

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

PROJECT FACILITIES

The University of Delaware's housing system accommodates approximately 7,300 students in 55 dormitory buildings and several special interest housing units at the main campus in Newark, Delaware. This represents approximately 46% 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 2005-06 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 3,743 full-time and 222 part-time employees. Members of the University of Delaware's instructional staff for Fall 2005 total 1,077 full-time members: 356 professors; 315 associate professors; 287 assistant professors; 118 instructors and 1 lecturer. Approximately 77% 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, 2008. The maintenance and service employees are represented by two locals of the American Federation of State, County, and Municipal Employees, the contract with which terminates December 31, 2005. Negotiations are continuing and expected to result in new 3 year contracts in the new future. The uniformed officers of the Department of Public Safety are represented by Fraternal Order of Police, the contract with which terminates June 30, 2008.

ENROLLMENT SUMMARY - FTE

<u>Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
2005-06	15,740	2,813	18,553
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

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-05	21,617	10,256	47.4	3,522	34.3
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

STUDENT TUITION AND FEES, 2005-06 ACADEMIC YEAR

	<u>State Resident (\$)</u>	<u>Out-of-State Resident (\$)</u>
University of Delaware	7,318	17,474
Pennsylvania State University	11,508	21,744
Rutgers University	9,221	16,819
University of Maryland	7,691	20,285
University of Virginia	7,180	23,924
Virginia Polytechnic University	6,378	17,717

SOURCES OF FINANCIAL AID

<u>Year</u>	<u>Institutionally Funded (\$)</u>	<u>Other Sources (\$)</u>	<u>Total Aid Awarded (\$)</u>
2004-05	37,039,824	79,440,355	116,480,179
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

STATE SUPPORT

<u>Year</u>	Operating Appropriation (Received) \$	Capital Appropriation (Original) \$
2004-05	109,140,300	9,000,000
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

FEDERAL SUPPORT

<u>Year</u>	<u>Operations (\$)</u>	<u>Contracts & Grants (\$)</u>	<u>Total (\$)</u>
2004-05	4,150,927	78,186,218	82,337,145
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

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>
2005	914,397,000	63,502,000	39,434,000
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

GIFTS RECORDED

<u>Year</u>	<u>Amount (\$)</u>
2004-05	40,191,068
2003-04	42,006,447
2002-03	31,906,445
2001-02	36,692,316
2000-01	40,293,525

INVESTMENT IN PHYSICAL PLANT (\$ thousands)

<u>Category</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Land & Improvements	34,219	35,790	36,597	37,404	38,881
Buildings	691,165	737,491	769,982	811,934	896,419
Equipment & Furnishings	<u>218,549</u>	<u>236,569</u>	<u>247,880</u>	<u>263,972</u>	<u>284,167</u>
	943,933	1,009,850	1,054,459	1,113,310	1,219,467

OUTSTANDING INDEBTEDNESS

<u>Obligation</u>	<u>Interest Rate(s)</u>	<u>Original Par Amount (\$)</u>	<u>Outstanding Par Amount 06/30/2005(\$)</u>	<u>Final Maturity</u>
Series 1997 Revenue Bonds	5.00%-5.375%	15,500,000	15,000,000	2022
Series 1998 Revenue Bonds	5.00%	31,300,000	30,600,000	2023
Series 2001A Revenue Bonds	<12.00%	25,610,000	23,985,000	2018
Series 2001B Revenue Bonds	<12.00%	21,200,000	20,055,000	2026
Series 2004A Revenue Bonds	2.00%-5.00%	12,070,000	10,885,000	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	NA	<u>504,000</u>	2018
TOTAL		158,015,000	153,364,000	

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 12/31/05.

The University anticipates an additional bond offering in the spring or summer 2007. The offering anticipated would be for the renovation and renewal of dormitories initially constructed in the 1960's and 1970's. No additional offerings are contemplated in the 2005-06 fiscal year.

DEBT SERVICE COVERAGE

Gross Revenue Coverage

<u>Revenue Source</u>	<u>2002</u> \$	<u>2003</u> \$	<u>2004</u> \$	<u>2005</u> \$	<u>2006 (1)</u> \$
Housing	25,688,355	27,116,691	28,072,337	29,845,210	31,632,500
Dining	22,768,859	23,775,675	25,130,359	25,877,984	26,846,000
Student Health Fee	5,751,051	6,247,826	6,684,331	7,188,416	7,381,900
Ice Arena	1,485,062	1,499,350	1,492,840	1,394,844	1,557,900
Parking	3,588,983	4,022,881	4,169,046	4,312,288	4,500,200
Student Center Fee	1,918,167	2,281,729	2,614,373	3,061,135	3,132,300
Bookstore	939,926	626,364	551,863	575,184	575,000
Gross Revenues	62,140,403	65,570,516	68,715,149	72,255,061	75,625,800
 Debt Service Coverage: (Maximum Annual Debt Service \$13,336,162)	 465.95%	 491.67%	 515.25%	 541.80%	 567.07%

Net Revenue Coverage

	<u>2002</u> \$	<u>2003</u> \$	<u>2004</u> \$	<u>2005</u> \$	<u>2006 (1)</u> \$
<u>Gross Revenues</u>	62,140,403	65,570,516	68,715,149	72,255,061	75,625,800
<u>Expenditures:</u>					
Housing	15,237,993	15,640,515	15,792,797	16,111,602	17,132,395
Dining	20,625,909	21,819,151	22,666,182	23,547,616	24,295,331
Health	4,983,968	5,634,048	5,823,412	6,472,093	6,941,311
Ice Arena	1,297,162	1,164,638	1,166,096	1,136,127	1,204,880
Parking	946,510	1,523,475	1,262,745	1,458,811	1,349,825
Student Center	717,106	678,775	763,353	774,323	817,628
Bookstore	180,125	147,220	141,287	149,998	145,601
Gross Expenditures	43,988,773	46,607,822	47,615,872	49,650,570	51,886,971
Net Revenues	18,151,630	18,962,694	21,099,277	22,604,491	23,738,829
 Debt Service Coverage: (Maximum Annual Debt Service \$13,336,162)	 136.11%	 142.19%	 158.21%	 169.50%	 178.00%

(1) Estimated

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 2005 Bonds based upon the following calculations and assumptions for each issue:

- Debt service on the Series 1997 Bonds refunded is excluded from the table.
- 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 \$3,200,000. The 1998 Swap is terminable subject to certain conditions 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 under certain circumstances; 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 2005 to 2025, inclusive, in annual amounts ranging from \$565,000 to \$1,370,000. The 2001B Swap is terminable at the option of the Counterparty, under certain circumstances, 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.

- 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 of the balloon principal payment due November 1, 2034 during the fiscal years 2012 to 2035 inclusive in annual amounts ranging from \$1,115,000 to \$2,460,000. 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.
- Debt service on the Series 2005 Bonds is calculated based on: (i) an assumed interest rate of 3.75% per annum (excluding the cost of remarketing and liquidity) based on an existing interest rate exchange agreement (“2005 Swap I”), applicable to a portion (in the amount of \$12,945,000) of the balloon principal payment due on November 1, 2035, and assuming amortization of such portion during the fiscal years 2006 to 2023 inclusive in annual amounts ranging from \$70,000 to 1,205,000; (ii) an assumed interest rate of 3.87% per annum (excluding the cost of remarketing and liquidity) based on an existing interest rate exchange agreement (“2005 Swap II”), applicable to the remaining portion (in the amount of \$37,000,000) of the balloon principal payment due on November 1, 2035, and assuming amortization of such portion during the fiscal years 2007 to 2036 inclusive in annual amounts ranging from \$635,000 to \$2,115,000. Under the 2005 Swap I and 2005 Swap II, 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 2005 Bonds. If such amounts are insufficient, the University’s debt service costs for the Series 2005 Bonds will exceed the amount shown in the following table. The University has no legal obligation to retire any Series 2005 Bonds prior to their stated maturity date of November 1, 2035.

Copied from the Series 2005 Official Statement

Fiscal Year Ending June 30	Debt Service on Outstanding Bonds (Series 1997, 1998, 2001A, 2004A and 2004 B)	Debt Service on Series 2005 Bonds		Total Debt Service Requirements After Issuance of Series 2005 Bonds
		Principal	Interest	
2006	\$9,374,768	\$130,000	\$1,684,501	\$11,189,269
2007	9,332,708	705,000	1,895,497	11,993,205
2008	10,116,300	735,000	1,867,643	12,718,943
2009	10,134,641	765,000	1,838,632	12,738,273
2010	10,121,374	795,000	1,808,464	12,724,838
2011	9,355,798	1,500,000	1,762,369	12,618,168
2012	9,982,304	1,565,000	1,703,799	13,250,103
2013	10,063,409	1,630,000	1,642,753	13,336,162*
2014	9,916,470	1,690,000	1,579,342	13,185,811
2015	9,961,380	1,765,000	1,513,310	13,239,691
2016	7,882,422	1,835,000	1,444,532	11,161,854
2017	7,921,900	1,915,000	1,372,866	11,209,766
2018	7,872,437	1,990,000	1,298,262	11,160,700
2019	7,928,052	2,075,000	1,220,577	11,223,629
2020	5,722,263	2,160,000	1,139,656	9,021,919
2021	5,754,426	2,250,000	1,055,383	9,059,809
2022	5,689,984	2,335,000	967,790	8,992,774
2023	5,726,928	2,435,000	876,625	9,038,553
2024	5,749,457	1,285,000	808,993	7,843,450
2025	3,945,737	1,340,000	758,061	6,043,798
2026	3,953,696	1,395,000	705,002	6,053,699
2027	3,979,648	1,455,000	649,704	6,084,352
2028	2,461,998	1,515,000	592,086	4,569,084
2029	2,467,946	1,580,000	532,036	4,579,981
2030	2,471,619	1,645,000	469,470	4,586,089
2031	2,477,922	1,715,000	404,279	4,597,201
2032	2,481,788	1,790,000	336,268	4,608,055
2033	2,483,216	1,865,000	265,357	4,613,572
2034	2,487,111	1,945,000	191,433	4,623,544
2035	2,493,313	2,025,000	114,415	4,623,727
2036	-	2,115,000	34,078	2,149,078

* Maximum Annual Debt Service in FY 2013

January 31, 2006

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 July 14, 2005, has MSCS paying UD 67% of US\$ one month LIBOR and the UD paying MSCS 3.867%. 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 \$9,818,000 and \$10,221,000 as of June 30, 2005 and 2004, respectively. The majority of the University's obligation at June 30, 2005 (\$9,816,000) 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.