the PLAN OF FINANCE as described above.

Sources and Uses of Funds

The sources and uses of funds necessary to provide for the Plan of Finance, and the sale and delivery of the Series 2011A Participation Certificates, are estimated as shown below.

Sources of Funds:⁽¹⁾

Principal Amount of Series 2011A Participation Certificates	<u>\$32,185,000</u>
Total Sources	\$32,185,000

Uses of Funds:⁽¹⁾

Remaining Project Costs	\$31,749,800
Underwriting Discount	50,322
Costs of Issuance	162,500
Capitalized Interest ⁽²⁾	<u>222,378</u>
Total Uses	\$32,185,000

⁽¹⁾ Completion financing; other costs paid from proceeds of the 2009 Certificates and Corporation contributions.

⁽²⁾ Through October 31, 2011 at an assumed rate of 1% per annum.

DESCRIPTION OF THE SERIES 2011A PARTICIPATION CERTIFICATES

General

The Series 2011A Participation Certificates will be issued in the aggregate principal amount of \$32,185,000 and will be dated and bear interest from their date of delivery, initially at a Weekly Rate. Interest on the Series 2011A Participation Certificates will be payable on each Interest Payment Date, which for Series 2011A Participation Certificates bearing interest at a Weekly Rate will be the first Wednesday of each month (or, if such day is not a Business Day, the next succeeding Business Day). The Series 2011A Participation Certificates will mature on July 1, 2035, and will bear interest at the rates determined from time to time as described in this Official Statement. The Series 2011A Participation Certificates or designated portions thereof may be converted to bear interest at another Adjustable Rate or Rates (as described herein), or at a Fixed Rate to maturity, as hereinafter described under “Alternative Interest Rate Modes.” The Corporation may direct a change to the interest rate mode, which change requires notice by the Trustee to be given to the owners of the Series 2011A Participation Certificates and satisfaction of the conditions therefor set forth in the 2011 Indenture. Upon any conversion of the interest on the Series 2011A Participation Certificates from the Weekly Rate to another Adjustable Rate or Rates or a Fixed Rate, the Series 2011A Participation Certificates so affected will be subject to mandatory tender for purchase as hereinafter described. See “Alternative Interest Rate Modes.”

The Series 2011A Participation Certificates initially will be issued as one fully registered certificate and will be delivered to and registered in the name of Cede & Co., as registered owner and nominee for DTC. The principal and purchase price of and interest on the Series 2011A Participation Certificates will be paid by The Bank of New York Mellon Trust Company, N.A. (the ultimate successor in interest to Bank One Trust Company, National Association), as paying agent (the “Paying Agent”). As long as DTC or its nominee, Cede & Co., is the registered owner

of the Series 2011A Participation Certificates, such payments will be made directly to Cede & Co. See “Book Entry System.”

Interest

Commencing on the original date of issuance of the Series 2011A Participation Certificates and until another interest rate determination method is determined, the Series 2011A Participation Certificates will bear interest at a Weekly Rate. With respect to any Weekly Rate Period, the Remarketing Agent (initially, Merrill Lynch, Pierce, Fenner & Smith Incorporated) will set a Weekly Rate by 4:00 p.m., New York City time, on each Determination Date (which, for any Calculation Period with respect to the Weekly Rate, is the Business Day immediately preceding the first Business Day occurring during such Calculation Period). The Calculation Period during any Weekly Rate Period is the period from and including each Wednesday to and including the following Tuesday. Each Weekly Rate will be the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket the Series 2011A Participation Certificates in a secondary market transaction at a price equal to 100% of the principal amount thereof.

During any period in which the Remarketing Agent fails for any reason to determine the interest rate for any Calculation Period with respect to Series 2011A Participation Certificates operating in a Weekly Rate Period, the last interest rate so determined will remain in effect for up to two successive Calculation Periods and, with respect to subsequent Calculation Periods for which the Weekly Rate is not so determined, the Weekly Rate will be a rate per annum equal to 100% of the Municipal Swap Index rate most recently published by the Securities Industry and Financial Markets Association on or before the applicable Determination Date (or, if the Municipal Swap Index rate is not then published by the Securities Industry and Financial Markets Association, such other publicly available rate selected by the Corporation as it deems most nearly equivalent thereto).

The determination of any rate of interest by the Remarketing Agent in accordance with the 2011 Indenture will be conclusive and binding upon the Corporation, the Foundation, the Trustee and the registered or beneficial owners of the Series 2011A Participation Certificates. Failure of the Remarketing Agent, the Trustee or DTC or any DTC participant to give any of the notices described in the 2011 Indenture, or any defect therein, will not affect the interest rate to be borne by any of the Series 2011A Participation Certificates, nor in any way change the rights of the registered owners of the Series 2011A Participation Certificates to tender their Series 2011A Participation Certificates for purchase or to have them redeemed in accordance with the 2011 Indenture.

Interest on the Series 2011A Participation Certificates bearing interest at a Weekly Rate will be payable on the first Wednesday of each month (or, if such day is not a Business Day, the next succeeding Business Day), in an amount equal to the interest accrued on such Series 2011A Participation Certificates for the period through and including the last day of the month immediately preceding such Interest Payment Date. The first Interest Payment Date for the Series 2011A Participation Certificates will be March 2, 2011.

While Series 2011A Participation Certificates bear interest at a Weekly Rate, interest will be computed on the basis of a 365 or 366-day year, as applicable, for the actual number of days elapsed.

While Series 2011A Participation Certificates bear interest at a Weekly Rate, the owners of the Series 2011A Participation Certificates will have the right to require purchase of their Series 2011A Participation Certificates on any Business Day as provided in the 2011 Indenture. See “Optional Tender for Purchase.” Funds to pay the purchase price of any Series 2011A Participation Certificates tendered for purchase will be paid by the Trustee solely from (i) first, proceeds of the remarketing of such Series 2011A Participation Certificates, and (ii) second, any other monies furnished by the Corporation for the purchase of Series 2011A Participation Certificates. See “Purchase of Tendered Series 2011A Participation Certificates.”

While Series 2011A Participation Certificates bear interest at a rate other than at a Weekly Rate, interest will be paid on such Series 2011A Participation Certificates at the times and in the manner specified in the 2011 Indenture.

Optional Tender for Purchase

A Series 2011A Participation Certificate or a portion thereof in an authorized denomination is required to be purchased upon the demand of the owner thereof, at a purchase price equal to 100% of the principal amount thereof plus interest accrued, if any, to the date of purchase, while such Series 2011A Participation Certificate bears interest at a Weekly Rate, as described below. Under the terms of the 2011 Indenture, the Trustee is not required to purchase Series 2011A Participation Certificates other than from proceeds of the remarketing of such Series 2011A Participation Certificates and other funds made available for that purpose by the Corporation. Payment will be made by the close of business on the date specified for purchase. Delivery of such Series 2011A Participation Certificates as described below is required in order for the owner to exercise the tender for purchase option. If the Series 2011A Participation Certificates are no longer held in book-entry form, each such Series 2011A Participation Certificate must also be accompanied by an instrument of transfer satisfactory to the Trustee executed in blank, and the Trustee may refuse to accept delivery of any Series 2011A Participation Certificate for which a proper instrument of transfer has not been provided. During any rate period when the Series 2011A Participation Certificates are held by DTC, DTC and the Trustee may agree as to procedures in lieu of such physical delivery. Owners of Series 2011A Participation Certificates should contact the Remarketing Agent as to what procedures should be followed to effect delivery of Series 2011A Participation Certificates to the Trustee.

While interest on the Series 2011A Participation Certificates is payable at a Weekly Rate, the owner of a Series 2011A Participation Certificate will have the right to tender any Series 2011A Participation Certificate (or portion thereof in an authorized denomination) to the Trustee for purchase on any Business Day prior to the Fixed Rate Conversion Date upon delivery to the Trustee and the Remarketing Agent at their respective principal offices, by the close of business on any Business Day, of a Notice of Election to Tender in substantially the form attached to the 2011 Indenture, provided that the substance of such Notice of Election to Tender must also be given telephonically to the Remarketing Agent prior to or simultaneously with delivery of such written Notice of Election to Tender to the Remarketing Agent. The date on which such Series

2011A Participation Certificate bearing interest at a Weekly Rate will be purchased must be a Business Day at least seven days after the date of delivery of the Notice of Election to Tender.

Any Notice of Election to Tender is irrevocable. If a Holder fails to deliver the Series 2011A Participation Certificates referred to in such notice to the Trustee, such Series 2011A Participation Certificates will nevertheless be deemed to have been purchased on the date established for the purchase thereof, and, to the extent that there is on deposit in the Series 2011A Participation Certificate Purchase Account on such date an amount sufficient to pay the principal amount thereof, plus accrued interest, if any, no interest will accrue on such Series 2011A Participation Certificates from and after the date of purchase and such Holder will have no rights under the 2011 Indenture thereafter as the owner of such Series 2011A Participation Certificates except the right to receive the purchase price of such Series 2011A Participation Certificates.

If the ownership of the Series 2011A Participation Certificates is no longer maintained in book-entry form by DTC, the payment of the Series 2011A Participation Certificates bearing interest at the Weekly Rate upon the election of the holder will be subject to delivery of such Series 2011A Participation Certificates duly endorsed in blank for transfer or accompanied by an instrument of transfer thereof in form satisfactory to the Trustee executed in blank for transfer at the designated corporate trust office of the Trustee at or prior to 11:30 a.m., New York City time, on the purchase date.

In order for the owner to receive payment for Series 2011A Participation Certificates held in book-entry form and subject to optional tender for purchase, the operational requirements followed by DTC with respect to variable rate demand obligations such as the Series 2011A Participation Certificates must be complied with in order to process the Series 2011A Participation Certificates through DTC. Beneficial owners of Series 2011A Participation Certificates are advised to contact the Remarketing Agent for the appropriate procedure by which to effectuate the tender of their Series 2011A Participation Certificates held in book-entry form.

When Series 2011A Participation Certificates bear interest at a rate other than a Weekly Rate, the rights of an owner to demand the purchase of such Series 2011A Participation Certificates are as described in the 2011 Indenture.

Alternative Interest Rate Modes

The Corporation may direct a change in the type of interest rate borne by the Series 2011A Participation Certificates (a “Change in the Interest Rate Mode”), 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, as defined in the 2011 Indenture, an “Adjustable Rate”), or a Fixed Rate, in accordance with the procedures provided in the 2011 Indenture. However, if the Series 2011A Participation Certificates are converted, in whole or in part, to a Fixed Rate, the interest rate on Series 2011A Participation Certificates so converted may not be subsequently changed to an Adjustable Rate.

If the interest rate on less than all of the Series 2011A Participation Certificates is to be converted to another Adjustable Rate or to a Fixed Rate from the existing Adjustable Rate, the

particular Series 2011A Participation Certificates or portions thereof, the interest rate on which is to be converted, will be selected by the Trustee in such manner as the Trustee in its discretion may deem proper.

Change to Another Adjustable Rate or Fixed Rate

Upon at least 30 days' written notice by the Corporation to the Trustee and the other parties specified in the 2011 Indenture, the Adjustable Rate on all or a portion of the Series 2011A Participation Certificates may be changed to a different Adjustable Rate or Rates or to a Fixed Rate. Such notice will be effective only if it is accompanied by notice that Bond Counsel expects to be able to give its opinion on the effective date of the Change in the Interest Rate Mode or on the Fixed Rate Conversion Date, as the case may be, to the effect that the proposed Change in Interest Rate Mode or conversion to a Fixed Rate is authorized by the 2011 Indenture, is permitted by the Act and will not have an adverse effect on the exclusion of interest on the Series 2011A Participation Certificates from gross income for federal income tax purposes, and subject to the other requirements contained in the 2011 Indenture.

A Change in the Interest Rate Mode from a Weekly Rate to a different Adjustable Rate or to a Fixed Rate may only be effected on an Interest Payment Date. Any Change in the Interest Rate Mode to a different Adjustable Rate or the conversion to a Fixed Rate, as the case may be, is subject to the condition, in addition to the other requirements of the 2011 Indenture, that the Trustee, the Remarketing Agent and the other parties specified in the 2011 Indenture receive, on the effective date of such Change in the Interest Rate Mode or the Fixed Rate Conversion Date, as the case may be, (i) an Opinion of Bond Counsel to the effect that the proposed Change in Interest Rate Mode or conversion to a Fixed Rate is authorized by the 2011 Indenture, is permitted by the Act and will not have an adverse effect on the exclusion of interest on the Series 2011A Participation Certificates from gross income for federal income tax purposes, and (ii) a certificate of the Corporation that all of the Series 2011A Participation Certificates tendered or deemed tendered have been purchased with funds provided from the remarketing of such Series 2011A Participation Certificates and from funds deposited by the Corporation with the Trustee.

If any of the conditions described above are not met with respect to any Change in the Interest Rate Mode or a conversion to a Fixed Rate, as the case may be, from the current Adjustable Rate, the Series 2011A Participation Certificates will continue to bear interest at the Current Adjustable Rate (unless, in connection with a proposed Change in the Interest Rate Mode, the Current Adjustable Rate is a Quarterly Rate, a Semiannual Rate or a Term Rate, in which case the Series 2011A Participation Certificates will be automatically converted to the Monthly Rate), and the Series 2011A Participation Certificates will be subject to the provisions of the 2011 Indenture applicable thereto.

It is a further condition to any Change in the Interest Rate Mode on any Series 2011A Participation Certificates from one mode to another mode that the Trustee receives written confirmation from each Rating Service then rating the Series 2011A Participation Certificates that the ratings then assigned by such Rating Service to the Series 2011A Participation Certificates will not be reduced or withdrawn by reason of such change in the Interest Rate Mode. However, for this purpose, a withdrawal of a short-term rating from any Series 2011A Participation Certificates being converted to a Fixed Rate will not be considered to be a

withdrawal of a rating if no other ratings applicable to any or all of the Series 2011A Participation Certificates will be reduced or withdrawn.

Notice Regarding Changes in Interest Rate Modes

The Corporation will give the Trustee and the other parties specified in the 2011 Indenture at least 30 days' notice of any proposed Change in the Interest Rate Mode or the establishment of the Fixed Rate. The Trustee will mail notice of any proposed Change in the Interest Rate Mode or change to the Fixed Rate to the registered owners within three Business Days of receipt of the notice thereof from the Corporation.

Mandatory Tender for Purchase

Upon a Change in the Interest Rate Mode, the Series 2011A Participation Certificates bearing interest at a Weekly Rate will be subject to mandatory tender for purchase in accordance with the terms of the 2011 Indenture on the effective date of such Change in the Interest Rate Mode, at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, in accordance with the terms of the 2011 Indenture. Similarly, the Series 2011A Participation Certificates will be subject to mandatory tender for purchase in accordance with the terms of the 2011 Indenture on the effective date of a conversion to a Fixed Rate (the "Fixed Rate Conversion Date"), at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest.

Any notice of mandatory tender for purchase will be given by the Trustee, in the name of the Corporation, by first-class mail to the holders of the Series 2011A Participation Certificates subject to purchase at their addresses shown on the books of registry.

In order for the owner to receive payment for Series 2011A Participation Certificates bearing interest at a Weekly Rate subject to mandatory tender for purchase and not held in book-entry form, physical delivery of such Series 2011A Participation Certificates will be required at the designated corporate trust office of the Trustee by 11:30 a.m. (New York City time) on the purchase date. Each such Series 2011A Participation Certificate must also be accompanied by an instrument of transfer satisfactory to the Trustee executed in blank. The Trustee may refuse to accept delivery of any Series 2011A Participation Certificates for which a proper instrument of transfer has not been provided.

In order for a registered owner to receive payment for Series 2011A Participation Certificates held in book-entry form and subject to mandatory tender for purchase, the operational requirements followed by DTC with respect to variable rate demand obligations such as the Series 2011A Participation Certificates must be complied with in order to process the Series 2011A Participation Certificates through DTC. Beneficial owners of Series 2011A Participation Certificates are advised to contact the Remarketing Agent for the appropriate procedure by which to effectuate the tender of their Series 2011A Participation Certificates held in book-entry form.

Purchase of Tendered Series 2011A Participation Certificates

On each date when any Series 2011A Participation Certificates are subject to optional or mandatory tender and purchase pursuant to the 2011 Indenture, there will be purchased (but solely from funds received by the Trustee in accordance with the 2011 Indenture) such Series 2011A Participation Certificates (or portions thereof) tendered (or deemed tendered) to the Trustee for purchase in accordance with, and at the purchase price established under, the 2011 Indenture. Funds to pay the purchase price of such Series 2011A Participation Certificates (or portions thereof) will be paid by the Trustee solely from the following sources and in the following order of priority:

- (i) proceeds of the remarketing of such Series 2011A Participation Certificates (or portions thereof); and
- (ii) any other monies furnished by the Corporation for the purchase of Series 2011A Participation Certificates.

Redemption

Optional Redemption. The Series 2011A Participation Certificates, while bearing interest at a Weekly Rate, are subject to redemption at the option of the Corporation on any Business Day, as a whole or in part, at the principal amount thereof, plus accrued interest to the date fixed for redemption.

Any optional redemption is conditioned upon the Trustee's receipt of funds sufficient to pay the redemption price of the Series 2011A Participation Certificates to be redeemed on or prior to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2011A Participation Certificates 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:

<u>July 1</u>	<u>Amount</u>
2031	\$5,975,000
2032	6,200,000
2033	6,430,000
2034	6,665,000
2035*	6,915,000

* Final Maturity

Not less than 45 days prior to the dates set forth above, the Trustee will select the Series 2011A Participation Certificates 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 2011A Participation Certificates are being redeemed by mandatory sinking fund redemption.

Selection of Series 2011A Participation Certificates to be Redeemed. If less than all Series 2011A Participation Certificates of the same interest rate mode are to be redeemed, the

Series 2011A Participation Certificates to be redeemed will be selected by the Trustee by lot in such manner as determined by the Trustee. However, so long as DTC or its nominee is the only registered owner, if less than all of the Series 2011A Participation Certificates of the same interest rate mode are to be called for redemption, the particular beneficial ownership interests to be redeemed will be selected by DTC in such manner as DTC may determine.

Notice of Redemption. If any Series 2011A Participation Certificates are called for redemption, the Trustee will mail a copy of a notice of redemption by first-class mail, not more than 45 days nor less than 20 days prior to the redemption date, to the owners of all Series 2011A Participation Certificates which are to be redeemed, at their addresses appearing on the registration books maintained by The Bank of New York Mellon Trust Company, N.A., as registrar (the “Registrar”). Notice having been given in accordance with the 2011 Indenture, failure of a registered owner to receive any such notice or any defect in a redemption notice will not affect the redemption or the validity of the proceedings for the redemption of any other Series 2011A Participation Certificates with respect to which notice was so mailed or with respect to which no such defect occurred.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2011A Participation Certificates, all notices of redemption will be sent only to Cede & Co., and delivery of notice of redemption to the DTC Participants, if any, is solely the responsibility of DTC. See “Book Entry System.”

Effect of Redemption. On the date designated for redemption by notice given as provided in the 2011 Indenture, the Series 2011A Participation Certificates so called for redemption will become and be due and payable at the redemption price provided for redemption of such Series 2011A Participation Certificates on such date. If, on the date fixed for redemption, moneys for payment of the redemption price and accrued interest are held by the Trustee or the Paying Agent as provided in the 2011 Indenture, interest on such Series 2011A Participation Certificates so called for redemption will cease to accrue, such Series 2011A Participation Certificates will cease to be entitled to any benefit or security under the 2011 Indenture except the right to receive payment from the moneys held by the Trustee or the Paying Agent, and the amount of such Series 2011A Participation Certificates so called for redemption will be deemed paid and no longer Outstanding.

Undelivered Series 2011A Participation Certificates

Any Series 2011A Participation Certificate (i) to be redeemed, (ii) subject to mandatory tender for purchase for which a registered owner has failed to make the required delivery of such Series 2011A Participation Certificate to the Trustee as described herein or (iii) with respect to which its owner has exercised an election to tender such Series 2011A Participation Certificate for purchase under the 2011 Indenture but which is not properly delivered to the Trustee, to the extent that there are on deposit with the Trustee, on or before the purchase or redemption date, amounts sufficient to pay the redemption or purchase price, as the case may be, of such Series 2011A Participation Certificates (or portions thereof, as the case may be), will cease to constitute or represent a right to payment of principal or interest thereon and will represent only the right to payment of the redemption price or purchase price payable on such date upon presentation and

surrender of such Series 2011A Participation Certificates in the manner provided in the 2011 Indenture.

Payment of Principal and Interest on Series 2011A Participation Certificates

For so long as the Series 2011A Participation Certificates are registered in the name of DTC or its nominee, payments of principal and interest will be made to DTC or its nominee by wire transfer, as described under “Book Entry System.”

Certificate Fund. Pursuant to the 1996 Indenture, the Corporation created and ordered maintained as a separate account in the custody of the Trustee a trust fund designated “Certificate Fund,” which will be used to pay the principal of and premium, if any, and interest on the Parity Certificates. The rent payments provided for under the terms of the Leases are to be remitted directly to the Trustee, deposited in the Certificate Fund and disbursed to pay the principal of and premium, if any, and interest on the Parity Certificates as the same become due and payable. The Trustee will establish and maintain, as long as any Series 2011A Participation Certificates are outstanding, an account of the Certificate Fund known as the “Series 2011A Account” into which shall be deposited, as and when received, (a) all rent payments with respect to the Series 2011A Participation Certificates under the 2009 Lease; (b) all other moneys received by the Trustee under and pursuant to any of the provisions of the 2009 Lease with respect to such Certificates which are to be paid into the Certificate Fund; and (c) any moneys received by the Trustee from the sale or disposition of the 2009 Project and allocable to such Certificates. Moneys in the Series 2011A Account of the Certificate Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Series 2011A Participation Certificates, payment of the Trustee’s fees and expenses and otherwise as provided in the 2011 Indenture. See “APPENDIX C -- Certificate Fund and Rebate Fund”.

Certificate Purchase Account. The Trustee will establish and maintain, as long as any Series 2011A Participation Certificates are outstanding, a separate account within the Certificate Fund to be known as the Series 2011A Certificate Purchase Account. The Trustee will deposit to the Series 2011A Certificate Purchase Account on or before each tender date the amount, if any, necessary to make the amount on deposit therein equal to the purchase price of any Series 2011A Participation Certificates tendered or deemed tendered for purchase pursuant to any optional tender for purchase (see “Optional Tender for Purchase”) or mandatory tender for purchase (see “Mandatory Tender for Purchase”), net of any amounts available from proceeds of remarketing.

Payments Due on Saturdays, Sundays and Holidays

In the event that the date of maturity of principal of or interest on any Series 2011A Participation Certificates or the date fixed for redemption of any Series 2011A Participation Certificates 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 2011A Participation Certificates

For so long as the Series 2011A Participation Certificates are registered in the name of DTC or its nominee, 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 2011A Participation Certificates. The Series 2011A Participation Certificates (or “Securities” in this section entitled “Book Entry System”) 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 2011A Participation Certificate (or “Security” in this section entitled “Book Entry System”) will be issued for the Series 2011A Participation Certificates, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Securities 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 Trustee or the Corporation, 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 redemption proceeds,

distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or 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.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Trustee. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

Disclaimer

THE INFORMATION PROVIDED ABOVE UNDER THIS CAPTION HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE CORPORATION, THE FOUNDATION, OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

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

- (i) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any Series 2011A Participation Certificates;
- (ii) the delivery to any Direct Participant or Indirect Participant or any other person, other than an owner, as shown in the certificate register, of any notice with respect to any Series 2011A Participation Certificate including, without limitation, any notice of redemption;
- (iii) the payment to any Direct Participant or Indirect Participant or any other person, other than an owner, as shown in the certificate register, of any amount with respect to the principal of or premium, if any, or interest on any Series 2011A Participation Certificate; or

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

Prior to any discontinuation of the book-entry only system described under this caption, the Corporation and the Trustee may treat DTC as, and deem DTC to be, the absolute owner of the Series 2011A Participation Certificates for all purposes whatsoever, including, without limitation:

- (i) the payment of the principal of and premium, if any, and interest on the Series 2011A Participation Certificates;
- (ii) giving notices of redemption and other matters with respect to the Series 2011A Participation Certificates;
- (iii) registering transfers with respect to the Series 2011A Participation Certificates; and
- (iv) the selection of Series 2011A Participation Certificates for redemption.

SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2011A PARTICIPATION CERTIFICATES

General

Each Parity Certificate evidences and represents an undivided proportionate interest in the Lease Payments required under the Leases and the assignment of the Lease Payments to be paid by the Corporation to the Trustee.

THE CORPORATION'S OBLIGATION TO MAKE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CORPORATION, THE FOUNDATION OR THE STATE OF INDIANA WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION. NEITHER THE FAITH AND CREDIT OF THE CORPORATION, THE FOUNDATION NOR THE STATE OF INDIANA IS PLEDGED TO MAKE PAYMENTS OF THE PARITY CERTIFICATES. PAYMENT OF THE PRINCIPAL OF AND INTEREST REPRESENTED BY THE PARITY CERTIFICATES WILL BE MADE BY THE TRUSTEE SOLELY FROM AMOUNTS DERIVED UNDER THE TERMS OF THE LEASES, INCLUDING LEASE PAYMENTS, AND AMOUNTS FROM TIME TO TIME ON DEPOSIT WITH THE TRUSTEE UNDER THE TERMS OF THE INDENTURE. OBLIGATIONS TO MAKE LEASE PAYMENTS ARE LIMITED TO AVAILABLE FUNDS OF THE CORPORATION WHICH MAY BE LAWFULLY USED BY THE CORPORATION FOR SUCH PURPOSES. MANDATORY STUDENT FEES AND STATE APPROPRIATIONS ARE NOT AVAILABLE FUNDS.

Security

The Series 2011A Participation Certificates will be delivered pursuant to the 2011 Indenture. Each Parity Certificate represents an undivided proportionate interest of the registered owners in the Lease Payments required to be paid by the Corporation to the Trustee under the Leases, as rental for certain real property.

In the Indenture, in order to secure the payment of the principal of and premium, if any, and interest on the Parity Certificates, and to secure the performance and observance of all covenants and conditions contained in the Parity Certificates and the Indenture, the Foundation has pledged, mortgaged and assigned to the Trustee, and granted to the Trustee a security interest in, all right, title and interest of the Foundation in or to the following (the “Trust Estate”):

- (a) certain real estate located in Tippecanoe County and Allen County, Indiana;
- (b) the Projects located on such real estate;
- (c) all moneys and investments in the Certificate Fund under the Indenture, including, without limitation, all rentals and other moneys to be received by or on behalf of the Trustee from the leasing of the Projects and in particular the rentals and other moneys to be received under and pursuant to and subject to the provisions of the Leases, all subject to and in accordance with the Indenture;
- (d) all moneys and investments in the Project Fund under the Indenture; and
- (e) any real or personal property pledged, mortgaged or assigned by the Foundation to the Trustee, or in which the Foundation grants to the Trustee a security interest, under any indenture supplemental to the Indenture.

The Lessor has previously transferred or will transfer and assign all of its rights in and obligations under the Leases to the Trustee by the Assignments for the benefit of the registered owners of the Parity Certificates. After the transfer, the Trustee will assume the rights and duties of the Lessor for all purposes of the Leases and the Lessor will have no continuing interest in, or responsibility with respect to, the Leases, the Leased Property under the Leases or the Lease Payments. However, the Lessor will retain its obligations to construct the 2009 Project under the 2009 Lease. The Lessor holds title to the Leased Property. The Leases grant to the Lessor, upon default and notice, the right to take possession of the Leased Property. See “SUMMARY OF LEGAL DOCUMENTS: 2011 INDENTURE AND THE INDENTURE, 2009 LEASE, 2001 LEASE AND PARKING LEASES -- THE 2009 LEASE -- Defaults,” “-- THE 2001 LEASE -- Defaults” and “-- PARKING LEASES -- Defaults” in APPENDIX C. The Indenture constitutes a mortgage of the Leased Property to the Trustee.

Sources of Payment

The Parity Certificates will be payable by the Trustee solely from the Trust Estate, including Lease Payments required to be made by the Corporation under the Leases.

The Leases are not subject to annual review by the Corporation. The Leases are subject to early termination under certain circumstances, as described in APPENDIX C. These circumstances include, among other things, the exercise by the Corporation of its option to purchase the Leased Property or the destruction or condemnation of the Leased Property. Under the Leases, the Corporation is required to maintain property insurance in an amount not less than the principal amount of Parity Certificates outstanding at all times. See “SUMMARY OF LEGAL DOCUMENTS: 2011 INDENTURE AND THE INDENTURE, 2009 LEASE, 2001

LEASE AND PARKING LEASES -- THE 2009 LEASE -- Option to Purchase Leased Property by the Corporation,” “-- Insurance” and “-- Condemnation,” “-- THE 2001 LEASE -- Option to Purchase Leased Property by the Corporation,” “-- Insurance” and “-- Condemnation” and “-- PARKING LEASES -- Option to Purchase Leased Property by the Corporation” in APPENDIX C.

The Corporation is required under the Leases to make Lease Payments at times and in amounts sufficient to make the principal and interest payments represented by the Series 2011A Participation Certificates and other Parity Certificates, including any liquidity or bond purchase requirements under variable rate demand instruments, and will pay as additional rental the amount of the Trustee fees, unless the Leases are terminated. Under the Indenture, “Additional Participation Certificates” may be issued from time to time on a parity basis with the Series 2011A Participation Certificates, the 2009 Certificates, the 2006 Certificates and the 1998 Certificates in order to finance or refinance additional costs of the 2009 Project and additional parking or athletic facilities as described more fully in APPENDIX C hereto under the heading “THE 2011 INDENTURE AND THE INDENTURE -- Additional Participation Certificates”.

The Lessee has also covenanted and agreed in the Leases that it will use and apply any available funds, to the extent necessary, for the purpose of satisfying its obligations under the Leases; however, *mandatory student fees assessed all students, which include all academic fees assessed by the Corporation against students attending Purdue University, and appropriations by the State of Indiana shall not be considered available for the payment of such obligations.* Notwithstanding any other provisions of the Leases, the obligations imposed upon the Corporation under the Leases for the payment of rent or making of other expenditures of money shall be and remain subject to the availability of funds which may lawfully be used by the Corporation for such purposes. No obligation imposed on the Corporation shall be or become an indebtedness of or liability against the State of Indiana. See “SUMMARY OF LEGAL DOCUMENTS: 2011 INDENTURE AND THE INDENTURE, 2009 LEASE, 2001 LEASE AND PARKING LEASES -- THE 2009 LEASE -- Corporation’s Obligations Payable From and Subject to Available Funds,” “-- THE 2001 LEASE -- Corporation’s Obligations Payable From and Subject to Available Funds” and “PARKING LEASES -- Corporation’s Obligations Subject to Available Funds” in APPENDIX C.

The Corporation is also required under the Leases to pay any taxes and assessments and the cost of maintenance and repair of the Leased Property. See “SUMMARY OF LEGAL DOCUMENTS: 2011 INDENTURE AND THE INDENTURE, 2009 LEASE, 2001 LEASE AND PARKING LEASES -- THE 2009 LEASE -- Additional Rental Payments and Other Charges” and “-- Repairs and Maintenance,” “THE 2001 LEASE -- Additional Rental Payments and Other Charges” and “-- Repairs and Maintenance” and “PARKING LEASES -- Additional Rental Payments and Other Charges” and “-- Repairs and Maintenance” in APPENDIX C.

Schedule of Estimated Annual Payments to Certificate Owners

The following table sets forth the estimated scheduled payments on the 1998 Certificates, the 2006 Certificates, the 2009 Certificates and the Series 2011A Participation Certificates:

Certificate Year Ending July 1	Series 2011A Certificates			Series 2009 Certificates ^{2,3}	Series 2006 Certificates	Series 1998 Certificates	Combined Total Payments ^{1,2,3}
	Principal	Interest ^{1,2}	Total ^{1,2}				
2011			\$0.00	\$817,288.92	\$5,148,850.00	\$946,117.50	\$6,912,256.42
2012		\$753,672.33	753,672.33	4,110,369.99	5,145,600.00	946,337.50	10,955,979.82
2013		1,124,662.08	1,124,662.08	4,411,486.20	5,146,350.00	944,137.50	11,626,635.78
2014		1,126,475.02	1,126,475.02	4,413,736.20	5,142,750.00	941,612.50	11,624,573.72
2015		1,126,475.02	1,126,475.02	4,410,736.20	5,144,950.00	941,987.50	11,624,148.72
2016		1,128,287.98	1,128,287.98	4,415,111.20	5,138,200.00		10,681,599.18
2017		1,124,662.08	1,124,662.08	4,385,392.80	4,549,450.00		10,059,504.88
2018		1,126,475.02	1,126,475.02	4,353,844.00	4,550,850.00		10,031,169.02
2019		1,126,475.02	1,126,475.02	4,315,332.40	4,554,900.00		9,996,707.42
2020		1,128,287.98	1,128,287.98	4,281,873.00	4,556,075.00		9,966,235.98
2021		1,124,662.08	1,124,662.08	4,237,414.50	4,549,112.50		9,911,189.08
2022		1,126,475.02	1,126,475.02	4,196,702.50	4,554,012.50		9,877,190.02
2023		1,126,475.02	1,126,475.02	4,147,810.70	4,554,725.00		9,829,010.72
2024		1,128,287.98	1,128,287.98	4,098,054.10	4,550,987.50		9,777,329.58
2025		1,124,662.08	1,124,662.08	4,047,073.30	4,552,537.50		9,724,272.88
2026		1,126,475.02	1,126,475.02	3,992,957.95	4,548,587.50		9,668,020.47
2027		1,126,475.02	1,126,475.02	3,932,289.90	4,555,725.00		9,614,489.92
2028		1,128,287.98	1,128,287.98	3,870,069.15			4,998,357.13
2029		1,124,662.08	1,124,662.08	3,805,997.85			4,930,659.93
2030		1,126,475.02	1,126,475.02	3,739,778.15			4,866,253.17
2031	\$5,975,000.00	1,126,475.02	7,101,475.02	3,666,112.20			10,767,587.22
2032	6,200,000.00	918,826.38	7,118,826.38				7,118,826.38
2033	6,430,000.00	699,222.84	7,129,222.84				7,129,222.84
2034	6,665,000.00	475,300.02	7,140,300.02				7,140,300.02
2035	6,915,000.00	242,025.03	7,157,025.03				7,157,025.03
	<u>\$32,185,000.00</u>	<u>\$24,490,259.12</u>	<u>\$56,675,259.12</u>	<u>\$83,649,431.21</u>	<u>\$80,943,662.50</u>	<u>\$4,720,192.50</u>	<u>\$225,988,545.33</u>

¹ Assumes an interest rate of 1.0% per annum through 11/1/2011 and 3.5% per annum thereafter on the Series 2011A Participation Certificates

² Net of Capitalized Interest

³ Gross interest obligations on Series 2009B Participation Certificates, prior to direct pay subsidy

ROSS-ADE FOUNDATION

The Ross-Ade Foundation was organized in 1924 to promote and develop the educational and physical welfare of Purdue University students with funds that could not be provided from State appropriations. The Foundation has built the football stadium known as Ross-Ade Stadium, the basketball arena known as Mackey Arena, parking garages and golf courses, and has been instrumental in the development of the regional campuses by acquiring the land and constructing the facilities. All of the facilities are leased to the Corporation on a cost basis. The five member Board of Directors of the Foundation includes two members of the Board of Trustees of the Corporation.

The Foundation has assisted the Corporation in financing many of its capital programs through lease-purchase arrangements. Each lease to the Corporation is in the amount equal to the Foundation's principal and interest payment on the borrowed funds to construct the facility. Once the borrowed funds are repaid, title to the facility is transferred to the Corporation unless otherwise agreed. The Corporation and the Foundation have entered into lease-purchase agreements securing loans with a total outstanding balance, as of February 1, 2011, in the amount of \$109,060,000 (excluding the Series 2011A Participation Certificates). The Corporation and the Foundation may borrow additional funds and enter into additional lease-purchase agreements secured by and payable from any available funds of the Corporation, at any time and without the consent of the owners of the Series 2011A Participation Certificates.

THE PROJECTS

2009 Project

The renovation of Mackey Arena will include a significant addition for a basketball practice court, athletic offices and student-athlete training facilities as well as the relocation of the two outdoor football practice fields and the F parking lot, creating the Mackey Arena Complex. This project will bring Mackey Arena into the 21st century in terms of program space and fan amenities. To enable this project, the Grand Prix Track has been relocated to the Northwest Athletic Site and an additional parking area created. The relocation of the athletic offices to the new addition will allow for a subsequent renovation to the Intercollegiate Athletic Facility for an expanded student-athlete academic center.

The project will remedy current deficiencies in student-athlete academic space, sports medicine and rehabilitation room, strength and conditioning facilities and locker and meeting rooms and provide additional ADA accommodations.

With this project, Purdue will be able to preserve the history and tradition of Mackey Arena, a facility that has been an integral component of the campus since 1967. At the same time, this project will avoid the need to construct two buildings in the Intercollegiate Athletics Facilities Master Plan, while upgrading Mackey Arena at roughly one-third the cost of a new arena. Debt service on the Series 2011A Participation Certificates and the 2009 Participation Certificates is expected to be funded from Big 10 Channel incremental revenues, premium seating and concessions sales.

Parking Projects

The following is a list of Purdue University's parking garages which have been financed or refinanced through the use of Parity Certificates.

Facility	Original Date
<u>West Lafayette Campus:</u>	
Parking Garage VI	1985
Parking Garage VII	1988
Parking Garage VIII	1990
Parking Garage IX	1994
<u>Regional Campus:</u>	
Fort Wayne Parking Garage I	1990
Fort Wayne Parking Garage II	1996

Ross-Ade Stadium

Ross-Ade Stadium has been the home to Purdue football for the past 87 seasons. Ross-Ade Stadium was dedicated in 1924 and had an original seating capacity of 13,500 with standing room for an additional 5,000. From 1924 until 1970, the facility was expanded six times. In 2001, Ross-Ade Stadium underwent a \$70 million renovation to make it a more functional and fan-friendly facility. This expansion included widening of concourses, increasing restrooms and concession points of sale, addressing ADA code requirements, and widening the aisles. The addition of premium seating (club seats and suites) provides the revenue stream to fund a portion of the annual debt service on related participation certificates. Current seating capacity is 62,500.

PURDUE ATHLETIC PROGRAM

The Intercollegiate Athletic program at Purdue University consists of twenty men's and women's sports that compete at the NCAA Division I level as members of the Big Ten Conference. In 2009-2010, 472 scholarship athletes participated in basketball, cross country, golf, soccer, softball, swimming and diving, tennis, indoor and outdoor track and field, volleyball, baseball, football and wrestling. The current vision of the program is to be a nationally prominent athletic organization that is excellent in all respects, which includes both a top 25 ranking athletically as well as a graduation success rate (GSR) of at least 85% for its student athletes.

PARKING PROGRAM

In 1963 it became apparent to the Corporation that in order to meet the demand for parking spaces of staff and students it would be necessary to construct garages, and that it would require a charge for parking to finance these garages. A yearly parking fee for staff and commuter students was approved and first charged on September 1, 1963. In addition to income

generated from the staff and student yearly parking permits, the parking program also generates income from visitor garage parking, parking meters, fines, and investment income.

Beginning in the fall of 2003 on the West Lafayette campus, a 4-stage program of increasing fees for parking permits was implemented with the goal of creating a self supporting auxiliary enterprise funded by users of the system. Prior to that time, the parking program was subsidized with University funding from an interest bearing reserve account and endowment income. All four increases have been implemented. The program is projected to be financially self sufficient in fiscal year 2013-14.

The Corporation and the Foundation in 1963 entered into an agreement whereby the Foundation would borrow funds for the construction of a garage and lease the garage to the Corporation at an annual amount equal to the Foundation's annual debt service cost. The agreement also stipulated that when the debt is paid off the Foundation would transfer title to the garage to the Corporation. This financial arrangement for the construction of parking facilities has continued and to date eleven parking garages and a number of surface parking lots have been constructed.

There are 15,771 parking spaces on the West Lafayette campus, and 4,319 on the Fort Wayne campus. Of the West Lafayette spaces, 7,134 spaces are in garages and 8,637 are in surface parking lots. Of the Fort Wayne spaces, 1,652 spaces are in parking garages and 2,667 are in surface parking lots. A breakdown of the spaces available by type as of the 2010 fall semester is as follows:

<u>Type</u>	<u>West Lafayette</u>	<u>Fort Wayne</u>
Reserved	430	N/A
A Permits	4,979	580
B Permits	792	N/A
Commuter Permits	3,680	3,470
Meters	220	113
University Vehicles	370	29
Residence Halls	5,300	N/A
Handicapped	included above	127

CERTIFICATE HOLDERS' RISKS

The purchase of the Series 2011A Participation Certificates involves certain investment risks, some of which are described in this Official Statement. Accordingly, each prospective purchaser should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain of these risks are as follows:

- **Limited Obligations:** Each Participation Certificate represents an undivided proportionate interest in the rights to receive payments made by the Corporation under the Leases. The obligations of the Corporation to make such payments do not constitute indebtedness of the Corporation and are limited to available funds

of the Corporation which may be lawfully used for such purposes. Mandatory student fees (including all academic fees, however denominated, assessed against students) and appropriations from the State of Indiana are not considered to be available funds for these purposes.

- **Limited Nature of Leased Property:** The Leased Property, which includes (1) Mackey Arena and related or adjacent athletic facilities, (2) various parking garages on Purdue's West Lafayette and Ft. Wayne campuses and (3) the Ross-Ade Stadium and certain adjoining facilities, utilities and appurtenances located on the Purdue University campus in West Lafayette, are designed principally for the respective purposes (1) of providing parking facilities for the Purdue faculty, staff, students and visitors and (2) of staging athletic events, most specifically games of the Purdue University football and basketball teams. Due to the limited possible uses of the Leased Property, it is unlikely that the proceeds of any sale, lease or other disposition of the Leased Property by the Trustee upon an event of default under the Leases would be sufficient to pay principal of or interest on all or a substantial portion of the Parity Certificates.

SPECIAL CONSIDERATIONS RELATING TO THE SERIES 2011A PARTICIPATION CERTIFICATES

The Remarketing Agent is Paid by the Corporation

The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing the Series 2011A Participation Certificates that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the Corporation and is paid by the Corporation for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Series 2011A Participation Certificates.

The Remarketing Agent Routinely Purchases Series 2011A Participation Certificates for its Own Account

The Remarketing Agent is permitted, but not obligated, to purchase tendered Series 2011A Participation Certificates for its own account. The Remarketing Agent, in its sole discretion, routinely acquires tendered Series 2011A Participation Certificates for its own inventory in order to achieve a successful remarketing of the Series 2011A Participation Certificates (i.e., because there otherwise are not enough buyers to purchase the Series 2011A Participation Certificates) or for other reasons. However, the Remarketing Agent is not obligated to purchase Series 2011A Participation Certificates, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Series 2011A Participation Certificates by routinely purchasing and selling the Series 2011A Participation Certificates other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Series 2011A Participation Certificates. The Remarketing Agent may also sell any Series 2011A Participation Certificates it has purchased to one or more affiliated investment vehicles

for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 2011A Participation Certificates. The purchase of Series 2011A Participation Certificates by the Remarketing Agent may create the appearance that there is greater third party demand for the Series 2011A Participation Certificates in the market than is actually the case. The practices described above also may reduce the supply of Series 2011A Participation Certificates that may be tendered in a remarketing.

Series 2011A Participation Certificates May be Offered at Different Prices on Any Date

The Remarketing Agent is required to determine on and as of each Determination Date the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Series 2011A Participation Certificates in a secondary market transaction at a price equal to 100% of the principal amount thereof. The interest rate will reflect, among other factors, the level of market demand for the Series 2011A Participation Certificates (including whether the Remarketing Agent is willing to purchase Series 2011A Participation Certificates for its own account). There may or may not be Series 2011A Participation Certificates tendered and remarketed on a Determination Date, the Remarketing Agent may or may not be able to remarket any Series 2011A Participation Certificates tendered for purchase on such date at par and the Remarketing Agent may sell Series 2011A Participation Certificates at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Series 2011A Participation Certificates at the remarketing price. In the event the Remarketing Agent owns any Series 2011A Participation Certificates for its own account, the Remarketing Agent may, in its sole discretion in a secondary market transaction outside the tender process, offer the Series 2011A Participation Certificates on any date, including any Determination Date, at a discount to par to some investors.

The Ability to Sell the Series 2011A Participation Certificates other than through Tender Process May Be Limited

While the Remarketing Agent may buy and sell Series 2011A Participation Certificates, it is not obligated to do so and may cease doing so at any time without notice. Thus, investors who purchase the Series 2011A Participation Certificates, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2011A Participation Certificates other than by tendering the Series 2011A Participation Certificates in accordance with the tender process.

Remarketing Agent may Be Removed, Resign or Cease Remarketing the Series 2011A Participation Certificates, Without a Successor Being Named

Under certain circumstances, the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement and the 2011 Indenture.

TAX MATTERS

In the opinion of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2011A Participation

Certificates is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) for federal income tax purposes. This opinion relates only to the exclusion from gross income of interest on the Series 2011A Participation Certificates for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the Corporation with the Tax Covenants (hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Series 2011A Participation Certificates to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. In the opinion of Bond Counsel under existing laws, regulations, judicial decisions and rulings, interest on the Series 2011A Participation Certificates is exempt from income taxation in the State of Indiana. This opinion relates only to the exemption of interest on the Series 2011A Participation Certificates for the State of Indiana income tax purposes. See APPENDIX D for the form of opinion of Bond Counsel with respect to the Series 2011A Participation Certificates.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2011A Participation Certificates as a condition to the exclusion from gross income of interest on the Series 2011A Participation Certificates for federal income tax purposes. The Corporation will covenant not to take any action, within its power and control, nor fail to take any action with respect to the Series 2011A Participation Certificates that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2011A Participation Certificates pursuant to Section 103 of the Code and will covenant to adopt and maintain appropriate procedures to accomplish such purpose (collectively, the “Tax Covenants”). The Tax Covenants are based solely on the laws and regulations in effect on the date of delivery of the Series 2011A Participation Certificates. The 2011 Indenture and certain certificates and agreements to be delivered on the date of delivery of the Series 2011A Participation Certificates establish procedures under which compliance with the requirements of the Code can be met. It is not an event of default under the 2009 Indenture if the interest on the Series 2011A Participation Certificates is not excludable from gross income for federal income tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the Series 2011A Participation Certificates.

The interest on the Series 2011A Participation Certificates is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes but is included in adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Series 2011A Participation Certificates are *not* qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Code.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, includes all corporations which are transacting the business of a financial institution in Indiana. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code. Taxpayers should consult their own tax advisors regarding the impact of Indiana Code 6-5.5 on their ownership of the Series 2011A Participation Certificates.

The accrual or receipt of interest on the Series 2011A Participation Certificates may affect an owner’s federal or state tax liability in other ways. 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 express no opinion regarding any other such tax consequences. The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Series 2011A Participation Certificates. Prospective purchasers of the Series 2011A Participation Certificates should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Series 2011A Participation Certificates.

RATINGS

Moody's Investors Service Inc. ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., ("S&P") have assigned to the Series 2011A Participation Certificates the ratings of "Aaa/VMIG1" and "AA+/A-1+", respectively. No application was made to any other rating service for the purpose of obtaining additional ratings on the Series 2011A Participation Certificates. The Foundation and the Corporation have furnished Moody's and S&P with certain information and materials relating to the Series 2011A Participation Certificates and themselves which have not been included in this Official Statement.

Moody's

The Moody's ratings above reflect only the view of Moody's. An explanation of the significance of Moody's rating may be obtained from Moody's at 99 Church Street, New York, New York 10007. The rating is not a recommendation to buy or hold the Series 2011A Participation Certificates and there is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's in its judgment, if circumstances so warrant. Any such downward revision or withdrawal of such rating by Moody's may have an adverse effect on the market price of the Series 2011A Participation Certificates.

Standard & Poor's

A Standard & Poor's public finance debt rating is a current assessment of the creditworthiness of an obligor with respect to a specific obligation. This assessment may take into consideration obligors such as guarantors, insurers, or lessees. The debt rating is not a recommendation to purchase, sell, or hold a security, inasmuch as it does not comment as to market price or suitability for a particular investor. The ratings are based on current information furnished by the issuer or obtained by S&P from other sources it considers reliable. S&P does not perform an audit in connection with any rating and may, on occasion, rely on unaudited financial information. The ratings may be changed, suspended, or withdrawn as a result of changes in or unavailability of such information, or for other circumstances.

UNDERWRITING

Under the Series 2011A Certificate Purchase Agreement among the Foundation, Trustee and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter"), the Series 2011A Participation Certificates are being purchased at an aggregate discount of \$50,321.94 from the initial public offering price set forth on the cover hereof. The Series 2011A Certificate Purchase

Agreement provides that the Underwriter will purchase all of the Series 2011A Participation Certificates if any are purchased.

The Underwriter may offer and sell the Series 2011A Participation Certificates to certain dealers (including dealers depositing Series 2011A Participation Certificates into unit investment trusts) and others at prices lower than the initial public offering price stated on the cover hereof. The initial offering price may be changed from time to time by the Underwriter.

CERTAIN LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2011A Participation Certificates are subject to the approval of Ice Miller LLP, Indianapolis, Indiana, Bond Counsel. The form of approving opinion of Bond Counsel with respect to the Series 2011A Participation Certificates is attached hereto as APPENDIX D. Ice Miller LLP will also serve as Disclosure Counsel. Certain legal matters will be subject to the approval of Stuart & Branigin LLP, Lafayette, Indiana, counsel to the Foundation and the Corporation, and Barnes & Thornburg LLP, Indianapolis, Indiana, counsel to the Underwriter. The form of opinion of Stuart & Branigin LLP, as counsel to the Corporation, is attached as Appendix F.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the Series 2011A Participation Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By tendering 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 2011A Participation Certificates 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 2011A Participation Certificates in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

LITIGATION

Absence of Litigation Related to Series 2011A Participation Certificates

There are no lawsuits pending or, to the best of the knowledge of appropriate Corporation and Foundation officials, threatened against the Corporation or the Foundation which question their respective right to enter into the Financing Documents (as described below) or the validity or enforceability of the Financing Documents or to consummate the transactions described in the Financing Documents or in this Official Statement; nor are there any lawsuits pending or, to the best of the knowledge of such officials, are there any lawsuits threatened against the Corporation or Foundation which, if decided adversely to the Corporation or Foundation, would, individually or in the aggregate, impair the Corporation's and Foundation's ability to comply with all the requirements set forth in the Financing Documents or have a material adverse effect upon the financial condition of the Corporation or the Foundation.

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.

MISCELLANEOUS

Copies of the form of the Leases, the Assignments, the Indenture and the Continuing Disclosure Undertaking Agreement (collectively, the "Financing Documents") referred to in this Official Statement may be obtained, until the delivery of the Series 2011A Participation Certificates, from the Underwriter upon request to: Merrill Lynch, Pierce, Fenner & Smith Incorporated, 4 World Financial Center, 9th Floor, New York, New York 10080. After delivery of the Series 2011A Participation Certificates, copies of such documents may be obtained by Owners from the Trustee upon request at: 300 North Meridian Street, Indianapolis, Indiana, 46204, Attention: Corporate Trust Department.

The Board of Trustees of The Trustees of Purdue University and the Board of Directors of the Ross-Ade Foundation have authorized the distribution of this Official Statement.

Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any such statement will be realized. The agreements of the Foundation and the Corporation are fully set forth in the Indenture and the Leases in accordance with the Act. Neither any advertisement of the Series 2011A Participation Certificates nor this Official Statement is to be construed as constituting a contract or agreement between the Foundation or the Corporation and the purchasers or owners of the Series 2011A Participation Certificates.

ROSS-ADE FOUNDATION

By: /s/ Joseph B. Hornett
Joseph B. Hornett, Treasurer

THE TRUSTEES OF PURDUE UNIVERSITY

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

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APPENDIX A

PURDUE UNIVERSITY

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**Purdue University
and
The Trustees of Purdue University**

General

Purdue University (the "University") was established in 1869 and is one of sixty-eight land-grant colleges and universities created as a result of the Morrill Act of 1862. The University was originally established to teach agricultural and mechanical arts and was named in honor of John Purdue, a substantial donor to the University. The University is one of the seven state-supported universities in Indiana. The University has grown from 39 students and six instructors at its inception, to an estimated population in excess of 69,000 full-time and part-time students and more than 5,000 faculty on its main, regional and statewide campuses as of Fall 2010. An additional 5,065 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; Education; Engineering; Health and Human Sciences; Liberal Arts; Management; Pharmacy; Science; Technology; and Veterinary Medicine. Undergraduate, Masters and Doctor of Philosophy degrees are awarded in all schools. The University also awards the professional degrees of Doctor of Pharmacy and Doctor of Veterinary Medicine.

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

Calumet - Education; Engineering; 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 Higher Learning Commission of the North Central Association of Colleges and Schools. Twenty-five other professional agencies have accredited various schools, departments and programs within the University. The University is also a member of the Association of American Universities.

Strategic Plan

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

Trustees

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

The Board of Trustees of the Corporation

Keith J. Krach, *Chairman of the Board*
Mamon M. Powers, Jr., *Vice Chairman of the Board*

Michael J. Birck
JoAnn Brouillette
Michael R. Berghoff
John D. Hardin, Jr.

Gary Lehman
Thomas E. Spurgeon
Donald Thompson
Tyler J. Teykl

Officers of the Corporation

The current officers of the Corporation are listed below.

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

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

* To retire on April 15, 2011; Janice A. Beard named to succeed.

**See "Chancellor Search, Purdue University Calumet"

Student Admissions

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

ACADEMIC YEAR	APPLICATIONS RECEIVED	APPLICATIONS ACCEPTED	PERCENT ACCEPTED	STUDENTS ENROLLED	YIELD OVERALL	YIELD IN STATE
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%
2009-10	27,213	19,905	73.1%	6,171	31.0%	56.5%
2010-11	30,693	19,993	65.1%	6,347	31.7%	58.8%

The freshman applicants at the West Lafayette campus for the fall semesters 2006 through 2010 had an average combined score for the Scholastic Aptitude Test (SAT) verbal and mathematical test of 1142, 1145, 1152, 1161, and 1190 respectively. Sixty-five percent of the Fall 2010 freshman class had a high school grade point average between 3.5 and 4.0 and ninety-four percent of the Fall 2010 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 2006-07 through 2010-11. Approximately 37% of the total undergraduate and graduate students at the West Lafayette campus and approximately 8% at the regional campuses were non-residents of the State of Indiana during 2010-11.

ACADEMIC YEAR	WEST LAFAYETTE CAMPUS TUITION AND FEES				
	FULL-TIME (PER ACADEMIC YEAR)		PART-TIME (PER CREDIT HOUR)		
	INDIANA RESIDENT	NON-RESIDENT	INDIANA RESIDENT	NON-RESIDENT	
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
2009-10	2,3	8,638	25,118	309	835
2010-11	2,3	9,070	26,622	325	885

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, \$137 in Fall 2008, \$144 in Fall 2009 and \$151 in Fall 2010. For purposes of assessing the R&R fee, students are defined as those beginning Summer 2006 and thereafter. All students will be assessed the R&R fee effective Fall 2011.

³ All students will be assessed the New to Campus fee of \$250 per semester effective Fall 2014.

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

The table below sets forth the tuition and fees charged per academic year to students attending each regional campus of the University for the academic years 2006-07 through 2010-11. The tuition and fees listed assume that undergraduate students are enrolled for 30 hours per academic year and graduate students are enrolled for 24 hours per academic year.

**REGIONAL CAMPUS TUITION AND FEES
(PER ACADEMIC YEAR)**

CALUMET

ACADEMIC YEAR		UNDERGRADUATE		GRADUATE	
		INDIANA RESIDENT	NON-RESIDENT	INDIANA RESIDENT	NON-RESIDENT
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
2009-10	6	6,308	14,115	6,146	12,966
2010-11	7	6,623	14,961	6,454	13,744

FORT WAYNE

ACADEMIC YEAR		UNDERGRADUATE		GRADUATE	
		INDIANA RESIDENT	NON-RESIDENT	INDIANA RESIDENT	NON-RESIDENT
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
2009-10	6	6,926	16,478	6,830	15,322
2010-11	7	7,272	17,466	7,172	16,241

NORTH CENTRAL

ACADEMIC YEAR		UNDERGRADUATE		GRADUATE	
		INDIANA RESIDENT	NON-RESIDENT	INDIANA RESIDENT	NON-RESIDENT
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
2009-10	6	6,384	15,057	6,205	13,836
2010-11	7	6,704	15,960	6,515	14,666

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.

⁶ Includes the Repair & Rehabilitation (R&R) fee of \$3.10, \$2.80 and \$2.30 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2009. Students, for purposes of assessing the R&R fee, are defined as those beginning Summer 2006 for North Central and Fall 2006 for Calumet and Fort Wayne. All students will be assessed the R&R fee effective Fall 2011.

⁷ Includes the Repair & Rehabilitation (R&R) fee of \$3.25, \$2.95 and \$2.40 per credit hour for Calumet, Fort Wayne and North Central, respectively, in Fall 2010. Students, for purposes of assessing the R&R fee, are defined as those beginning Summer 2006 for North Central and Fall 2006 for Calumet and Fort Wayne. All students will be assessed the R&R fee effective Fall 2011.

Student Enrollment

The University attracts students from a variety of backgrounds and geographical locations. In the most recent year reported below, approximately 55% of the University's students are residents of Indiana. The student body represents all 50 states and 125 countries. The following table presents the University's headcount enrollment for the Fall semester of the academic years 2006-07 through 2010-11.

ACADEMIC YEAR	WEST LAFAYETTE CAMPUS			REGIONAL CAMPUSES			STATEWIDE TECHNOLOGY	UNIVERSITY TOTAL ¹
	FULL-TIME	PART-TIME	TOTAL	FULL-TIME	PART-TIME	TOTAL		
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
2009-10	36,487	3,210	39,697	17,427	10,844	28,271	1,387	69,355
2010-11	36,392	3,334	39,726	18,083	10,530	28,613	1,355	69,694

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

ACADEMIC YEAR	WEST LAFAYETTE			FULL-TIME EQUIVALENT ²	PURDUE SYSTEM FULL-TIME EQUIVALENT ^{1,2}
	UNDERGRADUATE	GRADUATE & PROFESSIONAL	TOTAL		
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	38,585	57,783
2009-10	31,145	8,552	39,697	37,986	58,886
2010-11	30,836	8,890	39,726	37,959	59,271

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

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

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

Faculty and Employees

As of October 2010, the University's faculty and staff aggregate total was 19,436. Of the total faculty, 69% hold tenured/tenure track appointments.

	West Lafayette	Regional & Statewide Technology	Total
Tenured/Tenure Track Faculty			
Academic, Associate and Assistant Deans	57	22	79
Academic Department Heads	75	50	125
Professors	803	160	963
Associate Professors	530	275	805
Assistant Professors	422	214	636
Instructors	1	8	9
Sub-Total of Tenured/Tenure Track Faculty	1,888	729	2,617
Non-Tenure Appointments			
Clinical/Professional	107	38	145
Research Faculty	32	0	32
Visiting Faculty	70	40	110
Post Doctoral	367	2	369
Sub-Total of Non-Tenure Appointments	576	80	656
Continuing Lecturers and Limited-Term Lecturers¹			
Continuing Lecturers	141	124	265
Limited-Term Lecturers	148	909	1,057
Sub-Total of Continuing Lecturers and Limited-Term Lecturers	289	1,033	1,322
Adjunct Faculty			
Adjunct Faculty	329	209	538
Sub-Total of Adjunct Faculty	329	209	538
Graduate Student Staff			
Graduate Assistants	1,699	76	1,775
Fellow Administered as Graduate Assistant	142	0	142
Graduate Lecturers	36	0	36
Graduate Research Assistants	2,527	14	2,541
Graduate Administrative/Professional	258	23	281
Graduate Aides	0	207	207
Sub-Total of Graduate Student Staff	4,662	320	4,982
Staff			
Management	530	105	635
Administrative Staff	1,076	273	1,349
Operations Assistant	404	79	483
Professional Staff	290	18	308
Professional Assistant	1,225	205	1,430
Technical Assistant	268	17	285
Extension Educators	294	0	294
Clerical Staff	1,252	369	1,621
Service Staff	2,479	437	2,916
Sub-Total of Staff	7,818	1,503	9,321
GRAND TOTAL ALL STAFF	15,562	3,874	19,436

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

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

Facilities (As of Fall 2010)

Academic, Administrative, Athletic and Residential Facilities: The University has 214 principal buildings used for academic instruction, research, athletics, residential and administrative functions. These buildings are located on the University's four campuses that comprise 3,683 acres. The University, together with related foundations, also owns 14,268 acres of land used for agricultural purposes throughout the state.

Libraries: The Purdue University Libraries system is made up of the 12 libraries and Archives and Special Collections, with over 2,500,000 volumes, more than 295,000 electronic books and other information sources, and over 48,000 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 will provide 11,590 spaces for students in 2010-11. The Fort Wayne campus will provide 1,204 spaces and the Calumet campus will provide 744 spaces for students in 2010-11. Occupancy on the West Lafayette campus is projected at 96.4% for the upcoming academic year. Occupancy is projected at 90.9% on the Fort Wayne campus and 81.2% on the Calumet campus.

The predominant rates for room and board for students at the West Lafayette campus for the current 2010-11 academic year are \$10,038 with 20 meals per week, \$9,666 with 15 meals per week, \$9,388 with 12 meals per week, and \$8,994 with 10 meals per week. The 2010-11 monthly housing rates at the Fort Wayne campus and Calumet campus are \$399 to \$728 and \$490 to \$570, respectively. The Fort Wayne minimum monthly rate is lower than reported in previous years as in August 2010 phase III of Fort Wayne Housing came on line with a new unit configuration that has a lower monthly minimum than any unit configuration offered in previous years.

The University Board of Trustees recently approved room and board fees for 2011-12. For students at the West Lafayette campus room and board fees will be \$10,174 with 20 meals per week, \$9,794 with 15 meals per week, \$9,510 with 12 meals per week, and \$9,108 with 10 meals per week. The 2011-12 monthly housing rates at the Fort Wayne campus and Calumet campus will range from \$399 to \$753 and \$504 to \$587, respectively.

Athletic Facilities: The University is home to Ross-Ade stadium which seats 62,500 for football games. Additional facilities include Mackey Arena for basketball games which is currently undergoing a major renovation, 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, a parking garage, is under construction at the Fort Wayne campus.

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

Financial Operations of the Corporation

The financial statements of Purdue University have been prepared in accordance with the principles contained in Governmental Accounting Standards Board (GASB) Statement No. 35, "Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities," and with other accounting principles generally accepted in the United States of America, as prescribed by the GASB. The following information has been extracted from the Corporation's audited financial statements for the fiscal years ended June 30, 2010, 2009, 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)

	2010	2009	2008	2007
Operating Revenues				
Tuition and Fees	\$700,118	\$641,327	\$596,019	\$559,414
Less: Scholarship Allowance	(84,695)	(67,233)	(70,228)	(67,292)
Net Tuition and Fees	\$615,423	\$574,094	\$525,791	\$492,122
Federal Grants	13,217	14,464	16,901	16,660
County Grants	6,932	9,486	7,862	7,460
Grants and Contracts	339,392	285,347	278,481	251,714
Sales and Services	64,509	56,598	60,568	50,884
Auxiliary Enterprises (Net of Scholarship Allowance of \$11,900, \$9,438, \$8,133 and \$7,299, Respectively)	220,023	213,044	211,676	190,732
Other Operating Revenues	3,881	3,465	5,141	2,182
Total Operating Revenues	\$1,263,377	\$1,156,498	\$1,106,420	\$1,011,754
Operating Expenses				
Compensation and Benefits	\$1,172,492	\$1,119,862	\$1,060,743	\$994,371
Supplies and Services	388,288	391,221	390,310	333,954
Depreciation Expense	112,629	112,244	106,652	97,708
Scholarships, Fellowships, and Student Awards	65,231	57,331	38,354	33,267
Total Operating Expenses	\$1,738,640	\$1,680,658	\$1,596,059	\$1,459,300
Net Operating Loss	(\$475,263)	(\$524,160)	(\$489,639)	(\$447,546)
Nonoperating Revenues (Expenses)				
State Appropriations	\$387,561	\$393,250	\$377,004	\$365,354
Grants and Contracts	66,634	42,978	37,567	33,684
Private Gifts	70,354	99,395	90,063	75,557
Investment Income (Loss)	211,720	(169,206)	39,989	215,563
Interest Expense	(24,718)	(22,412)	(22,853)	(26,120)
Other Nonoperating Revenues, Net	3,782	4,404	9,720	3,828
Total Nonoperating Revenues before Capital and Endowments	\$715,333	\$348,409	\$531,490	\$667,866
Capital and Endowments				
State Capital Appropriations			\$18,889	\$10,706
Capital Gifts	20,009	12,190	27,882	21,746
Private Gifts for Permanent Endowments & Charitable Remainder Trusts	28,046	18,138	38,059	51,939
Plant Assets Retired and Insurance Recoveries	(1,627)	(2,385)	518	(2,668)
Total Capital and Endowments	\$46,428	\$27,943	\$85,348	\$81,723
Total Nonoperating Revenues	\$761,761	\$376,352	\$616,838	\$749,589
Cumulative Effect of Change in Accounting Policy				
Assets under Capitalization Level Written Off	(\$19,340)			
Increase (Decrease) in Net Assets	\$267,158	(\$147,808)	\$127,199	\$302,043
Net Assets, Beginning of Year	\$2,813,983	\$2,961,791	\$2,834,592	\$2,532,549
Net Assets, End of Year	\$3,081,141	\$2,813,983	\$2,961,791	\$2,834,592

State Appropriations

The University 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 University has annually received and anticipates receiving appropriations from the Indiana General Assembly. These appropriations have been and are to be applied to the educational and general expenditures of the University to fund major repair and rehabilitation projects and to assist with debt service.

The State appropriations received by the University for the past four fiscal years, and the appropriations made for fiscal year 2011, 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)

Fiscal Year Ended June 30	Normal Recurring Appropriations				Non-Recurring Appropriations	Total
	Unrestricted		Restricted			
	General Operating	Fee Replacement	Repair & Rehabilitation	Special		
Historical						
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
2009	337,260	² 28,243	-	27,755	-	393,258
2010	324,308	30,567	-	26,769	- ³	381,644
Current						
2011	317,986	35,087	-	26,769	10,342 ³	390,184

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

² \$3,686,000 committed to fiscal year 2010 for R&R.

³ A non-recurring appropriation of \$45,284,000 was designated by the State for the 2009-2011 biennium for (a) R&R or (b) R&R or General Operating Expense. These funds were initially appropriated by the State under the American Recovery and Reinvestment Act (ARRA) of 2009. During 2009-2010, \$34,942,000 reverted to the State and the balance of \$10,342,000 is available for 2010-2011. An additional \$10 million may be allocated between Purdue and Indiana University in fiscal year 2011 at the discretion of the State Budget Agency.

IRS Audit

An audit by the Internal Revenue Service is currently underway at the University. The IRS is examining primary tax returns of the University as well as related returns for the year ended June 30, 2008. Examinations typically extend over more than a year.

Student Financial Aid

State financial aid to students was reduced by 31% in 2009-10. As a result of the economic downturn, displaced workers and diminished family resources have led to a large increase in the number of applicants for State financial aid for students; consequently, there has been a reduction in the amount available to each student. Most students are meeting the reduction in State financial aid with federal student and parent loans or private student loans. Federal financial aid is expected to remain reasonably stable over both the short and long term with increases in Pell grant maximum awards for the 2009-2010 academic year. Federal laws have changed to require all schools to move to direct lending, which is funded by the federal government, resulting in higher stability of loan funding rather than relying on private lenders for federal student or parent loans. All four Purdue campuses are now participating in the direct lending program.

The following table summarizes the financial aid provided to students of the University from various sources for the year that ended June 30, 2010.

STUDENT FINANCIAL ASSISTANCE Fiscal Year Ended June 30, 2010

	West Lafayette	Regional Campuses	Total
University Scholarships, Grants & Fee Remissions	\$59,893,993	\$8,469,354	\$68,363,347
University Incentive Grant	\$7,127,095	\$0	7,127,095
Purdue Opportunity Awards	\$470,838	\$0	470,838
Athletic Grant-in-Aid	\$8,745,999	\$1,908,751	10,654,750
State Awards	\$20,135,607	\$20,241,363	40,376,970
Private Awards	\$11,537,040	\$3,417,996	14,955,036
Indiana Resident Top Scholars	\$1,600,891	\$0	1,600,891
Fellowships	\$10,485,604	\$0	10,485,604
Federal Pell Grants	\$25,444,875	\$38,887,518	64,332,393
Federal SEOG	\$1,792,742	\$894,715	2,687,457
Federal Academic Competitiveness Grant	\$1,378,454	\$1,053,621	2,432,075
Federal SMART Grant	\$1,643,804	\$423,716	2,067,520
Other Federal Grants	\$12,484,318	\$1,852,799	14,337,117
Total Scholarships and Grants	\$162,741,260	\$77,149,833	\$239,891,093
Loans:			
Federal Stafford Loans	\$120,380,651	\$109,206,028	\$229,586,679
Federal Parent Loans for Undergraduate Students	\$57,223,523	\$4,937,442	62,160,965
Federal Graduate PLUS Loans	\$3,277,347	\$96,816	3,374,163
Federal Perkins and Health Professions Loans	\$3,235,049	\$506,215	3,741,264
Purdue Loans	\$4,491,464	\$0	4,491,464
Private Loans	\$26,359,217	\$3,789,528	\$30,148,745
Total Loans	\$214,967,251	\$118,536,029	\$333,503,280
Employment and Employment Related:			
Work-Study Salaries	\$1,723,378	\$935,438	2,658,816
Graduate Student Staff Salaries	\$83,186,369	\$2,880,656	86,067,025
Other Part-Time University Salaries	\$17,144,069	\$4,086,824	21,230,893
Employment Related Fee Remissions	\$40,720,358	\$2,708,945	43,429,303
Other Employment Related Awards	\$2,329,655	\$0	\$2,329,655
Total Employment Related	\$145,103,830	\$10,611,863	\$155,715,693
Total Student Financial Assistance	\$522,812,340	\$206,297,725	\$729,110,065

Other Post-Employment Benefits (OPEB)

In the financial statements for the year ending June 30, 2010, the University reported Other Post-Employment Benefits (OPEB) annual cost of \$12.949 million. The University currently offers participation in its medical plan to retirees who are 55 or older whose age and years of service are equal to or are greater than 70 and have at least ten years of service. Early retirees are given the option to continue their medical insurance if they pay the entire cost of the blended medical plan rate, which includes both active employees and early retirees. The early retirees benefit in that the cost of the benefit exceeds the cost of the plans, which creates an implicit rate subsidy. After the retiree reaches the age of 65, the program is no longer offered. The University also offers a long-term disability program, which includes retirement benefit payments, medical and life insurance premium payments for a small required premium paid by the employee. After the employee reaches the age of 65, the program is no longer available. See "Appendix B" Note 7 to the Financial Statements for further information.

Endowment and Similar Funds

The Corporation's endowment and similar funds include (1) endowment funds which are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity, the current income and capital appreciation of which are distributed at an annualized rate based on the market value of the endowment, either for donor-specified purposes or for general purposes of the University and (2) funds functioning as endowments which represent expendable funds received which, by decision of the Board of Trustees of the Corporation, have been retained and invested for future use, in accordance with the donor's restrictions or at the discretion of the Board of Trustees of the Corporation. The market value figures at the end of 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 \$27,367,908 on June 30, 2010. The current spending policy for the endowment is 5.0%, based on a 12-quarter rolling average. The distribution to the Corporation from the endowment for fiscal year ended June 30, 2010 was approximately 4% of total revenues.

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>ENDOWMENT MARKET VALUE</u>
2006	\$791,458,747
2007	968,961,174
2008	957,298,693
2009	873,040,938
2010	987,207,372

As of November 30, 2010, the unaudited market value of the Purdue University endowment was \$1,139,929,055. The unaudited consolidated market value of the endowment (including Purdue Research Foundation) was \$1,902,985,647 (including net additions) as of November 30, 2010.

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 (June 30, 2010) is shown in the following table.

<u>FOUNDATION</u>	<u>ASSET (BOOK) VALUE</u>	<u>INCOME</u>	<u>DISBURSED TO/FOR THE CORPORATION</u>
Purdue Research Foundation	\$863,147,000	\$67,368,113	\$36,617,000
Ross-Ade Foundation	125,663,124	8,216,074	5,570,282
The Purdue Foundation, Inc.	4,081,210	40,981,238	40,981,238
Indiana-Purdue Foundation at Fort Wayne	11,656,052	2,591,356	2,610,225
Total	<u>\$1,004,547,386</u>	<u>\$119,156,781</u>	<u>\$85,778,745</u>

Related Foundations Continued

Purdue Research Foundation: The Purdue Research Foundation is a nonprofit corporation that may accept gifts, administer trusts, acquire property, negotiate research contracts, and perform other services helpful to the University. Its objectives are exclusively to aid the University. This Foundation developed the Purdue Research Park that provides a program for 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 the University. In order to achieve investment 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.

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

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.

Fund Raising Activity

The University currently has the "Student Access and Success" campaign underway. The first phase of this campaign supports the Intercollegiate Athletics program at Purdue, and as of June 30, 2010 has raised \$28.7 million of the \$32 million goal. This phase of the campaign will supplement the funding of a Mackey Arena complex renovation and addition with an authorized budget of \$99.5 million. The project will bring the basketball arena and various proximate facilities up to current standards for program space, fan amenities, and accessibility of the University's 500 student-athletes. The second phase of the campaign, Student Access and Success, is to raise money for student programs and scholarship. To date, \$124 million of the \$304 million goal has been raised. The campaign is expected to continue through 2014. The previous "Campaign for Purdue" fund-raising effort which began in 2001 generated \$1.7 billion, and was completed on June 30, 2007.

For the year ended June 30, 2010, the Corporation and Purdue Research Foundation received \$242.4 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)

	2010	2009	2008	2007	2006
Cash/Securities	\$140,823	\$98,119	\$118,391	\$136,825	\$105,299
Real Estate	0	0	4,130	11,192	9,485
Gifts-in-Kind	62,933	61,778	8,754	24,491	26,124
Irrevocable Deferred	8,422	6,707	9,227	7,026	19,273
Pledge Balances	30,186	40,230	54,209	140,527	60,941
Total	\$242,364	\$206,834	\$194,711	\$320,061	\$221,122

Grants and Contracts

System-wide sponsored program expenditures for the 2009-2010 fiscal year were \$350.9 million, an increase of \$51.8 million, or approximately 17.3%, over previous year expenditures. Departments with sponsored research program expenditures in excess of \$5 million were: Electrical & Computer Engineering, \$31.0 million; Mechanical Engineering, \$23.9 million; Civil Engineering, \$20.8 million; Chemistry, \$18.7 million; Biological Sciences, \$17.1 million; Chemical Engineering, \$10.8 million; Agronomy, \$8.8 million; Physics, \$8.6 million; Medicinal Chemistry and Molecular Pharmacology, \$8.6 million; Aeronautics & Astronautics, \$8.4 million; Agricultural & Biological Engineering, \$8.1 million; Foods and Nutrition, \$7.6 million; Computer Science, \$7.5 million; International Programs in Agriculture, \$6.4 million; Earth & Atmospheric Sciences, \$5.9 million; Biomedical Engineering, \$5.8 million; Child Development & Family Studies, \$5.6 million; Nuclear Engineering, \$5.3 million; Office of Engagement, \$5.2 million; Engineering Education, \$5.2 million; and College of Consumer and Family Sciences, \$5.1 million. During Fiscal 2010 the University also benefited from Federal stimulus money provided under the American Recovery and Reinvestment Act of 2009.

GRANTS AND CONTRACTS BY SOURCE

Fiscal Year Ended June 30
(dollars in thousands)

	2010	2009	2008	2007	2006
Federal Sources					
Department of Health and Human Services	\$57,315	\$48,204	\$50,449	\$48,474	\$44,533
National Science Foundation	72,251	49,828	49,911	45,241	44,680
Department of Energy	28,017	21,232	15,181	14,099	12,263
Department of Defense	32,927	27,138	24,844	21,489	21,710
Department of Agriculture	15,943	13,234	13,925	12,749	13,894
Other Federal Agencies	33,270	26,511	24,620	27,290	29,763
Total Federal Sources	\$239,723	\$186,147	\$178,930	\$169,342	\$166,843
State of Indiana	28,866	29,013	28,237	26,242	29,722
Business and Foundations	70,038	72,512	66,615	59,811	52,679
Non-Profit Organizations	12,252	11,418	11,252	9,160	9,435
Total Non-Federal Sources	\$111,156	\$112,943	\$106,104	\$95,213	\$91,836
Total All Sources	\$350,879	\$299,090	\$285,034	\$264,555	\$258,679

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 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 prior to the issuance of Series 2011A Participation Certificates is summarized in the following table.

Title of Indebtedness	Final Maturity	Amount Outstanding as of January 15, 2011
Bank Notes and Commercial Paper		
Qualified Energy Savings	2011	\$146,828 (1)
Commercial Paper, Series 2010-1	2018	16,109,000 (4)
Bonds Outstanding		
Student Fee Bonds, Series H	2011	1,100,000 (2)
Student Fee Bonds, Series K	2011	1,000,000 (2)
Student Fee Bonds, Series L	2011	800,000 (2)
Student Fee Bonds, Series N	2014	11,690,000 (2)
Student Fee Bonds, Series O	2011	1,920,000 (2)
Student Fee Bonds, Series P	2017	28,255,000 (2)
Student Fee Bonds, Series R	2012	1,520,000 (2)
Student Fee Bonds, Series U	2022	34,700,000 (2)
Student Fee Bonds, Series W	2026	36,560,000 (2)
Student Fee Bonds, Series X	2028	100,800,000 (2)
Student Fee Bonds, Series Y	2027	70,555,000 (2)
Student Fee Bonds, Series Z1	2024	68,320,000 (2)
Student Fee Bonds, Series Z2	2035	100,705,000 (2)
Student Facilities System Revenue Bonds, Series 2003A	2014	18,800,000 (3)(4)
Student Facilities System Revenue Bonds, Series 2003B	2018	5,015,000 (3)(4)
Student Facilities System Revenue Bonds, Series 2004A	2033	27,800,000 (3)(4)
Student Facilities System Revenue Bonds, Series 2005A	2029	20,130,000 (3)(4)
Student Facilities System Revenue Bonds, Series 2007A	2029	61,865,000 (3)(4)
Student Facilities System Revenue Bonds, Series 2007B	2032	25,205,000 (3)(4)
Student Facilities System Revenue Bonds, Series 2007C	2032	59,180,000 (3)(4)
Student Facilities System Revenue Bonds, Series 2009A	2034	34,875,000 (3)(4)
Student Facilities System Revenue Bonds, Series 2009B	2035	41,320,000 (3)(4)
Student Facilities System Revenue Bonds, Series 2010A	2030	24,985,000 (3)(4)
Leasehold Indebtedness		
Parking Facilities (COPS 1998)	2015	4,070,000 (4)
Parking Facilities and Ross-Ade Stadium Renovation (COPS 2006)	2027	54,595,000 (4)
COPS 2009A (tax-exempt)	2015	7,600,000 (4)
COPS 2009B (taxable Build America Bonds)	2031	42,795,000 (4)
Total Outstanding Indebtedness		<u>\$902,415,828</u>
Refunded Indebtedness-Escrowed to Maturity or Call Date		
Ross-Ade Stadium Renovation (COPS 2001A)	2011	53,280,000 (5)
Student Facilities System Revenue Bonds, Series 2003A & 2003B	2013	66,295,000 (5)
Student Fee Bonds, Series H, K, L, O and R	2012	53,850,000 (5)
Total Refunded Bonds		<u>\$173,425,000</u>

(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.

Physical Property

Physical property owned by the Corporation, or otherwise available to and utilized by the University, consists primarily of 17,951 acres of land and 458 buildings of which 214 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 August 1, 2010. The following table sets forth the increase in net plant investment for the five years ended June 30, 2006 through 2010. 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
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
2009	2,847,281,562	1,240,572,632	1,606,708,930
2010	2,983,743,727	1,271,122,957	1,712,620,770

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, 2010.

The Corporation also maintains business interruption insurance for protection against loss of income due to temporary shutdown of operations resulting from physical damage to property. The total value of business interruption reported to the Corporation's insurer is \$1.3 billion. 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.

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

Capital Programs

The Corporation has an on-going capital improvement program consisting of new construction and the renovation of existing facilities. Capital improvement projects are expected to be funded from a variety of sources, including gifts, state appropriations, bond financing and Corporation funds. Major construction recently completed on the West Lafayette campus includes the First Street Towers residence hall project (phase I), Hockmeyer Hall of Structural Biology, and the Windsor Hall renovation (phases II & III of a five phase renovation). Projects currently under construction on the West Lafayette campus are: installation of boiler #6; the construction of the Roger B. Gatewood Mechanical Engineering Wing addition; Marriott Hall; the renovation of Mackey Arena Complex; strategic infrastructure improvement; Student Health and Wellness facility; Windsor Hall phase IV; First Street Towers West Wing; and a variety of Repair and Rehabilitation projects. On the Fort Wayne regional campus, construction of phase III student housing is complete and a student services and library complex and a new parking garage are under construction.

Major projects approved by the Board of Trustees on the West Lafayette campus include the construction of a \$54.0 million Health and Human Sciences Research Facility, a \$25.0 million drug discovery facility, and a \$21 million northwest athletic site (phase I). These projects will be funded by a combination of capital reserves, gifts, state appropriations and bond financing.

The Corporation 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 a \$14.9 million Bindley Bioscience addition was recently approved by the Board of Trustees.

The Corporation has also received legislative authority to issue debt in an amount up to a total of \$60 million to address various repair and rehabilitation needs of the Corporation, of which up to \$15 million may be qualified energy savings projects at each campus. 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.

During the 2009 legislative session the Corporation received approval at the West Lafayette campus to borrow up to the amount designated for each of the following projects: \$10 million for improvements to the life sciences facility (which will be fee replaced by the State); \$20 million for a new drug discovery facility; and \$12 million for renovations to the medical education facilities (of which \$6 million is fee replaced). The Corporation received borrowing authorization of up to an additional \$30 million for construction of a new student services and activities complex (\$23.7 million to be fee replaced) on the North Central campus. The outstanding authorization to borrow for a new \$5 million parking garage at the North Central campus was increased to \$8 million.

The Corporation has submitted its biennial Capital Budget Request to the State in anticipation of the next session of the Indiana General Assembly.

Retirement Plans

The Corporation participates in contributory retirement plan for its faculty and administrative-professional staff. The retirement plan provides fully-vested, fully-funded, investment options. This plan was previously managed by TIAA-CREF and beginning in 2011 the plan will be managed by Fidelity Investments. The Corporation is current with all amounts due TIAA-CREF and Fidelity Investments.

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.

Chancellor Search, Purdue University Calumet

On September 8, 2010, Howard Cohen, Chancellor of Purdue University Calumet, announced that he would step down on June 30, 2011, and return to the faculty after serving the Calumet campus as Chancellor for a decade. A search committee is currently being formed to conduct a national search for a replacement.

APPENDIX B
FINANCIAL REPORT

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2010

FINANCIAL REPORT



PURDUE
UNIVERSITY



LETTER OF TRANSMITTAL

To the Board of Trustees of Purdue University:



President France A. Córdoba

We are pleased to submit this, the 88th annual financial report of Purdue University. This report is for the fiscal year that ended June 30, 2010, 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,

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

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

REPORT OF THE TREASURER

This report presents Purdue University's financial position and the results of operations for the fiscal year ending June 30, 2010. We provide this financial report as part of the University's commitment to report annually on its fiscal affairs. These financial statements have been audited by the Indiana State Board of Accounts, and its report, which is an unqualified opinion, 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 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 individuals from every county in Indiana, all 50 states and more than 125 countries.

Demand for a Purdue University degree has continued to increase during the recent period of economic uncertainty. Enrollment reached an all-time high of 69,694 for the fall semester of the 2010-11 academic year at all Purdue campuses. The creation of new scholarships in recent years to attract top undergraduates (Presidential and Trustees merit scholarships), to support lower- and middle-income students (Purdue Promise Program and Purdue Marquis Scholarship) and to reward promising leaders from targeted high schools (Emerging Urban Leaders Scholarship) have been priority investments of the University.

Over the past year, we saw an increase in research proposal submissions of more than 40 percent and received sponsored research awards totaling close to \$440 million, an increase of 28 percent over last year. A significant amount of funding was awarded through the American Recovery and Reinvestment Act, or ARRA, and a major factor in attracting research dollars has been the University's focus on five key areas: life and health sciences; cyberinfrastructure and information technology; defense and NASA; energy and environment; and science, technology, engineering and mathematics education. A critical component in this year's funding has been the addition of large centers. The National Science Foundation funded the \$105 million George E. Brown Jr. Network for Earthquake Engineering Simulation, or NEES, and a \$23.5 million Center for High Performance Buildings was funded in part by the National Institute of Standards and Technology.

The University completed major construction projects in excess of \$158 million during fiscal year 2010, including the new \$52 million First Street Towers residence hall in August 2009, \$32.9 million Hockmeyer Hall of Structural Biology in October 2009, and the \$25 million Discovery Learning Research Center in November 2009. Additional capital investments estimated at over \$728 million were under way or in design as of June 30, 2010, including the \$59.6 million Windsor Residence Halls Renovation, the \$99.5 million Mackey Complex Renovation and Addition, the \$34.5 million Gatewood Wing of the Mechanical Engineering Building and the \$28.5 million Lilly Hall West Wing Renovation. Also in progress are residence halls, student services buildings and educational buildings at the Calumet, Fort Wayne and North Central campuses.

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

A. V. DIAZ

Executive Vice President for Business and Finance, Treasurer

BOARD OF TRUSTEES

As of June 30, 2010

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



Keith J. Krach
*Chairman of Board
Appointed July 2009
Los Gatos, Calif.
CEO, 3points LLC
Term: 2007-2013*



Mamon M. Powers Jr.
*Vice Chairman of Board
Appointed July 2009
Gary, Ind.
President, Powers and
Sons Construction
Company Inc.
Term: 1996-2011*



Michael R. Berghoff
*Indianapolis, Ind.
President,
Lenex Steel Co.
Term: 2009-2012*



Michael J. Birck
*Hinsdale, Ill.
Chairman and CEO,
Tellabs Inc.
Term: 1999-2012*



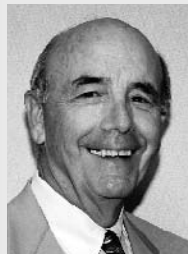
JoAnn Brouillette
*West Lafayette, Ind.
Managing Partner
and President,
Demeter LP
Term: 2006-2012*



John D. Hardin Jr.
*Danville, Ind.
Farmer
Term: 1992-2013*



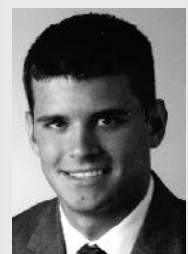
William S. Oesterle
*Indianapolis, Ind.
CEO, Angie's List
Term: 2005-2010*



Thomas E. Spurgeon
*Peoria, Ill.
Consultant,
Lincoln Office
Term: 2005-2011*



Don Thompson
*Burr Ridge, Ill.
President and COO,
McDonald's Corp.
Term: 2009-2013*



Tyler J. Teykl
*Rosenberg, Texas
Student
Term: 2009-2011*

OFFICERS OF THE UNIVERSITY

As of June 30, 2010

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JAMES S. ALMOND, *Assistant Treasurer and Assistant Secretary*
ROSEANNA M. BEHRINGER, *Secretary*
ANTHONY S. BENTON, *Legal Counsel*

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TIMOTHY D. SANDS, *Executive Vice President for Academic Affairs and Provost*
A. V. DIAZ, *Executive Vice President for Business and Finance, Treasurer*
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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*
LUIS E. LEWIN, *Vice President for Human Resources*
WILLIAM G. MCCARTNEY, *Vice President for Information Technology and CIO*
ROBERT E. MCMAINS, *Vice President for Physical Facilities*
JESSE L. MOORE, *Director, Supplier Diversity Development*
RABINDRA N. MUKERJEA, *Executive Director of Strategic Planning and Assessment*
THOMAS B. ROBINSON, *Vice President for Student Services*
ALYSA CHRISTMAS ROLLOCK, *Vice President for Ethics and Compliance*
KEN L. SANDEL, *Managing Director for the Executive Vice President and Treasurer*
TIMOTHY J. SANDERS, *Associate Vice President for Governmental Relations*
JOHN A. SAUTTER, *Vice President for Housing and Food Services*
SCOTT W. SEIDLE, *Senior Director of Investments*
TERI L. THOMPSON, *Vice President for Marketing and Media*
GLENN F. TOMPKINS, *Senior Associate Athletic Director-Business*

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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*
STEPHEN R. TURNER, *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 AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of Purdue University (University), a component unit of the State of Indiana, as of and for the years ended June 30, 2010 and 2009. 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 .3% 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over reporting. Accordingly, we express no such opinion. 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.

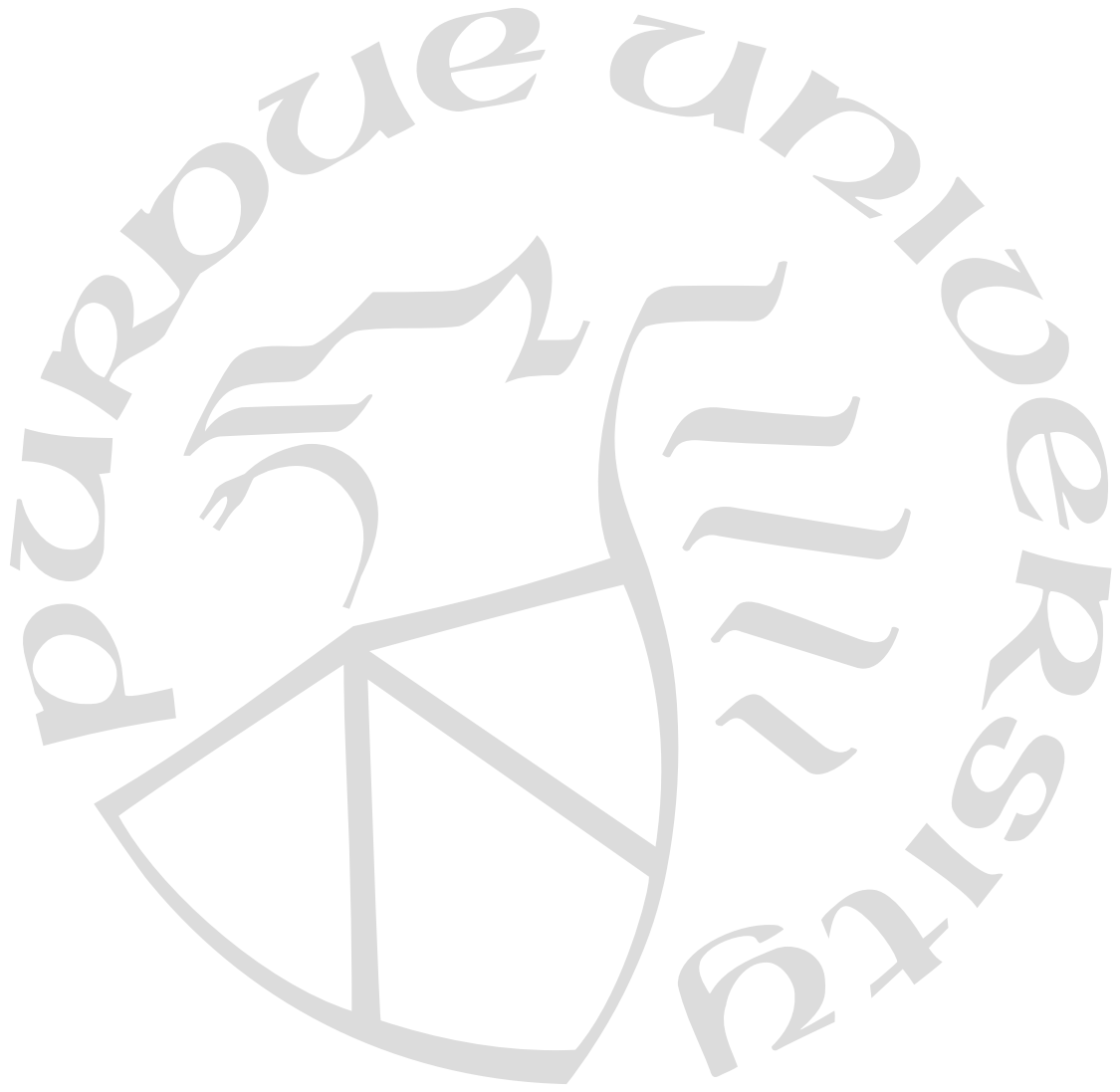
In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Purdue University, as of June 30, 2010 and 2009, and the changes in its financial position and its cash flows for the 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 19, 2010, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

State Board of Accounts
STATE BOARD OF ACCOUNTS

October 19, 2010



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Years Ended June 30, 2010 and 2009

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

The following discussion and analysis provides an overview of the financial position and activities of Purdue University (the University) for the fiscal years ended June 30, 2010 and 2009 (Fiscal Years 2010 and 2009, respectively), with comparative financial information for Fiscal Year 2008. Since this presentation includes highly summarized data, it should be read in conjunction with the financial statements, which have the following other parts:

- **Report of Independent Auditors** — presents an unqualified opinion prepared by our auditors (the Indiana State Board of Accounts) on the fairness (in all material respects) of our financial statements.
- **Statement of Net Assets** — presents the assets, liabilities and net assets of the University at a point in time (June 30, 2010 and 2009). Its purpose is to present a financial snapshot of the University, aiding readers in determining the assets available to continue the University's operations; how much the University owes to employees, vendors and investors; and the availability of net assets for expenditure by the University.
- **Statement of Revenues, Expenses and Changes in Net Assets** — presents the total revenues earned and expenses incurred by the University for operating, nonoperating and other related activities during a period of time (the years ended June 30, 2010 and 2009). Its purpose is to assess the University's operating and nonoperating activities.
- **Statement of Cash Flows** — presents cash receipts and payments of the University during a period of time (the years ended June 30, 2010 and 2009). Its purpose is to assess the University's ability to generate net cash flows and meet its obligations as they come due.
- **Notes to the Financial Statements** — present additional information to support the financial statements and are commonly referred to as "Notes." Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of the financial highlights may be found.

The financial information presented in this report is designed to show 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 is necessary to meet its goals and objectives. We suggest that you combine this financial analysis and discussion with relevant nonfinancial indicators to assess the University overall.

Examples of nonfinancial indicators include trend and quality of applicants, freshman class size, student retention, building condition and campus safety. Information about nonfinancial indicators is not included in this analysis but may be obtained from the University's Office of Institutional Research (see www.purdue.edu/datadigest).

FINANCIAL HIGHLIGHTS

Statement of Net Assets

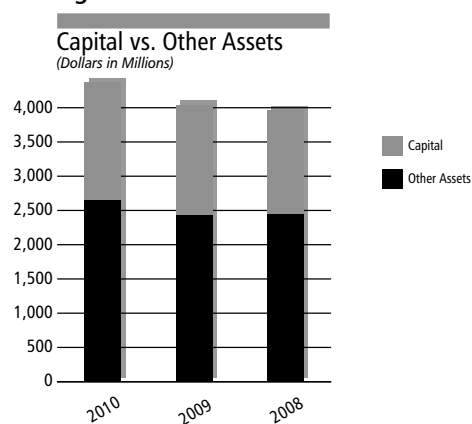
A summarized comparison of the University's assets, liabilities and net assets appears in Table 1 on page 10 and demonstrates that the University has grown over the past three fiscal years.

Current assets include those that may be used to support current operations, such as cash and cash equivalents, account and certain other receivables, and inventories. Noncurrent assets include capital assets, certain pledges receivable and investments. As of June 30, 2010 and 2009, total assets were approximately \$4,365,653,000 and \$4,039,025,000 respectively, an increase of \$326,628,000, or 8.1%, and \$79,658,000, or 2.0%, respectively. Current assets as of June 30, 2010 and 2009, increased approximately \$107,370,000 and \$100,158,000 respectively. Noncurrent assets increased \$219,258,000, or 6.6%, as of June 30, 2010, but they decreased \$20,500,000, or 0.6%, as of June 30, 2009.

Figure 1 depicts the portion of total assets that were capital.

As of June 30, 2010 and 2009, cash and cash equivalents were approximately \$562,410,000 and \$511,308,000 respectively, an increase of \$51,102,000 and \$101,648,000 respectively. This included securities lending assets of \$169,831,000 and \$137,937,000, as well as invested bond proceeds of \$120,706,000 and \$188,935,000 respectively.

Figure 1



"Gateway to the Future" arch



The remaining \$271,873,000 and \$184,436,000 in cash and cash equivalents were available for operations as of June 30, 2010 and 2009, respectively.

Marketable securities and other investments increased approximately \$157,276,000 in Fiscal Year 2010 compared to a \$108,840,000 decrease in Fiscal Year 2009. The increase was the result of an improvement in the market compared to the prior fiscal year. Please reference a more detailed discussion in the “Statement of Revenues, Expenses and Changes in Net Assets” section.

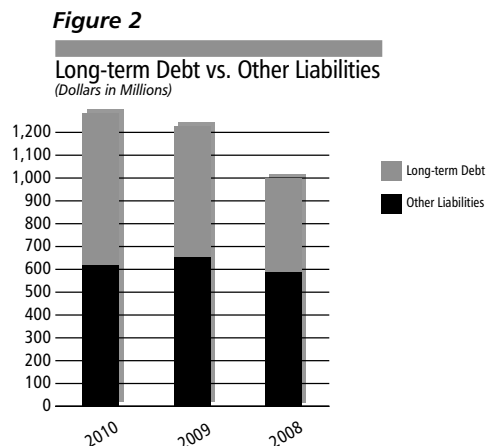
Current liabilities are generally expected to become due and payable over the course of the following fiscal year. These include accounts and other payables, deferred revenues, the current portion of long-term debt, liability for securities lending activity, and salaries and related compensation payables. Current liabilities include variable-rate demand bonds, although most of the bonds are expected to be paid in future fiscal years. Noncurrent liabilities include bonds, notes and leases payable. Total liabilities were approximately \$1,284,512,000 and \$1,225,042,000 on June 30, 2010 and 2009, respectively. Figure 2 depicts the portion of long-term debt (noncurrent) relative to total liabilities.

Securities lending liabilities increased \$31,894,000 and \$12,546,000 in fiscal years 2010 and 2009 respectively. For a detailed discussion of the University’s securities lending program, please refer to Note 2.

Bonds, leases and notes payable increased \$15,703,000 and \$187,981,000 in fiscal years 2010 and 2009 respectively. During September 2008, \$77,600,000 of variable-rate demand bonds were put back to the institution, but all put bonds were subsequently remarketed by October 2, 2008. This was a result of the turmoil in the bond markets and the bankruptcy of one of the University’s remarketers. A discussion of the University’s capital financing activities appears in the Debt and Financing Activities section below and in Note 6.

Net assets are classified into four categories:

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



Total net assets for the University were \$3,081,141,000 and \$2,813,983,000 as of June 30, 2010 and 2009, respectively. Figure 3 provides a comparison between fiscal years as well as the composition of net assets.

Invested in capital assets, net of related debt increased \$20,192,000 and \$51,174,000 in fiscal years 2010 and 2009 respectively. As of June 30, 2010 and 2009, the University added capital assets of \$370,365,000 and \$186,276,000 respectively, in addition to related accumulated depreciation of \$264,453,000 and \$90,361,000, respectively, less disposals. Debt transferred related to expended bond and commercial paper proceeds, net of payments and amortization of bond premiums, accounted for \$85,720,000 and \$44,741,000 in fiscal years 2010 and 2009 respectively.

Restricted nonexpendable increased \$32,660,000 and \$22,661,000 in Fiscal Years 2010 and 2009, related to permanent gifts to endowments received and offset by decreases related to market conditions for interest in charitable remainder trusts.

As of June 30, 2010, restricted expendable increased \$63,753,000, compared to a decrease of \$206,456,000 in the prior year. This fluctuation was driven by the equity markets over the past two years related to the endowment pool investments.

Unrestricted net assets increased \$150,553,000 as of June 30, 2010, compared to the \$15,187,000 decline as of June 30, 2009. The increase in the current fiscal year was largely related to the change in unrestricted pooled endowment investments and an increase in student fee revenue. Overall, net assets increased \$267,158,000 in Fiscal Year 2010 compared to a decline of \$147,808,000 in Fiscal Year 2009.

Figure 3

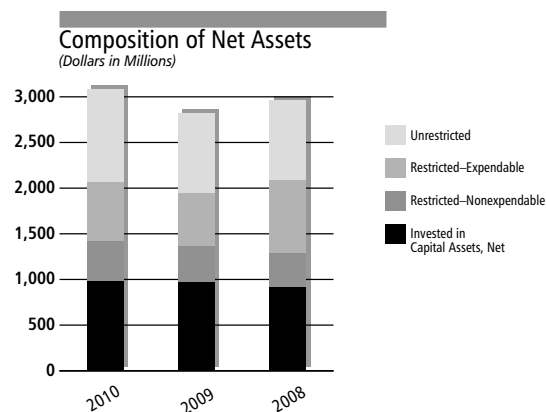


Table 1. Summary Statement of Net Assets (Dollars in Thousands)

	2010	2009	2008
Current Assets	\$813,135	\$705,765	\$605,607
Capital Assets	1,712,621	1,606,709	1,510,794
Other Assets	1,839,897	1,726,551	1,842,966
Total Assets	\$4,365,653	\$4,039,025	\$3,959,367
Current Liabilities	\$538,773	\$588,689	\$525,267
Noncurrent Liabilities	745,739	636,353	472,309
Total Liabilities	\$1,284,512	\$1,225,042	\$997,576
Invested in Capital Assets, Net of Related Debt	\$984,844	\$964,652	\$913,478
Restricted-Nonexpendable	430,685	398,025	375,364
Restricted-Expendable	647,859	584,106	790,562
Unrestricted	1,017,753	867,200	882,387
Total Net Assets	\$3,081,141	\$2,813,983	\$2,961,791

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

A summarized comparison of the University's revenues, expenses and changes in net assets follows in Table 2 on page 13.

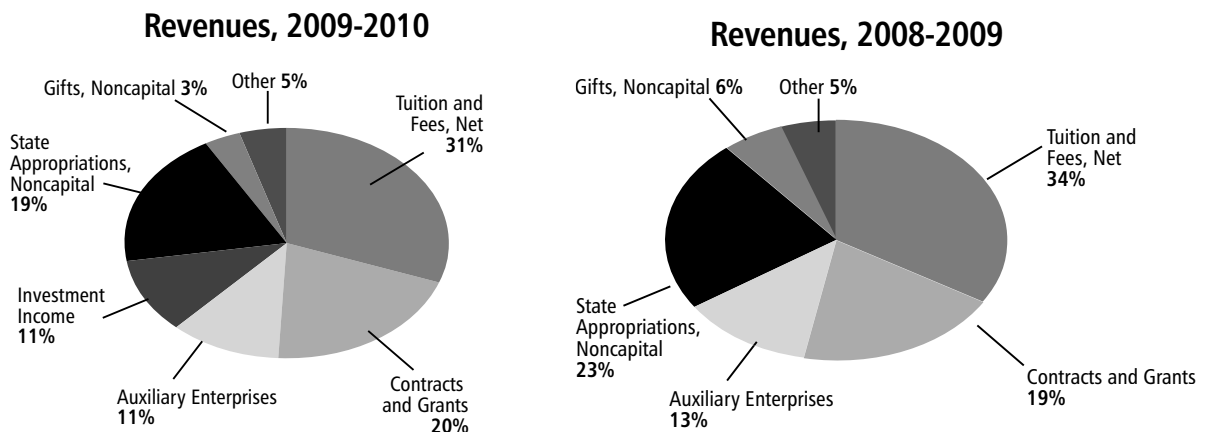
Revenues are classified as either operating or nonoperating. Operating revenues include tuition and fees, grants and contracts, auxiliary enterprises, and sales and services. Tuition and fees and housing are shown net of an allowance for scholarships. If scholarships awarded to students exceed the amount owed for tuition and housing, the amounts paid to students are shown as expenses. Nonoperating revenues include state appropriations, investment income and private gifts. Because Purdue is a public university, nonoperating revenues are an integral part of its operating budget. Private gifts for capital projects and additions to the University's permanent endowment are also considered nonoperating sources of revenue but are not part of the University's operating budget. Figure 4 provides information about the University's sources of revenues, excluding endowments and capital, for the fiscal years 2010 and 2009. Overall, as of June 30, 2010 and 2009, the University had a net increase of \$267,158,000 and a net decrease of \$147,808,000 respectively. Discussion of the major impacts to net assets and the operations are outlined below.

Total operating revenues increased \$106,879,000, or 9.2%, from \$1,156,498,000 in Fiscal Year 2009 to \$1,263,377,000 in Fiscal Year 2010. There was an increase of \$50,078,000, or 4.5%, from Fiscal Year 2008 to Fiscal Year 2009. Net tuition and fee revenue increased \$41,329,000 and \$48,303,000 in fiscal years 2010 and 2009 respectively, primarily resulting from a student fee rate increase. Enrollment increased across all campuses by 2,000 and 1,368 students in Fiscal Years 2010 and 2009 respectively. West Lafayette's enrollment decreased by 393 students in Fiscal Year 2010 compared to an increase of 988 students in Fiscal Year 2009. Enrollment patterns for the past five years are illustrated in Figure 5.

Operating grant and contract revenue increased \$54,045,000 and \$6,866,000 in Fiscal Years 2010 and 2009 respectively. The large increase during the current fiscal year is attributed to receiving additional grants related to the American Recovery and Reinvestment Act (ARRA).

Total operating expenses increased from \$1,680,658,000 as of June 30, 2009, to \$1,738,640,000 as of June 30, 2010. Compensation and benefits, which makes up approximately 67% of operating expenses, increased \$52,630,000 and \$59,119,000 in Fiscal Years 2010 and 2009 respectively. While salary and wages' total increase was below 3.2% in both years, related benefits increased more than 12% due to increased medical claims and benefits, retirement contributions and the amortization of other post-employment benefits obligation. Due to the fiscal measures undertaken at the University as a result of

Figure 4



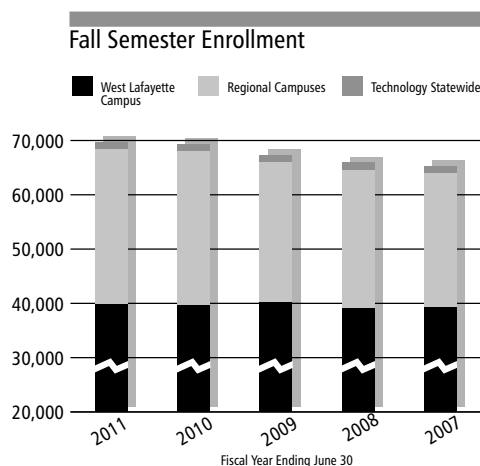
the severe recession, supplies and other services decreased 0.7% in Fiscal Year 2010 and only increased 0.2% in Fiscal Year 2009.

In Fiscal Year 2009, the University increased its total financial aid (Scholarships, Fellowships and Awards, and Scholarship Allowances) to its students nearly \$15,982,000 over the previous year, or 14.7%. In its quest to increase academic excellence by attracting the best and brightest students in Indiana and across the United States, the University offered Presidential and Trustees scholarships to high school students achieving high academic standards and SAT/ACT scores. The Trustees Scholarship (\$8,000 for in-state and \$10,000 for out-of-state) was awarded to 760 students (367 from Indiana) totaling \$6,866,000. The Presidential Scholarship (\$5,000 for in-state and \$7,000 for out-of-state) was awarded to 609 students (358 from Indiana) totaling \$3,547,000. There was also an increase in Pell Grants awarded of approximately \$5,500,000 from the prior year. In Fiscal Year 2010, there was an increase in total financial aid of over \$25,362,000. While both the Trustees and Presidential scholarships remained a priority, the main reason for the change in total financial aid was an increase in Pell Grants of \$23,753,000.

Nonoperating revenues (net of expenses) increased \$366,924,000 in Fiscal Year 2010 and decreased \$183,081,000 in Fiscal Year 2009. In Fiscal Year 2009, state appropriations, federal government financial aid and private gifts increased, while investment income declined \$209,195,000. Although negative results are disappointing, the University's endowment decreased 20.6%, compared to a decline of 26.2% for the broader market as measured by the Standard & Poor's (S&P) 500 index for the Fiscal Year 2009. In Fiscal Year 2010, gifts and state appropriations decreased approximately \$34,730,000, whereas investment income increased \$380,926,000 and grant and contract revenue increased \$23,656,000. As of June 30, 2010, both the University's endowment and S&P 500 index had increased 14.4%. The University's endowment was invested 44.9% in public equities, 15.0% in fixed income and 40.1% in private investments. It should be noted that due to its internal controls over investing, the University did not experience any losses as a result of fraudulent money managers.

Capital and endowment income increased \$18,485,000, or 66.3%, over the previous year from \$27,943,000 in the Fiscal Year 2009 to \$46,428,000 in Fiscal Year 2010. Capital gifts increased \$7,819,000 and decreased \$15,692,000 in Fiscal Years 2010 and 2009 respectively. Private gifts for endowments increased \$9,908,000 and declined \$19,921,000 as of June 30, 2010 and 2009, respectively. The volatile change between fiscal years was a result of the turbulent economic conditions over the last two years.

Figure 5. Five-Year Enrollment Data*



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

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

	2010	2009	2008
Operating Revenues			
Tuition and Fees, Net	\$615,423	\$574,094	\$525,791
Grants and Contracts	339,392	285,347	278,481
Auxiliary Enterprises, Net	220,023	213,044	211,676
Other Operating Revenues	88,539	84,013	90,472
Total Operating Revenues	\$1,263,377	\$1,156,498	\$1,106,420
Operating Expenses			
Depreciation	112,629	112,244	106,652
Operating Expense	1,626,011	1,568,414	1,489,407
Total Operating Expenses	\$1,738,640	\$1,680,658	\$1,596,059
Operating Loss	(\$475,263)	(\$524,160)	(\$489,639)
Nonoperating Revenue	715,333	348,409	531,490
Capital and Endowments	46,428	27,943	85,348
Total Nonoperating Revenues	\$761,761	\$376,352	\$616,838
Cumulative Effect of Change in Accounting Policy	(19,340)	—	—
Increase in Net Assets	\$267,158	(\$147,808)	\$127,199
Net Assets, Beginning of Year	2,813,983	2,961,791	2,834,592
Net Assets, End of Year	\$3,081,141	\$2,813,983	\$2,961,791

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides a means to assess the financial health of the University by supplying relevant information about the cash receipts and cash payments of the University during the fiscal year. It assists in determining whether an entity has the ability to generate future net cash flows to meet its obligations as they become due, and in determining the need for external financing. The Statement of Cash Flows presents sources and uses of cash and cash equivalents in four activity-based categories: operating, noncapital financing, investing, and capital and related financing. Table 3 provides a summarized comparison of the University's sources, uses, and changes in cash and cash equivalents.

Table 3. Summarized Comparison of Changes in Cash and Cash Equivalents (Dollars in Thousands)

	2010	2009	2008
Cash Used by Operating Activities	(\$365,748)	(\$377,861)	(\$379,971)
Cash Provided by Noncapital Financing Activities	552,406	545,349	546,414
Cash Provided (Used) by Investing Activities	86,112	(43,355)	(74,369)
Cash Used by Capital and Related Financing Activities	(221,668)	(22,485)	(139,582)
Net Increase (Decrease) in Cash and Cash Equivalents	\$51,102	\$101,648	(\$47,508)
Cash and Cash Equivalents, Beginning of Year	511,308	409,660	457,168
Cash and Cash Equivalents, End of Year	\$562,410	\$511,308	\$409,660

The overall growth in the University is reflected in the steady decrease in the cash used by operating activities over the last three fiscal years. The steady increase in cash provided by noncapital financing activities over the last three fiscal years reflects the University's reliance on nonoperating revenue sources, such as investment earnings and gifts, to fund its operational costs. The fluctuation in non-capital financing activities and cash flows used by capital and related financing activities over the last three fiscal years reflects the financing strategy and timing of the University's capital plan, which is detailed in the following section, Capital Asset and Debt Administration.

CAPITAL ASSET AND DEBT ADMINISTRATION

Major Construction Projects

The University continues to expand its campuses and renovate existing facilities to meet the needs of its students, faculty and staff. Significant projects completed during Fiscal Years 2010 and 2009 are listed in Table 4 (dollars in thousands). Significant projects in progress as of June 30, 2010, are listed in Table 5 (dollars in thousands).

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

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

Projects Completed in 2009	2009 Project Budget
Patty Jischke Early Care and Education Center (Child Care Center)	\$3,000
Harrison Street Aerial Line Relocation	2,500
Purdue Village Community Center	3,820
Residence Halls Food Service Consolidation, Phase IV	19,800
Stewart Center Fourth Floor Renovation for Library	3,600
Total Major Projects Completed	\$32,720

Table 5. Major Construction Projects in Progress

	2010 Project Budget
Bill and Sally Hanley Hall — Human Development	\$ 11,500
Bindley Bioscience Center Addition	14,900
Boiler No. 6	53,000
Calumet Center for Hospitality and Tourism Management	4,700
Calumet Center for Innovation through Visualization and Simulation	3,700
Calumet Emerging Technologies Building	28,900
Campus-Wide Tunnel Repair and Waterproofing, Phase I	2,000
Energy Perf Contract — Brown, Stewart Center and Civil Engineering	4,504
First Street Towers West	17,700
Fort Wayne Parking Garage III	15,500
Fort Wayne Student Housing, Phase III	38,000
Fort Wayne Student Services and Library Complex	42,400
Gatewood Wing — Mechanical Engineering Building	34,500
Harrison Hall Sprinkler System and AC Renovation	11,500
Herrick Laboratory Replacement, Phase I	23,500
High Voltage Improvement, Phase II	25,100
Lilly Hall West Wing Renovations	28,550
Mackey Complex Renovation and Addition	99,500
Marriott Hall of Hospitality and Tourism Management	13,000
McCutcheon Hall Fire Protection and Air Conditioning	11,207
North Central Student Services and Activities Complex	34,700
Northwest Athletics Complex, Phase I	21,000
Printing Services and Grounds Maintenance Facility Relocation	5,500
Storm Sewer Modifications	9,500
Student Fitness and Wellness Center Renovation and Addition	98,000
Wade Boiler 6	53,000
Wade Boiler 7	7,500
Wade Utility MACT Compliance	9,000
Wang Hall of Electrical and Computer Engineering	18,000
Wetherill Air Handler Units Replacement	12,000
Windsor Residence Halls Renovation	59,600
Young Hall Floors 9 and 10 Renovation	4,455
Total Major Projects in Progress	\$815,916

In addition, the Trustees have authorized the following major projects that had not been started as of June 30, 2010, and that may not have state approval (dollars in thousands).

Table 6. Major Projects Authorized But Not Started

Authorized in 2010	2010 Project Budget
Calumet — Powers Building Infrastructure Upgrade	\$ 3,260
Center for Student Excellence and Leadership	30,000
Drug Discovery Facility	20,000
Fort Wayne Music Building Philharmonic Addition	4,500
Health and Human Sciences Research Facility	53,700
Herrick Labs Center for Advanced Acoustics Research Addition	12,500
Math Sciences Research Data Center Renovation	2,950
Total Major Project Budgets Authorized — Not Started	\$126,910

Authorized in 2009	2009 Project Budget
Bill and Sally Hanley Hall — Human Development	\$11,500
Calumet — Powers Building Infrastructure Upgrade	3,260
Total Major Projects Authorized — Not Started	\$14,760

DEBT AND FINANCING ACTIVITIES

Bonds, Leases and Notes (Net) obligations totaled \$846,774,000 and \$831,071,000 as of June 30, 2010 and 2009, respectively. These obligations are nearly 66% and 68% of the total liabilities of the University in Fiscal Years 2010 and 2009 respectively. The University's debt portfolio as of June 30, 2010, consisted of \$143,831,000 in variable-rate instruments, or 16.9%, compared to \$702,943,000 in fixed-rate obligations. The University's debt portfolio as of June 30, 2009, consisted of \$231,055,000 in variable-rate instruments, or 27.8%, compared to \$600,016,000 in fixed-rate obligations. As of June 30, 2010, the University had a credit rating of Aaa under the new Global Rating Scale from Moody's Investors Service. As of June 30, 2009, the University had a credit rating of Aa under the Municipal Rating Scale from Moody's. Purdue also continued to maintain a strong rating from Standard & Poor's (AA). The University was one of only eight public higher education institutions whose Moody's credit rating was Aaa. In addition, the University's variable-rate debt received short-term ratings by Moody's of P-1 and by Standard & Poor's of A-1+. A brief discussion of major debt issued during the past two fiscal years follows below.

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

On September 9, 2009, \$50,395,000 of Certificates of Participation were issued, including \$42,795,000 under the American Recovery and Reinvestment Act for which the University will receive a 35% interest expense credit from the federal government. These certificates were issued to provide financing for the Mackey Arena renovation.

On January 22, 2009, the University issued Student Facilities System Revenue Bonds, Series 2009A, of \$35,025,000 to finance the costs for the remaining portion of the new student housing facility, First

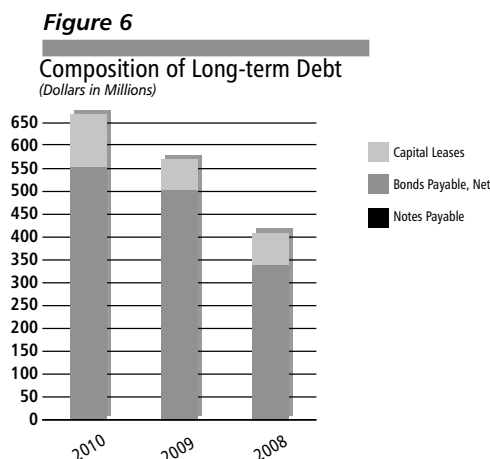
Street Towers, on the West Lafayette campus (\$3,400,000); the renovation of Windsor Residence Halls (\$8,685,000); Calumet Student Housing Phase II (\$16,838,000); and to refund a portion of outstanding commercial paper plus costs of issuance.

On May 21, 2009, Student Facilities System Revenue Bonds, Series 2009B, were issued in the amount of \$41,525,000 to finance the Student Housing Phase III project on the Fort Wayne campus (\$31,687,000), the continued renovation of Windsor Residence Halls (\$8,830,000) and to refund a portion of outstanding commercial paper plus costs of issuance.

On April 9, 2009, Student Fee Bonds, Series X, were issued in the amount of \$106,900,000 to finance the costs for the replacement of a boiler in the Wade Utility Plant (\$53,135,000), the addition of the Roger B. Gatewood Wing of the Mechanical Engineering Building (\$16,374,000), the Student Services and Library Complex on the Fort Wayne campus (\$32,696,000), repair and rehabilitation projects on the West Lafayette campus (\$5,346,000) and the refunding of a portion of outstanding commercial paper plus costs of issuance.

On April 1, 2008, a commercial paper agreement was negotiated with Goldman Sachs and Company. This agreement authorized a maximum borrowing of \$50,000,000. During Fiscal Year 2009, approximately \$32,000,000 in commercial paper was issued to fund the renovation of the east wing of Lilly Hall and the repair and rehabilitation of electrical and air handling systems in the Wetherill Laboratory of Chemistry.

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



ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Due to the continuing economic recession and its impact on state revenues, fiscal year 2011 state operating appropriations to the University have been cut \$6,300,000, or 1.9%. For the 2009-11 biennium, operating cuts have totaled \$22,700,000, or 6.7%. The cuts to fiscal year 2011 operating appropriations at the West Lafayette campus totaled \$6,900,000, or 2.8%. The state anticipated using American Recovery and Reinvestment Act (ARRA) funds to backfill the biennial cuts on a one-time basis and fund \$14,900,000 in repair and rehabilitation. However, due to the continued downturn in state revenues, only \$10,300,000 of the ARRA funding has been made available to the University. The University did not rely on these funds to balance its operating budget, and instead earmarked these funds for nonrecurring expenditures such as repair and rehabilitation.

The University has submitted its 2011-13 Legislative Request for Operating Appropriations to the state, based on instructions issued from the Indiana Commission for Higher Education (ICHE) and the Indiana State Budget Agency. The request includes base adjustments for successfully completed credit hours, degree change, time to degree, low-income degree completion and research support. The instructions requested that no assumption be made for maintenance/price increases and no requests for new quality initiatives be included. Maintenance increases for personnel, supplies and expense, and institutional student aid will be considered by ICHE in setting nonbinding tuition targets along with the budget recommendation. The January 2011 legislative session will set Purdue’s operating appropriation for the next biennium.

The University's student fees are set on a biennial basis. In 2009, the University approved increases of 5.0% for Indiana residents and 6.0% for nonresident students at the West Lafayette campus for fall 2010. Also approved was a \$500 per academic year student success fee, which continues to be phased in for new-to-campus students. This fee is tied to strategic plan improvements for academic programs, financial aid and student success programs, as well as to attracting and retaining top faculty. Indiana undergraduate students have had \$250 of this fee waived for the 2010-11 fiscal year.

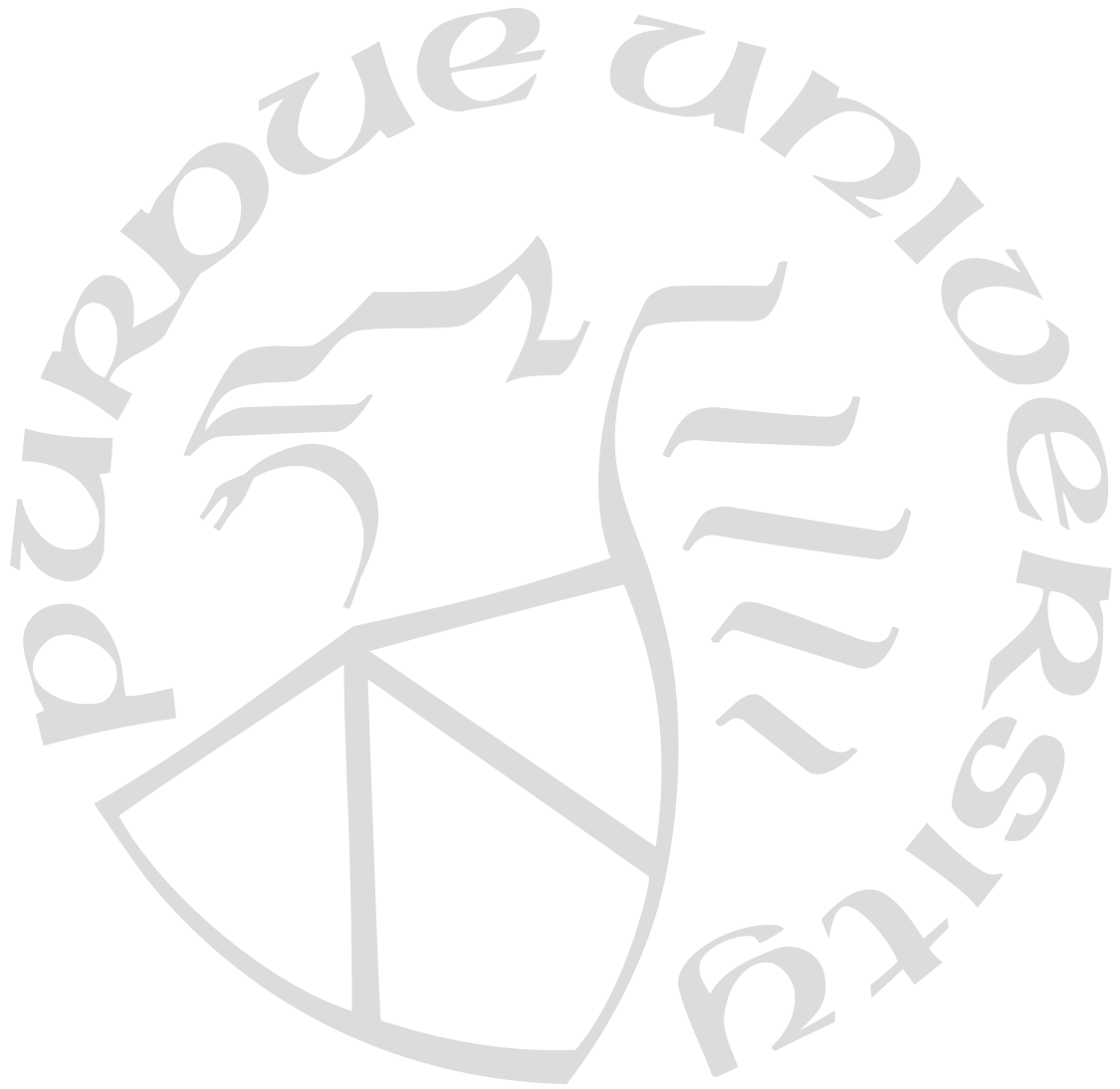
Purdue's New Synergies strategic plan, adopted in June 2008, continues to position the University to meet the challenges facing humanity, grow and create opportunities for Indiana and the global economy, and enhance student learning for success in a changing world. Three major goals form the plan's foundation: launching tomorrow's leaders, promoting discovery with delivery and meeting global challenges.

In 2010, the Trustees approved a new Endowment Investment Policy, which increased the portfolio's exposure to marketable alternatives from 18.5% to 25%. This increase will be offset with a reduction in U.S. and international equities. In addition, the endowment spending rate was increased from 4.5% to 5.0% of the average ending values for the prior twelve quarters in semiannual distributions. The Trustees also approved a voluntary retirement incentive program for staff that are at least 60 years of age with at least 10 years of employment. The plan will contribute to a health reimbursement account (HRA) in the amount of \$7,000 per year up to a total of \$35,000, which can be used to pay health premiums and other allowable medical expenses. It is estimated that approximately 500 staff will take advantage of this program. On September 16, 2010, a new tax-exempt commercial paper series was issued with Goldman Sachs and Company as the dealer. This series authorized a maximum borrowing of \$50,000,000 to finance portions of the costs of certain infrastructure, equipment and facilities on various campuses. The interest rate is variable and reset based on market conditions. This new series and the existing program referred to in Note 6 have a collective authorized maximum outstanding of \$50,000,000 at one time.

Enrollment reached an all-time high at all Purdue campuses with 69,694* for the fall semester of the 2011 academic year — up from 69,355* the previous year. Enrollment at the West Lafayette campus was 39,726, an increase of 29 students. The academic quality of the freshman class at the West Lafayette campus increased for the fifth consecutive year. Cumulative SAT scores for the freshman class increased 9 points and were 18 points better than scores of the class that came to Purdue two years ago. Purdue's West Lafayette campus freshman class has 6,347 students, up from 6,171 last year.

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

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



STATEMENT OF NET ASSETS

	As of June 30	
	2010	2009
	(Dollars in Thousands)	
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 562,410	\$ 511,308
Investments	100,130	52,929
Accounts Receivable, Net of Allowance for Uncollectible Amounts	81,261	75,957
Pledges Receivable, Net of Allowance for Uncollectible Amounts	40,047	37,421
Notes Receivable, Net of Allowance for Uncollectible Amounts	9,062	7,879
Other Assets	20,225	20,271
Total Current Assets	\$ 813,135	\$ 705,765
Noncurrent Assets:		
Investments	1,751,105	1,641,030
Pledges Receivable, Net of Allowance for Uncollectible Amounts	30,209	27,113
Notes Receivable, Net of Allowance for Uncollectible Amounts	44,842	46,009
Interest in Charitable Remainder Trusts	13,741	12,399
Capital Assets, Net of Accumulated Depreciation	1,712,621	1,606,709
Total Noncurrent Assets	3,552,518	3,333,260
Total Assets	\$ 4,365,653	\$ 4,039,025
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Expenses	103,967	99,996
Deferred Revenue	38,202	40,117
Deposits Held in Custody for Others	22,782	25,000
Securities Lending Liability	169,831	137,937
Accrued Compensated Absences	25,213	24,658
Bonds (Net), Leases and Notes Payable	178,778	260,981
Total Current Liabilities	538,773	588,689
Noncurrent Liabilities:		
Accrued Compensated Absences	32,782	28,464
Other Post-Employment Benefits	18,646	12,138
Funds Held in Trust for Others	6,345	5,743
Advances from Federal Government	19,970	19,918
Bonds (Net), Leases and Notes Payable	667,996	570,090
Total Noncurrent Liabilities	745,739	636,353
Total Liabilities	\$ 1,284,512	\$ 1,225,042

STATEMENT OF NET ASSETS (CONTINUED)

	As of June 30	
	2010	2009
	(Dollars in Thousands)	
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	\$ 984,844	\$ 964,652
Restricted		
Nonexpendable		
Instruction and Research	225,154	211,648
Student Aid	180,470	162,723
Other	25,061	23,654
Total Nonexpendable	\$ 430,685	\$ 398,025
Expendable		
Instruction, Research and Public Service	163,331	155,851
Student Aid	69,501	64,208
Auxiliary Enterprises	2,640	3,799
Construction	50,770	68,832
Other	361,617	291,416
Total Expendable	647,859	584,106
Unrestricted	1,017,753	867,200
Total Net Assets	\$ 3,081,141	\$ 2,813,983

See Accompanying "Notes to the Financial Statements."

Niswonger Aviation Technology Building



COMPONENT UNIT

Statement of Financial Position

Purdue Research Foundation
Statement Reported as of June 30, 2010
(Dollars in Thousands)

ASSETS:	
Cash and Cash Equivalents	\$14,630
Accounts and Other Receivables	15,558
Pledges Receivable	505
Investments in Securities	647,132
Notes Receivable	1,293
Investment in Affiliates	9,378
Real Estate	160,678
Less Accumulated Depreciation	<u>(24,876)</u>
Net Real Estate	\$135,802
Other Assets and Equipment	\$11,212
Less Accumulated Depreciation	<u>(6,282)</u>
Net Other Assets and Equipment	\$4,930
Interest in Charitable Remainder Trusts	\$20,919
Interest in Charitable Perpetual Trusts	13,488
Total Assets	\$863,635
LIABILITIES AND NET ASSETS:	
Accounts Payable	\$15,970
Net Funds Held as Custodian	44,432
Bonds Payable	79,345
Mortgages and Notes Payable	5,406
Gift Annuity Payable	3,527
Other Liabilities	4,390
Total Liabilities	\$153,070
NET ASSETS:	
Unrestricted	\$92,298
Board Designated	—
Temporarily Restricted	498,596
Permanently Restricted	119,671
Total Net Assets	\$710,565
Total Liabilities and Net Assets	\$863,635

Neil Armstrong Hall of Engineering



STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	For the Year Ending June 30	
	2010	2009
(Dollars in Thousands)		
Operating Revenues		
Tuition and Fees	\$700,118	\$641,327
Less: Scholarship Allowance	(84,695)	(67,233)
Net Tuition and Fees (pledged, see Note 6)	\$615,423	\$574,094
Federal Grants	13,217	14,464
County Grants	6,932	9,486
Grants and Contracts	339,392	285,347
Sales and Services	64,509	56,598
Auxiliary Enterprises (net of scholarship allowance of \$11,900 and \$9,438 respectively, pledged, see note 6)	220,023	213,044
Other Operating Revenues	3,881	3,465
Total Operating Revenues	\$1,263,377	\$1,156,498
Operating Expenses		
Compensation and Benefits	1,172,492	1,119,862
Supplies and Services	388,288	391,221
Depreciation Expense	112,629	112,244
Scholarships, Fellowships and Student Awards	65,231	57,331
Total Operating Expenses	\$1,738,640	\$1,680,658
Net Operating Loss	(475,263)	(524,160)
Nonoperating Revenues (Expenses)		
State Appropriations	387,561	393,250
Grants and Contracts	66,634	42,978
Private Gifts	70,354	99,395
Investment Income (Loss)	211,720	(169,206)
Interest Expense	(24,718)	(22,412)
Other Nonoperating Revenues, Net	3,782	4,404
Total Nonoperating Revenues before Capital and Endowments	\$715,333	\$348,409
Capital and Endowments		
Capital Gifts	20,009	12,190
Private Gifts for Permanent Endowments and Charitable Remainder Trusts	28,046	18,138
Plant Assets Retired and Insurance Recoveries	(1,627)	(2,385)
Total Capital and Endowments	\$46,428	\$27,943
Total Nonoperating Revenues	761,761	376,352
Cumulative Effect of Change in Accounting Policy		
Assets under Capitalization Level Written Off	(19,340)	-
INCREASE (DECREASE) IN NET ASSETS	\$267,158	\$(147,808)
Net Assets, Beginning of Year	2,813,983	2,961,791
Net Assets, End of Year	\$3,081,141	\$2,813,983

See Accompanying "Notes to the Financial Statements."

COMPONENT UNIT

STATEMENT OF ACTIVITIES

Purdue Research Foundation
Statement Reported as of June 30, 2010
(Dollars in Thousands)

Revenue and Support	
Amount Received for Purdue University Research Projects	\$ 1,592
Less Payments to Purdue University	(1,592)
Administrative Fee on Research Projects	—
Contributions	\$20,662
Income on Investments	11,717
Net Unrealized and Realized Gains	72,646
Increase in Interests in Charitable Trusts	1,079
Rents	8,504
Royalties	4,075
Other	3,004
Funded Endowed Chairs	—
Net Assets Released from Restrictions	—
Total Revenue and Support	\$ 121,687
Expenses and Losses	
Expenses for the Benefit of Purdue University	
Contributions to Purdue University	\$ 17,066
Patent and Royalty	3,540
Grants	10,265
Services for Purdue University	2,633
Development Office	566
Other	2,547
Total Expenses for the Benefit of Purdue University	\$ 36,617
Administrative and Other Expenses	
Salaries and Benefits	\$ 8,639
Property Management	7,524
Professional Fees	3,849
Supplies	362
Interest	4,242
Research Park	736
Other	6,283
Total Administrative and Other Expenses	\$ 31,635
Change in Net Assets	\$ 53,435
Net Assets, Beginning of Period	657,130
Net Assets, End of Period	\$710,565

STATEMENT OF CASH FLOWS

	For the Year Ending June 30	
	2010	2009
	(Dollars in Thousands)	
Cash Flows by Operating Activities		
Tuition and Fees, Net of Scholarship Allowances	\$613,890	\$567,491
Federal Appropriations	13,217	14,464
County Appropriations	6,932	9,486
Grants and Contracts	334,518	288,203
Sales and Services	63,486	59,682
Auxiliary Enterprises, Net of Scholarship Allowances	220,398	213,055
Other Operating Revenues	593	12,110
Compensation and Benefits	(1,163,287)	(1,101,248)
Supplies and Services	(391,725)	(382,404)
Scholarships, Fellowships and Student Awards	(64,250)	(57,331)
Student Loans Issued	(7,749)	(7,773)
Student Loans Collected	8,229	6,404
Cash Used by Operating Activities	\$(365,748)	\$(377,861)
Cash Flows by Noncapital Financing Activities		
State Appropriations	387,561	401,853
Grants and Contracts	66,634	42,978
Gifts for Other than Capital Purposes	93,700	100,369
Funds Held in Trust for Others	695	(4,587)
Other Nonoperating Revenues, Net	3,816	4,736
Cash Provided by Noncapital Financing Activities	\$552,406	\$545,349
Cash Flows by Investing Activities		
Purchases of Investments	(6,291,124)	(7,497,963)
Proceeds from Sales and Maturities of Investments	6,331,009	7,395,628
Interest and Dividends on Investments, Net	46,227	58,980
Cash Provided (Used) by Investing Activities	\$86,112	\$(43,355)
Cash Flows by Capital and Related Financing Activities		
Debt Repayment	(116,181)	(122,607)
Capital Debt Proceeds	134,123	312,186
Interest Expense	(28,557)	(22,535)
Capital Gifts Received	13,113	17,087
Construction or Purchase of Capital Assets	(224,166)	(206,616)
Cash Used by Capital and Related Financing Activities	\$(221,668)	\$(22,485)
Net Increase (Decrease) in Cash and Cash Equivalents	51,102	101,648
Cash and Cash Equivalents, Beginning of Year	511,308	409,660
Cash and Cash Equivalents, End of Year	\$562,410	\$511,308

STATEMENT OF CASH FLOWS (CONTINUED)

Reconciliation of Cash Used for Operating Activities (Indirect Method)

	For the Year Ending June 30	
	2010	2009
(Dollars in Thousands)		
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	\$(475,263)	\$(524,160)
Depreciation Expense	112,629	112,244
Noncash Investing, Capital and Financing Activities	489	9,171
Changes in Assets and Liabilities:		
Accounts Receivable	(4,963)	1,661
Notes Receivable	(15)	(842)
Other Assets	10	(3,238)
Accrued Compensated Absences	11,381	6,828
Accounts Payable	(2,646)	14,461
Deferred Revenue	(8,472)	5,097
Deposits Held in Custody for Others	1,050	1,051
Advances from Federal Government	52	(134)
Cash Used by Operating Activities	\$(365,748)	\$(377,861)

See Accompanying "Notes to the Financial Statements."

Bindley Bioscience Center



NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ending June 30, 2010

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

ORGANIZATION:

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

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

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

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

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

REPORTING ENTITY:

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

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

As additionally required by GASB Statement No. 39, "Determining Whether Certain Organizations

Are Component Units,” organizations that raise and hold economic resources for the direct benefit of the University are included in the reporting entity as discretely presented component units.

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

The University has an association with Indiana University-Purdue University Indianapolis but is not financially accountable for the organization and does not have primary access to its resources. Accordingly, this organization has not been included in the University’s financial statements.

RELATIONSHIP TO STATE OF INDIANA:

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.

TAX-EXEMPT STATUS:

The income generated by the University, as an instrument of the state, is generally excluded from federal income taxes under Section 115(a) of the Internal Revenue Code. The University also has a determination letter from the Internal Revenue Service stating it is exempt under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Income generated from activities unrelated to the University’s exempt purpose is subject to tax under Internal Revenue Code Section 511(a)(2)(B). There was no tax liability related to income generated from activities unrelated to the University’s exempt purpose as of June 30, 2010 and 2009.

BASIS OF PRESENTATION:

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

During fiscal year 2010, the University adopted GASB Statement No. 51, “Accounting and Financial Reporting for Intangible Assets”; GASB Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”; and GASB Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies.” During fiscal year 2009, the University adopted GASB Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations”; GASB Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”; GASB Statement No. 55, “The

Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”; and GASB Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.”

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

BASIS OF ACCOUNTING:

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Investments. Investments, exclusive of institutional physical properties, are generally reported at fair value as of June 30, 2010. Fair value is generally based on quoted market price, except for certain investments — primarily private equity partnerships, hedge funds and similar alternative investments — for which quoted market prices are not available. The estimated fair value of these investments is based on valuations provided by external investment managers within the past fiscal year through June 30. Because alternative investments are not readily marketable, their estimated value may differ from the value that would have been used had a ready market value for such investments existed. Investments, exclusive of endowment funds, may be classified current or noncurrent, depending on the individual investments’ maturity date as of June 30. Endowment funds are primarily included in noncurrent investments, with the exception of amounts designated for distribution.

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

Pledges Receivable. Pledges receivable are accrued as of the end of the fiscal year, provided the pledge is verifiable, measurable and probable of collection. Pledges receivable do not include gifts made in anticipation of estates, telephone solicitations or promises of endowment funds. An allowance for uncollectible pledges is calculated based on the University’s experience.

Notes Receivable. Notes receivable primarily represent student loan repayments due the University and are presented net of an allowance for doubtful accounts.

Inventories. Inventories are composed of (1) consumable supplies and items held for resale or re-charge 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.

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

Interest in Charitable Remainder Trusts. The PRF Trust Funds are various revocable and irrevocable trusts established for the benefit of the University, the Purdue Research Foundation, the former Purdue Alumni Foundation and affiliates. 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's Trusts' charitable remainder trusts based on the estimated present value of future cash flows. Future cash flows are estimated using an assumed investment rate of return on the underlying investments that will satisfy the trust requirements and an applicable discount rate at the time of contribution. The University's discretely presented component unit reflects their respective PRF Trust interest on the Statement of Financial Position. As of June 30, 2010 and 2009, the fair value of funds held by PRF Trusts for the University was approximately \$24,299,000 and \$20,407,000 respectively. Change in fair value from one fiscal year to the next is reflective of changes in the market value of the underlying investments, new trusts being added and the maturation and liquidation of existing trusts.

Capital Assets. Capital assets are stated at cost or fair market value at the date of the gift. Items are capitalized when their value exceeds the threshold shown in the table below and their estimated useful life is greater than one year. Depreciation is computed on a straight-line basis over the estimated useful life, as shown in the table below. Capital assets are removed from the records at the time of disposal.

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

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

The University does not capitalize works of 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
Movable Equipment (including fabricated equipment)	\$5,000*	More than one year
Buildings and Related Components	\$100,000	10-50 years
Intangible Assets	\$500,000	Varies
Land Improvements	\$100,000	Varies
Infrastructure	\$100,000	Varies

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

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

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

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

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

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

- Invested in capital assets, net of related debt: Resources resulting from capital acquisition or construction, net of accumulated depreciation and net of related debt. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
- Restricted-nonexpendable: Net assets subject to externally imposed stipulations that the funds be maintained inviolate and in perpetuity. Such assets include the University's permanent and term endowment funds and are categorized as instruction and research, student aid, and other.
- Restricted-expendable: Net assets that may be spent provided certain third-party restrictions are met. The following categories of restricted-expendable net assets are presented: instruction, research and public service; student aid; auxiliary enterprises; construction; and other. As of June 30, 2010, approximately 88%, or \$316,562,000, of the "other" category resulted from undistributed gain on endowment funds and the fair value of funds functioning as endowments where the

donor has restricted the use of the funds for a particular purpose. Neither component is available for general institutional use.

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

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

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

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

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

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

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

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

Gifts. The University receives pledges of financial support from many different sources. Gift income is recognized when received or pledged. In-kind gifts of tangible or intangible property are recognized at fair value on the date of the gift and are capitalized, if appropriate, subject to the University's policies on capitalization. Revenue from gifts-in-kind of approximately \$2,133,000 and \$12,247,000 was recognized during the years ending June 30, 2010 and 2009, respectively.

Student Aid. Monies received that are restricted by donors for aid to students are reported in the financial statements as 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.

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

Reclassifications. Certain prior-year amounts have been reclassified to conform to the presentation used in the current year.

NOTE 2 — DEPOSITS AND INVESTMENTS

Deposits. As of June 30, 2010 and 2009, the bank balance of the University's deposits (demand deposit accounts) was approximately \$80,985,000 and \$4,853,000 respectively. Federal depository insurance

Schleman Hall "green roof"



covered \$250,000 of this amount. 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, revised and amended on November 10, 2006, authorize the treasurer of the Trustees to implement investment activity. The investment policy, as approved by the Trustees, outlines parameters for investment activity for the University. The University had the following investments (dollars in thousands):

Investment Type	June 30, 2010	June 30, 2009
U.S. Agencies	\$67,149	\$91,156
Asset-Backed Securities	42,031	35,437
Corporate Bonds	357,432	379,199
U.S. Equity	349,666	301,569
International Equity	186,052	164,108
International Fixed Income	13,913	9,025
Marketable Alternatives	172,918	151,520
Mortgage-Backed Securities	176,287	191,230
Private Equity	122,550	79,090
Real Estate	11,855	12,431
U.S. Treasuries and Securities	217,119	122,607
Securities Lending Cash Collateral	169,831	137,937
Mutual Funds and Cash	445,857	525,105
Total	\$2,332,660	\$2,200,414

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 University had the following fixed-income investments and maturities on June 30, 2010 and 2009 (dollars in thousands):

June 30, 2010 Sector	Maturity				Totals
	0-1 year	1-5 years	6-10 years	> 10 years	
U.S. Agencies	\$5,009	\$38,372	\$23,768	–	\$67,149
Asset-Backed Securities	–	30,784	8,407	2,840	42,031
Corporate Bonds	13,168	210,876	87,866	45,522	357,432
International Fixed Income	–	10,672	–	3,241	13,913
Mortgage-Backed Securities	521	2,367	38,535	134,864	176,287
U.S. Treasuries and Securities	92,941	91,981	32,197	–	217,119
Securities Lending Cash Collateral	169,831	–	–	–	169,831
Mutual Funds and Cash	423,468	38,598	3,767	61,009	526,842
Total	\$704,938	\$423,650	\$194,540	\$247,476	\$1,570,604

June 30, 2009 Sector	Maturity				Totals
	0-1 year	1-5 years	6-10 years	> 10 years	
U.S. Agencies	\$13,409	\$27,121	\$42,949	\$7,677	\$91,156
Asset-Backed Securities	–	24,283	3,748	7,406	35,437
Corporate Bonds	11,806	241,813	101,315	24,265	379,199
International Fixed Income	–	6,835	2,190	–	9,025
Mortgage-Backed Securities	–	5,630	7,747	177,853	191,230
U.S. Treasuries and Securities	32,443	68,885	12,495	8,784	122,607
Securities Lending Cash Collateral	137,937	–	–	–	137,937
Mutual Funds and Cash	393,100	54,958	44,713	37,187	529,958
Total	\$588,695	\$429,525	\$215,157	\$263,172	\$1,496,549

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

	June 30, 2010		June 30, 2009	
AAA	\$610,165	26.2%	\$564,498	25.8%
AA	83,428	3.6%	93,547	4.3%
A	190,039	8.1%	191,498	8.7%
BAA	114,815	4.9%	98,657	4.5%
BA	32,970	1.4%	30,919	1.4%
B	4,031	0.2%	8,092	0.4%
CA	–	0.0%	1,589	0.1%
CAA	4,270	0.2%	2,020	0.1%
Unrated	1,292,942	55.4%	1,209,594	55.0%
Total	\$2,332,660	100.0%	\$2,200,414	100.3%

Investment Custodial Credit Risk. Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the University will not be able to recover the value of the investments

that are in the possession of an outside party. Therefore, exposure arises if the securities are uninsured, are not registered in the University's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the University's name. Open-ended mutual funds and certain other investments are not subject to custodial risk because ownership of the investment is not evidenced by a security. The University does not have a formal policy for custodial credit risk. As of June 30, 2010 and 2009, all investments were held in University accounts at the University's custodial banks with the exception of private placements and investments in limited partnerships that totaled approximately \$307,323,000 and \$243,041,000 respectively.

Foreign Currency Risk. Endowment equity managers may invest in common stocks, preferred stocks or fixed-income instruments convertible into common stocks, and American Depository Receipts of foreign corporations. The University's endowment fixed-income managers may invest in foreign fixed-income securities equivalent in quality to permitted domestic securities, but not to exceed 20% of the assets entrusted to the manager. All currency exposures are to be hedged into the U.S. dollar unless otherwise approved by the Investment Committee. Please refer to the Investment Type table for the University's exposure to international investments. In addition to those investments, the University estimates international exposure in its alternative investments of approximately \$40,770,000 and \$28,829,000 as of June 30, 2010 and 2009, respectively.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to magnitude of an entity's investment in a single issuer. As of June 30, 2010 and 2009, no single investment of the University exceeded 5% of total investments.

Donor-Restricted Endowments. The University's endowment funds (including true, term, and funds functioning as endowments) are invested in a unitized pool. The unitized endowment pool purchases investments to generate present and future income in support of various programs. The Trustees establish the spending policy for the unitized endowment pool. As of June 30, 2010, the approved 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. As of June 30, 2010 and 2009, accumulated market appreciation of the pool was approximately \$282,286,000 and \$202,154,000 respectively. Of these amounts, 33.18% and 27.4% represent appreciation attributable to donor-restricted (true and term) endowments during the years ended June 30, 2010 and 2009, respectively. The University's endowment policies are subject to the provisions of Indiana Code IC 30-2-12, "Uniform Management of Institutional Funds." Under this section, the 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.

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. As of June 30, 2010 and 2009, the University had securities involved in loans with a market value of approximately \$166,348,000 and \$135,069,000 respectively. These loans were supported by collateral of approximately \$170,325,000 and \$137,937,000 as of June 30, 2010 and 2009, respectively. The collateral amounts included cash of approximately \$169,831,000 and \$137,937,000, as of June 30, 2010 and 2009, respectively, which are included in cash and cash equivalents in the Statement of Net Assets. Acceptable non-cash collateral totaled approximately \$494,000 as of June 30, 2010, and there was none as of June 30, 2009. 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. As of June 30, 2010 and 2009, the University had no aggregate credit risk. However, although collateralized, the University would bear the risk if the cash collateral were impaired.

The University and the borrowers of its securities maintain the right to terminate all securities-lending transactions on demand. The cash collateral received on each loan is invested, together with the cash collateral of other lenders, in a 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. During the years ended June 30, 2010 and 2009, income from its participation in this securities-lending program was approximately \$555,000 and \$2,557,000 respectively. The expense was approximately \$316,000 and \$1,589,000 during the years ended June 30, 2010 and 2009, respectively. Net income to the University from this program was approximately \$239,000 and \$968,000 during the years ended June 30, 2010 and 2009, respectively. Under the securities-lending agreement, the custodian remits to the University earnings less rebate fees and expenses on a monthly basis.

NOTE 3 — ACCOUNTS, PLEDGES AND NOTES RECEIVABLE

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

	June 30, 2010	June 30, 2009
Grants and Contracts	\$47,371	\$40,670
Student and General	22,128	22,418
Other Accrued Revenues	15,267	15,977
Less: Allowance for Doubtful Accounts	(3,505)	(3,108)
Total Accounts Receivable, Net	\$81,261	\$75,957

	June 30, 2010	June 30, 2009
Pledges Receivable	\$72,893	\$67,305
Less: Allowance for Doubtful Pledges	(2,637)	(2,771)
Total Pledges Receivable	70,256	64,534
Less: Noncurrent Portion	(30,209)	(27,113)
Pledges Receivable, Current Portion	\$40,047	\$37,421

	June 30, 2010	June 30, 2009
Perkins Loans	\$26,121	\$27,087
Student Loans, Other Notes	28,094	26,983
Less: Allowance for Doubtful Loans	(311)	(182)
Total Notes Receivable	\$53,904	\$53,888
Less: Noncurrent Portion	(44,842)	(46,009)
Notes Receivable, Current Portion	\$9,062	\$7,879

NOTE 4 — CAPITAL ASSETS

Capital asset activity is summarized below (dollars in thousands). Interest that qualified for interest capitalization was approximately \$6,433,000 and \$2,180,000 during the years ended June 30, 2010 and 2009, respectively.

Capital Assets Activity	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital Assets, Not Being Depreciated:				
Land	\$23,256	\$378	–	\$23,634
Construction in Progress	237,727	210,532	243,206	205,053
Total, Capital Assets, Not Being Depreciated	\$260,983	\$210,910	\$243,206	\$228,687
Capital Assets, Being Depreciated:				
Land Improvements	63,736	6,512	–	70,248
Infrastructure	62,778	916	–	63,694
Buildings	1,897,016	219,846	65	2,116,797
Equipment	503,539	44,810	98,925	449,424
Software	59,230	–	4,336	54,894
Total, Capital Assets, Being Depreciated	\$2,586,299	\$272,084	\$103,326	\$2,755,057
Less Accumulated Depreciation:				
Land Improvements	46,565	2,749	–	49,314
Infrastructure	23,166	4,066	–	27,232
Buildings	821,365	69,681	5	891,041
Equipment	327,296	31,089	78,390	279,995
Software	22,181	5,044	3,684	23,541
Total Accumulated Depreciation	\$1,240,573	\$112,629	\$82,079	\$1,271,123
Total Capital Assets, Net of Accumulated Depreciation	\$1,606,709	\$370,365	\$264,453	\$1,712,621

Capital Assets Activity	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Capital Assets, Not Being Depreciated:				
Land	\$22,721	535	–	\$23,256
Construction in Progress	137,698	188,065	88,036	237,727
Total, Capital Assets, Not Being Depreciated	\$160,419	\$188,600	\$88,036	\$260,983
Capital Assets, Being Depreciated:				
Land Improvements	63,194	542	–	63,736
Infrastructure	59,939	2,839	–	62,778
Buildings	1,832,159	64,857	–	1,897,016
Equipment	486,267	41,682	24,410	503,539
Software	59,230	–	–	59,230
Total, Capital Assets, Being Depreciated	\$2,500,789	\$109,920	\$24,410	\$2,586,299
Less Accumulated Depreciation:				
Land Improvements	43,885	2,680	–	46,565
Infrastructure	19,011	4,155	–	23,166
Buildings	758,936	62,716	287	821,365
Equipment	312,848	36,246	21,798	327,296
Software	15,734	6,447	–	22,181
Total Accumulated Depreciation	\$1,150,414	\$112,244	\$22,085	\$1,240,573
Total Capital Assets, Net of Accumulated Depreciation	\$1,510,794	\$186,276	\$90,361	\$1,606,709

NOTE 5 —ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	June 30, 2010	June 30, 2009
Construction Payables	\$26,823	\$23,263
Accrued Insurance Liabilities	26,333	21,226
Interest Payable	13,174	10,416
Accrued Salary and Wages	5,172	12,189
Vendor and Other Payables	32,465	32,902
Total Accounts Payable	\$103,967	\$99,996

Accrued Insurance Liabilities. The University is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; accident, health and other medical benefits provided to employees and their dependents; and long-term disability benefits provided to employees. The University handles these risks of loss through combinations of risk retention and commercial insurance. For buildings and contents, the University's risk retention is \$250,000 per occurrence. There is a \$1,000,000 retention per occurrence or wrongful act for general, automobile, and professional and educators' legal liability coverage. The University retains the entire risk for medical benefits. The maximum liability to the University for job-related illnesses or injuries is \$500,000 per incident, with a maximum annual aggregate liability of \$7,000,000.

Separate funds have been established to account for these risks. All departments of the University are charged fees based on actuarial estimates of the amounts necessary to pay claims and to establish reserves for catastrophic losses. During the years ended June 30, 2010 and 2009, the University reflected approximately \$280,000 and \$66,000 respectively of insurance proceeds as nonoperating income.

The University accrues liabilities for claims if information indicates that a loss has been incurred as of June 30 and the amount of the loss can reasonably be estimated. Changes in the balances of accrued insurance liabilities were as follows (dollars in thousands):

	June 30, 2010	June 30, 2009
Beginning Liability	\$21,226	\$11,350
Claims Incurred	133,197	98,275
Claims Payments	(128,090)	(88,399)
Ending Liability	\$26,333	\$21,226

NOTE 6 — DEBT RELATED TO CAPITAL ASSETS

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

Debt-Related Liabilities	Balance	Increases	Decreases	Balance	Current Portion
	July 1, 2009			June 30, 2010	
Commercial Paper	\$34,386	—	\$537	\$33,849	\$33,849
Notes Payable	464	\$1,018	177	1,305	208
Bonds Payable	723,009	82,190	111,696	693,503	140,892
Leases Payable to Affiliated Foundations	73,212	50,915	6,010	118,117	3,829
	\$831,071	\$134,123	\$118,420	\$846,774	\$178,778

Debt-Related Liabilities	Balance	Increases	Decreases	Balance	Current Portion
	July 1, 2008			June 30, 2009	
Commercial Paper	\$10,000	\$40,000	\$15,614	\$34,386	\$34,386
Notes Payable	\$1,230	—	766	464	177
Bonds Payable	554,640	271,053	102,684	723,009	221,390
Leases Payable to Affiliated Foundations	77,220	1,133	5,141	73,212	5,028
	\$643,090	\$312,186	\$124,205	\$831,071	\$260,981

Commercial Paper. On April 1, 2008, a commercial paper agreement was negotiated with Goldman Sachs and Company. This agreement authorized a maximum borrowing of \$50,000,000 to finance portions of the costs of certain infrastructure, equipment and facilities on various campuses. The interest rate is variable and reset based on market conditions. The University can set the maturity dates up to 270 days. As of June 30, 2010 and 2009, the balance outstanding was \$33,849,000 and \$34,386,000 respectively.

Notes Payable. As of June 30, 2010 and 2009, notes outstanding of approximately \$1,305,000 and \$464,000, respectively, represent financing for various activities.

On March 1, 1998, an Energy Savings Loan Agreement was negotiated with Bank One, now JPMorgan Chase & Co. This agreement authorized a maximum line of credit of approximately \$10,000,000 to borrow for the costs of qualified energy savings projects through December 31, 2001. Projects included both capital and non-capital improvements to the physical plant. Individual notes may have either a fixed or floating interest rate with maturities not extending beyond 2011. The outstanding balance of these notes, all of which have floating interest rates, was approximately \$287,000 as of June 30, 2010, and \$464,000 as of June 30, 2009. The interest rate for the notes was 1.74% and 1.72% as of June 30, 2010 and 2009, respectively. The floating-rate notes can be reset at the University's option every one, two, three or six months and is based on the London Interbank Offered Rate (LIBOR) at the reset dates.

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

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

Issue	Issue Date	Interest Rates	Maturity Dates	Outstanding June 30, 2010	Outstanding June 30, 2009
Certificates of Participation with Ross-Ade:					
Series 1998	1998	3.20%-5.25%	1999-2015	\$4,070	\$4,775
Series 2006	2006	4.00%-5.25%	2007-2027	54,595	58,245
Series 2009A	2009	2.50%-5.00%	2012-2015	7,600	—
Series 2009B	2009	4.07%-5.96%	2016-2031	42,795	—
Leases with Purdue Research Foundation:					
Academic Learning Center	2004	3.00%-5.00%	2005-2030	7,150	7,375
Woodmar Clinic	2008	11.82%	2009-2010	—	1,117
				116,210	71,512
Net Unamortized Premiums and Deferred Costs				1,907	1,700
Total				\$118,117	\$73,212

As of June 30, 2010 and 2009, long-term debt included amounts relating to properties leased from either the Ross-Ade Foundation or Purdue Research Foundation with a net book value (net of accumulated depreciation) of approximately \$101,003,000 and \$96,121,000 respectively.

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

Bonds Payable. Bonds payable consisted of the following issues (dollars in thousands):

Issue	Issue Date	Interest Rates	Maturity Dates	Outstanding June 30, 2010	Outstanding June 30, 2009
Student Facilities System Revenue Bonds:					
Series 2003A	2003	4.00%-5.38%	2004-2014	\$23,390	\$27,750
Series 2003B	2003	2.00%-4.25%	2005-2018	5,355	5,655
Series 2004A	2004	0.22% *	2008-2033	27,900	28,000
Series 2005A	2005	0.19% *	2005-2029	20,870	21,585
Series 2007A	2007	5.00%-5.25%	2014-2029	61,865	61,865
Series 2007B	2007	4.00%-5.0%	2008-2032	25,850	26,470
Series 2007C	2007	0.19% *	2010-2032	60,925	61,725
Series 2009A	2009	3.50%-5.0%	2009-2034	34,960	35,025
Series 2009B	2009	3.00%-5.00%	2010-2035	41,525	41,525
Student Fee Bonds:					
Series H	1993	2.78%-5.25%	1998-2015	7,200	8,100
Series K	1995	2.20%-5.63%	1997-2020	12,600	13,500
Series L	1995	3.00%-5.63%	1997-2020	11,000	11,800
Series N	1998	3.55%-5.50%	1998-2014	14,855	17,930
Series O	1998	2.68%-5.63%	2000-2019	20,750	22,510
Series P	1998	4.00%-5.25%	1999-2017	31,930	35,430
Series Q	2000	2.63%-6.00%	2002-2010	2,090	4,060
Series R	2002	3.00%-5.38%	2002-2023	13,885	14,560
Series S	2004	*	2007-2026	—	12,625
Series T	2004	*	2008-2027	—	13,990
Series U	2005	3.50%-5.25%	2006-2022	34,800	34,900
Series V	2005	*	2008-2027	—	58,280
Series W	2006	4.00%-5.00%	2007-2026	38,115	39,610
Series X	2009	2.00%-5.50%	2009-2028	104,185	106,925
Series Y	2010	2.00%-5.00%	2010-2027	74,130	—
				668,180	703,820
Net Unamortized Premiums and Deferred Costs				25,323	19,189
Total				\$693,503	\$723,009

*Variable interest rates are reset weekly and are based upon market conditions. Amounts shown as of June 30, 2010.

The Student Facilities System Revenue Bonds are secured by a pledge of auxiliary revenues and any other available income, except student fees and state appropriations, and the Student Fee Bonds are secured by a pledge of mandatory student fees. Mandatory student fees (net of scholarship allowance) were approximately \$615,423,000 and \$574,094,000 during the year ended June 30, 2010 and 2009, respectively.

As of June 30, 2010 and 2009, the University had approximately \$109,695,000 and \$196,205,000 respectively included in Current Liabilities related to Student Fee demand bonds (Series S, Series T and Series V), backed by student fees, and Student Facility System Revenue demand bonds (Series 2004A, Series 2005A and Series 2007C), backed by certain auxiliary revenues and other available funds, maturing serially through July 1, 2033. The bonds were issued under Indiana Code IC 21-34 and IC 21-35.

The proceeds of the bonds were used to (a) provide funds for certain capital improvements, (b) refund certain interim financing, (c) provide for construction period interest for a portion of the bonds, and (d) pay costs incurred to issue the bonds. The anticipated redemption schedule for these bonds is included in the scheduled debt payments table.

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

On May 21, 2009, Student Facilities System Revenue Bonds, Series 2009B, were issued in the amount of \$41,525,000. This series was issued to finance the costs for the student housing project on the Fort Wayne campus, the continued renovation of Windsor Residence Halls and refunding a portion of outstanding commercial paper.

On April 9, 2009, Student Fee Bonds, Series X, were issued in the amount of \$106,925,000. This series was issued to finance the costs for a replacement boiler in the Wade Utility Plant, addition of the Roger B. Gatewood Wing to the Mechanical Engineering Building, the Student Services and Library Complex on the Fort Wayne campus, repair and rehabilitation projects on the West Lafayette campus and refunding a portion of outstanding commercial paper.

On January 22, 2009, Student Facilities System Revenue Bonds, Series 2009A, were issued in the amount of \$35,025,000. This series was issued to finance the costs for the remaining portion of the new student housing facility at the West Lafayette campus, continued renovation of Windsor Residence Halls, Calumet Student Housing and refunding a portion of outstanding commercial paper.

The University may direct a change in the type of interest rate borne by the variable-rate 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 variable-rate 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. The University has chosen to provide self-liquidity in the event of a put from any holder of these bonds.

Scheduled payments related to the debt for capital assets for the fiscal years ending June 30 are as follows (dollars in thousands):

Fiscal Year	Principal	Interest	Total
2011	\$34,883	\$32,669	\$67,552
2012	\$72,565	\$30,962	\$103,527
2013	\$40,955	\$29,120	\$70,075
2014	\$43,256	\$27,169	\$70,425
2015	\$41,488	\$25,316	\$66,804
2016-2020	\$187,071	\$101,700	\$288,771
2021-2025	\$182,991	\$60,772	\$243,763
2026-2030	\$159,320	\$21,170	\$180,490
2031-2035	\$54,830	\$3,405	\$58,235
2036	\$2,185	–	\$2,185
	\$819,544	\$332,283	\$1,151,827
Net Unamortized Premiums and Deferred Costs	27,230	–	27,230
Total	\$846,774	\$332,283	\$1,179,057

Defeased Bond Issues. The University defeased bond issues by prepayment or by issuing new debt as shown below (dollars in thousands). 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, 2010	June 30, 2009
Student Fee and Facilities:			
Building Facilities Fee Bonds	7/1/2009	–	\$1,165
Student Fee Bonds, Series Q	7/1/2010	\$34,955	34,955
Student Facilities System Revenue Bonds, Series 2003A	7/1/2013	48,345	48,345
Student Facilities System Revenue Bonds, Series 2003B	7/1/2013	17,950	17,950
Certificates of Participation, Issued by Ross-Ade Foundation:			
Certificates of Participation, Series 2001A	7/1/2011	55,215	57,060

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 of approximately \$10,830,000 were issued to the Indiana Bond Bank, secured solely by lease payments from the Indiana Department of Animal Health through annual appropriations for this purpose from the state of Indiana. The University's rights to receive lease payments have been assigned to the Trustees for the Indiana Bond Bank. As of June 30, 2010 and 2009, the outstanding amount of these bonds was approximately \$1,495,000 and \$2,435,000 respectively. The ADDL Building, the lease receivable and the bonds payable are not reflected on the University's books.

Operating Leases. The University has entered into various operating leases for buildings and equipment. Net expenses for rent under these leases for the year ending June 30, 2010 and 2009, were approximately \$10,336,000 and \$10,905,000 respectively.

NOTE 7— OTHER DEBT INFORMATION

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

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

Long-term Liabilities	Balance	Increases	Decreases	Balance	Current
	July 1, 2008			June 30, 2009	Portion
Accrued Compensated Absences	\$52,297	\$25,469	\$24,644	\$53,122	\$24,658
Other Post-Employment Benefits	6,134	11,297	5,293	12,138	—
Funds Held in Trust for Others	7,556	3,992	5,805	5,743	—
Advances from Federal Government	20,052	—	134	19,918	—
Total	\$86,039	\$40,758	\$35,876	\$90,921	\$24,658

Other Post-Employment Benefits. The University offers medical insurance for those retirees 55 or older who have at least 10 years of service and whose age and years of service are equal to or are greater than 70. 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 the 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 the following pages. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a 20-year period.

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

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

Determination of Annual Required Contribution (ARC)

Cost Element	For Fiscal Year	For Fiscal Year
	Ending June 30, 2010	Ending June 30, 2009
Normal Cost	\$7,752	\$6,578
Amortization of the Unfunded		
Actuarial Accrued Liability	5,197	4,785
Total Annual Required Contribution (End of Year)	\$12,949	\$11,363

Schedule of Employer Contributions

Fiscal Year	Annual Required	Actual	Percentage
Ending	Contributions	Contributions	Contributed
June 30, 2008	\$11,014	\$4,880	44%
June 30, 2009	\$11,297	\$5,293	47%
June 30, 2010	\$12,750	\$6,242	49%

Schedule of Funding Progress

Actuarial	Actuarial Value	Actuarial Accrued	Unfunded/	Funded
Valuation Date	of Assets (a)	Liability (AAL) (b)	(Overfunded) AAL	Ratio (a)/(b)
			(UAAL) (b) - (a)	
January 1, 2007	\$0	\$72,948	\$72,948	0%
January 1, 2009	\$0	\$76,492	\$76,492	0%

Net OPEB Obligation (NOO)

Actuarial	Annual	Interest on	ARC	Annual	Actual	Net Increase	NOO as of	
Valuation Date	Required	Existing	Adjustment	OPEB Cost	Contribution	in NOO	End of Year	
	(a)	NOO	(c)	(a) + (b) + (c)	Amount	(d) - (e)	(g)	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
January 1, 2007	June 30, 2008	\$11,014	\$0	\$0	\$11,014	\$4,880	\$6,134	\$6,134
January 1, 2007	June 30, 2009	\$11,363	\$307	(\$373)	\$11,297	\$5,293	\$6,004	\$12,138
January 1, 2009	June 30, 2010	\$12,949	\$607	(\$806)	\$12,750	\$6,242	\$6,508	\$18,646
Valuation Date				1-Jan-09				
Actuarial Cost Method				Entry Age Normal, Level Percent of Pay				
Amortization Method				20 Years from Date of Establishment, Closed, Level Percent of Pay				
Asset Valuation Method				N/A, No Assets in Trust				

Actuarial Assumptions:

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

Plan Membership:

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

NOTE 8 — OPERATING EXPENSES BY FUNCTION

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

Operating Expenses by Function for the Year Ending June 30, 2010

	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction and Departmental Research	\$546,553	\$67,569	—	—	\$614,122
Organized Activities Related to Instruction and Research	11,859	10,043	—	—	21,902
Sponsored Research	123,690	62,322	—	—	186,012
Other Separately Budgeted Research	17,512	1,975	—	—	19,487
Extension and Public Service	79,834	62,309	—	—	142,143
Academic Support	13,117	13,739	—	—	26,856
Student Services	34,894	7,465	—	—	42,359
Physical Plant Operations and Maintenance	84,613	46,738	—	—	131,351
General Administration	81,540	24,733	—	—	106,273
General Institutional Services	49,969	12,881	—	—	62,850
Depreciation	—	—	\$112,629	—	112,629
Student Aid	—	819	—	\$65,231	66,050
Auxiliary Enterprises	128,911	77,695	—	—	206,606
Total	\$1,172,492	\$388,288	\$112,629	\$65,231	\$1,738,640

Operating Expenses by Function for the Year Ending June 30, 2009

	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction and Departmental Research	\$549,495	\$93,073	—	—	\$642,568
Organized Activities Related to Instruction and Research	11,415	10,267	—	—	21,682
Sponsored Research	123,157	53,377	—	—	176,534
Other Separately Budgeted Research	15,110	2,138	—	—	17,248
Extension and Public Service	70,282	41,696	—	—	111,978
Academic Support	13,640	13,889	—	—	27,529
Student Services	33,903	8,748	—	—	42,651
Physical Plant Operations and Maintenance	79,176	44,378	—	—	123,554
General Administration	76,546	22,396	—	—	98,942
General Institutional Services	45,333	11,160	—	—	56,493
Depreciation	—	—	\$112,244	—	112,244
Student Aid	—	787	—	\$57,331	58,118
Auxiliary Enterprises	101,805	89,312	—	—	191,117
Total	\$1,119,862	\$391,221	\$112,244	\$57,331	\$1,680,658

NOTE 9 — RETIREMENT PLANS

Authorization. Authorization to establish retirement plans is stated in Indiana Code IC 21-38-7.

All Employees. University employees are participants in various retirement programs, including the Federal Insurance Contributions Act (FICA). During the years ended June 30, 2010 and 2009, the University's cost was approximately \$50,507,000 and \$49,903,000, respectively, 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 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 \$9,000 and 15% of the salary above \$9,000. Employee contributions are not required but may be made on a voluntary basis. For the years ended June 30, 2010 and 2009, the University made contributions totaling approximately \$73,277,000 and \$70,846,000, respectively, to this plan. For the years ended June 30, 2010 and 2009, there were 6,767 and 6,587 employees, respectively, participating in TIAA with annual pay equal to approximately \$464,692,000 and \$451,130,000, respectively.

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

Plan*	Fiscal Year Ending 30-Jun	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Total Unfunded (Excess)		Annual Covered Payroll	Liability to Payroll	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Benefit)
				Actuarial Liability	Funded Ratio					
PERF†	2007	190,984	187,822	(3,162)	101.7%	131,341	(2.4%)	7,829	89.1%	(7,932)
	2008	204,286	207,956	3,670	98.2%	138,063	2.7%	7,859	106.4%	(8,434)
	2009	182,104	209,699	27,595	86.8%	146,097	18.9%	9,059	99.1%	(8,353)
Police/Fire	2007	19,679	19,984	305	98.5%	4,854	6.3%	528	122.2%	(117)
	2008	20,014	21,441	1,427	93.3%	5,318	26.8%	685	83.6%	112
	2009	19,026	22,190	3,164	85.7%	5,537	57.1%	899	74.6%	229

*Data for 2010 not available from actuaries.

†University portion only.

PERF. Regular clerical and service staff employed at least half-time participate in the Public Employees Retirement Fund (PERF), a retirement program administered by an agency of the state of Indiana. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. Benefit provisions are established and/or amended by the state of Indiana. There are two parts to this plan: an annuity savings plan to which the University contributes 3% of the employee's salary and a defined benefit agent multi-employer plan to which the University currently contributes 6.5% of the employee's salary. Employee contributions are not required but may be made on a voluntary basis. Employees are eligible to participate in this plan immediately upon employment and are fully vested in the defined benefit plan after 10 years of employment. For the years ended June 30, 2010 and 2009, there were 5,239 and 5,329 employees, respectively, participating in PERF. The University made contributions to this plan totaling approximately \$13,915,000 and \$13,475,000 for the years ending June 30, 2010 and 2009, respectively.

The required employer's contribution was determined as part of the July 1, 2008, 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 related to the University's portion of the plan is disclosed later in this note.

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

Police/Fire. A supplemental pension program for police officers and firefighters (Police/Fire) was authorized by the Trustees on March 13, 1990, and was established on July 1, 1990. In conjunction with other retirement plans offered by the University, this plan provides police officers and firefighters employed by the University with a total retirement benefit that is comparable to the benefits received by municipal police and fire personnel in Indiana. Benefit provisions are established and/or amended by the Trustees. The program is an agent single-employer defined benefit plan administered through the Teachers Insurance and Annuity Association (TIAA). The plan provides for vesting after the completion of 10 years of covered employment, and employees are eligible for normal retirement benefits after the completion of 20 years of covered employment and attainment of 55 years of age. The normal benefit payable under this plan is an amount equal to 50% of the annual base salary of a nonprobationary-level police officer at each campus, as in effect at the time of a member's retirement, reduced by the amount of any pension benefits payable under other University retirement programs, including TIAA-CREF and PERF. For the years ending June 30, 2010 and 2009, there were 109 and 106 employees, respectively, participating in Police/Fire.

Employees covered by this plan are required to make contributions equal to 3% of the current salary for a nonprobationary-level police officer. University contributions are to be in such additional amounts as needed to maintain the plan on an actuarially sound basis. The pension benefit obligation was computed as part of an actuarial valuation performed as of July 1, 2009. Because the plan was implemented on a retroactive basis to cover all current police officers and firefighters, the University has an unfunded actuarial liability of approximately \$3,164,000 as of July 1, 2009, and \$1,427,000 as of July 1, 2008, which is being amortized over a 30-year period. The actual amount contributed by the University was approximately \$670,000 and \$573,000 for the years ending June 30, 2010 and 2009, respectively. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included: (a) 7% investment rate of return, (b) projected salary increases of 4% per year, and (c) 3% per year cost-of-living adjustments.

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

Cooperative Extension Service. As of June 30, 2010 and 2009, there were 41 and 48 staff members, respectively, with federal appointments employed by the Indiana Cooperative Extension Service and covered by the Federal Civil Service Retirement System.

NOTE 10 — RELATED PARTY

The University has entered into an agreement with the Alfred Mann Institute for Biomedical Development. The institute's charitable mission includes the intensive development of technology originating from the University's inventors in order to enhance public benefit from Purdue technology. As of June 30, 2010 and 2009, the University received approximately \$2,523,000 and \$1,279,000 respectively from the institute.

In addition to items listed in Note 6, Debt Related to Capital Assets, PRF provided grants, contracts and gifts to the University totaling approximately \$28,394,000 and \$30,187,000 as of June 30, 2010 and 2009, respectively.

NOTE 11 — CONTINGENT LIABILITIES AND COMMITMENTS

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

Construction Projects. As of June 30, 2010 and 2009, contractual obligations for capital construction projects were approximately \$129,425,000 and \$133,633,000, respectively.

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

Limited Partnership Agreements. Under the terms of various limited partnership agreements approved by the University's Board of Trustees, the University is obligated to make periodic payments for commitments to venture capital, private equity, natural resources and real estate investments over the next several fiscal years. As of June 30, 2010 and 2009, the University had the following unfunded commitments: approximately \$55,045,000 and \$55,518,000 respectively to around 40 private equity/venture capital managers; \$18,401,000 and \$15,560,000 respectively to approximately 10 private real estate managers; \$33,637,000 and \$22,686,000 respectively to approximately 15 natural resource managers; and \$398,000 and \$618,000 respectively 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 below (dollars in thousands).

Fiscal Year	Amount
2009-2010	\$26,870
2010-2011	26,870
2011-2012	26,870
2012-2013	26,870

NOTE 12 — SUBSEQUENT EVENTS

On July 9, 2010, the Board of Trustees approved a new Endowment Investment Policy. The new policy increased the portfolio's exposure to marketable alternatives from 18.5% to 25%. This increase will be offset with a reduction in U.S. and international equities. In addition, the endowment's spending rate was increased from 4.5% to 5.0% of the average ending values for the prior twelve quarters in semi-annual distributions. It is anticipated that annual distributions will increase approximately \$8,000,000.

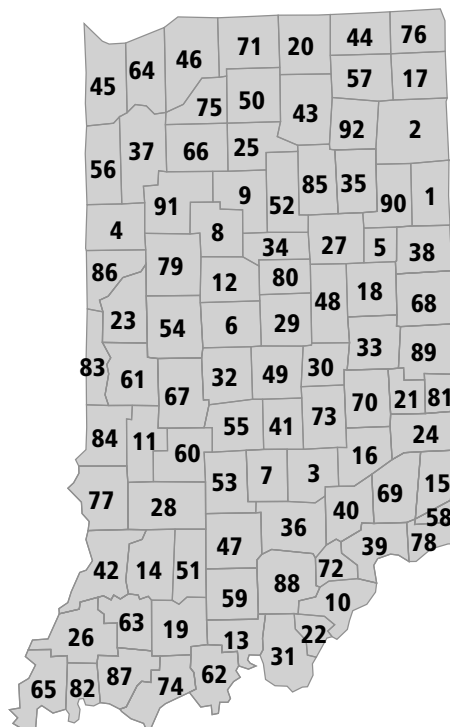
On August 30, 2010, the Board of Trustees approved a voluntary retirement incentive program for staff who are at least 60 years of age with at least 10 years of employment. The plan will contribute to a health reimbursement account (HRA) equal to \$7,000 per year up to a total of \$35,000 that can be used to pay health premiums and other allowable medical expenses. It is estimated that approximately 500 staff will take advantage of this program.

On September 16, 2010, a new tax-exempt commercial paper series was issued with Goldman Sachs and Company as the dealer. This series authorized a maximum borrowing of \$50,000,000 to finance portions of the costs of certain infrastructure, equipment and facilities on various campuses. The interest rate is variable and reset based on market conditions. This new series and the existing program referred to in Note 6 have a collective authorized maximum outstanding of \$50,000,000 at one time.

IN-STATE ENROLLMENT (UNAUDITED)

Total In-State Enrollment by County, Fall 2009–2010 Academic Year

The overall (in-state and out-of-state) enrollment at Purdue University was 69,355 students for the 2009–2010 fall semester. The breakdown was: West Lafayette, 39,697; Calumet, 10,133; Fort Wayne, 13,675; North Central, 4,463; and Technology Statewide, 1,387. (The enrollment figures do not include 4,964 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	County	West Lafayette	Regional Campuses	Statewide Technology Locations	Total	County	West Lafayette	Regional Campuses	Statewide Technology Locations	Total
1 Adams	71	434	1	506	32 Hendricks	549	9	29	587	63 Pike	8	0	0	8
2 Allen	963	7281	1	8245	33 Henry	68	9	15	92	64 Porter	713	2398	0	3111
3 Bartholomew	235	1	82	318	34 Howard	328	37	121	486	65 Posey	46	0	1	47
4 Benton	110	2	3	115	35 Huntington	92	394	1	487	66 Pulaski	76	57	0	133
5 Blackford	21	21	1	43	36 Jackson	84	0	23	107	67 Putnam	70	1	2	73
6 Boone	420	3	5	428	37 Jasper	171	244	0	415	68 Randolph	53	7	6	66
7 Brown	18	0	3	21	38 Jay	21	24	6	51	69 Ripley	65	0	11	76
8 Carroll	143	2	13	158	39 Jefferson	58	0	5	63	70 Rush	45	0	3	48
9 Cass	125	29	20	174	40 Jennings	31	2	12	45	71 St. Joseph	745	187	106	1038
10 Clark	109	3	65	177	41 Johnson	321	0	17	338	72 Scott	14	0	8	22
11 Clay	35	1	2	38	42 Knox	74	2	1	77	73 Shelby	95	0	5	100
12 Clinton	191	10	45	246	43 Kosciusko	204	668	3	875	74 Spencer	44	0	2	46
13 Crawford	8	0	1	9	44 Lagrange	32	0	1	33	75 Starke	57	168	0	225
14 Daviess	35	0	0	35	45 Lake	1579	7948	1	9528	76 Steuben	71	303	0	374
15 Dearborn	132	2	2	136	46 LaPorte	297	1937	0	2234	77 Sullivan	17	0	0	17
16 Decatur	95	0	37	132	47 Lawrence	72	0	5	77	78 Switzerland	8	0	0	8
17 DeKalb	113	597	1	711	48 Madison	181	22	54	257	79 Tippecanoe	4150	40	120	4310
18 Delaware	144	40	9	193	49 Marion	1788	62	35	1885	80 Tipton	60	0	17	77
19 Dubois	125	3	2	130	50 Marshall	151	85	15	251	81 Union	6	1	1	8
20 Elkhart	412	279	46	737	51 Martin	18	1	1	20	82 Vanderburgh	285	0	0	285
21 Fayette	25	1	20	46	52 Miami	83	48	21	152	83 Vermillion	25	0	7	32
22 Floyd	122	1	36	159	53 Monroe	155	18	0	173	84 Vigo	127	3	5	135
23 Fountain	89	0	5	94	54 Montgomery	182	5	10	197	85 Wabash	43	0	2	45
24 Franklin	89	1	15	105	55 Morgan	147	4	5	156	86 Warren	45	0	0	45
25 Fulton	71	73	6	150	56 Newton	59	39	0	98	87 Warrick	155	3	2	160
26 Gibson	54	0	1	55	57 Noble	82	610	0	692	88 Washington	29	0	9	38
27 Grant	104	0	9	113	58 Ohio	9	0	0	9	89 Wayne	124	0	52	176
28 Greene	52	0	1	53	59 Orange	27	1	3	31	90 Wells	83	0	0	83
29 Hamilton	1706	37	27	1770	60 Owen	24	0	0	24	91 White	203	8	14	225
30 Hancock	229	4	10	243	61 Parke	32	0	0	32	92 Whitley	64	512	0	576
31 Harrison	35	0	26	61	62 Perry	18	1	2	21					
										Total	20544	24683	1254	46481



ACKNOWLEDGEMENTS

The following staff members of the Department of Accounting Services, Office of the Comptroller, prepared the 2009-2010 Financial Report and the included financial statements.

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APPENDIX C

**SUMMARY OF LEGAL DOCUMENTS:
2011 INDENTURE AND THE INDENTURE, 2009 LEASE, 2001 LEASE
AND PARKING LEASES**

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THE 2011 INDENTURE AND THE INDENTURE

The following is a brief summary of certain provisions of the 2011 Indenture and the Indenture and does not purport to comprehensively describe those documents in their entirety.

Definitions

As used in this Appendix the following definitions shall apply:

“1994 Lease” means the Lease-Purchase Agreement dated as of September 1, 1994, by and between the Corporation and the Foundation, as the same may be amended, modified or supplemented by any amendments or modifications thereof and supplements thereto entered into in accordance with the provisions thereof.

“1996 Indenture” means the Trust Indenture between the Foundation and the Trustee dated as of November 15, 1996 pursuant to which the Series 1996 Participation Certificates were issued.

“1996 Leases” means the various lease purchase agreements assigned to the Trustee pursuant to the 1996 Indenture and identified in Exhibit D to the 2011 Indenture, as each of the same may be amended, modified or supplemented from time to time.

“1998 Indenture” means the Trust Indenture between the Foundation and the Trustee dated as of November 1, 1998, pursuant to which the Series 1998 Participation Certificates were issued.

“2001 Lease” means the Lease-Purchase Agreement regarding the Stadium Project dated as of November 1, 2001, by and between the Corporation and the Foundation, as the same may be amended, modified or supplemented by any amendments or modifications thereof and supplements thereto entered into in accordance with the provisions thereof.

“2006 Indenture” means the Trust Indenture dated as of November 15, 2006 between the Foundation and the Trustee which supplements the 1996 Indenture and pursuant to which the Series 2006 Participation Certificates were issued on a parity basis with the Series 1998 Participation Certificates.

“2009 Indenture” means the Trust Indenture between the Foundation and Trustee dated as of August 15, 2009.

“2009 Lease” means the Lease Purchase and Sublease Agreement between the Foundation and the Corporation dated as of August 15, 2009, as amended.

“2009 Project” means the renovation of Mackey Arena and related or adjacent athletic improvements as described more fully in the 2011 Indenture.

“2011 Indenture” means the Trust Indenture between the Foundation and the Trustee, dated as of February 15, 2011, which supplements and amends the 1996 Indenture, the 1998

Indenture, the 2006 Indenture and the 2009 Indenture, and pursuant to which the Series 2011 Participation Certificates are issued.

“Additional Leases” means lease-purchase agreements between the Foundation, as lessor, and the Corporation, as lessee, which are assigned to the Trustee pursuant to supplements to the Indenture in connection with the issuance of Additional Participation Certificates.

“Additional Participation Certificates” means Participation Certificates issued pursuant to the Indenture.

“Adjustable Rate” shall mean any of the following types of interest rates: a Daily Rate, a Weekly Rate, a Monthly Rate, a Quarterly Rate, a Semiannual Rate and a Term Rate.

“Architect” means HNTB Architecture, Kansas City, Missouri.

“Assignment of the 2009 Lease” means the agreement by that name from the Foundation to the Trustee, dated as of August 15, 2009.

“Calculation Period” shall mean (a) during any Daily Rate Period, the period from and including a Business Day to but not including the next succeeding Business Day; (b) during any Weekly Rate Period, the period from and including the Wednesday of each week to and including the following Tuesday and, with respect to a Change in the Interest Rate Mode to a Weekly Rate, the period from and including the effective date of the Change in the Interest Rate Mode to and including the following Tuesday, and, thereafter, the period from and including Wednesday of each week to and including the following Tuesday; (c) during any Monthly Rate Period, the period from and including the effective date of the Change in the Interest Rate Mode to but excluding the first Business Day of the following month, and, thereafter each period from and including the first Business Day of the month to but excluding the first Business Day of the following month; (d) during any Quarterly Rate Period, the period from and including the effective date of the Change in the Interest Rate Mode to but excluding the first Business Day of the following quarter, and, thereafter each period from and including the first Business Day of the quarter to but excluding the first Business Day of the following quarter; (e) during any Semiannual Rate Period, the period from and including the effective date of the Change in the Interest Rate Mode to but excluding the next succeeding Interest Payment Date and, thereafter, each period from and including the day following the end of the last Calculation Period to but excluding the next succeeding Interest Payment Date; and (f) during any Term Rate Period, any period of not less than 365 days from and including a Business Day to and including any day (established by the Remarketing Agent pursuant to the 2011 Indenture) not later than the day prior to the maturity date of the Series 2011A Participation Certificates.

“Certificate Fund” means the fund created in Section 1.06 of the 2011 Indenture.

“Certificate Holder,” “holder” or “owner” means the registered owner of any Participation Certificate as the names appear on the registration books maintained by the Trustee.

“Certificates” or “Participation Certificates” means the Series 2011 Participation Certificates, the Series 2006 Participation Certificates, the Series 1998 Participation Certificates and any Additional Participation Certificates.

“Change in the Interest Rate Mode” shall mean any change in the type of interest rate borne by the Series 2011A Participation Certificates pursuant to the 2011 Indenture.

“Change in Preference Law” shall mean any amendment to the Code or other statute enacted by the Congress of the United States or any temporary, proposed or final regulation promulgated by the United States Treasury after the date hereof which (a) changes or would change any deduction, credit or other allowance allowable in computing liability for any federal tax with respect to, or (b) imposes, or would impose, reduces or would reduce, or increases or would increase any federal tax (including, but not limited to, preference or excise taxes) upon, any interest earned by any holder of bonds or certificates the interest on which is excluded from federal gross income under Section 103 of the Code.

“Code” means the Internal Revenue Code of 1986 as amended or supplemented, and any successor provisions of law, and any applicable Treasury regulations appertaining thereto.

“Corporation” means The Trustees of Purdue University, a body corporate created by the General Assembly of the State of Indiana, and its lawful successors.

“Current Adjustable Rate” shall mean the interest rate borne by Series 2011A Participation Certificates immediately prior to a Change in the Interest Rate Mode or the establishment of a Fixed Rate.

“Daily Period Record Date” shall mean, with respect to each Interest Payment Date during a Daily Rate Period, the Business Day next preceding such Interest Payment Date.

“Daily Rate” shall mean with respect to the first day of each Calculation Period during a Daily Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the Corporation) by the Remarketing Agent no later than 10:00 a.m. (New York City time) on and as of such day (i.e., the Determination Date) as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Series 2011A Participation Certificates in a secondary market transaction at a price equal to 100% of the principal amount thereof.

“Daily Rate Period” shall mean any period during which the Series 2011A Participation Certificates bear interest at a Daily Rate which period shall commence on the effective date of the Change in the Interest Rate Mode to a Daily Rate and extend through the day immediately preceding the earlier of (a) the effective date of another Change in the Interest Rate Mode or (b) the Fixed Rate Conversion Date.

“Determination Date” shall mean, for any Calculation Period, with respect to the Daily Rate, the first Business Day occurring during such Calculation Period, and, with respect to the Weekly Rate, Monthly Rate, Quarterly Rate, Semiannual Rate or Term Rate, the Business Day immediately preceding the first Business Day occurring during such Calculation Period.

“Eligible Investments” means those investment instruments permitted by the Rebate Agreement.

“Extraordinary Services” and “Extraordinary Expenses” means all services rendered and all reasonable expenses properly incurred by the Trustee under the 2011 Indenture other than Ordinary Services and Ordinary Expenses.

“Fixed Rate Conversion Date” shall have the meaning set forth in Section 1.09 hereof.

“Fixed Rate Period” shall mean the period, if any, during which the Series 2011A Participation Certificates bear interest at a Fixed Rate which period shall commence on the Fixed Rate Conversion Date and extend through the maturity date of the Series 2011A Participation Certificates.

“Fixed Rate Record Date” shall mean, with respect to each Interest Payment Date during the Fixed Rate Period, the fifteenth day of the month next preceding such Interest Payment Date, or, if such day shall not be a Business Day, the next preceding Business Day.

“Foundation” means Ross-Ade Foundation and its lawful successors and assigns, including any surviving, resulting or transferee corporation.

“Indenture” means the 1996 Indenture as supplemented by the 2009 Indenture, the 1998 Indenture and the 2011 Indenture and as amended and supplemented by the 2006 Indenture.

“Interest Payment Date” for the Series 2011A Participation Certificates shall mean:

- (a) during each Daily Rate Period, the first Business Day of each month thereof;
- (b) during each Weekly Rate Period, the first Wednesday of each month thereof;
- (c) during each Monthly Rate Period, the first Business Day of each month thereof;
- (d) during each Quarterly Rate Period, the first Business Day of the third calendar month following the month in which the first day of such Quarterly Rate Period occurred thereof;
- (e) during each Semiannual Rate Period, (i) the first Business Day of the sixth calendar month following the month in which the first day of such Semiannual Rate Period occurred, (ii) each anniversary of the date so determined, and (iii) each anniversary of the first day of the first month of such Semiannual Rate Period;
- (f) during each Term Rate Period, (i) the first Business Day of the sixth calendar month following the month in which the first day of such Term Rate Period occurred, (ii) each anniversary of the date so determined, (iii) each anniversary of the first day of the first month of such Term Rate Period, and (iv) the Business Day immediately succeeding such Term Rate Period;

(g) the January 1 or July 1 next succeeding the Fixed Rate Conversion Date and each January 1 and July 1 thereafter; provided, however, that if the January 1 or July 1 next succeeding the Fixed Rate Conversion Date occurs less than 21 days after the Fixed Rate Conversion Date, the first Interest Payment Date shall be the second such date following the Fixed Rate Conversion Date;

(h) the Fixed Rate Conversion Date;

(i) any day on which Series 2011A Participation Certificates are subject to mandatory tender for purchase pursuant to the 2011 Indenture or redemption in whole pursuant to the 2011 Indenture; and

(j) the final maturity date of the Series 2011A Participation Certificates;

provided, however, that, except in the case of any Series 2011A Participation Certificates bearing interest at a Semiannual Rate, Term Rate or Fixed Rate, if any such date determined in any of the foregoing clauses is not a Business Day, the Interest Payment Date shall be the next succeeding day which is a Business Day.

“Leases” means the 2009 Lease together with the 1996 Leases, the 1994 Lease, the 2001 Lease and any Additional Leases.

“Lessee Representative” means the person designated by the Corporation to act as its representative with respect to the 2011 Indenture or the 2009 Lease.

“Lessor Representative” means the person designated by the Foundation to act as its representative with respect to the 2011 Indenture and the 2009 Lease.

“Monthly Period Record Date” shall mean, with respect to each Interest Payment Date during a Monthly Period, the Business Day next preceding such Interest Payment Date.

“Monthly Rate” shall mean with respect to the first day of each Calculation Period during a Monthly Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the Corporation) by the Remarketing Agent no later than 4:00 p.m. (New York City time) on and as of the Determination Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Series 201A Participation Certificates in a secondary market transaction at a price equal to 100% of the principal amount thereof.

“Monthly Rate Period” shall mean any period during which the Series 2011A Participation Certificates bear interest at a Monthly Rate which period shall commence with the effective date of the Change in the Interest Rate Mode to a Monthly Rate and shall extend through the day immediately preceding the earlier of (a) the effective date of another Change in the Interest Rate Mode or (b) the Fixed Rate Conversion Date.

“Notice of Election to Tender” shall mean the notice given by a Holder of Series 2011A Participation Certificates pursuant to the 2011 Indenture.

“Option to Convert” shall mean the Corporation’s right and option to convert the rate of interest payable on the Series 2011A Participation Certificates from an Adjustable Rate to the Fixed Rate as provided in the 2011 Indenture.

“Ordinary Services” and “Ordinary Expenses” means those services normally rendered and those expenses normally incurred by a trustee under instruments similar to the 2011 Indenture.

“Original Date” means February 16, 2011.

“Original Purchaser” with respect to the Series 2011A Participation Certificates means, collectively, Merrill Lynch, Pierce, Fenner & Smith, Incorporated, as representative of the Underwriters.

“Outstanding Participation Certificates” or “Participation Certificates Outstanding” means all Participation Certificates which have been executed and delivered by the Trustee under the Indenture except:

(a) Participation Certificates canceled on surrender, exchange or transfer or canceled because of payment or redemption;

(b) Participation Certificates for the payment or redemption of which sufficient cash funds shall have been theretofore irrevocably deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Participation Certificates), or which are deemed to have been paid and discharged, pursuant to the provisions of the Indenture; provided that if such Participation Certificates are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee; and

(c) Participation Certificates in lieu of which others have been executed under Section 2.06 of the Indenture.

“Participation Certificates” means the Series 2011A Participation Certificates, 2009 Participation Certificates, the Series 2006 Participation Certificates, the Series 1998 Participation Certificates and any Additional Participation Certificates.

“Person” means natural persons, firms, associations, corporations and public bodies.

“Projects” means the 2009 Project, the Stadium Project and the parking garages described in Exhibit C to the 2011 Indenture together with other “Projects” financed or refinanced under the Indenture.

“Quarterly Period Record Date” shall mean, with respect to each Interest Payment Date during a Quarterly Period, the Business Day next preceding such Interest Payment Date.

“Quarterly Rate” shall mean with respect to the first day of each Calculation Period during a Quarterly Rate Period, a rate of interest equal to the rate of interest per annum

established and certified to the Trustee (with a copy to the Corporation) by the Remarketing Agent no later than 4:00 p.m. (New York City time) on and as of the Determination Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Series 2011A Participation Certificates in a secondary market transaction at a price equal to 100% of the principal amount thereof.

“Quarterly Rate Period” shall mean any period during which the Series 2011A Participation Certificates bear interest at a Quarterly Rate which period shall commence with the effective date of the Change in the Interest Rate Mode to a Quarterly Rate and shall extend through the day immediately preceding the earlier of (a) the effective date of another Change in the Interest Rate Mode or (b) the Fixed Rate Conversion Date.

“Rebate Agreement” means the Construction and Rebate Agreement dated as of February 15, 2011.

“Record Date” for the Series 2011A Participation Certificates shall mean, at any time, each Daily Period Record Date during a Daily Rate Period, each Weekly Period Record Date during a Weekly Rate Period, each Monthly Period Record Date during a Monthly Rate Period, each Quarterly Period Record Date during a Quarterly Rate Period, each Semiannual Period Record Date during a Semiannual Rate Period, each Term Period Record Date during a Term Rate Period and each Fixed Rate Record Date during the Fixed Rate Period.

“Redemption Terms Certificate” shall mean a certificate delivered to the Corporation and the Trustee by the Remarketing Agent or another investment banking firm (selected by the Corporation) prior to and in connection with a conversion to any Term Rate Period or a Fixed Rate Period, which certificate shall establish (i) any no-call period for the Series 2011A Participation Certificates being converted, (ii) any extraordinary optional redemption provisions, if any, and (iii) a redemption premium or premiums for the Series 2011A Participation Certificates being converted, all as certified by the Remarketing Agent or such investment banking firm as being, based upon their experience, in their belief, the industry standard at the time of such conversion for tax-exempt bonds or certificates of similar remaining maturity, security and ratings as the Series 2011A Participation Certificates.

“Remarketing Agent” shall mean Merrill Lynch, Pierce, Fenner & Smith Incorporated as the initial Remarketing Agent for the Series 2011A Participation Certificates, and shall include as the case may be any other Remarketing Agent or agents, or any other Remarketing Agent or Remarketing Agents with respect to the Series 2011A Participation Certificates appointed pursuant to the 2011 Indenture, and its or their successors or assigns.

“Remarketing Agreement” shall mean the Remarketing Agreement, dated as of February 15, 2011, by and among the Foundation, the Corporation and the Remarketing Agent, as amended or supplemented.

“Semiannual Period Record Date” shall mean, with respect to each Interest Payment Date during a Semiannual Rate Period, the fifteenth day of the calendar month next preceding such Interest Payment Date.

“Semiannual Rate” shall mean with respect to the first day of each Calculation Period during a Semiannual Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the Corporation) by the Remarketing Agent no later than 4:00 p.m. (New York City time) on and as of the Determination Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Series 2011A Participation Certificates in a secondary market transaction at a price equal to 100% of the principal amount thereof.

“Semiannual Rate Period” shall mean any period during which the Series 2011A Participation Certificates bear interest at a Semiannual Rate, which period shall commence on the effective date of a Change in the Interest Rate Mode to a Semiannual Rate, and shall extend through the day immediately preceding the earlier of (a) the effective date of another Change in the Interest Rate Mode or (b) the Fixed Rate Conversion Date.

“Series 1996 Participation Certificates” means the \$25,330,000 in original principal amount of Certificates of Participation, Series 1996 dated as of November 15, 1996.

“Series 1998 Participation Certificates” means the \$11,380,000 in original principal amount of Certificates of Participation, Series 1998, dated as of November 1, 1998.

“Series 2001B Certificates” means the original taxable Certificates of Participation, Series 2001B.

“Series 2006 Participation Certificates” means, the Certificates of Participation, Series 2006 in the original principal amount of \$70,345,000 dated December 1, 2006.

“Series 2009A Participation Certificates” means the \$7,600,000 Tax-Exempt Certificates of Participation, Series 2009A, evidencing a proportionate interest of the owners thereof in rental payments under the Leases to be made by the Corporation, as Lessee, and identified in the 2009 Indenture.

“Series 2009B Participation Certificates” means \$42,795,000 Taxable Certificates of Participation, Series 2009B (Build America Certificates - Direct Pay Option) evidencing a proportionate interest of the owners thereof in rental payments under the Leases to be made by the Corporation, as Lessee, and identified in the 2009 Indenture.

“Series 2011A Certificate Expense Account” means the account of the Project Fund created in the 2011 Indenture.

“Series 2011A Participation Certificate Purchase Account” shall mean the Series 2011A Participation Certificate Purchase Account established pursuant to the 2011 Indenture.

“Series 2011A Participation Certificates” means the \$32,185,000 Certificates of Participation, Series 2011A (Adjustable Demand) evidencing a proportionate interest of the owners thereof in rental payments under the Leases to be made by the Corporation, as Lessee and identified in the 2011 Indenture.

“Series 2011A Project Construction Account” shall mean the account of the Project Fund created in Section 5.01(a)(ii) hereof.

“Stadium Project” means the land, buildings, structures, furnishings, equipment and other athletic facilities refinanced with the Series 2006 Participation Certificates and leased under the 2001 Lease and any amendments or supplements to the 2001 Lease, together with any subsequent athletic facilities financed pursuant to supplemental indentures hereto, excluding those facility components originally financed with the Series 2001B Certificates.

“Stated Maturity” shall mean July 1, 2035, with respect to the Series 2011A Participation Certificates; provided, in any case where the date of maturity of premium of, interest on, or principal of the Series 2011A Participation Certificates or the date fixed for redemption of any Series 2011A Participation Certificates shall be on a day other than a Business Day, then payment of interest, principal and premium, if any, 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 the date fixed for redemption.

“Term Period Record Date” shall mean, with respect to each Interest Payment Date during a Term Rate Period, the fifteenth day of the month next preceding such Interest Payment Date.

“Term Rate” shall mean, with respect to the first day of each Calculation Period during a Term Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the Corporation) by the Remarketing Agent no later than 4:00 p.m. (New York City time) on and as of the Determination Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket the Series 2011A Participation Certificates in a secondary market transaction at a price equal to 100% of the principal amount thereof.

“Term Rate Period” shall mean any period during which the Series 2011A Participation Certificates bear interest at a Term Rate which period shall commence with the effective date of the Change in the Interest Rate Mode to a Term Rate and shall extend through the day immediately preceding the earlier of (a) the effective date of another Change in the Interest Rate Mode, (b) the Fixed Rate Conversion Date or (c) the maturity date of the Series 2011A Participation Certificates.

“Trustee” means The Bank of New York Mellon Trust Company, N.A. and its successors and assigns, including any surviving, resulting or transferee corporation, and any successor trustee at the time serving as successor trustee under the Indenture.

“Undertaking Agreement” means the Amended and Restated Continuing Disclosure Undertaking Agreement dated as of November 1, 2010, as previously supplemented, and as further supplemented by a Second Supplement to Continuing Disclosure Undertaking Agreement dated as of February 15, 2011 by the Corporation, as it may be further supplemented and amended from time to time.

“Weekly Period Record Date” shall mean, with respect to each Interest Payment Date during a Weekly Rate Period, the last Business Day of the month next preceding such Interest Payment Date.

“Weekly Rate” shall mean, with respect to the first day of each Calculation Period during a Weekly Rate Period, a rate of interest equal to the rate of interest per annum established and certified to the Trustee (with a copy to the Corporation) by the Remarketing Agent no later than 4:00 p.m. (New York City time) on and as of the Determination Date as the minimum rate of interest per annum which, in the opinion of the Remarketing Agent, would be necessary on and as of such day to remarket Series 2011A Participation Certificates in a secondary market transaction at a price equal to 100% of the principal amount thereof.

“Weekly Rate Period” shall mean any period during which the Series 2011A Participation Certificates bear interest at a Weekly Rate which period shall commence on the Closing Date and shall extend through the day immediately preceding the earlier of (a) the effective date of a Change in the Interest Rate Mode or (b) the Fixed Rate Conversion Date.

Application of Series 2011 Participation Certificate Proceeds and Project Fund

The proceeds of the Series 2011 Participation Certificates are expected to be allocated by the Trustee as follows:

(i) \$162,500 from proceeds of the Series 2011 Participation Certificates to (or to the order of) the Foundation into the Series 2011A Certificate Expense Account of the Project Fund, for payment of costs of issuance as prescribed in the Rebate Agreement; and

(ii) The balance to (or to the order of) the Foundation from the proceeds of the Series 2011 Participation Certificates for deposit into the 2011A Project Construction Account of the Project Fund.

In addition, the Foundation will deposit Prepaid Lease Rentals, when received from the Corporation during the Construction Period, as required under the 2009 Lease, into the “Equity Account of the Project Fund”, established with the Foundation pursuant to the 2009 Indenture.

Certificate Fund and Rebate Fund

Under the 2011 Indenture the Trustee holds in trust the Certificate Fund and the Rebate Fund for the Series 2011A Participation Certificates.

There shall be deposited into the Certificate Fund, as and when received (a) all rent payments specified in the 2009 Lease; (b) all other moneys received by the Trustee under and pursuant to any of the provisions of the 2009 Lease which are to be paid into the Certificate Fund; and (c) any moneys received by the Trustee from the sale or disposition of the 2009 Project.

All moneys deposited in the Certificate Fund shall be invested as provided in the 2011 Indenture and Rebate Agreement. Investment earnings derived therefrom shall be available for transfer to the Rebate Fund upon the written direction of the Corporation to satisfy the rebate

requirement, if any, to the United States of America and thereafter shall be applied to the payment of the Trustee's fees for Ordinary and Extraordinary Services and Ordinary and Extraordinary Expenses due and payable at such time. All moneys deposited in the Certificate Fund that are not needed to pay the principal of and premium, if any, and interest on the Participation Certificates or to transfer to the Rebate Fund or to pay the Trustee's fees for Ordinary Services and Ordinary Expenses shall be applied by the Trustee as a credit to reduce the next immediately succeeding rent payment to become due under the Leases or, if the final rent payment has been made or provided for, shall be returned to the Corporation.

Except as provided above with respect to investment earnings, moneys in the Certificate Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Participation Certificates and the payment of the Trustee's fees for its Ordinary Expenses and Ordinary Services (as defined in the Indenture); provided that no Trustee's fees may be paid from a rent payment deposited in the Certificate Fund until after all payments of principal of and premium, if any, and interest on the Participation Certificates due within twenty (20) days of the receipt of such rent payment shall have been made; and provided further, that no part of said moneys in the Certificate Fund (other than any amounts paid into the Certificate Fund under the terms of the Leases for use in the exercise of the Corporation's option to purchase the Projects or designated by the Foundation or the Corporation under the terms of the Indenture for the purpose of redemption in accordance with the terms of the Indenture) shall be used to redeem, prior to maturity, any part of the Participation Certificates Outstanding.

The Rebate Fund shall be used to make any rebate to the United States of America required to prevent the Participation Certificates (other than those intended to be taxable and so designated and except for the Build America Certificates) from becoming "arbitrage bonds" under the Code. The Foundation shall cause the rebate amount to be calculated in the manner and in the intervals as required by Section 148(f) of the Code. Such calculations shall be provided to the Trustee as soon as practicable after the completion thereof. If a deposit to the Rebate Fund is required, the Foundation shall transfer moneys equal to such amount to the Rebate Fund from moneys on deposit in the Project Fund. If such amounts are not sufficient to make such deposit, then the Trustee shall transfer moneys from the Certificate Fund to make up the deficiency in the required deposit. If the amounts held in such funds are not sufficient to make the required deposit, then the Trustee shall notify the Foundation, which shall request the Corporation to make the additional payment under the Lease. If amounts in excess of that required to be rebated to the United States of America accumulate in the Rebate Fund, the Trustee shall upon direction from the Foundation transfer such amount to the Certificate Fund.

No later than 60 days after February 16, 2016 and every five years thereafter, the Trustee shall, upon written request of the Foundation, pay to the United States of America 90% of the amount required to be on deposit in the Rebate Fund with respect to the Participation Certificates as of such payment date. Not later than 60 days after final retirement of the Certificates, the Trustee shall, upon written request from the Foundation, pay to the United States of America 100% of the balance remaining in the Rebate Fund with respect to the Certificates.

Investment of Funds

The original proceeds of the Series 2011 Participation Certificates held as a part of the Project Fund shall be invested by the Foundation in Eligible Investments. All moneys in the Certificate Fund shall be invested by the Trustee at the written direction of the Foundation in Eligible Investments. In the absence of such written direction, the Trustee shall invest such moneys in the Dreyfus Treasury & Agency Cash Management Fund (which shall be considered an Eligible Investment) or such similar or successor funds thereto which invests in Eligible Investments. The type, amount and maturity shall be such so that the moneys invested will be available to make payments from the respective funds in accordance with the provisions of the Leases and the Indenture as applicable. Any such investment may be purchased from the Trustee, and such investments shall be deemed at all times a part of the Project Fund or the Certificate Fund, as appropriate, and the interest accruing thereon and any profit realized therefrom shall be credited to the respective fund or account and any loss resulting from such investments shall be charged to the respective fund or account. The Trustee shall sell and reduce to cash a sufficient portion of investments in the Certificate Fund under the provisions of this Section whenever the cash balance in the Certificate Fund is insufficient to pay the current interest and principal requirements on the Participation Certificates when due. The Trustee shall not be liable for any losses occurring as a result of any such sales of investments. The Trustee shall have no responsibility with respect to the compliance by the Corporation or the Foundation with respect to any covenant herein regarding investments made in accordance with this Article, other than to use its best reasonable efforts to comply with instructions from the Foundation regarding such investments. Since the investments permitted by this Section have been included at the request of the Foundation and the making of such investments will be subject to the Foundation's direction, the Trustee specifically disclaims any obligation to the Foundation or the Corporation for any loss arising from, or tax consequences of, investments pursuant to the provisions of this Section.

Covenants of Foundation and Trustee

The Foundation and the Trustee covenant in the 2011 Indenture, among other things, that:

(a) There will be paid, solely from the Trust Estate, the principal of and premium, if any, and interest on every Participation Certificate on the dates and at the place and in the manner mentioned in the Participation Certificates according to the true intent and meaning thereof.

(b) There will be faithful observation and performance at all times of all agreements, covenants, undertakings, stipulations and provisions contained in the Indenture and in any and every Participation Certificate executed and delivered under the Indenture pertaining to the Participation Certificates or the Lease.

(c) Upon delivery of the Series 2011 Participation Certificates, the Foundation will assign the rentals and other moneys payable by the Corporation under the 2009 Lease to the Trustee for the payment of principal of and premium, if any, and interest on the Series 2011 Participation Certificates.

(d) Except as otherwise provided in the Indenture and the Leases, the Trustee and the Foundation will not sell or otherwise dispose of all or any part of the Project or create or suffer to be created any debt, lien or charge thereon, or make any other pledge or assignment of or create any lien or encumbrance upon the rentals, revenues and other income, charges and moneys realized from the lease, sale or other disposition of the Project other than the pledge and assignment thereof under the Indenture.

(e) Pursuant to the provisions of the Leases, the Corporation has agreed to pay all lawful taxes, assessments and charges at any time levied or assessed upon or against the Project, or any part thereof, provided, however, that this shall not require the payment of any such taxes, assessments or charges if the same are not required to be paid under the provisions of the Leases.

(f) Pursuant to the provisions of the Leases, the Corporation has agreed at its own expense to cause the Project to be kept in good repair and good condition, and the Corporation may, at its own expense, from time to time undertake additions, remodeling, modifications and improvements to the Project under the terms and conditions set forth in the Leases.

(g) The Leases and any amendments or supplements thereto, the Indenture and any amendments or supplements hereto, and all necessary financing statements, amendments thereto, continuation statements and instruments of similar character relating to the pledges made to secure the Participation Certificates, shall be recorded and filed by, or on behalf of, the Foundation in such manner and in such places as may be required by law in order to fully preserve and protect the security of the Certificate holders and the rights of the Trustee.

(h) The Leases, certified counterparts of which will have been filed with the Trustee upon delivery of the Series 2011 Participation Certificates, set forth the covenants and obligations of the Corporation, and subsequent to the issuance of the Series 2011 Participation Certificates and prior to payment of the Participation Certificates in full or provision for payment thereof in accordance with the provisions thereof, the Leases may not be effectively amended, changed, modified, altered or terminated (other than as provided in the Indenture) without the prior written consent of the Trustee, and reference is hereby made to the Leases for a detailed statement of said covenants and obligations of the Corporation under the Leases, and the Trustee in its name may enforce all obligations of the Corporation under and pursuant to the Leases for and on behalf of the Certificate holders.

(i) The Trustee covenants that it shall do all things on its part necessary to maintain the Leases in effect in accordance with the terms thereof and will take all actions necessary to enforce and protect its rights under the Lease, including actions at law and in equity, as may be appropriate.

(j) The Foundation covenants that it will restrict the use of the proceeds of the Series 2011 Participation Certificates and moneys in the Certificate Fund in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of the delivery of and payment for the Participation Certificates, so that the Series 2011 Participation Certificates will not constitute arbitrage bonds under Section 148 of the Code. The Treasurer of the Foundation and any officer of the Trustee having responsibility with respect to the Leases or issuance of the Series 2011 Participation Certificates is authorized and directed,

alone or in conjunction with any other officer, employee, consultant or agent of the Foundation, the Corporation or the Trustee, to give an appropriate certificate for inclusion in the transcript of proceedings, setting forth the reasonable expectations on the date of delivery of and payment for the Series 2011 Participation Certificates regarding the amount and use of the proceeds of the Series 2011 Participation Certificates pursuant to said Section 148 and any applicable regulations.

(k) The Foundation covenants that it will not permit the Projects to be used by nongovernmental persons in such a manner as to cause the Series 2011 Participation Certificates to be or become “private activity bonds” within the meaning of Section 141 of the Code of 1986.

(l) The Foundation covenants that it will not take any action nor fail to take any action that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2011 Participation Certificates pursuant to Section 103 of the Code, nor will the Foundation act in any other manner which would adversely affect such exclusion. The foregoing covenant is based solely on existing law in effect and in existence on the date of delivery of the Series 2011 Participation Certificates.

(m) Construction Contracts. The Foundation represents, warrants and covenants that it has already entered into on behalf of the Corporation, or will hereafter enter into, all necessary construction contracts (the “Construction Contracts”) and covenants to obtain payment and performance bonds (the “Performance Bonds”) from each of the contractors (the “Contractors”) for the construction of the 2009 Project in accordance with the plans and specifications prepared by the Architect.

(n) Tax Covenants. The Foundation covenants that it will not take any action nor fail to take any action that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2011 Participation Certificates nor will the Foundation or the Trustee (to the extent it exercises its own discretion) act in any other manner which would adversely affect such exclusion. The foregoing covenant is based solely on existing law in effect and in existence on the date of delivery of the Series 2011 Participation Certificates.

It shall not be an event of default under the Indenture if the interest on the Series 2011 Participation Certificates becomes includable in gross income for federal income tax purposes or otherwise subject to federal income taxes pursuant to any provision of the Code which is not currently in effect and in existence on the date of issuance of the Series 2011 Participation Certificates.

Representations and Warranties of Foundation

The Foundation represents, warrants and agrees in the Indenture, as follows:

(a) The Foundation is a duly organized and validly existing corporation in good standing under the laws of the State of Indiana and has the full corporate power and authority to own its property and assets and to transact the business in which it is engaged or presently proposes to engage; and has the full corporate power and authority to execute, deliver and carry out the terms and provisions of the Indenture, the Leases and any other documents connected

herewith or therewith to which it is a party and has taken all necessary corporate action to authorize the execution and delivery of the 2011 Indenture, the 2009 Lease and any other documents connected herewith or therewith to which it is a party and the carrying out by it of the terms and provisions hereof and thereof.

(b) No default and no condition, event or act which, with the giving of notice or lapse of time, or both, could become a default, exist under the Indenture, the Leases or any other document connected herewith or therewith to which the Foundation is a party or by which it is bound.

(c) Neither the execution and delivery of the 2011 Indenture, the Mackey Lease Amendment, the 2009 Lease or any other documents connected herewith or therewith to which the Foundation is a party, nor the consummation of the transactions herein and therein contemplated, nor the compliance with the terms and provisions hereof and thereof, will contravene any provision of present law, statute, rule or regulation to which it is subject or any judgment, decree, order, franchise or permit applicable to it, or will conflict or will be inconsistent with, or will result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge, security interest or encumbrance upon any property or assets of it pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which it is a party or by which it or its property may be subject (other than the 2011 Indenture), or violate any provision of its Articles of Incorporation or By-Laws.

(d) There are no actions, suits or proceedings pending, or to the Foundation's knowledge threatened, against or affecting it or its property before any court or before any governmental or administrative body or agency (domestic or foreign), the outcome of which might have a material adverse effect upon the Foundation's ability to meet and carry out its obligations under the Indenture, the Leases or any other documents connected herewith or therewith to which it is a party, or of preventing or interfering with the execution or delivery of, or carrying out the provisions of, the foregoing instruments or agreements.

(e) No consent or approval of, or exemption by, any governmental or public body or authority, which has not now been obtained, is required to authorize, or is required in connection with, the execution, delivery and performance by the Foundation of the Indenture, the Leases or the taking of any action hereby or thereby contemplated; nor is any filing, recording, registration, giving of notice or other similar action required or permitted by law, which has not now been performed, to establish, perfect, protect or preserve the rights and titles, interests, remedies, powers or privileges of the Trustee hereunder or thereunder.

(f) The Foundation is the owner in fee simple of, or the owner of a leasehold estate in, the real estate described in Exhibit A and the owner in fee simple of, or the owner of a leasehold estate in, the improvements constituting the 2009 Project located on the real estate described in Exhibit A, subject to the 2011 Indenture and the 2009 Lease. Neither the 2009 Project, nor any part of it, is subject to any lien or encumbrance of any character except for (i) easements and restrictions of record, including existing streets and alleys, (ii) current real and personal property taxes and non-delinquent assessments, and (iii) the 2009 Lease and the 2011 Indenture.

(g) To the best of the Foundation's knowledge, there are no pending or threatened condemnation proceedings affecting the real estate described in Exhibit A hereto.

Insurance

The Foundation covenants that it will carry, or will cause other persons to carry for its benefit with respect to the Projects, with the Trustee as a co-loss payee (except as to general liability coverage), such insurance coverage as the Corporation would customarily maintain with respect to its other properties, including but not limited to that commonly known as builder's risk insurance, fire and extended coverage and comprehensive general liability coverage.

The policies evidencing all such insurance shall contain the customary provisions and such other provisions and endorsements as the Corporation shall reasonably require. Certificates of insurance showing the Trustee as co-loss payee shall be forwarded by the Foundation to the Trustee.

Subordination to Rights of Corporation

The Indenture and the rights and privileges hereunder of the Trustee and the Certificate holders are specifically made subject and subordinate to the rights and privileges of the Corporation set forth in the applicable Lease. The Corporation shall be suffered and permitted to possess, use and enjoy respective Project so as to carry out its obligations under the Lease.

Granting of Easements

The Foundation, at the request of the Corporation, may grant or release easements, licenses, rights-of-way and other rights or privileges in the nature of easements with respect to each Project, which the Foundation, acting upon the advice of the Corporation, determines are necessary or desirable for the use of the Project and which will not result in any reduction of rent payable under the applicable Lease to the Trustee. Any consideration paid for such grant or release shall be prorated between the Corporation and the Foundation as their interests may appear and any amounts received by the Foundation under this Section shall be submitted to the Trustee and deposited in the Certificate Fund. The Foundation shall, upon request of the Corporation, certify that the rights or privileges so granted or released are no longer part of such Project for purposes of the Indenture.

Events of Default and Remedies

Events of default under the Indenture include:

(a) Default in the payment of any interest on any Participation Certificates when and as the same shall have become due; or

(b) Default in the payment of the principal of or any premium on any Participation Certificate when and as the same shall become due, whether at the stated maturity thereof, or by call for redemption; or

(c) Failure by the Corporation to insure the Projects or any portion thereof, to the extent and in the manner required by the terms of the Leases; or

(d) Default in the performance or observance of any other of the covenants, agreements or conditions included in the Indenture or in the Participation Certificates which default shall continue unremedied for a period of sixty (60) days after written notice thereof has been sent by the Trustee to the Foundation or a default on the part of the Corporation under the Leases, other than as described in clause (c) above, which default shall continue unremedied for a period of sixty (60) days after written notice thereof has been sent by the Trustee or the Foundation to the Corporation; or

(e) If any representation, warranty or statement made by the Foundation in the Indenture or otherwise in writing in connection therewith, or in any certificate or statement signed by an officer of the Foundation and furnished pursuant to any provision of the Indenture, shall be breached or shall prove to be untrue in any material respect on the date as of which made; or

(f) Ejection of the Corporation from any material portion of the Projects and the use and occupancy thereof by reason of a defect in title to the Projects; or

(g) Default in the performance of any obligation or in the observance of any covenant imposed on the Foundation under the Leases; or

(h) The assignment of any rights under the Indenture or any interest therein by the Foundation or the conveyance or encumbrance in any way of any material portion of the Projects by the Foundation without the written consent of the Trustee; or

(i) The filing of a petition in bankruptcy by or against the Foundation, or the appointment of a receiver or trustee of the property of the Foundation, or the filing by the Foundation of a petition for reorganization under any of the provisions of the bankruptcy laws or of any other law, state or federal, or the making of an assignment by the Foundation for the benefit of creditors, or the judgment of the Foundation as insolvent by any state or federal court of competent jurisdiction; or

(j) The refusal of the Foundation to permit the Trustee or its representatives to enter upon and inspect the Projects at all reasonable times, or the failure by the Foundation to comply with any requirement of any governmental authority having jurisdiction which relates to the Projects within sixty (60) days after notice in writing of such requirements has been given to the Foundation; or

(k) The legal documents, evidence of title, title opinion or survey are subject to objections or encumbrances other than those mentioned in this Indenture or are in form not reasonably satisfactory to the Trustee.

The term “default” shall mean default in the performance or observance of any of the covenants, agreements or conditions contained in the Indenture or in the Participation Certificates or default on the part of the Corporation under the Leases, exclusive of any period of grace required to constitute a default an “event of default” as hereinabove or therein provided. If

a default shall occur under the provisions of this Section, the Trustee shall immediately give written notice of such default to the Corporation.

Upon the happening and continuance of any event of default, the Trustee may, and upon written request of the holders of twenty-five percent (25%) in principal amount of the Participation Certificates then outstanding and upon being indemnified to its reasonable satisfaction shall, declare the principal amount of and interest accrued on all Outstanding Certificates immediately due and payable; subject, however, to the rights of the holders of 51% in principal amount of all the Outstanding Certificates to annul such declaration if all such events have been cured, all arrears of interest have been paid and all other indebtedness secured by the Indenture (except the principal and interest not then due) has also been paid.

Surrender of Possession of Project; Rights and Duties of Trustee in Possession

Under the terms of the Leases, upon the failure of the Corporation to pay rentals as due or upon the occurrence of a default under the Leases and the continuance of such default for a period of sixty (60) days after written notice to correct such default, the Corporation, upon demand of the Trustee, as lessor (which demand may be made at the discretion of the Trustee as provided in Sections 9.08 and 9.16 hereof), shall forthwith surrender the possession of the Projects. Thereafter, it shall be lawful for, and the Trustee, subject to Sections 9.16 and 10.01(l) of the 2011 Indenture, agrees to, take possession of all or any part of the 2009 Project, and to hold and manage the same, and from time to time to make all needful repairs and improvements as the Trustee shall be deemed wise; and the Trustee may lease the 2009 Project or any part thereof in its name and collect, receive and sequester the rentals, revenues and other income, charges and moneys therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee under the Indenture, and any taxes and assessments and other charges prior to the lien of the Indenture which the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of Section 9.11 of the 2011 Indenture. Whenever all that is due upon the Participation Certificates shall have been paid and all defaults made good, the Trustee shall surrender possession to the Corporation, its successors or assigns; the same right of entry, however, to exist upon any subsequent event of default.

While in possession of such property the Trustee shall render to the Corporation and also to the holders of all Participation Certificates at their addresses shown on the registration books maintained by the Trustee pursuant to the 2011 Indenture, upon their written request, a summarized statement of income and expenditures in connection therewith.

Other Remedies: Rights of Certificate Holders

Upon the occurrence of an event of default the Trustee may, as an alternative, either after entry or without entry, pursue any available remedy to enforce the payment of the principal of and premium, if any, and interest on the Participation Certificates then outstanding or of compliance with any other obligation or requirement of the Indenture.

If an event of default shall have occurred, and if requested so to do by the holders of at least twenty-five percent in aggregate principal amount of Participation Certificates then outstanding, and indemnified as provided in Section 10.01 of the 2011 Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the holders or owners of the Participation Certificates.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the holder or owners of the Participation Certificates) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the holders or owners of the Participation Certificates hereunder or now or hereafter existing.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default hereunder, whether by the Trustee or by the holders or owners of the Participation Certificates, shall extend or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

In exercising its rights given the Trustee under the Indenture, the Trustee shall take such action as, in the judgment of the Trustee, applying the standards described in Section 10.01 of the 2011 Indenture, would best serve the interests of the holders of the Participation Certificates.

Right of Certificate Holders to Direct Proceedings

Anything in the Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Participation Certificates then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the 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 thereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Waiver of Events of Default

The Trustee may in its discretion waive any event of default under the Indenture and its consequences and rescind any declaration of maturity of principal, and shall do so upon the written request of the holders of at least (1) 51% in aggregate principal amount of all the Participation Certificates then outstanding in respect of which default in the payment of principal and/or interest exists, or (2) 51% in principal amount of all Participation Certificates then outstanding in case of any other default; provided, however, that there shall not be waived (a) any event of default in the payment of the principal of any Outstanding Participation Certificates at the date of maturity specified therein or (b) any default in the payment when due of the interest on any such Participation Certificates and there shall be no rescission of a declaration of maturity unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent

permitted by law) at the rate borne by the Participation Certificates in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee, in connection with such default, shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Corporation, the Foundation, the Trustee and the Certificate holders shall be restored to their former positions and rights under the Indenture respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Certificate Fund and all moneys in the Certificate Fund shall be applied as follows:

(a) Unless the principal of all the Certificates shall have become or have been declared due and payable, all such moneys shall be applied:

First -- To the payment of the persons entitled thereto of all installments of interest then due on the Certificates, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, of the persons entitled thereto, without any discrimination or privilege; and

Second -- To the payment of the persons entitled thereto of the unpaid principal of any of the Certificates which shall have become due (other than Certificates previously called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Certificates from the respective dates upon which they become due and if the amount available shall not be sufficient to pay in full all Certificates due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the person entitled thereto without any discrimination or privilege.

(b) If the principal of all the Certificates shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Certificates, without preference or priority of principal over interest or of interest over principal, or of any installment of interest or of preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Certificate over any other Certificate, ratably, according to the amount due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied as stated above, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any Certificate until such Certificate shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever (i) all Certificates and interest thereon have been paid, (ii) all expenses and charges of the Trustee and paying agents have been paid, and (iii) any rebate owed to the United States of America under Section 148 of the Code has been paid, any balance remaining in the Certificate Fund shall be paid to the Corporation as provided in the Indenture.

Supplemental Indentures

The Foundation and the Trustee, without obtaining the approval of the holders of Certificates, may enter into supplemental indentures to cure any ambiguity or formal defect or omission in the Indenture or to grant to the Trustee for the benefit of such holders any additional rights, remedies, powers, authority or security that may be lawfully granted; or to provide for the issuance of Additional Participation Certificates on a parity to finance or refinance additional athletic or parking facilities. See APPENDIX C: "Additional Participation Certificates."

The holders of not less than 51% in aggregate principal amount of the Certificates then outstanding shall have the right, from time to time except when contrary to the Indenture, to approve the execution by the Foundation and the Trustee of such supplemental indentures, except no supplemental indenture shall permit:

(a) An extension of the maturity of the principal of or interest on any Certificate without the consent of the holder of each Certificate so affected;

(b) A reduction in the principal amount of any Certificate or the redemption premium or the rate of interest without the consent of the holder of each Certificate so affected;

(c) A preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the holders of all Certificates then outstanding;
or

(d) A reduction in the aggregate principal amount of the Certificates required for consent to supplemental indentures without the consent of the holders of all Certificates then outstanding.

Lease Amendments

The Corporation and the Trustee may without the consent of or notice to the Certificate Holders consent to any amendment, change or modification of the Leases or any other documents in connection therewith, as may be required (i) by the provisions of the Leases and

the Indenture, (ii) for the purpose of curing any ambiguity, inconsistency or formal defect or omission or (iii) in connection with any other change therein which, in the judgment of the Trustee, having relied on an opinion of Bond Counsel, is not to the prejudice of the Trustee or the holders of the Certificates.

Except for the amendments, changes, or modifications as provided in the preceding paragraph, the Trustee will not consent to any amendment, change or modification of the Leases which would change the rental payments required to be paid under the terms of the Leases or which would alter, change or amend the obligations of the Foundation under the Indenture or any other documents in connection therewith, without notice to and the written approval or consent of the holders of all of the then outstanding Certificates, or to any other amendment, change or modification of the Leases or any other documents in connection herewith or therewith, without publication of notice and the written approval or consent of the holders of not less than 51% in aggregate principal amount of the Certificates at the time outstanding given and procured.

Possession Until Default, Defeasance, Payment, Release

If, prior to the last maturity date of any Outstanding Certificates or prior to their redemption date (if Certificates have been or are to be called for redemption), the Trustee shall hold sufficient funds as described in the next succeeding paragraph and there shall have been paid all fees and charges of the Trustee due or to become due through the date on which the Certificates are to be retired (whether at maturity or by redemption), then the lien of the Indenture with respect to such Certificates shall thereafter be imposed only on the moneys and direct obligations of the United States of America held by the Trustee and payment of the principal of and premium, if any, and interest on those Outstanding Certificates shall be made solely from said moneys and direct obligations of the United States of America and the holders of those Certificates shall not be entitled to enforce payment of any principal of or premium or interest on those Certificates from any other source.

Within the meaning of the preceding paragraph, sufficient funds are held:

(i) if the Trustee shall hold, in trust for and irrevocably committed to the payment of the principal of and premium, if any, and interest on the Certificates, sufficient moneys, or

(ii) if the Trustee shall hold, in trust for and irrevocably committed to the payment of the principal of and premium, if any, and interest on the Certificates, noncallable direct obligations of the United States of America of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed), be sufficient together with moneys referred to in subsection (i) above,

for the payment, at their maturity or redemption date, of the principal of the Certificates together with the redemption premium, if any, and interest accrued to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date then to the date of the tender of such payment; provided, that if any Certificates are to be redeemed prior to

the maturity thereof, notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been duly made for the giving of such notice. Any income or interest earned by, or increment to, the investments held under this section shall, to the extent not required for the purposes of this section, be transferred to the Certificate Fund.

Release of Indenture and Payment of Certificates

When (a) all of the Certificates shall have matured according to their terms or have been called for redemption and the date set for such redemption has occurred and all Certificates presented have been redeemed, or (b) all of the Certificates appertaining thereto have been paid and discharged or the Trustee holds sufficient moneys together with any amounts held by the Trustee for the payment of any Certificates not surrendered on their maturity date or redemption date, and (c) there shall have been paid all fees and charges of the Trustee due, then the Indenture shall cease, determine and become null and void, and thereupon the Trustee shall release the Indenture including the cancellation and discharge of the lien thereof, and execute and deliver such instruments in writing as shall be requisite to satisfy the lien thereof and to enter on the records such satisfaction and discharge as may be reasonably required, and, if the Corporation has exercised its option to purchase the Project or has fully discharged and performed its obligations under the Leases, the Trustee shall assign and deliver to the Corporation any property at the time subject to the lien of the Indenture which may then be in its possession, except such cash and investments as are held by the Trustee for the payment of principal, interest and premium, if any, on retirement of the Certificates.

Additional Participation Certificates

The Trustee, at the written direction of the Foundation or the Corporation, to the extent permitted by law, shall cause to be issued Additional Participation Certificates from time to time to provide for (i) the refunding of Outstanding Certificates in whole or in part, (ii) refunding of certificates of participation in other leases to the Corporation, (iii) the completion of any athletic or parking project or (iv) the financing or refinancing of additional athletic or parking projects; provided that the issuance of such Additional Participation Certificates shall not result in the interest on the Certificates Outstanding immediately prior to such issuance losing the exclusion from gross income for federal income tax purposes. Before any Additional Participation Certificates are executed there shall be delivered to the Trustee the items required by the Indenture. Any series of Additional Participation Certificates shall have maturities, interest rates, interest payment dates, denominations and other terms as provided in the supplemental indenture entered into in connection with such Additional Participation Certificates, and the proceeds thereof shall be held, invested and paid out as therein provided, provided that such terms and provisions shall not be otherwise inconsistent with the Indenture.

Before any Additional Participation Certificates authorized by the 2011 Indenture shall be executed and delivered by the Trustee, there shall be filed with the Trustee:

1. A written request from the Foundation to the Trustee for the execution and delivery of the Additional Participation Certificates.

2. An original executed counterpart of the supplemental indenture entered into in connection with the execution and delivery of the Additional Participation Certificates, in which supplemental indenture the Foundation, in order to secure the payment of the principal of and premium, if any, and interest on the Participation Certificates, and to secure the performance and observance of all covenants and conditions in the Indenture and the Participation Certificates contained, pledges, mortgages and assigns to the Trustee, and grants to the Trustee a security interest in, all right, title and interest of the Foundation in, to or under the property leased by the Foundation to the Corporation under the Additional Leases described in paragraph 3 below.

3. Executed Additional Leases relating to any additional facilities financed or refinanced thereby, which Additional Leases require the Corporation to pay rent to the Foundation at times and in amounts sufficient to pay the principal of and premium, if any, and interest on such Additional Participation Certificates and the fees for all Ordinary Services and Extraordinary Services and all Ordinary Expenses and Extraordinary Expenses related thereto.

4. The written opinion of counsel satisfactory to the Trustee, to the effect that the documents submitted to the Trustee in connection with the request then being made comply with the requirements of the Indenture, that all filings required to be made under the 2011 Indenture have been made, and that in his opinion all conditions precedent to the delivery of such Additional Participation Certificates have been fulfilled.

5. The written opinion of nationally recognized bond counsel (who may also be the counsel referred to above in paragraph 4) that the Participation Certificates the issuance of which is then applied for, when duly executed, delivered, and authenticated by the Trustee, will be valid and legal special obligations in accordance with their terms and will be secured by the Indenture with all Participation Certificates at the time outstanding hereunder.

6. Executed assignments of the Additional Leases described in paragraph 3 above.

7. The written opinion of counsel to the Corporation (or nationally recognized bond counsel) to the effect that the Corporation's obligations to make lease rental payments, as described in paragraph 3 above, are valid and binding obligations of the Corporation, enforceable in accordance with their terms (which opinion may be subject to standard limitations, exceptions and qualifications).

8. Such other documents as may be necessary and appropriate hereunder.

When the foregoing documents have been duly filed and the Additional Participation Certificates have been executed, the Trustee shall deliver them to or upon the order of the original purchaser thereof, but only upon payment to the Trustee of the aggregate purchase price provided in the supplemental indenture referred to in the numbered paragraph 2 above, and accrued interest to the date of delivery.

The proceeds of the sale of the Additional Participation Certificates shall be used solely for the purpose of paying costs for which such Additional Participation Certificates shall have been issued.

Trustee's Fees, Charges and Expenses

On or after the date on which the Series 2011 Participation Certificates are first delivered to the Original Purchaser, the fees for Ordinary Services and Ordinary Expenses of the Trustee to be performed under the Indenture in connection with the authorization, issuance, delivery and payment of such series of Participation Certificates shall be withdrawn by the Trustee from time to time from the Certificate Fund in payment of such Ordinary Services and Ordinary Expenses, in accordance with the 2011 Indenture. The Trustee shall be entitled to reasonable fees and charges of the Trustee for necessary Extraordinary Services and Extraordinary Expenses under the Indenture, provided, that either the Foundation or the holders of at least 25% in aggregate principal amount of Participation Certificates then outstanding may, without creating a default under the Indenture, contest in good faith the necessity for any such Extraordinary Services and Extraordinary Expenses and the reasonableness of any such fees, charges or expenses. Amounts equal to the necessary Extraordinary Services and Extraordinary Expenses of the Trustee under the Indenture shall be withdrawn by the Trustee from time to time from the Certificate Fund in payment of such Extraordinary Services and Extraordinary Expenses in accordance with the 2011 Indenture; provided, however, that in the event the amount of money in the Certificate Fund is insufficient to satisfy in full the amount due with respect to such Extraordinary Services and Extraordinary Expenses, then the amount unsatisfied shall be cumulated and paid in succeeding years from the balance remaining in the Certificate Fund after first having paid all principal of and premium, if any, and interest on the Participation Certificates which is then next due and payable and its annual fee for its Ordinary Services and Ordinary Expenses then due at the time payment is sought by the Trustee. In the event that upon the termination of the Indenture, at the time that all Participation Certificates issued hereunder have been paid at maturity or through redemption or have been defeased, the Corporation and the Foundation jointly and severally agree to promptly pay any remaining unpaid fees for Ordinary Services and Extraordinary Services and Ordinary Expenses and Extraordinary Expenses.

Appointment of Successor Trustee

In case the Trustee shall resign or be removed, or be dissolved, or otherwise become incapable of acting under the Indenture, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be appointed by the Foundation; provided that if a successor Trustee is not so appointed within ten days after the notice of resignation is mailed or instrument of removal is delivered, respectively, or the Trustee is dissolved, taken under control or otherwise incapable of action as above provided, then the holders of a majority in aggregate principal amount of Certificates then outstanding, by an instrument or concurrent instruments in writing signed by or on behalf of such holders, may designate a successor Trustee. Every such successor Trustee appointed shall be a trust company or bank in good standing, duly authorized to exercise trust powers within the State of Indiana, having a reported capital and surplus of not less than \$50,000,000 and willing to accept the trusteeship under the terms and conditions of the Indenture.

THE 2009 LEASE

The following is a brief summary of certain provisions of the 2009 Lease, and does not purport to comprehensively describe the documents in its entirety.

Leasing

In the 2009 Lease, the Foundation leases to the Corporation the Leased Property, consisting of Mackey Arena and certain adjoining facilities, utilities and appurtenances located on the Purdue University Campus at West Lafayette, Indiana, for a term of 40 years, beginning on August 15, 2009 and ending on the day prior to such date 40 years thereafter, unless expressly extended in writing by the parties or earlier terminated as described below. See “Option to Purchase Leased Property by the Corporation” and “Condemnation.”

Rental Payments

The Corporation agrees to make rental payments to the Foundation in periodic amounts equal to the Foundation’s debt service, including principal and interest, plus redemption premiums, if any, on the Participation Certificates or other Foundation securities issued for the 2009 Project, trustee’s fees, any debt service reserves, any costs for bond or reserve insurance, any rebate payments and similar financing expenses, on such Participation Certificates for each year of the 2009 Lease (collectively, “Lease Rentals”); provided, that such Lease Rental requirements shall be subject to credits for earnings or other amounts available to the Foundation related to proceeds from its financing of the costs related to the Leased Property and amounts in sinking or reserve funds, if any. Such amounts shall be paid in installments coordinated, in time and amount, to match and enable the Foundation to meet and comply with the Foundation’s periodic debt service payments, as established under any and all Participation Certificates outstanding from time to time with respect to the 2009 Project, or those of any trustee for the Foundation. All payments made by the Corporation directly to any assignee, trustee or other third party, as authorized from time to time, shall constitute payment to the Foundation.

In addition, the Corporation shall make certain equity contributions to the Project, as amended from time to time in the form of Prepaid Lease Rentals during the construction period, in the anticipated amount of \$9,100,000. Actual Prepaid Lease Rentals shall be in the amount necessary to complete the Project after the application of the proceeds of Series 2011 Participation Certificates. Schedule A shall be amended from time to time to reflect the amount of actual Prepaid Lease Rentals during the construction period.

The Corporation and Foundation, in fulfillment of their respective obligations to coordinate the amount and timing of the periodic Lease Rental payments, shall keep, at the initiation of the Corporation, an ongoing record of actual Lease Rentals as well as projected Lease Rentals, and all components of the same.

In the event that the Corporation is obligated to make additional payments of Lease Rentals, as a result of liquidity requirements for the purchase of variable rate demand Participation Certificates for the 2009 Project, the Corporation shall be entitled to a refund of any such Lease Rental payments from the proceeds of subsequent remarketing of such Participation Certificates, if and to the extent that such Participation Certificates are successfully remarketed

as variable rate demand certificates or otherwise. In the event that any such Participation Certificates are not successfully remarketed and are cancelled or deemed cancelled, such payments of Lease Rentals shall be allocated to the reduction of principal and/or interest on the Participation Certificates as appropriate.

Corporation's Obligations Payable From and Subject to Available Funds

The Corporation has covenanted and agreed that it will use and apply any available funds, to the extent necessary, for the purpose of satisfying its obligations under the 2009 Lease; provided, however, that (i) mandatory student fees (which include all academic fees, however denominated, assessed by the Corporation against students attending Purdue University) and (ii) appropriations from the State of Indiana, shall not be considered available for the payment of such obligations. Notwithstanding any other provisions of the 2009 Lease, the obligations imposed upon the Corporation by the Lease for the payment of rent or making of other expenditures of money shall be and remain subject to the availability of funds which may lawfully be used by the Corporation for such purposes. No obligation imposed on the Corporation under the 2009 Lease shall be or become an obligation, indebtedness or liability of the State of Indiana.

Additional Rental Payments and Other Charges

Additional Rental Payments. The Corporation shall pay as further rental for the Leased Property all real property taxes and assessments levied against the Leased Property, payable during the term of the 2009 Lease. Any and all such payments shall be made and satisfactory evidence of such payments in the form of receipts shall be furnished to the Foundation by the Corporation, at least three (3) days before the last day upon which the same must be paid to avoid delinquency. In case the Corporation shall in good faith desire to contest the validity of any such tax or assessment, and shall so notify the Foundation, and shall furnish bond with surety to the approval of the Foundation conditioned upon the payment of the charges so desired to be contested and all damages or losses resulting to the Foundation from the nonpayment thereof when due, the Corporation shall not be obligated to pay the same until such contests shall have been determined.

Public Utility Charges. The Corporation shall pay all charges for gas, electricity, water, light, heat or power, telephone or other communications services, sewage treatment or disposal, or other utility equipment or services used on or in connection with the Leased Property and to indemnify, to the extent permitted by law, the Foundation and save it harmless against any liability or damages on such account.

Repairs and Maintenance

The Corporation covenants throughout the term of the 2009 Lease, at its sole cost and expense, to maintain the Leased Property (including any roadways, sidewalks, parking lots and curbs thereon or adjacent thereto) and to keep the same in good order and condition, excepting reasonable wear and tear, and promptly at the Corporation's own cost or expense to make all necessary repairs, interior and exterior, structural and nonstructural, ordinary as well as

extraordinary, foreseen as well as unforeseen, to the Leased Property as may be required to satisfy this covenant. The term “repairs” shall include replacements or renewals when necessary.

All items of equipment and personal property initially furnished by the Foundation shall remain the property of the Foundation during the term of the 2009 Lease, but shall be maintained and kept in repair by the Corporation. When, in the judgment of the Corporation, any such item is no longer useful or usable, it shall be retired, and may be disposed of by the Corporation which shall no longer be responsible for its maintenance. The Corporation may replace any such retired items, and all replacements shall be owned by the Corporation. Any original items of equipment or other personal property remaining upon termination of the 2009 Lease (other than by reason of default by the Corporation) shall thereupon become the property of Corporation.

Damage or Destruction

The Corporation covenants and agrees that, in the case of damage to, or destruction of, any improvements located on or constituting a part of the Leased Property, the Corporation will promptly, at its sole cost and expense, repair or replace the same as nearly as possible to their condition immediately prior to such damage or destruction, to the extent necessary to restore the value and utility of such improvements. The Corporation’s obligation to make payment of the rent and all other charges on the part of the Corporation to be paid, and to perform all other covenants or agreements on the part of the Corporation to be performed, shall not be affected by any such damage or destruction, regardless of the cause thereof.

Insurance

During the term of the 2009 Lease, the Corporation shall at its expense procure and at all times keep and maintain in force for the benefit of the Foundation and the Corporation such insurance coverage with respect to the Leased Property as the Corporation would customarily maintain with respect to its other properties, including but not limited to fire and extended risk coverage and comprehensive general liability coverage. The policies evidencing all such insurance shall contain customary provisions, and such other provisions and endorsements as the Foundation may reasonably require. All such policies shall be issued in amounts and by companies satisfactory to the Foundation. The proceeds of such policies (other than liability policies) shall be first applied, to the extent necessary, to satisfy the Corporation’s obligations described under the caption “Damage or Destruction,” and, if any excess proceeds remain, such excess shall become the sole property of the Corporation.

Corporation’s Use, Occupancy. Management and Control

The Corporation covenants and agrees that it will use, occupy, manage and control the Leased Property in the exercise of its responsibilities for the management and operation of the Purdue University Campus at West Lafayette, Indiana, for the educational and other purposes of Purdue University, in a manner consistent with the desired tax status of the Series 2011 Participation Certificates, and in the discharge of its statutory responsibilities, and for the management, operation and servicing of said institution. All revenues derived by the Corporation from the operation of the Leased Property shall belong to the Corporation and all expenses incurred in connection with said operation shall be paid by the Corporation.

General Covenants

The Corporation shall not assign the Lease or sublet any part of the Leased Property without the prior consent of the Foundation nor, in any event, in such manner as to adversely affect the tax-exempt status of the rents.

Option to Purchase Leased Property by the Corporation

The Foundation has granted to the Corporation the right and option, upon sixty (60) days' written notice to the Foundation and the Trustee, to terminate the 2009 Lease and purchase the Leased Property at a price equal to either (i) the sum of the then unpaid principal, premium, if any, and accrued interest to the date of redemption of the Certificates, plus any other amounts due and payable by the Corporation under the 2001 Lease, or (ii) the amount sufficient to defease the Certificates under the terms of the Indenture, including all costs and expenses incurred in connection therewith, plus all other amounts due and payable by the Corporation under the 2009 Lease. Upon the exercise of the option to purchase granted in the 2009 Lease, the Foundation will, upon payment of the option price, convey the Leased Property to the Corporation, subject only to existing streets and utility or other easements, if any. Thereupon, the 2009 Lease will terminate. All expenses incurred by the Foundation in connection with such transfer of title shall be paid or reimbursed by the Corporation.

If the Corporation does not exercise its option to purchase the Leased Property described in the preceding paragraph, then upon the expiration of the 2009 Lease and the full discharge and performance by the Corporation of its obligations under the 2009 Lease, the Leased Property will be transferred to the Corporation.

Defaults

If the Corporation shall default (a) in the payment of any rentals or other sums payable to the Foundation under the 2009 Lease, or in the payment of any other sum in the 2009 Lease required to be paid for the Foundation; or (b) in the observance of any other covenant, agreement or condition in the 2009 Lease, and such default shall continue for sixty (60) days after written notice to correct the same; then, in any or either of such events, the Foundation may proceed to protect and enforce its rights by suit or suits in equity or at law in any court of competent jurisdiction, whether for specific performance of any covenant or agreement contained in the 2009 Lease, or for the enforcement of any other appropriate legal or equitable remedy; or the Foundation, at its option, without further notice, may terminate the 2009 Lease and take possession of the Leased Property, and the Corporation covenants to surrender the same forthwith upon demand. The Foundation's option to terminate the 2009 Lease and take possession of the Leased Property shall be equally applicable as the remedy in the event the Corporation is unable to meet its rental obligations under the 2009 Lease as a result of a lack of available funds, as described under the caption "Corporation's Obligations Payable From and Subject to Available Funds."

In the event of such termination, the Corporation and the Foundation shall mutually endeavor to reach a satisfactory settlement of the Foundation's claims against the Corporation, as the basis for the transfer of ownership and possession of the Leased Property to the Corporation,

in the manner which, absent such default, would have occurred upon expiration of the 2009 Lease, as described above.

The exercise by the Foundation of the above right to terminate the 2009 Lease shall not release the Corporation from the performance of any obligation under the 2009 Lease maturing prior to the Foundation's actual entry into possession. No waiver by the Foundation of any right to terminate the 2009 Lease upon any default shall operate to waive such right upon the same or other default subsequently occurring'.

Condemnation

If the entire Leased Property should be taken by any governmental body having the power of eminent domain, the 2009 Lease shall terminate effective on the date when the Corporation is deprived of possession of the Leased Property. In such event the Corporation's obligations as to rentals or other payments to the Foundation, shall be accelerated, but shall be limited to the difference, if any, between the amount of the Purchase Price under the 2009 Lease and the proceeds of the condemnation which shall be payable to the Foundation, and each party shall look to the condemning authority for compensation for any and all damage, loss and injury it may have incurred by reason of such taking and condemnation. In the event part but less than all of the Leased Property should be so taken, the 2009 Lease shall not terminate, but the Corporation's obligations thereunder as to payment of rentals and other amounts shall be decreased by the amount of compensation payable to the Foundation by the condemning authority. The Foundation shall transfer the proceeds of any condemnation award to the Trustee, together with any accelerated Rental Payments by the Corporation to repay or defease Certificates in full.

THE 2001 LEASE

The following is a brief summary of certain provisions of the 2001 Lease, and does not purport to comprehensively describe the documents in its entirety.

Leasing

In the 2001 Lease, the Foundation leases to the Corporation the Leased Property, consisting of Ross-Ade Stadium and certain adjoining facilities, utilities and appurtenances located on the Purdue University Campus at West Lafayette, Indiana, for a term of 40 years, beginning on the date of issuance of the 2001 Certificates and ending on the day prior to such date 40 years thereafter, unless expressly extended in writing by the parties or earlier terminated as described below. See "Option to Purchase Leased Property by the Corporation" and "Condemnation."

Source of Rental Payments

Rental Payments. The Corporation will pay rental under the 2001 Lease during its term in yearly amounts equal to the Foundation's debt service on the Certificates, plus fees for the Trustee, coordinated in installments in time and amount to match and enable the Foundation to meet and comply with the periodic debt service payment dates as established under the Certificates. The Corporation shall receive credit toward rentals for earnings or other amounts

available to the Foundation, related to proceeds from its financing of the costs related to the Leased Property and amounts in sinking or reserve funds, if any. All rentals payable under the terms of the 2001 Lease shall be paid by the Corporation to the Trustee, or to such other bank or trust company as may from time to time succeed such bank as Trustee. All payments made by the Corporation to the Trustee shall be considered as payment to the Foundation of the rentals payable thereunder.

Corporation's Obligations Payable From and Subject to Available Funds

The Corporation has covenanted and agreed that it will use and apply any available funds, to the extent necessary, for the purpose of satisfying its obligations under the 2001 Lease; provided, however, that (i) mandatory student fees (which include all academic fees, however denominated, assessed by the Corporation against students attending Purdue University) and (ii) appropriations from the State of Indiana, shall not be considered available for the payment of such obligations. Notwithstanding any other provisions of the 2001 Lease, the obligations imposed upon the Corporation by the Lease for the payment of rent or making of other expenditures of money shall be and remain subject to the availability of funds which may lawfully be used by the Corporation for such purposes. No obligation imposed on the Corporation under the 2001 Lease shall be or become an obligation, indebtedness or liability of the State of Indiana.

Additional Rental Payments and Other Charges

Additional Rental Payments. The Corporation shall pay as further rental for the Leased Property all real property taxes and assessments levied against the Leased Property, payable during the term of the 2001 Lease. Any and all such payments shall be made and satisfactory evidence of such payments in the form of receipts shall be furnished to the Foundation by the Corporation, at least three (3) days before the last day upon which the same must be paid to avoid delinquency. In case the Corporation shall in good faith desire to contest the validity of any such tax or assessment, and shall so notify the Foundation, and shall furnish bond with surety to the approval of the Foundation conditioned upon the payment of the charges so desired to be contested and all damages or losses resulting to the Foundation from the nonpayment thereof when due, the Corporation shall not be obligated to pay the same until such contests shall have been determined.

Public Utility Charges. The Corporation shall pay all charges for gas, electricity, water, light, heat or power, telephone or other communications services, sewage treatment or disposal, or other utility equipment or services used on or in connection with the Leased Property and to indemnify, to the extent permitted by law, the Foundation and save it harmless against any liability or damages on such account.

Repairs and Maintenance

The Corporation covenants throughout the term of the 2001 Lease, at its sole cost and expense, to maintain the Leased Property (including any roadways, sidewalks, parking lots and curbs thereon or adjacent thereto) and to keep the same in good order and condition, excepting reasonable wear and tear, and promptly at the Corporation's own cost or expense to make all

necessary repairs, interior and exterior, structural and nonstructural, ordinary as well as extraordinary, foreseen as well as unforeseen, to the Leased Property as may be required to satisfy this covenant. The term “repairs” shall include replacements or renewals when necessary.

All items of equipment and personal property initially furnished by the Foundation shall remain the property of the Foundation during the term of the 2001 Lease, but shall be maintained and kept in repair by the Corporation. When, in the judgment of the Corporation, any such item is no longer useful or usable, it shall be retired, and may be disposed of by the Corporation which shall no longer be responsible for its maintenance. The Corporation may replace any such retired items, and all replacements shall be owned by the Corporation. Any original items of equipment or other personal property remaining upon termination of the 2001 Lease (other than by reason of default by the Corporation) shall thereupon become the property of Corporation.

Damage or Destruction

The Corporation covenants and agrees that, in the case of damage to, or destruction of, any improvements located on or constituting a part of the Leased Property, the Corporation will promptly, at its sole cost and expense, repair or replace the same as nearly as possible to their condition immediately prior to such damage or destruction, to the extent necessary to restore the value and utility of such improvements. The Corporation’s obligation to make payment of the rent and all other charges on the part of the Corporation to be paid, and to perform all other covenants or agreements on the part of the Corporation to be performed, shall not be affected by any such damage or destruction, regardless of the cause thereof.

Insurance

During the term of the 2001 Lease, the Corporation shall at its expense procure and at all times keep and maintain in force for the benefit of the Foundation and the Corporation such insurance coverage with respect to the Leased Property as the Corporation would customarily maintain with respect to its other properties, including but not limited to fire and extended risk coverage and comprehensive general liability coverage. The policies evidencing all such insurance shall contain customary provisions, and such other provisions and endorsements as the Foundation may reasonably require. All such policies shall be issued in amounts and by companies satisfactory to the Foundation. The proceeds of such policies (other than liability policies) shall be first applied, to the extent necessary, to satisfy the Corporation’s obligations described under the caption “Damage or Destruction,” and, if any excess proceeds remain, such excess shall become the sole property of the Corporation.

Corporation’s Use, Occupancy, Management and Control

The Corporation covenants and agrees that it will use, occupy, manage and control the Leased Property in the exercise of its responsibilities for the management and operation of the Purdue University Campus at West Lafayette, Indiana, for the educational and other purposes of Purdue University, in a manner consistent with the desired tax status of the 2001 Certificates, and in the discharge of its statutory responsibilities, and for the management, operation and servicing of said institution. All revenues derived by the Corporation from the operation of the

Leased Property shall belong to the Corporation and all expenses incurred in connection with said operation shall be paid by the Corporation.

General Covenants

The Corporation shall not assign the Lease or sublet any part of the Leased Property without the prior consent of the Foundation nor, in any event, in such manner as to adversely affect the tax-exempt status of the rents.

Option to Purchase Leased Property by the Corporation

The Foundation has granted to the Corporation the right and option, upon sixty (60) days' written notice to the Foundation and the Trustee, to terminate the 2001 Lease and purchase the Leased Property at a price equal to either (i) the sum of the then unpaid principal, premium, if any, and accrued interest to the date of redemption of the Certificates, plus any other amounts due and payable by the Corporation under the 2001 Lease, or (ii) the amount sufficient to defease the Certificates under the terms of the Indenture, including all costs and expenses incurred in connection therewith, plus all other amounts due and payable by the Corporation under the 2001 Lease. Upon the exercise of the option to purchase granted in the 2001 Lease, the Foundation will, upon payment of the option price, convey the Leased Property to the Corporation, subject only to existing streets and utility or other easements, if any. Thereupon, the 2001 Lease will terminate. All expenses incurred by the Foundation in connection with such transfer of title shall be paid or reimbursed by the Corporation.

If the Corporation does not exercise its option to purchase the Leased Property described in the preceding paragraph, then upon the expiration of the 2001 Lease and the full discharge and performance by the Corporation of its obligations under the 2001 Lease, the Leased Property will be transferred to the Corporation.

Defaults

If the Corporation shall default (a) in the payment of any rentals or other sums payable to the Foundation under the 2001 Lease, or in the payment of any other sum in the 2001 Lease required to be paid for the Foundation; or (b) in the observance of any other covenant, agreement or condition in the 2001 Lease, and such default shall continue for sixty (60) days after written notice to correct the same; then, in any or either of such events, the Foundation may proceed to protect and enforce its rights by suit or suits in equity or at law in any court of competent jurisdiction, whether for specific performance of any covenant or agreement contained in the 2001 Lease, or for the enforcement of any other appropriate legal or equitable remedy; or the Foundation, at its option, without further notice, may terminate the 2001 Lease and take possession of the Leased Property, and the Corporation covenants to surrender the same forthwith upon demand. The Foundation's option to terminate the 2001 Lease and take possession of the Leased Property shall be equally applicable as the remedy in the event the Corporation is unable to meet its rental obligations under the 2001 Lease as a result of a lack of available funds, as described under the caption "Corporation's Obligations Payable From and Subject to Available Funds."

In the event of such termination, the Corporation and the Foundation shall mutually endeavor to reach a satisfactory settlement of the Foundation's claims against the Corporation, as the basis for the transfer of ownership and possession of the Leased Property to the Corporation, in the manner which, absent such default, would have occurred upon expiration of the 2001 Lease, as described above.

The exercise by the Foundation of the above right to terminate the 2001 Lease shall not release the Corporation from the performance of any obligation under the 2001 Lease maturing prior to the Foundation's actual entry into possession. No waiver by the Foundation of any right to terminate the 2001 Lease upon any default shall operate to waive such right upon the same or other default subsequently occurring'.

Condemnation

If the entire Leased Property should be taken by any governmental body having the power of eminent domain, the 2001 Lease shall terminate effective on the date when the Corporation is deprived of possession of the Leased Property. In such event the Corporation shall have no further obligations as to rentals or other payments to the Foundation, and each party shall look to the condemning authority for compensation for any and all damage, loss and injury it may have incurred by reason of such taking and condemnation. In the event part but less than all of the Leased Property should be so taken, the 2001 Lease shall not terminate, but the Corporation's obligations thereunder as to payment of rentals and other amounts shall be decreased by the amount of compensation payable to the Foundation by the condemning authority.

PARKING LEASES

The following is a brief summary of certain provisions of the Lease Agreements for parking facilities, and does not purport to comprehensively describe the documents in their entirety.

Source of Rental Payments

Rental Payments. The Corporation will pay rental under the Lease Agreements during the respective terms of the Lease Agreements in yearly amounts equal to the Foundation's debt service on the Participation Certificates, plus fees for the Trustee, coordinated in installments in time and amount to match and enable the Foundation to meet and comply with the periodic debt service payment dates as established under the Participation Certificates. The Corporation shall receive credit toward rentals for earnings or other amounts available to the Foundation, related to proceeds from its financing of the costs related to the Projects. All rentals payable under the terms of the Lease Agreements shall be paid by the Corporation to the Trustee, or to such other bank or trust company as may from time to time succeed such bank as Trustee. All payments made by the Corporation to the Trustee shall be considered as payment to the Foundation of the rentals payable thereunder.

Corporation's Obligations Subject to Available Funds

The Corporation has covenanted and agreed that it will use and apply any available funds, to the extent necessary, for the purpose of satisfying its obligations under the Lease Agreements; provided, however, that (i) mandatory student fees (which include all academic fees, however denominated, assessed by the Corporation against students attending Purdue University) and (ii) appropriations by the State of Indiana, shall not be considered available for the payment of such obligations. Notwithstanding any other provisions of the Lease Agreements, the obligations imposed upon the Corporation by the Lease Agreements for the payment of rent or making of other expenditures of money shall be and remain subject to the availability of funds which may lawfully be used by the Corporation for such purposes. No obligation imposed on the Corporation under the Lease Agreements shall be or become an indebtedness of or liability against the State of Indiana.

Additional Rental Payments and Other Charges

Additional Rental Payments. The Corporation shall pay as further rental for the Projects all taxes and assessments levied against or on account of the Projects. Any and all such payments shall be made and satisfactory evidence of such payments in the form of receipts shall be furnished to the Foundation by the Corporation, at least three (3) days before the last day upon which the same must be paid to avoid delinquency. In case the Corporation shall in good faith desire to contest the validity of any such tax or assessment, and shall so notify the Foundation, and shall furnish bond with surety to the approval of the Foundation conditioned upon the payment of the charges so desired to be contested and all damages or losses resulting to the Foundation from the nonpayment thereof when due, the Corporation shall not be obligated to pay the same until such contests shall have been determined.

Public Utility Charges. The Corporation shall pay all charges for gas, electricity, water, light, heat or power, telephone or other communications services, sewage treatment or disposal, or other utility equipment or services used on or in connection with the Projects and to indemnify to the extent permitted by law, the Foundation and save it harmless against any liability or damages on such account.

Repairs and Maintenance

The Corporation covenants throughout the term of the Lease Agreements, at its sole cost and expense, to take care of the Projects and the sidewalks and curbs thereon or adjacent thereto and to keep the same in good order and condition, excepting reasonable wear and tear, and promptly at the Corporation's own cost or expense to make all necessary repairs, interior and exterior, structural and nonstructural, ordinary as well as extraordinary, foreseen as well as unforeseen. The term repairs shall include replacements or renewals when necessary.

All items of equipment and personal property initially furnished by the Foundation shall remain the property of the Foundation but shall be maintained and kept in repair by the Corporation. When, in the judgment of the Corporation, any such item is no longer useful or usable, it shall be retired, and the Corporation shall no longer be responsible for its maintenance.

The Corporation may replace any such retired items and all replacements shall be owned by the Corporation.

General Covenants

The Corporation shall not assign the Lease Agreements or sublet the Projects without the prior consent of the Foundation nor, in any event, in such manner as to adversely affect the tax-exempt status of the rents.

Option to Purchase Leased Property by the Corporation

The Foundation has granted to the Corporation the right and option, upon sixty (60) days' written notice to the Foundation and the Trustee, to purchase any of the Projects at a price equal to an amount sufficient to (i) pay unpaid principal, premium, if any, and accrued interest to the date of redemption of the allocable Outstanding Participation Certificates, plus any other amounts due and payable by the Corporation, or (ii) defease the allocable Participation Certificates in accordance with the terms of the Indenture. Upon the exercise of the option to purchase granted in any Lease Agreement, the Foundation will, upon payment of the option price, convey the Project to the Corporation, subject only to existing streets and utility or other easements, if any. All expenses incurred by the Foundation in connection with such transfer of title shall be paid or reimbursed by the Corporation.

Defaults

If the Corporation shall default (a) in the payment of any rentals or other sums payable to the Foundation under a Lease Agreement, or in the payment of any other sum in such Lease Agreement required to be paid for the Foundation; or (b) in the observance of any other covenant, agreement or condition in such Lease Agreement, and such default shall continue for sixty (60) days after written notice to correct the same; then, in any or either of such events, the Foundation may proceed to protect and enforce its rights by suit or suits in equity or at law in any court of competent jurisdiction, whether for specific performance of any covenant or agreement contained in such Lease Agreement, or for the enforcement of any other appropriate legal or equitable remedy; or the Foundation, at its option, without further notice, may terminate such Lease Agreement and take possession of the Project, and the Corporation covenants to surrender the same forthwith upon demand.

The exercise by the Foundation of the above right to terminate a Lease Agreement shall not release the Corporation from the performance of any obligation under such Lease Agreement maturing prior to the Foundation's actual entry into possession. No waiver by the Foundation of any right to terminate a Lease Agreement upon any default shall operate to waive such right upon the same or other default subsequently occurring.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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FORM OF OPINION OF BOND COUNSEL

February 16, 2011

Merrill Lynch, Pierce, Fenner & Smith Incorporated,
as Underwriter
New York, New York

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

Re: Certificates of Participation, Series 2011A (Adjustable Demand) Evidencing a Proportionate Interest of Owners Thereof in Lease Payments to Be Made by The Trustees of Purdue University, as Lessee; Total Issue \$32,185,000

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), of Certificates of Participation, Series 2011A (Adjustable Demand), originally dated the date hereof in the aggregate principal amount of \$32,185,000 (the "Series 2011A Participation Certificates"). Each of the Series 2011A Participation Certificates represents a proportionate interest of the owners thereof in lease payments to be made by The Trustees of Purdue University, as Lessee (the "Corporation") under a Lease-Purchase and Sublease Agreement dated as of August 15, 2009 (the "2009 Lease") and certain other lease purchase agreements described in the 2009 Indenture (as defined below) (collectively, the "Leases"), to the Corporation from the Ross-Ade Foundation, as Lessor (the "Foundation") of certain property described in the Leases, all as described in the Trust Indenture, dated as of February 15, 2011 (the "2011 Indenture") (which supplements the Trust Indenture dated as of November 15, 1996, a Trust Indenture dated as of November 1, 1998, a Trust Indenture dated as of November 15, 2006 and a Trust Indenture dated as of August 15, 2009) (collectively, the "Indenture"), between the Foundation and the Trustee, pursuant to which the Series 2011A Participation Certificates are issued and secured. The Foundation has previously assigned its interest in the 2009 Lease to the Trustee in connection with the execution of the 2009 Indenture.

We have relied upon a certified transcript of proceedings, including the opinions of Stuart & Branigin LLP as counsel to the Foundation and as counsel to the Corporation, as well as other certificates and representations of the Corporation, the Foundation and the Trustee, including the Arbitrage and Federal Tax Certificate of The Trustees of Purdue University (the "Tax Covenants"), and have not undertaken to verify any facts by independent investigation.

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

1. The 2011 Indenture has been duly authorized, executed and delivered by the Foundation, and assuming due authorization, execution and delivery thereof by the Trustee, is a valid and binding agreement of the Foundation, enforceable in accordance with its terms.

2. The Series 2011A Participation Certificates have been duly authorized, executed and issued and are the valid and binding obligations of the Trustee, enforceable in accordance with their terms.

3. Under existing laws, judicial decisions, regulations, and rulings, the interest on the Series 2011A Participation Certificates is exempt from income taxes imposed by the State of Indiana.

4. Under existing federal statutes, laws, regulations, rulings and judicial decisions, the interest on the Series 2011A Participation Certificates paid from that portion of the lease rental payments designated as interest is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (“Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining alternative minimum tax imposed on certain corporations. This opinion is conditioned on continuing compliance by the Corporation, the Foundation and the Trustee with the Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Series 2011A Participation Certificates to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. We express no opinion on any matter for which the Indenture requires an opinion of nationally recognized bond counsel to the effect that any action proposed to be taken under the Indenture will not adversely affect the exclusion of interest on the Series 2011A Participation Certificates from gross income for income tax purposes under Section 103 of the Code.

It is to be understood that the rights of the owners of the Series 2011A Participation Certificates, the Corporation, the Foundation and the Trustee and the enforceability of the Series 2011A Participation Certificates, the Indenture and the Leases may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore and hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity. It is to be understood that the rights of the owners of the Series 2011A Participation Certificates, the Corporation, the Foundation and the Trustee and the enforceability of the Series 2011A Participation Certificates, the Indenture and the Leases may be subject to the valid exercise of the constitutional powers of the State of Indiana and the United States of America.

Very truly yours,

APPENDIX E

**SUMMARY OF CONTINUING DISCLOSURE
UNDERTAKING AGREEMENT**

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SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the “Rule”), the Corporation entered into an Amended and Restated Continuing Disclosure Undertaking Agreement, dated as of November 1, 2010, as previously supplemented and as supplemented by a Second Supplement to Continuing Disclosure Undertaking Agreement, dated February 15, 2011 (collectively, the “Undertaking”). Each Underwriter, by its agreement to purchase any Series 2011A Participation Certificates, accepts and assents to the Undertaking and the exchange of (i) such agreement for (ii) the promises of Corporation, and assigns all its rights under the Undertaking to the holders of Series 2011A Participation Certificates or Beneficial Owners (as such terms are defined in the Undertaking).

Pursuant to the terms of the Undertaking, the Corporation will agree to provide the following information while any of the Series 2011A Participation Certificates are Outstanding:

- Audited Financial Statements. To the Municipal Securities Rulemaking Board (“MSRB”), when and if available, the audited financial statements of the Corporation for each fiscal year of the Corporation, beginning with the fiscal year ending June 30, 2011, together with the auditor’s report and all notes thereto; and
- Financial Information in Official Statement. To the MSRB, within 180 days of the close of each fiscal year of the Corporation, beginning with the fiscal year ending June 30, 2011, 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 relating to the Series 2011A Participation Certificates (collectively, the “Annual Information”); provided, however, that the updating information may be provided in such format as the Corporation deems appropriate:

FACILITIES AND SYSTEM

ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS (or corollary sections)

(Estimated Total Debt Service Column Only)

APPENDIX A

- Student Admissions
- Tuition and Fees
- Student Enrollment
- Financial Operations of the Corporation
- State Appropriations
- Student Financial Aid

- Endowment and Similar Funds
 - Related Foundations
 - Fund Raising Activity
 - Grants and Contracts
 - Other Outstanding Indebtedness
 - Physical Property
- Event Notices. In a timely manner within 10 business days after the occurrence thereof, to the MSRB, notice of the occurrence of any of the following events with respect to the Series 2011A Participation Certificates, in each case (i) in an electronic format as prescribed by MSRB and (ii) accompanied by identifying information as prescribed in MSRB:
 - principal and interest payment delinquencies;
 - non-payment related defaults, if material;
 - unscheduled draws on debt service reserves reflecting financial difficulties;
 - unscheduled draws on credit enhancements reflecting financial difficulties;
 - substitution of credit or liquidity providers, or their failure to perform;
 - adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2011A Participation Certificates, or other material events affecting the tax status of the Series 2011A Participation Certificates;
 - modifications to the rights of owners of the Series 2011A Participation Certificates, if material;
 - Series 2011A Participation Certificate calls, if material, and tender offers;
 - defeasances;
 - release, substitution or sale of property securing repayment of the Series 2011A Participation Certificates, if material;
 - rating changes;
 - bankruptcy, insolvency, receivership or similar event of the Corporation;
 - the consummation of a merger, consolidation or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
 - appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

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

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

Remedy. The sole remedy against the Corporation for any failure to carry out any provision of the Undertaking will be for specific performance of the Corporation's disclosure obligations under the Undertaking and not for money damages of any kind or in any amount or for any other remedy. The Corporation's failure to honor its covenants under the Undertaking will not constitute a breach or default of the Series 2011A Participation Certificates, 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 2011A Participation Certificates 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 2011A Participation Certificates 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 2011A Participation Certificates supported by reasonable documentation of such claim will be sufficient to evidence standing to pursue the remedy set forth above.

Prior to pursuing any remedy for any breach of any obligation under the Undertaking, a holder or beneficial owner of Series 2011A Participation Certificates must give notice to the Corporation, by registered or certified mail, of such breach and its intent to pursue such remedy. Thirty days after the receipt of such notice, or upon earlier response from the Corporation to the notice indicating continued noncompliance, such remedy may be pursued under the Undertaking if and to the extent the Corporation has failed to cure such breach.

If specific performance is granted by any such court, the party seeking such remedy will be entitled to payment of costs by the Corporation and to reimbursement by the Corporation of reasonable fees and expenses of attorneys incurred in the pursuit of such claim. If specific performance is not granted by any such court, the Corporation will be entitled to payment of costs by the party seeking such remedy and to reimbursement by such party of reasonable fees and expenses of attorneys incurred in the pursuit of such claim.

Modification of Undertaking. The Corporation may, from time to time, amend or modify the Undertaking without the consent of or notice to the owners of the Series 2011A Participation Certificates 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 2011A Participation Certificates, as determined either by (A) any person selected by the Corporation that is unaffiliated with the Corporation (including the trustee under the Indenture, or nationally recognized bond counsel) or (B) an approving vote of the holders of a majority of Outstanding Series 2011A Participation Certificates 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.

APPENDIX F

FORM OF OPINION OF COUNSEL TO CORPORATION

The Trustees of Purdue University
West Lafayette, Indiana

Ice Miller LLP
Indianapolis, Indiana

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
New York, New York

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

Barnes & Thornburg LLP
Indianapolis, Indiana

Re: Ross-Ade Foundation
Certificates of Participation, Series 2011A (Adjustable Demand)
Evidencing a Proportionate Interest of
Owners Thereof in Lease Payments To Be Made
By The Trustees of Purdue University (the
“Certificates”); Total Issue \$32,185,000

Ladies and Gentlemen:

The undersigned is counsel for The Trustees of Purdue University (the “Corporation”) and in such capacity has examined and is familiar with the following:

1. The duly executed Lease-Purchase and Sublease Agreement between the Corporation and the Ross-Ade Foundation (the “Foundation”), dated as of August 15, 2009 (the “Lease-Purchase”);
2. The duly executed Mackey Complex Lease Agreement between the Corporation and the Foundation dated as of August 15, 2009 (the “Lease”);
3. The Agreement for Arena Renovation and Addition dated as of August 15, 2009 (the “Renovation Agreement”);
4. The Certificate Purchase Agreement dated February 15, 2011, including the Corporation’s Exhibit A thereto (the “Purchase Agreement”);
5. The Remarketing Agreement dated February 15, 2011, by and among the Corporation, the Foundation and the Underwriter as remarketing agent (the “Remarketing Agreement”);
6. The Construction and Rebate Agreement dated as of February 15, 2011, by and among the Corporation, the Foundation and The Bank of New York Mellon Trust Company, N.A. as Trustee (the “Rebate Agreement”);

7. The Amended and Restated Continuing Disclosure Undertaking Agreement dated as of November 1, 2010 from the Corporation as Obligor, as previously supplemented, and as further supplemented by a Second Supplement to Continuing Disclosure Undertaking Agreement dated as of February 15, 2011 (collectively, the “Restated Undertaking”);

8. All proceedings of the Corporation authorizing the execution and delivery of the Lease, the Lease-Purchase, the Renovation Agreement, Exhibit A to the Purchase Agreement, the Remarketing Agreement, the Rebate Agreement and the Restated Undertaking, all of such listed documents hereinafter collectively referred to as the “Corporation Documents”;

9. The applicable constitutional provisions and laws of the State of Indiana; and

10. Resolutions relating to the transactions referred to herein by the Board of Trustees of the Corporation or its Executive Committee dated April 8, 2008 and October 21, 2008.

Based upon the foregoing, and upon examination of such other documents and instruments as we have deemed necessary to enable us to render this opinion, we are of the opinion that:

(i) The Corporation is a duly organized statutory body corporate of the State of Indiana and is validly existing and is in good standing as such and has the authority and power to enter into the Corporation Documents;

(ii) The real estate and interests therein which are the subject of the Lease and the Lease-Purchase is located entirely within Tippecanoe County, Indiana;

(iii) The Corporation had and now has full authority and power to execute and deliver the Corporation Documents, and said documents have been duly authorized, executed and delivered by the Corporation and are the legal, valid and binding obligations of the Corporation enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles if equitable remedies are sought;

(iv) The execution and delivery of the Corporation Documents and the performance by the Corporation of its obligations thereunder, do not and will not constitute a default under or conflict with or violate any provisions of the constitution or statutes of the State of Indiana or any state or federal administrative regulation or other decree by which the Corporation is bound or any indenture, agreement, contract or other instrument to which the Corporation is a party or by which it or any of its property is bound;

(v) The resolutions of the Corporation authorizing the approval, execution and delivery by the Corporation’s Treasurer of the Corporation Documents (A) were duly adopted at meetings of the governing body of the Corporation, or Committees thereof, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, (B) have not been amended, and (C) remain in full force and effect;

(vi) To the best of our knowledge, the information contained in the Official Statement dated February 7, 2011, under the headings “Introduction”, “Plan of Finance”, “Security and Sources of Payments for the 2011A Participation Certificates”, “Ross-Ade Foundation”, “Certificate Holder’s Risks”, “Litigation” and Appendix A (except for statistical and financial data therein as to which we offer no opinion) does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(vii) The Corporation has duly authorized the taking of any and all action necessary to carry out and give effect to the transactions contemplated to be performed on its part by the Lease, the Lease-Purchase and other documents to which it is a party referred to in this opinion;

(viii) To the best of our knowledge, no stop-order suspending the execution and delivery of the Corporation Documents is in effect and no proceedings for that purpose are pending before or threatened by the Securities and Exchange Commission or any regulatory body of the State of Indiana; and

(ix) To the best of our knowledge, there is no action, suit or proceeding or investigation at law or in equity or before any court, public board or body pending or threatened, or any basis for such, against the Corporation affecting the organization, existence or boundaries of the Corporation or the titles of its officers to their respective offices or seeking to restrain or enjoin the issuance, sale or delivery of the Certificates, the payment of rentals under the Lease-Purchase, or the pledge by the Foundation of its interest in the rental payments to the Trustee, or contesting the validity or enforceability of the Corporation Documents or contesting the power of the Corporation or its authority to enter into, adopt or perform its obligations under the Corporation Documents wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the Corporation or would adversely affect the Corporation’s ability to perform its obligations under the Corporation Documents or adversely affect the validity or enforceability of the Certificates or the Corporation Documents or any other agreement or instrument to which the Corporation is a party or the performance of any of the Corporation’s obligations under the Corporation Documents including the payment of rentals under the Lease-Purchase.

(x) With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (a) the enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and similar laws relating to or affecting the enforcement of creditors’ rights; (b) 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; (c) any provision of such document or instrument which purports to release, exculpate or exempt any person from any liability, or to require indemnification of or contribution to any person for any liability, may be unenforceable; (d) the enforceability of such document or instrument may be limited by public policy; and (e) 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 letter speaks only as of its date. We undertake no obligation to advise you or any other person of any change of law or fact that occurs after the date of this letter, even though such change may affect a legal analysis, a legal conclusion or an informational confirmation in this letter. This letter may be relied upon by only you and only in connection with the issuance and purchase by the Underwriters of the Certificates, and may not be used or relied upon by you for any other purpose or by any other person for any purpose whatsoever, without in each instance our prior written consent.

Very truly yours,

STUART & BRANIGIN LLP

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