NEW ISSUE – Book Entry Only

RATINGS: Moody's: "Aa1"
S&P: "AA"
Fitch: "AA"
See **RATINGS** herein.

*In the opinion of Tucker Ellis LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2012 A Bonds is excluded from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"), and is not treated as an adjustment to adjusted current earnings of a corporation under Section 56(g) of the Code; (ii) interest on the Series 2012 B Bonds is **not** excluded from gross income for federal income tax purposes, and (iii) interest on the Series 2012 Bonds, and any profit made on their sale, exchange, transfer or other disposition are exempt from the Ohio personal income tax, the Ohio corporate franchise tax (to the extent calculated on the net income basis), and income taxes imposed by certain local political subdivisions in Ohio. Interest on the Series 2012 Bonds, as is the case with other forms of interest on debt obligations, is not subject to the Ohio commercial activity tax. Interest on the Series 2012 A Bonds may be subject to certain federal taxes imposed only on certain corporations, and certain taxpayers may have other federal income tax consequences as a result of owning the Series 2012 A Bonds. (For a more complete discussion of tax aspects, see **SERIES 2012 A TAX MATTERS and SERIES 2012 B TAX MATTERS** herein).*

$114,335,000
THE OHIO STATE UNIVERSITY
(A State University of Ohio)
Consisting of

$91,165,000	$23,170,000
General Receipts Bonds	**General Receipts Bonds**
Series 2012 A	**Series 2012 B**
(Tax-Exempt Bonds)	**(Federally Taxable)**

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

The General Receipts Bonds, Series 2012 A (Tax-Exempt Bonds) (the "Series 2012 A Bonds") and the General Receipts Bonds, Series 2012 B (Federally Taxable) (the "Series 2012 B Bonds," and collectively with the Series 2012 A Bonds, the "Series 2012 Bonds") are special obligations of The Ohio State University (the "University") issued to refund certain prior general receipts obligations of the University and to pay costs of issuance of the Series 2012 Bonds. See **PLAN OF REFUNDING**.

The Series 2012 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 Series 2012 A and B Supplement to Amended and Restated Trust Indenture dated as of August 1, 2012. Principal of, and interest and any premium on, the Series 2012 Bonds, and any other parity obligations, are payable solely from the General Receipts of the University and the Debt Service Fund. See **SECURITY AND SOURCES OF PAYMENTS.**

The Series 2012 Bonds are issuable in the denomination of $5,000 or any integral multiple thereof. Principal of the Series 2012 Bonds will be payable at the designated corporate trust office of the Trustee. Interest on the Series 2012 Bonds is payable semiannually on June 1 and December 1, commencing December 1, 2012. The Series 2012 Bonds will be initially issued only as fully registered bonds, one for each maturity of each series, 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 2012 Bonds to the owners of book entry interests. So long as DTC or its nominee is the registered owner of the Series 2012 Bonds, references herein to the Bondholders or registered owners (other than under the captions **SERIES 2012 A TAX MATTERS** and **SERIES 2012 B TAX MATTERS**) shall mean DTC or its nominee, and not the owners of book entry interests in the Series 2012 Bonds. See **BOOK-ENTRY-ONLY SYSTEM**.

The Series 2012 A Bonds are not subject to redemption prior to maturity. The Series 2012 B Bonds are subject to redemption prior to maturity as described herein.

The Series 2012 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 2012 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 2012 Bonds are offered when, as and if issued by the University and received by the Underwriters, subject to a receipt of an opinion on certain legal matters relating to their issuance by Tucker Ellis 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. Certain legal matters in connection with the Series 2012 Bonds will be passed upon for the Underwriters by Bricker & Eckler LLP, counsel to the Underwriters. It is expected that the Series 2012 Bonds will be available in definitive form for delivery through the facilities of DTC in New York, New York on or about August 22, 2012.

Morgan Stanley **J.P. Morgan**

KeyBanc Capital Markets **RBC Capital Markets** **Wells Fargo Securities**

The date of this Official Statement is July 19, 2012.

MATURITY SCHEDULE

$91,165,000
THE OHIO STATE UNIVERSITY
(A State University of Ohio)
General Receipts Bonds, Series 2012 A
(Tax-Exempt Bonds)

SERIAL BONDS

Maturity Date (June 1)	Principal Amount	Interest Rate	Price	Reoffering Yield	CUSIP†
2013	$ 665,000	2.000%	101.291	0.330%	677632 QY0
2016	2,050,000	3.000	108.514	0.710	677632 QZ7
2016	5,580,000	4.000	112.232	0.710	677632 RQ6
2017	3,890,000	4.000	114.254	0.940	677632 RA1
2017	4,000,000	5.000	118.912	0.940	677632 RR4
2018	4,230,000	3.000	109.719	1.250	677632 RB9
2018	4,000,000	5.000	120.828	1.250	677632 RS2
2019	1,335,000	4.000	115.767	1.540	677632 RC7
2019	7,195,000	5.000	122.176	1.540	677632 RT0
2020	3,000,000	4.000	116.050	1.780	677632 RD5
2020	5,910,000	5.000	123.281	1.780	677632 RU7
2021	3,870,000	4.000	116.020	2.000	677632 RE3
2021	4,000,000	5.000	124.031	2.000	677632 RV5
2022	4,190,000	2.625	103.896	2.180	677632 RF0
2022	4,000,000	4.000	115.942	2.180	677632 RW3
2023	35,000	4.000	115.726	2.340	677632 RG8
2023	8,390,000	5.000	125.200	2.340	677632 RX1
2024	2,500,000	4.000	114.995	2.520	677632 RH6
2024	6,310,000	5.000	125.128	2.520	677632 RY9
2025	3,300,000	4.000	114.196	2.680	677632 RJ2
2025	5,875,000	5.000	124.953	2.680	677632 RZ6
2026	1,285,000	4.000	114.125	2.760	677632 RK9
2027	1,320,000	4.000	113.914	2.840	677632 RL7
2028	1,370,000	4.000	113.570	2.920	677632 RM5
2029	1,410,000	4.000	113.243	2.990	677632 RN3
2030	1,455,000	4.000	112.810	3.060	677632 RP8

$23,170,000
THE OHIO STATE UNIVERSITY
(A State University of Ohio)
General Receipts Bonds, Series 2012 B
(Federally Taxable)

SERIAL BONDS

Maturity Date (June 1)	Principal Amount	Interest Rate	Price	Reoffering Yield	CUSIP†
2013	$ 570,000	0.476%	100.000	0.476%	677632 QL8
2014	1,840,000	0.626	100.000	0.626	677632 QW4
2015	1,840,000	0.810	100.000	0.810	677632 QX2
2016	1,785,000	1.201	100.000	1.201	677632 QM6
2017	1,800,000	1.351	100.000	1.351	677632 QN4
2018	1,820,000	1.663	100.000	1.663	677632 QP9
2019	1,480,000	1.863	100.000	1.863	677632 QQ7
2020	1,510,000	2.181	100.000	2.181	677632 QR5
2021	1,540,000	2.331	100.000	2.331	677632 QS3
2022	1,575,000	2.481	100.000	2.481	677632 QT1
2023	1,610,000	2.581	100.000	2.581	677632 QU8

$5,800,000 3.673% Term Bonds Maturing June 1, 2033, Price 100.00%, CUSIP 677632 QV6.†

PRESIDENT OF THE UNIVERSITY
Dr. E. Gordon Gee

SECRETARY TO 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
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 2012 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 2012 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 2012 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 2012 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 2012 Bonds and thereafter at the designated corporate 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 2012 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 2012 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 2012 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.

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$114,335,000
THE OHIO STATE UNIVERSITY
(A State University of Ohio)

Consisting of

$91,165,000 General Receipts Bonds Series 2012 A (Tax-Exempt Bonds)	$23,170,000 General Receipts Bonds Series 2012 B (Federally Taxable Bonds)

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 $91,165,000 in aggregate principal amount of its General Receipts Bonds, Series 2012 A (Tax-Exempt) (the "Series 2012 A Bonds") and $23,170,000 in aggregate principal amount of its General Receipts Bonds, Series 2012 B (Federally Taxable) (the "Series 2012 B Bonds", and together with the Series 2012 A Bonds, the "Series 2012 Bonds"). The Series 2012 Bonds are being issued for the purpose of refunding certain prior obligations of the University and paying costs of the issuance of the Series 2012 Bonds. See **PLAN OF REFUNDING** herein.

The Series 2012 Bonds are being issued pursuant to Sections 3345.11 and 3345.12 of the Ohio Revised Code (the "Act"), the Series 2012 Bond Resolution (the "Series 2012 Bond Resolution"), 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 Series 2012 A and B Supplement to Amended and Restated Trust Indenture (the "Series 2012 Supplement"), dated as of August 1, 2012 both between the University and The Huntington National Bank, Columbus, Ohio (the "Trustee"). The Series 2012 Bond Resolution, the Amended and Restated Trust Indenture and the Series 2012 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 given them 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 General Receipts of the University. The Indenture authorizes the issuance of obligations (as defined in the Indenture, the "Obligations") of the University to finance the costs of those authorized facilities (as defined in the Indenture, the "University Facilities") and to refund outstanding Obligations of the University. The Series 2012 Supplement specifically authorizes the issuance of the Series 2012 Bonds.

The University has previously authorized and issued Obligations secured by the Indenture, including certain General Receipts Bonds to be refunded by the Series 2012 Bonds (the "Refunded Bonds"). Upon issuance of the Series 2012 Bonds and the refunding of the Refunded Bonds, there will be seventeen series of General Receipts Bonds outstanding and secured by the Indenture in the aggregate principal amount of $2,335,580,000. See **PLAN OF REFUNDING** and **OUTSTANDING GENERAL RECEIPTS BONDS** herein.

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 and any redemption premium required to be paid by the University on the 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 2011") means the Fiscal Year that ends on June 30 in the indicated year. This Official Statement includes all Appendices hereto, which are incorporated herein.

General Receipts Obligations

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 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 Obligations, on a gross pledge and first lien basis, of the General Receipts of the University. General Receipts include the full amount of every type and character of receipts, excepting only those specifically excluded (such as State appropriations). In Fiscal Year 2011 the pledged General Receipts amounted to $3,202,978,000. See **SECURITY AND SOURCES OF PAYMENTS - General Receipts Pledged to the Series 2012 Bonds** herein.

The Indenture provides for the University's mandatory budgeting of its General Receipts to be sufficient to pay Debt Service Charges when due in each Fiscal Year. Payments are to be made by the University to the Trustee for deposit into the Debt Service Fund, a special trust fund held in the custody of the Trustee. Amounts in the Debt Service Fund are to be applied by the Trustee to pay Debt Service Charges when due. See **THE INDENTURE - Debt Service Fund** herein.

In addition, the University has covenanted to fix, make, adjust and collect items of General Receipts to produce at all times General Receipts sufficient to pay (i) Debt Service Charges, when due, and any other costs and expenses payable under the Indenture and, (ii) all other costs and expenses necessary for the proper maintenance and successful and continuous operation of the University. See **SECURITY AND SOURCES OF PAYMENTS** herein.

The Series 1999 A Resolution and the Amended and Restated Trust Indenture are the basic documents pertaining to all Obligations and prescribe the conditions for the issuance of additional Obligations. For each issue of Obligations, a Series Resolution, setting forth detailed provisions for that issue, is usually adopted. The Series 2012 Bonds are specifically authorized by the Series 2012 Bond Resolution and the Series 2012 Supplement.

The proceeds of all Obligations are to be applied solely to pay costs of University Facilities, including capitalized interest, to refund, fund or retire obligations issued for that purpose, as specifically provided and allocated in the applicable Series Resolution, and to pay issuance costs associated with the issuance of such Obligations.

University Facilities are defined in the Indenture as buildings, structures and other improvements, and equipment, real estate and interests in real estate therefor, all or any part of the costs of which are at any time authorized by the Act to be financed by the issuance of Obligations. The Act authorizes the financing of "facilities," defined in the Act to include "auxiliary facilities" (student activity or student service facilities, housing and dining facilities, dining halls or other food service and preparation facilities, vehicular parking facilities, bookstores, athletic and recreational facilities, faculty centers, auditoriums, assembly and exhibition halls, hospitals, infirmaries and other medical and health facilities, research and continuing education facilities); "educational facilities" (classrooms, or other instructional facilities, libraries, administrative and office facilities, and other facilities, other than auxiliary facilities, to be used directly or indirectly for or in connection with the conduct of the institution of higher education); "housing and dining facilities" (dormitories or other living quarters and accommodations, or related dining halls or other food service and preparation facilities, for students, members of the faculty, officers, or employees of the institution of higher education, and their spouses and families); and any one, part of or combination of those facilities.

The Series 2012 Resolution authorizes the issuance of up to $1,000,000,000 in aggregate principal amount of Obligations (inclusive of any refundings of any other Obligations, other than commercial paper notes) prior to June 30, 2014. After the issuance of the Series 2012 Bonds, there will remain $885,665,000 of such authority. The University anticipates that the aggregate amount of Obligations issued by it for the acquisition, construction, and installation of new University Facilities during the period ended June 30, 2014 will be approximately $650,000,000, including the issuance of approximately $350,000,000 of obligations for the University's sophomore housing project and $300,000,000 of obligations to complete the 2010 capital plan.

Constitutional and Statutory Authorization

The Series 2012 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 2012 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" (as defined in the Indenture, the "University Facilities") 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 (being the General Receipts); and provides that the pledge of and lien on General Receipts may, as provided for in the Indenture, be made prior to all other expenses, claims or payments.

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PLAN OF REFUNDING

The Refunded Bonds

A portion of the proceeds of the Series 2012 A Bonds will be used to refund the following portions of the Series 2005 A General Receipts Bonds (the "Series 2012 A Refunded Bonds") on June 1, 2015 at par.

Series 2012 A Refunded Bonds

Maturity Date (June 1)	Principal Amount Refunded
2016	$7,915,000
2017	8,210,000
2018	8,520,000
2019	8,845,000
2020	9,180,000
2021	8,115,000
2022	8,430,000
2023	8,760,000
2024	9,110,000
2025	9,465,000
2030*	8,800,000

*Term Bond

A portion of the proceeds of the Series 2012 B Bonds will be used to refund the following Series 2003 B General Receipts Bonds (the "Series 2012 B Refunded Bonds," and together with the Series 2012 A Refunded Bonds, the "Refunded Bonds") on June 1, 2013 at par.

Series 2012 B Refunded Bonds

Maturity Date (June 1)	Principal Amount Refunded
2014	$ 340,000
2014	1,070,000
2015	320,000
2015	1,150,000
2016	1,470,000
2017	1,545,000
2018	1,620,000
2019	1,335,000
2020	1,405,000
2021	1,480,000
2022	1,555,000
2023	1,630,000
2028*	3,075,000
2033*	3,915,000

*Term Bond

Estimated Sources and Uses of Funds

The estimated sources and uses of funds with respect to the Series 2012 A Bonds are summarized below:

Sources of Funds:	
Par Amount of Series 2012 A Bonds	$ 91,165,000.00
Original Issue Premium	16,405,342.70
Total Sources	$107,570,342.70
Uses of Funds:	
Escrow Funds for Series 2012 A Refunded Bonds	$106,938,998.98
Debt Service Fund	4,447.62
Issuance Expenses(1)	626,896.10
Total Uses	$107,570,342.70

(1) To pay issuance expenses of the Series 2012 A Bonds, including Underwriters' discount, legal fees, Trustee fees, verification agent fees, and miscellaneous costs.

The estimated sources and uses of funds with respect to the Series 2012 B Bonds are summarized below:

Sources of Funds:	
Par Amount of Series 2012 B Bonds	$23,170,000.00
Total Sources	$23,170,000.00
Uses of Funds:	
Escrow Funds for Series 2012 B Refunded Bonds	$23,009,623.88
Debt Service Fund	926.56
Issuance Expenses(1)	159,449.56
Total Uses	$23,170,000.00

(1) To pay issuance expenses of the Series 2012 B Bonds, including Underwriters' discount, legal fees, Trustee fees, verification agent fees, and miscellaneous costs.

DESCRIPTION OF THE SERIES 2012 BONDS

General Terms

The Series 2012 Bonds will be dated as of the date of their issuance and delivery. The Series 2012 Bonds will bear interest at the rates set forth in the maturity schedules following the cover page hereof, payable semiannually on June 1 and December 1, commencing on December 1, 2012, and will mature on the dates and in the principal amounts set forth in the maturity schedules following the cover page of this Official Statement. The Series 2012 Bonds are issuable as fully registered bonds in denominations of $5,000 and integral multiples thereof. Interest on the Series 2012 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 2012 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 Series 2012 A Bonds

General. The University is issuing the Series 2012 A Bonds as 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 **SERIES 2012 A TAX MATTERS** herein.

Optional Redemption. The Series 2012 A Bonds are not callable in whole or in part prior to their respective stated maturity dates.

The Series 2012 B Bonds

General. The interest on the Series 2012B Bonds is not excludible from gross income for federal income tax purposes. See **SERIES 2012 B TAX MATTERS** herein.

Mandatory Sinking Fund Redemption. The Series 2012 B Bonds maturing on June 1, 2033 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:

Year	Principal Amount to be Redeemed
2024	$490,000
2025	510,000
2026	530,000
2027	550,000
2028	565,000
2029	585,000
2030	610,000
2031	630,000
2032	655,000

The remaining principal amount of such Series 2012 B Bonds ($675,000) will be paid at stated maturity on June 1, 2033.

Optional Redemption. The Series 2012 B Bonds are subject to redemption at the option of the University, in whole or in part, on any Business Day at the "Make-Whole Redemption Price," which is the greater of: (i) 100% of the principal amount of the Series 2012 B Bonds to be redeemed plus accrued and unpaid interest on the Series 2012 B Bonds to be redeemed on the redemption date, and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2012 B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2012 B Bonds are to be redeemed, discounted to the date on which the Series 2012 B Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (hereinafter defined) plus 15 basis points, plus accrued and unpaid interest on the Series 2012 B Bonds to be redeemed on the redemption date.

For purposes of calculating the "Make-Whole Redemption Price," "Treasury Rate" means, as of the redemption date, the yield to maturity as of such redemption date of the United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation-indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2012 B Bonds to be redeemed; provided, however, that if a period from the redemption date to maturity is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. The redemption price will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the University at the University's expense and such redemption price shall be conclusive and binding on the owners of the Series 2012 B Bonds.

Selection of Bonds to be Redeemed

If less than all the Series 2012 B Bonds of a particular maturity shall be called for any optional redemption: (i) if the Series 2012 B Bonds are not registered in book entry only form, any redemption of less than all of the Series 2012 B Bonds of a particular maturity will be allocated among the registered owners of such Series 2012 B Bonds being redeemed as nearly as practicable in proportion to the amounts of the principal amounts of the Series 2012 B Bonds owned by each registered owner, in authorized denominations, calculated based on the formula: (principal to be redeemed) x (principal amount owned by such owner) / (total principal amount outstanding), and the particular Series 2012 B Bonds to be redeemed will be determined by the Trustee in any manner as the Trustee in its sole discretion deems fair and appropriate and (ii) if the Series 2012 B Bonds are in book entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Series 2012 B Bonds, any redemption of less than all of the Series 2012 B Bonds of a particular maturity will be done to the extent permitted by DTC's procedures in effect at such time. To the extent such proportional redemption is not then permitted by the applicable procedures of DTC or a successor securities depository, the Series 2012 B Bonds will be redeemed by lot or other customary method in accordance with such applicable procedures. Currently, the applicable procedures of DTC provide that such partial redemption be performed by lot.

Notice of Redemption; Effect

The Trustee is to cause notice of the call for redemption, identifying the Series 2012 B Bonds or portions of Series 2012 B 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 2012 B 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 2012 B Bonds.

On the date designated for redemption, Series 2012 B 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 2012 B Bond (or portion of a Series 2012 B Bond) so called for redemption will cease to accrue on that date.

So long as all Series 2012 B 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 applicable series of Series 2012 B 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 2012 B 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 2012 Bonds. The Series 2012 Bonds will be issued as fully-registered Bonds 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 Bond certificate will be issued for each interest rate for each maturity of the Series 2012 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 securities 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 the 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"). DTC has a rating of AA+ from Standard & Poor's. 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**.

Purchases of Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012 Bond ("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 2012 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 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 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 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 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 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2012 Bonds or the Indenture. For example, Beneficial Owners of Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 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 2012 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 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI 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 the Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2012 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 the 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 redemption proceeds, distributions and dividend 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 2012 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 2012 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 2012 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 2012 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 2012 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 2012 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 2012 Bonds shall thereafter be made as provided in the Indenture.

If the book entry only system is discontinued with respect to the Series 2012 Bonds, the persons to whom the Series 2012 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 2012 Bonds, the redemption of the Series 2012 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 2012 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 2012 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 2012 Bonds to be eligible for DTC's book entry only system.

Revision of Book-Entry-Only System – Replacement Series 2012 Bonds

The Series 2012 Bond Resolution provides for issuance of fully registered Series 2012 Bonds (the "Replacement Series 2012 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 2012 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 2012 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 2012 Bonds may be transferred, registered and assigned only in the registration books of the University's Bond Registrar.

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SECURITY AND SOURCES OF PAYMENTS

General

The Series 2012 Bonds are being issued pursuant to, and will be secured by, the Indenture. All Obligations, including any outstanding Obligations, the Series 2012 Bonds and any additional Obligations, are and will be payable from and secured by a first pledge of and lien on the General Receipts of the University and the Debt Service Fund.

The University covenants in the Indenture to fix, make, adjust and collect fees, rates, rentals and charges as will produce at all times General Receipts sufficient to pay (i) Debt Service Charges, when due, and all other costs and expenses required to be paid under the Indenture, and (ii) all other costs and expenses necessary for the proper maintenance and successful and continuous operation of the University.

The Indenture establishes the Debt Service Fund, a special fund held by the Trustee, for the payment of Debt Service Charges on the Obligations. The University is to make payments to the Debt Service Fund in time and amount sufficient to pay Debt Service Charges when due.

The University may provide for bond insurance or other types of credit support, or a reserve fund or account, with respect to any one or more Obligations or series of Obligations and not with respect to any other Obligations or series of Obligations.

General Receipts Pledged to the Series 2012 Bonds

General Receipts pledged to the security of the Series 2012 Bonds include virtually all the receipts of the main campus of the University, excepting only receipts expressly excluded by the Indenture. Among receipts expressly excluded are State appropriations, which for the University's Fiscal Year 2011 accounted for 8.9% of its total operating and non-operating revenues.

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.

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

	2007	2008	2009	2010	2011
Tuition, Fees and Other Student Charges	$683,860	$724,273	$739,214	$785,414	$870,021
Unrestricted Government Grants & Contracts	60,711	63,070	63,909	70,550	78,706
Private Gifts and Grants	23,984	31,427	28,156	33,355	23,182
Unrestricted Endowment Income	38,983	30,400	18,656	11,741	11,104
Dept. & University Sales & Services	93,847	94,499	101,730	115,473	121,773
Auxiliary Sales & Services	192,083	198,202	209,980	220,467	250,636
Hospital Sales & Services	1,365,073	1,469,776	1,585,934	1,699,664	1,791,207
Other Sources	48,657	58,717	47,845	54,622	56,350
Total General Receipts	$2,507,198	$2,670,364	$2,795,424	$2,991,286	$3,202,978

Source: Audited financial statements of the University for the Fiscal Years ended June 30, 2007, 2008, 2009, 2010, and 2011.

On June 22, 2012, the University's Board of Trustees authorized the signing of a 50-year lease-concession of the University's parking system with Queensland Investment Corporation ("QIC") for upfront consideration of $483,000,000. As part of the University's effort to monetize non-core assets, substantially all of the proceeds of the concession will be directed toward the University's mission of teaching, research, and scholarship. Approximately $84,000,000 of the proceeds of the concession will be used to defease that portion of outstanding Obligations allocable to parking facilities. FY 2011 parking revenue was approximately $27,500,000, or 0.9% of total General Receipts of the University.

Debt Service Fund

The Series 2012 Bond Resolution establishes the Debt Service Fund to be held by the Trustee and provides for certain proceeds of the Series 2012 Bonds to be deposited therein. The University is required to make payments to the Trustee for deposit in the Debt Service Fund sufficient to pay Debt Service Charges on all Obligations when due. The Debt Service Fund and amounts therein are pledged as security for the payment of all Obligations, including the Series 2012 Bonds. The Debt Service Fund is to be invested, to the extent permitted by law, in Eligible Investments, as defined in the Indenture. See **THE INDENTURE - Debt Service Fund** herein.

Covenant as to Sufficiency of General Receipts

The Series 2012 Bonds are further secured by the University's covenant in the Indenture that the University will 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 (i) Debt Service Charges on the Obligations when due and all other costs and expenses required to be paid under the Indenture and (ii) all other costs and expenses necessary for the proper maintenance and successful and continuous operation of the University.

State Legislation Relative to University Fiscal Difficulties

The Ohio General Assembly has enacted Sections 3345.70 to 3345.78 of the Ohio Revised Code (hereinafter in this section the "Fiscal Watch Act") providing methods for dealing with fiscal difficulties of state-supported universities and colleges in Ohio.

Under the Fiscal Watch Act, a board of trustees of a state university may declare that the university is in a state of fiscal exigency. So long as such a state exists, the board (i) shall file minutes of their meetings and fiscal performance reports with the State Board of Regents, (ii) shall not use state funds to provide grants or scholarships to out-of-state students or subsidize off-campus housing or subsidize transportation to and from off-campus housing, and (iii) subject to any applicable bond proceedings and pledges, shall place all residence hall and meal fees in a rotary account dedicated to the upkeep and maintenance of dormitory buildings and to fund meal programs and place moneys for the operation of residence halls and meal programs in separately maintained auxiliary funds in the university accounting system.

The Fiscal Watch Act also requires the State's Office of Budget and Management to prepare rules for financial reporting by State-supported colleges and universities, establishing criteria for the State Board of Regents to determine when such a college or university is under a "fiscal watch," and specifying actions which must be taken by a college or university under a fiscal watch.

If the State Board of Regents determines that a fiscal watch exists, then the Governor of the State may, after consulting legislative leaders, appoint a conservator for the institution. Upon the making of such an appointment, all duties, responsibilities and powers of the institution's board of trustees are suspended and the management and control of the institution are assumed by the conservator, who also assumes custody of all property of the institution and the duties of the institution's president or chief executive officer. The conservator also conducts a preliminary performance evaluation of the institution's president or chief executive officer.

Within 30 days after the appointment of a conservator for such a college or university, the Governor must appoint, with the advice and consent of the State Senate, a five-member governance authority (the "Authority"). The Authority appoints an executive director and conducts a final evaluation of the institution's president or chief executive officer, who may be reinstated or terminated by the Authority. The Authority assumes management and control of the institution and its property from the conservator. The Authority also must prepare periodic reports about the institution including any progress in implementing reforms at the institution.

At least annually, the Authority must apply the fiscal watch criteria to the institution to determine whether sufficient fiscal stability has been achieved to warrant terminating the Authority's governance of the institution, and if so, the Authority must certify such finding to the Governor. The Governor may then issue an order terminating the Authority and fill vacancies on the board of trustees of such institution, which board assumes management and control of the institution and its property from the Authority.

The Administration of the University has reviewed applicable portions of the Fiscal Watch Act and the applicable rules of the State Office of Budget and Management, as well as records pertaining to the University's circumstances with respect to the Fiscal Watch Act, and is of the opinion that, with respect to the University, no circumstances or conditions exist that will cause a fiscal watch condition to be determined to exist under the Fiscal Watch Act.

Annual Debt Service Charges and Coverage

The table on the following page represents the annual Fiscal Year Debt Service Charges for all outstanding Obligations (all outstanding Bonds 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 2012 Bonds.

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Annual Debt Service Charges on General Receipts Obligations (1)

Fiscal Year(s)	Outstanding Bonds(2)	Series 2012 A Bonds* Principal	Series 2012 A Bonds* Interest	Series 2012 A Bonds* Total	Series 2012 B Bonds* Principal	Series 2012 B Bonds* Interest	Series 2012 B Bonds* Total	Aggregate Debt Service(3)
2013	$137,879,854	$ 665,000	$3,076,508	$3,741,508	$ 570,000	$383,799	$ 953,799	$142,575,161
2014	136,096,648	--	3,956,388	3,956,388	1,840,000	492,512	2,332,512	142,385,547
2015	136,015,185	--	3,956,388	3,956,388	1,840,000	480,993	2,320,993	142,292,566
2016	125,524,341	7,630,000	3,956,388	11,586,388	1,785,000	466,089	2,251,089	139,361,817
2017	125,489,105	7,890,000	3,671,688	11,561,688	1,800,000	444,651	2,244,651	139,295,444
2018	124,210,616	8,230,000	3,316,088	11,546,088	1,820,000	420,333	2,240,333	137,997,037
2019	121,871,173	8,530,000	2,989,188	11,519,188	1,480,000	390,067	1,870,067	135,260,427
2020	123,139,831	8,910,000	2,576,038	11,486,038	1,510,000	362,494	1,872,494	136,498,363
2021	118,020,647	7,870,000	2,160,538	10,030,538	1,540,000	329,561	1,869,561	129,920,746
2022	118,634,019	8,190,000	1,805,738	9,995,738	1,575,000	293,664	1,868,664	130,498,420
2023	116,337,173	8,425,000	1,535,750	9,960,750	1,610,000	254,588	1,864,588	128,162,511
2024	108,208,241	8,810,000	1,114,850	9,924,850	490,000	213,034	703,034	118,836,125
2025	105,528,452	9,175,000	699,350	9,874,350	510,000	195,036	705,036	116,107,838
2026	96,025,165	1,285,000	273,600	1,558,600	530,000	176,304	706,304	98,290,069
2027	96,255,002	1,320,000	222,200	1,542,200	550,000	156,837	706,837	98,504,039
2028	96,462,514	1,370,000	169,400	1,539,400	565,000	136,636	701,636	98,703,550
2029	94,396,871	1,410,000	114,600	1,524,600	585,000	115,883	700,883	96,622,354
2030	146,778,521	1,455,000	58,200	1,513,200	610,000	94,396	704,396	148,996,117
2031	64,261,693	--	--	--	630,000	71,991	701,991	64,963,683
2032	63,611,243	--	--	--	655,000	48,851	703,851	64,315,094
2033	50,805,297	--	--	--	675,000	24,793	699,793	51,505,090
2034	47,199,926	--	--	--	--	--	--	47,199,926
2035	122,201,426	--	--	--	--	--	--	122,201,426
2036	44,897,463	--	--	--	--	--	--	44,897,463
2037	44,897,463	--	--	--	--	--	--	44,897,463
2038	44,897,463	--	--	--	--	--	--	44,897,463
2039	44,897,463	--	--	--	--	--	--	44,897,463
2040	699,682,463	--	--	--	--	--	--	699,682,463
2041-2110 (3)	24,000,000	--	--	--	--	--	--	1,680,000,000
2111	524,000,000	--	--	--	--	--	--	524,000,000
Total	**$5,558,225,257**	**$91,165,000**	**$35,652,895**	**$126,817,895**	**$23,170,000**	**$5,552,513**	**$28,722,513**	**$5,713,765,665**

(1) Assumes an interest rate of 2.5% 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 2041 and ending in Fiscal Year 2110 is $24,000,000 per year, and aggregate debt service over the entire period is $1,680,000,000.

The maximum annual Debt Service Charges on the outstanding Obligations, including the Series 2012 Bonds (assuming the assumptions stated in the above table), is $699,682,463 (in Fiscal Year 2040). The University's General Receipts for Fiscal Year 2011, $3,202,978,000, were over 4.5 times the maximum annual Debt Service Charges on such outstanding Obligations. See **OUTSTANDING GENERAL RECEIPTS BONDS** below.

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 2011.

OUTSTANDING GENERAL RECEIPTS BONDS

The University has issued from time to time 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 outstanding, including the Series 2012 Bonds, 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	11,800,000
Series 2001 Bonds	76,950,000	56,540,000
Series 2002 A Bonds	150,515,000	4,130,000
Series 2003 B Bonds	233,780,000	7,390,000
Series 2003 C Bonds	121,295,000	53,230,000
Series 2005 A Bonds	279,050,000	84,680,000
Series 2005 B Bonds	129,990,000	78,735,000
Series 2008 A Bonds	217,595,000	180,265,000
Series 2008 B Bonds	127,770,000	102,235,000
Series 2010 A Bonds	241,170,000	231,960,000
Series 2010 C Bonds	654,785,000	654,785,000
Series 2010 D Bonds	88,335,000	88,335,000
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
Total	**$3,248,510,000**	**$2,335,580,000**

THE INDENTURE

The Series 2012 Bonds will be issued under the Series 2012 Bond Resolution, the Amended and Restated Trust Indenture and the Series 2012 Supplement. Reference is made to the Series 2012 Bond Resolution, the Amended and Restated Trust Indenture, the Series 2012 Supplement and the form of Bonds for the Series 2012 A Bonds and the Series 2012 B Bonds for complete details of the terms of the Series 2012 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 2012 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 2012 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.

Moneys in the Debt Service Fund are to 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 established the Facilities Fund to be held by the University. The Facilities Fund is to be invested in accordance with the Operating and Agency Fund Investment Policy of the University (as such Policy may be amended from time to time by the University). The Facilities Fund is not held by the Trustee and is not pledged as security for the Series 2012 Bonds or any other Obligations.

Escrow Fund

The Series 2012 Bond Resolution authorized Escrow Agreements between the Trustee, as escrow trustee, and the University to provide for the payment and discharge of the Refunded Bonds. The Escrow

Funds established by the Escrow Agreements will be invested in accordance with the Indenture. Each Escrow Fund is irrevocably pledged to the payment of the Refunded Bonds referenced, and is not available to pay Debt Service Charges on the Series 2012 Bonds or any Obligations other than the respective series of Refunded Bonds.

Covenants of the University

In the Indenture, 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 becomes due and payable;

(b) Failure to pay the principal of or any redemption premium on any Obligation when and as the same 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 continues 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 is to 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 proceeds to take curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of 90 days, then such period will be increased without such written extension to such extent as may be necessary to enable the University to diligently complete such curative action; or

(d) The University (i) admits in writing its inability to pay its debts generally as they become due, (ii) has an order for relief entered in any case commenced by or against it under federal bankruptcy laws, as now or hereafter in effect, (iii) commences a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar laws, or has such a proceeding commenced against it and has either an order of insolvency or reorganization entered against it or has the proceeding remain undismissed and unstayed for 90 days, (iv) makes an assignment for the benefit of creditors, or (v) has 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 will, 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, will as 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, 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.

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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 will 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 will release the Indenture and will 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 are to be invested only in investments qualifying as Government Obligations, the maturities or redemption dates of which, at the option of the holder, will 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 will, 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 will 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 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 may 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 will 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 General Receipts

Additional Obligations, as the same may from time to time be authorized by Series Resolutions, are issuable on a parity with all other Obligations, including the Series 2012 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 may 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. See **SECURITY AND SOURCES OF PAYMENTS - Amendment to the Indenture.**

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"). 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.

SERIES 2012 A TAX MATTERS

Series 2012 A Bonds – General

In the opinion of Bond Counsel, under existing law, (i) interest on the Series 2012 A Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Code, 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, and is not treated as an adjustment to adjusted current earnings of a corporation under section 56(g) of the Code, and (ii) interest on the Series 2012 A Bonds, and any profit made on their sale, exchange, transfer, or other disposition are exempt from the Ohio personal income tax, the net income base of the Ohio corporate franchise tax, and income taxes imposed by municipalities and other political subdivisions in Ohio. Interest on the Series 2012 A Bonds, as is the case with most other forms of interest on debt obligations, is not subject to the Ohio commercial activity tax.

Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2012 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 the compliance with certain covenants by the University to be contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Series 2012 A Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel has not and will not independently verify the accuracy of such certifications and representations made by the University or the continuing compliance with those covenants.

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 require future or continued compliance after issuance of the obligations. Noncompliance with these requirements may cause the interest on the Series 2012 A Bonds to be included in gross income for federal income tax purposes retroactively to the date of their issuance. The University has covenanted to take such actions required for the interest on the Series 2012 A Bonds to be and to remain excludable 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 2012 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 federal income tax consequences with respect to items of income, deductions, or credits for certain taxpayers, including among them financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other items of income and expenses of the owners of the Series 2012 A Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2012 A Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2012 A Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

From time to time legislative proposals are pending in Congress or the Ohio legislature that would, if enacted, alter or amend one or more of the federal or state tax matters discussed herein in certain respects or that would adversely affect the market value of the Series 2012 A Bonds. In addition, federal or state judicial decisions may be rendered, or administrative actions taken by taxing authorities, which could also impact the federal or state tax matters discussed herein or that would adversely affect the market value of the Series 2012 A Bonds. Neither the form nor enactment of any of such proposals can be predicted, and there can be no assurance that any such proposals or any judicial decisions or administrative actions will not apply, either retroactively or prospectively, to the Series 2012 A Bonds.

Prospective purchasers of the Series 2012 A Bonds should consult their own tax advisors regarding pending or proposed federal and state tax legislation and other court proceedings, and prospective purchasers of the Series 2012 A Bonds at other than their original issuance at the respective prices on the cover page of this Official Statement relating to the Series 2012 A Bonds should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Series 2012 A Bonds – Original Issue Premium

All of the Series 2012 A Bonds were offered and sold to the public at an issue price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Series 2012 A Bond, based on the yield to maturity of such Series 2012 A Bond, compounded semiannually. No portion of that bond premium is deductible by an owner of a Series 2012 A Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Series 2012 A Bond, the owner's tax basis in the Series 2012 A Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Series 2012 A Bond for an amount equal to or less than the amount paid by that owner for the Series 2012 A Bond. A purchaser of a Series 2012 A Bond at its issue price in the initial public offering who holds that Bond to maturity will realize no gain or loss upon the retirement of that Bond.

Owners of Series 2012 A Bonds or book-entry interests in them should consult their own tax advisers as to the determination for federal tax purposes of the amount of amortizable bond premium properly accruable in any period with respect to the Series 2012 A Bonds and as to other federal tax consequences and the treatment of amortizable bond premium for state or local tax purposes.

SERIES 2012 B TAX MATTERS

Series 2012 B Bonds – General

In the opinion of Bond Counsel, under existing law, interest on the Series 2012 B Bonds, and any profit made on their sale, exchange, transfer or other disposition are exempt from the Ohio personal income tax, the net income base of the Ohio corporate franchise tax, and income taxes imposed by municipalities and other political subdivisions in Ohio. Interest on the Series 2012 B Bonds, as is the case with most other forms of interest on debt obligations, is not subject to the Ohio commercial activity tax. An opinion to those effects will be included in the legal opinion. Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2012 B Bonds. INTEREST ON THE SERIES 2012 B BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. OWNERS

OF THE SERIES 2012 B BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SERIES 2012 B BONDS. The owners of the Series 2012 B Bonds are not entitled to a tax credit as a result of ownership of the Series 2012 B Bonds. The legal defeasance of the Series 2012 B Bonds (if undertaken by the University) may result in a deemed sale or exchange of the Series 2012 B Bonds under certain circumstances; owners of the Series 2012 B Bonds should consult their tax advisors as to the federal income tax consequences of such an event.

Backup Withholding

General information reporting requirements will apply to payments of principal and interest made on a Series 2012 B Bond and the proceeds of the sale of a Series 2012 B Bond to non-corporate holders of the Series 2012 B Bonds, and "backup withholding" at a rate of 28% will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of a Series 2012 B Bond that is a U.S. owner can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Nonresident Owners

Under the Code, interest on any Series 2012 B Bond whose beneficial owner is a nonresident alien, foreign corporation or other non-United States person (Nonresident) is generally not subject to United States income tax or withholding tax (including backup withholding) if the Nonresident provides the payor of interest on the Series 2012 B Bonds with an appropriate statement as to its status as a Nonresident. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the Nonresident conducts a trade or business in the United States and the interest on the Series 2012 B Bonds held by the Nonresident is effectively connected with such trade or business, that interest will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding).

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THE FOREGOING DISCUSSION OF TAX MATTERS WITH RESPECT TO THE SERIES 2012 B BONDS WAS NOT INTENDED OR WRITTEN BY BOND COUNSEL TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON AN OWNER OF THE SERIES 2012 B BONDS. THE FOREGOING DISCUSSION OF TAX MATTERS FOR THE SERIES 2012 B BONDS WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE SERIES 2012 B BONDS. EACH PROSPECTIVE OWNER OF THE SERIES 2012 B BONDS SHOULD SEEK ADVICE BASED ON THE PROSPECTIVE OWNER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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 2012 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 (b)(3) of the Rule (as hereinafter defined).

LEGAL MATTERS

Legal matters incident to the issuance of the Series 2012 Bonds are subject to the legal opinion of Tucker Ellis LLP, Bond Counsel. Bond Counsel will also address the exclusion from gross income of the interest on the Series 2012 A Bonds. See **SERIES 2012 A TAX MATTERS** herein. The legal opinions, dated and premised on law in effect as of the date of issuance and delivery of the Series 2012 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-1** and **APPENDIX C-2**. The legal opinions to be delivered to the Underwriters at the time of issuance and delivery of the Series 2012 Bonds may vary from that text if necessary to reflect facts and law on the date of issuance and delivery. The opinions will speak only as of their dates, and subsequent distribution of them 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 opinions subsequent to their dates.

In addition to rendering its legal opinions, 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.

Certain legal matters in connection with the Series 2012 Bonds will be passed upon for the Underwriters by Bricker & Eckler 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 2012 Bonds or to question the proceedings and authority under which the Series 2012 Bonds are authorized and are to be issued, sold executed or delivered, or the validity of the Series 2012 Bonds. A no-litigation certificate to such effect will be delivered by the University at the time of issuance and delivery of the Series 2012 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 2012 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 2012 Bonds or the security for the Series 2012 Bonds.

INDEPENDENT ACCOUNTANTS

The financial statements of the University as of June 30, 2011 and for the year 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.**

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the investments included in the Escrow Funds established for the payment of the Refunded Bonds together with any cash held therein to pay when due principal, premium, if any, and interest on the Refunded Bonds becoming due at maturity or earlier redemption will be examined by Samuel Klein and Company, Certified Public Accountants (the “Verification Agent”). Such computations will be based solely on the assumptions and information supplied by the Underwriters on behalf of the University in connection with such matters. The Verification Agent will restrict its procedures to examining the arithmetical accuracy of certain computations and will not make any study or evaluation of the assumptions and information on which the computations are based and accordingly, will not express an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome. The report of the Verification Agent will state that the Verification Agent has no obligation to update the report because of events occurring or data or information coming to its attention subsequent to the date of its report.

RATINGS

Moody's Investors Service, Inc., Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. and Fitch Ratings have assigned the Series 2012 Bonds ratings of "Aa1," "AA" 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 2012 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 2012 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 2012 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 annual financial information, including financial statements, generally consistent with the information contained under the captions **SECURITY AND SOURCES OF PAYMENTS - General Receipts Pledged to the Bonds; 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 2012.

(ii) to EMMA, in a timely manner (but not in excess of 10 business days), notice of the occurrence of any of the following events with respect to the Series 2012 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 2012 Bonds, or other material events affecting the tax status of the Series 2012 Bonds;

(g) Modifications to rights of holders of the Series 2012 Bonds, if material;

(h) Series 2012 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 event of the 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 2012 Bonds; and

(b) there is no property securing the repayment of the Series 2012 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 2012 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 2012 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 2012 Bonds.

The Continuing Disclosure Agreement, by provision in the Series 2012 Supplement, will be solely for the benefit of the holders and beneficial owners of the Series 2012 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 2012 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 2012 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 in each of the past five years as required by such undertakings, it has not filed with EMMA or its predecessors any documents specifically addressing the items of information corresponding to the annual information described in (i), above, disclosure of which was required by the undertakings. The University has designated an individual in the Office of the Treasurer to oversee the compiling of information necessary to comply with its continuing disclosure obligations on a going-forward basis.

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

UNDERWRITING

Morgan Stanley & Co. LLC is acting as representative of the Underwriters listed on the cover page (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Series 2012 Bonds subject to certain conditions precedent. The Underwriters will purchase all Series 2012 A Bonds if any are purchased at an aggregate purchase price of $107,161,208.69 (equal to the aggregate principal amount of the Series 2012 A Bonds of $91,165,000.00, plus net original issue premium of $16,405,342.70, less underwriters' discount of $409,134.01). The Underwriters will purchase all Series 2012 B Bonds if any are purchased at an aggregate purchase price of $23,068,596.77 (equal to the aggregate principal amount of the Series 2012 B Bonds of $23,170,000.00, less underwriters' discount of $101,403.23). The Underwriters may offer the Series 2012 Bonds to certain dealers (including dealers depositing the Series 2012 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.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Series 2012 Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2012 Bonds.

J.P. Morgan Securities LLC, an underwriter of the Series 2012 Bonds, has entered into negotiated dealer agreements with each of UBS Financial Services, Inc. and Charles Schwab & Co., Inc. for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each such dealer agreement, each of UBS Financial Services, Inc. and Charles Schwab & Co., Inc. will purchase Series 2012 Bonds from J.P. Morgan Securities LLC at the original issue price less a negotiated portion of the selling concession applicable to any Series 2012 Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association, one of the underwriters of the Series 2012 Bonds, has entered into a distribution agreement with Wells Fargo Advisors, LLC for the retail distribution of certain municipal securities offerings, including the Series 2012 Bonds. Pursuant to such distribution agreement, Wells Fargo Bank, National Association will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2012 Bonds with Wells Fargo Advisors, LLC. Wells Fargo Advisors, LLC is also a subsidiary of Wells Fargo & Company.

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 2012 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 2012 Bonds are acceptable under Ohio law as security for the deposit of public moneys.

Owners of book entry interests in the Series 2012 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 Series 2012 Bond Resolution, the Amended and Restated Trust Indenture and the Series 2012 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 2012 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: /s/ Geoffrey S. Chatas
Senior Vice President for Business and Finance

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APPENDIX A

THE OHIO STATE UNIVERSITY

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APPENDIX A

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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 Winter 2012, the University has awarded over 657,120 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 2011 was 56,867 students for the Columbus Campus and 7,562 for the Extended Campuses, bringing the total enrollment for all campuses at that time to 64,429 students. During the academic year ending June 30, 2011, the University awarded a total of 13,732 degrees consisting of 10,667 baccalaureate degrees, 2,778 master’s degrees, 876 professional degrees, 782 doctorate degrees, 620 associate degrees, and 9 post-baccalaureate degrees. The University has over 465,000 alumni, approximately 125,000 of which are members of The Ohio State University Alumni Association, which is one of the largest dues paying alumni groups in the country. The University has the largest Athletics Department in the country with 36 official NCAA teams. The Athletics Department is self-supported and generated approximately $132 million in revenues in Fiscal Year 2011. As of May 2012, the University employed a total of 42,651 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
G. Gilbert Cloyd, Charter Trustee (2012)	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.

Dr. Herb B. Asher was recently appointed 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.

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 is a national leader in academic medicine. 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 President of The Ohio State University Foundation, Senior Vice President for Development and Special Assistant to the President at the University. In the 1970's, he was hired by then football coach Woody Hayes. He left the University and served as Director of Admissions and Assistant to the President at the University of Vermont, and then Associate Vice Chancellor and Chief Administrative Officer at the Vanderbilt University Medical Center. 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 Michael E. Moritz College of Law at The Ohio State University.

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.

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 170 undergraduate majors, 129 graduate fields of specialization, 145 programs leading to the master's degree, 113 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 Science	Teaching and Learning
Environmental and Natural Resources	

The University's library system (19 libraries in all) is the largest in Ohio and the nineteenth largest academic research library in North America. The Ohio State University Library consists of the Main Library, a number of department libraries, and other specialized collections, with more than six million volumes and approximately 36,800 serial titles.

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.

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Faculty and Employees

As of May 2012, the University had a faculty and non-instructional staff of 42,651 full and part-time employees on all campuses. This reflects a spring seasonal employment level. The number of staff for the Columbus Campus and the Extended Campuses as of May 2012 were as follows:

	Columbus Campus	**Extended Campuses**	**Total University**
Instructional Staff			
Regular Faculty[1]:			
Professor	1,147	47	1,194
Associate Professor	834	122	956
Assistant Professor	623	124	747
Instructor	3	1	4
Total Regular Faculty	2,607	294	2,901
Other Faculty:			
Clinical Faculty[2]	814	0	814
Auxiliary Faculty[3]	2,199	294	2,493
Research Faculty[4]	92	0	92
Total Other Faculty	3,105	294	3,399
Total Instructional Staff	5,712	588	6,300
Non-Instructional Staff			
Unclassified Staff	16,159	787	16,896
Classified Civil Service Staff	4,866	417	5,283
Professional & Technical Staff	56	0	56
Graduate Associates	4,274	26	4,300
Other Students	9,343	473	9,816
Total Non-Instructional Staff	34,698	1,653	36,351
Total Staff	40,410	2,241	42,651

(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 (6 members). The faculty also includes 172 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 2011 from all 50 states and more than 120 foreign countries. Ohio residents represent 81% of the University's enrollment, while 10% are from other states and 9% 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 2007 through 2011 are shown below:

Academic Year	Columbus Campus	Extended Campuses	Total Enrollment
2007-08	52,568	7,779	60,347
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

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
2007-08	57,085	3,262	60,347	59,097
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

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
2007-08	21,479	12,664	59.0%	6,110	48.2%	27.0	92.8%
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	N/A

The average freshman composite scores on the Scholastic Aptitude Test (SAT) for the Columbus Campus was 1243 for the Autumn Quarter 2011; the average ACT Composite was 28.0. 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 28.0 in 2011. 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 23% for the Academic Year 2012-2013.

Fees and Charges

The University currently operates its programs on a three-quarter academic year and summer session basis, except the College of Law, which operates on semesters. 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 of 2009, the Board voted to change the academic calendar from the quarter system to the semester system. This change will occur in the fall of 2012, along with the conversion of 17 other public universities throughout Ohio. The conversion process has an estimated cost of $8.7 million to $11.2 million for expenses such as technology modifications, course redesign, and curriculum alignment.

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

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The per student instructional and general fees (including the tuition surcharge paid by non-resident students) for the Columbus Campus for academic years 2007-08 through 2011-12 are shown below.

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

		2007-08	2008-09	2009-10	2010-11	2011-12
Columbus Campus						
Resident	Undergraduate – Tier 1	NA	NA	NA	NA	NA
	Undergraduate – Tier 2	$8,298	NA	NA	NA	NA
	Undergraduate – Tier 3	8,406	NA	NA	NA	NA
	Undergraduate – Tier 00	NA	$ 8,406	$8,426	$8,994	$9,309
	Graduate	9,657	10,122	10,365	10,800	11,325
	MLHR	10,017	10,500	10,905	11,595	12,600
	MBA/MBLE	20,346	22,143	23,235	24,375	26,055
	Working Professional MBA	20,031	21,504	22,350	23,235	24,375
	EMBA	39,984	40,446	44,130	42,450	47,124
	M. of Accounting	22,407	24,060	25,245	26,490	27,795
	Masters of Audiology	10,008	10,491	10,710	11,100	11,640
	MSLP	10,008	10,491	10,710	11,100	11,640
	M. of Health Admin.	11,466	12,021	12,315	12,735	13,350
	Public Health MPH	10,203	10,695	10,950	11,325	11,880
	Public Health PEP	10,203	10,695	10,950	11,325	11,880
	MPT/DPT	10,539	11,454	11,730	12,120	13,170
	MOT	10,305	10,800	11,475	11,865	12,435
	MSW	10,095	10,581	10,830	11,190	11,730
	MBOE	NA	28,407	28,410	27,990	39,450
	SMB Finance	NA	NA	NA	NA	47,979
Non-Resident	Undergraduate – Tier 1	NA	NA	NA	NA	NA
	Undergraduate – Tier 2	20,907	NA	NA	NA	NA
	Undergraduate – Tier 3	21,015	NA	NA	NA	NA
	Undergraduate – Tier 00	NA	21,645	21,998	23,178	24,204
	Graduate	23,811	24,984	25,605	26,730	28,050
	MLHR	24,171	25,362	26,145	27,525	28,530
	MBA	34,500	37,005	38,475	40,305	42,780
	Part-Time MBA	34,185	36,366	37,590	39,165	41,100
	EMBA	NA	NA	NA	NA	47,139
	M. of Accounting	36,561	38,922	40,485	42,420	44,520
	Masters of Audiology	24,162	25,353	25,950	27,030	28,365
	AuD/MSLP	24,162	25,353	25,950	27,030	28,365
	M. of Health Admin.	25,620	26,883	27,555	28,665	30,075
	M. of Public Health MPH	24,357	25,557	26,190	27,255	28,605
	M. of Public Health PEP	24,357	25,557	26,190	27,255	28,605
	MPT/DPT	24,693	26,316	26,970	28,050	29,895
	MOT	24,459	25,662	26,715	27,795	29,160
	MSW	24,249	25,443	26,070	27,120	28,455
	MBOE	NA	NA	NA	NA	39,465
	SMB	NA	NA	NA	NA	47,994

		2007-08	2008-09	2009-10	2010-11	2011-12
Extended Campuses						
Resident	Undergraduate	6,240	6,240	6,237	6,678	6,903
	Graduate	9,441	9,900	10,155	10,605	11,130
	ATI	6,216	6,216	6,219	6,660	6,885
Non-Resident	Undergraduate	18,849	19,479	19,809	20,862	21,798
	Graduate	23,595	24,762	25,395	26,535	27,855
	ATI	18,825	19,455	19,791	20,844	21,780
Professional Schools						
Resident	Law	18,932	20,602	22,120	23,970	25,620
	Medicine	26,919	28,245	28,935	30,300	31,800
	Dentistry	24,360	26,280	27,570	28,515	29,925
	Optometry	17,025	18,690	19,605	20,850	22,290
	Veterinary Medicine	21,027	22,989	23,775	25,410	26,655
	Pharmacy	14,214	15,459	16,290	17,325	18,510
Non-Resident	Law	33,632	35,552	37,070	38,920	40,570
	Medicine	41,337	43,383	44,445	46,350	48,660
	Dentistry	53,421	56,793	58,845	60,885	63,915
	Optometry	46,086	47,751	48,660	49,905	51,345
	Veterinary Medicine	51,069	54,534	56,115	58,875	60,120
	Pharmacy	29,271	31,269	32,490	34,095	36,120

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The average cost of room and board for undergraduate students at the Columbus Campus for the 2011-12 academic year was $9,378, representing an increase of 5.68% over academic year 2010-11. Comparative information concerning the academic year 2011-12 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*
2011-2012

Institution	Undergraduate	Graduate	Room and Board**
Bowling Green State University	$10,044	$11,598	$7,694
Central State University	5,672	5,400	8,484
Cleveland State University	9,002	12,881	10,398
Kent State University	9,346	9,942	8,830
Miami University	13,081	12,419	10,640
The Ohio State University	**9,735**	**11,823**	**9,378**
Ohio University	9,936	9,510	9,753
Shawnee State University	6,762	8,508	8,012
University of Akron	9,545	8,312	9,586
University of Cincinnati	10,419	13,701	9,780
University of Toledo	8,926	13,647	9,922
Wright State University	8,070	11,826	8,511
Youngstown State University	7,451	9,909	7,900

* Based on Fall 2011 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 2011 double-occupancy room rates, a certain number of meals each week, and either 2 semesters or 3 quarters.

Source: Ohio Board of Regents Fall 2011 Survey of Student Charges. Comparative information for academic year 2012-2013 is not yet available.

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 2011-2012.

Estimated Annual Expenses 2011-12

Basic Fees	Per Student
Tuition for In-State Residents	$9,711
Tuition for Out-of-State-Residents	24,759
Room and Board	10,782
Books and Supplies	1,602
Miscellaneous Costs, Insurance, Phone, etc.	4,752
Additional Out-of-State Travel	1,080
Total In-State Expenses	$26,847
Total Out-of-State Expenses	$42,975

Financial Aid

Approximately 80% 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 2011, students received total assistance amounting to $995 million. 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.

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The following table summarizes the financial aid provided to the University students for the five Fiscal Years ended June 30, 2011. 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	2007	2008	2009	2010	2011
Scholarships and Grants					
University	$242,065	$262,527	$260,199	$266,865	$281,656
State Funds	18,365	19,166	20,020	13,832	13,148
Pell Grants	27,153	30,241	33,103	49,418	58,149
Other Federal Grants	4,189	4,642	4,525	6,645	7,331
Other Funds	20,379	36,923	48,807	42,440	36,328
Total Scholarships and Grants	$312,151	$353,499	$366,654	$379,200	$396,612
Loan					
University	$1,801	$2,189	$2,415	$3,239	$2,769
Federal Perkins	9,053	6,530	2,064	1,797	3,963
Federal Stafford & PLUS	256,590	310,527	346,527	385,477	406,322
Other Loans	75,118	49,476	44,571	36,625	35,121
Total Loans	$342,562	$368,722	$395,577	$427,138	$448,175
Student Employment					
Federal Work-Study	$5,574	$4,878	$5,046	$6,069	$3,191
University Student Payroll	124,988	130,295	133,961	141,603	148,013
Total Student Employment	$130,562	$135,173	$139,007	$147,672	$151,204
Total Financial Assistance	$785,275	$857,394	$901,238	$954,010	$995,991

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 2011, *U.S. News & World Report* recognized 11 specialties at the University's Wexner Medical Center among "America's Best": cancer care; ear, nose and throat; gynecology; kidney disease; orthopaedics; respiratory disorders; diabetes and endocrinology; urology; heart; rehabilitation; and neurology. The University's Wexner Medical Center is the only central Ohio hospital ranked, and has been ranked for 19 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, 404-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.

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 180 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 in federal grants 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 James Cancer Hospital'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), a freestanding medical college (in addition to four 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, 2011 and 2010 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.

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The following "Summary of Revenues, Expenses and Other Changes in Net Assets" presents summary financial information for Fiscal Years 2007 through 2011.

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

	2007	(Restated) 2008*	(Restated) 2009*	2010	2011
Operating Revenues:					
Tuition and fees, net	$583,580	$616,650	$622,857	$664,184	$732,688
Grants and contracts	560,855	601,742	613,018	619,873	644,437
Auxiliary enterprises sales and services, net	179,855	192,071	194,862	204,676	232,482
OSU Health System sales and services, net	1,354,702	1,460,868	1,578,401	1,692,532	1,785,329
OSU Physicians sales and services, net	239,852	256,910	286,490	309,815	311,476
Departmental sales and other operating revenues	142,504	159,704	161,063	182,503	197,432
Total operating revenues	$3,061,348	$3,287,945	$3,456,691	$3,673,583	$3,903,844
Operating Expenses:					
Educational and general	$1,770,232	$1,905,786	$1,919,678	$2,041,362	$2,132,418
Auxiliary enterprises	204,709	220,682	214,807	223,704	244,787
OSU Health System	1,216,897	1,295,850	1,407,701	1,483,573	1,563,697
OSU Physicians	226,612	230,403	262,131	284,720	293,731
Depreciation	193,657	213,594	222,308	231,744	239,351
Total operating expenses	$3,612,107	$3,866,315	$4,026,625	$4,265,103	$4,473,984
Net operating income (loss)	($550,759)	($578,370)	($569,934)	($591,520)	($570,140)
Non-Operating Revenues (Expenses):					
State share of instruction and line item appropriations	$451,964	$469,162	$497,601	$502,571	$499,639
Gifts - current use	76,541	78,675	77,255	90,743	103,754
Net investment income (loss)	429,584	(141,558)	(435,898)	323,944	365,108
Grants, interest expense and other non-operating	(18,804)	(7,725)	2,884	(2,264)	21,749
Income (loss) before other revenues, expenses gains or losses	388,526	(179,816)	(428,092)	323,474	420,110
State capital appropriations	40,928	72,837	47,227	33,042	62,732
Private capital gifts	28,725	6,754	18,960	15,545	16,398
Additions to permanent endowments	46,426	59,108	35,816	33,363	30,835
Increase (decrease) in net assets	504,605	(41,117)	(326,089)	405,424	530,075
Net Assets - beginning of year	4,162,213	4,666,818	4,625,701	4,315,205	4,720,629
Effect of GASB 51 Implementation			15,593		
Net assets-beginning of year, restated			4,641,294		
Net Assets-end of year	$4,666,818	$4,625,701	$4,315,205	$4,720,629	$5,250,704

* 2008 and 2009 figures restated for effect of GASB 51 implementation

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 2007 through 2011.

Summary of Fund Balances
(dollars in thousands)

	2007	(Restated) 2008**	(Restated) 2009**	2010	2011
Current Unrestricted Funds (E&G)	$542,329	$613,285	$613,115	$638,513	$703,131
Current Unrestricted Fund (All funds)	843,158	949,829	987,809	1,079,459	1,175,121
Current Restricted Funds	309,777	310,000	325,732	337,356	411,146
Endowment & Similar Funds	1,694,068	1,452,186	996,150	1,218,081	1,451,088
Plant Funds (Unexpended and R&R)	(74,016)	(139,424)	82,772	35,714	621,701
Retirement of Indebtedness	135,826	159,393	122,713	196,572	46,460
Investment in Plant (net of accumulated depreciation)*	1,711,274	1,847,935	1,759,683	1,901,255	1,494,899

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

** 2008 and 2009 figures restated for effect of GASB 51 implementation

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 30.5% of the General Funds budget in Fiscal Year 2011 and comprised approximately 25.1% in Fiscal Year 2012. 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 each of the Fiscal Years 2012 and 2013. These increases are 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 7.5% in March 2012. Through April 2012, total tax receipts were tracking close to projections. Income taxes were 3.3% above projections for the year and total tax receipts for the year were 2.3% above projections.

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 2006 through 2011 and anticipated receipts for Fiscal Year 2012.

Fiscal Year	State Operating Appropriations*
2006	$443,933,000
2007	451,964,000
2008	469,162,000
2009	497,601,000
2010**	502,571,000
2011**	499,639,000
2012***	428,306,000

* 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 2012 receipts.

The University also receives State capital improvement appropriations. For the last five biennial capital appropriations bills (Fiscal Years 2003 through 2012), the University received or was allocated through the capital allocation formula, approximately $692 million for land, buildings, and renovations. The following table shows historical State capital appropriations to the University for the Fiscal Years 2004 through 2012:

Fiscal Biennium Ended June 30	State Capital Appropriations
2004	$159,587,000
2006	177,911,000
2008	497,601,000
2010	105,889,734
2012	141,265,013

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 2011, the University's expenditures on research totaled $832 million. Slightly more than half of these expenditures ($493 million) came from various federal agencies. The National Institutes of Health ($240 million), the National Science Foundation ($53 million), and the Department of Defense ($40 million) were the primary federal sponsors. The remaining $339 million came from non-federal sources (industry, state, other non-governmental entities and institutional funds) with the State of Ohio ($101 million) and industrial sponsors ($106 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 2011 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 2007-2011 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)

	2007	2008	2009	2010	2011
OSU Research Foundation	$426,348	$397,617	$412,192	$453,586	$532,470
OARDC	36,148	40,497	39,899	38,664	38,922
Research Institute at Nationwide Children's Hospital	27,110	46,337	45,127	49,964	60,882
Transportation Research Center	39,565	42,788	38,041	39,001	36,763
Institutional Funds	102,158	102,630	102,583	83,390	94,524
Other	88,874	72,691	78,619	90,589	68,564
Totals	$720,203	$702,560	$716,461	$755,194	$832,126

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

	2007	2008	2009	2010	2011
OSU Research Foundation	$393,945	$404,151	$485,888	$499,100	$630,565
OARDC	36,714	41,047	40,512	39,001	40,929
Research Institute at Nationwide Children's Hospital	42,924	45,485	49,519	39,388	62,120
Transportation Research Center	39,565	42,788	38,041	47,163	36,763
Other	86, 140	60,668	59,628	64,849	74,329
Totals	$599,288	$594,139	$673,588	$689,501	$844,706

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The following table shows grant and contract expenditures for Fiscal Years 2007-2011 by source of funds.

Grant and Contract Expenditures by Source
(dollars in thousands)

	2007	2008	2009	2010	2011
Federal Sponsors					
National Institutes of Health	$149,513	$176,498	$181,044	$210,296	$240,265
National Science Foundation	41,026	42,825	42,566	49,724	52,959
Department of Education	10,522	10,738	8,627	16,170	24,386
Department of Defense	28,314	27,329	29,210	34,110	39,596
Department of Energy	11,689	13,925	13,332	15,895	23,153
Department of Labor	14,453	6,933	6,285	6,108	5,488
Department of Agriculture	14,133	22,931	15,127	24,466	27,351
National Aeronautics and Space Administration	7,896	6,466	6,895	6,719	5,661
Other Federal Agencies	35,691	27,449	36,734	36,454	74,270
Total Federal Sources	$313,237	$335,094	$339,820	$399,942	$493,130
Industry	$142,176	$127,605	$119,599	$121,481	$105,579
State of Ohio	111,172	98,040	119,488	105,332	100,880
Other Non-Federal Agencies	51,455	39,166	34,970	45,049	38,013
Institutional funds	102,158	102,630	102,583	83,390	94,524
Total Non-Federal Sources	$406,961	$367,441	$376,640	$355,252	$338,996
Total All Sources	$720,198	$702,535	$716,461	$755,194	$832,126

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The following table shows total grant and contract awards for Fiscal Years 2007-2011 by source of funds.

Grant and Contract Awards by Source
(dollars in thousands)

	2007	2008	2009	2010	2011
Federal Sponsors					
National Institutes of Health	$173,213	$191,860	$189,588	$225,961	$225,450
National Science Foundation	38,556	47,891	53,824	54,844	63,393
Department of Education	12,516	16,015	14,922	17,319	71,308
Department of Defense	33,117	27,398	31,563	24,487	40,180
Department of Energy	13,100	13,072	14,173	24,620	23,268
Department of Labor	12,761	N/A	7,722	N/A	3,710
Department of Agriculture	15,497	15,431	21,531	25,141	31,028
National Aeronautics and Space Administration	6,247	7,940	7,201	N/A	4,093
Other Federal Agencies	38,992	38,794	35,850	34,808	145,205
Total Federal Sources	$343,999	$358,401	$376,374	$407,180	$607,635
Industry	$90,347	$87,204	$85,055	$87,967	$81,006
State of Ohio	130,270	114,498	178,112	122,336	124,475
Other Non-Federal Agencies	34,660	34,033	34,042	94,117	31,590
Total Non-Federal Sources	$255,277	$235,735	$297,209	$304,420	$237,071
Total All Sources	$599,276	$594,136	$673,583	$711,600	$844,706

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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.

As of April 2012, the University received $156,862,000* in gifts and bequests for Fiscal Year 2012. 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	Current Use Unrestricted	Current Use Restricted	Permanent Endowment	Total
2007	$1,151	$100,385	$47,168	$148,704
2008	1,282	94,225	61,759	157,266
2009	1,231	108,389	34,569	144,189
2010	1,081	97,482	33,360	131,923
2011	2,826	119,811	31,075	153,712

* Unaudited.

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
2007	$1,133,463,271
2008	1,009,335,056
2009	746,455,660
2010	828,833,352
2011	921,219,450
May 2012	869,219,407*

* Unaudited

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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
2007	$442,623,836
2008	442,852,874
2009	348,393,132
2010	410,819,594
2011	484,426,575
May 2012	493,637,540*

* 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 May 31, 2012, the pool consisted of the following investment types and market values:

Investment Type	Market Value*
Absolute Return/Hedge	$1,037,516,125
Fixed Income	131,624,432
Cash	39,877,147
Equity	384,837,934
Private Equity	366,487,569
Real Assets	295,898,229
Total	$2,256,241,436

* Unaudited

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

Fiscal Year	Market Value
2007	$2,338,103,495
2008	$2,075,853,120
2009	$1,662,729,191
2010	$1,887,568,228
2011	$2,120,714,246
May 2012	$2,256,241,436*

* Unaudited

The annualized total returns on the long-term portfolio for the period ending May 31, 2012 were:

One year	(2.2)%*
Three year	9.92%*
Five year	(1.49)%*

*Does not include University Development support fees.

The Short and Intermediate-Term Pool

The University's Short and Intermediate-Term Pool represents funds available for operating purposes. As of May 31, 2012 the Short and Intermediate-Term Pool consisted of the following investment types and market values:

Investment Type	Market Value*
Bank Accounts & Repurchase	$1,507,052,000
U.S. Gov't & Agency Bonds	189,342,000
Asset Backed Securities	62,854,000
Corporate Bonds	150,992,000
International Bonds	36,010,000
Fixed Income Mutual Fund	20,991,000
Real Estate	11,400,000
Total	$1,978,641,000

* 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 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 covered by the State Insurance Fund. 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 May 23, 2012, the University had authorization for the following projects:

Project Status	Number	Total Project Cost (dollars in thousands)
In Design	83	$368,450
Under Construction	192	1,261,700
Emerging Projects*	75	48,750
Total	350	$1,678,900

* 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 23,995, to STRS is 4,545, and to the ARP is 4,669. 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.

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The Ohio State University

(A Component Unit of the State of Ohio)

Financial Statements as of and for the Years Ended June 30, 2011 and 2010, and Report of Independent Auditors

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Report of Independent Auditors

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

In our opinion, the accompanying consolidated statement of net assets and the related statement of revenues, expenses and changes in net assets and statement 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, 2011, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 audit provides a reasonable basis for our opinion. The financial statements of the University as of June 30, 2010 and for the year then ended were audited by other auditors whose report dated November 8, 2010 expressed an unqualified opinion on those statements.

The accompanying management's discussion and analysis on pages 2 through 14 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The Supplementary Information on the Long-Term Investment Pool on pages 52-53 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 by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

PricewaterhouseCoopers LLP

October 31, 2011

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

Management's Discussion and Analysis for the Year Ended June 30, 2011 (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, 2011, with comparative information for the years ended June 30, 2010 and June 30, 2009. 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, 143 master's degree programs, 106 doctoral programs and seven professional degree programs. The university operates one of the nation's leading academic medical centers, which includes the OSU Health System. The 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 1,096,000 outpatients during Fiscal Year 2011.

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 OSU Health System 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 OSU Health System, 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.

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, 2011, with comparative information as of June 30, 2010. 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, 2011, with comparative information for Fiscal Year 2010. Tuition revenue is shown net of scholarship allowances, 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, 2011, with comparative information for Fiscal Year 2010. 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 $530 million, to $5.25 billion at June 30, 2011, primarily due to investment gains and strong operating results for the OSU Health System. Three September 2010 bond issues increased total university plant debt by $620 million, to $1.97 billion. Total unrestricted and restricted-expendable net assets increased $301 million, to $2.05 billion.

Demand for an Ohio State education remains strong, and student outcomes continue to improve. 64,077 students were enrolled in Autumn 2010, up from 63,217 in Autumn 2009. 92.8% of the freshmen enrolled in Autumn 2009 returned to OSU in Autumn 2010. Over the past five years, four-year graduation rates have increased from 40% to 53%, and six-year graduation rates have increased from 68% to 78%.

The following sections provide additional details on the university's 2011 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)*	2011	2010	2009
Cash and temporary investments	$ 1,516,357	$ 1,218,665	$ 1,083,651
Current receivables, inventories and prepaid expenses	552,548	572,436	525,105
Total current assets	2,068,905	1,791,101	1,608,756
Restricted cash	488,361	25,278	89,245
Noncurrent notes and pledges receivable	82,138	81,424	70,017
Long-term investment pool	2,120,714	1,887,568	1,662,729
Other long-term investments	68,283	64,232	69,894
Capital assets, net of accumulated depreciation	3,465,010	3,231,134	3,119,928
Total noncurrent assets	6,224,506	5,289,636	5,011,813
Total assets	$ 8,293,411	$ 7,080,737	$ 6,620,569
Accounts payable and accrued expenses	$ 440,372	$ 423,397	$ 408,112
Deferred revenues and deposits	228,550	208,579	186,436
Commercial paper and current portion of bonds, notes and lease obligations	542,903	505,842	631,604
Other current liabilities	12,265	11,575	9,828
Total current liabilities	1,224,090	1,149,393	1,235,980
Noncurrent portion of bonds, notes and lease obligations	1,430,980	848,417	728,641
Other noncurrent liabilities	387,637	362,298	340,743
Total noncurrent liabilities	1,818,617	1,210,715	1,069,384
Total liabilities	$ 3,042,707	$ 2,360,108	$ 2,305,364
Invested in capital assets, net of related debt	$ 1,979,373	$ 1,875,977	$ 1,759,683
Restricted-nonexpendable net assets	1,217,323	1,091,825	868,466
Restricted-expendable net assets	592,082	487,237	468,122
Unrestricted net assets	1,461,926	1,265,590	1,218,934
Total net assets	$ 5,250,704	$ 4,720,629	$ 4,315,205

Total university **cash, restricted cash and temporary investment** balances increased $761 million in 2011, reflecting proceeds from the September 2010 bond issues and increased net cash flows from operating and noncapital financing activities. 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.

The market value of the university's **long-term investment pool** increased $233 million, to $2.12 billion at June 30, 2011, primarily due to a combination of realized and unrealized gains, which totaled $110 million and $175 million, respectively. 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 $4 million, to $68 million at June 30, 2011.

Capital assets, which include the university's land, buildings, improvements, equipment and library books, grew $234 million, to $3.47 billion at June 30, 2011. 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 2011 include the North Campus Chilled Water Extension, Woody Hayes – Football Practice Fields and the Jones Graduate Tower Renovation. In addition, several major construction projects are currently underway or in advanced planning stages, including:

- Medical Center Expansion – The university continues to move forward on a $1 billion Medical Center expansion project formerly known as ProjectOne. Construction of the new James Cancer Hospital and Solove Research Institute and the Critical Care Center continues and most of the foundation work was completed in Summer 2011. This allowed for the installation of steel to begin in August 2011. The project is expected to be completed in 2014. The university plans to finance the project with a combination of bonds ($925 million) and private gifts ($75 million). The University also received a ($100 million) Federal Grant to assist with the cost of these projects.

- 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. The project is expected to be completed in 2012.

- William H. Hall Complex Expansion – Work continues on the $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 in 2012.

- Infrastructure Improvements – Work continues on several major infrastructure projects, including construction of a $58 million electrical substation to meet current and future campus electrical needs, 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 electrical substation and south campus chiller projects are expected to be completed in 2012. The east regional chiller project is expected to be completed in 2014.

- Chemical and Bio-molecular Engineering and Chemistry Building – The $126 million project for the Chemistry and Chemical and Bio-molecular Engineering departments has moved into the design stage. The building will contain research and teaching laboratories, faculty offices, and seminar rooms. Construction is projected to begin by June 2012 and be completed by January 2015.

- Sullivant Hall Renovation – The $26 million project will renovate Sullivant Hall and create a new location for the Billy Ireland Cartoon Library and Museum. The design phase and the bidding process for phase 1 has begun.

- Biomedical Research Tower, Three Floor Build Out – The $29 million project will build out the 4th, 5th and 6th floors similar to the construction previously completed on 7th, 8th and 9th floors. Construction is underway and completion is projected for May 2012.

- Cunz Hall Renovation – The $24 million project will renovate Cunz Hall including an addition and will be the future home of the College of Public Health. Construction began late in 2010 and will be completed by August 2011.

The university's estimated future capital commitments, based on contracts and purchase orders, total approximately $884 million at June 30, 2011.

Accounts payable and accrued expenses increased $17 million, to $440 million in 2011, primarily due to increases in payables related to capital projects.

Total university debt, in the form of **commercial paper, bonds, notes and capital lease obligations**, increased $620 million, to $1.97 billion at June 30, 2011. During 2011, the university issued $655 million in federally taxable fixed-rate Build America Bonds. The federal government provides a subsidy payment on these bonds equal to 35% of the interest, reducing the university's effective interest rate on the bonds to 3.19%. In addition, the university issued $88 million in fixed-rate General Receipts Bonds and $150 million in Variable Rate Demand General Receipts Bonds. A portion of the bond proceeds were used to retire outstanding commercial paper and to refund existing bond obligations.

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 and $329 million at June 30, 2011 and 2010, respectively.

Prior-Year Highlights: ***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. ***In 2009***, total unrestricted and restricted-expendable net assets increased $138 million, to $1.69 billion. Total university plant debt increased $284 million, to $1.36 billion, primarily due to two 2009 bond issues.

Statement of Revenues, Expenses and Other Changes in Net Assets

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

	2011	2010	2009
Operating Revenues:			
Tuition and fees, net	$ 732,688	$ 664,184	$ 622,857
Grants and contracts	644,437	619,873	613,017
Auxiliary enterprises sales and services, net	232,482	204,676	194,862
OSU Health System sales and services, net	1,785,329	1,692,532	1,578,401
OSU Physicians sales and services, net	311,476	309,815	286,490
Departmental sales and other operating revenues	197,432	182,503	161,063
Total operating revenues	3,903,844	3,673,583	3,456,690
Operating Expenses:			
Educational and general	2,132,418	2,041,362	1,919,678
Auxiliary enterprises	244,787	223,704	214,807
OSU Health System	1,563,697	1,483,573	1,407,701
OSU Physicians	293,731	284,720	262,131
Depreciation	239,351	231,744	222,308
Total operating expenses	4,473,984	4,265,103	4,026,625
Net operating income (loss)	(570,140)	(591,520)	(569,935)
Non-operating revenues (expenses):			
State share of instruction and line-item appropriations	439,576	443,337	497,601
Federal fiscal stabilization funds	60,063	59,234	-
Gifts - current use	103,754	90,743	77,255
Net investment income (loss)	365,108	323,944	(435,898)
Grants, interest expense and other non-operating	21,749	(2,264)	2,884
Income (loss) before other revenues, expenses gains or losses	420,110	323,474	(428,093)
State capital appropriations	62,732	33,042	47,227
Private capital gifts	16,398	15,545	18,960
Additions to permanent endowments	30,835	33,363	35,816
Increase (decrease) in net assets	530,075	405,424	(326,090)
Net assets - beginning of year	4,720,629	4,315,205	4,641,294
Net assets - end of year	$ 5,250,704	$ 4,720,629	$ 4,315,204

Net **tuition and fees** increased $69 million, to $733 million in 2011, primarily due to increases in tuition and undergraduate enrollments. In Summer Quarter 2010, undergraduate instructional and general fees were increased 3.1%, followed by an additional 3.4% increase in Autumn Quarter 2010.

Operating **grant and contract revenues** increased $25 million, to $644 million in 2011, primarily due to increases in federally-funded research grants and contracts. Revenues for sponsored research programs administered by the Office of Sponsored Programs (formerly known as the OSU Research Foundation) increased $48 million, to $471 million.

Educational and general expenses increased 4.5%, to $2.13 billion in 2011. Additional details are provided below.

Educational and General Expenses *(in thousands)*	2011	2010	2009
Instruction and departmental research	$ 883,307	$ 869,418	$ 840,697
Separately budgeted research	440,756	419,982	392,033
Public service	110,357	118,585	120,015
Academic support	147,845	140,255	132,912
Student services	88,604	87,603	87,993
Institutional support	243,827	191,532	164,210
Operation and maintenance of plant	115,091	109,440	112,097
Scholarships and fellowships	102,631	104,547	69,721
Total	$ 2,132,418	$ 2,041,362	$ 1,919,678

Total **instructional and departmental research** expenses increased $14 million in 2011, 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. **Separately budgeted research** expenses increased $21 million, reflecting increases in federally-funded research grants. **Institutional support** increased $52 million, primarily due to central accruals for employee health care costs, increases in investment management costs and increases in Health Sciences administrative expenses.

Sales and service revenues of the university's **Auxiliary Enterprises** increased $28 million, to $232 million in 2011, primarily due to increases in Athletics and Housing, Food Service and Event Center revenues. Auxiliary expenses increased $21 million.

The Ohio State University Health System continued to expand its community presence and improve patient access with the opening of CarePoint Lewis Center, CarePoint East, and the James Cancer Breast Center on Olentangy River Road. The expanded Electrophysiology lab on the second floor of the Ross Heart Hospital is scheduled for completion in August 2011 and the new James Cancer Hospital and Solove Research Institute and the Critical Care Center are under construction and scheduled to open in 2014.

Health System adult inpatient admissions and observation patient volumes increased 1.2% from the prior year and outpatient visits grew by 5.6%. Consolidated Health System Total Operating Revenues increased $93 million (5.5%) due to volume increases along with selective rate increases. Expenses for the consolidated Health System (excluding depreciation, interest and interfund transfers) increased $80 million (5.4%). Salaries and benefits increased 5.9% due to increased patient activity, the opening of new outpatient sites, and a competitive labor market. Supplies increased 3.2% due to volume, medical advances, inflation and more intensive patient care services. Services increased 2.2% due to maintenance and repair of buildings and equipment and from space rentals. The Health System's Excess of Revenue over Expense for 2011 was $144.5 million. After investing $83.5 million in research and education and receiving $9.0 million in contributions for capital acquisitions, the change in net assets was $70.0 million. The change in net assets was further reduced by $12.8 million to a net increase of $57.2 million when two self insurance funds for malpractice were eliminated from the consolidated Health System reporting unit.

Looking ahead, the OSU Health System will be challenged by the national trend to meet the increase in demand for health services arising from an aging population and increasing consumer expectations. However, given our integrated structure that aligns the hospitals, college, practice plan, and OSU Health Plan, we feel we are well positioned to continue our growth. While facing the uncertainties of the economy and healthcare reform, the Health System expects Fiscal Year 12 revenues to increase by 9.3% with focus on the six signature programs: Cancer, Critical Care, Heart, Imaging, Neuroscience and Transplantation. To increase its market share across Ohio, clinical services, such as Transplantation and Deep Brain Stimulation which are unique to Ohio State, are being promoted in selected markets statewide. To continue the growth in referrals, the Health System is also partnering with several hospitals to provide Emergency Telemedicine services and testing expansion of the electronic medical record to other hospitals.

The Health System continues to invest in the Medical Center's research and teaching initiatives, resulting in the delivery of additional leading edge clinical services while fulfilling its academic mission. In response to the increased demand for services, the Health System continues planning for significant expansion of its clinical facilities in the next several years. 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.**, the University's central practice group for physician faculty members of the College of Medicine and Public Health, continued to grow in 2011. Total operating revenues grew from $310 million to $311 million as a result of volume increases as well as increased rates from contract negotiations, and support from the university. Total OSUP expenses (excluding depreciation, interest and interfund transfers) grew from $285 million to $294 million.

OSUP is the single member of 17 limited liability companies ("LLCs"). As of June 30, 2011, only 15 of the limited liability companies were active. Two of the LLCs (Anesthesiology and Orthopedics) have been created but had no 2011 activity.

State share of instruction and line-item appropriations were relatively stable, declining $4 million, to $440 million in 2011. To offset this decrease in state funding for the 2010-2011 biennium, the Ohio Board of Regents allocated $60 million in **federal fiscal stabilization funds** to the university. These funds were provided by the federal government under the American Recovery and Reinvestment Act (ARRA) of 2009.

Non-endowment gifts to the university (including gifts for current use and gifts to capital projects) increased $14 million, to $120 million in 2011. New gift **additions to permanent endowments** decreased $3 million, to $30 million. During 2011 a new record of 177,322 donors made gifts to the university; the next highest year was 2010 at 144,016.

University investments yielded $365 million of **net investment income** in 2011, building on the gains experienced in 2010. The net investment income figure includes $69 million of interest and dividend income and $296 million net appreciation in the fair market value of university investments.

The university's Long Term Investment Pool finished a strong year in 2011. Equity markets experienced a strong upsurge throughout most of the year. The Long-Term Investment Pool finished the fiscal year with an investment return of 16.8%, which exceeds university benchmarks.

Prior-Year Highlights: ***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. ***In 2009***, the university's investment portfolio was hit hard by the meltdown in the financial markets, resulting in a $436 million net investment loss. University operating results were stable, with growth in operating revenues and state support offsetting similar increases in operating expenses.

Statement of Cash Flows

University Cash Flows Summary *(in thousands)*	**2011**	**2010**	**2009**
Net cash flows from operating activities	$ (262,829)	$ (356,277)	$ (301,434)
Net cash flows from noncapital financing activities	704,276	663,725	647,253
Capital appropriations and gifts for capital projects	79,099	41,334	70,227
Proceeds from issuance of bonds and notes payable	902,117	337,113	427,138
Payments for purchase and construction of capital assets	(445,460)	(332,448)	(394,788)
Principal and interest payments on capital debt, net of federal Build America Bond interest subsidies	(337,668)	(385,506)	(184,192)
Net cash flows from investing activities	(239,169)	(24,130)	61,882
Net increase (decrease) in cash	$ 400,366	$ (56,189)	$ 326,086

Total university cash and cash equivalents increased $400 million in 2011. Net cash flows from operating activities increased $93 million, with increases in sales and service and tuition receipts more than offsetting increases in payments for wages, benefits and supplies and services. Net cash flows from noncapital financing activities increased $41 million, primarily due to increases in current-use gift receipts and drawdowns of federal direct lending proceeds. Net cash provided by capital financing activities was $198 million, reflecting the proceeds from the 2011 bond issues. Total cash used by investing activities was $239 million, primarily due to net purchases of temporary investments.

Subsequent Events

On October 26, 2011, the university issued an offering statement for $500 million in Fixed Rate General Receipts Bonds, Series 2011A. The Series 2011A bonds are federally taxable and will be used to fund capital projects. The bonds mature in whole on June 1, 2111.

Economic Factors That Will Affect the Future

As Fiscal Year 2011 ended, the nation continued to slowly recover from its deepest recession in 50 years. Because of strong financial support from the Governor and the General Assembly, the receipt of federal stimulus funding under ARRA, and prudent fund management and planning, The Ohio State University was able to continue to improve its academic standing and remain relatively affordable to Ohio residents.

In 2010 and 2011, stimulus funding helped to maintain the financial stability of both the university and the State of Ohio. However, with the expiration of this funding, the university faces a Fiscal Year 2012 decrease in unrestricted subsidies of 15.7%. Undergraduate instructional and general fees will increase 3.5% for Autumn Quarter 2011. Annual tuition increases are capped at this level by the state's 2012-2013 biennial budget bill. These increases are a necessary component of the university's strategy to address shortfalls in state funding. Student financial aid has been increased proportionally in FY2012 so that access will be maintained for qualified students.

The university's Fiscal Year 2012 budget is structured to support the following strategic goals:

- ***One University*** – Create one university where everyone is driven by a shared common vision, aligned by a strategic planning process and one integrated Master Plan.
- ***Students First*** – Develop and execute strategies to put students first and move Ohio State rapidly into the academic front ranks of American public universities.
- ***Faculty and Staff Talent and Culture*** – Recruit, support, hire and retain a world-class faculty and staff. Our goal is to transform into a high-performance culture driven by our institutional principles and high standards of ethics and compliance.
- ***Research Prominence*** – Support and encourage innovative and ground-breaking research, both to enhance the university's reputation and to contribute to the quality of life in Ohio and beyond.
- ***Outreach and Collaboration*** – Develop public and public-private partnerships focusing on economic development, and develop ventures that establish our international leadership.
- ***Operating and Financial Soundness and Simplicity*** – Move the university to a more robust financial position and new levels of productivity and return on investment, using simple and non-bureaucratic systems.

The 2012 operating budget also includes continued support for additional efficiency savings in the following areas:

- Energy Sustainability
- Strategic Purchasing

- Enterprise-wide Systems
- Business Process Streamlining

Despite the economic challenges facing Ohio and the nation, we remain committed to building upon current efforts to enhance the university's academic reputation, diversify our revenue base, realize operating efficiencies and effectively manage our financial risks. By doing so, we feel The Ohio State University will maintain its sound financial position while continuing its progress towards becoming a top-tier public research university.

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF NET ASSETS

June 30, 2011 and June 30, 2010
(in thousands)

	2011	2010
ASSETS:		
Current Assets:		
Cash and cash equivalents	$ 568,420	$ 631,137
Temporary investments	947,937	587,528
Accounts receivable, net	402,181	441,468
Notes receivable -current portion, net	16,014	13,533
Pledges receivable - current portion, net	26,054	22,912
Accrued interest receivable	26,601	18,856
Inventories and prepaid expenses	81,698	75,667
Total Current Assets	2,068,905	1,791,101
Noncurrent Assets:		
Restricted cash	488,361	25,278
Notes receivable, net	57,028	57,984
Pledges receivable, net	25,110	23,440
Long-term investment pool	2,120,714	1,887,568
Other long-term investments	68,283	64,232
Capital assets not being depreciated	609,921	347,152
Capital assets being depreciated, net	2,855,089	2,883,982
Total Noncurrent Assets	6,224,506	5,289,636
Total Assets	$ 8,293,411	$ 7,080,737
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts payable and accrued expenses	$ 440,372	$ 423,397
Deposits and deferred revenues	228,550	208,579
Commercial paper and current portion of bonds, notes and leases payable	542,903	505,842
Compensated absences - current portion	8,287	7,788
Obligations under annuity and life income agreements - current portion	3,978	3,787
Total Current Liabilities	1,224,090	1,149,393
Noncurrent Liabilities:		
Bonds, notes and leases payable	1,430,980	848,417
Compensated absences	116,400	101,200
Self-insurance accruals	117,531	116,163
Obligations under annuity and life income agreements	35,540	34,263
Refundable advances for Federal Perkins loans	28,887	28,955
Other noncurrent liabilities	89,279	81,717
Total Noncurrent Liabilities	1,818,617	1,210,715
Total Liabilities	3,042,707	2,360,108
Net Assets:		
Invested in capital assets, net of related debt	1,979,373	1,875,977
Restricted:		
Nonexpendable	1,217,323	1,091,825
Expendable	592,082	487,237
Unrestricted	1,461,926	1,265,590
Total Net Assets	5,250,704	4,720,629
Total Liabilities and Net Assets	$ 8,293,411	$ 7,080,737

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, 2011 and June 30, 2010
(in thousands)

	2011	2010
Operating Revenues:		
Student tuition and fees (net of scholarship allowances of $137,334 and $121,229, respectively)	$ 732,688	$ 664,184
Federal grants and contracts	345,277	322,157
State grants and contracts	42,212	43,524
Local grants and contracts	18,029	20,801
Private grants and contracts	238,919	233,391
Sales and services of educational departments	121,773	115,766
Sales and services of auxiliary enterprises (net of scholarship allowances of $18,153 and $15,791, respectively)	232,482	204,676
Sales and services of the OSU Health System (net of charity care of $218,988 and $196,896, respectively)	1,785,329	1,692,532
Sales and services of OSU Physicians, Inc., (net of charity care of $11,704 and $7,678, respectively)	311,476	309,815
Other operating revenues	75,659	66,737
Total Operating Revenues	3,903,844	3,673,583
Operating Expenses:		
Educational and General:		
Instruction and departmental research	883,307	869,418
Separately budgeted research	440,756	419,982
Public service	110,357	118,585
Academic support	147,845	140,255
Student services	88,604	87,603
Institutional support	243,827	191,532
Operation and maintenance of plant	115,091	109,440
Scholarships and fellowships	102,631	104,547
Auxiliary enterprises	244,787	223,704
OSU Health System	1,563,697	1,483,573
OSU Physicians, Inc.	293,731	284,720
Depreciation	239,351	231,744
Total Operating Expenses	4,473,984	4,265,103
Operating Loss	(570,140)	(591,520)
Non-operating Revenues (Expenses):		
State share of instruction and line-item appropriations	439,576	443,337
Federal fiscal stabilization funds	60,063	59,234
Federal subsidies for Build America Bonds interest	8,283	-
Federal non-exchange grants	59,244	55,203
State non-exchange grants	6,359	8,086
Gifts	103,754	90,743
Net investment income	365,108	323,944
Interest expense on plant debt	(57,847)	(49,993)
Other non-operating revenues (expenses)	5,710	(15,560)
Net Non-operating Revenue	990,250	914,994
Income before Other Revenues, Expenses, Gains or Losses	420,110	323,474
Other Changes in Net Assets		
State capital appropriations	62,732	33,042
Private capital gifts	16,398	15,545
Additions to permanent endowments	30,835	33,363
Total Other Changes in Net Assets	109,965	81,950
Increase in Net Assets	530,075	405,424
Net Assets - Beginning of Year	4,720,629	4,315,205
Net Assets - End of Year	$ 5,250,704	$ 4,720,629

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

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2011 and 2010
(in thousands)

	2011	2010
Cash Flows from Operating Activities:		
Tuition and fee receipts	$ 636,664	$ 572,719
Grant and contract receipts	656,237	612,655
Receipts for sales and services	2,491,890	2,338,983
Payments to or on behalf of employees	(2,088,464)	(2,000,832)
University employee benefit payments	(566,773)	(524,650)
Payments to vendors for supplies and services	(1,377,082)	(1,328,157)
Payments to students and fellows	(92,651)	(96,022)
Student loans issued	(10,717)	(7,347)
Student loans collected	9,450	7,961
Student loan interest and fees collected	2,274	1,119
Other receipts	76,343	67,294
Net cash used in operating activities	(262,829)	(356,277)
Cash Flows from Noncapital Financing Activities:		
State share of instruction and line-item appropriations	439,576	443,337
Federal fiscal stabilization funds	60,063	59,234
Non-exchange grant receipts	65,603	63,289
Gift receipts for current use	98,942	79,344
Additions to permanent endowments	30,833	33,363
Drawdowns of federal direct loan proceeds	410,355	386,000
Disbursements of federal direct loans to students	(401,346)	(399,608)
Disbursement of loan proceeds to related organization	(2,268)	(760)
Repayment of loans to related organization	1,068	-
Amounts received for annuity and life income funds	5,301	3,072
Amounts paid to annuitants and life beneficiaries	(3,833)	(3,866)
Agency funds receipts	2,780	5,781
Agency funds disbursements	(2,798)	(5,461)
Net cash provided by noncapital financing activities	704,276	663,725
Cash Flows from Capital Financing Activities:		
Proceeds from capital debt	902,117	337,113
State capital appropriations	62,701	25,789
Gift receipts for capital projects	16,398	15,545
Payments for purchase or construction of capital assets	(445,460)	(332,448)
Principal payments on capital debt and leases	(282,492)	(320,761)
Interest payments on capital debt and leases	(62,522)	(64,745)
Federal subsidies for Build America Bonds interest	7,346	-
Net cash provided (used) by capital financing activities	198,088	(339,507)
Cash Flows from Investing Activities:		
Net (purchases) sales of temporary investments	(360,409)	(118,117)
Proceeds from sales and maturities of long-term investments	1,262,273	1,588,757
Investment income	54,370	65,846
Purchases of long-term investments	(1,195,403)	(1,560,616)
Net cash used in investing activities	(239,169)	(24,130)
Net Increase (Decrease) in Cash	400,366	(56,189)
Cash and Cash Equivalents - Beginning of Year	656,415	712,604
Cash and Cash Equivalents - End of Year	$ 1,056,781	$ 656,415

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

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

	2011	2010
Reconciliation of Net Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Operating loss	$ (570,140)	$ (591,520)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:		
Depreciation expense	239,351	231,744
Changes in assets and liabilities:		
Accounts receivable, net	31,245	(12,996)
Notes receivable, net	(325)	1,820
Accrued interest receivable	(1,074)	(555)
Inventories and prepaid expenses	(6,031)	(12,298)
Accounts payable and accrued liabilities	(261)	6,170
Self-insurance accruals	1,368	(6,575)
Deposits and deferred credits	19,845	21,750
Compensated absences	15,699	5,407
Refundable advances for federal Perkins loans	(68)	(952)
Other noncurrent liabilities	7,562	1,728
Net cash used in operating activities	$ (262,829)	$ (356,277)
Non Cash Transactions:		
Equipment	$ -	$ 2,150
Capital Lease	-	(2,150)

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

Thirteen 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
- Dental Faculty Practice Association, Inc.
- OSU China Gateway, LLC

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 and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. These balances are maintained in the plant funds in the university's detailed accounting records.

- **Restricted - nonexpendable:** Net assets subject to externally-imposed stipulations that they be maintained in perpetuity by the university. These assets primarily consist of the university's permanent endowment funds.

- **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. These resources include the current restricted funds, student loan funds, certain plant funds, annuity and life income funds.

- **Unrestricted:** Net assets that are not subject to externally-imposed stipulations. These resources include educational and general funds, auxiliary funds, hospitals funds, and certain plant funds. 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, and savings accounts. 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, 2011, the university has made commitments to limited partnerships totaling $474,000 that have not yet been funded. In the prior fiscal year, the university had made commitments to limited partnerships totaling $496,000 that had not yet been funded as of June 30, 2010.

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, 2011 are $3,862 and $14,474, respectively. The carrying and market values of real estate at June 30, 2010 are $4,280 and $14,627, 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 4,400 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, 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. 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. For fiscal year 2009, annual distribution was based on the average market value per share of the Long Term Investment Pool over the previous five year period multiplied by a stated rate. For funds established prior to June 30, 2004, the stated rate was 4.5%. For funds established after June 30, 2004, the stated rate was 4%. To minimize volatility in the year-to-year distribution amounts, a "collar" was also in place to ensure that distribution per share did not increase greater than 3% a year or decrease more than 1% a year.

After the significant market decline in fiscal year 2009, the Board of Trustees revised the distribution policy. In fiscal year 2010, the two pools (named funds established before or after the June 30, 2004 cutoff date) were combined into one, resulting in one payout rate for all funds. The collar was eliminated and replaced with a temporary one year floor limiting the total distribution decline to 3% for any college or area. Based on these two methods, undistributed gains were transferred from the Long Term Investment Pool to current funds. These transfers total $97,954 and $99,966 in fiscal years 2011 and 2010, respectively.

Beginning in fiscal year 2011, 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, 2010, the market value of the university's gifted endowments was $1,239,653, which is $53,026 above the historical dollar value of $1,186,627. 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. Although the market value of the gifted endowments in total exceeds the historical cost at June 30, 2011, there are 2,316 named funds that remain underwater. The market value of these underwater funds at June 30, 2011 is $655,321, which is $101,372 below the historical dollar value of $756,692.

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 hospitals, which consist principally of pharmaceuticals and operating supplies, are valued at cost on a first-in, first-out basis.

(dollars in thousands)

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:

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. $15,674 and $10,584 of interest was capitalized in the years ended June 30, 2011 and 2010, 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 Hospitals 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.

Hospital 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 hospitals contest 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 hospitals recognize settlements of protested adjustments or appeals upon resolution of the matters. Patient revenues are recorded net of contractual allowances and bad debt expenses.

OSU Physicians Revenue

Net patient service revenue represents amounts received and the estimated net realizable amounts due from patients and third-party payers for services rendered. 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.

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 December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement amends provisions in Statements No. 45 and 43 related to measurement and actuarial valuation of other post employment benefits. In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, the provisions of Statement No. 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011.

University management has not yet determined the impact that implementation of GASB Statement No. 57 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.

NOTE 2 — CASH AND CASH EQUIVALENTS

At June 30, 2011, the carrying amount of the university's cash, cash equivalents and restricted cash for all funds is $1,056,781 as compared to bank balances of $1,109,855. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, $7,973 is covered by federal deposit insurance and $1,101,882 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

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. Under the university's investment policies, Temporary Investment funds may be invested in the following instruments:

- Obligations of the U. S. Treasury and other federal agencies and instrumentalities
- Municipal and state bonds
- Certificates of deposit
- Repurchase agreements
- 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 an annual distribution. In April 2009, the university's Board of

(dollars in thousands)

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 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 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, money market instruments, mutual funds and other investments are invested through trust agreements with banks who keep the investments in their safekeeping accounts at the Depository Trust Company, JPMorgan Chase or State Street in "book entry" form. The banks internally designate the securities as owned by or pledged to the university.

(dollars in thousands)

Total university investments by major category at June 30, 2011 and 2010 are as follows:

	2011	2010
Temporary Investments	$ 947,937	$ 587,528
Long-Term Investment Pool:		
Gifted Endowment - university	921,219	828,833
Gifted Endowment – OSU Foundation	484,427	410,820
Operating Endowment	715,068	647,915
Total Long-Term Investment Pool	2,120,714	1,887,568
Other Long-Term Investments	68,283	64,232
Total Investments	$ 3,136,934	$ 2,539,328

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
Total	$ 947,937	$ 2,120,714	$ 68,283	$ 3,136,934

(dollars in thousands)

Total university investments by investment type at June 30, 2010 are as follows:

	Temporary Investments	Long-Term Investment Pool	Other Long-Term Investments	Total
Common stock	$ 21	$ 312,446	$ 53	$ 312,520
Equity mutual funds	40,959	47,361	19,277	107,597
U. S. government obligations	76,338	6,451	3,968	86,757
U. S. government agency obligations	96,552	594	-	97,146
Repurchase agreements	87,996	1,000	-	88,996
Corporate bonds and notes	146,887	76,973	286	224,146
Bond mutual funds	119,811	119,852	22,218	261,881
International bonds	11	555	-	566
Real estate	146	-	3,899	4,045
Partnerships and hedge funds	-	1,242,427	-	1,242,427
Cash and cash equivalents	-	79,909	-	79,909
Other	18,807	-	14,531	33,338
Total	$ 587,528	$ 1,887,568	$ 64,232	$ 2,539,328

Net appreciation in the fair value of investments includes both realized and unrealized gains and losses on investments. During the year ended June 30, 2011, the university realized a net gain of $115,965 from the sale of investments. The calculation of realized gains and losses is independent of the net appreciation in the fair value of investments held at year-end. Realized gains and losses on investments that had been held for more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year and the current year. The net appreciation in the fair value of investments during the year ended June 30, 2011, was $296,536. This amount includes all changes in fair value, both realized and unrealized, that occurred during the year. The unrealized appreciation during the year on investments was $180,571.

The components of the net investment income (loss) are as follows:

	Interest and Dividends (net)	Net Appreciation (Depreciation) in Market Value of Investments	Net Investment Income (Loss)
Temporary Investments	$ 21,690	$ 4,380	$ 26,070
Long-Term Investment Pool	44,772	285,812	330,584
Other Long-Term Investments	2,110	6,344	8,454
Total 2011	$ 68,572	$ 296,536	$ 365,108
Total 2010	$ 67,101	$ 256,843	$ 323,944

(dollars in thousands)

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, 2011 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	$ 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 government bonds	6,432	797	-	221	5,414
Foreign government bonds	36,136	6,290	12,038	15,326	2,482
Total	$1,084,977	$ 369,576	$ 533,905	$ 113,593	$ 67,903

The maturities of the university's interest-bearing investments at June 30, 2010 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	$ 86,757	$ 21,041	$ 57,516	$ 1,750	$ 6,450
U. S. agency obligations	97,146	12,172	61,079	15,697	8,198
Repurchase agreements	88,996	88,996	-	-	-
Corporate bonds	224,146	21,937	136,166	54,459	11,584
Bond mutual funds	261,881	67,191	103,534	68,266	22,890
International bonds	566	-	11	555	-
Total	$ 759,492	$ 211,337	$ 358,306	$ 140,727	$ 49,122

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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.

(dollars in thousands)

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

Credit Rating (S&P)	Total	U. S. Government and Agency Obligations	Repurchase Agreements	Corporate Bonds	Bond Mutual Funds	Other Government 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

The credit ratings of the university's interest-bearing investments at June 30, 2010 are as follows:

Credit Rating (S&P)	Total	U. S. Government and Agency Obligations	Repurchase Agreements	Corporate Bonds	Bond Mutual Funds	International Bonds
AAA	$ 473,610	$ 183,709	$ 88,996	$ 43,619	$ 157,286	$ -
AA	50,390	-	-	36,331	14,059	-
A	159,440	-	-	90,350	69,090	-
BBB	69,248	194	-	51,156	17,343	555
BB	3,489	-	-	1,467	2,022	-
B	426	-	-	195	231	-
CCC	1,314	-	-	-	1,314	-
CC	-	-	-	-	-	-
C	-	-	-	-	-	-
Not Rated	1,575	-	-	1,028	536	11
Total	$ 759,492	$ 183,903	$ 88,996	$ 224,146	$ 261,881	$ 566

(dollars in thousands)

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.

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

Currency	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
Brazilian 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	-	-	-
Indonesian 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	-	-	-
Norwegian 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)

At June 30, 2010, the university's exposure to foreign currency risk is as follows:

Currency	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds	International Bonds	Private Equity
Australian dollar	$ 2,339	$ 928	$ 522	$ 1,311	$ -	$ 21,917
Brazilian real	5,195	591	8,985	1	-	-
Canadian dollar	8,621	772	8,179	-	-	-
Chilean peso	-	60	-	-	-	-
Chinese yuan	-	708	-	-	-	-
Columbian peso	-	7	-	-		
Czech Republic koruna	811	15	-	-	-	-
Danish krone	966	129	-	-	-	-
Egyptian pound	806	7	-	-	-	-
Euro	31,153	3,503	14,614	-	-	12,632
Great Britain pound sterling	17,570	2,370	4,606	-	-	-
Hong Kong dollar	6,073	335	-	-	-	-
Hungarian forint	172	15	-	-	-	-
Indian rupee	2,600	367	-	-	-	-
Indonesian rupiah	3,489	90	-	-	-	-
Israeli shekel	524	103	-	-	11	-
Japanese yen	20,037	2,585	2,840	-	-	-
Malaysian ringgit	192	128	-	-	-	-
Mexican peso	1,011	174	3,438	-	555	-
Moroccan dirham	-	1	-	-	-	-
New Taiwan dollar	5,947	391	-	-	-	-
New Zealand dollar	183	17	-	-	-	-
Norwegian krone	1,377	90	-	-	-	-
Peruvian nuevo sol	-	21	-	-	-	-
Phillippine peso	-	15	-	-	-	-
Polish zloty	159	45	225	-	-	-
Russian ruble	-	247	-	-	-	-
Singapore dollar	945	210	-	-	-	-
South African rand	7,266	287	-	-	-	-
South Korean won	11,744	516	-	-	-	-
Swedish krona	3,240	329	-	-	-	-
Swiss franc	4,289	908	-	-	-	-
Thailand bhat	1,828	51	-	-	-	-
Turkish lira	1,273	52	-	-	-	-
Total	$ 139,810	$ 16,067	$ 43,409	$ 1,312	$ 566	$ 34,549

(dollars in thousands)

NOTE 4 — ACCOUNTS, NOTES AND PLEDGES RECEIVABLE

Accounts receivable at June 30, 2011 and 2010 consist of the following:

	2011	2010
Patient receivables – OSU Health System	$ 765,750	$ 702,655
Patient receivables – OSU Physicians, Inc.	87,046	96,309
Grant and contract receivables	71,453	75,786
Tuition and fees receivable	55,172	42,464
Receivables for departmental and auxiliary sales and services	72,166	81,441
State and federal receivables	19,917	27,958
Other receivables	60	1,241
Total receivables	1,071,564	1,027,854
Less: Allowances for doubtful accounts	669,383	586,386
Total receivables, net	$ 402,181	$ 441,468

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

Notes receivable consist primarily of Perkins Loans and are net of an allowance for doubtful accounts of $19,000 at June 30, 2011 and $18,050 at June 30, 2010. 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 $59,879 in non-endowment pledges receivable at June 30, 2011 and a related allowance for doubtful accounts of $8,715. The university recorded $54,464 in non-endowment pledges receivable and a related allowance for doubtful accounts of $8,112 at June 30, 2010.

(dollars in thousands)

NOTE 5 — CAPITAL ASSETS

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

Capital assets activity for the year ended June 30, 2010 is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 74,118	$ 70	$ 262	$ 73,926
Construction in progress	386,184	(112,958)	-	273,226
Total non depreciable assets	460,302	(112,888)	262	347,152
Capital assets being depreciated:				
Improvements other than buildings	279,732	2,416	152	281,996
Buildings and fixed equipment	3,607,824	333,440	2,105	3,939,159
Movable equipment, furniture and software	900,585	137,173	115,039	922,719
Library books	162,335	2,449	1,772	163,012
Total	4,950,476	475,478	119,068	5,306,886
Less: Accumulated depreciation	2,290,850	231,744	99,690	2,422,904
Total depreciable assets, net	2,659,626	243,734	19,378	2,883,982
Capital assets, net	$ 3,119,928	$ 130,846	$ 19,640	$ 3,231,134

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, 2011 and 2010 consist of the following:

	2011	2010
Payables to vendors for supplies and services	$ 212,561	$ 194,017
Accrued compensation and benefits	114,887	127,462
Retirement system contributions payable	35,730	38,131
Current portion of self-insurance accruals:		
Medical malpractice	3,100	2,700
Employee health insurance	29,507	25,950
Current portion of amounts due to third-party payers – OSU Health System	15,489	18,278
Other accrued expenses	29,098	16,859
	$ 440,372	$ 423,397

NOTE 7 – DEPOSITS AND DEFERRED REVENUES

Deposits and deferred revenues at June 30, 2011 and 2010 consist of the following:

	2011	2010
Tuition and fees	$ 59,141	$ 53,351
Departmental and auxiliary sales and services	87,599	82,633
Grants and contract advances	70,311	62,844
Other deposits and deferred revenues	11,499	9,751
	$ 228,550	$ 208,579

NOTE 8 – SELF-INSURANCE ACCRUALS

The Hospitals have 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)
7/1/06 – 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

(dollars in thousands)

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, 2011. OSU Physicians, Inc. participates in the university self-insurance fund for professional medical malpractice liability claims. OSU Physicians premiums incurred and paid to the university were $4,347 and $5,443 during the years ended June 30, 2011 and 2010, respectively.

The Hospitals' 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, 2011 of the anticipated future payments on gross claims is estimated at its present value of $84,997 discounted at an estimated rate of 3.0% (university funds) and an additional $35,634 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 $179,892 are more than the recorded liability at June 30, 2011, and the surplus of $59,261 is included in unrestricted net assets.

The university is also self-insured for employee health insurance. As of June 30, 2011, $29,507 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, 2009 result from the following activities:

	Malpractice		Health	
	2011	**2010**	**2011**	**2010**
Liability at beginning of fiscal year	$ 118,863	$ 125,938	$ 25,950	$ 22,539
Current year claims, changes in estimates	5,143	(3,939)	281,744	214,048
Claim payments	(3,375)	(3,136)	(278,187)	(210,637)
Balance at fiscal year end	$ 120,631	$ 118,863	$ 29,507	$ 25,950

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, 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

(dollars in thousands)

Debt activity for the year ended June 30, 2010 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Commercial Paper:					
Series I	$50,000	$ -	$50,000	$ -	$ -
Series J	-	121,000	-	121,000	121,000
Notes:					
Transportation Research Center - Capital One Funding Corporation, due through 2014	1,453	-	252	1,201	252
OSU Physicians - Fifth Third Note, due through 2012	1,792	-	182	1,610	196
OSU Physicians – Fifth Third Note, due through 2039	15,389	3,154	18,543	-	-
OSU Physicians – Fifth Third Note, due through 2035	-	17,636	196	17,440	410
Campus Partners - ESIC	11,233	-	400	10,833	400
Campus Partners - UDCDE Note A	22,603	-	230	22,373	249
Campus Partners - UDCDE Note B	10,376	-	-	10,376	-
Campus Partners – Mortgage Payable	424	-	13	411	13
Campus Partners – CCF Loan, City of Columbus	125	-	-	125	-
Adria Kravinsky Foundation – Notes Payable	698	-	698	-	-
Clifton Holding LLC	1,726	-	820	906	906
General Receipts Bonds – Fixed Rate:					
1999A, due serially through 2029	2,920	-	2,920	-	-
2002A, due serially through 2031	105,855	-	39,755	66,100	8,190
2003B, due serially through 2033	149,210	-	60,330	88,880	6,860
2005A, due serially through 2035	229,370	-	13,730	215,640	17,385
2008A, due serially through 2028	217,595	-	12,090	205,505	12,400
2010A, due serially through 2020	-	241,170	-	241,170	2,080
General Receipts Bonds – Variable Rate:					
1997, due serially through 2027	29,760	-	11,350	18,410	18,410
1999B1, due serially through 2029	45,200	-	29,700	15,500	15,500
2001, due serially through 2032	76,950	-	20,410	56,540	56,540
2003C, due serially through 2031	101,530	-	43,925	57,605	57,605
2005B, due serially through 2035	129,990	-	51,255	78,735	78,735
2008B, due serially through 2028	127,770	-	25,535	102,235	102,235
Capital Lease Obligations	28,276	2,150	8,762	21,664	6,476
	$ 1,360,245	$ 385,110	$ 391,096	$ 1,354,259	$ 505,842

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 2035. Maturities and interest on debt obligations for the next five years and in five-year periods are as follows:

(dollars in thousands)

	Principal	Interest	Total
2012	$ 542,903	$ 48,503	$ 591,406
2013	81,789	44,395	126,184
2014	60,144	42,149	102,293
2015	60,780	40,620	101,400
2016	60,753	39,210	99,963
2017-2021	246,284	180,043	426,327
2022-2026	147,604	147,901	295,505
2027-2031	91,265	118,617	209,882
2032-2037	17,200	105,633	122,833
2038-2042	665,161	83,591	748,752
	$ 1,973,883	$ 850,662	$ 2,824,545

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 $108,248 for future debt service which is included in unrestricted net assets.

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, 2011
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:

(dollars in thousands)

Series:	Interest Rate Not to Exceed	Effective Average Interest Rate
1997	12%	2.081%
1999 B1	12%	1.848%
2001	12%	1.620%
2003 C	12%	1.877%
2005 B	12%	1.775%
2008 B	12%	0.590%
2010 E	8%	0.184%

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 $329,025 at June 30, 2011 and 2010, 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 are pledged to the payment of the Notes. The Notes have been issued to provide for interim financing of various projects approved by the Board of Trustees. It is the university's intention to roll each maturity into new Notes as they mature and to issue additional Notes as project expenditures are incurred. It is the university's intention ultimately to roll the Notes into permanent tax exempt bonds.

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, 2011 are $43,012 and $15,008, respectively. The original cost and lease obligations related to these capital leases as of June 30, 2010 are $53,932 and $21,664, respectively.

Interest Rate Swap Agreements

The university has two interest rate swap agreements that are not considered hedges under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

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 $17,440. 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 $14,513, represents an unrealized loss of $1,800 included in other liabilities as of June 30, 2011. OSUP records changes in fair value of the swap each quarter through the statements of operations and changes in net assets ($28 for fiscal year 2011). 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. 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 $14,966, represents an unrealized loss of $1,800 included in other liabilities as of June 30, 2010.

On March 2, 2007, OSU Internal Medicine, LLC (OSUIM) entered into the swap agreement fixing the interest rate on a $2,169 term loan which was used to fund a 40% interest in the Fresenius Partnership. Under the agreement IM pays a fixed rate of 5.29% to the bank and receives 30-day LIBOR in effect at the beginning of the month. The transaction is designed to manage OSUIM's interest costs and risks associated with the variable interest rate debt. IM settles with the bank monthly for the difference between the 5.29% and the 30-day LIBOR in effect at the beginning of the month. The estimated fair value of this agreement, based on various factors contained in the related interest rate swap agreement and interest rates, including the notional amount of $1,414, represents an unrealized loss of $46 included in other liabilities as of June 30, 2011. OSUIM records changes in fair value of the swap each quarter through the statements of operations and changes in net assets ($63 for fiscal year 2011). 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 February 28, 2012. The estimated fair value of this agreement, based on various factors contained in the related interest rate swap agreement and interest rates, including the notional amount of $1,610, represents an unrealized loss of $112 included in other liabilities as of June 30, 2010.

(dollars in thousands)

OSUP did not hold any other position in a derivative instrument and did not have any other hedges outstanding in the current year. OSUP believes the swap value represents fair value under GASB Statement No. 53.

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 $34,722 and $32,802 for the years ended June 30, 2011 and 2010, respectively.

Future minimum payments for all significant operating leases with initial or remaining terms in excess of one year as of June 30, 2011 are as follows:

Year Ending June 30,	
2012	$26,805
2013	19,898
2014	15,292
2015	13,889
2016	11,811
2017-2021	44,365
2022-2026	20,928
2027-2031	15,927
2032-2036	642
2037-2041	633
2042-2046	633
2047-2051	633
Total minimum lease payments	$171,456

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.

(dollars in thousands)

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 — NONCURRENT LIABILITIES

Non-current 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, noncurrent	116,163	282,930	281,562	117,531	-
Amounts due to third party payors, noncurrent	26,416	41,727	44,694	23,449	-
Obligations under life income agreements	38,050	5,301	3,833	39,518	3,978
Refundable advances for Federal Perkins loans	28,955	-	68	28,887	-
Unamortized bond premium	49,826	14,193	4,189	59,830	-
Other noncurrent liabilities	5,475	525	-	6,000	-
	$ 373,873	$ 368,662	$ 342,633	$ 399,902	$ 12,265

Non-current liability activity for the year ended June 30, 2010 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 103,581	$ 13,195	$ 7,788	$ 108,988	$ 7,788
Self-insurance accruals, noncurrent	122,738	207,198	213,773	116,163	-
Amounts due to third party payors, noncurrent	22,418	25,986	21,988	26,416	-
Obligations under life income agreements	38,844	3,071	3,865	38,050	3,787
Refundable advances for Federal Perkins loans	29,907	-	952	28,955	-
Unamortized bond premium	25,338	28,058	3,570	49,826	-
Other noncurrent liabilities	7,745	-	2,270	5,475	-
	$ 350,571	$ 277,508	$ 254,206	$ 373,873	$ 11,575

(dollars in thousands)

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,	
2012	$ 2,560
2013	1,460
2014	1,233
2015	882
2016	601
2017-2021	1,956
2022-2026	645
2027-2031	639
2032-2036	155
Total minimum future rentals	$ 10,131

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, 2011 and 2010 are summarized as follows:

Year Ended June 30, 2011

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 771,192	$ 112,115	$ -	$ -	$ 883,307
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	669,642	-	-	1,563,697
OSU Physicians, Inc.	217,425	76,306	-	-	293,731
Depreciation	-	-	-	239,351	239,351
Total operating expenses	$ 2,761,726	$ 1,380,256	$ 92,651	$ 239,351	$ 4,473,984

(dollars in thousands)

Year Ended June 30, 2010

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 748,265	$ 121,153	$ -	$ -	$ 869,418
Separately budgeted research	277,060	142,922	-	-	419,982
Public service	84,256	34,329	-	-	118,585
Academic support	115,780	24,475	-	-	140,255
Student services	65,902	21,701	-	-	87,603
Institutional support	102,556	88,976	-	-	191,532
Operation and maintenance of plant	42,965	66,475	-	-	109,440
Scholarships and fellowships	5,028	3,497	96,022	-	104,547
Auxiliary enterprises	122,905	100,799	-	-	223,704
OSU Health System	849,363	634,210	-	-	1,483,573
OSU Physicians, Inc.	208,462	76,258	-	-	284,720
Depreciation	-	-	-	231,744	231,744
Total operating expenses	$ 2,622,542	$ 1,314,795	$ 96,022	$ 231,744	$ 4,265,103

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.

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.

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Columbus, OH 43215-3371
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(888) 227-7877
www.strsoh.org

OPERS, Attn: Finance Director
277 East Town Street
Columbus, OH 43215-4642
(614) 222-5601
(800) 222-7377
www.opers.org

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 the period March 1, 2010 through December 31, 2010 (the latest period for which information is available), OPERS allocated 5.0% of the employer contribution rate to fund the health care program for retirees.

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, 2010, 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.

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 the period March 1, 2010 through December 31, 2010 (the latest period for which information is available), OPERS allocated 4.23% of the employer contribution rate to fund the health care program for retirees.

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

(dollars in thousands)

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 staff:			
Plan member (entire year)		11.10%	11.10%
university (entire year)		17.87%	17.87%

* 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, 2011 and for each of the two preceding years are as follows:

Year Ended June 30,	STRS Ohio Annual Required Contribution	OPERS Annual Required Contribution	ARP Annual Required Contribution
2009	$ 50,227	$ 132,620	$ 36,924
2010	$ 52,500	$ 141,815	$ 39,014
2011	$ 54,725	$ 148,120	$ 40,835

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 $17,746 and $14,960 for the years ended June 30, 2011 and 2010, respectively.

NOTE 16 — CAPITAL PROJECT COMMITMENTS

At June 30, 2011, the university is committed to future contractual obligations for capital expenditures of approximately $884,160.

(dollars in thousands)

These projects are funded by the following sources:

State appropriations	$ 63,280
Internal and other sources	820,880
Total	$ 884,160

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 Hospitals 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 EVENT

On October 26, 2011, the university issued an offering statement for $500,000 in Fixed Rate General Receipts Bonds, Series 2011A. The Series 2011A bonds are federally taxable and will be used to fund capital projects. The bonds mature in whole on June 1, 2111 and have an interest rate of 4.800%. The bonds will have semi-annual interest payments and are subject to optional redemption prior to maturity at a make-whole redemption price.

The Ohio State University
Supplementary Information on the Long-Term Investment Pool
Year Ended June 30, 2011

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 2011, 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 $233 million, to $2.12 billion at June 30, 2011. Changes in market value for 2011 are summarized below:

Long-Term Investment Pool Activity *(in thousands)*

	Gifted Endowments			
	University	Foundation	Long-Term Operating	Total
Market Value at June 30, 2010	**$ 828,833**	**$ 410,820**	**$ 647,915**	**$ 1,887,568**
Net Principal Additions / (Withdrawals)	13,610	34,431	5,580	53,621
Change in Market Value:				
Realized Gains / (Losses)	48,385	24,280	37,826	110,491
Unrealized Gains / (Losses)	76,752	38,564	60,003	175,319
Income Earned	19,560	9,939	15,273	44,772
Distributions	(42,721)	(21,819)	(33,414)	(97,954)
Expenses	(23,200)	(11,788)	(18,115)	(53,103)
Market Value at June 30, 2011	**$ 921,219**	**$ 484,427**	**$ 715,068**	**$ 2,120,714**

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, 2011. **Income earned** includes interest and dividends and is used primarily to fund **distributions**. **Expenses** include investment management expenses ($38 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 16.8% for fiscal year 2011, exceeding university benchmarks. The annualized investment returns for the three-year and five-year periods were 1.1% and 2.3%, 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 $38 million of investment management expenses, which reduced the pool by 2.2% in fiscal year 2011, the $14 million of University Development expenses and $1 million of other investment related expenses further reduced the pool by 0.8%.

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/endowment.html

Acknowledgements

The 2011 Financial Report and the included financial statements are prepared by the staff of the Office of the Controller, Division of Accounting.

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Greta J. Russell - University Controller

Board of Trustees

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APPENDIX C-1

FORM OF BOND COUNSEL OPINION FOR THE SERIES 2012 A BONDS

August 22, 2012

Morgan Stanley & Co. LLC, as
Representative of the Underwriters

Ladies and Gentlemen:

We have examined the transcript of proceedings (the "Transcript") relating to the issuance by The Ohio State University (the "University"), a state university and a body corporate and politic of the State of Ohio, of its $91,165,000 General Receipts Bonds, Series 2012 A (Tax-Exempt Bonds) (the "Series 2012 A Bonds"), dated August 22, 2012, and issued for the purpose of refunding certain prior obligations of the University and paying costs of issuance of the Series 2012 A Bonds. The Transcript 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 Series 2012 A and B Supplement to the Amended and Restated Trust Indenture, dated as of August 1, 2012, between the University and the Trustee (the "Series 2012 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 "Series 2012 Bond Resolution") authorizing the issuance and sale of the Series 2012 A Bonds, (iii) a specimen of the form of the Series 2012 A 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, Sections 3345.11 and 3345.12 of the Ohio Revised Code (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.

Based on this examination we are of the opinion that, under existing law:

1. The Series 2012 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 Series 2012 A 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 Series 2012 Bond Resolution.

3. The Debt Service Charges on the Series 2012 A Bonds, along with Debt Service Charges on other Obligations, are payable solely from and are equally and ratably secured by, a first pledge of the gross amount of the General Receipts of the University. The owners of the Series 2012 A Bonds are given no right to have any excises or taxes levied by the Ohio General Assembly for the payment of Debt Service Charges on the Series 2012 A Bonds. General Receipts do not include appropriations by the Ohio General Assembly.

4. The interest on the Series 2012 A 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"), is not an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations, and is not treated as an adjustment to adjusted current earnings of a corporation under Section 56(g) of the Code. We express no opinion as to any other federal tax consequences regarding the Series 2012 A Bonds.

5. The interest on the Series 2102 A Bonds, and any profit made on their sale, exchange or other disposition, are exempt from the Ohio personal income tax, the net income tax base of the Ohio corporate franchise tax, and income taxes imposed by municipalities and other political subdivisions in Ohio. Interest on the Series 2012 A Bonds, as is the case with most other forms of interest on debt obligations, is not subject to the Ohio commercial activity tax. We express no opinion as to any other state and local tax consequences regarding the Series 2012 A Bonds.

In giving the foregoing opinion with respect to the treatment of the interest on the Series 2012 A Bonds and the status of those Series 2012 A Bonds under the federal tax laws, we have assumed and relied upon compliance by the University of its covenants and the accuracy, which we have not independently verified, of the University's representations and certifications contained in the Transcript. The accuracy of those representations and certifications, and compliance by the University with those covenants, may be necessary for the interest to be and to remain excluded from gross income for federal income tax purposes and for the other tax effects stated above. Failure to comply with certain of those covenants subsequent to issuance of the Series 2012 A Bonds could cause the interest on the Series 2012 A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of those Series 2012 A Bonds.

The opinions hereinabove expressed are qualified to the extent that the binding effect and enforceability of any of the provisions of the Series 2012 A Bonds and the Series 2012 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.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

TUCKER ELLIS LLP

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APPENDIX C-2

FORM OF BOND COUNSEL OPINION FOR THE SERIES 2012 B BONDS

August 22, 2012

Morgan Stanley & Co. LLC, as
Representative of the Underwriters

Ladies and Gentlemen:

We have examined the transcript of proceedings (the "Transcript") relating to the issuance by The Ohio State University (the "University"), a state university and a body corporate and politic of the State of Ohio, of its $23,170,000 General Receipts Bonds, Series 2012 B (Federally Taxable) (the "Series 2012 B Bonds"), dated August 22, 2012, and issued for the purpose of refunding certain prior obligations of the University and paying costs of issuance of the Series 2012 B Bonds. The Transcript 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 Series 2012 A and B Supplement to the Amended and Restated Trust Indenture, dated as of August 1, 2012, between the University and the Trustee (the "Series 2012 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 "Series 2012 Bond Resolution") authorizing the issuance and sale of the Series 2012 B Bonds, (iii) a specimen of the form of the Series 2012 B 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, Sections 3345.11 and 3345.12 of the Ohio Revised Code (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.

Based on this examination we are of the opinion that, under existing law:

1. The Series 2012 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 Series 2012 B 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 Series 2012 Bond Resolution.

3. The Debt Service Charges on the Series 2012 B Bonds, along with Debt Service Charges on other Obligations, are payable solely from and are equally and ratably secured by, a first pledge of the gross amount of the General Receipts of the University. The owners of the Series 2012 B Bonds are given no right to have any excises or taxes levied by the Ohio General Assembly for the payment of Debt Service Charges on the Series 2012 B Bonds. General Receipts do not include appropriations by the Ohio General Assembly.

4. The interest on the Series 2012 B Bonds is not excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code").

5. The interest on the Series 2102 B Bonds, and any profit made on their sale, exchange or other disposition, are exempt from the Ohio personal income tax, the net income tax base of the Ohio corporate franchise tax, and income taxes imposed by municipalities and other political subdivisions in Ohio. Interest on the Series 2012 B Bonds, as is the case with most other forms of interest on debt obligations, is not subject to the Ohio commercial activity tax. We express no opinion as to any other state and local tax consequences regarding the Series 2012 B Bonds.

The opinions hereinabove expressed are qualified to the extent that the binding effect and enforceability of any of the provisions of the Series 2012 B Bonds and the Series 2012 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.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

TUCKER ELLIS LLP

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THE OHIO STATE UNIVERSITY (A STATE UNIVERSITY OF OHIO) • GENERAL RECEIPTS BONDS, SERIES 2012 A (TAX-EXEMPT BONDS) AND SERIES 2012 B (FEDERALLY TAXABLE)

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