• UNIVERSITY FINANCES

• ENDOWMENT PERFORMANCE

• BUSINESS PROCESS RE-ENGINEERING (“BPR”)
• UNIVERSITY FINANCES

• ENDOWMENT PERFORMANCE

• BUSINESS PROCESS RE-ENGINEERING ("BPR")
STATEMENT OF NET POSITION

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$5.4</td>
<td>$5.7</td>
<td>$5.9</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$1.2</td>
<td>$1.4</td>
<td>$1.5</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$4.2</td>
<td>$4.3</td>
<td>$4.4</td>
</tr>
</tbody>
</table>
CREDIT RATINGS

MOODY’S – Aaa
STANDARD & POORS – AAA

ONE OF ONLY 6 PUBLIC UNIVERSITIES WITH HIGHEST RATING FROM BOTH AGENCIES
## FINANCIAL OPERATIONS

### Fiscal Year Ended June 30
(dollars in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
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<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Tuition and Fees</td>
<td>$766,802</td>
<td>$747,513</td>
<td>$727,256</td>
<td>$730,250</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>1,341,279</td>
<td>1,378,114</td>
<td>1,585,978</td>
<td>1,408,870</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>$2,108,081</td>
<td>$2,125,627</td>
<td>$2,313,234</td>
<td>$2,139,120</td>
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<tr>
<td><strong>Operating Expenses</strong></td>
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<td>$1,919,679</td>
<td>$1,930,823</td>
<td>$1,911,644</td>
</tr>
<tr>
<td><strong>Increase in Net Assets</strong></td>
<td>$106,189</td>
<td>$205,948</td>
<td>$382,411</td>
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</tr>
<tr>
<td>Investment Income Adjustment</td>
<td>21,617</td>
<td>(58,858)</td>
<td>(280,979)</td>
<td>(150,321)</td>
</tr>
<tr>
<td><strong>Increase in Net Assets from Operations</strong></td>
<td>$127,806</td>
<td>$147,090</td>
<td>$101,432</td>
<td>$77,155</td>
</tr>
<tr>
<td>Category</td>
<td>Nonrecurring</td>
<td>Recurring</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------------</td>
<td>--------------------</td>
<td>-------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer Science</td>
<td>$2,142,190</td>
<td>$2,553,461</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering Expansion</td>
<td>$60,000,000</td>
<td>$36,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life Science Pillars</td>
<td>$29,135,713</td>
<td>$843,600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IMPACT</td>
<td>$6,276,966</td>
<td>$1,155,402</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant Science</td>
<td>$28,025,000</td>
<td>$1,550,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purdue Polytechnic Institute</td>
<td>$23,473,934</td>
<td>$9,808,316</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drug Discovery</td>
<td>$29,707,434</td>
<td>$2,012,645</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$178,761,237</strong></td>
<td><strong>$53,923,424</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FACULTY HEADCOUNT 2014 to 2017

Faculty & Instructors: ↑ 375 or 12%
- Post Doc: +100
- Tenure / T. Track: +114
- Visiting: +71
- Clinical/Prof: +71
- Lecturers: +71
- Research: -1
- Adjunct: +17

% of Instructors Tenured or on Tenure Track

<table>
<thead>
<tr>
<th>University</th>
<th>Rank</th>
<th>Tenure or Tenure Track</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAU Public University</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nebraska</td>
<td>1</td>
<td>76%</td>
</tr>
<tr>
<td>Georgia Tech</td>
<td>2</td>
<td>75%</td>
</tr>
<tr>
<td>Purdue</td>
<td>3</td>
<td>75%</td>
</tr>
<tr>
<td>UC Santa Barbara</td>
<td>4</td>
<td>73%</td>
</tr>
<tr>
<td>IU Bloomington</td>
<td>14</td>
<td>58%</td>
</tr>
</tbody>
</table>
ANOTHER RECORD YEAR

2016 INCOMING CLASS VS. 2013 INCOMING CLASS

+17,500 Applicants
+900 Freshman
+10% Hoosiers
+24% Underrepresented Minorities
-5% International Students

Top Indiana Academic Profile & Improving
LESS LOAN DEBT

- Undergraduate Loan Debt
- Per Undergraduate


$0 $1,000 $2,000 $3,000 $4,000 $5,000 $6,000

$146 $5,700 $183 $5,257 $164 $4,726 $144 $4,325 $131 $4,118 $128

$100 $110 $120 $130 $140 $150 $160 $170 $180 $190 $200

Millions of Loan $
TUITION FREEZE IMPACT

• Foregone Tuition Revenue FY14-FY17: $70M Recurring (assuming 2.5% tuition increase)

• Investments in Purdue Moves: $54M Recurring

• Total $125M Recurring

• Funded by:
  $57M  Realistic Tuition Budgeting
  $20M  Unit Contributions to Student Affordability Account (majority from admin areas)
  $12M  UDO Transition to Self Funded Model
  $18M  Student Mix / Growth
  $  5M  Increased Interest from PIPC
  $  9M  Medical Savings/Cost Avoidance
  $  4M  Other Revenue Streams
  $  0-  Unit Budget Reductions
  $125M
• UNIVERSITY FINANCES

• ENDOWMENT PERFORMANCE

• BUSINESS PROCESS RE-ENGINEERING ("BPR")
PURDUE ENDOWMENT RETURNS

Annual Returns

5 Year Annualized Returns

-20.0% -15.0% -10.0% -5.0% 0.0% 5.0% 10.0% 15.0% 20.0%


7.1% 7.0% 6.1% 4.0% 4.5% 5.0% 5.5% 6.0% 6.5% 7.0% 7.5%

Purdue Endowment Custom Benchmark 60/40 Global Agg

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TOPICS

- UNIVERSITY FINANCES
- ENDOWMENT PERFORMANCE
- BUSINESS PROCESS RE-ENGINEERING ("BPR")
To create a world-class administrative foundation worthy of a world-class institution
• Ineffective and inefficient business processes

• SAP structural impediments
FOCUS

TOTAL BUSINESS PROCESS RE-ENGINEERING

Human Capital Management
Implement a technology-enabled and automated system

Enterprise Asset Management
Consolidate systems and increase functionality

General Ledger
Optimize financial structures, analysis and reporting
END GAME

Time Spent

TODAY

Compiling
Reconciling
Reviewing
Approving

Strategic
Thinking

PROJECT COMPLETION

Computational
Work

Strategic
Thinking

Analyzing

Decision-Making