

NEW ISSUE
BOOK-ENTRY ONLY

RATINGS:
Moody's: Aa1/VMIG1
Standard & Poor's: AA/A-1+
(See "RATINGS" herein)

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2005A Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2005A Bonds. This opinion is based on certain certifications, covenants and representations of the Corporation and is conditioned on continuing compliance therewith. In the opinion of Bond Counsel, under existing law, interest on the Series 2005A Bonds is exempt from income taxation in the State of Indiana for all purposes except the Indiana financial institutions tax. See "TAX MATTERS" and APPENDIX C herein.

\$24,200,000

**The Trustees of Purdue University
Purdue University Student Facilities System Revenue Bonds, Series 2005A (Adjustable Demand)**

Dated: Date of Delivery

Due: July 1, 2029

The Trustees of Purdue University (the "Corporation") will issue its Purdue University Student Facilities System Revenue Bonds, Series 2005A (Adjustable Demand) (the "Series 2005A Bonds"), in the original aggregate principal amount of \$24,200,000, pursuant to resolutions adopted and actions authorized by the Board of Trustees of the Corporation and under an Indenture of Trust dated as of January 1, 2003, as supplemented and amended to date and as supplemented by a Fourth Supplemental Indenture dated as of February 1, 2005, by and between the Corporation and J.P. Morgan Trust Company, National Association (successor in interest to Bank One Trust Company, National Association), as trustee (the "Trustee") (such Indenture of Trust, as so supplemented and amended, the "Indenture"), for the purposes of (i) paying or reimbursing a portion of the costs of the acquisition, construction, renovation, equipping and furnishing of certain student housing facilities and food service facilities of the Corporation and (ii) paying or reimbursing certain costs incidental to the issuance of the Series 2005A Bonds, all as described in this Official Statement. See "PROJECT."

The Series 2005A Bonds are issuable only as fully registered bonds, and will be issued in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The Series 2005A Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2005A Bonds will be made in book-entry only form, and purchasers of beneficial interests in the Series 2005A Bonds will not receive physical delivery of the certificates representing their interests in the Series 2005A Bonds. The principal of and interest on the Series 2005A Bonds will be paid to DTC or its nominee as the registered owner of the Series 2005A Bonds. Disbursement of such payments to owners of beneficial interests in the Series 2005A Bonds will be the responsibility of DTC and its participants and indirect participants. See "DESCRIPTION OF SERIES 2005A BONDS—Book Entry System."

The Series 2005A Bonds 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 Indenture. The Series 2005A Bonds will initially bear interest at a Weekly Rate to be determined by the Remarketing Agent. UBS Financial Services Inc. has been appointed as the initial Remarketing Agent for the Series 2005A Bonds. Interest on the Series 2005A Bonds is payable on the first Wednesday of each month while the Series 2005A bonds bear interest at a Weekly Rate unless and until the Series 2005A Bonds 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 2005A Bonds will become subject to mandatory tender for purchase and remarketing in accordance with the Indenture. See "DESCRIPTION OF SERIES 2005A BONDS."

The Series 2005A Bonds are subject to optional and mandatory redemption and to optional and mandatory tender for purchase prior to maturity, as described herein. See "DESCRIPTION OF SERIES 2005A BONDS—Optional Tender for Purchase," "—Mandatory Tender for Purchase" and "—Redemption." Funds to pay the purchase price of any Series 2005A Bonds tendered for purchase will be paid by the Trustee solely from (i) first, proceeds of the remarketing of such Series 2005A Bonds, and (ii) second, any other monies furnished by the Corporation for the purchase of Series 2005A Bonds. See "DESCRIPTION OF SERIES 2005A BONDS—Purchase of Tendered Series 2005A Bonds."

This Official Statement, in general, describes the Series 2005A Bonds only during the Weekly Rate Period, which is the period beginning on the date of delivery of the Series 2005A Bonds and ending on the date on which interest is changed to another Adjustable Rate or converted to a Fixed Rate.

The Series 2005A Bonds are special and limited obligations of the Corporation, secured exclusively by the Pledged Revenues and payable solely from the Pledged Revenues and the other Available Funds, all as defined in this Official Statement. The Series 2005A Bonds are not a general obligation, debt or liability of the Corporation or the State of Indiana, and no recourse may be had for the payment of the principal of or interest on the Series 2005A Bonds against the State of Indiana or the Corporation, or against the property or funds of the State of Indiana or the Corporation, except to the extent of the Pledged Revenues. The Corporation has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

The Series 2005A Bonds are offered when, as and if issued by the Corporation and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on for the Corporation by its counsel, Stuart & Branigin, Lafayette, Indiana, and for the Underwriter by its counsel, Ice Miller, Indianapolis, Indiana. It is anticipated that the Series 2005A Bonds will be available for delivery to DTC in New York, New York, on or about February 23, 2005.

UBS Financial Services Inc.

February 22, 2005

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West Lafayette, Indiana

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J.P. Morgan Trust Company, National Association
Indianapolis, Indiana

Bond Counsel

Barnes & Thornburg LLP
Indianapolis, Indiana

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

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL NOR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2005A BONDS IN ANY JURISDICTION IN WHICH OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE SERIES 2005A BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED IN ANY STATE AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR ANY OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT NOR APPROVED THE SERIES 2005A BONDS FOR SALE.

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

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SUMMARY STATEMENT

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

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

The main campus of Purdue University is located in West Lafayette, about 60 miles northwest of Indianapolis; regional campuses are maintained in the Cities of Hammond and Westville, and two regional campuses are operated jointly with Indiana University in Fort Wayne and Indianapolis. The West Lafayette campus is organized academically into ten schools. Undergraduate and masters degrees are awarded in all schools with the doctorate degree awarded in all schools except the School of Technology. Purdue University’s 2004 fall semester headcount enrollment for all campuses is approximately 64,000.

PURPOSES OF ISSUE. The Corporation’s Purdue University Student Facilities System Revenue Bonds, Series 2005A (Adjustable Demand) (the “Series 2005A Bonds”), are being issued (i) to finance the acquisition, construction, renovation, equipping and furnishing of student housing facilities and food service facilities on the Purdue University West Lafayette campus and (ii) to pay certain costs of issuing the Series 2005A Bonds.

SECURITY. The Series 2005A Bonds are being issued under the Indenture of Trust by and between the Corporation and J.P. Morgan Trust Company, National Association (successor in interest to Bank One Trust Company, National Association), as trustee (the “Trustee”), dated as of January 1, 2003, as supplemented and amended to date and as supplemented by the Fourth Supplemental Indenture by and between the Corporation and the Trustee, dated as of February 1, 2005 (such Indenture of Trust, as so supplemented and amended, the “Indenture”). The Series 2005A Bonds and any other obligations of the Corporation secured by a first lien on the Pledged Revenues under the Indenture, including the Corporation’s Purdue University Student Facilities System Revenue Bonds, Series 2003A, \$91,525,000 aggregate principal amount of which remain outstanding (the “Series 2003A Bonds”), the Corporation’s Purdue University Student Facilities System Revenue Bonds, Series 2003B, \$24,350,000 aggregate principal amount of which remain outstanding (the “Series 2003B Bonds”), and the Corporation’s Purdue University Student Facilities System Revenue Bonds, Series 2004A, \$28,100,000 aggregate principal amount of which remain outstanding (the “Series 2004A Bonds”) (the Series 2005A Bond and such other obligations, including the Series 2003A Bonds, the Series 2003B Bonds and the Series 2004A Bonds, “First Lien Bonds”), are special and limited obligations of the Corporation, payable solely from the Pledged Revenues and the other Available Funds and secured exclusively by a pledge of and first lien on the Pledged Revenues. The Series 2005A Bonds and other Bonds are not a general obligation, debt or liability of the Corporation or the State of Indiana, and no recourse may be had for the payment of the principal of or interest on the Series 2005A Bonds or other Bonds against the Corporation or the State of Indiana, or against the property or funds of the Corporation or the State of Indiana, except to the extent of the Pledged Revenues. The Corporation has no taxing power. See “SECURITY AND SOURCES OF PAYMENT FOR BONDS.”

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

AVAILABLE FUNDS. Available Funds include: (a) the Pledged Revenues; and (b) any other available income or funds of the Corporation, any transfer of which income or funds to the Sinking Fund or any use of which income or funds to pay any principal of or premium, if any, or interest on any Bonds does not violate, conflict with or breach, or constitute a default under, (i) any pledge, assignment, security interest, mortgage, lien, encumbrance,

trust, appropriation, restriction or authorization to which such income or funds are subject, or (ii) any law, rule or regulation, any contract, agreement, indenture, lease, guaranty, bond, note or instrument, or any order, writ, judgment or decree to which the Corporation or any of its property is subject. **Generally, under Indiana law, state appropriated funds and mandatory student fees assessed all students may not, without General Assembly approval, be used to pay debt service on any bonds and, therefore, will not be Available Funds.** See “SECURITY AND SOURCES OF PAYMENT FOR BONDS – Available Funds.”

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

BOOK-ENTRY SYSTEM. The Series 2005A Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, and all payments of principal and interest will be made to Cede & Co. which will in turn remit such payments to DTC Participants and DTC Indirect Participants for subsequent disbursement to the Beneficial Owners of the Series 2005A Bonds. Purchases of the Series 2005A Bonds by investors will be made in book-entry form only and individual purchasers will not receive physical delivery of Series 2005A Bond certificates.

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

	<u>Fiscal Year Ended June 30</u> (dollars in thousands)	
	<u>2004</u>	<u>2003</u>
Net Income	\$15,559	\$14,333
Projected Coverage ⁽¹⁾	1.63	1.50
Projected Average Annual Debt Service: \$9,526,815 ⁽¹⁾		

⁽¹⁾ Assumes that the Series 2004A Bonds and the Series 2005A Bonds bear interest at 3.5% per annum. But see “SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Definitions—Average Annual Debt Service.”

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

NO RESERVE FUND. No Reserve Fund Requirement exists for the Series 2005A Bonds, and the Series 2005A Bonds will not have access to any Reserve Fund.

ADDITIONAL OBLIGATIONS. The Corporation may issue: (a) First Lien Bonds on a parity with the Series 2005A Bonds and all other outstanding First Lien Bonds; or (b) obligations payable out of any of the Pledged Revenues (but only after making payment of principal of and interest on the First Lien Bonds then due), any lien on any of the Pledged Revenues securing which obligations is junior and subordinate to the lien on the Pledged Revenues securing any First Lien Bonds (any obligations described in (a) or (b) issued under the Indenture, “Bonds”). First Lien Bonds may be issued if the Net Income during the immediately preceding Fiscal Year (including certain adjustments thereto) is not less than 100% of the Average Annual Debt Service to become due in all succeeding Fiscal Years for the payment of principal of and interest on the Bonds then outstanding and on such First Lien Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR BONDS—Issuance of First Lien Bonds.”

CONTINUING DISCLOSURE. Pursuant to the continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the “Rule”), the Corporation entered into a Continuing Disclosure Undertaking Agreement dated as of July 1, 1996, as heretofore supplemented, to be further supplemented by a Thirteenth Supplement to Continuing Disclosure Undertaking Agreement to be dated as of the date of issuance of the Series 2005A Bonds, with J.P. Morgan Trust Company, National Association, as counterparty (collectively, the “Undertaking Agreement”), pursuant to which the Corporation will agree to provide (i) on an annual basis to each nationally recognized municipal securities information repository (a “NRMSIR”) then in existence and to the Indiana state information depository then in existence, if any (the “SID”), certain annual financial information, and (ii) notice to each NRMSIR or to the Municipal Securities Rulemaking Board, and to the SID, upon the occurrence of certain material events more fully described herein. See “APPENDIX D: SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING AGREEMENT.” The Corporation is in compliance with undertakings previously entered into by it pursuant to the Rule.

OFFICIAL STATEMENT

\$24,200,000

The Trustees of Purdue University

Purdue University Student Facilities System Revenue Bonds, Series 2005A (Adjustable Demand)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices, is to set forth information concerning the issuance and sale by The Trustees of Purdue University (the "Corporation") of \$24,200,000 aggregate principal amount of its Purdue University Student Facilities System Revenue Bonds, Series 2005A (Adjustable Demand) (the "Series 2005A Bonds").

The Series 2005A Bonds are being issued under Indiana Code 20-12-8, 20-12-9 and 20-12-9.5, as amended (the "Act"), and pursuant to resolutions adopted by and actions authorized by the Board of Trustees of the Corporation (the "Board") and in accordance with the provisions of an Indenture of Trust by and between the Corporation and J.P. Morgan Trust Company, National Association (successor in interest to Bank One Trust Company, National Association), as trustee (the "Trustee"), dated as of January 1, 2003 (the "Original Indenture"), as supplemented and amended to date and as supplemented by the Fourth Supplemental Indenture by and between the Corporation and the Trustee, dated as of February 1, 2005 (the "Fourth Supplemental Indenture") (the Original Indenture, as supplemented and amended to date and as supplemented by the Fourth Supplemental Indenture, the "Indenture").

The Indenture permits the Corporation to issue: (a) First Lien Bonds on a parity with the Series 2005A Bonds and all other outstanding First Lien Bonds or (b) obligations payable out of any of the Pledged Revenues (but only after making payment of principal of and interest on the First Lien Bonds then due), any lien on any of the Pledged Revenues securing which obligations is junior and subordinate to the lien on the Pledged Revenues securing any First Lien Bonds (any obligations described in (a) or (b) issued under the Indenture, "Bonds"). Certain terms of the Indenture, including provisions for the issuance of additional First Lien Bonds, are described in this Official Statement in the section entitled "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

The Series 2005A Bonds and any other obligations of the Corporation secured by a first lien on the Pledged Revenues under the Indenture, including the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2003A, \$91,525,000 aggregate principal amount of which remain outstanding (the "Series 2003A Bonds"), the Corporation's Purdue University Student Facilities System Revenue Bonds, Series 2003B, \$24,350,000 aggregate principal amount of which remain outstanding (the "Series 2003B Bonds"), and the Corporation's Purdue University Student Facilities System Revenues Bonds, Series 2004A, \$28,100,000 aggregate principal amount of which remain outstanding (the "Series 2004A Bonds") (the Series 2005A Bonds and such other obligations, including the Series 2003A Bonds, the Series 2003B Bonds and the Series 2004A Bonds, "First Lien Bonds"), are special and limited obligations of the Corporation, payable solely from the Pledged Revenues and the other Available Funds and secured exclusively by a pledge of and a first lien on the Pledged Revenues. The Series 2005A Bonds and other Bonds are not a general obligation, debt or liability of the Corporation or the State of Indiana, and no recourse may be had for the payment of the principal of or interest on the Series 2005A Bonds or other Bonds against the Corporation or the State of Indiana, or against the property or funds of the Corporation or the State of Indiana, except to the extent of the Pledged Revenues. The Corporation has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR BONDS."

The Corporation has covenanted and agreed in the Indenture to pay Net Income to the Trustee on or before each principal or interest payment date (see "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE – Flow of Funds--Sinking Fund") in an amount sufficient to pay the principal of and interest on the Series 2005A Bonds and all other First Lien Bonds due on such date. Such amounts will be deposited in the Sinking Fund.

The Corporation has entered into the Undertaking Agreement for the benefit of the beneficial owners of the Series 2005A Bonds, obligating itself to provide certain continuing disclosure as described in "APPENDIX D: SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING AGREEMENT."

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

PURPOSE OF SERIES 2005A BONDS

The Series 2005A Bonds are being issued for the purpose of paying or reimbursing a portion of the costs of the acquisition, construction, renovation, equipping and furnishing of student housing facilities and food service facilities on the Purdue University West Lafayette campus (the “Project”), as described under the caption “PROJECT.” A portion of the proceeds of the Series 2005A Bonds will be used to pay for the costs of issuance of the Series 2005A Bonds.

DESCRIPTION OF SERIES 2005A BONDS

General

The Series 2005A Bonds will be issued in the aggregate principal amount of \$24,200,000 and will be dated and bear interest from their date of delivery, initially at a Weekly Rate. Interest on the Series 2005A Bonds will be payable on each Interest Payment Date, which for Series 2005A Bonds 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 2005A Bonds will mature on July 1, 2029, and will bear interest at the rates described in this Official Statement. The Series 2005A Bonds 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 2005A Bonds and satisfaction of the conditions therefor set forth in the Indenture. Upon any conversion of the interest on the Series 2005A Bonds from the Weekly Rate to another Adjustable Rate or Rates or a Fixed Rate, the Series 2005A Bonds so affected will be subject to mandatory tender for purchase as hereinafter described. See “Alternative Interest Rate Modes.”

The Series 2005A Bonds initially will be issued as one fully registered bond 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 2005A Bonds will be paid by J.P. Morgan Trust Company, National Association (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 2005A Bonds, such payments will be made directly to Cede & Co. See “Book Entry System.”

Interest

Commencing on the original date of issuance of the Series 2005A Bonds and until another interest rate determination method is determined, the Series 2005A Bonds will bear interest at a Weekly Rate. With respect to any Weekly Rate Period, the Remarketing Agent (initially, UBS Financial Services Inc.) 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 (or, if such Wednesday is not a Business Day, the period from and including the Business Day next succeeding such Wednesday to and including the day before the next succeeding Calculation Period). 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 2005A Bonds 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 2005A Bonds 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 Bond Market Association on or before the applicable Determination Date (or, if the Municipal Swap Index rate is not then published by The Bond Market 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 Indenture will be conclusive and binding upon the Corporation, the Trustee and the registered or beneficial owners of the Series 2005A Bonds. Failure of the Remarketing Agent, the Trustee or DTC or any DTC participant to give any of the notices described in the Indenture, or any defect therein, will not affect the interest rate to be borne by any of the Series 2005A Bonds, nor in any way change the rights of the registered owners of the Series 2005A Bonds to tender their Series 2005A Bonds for purchase or to have them redeemed in accordance with the Indenture.

Interest on the Series 2005A Bonds 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). The first Interest Payment Date for the Series 2005A Bonds will be April 6, 2005.

While Series 2005A Bonds 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 2005A Bonds bear interest at a Weekly Rate, the owners of the Series 2005A Bonds will have the right to require purchase of their Series 2005A Bonds on any Business Day as provided in the Indenture. See "Optional Tender for Purchase." Funds to pay the purchase price of any Series 2005A Bonds tendered for purchase will be paid by the Trustee solely from (i) first, proceeds of the remarketing of such Series 2005A Bonds, and (ii) second, any other monies furnished by the Corporation for the purchase of Series 2005A Bonds. See "Purchase of Tendered Series 2005A Bonds."

While Series 2005A Bonds bear interest at a rate other than at a Weekly Rate, interest will be paid on such Series 2005A Bonds at the times and in the manner specified in the Indenture.

Optional Tender for Purchase

A Series 2005A Bond 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 2005A Bond bears interest at a Weekly Rate, as described below. Under the terms of the Indenture, the Trustee is not required to purchase Series 2005A Bonds other than from proceeds of the remarketing of such Series 2005A Bonds 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 2005A Bonds as described below is required in order for the owner to exercise the tender for purchase option. If the Series 2005A Bonds are no longer held in book-entry form, each such Series 2005A Bond 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 2005A Bond for which a proper instrument of transfer has not been provided. During any rate period when the Series 2005A Bonds are held by DTC, DTC and the Trustee may agree as to procedures in lieu of such physical delivery. Owners of Series 2005A Bonds should contact the Remarketing Agent as to what procedures should be followed to effect delivery of Series 2005A Bonds to the Trustee.

While interest on the Series 2005A Bonds is payable at a Weekly Rate, the owner of a Series 2005A Bond will have the right to tender any Series 2005A Bond (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 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 2005A Bond 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 2005A Bonds referred to in such notice to the Trustee, such Series 2005A Bonds 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 2005A Bond 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 2005A Bonds from and after the date of purchase and such Holder will have no rights under the Indenture thereafter as the owner of such Series 2005A Bonds except the right to receive the purchase price of such Series 2005A Bonds.

If the ownership of the Series 2005A Bonds is no longer maintained in book-entry form by DTC, the payment of the Series 2005A Bonds bearing interest at the Weekly Rate upon the election of the holder will be subject to delivery of such Series 2005A Bonds 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 Bondholder to receive payment for Series 2005A Bonds 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 2005A Bonds must be complied with in order to process the Series 2005A Bonds through DTC. Beneficial owners of Series 2005A Bonds are advised to contact the Remarketing Agent for the appropriate procedure by which to effectuate the tender of their Series 2005A Bonds held in book-entry form.

When Series 2005A Bonds bear interest at a rate other than a Weekly Rate, the rights of an owner to demand the purchase of such Series 2005A Bonds are as described in the Indenture.

Alternative Interest Rate Modes

The Corporation may direct a change in the type of interest rate borne by the Series 2005A Bonds (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 Indenture, an “Adjustable Rate”), or a Fixed Rate, in accordance with the procedures provided in the Indenture. However, if the Series 2005A Bonds are converted, in whole or in part, to a Fixed Rate, the interest rate on Series 2005A Bonds so converted may not be subsequently changed to an Adjustable Rate.

If the interest rate on less than all of the Series 2005A Bonds is to be converted to another Adjustable Rate or to a Fixed Rate from the existing Adjustable Rate, the particular Series 2005A Bonds 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 Indenture, the Adjustable Rate on all or a portion of the Series 2005A Bonds 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 Indenture, is permitted by the Act and will not have an adverse effect on the exclusion of interest on the Series 2005A Bonds from gross income for federal income tax purposes, and subject to the other requirements contained in the 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 Indenture, that the Trustee, the Remarketing Agent and the other parties specified in the 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 Indenture, is permitted by the Act and will not have an adverse effect on the exclusion of interest on the Series 2005A Bonds from gross income for federal income tax purposes, and (ii) a certificate of the Corporation that all of the Series 2005A Bonds tendered or deemed tendered have been purchased with funds provided from the remarketing of such Series 2005A Bonds 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 2005A Bonds 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 2005A Bonds will be automatically converted to the Monthly Rate), and the Series 2005A Bonds will be subject to the provisions of the Indenture applicable thereto.

It is a further condition to any Change in the Interest Rate Mode on any Series 2005A Bonds from one mode to another mode that the Trustee receives written confirmation from each Rating Service then rating the Series 2005A Bonds that the ratings then assigned by such Rating Service to the Series 2005A Bonds 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 2005A Bonds 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 2005A Bonds 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 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 Bondholders 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 2005A Bonds bearing interest at a Weekly Rate will be subject to mandatory tender for purchase in accordance with the terms of the 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 Indenture. Similarly, the Series 2005A Bonds will be subject to mandatory tender for purchase in accordance with the terms of the 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 2005A Bonds subject to purchase at their addresses shown on the books of registry.

In order for the owner to receive payment for Series 2005A Bonds bearing interest at a Weekly Rate subject to mandatory tender for purchase and not held in book-entry form, physical delivery of such Series 2005A Bonds 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 2005A Bond 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 2005A Bonds for which a proper instrument of transfer has not been provided.

In order for a Bondholder to receive payment for Series 2005A Bonds 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 2005A Bonds must be complied with in order to process the Series 2005A Bonds through DTC. Beneficial owners of Series 2005A Bonds are advised to contact the Remarketing Agent for the appropriate procedure by which to effectuate the tender of their Series 2005A Bonds held in book-entry form.

Purchase of Tendered Series 2005A Bonds

On each date when any Series 2005A Bonds are subject to optional or mandatory tender and purchase pursuant to the Indenture, there will be purchased (but solely from funds received by the Trustee in accordance with the Indenture) such Series 2005A Bonds (or portions thereof) tendered (or deemed tendered) to the Trustee for purchase in accordance with, and at the purchase price established under, the Indenture. Funds to pay the purchase price of such Series 2005A Bonds (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 2005A Bonds (or portions thereof); and
- (ii) any other monies furnished by the Corporation for the purchase of Series 2005A Bonds.

Redemption

Optional Redemption. The Series 2005A Bonds, 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 2005A Bonds to be redeemed on or prior to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2005A Bonds 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>
2005	\$ 620,000
2006	640,000
2007	665,000
2008	690,000
2009	715,000
2010	740,000
2011	765,000
2012	790,000
2013	820,000
2014	845,000
2015	875,000
2016	905,000
2017	935,000
2018	970,000
2019	1,005,000
2020	1,040,000
2021	1,075,000
2022	1,115,000
2023	1,155,000
2024	1,195,000
2025	1,235,000
2026	1,280,000
2027	1,330,000
2028	1,375,000
2029 ⁽¹⁾	1,420,000

⁽¹⁾ Final maturity.

Not less than 45 days prior to the dates set forth above, the Trustee will select the Series 2005A Bonds of the respective maturity to be so redeemed and will promptly give notice of redemption as set forth below, which notice shall state that Series 2005A Bonds are being redeemed by mandatory sinking fund redemption.

Selection of Series 2005A Bonds to be Redeemed. If less than all Series 2005A Bonds of the same interest rate mode are to be redeemed, the Series 2005A Bonds 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 Bondowner, if less than all of the Series 2005A Bonds 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 2005A Bonds 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 2005A Bonds which are to be redeemed, at their addresses appearing on the registration books maintained by J.P. Morgan Trust Company, National Association (successor in interest to Bank One Trust Company, National Association), as registrar (the “Registrar”). Notice having been given in accordance with the Indenture, failure of a Bondowner 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 2005A Bonds 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 2005A Bonds, 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 Indenture, the Series 2005A Bonds so called for redemption will become and be due and payable at the redemption price provided for redemption of such Series 2005A Bonds 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 Indenture, interest on such Series 2005A Bonds so called for redemption will cease to accrue, such Series 2005A Bonds will cease to be entitled to any benefit or security under the Indenture except the right to receive payment from the moneys held by the Trustee or the Paying Agent, and the amount of such Series 2005A Bonds so called for redemption will be deemed paid and no longer Outstanding.

Undelivered Series 2005A Bonds

Any Series 2005A Bond (i) to be redeemed, (ii) subject to mandatory tender for purchase for which a Bondholder has failed to make the required delivery of such Series 2005A Bond to the Trustee as described herein or (iii) with respect to which its owner has exercised an election to tender such Series 2005A Bond for purchase under the 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 2005A Bonds (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 2005A Bonds in the manner provided in the Indenture.

Payment of Principal and Interest on Series 2005A Bonds

For so long as the Series 2005A Bonds 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.”

Interest Account. The Trustee will establish and maintain, as long as any Series 2005A Bonds are outstanding, a separate account within the Sinking Fund created by the Indenture known as the Series 2005A Interest Account. On or before each date on which any interest is due on any Series 2005A Bonds, the Trustee will deposit in the Series 2005A Interest Account moneys received from the Corporation in an amount equal to the

difference, if any, between (a) the interest on the Series 2005A Bonds due on such date and (b) the amount of moneys then on deposit in the Series 2005A Interest Account available to pay such interest. The Trustee will use moneys on deposit in the Series 2005A Interest Account to pay the interest on the Series 2005A Bonds whenever such interest is due and payable.

Principal Account. The Trustee will establish and maintain, as long as any Series 2005A Bonds are outstanding, a separate account within the Sinking Fund to be known as the Series 2005A Principal Account. On or before each date on which any Series 2005A Bonds mature or are subject to mandatory sinking fund redemption, the Trustee will deposit in the Series 2005A Principal Account moneys received from the Corporation in an amount equal to the difference, if any, between (a) the principal amount of Series 2005A Bonds maturing or subject to mandatory sinking fund redemption on such date and (b) the amount of moneys then on deposit in the Series 2005A Principal Account available to pay such principal. The Trustee will use moneys on deposit in the Series 2005A Principal Account to pay the principal of the Series 2005A Bonds at maturity or upon mandatory sinking fund redemption.

Bond Purchase Account. The Trustee will establish and maintain, as long as any Series 2005A Bonds are outstanding, a separate account within the Sinking Fund to be known as the Series 2005A Bond Purchase Account. The Trustee will deposit to the Series 2005A Bond 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 2005A Bonds 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.

Redemption Account. The Trustee will establish and maintain, as long as any Series 2005A Bonds are outstanding, a separate account within the Redemption Fund to be known as the Series 2005A Account. On or before any day on which any Series 2005A Bonds are subject to optional redemption (see “Redemption—Optional Redemption”), the Trustee will deposit in the Series 2005A Account of the Redemption Fund moneys received from the Corporation in an amount equal to the difference, if any, between (a) the redemption price of the Series 2005A Bonds due on such date and (b) the amount of moneys then on deposit in the Series 2005A Account of the Redemption Fund available to pay such redemption price. The Trustee will use moneys on deposit in the Series 2005A Account of the Redemption Fund to pay the optional redemption price of the Series 2005A Bonds whenever such redemption price is due and payable (see “Redemption—Optional Redemption”).

Payments Due on Saturdays, Sundays and Holidays.

In the event that the date of maturity of principal of or interest on any Series 2005A Bonds or the date fixed for redemption of any Series 2005A Bonds is a day other than a business day, then payment of interest or principal need not be made on such date, but may be made (without additional interest) on the next succeeding business day with the same force and effect as if made on the date of maturity or date fixed for redemption.

Transfer and Exchange of Series 2005A Bonds

For so long as the Series 2005A Bonds 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 2005A Bonds. The Series 2005A Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully registered Series 2005A Bond certificate will be issued for each maturity of the Series 2005A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the

Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the 1934 Act. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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 Participant’s accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2005A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2005A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2005A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2005A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2005A Bonds, except in the event that use of the book-entry system for the Series 2005A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2005A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2005A Bonds with DTC and their registration in the name of Cede & Co. or other such DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2005A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2005A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2005A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2005A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2005A Bond documents. For example, Beneficial Owners of Series 2005A Bonds may wish to ascertain that the nominee holding the Series 2005A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2005A Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2005A Bonds, unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The

Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2005A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2005A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Corporation or the Trustee, subject to any statutory or regulatory requirement as may be in effect from time to time. Payment of principal and interest to Cede & Co., (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2005A Bonds purchased or tendered, through its Participant, to the parties specified in the Indenture, and shall effect delivery of such Series 2005A Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2005A Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Series 2005A Bonds in connection with an optional or mandatory tender will be deemed satisfied when the ownership rights in the Series 2005A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2005A Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2005A Bonds at any time by giving reasonable notice to the Corporation and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the Series 2005A Bonds are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2005A Bonds will be printed and delivered.

For every transfer and exchange of the Series 2005A Bonds, the Trustee and DTC and the DTC Participants will charge the Beneficial Owner a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The foregoing information under the caption "Book Entry System" concerning DTC and DTC's book-entry system has been obtained from sources believed to be reliable, but neither the Corporation nor the Underwriter takes any responsibility for the accuracy thereof.

THE CORPORATION AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO THE PARTICIPANTS OR THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2005A BONDS (1) PAYMENTS OF PRINCIPAL OF OR REDEMPTION PRICE OR INTEREST, IF ANY, ON THE SERIES 2005A BONDS, (2) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTEREST IN SERIES 2005A BONDS OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2005A BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE CORPORATION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANTS, ANY PERSON CLAIMING A BENEFICIAL OWNERSHIP

INTEREST IN THE SERIES 2005A BONDS UNDER OR THROUGH DTC OR ANY PARTICIPANT, OR ANY OTHER PERSON WHO IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE CORPORATION KEPT BY THE REGISTRAR AS BEING A BONDHOLDER. THE CORPORATION, THE TRUSTEE AND THE REGISTRAR WILL HAVE NO RESPONSIBILITY WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC FOR ANY PARTICIPANT OR BY ANY PARTICIPANT WITH RESPECT TO ANY OWNERSHIP INTEREST IN THE SERIES 2005A BONDS, (2) THE PAYMENTS BY DTC TO ANY PARTICIPANT OR BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2005A BONDS, (3) THE DELIVERY TO ANY PARTICIPANT OR ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE INDENTURE, (4) THE SELECTION BY DTC OR ANY PARTICIPANTS OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2005A BONDS OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

In the event that the book-entry only system is discontinued, principal and redemption price will be payable upon presentation and surrender of the Series 2005A Bonds at the corporate trust office of the Paying Agent and interest will be payable on each Interest Payment Date, by check mailed or, at the option of the Holder of at least \$1,000,000 aggregate principal amount of Series 2005A Bonds, by wire or electronic transfer, to the Bondholders as of the close of business on the Record Date.

If the book-entry only system is discontinued and Series 2005A Bond certificates have been delivered as described in the Indenture, the Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the Bondholder. Thereafter, Series 2005A Bonds may be exchanged for an equal aggregate principal amount of Series 2005A Bonds in other authorized denominations, upon surrender thereof at the designated corporate trust operations office of the Registrar. The transfer of any Series 2005A Bond may be registered on the books maintained by the Registrar for such purpose only upon the surrender thereof to the Registrar with a duly executed assignment in form satisfactory to the Registrar. For every exchange, registration or transfer of Series 2005A Bonds, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange, registration or transfer of the Series 2005A Bonds. The Registrar will not be required to register the transfer of or exchange any Series 2005A Bond during a Weekly Rate Period (i) after the mailing of notice calling such Series 2005A Bond for redemption or (ii) after a Record Date immediately preceding an Interest Payment Date until such Interest Payment Date.

SECURITY AND SOURCES OF PAYMENT FOR BONDS

The Series 2005A Bonds and all other First Lien Bonds are special and limited obligations of the Corporation, secured exclusively by a pledge of and first lien on the Pledged Revenues, as provided in the Indenture, and payable solely from the Pledged Revenues and the other Available Funds. The Series 2005A Bonds and all other Bonds are not a general obligation, debt or liability, or a charge against any property or fund, of the Corporation or the State of Indiana, and no recourse may be had for the payment of the principal of or interest on the Series 2005A Bonds or any other Bonds against the Corporation or the State of Indiana, except to the extent of the Pledged Revenues. The following sections regarding security for the Bonds summarize certain provisions of the Indenture. For a complete summary of the provisions of the Indenture relating to the security for the Series 2005A Bonds and all other First Lien Bonds, see "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE."

No recourse under or upon any indebtedness, obligation, covenant, agreement or liability contained in the Indenture or any Series 2005A Bonds or other Bonds may be had against any past, present or future officer, trustee, employee, agent or representative of the Corporation. No personal liability whatever will attach to or be incurred by any past, present or future officer, trustee, employee, agent or representative of the Corporation by reason of any of the indebtedness, obligations, covenants, agreements or liabilities contained in the Indenture or any Series 2005A Bonds or other Bonds, or to be implied therefrom.

Net Income

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

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

(ii) the sum of

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

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

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

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

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

Available Funds

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

(a) the Pledged Revenues; and

(b) any other available income or funds of the Corporation, any transfer of which income or funds to the Sinking Fund or any use of which income or funds to pay any principal of or premium, if any, or interest on any Bonds does not violate, conflict with or breach, or constitute a default under, (i) any pledge, assignment, security interest, mortgage, lien, encumbrance, trust, appropriation, restriction or authorization to which such income or funds are subject, or (ii) any law, rule or regulation, any contract,

agreement, indenture, lease, guaranty, bond, note or instrument or any order, writ, judgment or decree to which the Corporation or any of its property is subject.

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

No Reserve Fund

The Series 2005A Bonds will have no claim on any reserve fund. However, the Corporation may issue Bonds at some later date which will have a claim on the Reserve Fund established under the Indenture in the manner prescribed in the Indenture, for which a reserve fund requirement may exist. See “SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Flow of Funds – No Reserve Fund.”

Rate Covenant

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

- (a) An amount equal to 100% of the Annual Debt Service Requirement for such Fiscal Year;
- (b) The amount, if any, required to be paid into the Reserve Fund or to the provider of any Reserve Fund Credit Instrument in such Fiscal Year; plus
- (c) Any other amounts reasonably required or anticipated to be paid from Net Income in such Fiscal Year in accordance with the Indenture.

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

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

Issuance of First Lien Bonds

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

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

- (i) the Net Income during the immediately preceding Fiscal Year; or
- (ii) the Net Income during the immediately preceding Fiscal Year, as adjusted to reflect:
 - (A) any anticipated changes to the schedule of rents, fees, rates or other charges for any use of the System, to become effective at the beginning of the semester, quarter or other school period next following the end of such immediately preceding Fiscal Year;
 - (B) any anticipated changes in Operation and Maintenance Expenses or Financing Expenses;
 - (C) any anticipated increases in Gross Income for any Facilities being added to the System in such Fiscal Year; and
 - (D) any anticipated decreases in Gross Income for any Facilities being removed from the System in such Fiscal Year

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

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

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

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

Issuance of Junior Lien Obligation and Credit Facility Obligations

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

- (a) First Lien Bonds;
- (b) Credit Facility Obligations; or
- (c) Junior Lien Obligations.

DEBT SERVICE COVERAGE

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

	<u>Fiscal Year Ended June 30</u> (dollars in thousands)	
	<u>2004</u>	<u>2003</u>
Net Income	\$15,559	\$14,333
Projected Coverage ⁽¹⁾	1.63	1.50
Projected Average Annual Debt Service: \$9,526,815 ⁽¹⁾		

⁽¹⁾ Assumes that the Series 2004A Bonds and the Series 2005A Bonds bear interest at 3.5% per annum. But see "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Definitions—Average Annual Debt Service."

ANNUAL DEBT SERVICE REQUIREMENT

The projected Annual Debt Service Requirement for the Series 2005A Bonds and other Bonds outstanding on the date hereof is as follows:

Fiscal year Ending June 30	Series 2005A Bonds		Other Bonds		Total Debt Service ⁽¹⁾⁽²⁾
	Principal	Interest ⁽¹⁾	Principal	Interest ⁽²⁾	
2005	\$ 620,000	\$694,983	\$3,450,000	\$6,114,423	\$10,879,406
2006	640,000	814,100	3,725,000	6,188,523	11,367,623
2007	665,000	791,263	3,915,000	6,566,044	11,937,307
2008	690,000	767,551	4,145,000	6,369,694	11,972,245
2009	715,000	742,963	4,490,000	6,155,269	12,103,232
2010	740,000	717,500	4,760,000	5,921,394	12,138,894
2011	765,000	691,163	5,030,000	5,673,731	12,159,894
2012	790,000	663,951	5,435,000	5,408,975	12,297,926
2013	820,000	635,776	6,045,000	5,121,188	12,621,964
2014	845,000	606,638	6,375,000	4,809,006	12,635,644
2015	875,000	576,538	6,730,000	4,476,403	12,657,941
2016	905,000	545,388	3,445,000	4,222,184	9,117,572
2017	935,000	513,188	3,650,000	4,050,334	9,148,522
2018	970,000	479,851	3,960,000	3,866,613	9,276,464
2019	1,005,000	445,288	4,400,000	3,665,625	9,515,913
2020	1,040,000	409,500	4,645,000	3,444,478	9,538,978
2021	1,075,000	372,488	4,995,000	3,205,259	9,647,747
2022	1,115,000	334,163	5,270,000	2,956,500	9,675,663
2023	1,155,000	294,438	5,650,000	2,697,750	9,797,188
2024	1,195,000	253,313	5,950,000	2,422,750	9,821,063
2025	1,235,000	210,788	6,265,000	2,132,375	9,843,163
2026	1,280,000	166,776	6,595,000	1,825,875	9,867,651
2027	1,330,000	121,101	6,950,000	1,502,250	9,903,351
2028	1,375,000	73,763	7,325,000	1,160,375	9,934,138
2029	1,420,000	24,850	7,720,000	799,250	9,964,100
2030			4,405,000	518,625	4,923,625
2031			2,000,000	388,500	2,388,500
2032			3,000,000	301,000	3,301,000
2033			3,000,000	196,000	3,196,000
2034			4,100,000	71,750	4,171,750

⁽¹⁾ Assumes that the Series 2005A Bonds bear interest at 3.5% per annum. But see "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Definitions—Annual Debt Service Requirement."

⁽²⁾ Assumes that the Series 2004A Bonds bear interest at 3.5% per annum. But see "SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Definitions—Annual Debt Service Requirement."

FACILITIES AND SYSTEM

General

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

The System dates back to 1927, when the basic operating concepts and principles followed today were formulated. In addition to providing food and shelter, the System is expected to be financially self-supporting and to

enrich the resident students' total educational experience. In order to ensure the continued viability of the System, the facilities are designed to be operated and managed in an efficient and business-like manner. The senior financial officer of the Corporation is charged with the System's management, including fiscal affairs, facilities maintenance, residence counseling and educational and student personnel programs.

Currently, the System is owned and operated by the Corporation and is comprised of a variety of student residence and dining operation facilities for single undergraduate students, graduate students and married students. Accommodations, including both room and board, room only, and apartments, are available to both undergraduate and graduate students. The West Lafayette campus provided 11,432 spaces for students in 2004-05. There are 8,264 room and board spaces, 1,079 graduate housing room spaces, 1,076 single student apartments with food contract options, and 1,013 married student apartments. The Fort Wayne campus provided 568 spaces for students in 2004-05. The System is expected to generate \$66.6 million in room and board income for fiscal year 2004-05.

Management

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

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

West Lafayette Campus Facilities

Single Student Housing. Approximately 8,264 single students are housed in eleven traditional residence halls, seven of which are co-educational. Eight of these halls are multi-storied facilities containing lounges, recreation rooms, kitchens and post office facilities. A twelfth unit is an apartment complex located on campus that houses 1,076 single students. Optional board service is available through the dining services in any of the other halls. It is expected that, upon completion of the renovation of Cary Quadrangle, the West Lafayette campus student housing facilities will be able to house approximately 10,565 single students.

There are five operating dining court locations: Earhart Hall, Hillenbrand Hall, Tarkington Hall, Meredith Hall, and the Fred and Mary Ford Dining Court by Cary Quadrangle. In addition, the System has two mini-mart and three grill operations. Meredith Hall is currently scheduled to close in the fall of 2005.

Graduate Housing. Approximately 1,079 spaces are available in the two graduate housing units for graduate students and undergraduate students. Facilities include laundry, recreation rooms and post office services. The graduate housing contracts are for room only. Food service is available on a contract basis in any of the halls providing food services. In the fall of 2006, the Ernest C. Young Graduate House will be removed from the System, reducing the number of spaces by 266.

Married Student Housing. There are 1,013 apartments for married students within walking distance of the main campus. The unfurnished apartments are one- and two-bedroom types. Rent includes all utilities, including basic telephone service.

Regional Campuses Facilities

Fort Wayne Student Housing. There are 568 spaces available in 220 apartment units in seven buildings with a freestanding commons building. The housing complex is linked to the main campus by a pedestrian bridge.

The furnished apartments are one- and two-bedroom types with shared or private baths. Buildings include a laundry, recreation rooms and a computer learning center.

Calumet Student Housing. Approximately 376 spaces will be available in a four-story building with 94 furnished apartments, each with four private bedrooms and two shared baths. The apartment suites will have a full service kitchen/dining room and a living room. The apartment complex is being constructed on University property in close proximity to the Physical Education and Recreation Building. The new apartments are scheduled for completion by fall 2005.

Current System Facilities

	<u>Initial Construction</u>	<u>Fall 2004 Capacity</u>
Franklin Levering Cary Quadrangle	1927	793 ⁽¹⁾
Windsor Residence Halls	1934	748
Hilltop Apartments	1944	1,076
Virginia C. Meredith Residence Hall	1952	620
Richard Owen Residence Hall	1957	708
Married Student Courts	1957	1,013
Newton Booth Tarkington Residence Hall	1958	709
Harvey W. Wiley Residence Hall	1958	750
John T. McCutcheon Residence Hall	1963	748
Amelia Earhart Residence Hall	1964	788
Ernest C. Young Graduate House	1965	286
Benjamin Harrison Residence Hall	1966	814
George A. Hawkins Graduate House	1968	793
Eleanor B. Shreve Residence Hall	1970	852
Hillenbrand Residence Hall	1993	782
Fort Wayne Student Housing Complex	2003	568
Calumet Student Housing Complex	2004	0
Total		<u>12,048</u>

⁽¹⁾ It is expected that, upon completion of its renovation, Cary Quadrangle will be able to house approximately 1,177 single students.

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

System Occupancy

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

	Year Ended June 30				
	2004-05	2003-04	2002-03	2001-02	2000-01
West Lafayette Student Facilities					
Single Students					
Spaces Available	10,467	10,620	11,117	11,188	11,255
Spaces Occupied	10,263	10,062	10,388	10,710	10,777
Occupancy Percentage	98.1%	94.7%	93.4%	95.8%	95.7%
Married Student Apartments					
Apartments Available	1,014	1,014	1,032	1,092	1,092
Apartments Occupied	974	936	894	1,017	1,038
Occupancy Percentage	96.1%	92.3%	86.6%	93.1%	95.0%
West Lafayette Occupancy Percentage	97.9%	94.5%	92.9%	95.5%	95.7%
Regional Campus Student Facilities					
Fort Wayne Student Housing Complex					
Spaces Available	563				
Spaces Occupied	495				
Occupancy Percentage	87.9%				

Housing Rental Rates

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

	Year Ended June 30				
	2005-06 ⁽¹⁾	2004-05	2003-04	2002-03	2001-02
Single Room and Board Units⁽²⁾					
Minimum Academic Year Rate	\$ 5,256	\$ 5,022	\$4,786	\$4,508	\$4,344
Maximum Academic Year Rate	10,894	10,356	9,528	8,860	8,480
Married Student Apartments⁽²⁾					
Minimum Monthly Rate	504	492	478	460	442
Maximum Monthly Rate	639	632	614	590	561
Graduate Housing⁽²⁾					
Minimum Monthly Rate	320	320	320	294	288
Maximum Monthly Rate	585	585	585	560	546
Fort Wayne Student Housing Complex⁽²⁾					
Minimum Monthly 12-Month Rate	415	399			
Maximum Monthly 12-Month Rate	630	600			
Calumet Student Housing Complex⁽²⁾					
Monthly Rate	399				

⁽¹⁾ The West Lafayette and Fort Wayne housing rates for 2005-06 were approved by the Board of Trustees on December 18, 2004. The Calumet housing rates for 2005-06 were approved by the Board of Trustees on September 24, 2004.

⁽²⁾ Married Student Apartment rates are effective July 1, and all others rates are effective with the start of the fall semester in August.

Food Service Rates

The West Lafayette current food service operations include traditional food services (8 locations), convenience store operations (2 locations), and mini-mart/grill operations (4). Beginning Fall 2004, the food service operations offer the five meal plans outlined below.

	Year Ended June 30				
	2005-06 ⁽¹⁾	2004-05	2003-04	2002-03	2001-02
20 Meal Plan ⁽²⁾	4,256	\$4,080	\$3,884	\$3,664	\$3,552
Gold Plan ⁽³⁾	3,738	3,582			
15 Meal Plan ⁽³⁾	3,738	3,582	3,412	3,220	3,124
Black Plan ⁽³⁾	3,446	3,302			
10 Meal Plan ⁽²⁾	3,446	3,302	3,146	2,968	2,876

⁽¹⁾ The food service rates for 2005-06 were approved by the Board of Trustees on December 18, 2004.

⁽²⁾ Includes \$250 discretionary dining dollars.

⁽³⁾ Includes \$375 discretionary dining dollars.

The West Lafayette campus is currently consolidating food service operations from eleven locations in the fall of 2000 to five locations when the plan is completed in the fall of 2007.

Financial Information

The following are the Statements of Revenues, Expenses and Changes in Net Assets for the Purdue University Student Facility System as of June 30, 2004, 2003 and 2002. This information should be used in conjunction with the financial statements and the notes to the University's statements contained in Appendix B.

FINANCIAL OPERATIONS OF THE SYSTEM Statement of Revenues, Expenses and Changes in Net Assets Fiscal Year Ended June 30

	2004	2003	2002
Operating Revenues			
Housing, Net	\$34,557,906	\$33,006,358	\$33,788,386
Food Service	32,938,187	31,098,370	32,333,227
Other Operating Revenues	<u>1,860,551</u>	<u>1,628,687</u>	<u>1,783,164</u>
Total Operating Revenues	<u>69,356,644</u>	<u>65,733,414</u>	<u>67,904,777</u>
Operating Expenses			
Depreciation ⁽¹⁾	4,393,628	3,972,306	4,044,158
Operating Expenses	<u>56,621,255</u>	<u>54,250,308</u>	<u>56,334,234</u>
Total Operating Expenses	<u>61,014,883</u>	<u>58,222,613</u>	<u>60,378,392</u>
Operating Income	<u>8,341,760</u>	<u>7,510,801</u>	<u>7,526,385</u>
Non-operating Revenues (Expenses)			
Investment Income	2,823,795	2,849,836	2,267,454
Interest Expense	(4,827,352)	(3,556,487)	(2,305,720)
Other	<u>(2,795,831)</u>	<u>513,198</u>	<u>(402,614)</u>
Total Non-operating Revenues (Expenses), Net	<u>(4,799,389)</u>	<u>(193,453)</u>	<u>(440,880)</u>
Increase in Net Assets	<u>\$3,542,371</u>	<u>\$7,317,348</u>	<u>\$7,085,505</u>

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

Projected Debt Service Coverage

The projected coverage calculation is the division of Net Income by the projected Average Annual Debt Service (\$9,526,815⁽¹⁾).

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Operating Income	\$ 8,341,760	\$ 7,510,801	\$ 7,526,385
Investment Income	<u>2,823,795</u>	<u>2,849,836</u>	<u>2,267,454</u>
Total Operating Income	11,165,555	10,360,636	9,793,839
Depreciation ⁽²⁾	4,393,628	3,972,306	4,044,158
Net Income	<u>\$15,559,184</u>	<u>\$14,332,942</u>	<u>\$13,837,997</u>
Projected Average Annual Debt Service Coverage⁽¹⁾	1.63	1.50	1.45

⁽¹⁾ Assumes that the Series 2004A Bonds and the Series 2005A Bonds bear interest at 3.5% per annum. But see “SUMMARY OF CERTAIN PROVISIONS OF INDENTURE—Definitions—Average Annual Debt Service.”

⁽²⁾ Operation and Maintenance Expenses, as defined in the Indenture, exclude depreciation expenses.

Capital Plans

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

West Lafayette Campus. Two major renovation projects began in May 2000 on the West Lafayette campus. The first is the renovation of Cary Quadrangle in six stages, with the final phase scheduled for completion in July 2006. This project had an authorization of \$43,500,000, that was increased to \$54,975,000, from the Board of Trustees and the State of Indiana. The second project is a food service consolidation and enhancement project scheduled for completion in August 2006, with an authorization of \$48.2 million. Both projects are being financed with a portion of the proceeds of the Series 2003A Bonds and the Series 2005A Bonds, which will be repaid using rate increases approved for the Cary Quadrangle project and operating savings resulting from the food service consolidation.

Two long-term projects are currently planned to further enhance the West Lafayette campus. The first project is to improve the fire safety features (*e.g.*, sprinkling, new fire alarm systems) in the student housing facilities with completion by the end of 2010. An additional annual rate increase of 0.5% beginning in fiscal year 2002-03 has been authorized over the next four years to fund the fire safety project. The second project is to add air conditioning to some of the student rooms on campus with completion by the summer of 2011. The projects are referred to below as “Earhart Air Conditioning and Sprinkling” and are expected to be financed internally.

University decisions relating to its strategic plan, enrollment management and resident versus non-resident mix will affect the revenue of the System. During fiscal year 2002, the University announced plans to create Discovery Park, an academic research facility that will occupy approximately half the acreage currently used by the System’s family housing complex (Purdue Village). Over the next five to seven years, a total of 38 buildings (600 apartments) will be razed. At the conclusion of the fiscal year 2002, twelve buildings were vacated in anticipation of demolition. Students and families occupying these buildings were relocated to other family housing as of June 30, 2002. Additional space needs for the University for academic use will result in the loss of Young Graduate House by fall 2006.

Regional Campuses. In 2004, the System completed the construction of a 568-bed housing facility on the Fort Wayne campus and began the construction of a housing facility on the Calumet campus. The Calumet facility, currently under construction, is a four-story building with 94 furnished apartments, each with four private bedrooms and two shared baths. The apartment suites will have a full service kitchen/dining room and a living room. The

apartment complex is being constructed on University property in proximity to the Physical Education and Recreation Building. The new apartments are scheduled for completion by fall 2005.

Major Construction Projects. Table 1 provides information regarding projects in progress, but not completed, as of January 1, 2005. Table 2 provides information regarding projects that are authorized but not started.

Table 1. Major Construction Projects in Progress.

Major Projects (>\$500,000) in Progress as of January 1, 2005	Project Funding		
	Project Budget	Internal Funding	Debt Financing
Cary Quadrangle South I and II Renovation	\$ 19,700,000		\$ 19,700,000 ⁽¹⁾
Windsor Dining Court	12,426,766		12,426,766 ⁽¹⁾
Purdue University – Calumet Housing Facility	16,500,000		16,500,000 ⁽²⁾
Total Major Projects in Progress	\$48,626,766	\$0	\$48,626,766

⁽¹⁾ Financed with proceeds of Series 2003A Bonds and Series 2005A Bonds.

⁽²⁾ Financed with proceeds of Series 2004A Bonds.

Purdue University’s Board of Trustees has authorized the following major projects within the System, but the projects have not been started as of January 1, 2005.

Table 2. Major Projects Authorized - Not Started

Major Projects (>\$500,000) Authorized-Not Started	Project Funding		
	Project Total	Internal Funding	Debt Financing
Wiley Dining Court	\$12,382,000		\$12,382,000
Harrison Cash Operations	910,000		910,000 ⁽¹⁾
Earhart Air Conditioning and Sprinkling	7,950,000	\$ 7,950,000	
Parking Garage	12,500,000	12,500,000	
Replacement Housing	<u>60,000,000</u>		<u>60,000,000</u>
Total Major Projects Authorized	<u>\$93,742,000</u>	<u>\$20,450,000</u>	<u>\$73,292,000</u>

⁽¹⁾ Financed with proceeds of Series 2003A Bonds and Series 2005A Bonds.

PROJECT

The Series 2005A Bonds are being issued for the purpose of financing a portion of the costs of the acquisition, construction, renovation, equipping and furnishing of the Project, which consists of (i) Cary Quadrangle on the Purdue University West Lafayette campus, and any property, real or personal, related thereto (the “Student Housing Facilities”), and (ii) any residence hall food service facilities on the Purdue University West Lafayette campus, and any property, real or personal, related thereto (the “Food Service Facilities”).

Cary Quadrangle Renovations

Cary Quadrangle was built in five phases from 1927 to 1940. Because of its age and the accumulated wear and tear, it required major renovation if it was to continue to function as a residence hall in the long term. Also, the demands of the market place have changed since Cary was built, and the students today have different expectations for on-campus housing. The renovation was planned in six phases over a six-year period, thus minimizing the number of student rooms that would be out of service in any one year. The first four phases were financed with a portion of the proceeds from the Series 2003A Bonds. The interior of some areas are being demolished to create

double occupancy rooms with semi-private baths, air conditioning and fully accessible facilities. Other areas are receiving utility upgrades and architectural elements.

A portion of the proceeds from the Series 2003A Bonds were applied to finance a portion of the cost of the acquisition, construction, renovation, equipping and furnishing of the Student Housing Facilities. The last two of the six phases will be partially financed with a portion of the proceeds from the Series 2005A Bonds.

	<u>Cost</u>	<u>Construction Period</u>
Cary Quad South Phase I	\$10,086,400	May 2004 to July 2006
Cary Quad South Phase II	<u>9,613,600</u>	May 2004 to July 2006
Total	<u>\$19,700,000</u>	

Food Service Facilities Consolidations

A Food Service Master Plan for the University Residences culminated from five years of study and evaluation. Motivated by changes in student expectations, practices of peer institutions, aging facilities and a need to improve efficiency, the master plan was developed to provide a best-in-class food service operation with increased flexibility, decreased institutionalism and better control of costs. Student surveys, focus groups and the work of a consultant were used to develop the plan.

The System originally operated eleven dining courts and seven mini-mart/grill operations on the West Lafayette campus. These facilities were, for the most part, designed and built in the mid-1950's through the late 1960's, when student dining patterns and menu preferences were considerably different. When the master plan is complete, the System will operate five dining courts and five mini-mart/grill operations. The five dining courts will be created by renovating and enlarging the dining courts in Earhart, Wiley and Windsor Halls, building a new free standing dining court between Cary Quadrangle and Owen Hall, and using the existing Hillenbrand Hall dining court that opened in 1993. Mini-mart/grill operations will be created or enlarged in Cary Quadrangle and Owen, Meredith and Harrison Halls. The Hillenbrand Hall mini-mart/grill operation will also remain in service.

The renovations of Earhart Hall and the construction of the free standing Fred and Mary Ford Dining Court have been completed. The Windsor Halls Dining Court is currently undergoing renovations funded partially with the proceeds from the Series 2003A Bonds, with the remainder to be funded with the proceeds from the Series 2005A Bonds. The Windsor Halls dining court is scheduled to open in the fall of 2005. The Wiley Dining Court is still in the planning stage.

A portion of the proceeds from the Series 2003A Bonds were applied to finance a portion and cost of the acquisition, construction, renovation, equipping and furnishing of the Food Services Facilities. The completion of the Windsor Dining Court and the remaining two food service projects will be financed with a portion of the proceeds from the Series 2005A Bonds.

	<u>Cost</u>	<u>Construction Period</u>
Windsor Dining Courts	\$12,426,766	December 2003 to May 2005
Harrison Mini-Mart/Grill Operation	<u>910,000</u>	April 2005 to August 2005
Total	<u>\$13,336,766</u>	

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds related to the issuance of the Series 2005A Bonds are summarized below:

Sources of Funds:

Principal Amount of Series 2005A Bonds	<u>\$24,200,000</u>
Total Sources of Funds	<u>\$24,200,000</u>

Uses of Funds:

Deposit to Series 2005A Student Housing Facilities Account	\$15,430,000
Deposit to Series 2005A Food Service Facilities Account	8,592,896
Costs of Issuance, Underwriter's Discount and Contingency	<u>177,104</u>
Total Uses of Funds	<u>\$24,200,000</u>

SUMMARY OF CERTAIN PROVISIONS OF INDENTURE

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

Definitions

“Account” means any account established pursuant to the Indenture.

“Act” means Indiana Code Sections 20-12-8-1, *et seq.*, 20-12-9-1, *et seq.*, and 20-12-9.5-1, *et seq.*, all as supplemented or amended from time to time, and, after any repeal of any of such statutes, any statutes replacing such statutes, all as supplemented or amended from time to time.

“Adjustable Rate” means 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.

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

Series, the amount of the principal of and interest on which Bonds, together with any other Bonds of such Series, due in any twelve-month period, is not less than 30% of the average Annual Debt Service Requirement of all Bonds of such Series (calculated in accordance with clauses (i) and (ii) above); provided, however, that, in calculating the amount of the principal of and interest on any Bonds due in any twelve-month period, the amount of the principal of such Bonds will be reduced to the extent that all or any portion of such amount is required to be amortized prior to such twelve-month period; and provided, further, that the Corporation may elect to waive the provisions of clause (iii) above for any Bonds of any Series at the time of delivery thereof and treat such Bonds as if they were not a balloon maturity for purposes of the application of this definition.

“Authorized Denomination” means, as long as the Series 2005A Bonds bear interest at a Weekly Rate, \$100,000 or any integral multiple of \$5,000 in excess thereof.

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

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

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

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

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

“Bond Payment Date” means each date on which interest or both principal and interest are payable on any of the Series 2005A Bonds according to their respective terms so long as any Series 2005A Bonds are Outstanding.

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

“Business Day” with respect to the Series 2005A Bonds means, as long as the Series 2005A Bonds bear interest at a Weekly Rate, any day other than a Saturday, Sunday or day on which the New York Stock Exchange or banking institutions are authorized or required by law or executive order to be closed for commercial banking purposes in New York or Indiana, or in any city in which is located the designated corporate trust office of the Trustee.

“Calculation Period” means, 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. However, in each case, if such Wednesday is not a Business Day, such next

succeeding Calculation Period will begin on the Business Day next succeeding such Wednesday and such Calculation Period will end on the day before such next succeeding Calculation Period.

“Capitalized Interest Account” means, with respect to the Bonds of any Series, the Account established for the Bonds of such Series within the Project Fund pursuant to the Indenture and the Supplemental Indenture authorizing the issuance of the Bonds of such Series.

“Change in the Interest Rate Mode” means any change in the type of interest rate borne by the Series 2005A Bonds pursuant to the Indenture.

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

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

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

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

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

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

“Current Adjustable Rate” means the interest rate borne by Series 2005A Bonds immediately prior to a Change in the Interest Rate Mode or the establishment of a Fixed Rate.

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

“Determination Date” means, for any Calculation Period, with respect to the Weekly Rate, the Business Day immediately preceding the first Business Day occurring during such Calculation Period.

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

“Facilities” means any:

- (a) dormitories and other housing facilities for single and married students and school personnel;
- (b) food service facilities;
- (c) student infirmaries and other health service facilities including revenue-producing hospital facilities serving the general public, together with parking facilities and other appurtenances in connection with any of the foregoing.
- (d) parking facilities in connection with academic facilities;
- (e) medical research facilities associated with a school of medicine, if the facilities will generate revenue from state, federal, local or private gifts, grants, contractual payments or reimbursements in an amount that is reasonably expected to at least equal the annual debt service requirements of any bonds for the facility for each fiscal year that such bonds are outstanding; or
- (f) other facilities, the financing of which is authorized under the Act

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

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

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

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

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

“Fixed Rate” means, with respect to the Fixed Rate Conversion Date, 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) no later than the Business Day immediately preceding the Fixed Rate Conversion 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 date to remarket the Series 2005A Bonds in a secondary market transaction at a price equal to 100% of the Outstanding principal amount thereof.

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

“Fixed Rate Conversion Date” means the date on which the Fixed Rate takes effect.

“Food Service Facilities” means any residence hall food service facilities on the Purdue University West Lafayette campus, and any property, real or personal, related thereto.

“Fourth Supplemental Indenture” means the Fourth Supplemental Indenture by and between the Corporation and the Trustee, Registrar and Paying Agent, dated as of February 1, 2005.

“Fund” means any fund established pursuant to the Indenture.

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

“Indenture” means the Original Indenture, as supplemented and amended to date and as supplemented by the Fourth Supplemental Indenture, and as further supplemented or amended from time to time.

“Interest Payment Date” for the Series 2005A Bonds means, as long as the Series 2005A Bonds bear interest at a Weekly Rate: (i) during each Weekly Rate Period, the first Wednesday of each month thereof; (ii) the Fixed Rate Conversion Date; (iii) any day on which Series 2005A Bonds are subject to mandatory tender for purchase pursuant to the Indenture (see “DESCRIPTION OF SERIES 2005A BONDS—Mandatory Tender for Purchase”) or optional redemption in whole pursuant to the Indenture (see “DESCRIPTION OF SERIES 2005A BONDS—Redemption—Optional Redemption”); and (iv) the final maturity date of the Series 2005A Bonds. However, as long as the Series 2005A Bonds bear interest at a Weekly Rate, if any such date is not a Business Day, the Interest Payment Date will be the next succeeding day which is a Business Day.

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

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

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

“Notice of Election to Tender” means an irrevocable notice given by a holder of Series 2005A Bonds of such holder’s election to tender such Series 2005A Bonds for purchase.

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

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

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

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

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

- (a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (b) Bonds deemed to have been redeemed or paid as provided in the Indenture; and
- (c) Bonds in lieu of which others have been authenticated under the Indenture.

“Paying Agent” means J.P. Morgan Trust Company, National Association, or any successors or assigns.

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

- (a) Federal Securities;
- (b) Shares of any fund registered under the Investment Company Act of 1940, as amended, the shares of which are registered under the Securities Act of 1933, as amended, and are, at the time of purchase, rated by any Rating Agency in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by such Rating Agency for obligations of that nature, including any such shares for which the Trustee or any affiliate of the Trustee performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise; and
- (c) Any investments permitted by Indiana Code Section 20-12-1-2, as supplemented or amended from time to time. Indiana Code Section 20-12-1-2 permits the Corporation to acquire and retain any investment which persons of prudence, discretion and intelligence would acquire and retain for their own account.

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

“Project” means the Student Housing Facilities and the Food Service Facilities.

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

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

“Rating Service” means Moody’s Investors Service Inc., if the Series 2005A Bonds are then rated by Moody’s Investors Service Inc., and Standard & Poor’s Rating Services, if the Series 2005A Bonds are then rated by Standard & Poor’s Rating Services.

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

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

“Record Date” for the Series 2005A Bonds means, with respect to each Interest Payment Date during a Weekly Rate Period, the Business Day next preceding such Interest Payment Date.

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

“Registrar” means J.P. Morgan Trust Company, National Association, or any successors or assigns.

“Remarketing Agent” means UBS Financial Services Inc. as the initial remarketing agent for the Series 2005A Bonds, and includes as the case may be any other remarketing agent or agents, or any other market agent or

market agents with respect to the Series 2005A Bonds appointed pursuant to the Indenture, and its or their successors or assigns.

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

“Reserve Fund Credit Instrument” means any insurance policy, surety bond, letter of credit or other instrument which is payable to or may be drawn upon by the Trustee and is deposited in the Reserve Fund in lieu of or in partial substitution for cash required to be on deposit therein, the issuer of which is (a) in the case of any insurance policy or surety bond, an insurer which, at the time of issuance of such insurance policy or surety bond, has been assigned the highest rating accorded insurers by any Rating Agency, (b) in the case of any letter of credit, a banking institution having a credit rating on its long-term, unsecured debt within the two highest rating categories from any Rating Agency, and (c) in the case of any other instrument, any person having a credit rating on its long-term, unsecured debt within the two highest rating categories from any Rating Agency.

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

“Resolutions” means the resolutions adopted by the Corporation’s Board of Trustees (or the Finance Committee thereof), authorizing the execution and delivery of the Fourth Supplemental Indenture and the issuance of the Series 2005A Bonds.

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

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

“Series 2005A Bondholder,” “Holder of a Series 2005A Bond,” “holder of a Series 2005A Bond,” “Owner of a Series 2005A Bond,” “owner of a Series 2005A Bond” or any similar term means a registered owner of any Series 2005A Bond.

“Series 2005A Bonds” means the Purdue University Student Facilities System Revenue Bonds, Series 2005A (Adjustable Demand), authorized to be issued by the Corporation pursuant to the terms and conditions of the Indenture.

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

“Student Housing Facilities” means Cary Quadrangle on the Purdue University West Lafayette campus, and any property, real or personal, related thereto.

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

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

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

“Treasurer” means the Treasurer of the Corporation.

“Trustee” means J.P. Morgan Trust Company, National Association, or any successors or assigns.

“Variable Rate Bond” means any Bond which is not a Fixed Rate Bond.

“Weekly Rate” means, 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 2005A Bonds in a secondary market transaction at a price equal to 100% of the principal amount thereof.

“Weekly Rate Period” means any period during which the Series 2005A Bonds bear interest at a Weekly Rate, which period commences on the date of issuance of the Series 2005A Bonds and extends 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.

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

Flow of Funds

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

There will be created on the books of the Corporation, within the Project Fund, the following accounts: (i) the “Series 2005A Student Housing Facilities Account” and (ii) the “Series 2005A Food Service Facilities Account”.

A portion of the proceeds of the Series 2005A Bonds will be deposited in the Series 2005A Student Housing Facilities Account of the Project Fund. At any time and from time to time, the Corporation may withdraw any money on deposit in the Series 2005A Student Housing Facilities Account of the Project Fund, without any requisition, voucher or other direction or authorization, for the purpose of paying, or reimbursing the Corporation for the payment of, any costs of acquiring, erecting, constructing, reconstructing, extending, remodeling, improving, completing, equipping, furnishing or financing the Student Housing Facilities. The Corporation will transfer any money remaining in the Series 2005A Student Housing Facilities Account of the Project Fund, after acquisition, erection, construction, reconstruction, extension, remodeling, improvement, completion, equipping, furnishing or financing of the Student Housing Facilities has been completed, to the Sinking Fund, for application in accordance with any instructions from the Corporation.

A portion of the proceeds of the Series 2005A Bonds will be deposited in the Series 2005A Food Service Facilities Account of the Project Fund. At any time and from time to time, the Corporation may withdraw any money on deposit in the Series 2005A Food Service Facilities Account of the Project Fund, without any requisition, voucher or other direction or authorization, for the purpose of paying, or reimbursing the Corporation for the payment of, any costs of acquiring, erecting, constructing, reconstructing, extending, remodeling, improving, completing, equipping, furnishing or financing the Food Service Facilities. The Corporation will transfer any money remaining in the Series 2005A Food Service Facilities Account of the Project Fund, after acquisition, erection, construction, reconstruction, extension, remodeling, improvement, completion, equipping, furnishing or financing of the Food Service Facilities has been completed, to the Sinking Fund, for application in accordance with any instructions from the Corporation.

Bond Expense Fund. The Corporation will establish and hold a separate fund designated as the “Student Facilities System Bond Expense Fund” (the “Bond Expense Fund”), into which any moneys may be deposited from

proceeds of the Bonds of each Series. Moneys deposited to the credit of the Bond Expense Fund will be used to pay from time to time the costs of issuance of the Bonds of such Series.

There will be hereby created on the books of the Corporation, within the Bond Expense Fund, the “Series 2005A Account”.

A portion of the proceeds of the Series 2005A Bonds will be deposited in the Series 2005A Account of the Expense Fund. At any time and from time to time, the Corporation may withdraw any money on deposit in the Series 2005A Account of the Bond Expense Fund, without any requisition, voucher or other direction or authorization, for the purpose of paying, or reimbursing the Corporation for the payment of, any Costs of Issuance of the Series 2005A Bonds. The Corporation will transfer any money in the Series 2005A Account of the Bond Expense Fund remaining after payment of Costs of Issuance to the Project Fund, the Sinking Fund or the Redemption Fund for application in accordance with any instructions from the Corporation.

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

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

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

junior and subordinate to the payment of any principal of or interest on (including any mandatory redemption of) any First Lien Bonds.

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

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

No Reserve Fund. The Series 2005A Bonds will have no claim on any reserve fund.

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

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

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

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

Investments. All moneys on deposit in the Funds and Accounts established under the Indenture held by the Corporation may be commingled for investment purposes in the Corporation’s other investments and will be invested in Permitted Investments. The funds held by the Trustee will be invested by the Trustee as directed in writing by the Corporation in Permitted Investments. The Trustee may conclusively rely upon such directions as to both the suitability and legality of the directed investments. The Trustee may make any such investments through any investment department of the Trustee or any affiliate or subsidiary of the Trustee. Absent written direction from the Corporation, the Trustee will invest moneys held under the Indenture in the One Group U.S. Treasury Securities

Money Market Fund or any similar fund which is a Permitted Investment. Interest earned or gains or losses realized on investment of Funds and Accounts held by the Corporation or the Trustee will be credited or debited to the respective Fund or Account. However, interest earned or gains or losses realized on the Reserve Fund in excess of the Reserve Fund Requirement will be credited or transferred to the Sinking Fund or as otherwise provided in the applicable Supplement Indenture. Further, interest earned or gains or losses realized on the Rebate Fund will be applied as described under “Rebate Fund.” Notwithstanding the foregoing, the Supplemental Indenture authorizing the issuance of any Bonds may provide for different disposition of investment income from proceeds of such Bonds deposited in the Funds and Accounts relating to such Bonds.

Additional Covenants of Corporation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tax Covenants. The Corporation will not permit the Project to be used in a manner that would result in the loss of exclusion of interest on the Series 2005A Bonds from gross income for federal tax purposes under Section 103 of the Code, as in effect on the date of issuance of the Series 2005A Bonds; nor will the Corporation act in any other manner that would result in the loss of exclusion of interest on Series 2005A Bonds from gross income for federal income tax purposes under Section 103 of the Code, as in effect on the date of issuance of the Series 2005A Bonds.

The Corporation will not make any investment or do any other act or thing during the period that any Series 2005A Bonds are Outstanding that would cause any Series 2005A Bonds to become or to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code, as in effect on the date of issuance of the Series 2005A Bonds.

It will not be an Event of Default under the Indenture if the interest on any Series 2005A Bonds is not excludable from gross income for federal income tax purposes or is otherwise subject to federal income taxation pursuant to any provision of the Code which is not in effect on the date of issuance of the Series 2005A Bonds.

Defaults and Remedies

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

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

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

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

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

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

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

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

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

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

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

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

Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default under the Indenture and its consequences and may rescind any declaration of maturity of all the Bonds, and will do so upon the written request of the holders of (a) two-thirds in aggregate principal amount of all of the Bonds then Outstanding, in the case of a default in the payment of principal of or interest on the Bonds, or (b) a majority in aggregate principal amount of all of the Bonds then Outstanding in the case of any other default. However, there may not be waived (i) any Event of Default in the payment of the principal of any Outstanding Bond at the date of maturity specified therein or (ii) any Event of Default in the payment when due of the interest on any Outstanding Bond unless, prior to such waiver, all arrears of interest or all arrears of payments of principal when due, as the case may be, with interest on overdue principal at the rate borne by such Bond, and all expenses of the Trustee in connection with such Event of Default have been paid or provided for, and in the case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default has been

discontinued or abandoned or determined adversely, then and in every such case the Corporation, the Trustee and the Bondholders will be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission will extend to any subsequent or other Event of Default, or impair any right consequent thereon.

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

Discharge of Indenture

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

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

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

- (a) stating the date when the principal of such Bonds is to be paid, whether at maturity or on a redemption date (which will be any redemption date permitted by the Indenture and set forth in the Supplemental Indenture authorizing the issuance of such Bonds);
- (b) to call for redemption pursuant to the Indenture any Bonds to be redeemed prior to maturity pursuant to subparagraph (a) of this paragraph; and
- (c) to mail, as soon as practicable, in the manner prescribed for notice of redemption of such Bonds, a notice to the owners of such Bonds that the deposit required by the preceding paragraph has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of or redemption price, if applicable, on such Bonds as specified in subparagraph (a) of this paragraph.

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

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

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

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

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

Supplemental Indentures

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

- (a) To cure any ambiguity or formal defect or omission in the Indenture or any Supplemental Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the holders of any or all Bonds then Outstanding any additional benefits, rights, remedies, powers or authorities that may be lawfully granted to or conferred upon the Trustee for the benefit of such holders;
- (c) To subject to the lien of the Indenture, for the benefit and security of the owners of any or all Outstanding Bonds, additional property, income, revenues or funds;
- (d) To modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any other similar federal statute hereafter in effect or to permit the qualification of any Bonds for sale under any federal or state securities laws, and, in connection therewith, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted or required by the Trust Indenture Act of 1939, as amended, or any other federal or state statute pertaining to any of the foregoing; provided, that any such Supplemental Indenture is not, in the judgment of the Trustee, which may rely on an opinion or advice of counsel, to the material prejudice of the holders of any of the Bonds;
- (e) To evidence the appointment of any successor Trustee, Registrar or Paying Agent;
- (f) To effect or facilitate the issuance of any Bonds in accordance with the Indenture;
- (g) To supplement or amend the Indenture, to add any Facilities to or remove any Facilities from the System;
- (h) To make any modification or amendment to the provisions of the Indenture necessary or desirable to permit the Corporation to issue Fixed Rate Bonds, Variable Rate Bonds or Optional Maturities or to utilize any Credit Facility or Derivative Product; provided, however, that the Corporation obtains written confirmation that such modification or amendment will not materially and adversely affect the then-current rating or ratings assigned to any Outstanding Bonds by any Rating Agency then rating such Bonds;
- (i) To modify, amend or supplement the Indenture or any Supplemental Indenture in any manner which the Corporation determines in good faith will not have a material adverse effect on any Bondholders; or
- (j) Otherwise to modify any of the provisions of the Indenture or to relieve the Corporation from any of the obligations, conditions or restrictions contained in the Indenture; provided that no such modifications is or becomes operative or effective, or materially impairs any of the rights of any Bondholders or the Trustee (except as otherwise provided in the Indenture), while any Bonds issued prior to the execution of such Supplemental Indenture remain Outstanding; and provided, further, that such Supplemental Indenture is specifically referred to in the text of all Bonds issued after the execution of such Supplemental Indenture.

The Corporation, the Trustee, the Registrar and the Paying Agent, without the consent of or notice to any Bondholders, may enter into an indenture or indentures supplemental to the Fourth Supplemental Indenture, for any one or more of the following purposes:

- (A) To provide for the addition of any interest rate mode, or to provide for the modification or deletion of any interest rate mode, as long as no Series 2005A Bonds will be operating in the interest rate mode when it is to be so modified or deleted, or to amend, modify or alter the interest rate setting provisions, tender provisions or conversion provisions for any then existing interest rate mode, as long as no Series 2005A Bonds will be operating in the interest rate mode when such provisions are to be so amended, modified or altered; provided that, in each case, there is delivered to the Trustee an Opinion of Bond Counsel stating that any such addition, deletion, amendment, modification or alteration will not

adversely affect any exclusion from gross income for purposes of federal income taxation of interest on the Series 2005A Bonds;

(B) To elaborate on any provisions necessary to exercise any conversion options provided in the Fourth Supplemental Indenture, including without limitation better enabling different Series 2005A Bonds to be in different interest rate modes; or

(C) To modify, amend or supplement the Fourth Supplemental Indenture in any manner which the Corporation determines in good faith will not have a material adverse effect on any Series 2005A Bondholders.

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

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

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

TAX MATTERS

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2005A Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and is effective on the date of issuance of the Series 2005A Bonds (the “Code”). This opinion relates only to the exclusion from gross income of interest on the Series 2005A Bonds for federal income tax purposes under Section 103 of the Code. The opinion of Barnes & Thornburg LLP is based on certain certificates, covenants and representations of the Corporation and is conditioned on continuing compliance therewith. In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2005A Bonds is exempt from income taxation in the State of Indiana for all purposes except the State financial institutions tax. See APPENDIX C for the form of opinion of Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2005A Bonds as a condition to the exclusion from gross income of interest on the Series 2005A Bonds for federal income tax purposes. Noncompliance with such requirements may cause interest on the Series 2005A Bonds to be included in gross income for federal tax purposes retroactive to the date of issue, regardless of the date on which noncompliance occurs. Should the Series 2005A Bonds bear interest that is not excluded from gross income for federal income tax purposes, the market value of the Series 2005A Bonds would be materially and adversely

affected. It is not an event of default if interest on the Series 2005A Bonds is not excludable from gross income for federal tax purposes pursuant to any provision of the Code which is not in effect on the date of issuance of the Series 2005A Bonds.

The interest on the Series 2005A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Series 2005A Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax and the environmental tax under Section 59A of the Code.

By the terms of the Indenture, the interest rate on the Series 2005A Bonds may be converted from a Weekly Rate to another Adjustable Rate or to a Fixed Rate and certain actions may be taken under the circumstances and subject to the terms and conditions set forth therein, upon the delivery of an Opinion of Bond Counsel. No opinion is expressed by Bond Counsel in connection with the issuance of the Series 2005A Bonds as to the effect upon any Series 2005A Bond or the interest thereon resulting from any such conversion or action.

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

Although Bond Counsel will render an opinion that interest on the Series 2005A Bonds is excludable from gross income for federal tax purposes and exempt from State income tax, the accrual or receipt of interest on the Series 2005A Bonds may otherwise affect an owner's federal or State tax liability. The nature and extent of these other tax consequences will depend upon the owner's particular tax status and the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2005A Bonds should consult their own tax advisors with respect to the other tax consequences of owning the Series 2005A Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Series 2005A Bonds. Prospective purchasers of the Series 2005A Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Series 2005A Bonds.

LITIGATION

Absence of Litigation Related to Series 2005A Bonds

As of the date of delivery of the Series 2005A Bonds, the Corporation will certify that there is no litigation or other proceeding pending or, to the knowledge of the Corporation, threatened in any court, agency or other administrative body restraining or contesting the issuance, sale, execution or delivery of the Series 2005A Bonds or the pledging of the Pledged Revenue, or in any way contesting, questioning or affecting the validity of any provision of the Series 2005A Bonds, the proceedings or the authority of the Corporation taken with respect to the issuance or sale thereof, the resolutions authorizing the Series 2005A Bonds, or the Indenture. Neither the creation, organization or existence of the Corporation nor the title of any of the present Board members or other Corporation officers to their respective offices is being contested.

Other Proceedings

On August 30, 1990, the Tippecanoe Sanitary Landfill was listed as a Superfund site by the United States Environmental Protection Agency (the "EPA"). The EPA has identified the Corporation, as well as the City of West Lafayette, Indiana, the City of Lafayette, Indiana, and many of the larger industries operating in Tippecanoe County, Indiana, as potentially responsible parties. Theoretically, the Corporation is therefore contingently liable in an undetermined amount. However, the remediation of this site currently is being funded out of tax revenues in excess of \$19,000,000, raised exclusively for that purpose and presently in the possession of a local governmental agency established by the Indiana General Assembly to oversee the remedy. This fund, which was agreed to by the Indiana Department of Environmental Management in a consent decree, represents the present value of all anticipated clean-

up and oversight costs at the site over the next 30 years, and it is not anticipated that any further funding will be required for the remediation from any source.

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

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. ("S&P"), have given the Series 2005A Bonds the ratings of Aa1/VMIG1 and AA/A-1+, respectively. An explanation of the rating by Moody's may be obtained from such agency at 99 Church Street, New York, New York, 10007, and an explanation of the rating by S&P may be obtained from such agency at 55 Water Street, New York, New York, 10041. Any such rating reflects only the view of the respective rating agency and is not a recommendation to buy, sell or hold any of the Series 2005A Bonds. There is no assurance that any rating will continue for any given period of time, and any rating may be revised downward or withdrawn entirely, if, in the judgment of the appropriate rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price or marketability of the Series 2005A Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2005A Bonds are subject to the approval of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be subject to the approval of Stuart & Branigin, Lafayette, Indiana, counsel to the Corporation, and to the approval of Ice Miller, Indianapolis, Indiana, counsel to the Underwriter. The form of the approving opinion of Bond Counsel with respect to the Series 2005A Bonds is attached as Appendix C.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the Series 2005A Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The remedies available to the Trustee upon a default are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies may not be readily available or may be limited.

The various legal opinions to be delivered concurrently with the delivery of the Series 2005A Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

These exceptions would encompass any exercise of federal, state or local police powers in a manner consistent with the public health and welfare. Enforceability of the provisions of the Series 2005A Bonds in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

UNDERWRITING

UBS Financial Services Inc. (the "Underwriter") has agreed to purchase the Series 2005A Bonds at a price equal to \$24,172,896, representing the principal amount of the Series 2005A Bonds less an underwriter's discount of \$27,104, subject to certain conditions precedent. The Underwriter may offer and sell the Series 2005A Bonds to certain dealers (including dealers depositing the Series 2005A Bonds into unit investment trusts) and to others at a price lower than that offered to the public. The initial public offering price may be changed from time to time by the Underwriter.

MISCELLANEOUS

During the initial offering period for the Series 2005A Bonds, a copy of the Indenture will be available for inspection at the Office of the Treasurer of the University, Hovde Hall, West Lafayette, Indiana 47907, and at the offices of UBS Financial Services Inc., 1285 Avenue of the Americas, Municipal Short Term Desk, 15th Floor, New York, New York 10019.

THE TRUSTEES OF PURDUE UNIVERSITY

/s/ Morgan R. Olsen

Morgan R. Olsen, Treasurer

Dated: February 21, 2005

APPENDIX A

**PURDUE UNIVERSITY
AND
THE TRUSTEES OF PURDUE UNIVERSITY**

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. During its approximately 135 years of operation, the University has grown from 39 students and six instructors to a population, as of the 2004 fall semester, of over 64,000 full-time and part-time students and approximately 4,400 faculty members. The University’s educational activities are conducted primarily on four campuses: the main campus in West Lafayette, regional campuses in Hammond and Westville, and a campus operated jointly with Indiana University in Fort Wayne. In addition to its operation of the four campuses, the University is responsible for certain academic programs at the campus of Indiana University-Purdue University in Indianapolis. The University operates a Statewide Technology Program at numerous locations throughout Indiana.

The University is organized academically into ten schools: Agriculture; Consumer and Family Sciences; Education; Engineering; Liberal Arts; Management; Pharmacy, Nursing and Health Sciences; Science; Technology; and Veterinary Medicine. Undergraduate and masters degrees are awarded in all schools and the Doctor of Philosophy degree is awarded in all schools except the School of Technology. The University also awards the professional degrees of Doctor of Pharmacy and Doctor of Veterinary Medicine.

Accreditation and Membership

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

Strategic Plan

The University’s Board of Trustees adopted a five year strategic plan on November 2, 2001, to make Purdue a preeminent university with strategies to advance quality in all areas, lead the world in basic and applied sciences and engineering, and contribute to societal progress - especially in Indiana. Funding for the plan is derived from many sources, including student fees, sponsored funding, private giving, and internal reallocations.

As a part of the strategic plan, the University has embarked on a comprehensive fund-raising effort to generate \$1.5 billion by 2007 in support of students, faculty, programs, and facilities. “The Campaign for Purdue” will fund more than 50 new buildings and renovation projects, affecting almost every campus, school and program in the University system. The campaign was officially announced on September 27, 2002, and has raised over \$1.1 billion toward the \$1.5 billion goal.

The Board of Trustees of the Corporation

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 all construction and major contracts. All members of the Board of Trustees are appointed for terms of three years, except for the student member whose term is two years. The current members of the Board of Trustees are listed on the next page.

Trustees

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

Michael J. Birck
Sarah L. Cusik
Barbara H. Edmondson
John A. Edwardson

Lewis W. Essex
Robert E. Peterson
Mamon M. Powers, Jr.
Mark W. Townsend

Officers of the Corporation

The current officers of the Corporation are listed below.

J. Timothy McGinley, *Chairman*
John D. Hardin, Jr., *Vice Chairman*
Morgan R. Olsen, *Treasurer*
James S. Almond, *Assistant Treasurer and Assistant Secretary*
Roseanna M. Behringer, *Secretary*
Anthony S. Benton, *Legal Counsel*
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.

Martin C. Jischke, *President*
Sally Frost Mason, *Provost*
Morgan R. Olsen, *Executive Vice President and Treasurer*
Murray M. Blackwelder, *Senior Vice President for Advancement*
James S. Almond, *Vice President for Business Services and Assistant Treasurer*
Joseph L. Bennett, *Vice President for University Relations*
James R. Bottum, *Vice President for Information Technology*
Wayne W. Kjonaas, *Vice President for Physical Facilities*
Thomas B. Robinson, *Vice President for Student Services*
Alysa C. Rollock, *Vice President for Human Relations*
John A. Sautter, *Vice President for Housing and Food Services*
Terry D. Strueh, *Vice President for Governmental Relations*
Don K. Gentry, *Vice Provost for Engagement*
Margaret M. Rowe, *Vice Provost for Academic Affairs*
Charles O. Rutledge, *Interim Vice Provost for Research*
Rabindra N. Mukerjea, *Director of Strategic Planning and Assessment*
Howard Cohen, *Chancellor of Calumet Campus*
James B. Dworkin, *Chancellor of North Central Campus*
Michael A. Wartell, *Chancellor of Indiana University-Purdue University Fort Wayne*
Peggy L. Fish, *Director of Audits*
Scott W. Seidle, *Director of Investments*

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 approximately 30,500.

ACADEMIC YEAR	APPLICATIONS RECEIVED	APPLICATIONS ACCEPTED	PERCENT ACCEPTED	STUDENTS ENROLLED	YIELD OVERALL	YIELD IN STATE
2000-01	20,405	15,936	78.1%	6,430	40.3%	61.9%
2001-02	21,760	16,727	76.9%	6,580	39.3%	60.6%
2002-03	22,872	17,292	75.6%	6,323	36.6%	59.6%
2003-04	22,977	18,076	78.7%	6,446	35.7%	59.0%
2004-05	24,003	19,259	80.2%	6,786	35.2%	60.1%

The freshman applicants at the West Lafayette campus for the fall semesters 2000 through 2004 had an average combined score for the Scholastic Aptitude Test (SAT) verbal and mathematical test of 1129, 1134, 1150, 1150 and 1149, respectively. Fifty-three percent of the fall 2004 freshman class had a high school grade point average between 3.5 and 4.0, and 87% of the fall 2004 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 total fees applicable to both full-time and part-time students at the West Lafayette campus for the academic years 2000-01 through 2004-05. Approximately 41 percent of the total undergraduate and graduate students at the West Lafayette campus and approximately 5 percent at the regional campuses are non-residents of the State of Indiana.

WEST LAFAYETTE CAMPUS FEES

ACADEMIC YEAR	FULL-TIME (PER ACADEMIC YEAR)		PART-TIME (PER CREDIT HOUR)	
	INDIANA RESIDENT	NON-RESIDENT	INDIANA RESIDENT	NON-RESIDENT
2000-01	\$3,872	\$12,904	\$135 ⁽¹⁾	\$422 ⁽¹⁾
2001-02	4,164	13,872	149 ⁽²⁾	458 ⁽²⁾
2002-03	5,580 ⁽³⁾	16,260 ⁽³⁾	200 ^{(2), (3)}	540 ^{(2), (3)}
2003-04	5,860 ⁽³⁾	17,640 ⁽³⁾	210 ^{(2), (3)}	586 ^{(2), (3)}
2004-05	6,092 ⁽³⁾	18,700 ⁽³⁾	218 ^{(2), (3)}	621 ^{(2), (3)}

⁽¹⁾ Excluding the technology fee that was effective beginning with Spring 1998.

⁽²⁾ Includes the technology fee.

⁽³⁾ Degree-Seeking students that are continuously enrolled beginning in the Spring 2002 term (Continuing Students) are charged a reduced tuition/fee rate.

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

The table below sets forth the fees charged per academic year to students attending each regional campus of the University for the academic years 2000-01 through 2004-05. The fees listed assume that undergraduate students are enrolled for 30 hours per academic year and graduate students are enrolled for 24 hours per academic year.

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

CALUMET

ACADEMIC YEAR	UNDERGRADUATE		GRADUATE	
	INDIANA RESIDENT	NON- RESIDENT	INDIANA RESIDENT	NON- RESIDENT
2000-01	\$3,329	\$7,939	\$3,334	\$7,358
2001-02	3,568	8,524	3,580	7,906
2002-03 ^{(1), (2)}	4,393	9,845	4,321	9,080
2003-04 ^{(1), (2)}	4,611	10,336	4,537	9,534
2004-05 ^{(1), (2)}	4,795	10,750	4,718	9,916

FORT WAYNE

ACADEMIC YEAR	UNDERGRADUATE		GRADUATE	
	INDIANA RESIDENT	NON- RESIDENT	INDIANA RESIDENT	NON- RESIDENT
2000-01	\$3,683	\$8,573	\$3,720	\$8,033
2001-02	3,959	9,219	4,000	8,638
2002-03 ⁽¹⁾	4,865	10,650	4,807	9,910
2003-04 ⁽¹⁾	5,108	11,556	5,048	10,752
2004-05 ⁽¹⁾	5,312	12,249	5,250	11,398

NORTH CENTRAL

ACADEMIC YEAR	UNDERGRADUATE		GRADUATE	
	INDIANA RESIDENT	NON- RESIDENT	INDIANA RESIDENT	NON- RESIDENT
2000-01	\$3,339	\$8,018	\$3,331	\$7,424
2001-02	3,590	8,619	3,582	7,982
2002-03 ⁽¹⁾	4,487	10,019	4,372	9,211
2003-04 ⁽¹⁾	4,712	10,871	4,590	9,995
2004-05 ⁽¹⁾	4,901	11,523	4,774	10,595

⁽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 Fee per academic year for undergraduates and graduates.

Student Enrollment

The University attracts students from a variety of backgrounds and geographical locations. The following table presents the University's headcount enrollment for the fall semester of the academic years 2000-01 through 2004-05.

ACADEMIC YEAR	WEST LAFAYETTE			REGIONAL CAMPUSES			STATEWIDE TECHNOLOGY	UNIVERSITY TOTAL
	CAMPUS							
	FULL- TIME	PART- TIME	TOTAL	FULL- TIME	PART- TIME	TOTAL		
2000-01	33,907	3,964	37,871	11,682	11,380	23,062	1,769	62,702
2001-02	34,442	3,766	38,208	12,277	11,460	23,737	1,661	63,606
2002-03	34,563	4,001	38,564	12,225	12,050	24,275	1,553	64,392
2003-04	34,867	3,980	38,847	13,255	11,152	24,407	1,526	64,780
2004-05	34,745	3,908	38,653	13,645	10,833	24,478	1,451	64,582

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

ACADEMIC YEAR	UNDERGRADUATE	GRADUATE & PROFESSIONAL	TOTAL	WEST LAFAYETTE	PURDUE SYSTEM
				FULL-TIME EQUIVALENT	FULL-TIME EQUIVALENT ⁽¹⁾
2000-01	30,899	6,972	37,871	36,594	52,158
2001-02	30,987	7,221	38,208	36,944	53,164
2002-03	30,908	7,656	38,564	37,168	53,693
2003-04	30,851	7,996	38,847	37,471	54,595
2004-05	30,747	7,906	38,653	37,281	54,641

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

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

Faculty and Employees

As of October, 2004, the University's faculty and staff aggregate total was 17,812. Of the total faculty, 59% hold tenured/tenure track appointments.

	West Lafayette	Regional & Statewide Technology	Total
Tenured/Tenure Track Faculty			
Academic, Associate and Assistant Deans	51	21	72
Academic Department Heads	60	48	108
Professors	736	122	858
Associate Professors	536	284	820
Assistant Professors	383	194	577
Instructors	1	11	12
Sub-Total of Tenured/Tenure Track Faculty	1,767	680	2,447

Non-Tenure Appointments			
Clinical/Professional	53	18	71
Continuing Lecturers	92	70	162
Limited-Term Lecturers	168	793	961
Visiting Faculty	144	68	212
Post Doctoral	283	2	285
Sub-Total of Non-Tenure Appointments	740	951	1,691
Adjunct Faculty			
Adjunct Faculty	246	40	286
Sub-Total of Adjunct Faculty	246	40	286
Graduate Student Staff			
Graduate Assistants	2,011	31	2,042
Graduate Research Assistants	2,231	8	2,239
Graduate Aids	0	158	158
Graduate Student Administrative	174	14	188
Sub-Total of Graduate Student Staff	4,416	211	4,627
Staff			
Administrative Staff	1,201	356	1,557
Operations Assistant	314	71	385
Professional Staff	1,756	104	1,860
Technical Assistant	170	32	202
Extension Educators	263	0	263
Clerical Staff	1,437	387	1,824
Service Staff	2,326	344	2,670
Sub-Total of Staff	7,467	1,294	8,761
GRAND TOTAL ALL STAFF	14,636	3,176	17,812

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

Facilities

Academic and Administrative Facilities: The University has 187 principal buildings used for academic instruction, research, athletics and administrative functions. These buildings are located on the University's four campuses and comprise 3,362 acres. The University, together with related foundations, also owns 14,256 acres of agricultural land throughout the state.

Libraries: The University Library System is made up of the Hicks Undergraduate Library and 14 departmental and school libraries with over 2,393,585 volumes, 1,400 electronic data files, and 20,509 serial titles. In addition to books and journals, the Library System has over 2,518,849 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 1,132,716 square feet of research laboratories located on its West Lafayette campus. In addition to the research laboratories for research within a department or school, there are many other specialized research facilities, some of an interdisciplinary nature.

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

The West Lafayette campus provided 11,432 spaces for students in 2004-05. There are 8,264 room and board spaces, 1,079 graduate housing room spaces, 1,076 single student apartments with food contract options, and 1,013 married student apartments. The Fort Wayne campus provided 568 spaces for students in 2004-05. In August 2004, 11,432, or 99.6%, were occupied on the West Lafayette campus and 495, or 87.9%, were occupied on the Fort Wayne campus.

The predominant rates for room and board for students at the West Lafayette campus for the 2004-05 academic year are \$6,822 with 20 meals per week, \$6,324 with 15 meals per week, and \$6,044 with 10 meals a week. For the 2005-06 academic year, the costs are \$7,160 with 20 meals per week, \$6,642 with 15 meals per week and \$6,350 with 10 meals per week. The housing rates at the Fort Wayne campus for the 2004-05 academic year range from \$399 to \$600 per month. For the 2005-06 academic year, the costs range from \$415 to \$630 per month. The housing rate at the Calumet campus for the 2005-06 academic year is \$399 per month.

Other Facilities: The University's other facilities include the Purdue University Airport, that provides public transportation facilities for the Greater Lafayette Area; the Edward C. Elliott Hall of Music, that seats 6,025 people; and the Slayter Center of the Performing Arts.

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. See "Appendix B" for complete financial information in the Corporation's audited financial statements for the fiscal years ended June 30, 2004, 2003, 2002 and 2001, from which a portion of the following information has been extracted.

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

Fiscal Year Ended June 30
(dollars in thousands)

	2004	2003	2002	2001 Restated⁽¹⁾
Operating Revenues				
Tuition and Fees	\$ 435,709	\$ 392,242	\$333,828	\$301,741
Less: Scholarship Allowance	(50,511)	(45,448)	(36,866)	(33,817)
Net Tuition and Fees	\$ 385,198	\$ 346,794	\$296,962	\$267,924
Federal Appropriations	15,223	13,912	14,770	15,726
County Appropriations	6,600	6,539	6,403	6,190
Grants and Contracts	244,090	212,251	192,820	173,844
Sales and Services	42,565	38,378	39,352	39,360
Auxiliary Enterprises (Net of Scholarship Allowance of \$5,033, \$4,393, \$4,257 and \$3,298 Respectively)	189,022	167,605	162,284	152,244
Other Operating Revenues	1,209	1,159	1,328	965
Total Operating Revenues	\$ 883,907	\$ 786,638	\$713,919	\$656,253
Operating Expense				
Compensation and Benefits	\$ 907,717	\$ 847,236	788,035	749,049
Supplies and Services	240,691	211,453	227,442	218,274
Depreciation Expense	75,301	67,123	67,482	64,692
Scholarships, Fellowships, and Student Awards	29,150	27,803	25,249	19,487
Total Operating Expenses	\$1,252,859	\$1,153,615	\$1,108,208	\$1,051,502
Net Operating Loss	(\$ 368,952)	(\$ 366,977)	(\$394,289)	(\$395,249)
Nonoperating Revenues (Expenses)				
State Appropriations	\$ 355,042	\$ 353,423	\$348,335	\$371,954
Private Gifts	81,302	68,764	97,164	81,947
Investment Income	106,554	48,252	(6,897)	35,854
Interest Expense	(21,412)	(18,415)	(17,448)	(18,006)
Other Nonoperating Revenues, Net	4,550	5,495	6,835	3,396
Total Nonoperating Revenues before Capital and Endowments	\$ 526,036	\$ 457,519	\$427,989	\$475,145
Capital and Endowments				
Capital State Appropriations	\$ 8,076	\$ -	\$ -	\$ -
Capital Gifts	28,348	15,279	47,746	48,421
Private Gifts for Permanent Endowments	30,116	9,825	9,829	8,513
Plant Assets Retired	(3,196)	(9,962)	(2,512)	(10,676)
Total Capital and Endowments	\$ 63,344	\$ 15,142	\$55,063	\$46,258
Total Nonoperating Revenues	\$ 589,380	\$ 472,661	483,052	521,403
Increase in Net Assets before Change in Accounting Policy	\$ 220,428	\$ 105,684	\$88,763	\$126,154
Cumulative Effect of Change in Accounting Policy				
Assets under Capitalization Level Written Off	-	-	-	(31,481)
Increase in Net Assets	\$ 220,428	\$ 105,684	\$88,763	\$94,673
Net Assets, Beginning of Year	2,015,050	1,909,366	\$1,820,603	\$1,725,930
Net Assets, End of Year	\$2,235,478	\$2,015,050	\$1,909,366	\$1,820,603

⁽¹⁾ Restated to reflect GASB 35.

State Appropriations

The Corporation receives a major portion of the revenues needed to sustain its educational and research activities from the State of Indiana, student fees and the federal government.

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

The State Appropriations received by the Corporation for the past five years, and the appropriations made for the current 2003-05 biennial years, 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						
1999	\$263,524	\$27,050	\$10,764	\$21,000	\$ 9,288	\$331,626
2000	278,409	30,194	11,610	24,891	11,920	357,024
2001	288,667	30,306	13,585	25,859	12,462	370,879
2002 ⁽¹⁾	268,786	28,736	-	23,956	-	321,478
2003 ⁽¹⁾	289,982	33,672	-	24,471	7,764	355,889
2004 ⁽¹⁾	301,792	28,359	4,153	24,741	-	359,045
Current						
2005 ⁽²⁾	311,128	22,899	4,153	24,780	-	362,960

⁽¹⁾ One-twelfth of the general operating appropriation was deferred and recorded as a receivable in the financial statements. Amount shown is the actual amount received in the fiscal year.

⁽²⁾ Budgeted.

Student Financial Aid

Total financial support for students amounted to approximately \$446.6 million for the fiscal year that ended June 30, 2004. A substantial portion of funds provided to students is derived from sources outside the Corporation. All programs furnished by the federal and state government are subject to appropriation and funding by the respective legislatures. There can be no assurance that the amounts of federal and state financial aid to students will be available in the future at the same levels and under the same terms and conditions as presently apply. Any changes in the availability of federal and state financial aid may affect the University's enrollment, but the impact of any such changes cannot be assessed at this time.

The following table summarizes the financial aid provided to students of the University from various sources for the year that ended June 30, 2004.

STUDENT FINANCIAL ASSISTANCE
Fiscal Year Ended June 30, 2004
(dollars in thousands)

	West Lafayette	Regional Campuses	University Total
Scholarships and Grants:			
University Scholarships	\$ 14,020	\$ 1,657	\$ 15,677
University Incentive Grant	2,513	0	2,513
Athletic Grant in Aid Awards	5,843	1,091	6,934
State Awards	15,777	10,917	26,694
Private Awards	10,060	1,896	11,956
Indiana Resident Top Scholars	1,814	0	1,814
Fellowships	8,785	39	8,824
Institutional Fee Remissions	14,221	1,055	15,276
Federal Grants	28,237	16,098	44,335
Total Scholarships and Grants	\$101,270	\$32,753	\$134,023
Loans:			
Federal Stafford Loans	\$ 74,519	\$43,005	\$117,524
Federal Parent Loans for Undergraduate Students	42,834	999	43,833
Federal Perkins and Health Professions Loans	5,964	899	6,863
Purdue Loans	2,816	0	2,816
Private Loans	22,882	1,095	23,977
Total Loans	\$149,015	\$45,998	\$195,013
Employment and Employment Related:			
Work-Study Salaries	\$ 1,531	\$ 610	\$ 2,141
Graduate Student Staff Salaries	66,462	1,575	68,037
Other Part-Time University Salaries	14,543	2,494	17,037
Employment Related Fee Remissions	27,469	1,089	28,558
Other Employment Related Awards	1,800	0	1,800
Total Employment Related	\$111,805	\$5,769	\$117,574
Total Student Financial Assistance	\$362,090	\$84,520	\$446,610

Endowment and Similar Funds

The Corporation's Endowment and Similar Funds include (1) endowment funds which are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity, the current income and capital appreciation of which are distributed at an annualized rate based on the market value of the endowment, either for donor-specified purposes or for general purposes of the University, and (2) funds functioning as endowments which represent expendable funds received which, by decision of the Board of Trustees of the Corporation, have been retained and invested for future use, in accordance with the donor's restrictions or at the discretion of the Board of Trustees. The market value figures at the end of each of the past five fiscal years are

shown below. These values are not pledged under the Indenture. The current spending policy for the endowment is 4.5% based on a 12 quarter rolling average.

FISCAL YEAR ENDED JUNE 30	MARKET VALUE
2000	\$685,062,303
2001	637,911,370
2002	576,339,255
2003	558,351,025
2004	611,088,073

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 fiscal year ended for each foundation is shown in the following table.

FOUNDATION	ASSET (BOOK) VALUE	INCOME	DISBURSED TO/FOR THE CORPORATION
Purdue Research Foundation	\$470,441,079	\$24,923,705	\$16,987,838
Ross-Ade Foundation	92,765,762	1,433,479	1,418,928
The Purdue Foundation, Inc.	2,744,657	31,205,791	31,205,791
Purdue Alumni Foundation	119,114,365	4,437,423	10,997,286
Indiana-Purdue Foundation at Fort Wayne	<u>8,877,701</u>	<u>1,157,230</u>	<u>987,602</u>
Total	\$693,943,564	\$63,157,628	\$61,597,445

Purdue Research Foundation: The Purdue Research Foundation is a nonprofit corporation that may accept gifts, administer trusts, acquire property, negotiate research contracts, and perform other services helpful to Purdue University. Its objectives are exclusively to aid the University. This Foundation developed the Purdue Research Park that provides a program for interaction between research and development activities of industry and the basic research of the University. This Foundation owns 7,381 acres of land, 5,247 acres of which is leased to Purdue University. Four members of the thirteen-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 nine member Board of Directors of this Foundation includes three members of the Board of Trustees of the Corporation.

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

Purdue Alumni Foundation: The Purdue Alumni Foundation was created in 1942 for the purpose of the solicitation and collection of gifts from alumni of Purdue University to be applied toward the student financial aid program. This Foundation is governed by five trustees, all of whom are chosen by the Purdue Alumni Association Board.

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 given land to these universities. The 15 member Board of Directors of this Foundation includes three members of the Board of Trustees of the Corporation.

Fund Raising Activity

The University has embarked on a comprehensive fund-raising effort to generate \$1.5 billion by 2007 in support of students, faculty, programs, and facilities. “The Campaign for Purdue” will fund more than 50 new buildings and renovation projects, affecting almost every campus, school and program in the University system. The campaign was officially announced on September 27, 2002, and has raised over \$1.1 billion toward the \$1.5 billion goal.

For the year ended June 30, 2004, the Corporation received approximately \$229.1 million in private support from individuals, corporations, foundations and other sources. Total gifts for the five years ended June 30, 2004, for the Corporation are shown in the following table.

TOTAL GIFT GIVING BY CATEGORY
Fiscal Year Ended June 30
(dollars in thousands)

	2004	2003	2002	2001	2000
Cash/Securities	\$127,591	\$ 75,328	\$ 93,073	\$ 95,065	\$ 59,801
Real Estate	504	444	21,205	551	108
Gifts-in-Kind	36,047	130,230	38,671	14,677	18,182
Irrevocable Deferred	14,501	15,103	11,051	20,442	10,192
Pledge Balances	50,429	90,526	70,334	43,201	25,077
Total	\$229,071	\$311,630	\$234,334	\$173,935	\$113,359

Grants and Contracts

Sponsored program expenditures for the 2003-2004 fiscal year were \$225.6 million, an increase of \$20.6 million, or greater than 10%, over previous year expenditures. Research project expenditures comprised 77% of the total 2003-2004 sponsored program expenditures. Departments with sponsored research program expenditures in excess of \$5 million were: Electrical and Computer Engineering, \$23.4 million; Biological Sciences, \$14.0 million; Civil Engineering, \$12.5 million; Mechanical Engineering, \$12.4 million; Chemistry, \$11.8 million; Medicinal Chemistry and Molecular Pharmacology, \$7.3 million; Physics, \$7.1 million; Computer Science, \$6.9 million; Agronomy, \$6.6 million; and Chemical Engineering, \$5.1 million. The percent of the research dollar that was expended for salaries decreased slightly to 39%. The percent for capital expenditures remained at 7%.

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

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Federal Sources					
Department of Health and Human Services	\$ 38,594	\$ 34,117	\$ 32,040	\$ 26,628	\$ 21,177
National Science Foundation	35,164	28,851	23,973	22,350	21,517
Department of Energy	10,133	10,280	8,475	8,530	10,283
Department of Defense	21,418	18,506	15,871	15,999	14,620
Department of Agriculture	17,565	14,259	11,022	9,872	9,922
Other Federal Agencies	23,736	25,627	18,279	14,720	14,545
Total Federal Sources	<u>\$146,610</u>	<u>\$131,640</u>	<u>\$109,660</u>	<u>\$ 98,099</u>	<u>\$ 92,064</u>
State of Indiana	24,299	23,306	24,039	18,134	14,118
Business and Foundations	46,359	40,523	35,716	34,909	34,612
Non-Profit Organizations	8,379	9,583	9,846	8,828	8,475
Total Non-Federal Sources	<u>\$ 79,037</u>	<u>\$ 73,412</u>	<u>\$ 69,601</u>	<u>\$ 61,871</u>	<u>\$ 57,205</u>
Total All Sources	<u>\$225,647</u>	<u>\$205,052</u>	<u>\$179,261</u>	<u>\$159,970</u>	<u>\$149,269</u>

Other Outstanding Indebtedness

The Corporation is authorized by various acts of the Indiana General Assembly to issue bonds for the purpose of financing construction of the student union buildings, academic and athletic facilities, dormitories, and qualified energy savings projects, among other purposes. The Corporation has never failed to pay punctually, and in full, all amounts due for principal and interest on any indebtedness. Total outstanding indebtedness of the Corporation, as of January 1, 2005, was \$492,673,592, and is summarized in the following table.

Title of Indebtedness	Final Maturity	Amount Outstanding as of September 15, 2004
Bank Note		
Athletic Facilities	2006	\$ 860,000 ⁽¹⁾
Qualified Energy Savings	2011	5,608,592 ⁽²⁾
Bonds Outstanding		
Student Fee Bonds, Series E	2007	6,500,000 ⁽³⁾
Student Fee Bonds, Series H	2015	10,600,000 ⁽³⁾
Student Fee Bonds, Series K	2020	16,800,000 ⁽³⁾
Student Fee Bonds, Series L	2020	14,700,000 ⁽³⁾
Student Fee Bonds, Series N	2014	39,635,000 ⁽³⁾
Student Fee Bonds, Series O	2019	28,820,000 ⁽³⁾
Student Fee Bonds, Series P	2017	47,860,000 ⁽³⁾
Student Fee Bonds, Series Q	2022	46,015,000 ⁽³⁾
Student Fee Bonds, Series R	2023	17,025,000 ⁽³⁾
Student Fee Bonds, Series S	2026	13,850,000 ⁽³⁾
Student Fee Bonds, Series T	2027	14,500,000 ⁽³⁾
Student Facilities System Revenue Bonds, Series 2003A	2028	91,525,000 ^{(1), (4)}
Student Facilities System Revenue Bonds, Series 2003B	2029	24,350,000 ^{(1), (4)}
Student Facilities System Revenue Bonds, Series 2004A	2033	28,100,000 ^{(1), (4)}
Leasehold Indebtedness		
Parking Facilities	2015-2016	22,300,000 ⁽⁴⁾
Ross-Ade Stadium Renovation	2027	<u>63,625,000⁽⁴⁾</u>
Total Outstanding Indebtedness		\$492,673,592
Refunded Indebtedness-Escrowed to Maturity or Call Date		
Building Facilities Fee Bonds	2009	\$ 7,425,000 ⁽⁵⁾
Dormitory Facilities Revenue Bonds, Series A - L	2008	2,393,000 ⁽⁵⁾
Student Fee Bonds, Series M	2006	<u>47,947,500⁽⁵⁾</u>
Total Refunded Bonds		\$ 57,765,500

⁽¹⁾ Secured by a pledge of the Net Income of the designated Auxiliary Enterprise.

⁽²⁾ Payable from the energy savings projects financed by the borrowings.

⁽³⁾ Secured by a pledge of Student Fees.

⁽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 18,370 acres of land and 845 buildings. The buildings, together with equipment and furnishings, were valued at an estimated replacement cost of \$2.9 billion as of June 30, 2003. The following table sets forth the increase in net plant investment for the five years ended June 30, 2000 through 2004. 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
2000	\$1,572,605,952	\$713,917,223	\$858,688,729
2001	1,555,654,668	694,013,824	861,640,845
2002	1,681,248,948	747,276,201	933,972,747
2003	1,836,761,164	793,451,993	1,043,309,171
2004	2,016,220,987	848,357,941	1,167,863,046

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 fund balance, at June 30, 2004, was \$14.5 million.

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 \$602 million. Coverage for the Student Facilities System and Purdue Memorial Union is based on an annual estimate of income and payroll. The values from these areas are included in the number above. A \$250,000 deductible applies per occurrence and is funded by the Corporation's Insurance Services Enterprise.

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

Capital Programs

The Corporation has an on-going capital improvement program consisting of new construction and the renovation of existing facilities. Capital improvement projects are expected to be funded from a variety of sources, including gifts, state appropriations, bond financing, and Corporation funds. Major construction in process includes the construction of a housing facility on the Calumet Campus and the Cary Quadrangle and Food Service consolidation and renovation projects.

The University has also begun the construction of Discovery Park, a \$100 million research and education complex on the West Lafayette campus that will integrate science, technology, engineering and management. Initially, four major centers are planned for the park: the Bindley Biosciences Center - \$15 million; Birck Nanotechnology Center - \$56.4 million; Burton D. Morgan Center for Entrepreneurship - \$7 million; and the e-Enterprises Center - \$10 million. These facilities will be primarily funded from private donations to the University. Of the four facilities, the Burton D. Morgan Center for Entrepreneurship has been completed, and the Bindley Biosciences Center and Birck Nanotechnology Center are currently under construction.

Retirement Plans

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

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

APPENDIX C

**FORM OF APPROVING OPINION
OF BOND COUNSEL**

FORM OF APPROVING OPINION OF BOND COUNSEL

Upon delivery of the Series 2005A Bonds in definitive form, Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, proposes to render the following opinion with respect to the Series 2005A Bonds substantially in the form set forth below.

February 23, 2005

The Trustees of Purdue University
West Lafayette, Indiana

Re: The Trustees of Purdue University
Purdue University Student Facilities System Revenue Bonds, Series 2005A (Adjustable Demand)

Ladies and Gentlemen:

We have acted as bond counsel to The Trustees of Purdue University (the "Issuer") in connection with the issuance by the Issuer of \$24,200,000 aggregate principal amount of its Purdue University Student Facilities System Revenue Bonds, Series 2005A (Adjustable Demand), dated February 23, 2005 (the "Bonds"), pursuant to Indiana Code 20-12-8, 20-12-9 and 20-12-9.5, each as amended to date, certain resolutions adopted by the Board of Trustees of the Issuer on November 12, 1999, September 1, 2000, September 13, 2002, and February 6, 2004, and the Finance Committee of the Board of Trustees of the Issuer on February 10, 2005 (the "Resolutions"), and an Indenture of Trust between the Issuer and J.P. Morgan Trust Company, National Association (successor in interest to Bank One Trust Company, National Association), as trustee (the "Trustee"), dated as of January 1, 2003, as supplemented and amended to date and as supplemented by a Fourth Supplemental Indenture between the Issuer and the Trustee, dated as of February 1, 2005 (such Indenture of Trust, as so supplemented and amended and as supplemented by such Fourth Supplemental Indenture, the "Indenture"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

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

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

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

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

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

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

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

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated February 22, 2005, or any other offering material relating to the Bonds, and we express no opinion relating thereto.

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

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

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

Very truly yours,

APPENDIX D
SUMMARY OF CONTINUING DISCLOSURE
UNDERTAKING AGREEMENT

APPENDIX D

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the “Rule”), the Corporation entered into a Continuing Disclosure Undertaking Agreement, dated as of July 1, 1996, as previously supplemented, to be further supplemented by a Thirteenth Supplement to Continuing Disclosure Undertaking Agreement, dated as of the date of issuance of the Series 2005A Bonds (collectively, the “Undertaking”), with J.P. Morgan Trust Company, National Association (successor in interest to Bank One Trust Company, National Association), as counterparty (the “Counterparty”). Pursuant to the terms of the Undertaking, the Corporation will agree to provide the following information while any of the Series 2005A Bonds are Outstanding:

- Audited Financial Statements. To each nationally recognized municipal securities information repository (a “NRMSIR”) then in existence and to the Indiana state information depository then in existence, if any (the “SID”), when and if available, the audited financial statements of the Corporation for each fiscal year, beginning with the fiscal year ending June 30, 2005, together with the auditor’s report and all notes thereto; and
- Financial Information in Official Statement. To each NRMSIR then in existence and to the SID, within 180 days of the close of the Corporation’s fiscal year, beginning with the fiscal year ending June 30, 2005, annual financial information of the Corporation for such fiscal year, other than the audited financial statements described above, including (i) unaudited financial statements of the Corporation if audited financial statements are not available and (ii) operating data (excluding any demographic information or forecasts) of the general type provided under the following headings in this Official Statement and Appendix A hereto (collectively, the “Annual Information”); provided, however, that the updating information may be provided in such format as the Corporation deems appropriate:

ANNUAL DEBT SERVICE REQUIREMENT

(Total Debt Service Column Only)

FACILITIES AND SYSTEM

APPENDIX A

- Student Admissions
- Tuition and Fees
- Student Enrollment
- Financial Operations of the Corporation
- State Appropriations
- Student Financial Aid
- Endowment and Similar Funds
- Event Notices. In a timely manner, to each NRMSIR or to the Municipal Securities Rulemaking Board (the “MSRB”), and to the SID, notice of the occurrence of any of the following events with respect to the Series 2005A Bonds, if material (which determination of materiality will be made by the Corporation in accordance with the standards established by federal securities laws):

- principal and interest payment delinquencies;
 - non-payment related defaults;
 - unscheduled draws on debt service reserves reflecting financial difficulties;
 - unscheduled draws on credit enhancements reflecting financial difficulties;
 - substitution of credit or liquidity providers, or their failure to perform;
 - adverse tax opinions or events affecting the tax-exempt status of the Series 2005A Bonds;
 - modifications to the rights of owners of the Series 2005A Bonds;
 - Series 2005A Bond calls;
 - defeasances;
 - release, substitution or sale of property securing repayment of the Series 2005A Bonds; and
 - rating changes
- Failure to Disclose. In a timely manner, to each NRMSIR or to the MSRB, and to the SID, notice of the Corporation's failing to provide the Annual Information as required by the Undertaking.

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

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

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

Remedy. The sole remedy against the Corporation for any failure to carry out any provision of the Undertaking will be for specific performance of the Corporation's disclosure obligations under the Undertaking and not for money damages of any kind or in any amount or for any other remedy. The Corporation's failure to honor its covenants thereunder will not constitute a breach or default of the Series 2005A Bonds, the Indenture or any other agreement to which the Corporation is a party.

In the event the Corporation fails to provide any information required of it by the terms of the Undertaking, any holder or beneficial owner of Series 2005A Bonds may pursue the remedy set forth above in any court of competent jurisdiction in the State of Indiana. Any challenge to the adequacy of the information provided by the Corporation by the terms of the Undertaking may be pursued only by holders or beneficial owners of not less than 25% in principal amount of Series 2005A Bonds then Outstanding in any court of competent jurisdiction in the State of Indiana. An affidavit to the effect that such persons are holders or beneficial owners of Series 2005A Bonds supported by reasonable documentation of such claim will be sufficient to evidence standing to pursue the remedy

set forth above. The Counterparty, upon satisfactory indemnification and demand by those persons it reasonably believes to be holders or beneficial owners of Series 2005A Bonds, may also pursue the remedy of specific performance set forth above in any court of competent jurisdiction in the State of Indiana. The Counterparty will have no obligation to pursue any remedial action in the absence of a valid demand from holders or beneficial owners of Series 2005A Bonds and satisfactory indemnification.

Prior to pursuing any remedy for any breach of any obligation under the Undertaking, a holder or beneficial owner of Series 2005A Bonds must give notice to the Corporation, by registered or certified mail, of such breach and its intent to pursue such remedy. Thirty days after the receipt of such notice, or upon earlier response from the Corporation to the notice indicating continued noncompliance, such remedy may be pursued under the Undertaking if and to the extent the Corporation has failed to cure such breach.

Modification of Undertaking. The Corporation and the Counterparty may, from time to time, amend or modify the Undertaking without the consent of or notice to the owners of the Series 2005A Bonds if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Corporation, or type of business conducted, (ii) the Undertaking, as so amended or modified, would have complied with the requirements of the Rule on the date thereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests of the holders of the Series 2005A Bonds, as determined either by (A) any person selected by the Corporation that is unaffiliated with the Corporation (including the Counterparty or the trustee under the Indenture, or nationally recognized bond counsel) or (B) an approving vote of the holders of a majority of Outstanding Series 2005A Bonds as required under the Indenture at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the Rule, as then in effect,

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