

UNIVERSITY OF DELAWARE
ANNUAL DISCLOSURE INFORMATION – SERIES 1997 AND 2004A BONDS

PROJECT FACILITIES

The University of Delaware's housing system accommodates approximately 7,200 students in 61 dormitory buildings and several special interest housing units at the main campus in Newark, Delaware. This represents approximately 45% of the total number of undergraduate students attending the University at the main campus. Freshmen are required to live in University housing and agreements are enforced for the entire academic year.

The University's main campus in Newark offers students numerous dining hall, snack bar, restaurant and convenience store facilities with a combined seating capacity of approximately 2,500. During the 2003-04 academic year, approximately 7,900 students will have some type of meal contract.

ABSENCE OF MATERIAL LITIGATION

There is no litigation of any nature pending or, to the knowledge of the University, threatened against the University at the date of this Disclosure Report which would have a material adverse effect on the University, its operations or the Pledged Revenues.

FACULTY AND STAFF

The University faculty and staff consist of approximately 3,685 full-time and 215 part-time employees. Members of the University of Delaware's instructional staff for Fall 2004 total 1,070 full-time members: 363 professors; 308 associate professors; 285 assistant professors; 113 instructors and 1 lecturer. Approximately 80% of the University's full-time faculty is tenured.

The University faculty is represented by the American Association of University Professors, the contract with which terminates June 30, 2005. The maintenance and service employees are represented by the American Federation of State, County, and Municipal Employees, the contract with which terminates December 31, 2005.

ENROLLMENT SUMMARY - FTE

<u>Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
2004-05	15,903	2,811	18,714
2003-04	15,697	2,696	18,393
2002-03	15,670	2,627	18,297
2001-02	15,525	2,428	17,953
2000-01	15,247	2,425	17,672

STUDENT ADMISSIONS

<u>Year</u>	<u>Applications</u>	<u>Offered Admission</u>	<u>Offer Rate</u>	<u>Accepted Admission</u>	<u>Yield Rate</u>
Fall-04	22,208	9,999	45.0	3,458	34.6
Fall-03	22,023	9,235	41.9	3,450	37.4
Fall-02	20,365	9,669	47.5	3,420	35.4
Fall-01	18,209	9,581	52.6	3,379	35.3
Fall-00	18,447	8,802	47.7	3,151	35.8

STUDENT TUITION AND FEES, 2004-05 ACADEMIC YEAR

	<u>State Resident (\$)</u>	<u>Out-of-State Resident (\$)</u>
University of Delaware	6,954	16,640
Pennsylvania State University	10,856	20,784
Rutgers University	8,564	15,599
University of Maryland	7,540	18,840
University of Virginia	6,600	22,641
Virginia Polytechnic University	5,838	16,531

SOURCES OF FINANCIAL AID

<u>Year</u>	<u>Institutionally Funded (\$)</u>	<u>Other Sources (\$)</u>	<u>Total Aid Awarded (\$)</u>
2003-04	35,696,240	71,755,410	107,451,650
2002-03	33,834,075	62,948,763	96,782,838
2001-02	32,408,745	56,616,347	89,025,092
2000-01	29,885,184	51,296,639	81,181,823
1999-00	28,036,661	48,161,781	76,198,442

STATE SUPPORT

<u>Year</u>	<u>Operating Appropriation (Received) \$</u>	<u>Capital Appropriation (Original) \$</u>
2003-04	103,876,300	4,100,000
2002-03	101,614,000	3,500,000
2001-02	100,019,500	5,750,000
2000-01	100,252,800	8,000,000
1999-00	94,279,933	8,500,000

FEDERAL SUPPORT

<u>Year</u>	<u>Operations (\$)</u>	<u>Contracts & Grants (\$)</u>	<u>Total (\$)</u>
2003-04	2,849,752	78,474,294	81,324,046
2002-03	3,027,518	70,625,772	73,653,290
2001-02	2,926,537	57,466,843	60,393,380
2000-01	3,050,091	59,038,493	62,088,584
1999-00	3,422,595	49,973,044	53,395,639

ENDOWMENT FUNDS NET ASSETS AND EARNINGS

<u>Year Ended June 30</u>	<u>University Held Market Value (\$)</u>	<u>Funds Held in Trust by Others Market Value (\$)</u>	<u>Spending Distribution</u>
2004	835,125,000	62,891,000	40,343,000
2003	721,391,000	58,762,000	38,685,000
2002	713,565,000	59,360,000	38,223,000
2001	760,366,000	66,140,000	34,211,000
2000	750,635,000	69,349,000	30,489,000

GIFTS RECORDED

<u>Year</u>	<u>Amount (\$)</u>
2003-04	42,006,447
2002-03	31,906,445
2001-02	36,692,316
2000-01	40,293,525
1999-00	42,583,736

INVESTMENT IN PHYSICAL PLANT (\$ thousands)

<u>Category</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Land & Improvements	26,690	34,219	35,790	36,597	37,404
Buildings	646,364	691,165	737,491	769,982	811,934
Equipment & Furnishings	<u>206,926</u>	<u>218,549</u>	<u>236,569</u>	<u>247,880</u>	<u>263,972</u>
	879,980	943,933	1,009,850	1,054,459	1,113,310

OUTSTANDING INDEBTEDNESS

<u>Obligation</u>	<u>Interest Rate(s)</u>	<u>Original Par Amount (\$)</u>	<u>Outstanding Par Amount 2004(\$)</u>	<u>Final Maturity</u>
Series 1997 Revenue Bonds	5.00%-5.375%	15,500,000	15,500,000	2022
Series 1998 Revenue Bonds	5.00%	31,300,000	31,300,000	2023
Series 2001A Revenue Bonds	<12.00%	25,610,000	25,220,000	2018
Series 2001B Revenue Bonds	<12.00%	21,200,000	20,600,000	2026
Series 2004A Revenue Bonds	2.00%-5.00%	12,070,000	12,070,000	2010
Series 2004B Revenue Bonds	<12.00%	40,835,000	40,835,000	2034
Blue Hen Hotel LLC Bonds	<18.00%	11,500,000	11,500,000	2027
Notes	Various	<u>NA</u>	<u>534,000</u>	2018
TOTAL		158,015,000	157,559,000	

Debt Service Coverage

The following four pages present the debt service coverage ratio calculated as described in the most recent Official Statements for each Fiscal Year shown with the modification hereinafter described. This presentation assumes existing interest rate exchange agreements (SWAPS) are not terminated and continue in effect for the life of the bond issues.

In the most recent official statement the Maximum Annual Debt Service for each year was based on the bonds outstanding at the end of that year only. In the revised presentation attached, Maximum Annual Debt Service for each year shown is based on all bonds outstanding as of the current date.

The University anticipates additional bond offerings over the next fiscal year. One issue in the approximate amount of \$37 million would finance the demolition of, and replacement construction for a dormitory complex. A second issue for approximately \$12.9 million will refund outstanding series 1993 Bonds.

DEBT SERVICE COVERAGE

Gross Revenue Coverage

<u>Revenue Source</u>	<u>2001</u> \$	<u>2002</u> \$	<u>2003</u> \$	<u>2004</u> \$	<u>2005 (1)</u> \$
Housing	24,903,736	25,688,355	27,116,691	28,072,337	29,672,200
Dining	21,998,891	22,768,859	23,775,675	25,130,359	25,775,700
Student Health Fee	5,363,500	5,751,051	6,247,826	6,684,331	6,885,400
Ice Arena	1,389,087	1,485,062	1,499,350	1,492,840	1,575,200
Parking	3,516,753	3,588,983	4,022,881	4,169,046	4,030,200
Student Center Fee	1,804,895	1,918,167	2,281,729	2,614,373	2,794,500
Bookstore	924,521	939,926	626,364	551,863	550,000
Gross Revenues	59,901,383	62,140,403	65,570,516	68,715,149	71,283,200
Debt Service Coverage: (Maximum Annual Debt Service \$11,359,527)	527.32%	547.03%	577.23%	604.91%	627.52%

Net Revenue Coverage

	<u>2001</u> \$	<u>2002</u> \$	<u>2003</u> \$	<u>2004</u> \$	<u>2005 (1)</u> \$
<u>Gross Revenues</u>	59,901,383	62,140,403	65,570,516	68,715,149	71,283,200
<u>Expenditures:</u>					
Housing	15,345,694	15,237,993	15,640,515	15,792,797	16,229,411
Dining	19,654,795	20,625,909	21,819,151	22,666,182	23,278,997
Health	4,629,169	4,983,968	5,634,048	5,823,412	6,425,857
Ice Arena	1,430,895	1,297,162	1,164,638	1,166,096	1,183,775
Parking	1,024,023	946,510	1,523,475	1,262,745	1,207,646
Student Center	716,254	717,106	678,775	763,353	787,088
Bookstore	171,555	180,125	147,220	141,287	151,800
Gross Expenditures	42,972,385	43,988,773	46,607,822	47,615,872	49,264,574
Net Revenues	16,928,998	18,151,630	18,962,694	21,099,277	22,018,626
Debt Service Coverage: (Maximum Annual Debt Service \$11,359,527)	149.03%	159.79%	166.93%	185.74%	193.83%

(1) Estimated

This Section From Series 2004A Official Statement

Debt Service Requirements

The following table sets forth, for each of the periods indicated, the estimated amount required in such period to be made available for debt service after the issuance of the Series 2004 Bonds based upon the following calculations and assumptions for each issue:

- Debt service on the Series 1993 Bonds being refunded is excluded from the table.
- Debt service on the Series 1997 Bonds is based upon the actual fixed rates of interest and amortization requirements for such Series.
- Debt service on the Series 1998 Bonds is calculated assuming a 4.70% interest rate (excluding the cost of remarketing and liquidity) based on an existing BMA-based interest rate exchange agreement (“1998 Swap”) and assuming amortization of the balloon principal payment due in November, 2023 during the years 2005 to 2022 inclusive in annual amounts ranging from \$700,000 to \$3,000,000. The 1998 Swap is terminable at the option of the Counterparty beginning in August 1, 2008; in the event of any such termination, interest on the Series 1998 Bonds, which accrues at a variable rate, could exceed the amounts included in the following table. The University has no legal obligation to retire any Series 1998 Bonds prior to their maturity in 2023.
- Debt service on the Series 2001A Bonds is calculated assuming a 4.15% interest rate (excluding the cost of remarketing and liquidity) based on an existing BMA-based interest rate exchange agreement (“2001A Swap”) and principal amortization based on the mandatory redemption requirements of the Series 2001A Bonds. The 2001A Swap is terminable at the option of the Counterparty beginning May, 2004; in the event of any such termination, interest on the Series 2001A Bonds, which accrues at a variable rate, could exceed the amounts included in the following table.
- Debt service on the Series 2001B Bonds is calculated assuming a 4.05% interest rate (excluding the cost of remarketing and liquidity) based on an existing BMA-based interest rate exchange agreement (“2001B Swap”) and principal amortization based on assumed amortization of the balloon principal payment due in November, 2026 during the years 2003 to 2026, inclusive, in annual amounts ranging from \$100,000 to \$1,500,000. The 2001B Swap is terminable at the option of the Counterparty beginning July 1, 2008; in the event of any such termination, interest on the Series 2001B Bonds, which accrues at a variable rate, could exceed the amounts included in the following table. The University has no legal obligation to retire any Series 2001B Bonds prior to their maturity in 2026.

This Section From Series 2004A Official Statement

- Debt service on the Series 2004A Bonds is based upon the actual fixed rates of interest and the amortization requirements for such bonds. Debt service on the Series 2004B Bonds is calculated based on an assumed interest rate of 3.25% per annum, and assuming principal amortization as shown in the following table. The assumed interest rate (excluding the cost of remarketing and liquidity) is based on an existing interest rate exchange agreement (“2004B Swap”). Under the 2004B Swap, the University receives a variable rate equal to 67% of LIBOR which may not be sufficient to provide for the payment of the variable rate which the University must pay on the Series 2004B Bonds. If such amounts are insufficient, the University’s debt service costs for the Series 2004B Bonds will exceed the amount shown in the following table. The University has no legal obligation to retire any Series 2004B Bonds prior to their stated maturity date of November 1, 2034.

Copied from Series 2004 A Official Statement

Fiscal Year Ending June 30	Debt Service on Outstanding Bonds (Series 1997, 1998, 2001A and 2001 B)	Debt Service on Series 2004A Bonds		Debt Service on Series 2004B Bonds		Total Debt Service Requirements After Issuance of Series 2004 Bonds
		Principal	Interest	Principal	Interest	
2004	\$7,679,665				\$195,384	\$7,875,039
2005	7,076,027	\$1,185,000	\$357,426		1,327,137	9,945,590
2006	7,151,278	1,230,000	311,100		1,327,137	10,019,516
2007	7,118,968	1,245,000	286,350		1,327,137	9,977,455
2008	7,120,610	2,060,000	253,300		1,327,137	10,761,047
2009	7,135,601	2,105,000	211,650		1,327,137	10,779,389
2010	7,126,684	2,165,000	147,300		1,327,137	10,766,122
2011	7,160,137	2,080,000	52,000		1,327,137	10,619,274
2012	8,860,179			\$1,115,000	1,305,999	11,281,178
2013	8,940,429			1,150,000	1,269,098	11,359,527
2014	8,791,236			1,190,000	1,230,965	11,212,201
2015	8,827,675			1,235,000	1,191,436	11,254,112
2016	6,749,328			1,275,000	1,150,541	9,174,869
2017	6,788,259			1,320,000	1,108,250	9,216,509
2018	6,732,159			1,365,000	1,064,497	9,161,656
2019	6,785,006			1,415,000	1,019,186	9,219,192
2020	4,575,118			1,465,000	972,251	7,012,369
2021	4,596,946			1,520,000	923,596	7,040,542
2022	4,530,770			1,570,000	873,248	6,974,018
2023	4,559,436			1,630,000	821,085	7,010,521
2024	3,302,295			1,680,000	767,163	5,749,457
2025	1,489,407			1,745,000	711,330	3,945,737
2026	1,500,121			1,800,000	653,575	3,953,696
2027	1,520,805			1,865,000	593,843	3,979,648
2028				1,930,000	531,998	2,461,998
2029				2,000,000	467,946	2,467,946
2030				2,070,000	401,619	2,471,619
2031				2,145,000	332,922	2,477,922
2032				2,220,000	261,788	2,481,788
2033				2,295,000	188,216	2,483,216
2034				2,375,000	112,111	2,487,111
2035				2,460,000	33,313	2,493,313

January 21, 2005

UNIVERSITY OF DELAWARE
Interest Rate Swaps

The University of Delaware (UD) has entered into three interest rate SWAP agreements with Morgan Guarantee Trust (MGT). One issued in connection with the Series 1998 Bonds has MGT paying UD the BMA rate and UD paying MGT a fixed rate of 4.70% on a value of \$31,000,000, declining concurrently with bond maturities. MGT has the option of terminating this SWAP agreement at any time after ten years if BMA exceeds 7.75% for any rolling consecutive 12-week period.

The second agreement issued in connection with the Series 2001A Bonds has MGT paying the UD the BMA rate and the UD paying MGT a fixed rate of 4.15% on a value of \$25,610,000, declining concurrently with the bond retirement schedule. MGT has the option of terminating this SWAP agreement after May 1, 2004 or any day that the daily weighted of BMA for any immediately preceding rolling 180 day period (after October 31, 2003) exceeds 7.00% per annum.

The third agreement issued in connection with the Series 2001B Bonds has MGT paying the UD the BMA rate and the UD paying MGT a fixed rate of 4.05% on a value of \$21,200,000, declining concurrently with the bond retirement schedule, as published in the Official Statement. MGT has the option of terminating this SWAP agreement after May 1, 2006 or any day that the daily weighted of BMA for any immediately preceding rolling 180 day period (on or after May 1, 2007) exceeds 7.00% per annum.

The UD has also entered into three interest rate SWAP agreements with Morgan Stanley Capital Services, INC. (MSCS).

The first, issued in connection with the Series 2004 B has MSCS paying UD 67% of the US\$ one month LIBOR and the UD Paying MSCS a fixed rate of 3.25%, declining concurrently with the bond retirement schedule, as published in the Official Statement.

The second and third interest rate exchange agreements with MSCS are forward SWAPS, issued on July 30, 2004. The second, issued in the amount of \$37,000,000 and an effective date of June 28, 2005, has MSCS paying UD 67% of US\$ one month LIBOR and the UD paying MSCS 3.86%. The third was also issued on July 30, 2004, with an effective date of July 14, 2005 and in the amount of \$12,945,000. MSCS will pay UD 67% of US\$, one month LIBOR and UD will pay a 3.75% fixed rate to MSCS. The national amounts declined based on a schedule expected to coincide with the national amounts of a Series 2005 A and B planned for issue in June and July, 2005.

There is also an interest rate SWAP agreement related to the Blue Hen Hotel LLC bonds which are payable by the LLC, but are guaranteed by the University. This agreement, with PNC Bank, has PNC paying the LLC the USD one month LIBOR rate

and the LLC paying PNC a fixed rate of 5.5% on a value of \$11,500,000, declining concurrently with the bond redemption schedule contemplated for the bonds at the time of issue. PNC has the option of terminating the SWAP agreement on any reset date from March 1, 2007 up to and including August 1, 2027 if USD-LIBOR-BAA-one month rate equals or exceeds 9.00% on a rolling daily average over the previous six months.

Obligations Under Capital Leases

The University has obligations under capital leases that amounted to \$10,221,000 and \$10,913,000 as of June 30, 2004 and 2003, respectively. The majority of the University's obligation at June 30, 2004 (\$10,193,000) was a building lease with Delaware Technology Park for the Delaware Biotechnology Institute, a unit of the University. The lease consists of annual lease payments ranging from \$345,000 to \$935,000 to be paid over a 20 year term. Other leases are related to computer hardware and software.