

**Auburn University
Current Funds Budget¹
For the Year Ended September 30, 2014
Unrestricted and Restricted
(Unaudited)**

	2014
REVENUES	
State Appropriations ²	242,982,031
Student Fees and Charges	416,078,372
Auxiliary Enterprises	137,119,532
Other Income (Includes Federal Grants, Appropriations and Contracts)	<u>257,767,392</u>
BUDGETED REVENUES	<u>1,053,947,327</u>
EXPENDITURES AND TRANSFERS	
Instruction	264,351,724
Research	225,049,120
Public Service	53,237,341
Academic Support	36,090,990
Student Services	35,350,357
Institutional Support	68,080,470
Library	15,728,071
Operation and Maintenance of Plant	73,608,794
Scholarships and Fellowships	104,160,978
Auxiliary Enterprises	137,119,532
Mandatory and Non-Mandatory Transfers	<u>41,169,950</u>
BUDGETED EXPENDITURES AND TRANSFERS	<u>1,053,947,327</u>

¹ The University's annual operating budget, as approved by the Board of Trustees, reflects unrestricted and recurring restricted fund revenues and expenditures on a cash basis and is organized according to revenue source and expenditure function. The annual operating budget is not intended to reflect revenues and expenditures and other changes in net assets in the same format presented in the audited financial statements as required by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The prospective financial information included in this Official Statement has been prepared by, and is the responsibility of, the University's management. The University and its management believe that the Current Funds Budget for the year ended September 30, 2013, has been prepared on a reasonable basis, reflecting the best estimates and judgments, and represents, to the best of management's knowledge and opinion, the University's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results.

PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the prospective financial information contained herein and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance on such information or its achievability. PricewaterhouseCoopers LLP assumes no responsibility for and denies any association with the prospective financial information and any other information derived there from included elsewhere in this offering document.

The PricewaterhouseCoopers LLP report attached as an appendix to this Official Statement refers exclusively to the University's historical financial information. PricewaterhouseCoopers LLP reports do not cover any other information in this Official Statement and should not be read to do so. This prospective financial information was not prepared with a view toward compliance with published guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

² For more information concerning the University's anticipated course of action to address the reduction in State appropriations, see "SPECIAL CONSIDERATIONS – State Proration" herein.

Auburn University
Statements of Revenues, Expenses and Changes in Net Position
for the Years Ended September 30, 2009-2013*

	2009	2010	2011	2012	2013
OPERATING REVENUES					
Student Tuition & Fees, Net of Scholarship Allowances	\$257,628,293	\$276,230,557	\$294,726,600	\$323,136,139	\$345,231,012
Federal appropriations	10,946,114	9,026,000	14,324,010	11,840,435	13,003,383
Federal grants & contracts	69,512,621	77,953,387	82,288,355	82,499,718	69,712,138
State & local grants & contracts	18,187,145	19,873,107	18,675,902	19,069,123	17,457,909
Nongovernmental grants & contracts	11,516,685	11,297,084	10,854,763	11,317,521	12,965,576
Sales & services of educational departments	27,998,226	30,308,344	32,165,275	37,061,728	41,965,810
Auxiliary enterprises, net	80,754,997	87,468,987	106,170,330	101,537,350	104,542,266
Other operating revenues	13,106,214	13,405,886	15,424,646	15,980,083	16,263,956
Total operating revenues	489,650,295	525,563,352	574,629,881	602,442,097	621,142,050
OPERATING EXPENSES					
Compensation & benefits	507,894,296	510,919,404	536,562,158	539,232,639	557,979,424
Scholarships & fellowships	17,903,346	17,810,837	17,327,167	18,354,074	17,351,012
Utilities	23,708,155	22,899,217	23,353,732	23,147,154	22,842,876
Other supplies & services	190,348,713	185,283,804	220,750,931	216,222,211	221,437,423
Depreciation	44,187,852	49,328,811	53,826,645	61,104,001	66,064,924
Total operating expenses	784,042,362	786,242,073	851,820,633	858,060,079	885,675,659
Operating Income (Loss)	(294,392,067)	(260,678,721)	(277,190,752)	(255,617,982)	(264,533,609)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	261,691,096	236,212,711	235,724,142	247,816,148	238,601,180
ARRA state fiscal stabilization funds	-	21,236,839	24,429,089		
Gifts	29,786,518	31,537,641	32,334,055	36,603,692	35,354,346
Grants	16,424,734	23,204,820	24,829,086	21,620,329	20,926,014
Net investment income	41,436,581	25,088,863	19,687,771	28,359,822	13,129,982
Interest expense on capital asset-related debt	(14,150,603)	(9,174,150)	(9,803,075)	(9,305,463)	(13,703,285)
Net Nonoperating Revenues	335,188,326	328,106,724	327,201,068	325,094,528	294,308,237
Income before Other Changes in Net Position	40,796,259	67,428,003	50,010,316	69,476,546	29,774,628
OTHER CHANGES IN NET POSITION					
Capital appropriations	2,760,396	18,224,230	18,663,689	1,801,433	114,188
Capital gifts & grants	15,681,879	29,373,311	29,520,158	15,393,203	28,086,402
Additions to permanent endowments	255,433	165,528	1,355,832	569,867	1,719,287
Increase in net position	59,493,967	115,191,072	99,549,995	87,241,049	59,694,505
Net position - beginning of year	1,150,418,225	1,220,679,173**	1,335,870,245	1,430,330,619***	1,517,571,668
Net position - end of year	\$1,209,912,192**	\$1,335,870,245	\$1,435,420,240	\$1,517,571,668	\$1,577,266,173

* See accompanying notes to financial statements. In addition, the terminology in this table has been revised to comply with the University's implementation of GASB 63 for the fiscal year ending December 31, 2013. See "ACCOUNTING AND FINANCIAL INFORMATION - Accounting" herein.

** As discussed in Note 2 of the University's 2011 financial statements, the University revised its 2010 financial statements to correct for an error in the deferral of certain scholarship and fellowship expenses as well as the calculation for tuition discounting. In connection with that revision, the University adjusted its 2010 net assets (referenced in current financial statements as "net position") - beginning of year upward by \$10,766,981. Although 2010 beginning net assets were revised, the changes affecting the 2009 activity has not been reflected in the financial information presented.

*** As discussed in Note 2 of the University's 2013 financial statements, the University revised its 2012 financial statements for the adoption of GASB Statements No. 63 and No. 65. In connection with that revision, the University adjusted its 2012 net position - beginning of year downward by \$5,089,621. Although 2012 beginning net position was revised, the changes affecting the 2011 activity has not been reflected in the financial information presented.

RETIREMENT PLANS

All eligible employees of the University are members of the Teachers Retirement System of Alabama (the "System"). The System was established in 1941 and at this time covers public school and public college teachers and certain other public educational employees in the State. The System provides retirement, disability and death benefits, and the benefits are available to members at varying times during their creditable service. In 2012, the Alabama legislature created a new defined benefit plan for employees hired on or after January 1, 2013, with no previous creditable service ("Tier 2 participants"). Employees hired or with creditable service prior to January 1, 2013 are "Tier 1 participants". Tier 1 participants are required to contribute 7.5% of their salary to the System, and Tier 2 participants are required to contribute 6.0% of their salary. The University is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to the System to pay benefits when due. The University is current in its required annual contributions to the System. For more detailed discussion of the System and other benefits provided by the University, See "APPENDIX B – 2013 Financial Report of the University – Notes 12 and 13 – Required Supplemental Information."

TAX MATTERS

General

In the opinion of Bond Counsel, under existing law, interest on the Series 2014-A Bonds will be excludable from gross income for federal income tax purposes if the University complies with all requirements of the Internal Revenue Code of 1986 (the "Internal Revenue Code") that must be satisfied subsequent to the issuance of the Series 2014-A Bonds in order that interest thereon be and remain excludable from gross income. Failure to comply with certain of such requirements could cause the interest on the Series 2014-A Bonds to be included in gross income, retroactive to the date of issuance of the Series 2014-A Bonds. The University has covenanted to comply with all such requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2014-A Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that for the purpose of computing the alternative minimum use tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings.

Bond Counsel will express no opinion regarding federal tax consequences arising with regard to the Series 2014-A Bonds other than the opinions expressed in the two preceding paragraphs. The form of Bond Counsel's opinion is expected to be substantially as set forth in APPENDIX D to this Official Statement.

Prospective purchasers of the Series 2014-A Bonds should be aware that ownership of the Series 2014-A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income", foreign corporations subject to a branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2014-A Bonds. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Series 2014-A Bonds should consult their tax advisors as to collateral federal income tax consequences.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2014-A Bonds will be exempt from State of Alabama income taxation.

Original Issue Discount

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of a Series 2014-A Bond, to the extent properly allocable to each owner of such Series 2014-A Bond, is excluded from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Series 2014-A Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Series 2014-A Bonds of such maturity were sold.

Under Section 1288 of the Internal Revenue Code of 1986, as amended, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2014-A Bond during any accrual period generally equals (i) the issue price of such Series 2014-A Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Series 2014-A Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Series 2014-A Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such Series 2014-A Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of a Series 2014-A Bond will be treated as gain from the sale or exchange of such Series 2014-A Bond.

Premium

An amount equal to the excess of the purchase price of the Series 2014-A Bond over its stated redemption price at maturity constitutes premium on such Series 2014-A Bond. A purchaser of a Series 2014-A Bond must amortize any premium over such Series 2014-A Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Series 2014-A Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Series 2014-A Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Series 2014-A Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Series 2014-A Bonds.

Circular 230

Under 31 C.F.R. part 10, the regulations governing practice before the IRS (Circular 230), the University and its tax advisors are (or may be) required to inform you that:

- (1) Any advice contained herein, including any opinions of counsel referred to herein, is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer;
- (2) Any such advice is written to support the promotion or marketing of the Series 2014-A Bonds and the transactions described herein (or in such opinion or other advice); and
- (3) Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

LEGALITY OF THE SERIES 2014-A BONDS FOR INVESTMENT

Section 16-3-28 of the CODE OF ALABAMA 1975, as amended, provides that bonds, notes and other securities issued under such section shall be eligible for the investment of trust or other fiduciary funds in the exercise of prudent judgment by those making such investment.

STATE NOT LIABLE ON SERIES 2014-A BONDS

The Series 2014-A Bonds are special obligations of the University payable solely out of, and secured by a pledge of, the Pledged Revenues. Neither the principal of nor the interest on the Series 2014-A Bonds nor the aforesaid pledge or any other agreement contained in the Indenture shall constitute an obligation of any nature whatsoever of the State of Alabama, and neither the Series 2014-A Bonds nor any obligation arising from said pledge or agreements shall be payable out of any moneys appropriated to the University by the State of Alabama.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Series 2014-A Bonds by the University are subject to the approval of Balch & Bingham LLP, Bond Counsel. The expected form of the opinion of Bond Counsel is set forth in APPENDIX D.

Certain legal matters will be passed upon for the Underwriter by disclosure counsel, Maynard, Cooper & Gale, P.C., Birmingham, Alabama.

The various legal opinions to be delivered concurrently with the delivery of the Series 2014-A Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the authoring firm or attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

INDEPENDENT ACCOUNTANTS

The financial statements as of September 30, 2013 and 2012 and for each of the two years in the period ended September 30, 2013, included in APPENDIX B of this Official Statement, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing herein.

ENFORCEABILITY

In the opinion of Bond Counsel, the University is, under existing provisions of the Constitution of Alabama as construed by the Supreme Court of Alabama, exempt from all suits, but Bond Counsel is further of the opinion that the agents and employees of the University may, by mandamus, be compelled to perform the University's obligations under the Indenture, including application of the Pledged Revenues for the payment of the Bonds in accordance with the Indenture. See "SPECIAL CONSIDERATIONS – Limitations on Remedies Upon Default."

LITIGATION

There is no suit, action or proceeding of any nature now pending or threatened to restrain or to enjoin the issuance, sale, execution or delivery of the Series 2014-A Bonds, or in any way contesting the validity of the Series 2014-A Bonds or any proceedings of the University taken with respect to the issuance or sale thereof, or the pledge or application of any moneys, revenues, or security provided for the payment of the Series 2014-A Bonds.

The University is a defendant in legal proceedings alleging civil rights violations, including but not limited to race, sex and age discrimination, as well as personal injury claims. The University believes that any monetary liability resulting from such suits, if determined adversely to the University, will be adequately covered by liability insurance and by funds of the University which will be available to dispose of such liability with no material adverse impact on the ability of the University to perform its other obligations, including payment of the Series 2014-A Bonds.

UNDERWRITING

The Series 2014-A Bonds are to be purchased by Merchant Capital, L.L.C. (the "Underwriter"), which has agreed to purchase the Series 2014-A Bonds at an aggregate purchase price of \$ _____. The purchase price reflects an underwriting discount of \$ _____ and original issue [discount/premium] of \$ _____. The Underwriter intends to offer the Series 2014-A Bonds to the public at the prices stated on the inside cover page hereof. The initial public offering prices set forth on the inside cover page may be changed by the Underwriter. The Underwriter may offer and sell the Series 2014-A Bonds to certain dealers (including dealers depositing Series 2014-A Bonds into investment trusts) and others at prices lower than the public offering prices set forth on the inside cover page.

CONTINUING DISCLOSURE

General

The University has covenanted for the benefit of the holders of the Series 2014-A Bonds to provide the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") with (i) certain financial information and operating data relating to the University on an annual basis (the "Annual Financial Information") within 180 days after the end of its fiscal year and (ii) notices ("Material Event Notices") in a timely manner, but in any event within 10 business days, of the occurrence of the following events:

1. A delinquency in payment of principal of or interest on the Series 2014-A Bonds.
2. Non-payment related defaults under the General Fee Revenue Indenture.
3. Unscheduled draws on any debt service reserve fund for the Series 2014-A Bonds reflecting financial difficulties of the University.
4. Unscheduled draws on any credit enhancement or liquidity facility with respect to the Series 2014-A Bonds reflecting financial difficulties of the University.
5. Substitution of a credit enhancer for the one originally described in this Official Statement (if any), or the failure of any credit enhancer respecting the Series 2014-A Bonds to perform its obligations under the agreement between the University and such credit enhancer.
6. The existence of any 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 2014-A Bonds, or other material events affecting the tax status of the Series 2014-A Bonds.
7. Modifications to rights of the registered holders of the Series 2014-A Bonds, if material.
8. Redemption of any of the Series 2014-A Bonds prior to the stated maturity or mandatory redemption date thereof, if material, and tender offers with respect to the Series 2014-A Bonds.
9. Defeasance of the lien of any of the Series 2014-A Bonds or the occurrence of circumstances which, pursuant to the General Fee Revenue Indenture, would cause the Series 2014-A Bonds, or any of them, to be no longer regarded as outstanding thereunder.
10. Release, substitution, or sale of property securing repayment of the Series 2014-A Bonds, if material.

11. Any changes in published ratings affecting the Series 2014-A Bonds.
12. Bankruptcy, insolvency, receivership or similar event of the University.
13. The consummation of a merger, consolidation, or acquisition involving an University or the sale of all or substantially all of the assets of the University, 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.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

In addition, the University has covenanted to provide notice to EMMA in a timely manner, but in any event within 10 days of the University's failure to provide the Annual Financial Information on or before the date specified herein.

The Annual Financial Information will include financial information and operating data relating to the University of the type found in the section of this Official Statement called "ACCOUNTING AND FINANCIAL INFORMATION." In addition, the University will provide to EMMA, when and if available, audited financial statements prepared in accordance with accounting principles described in the audited financial statements included in this Official Statement as an appendix.

The University shall never be subject to money damages for its failure to comply with its obligations to provide the required information. The only remedy available to the holders of the Series 2014-A Bonds for breach by the University of its obligations to provide the required information shall be the remedy of specific performance or mandamus against appropriate officials of the University. The failure by the University to provide the required information shall not be an event of default with respect to the Series 2014-A Bonds under the Indenture. A failure by the University to comply with its obligations to provide the required information must be reported as described above and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Series 2014-A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2014-A Bonds and their market price.

No person other than the University shall have any liability or responsibility for compliance by the University with its obligations to provide information. The Trustee has not undertaken any responsibility with respect to any required reports, notices or disclosures.

The University retains the right to modify its obligations described above as long as such modification is done in a manner consistent with Rule 15c2-12 of the Securities and Exchange Commission.

Compliance with Prior Undertakings

The University has filed its Annual Financial Information for the fiscal years ended September 30, 2009 through 2013 with EMMA in compliance with Rule 15c2-12.

Certain outstanding indebtedness of the University has been secured by credit enhancement in the form of bond insurance. The ratings of the providers of this credit enhancement have been downgraded at various times in the past two years. Information about the downgrades was publicly reported. The University may not have filed a notice in accordance with Rule 15c2-12 with respect to each downgrade.

RATINGS

Moody's Investors Service, Inc. and Standard & Poor's Rating Service, a division of the McGraw-Hill Companies, Inc. (the "Rating Agencies") have assigned ratings to the Series 2014-A Bonds as indicated on the cover page. The ratings reflect the Rating Agency's rating of the creditworthiness of the University with respect to obligations payable from the Pledged Revenues. Any further explanation of the significance of such rating may be obtained only from the appropriate Rating Agency. The University furnished to the Rating Agencies the information contained in this Official Statement and certain other information respecting the University and the Series 2014-A Bonds. Generally, Rating Agencies base their underlying ratings on such materials and information, as well as on their own investigations, studies and assumptions.

The ratings indicated on the cover page are not recommendations to buy, sell or hold the Series 2014-A Bonds, and any such ratings may be subject to revision or withdrawal at any time by the Rating Agencies. Any downward revision or withdrawal of any or all of such rating may have an adverse effect on the market price of the affected Series 2014-A Bonds. Neither the University nor the Underwriter has undertaken any responsibility either to bring to the attention of the holders of Series 2014-A Bonds any proposed revision, suspension or withdrawal of a rating or to oppose any such revision, suspension or withdrawal.

MISCELLANEOUS

The information in this Official Statement has been obtained from the University and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness. No dealer, salesperson or any other person has been authorized to give any information or to make any representation other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the University or the Underwriter.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2014-A Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Board since the date hereof.

All estimates and assumptions contained herein are believed to be reasonable, but no representation is made that such estimates or assumptions are correct or will be realized.

Neither the Series 2014-A Bonds nor the Indenture have been registered with the Securities and Exchange Commission. The registration or qualification of the Series 2014-A Bonds and the Indenture in accordance with applicable provisions of securities laws of the states in which the Series 2014-A Bonds may be registered or qualified, and any exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof.

The Trustee makes no representation or warranty as to, and has no responsibility for the accuracy or completeness of, the information contained in this Official Statement.

This Official Statement does not constitute an offer to sell the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

This Official Statement is not to be construed as a contract or agreement between the University and the purchasers or holders of any of the Series 2014-A Bonds.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2014-A BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2014-A BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE UNIVERSITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Official Statement contains forward-looking statements, which can be identified by the use of the future tense or other forward-looking terms such as "may," "intend," "will," "expect," "anticipate," "plan," "management believes," "estimate," "continue," "should," "strategy," or "position" or the negatives of those terms or other variations on them or by comparable terminology. In particular, any statements, express or implied, concerning future operating results or the ability to generate Pledged Revenues or cash flow to service indebtedness are forward-looking statements. Investors are cautioned that reliance on any of those forward-looking statements involves risks and uncertainties and that, although the University's management believes that the assumptions on which those forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate. As a result, the forward-looking statements based on those assumptions also could be incorrect, and actual results may differ materially from any results indicated or suggested by those assumptions. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Official Statement should not be regarded as a representation by the University that its plans and objectives will be achieved. All forward-looking statements are expressly qualified by the cautionary statement contained in this paragraph. The University undertakes no duty to update any forward-looking statements.

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The University, represented by certain of its officers, administrative staff and counsel, has reviewed the information contained herein which relates to the University. This Official Statement has been approved by the Board of Trustees of the University.

AUBURN UNIVERSITY

By: /s/ Jay Gogue
Jay Gogue, President

APPENDIX A
General Description of the University

THE UNIVERSITY

General

The University is comprised of the Auburn Campus, the Auburn University at Montgomery Campus, the Alabama Cooperative Extension System, and the Alabama Agricultural Experiment Station.

History

The University was chartered on February 1, 1856, as the Methodist-sponsored East Alabama Male College and formally opened on October 1, 1859, with a student body of eighty and faculty of six.

The school became the first land-grant college in the South established separate from a state university. In 1872 Alabama Methodists, unable to continue support, offered the entire facility to the State of Alabama. Under the Morrill Act (which was enacted by the U. S. Congress in 1862 and which provided for land-grant colleges), the Alabama Legislature accepted the institution in 1872 and changed the name to the Agricultural and Mechanical College of Alabama. It was renamed Alabama Polytechnic Institute in 1899 and Auburn University in 1960. Women students were first admitted to Auburn in 1892, making it the oldest coeducational school in Alabama and the second oldest in the Southeast.

The University has experienced its greatest growth and development since World War II. From a single campus of 35 buildings at the close of that War, the multi-million dollar physical complex at the Auburn Main Campus includes today over 80 major buildings on approximately 1,875 acres. In addition, the Alabama Agricultural Experiment Station owns or leases approximately 2,300 acres across the State.

Auburn University at Montgomery was chartered originally as the "metropolitan campus of a land-grant university" in 1967 by Act 403 of the Alabama legislature. In March 1968, Dr. H. Hanly Funderburk, Jr., was appointed vice president and chief administrator of the newly created university. Auburn University at Montgomery opened its doors in September 1969 with nearly 600 students in the old Alabama Extension Center on Bell Street, next to Maxwell Air Force Base.

Two years later, in 1971, the University's campus relocated its Montgomery campus to a 500-acre campus on the McLemore Plantation tract, seven miles east of downtown, which continues to serve as the Auburn Montgomery Campus of the University.

Since 1971, the Auburn Montgomery Campus has grown from just two structures to seventeen major buildings.

Board of Trustees

The University is governed by a Board of Trustees composed of 14 voting members. The Board includes one person from each of the nine Congressional districts (as the districts were constituted on January 1, 1961, a "District") in Alabama, one additional member from Lee County, and the Governor of Alabama (ex officio), who serves as the Board president. Two non-voting student representatives and two non-voting faculty members also sit on the Board, one student and faculty member from the Auburn Main Campus and one student and faculty member from the Auburn Montgomery Campus. Based upon a state constitutional amendment approved by voters in 2000, two additional at-large voting members have been appointed. The constitutional amendment also changed the term of office of newly appointed trustees from twelve to seven years, which now applies to all trustees. A third at-large member was added in 2004 to replace the State Superintendent of Education at the end of his term of office, and his ex officio position has been eliminated. Under these changed criteria, new appointments to the Board are made by a Selection Committee that includes the Governor of Alabama and representatives of the Board and the Auburn Alumni Association, with the advice and consent of the Alabama State Senate. Trustees who have not been replaced continue by law to serve for a one-year holdover period following the expiration of their terms. At the end of the one-year holdover term, a trustee's term expires regardless of whether a successor has been appointed. No member of the Board receives compensation for his or her services.

The current members of the Board and the date of expiration of their terms (excluding the one-year holdover period) are as follows:

Name	Principal Occupation	Expiration of Term
Robert Bentley	Governor	Ex Officio
B. T. Roberts	Realtor	May 11, 2019
Clark Sahlie	Real Estate Executive	April 9, 2019
Bob Dumas	Banking Executive	April 9, 2019
Raymond J. Harbert	Business Executive	March 23, 2016
Gaines Lanier	Business Executive	May 28, 2014
Jimmy Sanford	Agriculture Executive	March 14, 2019
Charles D. McCrary	Utility Executive	March 21, 2019
James W. Rane	Business Executive	March 21, 2019
Elizabeth Huntley	Attorney	April 9, 2019
Sarah B. Newton	Educator	March 21, 2019
Michael A. DeMaioribus	Business Executive	February 13, 2020
James R. Pratt, III	Attorney	April 9, 2019
Wayne T. Smith	Healthcare Executive	February 13, 2020

Administration

Heading the three missions of Instruction, Research and University Outreach is the President, who serves both as President of the University and administrative head of the Auburn Main Campus. He is assisted by several senior administrators.

Jay Gogue. Dr. Jay Gogue began his tenure as Auburn University's 18th President on July 16, 2007. Immediately before coming to Auburn, he served as Chancellor of the University of Houston System and President of the University of Houston. From 2000 to 2003, he was President of New Mexico State University. Gogue worked for the National Park Service from 1973 to 1986, starting as a field research scientist and rising to the position of chief administrative scientist for several regions of the U.S. Park System. He began his distinguished career in higher education administration in 1986 as associate director of the Office of University Research at Clemson University, where he also served as vice president for research and vice president/vice provost for agriculture and natural resources. Utah State University selected Gogue as its provost in 1995. Dr. Gogue holds the B.S. and M.S. in Horticulture from Auburn University and the Ph.D. in Horticulture from Michigan State University.

John G. Veres III. Dr. John G. Veres III serves as the fifth Chancellor of Auburn University at Montgomery (AUM), which is located on the Auburn Montgomery Campus. Dr. Veres has worked at AUM for over 33 years and has over 30 years' experience in human resources management. He began his tenure as Chancellor of AUM in June 2006. He has published extensively on human resources management (HRM) topics and has consulted in over 80 employment discrimination lawsuits, testifying on assessing adverse impact, selection procedure validity, and other issues on equal employment opportunity. Dr. Veres has long been involved in community affairs. He serves on the Boards of Directors of the Alabama Technology Foundation, the Alabama World Affairs Council, the Montgomery Area YMCA, the Montgomery Catholic Building Authority (Seton Haven), and the River Region United Way. He also serves on the Montgomery Area Chamber of Commerce's Education and Workforce Development Council and Steering Committee for the Chamber's Imagine a Greater Montgomery II strategic planning effort.

Timothy R. Boosinger. Dr. Timothy R. Boosinger was appointed Provost and Vice-President of Academic Affairs in June 2012. Prior to this appointment, Dr. Boosinger served as Interim Provost and Vice-President of Academic Affairs from 2011-2012, and the Dean of the College of Veterinary Medicine from 1995-2011. Dr. Boosinger holds a Doctor of Veterinary Medicine Degree and a Ph.D. in Veterinary Pathology, both from Purdue University, and he received the Distinguished Alumni Award from Purdue's School of Veterinary Medicine in 2004.

Dr. Boosinger joined the University's faculty in 1983 and has served multiple terms as a University senator, has chaired search committees for University leadership positions and served as the University's Dean of Academic Affairs from 1993-1995. He participated for six years in the American Veterinary Medical Association's Council on Education, which accredits all colleges of veterinary medicine in the United States, Canada and other nations. During 2006-2009, Dr. Boosinger served as an officer of the Associate of American Veterinary Colleges, serving as president in 2007-2008. From 1976-1979, he served as a veterinarian in the United States Air Force (active duty) and from 1979-1996, he served as a pathologist and veterinarian in the United States Air Force Reserves.

Donald L. Large, Jr. Dr. Donald L. Large, Jr., Executive Vice President and Treasurer, received his B.S. in Business Administration from Auburn University in 1975, and his M.Ed. and Ed.D. in Higher Education Administration from Auburn in 1989 and 1998, respectively. Dr. Large is a certified public accountant and has served in various capacities at Auburn University since 1986. Before assuming his current position in 1997, he served Auburn University as Vice President for Business and Finance from 1991 to 1997 and Controller from 1986 to 1991. Prior to joining Auburn University, he was employed 11 years with the international accounting firm of Deloitte Haskins and Sells, where as a senior manager he served clients in the manufacturing, service, financial and education sectors, and as a national instructor in the areas of auditing, recruitment and time management. Dr. Large also serves as Treasurer of the Auburn Alumni Association.

John M. Mason. Dr. John M. Mason was appointed Associate Provost and Vice President for Research in June 2008. Prior to his appointment he served as the Associate Dean for Graduate Studies, Research and Outreach in the College of Engineering at Pennsylvania State University. He also served as the director of the Thomas D. Larson Pennsylvania Transportation Institute and executive director of the Mid-Atlantic Universities Transportation Center. Dr. Mason holds a bachelor's degree in transportation from Pennsylvania State University, a master's degree in transportation engineering from Villanova University and a doctorate in civil engineering from Texas A&M University. He is a registered professional engineer in Pennsylvania and began his career in consulting engineering practice. He began teaching at the community college level and completed his doctorate while performing research at the Texas Transportation Institute. After returning to private practice as a district transportation manager for a Florida engineering firm, he was recruited by Pennsylvania State University to return to teaching and research and was named the Director of the Transportation Operations Program at the Pennsylvania Transportation Institute. While at Pennsylvania State University, he became center director, institute director and, in 1997, associate dean of engineering.

Jon G. Waggoner. Jon G. Waggoner was appointed Interim Vice President of Student Affairs in July 2013. His areas of responsibility include Student Counseling Services, Student Center, Campus Recreation, Medical Clinic, Residence Life, Greek Life, Parent and Family Programs, Student Involvement, Student Conduct and Health Promotion and Wellness Services. Mr. Waggoner earned his Bachelor of Arts in English from Auburn University in 1992 and his Juris Doctorate from the University of Alabama School of Law in 1996. Mr. Waggoner joined the University as Special Counsel to the President in 2004 and he currently serves as University Counsel in addition to his role as Interim Vice President of Student Affairs. Prior to coming to Auburn Mr. Waggoner was a partner in the law firm of Miller, Hamilton, Snider & Odom, LLC.

Deborah L. Shaw. Dr. Deborah L. Shaw was appointed Vice President for Alumni Affairs in January 2007, after filling that role in an interim capacity since March of 2004. Prior to her appointment she served as the Assistant Vice President for Alumni Affairs. Dr. Shaw received her B.S. degree in Secondary Education from the University of North Alabama, and a Masters and Doctorate degree in Administration of Higher Education from Auburn University. Dr. Shaw began her professional career in the Division of Student Affairs at Auburn University where she worked for twenty years in Housing, Admissions, and Student Activities/Student Affairs. In 1996, Dr. Shaw was named the acting director of the University Student Success Center where she was instrumental in developing Camp War Eagle, the freshman summer orientation program. She served as director of Camp War Eagle for five years. Before transitioning to Alumni Affairs, Dr. Shaw was Director of Foy Student Union and Student Activities for five years.

Jane DiFolco Parker. Ms. Jane Parker is a seasoned professional in higher education and has contributed to institutional success from various levels of service from both academic and advancement perspectives. She was appointed Vice President of Development in March 2012. Ms. Parker also serves as president of the Auburn University Foundation and Auburn University Real Estate Foundation, Inc. Ms. Parker received her bachelor's degree in English from Georgia State University. She has attended Harvard University's Graduate School of

Education Management Development Program, and has completed graduate coursework in Organizational Development and Strategic Planning in Georgia State University's Robinson College of Business.

Campuses

Auburn Main Campus. The Auburn Main Campus is located in Lee County, Alabama, in the City of Auburn, approximately 55 miles east of Montgomery, 120 miles southeast of Birmingham, and 118 miles southwest of Atlanta, Georgia. The Auburn Main Campus is the University's larger campus, consisting of over 80 major buildings on 1,875 acres. Auburn is a fully accredited land-grant institution organized into the three divisions of Instruction, Research and Outreach.

Auburn Montgomery Campus. The Auburn Montgomery Campus is located in the City of Montgomery in south central Alabama. It serves as the campus for Auburn University at Montgomery and includes seventeen major buildings on approximately 500 acres.

Enrollment

The combined enrollment (also sometimes called the headcount) of both University campuses for the Fall semesters 2009 through 2013, broken down between undergraduate and graduate students, was as follows:

	2009	2010	2011	2012	2013
Undergraduate	24,612	25,042	24,849	24,400	24,133
Graduate	5,545	5,847	5,925	5,723	5,827
TOTAL	30,157	30,889	30,774	30,123	29,960

The headcount enrollment for the same five Fall semesters, broken down by campus, is shown in the table below.

	2009	2010	2011	2012	2013
Main Campus	24,602	25,078	25,469	25,134	24,864
Montgomery Campus	5,555	5,811	5,305	4,989	5,096
TOTAL	30,157	30,889	30,774	30,123	29,960

Another measure of enrollment, known as full-time equivalent or FTE, is obtained by adding (a) all full-time undergraduate and graduate students plus (b) the so-called credit-hour productivity for all part-time undergraduate and graduate students, in accordance with a formula prescribed by the Southern Association of Colleges and Schools (SACS). The University's FTE enrollment for the Fall semesters 2009 through 2013, broken down by campus, is shown below:

	2009	2010	2011	2012	2013
Main Campus	22,556	22,930	23,100	22,824	22,414
Montgomery Campus	4,096	4,218	3,944	3,683	3,847
TOTAL	26,652	27,148	27,044	26,507	26,261

The table below contains historical undergraduate admissions figures for the Auburn Main Campus for the five Fall semesters 2009 through 2013:

	2009	%	2010	%	2011	%	2012	%	2013	%
Freshman										
Applications	14,862	100	15,784	100	18,323	100	17,463	100	15,745	100
Acceptances	11,816	79.5	12,417	78.7	12,827	70.0	13,486	77.2	13,027	82.7
Matriculants	3,918	33.2	4,204	33.9	4,202	32.8	3,852	28.6	3,726	28.6
Avg ACT	26.2		26.9		27.2		26.9		26.9	
Avg GPA	3.69		3.79		3.81		3.78		3.74	

The table below contains historical undergraduate admissions figures for the Auburn Montgomery Campus for the five Fall semesters 2009 through 2013:

	2009	%	2010	%	2011	%	2012	%	2013	%
Freshman										
Applications	1,409	100	2,118	100	1,739	100	2,386	100	2,386	100
Acceptances	1,339	95.0	1,763	83.2	1,286	74.0	1,723	72.2	1,723	72.2
Matriculants	872	65.1	914	51.8	930	53.5	1,175	49.3	671	38.9
Avg ACT	20.7		20.4		22.0		21.8		21.6	
Avg GPA	3.02		2.96		3.14		3.21		3.17	

Students come to the University from all 67 counties in Alabama, from 53 states and territories and from 82 foreign countries. The highest numbers of in-state students come from Jefferson, Lee, Madison, Shelby, Montgomery, Mobile and Baldwin counties, respectively, and the highest numbers of out-of-state students come from Georgia, Florida, Tennessee, Texas, Virginia, North Carolina, Kentucky and South Carolina, in that order. China contributes more students than any other foreign country, followed by India and South Korea.

The following table sets forth, by percentage, a breakdown of the University's enrollment at the Auburn Main Campus by residency classification for the five Fall semesters 2009 through 2013:

	2009	2010	2011	2012	2013
In-State Students	60.2	58.8	57.6	57.5	58.2
Out-of-State Students	35.9	37.1	38.2	38.2	37.1
Foreign Students	3.9	4.1	4.2	4.3	4.7
TOTAL	100.0	100.0	100.0	100.0	100.0

The following table sets forth, by percentage, a breakdown of the University's enrollment at the Auburn Montgomery Campus by residency classification for the five Fall semesters 2009 through 2013:

	2009	2010	2011	2012	2013
In-State Students	92.22	92.1	92.8	92.1	92.1
Out-of-State Students	4.4	4.9	3.5	3.3	3.0
Foreign Students	3.4	3.0	3.7	4.6	4.9
TOTAL	100.0	100.0	100.0	100.0	100.0

DIVISIONS AND FACILITIES

Instruction

Academic Programs. The Auburn Main Campus serves approximately 25,000 students and offers undergraduate degrees in 90 areas; Master's degrees in 60 areas; Doctor of Philosophy degrees in 39 areas; and the Specialist in Education, along with the first professional degrees Doctor of Veterinary Medicine, Doctor of Pharmacy and Doctor of Audiology. Post-baccalaureate certificate offerings are being expanded, with certification currently conferred in nine areas.

Instruction is provided by the University through twelve undergraduate schools and the graduate school, which are listed below in order of enrolled headcount for the Fall semester of 2013:

School/College	2013
Engineering	5,179
Liberal Arts	3,866
Business	3,931
Sciences and Mathematics	3,066
Education	2,532
Architecture, Design & Construction	1,245
Agriculture	1,255
Human Sciences	1,246
Nursing	810
Pharmacy	625
Veterinary Medicine	544
Forestry & Wildlife Sciences	355
Interdisciplinary/Interdepartmental Programs & Transients	210
Total	24,864

The Auburn Montgomery Campus serves approximately 5,000 students, offers undergraduate degrees in 26 areas, Master's degrees in 12 areas, the Specialist in Education and a joint Doctor of Philosophy degrees in 5 academic areas, including, Business, Education, Liberal Arts, School of Nursing and School of Sciences.

Research

Auburn's combined research funds, provided by competitive contracts and grants, have increased over the last decade, reaching approximately \$100 million in fiscal year 2013. Federal and state contracts and grants totaled approximately \$70 million and \$17 million, respectively, while other sources of support totaled approximately \$13 million.

In June of 2013, Auburn adopted a new five year strategic plan to guide the University through the year 2018. One of the priorities of the plan is to enhance research, scholarship and creative work. The corresponding goals are for the University to increase its share of the nation's academic research and development and to build upon the University's institutional strengths to reflect national priorities in the areas of cyber security, energy and the environment, health sciences, food systems and security, STEM education and transportation. The University has made a number of commitments to ensure that these goals are achieved, including focusing the Office of the Vice President for Research and Economic Development on economic development activities of the state, increasing institutional proposal submissions and awards, and analyzing laboratory and research space utilization to identify opportunities to make fuller use of research facilities.

The Auburn Research and Technology Foundation (ARTF) is a non-profit corporation and component unit of the University. Its mission is to facilitate the acquisition, construction, and equipping of a technology and research park on the University's campus in order to create new academic and entrepreneurial opportunities for the University's faculty and students. Since 2008, ARTF has successfully launched the Auburn Research Park and the Auburn Business Incubator. In 2013, the Auburn University Board of Trustees approved a 15-acre expansion of the research park to accommodate the Edward Via College of Osteopathic Medicine (VCOM). The medical school is expected to have its first class in 2015.

ARTF and the Business Incubator are located in building 570 in the research park. Other tenants of this building exhibit expertise in biotechnology, Information Technology, and investment. The University occupies some of the space for administrative offices, including the Office of Technology Transfer. Also located in the research park are the MRI Research Center, which opened in late 2010, and the Mike Hubbard Center for Advanced Science, Innovation, and Commerce (CASIC) building, which opened in September 2013. About two-thirds of the MRI Research Center is leased to health industry tenants, with the remaining space used for university research. The Hubbard CASIC Building houses university interdisciplinary research programs.

University Outreach

Through University Outreach, the University fulfills its land-grant responsibility to provide citizens access to its knowledge-based programs and service. Drawing on its university-wide faculty expertise, Auburn's Outreach programming addresses Alabama's economic development, quality K-12 education, excellence in government, continuing education for professionals, cultural preservation, and agricultural and natural resources.

On campus, University Outreach staff and faculty from each of the University's schools and colleges provide expertise and resources through a diverse program base. An average of 50,000 persons participate in more than 1,000 outreach conferences, courses and activities provided each year by Auburn academic departments and outreach centers. Courses and graduate programs delivered through distance learning technologies have increased more than 60% in the last five years, extending Auburn's reach beyond campus with more than 20 degrees and certificates. Interdisciplinary initiatives for education and industry are benefiting citizens across the state, but particularly in West Alabama where Auburn operates several program targeting the economically depressed region.

The Office of University Outreach provides oversight to outreach units and collaborates with academic deans, faculty, Auburn Montgomery Campus and extension system leadership to promote the University's objectives for Outreach. Outreach units include:

- (1) The Center for Governmental Services which assists state, county and local governments with applied policy research, technical assistance, professional development programs and survey research;
- (2) Distance Learning and Outreach Technology which assists the University faculty in developing distance education applications for academic programs and manages independent learning programs for academic departments;
- (3) Economic Development Institute which links the University expertise to Alabama's economic and community development through instruction, research, and technical assistance;
- (4) Outreach Information and Marketing which provides marketing support to the Vice President's initiatives, maintains the University's comprehensive database of faculty outreach activity; and
- (5) Outreach Program Office which conducts interdisciplinary programs, youth activities, and community courses linking the University's educational resources to the general public.

Many more outreach program resources are headquartered in the University's schools, colleges and libraries. These are a major source of continuing education programs for architects, educators, engineers, pharmacists, veterinarians and many other professionals.

The Auburn Technical Assistance Center (College of Business) is dedicated to assisting industries with business development and strategic planning.

The Truman Pierce Institute for the Advancement of Teacher Education (College of Education) promotes the study and improvement of teaching.

The Center for Arts and Humanities (College of Liberal Arts) unites University scholars and local citizens in partnerships of study and appreciation of humanities subjects.

The Colleges of Business and Engineering cooperate in a joint Outreach and Continuing Education office that provides continuing education and development opportunities to engineers and business professionals.

Alabama Agricultural Experiment Station

Studies cover a broad range of agriculture, food production and forestry priorities. Auburn's internationally acclaimed aquaculture program offers hope to many nations in producing food fish economically. New technology is continually being developed to increase production with less energy in the future.

Alabama Cooperative Extension System

In addition to on-campus units, the University reaches all segments of the state's population through the statewide network of the Alabama Cooperative Extension System whose principal participating entities are the University and Alabama A&M University.

Staff and faculty in all 67 counties and at the University lead research-based educational programs to revitalize Alabama's agricultural and forestry industry, strengthen the health, economic and social well-being of families and individuals, stimulate economic development in Alabama's rural areas, and develop the state's human and natural resources.

County Extension Agents develop, organize and carry out educational programs to meet the needs of local people. Agents live in the community, associate closely with clientele, and involve their clientele in program planning decisions.

Subject matter specialists in pertinent disciplines operate from the most up-to-date and technical knowledge available. They constantly process new information discovered by research. Specialists and agents influence new research on campus through feedback of problems and opportunities at the local level.

Capital Expenditures

The University expects its capital expenditures to exceed \$427 million for projects now under construction or approved for construction by the Board of Trustees. Approved facilities currently in planning, design or construction include: Small Animal Teaching Hospital; Airport Taxiway; Theatre and Dance Studio New Addition; Facilities Buildings 1 and 2 Additions and Interior Renovations; and Olympic Sports Building Renovation. Smaller renovation and deferred maintenance projects are also underway.

Libraries

The Auburn University Libraries include the Ralph Brown Draughon Library, the Library of Architecture, Design and Construction and the Charles Allen Cary Veterinary Medical Library. The Special Collections and Archives department, located in the Ralph Brown Draughon Library, houses manuscripts and rare books related to Alabama history and literature, the Civil War, the history of flight and other subjects.

Faculty

In 2013-14, the Auburn Main Campus has 1,184 full-time faculty and 179 part-time faculty, and the Auburn Montgomery Campus has 201 full-time faculty and 134 part-time faculty.

APPENDIX B

2013 Financial Report of the University

