

UNIVERSITY OF DELAWARE
ANNUAL DISCLOSURE INFORMATION – SERIES 1997, 2004A and 2007 BONDS
As of June 30, 2008
Student Data as of September 30, 2008

PROJECT FACILITIES

The University of Delaware's housing system accommodates approximately 7,300 students in 48 dormitory buildings and several special interest housing units at the main campus in Newark, Delaware. This represents approximately 47% 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 2008-09 academic year, approximately 7,400 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 3,808 full-time and 228 part-time employees. Members of the University of Delaware's instructional staff for Fall 2008 total 1,117 full-time members: 382 professors; 328 associate professors; 302 assistant professors; and 105 instructors. Approximately 78.5% 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, 2010. The maintenance and service employees are represented by two locals of the American Federation of State, County, and Municipal Employees, the contracts with which terminated December 31, 2008. Negotiations with both locals are currently underway. The uniformed officers of the Department of Public Safety are represented by Fraternal Order of Police, the contract with which terminates June 30, 2010.

ENROLLMENT SUMMARY - FTE

<u>Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
2008-09	15,550	2,872	18,422
2007-08	15,429	2,811	18,240
2006-07	15,278	2,842	18,120
2005-06	15,740	2,813	18,553
2004-05	15,903	2,811	18,714

STUDENT ADMISSIONS

<u>Year</u>	<u>Total Applications</u>	<u>Offered Admission</u>	<u>Offer Rate</u>	<u>Accepted Admission</u>	<u>Yield Rate</u>
Fall-08	25,202	12,437	49.3	3,524	28.3
Fall-07	23,268	11,542	49.6	3,578	31.0
Fall-06	21,929	10,339	47.1	3,259	31.5
Fall-05	21,617	10,256	47.4	3,522	34.3
Fall-04	22,208	9,999	45.0	3,458	34.6

STUDENT TUITION AND FEES, 2008-09 ACADEMIC YEAR

	<u>State Resident (\$)</u>	<u>Out-of-State Resident (\$)</u>
University of Delaware	8,646	21,126
Pennsylvania State University	13,706	24,940
Rutgers University	11,540	21,488
University of Maryland	8,005	23,076
University of Virginia	9,490	29,572
Virginia Polytechnic University	8,198	20,655

SOURCES OF FINANCIAL AID

<u>Year</u>	<u>Institutionally Funded (\$)</u>	<u>Other Sources (\$)</u>	<u>Total Aid Awarded (\$)</u>
2007-08	45,330,157	83,230,738	128,560,895
2006-07	39,578,464	77,951,801	117,530,265
2005-06	38,768,640	79,331,302	118,099,942
2004-05	37,039,824	79,440,355	116,480,179
2003-04	35,696,240	71,755,410	107,451,650

STATE SUPPORT

<u>Year</u>	<u>Operating Appropriation \$</u>	<u>Capital Appropriation \$</u>
2007-08	127,166,300	3,700,000
2006-07	122,828,300	4,500,000
2005-06	115,665,800	7,000,000
2004-05	109,140,300	9,000,000
2003-04	103,876,300	4,100,000

FEDERAL SUPPORT

<u>Year</u>	<u>Operations (\$)</u>	<u>Contracts & Grants (\$)</u>	<u>Total (\$)</u>
2007-08	5,114,730	90,509,126	95,623,856
2006-07	2,221,902	90,859,683	93,081,585
2005-06	1,988,941	83,632,124	85,621,065
2004-05	4,150,927	78,186,218	82,337,145
2003-04	2,849,752	78,474,294	81,324,046

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>
2008	1,131,737,000	71,222,000	49,489,000
2007	1,177,456,000	75,497,000	45,869,000
2006	1,027,506,000	66,359,000	39,898,000
2005	914,397,000	63,502,000	39,434,000
2004	835,125,000	62,891,000	40,343,000

GIFTS RECORDED

<u>Year</u>	<u>Amount (\$)</u>
2007-08	29,121,183
2006-07	34,573,398
2005-06	45,429,662
2004-05	40,191,068
2003-04	42,006,447

INVESTMENT IN PHYSICAL PLANT (\$ thousands)

<u>Category</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Land & Improvements	37,404	38,881	40,616	46,566	45,590
Buildings	811,934	896,419	984,533	1,033,600	1,123,625
Equipment & Furnishings	<u>263,972</u>	<u>284,167</u>	<u>301,598</u>	<u>326,057</u>	<u>350,250</u>
	1,113,310	1,219,467	1,326,747	1,406,223	1,519,465

OUTSTANDING INDEBTEDNESS

<u>Obligation</u>	<u>Interest Rate(s)</u>	<u>Original Amount (\$)</u>	<u>Outstanding Amount 06/30/2008(\$)</u>	<u>Final Maturity</u>
Series 1997 Revenue Bonds	5.00%-5.125%	15,500,000	1,280,000	2010
Series 1998 Revenue Bonds	VRDB	31,300,000	28,200,000	2023
Series 2001A Revenue Bonds	VRDB	25,610,000	19,950,000	2018
Series 2001B Revenue Bonds	VRDB	21,200,000	18,285,000	2026
Series 2004A Revenue Bonds	2.00%-5.00%	12,070,000	6,350,000	2010
Series 2004B Revenue Bonds	VRDB	40,835,000	40,835,000	2034
Series 2005 Revenue Bonds	VRDB	49,945,000	48,375,000	2035
Series 2007 Revenue Bonds	3.764%	73,600,000	73,600,000	2037
Blue Hen Hotel LLC Bonds	VRDB	11,500,000	10,295,000	2027
Note Payable – HUD	3.00%	NA	414,000	2018
Note Payable – Wilmington Trust Company	Floating	<u>5,000,000</u>	<u>4,026,000</u>	2008
TOTAL		286,560,000	251,610,000	

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 12/31/06.

The University anticipates an additional bond offering in the spring 2007. The offering anticipated would be for the renovation and renewal of dormitories initially constructed in the 1960's and 1970's.

DEBT SERVICE COVERAGE

Gross Revenue Coverage

<u>Revenue Source</u>	<u>2005</u> \$	<u>2006</u> \$	<u>2007</u> \$	<u>2008</u> \$	<u>2009 (1)</u> \$
Housing	29,954,558	32,260,175	34,942,358	38,263,493	42,086,781
Dining	25,933,405	27,272,004	27,684,751	29,652,555	30,854,184
Student Health Fee	7,238,250	7,659,447	7,946,517	8,681,560	9,168,416
Ice Arena	1,394,844	1,611,586	1,746,376	1,662,950	1,694,000
Parking	4,312,288	4,376,477	4,447,164	4,389,776	4,765,400
Student Center Fee	3,061,135	3,341,762	3,668,010	3,874,790	3,830,700
Bookstore	618,057	637,387	656,720	701,347	617,421
Gross Revenues	72,512,537	77,158,838	81,091,896	87,226,471	93,016,902
Debt Service Coverage: (Maximum Annual Debt Service \$17,408,826)	416.53%	443.22%	465.81%	501.05%	534.31%

Net Revenue Coverage

	<u>2005</u> \$	<u>2006</u> \$	<u>2007</u> \$	<u>2008</u> \$	<u>2009 (1)</u> \$
<u>Gross Revenues</u>	72,512,537	77,158,838	81,091,896	87,226,471	93,016,902
<u>Expenditures:</u>					
Housing	16,111,602	16,553,861	16,927,888	17,502,513	18,720,215
Dining	23,547,616	24,440,092	24,860,172	26,680,955	28,045,265
Health	6,472,093	7,137,790	7,329,627	7,816,837	8,459,666
Ice Arena	1,136,127	1,283,443	1,348,876	1,268,534	1,458,278
Parking	1,458,811	1,456,208	1,661,680	1,620,365	1,758,750
Student Center	774,323	811,028	904,130	918,135	989,451
Bookstore	149,998	199,788	178,160	206,693	203,950
Gross Expenditures	49,650,570	51,882,210	53,210,533	56,014,032	59,635,575
Net Revenues	22,861,967	25,276,628	27,881,363	31,212,439	33,381,327
Debt Service Coverage: (Maximum Annual Debt Service \$17,408,826)	131.32%	145.19%	160.16%	179.29%	191.75%

(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 2007 Bonds based upon the following calculations and assumptions for each issue:

- Debt service on the Outstanding Series 1997 Bonds is based on the actual fixed rates of interest and amortization requirements for such bonds.
- 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; 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 \$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.

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- 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 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 1-month 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 amounts 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.
- Debt service on the Series 2007 Bonds is calculated based on an assumed interest rate of 3.764% per annum, and assuming amortization of the balloon principal payment due on November 1, 2037 during fiscal years 2009 to 2038, inclusive in annual amounts ranging from \$1,325,000 to \$4,050,000, such amortization is anticipated, but not mandatory. The assumed interest rate is based on an existing interest rate exchange agreement (the “2007 Swap”). Under the 2007 Swap, the University receives a variable rate equal to 67% of 3-month LIBOR until November 1, 2022 and 100% of BMA from such date until November 1, 2037, which rates may not be sufficient to provide for the

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payment of the variable rate which the University must pay on the Series 2007 Bonds. If such amounts are insufficient, the University's debt service costs for the Series 2007 Bonds will exceed the amounts shown in the following table. The University has no legal obligation to retire any Series 2007 Bonds prior to their stated maturity date of November 1, 2037.

Fiscal Year Ending June 30	Debt Service on Outstanding Bonds (Series 1997, 1998, 2001A, 2001B, 2004A, 2004B and 2005)	Debt Service on Series 2007 Bonds		Total Debt Service Requirements After Issuance of Series 2007 Bonds
		Principal*	Interest	
2007	\$11,933,205		\$ 223,163	\$12,156,368
2008	12,718,943		2,770,304	15,489,247
2009	12,738,273	\$1,325,000	2,741,211	16,804,485
2010	12,724,838	1,400,000	2,689,692	16,814,530
2011	12,618,168	1,450,000	2,635,898	16,704,065
2012	13,250,103	1,500,000	2,580,222	17,331,325
2013	13,336,162	1,550,000	2,522,664	17,408,826**
2014	13,185,811	1,625,000	2,462,675	17,273,487
2015	13,239,691	1,675,000	2,400,413	17,315,103
2016	11,161,954	1,750,000	2,335,719	15,247,673
2017	11,209,766	1,825,000	2,268,202	15,302,968
2018	11,160,700	1,875,000	2,198,411	15,234,111
2019	11,223,629	1,950,000	2,126,190	15,299,819
2020	9,021,919	2,025,000	2,051,145	13,098,063
2021	9,059,809	2,100,000	1,973,277	13,133,086
2022	8,992,774	2,200,000	1,892,037	13,084,811
2023	9,038,553	2,275,000	1,807,583	13,121,136
2024	7,843,450	2,375,000	1,719,756	11,938,206
2025	6,043,798	2,450,000	1,628,714	10,122,512
2026	6,053,699	2,550,000	1,534,301	10,137,999
2027	6,084,352	2,650,000	1,436,123	10,170,475
2028	4,569,084	2,750,000	1,334,181	8,653,265
2029	4,579,981	2,875,000	1,227,927	8,682,907
2030	4,586,089	2,975,000	1,117,516	8,678,605
2031	4,597,201	3,100,000	1,002,792	8,699,993
2032	4,608,055	3,225,000	883,364	8,716,419
2033	4,613,572	3,350,000	759,230	8,722,803
2034	4,623,544	3,475,000	630,392	8,728,936
2035	4,632,727	3,600,000	496,848	8,729,575
2036	2,149,078	3,750,000	358,051	6,257,128
2037		3,900,000	213,607	4,113,607
2038		4,050,000	63,518	4,113,518

*Anticipated, but not mandatory

**Maximum annual debt service in FY 2013

January 31, 2008

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 four 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.

The fourth interest rate exchange agreement with MSCS issued in conjunction with the Series 2007 bonds has MSCS paying 67% of US\$ of three month LIBOR and UD paying 3.764%, declining concurrently with the bond retirement schedule as published in the Official Statement.

There is also an interest rate SWAP agreement related to the Blue Hen Hotel LLC bonds which is payable by the LLC, but is 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 \$8,565,000 and \$9,002,000 as of June 30, 2008 and 2007, respectively. The University's obligation at June 30, 2008 includes 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 \$900,000 to be paid over a 20 year term.