NEW ISSUE **RATINGS:** Moody's: "Aa2"
Book Entry-Only S&P: "AA-"
See **RATINGS** herein.

*In the opinion of Bricker & Eckler LLP, Bond Counsel, under existing law, assuming compliance with certain covenants, interest on the Series 2013 A Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the alternative minimum income tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"), and interest on and any profit made on the sale, exchange or other disposition of the Series 2013 A Bonds are exempt from certain taxes imposed by the State of Ohio and its political subdivisions. The Series 2013 A Bonds are not "private activity bonds." The University has **not** designated any portion of the Series 2013 A Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code. Interest on the Series 2013 A Bonds may be subject to certain federal income taxes imposed on certain corporations, and certain taxpayers may have certain other adverse federal income tax consequences as a result of owning the Series 2013 A Bonds. See **TAX MATTERS** herein.*

$337,955,000
THE OHIO STATE UNIVERSITY
(A State University of Ohio)
Special Purpose General Receipts Bonds
Series 2013 A

Dated: Date of Delivery **Due: As shown herein**

The Special Purpose General Receipts Bonds, Series 2013 A (the "Series 2013 A Bonds") are subordinated obligations of The Ohio State University (the "University"), being issued to pay costs of acquisition, construction, improvement and renovation of certain student housing, dining and student recreation facilities of the University and to pay costs of issuance of the Series 2013 A Bonds. See **THE PROJECT AND PLAN OF FINANCING.**

The Series 2013 A Bonds are issued pursuant to an Amended and Restated Trust Indenture dated as of December 1, 1999 between the University and The Huntington National Bank (the "Trustee"), as amended and supplemented to date, including by a Special Purpose General Receipts Series 2013 Supplement to Amended and Restated Trust Indenture dated as of January 1, 2013 (the "Series 2013 Supplement"). Principal of, and interest and any premium on, the Series 2013 A Bonds, are subordinated obligations of the University payable solely from the Special Purpose Pledged Revenues, as described herein. Under the Series 2013 Supplement, the pledge and lien on Special Purpose Pledged Revenues is junior to the pledge and lien of Senior Lien Obligations issued by the University, and the Indenture permits the University to issue additional obligations secured by a pledge and lien on Special Purpose Pledged Revenues, on a parity with, or subordinate in priority to, the pledge and lien securing the Series 2013 A Bonds. See **SECURITY AND SOURCES OF PAYMENTS.**

The Series 2013 A Bonds are issuable in the denomination of $5,000 or any integral multiple thereof. Principal of the Series 2013 A Bonds will be payable at the designated corporate trust office of the Trustee. Interest on the Series 2013 A Bonds is payable semiannually on June 1 and December 1, commencing June 1, 2013. The Series 2013 A Bonds will be initially issued only as fully registered bonds, one for each maturity, and within a maturity, one registered bond for each interest rate, issuable under a book entry system and registered initially in the name of The Depository Trust Company or its nominee ("DTC"). There will be no distribution of the Series 2013 A Bonds to the owners of book entry interests. So long as DTC or its nominee is the registered owner of the Series 2013 A Bonds, references herein to the Bondholders or registered owners (other than under the caption "TAX MATTERS") shall mean DTC or its nominee, and not the owners of book entry interests in the Series 2013 A Bonds. See **BOOK-ENTRY-ONLY SYSTEM.**

The Series 2013 A Bonds are subject to redemption prior to maturity as described herein.

The Series 2013 A Bonds are not obligations of the State of Ohio, are not general obligations of the University, and the full faith and credit of the University is not pledged to their payment. The owners of the Series 2013 A Bonds have no right to have any excises or taxes levied by the Ohio General Assembly for the payment of the principal, interest and redemption premium.

The Series 2013 A Bonds are offered when, as and if issued by the University and received by the Underwriters, subject to receipt of an opinion on certain legal matters relating to their issuance by Bricker & Eckler LLP, Bond Counsel. Certain legal matters will be passed upon for the University by its statutory counsel, the Attorney General of the State of Ohio, through Christopher Culley, Assistant Attorney General and General Counsel for the University and its special counsel, Tucker Ellis LLP. Certain legal matters in connection with the Series 2013 A Bonds will be passed upon for the Underwriters by Hunton & Williams LLP, counsel to the Underwriters. It is expected that the Series 2013 A Bonds will be available in definitive form for delivery through the facilities of DTC in New York, New York on or about January 31, 2013.

Barclays **RBC Capital Markets**

Loop Capital Markets **PNC Capital Markets LLC**

The date of this Official Statement is January 16, 2013.

MATURITY SCHEDULE

$337,955,000
THE OHIO STATE UNIVERSITY
(A State University of Ohio)
Special Purpose General Receipts Bonds
Series 2013 A

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield[(1)]	Price	CUSIP[(2)]
2023	$10,195,000	5.000%	1.990%	127.985	677632ZU8
2024	10,705,000	5.000%	2.150%	126.279	677632ZV6
2025	11,240,000	5.000%	2.270%	125.016	677632ZW4
2026	11,800,000	3.000%	2.800%	101.781	677632ZX2
2027	12,155,000	3.000%	2.880%	101.063	677632ZY0
2028	12,520,000	5.000%	2.470%	122.946	677632ZZ7
2029	13,145,000	4.000%	2.850%	110.227	677632A27
2030	13,670,000	4.000%	2.920%	109.570	677632A35
2031	14,220,000	4.000%	3.000%	108.825	677632A43
2032	14,785,000	4.000%	3.050%	108.362	677632A50
2033	15,380,000	4.000%	3.100%	107.902	677632A68

$15,000,000 3.500% Term Bond Maturing June 1, 2038 Yield 3.560%, Price 99.000, CUSIP[(2)] 677632A76

$72,920,000 5.000% Term Bond Maturing June 1, 2038 Yield 3.030%[(1)], Price 117.362, CUSIP[(2)] 677632A92

$60,220,000 4.000% Term Bond Maturing June 1, 2043 Yield 3.440%[(1)], Price 104.831, CUSIP[(2)] 677632A84

$50,000,000 5.000% Term Bond Maturing June 1, 2043 Yield 3.110%[(1)], Price 116.589, CUSIP[(2)] 677632B26

(1) Calculated to the June 1, 2023 par call date, except for the Series 2013 A Bonds maturing in 2023 which are calculated to maturity.

(2) Copyright 2013, American Bankers Association. CUSIP data is assigned by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., an independent company not affiliated with the University. The University is not responsible for the selection or use of the CUSIP numbers referenced herein and no representation is made by the University as to their correctness. CUSIP numbers are included solely for the convenience of the readers of this Official Statement. The CUSIP numbers are subject to change after the issuance of the Series 2013 A Bonds.

THE OHIO STATE UNIVERSITY
BOARD OF TRUSTEES

Robert H. Schottenstein, Chair
Brian K. Hicks, Vice Chair
John C. Fisher, Vice Chair
Alex Shumate
Alan W. Brass
Ronald A. Ratner
Algenon L. Marbley
Linda S. Kass
Janet B. Reid
W.G. Jurgensen
Jeffrey Wadsworth
Clark C. Kellogg
Michael J. Gasser
Timothy P. Smucker
Cheryl L. Krueger
G. Gilbert Cloyd, Charter Trustee
Corbett A. Price, Charter Trustee
Evann K. Heidersbach (Student)
Benjamin Reinke (Student)

PRESIDENT OF THE UNIVERSITY
Dr. E. Gordon Gee

SECRETARY OF THE BOARD OF TRUSTEES
David G. Horn

SENIOR VICE PRESIDENT FOR BUSINESS AND FINANCE, CHIEF FINANCIAL OFFICER
Geoffrey S. Chatas

VICE PRESIDENT FOR FINANCIAL SERVICES, TREASURER
Michael Papadakis

TRUSTEE BANK
The Huntington National Bank
Columbus, Ohio

BOND COUNSEL
Bricker & Eckler LLP
Columbus, Ohio

ISSUER COUNSEL
Tucker Ellis LLP
Cleveland, Ohio

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement, including the Appendices attached hereto, does not constitute an offering of any security other than the original offering by the University of the Series 2013 A Bonds identified on the cover hereof. No dealer, broker, salesman or other person has been authorized by the University to give any information or to make any representation with respect to the Series 2013 A Bonds other than those contained in this Official Statement and, if given or made, such other information or representations not so authorized must not be relied upon as having been given or authorized by the University. This Official Statement, which includes the cover page and the Appendices attached hereto, does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2013 A Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information and descriptions in this Official Statement do not purport to be comprehensive or definitive. Statements regarding specific documents, including the Series 2013 A Bonds, are summaries of and subject to the detailed provisions of such documents and are qualified in their entirety by reference to each such document, copies of which will be made available, upon request, for examination in the offices of the Underwriters during the initial offer of the Series 2013 A Bonds and thereafter at the designated corporate trust office of the Trustee.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Series 2013 A Bonds shall under any circumstances, create any implication that there has been no change in the affairs of the University since the date of this Official Statement.

Upon issuance, the Series 2013 A Bonds will not be registered by the University under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, or other governmental entity or agency, except the University, will have passed upon the accuracy or adequacy of this Official Statement or approved the Series 2013 A Bonds for sale.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

TABLE OF CONTENTS

[Page Intentionally Left Blank]

$337,955,000
THE OHIO STATE UNIVERSITY
(A State University of Ohio)
Special Purpose General Receipts Bonds
Series 2013 A

INTRODUCTORY STATEMENT

General

This Official Statement has been prepared by The Ohio State University (the "University"), a state university of the State of Ohio, in connection with the original issuance and sale by the University of $337,955,000 in aggregate principal amount of its Special Purpose General Receipts Bonds, Series 2013 A (the "Series 2013 A Bonds"). The Series 2013 A Bonds are being issued for the purpose of paying costs of the acquisition, construction, improvement and renovation of certain student housing, dining and student recreation facilities of the University and paying costs of the issuance of the Series 2013 A Bonds, all as described under **THE PROJECT AND PLAN OF FINANCING** herein.

The Series 2013 A Bonds are being issued pursuant to Sections 3345.11 and 3345.12 of the Ohio Revised Code (the "Act"), the Bond Resolution (the "Bond Legislation"), adopted by the Board of Trustees of the University (the "Board") on June 22, 2012, an Amended and Restated Trust Indenture (the "Amended and Restated Trust Indenture") dated as of December 1, 1999, as amended and supplemented to date, including by a Special Purpose General Receipts Series 2013 Supplement to Amended and Restated Trust Indenture (the "Series 2013 Supplement") dated as of January 1, 2013, both between the University and The Huntington National Bank, Columbus, Ohio (the "Trustee"). The Bond Legislation, the Amended and Restated Trust Indenture and the Series 2013 Supplement are collectively referred to in this Official Statement as the "Indenture." Capitalized terms used herein which are not defined herein shall have the meanings described in the Indenture.

Pursuant to the Act, the University is authorized to acquire, construct, improve and furnish certain "facilities" as defined in the Act, to pay costs of those facilities, and to refund, fund or retire prior obligations issued for that purpose, by the issuance of obligations payable from the Available Receipts of the University pledged for such purpose. The Series 2013 Supplement specifically authorizes the issuance of the Series 2013 A Bonds.

References to provisions of Ohio law, whether codified in the Ohio Revised Code or uncodified, or the Ohio Constitution are references to those current provisions. Those provisions may be amended, repealed or supplemented.

As used in this Official Statement, "Debt Service Charges" mean principal (including any mandatory sinking fund requirements), interest, purchase price, and any redemption premium required to be paid by the University on all Obligations issued under the Indenture, including all Senior Lien Obligations described hereinafter and all Special Purpose General Receipts Obligations, and "Fiscal Year" means the University's fiscal year, currently the 12-month period from July 1 to June 30. Reference to a particular fiscal year (such as "Fiscal Year 2012") means the Fiscal Year that ends on June 30 in the indicated year. This Official Statement includes all Appendices hereto, which are incorporated herein.

Special Purpose General Receipts Obligations

The Series 2013 A Bonds are subordinated obligations of the University, payable solely from the Special Purpose Pledged Revenues, as hereinafter described. Under the Series 2013 Supplement, the pledge and lien on Special Purpose Pledged Revenues is junior to the pledge and lien of Senior Lien Obligations issued by the University (currently consisting of 16 series of General Receipts Bonds described below), and the Indenture permits the University to issue additional obligations secured by a pledge and lien on Special Purpose Pledged Revenues, on a parity with, or subordinate in priority to, the pledge and lien securing the Series 2013 A Bonds. See **SECURITY AND SOURCES OF PAYMENTS – Annual Debt Service Charges and Coverage on Both Senior Lien Obligations and Special Purpose General Receipts Obligations** herein.

The Series 2013 A Bonds are not obligations of the State of Ohio, are not general obligations of the University, and the full faith and credit of the University is not pledged to their payment. The owners of Series 2013 A Bonds have no right to have any excises or taxes levied by the Ohio General Assembly for any payment of principal, interest and redemption premium.

Under the Series 2013 Supplement, so long as the Series 2013 A Bonds and any additional obligations issued by the University as Special Purpose General Receipts Obligations are outstanding, the University covenants to set rates, charges and fees in each Fiscal Year so as to cause Special Purpose Pledged Revenues to be in an amount not less than 1.10 times the aggregate debt service for the then-current Fiscal Year on all Special Purpose General Receipts Obligations.

Subject to the terms and conditions of the Indenture, no payment on account of Debt Service Charges on any Special Purpose General Receipts Obligations shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the Special Purpose General Receipts Obligations, unless full payment of amounts then due and payable for principal, purchase price, premium, if any, sinking funds, reserve funds and interest on Senior Lien Obligations has been made or duly provided for in accordance with the terms of the Indenture and such Senior Lien Obligations. No payment on account of Debt Service Charges on the Special Purpose General Receipts Obligations shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the Special Purpose General Receipts Obligations, if, at the time of such payment or application or immediately after giving effect thereto, (i) there shall exist a default in the payment of principal, purchase price, premium, if any, sinking funds or interest with respect to any Senior Lien Obligations, or (ii) there shall have occurred and be continuing an Event of Default (other than a default in the payment of principal, premium, if any, sinking funds or interest) with respect to any Senior Lien Obligations or in the Indenture, permitting the holders thereof to accelerate the maturity thereof.

The proceeds of the Series 2013 A Bonds and any additional obligations issued by the University as Special Purpose General Receipts Obligations, are to be applied solely to pay costs of acquisition, construction, improvement and renovation of certain student housing, dining and student recreation facilities of the University, including capitalized interest, as specifically provided and allocated in the applicable Series Resolution, and to pay issuance costs associated with the issuance of such Obligations.

Special Purpose Revenue Facilities are defined in the Series 2013 Supplement as all Housing and Dining Facilities and such Auxiliary Facilities as shall constitute recreation facilities owned by the University.

Special Purpose Pledged Revenues include all revenues, fees, rentals, rates, charges, insurance proceeds and other moneys derived by the University from the ownership or operation of Special Purpose Revenue Facilities, subject and subordinate to the lien on General Receipts securing any Senior Lien Obligation. In Fiscal Year 2012, the Special Purpose Pledged Revenues amounted to $137.3 million. See **SECURITY AND SOURCES OF PAYMENTS – Annual Debt Service Charges and Coverage on Both Senior Lien Obligations and Special Purpose General Receipts Obligations** herein.

Constitutional and Statutory Authorization

The Series 2013 A Bonds are authorized pursuant to the Act, enacted under authority of the Ohio Constitution, and particularly Section 2i of Article VIII thereof, which provides that the General Assembly may authorize the issuance of revenue obligations and other obligations for capital improvements for state-supported and state-assisted institutions of higher education, which obligations may be secured by a pledge under law of all or such portion of receipts of those institutions as the General Assembly authorizes. Section 2i further provides that **the owners or holders of those obligations, such as the Series 2013 A Bonds, are not given the right to have excises or taxes levied by the General Assembly for the payment of principal or interest**.

The Act implements the constitutional authority and authorizes the issuance by the University of obligations to pay all or part of the cost of "facilities" (which, with respect to the Series 2013 A Bonds, means "Special Purpose Revenue Facilities" as defined in the Series 2013 Supplement) and to refund, fund or retire obligations previously issued for the purpose; authorizes the pledge to the obligations of all or such part of the "available receipts" of the University as the University determines in the Bond proceedings (which, with respect to the Series 2013 A Bonds, are limited to the Special Purpose Pledged Revenues).

THE PROJECT AND PLAN OF FINANCING

The Series 2013 A Bonds are being issued for the purpose of paying a portion of the acquisition, construction, improvement and renovation of certain housing, dining and student recreation facilities of the University described below. A portion of the proceeds of the Series 2013 A Bonds will be used to pay costs of the issuance of the Series 2013 A Bonds.

The Series 2013 Project

The Series 2013 Project consists of a number of new facilities, upgrades and renovations of existing facilities, including the construction of residence halls, dining and recreational facilities in the North District of the Columbus Campus. The Series 2013 Project will add approximately 3,200 new beds, replace approximately 675 existing beds, and add new dining facilities (including both traditional dining and retail dining), new social, study and group work areas and meeting rooms, and additional indoor and outdoor recreational facilities. Infrastructure work includes demolition of facilities, extensions of utilities and storm and sanitary sewer improvements. Completion of the Series 2013 Project makes possible the University's implementation of a plan to require all freshman and sophomore students to live on campus by the 2015-2016 academic year.

This policy aligns with the University's mission to foster greater academic success, greater connection and engagement with the University community and a greater appreciation for diversity.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds with respect to the Series 2013 A Bonds are summarized below:

Sources of Funds:	
Par Amount of Series 2013 A Bonds	$337,955,000.00
Net Original Issue Premium	$41,763,462.00
Total Sources	$379,718,462.00

Uses of Funds:	
Series 2013 A Special Purpose Facilities Account	$350,000,617.85
Series 2013 A Special Purpose Debt Service Account of the Debt Service Fund	$27,320,323.47
Issuance Expenses[1]	$2,397,520.68
Total Uses	$379,718,462.00

[1] To pay issuance expenses of the Series 2013 A Bonds, including Underwriters' discount, legal fees, Trustee fees and miscellaneous costs.

DESCRIPTION OF THE SERIES 2013 A BONDS

General Terms

The Series 2013 A Bonds will be dated as of the date of their issuance and delivery. The Series 2013 A Bonds will bear interest at the rates set forth in the maturity schedule following the cover page hereof, payable semiannually on June 1 and December 1, commencing on June 1, 2013, and will mature on the dates and in the principal amounts set forth in the maturity schedule following the cover page of this Official Statement. The Series 2013 A Bonds are issuable as fully registered bonds in denominations of $5,000 and integral multiples thereof. Interest on the Series 2013 A Bonds will be calculated based on a year of 360 days, consisting of twelve 30-day months.

Principal is payable only to the registered owner, initially The Depository Trust Company or its nominee (DTC), at the designated corporate trust office of the Trustee. Except as otherwise provided in the agreement between DTC and the Trustee, interest will be paid by check, mailed or otherwise transmitted on each June 1 and December 1 to the registered owner of a Series 2013 A Bond at the close of the 15th day of the calendar month next preceding that interest payment date (the "Regular Record Date") as shown on the registration book (the "Register") maintained by the Trustee at the address then appearing on the Register.

The University is issuing the Series 2013 A Bonds as Special Purpose General Receipts Obligations to which Section 103 of the Code applies and the interest on which is excluded from gross income for federal income tax purposes. See **Tax Matters** herein.

Mandatory Sinking Fund Redemption

The Series 2013 A Special Purpose General Receipts Bonds that are term bonds maturing on June 1, 2038 issued in an aggregate principal amount of $15,000,000.00 and that bear interest at the rate of 3.500% per annum (the "Series 2013 A 2038 3.500% Term Bonds"), the Series 2013 A Special Purpose General Receipts Bonds that are term bonds maturing on June 1, 2038 issued in an aggregate principal amount of $72,920,000.00 and that bear interest at the rate of 5.000% per annum (the "Series 2013 A 2038 5.000% Term Bonds"), the Series 2013 A Special Purpose General Receipts Bonds that are term bonds maturing on June 1, 2043 issued in an aggregate principal amount of $60,220,000.00 and that bear interest at the rate of 4.000% per annum (the "Series 2013 A 2043 4.000% Term Bonds"), and the Series 2013 A Special Purpose General Receipts Bonds that are term bonds maturing on June 1, 2043 issued in an aggregate principal amount of $50,000,000.00 and that bear interest at the rate of 5.000% per annum (the "Series 2013 A 2043 5.000% Term Bonds") are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on June 1 in the years and in the respective principal amounts as follows:

Series 2013 A 2038 3.500% Term Bonds

Year	Principal Amount to be Redeemed
2034	$2,720,000.00
2035	2,850,000.00
2036	2,985,000.00
2037	3,120,000.00
2038	3,325,000.00+

\+ Maturity

Series 2013 A 2038 5.000% Term Bonds

Year	Principal Amount to be Redeemed
2034	$13,275,000.00
2035	13,900,000.00
2036	14,560,000.00
2037	15,260,000.00
2038	15,925,000.00+

\+ Maturity

Series 2013 A 2043 4.000% Term Bonds

Year	Principal Amount to be Redeemed
2039	$10,690,000.00
2040	11,585,000.00
2041	12,105,000.00
2042	12,640,000.00
2043	13,200,000.00+

+ Maturity

Series 2013 A 2043 5.000% Term Bonds

Year	Principal Amount to be Redeemed
2039	$9,475,000.00
2040	9,480,000.00
2041	9,900,000.00
2042	10,340,000.00
2043	10,805,000.00+

+ Maturity

Optional Redemption

The Series 2013 A Bonds maturing after June 1, 2023 are subject to prior redemption by and at the sole option of the University, in integral multiples of $5,000, either in whole or in part (as selected by the Trustee) on any date on or after June 1, 2023, at a redemption price equal to 100% of the principal amount of the Series 2013 A Bonds to be redeemed, plus accrued interest to, but excluding, the redemption date.

Selection of Bonds to be Redeemed

Subject to the provisions for the Series 2013 A Bonds in book-entry only form discussed below, whenever provision is made in the Indenture for the redemption of less than all of the Series 2013 A Bonds or any given portion thereof, the Trustee shall select the Series 2013 A Bonds to be redeemed, from all Series 2013 A Bonds subject to redemption or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate.

If the Series 2013 A Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Series 2013 A Bonds, if less than all of the Series 2013 A Bonds of a maturity are called for prior redemption, the particular Series 2013 A Bonds or portions thereof to be redeemed shall be selected on a pro-rata pass-through distribution of principal basis in accordance with DTC procedures; *provided* that, so long as the Series 2013 A Bonds are held in book-entry form, the selection for redemption of such Series 2013 A Bonds shall be made in accordance with the operational arrangements of DTC then in effect.

It is the University's intent that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, neither the University nor the Underwriters can provide any assurance that DTC, DTC's direct participants and indirect participants or any other intermediary will allocate the redemption of Series 2013 A Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of the Series 2013 A Bonds on a pro rata pass-through distribution of principal basis as discussed above, then the Series 2013 A Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

Notice of Redemption; Effect

The Trustee is to cause notice of the call for redemption, identifying the Series 2013 A Bonds or portions of Series 2013 A Bonds to be redeemed, to be sent by first class mail, at least 30 days prior to the redemption date, to the registered owner (initially, DTC) of each Series 2013 A Bond to be redeemed at the address shown on the Register. Any defect in the notice or any failure to receive notice by mailing will not affect the validity of any proceedings for the redemption of any Series 2013 A Bonds.

On the date designated for redemption, Series 2013 A Bonds or portions thereof called for redemption shall become due and payable. If the Trustee holds sufficient moneys for payment of Debt Service Charges payable on that redemption date, interest on each Series 2013 A Bond (or portion of a Series 2013 A Bond) so called for redemption will cease to accrue on that date.

So long as all Series 2013 A Bonds are held under a book entry system by a securities depository (such as DTC), notice of redemption is sent by the Trustee only to the Depository or its nominee. Selection of book entry interests in the Series 2013 A Bonds called, and giving notice of the call to the owners of those interests called, is the sole responsibility of the Depository. Any failure of any Direct Participant, Indirect Participant or Beneficial Owner to receive such notice and its content or effect will not affect the validity of such notice or any proceedings for the redemption of any Series 2013 A Bonds or portions thereof. See **BOOK-ENTRY-ONLY SYSTEM**.

BOOK-ENTRY-ONLY SYSTEM

General

DTC. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2013 A Bonds. The Series 2013 A Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each interest rate for each maturity of the Series 2013 A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or with the Trustee as the agent for 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 Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 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 Participants' 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by users of its regulated subsidiaries. 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"). 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 and www.dtc.org. The contents of such websites do not constitute a part of this Officials Statement.

Purchases of Series 2013 A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2013 A Bonds on DTC's records. The ownership interest of each actual purchaser of each security ("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 2013 A 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 2013 A Bonds, except in the event that use of the book entry system for the Series 2013 A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2013 A 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 2013 A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2013 A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2013 A 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 2013 A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2013 A Bonds, such as redemptions, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Series 2013 A Bonds may wish to ascertain that the nominee holding the Series 2013 A 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 2013 A 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 issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2013 A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the University 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 Series 2013 A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest or other payments on the Series 2013 A 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 University or Trustee, on the payable 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 Trustee or the University, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the University 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 will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2013 A Bonds at any time by giving reasonable notice to the University. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Series 2013 A Bonds.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the University believes to be reliable, but none of the University, the Trustee and the Underwriters takes any responsibility for the accuracy thereof.

Discontinuation of the Book Entry Only System.

DTC may discontinue providing its services as depository with respect to the Series 2013 A Bonds at any time by giving reasonable notice to the University or the Trustee. In addition, if the University determines that (i) DTC is unable to discharge its responsibilities with respect to the

Series 2013 A Bonds, or (ii) continuation of the system of book entry only transfers through DTC is not in the best interests of the Beneficial Owners of the Series 2013 A Bonds or of the University, the University may, upon satisfaction of the applicable procedures of DTC with respect thereto, terminate the services of DTC with respect to the Series 2013 A Bonds. Upon the resignation of DTC or determination by the University that DTC is unable to discharge its responsibilities, the University may, within 90 days, appoint a successor depository. If no such successor is appointed or the University determines to discontinue the book entry only system, Bond certificates will be printed and delivered. Transfers and exchanges of Series 2013 A Bonds shall thereafter be made as provided in the Indenture.

If the book entry only system is discontinued with respect to the Series 2013 A Bonds, the persons to whom the Series 2013 A Bonds are delivered will be treated as "Holders" for all purposes of the Indenture, including without limitation the payment of principal or redemption price of, and interest on, the Series 2013 A Bonds, the redemption of the Series 2013 A Bonds and the giving to the University or the Trustee of any notice, consent, request or demand pursuant to the Indenture for any purpose whatsoever. In such event, the principal or redemption price of, and interest on, the Series 2013 A Bonds will be payable as described herein.

DTC Letter of Representations

Certain duties of DTC and procedures to be followed by DTC and the Trustee are set forth in DTC's operational arrangements (the "Operational Arrangements"). In the event of any conflict between the provisions of the Indenture and the provisions of the Operational Arrangements relating to delivery of Series 2013 A Bonds to the Trustee, the provisions of the Operational Arrangements shall control. The University has executed a blanket letter of representations (the "DTC Letter of Representations") enabling the Series 2013 A Bonds to be eligible for DTC's book entry only system.

Revision of Book-Entry-Only System - Replacement Series 2013 A Bonds

The Series 2013 A Bond Resolution provides for issuance of fully registered Series 2013 A Bonds (the "Replacement Series 2013 A Bonds") directly to owners other than DTC or its nominee only if DTC determines not to continue to act as security depository of the Series 2013 A Bonds. In such event, the University may in its discretion establish a securities depository/book entry relationship with another qualified securities depository. If the University does not or is unable to do so, and after appropriate notice to DTC, the University's Bond Registrar will authenticate and deliver fully registered Replacement Series 2013 A Bonds, in the denominations of $5,000 or any multiple thereof, to or at the direction of and, if the event is not the result of University action or inaction, at the expense (including printing costs) of, any persons requesting such issuance. The replacement Series 2013 A Bonds may be transferred, registered and assigned only in the registration books of the University's Bond Registrar.

SECURITY AND SOURCES OF PAYMENTS

General

Pledge; Definition of Special Purpose Pledged Revenues. The Series 2013 A Bonds are secured by a pledge of Special Purpose Pledged Revenues. As defined in the Series 2013 Supplement, Special Purpose Pledged Revenues consist of all revenues, fees, rentals, rates, charges, insurance proceeds and other moneys derived by the University from the ownership or operation of Special Purpose Revenue Facilities, subject and subordinate in each case to the lien securing any Senior Lien Obligations issued pursuant to the Indenture.

The pledge under the Series 2013 Supplement of Special Purpose Pledged Revenues is subordinate to the pledge and lien of present and future Senior Lien Obligations issued under the Indenture, which are secured by all General Receipts of the University including all of the Special Purpose Pledged Revenues. See "**SECURITY AND SOURCES OF PAYMENTS — Senior Lien Obligations**" below. Senior Lien Obligations consist of (a) General Receipts Bonds issued under the Indenture (the "General Receipts Bonds") and (b) any other Obligations issued from time to time under the Indenture and designated by the University as being secured by a lien on General Receipts. At the time of issuance of the Series 2013 A Bonds, approximately $2,228,130,000 aggregate principal amount of Senior Lien Obligations will be outstanding. See "**SECURITY AND SOURCES OF PAYMENTS – Senior Lien Obligations**" and "**THE INDENTURE – ADDITIONAL OBLIGATIONS; PARTIAL RELEASE OF PLEDGED REVENUES**" below.

Subject to the terms and conditions of the Indenture, no payment on account of debt service charges on Special Purpose General Receipts Obligations shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of Special Purpose General Receipts Obligations, unless full payment of amounts then due and payable for principal, purchase price, premium, if any, sinking funds, reserve funds and interest on Senior Lien Obligations has been made or duly provided for in accordance with the terms of the Indenture and such Senior Lien Obligations. No payment on account of debt service charges on Special Purpose General Receipts Obligations shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of Special Purpose General Receipts Obligations, if, at the time of such payment or application or immediately after giving effect thereto, (i) there shall exist a default in the payment of principal, purchase price, premium, if any, sinking funds or interest with respect to any Senior Lien Obligations, or (ii) there shall have occurred and be continuing an Event of Default (other than a default in the payment of principal, premium, if any, sinking funds or interest) with respect to any Senior Lien Obligations or in the Indenture, permitting the holders thereof to accelerate the maturity thereof.

[Remainder of Page Intentionally Left Blank]

Amount of Special Purpose Pledged Revenues. The following table sets forth the approximate amount of Special Purpose Pledged Revenues that the University received, for each of the indicated Fiscal Years:

Table 2
Special Purpose
Pledged Revenues

Fiscal Year	Special Purpose Pledged Revenues (dollars in millions)	Maximum Annual Debt Service Coverage on Special Purpose General Receipts Bonds[1]
2008	$106.9	4.26
2009	116.0	4.63
2010	123.5	4.93
2011	134.2	5.35
2012	137.3	5.48

(1) Based upon maximum annual debt service for Series 2013 A Bonds; does not include debt service on Senior Lien Obligations, as described below.

Maximum annual debt service on the Series 2013 A Bonds is approximately $25 million, and occurs in the Fiscal Year ending 2031.

The amount of Special Purpose Pledged Revenues in each year will change based upon various factors affecting the Special Purpose Revenue Facilities and the other income constituting Housing, Dining and Recreation Pledged Revenues, including usage, occupancy levels and the rates, fees and charges attributable to the Special Purpose Revenue Facilities and the other activities producing income constituting Special Purpose Pledged Revenues.

The University has undertaken to furnish to the Trustee not later than 180 days after the end of each Fiscal Year, the annual financial report of the University, including the audit opinion from an Independent Certified Public Accountant, and such financial report shall include the amount of Special Purpose Pledged Revenues for such Fiscal Year.

Special Purpose Pledged Revenue Rate Covenant. Under the Series 2013 Supplement, so long as the Series 2013 A Bonds and any additional obligations issued by the University as Special Purpose General Receipts Obligations are Outstanding, the University covenants to set rates, charges, and fees in each Fiscal Year so as to cause Special Purpose Pledged Revenues to be in an amount not less than 1.10 times the aggregate debt service for the then-current Fiscal Year on all Special Purpose General Receipts Obligations.

No Reserve Account. There is no debt service reserve account established under the Series 2013 Supplement.

Other University Indebtedness

Senior Lien Obligations. The University has issued Senior Lien Obligations and may at any time incur additional Senior Lien Obligations secured by a pledge and lien on all General

Receipts of the University (which includes all Special Purpose Pledged Revenues) and such pledge is senior in priority to the pledge and lien securing the Special Purpose General Receipts Obligations. At the time of issuance of the Series 2013 A Bonds, Senior Lien Obligations will consist of approximately $2,228,130,000 in principal amount of General Receipts Bonds issued pursuant to the Indenture. The University has authorized issuance of approximately $300,000,000 in additional General Receipts Bonds. The University anticipates that it will issue such debt within the next 12 to 18 months.

Senior Lien Obligations secured by General Receipts of the University represent a type of financing of facilities by state universities of Ohio authorized by an amendment to the Ohio Constitution as implemented by the Act. Significant elements of this financing are the broad scope and gross pledge character of the security afforded to the Senior Lien Obligations, and the simplicity and flexibility provided by permitting all authorized types of facilities to be financed under one open-end trust indenture.

Security provisions include the pledge to the Senior Lien Obligations, on a gross pledge and first lien basis, of all General Receipts of the University. The General Receipts are defined in the Indenture and consist of all moneys received by the University including but not limited to all gross fees, deposits, charges, receipts and income from all or any part of the students of the University, whether designated as tuition, instructional fees, tuition surcharges, general fees, activity fees, health fees or other special purpose fees or otherwise designated; all gross income, revenues and receipts from the operation, ownership, or control of University Facilities; all grants, gifts, donations and pledges and receipts therefrom; and the proceeds of the sale of obligations, including proceeds of obligations issued to refund obligations previously issued, to the extent and as allocated to the payment of Debt Service Charges under the proceedings authorizing those obligations.

The exclusions from the General Receipts consist of moneys raised by taxation and State appropriations until and unless their pledge to Debt Service Charges is authorized by law and is made by a supplemental trust agreement approved by the Board; any grants, gifts, donations and pledges, and receipts therefrom, which under restrictions imposed in the grant or promise or as a condition of the receipt are not available for payment of Debt Service Charges; moneys received in connection with branch campus operations; any special fee charged pursuant to Section 154.21(D) of the Ohio Revised Code and receipts therefrom (that fee, relating to bonds of the State issued by the Ohio Public Facilities Commission, has never been required to be imposed and is not anticipated to be required to be imposed).

Pursuant to the Act, upon their receipt by the University, the General Receipts are immediately subject to the lien of the pledge made by the Indenture, and the lien of that pledge is valid against all parties having claims of any kind, regardless of notice, and creates a perfected security interest without necessity for prior separation, physical delivery, filing or recording or further act by the University.

[Remainder of Page Intentionally Left Blank]

General Receipts for the five most recent Fiscal Years were as follows (in thousands):

	2008	2009	2010	2011	2012
Tuition, Fees and Other Student Charges	$724,273	$739,214	$785,414	$870,021	$930,482
Unrestricted Government Grants & Contracts	63,070	63,909	70,550	78,706	77,627
Private Gifts and Grants	31,427	28,156	33,355	23,182	22,481
Unrestricted Endowment Income	30,400	18,656	11,741	11,104	10,628
Dept. & University Sales & Services	94,499	101,730	115,473	121,773	111,983
Auxiliary Sales & Services	198,202	209,980	220,467	250,636	250,247
Hospital Sales & Services	1,469,776	1,585,934	1,699,664	1,791,207	1,927,064
Other Sources	58,717	47,845	54,622	56,350	54,161
Total General Receipts	$2,670,364	$2,795,424	$2,991,286	$3,202,979	$3,384,673

Source: Audited financial statements of the University for the Fiscal Years ended June 30, 2008, 2009, 2010, 2011, and 2012.

Annual Debt Service Charges and Coverage on Both Senior Lien Obligations and Special Purpose General Receipts Obligations

The following table represents the annual Fiscal Year Debt Service Charges for all outstanding Obligations (including the Series 2013 A Bonds and all outstanding General Receipts Obligations but excluding commercial paper notes, certificates of participation, other debt not issued under the Indenture and obligations defeased under the Indenture) upon the issuance of the Series 2013 A Bonds.

[Remainder of Page Intentionally Left Blank]

Debt Service Charges on all General Receipts Obligations and Special Purpose General Receipts Obligations[1]

Fiscal Year	Outstanding General Receipts Bonds Debt Service[2]	Series 2013 A Principal	Series 2013 A Interest	Series 2013 A Total	Total Debt Service
2013	$125,744,064	$0	$5,001,148	$5,001,148	$130,745,213
2014	125,820,168	0	14,879,450	14,879,450	140,699,618
2015	126,964,849	0	14,879,450	14,879,450	141,844,299
2016	125,562,270	0	14,879,450	14,879,450	140,441,720
2017	127,497,495	0	14,879,450	14,879,450	142,376,945
2018	128,076,602	0	14,879,450	14,879,450	142,956,052
2019	126,749,079	0	14,879,450	14,879,450	141,628,529
2020	128,240,991	0	14,879,450	14,879,450	143,120,441
2021	124,707,156	0	14,879,450	14,879,450	139,586,606
2022	125,418,094	0	14,879,450	14,879,450	140,297,544
2023	123,093,386	10,195,000	14,879,450	25,074,450	148,167,836
2024	113,472,544	10,705,000	14,369,700	25,074,700	138,547,244
2025	110,980,500	11,240,000	13,834,450	25,074,450	136,054,950
2026	94,698,926	11,800,000	13,272,450	25,072,450	119,771,376
2027	94,842,257	12,155,000	12,918,450	25,073,450	119,915,707
2028	94,982,644	12,520,000	12,553,800	25,073,800	120,056,444
2029	92,848,310	13,145,000	11,927,800	25,072,800	117,921,110
2030	145,405,630	13,670,000	11,402,000	25,072,000	170,477,630
2031	63,890,163	14,220,000	10,855,200	25,075,200	88,965,363
2032	63,232,472	14,785,000	10,286,400	25,071,400	88,303,872
2033	56,813,599	15,380,000	9,695,000	25,075,000	81,888,599
2034	47,345,652	15,995,000	9,079,800	25,074,800	72,420,452
2035	122,348,050	16,750,000	8,320,850	25,070,850	147,418,900
2036	44,897,463	17,545,000	7,526,100	25,071,100	69,968,563
2037	44,897,463	18,380,000	6,693,625	25,073,625	69,971,088
2038	44,897,463	19,250,000	5,821,425	25,071,425	69,968,888
2039	44,897,463	20,165,000	4,908,800	25,073,800	69,971,263
2040	699,682,463	21,065,000	4,007,450	25,072,450	724,754,913
2041	24,000,000	22,005,000	3,070,050	25,075,050	49,075,050
2042	24,000,000	22,980,000	2,090,850	25,070,850	49,070,850
2043	24,000,000	24,005,000	1,068,250	25,073,250	49,073,250
2044-2110[3]	24,000,000				24,000,000
2111	524,000,000				524,000,000
TOTAL	$5,572,007,218	$337,955,000	$327,498,098	$665,453,098	$6,237,460,316

(1) Assumes an interest rate of 2.75% for the variable rate obligations of the University.

(2) Net of federal subsidy payments with respect to Build America Bonds issued by the University.

(3) Debt service in each of the Fiscal Years beginning in Fiscal Year 2044 and ending in Fiscal Year 2110 is $24,000,000 per year, and aggregate debt service over the entire period is $1,608,000,000

The maximum annual Debt Service Charges on the outstanding Obligations, including the Series 2013 A Bonds (assuming the assumptions stated in the above table), is $724,754,913 in Fiscal Year 2040. Prior to Fiscal Year 2040, the maximum annual Debt Service Charges on outstanding Obligations is $170,477,630 in Fiscal Year 2030. The University's General Receipts for Fiscal Year 2012, $3,384,673,000 is over 4.6 times the maximum annual Debt Service Charges in Fiscal Year 2040, and for the period prior to Fiscal Year 2040, over 19.8 times the maximum annual Debt Service Charges in Fiscal Year 2030. See **OUTSTANDING GENERAL RECEIPTS BONDS** below and **SECURITY AND SOURCES OF PAYMENT** above.

The University is not aware of any factors that would result in the amounts of General Receipts in any future Fiscal Year being significantly less than those for Fiscal Year 2012.

OUTSTANDING GENERAL RECEIPTS BONDS

The University has issued from time to time Senior Lien Obligations consisting of bonds secured by the pledge of its General Receipts or revenue from income producing facilities. The University has never failed to pay punctually and in full all amounts due on any indebtedness.

The University's General Receipts Bonds, upon the issuance of the Series 2013 A Bonds, will consist of the following:

General Receipts Bonds	Original Amount	Amount Outstanding
Series 1997 Bonds	$ 79,540,000	$17,160,000
Series 1999 B Bonds	83,400,000	10,765,000
Series 2001 Bonds	76,950,000	53,035,000
Series 2003 B Bonds	233,780,000	7,220,000
Series 2003 C Bonds	121,295,000	51,975,000
Series 2005 A Bonds	279,050,000	68,650,000
Series 2005 B Bonds	129,990,000	71,575,000
Series 2008 A Bonds	217,595,000	150,030,000
Series 2008 B Bonds	127,770,000	91,925,000
Series 2010 A Bonds	241,170,000	202,050,000
Series 2010 C Bonds	654,785,000	654,785,000
Series 2010 D Bonds	88,335,000	84,625,000
Series 2010 E Bonds	150,000,000	150,000,000
Series 2011 A Bonds	500,000,000	500,000,000
Series 2012 A Bonds	91,165,000	91,165,000
Series 2012 B Bonds	23,170,000	23,170,000
Series 2013 A Bonds	337,955,000	337,955,000
Total:	$3,435,950,000	$2,566,085,000

THE INDENTURE

The Series 2013 A Bonds will be issued under the Bond Legislation, the Amended and Restated Trust Indenture and the Series 2013 Supplement. Reference is made to the Bond Legislation, the Amended and Restated Trust Indenture, the Series 2013 Supplement and the form of Bonds for the Series 2013 A Bonds for complete details of the terms of the Series 2013 A

Bonds and security therefor. The following is a summary of certain provisions of the Indenture and should not be considered a full statement thereof.

Debt Service Fund

Monies in the Debt Service Fund are used for the payment of current Debt Service Charges. Payments sufficient in time and amount to pay the Debt Service Charges on the Series 2013 A Bonds as they become due are to be paid by the University directly to the Trustee and deposited in the Debt Service Fund to the extent monies in the Debt Service Fund are not otherwise available therefor.

If the University determines to direct the redemption of all or a part of the Series 2013 A Bonds, the University must deliver to the Trustee, for deposit in the Debt Service Fund, to be credited to the Special Bond Service Account, prepayments in an amount equal to the redemption price to effect such redemption.

The Series 2013 Supplement establishes, in the custody of the Trustee, an account within the Debt Service Fund to be designated the "Special Purpose Debt Service Account." Special Purpose Pledged Revenues delivered by the University to the Trustee for the payment of Debt Service Charges on any Special Purpose General Receipts Obligations shall be deposited in the Special Purpose Debt Service Account and applied to such purpose; provided, however, that no payment on account of Debt Service Charges on the Special Purpose General Receipts Obligations shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the Special Purpose General Receipts Obligations, unless full payment of amounts then due and payable for principal, premium, if any, sinking funds, reserve funds and interest on Senior Lien Obligations has been made or duly provided for in accordance with the terms of the Indenture and such Senior Lien Obligations. No payment on account of Debt Service Charges on the Special Purpose General Receipts Obligations shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the Special Purpose General Receipts Obligations, if, at the time of such payment or application or immediately after giving effect thereto, (i) there shall exist a default in the payment of principal, premium, purchase price, if any, sinking funds or interest with respect to any Senior Lien Obligations, or (ii) there shall have occurred and be continuing an Event of Default (other than a default in the payment of principal, purchase price, premium, if any sinking funds or interest) with respect to any Senior Lien Obligations or in the Indenture, permitting the holders thereof to accelerate the maturity thereof.

Moneys in the Debt Service Fund shall be invested and reinvested by the Trustee, to the extent permitted by applicable law, in: (i) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged, (a) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of Treasury of the United States of America or Federal Reserve Bank), and (c) securities which represent an interest in the obligations described in (a) and (b) above; (ii) any bonds, participation certificates or other obligations of any agency or instrumentality of the United States, including obligations of the Federal Farm Credit Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Land Banks, Federal Home Loan Mortgage Corporation, Federal Home Loan Banks, Federal National Mortgage Association, Government National Mortgage

Association and Student Loan Marketing Association; (iii) certificates of deposit of banks or trust companies, including the Trustee, organized under the laws of the United States or any state thereof, having a capital and surplus of $50,000,000 or more and which are members of the Federal Reserve System; (iv) repurchase agreements with banks or other financial institutions, including the Trustee, which are fully collateralized by obligations described in clauses (i) or (ii) above based upon market value, which obligations are in the possession of the Trustee or its agent and are free and clear of all security interests, liens or other rights of any third party, and in which obligations the Trustee has a first, perfected security interest; provided that any financial institution which is a broker-dealer must be a member of the Securities Investor Protection Corporation; (v) any no front end load money market mutual fund or collective investment fund, as defined in Section 1111.01(A) of the Ohio Revised Code, established by a bank, including the Trustee, in either case consisting exclusively of obligations of the United States or any agency thereof; (vi) the Ohio Subdivision's Fund created by Section 135.45; and (vii) general or full faith and credit obligations of the State of Ohio and obligations of any state of the United States or any political subdivision thereof, the full payment of principal of and premium, if any, and interest on which are provided for by an irrevocable deposit in trust of obligations of the type specified in (i) above and which carry either of the two highest rating categories of Moody's Investor Services, Inc. and Standard & Poor's Rating Service or their respective successors.

Facilities Fund

The Indenture provides for the Facilities Fund to be held by the University and provides for certain proceeds of the Series 2013 A Bonds to be deposited in the Series 2013 A Special Purpose Facilities Account in the Facilities Fund. The Indenture establishes the Series 2013 A Special Purpose Facilities Account in the Facilities Fund, from which the costs of the Series 2013 Project and the cost of the issuance of the Series 2013 A Bonds will be paid. The Series 2013 A Special Purpose Facilities Account will be invested in accordance with the Operating and Agency Fund Investment Policy (as such Policy may be amended from time to time by the University) of the University and may be disbursed by the University to pay costs of the Series 2013 Project in accordance with the Series 2013 Supplement. The Facilities Fund is not pledged as security for the Series 2013 A Bonds or any other Obligations.

Covenants of the University

In the Indenture, in addition to the Special Purpose Pledged Revenue Rate Covenant described above under "**SECURITY AND SOURCES OF PAYMENTS**", the University covenants, among other things:

(a) to pay the Debt Service Charges on any Obligation according to their terms and the terms of the Indenture;

(b) to pay all the costs, charges and expenses incurred by the Trustee or any Holder, including reasonable attorneys' fees reasonably incurred or paid because of the failure on the part of the University to perform, comply with and abide with each and every one of the stipulations, agreements, conditions and covenants of the Obligations and the Indenture, or either of them;

(c) to fix, make, adjust and collect fees, rates, rentals and charges and other items of General Receipts as will produce at all times General Receipts sufficient to pay the Debt Service Charges when due, to establish and maintain amounts, if any required to be deposited in any Bond Reserve Fund, to pay all other costs and expenses for the proper maintenance and successful and continuous operation of the University and to pay any amounts due and payable to the provider of any insurance policy, guaranty, surety bond or letter of credit held in the Bond Reserve Fund; and

(d) to do any and all things necessary in order to maintain the pledge, assignment and grant of a lien on and security interest in the pledged General Receipts and Special Funds as valid, binding, effective and perfected, all as provided in the Indenture.

Events of Default and Remedies

Each of the following is declared in the Indenture to be an "Event of Default":

(a) Failure to pay any interest on any Obligation when and as the same shall become due and payable;

(b) Failure to pay the principal of or any redemption premium on any Obligation when and as the same shall become due and payable, whether at the stated maturity thereof or by redemption or acceleration or pursuant to any mandatory sinking fund requirements;

(c) Failure by the University to perform or observe any other covenant, agreement or condition on the part of the University contained in the Indenture or in the Obligations, which failure or default shall have continued for a period of 30 days after written notice, by registered or certified mail, given to the University by the Trustee, specifying the failure or default and requiring the same to be remedied, which notice shall be given by the Trustee upon the written request of the holders of not less than 25% in aggregate principal amount of the Obligations then outstanding, provided that the person or persons requesting such notice may agree in writing to a 90-day extension of such period prior to the expiration of the initial 30-day period; provided further, however, that if the University shall proceed to take curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of 90 days, then such period shall be increased without such written extension to such extent as shall be necessary to enable the University to diligently complete such curative action; or

(d) The University shall (i) admit in writing its inability to pay its debts generally as they become due, (ii) have an order for relief entered in any case commenced by or against it under federal bankruptcy laws, as now or hereafter in effect, (iii) commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar laws, or have such a proceeding commenced against it and have either an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, (iv) make an assignment for the benefit of creditors, or (v) have a receiver or trustee appointed for it or for the whole or substantial part of its property.

Upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the holders of not less than 25% in aggregate principal amount of outstanding Obligations shall, upon being properly indemnified, take appropriate actions, in equity or at law including application to a court for the appointment of a receiver to receive and administer pledged General Receipts, to protect and enforce all the rights of the Trustee and the Obligation holder under the Indenture. In addition, in the event of the occurrence of any Event of Default, the Trustee may, and upon the request of the holders of at least 25% in aggregate principal amount of the then outstanding Obligations, shall so long as properly indemnified, by appropriate notice to the University, declare the principal of all the outstanding Obligations and the accrued interest thereon, immediately due and payable. Further provision is made for the rescission of such last declaration upon the payment of all amounts due, and for waivers in connection with events of default.

Furthermore, the Holders of a majority in aggregate principal amount of the Obligations then outstanding, shall, in accordance with the terms of the Indenture, have the right by written instrument delivered to the Trustee to direct the method and place of conducting any and all remedial proceedings under the Indenture, as to their respective interests.

As provided in the Indenture, before taking remedial action the Trustee may require that a satisfactory indemnity bond be provided for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its gross negligence or willful misconduct, by reason of any action so taken. The Trustee may act without such indemnity, in which case its expenses are reimbursable by the University from General Receipts available therefor.

The holders of the Obligations are not entitled to enforce the provisions of the Indenture or to institute, appear in or defend any suit, action or proceeding to enforce any rights, remedies or covenants granted or contained in the Indenture or to take any action with respect to any Event of Default under the Indenture, except as provided in the Indenture.

Defeasance

If there is paid or caused to be paid all Debt Service Charges due or to become due on outstanding Obligations, and provision is made for paying all other sums payable under the Indenture by the University, then the Indenture shall cease, determine and become null and void, and the covenants, agreements and other obligations of the University thereunder shall be discharged and satisfied. Thereupon, the Trustee shall release the Indenture and shall execute and deliver to the University such instruments to evidence such release and discharge as may be reasonably required by the University, and the Trustee and Paying Agents shall deliver to the University any property at the time subject to the lien of the Indenture which may then be in their possession except for amounts in the Debt Service Fund required to be held by the Trustee and Paying Agent, as required under the Indenture.

All Debt Service Charges due or to become due on any series of outstanding Obligations will be deemed to have been paid or caused to be paid for such purpose if:

(a) the Trustee and Paying Agents hold, in the Debt Service Fund in trust for and irrevocably committed thereto, sufficient monies, or

(b) the Trustee holds, in trust for and irrevocably committed thereto, in the Debt Service Fund, investments qualifying as Government Obligations (as defined in the Indenture) certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal or the interest earnings (likewise to be held in trust and committed, except as described below), be sufficient together with monies referred to in (a) above, for the payment at their maturity or redemption date, of all Debt Service Charges thereon to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date then to the date of the tender of such payment; provided, that if any such Obligations are to be redeemed prior to their maturity, notice of such redemption has been given or irrevocable provision satisfactory to the Trustee has been made for the giving of such notice.

Any monies held by the Trustee in accordance with (a) or (b) above provisions shall be invested only in investments qualifying as Government Obligations, the maturities or redemption dates of which, at the option of the holder, shall coincide as nearly as practicable with, but no later than, the time or times at which said monies will be required for such purposes. Any income or interest earned by, or increment to, such investments shall, to the extent not required for the applicable purposes, be transferred to the University free of any trust or lien.

In the event that the Indenture is satisfied and discharged in accordance with the two preceding paragraphs with respect to all Obligations, all Obligations then outstanding shall cease to be entitled to any lien, benefit or security of the Indenture except the right to receive the funds held by the Trustee and the Paying Agents pursuant to such paragraphs or by the University (pursuant to the provisions for unclaimed monies described below), and such will be deemed not to be outstanding under the Indenture. It is the duty of the Trustee and the Paying Agents and the University to so hold such funds for the benefit of the holders of Obligations.

Supplemental Indentures, Modifications

The Trustee and the University may, from time to time, enter into Supplemental Indentures for any of the following purposes without the consent of or any action by the Holders:

(a) To cure any ambiguity, inconsistency or formal defect or omission in the Indenture or in any Supplemental Indenture;

(b) To grant or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that may be lawfully granted to or conferred upon the Holders or the Trustee;

(c) To subject additional revenues or property to the lien and pledge of the Indenture or to provide for the partial release of General Receipts from the lien of the Indenture in accordance with the provisions thereof;

(d) To add to the covenants and agreements of the University contained in the Indenture other covenants and agreements thereafter to be observed for the protection of the Holders, or, if in the judgment of the Trustee such is not to the prejudice of the Trustee or the Holders, to surrender or limit any right, power or authority reserved to or conferred upon the University in the Indenture, including the limitation of rights of redemption so that in certain instances Obligations of different series will be redeemed in some prescribed relationship to one another;

(e) To evidence any succession to the University and the assumption by such successor of the covenants and agreements of the University contained in the Indenture or other instrument providing for the operation of the University or University Facilities, and the Obligations;

(f) In connection with the issuance of Obligations, all in accordance with the provisions of the Indenture;

(g) To permit the Trustee to comply with any obligations imposed upon it by law;

(h) To permit the exchange of Obligations, at the option of the Holder or Holders thereof, for coupon Obligations of the same series payable to bearer, in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of the Predecessor Obligations (as defined in the Indenture), bearing interest at the same rate or rates and maturing on the same date or dates, with coupons attached representing all unpaid interest due or to become due thereon if, in the opinion of nationally recognized bond counsel selected by the University and acceptable to the Trustee, that exchange would not result in the interest on any of the Obligations outstanding becoming subject to federal income taxation;

(i) To specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Authenticating Agents or Paying Agents (all as defined in the Indenture);

(j) To achieve compliance of the Indenture with any applicable federal or Ohio laws, including tax laws; and

(k) In connection with any other change to the Indenture which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders of the Obligations.

Exclusive of Supplemental Indentures referred to above, and subject terms, provisions and limitations contained in the Indenture, the Holders of a majority in aggregate principal amount of the Obligations then outstanding shall have the right, from time to time, anything contained in the

Indenture to the contrary notwithstanding, to consent to and approve the execution by the University and the Trustee of such other indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the University for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided that nothing in the Indenture or elsewhere shall permit, or be construed as permitting, a Supplemental Indenture providing for (a) (i) a reduction in the percentage of Obligations the consent of the Holders of which is required to consent to such Supplemental Indenture or (ii) a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, without the consent of the Holders of all Obligations then outstanding, (b) effect a change in the times, amount or currency of payment of the principal of, premium, if any, on or interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the Holder of each such Obligation so affected, or (c) modify the right of the holders of not less than twenty-five percent in aggregate principal amount of the Obligations then outstanding and in default as to payment of principal, premium or interest to compel the Trustee to declare the principal of all Obligations to be due and payable, without the consent of the Holders of a majority in aggregate principal amount of the Obligations then outstanding.

Additional Obligations; Partial Release of Pledged Revenues

Additional Obligations, as the same may from time to time be authorized by Series Resolutions, are issuable on a senior priority, on a parity with, or subordinate to the Series 2013 A Bonds, subject to the conditions set forth in the Indenture. The Indenture provides that, except when necessary or appropriate in the opinion of the Trustee to avoid an Event of Default, no Obligations shall be issued unless (i) no Event of Default exists with respect to any covenants or obligations of the University contained in the Indenture or in the Obligations and the authentication and delivery of those Obligations will not result in any such Event of Default and (ii) the General Receipts of the University for the most recently completed Fiscal Year are at least one and one half times the Maximum Annual Debt Service on all Obligations outstanding and to be outstanding after the issuance of the Obligations then under consideration.

The University may incur indebtedness payable from General Receipts other than pursuant to the Indenture as long as such indebtedness is expressly subordinate to indebtedness incurred under and subject to the lien of the Indenture ("Subordinated Indebtedness"), including the Series 2013 A Bonds. The Indenture may be amended and supplemented to release specified sources or portions of General Receipts from the pledge and lien of the Indenture; provided that, the General Receipts for the most recently completed Fiscal Year are certified to be at least equal to the sum of the highest annual Debt Service Charges for any future Fiscal Years with respect to all Obligations and Subordinated Indebtedness then outstanding and to be outstanding after the issuance of any Subordinated Indebtedness then under consideration.

Enforcement by Mandamus

The Act establishes the duties of the University, the University officers and the University employees as duties enforceable by mandamus, and a covenant to that effect is contained in the 1999 General Bond Resolution.

Trustee

The Trustee, The Huntington National Bank, with its main offices and principal corporate trust office located in Columbus, Ohio, is a national banking association organized and existing under the laws of the United States, and is authorized to exercise corporate trust powers in the State of Ohio. The Trustee is a wholly-owned affiliate bank of Huntington Bancshares Incorporated, a bank holding company, and is among the banks that serve as depositories for University monies.

TAX MATTERS

General

In the opinion of Bricker & Eckler LLP, Bond Counsel, under existing law interest on the Series 2013 A Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Code and is not treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest on the Series 2013 A Bonds is taken into account in determining adjusted current earnings. Further, the Series 2013 A Bonds are not "private activity bonds" as defined in Section 141(a) of the Code.

The Series 2013 A Bonds and the interest, transfer and any profit made on the sale, exchange or other disposition thereof are exempt from Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal school district and joint economic development district income taxes in Ohio.

The University has **not** designated any portion of the Series 2013 A Bonds as "qualified tax exempt obligations" as defined in Section 265(b)(3) of the Code.

Bond Counsel will express no opinion and make no representation regarding other federal, state or local income tax consequences resulting from the receipt or accrual of interest on the Series 2013 A Bonds. The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications made by the University and others, and the compliance with certain covenants of the University, to be contained in the transcript of proceedings and which are intended to evidence and assure the foregoing. Bond Counsel has not and will not independently verify the accuracy of such certifications and representations.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and remain excluded from gross income for federal income tax purposes some of which, including provisions for the rebate by the University of certain investment earnings to the federal government, require future or continued compliance after issuance of the obligations in order for the interest to be and continue to be so excluded from the date of issuance. Noncompliance with these requirements could cause the interest on the Series 2013 A Bonds to be included in gross income for federal income tax purposes and thus to be subject to regular federal income tax retroactively to the date of their issuance. The University covenants in the Indenture to take such actions that may be required of it for the interest on the Series 2013 A Bonds to be and remain excluded from gross income for federal income tax purposes, and not to take any actions which would adversely affect that exclusion.

Under the Code, interest on the Series 2013 A Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States of America, and a tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes can have certain adverse federal income tax consequences on items of income or deductions for certain taxpayers, including among them financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, and those that are deemed to incur or continue indebtedness to acquire or carry tax exempt obligations and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other items of income and expenses of the owners of the Series 2013 A Bonds. Bond Counsel will express no opinion and make no representation regarding such consequences.

Legislation affecting tax-exempt obligations such as the Series 2013 A Bonds is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2013 A Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2013 A Bonds will not have an adverse effect on the tax status of interest or other income on the Series 2013 A Bonds or the market value or marketability of the Series 2013 A Bonds.

Amortizable Bond Premium

All of the Series 2013 A Bonds, except for the Series 2013 A 2038 3.5% Term Bonds, were sold at issue prices greater than the principal amount payable at maturity or earlier call date (the "Premium Bonds"). The following information, which has not been included in the opinion of Bond Counsel, may be helpful to prospective purchasers of the Premium Bonds.

Premium Bonds will be considered to be issuable with amortizable bond premium (the “Bond Premium”). A taxpayer who acquires a Premium Bond in the initial public offering will be required to adjust his or her basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth at Section 171(b) of the Code.

With respect to any Premium Bonds, no income tax deduction for the amount of amortizable Bond Premium will be allowed to a holder pursuant in Section 171(a)(2) of the Code, but such holder may reduce their basis in the Premium Bonds by the amount of such amortizable Bond Premium. The amortization of Bond Premium may be taken into account as a reduction in the amount of tax exempt income for purposes of determining other tax consequences of owning the Premium Bonds. A purchaser of a Premium Bond at its issue price in the initial public offering who holds that Premium Bond to maturity will realize no gain or loss upon the retirement of such Premium Bond.

TRANSCRIPT AND CLOSING DOCUMENTS

A complete transcript of proceedings and a certificate (described under **LITIGATION**) relating to litigation will be delivered by the University when the Series 2013 A Bonds are delivered by the University to the Underwriters. The University at that time will also provide to the Underwriters a certificate, signed by the University officials who sign this Official Statement and addressed to the Underwriters, relating to the accuracy and completeness of this Official Statement and to its being a "final official statement" in the judgment of the University for purposes of paragraph (f)(3) of the Rule (as hereinafter defined).

LEGAL MATTERS

Legal matters incident to the issuance of the Series 2013 A Bonds and certain tax matters regarding the Series 2013 A Bonds are subject to the legal opinion of Bricker & Eckler LLP, Bond Counsel. See **TAX MATTERS** herein. The legal opinions, dated and premised on law in effect as of the date of issuance and delivery of the Series 2013 A Bonds, will be delivered to the Underwriters at the time of issuance and delivery. The proposed text of the opinions of Bond Counsel is attached as **APPENDIX C**. The legal opinions to be delivered to the Underwriters at the time of issuance and delivery of the Series 2013 A Bonds may vary from that text if necessary to reflect facts and law on the date of issuance and delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expressed any opinion concerning any of the matters referred to in the opinion subsequent to its date.

In addition to rendering the legal opinion, Bond Counsel will assist the University in the preparation of, and advise the University concerning documents for, the bond transcript.

Certain legal matters will be passed upon for the University by its statutory counsel, the Attorney General of the State of Ohio, through Christopher Culley, Assistant Attorney General and General Counsel for the University and its special counsel, Tucker Ellis LLP. Certain legal matters in connection with the Series 2013 A Bonds will be passed upon for the Underwriters by Hunton & Williams LLP, counsel to the Underwriters.

LITIGATION

There is no litigation or administrative action or proceeding pending or threatened to restrain or enjoin, or seeking to restrain or enjoin, the issuance and delivery of the Series 2013 A Bonds or to question the proceedings and authority under which the Series 2013 A Bonds are authorized and are to be issued, sold executed or delivered, or the validity of the Series 2013 A Bonds. A no-litigation certificate to such effect will be delivered by the University at the time of issuance and delivery of the Series 2013 A Bonds.

The University is a party to various legal proceedings seeking damages or injunctive relief and generally incidental to its operations but unrelated to the Series 2013 A Bonds. The ultimate disposition of such proceedings is not presently determinable, but will not, in the opinion of appropriate University officials, have a material adverse effect on the Series 2013 A Bonds or the security for the Series 2013 A Bonds.

INDEPENDENT ACCOUNTANTS

The financial statements of the University as of June 30, 2012 and 2011 and for the years then ended, included in this Official Statement as **APPENDIX B**, have been audited by

PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing in **APPENDIX B**.

RATINGS

Moody's Investors Service, Inc. and Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc., have assigned the Series 2013 A Bonds ratings of "Aa2" and "AA-", respectively. No application for a rating has been made by the University to any other rating service.

The ratings reflect only the respective views of the rating services and any explanation of the meaning or significance of the ratings may only be obtained from the respective rating service. The ratings are not recommendations to buy, sell or hold securities. The University furnished to each rating service certain information and materials, some of which may not have been included in this Official Statement, relating to the Series 2013 A Bonds and the University. Generally, rating services base their ratings on such information and materials and on their own investigations, studies and assumptions. Each rating should be evaluated independently of any other rating. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating service if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the Series 2013 A Bonds.

The University expects to furnish the rating services with information and materials that may be requested. However, the University assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Series 2013 A Bonds.

CONTINUING DISCLOSURE AGREEMENT

In accordance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule") the University (the "Obligated Person") will agree pursuant to a Continuing Disclosure Agreement to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System ("EMMA"), certain financial information on an annual basis, including (A) audited financial statements of the University for the preceding Fiscal Year, and (B) financial information and operating data generally consistent with the information contained under the captions **SECURITY AND SOURCES OF PAYMENTS – General, and - Other University Indebtedness; OUTSTANDING GENERAL RECEIPTS BONDS; and in APPENDIX A - THE OHIO STATE UNIVERSITY- General, - Academic Structure, - Faculty and Employees, - Enrollment, - Admissions, - Fees and Charges (but only information therein with respect to the University), - Financial Aid, - Physical Plant, - The Ohio State University Wexner Medical Center,** and **- FINANCIAL OPERATIONS OF THE UNIVERSITY;** such information shall be provided not later than the 180th day following the end of the Fiscal Year (or, if that is not a University business day, the next University business day), commencing Fiscal Year 2013.

(ii) to EMMA, in a timely manner (but not in excess of 10 business days after the occurrence of the event) notice of the occurrence of the following events with respect to the Series 2013 A Bonds:

(a) Principal and interest payment delinquencies;

(b) Non-payment related defaults, if material;

(c) Unscheduled draws on debt service reserves reflecting financial difficulties;

(d) Unscheduled draws on credit enhancements reflecting financial difficulties;

(e) Substitution of credit or liquidity providers, or their failure to perform;

(f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2013 A Bonds, or other material events affecting the tax status of the Series 2013 A Bonds;

(g) Modifications to rights of holders of the Series 2013 A Bonds, if material;

(h) Series 2013 A Bond calls (other than mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event), if material;

(i) Tender offers;

(j) Defeasances;

(k) Release, substitution or sale of property securing repayment of the securities, if material;

(l) Rating changes;

(m) Bankruptcy, insolvency, receivership or similar proceeding regarding an issuer or an Obligated Person;

(n) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(o) Appointment of a successor or additional trustee, or the change of the name of a trustee, if material.

(iii) to EMMA, notice of a failure (of which the Obligated Person has knowledge) of an Obligated Person to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

For purposes of this transaction with respect to events as set forth in the Rule:

(a) there are no debt service reserve funds, credit enhancements, or liquidity providers applicable to the Series 2013 A Bonds; and

(b) there is no property securing the repayment of the Series 2013 A Bonds.

The University reserves the right to amend the Continuing Disclosure Agreement, and to obtain the waiver of noncompliance with any provision of the Continuing Disclosure Agreement, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rules, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of the University. Any such amendment or waiver will not be effective unless the Continuing Disclosure Agreement (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the primary offering (within the meaning of the Rule) of the Series 2013 A Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the University shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the University that the amendment or waiver would not materially impair the interest of holders or beneficial owners of the Series 2013 A Bonds, or (ii) the written consent to the amendment, or waiver, by the holders of at least a majority of the aggregate outstanding principal amount of the Series 2013 A Bonds.

The Continuing Disclosure Agreement, by provision in the Series 2013 Supplement, will be solely for the benefit of the holders and beneficial owners of the Series 2013 A Bonds including holders of book entry interests in them. The right to enforce the provisions of the Continuing Disclosure Agreement may be limited to a right of the holders or beneficial owners to enforce to the extent permitted by law (by mandamus, or other suit, action or proceedings at law or in equity) the obligations and duties under it.

Any noncompliance with the Continuing Disclosure Agreement will not be a default or failure to comply for purposes of the default provisions of the Indenture. The Trustee has no responsibility for monitoring compliance with the Continuing Disclosure Agreement.

The performance by the University, as the only Obligated Person with respect to the Series 2013 A Bonds, of the Continuing Disclosure Agreement will be subject to the annual appropriation by the Board of moneys for the applicable purposes.

The Continuing Disclosure Agreement will remain in effect only for such period that the Series 2013 A Bonds are outstanding in accordance with their terms and the University remains an Obligated Person with respect to those Bonds within the meaning of the Rule.

From time to time, the University has not fully complied with all terms of its existing continuing disclosure undertakings. Specifically, while the University has filed its audited annual financial statements with respect to each of the past five years, prior to July 11, 2012 it had not filed with EMMA or its predecessors any documents specifically addressing the items of information corresponding to the annual information described above. On July 11, 2012, the University made a corrective filing with EMMA. In addition, the University's annual information statement for the fiscal year ending June 30, 2012 was filed with EMMA on January 4, 2013, which date was eight days later than the filing date specified in the University's continuing disclosure agreements. The University has designated an individual in the Office of the Treasurer to oversee timely compliance with its continuing disclosure obligations in the future.

The Trustee will not be responsible for, or for determining, the University's compliance with the Continuing Disclosure Agreement.

UNDERWRITING

Barclays Capital Inc. is acting as representative of the Underwriters listed on the cover page (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Series 2013 A Bonds subject to certain conditions precedent. The Underwriters will purchase all Series 2013 A Bonds if any are purchased at an aggregate purchase price of $377,980,341.32 (being equal to the par amount of the Series 2013 A Bonds of $337,955,000.00, plus $41,763,462.00 of net original issue premium, less $1,738,120.68 of underwriters' discount). The Underwriters may offer the Series 2013 A Bonds to certain dealers (including dealers depositing the Series 2013 A Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriters) and 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 Underwriters.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the University as Underwriters) for the distribution of the Series 2013 A Bonds at the original issue price. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

In the ordinary course of their business, the Underwriters and their affiliates have engaged, and may in the future engage, in investment banking and commercial banking transactions with the University.

ELIGIBILITY FOR INVESTMENT AND AS PUBLIC MONEYS SECURITY

To the extent that the matter as to the particular investor is governed by Ohio law, and subject to any applicable limitations under other provisions of Ohio law, the Series 2013 A Bonds are lawful investments for banks, societies for savings, savings and loan associations, deposit guaranty associations, trust companies, trustees, fiduciaries, insurance companies (including domestic life and domestic not for life), trustees or other officers having charge of sinking and bond retirement or other funds of political subdivisions and taxing districts of the State, the Commissioners of the Sinking Fund of the State, the administrator of Workers' Compensation in accordance with applicable investment policies, and State retirement systems (Teachers, Public Employees, Public School Employees, and Police and Firemen's), notwithstanding any other provisions of the Ohio Revised Code with respect to investments by them.

The Act provides that the Series 2013 A Bonds are acceptable under Ohio law as security for the deposit of public moneys.

Owners of book entry interests in the Series 2013 A Bonds should make their own determination as to such matters as legality of investment in or pledgeability of book entry interests.

CONCLUDING STATEMENT

Quotations in this Official Statement from, and summaries and explanations of, the provisions of the Ohio Constitution, the Ohio Revised Code and other laws, the Bond Legislation, the Amended and Restated Trust Indenture and the Series 2013 Supplement, do not purport to be complete, and reference is made to the pertinent provisions of the Constitution, Ohio Revised Code and other laws and those documents for all complete statements of their provisions. Such documents are available for review at the University during regular business hours as the office of the Treasurer of the University. During the initial offering period, copies of the documents will also be available for review at the offices of the Underwriters.

To the extent that any statements in this Official Statement involve matters of estimate or opinion, whether or not expressly stated to be such, those statements are made as such and not as representations of fact or certainty, and no representation is made that any of those statements will be realized. Information in this Official Statement has been derived by the University from official and other sources and is believed by the University to be reliable, but information other than that obtained from official records of the University has not been independently confirmed or verified by the University and its accuracy is not guaranteed.

This Official Statement is not to be construed as or as part of a contract or agreement with the original purchasers or holders of the Series 2013 A Bonds.

This Official Statement has been duly prepared and delivered by the University, and executed for and on behalf of the University by the official identified below.

THE OHIO STATE UNIVERSITY

By: *<u>/s/ Geoffrey S. Chatas</u>*
Geoffrey S. Chatas
Senior Vice President for Business and Finance
and Chief Financial Officer

[Page Intentionally Left Blank]

APPENDIX A

THE OHIO STATE UNIVERSITY

[Page Intentionally Left Blank]

APPENDIX A

TABLE OF CONTENTS

NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Forward-Looking Statements

Certain statements included or incorporated by reference in this Appendix A constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend," "projection" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in this Appendix A. A number of important factors, including factors affecting the University's financial condition and factors which are otherwise unrelated thereto, could cause actual results to differ materially from those stated in such forward-looking statements. THE OHIO STATE UNIVERSITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Projections

The projections set forth in this Appendix A were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the University's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the University. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Appendix A are cautioned not to place undue reliance on the prospective financial information. Neither the University's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

APPENDIX A

THE OHIO STATE UNIVERSITY

GENERAL

The Ohio State University (the "University") was founded in 1870 by the Ohio General Assembly under provisions of the Morrill Act as the Ohio Agricultural and Mechanical College. The College was located on 331 acres of land approximately two miles north of Columbus. In 1878, the General Assembly designated the College a university and changed its name to The Ohio State University. That same year, the University graduated its first class. Through August 2012, the University has awarded over 669,550 undergraduate and graduate degrees.

The University is one of 13 state-supported universities in Ohio. It is declared by statute to be a body politic and corporate. The University's main campus is located in the City of Columbus on a 1,765-acre site containing 451 buildings (the "Columbus Campus"). Also in Columbus, the University owns two 18-hole regulation golf courses and Don Scott Airport on 1,707 acres. In addition to the Columbus Campus, the University operates educational programs at Extended Campuses located in Lima, Mansfield, Marion, and Newark (collectively, the "Extended Campuses") housed in 37 buildings on 1,498 acres. The University also operates an Agricultural Technical Institute, the Ohio Agricultural Research and Development Center ("OARDC") in Wooster, Ohio and the Molly Caren Agriculture Center in London, Ohio, along with eight other research farms throughout Ohio collectively comprising 10,253 acres and 367 buildings. An additional 36 buildings are located on 894 acres at 13 other locations across Ohio.

The Columbus Campus is the third largest individual campus of any university or college in the United States in terms of both head count enrollment and full-time equivalent (FTE) enrollment. The enrollment for Autumn 2012 was 56,387 students for the Columbus Campus and 6,671 for the Extended Campuses, bringing the total enrollment for all campuses at that time to 63,058 students. During the academic year ending June 30, 2012, the University awarded a total of 16,772 degrees consisting of 11,309 baccalaureate degrees, 3,144 master's degrees, 872 professional degrees, 756 doctorate degrees, 682 associate degrees, and 9 post-baccalaureate degrees. The University has nearly 500,000 living alumni. The University has the largest Athletics Department in the country with 36 varsity sports. The Athletics Department is self-supported and generated approximately $136 million in revenues in Fiscal Year 2012. As of Autumn 2012, the University employed a total of 42,505 faculty and staff (including student employees) among its campuses.

The Board of Trustees

The University is governed by a Board of Trustees (the "Board") which, under Ohio law, is directed and granted authority to do all things necessary for the proper maintenance and successful and continuous operation of the University. Two of the Trustees must be students at the University. With the exception of the charter Trustees, the non-student Trustees are appointed by the Governor with the advice and consent of the State Senate for overlapping nine-year terms. The student Trustees are appointed by the Governor with the advice and consent of the State Senate for overlapping two-year terms. The student Trustees have no voting power on the Board and are not considered as members of the Board in determining whether a quorum is present. The charter Trustees, who are not residents of Ohio, are appointed by the other members of the Board for three-year terms. There may be up to three charter Trustees. Like student Trustees, charter Trustees have no voting privileges on the Board and are not considered as members of the Board when determining whether a quorum is present.

The current officers and members of the Board, and the years in which their respective terms expire, are:

Robert H. Schottenstein, Chair (2014)	M/I Homes, Inc., Chairman of the Board, Chief Executive Officer, and President
Brian K. Hicks, Vice Chair (2013)	Hicks Partners, LLC, President and Chief Executive Officer
John C. Fisher, Vice Chair (2013)	The Ohio Farm Bureau Federation, Inc., Executive Vice President
Alan W. Brass (2014)	ProMedica Health System, Former Chief Executive Officer
Ronald A. Ratner (2015)	Forest City Enterprises, Inc., Executive Vice President and Director, President of Forest City Residential Group
Algenon L. Marbley (2016)	United States District Judge for the Southern District of Ohio
Linda S. Kass (2017)	Chair of the Countrywide Champion of Children Initiative and Board Chair of the Bexley Education Foundation
Janet B. Reid (2018)	Global Novations, Managing Partner and Director
W. G. Jurgensen (2018)	Retired Chief Executive Officer of Nationwide Mutual Insurance Company
Jeffrey Wadsworth (2019)	Batelle Memorial Institute, President and Chief Executive Officer
Clark C. Kellogg (2019)	Lead College Basketball Analyst for CBS Sports and Vice President of Player Relations for Indiana Pacers
Timothy P. Smucker (2020)	The J.M. Smucker Company, Chairman of the Board
Alex Shumate (2020)	Squire, Sanders & Dempsey LLP, Managing Partner, Columbus Office
Cheryl L. Krueger (2021)	KRUEGER+CO. Consulting, Inc., Chief Executive Officer
Michael J. Gasser (2021)	Executive Chairman of the Board of Greif, Inc.
G. Gilbert Cloyd, Charter Trustee (2015)	Procter & Gamble, Co., Former Chief Technology Officer
Corbett A. Price, Charter Trustee (2014)	Chief Executive Officer, Kurron Capital, LLC, and Chairman of Kurron & Company, Inc.
Evann K. Heidersbach, Student (2013)	Student
Benjamin Reinke, Student (2014)	Student

The secretary of the Board is David G. Horn.

Senior Management

Biographical information regarding certain individuals who are part of the current senior management of the University is set forth below.

Dr. E. Gordon Gee, among the most highly experienced and respected university presidents in the nation, returned to the University in 2007 after having served as Chancellor of Vanderbilt University for seven years. Prior to his tenure at Vanderbilt, he was president of Brown University (1998-2000), The Ohio State University (1990-97), the University of Colorado (1985-90), and West Virginia University (1981-85). He graduated from the University of Utah with an honors degree in history and earned his J.D. and Ed.D. degrees from Columbia University.

Dr. Joseph A. Alutto serves as Executive Vice President and Provost at the University. He previously served as both the Dean of the Fisher College of Business and the Executive Dean of the Professional Colleges at the University. He has held appointments at the State University of New York at Buffalo and Carnegie Mellon University. Dr. Alutto received his Bachelor of Arts degree from Manhattan College, his Master's Degree from the University of Illinois at Chicago, and his Ph.D. from Cornell University. He will be stepping down from his position effective June 20, 2013.

Dr. Herb B. Asher serves as Senior Vice President of Government Affairs at the University. He also serves as Professor Emeritus of Political Science and Counselor to the President of the University. He is frequently called upon as an expert political analyst by local and national media. Dr. Asher received his Bachelor of Science in Mathematics from Bucknell University as well as his Master's and Ph.D. degrees from the University of Michigan.

Valerie Lee was named Senior Vice President for Outreach and Engagement in March 2012. Ms. Lee also holds positions as Vice Provost for Diversity and Inclusion and Chief Diversity Officer. Ms. Lee's administrative service is extensive. She was chair of the Department of Women's Studies from 2000 to 2002. She was then named the chair of the Department of English, one of the largest units at Ohio State, a position she held from 2002 to 2009. Ms. Lee earned a Ph.D. in English from The Ohio State University.

Geoffrey S. Chatas serves as Senior Vice President for Business and Finance and Chief Financial Officer at the University. Prior to joining the University in February of 2010, he was with JP Morgan Asset Management as an acquisitions officer for the Infrastructure Investments Group. Prior to JP Morgan, Mr. Chatas served as CFO at Progress Energy and served at American Electric Power (AEP), overseeing the financial aspects of investments in infrastructure assets. Mr. Chatas earned a Bachelor of Arts in Economics from Georgetown University, a Master's Degree from Oxford University and a Master's of Business Administration from INSEAD.

Christopher M. Culley serves as Senior Vice President and General Counsel for the University. He joined the University in February of 1998 as Deputy General Counsel and became General Counsel in December 2004. He is a member of the Columbus Bar Association, the Ohio State Bar Association and the National Association of College and University Attorneys. He earned his bachelor's degree at The Ohio State University and his J.D. at the University of Dayton College of Law.

Dr. Steven G. Gabbe is Senior Vice President for Health Sciences at the University and Chief Executive Officer at the Wexner Medical Center. Prior to his appointment, Dr. Gabbe served as Dean of Vanderbilt University School of Medicine. He chaired the Department of Obstetrics and Gynecology at The Ohio State University from 1987 to 1996. From 1978 to 1987 he was on the faculty in the Department of Obstetrics, Gynecology and Pediatrics at the University of Pennsylvania School of Medicine and was Director of the Division of Fetal Medicine. Dr. Gabbe earned his undergraduate degree from Princeton University and his medical degree from Cornell University Medical College.

Archie Griffin is President and Chief Executive Officer of the Ohio State Alumni Association and serves as the Senior Vice President for Alumni Relations. He has also served as Special Assistant to the Director of Athletics, Assistant Director of Athletics and External Affairs, and Associate Director of Athletics. He is a graduate of The Ohio State University.

Jeff M.S. Kaplan serves as Senior Vice President and Executive Office to the President and Interim Vice President for Human Resources. He assists the president in working with University leaders to build a cohesive leadership team and advance the University's agenda. Jeff has served in numerous leadership roles at Ohio State since returning to the University in 2007 with President Gee. His assignments have included medical center administration, student life oversight, responsibility for administration and planning, serving as Senior Vice President for Advancement and President for the Ohio State University Foundation. He returned to the University after serving as Senior Vice President and Chief Advancement Officer of Ohio Health. He earned a B.A. from Yale University and a J.D. from Ohio State's Moritz College of Law.

Jay Kasey serves as Senior Vice President for Administration and Planning at the University. Prior to his appointment to this post, Jay had management responsibility for elements of the five hospitals making up the OSU Health System (University Hospital, James Cancer Hospital, University Hospital East, OSU Harding Hospital, and Ross Heart Hospital). He has also been instrumental in leading the medical center expansion project. Jay has worked in senior level healthcare positions since 1985. After serving as the COO or CEO of two different five-hundred bed community hospitals, Jay joined The Hunter Group, a consulting firm specializing in hospital and health systems operations.

Thomas J. Katzenmeyer was named Senior Vice President for University Communications effective September 2008. Prior to that he was Senior Vice President of Investor, Media, and Community Relations for Limited Brands. Prior to his role at Limited Brands, Katzenmeyer worked for nearly 15 years in state government. He received his master's degree in journalism from the University and has taught media ethics at the University.

Michael Eicher was named Senior Vice President for Advancement in September 2012. He will oversee the full integration of the University's fundraising, alumni relations, and communications efforts. He joins the University from The John Hopkins University, where he served as Senior Vice President for External Affairs and Development. Prior to working at Johns Hopkins, Eicher was vice chancellor at the University of California, Los Angeles. Eicher graduated from the University of California, San Diego.

Academic Structure

The academic organization of the University consists of 14 colleges, 11 schools, the Graduate School and the Agricultural Technical Institute. The University offers 168 undergraduate majors, 115 programs leading to the master's degree, 93 programs leading to the doctoral degree, and over 12,000 different courses.

The 14 colleges within the University are:

Arts and Sciences	Medicine
Business	Nursing
Dentistry	Optometry
Education and Human Ecology	Pharmacy
Engineering	Public Health
Food, Agricultural and Environmental Sciences	Social Work
Law	Veterinary Medicine

The 11 schools within the University's colleges are:

Health and Rehabilitation Sciences	Educational Policy and Leadership
Architecture	John Glenn School of Public Affairs
Biomedical Science	Physical Activity and Educational Services
Communication	Music
Earth Sciences	Teaching and Learning
Environment and Natural Resources	

University Libraries consists of the Thompson Library and ten department library and special collections locations on the Columbus campus. The Libraries research collection is rich in distinctive content, including rare and primary sources provided in digital and physical formats. The system holds 7.1 million volumes. University Libraries is ranked fifth among the public university members of the Association of Research Libraries ("ARL") and fourteenth among all ARL member libraries.

Accreditations and Memberships

The University is fully accredited in all of its professional colleges and departments by the North Central Association of Colleges and Schools (NCACS). The University is also a member of both the Higher Learning Commission of the Association of American Universities and the National Association of State Universities and Land-Grant Colleges. Individual Colleges and Schools are fully accredited by their respective accrediting associations.

[Balance of Page Intentionally Left Blank]

Faculty and Employees

As of November 2012, the University had a faculty and non-instructional staff of 42,505 full and part-time employees on all campuses. The number of staff for the Columbus Campus and the Extended Campuses as of November 2012 were as follows:

	Columbus Campus	Extended Campuses	Total University
Instructional Staff			
Regular Faculty[(1)]:			
Professor	1,153	43	1,196
Associate Professor	867	125	992
Assistant Professor	595	112	707
Instructor	7	1	8
Total Regular Faculty	2,622	281	2,903
Other Faculty:			
Clinical Faculty[(2)]	881	0	881
Auxiliary Faculty[(3)]	2,319	309	2,628
Research Faculty[(4)]	97	0	97
Total Other Faculty	3,297	309	3,606
Total Instructional	5,919	590	6,509
Non-Instructional Staff			
Unclassified Staff	16,342	758	17,100
Classified Civil Service Staff	4,803	408	5,211
Professional & Technical Staff	61	0	61
Graduate Associates	4,457	24	4,481
Other Students	8,695	448	9,143
Total Non-Instructional Staff	34,358	1,638	35,996
Total Staff	40,277	2,228	42,505

(1) Regular faculty are tenure track with at least 50% FTE.

(2) Clinical faculty include the following titles: Professor-Clinical, Associate Professor-Clinical, Assistant Professor-Clinical, and Instructor Clinical with at least 10% FTE.

(3) Auxiliary faculty includes all other instructional staff including Lecturers, House Staff and Visiting Faculty.

(4) Research faculty include the following titles: Research Professor, Research Associate Professor, and Research Assistant Professor with at least 50% FTE.

The University faculty membership in distinguished academic societies includes the National Academy of Sciences (12 members), the National Academy of Engineering (13 members), and the Institute of Medicine (7 members). The faculty also includes 212 fellows of the American Association for the Advancement of Science. Many Fulbright Fellowships have been awarded to University faculty and graduate students each year. Professors are holders of prestigious awards in the humanities and sciences, including one who holds the Nobel Prize in physics.

The University is a party to collective bargaining agreements with the Communications Workers of America, the Fraternal Order of Police and the Ohio Nurses Association, which agreements cover only some of its employees. The remaining University employees, including faculty and other instructional staff, have not elected to join a bargaining unit.

Enrollment

The University attracts students from a variety of backgrounds and geographical locations, with representation in the Autumn Quarter of 2012 from all 50 states and more than 110 foreign countries. Ohio residents represent 79% of the University's enrollment, while 11% are from other states and 10% are international students. The head count enrollment (full-time and part-time students) for the Columbus Campus and the Extended Campuses of the University for the Autumn Quarters of 2008 through 2012 are shown below:

Academic Year	Columbus Campus	Extended Campuses	Total Enrollment
2008-09	53,715	7,853	61,568
2009-10	55,014	8,203	63,217
2010-11	56,064	8,013	64,077
2011-12	56,867	7,562	64,429
2012-13	56,387	6,671	63,058

The following table shows the total Autumn head count enrollment for undergraduate and graduate students for all campuses, and for students enrolled in professional programs, as well as the aggregate FTE enrollment for all campuses.

Academic Year	Graduate and Undergraduate	Professional	Total	Full-Time Equivalent
2008-09	58,284	3,284	61,568	59,708
2009-10	59,936	3,281	63,217	61,116
2010-11	60,760	3,317	64,077	62,221
2011-12	61,053	3,376	64,429	62,805
2012-13	59,763	3,295	63,058	56,552

The enrollment decline in 2012-2013 is attributed to the switch from a quarter system to a semester system. The University experienced a record number of graduations in the year prior to the conversion.

In 1969, the General Assembly, upon recommendation of the Ohio Board of Regents, set enrollment limitations for several of the larger state universities. The limitation for the Columbus Campus is 42,000 FTE resident undergraduate enrollment. Excluded from this enrollment calculation is the FTE enrollment in certain categories, including Medical Sciences (Medicine, Dentistry, Veterinary Medicine, Nursing, Allied Medicine and Optometry) and Agriculture programs, and part-time commuter students in evening courses. With these exclusions, the FTE enrollment for the Columbus Campus is substantially below the enrollment limitation.

Prior to 1987, the University practiced open admissions for freshmen, accepting applications on a first-come, first-served basis. Admissions would "close" when the number of applications received reached the FTE enrollment limitation. Because of increased demands for the Columbus Campus, the University adopted a selective admissions policy beginning with applications for Autumn Quarter 1987.

The application deadline is fixed at February 1st of each year. All resident and nonresident applicants are considered within a competitive process. Primary criteria for admission are the applicant's high school college preparatory program and performance as measured by class rank, and standardized test scores. Other factors include courses exceeding the minimum in mathematics, natural sciences and foreign languages, competitiveness of high school, leadership, special talents, or special circumstances. In addition, special consideration is given to students who will provide cultural, racial, economic, and geographic diversity to the University.

Admissions

The table below sets forth, for the Columbus Campus, the number of completed freshman applications received and accepted, the percentage of applicants accepted for admission, the number of freshmen enrolled, the percentage of accepted applicants who enrolled and the average ACT scores and retention rates of enrollees in the Autumn Quarter of the academic years indicated.

Academic Year	Applications Completed	Applicants Accepted	Percent Accepted	Applicants Enrolled	Percent Enrolled	Average ACT	Retention Rate
2008-09	20,875	12,907	61.8%	6,041	46.8%	27.3	92.5%
2009-10	20,041	13,705	68.4%	6,607	48.2%	27.5	92.8%
2010-11	24,247	16,448	67.8%	6,549	39.8%	27.8	92.8%
2011-12	26,029	16,362	62.9%	6,904	42.2%	28.0	91.6%
2012-13	25,806	16,514	64.0%	7,186	43.5%	28.1	N/A

The average freshman composite scores on the Scholastic Aptitude Test (SAT) for the Columbus Campus was 1246 for the Autumn Quarter 2012; the average ACT Composite was 28.1. These averages have increased dramatically over the past decade as the University invested in strategic recruitment initiatives. The ACT average was 24.0 for Autumn 1997 compared with 28.1 in 2012. As part of an ongoing plan by the University to increase its national presence by enrolling more non-resident students, the University has been accepting a greater percentage of non-resident applicants. The University expects non-resident enrollment to be greater than 24% for the Academic Year 2013-2014.

Fees and Charges

Having converted to semesters in Summer 2012, the University now operates its programs on a two semester academic year, a May term and summer session. Instructional and general fees vary by campus and curriculum. Payment in full of all fees is required to be made by students prior to official enrollment in any class of instruction.

In April 2009, the Board voted to change the academic calendar from the quarter system to the semester system. The University, along with seventeen other public universities in Ohio converted the academic calendar in 2012-13. The estimated cost for this conversion process, for expenses such as technology modifications, course redesign, and curriculum alignment, is $11.8 million.

The conversion to semesters has allowed the University to better integrate with other universities, making it easier to facilitate the transfer of credits and students. The conversion has also initiated opportunities for student research, international study, internships, service learning and other specialized learning experiences for both undergraduate and graduate students.

[Balance of Page Intentionally Left Blank]

The per student instructional and general fees (including the tuition surcharge paid by non-resident students) for the Columbus Campus for academic years 2008-09 through 2012-13 are shown below.

Total Instructional and General Fees for Full-Time Students
(Per Academic Year)

		2008-09	2009-10	2010-11	2011-12	2012-13
Columbus Campus						
Resident	Undergraduate	$ 8,406	$8,426	$8,994	$9,309	$ 9,615
	Graduate	10,122	10,365	10,800	11,325	11,704
	MLHR	10,500	10,905	11,595	12,600	13,456
	MBA	22,143	23,235	24,375	26,055	27,336
	Working Professional MBA	21,504	22,350	23,235	24,375	22,720
	EMBA	40,446	44,130	42,450	47,124	46,414
	M. of Accounting	24,060	25,245	26,490	27,795	29,160
	Masters of Audiology	10,491	10,710	11,100	11,640	12,032
	MSLP	10,491	10,710	11,100	11,640	12,032
	M. of Health Admin.	12,021	12,315	12,735	13,350	13,800
	M. of Public Health	10,695	10,950	11,325	11,880	12,280
	Public Health PEP	10,695	10,950	11,325	11,880	12,280
	MPT/DPT	11,454	11,730	12,120	13,170	12,376
	MOT – Ranks 1-2	NA	NA	NA	NA	11,144
	MOT – Rank 3	NA	NA	NA	NA	8,660
	MOT – All Ranks	10,800	11,475	11,865	12,435	NA
	MSW	10,581	10,830	11,190	11,730	12,128
	MBOE	28,407	28,410	27,990	39,450	23,887
	SMB Finance	NA	NA	NA	47,979	50,472
	MBLE	22,143	23,235	24,375	26,055	24,296
Non-Resident	Undergraduate	21,645	21,998	23,178	24,204	25,023
	Graduate	24,984	25,605	26,730	28,050	29,016
	MLHR	25,362	26,145	27,525	28,530	29,384
	MBA	37,005	38,475	40,305	42,780	44,648
	Working Professional MBA	36,366	37,590	39,165	41,100	38,104
	EMBA	NA	NA	NA	47,139	46,424
	M. of Accounting	38,922	40,485	42,420	44,520	46,472
	Masters of Audiology	25,353	25,950	27,030	28,365	29,344
	MSLP	25,353	25,950	27,030	28,365	29,344
	M. of Health Admin.	26,883	27,555	28,665	30,075	31,112
	M. of Public Health	25,557	26,190	27,255	28,605	29,592
	Public Health PEP	25,557	26,190	27,255	28,605	29,592
	MPT/DPT	26,316	26,970	28,050	29,895	27,760
	MOT – Ranks 1-2	NA	NA	NA	NA	26,528
	MOT – Rank 3	NA	NA	NA	NA	24,044
	MOT – All Ranks	25,662	26,715	27,795	29,160	NA
	MSW	25,443	26,070	27,120	28,455	29,440
	MBOE	NA	NA	NA	39,465	23,897
	SMB Finance	NA	NA	NA	47,994	50,482
	MBLE	37,005	38,475	40,305	42,780	39,680
Professional Schools						
Resident	Law	20,602	22,120	23,970	25,620	27,000
	Medicine – Rank 1	NA	NA	NA	NA	28,512
	Medicine – Rank 2	NA	NA	NA	NA	27,432
	Medicine – Rank 3	NA	NA	NA	NA	25,624
	Medicine – Rank 4	NA	NA	NA	NA	22,008
	Medicine – All Ranks	28,245	28,935	30,300	31,800	NA
	Dentistry – Rank 1	NA	NA	NA	NA	30,952
	Dentistry – Ranks 2-4	NA	NA	NA	NA	27,448
	Dentistry – All Ranks	26,280	27,570	28,515	29,925	NA
	Optometry – Ranks 1-2	NA	NA	NA	NA	23,824
	Optometry – Ranks 3-4	NA	NA	NA	NA	21,160

		2008-09	2009-10	2010-11	2011-12	2012-13
	Optometry – All Ranks	18,690	19,605	20,850	22,290	NA
	Veterinary Medicine – Ranks 1-3	NA	NA	NA	NA	27,568
	Veterinary Medicine – Rank 4	NA	NA	NA	NA	21,448
	Veterinary Medicine	22,989	23,775	25,410	26,655	NA
	Pharmacy – Ranks 1-3	NA	NA	NA	NA	19,592
	Pharmacy – Rank 4	NA	NA	NA	NA	14,368
	Pharmacy – All Ranks	15,459	16,290	17,325	18,510	NA
Non-Resident	Law	35,552	37,070	38,920	40,570	41,952
	Medicine – Rank 1	NA	NA	NA	NA	45,968
	Medicine – Rank 2	NA	NA	NA	NA	44,888
	Medicine – Rank 3	NA	NA	NA	NA	43,080
	Medicine – Rank 4	NA	NA	NA	NA	39,464
	Medicine – All Ranks	43,383	44,445	46,350	48,660	NA
	Dentistry – Rank 1	NA	NA	NA	NA	66,136
	Dentistry – Ranks 2-4	NA	NA	NA	NA	58,640
	Dentistry – All Ranks	56,793	58,845	60,885	63,915	NA
	Optometry – Ranks 1-2	NA	NA	NA	NA	52,880
	Optometry – Ranks 3-4	NA	NA	NA	NA	46,984
	Optometry – All Ranks	47,751	48,660	49,905	51,345	NA
	Veterinary Medicine – Ranks 1-3	NA	NA	NA	NA	61,032
	Veterinary Medicine – Rank 4	NA	NA	NA	NA	47,484
	Veterinary Medicine	54,534	56,115	58,875	60,120	NA
	Pharmacy – Ranks 1-3	NA	NA	NA	NA	37,824
	Pharmacy – Rank 4	NA	NA	NA	NA	27,728
	Pharmacy – All Ranks	31,269	32,490	34,095	36,120	NA
Extended Campuses						
Resident	Undergraduate	6,240	6,237	6,678	6,903	7,140
	Graduate	9,900	10,155	10,605	11,130	11,512
	ATI	6,216	6,219	6,660	6,885	7,104
Non-Resident	Undergraduate	19,479	19,809	20,862	21,798	22,548
	Graduate	24,762	25,395	26,535	27,855	28,824
	ATI	19,455	19,791	20,844	21,780	22,512

[Balance of Page Intentionally Left Blank]

The average cost of room and board for undergraduate students at the Columbus Campus for the 2012-13 academic year was $9,495, representing an increase of 4.8% over academic year 2011-12. Comparative information concerning the academic year 2012-13 instructional and general fees charged Ohio residents by the University and the other state universities, and room and board charges are set forth below.

Instructional and General Fees*
2012-2013

Institution	Undergraduate	Graduate	Room and Board**
Bowling Green State University	$10,394	$11,648	$8,064
Central State University	5,870	6,174	8,782
Cleveland State University	9,314	12,169	11,848
Kent State University	9,672	10,290	9,176
Miami University	13,523	12,840	10,596
The Ohio State University	**10,037**	**12,201**	**9,495**
Ohio University	10,282	9,510	9,732
Shawnee State University	6,988	8,795	8,526
University of Akron	9,862	8,578	9,878
University of Cincinnati	10,784	14,182	10,170
University of Toledo	9,196	14,064	9,738
Wright State University	8,354	12,240	7,832
Youngstown State University	7,451	10,257	8,150

* Based on Fall 2012 full-time charges or 15 credit hours and either 2 semesters or 3 quarters. Amounts shown include both instructional and General Facilities Fees and exclude certain other fees that are not uniform to all state universities.

** Rates are computed on average Fall 2012 double-occupancy room rates, a certain number of meals each week, and either 2 semesters or 3 quarters.

Source: Ohio Board of Regents Fall 2012 Survey of Student Charges.

[Balance of Page Intentionally Left Blank]

The following student budget has been used by the University's Office of Financial Aid and represents estimated average undergraduate student costs at the Columbus Campus for academic year 2012-2013.

Estimated Annual Expenses 2012-13

Basic Fees	**Per Student**
Tuition and fees for In-State Residents	$10,037
Tuition and fees for Out-of-State-Residents*	25,450
Room and Board**	11,182
Books and Supplies	1,248
Miscellaneous Costs, Personal Expenses, Phone, etc.	2,452
Additional Out-of-State Travel	636
Total In-State Expenses	$24,919
Total Out-of-State Expenses	$40,968

* Includes the non-resident tuition surcharge
** Based on the most popular room and board plan

Financial Aid

Approximately 77% of the students of the University receive some form of financial assistance. The primary responsibility for this function is placed with the office of Student Financial Aid. During the Fiscal Year 2012, students received total assistance amounting to $1 billion. The primary sources included the Pell Grant Program, Ford Federal Direct Student Loan Programs, Federal Work Study, Federal Supplemental Educational Opportunity Grants, Ohio College Opportunity Grants, and the University scholarships, loans, employment, and graduate student fee waivers.

[Balance of Page Intentionally Left Blank]

The following table summarizes the financial aid provided to the University students for the five Fiscal Years ended June 30, 2012. A portion of funds provided are derived from sources outside the University. All programs assisted by the federal and state governments are subject to appropriation and funding by those governments.

Student Financial Aid
(dollars in thousands)

Source	2008	2009	2010	2011	2012
Scholarships and Grants					
University	$262,527	$260,199	$266,865	$281,656	$293,728
State Funds	19,166	20,020	13,832	13,148	11,205
Pell Grants	30,241	33,103	49,418	58,149	56,309
Other Federal Grants	4,642	4,525	6,645	7,331	3,378
Other Funds	36,923	48,807	42,440	36,328	40,050
Total Scholarships and Grants	$353,499	$366,654	$379,200	$396,612	$404,670
Loan					
University	$2,189	$2,415	$3,239	$2,769	$1,762
Federal Perkins	6,530	2,064	1,797	3,963	5,423
Federal Stafford & PLUS	310,527	346,527	385,477	406,322	407,283
Other Loans	49,476	44,571	36,625	35,121	38,360
Total Loans	$368,722	$395,577	$427,138	$448,175	$452,828
Student Employment					
Federal Work-Study	$4,878	$5,046	$6,069	$3,191	$3,753
University Student Payroll	130,295	133,961	141,603	148,013	150,601
Total Student Employment	$135,173	$139,007	$147,672	$151,204	$154,354
Total Financial Assistance	$857,394	$901,238	$954,010	$995,991	$1,011,852

Physical Plant

In total the University consists of 891 structures on 16,117 acres. The Columbus Campus programs are housed in 451 structures on the 1,765 acre campus. There are 37 additional University structures located on 1,498 acres at the University's Extended Campuses. The OARDC has 340 buildings on 8,158 acres in Wooster, Ohio and eight other research farms throughout Ohio. The Molly Caren Agricultural Center in London, Ohio comprises 27 buildings on 2,095 acres. An additional 36 buildings are located on 894 acres at other locations across Ohio. The total estimated replacement value of the University's buildings and infrastructure, all of which are either owned by the University or by the State for the use and benefit of the University, exceeds $8.2 billion. The replacement value of the Columbus Campus alone is in excess of $7.4 billion.

The Columbus Campus includes a 1,765-acre tract comprising the east and west academic campuses, a 295-acre 36-hole golf course and the 1,412-acre Don Scott Field. The Don Scott Field area contains the airport and experimental and demonstration farms and research areas on 801 acres and has 611 acres of undeveloped land. Columbus Campus facilities include numerous academic and laboratory buildings and facilities, a 923 licensed bed University Hospital (does not include 180 licensed beds at the Arthur G. James Cancer Hospital and Richard J. Solove Research Center or the 404 licensed beds at the University Hospital East), the nineteenth largest academic research library in North America, 32 residence hall buildings which can house 9,800 students and a 102,300-seat stadium.

In pursuit of its teaching, research, and public service missions, the University has made significant investments in its facilities. At June 30, 2011, the capitalized cost of the University's land, buildings, improvements, equipment, library books, and construction in progress exceeded $3.4 billion. Since 2009, total investment in the University's physical plant has increased by more than $150 million. In that period, the University completed construction of three major facilities: a new student union, a Student Academic Services Building and an adjacent parking garage.

The Ohio State University Wexner Medical Center

Part of one of the most comprehensive health sciences campuses in the country, The Ohio State University Wexner Medical Center includes the College of Medicine and its School of Health and Rehabilitation Sciences and School of Biomedical Science; the Office of Health Sciences; various research centers, programs and institutes; Ohio State University Physicians, Inc.; The Ohio State University Faculty Group Practice; The Ohio State University Comprehensive Cancer Center — Arthur G. James Cancer Hospital and Richard J. Solove Research Institute; and The Ohio State University Health System, which includes University Hospital, University Hospital East, Harding Hospital, the Richard M. Ross Heart Hospital, Ohio State University Rehabilitation Services at Dodd Hall, the OSU Primary Care Network, CarePoint multispecialty outpatient facilities and the FastCare walk-in healthcare clinics. The University's Wexner Medical Center hospitals serve more than 56,000 adult inpatients and more than one million outpatients a year.

In 2012, *U.S. News & World Report* recognized 10 specialties at the University's Wexner Medical Center among "America's Best": cancer care; ear, nose and throat; gynecology; kidney disease; respiratory disorders; diabetes and endocrinology; urology; heart; rehabilitation; and geriatrics. The University's Wexner Medical Center is the only central Ohio hospital ranked, and has been ranked for 20 consecutive years.

The Ohio State University Wexner Medical Center is at the forefront of medicine, where discovery and ingenuity in research laboratories — fueled by the sequencing of the human genome, interdisciplinary collaboration and emerging fields such as biomedical engineering and informatics — make unique, effective therapies available to patients months, even years, before other hospitals. The University's Wexner Medical Center is earning international distinction through its leadership in a new approach known as personalized health care, in which patients have access to unique disease prevention and treatment options based on their own genetic makeup and lifestyle.

University Hospital specialties include organ and tissue transplantation, women's health, digestive diseases, minimally invasive surgery, rehabilitation and neurosciences. In addition to having a Level I Trauma Center as designated by the American College of Surgeons, University Hospital is also home to a Level III Neonatal Intensive Care Unit, central Ohio's only adult burn center and the only adult solid organ transplant program in central Ohio. University Hospital has been redesignated a Magnet® hospital by the American Nurses Credentialing Center; only 2% of hospitals in the United States are redesignated Magnet® facilities. University Hospital was the first in central Ohio to receive Magnet® designation.

University Hospital East blends academic and community-based medicine at a licensed, 172-bed facility. University Hospital East provides a full range of services to patients throughout central Ohio, including rehabilitation, family medicine and emergency medicine. Additionally, patients at University Hospital East have access to central Ohio's leading alcohol and drug addiction recovery services, a wound-healing center, a sleep lab and outpatient oncology services.

The University's Heart and Vascular Center comprises the Richard M. Ross Heart Hospital and Dorothy M. Davis Heart and Lung Research Institute (DHLRI) and is dedicated to advancing the field of cardiovascular medicine and surgery. Ohio State's Ross Heart Hospital is a seven-story, 150- inpatient-bed facility that supports every type of cardiac care, from the latest catheterization techniques to central Ohio's only adult heart transplantation program. The DHLRI is one of the nation's few free-standing facilities devoted entirely to the research of diseases affecting the heart, lungs and blood vessels.

The Ohio State University Harding Hospital offers counseling services along with the most comprehensive inpatient and outpatient mental health and behavioral services in central Ohio. Programs are available for children and adolescents, adults and older adults. Harding Hospital's team includes psychiatrists, psychologists, social workers, registered nurses, occupational therapists, recreational therapists, chaplains and licensed counselors.

The only free-standing cancer hospital in central Ohio and the first in the Midwest, The University's Comprehensive Cancer Center - Arthur G. James Cancer Hospital and Richard J. Solove Research Institute (OSUCCC - James) is a national and international leader in cancer prevention, detection and treatment. The OSUCCC - James is a 209 licensed bed cancer hospital, one of only 40 comprehensive cancer centers designated by the National Cancer Institute (NCI), and one of only seven institutions nationally funded by the NCI to conduct both phase I and phase II clinical trials.

Ohio State University Physicians, Inc., (OSUP) is a not-for-profit, multispecialty physician practice that has been designated by the University's trustees as the faculty practice plan for the University's College of Medicine. The University's Faculty Group Practice (FGP) is an organizational unit of the Office of Health Sciences that represents the majority of the physicians delivering care to patients at the University's Wexner Medical Center. Both OSUP and FGP physicians have an employment relationship with the University's College of Medicine in support of its teaching, patient care and research mission areas.

The Ohio State University Wexner Medical Center Expansion is a $1.1 billion revitalization of the research, education and patient care spaces, utilities, infrastructure and green spaces across the Medical Center campus, which includes construction of a new James Cancer Hospital and Solove Research Institute and Critical Care Center. The costs of the Medical Center expansion are currently projected to be paid by the issuance of $925 million of bonds, $100 million from a peer-reviewed competitive federal grant and $75 million of fundraising and/or local Medical Center funds. The 276 rooms in the new James Cancer Hospital will allow patients to receive nearly all of their treatment in the comfort of their own room. The new Center for Critical Care's 144 critical care rooms will have comfort zones where loved ones can stay, sleep and shower. Its design combines research and education spaces on every patient care floor, which will accelerate the creation of new diagnostic tools and treatments. The new hospital will help to meet a projected 21% increase in patient admissions over the next ten years. It is the largest expansion project in the University's history.

Other Public Institutions

Publicly-owned higher education institutions in Ohio now include 13 state universities (with a total of 24 branches), one freestanding medical college (in addition to five at state universities), and 23 community and technical colleges. Those institutions all receive State assistance and conduct full-time educational programs in permanent facilities.

Ohio Board of Regents

The Chancellor of the Ohio Board of Regents is an appointee of the Governor, with the advice and consent of the State Senate, who serves a five-year term. The current Chancellor is Jim Petro. The Chancellor has statewide coordinating, recommendatory, advisory, and directory powers with respect to state-supported and state-assisted institutions of higher education. Among the Chancellor's powers and responsibilities are the powers to formulate and revise a state master plan for higher education; to make recommendations to the Governor and General Assembly concerning the development of state financed capital plans for higher education; to prepare a state plan for and be the state agency responsible for participation in federal programs relative to the construction of higher education academic facilities; to approve or disapprove the establishment of technical colleges, state institutions of higher education, community colleges, and new branches or academic centers of state universities; to approve or disapprove all new degree programs at higher education institutions; to review and recommend the elimination of graduate and professional programs; and to review appropriation requests of those institutions and make recommendations to the General Assembly concerning the biennial higher education operating and capital appropriations.

The Ohio Board of Regents acts as an advisory board to the Chancellor. The Ohio Board of Regents consists of nine voting members appointed to six-year terms by the Governor with the advice and consent of the State Senate. Ex-officio non-voting members are the chairpersons of the respective education committees of the State Senate and the State House of Representatives.

FINANCIAL OPERATIONS OF THE UNIVERSITY

General

The financial statements of the University are prepared in a "business type activity" format in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments and GASB Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities - an amendment of GASB Statement No. 34*. GASB Statement No. 35 defines business type activities as those financed in whole or in part by fees charged to external parties for goods and services. Most public colleges and universities have elected to use the business type activity format. For further information see the audited financial statements of the University as of June 30, 2012 and 2011 and for the years then ended, included as **APPENDIX B**.

Summary of Revenues, Expenses, and Other Changes in Net Assets

It should be noted that the required subtotal for net operating income or loss will generally reflect a "loss" for state-supported colleges and universities such as the University. This is primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all University expenses, except for interest on long-term debt. Operating revenues, however, exclude certain significant revenue streams that the University and other public institutions have traditionally relied upon to fund current operations, including state instructional support, current-use gifts, and investment income.

[Balance of Page Intentionally Left Blank]

The following "Summary of Revenues, Expenses and Other Changes in Net Assets" presents summary financial information for Fiscal Years 2008 through 2012.

Summary of Revenues, Expenses and Changes in Net Assets
(dollars in thousands)

	2008	2009	2010	(Revised) 2011	2012
Operating Revenues:					
Tuition and fees, net	$616,650	$622,857	$664,184	$732,688	$793,742
Grants and contracts	601,742	613,018	619,873	604,536	634,608
Auxiliary enterprises sales and services, net	192,071	194,862	204,676	232,482	233,020
OSU Health System sales and services, net	1,460,868	1,578,401	1,692,532	1,706,037	1,921,897
OSU Physicians sales and services, net	256,910	286,490	309,815	282,144	298,114
Departmental sales and other operating revenues	159,704	161,063	182,503	197,432	183,926
Total operating revenues	$3,287,945	$3,456,691	$3,673,583	3,755,319	4,065,307
Operating Expenses:					
Educational and general	$1,905,786	$1,919,678	$2,041,362	2,092,517	2,130,716
Auxiliary enterprises	220,682	214,807	223,704	244,787	239,570
OSU Health System	1,295,850	1,407,701	1,483,573	1,484,405	1,697,628
OSU Physicians	230,403	262,131	284,720	264,399	266,411
Depreciation	213,594	222,308	231,744	239,351	242,391
Total operating expenses	$3,866,315	$4,026,625	$4,265,103	$4,325,459	$4,576,716
Net operating income (loss)	($578,370)	($569,934)	($591,520)	($570,140)	($511,409)
Non-Operating Revenues (Expenses):					
State share of instruction and line-item appropriations	$469,162	$497,601	$502,571	$499,639	428,306
Gifts - current use	78,675	77,255	90,743	103,754	139,599
Net investment income (loss)	(141,558)	(435,898)	323,944	365,108	60,177
Grants, interest expense and other non-operating	(7,725)	2,884	(2,264)	21,749	21,350
Income (loss) before other revenues, expenses gains or losses	(179,816)	(428,092)	323,474	420,110	138,023
State capital appropriations	72,837	47,227	33,042	62,732	42,188
Private capital gifts	6,754	18,960	15,545	16,398	19,072
Additions to permanent endowments	59,108	35,816	33,363	30,835	41,299
Increase (decrease) in net assets	(41,117)	(326,089)	405,424	530,075	240,582
Net Assets - beginning of year	4,666,818	4,625,701	4,315,205	4,720,629	5,250,704
Effect of GASB 51 Implementation		15,593			
Net assets-beginning of year, restated		4,641,294			
Net Assets-end of year	$4,625,701	$4,315,205	$4,720,629	$5,250,704	$5,491,286

Break-out of State Operating Appropriations:	2010	2011	2012
State share of instruction and line-item appropriations	$443,337	$439,576	$428,306
Federal fiscal stabilization funds	59,234	60,063	-
Total	**$502,571**	**$499,639**	**$428,306**

The following "Summary of Fund Balances" presents the unrestricted educational and general fund equity, unrestricted fund equity, restricted funds, endowment and the investment in plant funds for Fiscal Years 2008 through 2012.

Summary of Fund Balances
(dollars in thousands)

	2008	2009	2010	2011	2012
Current Unrestricted Funds (E&G)	$613,285	$613,115	$638,513	$703,131	$710,140
Current Unrestricted Fund (All funds)	949,829	987,809	1,079,459	1,175,121	1,275,347
Current Restricted Funds	310,000	325,732	337,356	411,146	466,157
Endowment & Similar Funds	1,452,186	996,150	1,218,081	1,451,088	1,432,056
Plant Funds (Unexpended and R&R)	(139,424)	82,772	35,714	621,701	788,603
Retirement of Indebtedness	159,393	122,713	196,572	46,460	62,089
Investment in Plant (net of accumulated depreciation)*	1,847,935	1,759,683	1,901,255	1,494,899	1,435,181

* This is the "invested in capital assets, net of related debt" figure in the audited financials

General Budgeting Procedures

The University adopts a general funds operating budget for each Fiscal Year by allocating to the colleges the marginal increases in State Share of Instruction, student fees, and indirect cost recoveries collected on research projects. These allocations are based on the enrollments and research efforts adjusted for each college's share of administrative, space, research, and student services costs. Decisions concerning fees, salaries, benefits, other revenues and expenditures, as well as specific budget requests from the colleges and support units, are approved by the Board as developed by the President and senior staff in consultation with the Council of Deans, Senate Fiscal Committee, and other University constituencies.

The University's general fund operating revenues are derived from two primary sources: student fees and State appropriations. Over the last decade, student fees, which tend to be more stable, have increased at a faster pace than State appropriations and have become the University's largest source of General Funds revenue. Unrestricted State appropriations comprised 25.1% of the General Funds budget in Fiscal Year 2012 and comprised approximately 24.8% in Fiscal Year 2013. The reduction in State appropriations is primarily attributable to the loss of federal stimulus funding that was used to bolster State support in Fiscal Years 2010 and 2011. The University has positioned itself with higher fee, research, and fundraising revenues so that the absence of an increase in State appropriations will not have a significant impact on the University's operations.

The final State budget bill allows for tuition increases of 3.5% for Fiscal Year 2013. The increase is a necessary component of the University's strategy to address anticipated shortfalls in the next few years, primarily driven by the loss of the federal stimulus funding, which expired in Fiscal Year 2011. The State Share of Instruction, the primary source of State funding to the University, is expected to remain relatively flat in Fiscal Year 2013 after decreasing by approximately 16% in Fiscal Year 2012.

The recent financial crisis created an unprecedented level of budget uncertainty for both the State and the University and due to the expiration of the federal stimulus funds, the University faces the challenge of continuing to pursue its goals in the absence of this one-time only funding. As the University progresses toward eminence, the University has outlined four Core Goals – Teaching and Learning, Research and Innovation, Outreach and Engagement, and Resource Stewardship – that support its three Discovery Themes – Health and Wellness, Energy and Environment, and Food Production and Security – all of which are supported by the University's current funds budget.

Every other year, the University prepares and updates its six-year capital improvement program. Business and Finance administrators work with department requests and other central offices to prioritize capital needs. This provides the basis for a State capital appropriations request which is submitted to the Chancellor of the Ohio Board of Regents. The request identifies the projects proposed to be financed with State appropriations by the General Assembly and the purpose, priority, amount, and source of funds for those projects. The Chancellor of the Ohio Board of Regents and the General Assembly may approve, modify or disapprove aspects of the University's capital appropriation programs. In Fiscal Year 2012, Governor Kasich asked President Gee to lead discussions about transitioning the capital process for higher education from a formulaic approach to a more strategic one. In February, the committee led by President Gee delivered their recommendations to the Governor's office that were subsequently adopted by the State for Fiscal Years 2013 and 2014.

Operating Budgets

The University divides its operating budget into a general fund budget (Columbus Campus and, separately, Regional Campuses and ATI), an earnings fund budget, and a restricted fund budget. The general fund budget includes instruction and departmental research, separately budgeted research, public service, student services, general administration, plant operation and maintenance, student aid, and reserves. The earnings fund budget includes all expenditures supported by the hospitals and student-generated revenues, including room and board, parking, bookstore, intercollegiate athletics, and related income. The restricted fund budget includes all expenditures supported by revenues from grants, contracts, gifts, and donations, and appropriations from the State intended for specific purposes.

Recent Developments

Total State General Revenue Fund appropriations are $28.7 billion for Fiscal Year 2013 (a 6.1% increase over Fiscal Year 2012). The budget included a total General Revenue Fund appropriation for higher education of $2.3 billion in Fiscal Year 2013 (an increase of 3.8% from Fiscal Year 2012). In Fiscal Year 2011, federal stimulus funding was used to provide operational support for the higher education system in Ohio. The specific reduction in Fiscal Year 2012 of State General Revenue Fund appropriations to the University is the result of that federal funding no longer being available. Higher education institutions had been warned that this may happen, and therefore, the University had time to plan for this reduction.

For Fiscal Year 2012 and Fiscal Year 2013, the appropriation legislation allowed the University to increase resident instructional and general fees a maximum of 3.5% in Fiscal Year 2012 and another 3.5% in Fiscal Year 2013. State appropriations legislation did not cap or otherwise limit increases in special fees, graduate instructional fees, nonresident tuition surcharges, or room and board charges. Among other exceptions to the statutory limitation on fee increases are provisions that the limitation does not apply to an institution's covenants related to its Obligations, such as the University's covenant to charge sufficient fees and to manage other items comprising the General Receipts to pay Debt Service Charges, or to prior binding commitments to which an institution had identified fee increases as a source of funds.

The economy of the State of Ohio is showing signs of recovery from the recent recession. Unemployment, which was at 8.9% in July 2011, was at 6.9% in October 2012. Through October 2012, total tax receipts were tracking close to projections. Income taxes were .9% above projections for fiscal year 2013 while sales taxes were below estimates by 1.3%. For the year total tax receipts were .8% above projections.

Governor Kasich appointed President Gee to lead a committee of presidents from The Ohio State University, Miami University, Ohio University, Wright State University, and Shawnee State University to review the current funding model for the distribution of State Subsidy to colleges and universities. The committee's recommendations for four-year universities included incentivizing degree completion, bringing regional and main campuses together, recruiting great students to Ohio, and tearing down barriers to regional campus success. Ohio's institutions of higher-learning will now be incentivized to focus on improving outcomes for each and every student who walks through their doors by helping them graduate.

The University remains committed to protecting and growing student financial aid and to increasing the compensation of University faculty to enhance the ability of the University to attract and retain outstanding faculty. The University will reallocate resources if necessary to meet these goals. The University will not reduce the amount of its General Receipts devoted to payment of debt service. It is the judgment of the University that while there will always be some uncertainty in the level of continued State support it receives, the period where the University faced the greatest potential for funding reductions has passed. These financial difficulties will not materially impair its ability to either satisfy its debt service obligations or carry out the educational mission of the University.

State Appropriations to the University

All State universities in Ohio receive financial assistance for both operations and designated capital improvements through appropriations by the General Assembly. These appropriations contribute substantially to the successful maintenance and operation of the University. State appropriations to the University are not included in General Receipts.

The majority of the University's State operating appropriations are received on the basis of student FTE multiplied by legislated subsidy allowances that vary by program. The following table shows historical State operating appropriations to the University for Fiscal Years 2007 through 2012 and anticipated receipts for Fiscal Year 2013.

Fiscal Year	State Operating Appropriations*
2007	$451,964,000
2008	469,162,000
2009	497,601,000
2010**	502,571,000
2011**	499,639,000
2012	428,306,000
2013***	429,196,000

* Total University; figures include all campuses.

** In FY 2010, includes $59,234,000 and in FY 2011 includes $60,063,000 in Federal Fiscal Stabilization Funds.

*** Anticipated FY 2013 receipts.

The University also receives State capital improvement appropriations. The following table shows historical State capital appropriations to the University for the Fiscal Bienniums 2006 through 2014:

Fiscal Biennium Ended June 30	State Capital Appropriations
2006	$177,911,000
2008	107,793,000
2010	105,889,734
2012	141,265,013
2014	150,708,691

State appropriations constitute a substantial portion of the University's annual operating budget. Under the Ohio Constitution, an appropriation may not be made for more than a two-year period. The General Assembly is not under a legal obligation to make appropriations in accordance with the budget requests of the University.

There can be no assurance that State appropriated funds for operating or capital improvement purposes will be made available in the amounts from time to time requested or required by the University. The General Assembly has the responsibility of determining such appropriations biennially. State income and budget constraints may from time to time compel a stabilization or reduction of the level of State assistance and support for higher education in general and the University in particular. In addition, such appropriations (and all other similar appropriations) are subject to subsequent limitations pursuant to an Ohio Revised Code section, implemented by the Governor from time to time in the past, which provides in part that if the Governor ascertains that the available revenue receipts and balances for the current fiscal year will in all probability be less than the appropriations for the year, he shall issue such orders to the state agencies as will prevent their expenditures and incurred obligations from exceeding such revenue receipts and balances.

Grants and Contracts

During Fiscal Year 2012, the University's expenditures on research totaled $934 million. Slightly more than half of these expenditures ($470 million) came from various federal agencies. The National Institutes of Health ($212 million), the National Science Foundation ($57 million), and the Department of Defense ($38 million) were the primary federal sponsors. The remaining $464 million came from non-federal sources (industry, state, other non-governmental entities and institutional funds) with institutional funds ($235 million) and industrial sponsors ($101 million) being the primary sources.

The University's total research expenditures, as reported to the National Science Foundation, are managed by a number of administrative units. The primary administrative unit for external funding awarded to the University's investigators in Fiscal Year 2012 was the Ohio State University Office of Sponsored Programs, which managed the majority of the awards to academic units. In addition, some funds (primarily block grants from the U.S. Department of Agriculture) are administered by the OARDC. Research expenditures by the University's investigators at the Research Institute at Nationwide Children's Hospital and the Transportation Research Center are also included in the university's total research expenditures. Institutional funds reflect the University's investment in the research enterprise and include cost-sharing on grants for items such as equipment and graduate associate tuition.

The following tables show grant and contract expenditures for sponsored projects for Fiscal Years 2008-2012 by administering unit, and grant and contract awards for the same time period. Note that total awards and total expenditures will not precisely match, because awards often include multiple years of funding, whereas expenditures reflect activity in a single Fiscal Year. In addition, institutional contributions are not included in the awards table.

Grant and Contract Expenditures by Administering Unit
(dollars in thousands)

	2008	2009	2010	2011	2012
OSU Research Foundation	$397,617	$412,192	$453,586	$532,470	$498,605
OARDC	40,497	39,899	38,664	38,922	37,317
Research Institute at Nationwide Children's Hospital	46,337	45,127	49,964	60,882	53,656
Transportation Research Center	42,788	38,041	39,001	36,763	34,278
Institutional Funds	102,630	102,583	83,390	94,524	234,978
Other	72,691	78,619	90,589	68,564	75,194
Totals	$702,560	$716,461	$755,194	$832,126	$934,028

Grant and Contract Awards by Administering Unit
(dollars in thousands)

	2008	2009	2010	2011	2012
OSU Research Foundation	$404,151	$485,888	$499,100	$630,565	$453,021
OARDC	41,047	40,512	39,001	40,929	37,317
Research Institute at Nationwide Children's Hospital	45,485	49,519	39,388	62,120	57,354
Transportation Research Center	42,788	38,041	47,163	36,763	34,278
Other	60,668	59,628	64,849	74,329	75,194
Totals	$594,139	$673,588	$689,501	$844,706	$657,164

[Balance of Page Intentionally Left Blank]

The following table shows grant and contract expenditures for Fiscal Years 2008-2012 by source of funds.

Grant and Contract Expenditures by Source
(dollars in thousands)

	2008	2009	2010	2011	2012
Federal Sponsors					
National Institutes of Health	$176,498	$181,044	$210,296	$240,265	$211,581
National Science Foundation	42,825	42,566	49,724	52,959	57,268
Department of Education	10,738	8,627	16,170	24,386	33,217
Department of Defense	27,329	29,210	34,110	39,596	38,432
Department of Energy	13,925	13,332	15,895	23,153	23,022
Department of Labor	6,933	6,285	6,108	5,488	5,300
Department of Agriculture	22,931	15,127	24,466	27,351	29,207
National Aeronautics and Space Administration	6,466	6,895	6,719	5,661	5,590
Other Federal Agencies	27,449	36,734	36,454	74,270	66,044
Total Federal Sources	$335,094	$339,820	$399,942	$493,130	$469,661
Industry	$127,605	$119,599	$121,481	$105,579	$100,986
State of Ohio	98,040	119,488	105,332	100,880	68,041
Other Non-Federal Agencies	39,166	34,970	45,049	38,013	60,362
Institutional funds	102,630	102,583	83,390	94,524	234,978
Total Non-Federal Sources	$367,441	$376,640	$355,252	$338,996	$464,367
Total All Sources	$702,535	$716,461	$755,194	$832,126	$934,028

[Balance of Page Intentionally Left Blank]

The following table shows total grant and contract awards for Fiscal Years 2008-2012 by source of funds.

Grant and Contract Awards by Source
(dollars in thousands)

	2008	2009	2010	2011	2012
Federal Sponsors					
National Institutes of Health	$191,860	$189,588	$225,961	$225,450	$201,381
National Science Foundation	47,891	53,824	54,844	63,393	61,590
Department of Education	16,015	14,922	17,319	71,308	30,859
Department of Defense	27,398	31,563	24,487	40,180	29,797
Department of Energy	13,072	14,173	24,620	23,268	19,237
Department of Labor	N/A	7,722	N/A	3,710	6,019
Department of Agriculture	15,431	21,531	25,141	31,028	28,067
National Aeronautics and Space Administration	7,940	7,201	N/A	4,093	5,219
Other Federal Agencies	38,794	35,850	34,808	145,205	50,964
Total Federal Sources	$358,401	$376,374	$407,180	$607,635	$433,133
Industry	$87,204	$85,055	$87,967	$81,006	101,971
State of Ohio	114,498	178,112	122,336	124,475	59,083
Other Non-Federal Agencies	34,033	34,042	94,117	31,590	62,977
Total Non-Federal Sources	$235,735	$297,209	$304,420	$237,071	$224,031
Total All Sources	$594,136	$673,583	$711,600	$844,706	$657,164

[Balance of Page Intentionally Left Blank]

The Office of University Development

The Ohio State University Foundation is the primary fundraising and gift receipting organization for the University. Through the Foundation and the Office of University Development, contributions to the University can be made for current use or to the Endowment Fund. The University will accept gifts and bequests of cash, securities, real estate, tangible and intangible property, life insurance, and life income programs such as pooled income funds, charitable remainder annuity trusts, or charitable remainder unitrusts and gift annuities.

The following table shows gifts and bequests to the University from individuals, businesses and other organizations during each of the Fiscal Years listed below (dollars in thousands):

Fiscal Year	Gifts	Endowment Contributions	Private Capital Gifts	Total
2008	$78,675	$59,108	$6,754	$144,537
2009	$77,255	$35,816	$18,960	$132,031
2010	$90,743	$33,363	$15,545	$139,651
2011	$103,754	$30,835	$16,398	$150,987
2012	$139,599	$41,299	$19,072	$199,970

The University Endowment Fund

The University Endowment Fund is comprised of 2,705 individual funds and contains all endowment funds that were established before April 1985. The Fund is invested in the Long-Term Investment Pool and is comprised of a diversified portfolio consisting of equity, fixed income and alternative investments. The market value of the Fund at the end of each of the past five Fiscal Years was:

Fiscal Year	Market Value
2008	$1,009,335,056
2009	746,455,660
2010	828,833,352
2011	921,219,450
2012	878,706,677
November 30, 2012	896,079,043*

*Unaudited

[Balance of Page Intentionally Left Blank]

The Ohio State University Foundation

The Ohio State University Foundation (the "Foundation") is a not-for-profit organization formed in April 1985 which operates exclusively for the benefit of the University. The Foundation administers Unrestricted, Restricted, Endowment and Trusts and Pooled Income Funds for the benefit of the University. The market value of the 1,845 endowment funds held by the Foundation that are invested in the Long-Term Investment Pool at June 30 for the past five Fiscal Years was:

Fiscal Year	Market Value
2008	442,852,874
2009	348,393,132
2010	410,819,594
2011	484,426,575
2012	500,824,488
November 30, 2012	515,077,365*

* Unaudited

The Long-Term Investment Pool

The University's Long-Term Investment Pool (which includes the University Endowment Fund, Foundation Endowments and Operating Funds) is the eighth largest endowment fund of any public university or college in the United States based on information from the 2011 National Association of College and University Business Officers endowment study. As of November 30, 2012, the pool consisted of the following investment types and market values:

Investment Type	Market Value*
Absolute Return/Hedge	$1,264,151,679
Fixed Income	356,328,023
Cash	94,655,795
Equity	494,396,755
Private Equity	397,765,855
Real Assets	350,910,049
Total	$2,958,208,156

* Unaudited

The market value of the Long-Term Investment Pool at June 30 for the past five Fiscal Years was:

Fiscal Year	Market Value
2008	$2,075,853,120
2009	$1,662,729,191
2010	$1,887,568,228
2011	$2,120,714,246
2012	$2,366,033,205

The annualized total returns on the long-term portfolio for the period ending November 30, 2012 were:

One year	8.45%*
Three year	7.27%*
Five year	(0.21)%*

* Unaudited; does not include University Development support fees.

The University spent approximately $104.2 and $98.0 million of endowment income for operations as of June 30, 2012 and 2011, respectively.

The Short and Intermediate-Term Pool

The University's Short and Intermediate-Term Pool represents funds available for operating purposes. As of November 30, 2012 the Short and Intermediate-Term Pool consisted of the following investment types and market values:

Investment Type	Market Value*
Bank Accounts & Repurchase	$1,087,407,000
U.S. Gov't & Agency Bonds	181,209,000
Asset Backed Securities	59,996,000
Corporate Bonds	154,962,000
International Bonds	45,184,000
Fixed Income Mutual Fund	121,640,000
Real Estate	11,430,000
Total	$1,661,828,000

* Unaudited; rounded to the nearest $1,000.

Insurance Coverage

All real and personal property (buildings and contents) of the University are insured under a blanket (all risk) insurance policy. The policy insures all buildings and their contents on a replacement cost basis. The policy also includes business interruption, boilers and machinery. The University self-funds all deductibles. Buildings under construction are insured under builders risk policies obtained by the individual contractors or in some cases by builders risk policies owned by the University.

All owned, leased, rented or borrowed motor vehicles are self-insured for property damage. Liability coverage is provided by the University's Excess Liability Program subject to a self-insured retention.

All owned or leased aircraft are insured. The aircraft hulls are insured on a replacement cost basis. Liability insurance and property damage coverage are also provided for the airport.

The University maintains a self-insurance program for potential liabilities arising from operations of the University's Medical Center.

For workers' compensation purposes, the University is self-insured effective January 1, 2013. For unemployment compensation purposes, the University is self-insured and reimburses the Bureau of Employment Services for claims paid.

Capital Programs and Additional Financing

The University has an on-going capital improvement program consisting of new construction and the remodeling/rehabilitation of existing facilities. Capital improvement projects are expected to be funded from a variety of sources, including gifts, state appropriations, debt financing and University funds.

As of November 2012, the University had authorization for the following projects:

Project Status	Number	Total Project Cost (dollars in thousands)
In Design	78	$597,488
Under Construction	179	1,424,834
Emerging Projects*	59	52,093
Total	316	$2,074,415

* Projects not yet hired or designed

Retirement Plans

The University participates in contributory retirement plans administered by the State Teachers Retirement System ("STRS") and the Ohio Public Employees Retirement System ("OPERS") of the State of Ohio. In addition, the Alternative Retirement Plan ("ARP") was adopted by the Board of Trustees on February 5, 1999, and was retroactive to April 1, 1998 (non¬teaching staff) and July 1, 1998 (faculty). STRS, OPERS, and ARP are each funded from both employer and employee contributions.

The number of employees currently contributing to OPERS is 24,002, to STRS is 4,647, and to the ARP is 4,751. Currently, such employees contribute at a statutory rate of 10.0% (staff) and 10.0% (faculty) of eligible salary or compensation and the University contributes 14.0% (staff) and 14.0% (faculty) of eligible salary or compensation (all actuarially established), respectively. When funding is determined to be below 100%, a mitigating rate is charged independently to OPERS and STRS. The mitigating rate between OPERS and STRS may differ. Changes to the ARP rate are permitted based on a required study currently conducted on a periodic basis by the Ohio Retirement Study Council actuary. The University's retirement plans are not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

OPERS, STRS, and ARP are subject to Ohio law. The Ohio General Assembly could determine to amend the format of the plans and could revise rates or methods of contributions to be made by the University into the pension funds and revise benefits or benefit levels.

The University also has a qualified retirement plan and related section 415(m) plan for those employees whose contributions to STRS, OPERS, or ARP are limited by Internal Revenue Code limitations. Contributions are funded from both employer and employee contributions. In addition, several optional supplemental retirement programs (403(b) and 457 plans) are available to employees.

Federal law requires University employees hired after March 31, 1986, to participate in the federal Medicare program, which requires matching employer and employee contributions, currently 1.45% of the employee's compensation. Otherwise, University employees do not currently contribute to the federal Social Security system.

[Page Intentionally Left Blank]

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR THE FISCAL YEARS ENDED JUNE 30, 2012 and 2011

[Page Intentionally Left Blank]

The Ohio State University

(A Component Unit of the State of Ohio)

Consolidated Financial Statements
As of and for the Years Ended June 30, 2012 and 2011
And Independent Auditors' Report

Table of Contents

pwc

Report of Independent Auditors

To The Board of Trustees of
The Ohio State University
Columbus, Ohio

In our opinion, the accompanying consolidated statements of net assets and the related statements of revenues, expenses and changes in net assets and statements of cash flows present fairly, in all material respects, the financial position of The Ohio State University (the "University"), a component unit of the State of Ohio, as of June 30, 2012 and June 30, 2011 and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying management's discussion and analysis on pages 2 through 16 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's consolidated financial statements. The Supplementary Information on the Long-Term Investment Pool on pages 59 through 60 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we express no opinion nor provide any assurance on it.

PricewaterhouseCoopers LLP

October 16, 2012

PricewaterhouseCoopers, LLP, 41 South High Street, Suite 2500, Columbus, Ohio 43215
T: (614) 225-8700, F: (614)224-1044, www.pwc.com/us

Management's Discussion and Analysis for the Year Ended June 30, 2012 (Unaudited)

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of The Ohio State University (the "university") for the year ended June 30, 2012, with comparative information for the years ended June 30, 2011 and June 30, 2010. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About The Ohio State University

The Ohio State University is the State of Ohio's flagship research institution and one of the largest universities in the United States of America, with over 64,000 students, 6,000 faculty members and 22,000 staff members. Founded in 1870 under the Morrill Land Grant Act, the university – which was originally known as the Ohio Agricultural and Mechanical College -- has grown over the years into a comprehensive public institution of higher learning, with 170 undergraduate majors, 145 master's degree programs, 113 doctoral programs and seven professional degree programs.

The university operates one of the nation's leading academic medical centers, The Ohio State University Wexner Medical Center. As a part of the Wexner Medical Center, the OSU Health System is comprised of The Ohio State University Hospital, The Arthur G. James Cancer Hospital and Richard J. Solove Research Institute, Richard M. Ross Heart Hospital, University Hospital East, OSU Harding Hospital, Dodd Rehabilitation Hospital, three comprehensive outpatient care centers, an ambulatory surgery center, a comprehensive breast treatment center, and 23 clinics. The Health System provided services to more than 56,000 adult inpatients and 1,220,000 outpatients during Fiscal Year 2012.

The university is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The university's 14 colleges, two independent schools, the Wexner Medical Center and various academic support units operate largely on a decentralized basis. The Board approves annual budgets for university operations, but these budgets are managed at the college and department level.

The following financial statements reflect all assets, liabilities and net assets (equity) of the university, the Wexner Medical Center, the Ohio Agricultural Research and Development Center and the Ohio Supercomputer Center. In addition, these statements include consolidated financial results for a number of legally separate entities subject to Board control, including:

- The OSU Foundation (a fundraising foundation operating exclusively for the benefit of the university)
- OSU Physicians, Inc. (the central practice group for physician faculty members of the Colleges of Medicine and Public Health)
- Campus Partners for Community Urban Redevelopment (a non-profit organization participating in the redevelopment of neighborhoods adjacent to the main Columbus campus)

- Transportation Research Center, Inc. (an automotive research and testing facility in East Liberty, Ohio)
- OSU Health Plan (a non-profit organization – formerly known as OSU Managed Health Care Systems -- that administers university health care benefits)

The entities listed above meet the "financial accountability" criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. A complete listing of the entities that are included in the university's financial report is provided in the Basis of Presentation section of the footnotes.

The university is considered a "component unit" of the State of Ohio and is included in the State of Ohio's Comprehensive Annual Financial Report.

About the Financial Statements

The university presents its financial reports in a "business type activity" format, in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34.* In addition to this MD&A section, the financial report includes a Statement of Net Assets, a Statement of Revenues, Expenses and Other Changes in Net Assets, a Statement of Cash Flows and Notes to the Financial Statements.

The **Statement of Net Assets** is the university's balance sheet. It reflects the total assets, liabilities and net assets (equity) of the university as of June 30, 2012, with comparative information as of June 30, 2011. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities are classified as non-current. Investment assets are carried at market value. Capital assets, which include the university's land, buildings, improvements, and equipment, are shown net of accumulated depreciation. Net assets are grouped in the following categories:

- Invested in capital assets, net of related debt
- Restricted – Nonexpendable
- Restricted – Expendable
- Unrestricted

The **Statement of Revenues, Expenses and Other Changes in Net Assets** is the university's income statement. It details how net assets have increased (or decreased) during the year ended June 30, 2012, with comparative information for Fiscal Year 2011. Tuition revenue is shown net of scholarship allowances, patient care revenue is shown net of contractual allowances, charity care and bad debt expense, depreciation is provided for capital assets, and there are required subtotals for net operating income (loss) and net income (loss) before capital contributions and additions to permanent endowments.

It should be noted that the required subtotal for net operating income or loss will generally reflect a "loss" for state-supported colleges and universities. This is primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all university expenses, except for interest on long-term debt. Operating revenues, however, *exclude* certain significant revenue streams that the university and other public institutions have traditionally relied upon to fund current operations, including state instructional support, current-use gifts and investment income.

The **Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2012, with comparative information for Fiscal Year 2011. It breaks out the sources and uses of university cash into the following categories:

- Operating activities
- Noncapital financing activities
- Capital financing activities
- Investing activities

Cash flows associated with the university's expendable net assets appear in the operating and noncapital financing categories. Capital financing activities include payments for capital assets, proceeds from long-term debt and debt repayments. Purchases and sales of investments are reflected as investing activities.

The **Notes to the Financial Statements,** which follow the financial statements, provide additional details on the numbers in the financial statements. Behind the notes is a section that provides supplementary information on the university's Long-Term Investment Pool.

Financial Highlights and Key Trends

Total university net assets (equity) increased $241 million, to $5.49 billion at June 30, 2012, primarily due to increases in tuition and gift revenues, limited growth in expenses and positive operating results for the OSU Health System. In October 2011, the university issued $500 million of federally taxable "Century Bonds", which mature in June 2111. Total university plant debt increased $443 million, to $2.48 billion. Total unrestricted and restricted-expendable net assets increased $157 million, to $2.21 billion.

Demand for an Ohio State education remains strong, and student outcomes continue to improve. 64,429 students were enrolled in Autumn 2011, up slightly from Autumn 2010. 93% of the freshmen enrolled in Autumn 2010 returned to OSU in Autumn 2011. Over the past five years, four-year graduation rates have increased from 42% to 59%, and six-year graduation rates have increased from 71% to 80%.

The following sections provide additional details on the university's 2012 financial results and a look ahead at significant economic conditions that are expected to affect the university in the future.

Statement of Net Assets

Summary Statement of Net Assets *(in thousands)*

	2012	2011	2010
Cash and temporary investments	$ 1,339,961	$ 1,516,357	$ 1,218,665
Current receivables, inventories and prepaid expenses	628,809	552,548	572,436
Total current assets	1,968,770	2,068,905	1,791,101
Restricted cash	714,226	488,361	25,278
Noncurrent notes and pledges receivable	95,140	82,138	81,424
Long-term investment pool	2,366,033	2,120,714	1,887,568
Other long-term investments	76,769	68,283	64,232
Capital assets, net of accumulated depreciation	3,842,351	3,465,010	3,231,134
Total noncurrent assets	7,094,519	6,224,506	5,289,636
Total assets	$ 9,063,289	$ 8,293,411	$ 7,080,737
Accounts payable and accrued expenses	$ 442,165	$ 392,275	$ 376,469
Deferred revenues and deposits	231,545	228,550	208,579
Commercial paper and current portion of bonds, notes and lease obligations	553,151	542,903	505,842
Other current liabilities	75,295	60,362	58,503
Total current liabilities	1,302,156	1,224,090	1,149,393
Noncurrent portion of bonds, notes and lease obligations	1,923,833	1,490,810	898,243
Other noncurrent liabilities	346,014	327,807	312,472
Total noncurrent liabilities	2,269,847	1,818,617	1,210,715
Total liabilities	$ 3,572,003	$ 3,042,707	$ 2,360,108
Invested in capital assets, net of related debt	$ 2,079,926	$ 1,979,373	$ 1,875,977
Restricted-nonexpendable net assets	1,200,473	1,217,323	1,091,825
Restricted-expendable net assets	603,108	592,082	487,237
Unrestricted net assets	1,607,779	1,461,926	1,265,590
Total net assets	$ 5,491,286	$ 5,250,704	$ 4,720,629

Total university **cash and temporary investment** balances decreased $176 million, to $1.34 billion, primarily due to transfers of operating funds to the Long Term Investment Pool. **Restricted cash** balances increased $226 million, to $714 million, reflecting the proceeds of the Century Bonds, which were partially offset by capital expenditures for the Medical Center expansion, the renovation and expansion of student housing on south campus and other projects. The Statement of Cash Flows, which is discussed in more detail below, provides additional details on sources and uses of university cash. The university holds the bulk of its working capital in short and intermediate-term investment funds. These funds are invested in a diversified portfolio of money-market instruments as well as short and intermediate-term fixed income securities. The average maturity of the portfolio is typically less than one year.

Accounts receivable increased $70 million, to $472 million at June 30, 2012, primarily due to increases in patient care receivables for the Health System (up $60 million) and OSU

Physicians (up $12 million). Key factors contributing to the increases include one-time billing lags associated with the implementation of a new patient information and billing system, EPIC, a change in Medicare Fiscal Intermediary that slowed payment periods from 6 to 21 days, and slower claims processing by other payors.

The market value of the university's **long-term investment pool** increased $245 million, to $2.37 billion at June 30, 2012, primarily due to transfers of operating funds, which totaled $311 million. The long-term investment pool operates similar to a mutual fund, in that each named fund is assigned a number of shares in the pool. It includes the gifted endowment funds of the university, gifted endowment funds of the OSU Foundation, and operating funds which have been internally designated to function as endowments. The pool is invested in a diversified portfolio of equities, fixed income, real estate, hedge funds, private equity, venture capital and natural resources that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission.

Other long-term investments are non-unitized investments that relate primarily to gift arrangements between donors and the OSU Foundation. These investments increased $8 million, to $77 million at June 30, 2012.

Capital assets, which include the university's land, buildings, improvements, equipment and library books, grew $377 million, to $3.84 billion at June 30, 2012. The university depreciates its capital assets on a straight-line basis, using estimated useful lives ranging from 5 years (for computer equipment and software) to 100 years (for certain building components such as foundations).

Major projects completed in 2012 include the Plant and Animal Agrosecurity Research Facility (a $22 million biocontainment laboratory with capacity for plant and animal research at the BSL-3 and BSL-3 Ag safety levels), renovations of Cunz Hall and the Science and Engineering Library and (shortly after yearend) the build-out of the 4th, 5th and 6th floors of the Biomedical Research Tower. In addition, several major construction projects are currently underway or in advanced planning stages, including:

- Medical Center Expansion – Construction of a 21-story, $1.1 billion new facility for the James Cancer Hospital and Solove Research Institute and the Critical Care Center is proceeding on time and on budget for a 2014 opening. The university is financing the project with a combination of bonds ($925 million), private gifts ($75 million) and a $100 million federal grant.

- South High Rises Renovation and Addition – Work continues on the $172 million project to renovate five student housing facilities in the south campus area and to construct two building additions, which will include approximately 360 new beds. Park and Stradley halls were opened for Fall Semester. Work on Smith, Steeb and Siebert halls is on schedule for completion before the 2013-2014 academic year.

- William H. Hall Complex Expansion – Work continues on a $51 million project to construct a new suite-style housing facility as part of the William H. Hall housing complex. The new facility will provide approximately 537 new beds and is expected to be completed later this year.

- Infrastructure Improvements – Work continues on several major infrastructure projects, including construction of a $73 million south campus central chiller plant to support the Medical Center expansion and a $41 million east regional chiller plant to serve buildings east of the Oval. The south campus chiller project is expected to be completed in November 2012. The east regional chiller project is expected to be completed in 2014. In addition, a geothermal well project on South Oval, which will provide up to 50% of the heating and cooling for the Hall complex and south campus high rises, is expected to be completed in 2014.

- Chemical and Bio-molecular Engineering and Chemistry Building – Construction is underway on a $126 million facility for the Chemistry and Chemical and Bio-molecular Engineering departments. The 225,000 square-foot building will contain research and teaching laboratories, faculty offices, and seminar rooms. Construction is projected to be completed by January 2015.

- Sullivant Hall Renovation – Work is underway on a $26 million project to renovate Sullivant Hall, including creation of an entryway to High Street and the adjoining plaza. When completed in Fall 2013, the renovated facility will house the Advanced Computing Center for the Arts & Design, the Department of Dance, the Billy Ireland Cartoon Library & Museum and the Department of Art Education.

The university's estimated future capital commitments, based on contracts and purchase orders, total approximately $706 million at June 30, 2012.

Accounts payable and accrued expenses increased $50 million, to $442 million in 2012, primarily due to increases in vendor payables for capital projects and operating expenses (up $16 million and $28 million, respectively) and increases in retirement contributions payable (up $19 million, due to timing differences in yearend remittances).

Total university debt, in the form of **bonds, notes and capital lease obligations**, increased $443 million, to $2.48 billion at June 30, 2012. In October 2011, the university issued $500 million in federally taxable fixed-rate general receipts bonds that mature in full on June 1, 2111. The Century Bonds, which bear a 4.80% interest rate, allow the university to continue to diversify its debt portfolio along the yield curve, capturing a historically low cost of capital for a very long time. The university also realized a $20 million gain on an interest-rate lock agreement associated with the bond issue. A portion of this gain ($10 million) has been invested in the university's long-term investment pool to serve as a repayment fund for the principal on the century bonds.

The university's plant debt includes variable rate demand bonds that mature at various dates through 2035. GASB Interpretation 1*, Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the statement of net asset classification of these bonds. Under GASB Interpretation 1, outstanding principal balances on variable rate demand bonds may be classified as noncurrent liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have "take-out agreements" in place per the GASB Interpretation 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. These obligations totaled $470 million at both June 30, 2012 and 2011, respectively.

Subsequent to yearend, the university issued offering statements for $91 million in tax-exempt General Receipts Bonds and $23 million in federally taxable General Receipts Bonds. The proceeds of these bond issues will be used to refund existing bond obligations.

Prior-Year Highlights: ***In 2011***, total unrestricted and restricted-expendable net assets increased $301 million, to $2.05 billion. Three September 2010 bond issues increased total university plant debt by $630 million, to $2.03 billion. ***In 2010***, total unrestricted and restricted-expendable net assets increased $66 million, to $1.75 billion. Total university plant debt was stable at $1.35 billion.

Statement of Revenues, Expenses and Other Changes in Net Assets

Summary of Revenues, Expenses and Changes in Net Assets *(in thousands)*

	2012	2011	2010
Operating Revenues:			
Tuition and fees, net	$ 793,742	$ 732,688	$ 664,184
Grants and contracts	634,608	604,536	579,463
Auxiliary enterprises sales and services, net	233,020	232,482	204,676
OSU Health System sales and services, net	1,921,897	1,706,037	1,613,974
OSU Physicians sales and services, net	298,114	282,144	277,644
Departmental sales and other operating revenues	183,926	197,432	182,503
Total operating revenues	4,065,307	3,755,319	3,522,444
Operating Expenses:			
Educational and general	2,130,716	2,092,517	2,000,952
Auxiliary enterprises	239,570	244,787	223,704
OSU Health System	1,697,628	1,484,405	1,405,015
OSU Physicians	266,411	264,399	252,549
Depreciation	242,391	239,351	231,744
Total operating expenses	4,576,716	4,325,459	4,113,964
Net operating income (loss)	(511,409)	(570,140)	(591,520)
Non-operating revenues (expenses):			
State share of instruction and line-item appropriations	428,306	439,576	443,337
Federal fiscal stabilization funds	-	60,063	59,234
Gifts - current use	139,599	103,754	90,743
Net investment income (loss)	60,177	365,108	323,944
Grants, interest expense and other non-operating	21,350	21,749	(2,264)
Income (loss) before other revenues, expenses gains or losses	138,023	420,110	323,474
State capital appropriations	42,188	62,732	33,042
Private capital gifts	19,072	16,398	15,545
Additions to permanent endowments	41,299	30,835	33,363
Increase (decrease) in net assets	240,582	530,075	405,424
Net assets - beginning of year	5,250,704	4,720,629	4,315,205
Net assets - end of year	$ 5,491,286	$ 5,250,704	$ 4,720,629

Net **tuition and fees** increased $61 million, or 8%, to $794 million in 2012. Total university enrollments increased 1%, with Columbus campus enrollments up 2%. Non-resident student enrollments increased 9% and now account for 21.5% of the university's total enrollments. Tuition rates increased 4% overall, with a 3.5% increase for undergraduates.

Operating **grant and contract revenues** increased $30 million, to $635 million in 2012, primarily due to a new $20 million HRSA (Health Resources and Services Administration) grant to expand the Access to Care Program. Revenues for sponsored research programs administered by the Office of Sponsored Programs (formerly known as the OSU Research Foundation) increased $8 million, to $489 million. By the end of 2012, the bulk of the additional research funding provided under the American Recovery and Reinvestment Act of 2009 had been awarded and expended. Excluding the effect of $145 million of one-time awards received in October 2010 and January 2011, total federal awards are down 7%. The decrease in awards is spread across all federal agencies.

Educational and general expenses increased 2%, to $2.13 billion in 2012. Additional details are provided below.

Educational and General Expenses *(in thousands)*

	2012	2011	2010
Instruction and departmental research	$ 880,042	$ 843,406	$ 829,008
Separately budgeted research	447,213	440,756	419,982
Public service	109,714	110,357	118,585
Academic support	162,783	147,845	140,255
Student services	90,493	88,604	87,603
Institutional support	224,377	243,827	191,532
Operation and maintenance of plant	105,346	115,091	109,440
Scholarships and fellowships	110,748	102,631	104,547
Total	$ 2,130,716	$ 2,092,517	$ 2,000,952

Total **instructional and departmental research** expenses increased $37 million in 2012, primarily due to faculty/staff salary increases. The university's budget process directs the bulk of annual increases in tuition, state share of instruction and facilities and administrative cost recoveries to the colleges, for investment in academic programs. **Academic support** expenses increased $15 million, reflecting increased expenditures for Libraries and increased salary and benefit costs in several college offices, including Medicine, Nursing, Engineering and Undergraduate Studies. **Institutional support** decreased $19 million, primarily due to a reduction in central accruals for employee health care costs. Lower prices for natural gas reduced **operation and maintenance of plant** expense by $10 million.

Sales and service revenues of the university's **Auxiliary Enterprises** increased $1 million, to $233 million in 2012, primarily due to increases in housing and food service rates, which were partially offset by the loss of beds due to the temporary closures of Park and Stradley residence halls, and increases in parking revenue. Auxiliary expenses decreased $5 million, to $240 million.

The Ohio State University Health System operates nearly 1,200 inpatient beds and serves as a major tertiary and quaternary referral center for Ohio and the Midwest. Its Signature programs in Cancer, Critical Care, Imaging, Heart, Neurosciences and Transplantation provide personalized patient care. The Wexner Medical Center has 10 nationally ranked specialties in US News and World Report. It is designated as a Level I Trauma Center, has the only adult burn center in Central Ohio, and is home to a Level III neonatal intensive care unit.

A $1.1 billion construction project broke ground in 2010, representing the largest development project in The Ohio State University's history. Once complete, the new Arthur G. James Cancer Hospital and Richard J. Solove Research Institute, a Critical Care Center, as well as integrated, state-of-the-art research facilities will provide scientists, researchers and clinicians with a single collaborative environment for research, education and patient care. This 1.1 million square foot building will include 276 cancer beds and 144 critical care beds. Construction is expected to be completed in 2014, and more than 300,000 patients will be served annually when the facility is opened.

In October, 2011 the Medical Center converted to a single, integrated and personalized health record across the continuum of a patient's interaction with the Medical Center. All members of the Medical Center team now use the same system to access and enter information in the patient medical and financial record. In May 2012, Wexner Medical Center was the first hospital in Ohio and among only 86 of the more than 5,000 hospitals in the nation to achieve the highest designation for electronic medical record adoption.

In 2012, the Health System experienced strong activity levels and remained financially sound. Consistent with national trends, inpatient admissions dropped modestly, most notably in medicine, rehab and substance abuse. These drops were offset by gains in surgical and cardiovascular admissions, which have significantly greater margins.

Inpatient surgeries increased approximately 2.0%, while outpatient surgeries increased 4.7% with growth in Neurosurgery, Orthopedics and Urology. Outpatient visits increased 15% over the previous year, as the Health System opened its CarePoint East ambulatory facility and The James Breast Center and experienced continued growth at other CarePoint facilities and primary care locations.

Consolidated Health System operating revenues grew $216 million, or 13%, from the prior year. Approximately one third of the increase was driven by stronger activities, with the remaining increase resulting from higher case intensity, sustained payer mix, and increased rates from third party payers. Included in operating revenue is a one-time recognition of approximately $10.3 million receivable from Medicare for The James on previous years cost reports.

Consolidated Health System expenses (excluding depreciation, interest and transfers) grew $213 million, or 14%, mirroring changes in activities and reflecting price increases. Salaries and benefits were up approximately 10%, some of which is one-time expense associated with the IHIS implementation (IHIS is the Health System's new patient information and billing system, also referred to as EPIC). There was a 25% growth in drug expenses, caused by a combination of more chemotherapy sites being open, more expensive chemotherapy agents being used, and uncertain drug availability which impacted both prices and the mix of drugs used. Supply cost increases were limited to approximately 7.5% as strategic sourcing kept price increases down.

Margins remained strong, with the Operating Margin increasing from 8.0% to 8.3%. The Excess of Revenues over Expenses was approximately $169.0 million, including the one-time recognition of the Medicare receivable, versus $144.5 million in 2011. $99.0 million was reinvested back into research, education, and programs at the Medical Center. The Medical Center was a recipient of a $100 million grant from The Health Resources and Services Administration (HRSA), an agency of the U.S. Department of Health & Human Services, in support of the new tower construction. Approximately $30.4 million of the total grant was recognized under Contribution for Property Acquisitions as a change in net assets. Another $6.5 million from other sources was also recognized. In total, after accounting for Excess of Revenue over Expenses, Investments in the Medical Center, and Contributions for Property Acquisitions, the Health System's net assets increased approximately $107 million.

As with all healthcare providers, the Health System will be challenged by uncertain impacts of Healthcare Reform. Uncertainty in the upcoming elections and the potential repeal of existing legislation continues to complicate the environment. Regardless, the Medical Center continues to position itself to thrive in the changing market, as it has successfully done in the past. Integration of the medical staff into the Faculty Group Practice provides a unified structure to manage changes in reimbursement, change in practice patterns and alignment in strategies. The Health System is working with the University Health Plan and government waiver programs to begin management of specific patient populations, a key component of reform. It will actively work with other healthcare providers locally and statewide, and may form strategic alliances when beneficial to our patients and the Medical Center. Administrative functions continue to be consolidated across the Medical Center, eliminating redundancy wherever possible.

Despite the challenges and the changing healthcare environment, the Health System expects to improve its financial position during the upcoming year, and will continue to play a key role in supporting the Medical Center and in its status as a leading academic medical center.

Revenues and operating expenses of **OSU Physicians, Inc.** (OSUP), the University's central practice group for physician faculty members of the College of Medicine and Public Health, continue to grow in 2012. Total consolidated operating revenues grew from $282 million to $298 million as a result of increased rates from contractual negotiations and support from the university. Total consolidated OSUP expenses (excluding depreciation, interest and interfund transfers) were relatively flat, increasing $2 million, to $266 million in 2012.

OSUP is the single member of 18 limited liability companies (LLCs). As of June 30, 2012 only 16 of the limited liability companies were active. Two of the LLCs (Anesthesiology and Orthopedics) have been created but had no 2012 activity within OSUP.

Total state operating support declined by $71 million, or 14%, in 2012. **State share of instruction and line-item appropriations** decreased $11 million, to $428 million in 2012. **Federal fiscal stabilization funds**, which totaled $60 million in 2011, were provided only for the 2010-2011 biennium.

Non-endowment gifts to the university (including gifts for current use and gifts to capital projects) increased $39 million, to $159 million in 2012. New gift **additions to permanent endowments** increased $10 million, to $41 million. During 2012, a new record of 211,000 donors made gifts to the university; the next highest year was 2011 at 177,322.

University investments yielded $60 million of **net investment income** in 2012. The net investment income figure includes $70 million of interest and dividend income and $10 million net decrease in the fair value of university investments.

The fiscal year ended June 30, 2012 was challenging for investment markets. The Long-Term Investment Pool net return was essentially flat at negative 0.14%, as compared with the All Country World Index (ACWI) which experienced a negative 5.96% return. The three-year annualized return for The Long-Term Investment Pool was positive 10.5%, comparing favorably to its overall policy benchmark of 8.9%.

Macroeconomic issues weighed heavily on global markets throughout the year. These included the U.S. debt ceiling and deficit, the health care debate, the uncertainty of tax policy beyond 2012, the ongoing European debt crisis, the sell-off of emerging markets investments, and the slowdown in China.

These issues caused a great deal of volatility in the markets on a daily basis. Markets were generally very negative in the first half of the fiscal year and mildly positive in the second half. International and Emerging Markets were negative (14-16%) for the fiscal year, while U.S. equity markets were mixed with large-cap stocks being positive and small and mid-cap stocks being negative. U.S. Government Bonds won the day as money poured into U.S. debt as a "safe" haven.

Prior-Year Highlights: ***In 2011***, total university net assets increased $530 million, primarily due to $365 million of net investment income and strong operating results for the OSU Health System. ***In 2010***, university investments yielded $324 million of net investment income, recovering a significant portion of the net investment loss experienced in 2009. Total Health System operating revenues increased $114 million.

Statement of Cash Flows

University Cash Flows Summary *(in thousands)*	2012	2011	2010
Net cash flows from operating activities	$ (261,798)	$ (262,829)	$ (356,277)
Net cash flows from noncapital financing activities	642,267	704,276	663,725
Capital appropriations and gifts for capital projects	68,038	79,099	41,334
Proceeds from issuance of bonds and notes payable	521,155	902,117	337,113
Payments for purchase and construction of capital assets	(577,739)	(445,460)	(332,448)
Principal and interest payments on capital debt, net of federal Build America Bond interest subsidies	(148,810)	(337,668)	(385,506)
Net cash flows from investing activities	15,427	(239,169)	(24,130)
Net increase (decrease) in cash	$ 258,540	$ 400,366	$ (56,189)

Total university cash and cash equivalents increased $259 million in 2012. Net cash flows from operating activities increased $1 million, with increases in sales and service and tuition receipts offsetting increases in payments for wages, supplies and services. Net cash flows from noncapital financing activities decreased $62 million, reflecting the loss of the $60 million in federal fiscal stabilization funds and an $11 million reduction in state operating support. Net cash from capital financing activities swung from a positive $198 million to a negative $137 million, primarily due to lower levels of net debt issuance in 2012 and higher levels of capital expenditures on the Medical Center expansion, south campus dorm expansion and other major projects. Total cash provided by investing activities was $15 million, with cash provided by sales of temporary investments, interest and dividends offsetting net purchases of shares in the Long-Term Investment Pool.

Economic Factors That Will Affect the Future

As Fiscal Year 2012 drew to a close, the nation continued to slowly recover from its deepest recession in 50 years. In 2012, the State of Ohio reduced annual operating support to the university by 14%, primarily due to the expiration of federal fiscal stabilization funds, which were provided in 2010 and 2011 under the American Recovery and Reinvestment Act. Although the State of Ohio's finances have continued to improve over the past year and are projected to be stable in 2013, the university will have absorbed total cuts in state operating support of over $120 million for the 2012-2013 biennium.

Moderate tuition increases are a necessary component of the university's strategy to address these reductions in state funding. Undergraduate instructional and general fees have been increased 3.4% for Autumn Semester 2012. The university did not increase any of the mandatory student fees for Fiscal Year 2013, reducing the overall increase for resident undergraduate tuition and fees to 3.2%.

University leadership does not take these tuition increases lightly and recognizes that rising levels of student debt are among our leading national challenges. For the 2012-2013 academic year, the Board of Trustees has approved an additional $50 million for student financial aid and scholarships. The infusion of funds will not only help attract the best and brightest students, but also will allow the university to increase need-based aid and help an additional 1,300 students each year to achieve the dream of a college degree.

Since President E. Gordon Gee's return to Ohio State in 2007, the university has embarked on a multi-phase strategic planning process to move the university from excellence in eminence in public higher education. Our vision is to become the world's preeminent public comprehensive university, solving problems of world-wide significance. As our Executive Vice President and Provost, Joseph A. Alutto, noted in his April 2012 strategic planning presentation to the Board of Trustees, the quality of a university is greatly determined by:

- the number and quality of faculty actively involved in teaching and research
- the ability to provide outstanding students with access to high-quality programs regardless of economic background
- enhanced on-campus experiences supporting students' aspirations for growth and career goals, and
- development of sufficient resources to support these critical facets of university life

Given the numerous and competing demands on the State of Ohio to provide funding for governmental programs, it is clear that Ohio State cannot simply depend on state subsidies to realize its strategic goals. Instead, the university is committed to generating the necessary incremental resources for improvement through a variety of approaches, including identification of savings, redirection of existing funds, and innovative development of new funding sources. A prime example of these innovations is the September 21, 2012 lease and concession agreement for the university's parking facilities. In exchange for the right to operate the parking facilities over the next 50 years, QIC Global Infrastructure paid the university $483 million, which will be used to fund five new endowments. Over the next ten years, the university's long-range strategic plan calls for estimated resource generation of $2.1 billion, to be invested in new faculty, research and teaching ($300 million), continued increases in student financial aid ($200 million), enhancements to student residential experiences and support services ($100 million), and new facilities ($1.5 billion).

In addition to the new funding sources envisioned in the long-range strategic plan, private fundraising is critically important to realizing the university's academic goals. On October 4, 2012, the university launched the *But for Ohio State* fundraising campaign. The primary objectives of the $2.5 billion campaign are placing students first, elevating faculty, creating a modern learning environment, and emboldening our research agendas.

Based on what is now known regarding the university's financial outlook, university management anticipates that Ohio State will maintain its sound financial position in Fiscal Year 2013. However, the university is closely monitoring developments at the federal level related to budget sequestration. Federal budget sequestration is a process of across-the-board cuts to federal spending as a means to reduce the national deficit. Last year, when Congress and the White House could not agree on cuts to federal spending, a special Congressional "Supercommittee" was charged with establishing deficit-reduction legislation by January 2012. The committee failed to do so, and sequestration was automatically put into effect. Unless Congress and the White House reach a budget agreement, sequestration will occur in January 2013. This process could cut 8-10% from key federal programs that support students, faculty and patients at Ohio State. The university's Federal Relations team is working to demonstrate the potential negative impacts of sequestration to elected officials and collaborating with other universities and higher education associations to find a legislative solution.

Despite the challenges and uncertainties outlined above, the university remains committed to executing its long-range strategic plan. By doing so, we believe that The Ohio State University will continue its progress towards becoming the world's preeminent comprehensive public university.

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF NET ASSETS

June 30, 2012 and June 30, 2011
(in thousands)

	2012	2011
ASSETS:		
Current Assets:		
Cash and cash equivalents	$ 601,095	$ 568,420
Temporary investments	738,866	947,937
Accounts receivable, net	471,903	402,181
Notes receivable - current portion, net	24,625	16,014
Pledges receivable - current portion, net	21,190	26,054
Accrued interest receivable	27,455	26,601
Inventories and prepaid expenses	83,636	81,698
Total Current Assets	1,968,770	2,068,905
Noncurrent Assets:		
Restricted cash	714,226	488,361
Notes receivable, net	48,585	57,028
Pledges receivable, net	46,555	25,110
Long-term investment pool	2,366,033	2,120,714
Other long-term investments	76,769	68,283
Capital assets, net	3,842,351	3,465,010
Total Noncurrent Assets	7,094,519	6,224,506
Total Assets	$ 9,063,289	$ 8,293,411
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts payable and accrued expenses	$ 442,165	$ 392,275
Deposits and deferred revenues	231,545	228,550
Commercial paper and current portion of bonds, notes and leases payable	83,451	73,203
Long-term bonds payable, subject to remarketing	469,700	469,700
Other current liabilities	75,295	60,362
Total Current Liabilities	1,302,156	1,224,090
Noncurrent Liabilities:		
Bonds, notes and leases payable	1,923,833	1,490,810
Compensated absences	126,444	116,400
Self-insurance accruals	115,208	117,531
Amounts due to third-party payors - Health System	13,716	23,449
Obligations under annuity and life income agreements	34,088	35,540
Refundable advances for Federal Perkins loans	28,706	28,887
Other noncurrent liabilities	27,852	6,000
Total Noncurrent Liabilities	2,269,847	1,818,617
Total Liabilities	3,572,003	3,042,707
Net Assets:		
Invested in capital assets, net of related debt	2,079,926	1,979,373
Restricted:		
Nonexpendable	1,200,473	1,217,323
Expendable	603,108	592,082
Unrestricted	1,607,779	1,461,926
Total Net Assets	5,491,286	5,250,704
Total Liabilities and Net Assets	$ 9,063,289	$ 8,293,411

The accompanying notes are an integral part of these financial statements.

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS

June 30, 2012 and June 30, 2011
(in thousands)

	2012	2011
Operating Revenues:		
Student tuition and fees (net of scholarship allowances of $136,740 and $137,334, respectively)	$ 793,742	$ 732,688
Federal grants and contracts	367,466	345,277
State grants and contracts	48,061	42,212
Local grants and contracts	16,020	18,029
Private grants and contracts	203,061	199,018
Sales and services of educational departments	112,574	121,773
Sales and services of auxiliary enterprises (net of scholarship allowances of $17,228 and $18,153, respectively)	233,020	232,482
Sales and services of the OSU Health System, net	1,921,897	1,706,037
Sales and services of OSU Physicians, Inc., net	298,114	282,144
Other operating revenues	71,352	75,659
Total Operating Revenues	4,065,307	3,755,319
Operating Expenses:		
Educational and General:		
Instruction and departmental research	880,042	843,406
Separately budgeted research	447,213	440,756
Public service	109,714	110,357
Academic support	162,783	147,845
Student services	90,493	88,604
Institutional support	224,377	243,827
Operation and maintenance of plant	105,346	115,091
Scholarships and fellowships	110,748	102,631
Auxiliary enterprises	239,570	244,787
OSU Health System	1,697,628	1,484,405
OSU Physicians, Inc.	266,411	264,399
Depreciation	242,391	239,351
Total Operating Expenses	4,576,716	4,325,459
Operating Loss	(511,409)	(570,140)
Non-operating Revenues (Expenses):		
State share of instruction and line-item appropriations	428,306	439,576
Federal fiscal stabilization funds	-	60,063
Federal subsidies for Build America Bonds interest	11,252	8,283
Federal non-exchange grants	57,466	59,244
State non-exchange grants	5,185	6,359
Gifts	139,599	103,754
Net investment income	60,177	365,108
Interest expense on plant debt	(59,734)	(57,847)
Other non-operating revenues	7,181	5,710
Net Non-operating Revenue	649,432	990,250
Income before Other Revenues, Expenses, Gains or Losses	138,023	420,110
Other Changes in Net Assets		
State capital appropriations	42,188	62,732
Private capital gifts	19,072	16,398
Additions to permanent endowments	41,299	30,835
Total Other Changes in Net Assets	102,559	109,965
Increase in Net Assets	240,582	530,075
Net Assets - Beginning of Year	5,250,704	4,720,629
Net Assets - End of Year	$ 5,491,286	$ 5,250,704

The accompanying notes are an integral part of these financial statements.

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2012 and June 30, 2011
(in thousands)

	2012	2011
Cash Flows from Operating Activities:		
Tuition and fee receipts	$ 698,512	$ 636,664
Grant and contract receipts	626,918	617,483
Receipts for sales and services	2,500,593	2,383,266
Payments to or on behalf of employees	(2,218,575)	(2,088,464)
University employee benefit payments	(565,925)	(566,773)
Payments to vendors for supplies and services	(1,298,300)	(1,229,704)
Payments to students and fellows	(100,048)	(92,651)
Student loans issued	(10,495)	(10,717)
Student loans collected	10,024	9,450
Student loan interest and fees collected	2,152	2,274
Other receipts	93,346	76,343
Net cash used by operating activities	(261,798)	(262,829)
Cash Flows from Noncapital Financing Activities:		
State share of instruction and line-item appropriations	428,306	439,576
Federal fiscal stabilization funds	-	60,063
Non-exchange grant receipts	62,651	65,603
Gift receipts for current use	123,018	98,942
Additions to permanent endowments	41,299	30,833
Drawdowns of federal direct loan proceeds	386,400	410,355
Disbursements of federal direct loans to students	(397,721)	(401,346)
Disbursement of loan proceeds to related organization	(101)	(2,268)
Repayment of loans from related organization	217	1,068
Amounts received for annuity and life income funds	1,848	5,301
Amounts paid to annuitants and life beneficiaries	(3,761)	(3,833)
Agency funds receipts	2,805	2,780
Agency funds disbursements	(2,694)	(2,798)
Net cash provided by noncapital financing activities	642,267	704,276
Cash Flows from Capital Financing Activities:		
Proceeds from capital debt	521,155	902,117
State capital appropriations	48,966	62,701
Gift receipts for capital projects	19,072	16,398
Payments for purchase or construction of capital assets	(577,739)	(445,460)
Principal payments on capital debt and leases	(77,787)	(282,492)
Interest payments on capital debt and leases	(82,275)	(62,522)
Federal subsidies for Build America Bonds interest	11,252	7,346
Net cash provided (used) by capital financing activities	(137,356)	198,088
Cash Flows from Investing Activities:		
Net (purchases) sales of temporary investments	209,071	(360,409)
Proceeds from sales and maturities of long-term investments	614,242	1,262,273
Investment income	65,899	54,370
Purchases of long-term investments	(873,785)	(1,195,403)
Net cash provided (used) by investing activities	15,427	(239,169)
Net Increase in Cash	258,540	400,366
Cash and Cash Equivalents - Beginning of Year	1,056,781	656,415
Cash and Cash Equivalents - End of Year	$ 1,315,321	$ 1,056,781

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS, Cont'd

		2012		2011
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities:				
Operating loss	$	(511,409)	$	(570,140)
Adjustments to reconcile net operating loss to net cash used by operating activities:				
Depreciation expense		242,391		239,351
Changes in assets and liabilities:				
Accounts receivable, net		(65,179)		31,245
Notes receivable, net		(284)		(325)
Accrued interest receivable		(836)		(1,074)
Inventories and prepaid expenses		(1,938)		(6,031)
Accounts payable and accrued liabilities		30,412		2,706
Self-insurance accruals		13,373		1,368
Amounts due to third-party payors - Health System		(9,733)		(2,967)
Deposits and deferred revenues		27,909		19,845
Compensated absences		13,891		15,699
Refundable advances for Federal Perkins loans		(181)		(68)
Other liabilities		(214)		7,562
Net cash used by operating activities	$	(261,798)	$	(262,829)
Non Cash Transactions:				
Capital Lease	$	10,473	$	422
Construction in Process in Accounts Payable		57,362		41,062
Stock Gifts		8,815		8,812

The accompanying notes are an integral part of these financial statements.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Organization

The Ohio State University (the "university") is a land grant institution created in 1870 by the Ohio General Assembly under provisions of the Morrill Act. The university is one of several state-supported universities in Ohio. It is declared by statute to be a body politic and corporate and an instrumentality of the State.

The university is governed by a Board of Trustees which is granted authority under Ohio law to do all things necessary for the proper maintenance and continual successful operation of the university. Trustees are appointed by the governor, with the advice and consent of the state Senate. In 2005, the Ohio General Assembly voted to expand the Board from 11 to 17 members. The standard term for voting members of the Board is nine years. However, as part of the transition to a larger board membership, the additional trustees appointed in 2005 and 2006 will serve terms ranging from four to eight years. The Board also includes two non-voting student trustees who are appointed to two-year terms.

In 2009, the Board appointed its first charter trustee, which expanded the Board to 18 members. A maximum of three charter trustees may be appointed and removed by a vote of the Board. Charter trustees, who must be non-Ohio residents, are appointed to three-year terms and do not have voting privileges.

The Board of Trustees has responsibility for all the university's financial affairs and assets. The university operates largely on a decentralized basis by delegating this authority to its academic and support departments. The Board must approve the annual budgets for unrestricted academic and support functions, departmental earnings operations and restricted funds operations, but these budgets are managed at the department level.

Basis of Presentation

The accompanying financial statements present the accounts of the following entities:

The Ohio State University and its hospitals and clinics;
The Ohio State University Foundation, a not-for-profit fundraising organization operating exclusively for the benefit of The Ohio State University;

Two separate statutory entities for which the university has special responsibility

- Ohio Agricultural Research and Development Center
- Ohio Supercomputer Center

Fourteen legally independent corporations engaged in activities related to the university

- The Ohio State University Research Foundation
- The Ohio State University Student Loan Foundation, Inc.
- Transportation Research Center of Ohio, Inc.
- Campus Partners for Community Urban Redevelopment, Inc.
- Reading Recovery and Early Literacy, Inc.
- Ohio State University Retirees Association
- OSU Health Plan, Inc.
- The Ohio State University Physicians, Inc.
- Prologue Research International, Inc.
- Oval Limited
- Adria Kravinsky Foundation (dissolved in Fiscal Year 2012)
- Dental Faculty Practice Association, Inc.
- OSU China Gateway, LLC
- BioHio Research Park, Inc.

Component units (legally separate organizations for which the university is financially accountable) comprise, in part, the university's reporting entity. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* defines financial accountability. The criteria for determining financial accountability include the following circumstances:

- Appointment of a voting majority of an organization's governing authority and the ability of the primary government (i.e. the university) to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or;
- An organization is fiscally dependent on the primary government

The legally separate organizations listed above meet the financial accountability criteria set forth in GASB Statement No. 14. In addition, these organizations provide services entirely, or almost entirely, to the university or otherwise exclusively, or almost exclusively, benefit the university. Therefore, the transactions and balances for these organizations have been blended with those of the university.

The university, as a component unit of the State of Ohio, is included as a discrete entity in the State of Ohio's Comprehensive Annual Financial Report.

Basis of Accounting

The financial statements of the university have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. The university is reporting as a special purpose government engaged in business type activities (BTA). Business type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. In accordance with BTA reporting, the university presents Management's Discussion and Analysis; a Consolidated Statement of Net Assets; a Consolidated Statement of Revenues, Expenses and Other Changes in Net Assets; a Consolidated Statement of Cash Flows; and Notes to the Financial Statements.

The university follows all GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The university has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

The university's financial resources are classified for accounting and reporting purposes into the following four net asset categories:

- **Invested in capital assets, net of related debt:** Capital assets, net of accumulated depreciation, cash restricted for capital projects and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- **Restricted - nonexpendable:** Net assets subject to externally-imposed stipulations that they be maintained in perpetuity and invested for the purpose of generating present and future income, which may either be expended or added to the principal by the university. These assets primarily consist of the university's permanent endowments.

- **Restricted - expendable:** Net assets whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the university pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted:** Net assets that are not subject to externally-imposed stipulations. Substantially all unrestricted net assets are internally designated for use by university departments to support working capital needs, to fund related academic or research programs, and to provide for unanticipated shortfalls in revenues and deviations in enrollment.

Under the university's decentralized management structure, it is the responsibility of individual departments to determine whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

For internal financial management purposes, the university classifies financial resources into funds that reflect the specific activities, objectives or restrictions of the resources.

Cash and Investments

Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, savings accounts and investments with original maturities of ninety days or less at the time of purchase. Such investments consist primarily of U.S. Government obligations, U.S. Agency obligations, repurchase agreements and money market funds. Restricted cash consists of bond proceeds restricted for capital expenditures.

Investments are carried at market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The fair value of private equity investments is based on estimated current values. The weighted average method is used for purposes of determining gains and losses on the sale of investments. The specific identification method is used for purposes of determining gains and losses on the sale of gifted securities.

The university holds investments in limited partnerships, private equity and other investments, which are carried at estimated fair value provided by the management of these funds. The purpose of this alternative investment class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes. Methods for determining estimated fair values include discounted cash flows and estimates provided by general partners. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material. As of June 30, 2012, the university has made commitments to limited partnerships totaling $522,000 that have not yet been funded. These commitments may extend for a maximum of thirteen years. In the prior fiscal year, the university had made commitments to limited partnerships totaling $474,000 that had not yet been funded as of June 30, 2011.

Investment in real estate is carried at cost, if purchased, or appraised value at the date of the gift. Holdings in real estate investment trusts (REITs) are carried at estimated fair values. The carrying and market values of real estate at June 30, 2012 are $4,830 and $13,511, respectively. The carrying and market values of real estate at June 30, 2011 are $3,862 and $14,474, respectively.

Investment income is recognized on an accrual basis. Interest and dividend income is recorded when earned.

Endowment Policy

All endowments are invested in the university's Long Term Investment Pool, which consists of more than 4,650 named funds. Each named fund is assigned a number of shares in the Long Term Investment Pool based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Ohio, permits the university's Board of Trustees to appropriate an amount of realized and unrealized endowment appreciation as the Board deems prudent. The UPMIFA, as adopted in Ohio, establishes a 5% safe harbor of prudence for funds appropriated for expenditure. Net realized and unrealized appreciation, after the spending rule distributions, is retained in the Long Term Investment Pool.

Annual distributions to named funds in the Long Term Investment Pool are computed using the share method of accounting for pooled investments. The annual distribution per share is 4.25% of the average market value per share of the Long Term Investment Pool over the most recent seven year period.

At June 30, 2011, the market value of the university's gifted endowments was $1,405,646, which is $170,967 above the historical dollar value of $1,234,679. At June 30, 2012, the market value of the university's gifted endowments was $1,379,531, which is $91,484 above the historical dollar value of $1,288,047. Although the market value of the gifted endowments in total exceeds the historical cost at June 30, 2012, there are 2,749 named funds that remain underwater. The market value of these underwater funds at June 30, 2012 is $772,701, which is $142,347 below the historical dollar value of $915,048. Per UPMIFA (§ 1715.53(D)(C), the reporting of such deficiencies does not create an obligation on the part of the endowment fund to restore the fair value of those funds.

Gift Pledges Receivable

The university receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, endowment pledges are not recorded as assets until the related gift is received.

Inventories

The university's inventories, which consist principally of publications, general stores and other goods for resale by earnings operations, are valued at the lower of moving average cost or market. The inventories of the Health System, which consist principally of pharmaceuticals and operating supplies, are valued at cost on a first-in, first-out basis.

Capital Assets and Collections

Capital assets are long-life assets in the service of the university and include land, buildings, improvements, equipment, software and library books. Capital assets are stated at cost or fair value at date of gift. Depreciation of capital assets (excluding land and construction in progress) is provided on a straight-line basis over the following estimated useful lives:

(dollars in thousands)

Type of Asset	Estimated Useful Life
Improvements other than buildings	20 years
Buildings	10 to 100 years
Moveable equipment, software and furniture	5 to 15 years
Library Books	10 years

Interest incurred during the construction of capital assets is included in the cost of the asset when capitalized. $25,601 and $15,674 of interest was capitalized in the years ended June 30, 2012 and 2011, respectively. The university does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any way. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

Deferred Revenues

Deferred revenues primarily consist of receipts relating to tuition, room, board, grants, contracts and athletic events received in advance of the services to be provided. Tuition and fees relating to the summer academic quarter are recorded as revenue in the year to which they pertain. The university will recognize revenue to the extent these services are provided over the coming fiscal year.

Derivative Instruments and Hedging Activities

The university accounts for all derivative instruments on the statement of net assets at fair value. Changes in the fair value (i.e., gains or losses) of the university's interest rate swap derivative are recorded each period in the consolidated statement of operations and changes in net assets as a component of non-operating expense.

Operating and Non-Operating Revenues

The university defines operating activities, for purposes of reporting on the Statement of Revenues, Expenses, and Other Changes in Net Assets, as those activities that generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. With the exception of interest expense on long-term indebtedness, substantially all university expenses are considered to be operating expenses. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, current-use gifts and investment income.

Tuition, Room and Board

Student tuition and residence hall fees are presented net of scholarships and fellowships applied to student accounts. Stipends and other payments made directly to students are presented as scholarship and fellowship expense. Fee authorizations provided to graduate teaching, research and administrative associates as part of an employment arrangement are presented in instruction, research and other functional categories of operating expense.

State Support

The university is a state-assisted institution of higher education which receives a student enrollment-based instructional subsidy from the State of Ohio. This subsidy, which is based upon a formula devised by the Ohio Board of Regents, is determined annually and is adjusted to state resources available.

The state also provides line-item appropriations which partially support the current operations of various activities, which include clinical teaching expenditures incurred at The Ohio State University Health System and other health sciences teaching facilities, The Ohio State University Extension, the Ohio Agricultural Research and Development Center, and the Center for Labor Research.

In addition to current operating support, the State of Ohio provides the funding for and constructs major plant facilities on the university's campuses. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC) which, in turn, initiates the construction and subsequent lease of the facility by the Ohio Board of Regents.

Such facilities are reflected as buildings or construction in progress in the accompanying statement of net assets. Neither the obligations for the revenue bonds issued by OPFC nor the annual debt service charges for principal and interest on the bonds are reflected in the university's financial statements. Debt service is funded through appropriations to the Ohio Board of Regents by the General Assembly.

These facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund and future payments to be received by such fund, which is established in the custody of the Treasurer of State.

Government Grants and Contracts

Government grants and contracts normally provide for the recovery of direct and indirect costs and are subject to audit by the appropriate government agency. Federal funds are subject to an annual OMB Circular A-133 audit. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to three years.

The university generally considers grants, contracts and non-capital appropriations to be exchange transactions. Under these arrangements, the university provides a bargained-for benefit, typically in the form of instruction, research or public service programs, either directly to the funding entity or to its constituents. The overall scope and nature of these program activities is determined by the level of funding and the requirements set forth by these resource providers.

OSU Health System Revenue

Revenue received under third-party cost reimbursement agreements (primarily the federal Medicare and Medicaid programs) are subject to examination and retroactive adjustments by the agencies administering the programs. In the normal course of business, the Health System contests certain issues resulting from examination of prior years' reimbursement reports. The accompanying financial statements include provisions for estimated retroactive adjustments arising from such examinations and contested issues. The Health System recognizes settlements of protested adjustments or appeals upon resolution of the matters. Patient revenues are recorded net of contractual allowances, charity care and bad debt expenses.

OSU Physicians Revenue

Net patient service revenue represents amounts received and the estimated realizable amounts due from patients and third-party payers for services rendered net of contractual allowances, charity care and bad debt expenses. OSU Physicians provides care to patients under various reimbursable agreements, including Medicare and Medicaid. These arrangements provide for payment for covered services at agreed-upon rates and under certain fee schedules and various discounts from charges. Provisions have been made in the consolidated financial statements for estimated contractual adjustments, representing the difference between the customary charges for services rendered and related reimbursement.

Charity Care and Community Benefit

Care is provided to patients regardless of their ability to pay. A patient is classified as charity care in accordance with policies established by the OSU Health System and OSU Physicians. Because collection of amounts determined to qualify as charity care are not pursued, such amounts are written off as administrative adjustments and not reported as net patient service revenue. OSU Health System and OSU Physicians maintain records to identify and monitor the level of charity care provided, including the amount of charges foregone for services rendered. Net charity care costs for the OSU Health System as of June 30, 2012 and 2011 are $38,482 and $39,712, respectively, after applying reductions of $23,009 and $24,603, respectively, for support received under the Health Care Assurance Program (HCAP). HCAP is administered by the State of Ohio to help hospitals cover a portion of the cost of providing charity care. Charity care costs for OSU Physicians as of June 30, 2012 and 2011 are $12,296 and $6,091, respectively.

Management Estimates

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures during the reporting period. Disclosure of contingent assets and liabilities at the date of the financial statements may also be affected. Actual results could differ from those estimates.

Newly Issued Accounting Pronouncements

In November 2010, GASB issued Statement No. 60, *Accounting and Reporting for Service Concession Arrangements.* This standard provides guidance on accounting for agreements where a government transfers the right to operate a government asset to another entity, in exchange for significant consideration from that entity. Upfront payments from such agreements are to be recorded as a "deferred inflow of resources" and recognized as revenue over the life of the agreement. The standard also provides guidance for operators/concessionaires that are government entities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

Also in November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations

2. Accounting Principles Board Opinions

3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

In addition, this Statement eliminates the option, provided under GASB 20, to elect to apply non-conflicting post-1989 FASB standards. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

In June 2011, the GASB issued Statement No. 63*, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. *Concepts Statement 4* also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term 'deferred' in financial statement presentations. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012.

Also in March 2012, the GASB issued Statement No. 66, *Technical Corrections -- 2012*. This Statement resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement 62 by modifying the specific guidance on accounting for certain operating lease payments, purchases of loans and mortgage loan servicing fees. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012.

In June 2012, the GASB issued two related accounting standards, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 67 builds upon the existing framework for financial reports of defined benefit pension plans and expands required note disclosures and Required Supplementary Information. It is effective for periods beginning after June 15, 2013.

Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position (currently known as the statement of net assets) a net pension liability, which is the difference between the total pension liability and the assets set aside to pay pension benefits. Statement No. 68 also requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. It is effective for periods beginning after June 15, 2014.

University management is currently assessing the impact that implementation of GASB Statements No. 60, 61, 62, 63, 65, 66, 67 and 68 will have on the university's financial statements.

Other

The university is exempt from income taxes as a non-profit organization under Internal Revenue Code §115 and Internal Revenue Service regulations. Any unrelated business income is taxable.

Certain reclassifications have been made to the 2011 comparative information to conform with the 2012 presentation.

Revisions

The statement of revenues, expenses and changes in net assets for the year ended June 30, 2011 has been revised to correctly present bad debt expense for the OSU Health System and OSU Physicians, Inc. as reductions of patient care revenue and to reclassify reimbursements of OSU Physicians' expenses charged to the College of Medicine as reductions of expense. The university concluded that the impact of these errors was not material to previously issued financial statements, but it has elected to revise these balances for comparability purposes. The following table summarizes the effect of these revisions on the statement of revenues, expenses and changes in net assets:

(dollars in thousands)

	As originally reported	Adjustments	As adjusted
Private grants and contracts	$ 238,919	$ (39,901)	$ 199,018
Sales and services of the OSU Health System	1,785,329	(79,292)	1,706,037
Sales and services of OSU Physicians, Inc.	311,476	(29,332)	282,144
Instructional and departmental research	883,307	(39,901)	843,406
OSU Heath System expense	1,563,697	(79,292)	1,484,405
OSU Physicians, Inc. expense	293,731	(29,332)	264,399

Related to these revisions, the statement of cash flows was also revised for the year ended June 30, 2011 to reclassify bad debt expense to receipts for sales and services and to reclassify reimbursements of OSU Physicians' expenses from grant and contract receipts to payments to vendors for supplies and services.

NOTE 2 — CASH AND CASH EQUIVALENTS

At June 30, 2012, the carrying amount of the university's cash, cash equivalents and restricted cash for all funds is $1,315,321 as compared to bank balances of $1,308,345. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, $46,856 is covered by federal deposit insurance and $1,261,489 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks. The university considers highly liquid investments with maturities of three months or less as cash and cash equivalents.

NOTE 3 — INVESTMENTS

University investments are grouped into three major categories for financial reporting purposes: Temporary Investments, the Long-Term Investment Pool and Other Long-Term Investments.

Temporary Investments are funds available for current operations. The target is to maximize value while protecting the liquidity of the assets. Under the university's investment policies, Temporary Investment funds may be invested in the following instruments with varying maturities:

- Obligations of the U. S. Treasury and other federal agencies and instrumentalities
- Municipal and state bonds
- Certificates of deposit
- Repurchase agreements

(dollars in thousands)

- Mutual funds and mutual fund pools
- Money market funds

The Long-Term Investment Pool is a unitized investment pool consisting of gifted endowment funds of the university, gifted endowment funds of the OSU Foundation, and operating funds which have been internally designated to function as endowments (referred to below as the Operating Endowment). The Long-Term Investment Pool operates with a long-term investment goal of preserving and maintaining the real purchasing power of the principal while allowing for generation of a predictable stream of annual distribution. In April 2009, the university's Board of Trustees approved the following thematic asset classes, allocation ranges and benchmarks for the Long-Term Investment Pool:

Asset Class	Range	Benchmark
Market Exposure	10-50%	50%(Russell 3000) + 50%(EAFE)
Risk Reducers	25-50%	90 Day T-Bill + 4%
Return Enhancers	10-25%	120%(80% Russell 3000 + 20% EM Index)
Inflation Hedges	10-25%	75%(CPI+4%) + 25%(NACREIF Real Estate Index)

The target of the Long Term Investment Pool is to drive the asset allocation to areas of relative advantage over a 3-5 year scenario while maintaining strong diversification and to utilize the liquidity of the pool for our long term advantage.

The benchmarks are designed to focus on consistent risk-adjusted returns that, over a multiple year period, will provide consistent, positive returns which, in turn, will provide the university with appropriate funding and real growth to its corpus after inflation.

The Market Exposure category includes domestic equities, international equities and long biased long/short managers. The Risk Reducers category includes fixed income and low volatility absolute return managers. The Return Enhancers category includes private equities, higher volatility hedge funds and emerging market equities. The Inflation Hedges category includes real estate, timber, energy, TIPS, agriculture, commodities and infrastructure.

Mutual funds held by the university include a wide range of investments, including hedge funds. These hedge funds may include, but are not limited to, investments in equity securities, mutual funds, limited and general partnerships, foreign securities, short sales positions, distressed securities, fixed income securities, options, currencies, commodities, futures and derivatives. The university's objective for investing in these hedge funds is to provide stable, absolute returns that are uncorrelated to fluctuations in the stock and bond markets.

Other Long-Term Investments are non-unitized investments that relate primarily to gift arrangements between donors and the OSU Foundation. Included in this category are charitable remainder trust assets invested in mutual funds, OSU Foundation interests in unitrust, annuity trust and pooled income agreements, life insurance policies for which the

(dollars in thousands)

OSU Foundation has been named owner and beneficiary, and certain real estate investments. Also included in this category are investments in certain organizations that are affiliated with the OSU Health System.

U. S. Government and Agency securities are invested through trust agreements with banks who keep the securities in their safekeeping accounts at the Federal Reserve Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the university. Common stocks, corporate bonds and money market instruments are invested through trust agreements with banks who keep the investments in their safekeeping accounts at the Fifth Third Bank and BNY Mellon in "book entry" form. The banks internally designate the securities as owned by or pledged to the university.

The cash and cash equivalents amount represents cash held in the long-term investment pool by various investment managers as of June 30, 2012. Such amounts were generated through sales of investments in the long-term investment pool. Subsequently, the cash and cash equivalents will be used to purchase long-term investments.

Total university investments by major category at June 30, 2012 and 2011 are as follows:

	2012	2011
Temporary Investments	$ 738,866	$ 947,937
Long-Term Investment Pool:		
Gifted Endowment - university	878,707	921,219
Gifted Endowment - OSU Foundation	500,824	484,427
Operating Endowment	986,502	715,068
Total Long-Term Investment Pool	2,366,033	2,120,714
Other Long-Term Investments	76,769	68,283
Total Investments	$ 3,181,668	$ 3,136,934

(dollars in thousands)

Total university investments by investment type at June 30, 2012 are as follows:

	Temporary Investments	Long-Term Investment Pool	Other Long-Term Investments	Total
Common stock	$ -	$ 253,125	$ -	$ 253,125
Equity mutual funds	58,196	107,742	21,086	187,024
U.S. government obligations	72,727	6,323	3,853	82,903
U.S. government agency obligations	131,034	13,070	-	144,104
Repurchase agreements	129,443	50,000	-	179,443
Corporate bonds and notes	233,410	50,784	279	284,473
Bond mutual funds	98,511	-	22,177	120,688
Foreign government bonds	3,586	28,265	-	31,851
Real estate	146	-	4,788	4,934
Partnerships and hedge funds	-	1,729,258	975	1,730,233
Cash and cash equivalents	-	124,218	-	124,218
Other	11,813	3,248	23,611	38,672
	$ 738,866	$ 2,366,033	$ 76,769	$ 3,181,668

Total university investments by investment type at June 30, 2011 are as follows:

	Temporary Investments	Long-Term Investment Pool	Other Long-Term Investments	Total
Common stock	$ 16	$ 286,538	$ -	$ 286,554
Equity mutual funds	57,693	81,735	22,432	161,860
U.S. government obligations	122,691	10,504	3,818	137,013
U.S. government agency obligations	166,553	13,008	-	179,561
Repurchase agreements	258,424	33,000	-	291,424
Corporate bonds and notes	232,438	96,562	278	329,278
Bond mutual funds	84,964	-	20,169	105,133
Foreign government bonds	3,004	33,132	-	36,136
Real estate	146	-	3,747	3,893
Partnerships and hedge funds	-	1,505,590	1,045	1,506,635
Cash and cash equivalents	-	55,010	-	55,010
Other	22,008	5,635	16,794	44,437
	$ 947,937	$ 2,120,714	$ 68,283	$ 3,136,934

(dollars in thousands)

The components of the net investment income are as follows:

	Interest and Dividends (net)	Net Increase (Decrease) in Fair Value of Investments	Net Investment Income (Loss)
Temporary Investments	$ 22,481	$ (5,552)	$ 16,929
Long-Term Investment Pool	46,393	(5,740)	40,653
Other Long-Term Investments	1,008	1,587	2,595
Total 2012	$ 69,882	$ (9,705)	$ 60,177
Total 2011	$ 68,572	$ 296,536	$ 365,108

Additional Risk Disclosures for Investments

Statement Nos. 3 and 40 of the Governmental Accounting Standards Board require certain additional disclosures related to the interest-rate, credit and foreign currency risks associated with deposits and investments.

Interest-rate risk – Interest-rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

The maturities of the university's interest-bearing investments at June 30, 2012 are as follows:

		Investment Maturities (in years)			
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	$ 82,903	$ 8,200	$ 67,593	$ 4,545	$ 2,565
U.S. agency obligations	144,104	21,464	82,760	20,657	19,223
Repurchase agreements	179,443	179,443	-	-	-
Corporate bonds	284,473	54,993	189,984	24,513	14,983
Bond mutual funds	120,688	9,707	65,504	30,078	15,399
Other governmental bonds	4,019	-	770	-	3,249
Foreign governmental bonds	31,851	4,000	14,778	10,242	2,831
Total	$ 847,481	$ 277,807	$ 421,389	$ 90,035	$ 58,250

The maturities of the university's interest-bearing investments at June 30, 2011 are as follows:

(dollars in thousands)

	Fair Value	Investment Maturities (in years) Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	$ 137,013	$ 19,602	$ 111,093	$ 5,044	$ 1,274
U.S. agency obligations	179,561	14,362	123,632	20,586	20,981
Repurchase agreements	291,424	291,424	-	-	-
Corporate bonds	329,278	25,764	231,847	46,323	25,344
Bond mutual funds	105,133	11,337	55,295	26,093	12,408
Other governmental bonds	6,432	797	-	221	5,414
Foreign governmental bonds	36,136	6,290	12,038	15,326	2,482
Total	$ 1,084,977	$ 369,576	$ 533,905	$ 113,593	$ 67,903

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. Credit quality information – as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk.

Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3* (GASB 40), unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. GASB 40 also provides that securities with split ratings, or a different rating assignment, are disclosed using the rating indicative of the greatest degree of risk. The following table presents each applicable investment type grouped by rating as of June 30, 2012, and 2011.

The credit ratings of the university's interest-bearing investments at June 30, 2012 are as follows:

	Total	U. S. Government and Agency Obligations	Repurchase Agreements	Corporate Bonds	Bond Mutual Funds	Other Governmental Bonds	International Bonds
AAA	$ 148,535	$ -	$ -	$ 59,540	$ 79,656	$ 8,119	$ 1,220
AA	464,216	225,004	179,443	45,404	4,614	7,093	2,658
A	160,828	932	-	122,902	27,884	8,969	141
BBB	59,481	1,071	-	49,116	7,218	2,076	-
BB	3,234	-	-	3,230	4	-	-
B	792	-	-	791	1	-	-
CCC	1,529	-	-	420	1,109	-	-
CC	-	-	-	-	-	-	-
C	-	-	-	-	-	-	-
Not rated	8,866	-	-	3,070	202	5,594	-
Total	$ 847,481	$ 227,007	$ 179,443	$ 284,473	$ 120,688	$ 31,851	$ 4,019

(dollars in thousands)

The credit ratings of the university's interest-bearing investments at June 30, 2011 are as follows:

	Total	U. S. Government and Agency Obligations	Repurchase Agreements	Corporate Bonds	Bond Mutual Funds	Other Governmental Bonds	International Bonds
AAA	$ 783,397	$ 314,669	$ 291,424	$ 90,068	$ 75,968	$ 1,162	$ 10,106
AA	67,108	-	-	39,003	12,212	3,255	12,638
A	131,078	-	-	115,881	10,082	2,015	3,100
BBB	75,312	1,905	-	66,556	5,562	-	1,289
BB	6,502	-	-	6,469	33	-	-
B	1,114	-	-	1,017	97	-	-
CCC	922	-	-	379	543	-	-
CC	73	-	-	-	73	-	-
C	180	-	-	-	180	-	-
Not rated	19,291	-	-	9,905	383	-	9,003
Total	$ 1,084,977	$ 316,574	$ 291,424	$ 329,278	$ 105,133	$ 6,432	$ 36,136

Foreign currency risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

(dollars in thousands)

At June 30, 2012, the university's exposure to foreign currency risk is as follows:

	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds	Foreign Government Bonds	Private Equity
Australian dollar	$ 981	$ 2,772	$ 146	$ 7	$ 749	$ 26,726
Brazilean real	2,749	846	(1)	1,054	-	-
Canadian dollar	-	1,968	387	30	5,323	-
Chilean peso	-	129	-	-	-	-
Chinese yuan	-	1,103	-	-	-	-
Columbian peso	-	56	-	-	-	-
Czech Republic koruna	957	286	-	-	-	-
Danish krone	-	215	115	-	-	-
Egyptian pound	822	20	-	-	-	-
Euro	4,754	14,256	4,513	13,056	4,324	39,248
Great Britain pound sterling	5,191	20,724	1,076	91	4,548	-
Hong Kong dollar	14,020	1,764	-	-	-	-
Hungarian forint	-	26	-	-	-	-
Indian rupee	3,294	469	-	-	-	-
Indonedian rupiah	971	180	(1)	-	-	-
Israeli shekel	-	125	-	-	-	-
Japanese yen	1,331	17,308	6,013	-	6,902	-
Malaysian ringgit	-	251	1	-	-	-
Mexican peso	1,635	785	347	128	4,099	-
Moroccan dirham	-	-	-	-	-	-
New Taiwan dollar	5,820	705	-	-	-	-
New Zealand dollar	-	28	12	-	-	-
Norewegian krone	-	951	-	-	-	-
Peruvian nuevo sol	-	32	-	-	-	-
Phillippine peso	-	52	-	-	-	-
Polish zloty	-	78	(1)	-	-	-
Russian ruble	-	356	-	-	-	-
Singapore dollar	557	3,622	-	-	-	-
South African rand	7,935	548	64	-	-	-
South Korean won	8,206	1,012	2	-	-	-
Swedish krona	736	2,540	54	-	-	-
Swiss franc	3,791	3,232	-	-	-	-
Thailand bhat	628	1,155	-	-	-	-
Turkish lira	1,414	103	-	-	-	-
Total	$ 65,792	$ 77,697	$ 12,727	$ 14,366	$ 25,945	$ 65,974

(dollars in thousands)

At June 30, 2011, the university's exposure to foreign currency risk is as follows:

	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds	Foreign Government Bonds	Private Equity
Australian dollar	$ 56	$ 3,442	$ 74	$ (7)	$ 1,018	$ 28,818
Brazilean real	2,362	1,038	-	(64)	-	-
Canadian dollar	-	2,068	199	-	4,698	-
Chilean peso	-	126	-	-	-	-
Chinese yuan	-	1,105	287	-	-	-
Columbian peso	-	46	-	-	-	-
Czech Republic koruna	1,340	340	-	-	-	-
Danish krone	-	225	74	-	-	-
Egyptian pound	837	20	-	-	-	-
Euro	6,187	17,372	2,861	14,628	8,691	21,151
Great Britain pound sterling	9,214	20,493	632	577	4,650	-
Hong Kong dollar	5,308	2,081	-	-	-	-
Hungarian forint	-	26	-	-	-	-
Indian rupee	1,592	577	7	-	-	-
Indonedian rupiah	-	159	15	-	-	-
Israeli shekel	-	140	-	-	7	-
Japanese yen	1,064	17,879	3,346	(44)	8,733	-
Malaysian ringgit	-	1,259	15	-	-	-
Mexican peso	1,479	998	7	24	2,345	-
Moroccan dirham	-	-	-	-	-	-
New Taiwan dollar	6,602	729	7	-	-	-
New Zealand dollar	-	29	7	-	-	-
Norewegian krone	-	176	-	-	-	-
Peruvian nuevo sol	-	26	-	-	-	-
Phillippine peso	-	26	15	-	-	-
Polish zloty	-	106	-	-	-	-
Russian ruble	-	417	-	-	-	-
Singapore dollar	1,109	4,425	7	-	-	-
South African rand	8,069	509	-	-	-	-
South Korean won	10,153	986	-	-	-	-
Swedish krona	-	2,956	44	-	-	-
Swiss franc	7,509	4,576	-	-	-	-
Thailand bhat	467	1,398	-	-	-	-
Turkish lira	1,445	86	-	-	-	-
Total	$ 64,793	$ 85,839	$ 7,597	$ 15,114	$ 30,142	$ 49,969

(dollars in thousands)

NOTE 4 — ACCOUNTS, NOTES AND PLEDGES RECEIVABLE

Accounts receivable at June 30, 2012 and 2011 consist of the following:

	2012	2011
Patient receivables - OSU Health System	$ 998,615	$ 765,750
Patient receivables - OSU Physicians, Inc.	104,744	87,046
Grant and contract receivables	75,267	71,453
Tuition and fees receivable	43,116	55,172
Receivables for departmental and auxiliary sales and services	40,807	72,166
State and federal receivables	24,460	19,917
Oher receivables	45	60
Total receivables	1,287,054	1,071,564
Less: Allowances for doubtful accounts	815,151	669,383
Total receivables, net	$ 471,903	$ 402,181

Allowances for doubtful accounts consist primarily of patient receivables of the OSU Health System and OSU Physicians, Inc.

Notes receivable consist primarily of Perkins and health professions loans and are net of an allowance for doubtful accounts of $20,000 at June 30, 2012 and $19,000 at June 30, 2011. Federal capital contributions to the Perkins loan programs represent advances which are ultimately refundable to the federal government.

In accordance with GASB Statement No. 33*, Accounting and Reporting for Non-exchange Transactions*, the university has recorded $72,643 in non-endowment pledges receivable and a related allowance for doubtful accounts of $4,898 at June 30, 2012. The university recorded $59,879 in non-endowment pledges receivable and a related allowance for doubtful accounts of $8,715 at June 30, 2011.

(dollars in thousands)

NOTE 5 — CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012 is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 74,013	$ 1,695	$ 25	$ 75,683
Construction in progress	535,908	375,482	-	911,390
Total non depreciable assets	609,921	377,177	25	987,073
Capital assets being depreciated:				
Improvements other than buildings	309,297	4,360	-	313,657
Buildings and fixed equipment	4,020,588	112,681	9,235	4,124,034
Movable equipment, furniture and software	964,056	130,182	38,228	1,056,010
Library books	159,541	4,076	1,367	162,250
Total	5,453,482	251,299	48,830	5,655,951
Less: Accumulated depreciation	2,598,393	242,391	40,111	2,800,673
Total depreciable assets, net	2,855,089	8,908	8,719	2,855,278
Capital assets, net	$ 3,465,010	$ 386,085	$ 8,744	$ 3,842,351

Capital assets activity for the year ended June 30, 2011 is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 73,926	$ 87	$ -	$ 74,013
Construction in progress	273,226	262,682	-	535,908
Total non depreciable assets	347,152	262,769	-	609,921
Capital assets being depreciated:				
Improvements other than buildings	281,996	27,301	-	309,297
Buildings and fixed equipment	3,939,159	86,882	5,453	4,020,588
Movable equipment, furniture and software	922,719	96,928	55,591	964,056
Library books	163,012	4,755	8,226	159,541
Total	5,306,886	215,866	69,270	5,453,482
Less: Accumulated depreciation	2,422,904	239,351	63,862	2,598,393
Total depreciable assets, net	2,883,982	(23,485)	5,408	2,855,089
Capital assets, net	$ 3,231,134	$ 239,284	$ 5,408	$ 3,465,010

In the above tables, additions to construction in progress represent expenditures for new projects, net of the amount of capital assets placed in service.

(dollars in thousands)

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2012 and 2011 consist of the following:

	2012	2011
Payables to vendors for supplies and services	$ 256,639	$ 212,561
Accrued compensation and benefits	90,149	114,887
Retirement system contributions payable	54,243	35,729
Other accrued expenses	41,134	29,098
Total payables and accrued expenses	$ 442,165	$ 392,275

NOTE 7 – DEPOSITS AND DEFERRED REVENUES

Deposits and deferred revenues at June 30, 2012 and 2011 consist of the following:

	2012	2011
Current deposits and deferred revenues:		
Tuition and fees	$ 49,261	$ 59,141
Departmental and auxiliary sales and services	111,373	87,599
Grants and contracts advances	66,678	70,311
Other deposits and deferred revenues	4,233	11,499
Total current deposits and deferred revenues	$ 231,545	$ 228,550
Other non-current liabilities	$ 27,852	$ 6,000

NOTE 8 – SELF-INSURANCE ACCRUALS

The Health System has established trusteed self-insurance funds for professional medical malpractice liability claims with a $4 million limit per occurrence with no annual aggregate. The university self-insurance funds have insurance in excess of $4 million per occurrence through Oval Limited, a blended component unit of the university. Effective July 1, 2008, Oval Limited provides coverage with limits of $55 million per occurrence and in the aggregate. Previous coverage levels for Oval Limited are as follows:

Accident Period for Oval	Gross Oval Limit (Occurrence and Annual Aggregate)
7/1/08 – 6/30/12	$55,000,000
7/1/06 – 6/30/08	$40,000,000
7/1/05 – 6/30/06	$35,000,000
7/1/02– 6/30/05	$25,000,000
7/1/97 – 6/30/02	$15,000,000
9/30/94 – 6/30/97	$10,000,000

The limits are in excess of underlying policies with limits ranging from $4 million to $10 million. A portion of the risks written by Oval Limited to date is reinsured by two reinsurance companies. Oval Limited retains 50% of the first $15 million of risk and cedes the remainder plus the second $15 million to Berkley Medical Excess Underwriters (rated A+ by A.M. Best). Above that, Oval Limited cedes the remaining $20 million of risk to Endurance Specialty Insurance Ltd. (rated A by A.M. Best). The estimated liability and the related contributions to the fund are based upon an independent actuarial determination as of June 30, 2012. OSU Physicians, Inc. participates in the university self-insurance fund for professional medical malpractice liability claims.

(dollars in thousands)

The Heath System's estimate of professional malpractice liability includes provisions for known claims and actuarially determined estimates of incurred but not reported claims and incidents. This liability at June 30, 2012 of the anticipated future payments on gross claims is estimated at its present value of $83,235 discounted at an estimated rate of 3.0% (university funds) and an additional $35,104 discounted at an estimated rate of 3.0% (Oval Limited).

Although actual experience upon the ultimate disposition of the claims may vary from this estimate, the self-insurance fund assets of $158,792 (which primarily consist of bond and equity mutual funds, money market funds and U.S. treasury notes) are more than the recorded liability at June 30, 2012, and the surplus of $40,453 is included in unrestricted net assets.

The university is also self-insured for employee health insurance. As of June 30, 2012, $42,703 is recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

Changes in the reported liabilities since June 30, 2010 result from the following activities:

	Malpractice		Health	
	2012	**2011**	**2012**	**2011**
Liability at beginning of fiscal year	$ 120,631	$ 118,863	$ 29,507	$ 25,950
Current year claims, changes in estimates	839	5,143	287,730	281,744
Claim payments	(3,131)	(3,375)	(274,534)	(278,187)
Balance at fiscal year end	$ 118,339	$ 120,631	$ 42,703	$ 29,507

NOTE 9 — DEBT

The university may finance the construction, renovation and acquisition of certain facilities through the issuance of debt obligations which may include general receipts bonds, certificates of participation, commercial paper, capital lease obligations and other borrowings.

(dollars in thousands)

Debt activity for the year ended June 30, 2012 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes:					
WOSU	$ 3,325	$ -	$ 250	$ 3,075	$ 250
Transportation Research Center - Capital One Funding Corporation due through 2014	933	-	290	643	310
OSU Physicians - Fifth Third Note, due through 2012	1,414	-	1,414	-	-
OSU Physicians - Fifth Third Note, due through 2035	17,030	15	1,015	16,030	695
OSU Physicians - Fifth Third Note, due through 2013	130	-	53	77	53
Campus Partners - ESIC	10,433	-	10,433	-	
Campus Partners - UDCDE Note A	22,124	-	265	21,859	21,859
Campus Partners - UDCDE Note B	10,376	-	-	10,376	-
Campus Partners - CCF Loan, City of Columbus	125	-	-	125	125
Campus Partners - Affordable Housing Trust Loan	500	-	500	-	-
General Receipts Bonds - Fixed Rate:					
2002A, due serially through 2031	12,780	-	8,650	4,130	4,130
2003B, due serially through 2033	36,435	-	7,135	29,300	7,390
2005A, due serially through 2035	198,255	-	18,225	180,030	11,400
2008A, due serially through 2028	193,105	-	12,840	180,265	13,390
2010A, due serially through 2020	239,090	-	7,130	231,960	17,865
2010C, due 2040	654,785	-	-	654,785	-
2010D, due serially through 2032	88,335	-	-	88,335	-
2011, due 2111	-	500,000	-	500,000	-
General Receipts Bonds - Variable Rate:					
1997, due serially through 2027	17,160	-	-	17,160	17,160
1999B1, due serially through 2029	11,800	-	-	11,800	11,800
2001, due serially through 2032	56,540	-	-	56,540	56,540
2003C, due serially through 2031	53,230	-	-	53,230	53,230
2005B, due serially through 2035	78,735	-	-	78,735	78,735
2008B, due serially through 2028	102,235	-	-	102,235	102,235
2010E, due serially through 2035	150,000	-	-	150,000	150,000
Capital Lease Obligations	15,008	10,473	5,229	20,252	5,984
	1,973,883	510,488	73,429	2,410,942	553,151
Unamortized Bond Premiums	59,830	10,570	4,358	66,042	-
Total outstanding debt	$ 2,033,713	$ 521,058	$ 77,787	$ 2,476,984	$ 553,151

(dollars in thousands)

Debt activity for the year ended June 30, 2011 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Commercial Paper:					
Series J	$ 121,000	$ -	$ 121,000	$ -	$ -
Notes:					
WOSU	-	3,450	125	3,325	250
Transportation Research Center - Capital One Funding Corporation due through 2014	1,201	-	268	933	290
OSU Physicians - Fifth Third Note, due through 2012	1,610	-	196	1,414	1,414
OSU Physicians - Fifth Third Note, due through 2035	17,440	250	660	17,030	660
OSU Physicians - Fifth Third Note, due through 2013	-	186	56	130	53
Campus Partners - ESIC	10,833	-	400	10,433	10,433
Campus Partners - UDCDE Note A	22,373	-	249	22,124	265
Campus Partners - UDCDE Note B	10,376	-	-	10,376	-
Campus Partners - Mortgage payable	411	-	411	-	-
Campus Partners - CCF Loan, City of Columbus	125	-	-	125	125
Campus Partners - Affordable Housing Trust Loan	-	500	-	500	500
Clifton Holding LLC	906	-	906	-	-
General Receipts Bonds - Fixed Rate:					
2002A, due serially through 2031	66,100	-	53,320	12,780	8,650
2003B, due serially through 2033	88,880	-	52,445	36,435	7,135
2005A, due serially through 2035	215,640	-	17,385	198,255	18,225
2008A, due serially through 2028	205,505	-	12,400	193,105	12,840
2010A, due serially through 2020	241,170	-	2,080	239,090	7,130
2010C, due 2040	-	654,785	-	654,785	-
2010D, due serially through 2032	-	88,335	-	88,335	-
General Receipts Bonds - Variable Rate:					
1997, due serially through 2027	18,410	-	1,250	17,160	17,160
1999B1, due serially through 2029	15,500	-	3,700	11,800	11,800
2001, due serially through 2032	56,540	-	-	56,540	56,540
2003C, due serially through 2031	57,605	-	4,375	53,230	53,230
2005B, due serially through 2035	78,735	-	-	78,735	78,735
2008B, due serially through 2028	102,235	-	-	102,235	102,235
2010E, due serially through 2035	-	150,000	-	150,000	150,000
Capital Lease Obligations	21,664	422	7,078	15,008	5,233
	1,354,259	897,928	278,304	1,973,883	542,903
Unamortized Bond Premiums	49,826	14,193	4,189	59,830	-
Total outstanding debt	$ 1,404,085	$ 912,121	$ 282,493	$ 2,033,713	$ 542,903

(dollars in thousands)

Debt obligations are generally callable by the university, bear interest at fixed and variable rates ranging from 0% to 6% and mature at various dates through 2112. Maturities and interest on debt obligations for the next five years and in five-year periods are as follows:

	Principal	Interest	Total
2013	$ 553,151	$ 69,308	$ 622,459
2014	61,702	66,306	128,008
2015	62,372	64,450	126,822
2016	62,340	63,313	125,653
2017	64,973	62,177	127,150
2018-2022	220,877	294,768	515,645
2023-2027	134,259	261,203	395,462
2028-2032	78,856	234,555	313,411
2033-2037	17,626	225,267	242,893
2038-2042	654,786	203,590	858,376
2043-2047	-	120,000	120,000
2048-2052	-	120,000	120,000
2053-2057	-	120,000	120,000
2058-2062	-	120,000	120,000
2063-2067	-	120,000	120,000
2068-2072	-	120,000	120,000
2073-2077	-	120,000	120,000
2078-2082	-	120,000	120,000
2083-2087	-	120,000	120,000
2088-2092	-	120,000	120,000
2093-2097	-	120,000	120,000
2098-2102	-	120,000	120,000
2103-2107	-	120,000	120,000
2108-2112	500,000	96,000	596,000
	$ 2,410,942	$ 3,200,937	$ 5,611,879

General receipts bonds are backed by the unrestricted receipts of the university, excluding certain items as described in the bond indentures.

The outstanding bond indentures do not require mandatory reserves for future payment of principal and interest. However, the university has set aside $154,294 for future debt service which is included in unrestricted net assets.

(dollars in thousands)

The university has defeased various bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The defeased bonds are as follows:

	Amount Defeased	Amount Outstanding at June 30, 2012
Revenue Bonds:		
Series 2002A	$ 77,140	$ 77,140
Series 2003B	98,220	98,220
	$ 175,360	$ 175,360

Neither the outstanding indebtedness nor the related trust account assets for the above bonds are included in the university's financial statements.

Variable Rate Demand Bonds

Series 1997, 1999B1, 2001, 2003C, 2005B, 2008B and 2010E variable rate demand bonds bear interest at rates based upon yield evaluations at par of comparable securities. The maximum interest rate allowable and the effective average interest rate from issue date to June 30, 2011 are as follows:

Series:	Interest Rate Not to Exceed	Effective Average Interest Rate
1997	12%	1.947%
1999 B1	12%	1.710%
2001	12%	1.480%
2003 C	12%	1.778%
2005 B	12%	1.540%
2008 B	12%	0.467%
2010 E	8%	0.138%

At the discretion of the university, the interest rate on the bonds can be converted to a fixed rate. The bonds may be redeemed by the university or sold by the bondholders to a remarketing agent appointed by the university at any time prior to conversion to a fixed rate at a price equal to the principal amount plus accrued interest.

The university's variable rate demand bonds mature at various dates through 2035. GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the statement of net asset classification of these bonds. Under GASB Interpretation No. 1, outstanding principal balances on variable rate demand bonds may be classified as non-current liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have "take-out agreements" in place per the GASB Interpretation No. 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. The obligations totaled $469,700 and $469,700 at June 30, 2012 and 2011, respectively.

Commercial Paper

The General Receipts Commercial Paper Notes (the "Notes") are limited obligations of the university secured by a pledge of the General Receipts of the university. The Notes are not debts or bonded indebtedness of the State of Ohio and are not general obligations of the State of Ohio or the university, and neither the full faith and credit of the State of Ohio nor the university were pledged to the payment of the Notes. The Notes were issued to provide for interim financing of various projects approved by the Board of Trustees.

Capital Lease Obligations

Some university equipment items and vehicles are financed as capital leases. The original cost and lease obligations related to these capital leases as of June 30, 2012 are $50,734 and $20,252, respectively. The original cost and lease obligations related to these capital leases as of June 30, 2011 are $43,012 and $15,008, respectively.

Interest Rate Swap Agreements

In connection with the issuance of the Series 2011 General Receipts Bonds, also known as the Century Bonds, the university entered into an interest-rate lock agreement on October 3, 2011 for a notional amount of $300,000. The rate lock agreement, which was intended to fix the price on the bonds, was terminated on October 19, 2011. Upon termination, the university received a $20,307 termination fee from the counterparty. Under the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the agreement is considered an effective cash flow hedge under the consistent critical terms method. Accordingly, the termination fee has been deferred and will be amortized over the life of the Century Bonds as an offset of interest expense.

In addition, the university has two interest rate swap agreements that are not considered hedges under GASB Statement No. 53.

On January 6, 2009, OSUP entered into an interest rate swap (the "swap") agreement. The swap is used to offset the variable interest rate on a portion of the 2010 bond financing obtained for the ambulatory facility in the amount of $16,030. Under the agreement, OSUP pays a fixed rate of 4.09% to the bank and receives 30-day BMA rate in effect at the beginning of the month. The transaction is designed to manage OSUP's interest costs and risks associated with the variable interest rate debt. OSUP settles with the bank monthly for the difference between the 4.09% and the 30-day BMA rate in effect at the beginning of the month. The estimated fair value of this agreement, based on various factors contained in the related swap agreement and interest rates including the notional amount of $13,962 at June 30, 2012 and $14,471 at June 30, 2011, representing an unrealized loss of $2,400 and $1,800 included in other liabilities as of June 30, 2012 and June 30, 2011, respectively. OSUP records changes in fair value of the swap each quarter through the statements of revenues, expenses, and other changes in net assets ($560 loss and $28 gain for fiscal years 2012 and 2011, respectively). The swap is settled monthly with net payments or receipts under the swap agreement being reflected as interest expense. The termination date of the swap is September 1, 2018.

(dollars in thousands)

On March 2, 2007, Internal Medicine entered into a swap agreement fixing the interest rate on a $2,169 term loan which was used to fund a 40% interest in the Fresenius Partnership. In July 2011, Internal Medicine sold their investment in Fresenius using a portion of the proceeds from the sale to pay off the $1,400 loan and swap with Fifth Third Bank.

OSUP did not hold any other position in a derivative instrument and did not have any other hedges outstanding in the current year as defined by GASB 53, *Accounting and Financial Reporting for Derivative Instruments*. OSUP believes the swap value represents fair value.

NOTE 10 — OPERATING LEASES

The university leases various buildings, office space, and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the statement of net assets. The total rental expense under these agreements was $37,386 and $34,722 for the years ended June 30, 2012 and 2011, respectively.

Future minimum payments for all significant operating leases with initial or remaining terms in excess of one year as of June 30, 2012 are as follows:

Year Ending June 30,	
2013	$ 22,742
2014	17,485
2015	15,431
2016	12,925
2017	12,154
2018-2022	38,746
2023-2027	20,206
2028-2032	12,921
2033-2037	733
2038-2042	723
2043-2047	578
Total minimum lease payments	$ 154,644

(dollars in thousands)

NOTE 11 — COMPENSATED ABSENCES

University employees earn vacation and sick leave on a monthly basis.

Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination.

Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the university with ten or more years of service with the state. The amount of sick leave benefit payable at retirement is one fourth of the value of the accrued but unused sick leave up to a maximum of 240 hours.

The university accrues sick leave liability for those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. This liability is calculated using the “termination payment method” which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, *Accounting for Compensated Absences*. Under the termination method, the university calculates a ratio, Sick Leave Termination Cost per Year Worked, that is based on the university’s actual historical experience of sick leave payouts to terminated employees. This ratio is then applied to the total years-of-service for current employees.

Certain employees of the university (mostly classified civil service employees) receive comp time in lieu of overtime pay. Any unused comp time must be paid to the employee at termination or retirement.

NOTE 12 — OTHER LIABILITIES

Other liability activity for the year ended June 30, 2012 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 124,687	$ 26,025	$ 12,134	$ 138,578	$ 12,134
Self-insurance accruals	150,138	291,068	277,664	163,542	48,334
Amounts due to third party payors	38,939	9,537	23,450	25,026	11,310
Obligations under life income agreements	39,518	1,848	3,761	37,605	3,517
Refundable advances for Federal Perkins loans	28,887		181	28,706	-
Other noncurrent liabilities	6,000	21,852		27,852	-
	$ 388,169	$ 350,330	$ 317,190	$ 421,309	$ 75,295

(dollars in thousands)

Other liability activity for the year ended June 30, 2011 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 108,988	$ 23,986	$ 8,287	$ 124,687	$ 8,287
Self-insurance accruals	144,813	286,888	281,563	150,138	32,607
Amounts due to third party payors	44,694	38,938	44,693	38,939	15,490
Obligations under life income agreements	38,050	1,468	-	39,518	3,978
Refundable advances for Federal Perkins loans	28,955	-	68	28,887	-
Other noncurrent liabilities	5,475	525	-	6,000	-
	$ 370,975	$ 351,805	$ 334,611	$ 388,169	$ 60,362

NOTE 13 – RENTALS UNDER OPERATING LEASES

The university is the lessor of certain land, buildings, office and retail space under operating lease agreements. Future minimum rental income from non-cancelable operating leases is as follows:

Year Ending June 30,	
2013	$ 12,857
2014	11,210
2015	10,490
2016	9,112
2017	8,751
2018-2022	35,262
2023-2027	22,952
2028-2032	18,996
2033-2037	5,526
2038-2042	5,500
2043-2047	2,750
2048-2052	-
Total minimum future rentals	$ 143,406

NOTE 14 – OPERATING EXPENSES BY OBJECT

In accordance with requirements set forth by the Ohio Board of Regents, the university reports operating expenses by functional classification on the Statement of Revenues, Expenses and Other Changes in Net Assets. Operating expenses by object for the years ended June 30, 2012 and 2011 are summarized as follows:

(dollars in thousands)

Year Ended June 30, 2012

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 808,320	$ 71,722	$ -	$ -	$ 880,042
Separately budgeted research	287,514	159,699	-	-	447,213
Public service	75,029	34,685	-	-	109,714
Academic support	124,659	38,124	-	-	162,783
Student services	68,026	22,467	-	-	90,493
Institutional support	154,789	69,588	-	-	224,377
Operation and maintenance of plant	35,670	69,676	-	-	105,346
Scholarships and fellowships	7,216	3,484	100,048	-	110,748
Auxiliary enterprises	137,027	102,543	-	-	239,570
OSU Health System	986,718	710,910	-	-	1,697,628
OSU Physicians, Inc.	230,322	36,089	-	-	266,411
Depreciation	-	-	-	242,391	242,391
Total operating expenses	$ 2,915,290	$ 1,318,987	$ 100,048	$ 242,391	$ 4,576,716

Year Ended June 30, 2011

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 771,192	$ 72,214	$ -	$ -	$ 843,406
Separately budgeted research	289,792	150,964	-	-	440,756
Public service	79,555	30,802	-	-	110,357
Academic support	113,916	33,929	-	-	147,845
Student services	66,363	22,241	-	-	88,604
Institutional support	151,816	92,011	-	-	243,827
Operation and maintenance of plant	37,677	77,414	-	-	115,091
Scholarships and fellowships	6,154	3,826	92,651	-	102,631
Auxiliary enterprises	133,781	111,006	-	-	244,787
OSU Health System	894,055	590,350	-	-	1,484,405
OSU Physicians, Inc.	217,425	46,974	-	-	264,399
Depreciation	-	-	-	239,351	239,351
Total operating expenses	$ 2,761,726	$ 1,231,731	$ 92,651	$ 239,351	$ 4,325,459

NOTE 15 — RETIREMENT PLANS

University employees are covered by one of three retirement systems. The university faculty is covered by the State Teachers Retirement System of Ohio (STRS Ohio). Substantially all other employees are covered by the Public Employees Retirement System of Ohio (OPERS). Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

(dollars in thousands)

STRS Ohio and OPERS each offer three separate plans: 1) a defined benefit plan, 2) a defined contribution plan and 3) a combined plan. Each of these three options is discussed in greater detail in the following sections.

Defined Benefit Plans

STRS Ohio and OPERS offer statewide cost-sharing multiple-employer defined benefit pension plans. STRS Ohio and OPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors. Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the two organizations.

STRS Ohio	OPERS, Attn: Finance Director
275 East Broad Street	277 East Town Street
Columbus, OH 43215-3371	Columbus, OH 43215-4642
(614) 227-4090	(614) 222-5601
(888) 227-7877	(800) 222-7377
www.strsoh.org	www.opers.org/investments/cafr.shtml

In addition to the retirement benefits described above, STRS Ohio and OPERS provide postemployment health care benefits.

OPERS currently provides postemployment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under the Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar year 2011, OPERS allocated 4.0% of the employer contribution rate to fund the health care program for retirees, and this rate was expected to remain the same for calendar year 2012 as of March 2012.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In response to skyrocketing health care costs, the HCPP restructured OPERS' health care coverage to improve the financial solvency of the fund by creating a separate investment pool for health care assets.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. HCPP incorporates a cafeteria approach, offering a broad range of health care options which allows benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

STRS Ohio currently provides access to health care coverage to retirees who participated in the deferred benefit or combined plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to ORC, STRS Ohio has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of monthly premiums. Under ORC, medical costs paid from the funds of STRS Ohio are included in the employer contribution rate. For the fiscal year ended June 30, 2011, STRS Ohio allocated employer contributions equal to 1.0% of covered payroll to a Health Care Stabilization Fund (HCSF) from which payments for health care benefits are paid.

Postemployment health care benefits are not guaranteed by ORC to be covered under either OPERS or STRS Ohio defined benefit plans.

Defined Contribution Plans

ARP is a defined contribution pension plan. Full-time administrative and professional staff and faculty may choose enrollment in ARP in lieu of OPERS or STRS Ohio. Classified civil service employees hired on or after August 1, 2005 are also eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

OPERS also offers a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost-of-living adjustments, postretirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

STRS Ohio also offers a defined contribution plan in addition to its long established defined benefit plan. All employee contributions and employer contributions at a rate of 10.5% are placed in an investment account directed by the employee. Disability benefits are limited to the employee's account balance. Employees electing the defined contribution plan receive no postretirement health care benefits.

Combined Plans

STRS Ohio offers a combined plan with features of both a defined contribution plan and a defined benefit plan. In the combined plan, employee contributions are invested in self directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive postretirement health care benefits.

OPERS also offers a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive postretirement health care benefits. OPERS provides retirement, disability, survivor and postretirement health benefits to qualifying members of the combined plan.

(dollars in thousands)

OPERS currently provides postemployment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar year 2011, OPERS allocated 6.05% of the employer contribution rate to fund the health care program for retirees, and this rate was expected to remain the same for calendar year 2012 as of March 2012.

Funding Policy

ORC provides STRS Ohio and OPERS statutory authority to set employee and employer contributions. Contributions equal to those required by STRS Ohio and OPERS are required for ARP. For employees enrolling in ARP, ORC requires a portion (which may be revised pursuant to periodic actuarial studies) of the employer contribution be contributed to STRS Ohio and OPERS to enhance the stability of these plans. The required contribution rates (as a percentage of covered payroll) for plan members and the university are as follows:

	STRS Ohio	OPERS	ARP
Faculty:			
Plan member (entire year)	10.00%		10.00%
university (entire year)	14.00%		14.00%*
Staff:			
Plan member (entire year)		10.00%	10.00%
university (entire year)		14.00%	14.00%**
Law Enforcement:			
Plan member (7/11 - 12/11)		11.60%	11.60%
Plan member (1/12 - 6/12)		12.10%	12.10%
university (entire year)		18.10%	17.33%**

* Employer contributions include 3.5% paid to STRS Ohio.
** Employer contributions include .77% paid to OPERS.
The remaining amount is credited to employee's ARP account.

The university's contributions, which represent 100% of required employer contributions, for the year ended June 30, 2012 and for each of the two preceding years are as follows:

(dollars in thousands)

Year Ended June 30,	STRS Ohio Annual Required Contribution	OPERS Annual Required Contribution	ARP Annual Required Contribution
2010	$52,500	$141,815	$39,014
2011	$54,725	$148,120	$40,835
2012	$58,006	$153,118	$43,523

OSU Physicians Retirement Plan

Retirement benefits are provided for the employees of OSU Physicians (OSUP) through a tax-sheltered 403(b) and 401(a) program administered by an insurance company. OSUP is required to make nondiscretionary contributions of no less than 7.5% under the Interim Retirement Plan; however, some subsidiaries make an additional discretionary contribution of up to 17.5%, for a range of total employer contributions of 7.5% to 25%. Employees are allowed, but not required, to make contributions to the 403(b) plan. OSUP's share of the cost of these benefits was $7,119 and $17,746 for the years ended June 30, 2012 and 2011, respectively. The reduction in Fiscal Year 2012 was directly related to physician integration into the Faculty Practice Group.

NOTE 16 — CAPITAL PROJECT COMMITMENTS

At June 30, 2012, the university is committed to future contractual obligations for capital expenditures of approximately $705,909.

These projects are funded by the following sources:

State appropriations	$	128,452
Internal and other sources		577,457
Total	$	705,909

NOTE 17 — CONTINGENCIES AND RISK MANAGEMENT

The university is a party in a number of legal actions. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a material adverse effect on the university's financial position.

The university is self-insured for the Health System's professional malpractice liability, employee health benefits, and employee life, accidental death and dismemberment benefits. Additional details regarding these self-insurance arrangements are provided in Note 8. The university also carries commercial insurance policies for various property, casualty and excess liability risks. Over the past three years, settlement amounts related to these insured risks have not exceeded the university's coverage amounts.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. While questioned costs may occur, ultimate repayments required of the university have been infrequent in prior years.

NOTE 18 — SUBSEQUENT EVENTS

Bond Refinancing

On July 19, 2012, the university issued an offering statement for $91,165 in tax-exempt Fixed Rate General Receipts Bonds, Series 2012A and $23,170 in federally taxable General Receipts Bonds, Series 2012B. The Series 2012A bonds will have annual principal payments until final maturity on June 1, 2030, with interest rates ranging from 2.00% to 5.00%. The Series 2012B bonds will have annual principal payments until final maturity on June 1, 2033, with interest rates ranging from 0.476% to 3.673%. The proceeds of the Series 2012 bond issues will be used to refund existing bond obligations.

Parking Lease and Concession Agreement

On September 21, 2012, the university entered into a 50-year lease and concession agreement with QIC Global Infrastructure, and its operating affiliate, CampusParc LP, to operate the university's parking facilities. The total up-front payment under the agreement is $483,000. On June 28, 2012, the university received a $22,000 deposit, which is reflected in the June 30, 2012 Statement of Net Assets. The remaining proceeds were paid to the university on the September 21 closing date. The agreement includes the sale of certain parking-related equipment assets, which will be recognized as revenue in Fiscal Year 2013. The remainder of the proceeds will be recorded as a deferred inflow and amortized to revenue on a straight-line basis over the life of the agreement.

Related to this transaction, the university entered into an interest-rate swap agreement on July 2, 2012 for a notional amount of $90,000 to hedge interest-rate risk prior to the closing of the parking lease and concession agreement. It terminated the swap on September 19, 2012 and received a $3,247 payment from the counterparty. In addition, the university is in the process of defeasing approximately $83,400 of parking-related bonds and expects to complete this transaction in November 2012.

The Ohio State University
Supplementary Information on the Long-Term Investment Pool
Year Ended June 30, 2012

The following section of the financial report provides additional information on the university's Long-Term Investment Pool, including a summary of changes in market value, investment returns and related expenses. Additional details on university investments, including asset allocations, endowment distribution policies, investments by type and risk disclosures, are provided in Notes 1 and 3 to the Financial Statements.

In 2012, the market value of the university's Long-Term Investment Pool, which includes both gifted endowments and long-term investments of university operating funds, increased $245 million, to $2.37 billion at June 30, 2012. Changes in market value for 2012 are summarized below:

Long-Term Investment Pool Activity (in thousands)

	Gifted Endowments			
	University	**Foundation**	**Long-Term Operating**	**Total**
Market Value at June 30, 2011	**$ 921,219**	**$ 484,427**	**$ 715,068**	**$ 2,120,714**
Net Principal Additions (Withdrawals)	9,590	43,893	311,418	364,901
Change in Market Value	(5,210)	(2,259)	1,729	(5,740)
Income Earned	19,091	10,411	16,891	46,393
Distributions	(42,940)	(23,081)	(38,216)	(104,236)
Expenses	(23,044)	(12,567)	(20,388)	(55,999)
Market Value at June 30, 2012	**$ 878,707**	**$ 500,824**	**$ 986,502**	**$ 2,366,033**

Net principal additions (withdrawals) include new endowment gifts, reinvestment of unused endowment distribution and transfers of operating funds to (from) the pool. **Changes in market value** include realized gains (losses) on the sale of investment assets and unrealized gains (losses) associated with assets held in the pool at June 30, 2012. **Income earned** includes interest and dividends and is used primarily to fund **distributions**. **Expenses** include investment management expenses ($41 million), University Development related expenses ($14 million) and other investment related expenses ($1 million).

Investment Returns and Expenses:

The investment return for the Long-Term Investment Pool was -0.1% for fiscal year 2012. The annualized investment returns for the three-year and five-year periods were 10.5% and -1.1%, respectively. These returns -- which are net of investment management expenses as defined by Cambridge Associates for its annual survey -- are used for comparison purposes with other endowments and various benchmarks. In addition to the $41 million of investment management expenses, which reduced the pool by 1.9% in fiscal year 2012, the $14 million of University Development expenses and $1 million of other investment related expenses further reduced the pool by 0.7%.

Additional Information:

Additional details on university endowments, including balances for individual funds, are available on the Office of Financial Services website at:
http://www.financialservices.ohio-state.edu/endowment/

Acknowledgements

The 2012 Financial Report and the included financial statements are prepared by the staff of the Office of the Controller.

Richelle L. Alamo
Jasmine N. Anderson
Pranab Bhattacharya
Suzanne M. Chizmar
Natalie H. Darner
Christopher Davis
Thomas F. Ewing
Karen L. Hostetler
Robert L. Hupp, II
Charlotte K. Jessie
David P. Jones
Jodi R. Kessler
Gary L. Leimbach
John C. Lister
Patricia M. Privette
Dawn M. Romie
Jon S. Rudolph
Julie L. Saunders
Don E. Seidelmann
Joshua R. Smith
Jan E. Soboslai
Timothy A. Thibodeau
Anne M. Wilcheck
Jonnie D. Wilson

Geoffrey S. Chatas - Senior Vice President for Business and Finance and Chief Financial Officer

Kristine G. Devine – Vice President of Operations

Board of Trustees

The expiration date of each trustee's term is given in parentheses.

Robert H. Schottenstein - Chair, Jefferson Township (Franklin County), (2014)

Brian K. Hicks – Vice Chair, Dublin (2013)

John C. Fisher – Vice Chair, Columbus (2013)

Alan W. Brass, Toledo (2014)

Ronald A. Ratner, Cleveland (2015)

Algenon L. Marbley, Columbus (2016)

Linda S. Kass, Bexley (2017)

Janet B. Reid, Cincinnati (2018)

W. G. Jurgensen, Columbus (2018)

Jeffrey Wadsworth, Upper Arlington (2019)

Clark C. Kellogg, Westerville (2019)

Timothy P. Smucker, Orrville (2020)

Alex M. Shumate, Gahanna (2020)

Cheryl L. Krueger, New Albany (2021)

Michael J. Gasser, Columbus (2021)

Corbett A. Price – Charter Trustee, New York, NY (2014)

G. Gilbert Cloyd - Charter Trustee, Austin, TX (2015)

Evann K. Heidersbach - Student Member, Grafton (2013)

Benjamin T. Reinke - Student Member, Bowling Green (2014)

David O. Frantz, Columbus - Secretary

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Barclays Capital Inc., as
Representative of the Underwriters

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance of the Special Purpose General Receipts Bonds, Series 2013 A (the "Bonds") by The Ohio State University, Columbus, Ohio (the "University"), a state university and a body corporate and politic of the State of Ohio. We have examined the transcript of proceedings (the "Transcript"), which includes, among others, the following documents: (i) a copy of the Amended and Restated Trust Indenture (the "Original Indenture"), dated as of December 1, 1999, between the University and The Huntington National Bank, Columbus, Ohio, as trustee (the "Trustee"), as supplemented by a Special Purpose General Receipts Series 2013 Supplement to Amended and Restated Trust Indenture, dated as of January 1, 2013, between the University and the Trustee (the "Series 2013 Supplement" and together with the Original Indenture, the "Indenture"), (ii) the 1999 General Bond Resolution (the "1999 General Bond Resolution") adopted by the Board of Trustees of the University on November 5, 1999, as supplemented by the resolution adopted by the Board of Trustees of the University on June 22, 2012 (the "Bond Resolution") authorizing the issuance and sale of the Bonds, (iii) a specimen of the form of the Bonds, and (iv) the Tax Certificate of the University (the "Tax Certificate"), dated of even date herewith. We have also examined Section 2i of Article VIII of the Ohio Constitution, Ohio Revised Code Sections 3345.11 and 3345.12 (the "Act") and such other law as we deemed relevant and necessary to render this opinion. Terms used in this opinion with initial capitalization when the rules of grammar would not otherwise so require have the respective meanings given them in the Indenture unless the context requires a different meaning.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement for the Bonds, dated January 16, 2013 (the "Official Statement") or other offering material relating to the Bonds, and we express no opinion herein relating thereto.

As to questions of fact material to our opinion, we have relied on the representations of the University contained in the Bond Resolution and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing and in reliance upon this examination, we are of the opinion that, under the law in effect on the date of this opinion:

1. The Bond Resolution has been duly adopted by the Board of Trustees of the University and constitutes a valid and binding obligation of the University enforceable against the University in accordance with its terms.

2. The Bonds have been duly authorized, executed and delivered by the University and are valid and legally binding special obligations of the University payable solely from the sources provided therefor in the Bond Resolution.

3. The Debt Service Charges on the Bonds are payable solely from and are equally and ratably secured by a pledge of the Special Purpose Pledged Revenues, which pledge is subordinate to the pledge of the General Receipts securing Senior Lien Obligations issued pursuant to the Indenture and, except to the extent provided in the Indenture, by the Special Funds and accounts established pursuant to the Indenture. The Bonds are not otherwise secured and the owners and holders of the Bonds are given no right to have any excises or taxes levied by the General Assembly of Ohio for the payment of Debt Service Charges on the Bonds. General Receipts do not include appropriations by the General Assembly of Ohio.

4. Based on existing law and assuming that the Bonds are issued in accordance with the Tax Certificate, the interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not treated as an item of tax preference under the Code for purposes of the alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. The interest on the Bonds, the transfer thereof, and any profit made on their sale, exchange or other disposition, are exempt from Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district, and joint economic development district income taxes in Ohio. We express no opinion regarding other state and local tax consequences arising with respect to the Bonds.

In giving the opinions contained in this letter, we have assumed compliance with and the accuracy of, and have relied upon, the covenants, representations and certifications in the Transcript. We have not independently verified the accuracy of those representations and certifications. The accuracy of those representations and certifications, and the University's compliance with those covenants, may be necessary for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes and for other tax effects stated above. Failure to comply with certain requirements subsequent to issuance of the Bonds could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

The opinions hereinabove expressed are qualified to the extent that the binding effect and enforceability of any of the provisions of the Bonds and the Bond Resolution, or of any rights pursuant thereto, are subject to applicable bankruptcy, insolvency, reorganization, moratorium, or other laws in effect from time to time affecting the rights of creditors heretofore or hereinafter enacted, and also to the extent that the enforceability thereof may be limited by application of general principles of equity or public policy.

We bring to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

We do not undertake to advise you of matters which might come to our attention subsequent to the date hereof which may affect our legal opinions expressed herein.

Very truly yours,

THE OHIO STATE UNIVERSITY (A STATE UNIVERSITY OF OHIO) • SPECIAL PURPOSE GENERAL RECEIPTS BONDS, SERIES 2013 A

MIX
From responsible sources
FSC™ C017146
FSC
www.fsc.org

Printed by: ImageMaster
www.ImageMaster.com