REFUNDING ISSUE—Book Entry Only (See "Ratings" herein)

$87,980,000
UNIVERSITY OF CONNECTICUT
Special Obligation Student Fee Revenue Bonds, 2012 Refunding Series A

Dated: Date of Delivery **Due: As shown on inside cover**

The University of Connecticut Special Obligation Student Fee Revenue Bonds, 2012 Refunding Series A (the "2012 Bonds") are special obligations of the University of Connecticut (the "University"), a body politic and corporate constituting a public instrumentality and agency of the State of Connecticut (the "State"), and are issued pursuant to Sections 10a-109a to 10a-109y inclusive of the General Statutes of Connecticut, as amended (the "UCONN 2000 Act"), and the Special Obligation Indenture of Trust, dated as of January 1, 1997 (the "Special Obligation Indenture"), as supplemented by certain supplemental indentures, including the Third Supplemental Indenture, dated February 1, 2002 (the "Indentures") for the purpose of providing funds for the UConn 2000 Infrastructure Improvement Program. The 2012 Bonds are special obligations of the University, together with the Bonds heretofore and hereafter issued under the Special Obligation Indenture and any supplements thereto, secured by a parity pledge of and payable from the Trust Estate consisting of Pledged Revenues, which are special revenues to be received by the University from fees and charges for certain auxiliary campus activities, together with the revenues or other receipts, funds or moneys held in or set aside in the Trust Estate. See "NATURE OF OBLIGATION AND SOURCES OF REPAYMENT" herein.

The 2012 Bonds do not constitute a general obligation of the University or a debt or liability of the State, including within the meaning of Section 3-21 of the General Statutes of the State, or any political subdivision thereof or a pledge of the faith and credit of the State, the University or any other political subdivision of the State, but shall be payable solely from the resources of the University described herein as the Trust Estate. The issuance of the 2012 Bonds by the University does not obligate the State or any municipality or political subdivision to levy or pledge any form of taxation. The University has no taxing power.

The 2012 Bonds are issuable only as fully-registered bonds, without coupons, and when issued will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2012 Bonds. Purchases of the 2012 Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the 2012 Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners (as defined herein) of the 2012 Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. Principal of and interest on the 2012 Bonds will be paid directly to DTC by the Trustee, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the Bondowner. Interest on the 2012 Bonds will be payable semi-annually on May 15 and November 15, in each year, commencing on May 15, 2013. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

(See inside front cover for maturities, interest rates and prices or yields.)

The 2012 Bonds are subject to redemption prior to maturity as more fully described herein.

In the opinions of Pullman & Comley, LLC, Bond Counsel and the Law Offices of Joseph C. Reid, P.A., Co-Bond Counsel to the University, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the 2012 Bonds (i) is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In the opinion of Bond Counsel and Co-Bond Counsel, under existing statutes, interest on the 2012 Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and interest on the 2012 Bonds is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See "TAX MATTERS" herein.

The 2012 Bonds are offered when, as, and if issued and received by the Underwriters, subject to the approval of legality by Pullman & Comley, LLC, Hartford, Connecticut, Bond Counsel, and the Law Offices of Joseph C. Reid, P.A., New York, New York, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel, Hawkins Delafield & Wood LLP, Hartford, Connecticut, and Lewis & Munday, A Professional Corporation, New York, New York. It is expected that the 2012 Bonds in definitive form will be available for delivery at The Depository Trust Company in New York, New York on or about December 13, 2012.

JEFFERIES

J.P. Morgan Securities LLC **Piper Jaffray & Co., LLC** **Wells Fargo Securities**

Edward Jones **Fidelity Capital Markets** **KeyBanc Capital Markets, Inc.**
Loop Capital Markets LLC **M.R. Beal & Company** **Ramirez & Co., Inc.**
RBC Capital Markets, LLC **TD Securities (USA) LLC** **U.S. Bancorp**
The Williams Capital Group, L.P.

November 21, 2012

$87,980,000
UNIVERSITY OF CONNECTICUT

Special Obligation Student Fee Revenue Bonds,
2012 Refunding Series A

MATURITY SCHEDULE

Maturity	Principal Amount	Interest Rate	Yield	CUSIP
11/15/2013	$2,625,000	1.500%	0.200%	914225FP7
11/15/2014	2,675,000	2.000	0.330	914225FQ5
11/15/2015	2,745,000	3.000	0.470	914225FR3
11/15/2016	2,825,000	3.000	0.620	914225FS1
11/15/2017	2,930,000	4.000	0.770	914225FT9
11/15/2018	3,045,000	4.000	0.890	914225FU6
11/15/2019	3,170,000	4.000	1.070	914225FV4
11/15/2020	3,315,000	5.000	1.300	914225FW2
11/15/2021	3,480,000	5.000	1.500	914225FX0
11/15/2022	6,375,000	5.000	1.680	914225FY8
11/15/2023†	6,700,000	5.000	1.800	914225FZ5
11/15/2024†	7,050,000	5.000	1.890	914225GA9
11/15/2025†	7,405,000	5.000	1.940	914225GB7
11/15/2026†	7,800,000	5.000	1.990	914225GC5
11/15/2027†	155,000	4.000	2.200	914225GD3
11/15/2027†	8,035,000	5.000	2.050	914225GG6
11/15/2028†	8,605,000	5.000	2.110	914225GE1
11/15/2029†	435,000	3.000	2.500	914225GF8
11/15/2029†	8,610,000	5.000	2.170	914225GH4

† Priced to the call date of November 15, 2022 assuming redemption at par

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the University of Connecticut and the State of Connecticut and other sources which are believed to be reliable but is not guaranteed as to its accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of said University or the State since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2012 BONDS AT A LEVEL 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 security for the 2012 Bonds and terms of this offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commissioners 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.

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CONTENTS OF OFFICIAL STATEMENT

This Official Statement of the University of Connecticut, including the cover and inside cover, the Appendices and Schedules thereto, is provided for the purpose of presenting certain information relating to the University in connection with the sale of $87,980,000 principal amount of its 2012 Bonds.

This Official Statement, including the cover and inside cover page and the Appendices thereto, contains information relating to the 2012 Bonds. Appendix A of this Official Statement contains certain information concerning the University as of its date, except as otherwise provided therein. This Official Statement, including the cover page, inside cover page and the Appendices and Schedules thereto should be read collectively and in their entirety.

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OFFICIAL STATEMENT
relating to

$87,980,000
UNIVERSITY OF CONNECTICUT

Special Obligation Student Fee Revenue Bonds,
2012 Refunding Series A

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, inside cover page, and the Appendices attached thereto, is provided for the purpose of presenting certain information in connection with the offering and sale of $87,980,000 Special Obligation Student Fee Revenue Bonds, 2012 Refunding Series A (the "2012 Bonds") of the University of Connecticut (the "University"). The 2012 Bonds are authorized pursuant to The University of Connecticut 2000 Act, Sections 10a-109a to 10a-109y, inclusive, of the General Statutes of Connecticut, Revision of 1958, as amended ("the Act" or the "UCONN 2000 Act") and are authorized and issued under the provisions of a Special Obligation Indenture of Trust, dated as of January 1, 1997, as supplemented and amended by certain supplemental indentures (as amended, the "Special Obligation Indenture"), including the Third Supplemental Indenture, dated as of February 1, 2002 (the "Third Supplemental Indenture"), each by and between the University and U.S. Bank National Association (successor to State Street Bank and Trust Company) of Hartford, Connecticut, as trustee (the "Trustee"), for the benefit of the Bondholders. The Special Obligation Indenture and supplements thereto, including the Third Supplemental Indenture, are collectively referred to herein as the "Indentures."

The University

The University of Connecticut was established and exists as an institution for the education of residents of the State of Connecticut (the "State"). The University, originally established in 1881, is one of the nation's nine colonial land grant colleges. In April 1881, the Connecticut General Assembly established the Storrs Agricultural School after accepting a gift of 170 acres of land, several buildings, and money from Charles and Augustus Storrs. In 1939, the General Assembly designated it the University of Connecticut, reflecting its graduate and professional education, research, and public service programs. In 1965, the University became the flagship institution of higher education in the State under the new Constitution of the State of Connecticut which in Article VIII, Section 2, provides that the State shall maintain a system of higher education including the University of Connecticut, dedicated to excellence in higher education.

As of October 2012, the University had more than 217,000 alumni and 30,256 students (including the Health Center) studying in 14 colleges and schools offering eight undergraduate and 22 graduate and professional degree programs. In addition to the main campus in Storrs, there are five undergraduate regional campuses (one of which also houses the graduate School of Social Work), a School of Law and a complex of health and educational facilities (sometimes referred to herein as the "University of Connecticut Health Center" or "Health Center"). The Health Center consists of the School of Medicine, the School of Dental Medicine, medical and dental clinics and the John Dempsey Hospital. The University campuses comprise 4,272 acres of land, and are strategically located throughout the State. The University competes with public and private institutions for students.

The State's support for the University reflects the status of the University as the flagship institution of the State system of higher education. The University and the Health Center receive separate State appropriations. See Appendix A attached hereto for additional information concerning the University.

UConn 2000 Program

The University is defined by the Act as a constituent unit of the state system of public higher education which includes the University of Connecticut Health Center. The Act establishes the University as a body politic and corporate and instrumentality and agency of the State and enables the University to borrow money in its own name on behalf of the

State for the purpose of providing sufficient funds for a special capital improvement program for the University (the "UConn 2000 Infrastructure Improvement Program" or "UConn 2000"). See "UCONN 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM" below.

The UConn 2000 Infrastructure Improvement Program established by the Act is designed to modernize, rehabilitate and expand the physical plant of the University. The Act provides for a twenty-three year capital budget program in three phases, estimated to cost $3,068.3 million. The Act was originally adopted in 1995 to authorize and finance the UConn 2000 Phase I Projects and the UConn 2000 Phase II Projects at University campuses not including the Health Center and amended in 2002 (the "21st Century UConn Act") to add the authorization and financing of UConn 2000 Phase III Projects which included projects at the Health Center. In 2010, the General Assembly enacted and the Governor signed PA 10-104, which increased the cost of certain Health Center projects, authorized additional projects for the Health Center and extended UConn 2000 for an additional two fiscal years to 2018. In 2011, the General Assembly enacted and the Governor signed PA 11-75 which increased the estimated cost of two Health Center projects.

The Act provides for a plan of financing UConn 2000 Projects that includes $2,731.9 million of general obligation bonds of the University secured by the State Debt Service Commitment (the "State Debt Service Commitment"). The balance of the estimated cost of UConn 2000 Projects which is not to be financed by the University's bonds secured by the State Debt Service Commitment or the State's bonds may be met by the issuance of special obligation bonds ("Special Obligation Bonds") of the University, general obligation bonds of the State or from gifts or other revenue or borrowing resources of the University. See "UCONN 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM" below. The State has authorized the financing of additional projects for the University through its general obligation bond program including but not limited to bonds authorized by Public Act 11-57 which authorized the issuance of $18 million of State General Obligation Bonds to create a Technology Park on the Storrs campus and Public Act 11-75 which authorized $5 million in State General Obligation Bonds for a comprehensive cancer center and the University-sponsored health disparities institute. More special obligation bonds may be issued but there are no existing authorizations for special obligations bonds at this time.

2012 Bonds

The 2012 Bonds represent the sixth series of Special Obligation Bonds being issued pursuant to the Act and the Indentures (and the third series of refunding bonds). As of the date of delivery of the 2012 Bonds, the University will have outstanding $130,415,000 of its Special Obligation Bonds, the proceeds of which have refunded bonds originally issued to fund UConn 2000 Projects. See Appendix A – "UNIVERSITY FINANCES – University Indebtedness."

Nature of Obligation and Sources of Repayment

The 2012 Bonds are special obligations of the University, and together with Bonds heretofore and hereafter issued under the Special Obligation Indenture, are secured by a parity pledge of and payable solely from the Trust Estate. The Trust Estate consists of deposits in the Bond Proceeds Fund, the Debt Service Fund and the Redemption Fund, together with all money or property payable to such funds or accounts, and Pledged Revenues, including the right of the Trustee to require the application of any Pledged Revenues. All series of bonds issued under the Special Obligation Indenture are herein called the "Bonds" or "Special Obligation Bonds." See "NATURE OF OBLIGATION AND SOURCES OF REPAYMENT" below.

Additional Information

All references herein to the Act, the Indentures and the Bonds are qualified in their entirety by reference to the definitive documents. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in Appendix E – "DEFINITIONS OF CERTAIN TERMS OF THE SPECIAL OBLIGATION INDENTURES."

NATURE OF OBLIGATION AND SOURCES OF REPAYMENT

Nature of Obligation

The 2012 Bonds are special obligations of the University and together with Bonds heretofore and hereafter issued under the Special Obligation Indenture are secured by a parity pledge of and payable solely from the Trust Estate. Subject only to the provisions of the Indentures permitting the application of certain moneys for the purposes and on the terms set forth in the Indentures (see "Statement of Projected Coverage Levels"), the 2012 Bonds are entitled to the lien created by the pledge under the Indentures on the Trust Estate, which consists of the following:

(a) all monies or securities in the Bond Proceeds Fund, the Debt Service Fund, and the Redemption Fund together with any and all receipts, funds or moneys, investments and other property of every kind and nature from time to time hereafter on deposit in or payable to such funds and accounts thereof except, with respect to the foregoing but subject to the Indenture, the Rebate Fund and moneys and securities in the Rebate Fund;

(b) all monies received as "Pledged Revenues," means special revenues to be received by the University from fees and charges for certain auxiliary activities, including the Residential Life Room Fee, Student Apartment Rentals, the Greek Housing Fee, the Board (Dining) Fee, the Infrastructure Maintenance Fee, the Parking and Transportation Fee and the General University Fee, the parity payment of certain general obligation bonds of the State categorized by the State as self-liquidating, each as noted in the Indenture, and such other legally available revenues, including but not limited to other fees and charges and Special Eligible Gifts, as the Board of Trustees of the University may determine to pledge under the Indenture; and

(c) all rights of the University under any Bond Facility or Swap Facility, including the right to receive Swap Receipts and Termination Receipts.

University Covenants

The covenants of the University with respect to the 2012 Bonds are set forth in the Special Obligation Indenture. The Act provides for, and the Special Obligation Indenture includes, remedies available to the Trustee for protection and enforcement of any and all rights of the Bondholders granted under the Act, including by mandamus to require the University to receive and collect revenues including Pledged Revenues. See Appendix B - "SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL OBLIGATION INDENTURE OF TRUST."

Rate Covenants

Pursuant to the Special Obligation Indenture, the University has covenanted that it will establish, fix, and revise from time to time, prior to and during each Fiscal Year and collect in each Fiscal Year, fees representing Pledged Revenues so that the aggregate sum of each Net Revenue Amount plus each Gross Revenue Amount is equal to no less than the sum of: (1) an amount equal to 1.25 times the Debt Service Requirements in such Fiscal Year, and (2) together with any amounts on hand and available therefor, an amount equal to the amounts of the Debt Service Expense Requirement in such Fiscal Year not covered in (1) hereof.

For purposes of the foregoing covenant, "Net Revenue Amount" constitutes that amount of Pledged Revenues with respect to the (i) Residential Life Room Fee, (ii) Board (Dining) Fee, (iii) the Parking and Transportation Fee, (iv) the Student Apartment Rentals, and (v) the Greek Housing Fee, after providing for or paying the reasonable or necessary cost of currently maintaining, repairing, insuring and operating the facilities for which such fees, respectively, are imposed and each of which individual amount as a result thereof may be a plus or minus. "Gross Revenue Amount" for purposes of the foregoing covenant constitutes that amount of Pledged Revenues with respect to the (i) Infrastructure Maintenance Fee, (ii) the General University Fee prior to any payments, deductions, offsets or provisions, respectively and (iii) any interest earned or gains realized by the investment of monies which are Pledged Revenues and which constitute a part of the Trust Estate.

Statutory Lien

Pursuant to the Act, upon their issuance, securities of the University shall be conclusively presumed to be fully and duly authorized and issued under the laws of the State, and any person shall be estopped from questioning their authorization, sale, issuance, execution or delivery. Any pledge made by the University shall be deemed a statutory lien which shall be valid and binding from the time when the pledge is made against all parties having claims against the University. Neither the Act, the Indentures or resolution, nor any other instrument by which a pledge is created need be recorded. Any revenues or other receipts, funds, moneys so pledged and thereafter received by the University shall be subject immediately to the lien of the pledge without any physical delivery thereof or further act and such lien shall have priority over all other liens. See Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL OBLIGATION INDENTURE OF TRUST."

State Covenant

Pursuant to the Act, the University is authorized and has included the following State covenant in the Special Obligation Indenture as a contract of the State. The State covenants with holders of any securities issued under the Act, in consideration of the acceptance of and payment for the securities until the securities, together with the interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any action or proceeding on behalf of the owners, are fully met and discharged or unless expressly permitted or otherwise authorized by the terms of each contract and agreement made or entered into by or on behalf of the University with or for the benefit of such owners, that the State: (1) will not create or cause to be created any lien or charge on the assets or revenues pledged to secure such securities, other than a lien or pledge created thereon pursuant to the Act; (2) will not in any way impair the rights, exemptions or remedies of the owners; and (3) will not limit, modify, rescind, repeal or otherwise alter the rights or obligations of the University to take such action as may be necessary to fulfill the terms of the resolution authorizing the issuance of the securities; provided nothing in the Act shall preclude the State from exercising its power, through a change in law, to limit, modify, rescind, repeal or otherwise alter the Act if and when adequate provision shall be made by law for the protection of the holders of outstanding securities, pursuant to the resolution or indenture under which the securities are issued.

The Board of Trustees approved the Special Obligation Indenture on November 8, 1996. As required by the Act, the Board of Trustees' resolution approving each Supplemental Indenture for the issuance of Bonds must be submitted to the Governor. The Governor may, not later than thirty days after such submission, disapprove the same by notifying the Board of Trustees and the reasons for it. If the Governor does not act within thirty days, the resolution is deemed approved. The resolution approving the issuance of the refunding bonds and the Third Supplemental Indenture were submitted to the Governor on October 17, 2001 and was approved by the Governor on October 19, 2001.

Pursuant to the Act and the Indentures, the Bonds, including the 2012 Bonds, shall not constitute a general obligation of the University or a debt or liability of the State, including within the meaning of Section 3-21 of the General Statutes, or any political subdivision thereof or a pledge of the faith and credit of the University, the State or any political subdivision of the State but shall be payable solely from the resources of the University described in the Special Obligation Indenture as the Trust Estate. Bonds issued under the Special Obligation Indenture may be additionally secured by either the Special Capital Reserve Fund or the Debt Service Reserve Fund or may be secured solely by the Trust Estate. The 2012 Bonds are not secured by either the Special Capital Reserve Fund or the Debt Service Reserve Fund. The University has no taxing power.

Additional Bonds

Pursuant to the Special Obligation Indenture, Special Obligation Bonds of the University are authorized to be issued without limitation as to amount except as provided in the Special Obligation Indenture or as may be limited by law. The Special Obligation Indenture provides that no Additional Series of Bonds may be authorized and issued under the Special Obligation Indenture unless:

(1) in the event of Bonds secured by a Special Capital Reserve Fund, upon the issuance of such Series of Additional Bonds, the amount on deposit in the Special Capital Reserve Fund will be not less than the Special Capital Reserve Fund Maximum Requirement;

(2) a certificate of an Authorized Officer of the University shall have been delivered to the Trustee stating (a) that the particular Pledged Revenues estimated to be received as a result of the construction, completion and operation of the project to be financed with the proceeds of the Additional Series of Bonds, and amounts in funds or accounts or payable thereto as a result of the issuance of such Additional Series of Bonds during the period such Additional Series of Bonds are Outstanding, including Swap Receipts, shall be sufficient to pay as the same become due the reasonable and necessary project operating expenses of the University which are estimated will be incurred as a result of the issuance of such Additional Series of Bonds; or (b) the Pledged Revenues estimated to be received, and amounts in funds or accounts or payable thereto shall, together with other moneys received or estimated to be received by the University, be sufficient to pay all estimated Principal Installments of, Swap Payments, if any, and the Interest Requirement on Bonds Outstanding and such Additional Series of Bonds; and

(3) a certificate of an Authorized Officer of the University shall have been delivered to the Trustee stating that the sum of Net Revenue Amount and Gross Revenue Amount based on the most recent Audited Financial Statements preceding the date of issuance of such Additional Bonds have been, with respect to the then and any future Fiscal Year, equal to an amount at least 1.25 times the maximum Debt Service Requirement on all Outstanding Bonds plus the expected maximum Debt Service Requirement on the Additional Bonds.

DESCRIPTION OF THE 2012 BONDS

In General

The 2012 Bonds are issuable only as fully registered bonds, in book-entry-only form (as described herein), in the denomination of $5,000, or any integral multiple thereof.

The 2012 Bonds

The 2012 Bonds will be dated the Date of Delivery, will mature on November 15 in each of the years and in the amounts as set forth on the inside cover page of this Official Statement and will bear interest payable semi-annually on May 15 and November 15 in each year, commencing May 15, 2013, at the rates per annum set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year of twelve 30 day months and will be paid to the person in whose name the Bond is registered as of the close of business on the last day of April and October in each year or the preceding business day if such last day is not a business day.

Principal of and interest on the 2012 Bonds will be paid directly to The Depository Trust Company ("DTC") by U.S. Bank National Association, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the Bondowner. See "BOOK-ENTRY-SYSTEM ONLY."

Optional Redemption. The 2012 Bonds maturing on and after November 15, 2023 will be subject to redemption prior to their maturity, at the election of the University, on or after November 15, 2022 in whole on any date or in part, on any interest payment date (each herein the "Redemption Date") from time to time, and in such maturity or maturities (but by lot within a maturity) as the University shall determine, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued and unpaid on the Redemption Date.

Notice of Redemption. Notice of redemption shall be mailed not less than thirty (30) nor more than forty-five (45) days prior to the redemption date, by registered mail, to the registered owner of such bond at such Bondowner's address as it appears on the books of registry or at such address as may have been filed with the registrar for that purpose. So long as Cede & Co., as nominee of DTC, is the registered owner of the 2012 Bonds, all notices of redemption will be sent only to DTC.

PLAN OF REFUNDING

Refunding

The University expects to apply the proceeds from the sale of the 2012 Bonds to refund all or a portion of selected maturities of certain Bonds of the University, including its Special Obligation Student Fee Revenue Bonds, 2002 Series A (the "2002 Series A Bonds") and its Special Obligation Student Fee Revenue Bonds, 2002 Refunding Series A (the "2002 Refunding Series A Bonds" and together with the 2002 Series A Bonds, the "Refunded Bonds"), which will be redeemed on the earliest possible refunding date. The 2002 Series A Bonds and the 2002 Refunding Series A Bonds were used to finance and refinance the cost of constructing, erecting, renovating, equipping and/or furnishing various UConn 2000 Projects.

For additional information regarding these projects and other UConn 2000 Projects, see Appendix A – "GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES – Status of UConn 2000 Projects" and "UNIVERSITY FINANCES – University Indebtedness."

REFUNDED BONDS

Bond Series	Maturity Date	Principal Amount	Coupon	Call Date	Call Price
2002 Series A	5/15/2023	$ 3,395,000	5.000%	1/16/2013	100.000
2002 Series A	5/15/2027	15,370,000	5.000	1/16/2013	100.000
2002 Series A	5/15/2030	13,665,000	5.000	1/16/2013	100.000
Total		$32,430,000			

Bond Series	Maturity Date	Principal Amount	Coupon	Call Date	Call Price
2002 Refunding Series A	11/15/2013	$ 2,765,000	5.250%	1/16/2013	101.000
2002 Refunding Series A	11/15/2014	2,915,000	5.250	1/16/2013	101.000
2002 Refunding Series A	11/15/2015	3,075,000	5.250	1/16/2013	101.000
2002 Refunding Series A	11/15/2016	3,240,000	5.250	1/16/2013	101.000
2002 Refunding Series A	11/15/2017	3,415,000	5.250	1/16/2013	101.000
2002 Refunding Series A	11/15/2018	3,595,000	5.250	1/16/2013	101.000
2002 Refunding Series A	11/15/2019	3,790,000	5.250	1/16/2013	101.000
2002 Refunding Series A	11/15/2020	3,995,000	5.250	1/16/2013	101.000
2002 Refunding Series A	11/15/2021	4,205,000	5.250	1/16/2013	101.000
2002 Refunding Series A	11/15/2022	4,435,000	5.250	1/16/2013	101.000
2002 Refunding Series A	11/15/2023	4,665,000	5.000	1/16/2013	101.000
2002 Refunding Series A	11/15/2026	15,500,000	5.000	1/16/2013	101.000
2002 Refunding Series A	11/15/2029	18,005,000	5.000	1/16/2013	101.000
Total		$73,600,000			
Total Refunded Bonds		$106,030,000			

Upon delivery of the 2012 Bonds, proceeds will be deposited in the Redemption Fund pursuant to the Indentures and will be placed in escrow with U.S. Bank National Association (the "Escrow Agent"), under an Escrow Deposit Agreement (the "Escrow Deposit Agreement") to be dated as of December 13, 2012 between the Escrow Agent and the University. The Escrow Agent will deposit in an irrevocable trust fund called the Escrow Deposit Fund (the "Escrow Deposit Fund") $107,670,291.67, representing $107,670,291.67 of the net proceeds of the 2012 Bonds which will be used to purchase $107,670,290 non-callable direct obligations or non-callable obligations guaranteed by the United States of America, including State and Local Government Series Securities (the "Government Obligations"), the principal of and interest on which, when due, along with the uninvested cash amounts of $1.67, will provide amounts sufficient to meet principal, interest payments and redemption prices on the Refunded Bonds on the dates such payments are due. All investment income on and maturing principal of the Government Obligations held in the Escrow Deposit Fund and needed to pay the principal and premium of, and interest on the Refunded Bonds will be irrevocably deposited by the University in the Escrow Deposit Fund for payment of the Refunded Bonds.

SOURCES AND USES OF PROCEEDS OF THE 2012 BONDS

The University expects to apply the proceeds from the sale of the 2012 Bonds as follows:

Sources	
Par Amount of the 2012 Bonds	$ 87,980,000.00
Net Reoffering Premium of the 2012 Bonds (Discount)	20,655,985.60
Total Sources	$108,635,985.60
Uses	
Deposit to Redemption Fund	$107,670,291.67
Costs of Issuance Account for 2012 Bonds	404,129.55
Underwriters' Discount for 2012 Bonds	561,564.38
Total Uses	$108,635,985.60

Amounts in the Costs of Issuance Account under the Special Obligation Indenture shall be invested by the Trustee at the direction of an Authorized Officer of the University in such Investment Obligations permitted by the Special Obligation Indenture and paragraph (f) of Section 3-20 of the Connecticut General Statutes, as amended.

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DEBT SERVICE TABLE

Projected Debt Service and Debt Service Coverage

The following schedule sets forth the debt service payments to be made in each University fiscal year on the Special Obligation Bonds issued and outstanding as of the date of delivery of the 2012 Bonds.

FYE June 30	AMOUNT OUTSTANDING Principal	Interest	Debt Service	2012 REFUNDING SERIES A BONDS Principal	Interest	Debt Service	TOTAL SPECIAL OBLIGATIONS Principal	Interest	Debt Service
2013	$ -	$ 905,253	$ 905,253	$ -	$ 1,694,705	$ 1,694,705	$ -	$ 2,599,958	$ 2,599,958
2014	3,175,000	1,754,081	4,929,081	2,625,000	3,994,088	6,619,088	5,800,000	5,748,169	11,548,169
2015	3,315,000	1,614,781	4,929,781	2,675,000	3,947,650	6,622,650	5,990,000	5,562,431	11,552,431
2016	3,470,000	1,462,506	4,932,506	2,745,000	3,879,725	6,624,725	6,215,000	5,342,231	11,557,231
2017	3,630,000	1,302,356	4,932,356	2,825,000	3,796,175	6,621,175	6,455,000	5,098,531	11,553,531
2018	3,770,000	1,155,056	4,925,056	2,930,000	3,695,200	6,625,200	6,700,000	4,850,256	11,550,256
2019	3,765,000	1,016,306	4,781,306	3,045,000	3,575,700	6,620,700	6,810,000	4,592,006	11,402,006
2020	4,565,000	835,981	5,400,981	3,170,000	3,451,400	6,621,400	7,735,000	4,287,381	12,022,381
2021	4,285,000	641,856	4,926,856	3,315,000	3,305,125	6,620,125	7,600,000	3,946,981	11,546,981
2022	4,465,000	462,731	4,927,731	3,480,000	3,135,250	6,615,250	7,945,000	3,597,981	11,542,981
2023	1,180,000	352,181	1,532,181	6,375,000	2,888,875	9,263,875	7,555,000	3,241,056	10,796,056
2024	1,235,000	299,438	1,534,438	6,700,000	2,562,000	9,262,000	7,935,000	2,861,438	10,796,438
2025	1,290,000	241,869	1,531,869	7,050,000	2,218,250	9,268,250	8,340,000	2,460,119	10,800,119
2026	1,360,000	175,619	1,535,619	7,405,000	1,856,875	9,261,875	8,765,000	2,032,494	10,797,494
2027	1,430,000	105,869	1,535,869	7,800,000	1,476,750	9,276,750	9,230,000	1,582,619	10,812,619
2028	1,500,000	35,059	1,535,059	8,190,000	1,077,775	9,267,775	9,690,000	1,112,834	10,802,834
2029	-	-	-	8,605,000	658,675	9,263,675	8,605,000	658,675	9,263,675
2030	-	-	-	9,045,000	221,775	9,266,775	9,045,000	221,775	9,266,775
Total[1]	$42,435,000	$12,360,944	$54,795,944	$87,980,000	$47,435,993	$135,415,993	$130,415,000	$59,796,936	$190,211,936

[1]Totals may not sum due to rounding.

Debt service on the 2012 Bonds is payable from Pledged Revenues of the University derived from fees and charges for certain auxiliary activities, including the Residential Life Room Fee, Student Apartment Rentals, the Greek Housing Fee, the Board (Dining) Fee, the Infrastructure Maintenance Fee, the Parking and Transportation Fee and the General University Fee and such other legally available revenues, including but not limited to other fees and charges and Special Eligible Gifts, as the Board of Trustees of the University may determine to pledge under the Indenture subject to the provisions of the Indenture permitting the application of certain monies permitted by the Indenture.

The following table sets forth the historical and projected coverage levels for Pledged Revenues and the debt service coverage calculation for the Bonds with respect thereto, issued and outstanding as of the date of delivery of the 2012 Bonds. The University's projections are based on various assumptions and contingencies which are uncertain and which may not materialize. Please see the accompanying list of footnotes and assumptions which are an integral part of this coverage table.

University of Connecticut
Statement of Projected Coverage Levels [1]
Fiscal Year Ended June 30
(Amounts in Thousands)

	ACTUAL			UNAUDITED	FORECAST[2]	PROJECTED			
	2009	***2010***	***2011***	***2012***	***2013***	***2014***	***2015***	***2016***	***2017***
Pledged Revenues (Gross)[A]									
Infrastructure Maintenance Fee (IMF)	$ 9,504	$ 10,002	$ 10,839	$ 11,492	$ 11,741	$ 12,057	$ 12,300	$ 12,571	$ 13,007
General University Fee (GUF)	27,304	29,331	31,181	32,917	33,900	34,800	35,500	36,300	37,600
Investment Income	42	9	2	1	1	1	1	2	3
Gross Revenue Available	**36,850**	**39,342**	**42,022**	**44,410**	**45,642**	**46,858**	**47,801**	**48,873**	**50,610**
Pledged Revenues (Subject to Expenses Below) [A]									
Room Fee and Apartment Rentals	65,395	71,627	76,852	79,623	81,083	82,591	85,469	88,454	91,110
Board Fee	51,390	54,332	60,006	62,675	62,879	63,407	65,313	67,268	69,291
Husky Village (Greek Housing) Fee	1,702	1,902	2,042	2,131	2,216	2,305	2,397	2,493	2,568
Parking and Transportation Fees	5,591	5,693	5,890	6,297	7,469	7,683	7,902	8,128	8,361
Total Pledged Revenues (Subject to Expenses Below)	**124,078**	**133,554**	**144,790**	**150,726**	**153,647**	**155,986**	**161,081**	**166,343**	**171,330**
Expenses[A]									
Residence Halls and Apartments	(50,024)	(49,844)	(54,110)	(56,267)	(60,739)	(63,046)	(65,397)	(69,440)	(73,148)
Dining Services	(47,829)	(48,151)	(54,423)	(57,086)	(59,752)	(62,646)	(65,139)	(66,888)	(68,910)
Husky Village (Greek Housing)	(779)	(802)	(780)	(613)	(721)	(759)	(798)	(838)	(881)
Parking and Transportation	(3,355)	(3,316)	(4,307)	(5,778)	(6,174)	(6,410)	(6,674)	(6,947)	(7,240)
Total Expenses	**(101,987)**	**(102,113)**	**(113,620)**	**(119,744)**	**(127,386)**	**(132,861)**	**(138,008)**	**(144,113)**	**(150,179)**
Net Revenues Available	**22,091**	**31,441**	**31,170**	**30,982**	**26,261**	**23,125**	**23,073**	**22,230**	**21,151**
Total Gross and Net Revenue Available for Debt Service	**58,941**	**70,783**	**73,192**	**75,392**	**71,903**	**69,983**	**70,874**	**71,103**	**71,761**
Debt Service[B]									
Debt Service on 2012 Refunding Series A Revenue Bonds	-	-	-	-	(1,695)	(6,619)	(6,623)	(6,625)	(6,621)
Debt Service on 2010 Refunding Series A Revenue Bonds	-	-	(2,855)	(2,857)	(4,932)	(4,929)	(4,930)	(4,933)	(4,932)
Debt Service on 2002 Series A Revenue Bonds	(5,017)	(5,019)	(3,697)	(3,699)	(811)	-	-	-	-
Debt Service on 2002 Refunding Series A Revenue Bonds	(6,117)	(6,113)	(6,111)	(6,111)	(4,573)	-	-	-	-
Debt Service on 1998 Series A Revenue Bonds	(2,076)	(2,079)	-	-	-	-	-	-	-
Residence Halls/Dining Debt Service	(1,024)	(969)	(775)	(684)	(456)	(372)	(345)	(186)	(119)
Total Debt Service	**(14,234)**	**(14,180)**	**(13,438)**	**(13,351)**	**(12,467)**	**(11,920)**	**(11,898)**	**(11,744)**	**(11,672)**
Coverage Calculation [C]	**4.14**	**4.99**	**5.45**	**5.65**	**5.77**	**5.87**	**5.96**	**6.05**	**6.15**
(Total Gross & Net Revenue Available -- Debt Service)									
Total Gross and Net Revenue Available for Debt Service	**58,941**	**70,783**	**73,192**	**75,392**	**71,903**	**69,983**	**70,874**	**71,103**	**71,761**
Less: Debt Service	(14,234)	(14,180)	(13,438)	(13,351)	(12,467)	(11,920)	(11,898)	(11,744)	(11,672)
Expenditures for Auxiliary Enterprise Support [D]	(27,304)	(29,331)	(31,181)	(32,917)	(33,900)	(34,800)	(35,500)	(36,300)	(37,600)
Expenditures for Operations & Maintenance-UCONN 2000 Projects [E]	(7,470)	(7,932)	(9,385)	(10,093)	(9,795)	(10,112)	(10,355)	(10,626)	(11,063)
Transfer to Reserves Available for Renewal, Replacement and Operations	**9,933**	**19,340**	**19,188**	**19,031**	**15,741**	**13,151**	**13,121**	**12,433**	**11,426**
Reserves Available for Renewal, Replacement and Operations [F]									
Beginning Balance	14,026	14,188	17,077	20,687	20,421	20,760	19,274	22,104	23,561
Transfer from Operations	9,933	19,340	19,188	19,031	15,741	13,151	13,121	12,433	11,426
Renewal/Replacement Expenditures	(9,771)	(16,451)	(15,578)	(19,297)	(15,402)	(14,637)	(10,291)	(10,976)	(9,899)
Ending Balance	**$ 14,188**	**$ 17,077**	**$ 20,687**	**$ 20,421**	**$ 20,760**	**$ 19,274**	**$ 22,104**	**$ 23,561**	**$ 25,088**

Notes:

(1) See the accompanying assumptions and footnotes which are an integral part of this statement.

(2) Forecast as of December 13, 2012.

Assumptions and Footnotes
To Statement of Projected Coverage Levels
Special Obligation Student Fee Revenue Bonds

[(A)] **Assumptions used to build the forecasted and projected revenues and expenses are as follows:**

Revenue - Room and board rates have been approved by the Board of Trustees through FY 2016, other rates are approved through FY 2013.

Infrastructure Maintenance Fee - The Infrastructure Maintenance Fee, which currently funds certain Special Obligation Student Fee Revenue debt service and facilities operating and maintenance costs, as well as preventive and deferred maintenance costs, was instituted on July 1, 1997. For FY 2013, the Infrastructure Maintenance Fee rate is $454 for full-time Undergraduate and Graduate/Professional students, an increase of 3.18% over FY 2012 rates. The projections for FY's 2014 to 2017 are based on a rate increase assumption of 3.0% each year. Undergraduate students account for approximately 81.4% of revenue from the Infrastructure Maintenance Fee and Graduate/Professional students account for approximately 18.6% of revenue.

General University Fee - The General University Fee primarily supports Athletics, Jorgensen Center for the Performing Arts, Student Health Services, Student Activities, Student Union and certain other departments. For FY 2013, the General University Fee rate is $1,776 for full-time Undergraduate students and $1,314 for full-time Graduate/Professional students, an increase of approximately 4.23% over FY 2012 rates. The projections for FY's 2014 to 2017 are based on a rate increase assumption of 3.0% each year.

Investment Income - The projected rate of return for bond funds is estimated as follows: FY 2013 .20%; FY 2014 .22%; FY 2015 .25%; FY 2016 .30%; and FY 2017 .5%. Bond proceeds are invested in the State Treasurer's Short Term Investment Fund (STIF).

Room Fee - The Undergraduate regular double room rate for FY 2013 is $6,096 and the Graduate room rate is $7,250. For FY's 2014 to 2016, projected rate increases approximate 3.0% each year for the double room fee and 4.0% increases for all other rooms. For FY 2017, the projected rate increase is 3.0% for all rooms. Conservative occupancy projections were used for FY 2014 through FY 2017.

Board Fee - In FY 2013, the most popular resident plan is the Ultimate Meal Plan which costs $5,284, an increase of 3% over FY 2012 rates. Other meal plan options are available. Projected revenue for FY's 2014 to 2017 are based on rate increases of approximately 3% each year. Occupancy is conservatively projected from FY 2014 through FY 2017.

Husky Village Fee (Greek Housing) - This room rate is $7,250 for FY 2013. For FY's 2014 to 2016, the projected annual rate increase is 4.0%. For FY 2017 the projected rate increase is 3.0%.

Parking and Transportation Fees - Parking and Transportation Fees consist of the Transit Fee, Parking Permits, Parking Tickets, Transient Parking, Meter Revenue, Event Parking and rental income paid by the UConn Co-op. Revenues are based on the assumption of 3.0% increases for FY's 2014 to 2017. The UConn Co-op is located adjacent to the South Garage and effective January 1, 2003, began paying annual rent of $300,000 to the University.

[(A)] **Continued - Assumptions used to build the forecasted and projected revenues and expenses are as follows:**

Expenses - Included in expenses are all direct expenses and operating transfers.

Residence Halls - FY's 2014 to FY 2017 inflation increases average 5.0%, not including utilities. Due to favorable bulk purchasing, utility expenses have decreased. Inflation increases are due to anticipated collective bargaining agreements, fringe benefit costs, deferred maintenance and repairs. FY 2012 included the payment of a 27th pay period.

Dining Services - Inflation increases range from 3.0%-10.0% for FY's 2014 to 2017 due to anticipated collective bargaining agreements, fringe benefit costs and increased food costs. FY 2012 included the payment of a 27th pay period.

Husky Village (Greek Housing) - The increase in expenses is projected at an average of 5.0% for FY's 2014 to 2017 due to anticipated collective bargaining agreements, fringe benefit costs, repairs, and equipment purchases. FY 2012 included the payment of a 27th pay period.

Parking and Transportation - Expenditures are projected to increase by 5.0% each year for FY's 2014 to 2017. FY 2012 includes the payment of a 27th pay period.

[(B)] Pursuant to the Indentures, the debt listed herein is of equal rank with the pledge created by this Special Obligation debt. Other State debt categorized as self-liquidating ranging from approximately $218,596 in FY 2013 to $170,018 in FY 2017, which is repaid from other revenue sources, is excluded from the above coverage table. On December 13, 2012 the Special Obligation 2012 Refunding Series A Revenue Bonds refunded all the outstanding $75,430,000 Special Obligation 2002 Series A Revenue Bonds and $96,130,000 2002 Series A Refunding Revenue Bonds. The 1998 Series A Revenue Bonds were refunded in June 2010.

[(C)] No assurance can be given that these coverage levels will not change since projections can vary and the University may authorize additional projects and issue additional bonds under the Special Obligation Indenture; the effect of which may reduce coverage levels subject to the rate covenant of 1.25 times the maximum Debt Service Requirement on all Outstanding Bonds (including the Additional Bonds). See "NATURE OF OBLIGATION AND SOURCES OF REPAYMENT - University Covenants" and "NATURE OF OBLIGATION AND SOURCES OF REPAYMENT - Additional Bonds" herein.

[(D)] Reflects expenditure of the General University Fee for operating support for various Auxiliary Enterprise programs.

[(E)] Additional funding for UCONN 2000 Operating & Maintenance expenditures is also provided from other non-pledged operating revenues.

[(F)] Funds reserved for the payment or reimbursement of extraordinary expenses incurred for the rebuilding, replacement, relocating, repair and restoration of any UCONN 2000 project financed by the University under the Indentures and other facilities which are part of the physical plant enabling the University to operate and maintain the physical plant in sound operating condition. Funds may also be used in the event of significant revenue or expense variances. Additionally, the University funds a reserve which is available to pay debt service for current and future Special Obligation Student Fee Revenue Bonds and other parity debt. As of June 30, 2012, the reserve had a balance of $21,771,800. The reserve is invested in the State Treasurer's Short Term Investment Fund (STIF).

BOOK-ENTRY-ONLY SYSTEM

Unless otherwise noted, the description which follows of the procedures and record-keeping with respect to beneficial ownership interests in the 2012 Bonds, payment of interest and other payments on the 2012 Bonds to DTC Participants (as hereinafter defined) or Beneficial Owners (as hereinafter defined) of the 2012 Bonds, confirmation and transfer of beneficial ownership interests in the 2012 Bonds and other bond-related transactions by and between DTC (as hereinafter defined), the DTC Participants and Beneficial Owners of the 2012 Bonds is based solely on information provided on the DTC's website and presumed to be reliable. Accordingly, the University does not and cannot make any representation concerning these matters.

NEITHER THE UNIVERSITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY THE UNIVERSITY'S OBLIGATION UNDER THE ACT AND THE RESOLUTION TO THE EXTENT OF SUCH PAYMENTS.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2012 Bonds. The 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2012 Bond certificate will be issued for each maturity of the 2012 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with 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, 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 Standard & Poor's rating of AA+. 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 the 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 the 2012 Bonds, except in the event that use of the book-entry system for a series of the 2012 Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the 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 2012 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 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 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and payments on the 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 Trustee, the Paying Agent, or the University on the payment 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, the Paying Agent, 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 Trustee, the Paying Agent, or the University, 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 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, the 2012 Bond certificates are required to be printed and delivered.

The University may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the 2012 Bond certificates will be printed and delivered to DTC.

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 the University takes no responsibility for the accuracy thereof.

DTC Practices

The University can make no assurances that DTC, DTC Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its Participants which are on file with the Securities and Exchange Commission.

The University and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the 2012 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the 2012 Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the 2012 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The University shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the 2012 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the University (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal, redemption premium, if any, or interest on the 2012 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the University; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

For every transfer and exchange of beneficial ownership of any of the 2012 Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

So long as Cede & Co. is the registered owner of the 2012 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the 2012 Bonds (other than under the captions "Tax Exemption" and "Continuing Disclosure" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2012 Bonds.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the University believes to be reliable, but the University takes no responsibility for the accuracy thereof.

Effect of Discontinuance of Book-Entry System. The following procedures shall apply if the book-entry system is discontinued with respect to the 2012 Bonds.

Principal and Interest Payments. Principal of the 2012 Bonds will be payable at the corporate trust office of the Trustee in Hartford, Connecticut, and interest on the 2012 Bonds will be payable to the registered owner thereof on each interest payment date by check mailed to such registered owner at the address shown on the bond register maintained by the Trustee, or on the special record date established for the payment of defaulted interest. However, registered owners of $1,000,000 or more in aggregate principal amount of 2012 Bonds may be paid interest by wire transfer upon written request filed with the Trustee on or before the Record Date for the applicable interest payment date.

Registration and Transfer. The Trustee will keep or cause to be kept, at its corporate office in Hartford, Connecticut, sufficient books for the registration and transfer of the 2012 Bonds, and, upon presentation of 2012 Bonds for each purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer, or cause to be registered or transferred, on such books such 2012 Bonds. Any 2012 Bond may, in accordance with its terms, be transferred upon such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such registered 2012 Bond for cancellation, accompanied by delivery of a written instrument of transfer executed in a form approved by the Trustee. Whenever any 2012 Bond shall be surrendered for transfer, the University shall execute and the Trustee shall authenticate and deliver a new 2012 Bond and maturity and for a like aggregate principal amount. The Trustee is not required to transfer or exchange any 2012 Bond during the period 15 days before the mailing of a notice of redemption. The Trustee shall require the Bondholder requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange and may require the payment of any reasonable sum to cover expenses incurred by the Trustee or University in connection with such exchange.

UCONN 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM

Introduction

The UConn 2000 Infrastructure Improvement Program established by the Act is designed to modernize, rehabilitate and expand the physical plant of the University. The Act provides for a twenty-three year capital budget program in three phases estimated to cost $3,068.3 million. The Act was originally adopted in 1995 to authorize and finance the UConn 2000 Phase I Projects and the UConn Phase II Projects at University campuses not including the Health Center and amended in 2002 (the "21st Century UConn Act") to add the authorization and financing of UConn 2000 Phase III Projects which included projects at the Health Center. In 2010, the General Assembly enacted and the Governor signed PA 10-104, which increased the cost of certain Health Center projects, authorized additional projects for the Health Center and extended UConn 2000 for an additional two fiscal years to 2018. In 2011, the General Assembly enacted and the Governor signed PA 11-75 which increased the estimated cost of two Health Center projects.

The UConn 2000 program is to be funded in part by the issuance of $2,731.9 million of general obligation bonds of the University secured by the State Debt Service Commitment. Of this amount, $1,635 million has been issued to date. The balance of the estimated cost of UConn 2000 Projects which is not to be financed by the University's bonds secured by the State Debt Service Commitment or the State's general obligation bonds may be funded by the issuance of the University's Special Obligation Bonds, State general obligation bonds or by gifts or other revenue or borrowing resources of the University.

As of the date of delivery of the 2012 Bonds, the University has issued the following General Obligation Bonds, Special Obligation Bonds and Governmental Lease Purchase Agreements pursuant to the UCONN 2000 Act, including the 2012 Bonds.

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UCONN 2000 BONDS AND LEASES

A. UConn 2000 General Obligation Bonds – Issued Amounts

	Issue Date	Par Amount	(OID)/OIP[1]	Construction Account Deposit
1996 Series A Bonds	2/21/1996	$ 83,929,715	$ (274,931)	$ 82,606,220
1997 Series A Bonds	4/24/1997	124,392,432	(2,319,590)	121,080,861
1998 Series A Bonds	6/24/1998	99,520,000	634,629	99,280,000
1999 Series A Bonds	4/08/1999	79,735,000	(45,210)	79,032,919
2000 Series A Bonds	3/29/2000	130,850,000	(120,981)	130,000,000
2001 Series A Bonds	4/11/2001	100,000,000	1,141,140	100,000,000
2002 Series A Bonds	4/18/2002	100,000,000	1,706,295	100,000,000
2003 Series A Bonds	3/26/2003	96,210,000	4,623,183	100,000,000
2004 Series A Bonds	1/22/2004	97,845,000	2,816,971	100,000,000
2005 Series A Bonds	3/16/2005	98,110,000	3,004,101	100,000,000
2006 Series A Bonds	3/15/2006	77,145,000	2,612,437	79,000,000
2007 Series A Bonds	4/12/2007	89,355,000	431,004	89,000,000
2009 Series A Bonds	4/16/2009	144,855,000	6,312,563	150,000,000
2010 Series A Bonds	5/25/2010	97,115,000	8,733,758	105,000,000
2011 Series A Bonds	12/8/2011	179,730,000	21,613,069	200,000,000
Total[2]		**$1,598,792,147**	**$50,868,438**	**$1,635,000,000**

	Issue Date	Par Amount	(OID)/OIP[1]	Deposit to Trustee Held Escrow
2006 Series A REFUNDING Bonds	3/15/2006	$ 61,020,000	$ 5,103,655	$ 65,472,900
2007 Series A REFUNDING Bonds	4/12/2007	46,030,000	3,897,620	49,505,477
2010 Series A REFUNDING Bonds	5/25/2010	36,095,000	2,903,755	38,704,429
2011 Series A REFUNDING Bonds	12/8/2011	31,905,000	5,183,727	36,841,566
Total[2]		**$392,000,000**	**$44,233,057**	**$438,318,651**

B. UConn 2000 Special Obligation Bonds – Issued Amounts

	Issue Date	Par Amount	(OID)/OIP[1]	Construction Account Deposit
1998 Series A Bonds	2/04/1998	$ 33,560,000	$ (888,481)	$ 30,000,000
2000 Series A Bonds	6/01/2000	89,570,000	(1,159,469)	87,000,000
2002 Series A Bonds	2/14/2002	75,430,000	287,983	72,180,000
Total[2]		**$198,560,000**	**$(1,759,967)**	**$189,180,000**

	Issue Date	Par Amount	(OID)/OIP[1]	Deposit to Trustee Held Escrow
2002 Series A REFUNDING Bonds	2/27/2002	$ 96,130,000	$1,747,947	$ 96,830,821
2010 Series A REFUNDING Bonds	6/16/2010	47,545,000	4,618,962	51,812,926
2012 Series A REFUNDING Bonds	12/13/2012	87,980,000	20,655,986	107,670,292
Total[2]		**$231,655,000**	**$27,022,895**	**$256,314,039**

C. Governmental Lease Purchase Agreement

	Issue Date	Par Amount	Project Costs
Governmental Lease Purchase Agreement	12/18/2003	$75,000,000	$75,000,000
Governmental Lease Purchase Agreement	08/15/2005	6,900,000	6,900,000
Total[2]		**$81,900,000**	**$81,900,000**

[1]Net OIP and Accrued Interest, if any, may be used to fund Construction Account or Escrow Fund and to pay for Costs of Issuance.
[2]Totals may not sum due to rounding.

The Act

Powers. The Act enables the University to borrow money and enter into financing transactions in its own name and expands the authority of the University to directly supervise construction of its projects including all UConn 2000 Projects. In order for the University to construct the UConn 2000 Projects and issue securities for UConn 2000, the Act, among other things, provides the University with the following powers: (a) to have perpetual succession as a body politic and corporate and an instrumentality and agency of the State; (b) to contract, to sue, to be indemnified, and to defend any action; (c) to indemnify parties and to be sued by the holders of its securities on an express contract; (d) to retain or employ architects, accountants, engineers, legal and securities counsel; (e) to plan, acquire, construct, renovate, equip, own, operate, maintain, dispose of and demolish any project; (f) to acquire, hold or dispose of any interest in real or personal property and to hold, sell, assign, lease, rent or encumber, other than by mortgage, any such interest; (g) to receive money from federal and state governments or others; and (h) to fix and collect fees, tuition, charges, rentals and other charges for enrollment and attendance at and use of the University.

The University may revise, delete and add projects to the list of UConn 2000 Projects, provided a material addition or deletion must be approved by a legislative act of the General Assembly of Connecticut. No revision, addition or deletion can reduce the amount of any State Debt Service Commitment. The University may determine the sequencing and timing of projects, revise estimates of cost and reallocate funds among projects, all in accordance with the Act.

The Act provides that the principal amount of the securities authorized to be issued for a project is deemed an appropriation and allocation of such amount for such project and approval by the Governor is deemed the allotment by the Governor of such capital outlays. Upon such approval, the University may award contracts, and issue and sell securities respecting expenditures under such contracts which will be paid within the year following issuance of such securities and to provide for costs of UConn 2000 of not more than twenty percent in excess of such expenditures. Certain Costs of Issuance may be added to the amount of securities so issued.

Minimum State Operating Provision. Pursuant to the Act, the State commits to appropriate, annually, an amount for operations of the University, after consideration of other amounts available to the University for its operations, which amount shall be consistent with the University (including the UConn 2000 Projects) continuing to operate in furtherance of and pursuant to the provisions of the Constitution of the State and applicable law as an institution dedicated to excellence in higher education. However, nothing in the Act shall be construed to preclude the State from appropriating a lower or higher amount than the amount appropriated in the previous Fiscal Year so long as the appropriation act provides and determines that the University can continue to operate as an institution dedicated to excellence in higher education and such amount so appropriated shall then constitute the Minimum State Operating Provision.

Special Capital Reserve Fund. The Act permits the issuance of special obligation securities of the University which may be further secured with one or more State supported reserve funds to be known as Special Capital Reserve Funds or a debt service reserve fund. The University has no bonds outstanding that are secured by a Special Capital Reserve Fund or a debt service reserve fund. See Appendix A, "UNIVERSITY FINANCES – Total Bonds and Leases Outstanding."

Special External Gift and Endowment Funds. The Act creates two funds designed to encourage private sector gifts to fund UConn 2000 Projects and to increase endowment funds of the University.

The Special External Gift Fund is created to receive Special Eligible Gifts from the private sector, in furtherance of UConn 2000. Special Eligible Gifts and interest or other income earned on the Special External Gift Fund are to be used to pay costs of any UConn 2000 Project.

The Endowment Fund is dedicated to endowed professorships, scholarships and programmatic enhancements. See Appendix A, "UNIVERSITY FINANCES – The University of Connecticut Foundation, Inc. and The University of Connecticut Law School Foundation, Inc."

Construction of Projects. UConn 2000 currently comprises numerous projects ranging in cost from under $1,000,000 to over $200,000,000. UConn 2000 Phase I Projects and UConn 2000 Phase II Projects are located on several of the University's campuses (not including the Health Center), with the majority of projects located on the main campus at Storrs. UConn 2000 Phase III Projects include projects for the Storrs and regional campuses as well as several projects to be located at the Health Center. The University is authorized to assume the responsibility and supervision of any project including preparation of detailed plans and specifications for each project. Subject to applicable law, the University maintains construction standards for all projects, including provisions relating to materials and equipment, and health and safety. The Act provides an expedited permitting process for the issuance of any license, permit, approval and administrative action required in connection with any UConn 2000 Project.

The Act provides that each contract let in accordance with the Act must provide that payment is limited to, and the State and the University shall have no liability beyond, the amount provided therein.

UConn 2000 Performance Review Report to the General Assembly. The Act provides for semi-annual reporting to certain committees of the General Assembly as well as for periodic performance reviews (due January 15, 1999, January 15, 2006 and January 15, 2011). On January 15, 1999, January 15, 2006 and January 15, 2011, the University, as required by the Act, submitted to the Governor and to the Joint Standing Committees of the General Assembly having cognizance of matters relating to education and finance, revenue and bonding, a periodic performance review report detailing certain information specified in the Act for each project undertaken to its date under UConn 2000. The Act provides for the committees to consider the report and determine whether there has been insufficient progress in implementation of UConn 2000 or whether there have been significant cost increases over original estimates as a result of actions taken by the University. If so, the committees may make recommendations for appropriate action to the University and to the General Assembly.

LITIGATION

There is no litigation of any nature pending or threatened against the University restraining or enjoining the issue, sale, execution or delivery of the 2012 Bonds, or in any way contesting or affecting the validity of the 2012 Bonds or any proceedings of the University taken with respect to the issuance or sale thereof, the application of the proceeds of the 2012 Bonds or the existence or powers of the University. While the University is defending a few legal matters in state and federal courts, the Office of the Attorney General is of the opinion that none of those suits, either individually or collectively, place the assets of the University at any significant risk.

COVENANT OF THE STATE

Under the Act, the State has pledged and agreed with the holders of any bonds and notes issued under the Act, including the 2012 Bonds, that the State will not limit or alter the rights vested in the University until such obligations, together with the interest thereon, are fully met and discharged, provided that nothing shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds and notes.

LEGALITY FOR INVESTMENT

The Act provides that the 2012 Bonds shall be legal investments and public bodies of the State and its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking associations, trust companies, savings banks and savings associations, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, board of trustees and other fiduciaries, and all other persons whatsoever who are now or may be authorized to invest in securities of the State, may properly and legally invest funds, including capital, in their control, or belonging to them. Those securities are also made securities which may properly and legally be deposited with and received by all public officers and bodies of the State or any agency or political subdivision and all municipalities and public corporations for any purpose for which the deposit of securities of the State is now or may be authorized by law.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters related to the authorization, issuance and sale of the 2012 Bonds are subject to the approval of Pullman & Comley, LLC, Hartford, Connecticut, Bond Counsel to the University, and the Law Offices of Joseph C. Reid, P.A., New York, New York, as Co-Bond Counsel to the University. Bond Counsel and Co-Bond Counsel propose to deliver their approving opinions with respect to the 2012 Bonds substantially in the form set forth in Appendix C hereto. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel, Hawkins Delafield & Wood LLP, Hartford, Connecticut, and Lewis & Munday, A Professional Corporation, New York, New York. Hawkins Delafield & Wood LLP and Lewis & Munday, A Professional Corporation currently serve as bond counsel to the State in connection with State bond issues and various other matters.

TAX MATTERS

Opinions of Bond Counsel and Co-Bond Counsel – Federal Tax Exemption

In the opinions of Pullman & Comley, LLC, Bond Counsel, and the Law Offices of Joseph C. Reid, P.A., Co-Bond Counsel, to the University, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the 2012 Bonds (i) is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel and Co-Bond Counsel have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the University and the State Treasurer, and others in connection with the 2012 Bonds, and Bond Counsel and Co-Bond Counsel have assumed compliance by the University and the State Treasurer with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2012 Bonds from gross income under Section 103 of the Code.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain significant ongoing requirements that must be met subsequent to the issuance and delivery of the 2012 Bonds in order that interest on the 2012 Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2012 Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2012 Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The University and the State Treasurer have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2012 Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2012 Bonds. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a 2012 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2012 Bonds.

Prospective owners of the 2012 Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.

Interest paid on tax-exempt obligations such as the 2012 Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the 2012 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Original Issue Discount

The initial public offering prices of the 2012 Bonds of certain maturities ("Discount Bond") may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the 2012 Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity is sold will constitute original issue discount. The offering prices relating to the yields set forth on the inside cover page of this Official Statement for such 2012 Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the 2012 Bonds is sold. Under existing law, original issue discount on the 2012 Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the 2012 Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Discount Bond, original issue discount is treated as having accrued while the owner holds the Bond and will be added to the owner's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of a Discount Bond. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount that accrues in each year to such an owner of a Discount Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of a Discount Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of Discount Bonds at an original issue discount should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of Bondowners purchasing such bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such bonds.

Original Issue Premium

Certain of the 2012 Bonds are being offered at prices in excess of their principal amounts (the "Premium 2012 Bonds"). An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium 2012 Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

State Taxes

In the opinions of Bond Counsel and Co-Bond Counsel to the Issuer, under existing statutes, interest on the 2012 Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and interest on the 2012 Bonds is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the 2012 Bonds is includable in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on the 2012 Bonds is also excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and interest on the 2012 Bonds is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the 2012 Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such 2012 Bonds.

Owners of the 2012 Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the 2012 Bonds and the disposition thereof.

General and Post Issuance Events

Tax legislation, administrative actions or court decisions, at either the federal or state level, may adversely affect the tax exempt status of the interest on the 2012 Bonds under federal or state law or otherwise prevent Beneficial Owners of the 2012 Bonds from realizing the full current benefit of the tax status of such interest. In addition, such tax legislation, administrative actions or court decisions, could affect the market value of the 2012 Bonds and their marketability. This could arise from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the 2012 Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the 2012 Bonds may occur. Prospective purchasers of the 2012 Bonds should consult their own tax advisors regarding the impact of any change in law on the 2012 Bonds.

The opinions of Bond Counsel and Co-Bond Counsel are rendered as of the delivery date, and Bond Counsel and Co-Bond Counsel assume no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinions. Bond Counsel's and Co-Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel and Co-Bond Counsel as of the date of issuance. Moreover, Bond Counsel's and Co-Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's and Co-Bond Counsel's professional judgment based on their review of existing law, and in reliance on the representations and covenants that they deem relevant to such opinions. Bond Counsel and Co-Bond Counsel express no opinions regarding any other federal or state tax consequences with respect to the 2012 Bonds. Bond Counsel and Co-Bond Counsel express no opinions on the effect of any action taken in reliance upon opinions of other counsel on the exclusion from gross income for federal or state income tax purposes of interest on the 2012 Bonds.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the 2012 Bonds. Prospective owners of the 2012 Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the 2012 Bonds.

RATINGS

The 2012 Bonds have been rated "Aa2" by Moody's Investors Service ("Moody's"), Seven World Trade Center, New York, New York and "AA-" by Standard & Poor's ("Standard & Poor's"), 55 Water Street, New York, New York. The ratings assigned by Moody's and Standard & Poor's express only the view of such rating agencies. The explanation and significance of the ratings can be obtained from Moody's and Standard & Poor's, respectively. Such ratings are not intended as a recommendation to buy or own the 2012 Bonds. There is no assurance that any ratings will continue for any period of time or that they will not be revised or withdrawn. Any revision or withdrawal of any of such ratings on the 2012 Bonds may have an adverse effect on the market price thereof.

CONTINUING DISCLOSURE UNDERTAKING

The Act gives the University specific authority to enter into continuing disclosure agreements in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Pursuant to Article XV of the Special Obligation Indenture, the University, as issuer of the 2012 Bonds under the Rule, has included an article (the "Continuing Disclosure Article"), a summary of which is set forth in Appendix D-1 hereof, which article shall constitute the University's written undertaking for the benefit of the Beneficial Owners of the Bonds and which shall apply to all Bonds of the University issued under the Special Obligation Indenture. The Rule was amended, effective as to compliance December 1, 2010. Accordingly, in connection with the issuance of the 2012 Bonds, the University will enter into an agreement with the Trustee substantially in the form of the Continuing Disclosure Supplement set forth in Appendix D-2 (the "Continuing Disclosure Supplement" and, together with the Continuing Disclosure Article, the "Continuing Disclosure Undertaking"). Under the Continuing Disclosure Supplement, the University agrees to provide or cause to be provided, in accordance with the requirements of the Rule, (i) certain annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure to provide the required annual financial information on or before the date specified in the Continuing Disclosure Supplement. The Underwriters' obligation to purchase the 2012 Bonds shall be conditioned upon their receiving, at or prior to the delivery of the 2012 Bonds, an executed copy of the Continuing Disclosure Undertaking.

The intent of such undertaking is to provide on a continuing basis the information described in the Rule. Accordingly, there is reserved the right to modify the disclosure thereunder or format thereof so long as any such modification is made in a manner consistent with the Rule. Furthermore, to the extent that the Rule no longer requires the issuers of municipal securities to provide all or any portion of such information to be provided under such undertaking, the obligation pursuant to the Rule to provide such information also shall cease immediately.

The purpose of such undertaking is to conform to the requirements of the Rule and not to create new contractual or other rights other than the remedy of specific performance in the event of any actual failure by the University to comply with its written undertaking. The Continuing Disclosure Article shall provide that any failure by the University to comply with any provisions of such undertaking shall not constitute an Event of Default with respect to the Bonds under the Special Obligation Indenture.

The University has never defaulted in its obligations to meet any of its undertakings under the Continuing Disclosure Article.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions precedent, to purchase all, but not less than all, of the 2012 Bonds from the University at an aggregate purchase price of $108,074,421.22 (representing the aggregate principal amount of the 2012 Bonds plus net original issue premium of $20,655,985.60 and less Underwriters' discount of $561,564.38). The 2012 Bonds may be reoffered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the 2012 Bonds into investment trusts) at prices lower than those stated on the inside cover page of this Official Statement and such public offering prices may be changed, from time to time, by the Underwriters.

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.

FINANCIAL ADVISOR

First Southwest Company is serving as financial advisor in connection with the issuance of the 2012 Bonds. The Financial Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The Financial Advisor's fee for services rendered with respect to the sale of the 2012 Bonds is contingent upon the issuance and delivery of the 2012 Bonds, and receipt by the University of payment therefor.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

AMTEC Corporation of Avon, Connecticut and Ross & Company, PLLC (a Certified Public Accountant) of Louisville, Kentucky (collectively, the "Verification Agent") will deliver to the University, on or before the settlement date of the 2012 Bonds, its attestation report indicating that it has examined the information and assertions provided by the University and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Governmental Obligations (defined in the Indentures) to pay, and, when due, the maturing principal of, interest on and related premium on the Refunded Bonds, and (b) the mathematical computations supporting the conclusions that the interest on the 2012 Bonds are exempt from federal taxation and are not "arbitrage bonds" under the Code.

FINANCIAL STATEMENTS OF THE UNIVERSITY

Included in Appendix A is various financial information relating to the University. The audited financial statements of the University and the Health Center (excluding the University of Connecticut Foundation) contained in Schedule 1 and Schedule 2 are included herein in reliance upon the Certificates of Audit of the Auditors of Public Accounts of the State.

ADDITIONAL INFORMATION

Periodic public reports relating to the financial condition of the University and its various operations are prepared by officers of the University and provided to the Board of Trustees. In addition, the University regularly reports to the Governor, the Secretary of the Office of Policy and Management and various committees of the State legislature and regularly receives reports from consultants, commissions and special task forces relating to various aspects of the University's financial affairs.

The University will make available copies of its official statements relating to the issuance of its securities under the Indentures from time to time upon request to the Office of the State Treasurer or the University's Executive Vice President for Administration and Chief Financial Officer.

Additional information concerning the University may be obtained upon request of the President, Susan Herbst, Attention: Richard D. Gray, Executive Vice President for Administration and Chief Financial Officer, 352 Mansfield Road, U-2122, Storrs, Connecticut 06269, (860) 486-3455.

Additional information concerning the State may be obtained upon request of the Office of the State Treasurer, Honorable Denise L. Nappier, Treasurer, Attention: Sarah Sanders, Assistant Treasurer for Debt Management, 55 Elm Street, Hartford, Connecticut 06106, (860) 702-3288.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representation of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the University and the State and the purchasers or holders of any of the 2012 Bonds.

This Official Statement is submitted only in connection with the issuance and sale of the 2012 Bonds by the University and may not be reproduced or used in whole or in part for any other purpose.

Dated: November 21, 2012

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Pursuant to the UCONN 2000 Act, the 2012 Bonds described above have been sold by the Treasurer of the State of Connecticut in conjunction with the University.

TREASURER OF THE STATE OF CONNECTICUT

By: /s/ Denise L. Nappier
Denise L. Nappier
State Treasurer

UNIVERSITY OF CONNECTICUT

By: /s/ Richard D. Gray
Richard D. Gray
Executive Vice President for Administration and Chief Financial Officer

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APPENDIX A

UNIVERSITY OF CONNECTICUT
INFORMATION CONCERNING THE UNIVERSITY

TABLE OF CONTENTS TO APPENDIX A

APPENDIX A
UNIVERSITY OF CONNECTICUT

December 13, 2012

This Appendix A, furnished by the University of Connecticut (the "University"), contains information as of the date of delivery of the 2012 Bonds, except as expressly provided herein. This Appendix A and the schedules attached hereto should be read collectively and in their entirety.

Board of Trustees

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UNIVERSITY OF CONNECTICUT

INTRODUCTION

The University of Connecticut (the "University") was established and exists as an institution for the education of residents of the State of Connecticut (the "State"). The University, originally established in 1881, is one of the nation's nine colonial land grant colleges. Since it was established, the University has consistently expanded its academic program and physical plant to meet the higher educational needs of State residents. In April 1881, the Connecticut General Assembly established the Storrs Agricultural School after accepting a gift of 170 acres of land, several buildings, and money from Charles and Augustus Storrs. The Storrs Agricultural School opened on September 28, 1881, with twelve students in the first class. Before the turn of the century there were two name changes, to Storrs Agricultural College in 1893 and to Connecticut Agricultural College in 1899. In 1933, it became Connecticut State College, reflecting its steady advances and broadened mission. In 1939, the General Assembly designated it the University of Connecticut, reflecting its graduate and professional education, research and public service programs. In 1965, the University became the flagship institution of higher education in the State under the new Constitution of the State, which in Article VIII, Section 2 provides that the State shall maintain a system of higher education, including the University, dedicated to excellence in higher education.

In addition to the main campus in Storrs ("Storrs"), there are five undergraduate regional campuses (one of which also houses the graduate School of Social Work), a School of Law and a complex of health and educational facilities (sometimes referred to herein as the "University of Connecticut Health Center" or "Health Center"). The Health Center consists of the School of Medicine, the School of Dental Medicine, medical and dental clinics and the John Dempsey Hospital. The Storrs and regional campuses and Health Center comprise 4,272 acres of land and are strategically located throughout the State. The University competes with public and private institutions for students.

As of October 2012, the University had more than 217,000 alumni and 30,256 students (including the Health Center) studying in 14 colleges and schools offering eight undergraduate and 22 graduate and professional degree programs.

The State's support for the University reflects the status of the University as the flagship institution of the State system of higher education.

GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES

Board of Trustees

Composition. The Board of Trustees of the University consists of 21 persons. The Governor, the Commissioner of Education, the Commissioner of Agriculture, the Commissioner of Economic & Community Development and the Chair of the Health Center Board of Directors are ex-officio members of the Board of Trustees. The Governor is the ex-officio President of the Board of Trustees and is authorized to appoint twelve members of the Board of Trustees who reflect the State's geographic, racial and ethnic diversity. Two members of the Board of Trustees are elected by the University alumni, and two are elected by the students enrolled at the institutions under jurisdiction of the Board of Trustees.

Although the University is governed by a single Board of Trustees with one chief executive officer, the Health Center maintains a separate budget and is by statute a separate entity for purposes of maintaining operating funds and State appropriations. Pursuant to Section 35 of Public Act No. 01-173, the Board of Trustees created a board of directors for the governance of the Health Center, and determined such duties and authority, as it deemed necessary and appropriate to delegate to said board of directors. Information concerning the Health Center is included under the heading "UNIVERSITY OF CONNECTICUT HEALTH CENTER" below in this Appendix A.

Membership. The name, term, position and affiliation or profession of each member of the Board of Trustees is as follows:

Duties of the University of Connecticut Board of Trustees. Subject to statewide policy and guidelines established by the Board of Regents for Higher Education, the Board of Trustees of the University is authorized to establish rules and general policies for the governance of the University, including its mission, regional campuses, degrees and academic programs. The Board of Trustees appoints the President, manages the investments and directs the expenditures of the University. The Board of Trustees is required by law to review and approve University budget requests and propose facility, planning and capital expenditure budget priorities. The Board of Trustees may employ the faculty and other personnel needed to operate and maintain the University. Within the limitation of appropriations from the General Assembly, the Board of Trustees is authorized to fix the compensation of University personnel, establish terms and conditions of their employment and prescribe their duties and qualifications. The Board of Trustees is authorized to constitute its professional staff and establish compensation and classification schedules for such personnel.

Officers of the Board of Trustees. The officers of the Board of Trustees, apart from the Governor who is President ex-officio, are the Chair, Vice-Chairs and Secretary. The Chair is privileged to make or discuss motions, and to vote on all questions. The Chair may designate a Vice-Chair to act in his or her absence.

Effective July 2011, Governor Dannel P. Malloy reappointed Lawrence D. McHugh of Middletown, Connecticut as Chairman of the University Of Connecticut Board Of Trustees. McHugh is President of the Middlesex Chamber of Commerce, a position he has held since 1983, and had been serving as the Chairman of the Connecticut State University System ("CSU") Board of Trustees. A 1962 graduate of Southern Connecticut State College (now Southern Connecticut State University), McHugh was a high school teacher and highly successful track and football coach for more than two decades, most of them at Xavier High School in Middletown, Connecticut. From 1975 to 1983 he served as Executive Director of M-X Development Corp., the fund-raising office for Mercy and Xavier high schools. Governor O'Neill first appointed him to the CSU Board of Directors in 1982. He has been reappointed by successive Governors, including Governor Rell in 2005. He also serves on a number of other State panels and commissions, including the Connecticut Employment and Training Commission and the Connecticut Commission on Arts, Tourism, Culture, History and Film.

Committees of the Board of Trustees. The Board of Trustees acts as a committee of the whole on all matters requiring action. The Board of Trustees is authorized by the Act to adopt a resolution delegating to the finance committee any officer, official or trustee of such committee or other authorized officer or employee of the University such matters relating to the issuance and sale of securities in the name of the University on behalf of the State as it may determine appropriate, except as to the authorization of the amount of, the nature of, and property to be financed by, such securities; provided that, the Board of Trustees must retain overall control, responsibility and supervision.

In 2012, the Committee on Compensation was established to provide oversight regarding compensation standards for non-faculty staff. Other Board of Trustees Committees include Academic Affairs; Buildings, Grounds and Environment; Construction Management Oversight; Executive; Financial Affairs; Institutional Advancement; Joint Audit and Compliance; Student Life; and Special Committee for Opportunity and Strategic Initiatives.

University Administration

Administration. The administration of the University is determined in part by legislative enactment, in part by the Laws and By-Laws of the Board of Trustees, and in part by regulations made by the President, the University Senate, and the several faculties. The Board of Trustees is authorized by law to appoint a President of the University. The President is the chief executive officer of the University. The President is responsible for carrying out the policies and enforcing the rules adopted by the Board of Trustees. Among the officers the President may appoint are a Provost and Executive Vice President for Academic Affairs, who oversees academic programs and student life programs at all of the University's campuses; an Executive Vice President for Health Affairs, who oversees programs at the University of Connecticut Health Center; an Executive Vice President for Administration and Chief Financial Officer, with responsibility for operations and financial affairs of the University; a Vice President for Research; a Vice President for Economic Development; a Vice President for Student Affairs; and a Vice President for Enrollment Planning and Management.

The Board of Trustees appointed Susan Herbst as the 15th President of the University of Connecticut on December 20, 2010. Prior to her appointment to the presidency, she served as Executive Vice Chancellor and Chief Academic Officer of the University System of Georgia, where she led 15 university presidents and oversaw the academic missions for all 35 public universities in Georgia. Before coming to Georgia, President Herbst was Provost and Executive Vice President at The University at Albany (SUNY), and also served as Officer in Charge (acting president) of the school from 2006 to 2007. She previously served as the Dean of the College of Liberal Arts at Temple University. Dr. Herbst joined Northwestern University in 1989 as an assistant professor and remained there until 2003. At Northwestern, she served in many capacities including Professor of Political Science and Chair of the Department. Dr. Herbst is a scholar of public opinion, media, and American politics, and is author of four books and many articles in these areas, as well as a co-editor of the University of Chicago Press series in American Politics.

The names and backgrounds of the other principal administrative officers of the University are as follows:

Name	**Position**	**Background**
Mun Y. Choi	Interim Provost and Executive Vice President for Academic Affairs	Ph.D. Mechanical & Aerospace Engineering, Princeton University, 1992; 18 years in higher education including University of Illinois-Chicago and Drexel University; 5 years as Dean and Professor in the School of Engineering at the University of Connecticut; 7 years as Department Head and Associate Dean for Research at Drexel University.
Frank M. Torti, M.D., M.P.H	Executive Vice President for Health Affairs and Dean, School of Medicine	M.D., Harvard Medical School, M.P.H. Harvard School of Public Health; active and well-known clinical investigator in urologic oncology; on faculty at Stanford University, Wake Forest University School of Medicine; served as Acting Commissioner of the FDA in 2009.
Richard D. Gray	Executive Vice President for Administration and Chief Financial Officer	B.A., University of Connecticut, M.B.A., University of New Haven; over 30 years in administration, including Executive Director of the Connecticut Health and Educational Facilities Authority (CHEFA) and Deputy Treasurer of the State as well as various positions in public finance, commercial lending, health care financial management and banking.

Legal Services. The University receives legal services from the University's Office of the General Counsel and from the State's Office of the Attorney General. Assistant Attorneys Generals are in residence at the Storrs campus and at the Health Center. The University also retains private counsel on occasion through the Office of the Attorney General. The Act authorizes the University, independent of the Attorney General's Office, to use the legal services of private attorneys in connection with the construction, operation or maintenance of any UCONN 2000 project at its discretion. Pursuant to the Act, the University has retained attorneys in connection with the construction of UCONN 2000 projects, including claims and litigation arising from such projects. In addition, the Health Center has the statutory authority to engage outside counsel, relative to the Health Center's clinical enterprise, through the statutorily created University of Connecticut Health Center Finance Corporation.

Strategic Planning

Adopted on February 10, 1995, the Strategic Plan now serves as the Board of Trustees' blueprint for the University's future. It describes a University on the road to educational pre-eminence.

> The University of Connecticut aspires to be the outstanding public university in the nation, a center for lifelong learning which excels in both teaching and research, a diverse community whose values promote mutual respect, inspire intellectual curiosity and encourage service to society, an environment that fosters academic and artistic achievement as well as productive and responsible student life, an institution with a global perspective that recognizes its special obligation to enhance the quality of life and economic well-being of Connecticut.

The Strategic Plan goals approved by the Board of Trustees are as follows:

1. Provide a challenging and supportive learning environment that fosters achievement and intellectual interaction among undergraduates, graduate students and faculty members and promotes excellence in research, scholarship and artistic creativity.

2. Recruit and retain outstanding students, faculty and staff.

3. Create a physical environment that reflects our expectation of excellence and encourages interaction among a diverse population.

4. Enhance our sense of community by increasing and valuing interaction while developing a strong sense of pride and ownership.

5. Allocate and develop resources on the basis of mission value and performance. Hold the community of students, faculty and staff accountable for the success of the University.

6. Streamline administrative functions.

7. Promote the University's role in fulfilling the needs of the State, its citizens and its economic institutions.

8. Foster a sense of partnership with the State.

Just as UCONN 2000 is the General Assembly's blueprint for transforming the physical infrastructure, the Strategic Plan is the blueprint for reshaping UConn's scholastic and social environment. These blueprints may be separate, but they are interdependent; while it is the Board's vision of renewal that sets the context and direction for the capital building program, it is the legislature's support that turns the vision into the bricks and mortar of lecture halls, research labs and residential and recreational facilities.

On September 23, 2008, the Board of Trustees approved a new Academic Plan to set the future direction and priorities for the entire University, including the Health Center, building on the previously identified themes of health and human behavior, the environment, and arts, culture and society from a local to global perspective. Organized into five interrelated areas – undergraduate education; graduate and professional education; research, scholarship and creative activity; diversity; and public engagement – it includes specific goals for each theme and identifies timelines and metrics to evaluate the accomplishment of each goal. The Plan takes into account input from a dozen faculty colloquia on specific themes and feedback from the New England Association of Schools and Colleges institutional reaccreditation team, as well as the recent reorganization that aligns the Health Center more closely with the rest of the University. The Plan represents a systematic approach to guiding the University's strategies for taking the University to the next level as one of the nation's premier public research institutions.

Below is a summary highlighting some of the progress that has been made to date with respect to the UCONN 2000 Program, the Strategic Plan and the Academic Plan.

- Student Recruitment and Enrollment: Student enrollment has increased in size, diversity and academic skill. Since Fall 1995, total enrollment at all campuses has increased 32%, freshman enrollment at the main campus has increased 54% and freshman minority enrollment is up 213% at the main campus. The average SAT score of the freshman class for Fall 2012 was 113 points (excluding the writing component) higher than the entering class of Fall 1996. Since 1995, 1,538 valedictorians and salutatorians have enrolled at all campuses.

- Investments in regional campus facilities have supported the establishment of new degree programs and expanded course offerings at the undergraduate program campuses of Avery Point, Greater Hartford, Stamford, Torrington and Waterbury.

- The Center for Undergraduate Education (CUE), located in the center of campus across from the Library, provides one-stop shopping for students' academic needs and houses units that include the Writing and Quantitative Centers, Academic Center for Exploratory Students, Career Services, Center for Academic Programs, First Year Programs and Learning Communities, Honors, Individualized and Interdisciplinary Studies, Institute for Teaching and Learning, Offices of Global Programs and Study Abroad, Offices of

National Scholarships and Undergraduate Research, and Teaching Assistant Programs. These centers and programs also serve the regional campuses.

- The University has implemented both residential and non-residential Learning Communities for students. Non-residential Learning Community students take a one-credit course together based on their major. Or, students can opt to live in a residential Learning Community that carries a theme based on their major or a shared interest (Major-based communities: Business Connections, Engineering, EUROTECH; Fine Arts; Honors; Music; Nursing; Pre-Pharmacy; and WiMSE (Women in Math, Science and Engineering). Interest-based communities open to all majors: Community Service; Connecting with the Arts; EcoHouse; Global House; Humanities; Leadership; and Public Health). Special programming for Learning Communities is provided by schools and colleges to involve students in the academic and co-curricular life of the University through infusing an intellectual component into residence halls.

- The Honors Program continues to grow in strength and prestige, attracting high-achieving students with small honors seminars, personalized attention, opportunities for research and scholarly work leading to theses, and a strong sense of community. In Fall 2012, approximately 430 new freshmen enrolled in the Honors Program with an average combined score approaching 1400 (excluding the writing component) on the SAT (31 on the ACTs) and with a high school class rank in the top 4%. All Honors students have access to more than 100 undergraduate majors as well as to specially developed Honors Core Curriculum courses, the very popular Honors First Year Seminar, and the Honors Residential Community.

- A wide variety of internship opportunities are offered by every school and college and through the Office of Undergraduate Research and the Division of Student Affairs Career Services. For example, the University and Mystic Seaport have collaborated to provide summer internships for students in the Maritime, Coastal, and American Studies programs at the Avery Point campus, to make available the museum's maritime history resources to the University's students and faculty, and to share the University's library resources with Mystic Seaport staff.

Recent Significant Improvements and Achievements

- UConn was ranked 21st among 172 national public universities in the nation by U.S. News & World Report in its America's Best Colleges published in August 2012. For the fourteenth consecutive year, the University was named the top public university in New England.

- The Neag School of Education was ranked 22nd among all public doctoral education programs in the country (and in the specialties, 11th in Elementary Teacher Education, 13th in Secondary Teacher Education, 17th in Educational Psychology, and 46th in Physical Therapy). It was also named the top public graduate school of education in New England. The rankings were in the U.S. News & World Report: America's Best Graduate Schools published in Spring 2012.

- Many of the University's graduate and professional programs also were highly rated in America's Best Graduate Schools. Among public medical schools nationwide, UConn ranked 31st in Medical Schools-Research and 39th in Medical Schools-Primary Care. In the Liberal Arts and Sciences, UConn national public graduate program rankings included 26th in Speech-Language Pathology, 29th in Audiology, 31st in Public Affairs, and 35th in Clinical Psychology. Public graduate and professional program rankings nationwide in other disciplines included: 30th in Law, 6th in Part-Time Law, 31st in Business MBA, 29th Part-Time MBA, 37th in Engineering (and 29th in Materials Engineering, 33rd in Environmental / Environmental Health Engineering, 34th in Biomedical /Bioengineering, and 34th in Mechanical Engineering specialties), 23rd in Social Work, 25th in Pharmacy, and 56th in Fine Arts. The U.S. News rankings are based on expert opinion about program quality and statistical indicators of quality of faculty, research, and students. U.S. News does not rank all programs or all specialties every year.

- The University is a member of *Universitas 21,* an international network of 23 leading research-intensive universities in 13 countries. UConn is only the second U.S. university invited into the network, which comprises some of the world's major institutions of higher education, including the University of Virginia, the University of Nottingham (United Kingdom), Fudan University (China), the University of Queensland (Australia), University College Dublin (Ireland), the University of Amsterdam (The Netherlands), McGill University (Canada), the National University of Singapore, the University of Delhi (India), Technologico de Monterrey (Mexico), and Lund University (Sweden), among others. Participation in the group increases UConn's international visibility and provides world-class international research opportunities for its faculty and students. Founded in 1997, *Universitas 21* provides its membership with unique world-wide collaboration and multilateral alliances for research and education. Its members must have a global focus, be innovative, and be research-led, comprehensive universities.

- Jackson Laboratory's plan to build a state-of-the-art personalized medicine research center on the Health Center's campus was listed among the "Top 10 Breakthrough Victories of 2011" in a recent issue of Site Selection magazine, one of the leading news sources for international corporate and economic development issues. According to the magazine, the annual top 10 list salutes the "best corporate facility projects in the world, judged by investment, high-value and high-volume job creation, creativity in negotiations and incentives, regional economic impact, competition and speed to market." The partnership, called the Jackson Laboratory for Genomic Medicine, includes collaborative research with the Health Center, the University's Storrs campus, Yale University and others. Jackson Laboratory is an independent, nonprofit biomedical research institution and National Cancer Institute-designated Cancer Center based in Bar Harbor, Maine.

- U.S. News and World Report, in its first annual national rankings of online degree programs, ranked the School of Business master's online degree program in accounting seventh in the admissions area and 17th in student engagement. The magazine evaluated business programs in four categories: admissions selectivity, student engagement and accreditation, faculty credentials and training, and student services and technology, but did not issue an overall ranking. U.S. News reviewed a total of 523 online master's programs in business, education, nursing, engineering, and computer information technology.

- The School of Nursing was named a Center of Excellence by the National League for Nursing, the nation's premier organization for nursing faculty and leaders in nursing education. UConn was recognized for promoting the pedagogical expertise of its faculty. The School of Nursing is Connecticut's largest producer of new nurses, with more than 80 percent of its nursing school graduates remaining and practicing in Connecticut.

- The Pat and Jim Calhoun Cardiology Center at the Health Center received the Get With The Guidelines®–Heart Failure Gold Quality Achievement Award from the American Heart Association. The recognition signifies that the Health Center has reached an aggressive goal of treating heart failure patients with 85 percent compliance for at least 24 months to core standard levels of care as outlined by the American Heart Association and American College of Cardiology.

- UConn was ranked third in the world in the second year of the Universitas Indonesia's GreenMetric Ranking of World Universities. The review of 178 universities in 42 countries compared university efforts towards campus sustainability and environment friendly university management. The University was ranked fifth in "America's Greenest Colleges" by the Sierra Club in its latest rankings. The national recognition by this leading international environmental advocacy organization highlights what has become a visible and successful internal effort since 2002 to transform how UConn views itself as a steward of the planet. Institutions are ranked based on a variety of criteria, including energy, efficiency, food, transportation, purchasing, and academics. The University has taken many steps to be "green" including: the implementation of a Climate Action Plan, with detailed energy and transportation action items; the establishment of Ecohouse, an environmentally focused living and learning community; trayless dining halls that serve locally-grown food; a new state-of-the-art composting facility; an annual EcoMadness energy and water conservation competition in the dorms; and a private giving initiative through a UConn Foundation Campus Sustainability Fund to support programs to raise environmental awareness and develop conservation-minded students.

- The University was named one of the 30 best values in public higher education by the *Kiplinger's Personal Finance* magazine. The schools were chosen as "Best Value Colleges" for 2012, selected from a pool of more than 500 public four-year institutions, ranked according to academic quality based on criteria covering academic quality, including admission and retention rates, student-faculty ratios, and four- and six-year graduation rates, as well as on cost and financial aid.

Status of UCONN 2000 Projects

Numerous UCONN 2000 projects have been completed each year from 1997 until the present. The following table lists the UCONN 2000 projects which have been authorized by the Board, the funding source and the construction status of the project:

Projects Authorized	**Project Construction Status**[1]
A. General Obligation Bonds	
Total – Storrs and Regional Campus Project List	
Agricultural Biotechnology Facility	Completed
Agricultural Biotechnology Facility Completion	Completed
Alumni Quadrant Renovations[2]	Completed
Arjona and Monteith (new classroom buildings)	Completed/Planning
Avery Point Campus Undergraduate and Library Building	Construction
Avery Point Marine Science Research Center - Phase I	Completed
Avery Point Marine Science Research Center - Phase II	Completed
Avery Point Renovation	Design and Construction
Beach Hall Renovations	Construction
Benton State Art Museum Addition (Phases I & II)	Completed
Benton State Art Museum Addition (Phase III)	Completed
Biobehavioral Complex Replacement	Completed
Bishop Renovation	Construction
Business School Renovation – Phase II	Completed
Central Warehouse - New	Completed
Chemistry Building	Completed
Deferred Maintenance & Renovation Lump Sum Balance	Completed
Deferred Maintenance & Renovation Lump Sum Balance	Completed
Deferred Maintenance/Code/ADA Renovation Lump Sum - Phase III	Continuing
East Campus North Renovations[2]	Completed
Engineering Building (with Environmental Research Institute)	Planning and Design
Equipment, Library Collections & Telecommunications - Phase I	Completed
Equipment, Library Collections & Telecommunications Completion - Phase II	Completed
Equipment, Library Collections & Telecommunications - Phase III	Continuing
Family Studies (DRM) Renovation	Design and Construction
Farm Buildings Repairs/Replacement	Design and Construction
Fine Arts Phase II	Planning
Floriculture Greenhouse	Completed
Gant Building Renovations	Planning and Design
Gant Plaza Deck	Completed
Gentry Completion	Completed
Gentry Renovation	Completed
Grad Dorm Renovations	Completed
Heating Plant Upgrade[3]	Completed/Planning
Hilltop Dormitory Renovations	Completed
Ice Rink Enclosure	Completed
International House Conversion (a.k.a Museum of Natural History)	Completed
Intramural, Recreational and Intercollegiate Facilities	Completed
Jorgensen Renovation	Design and Construction

Koons Hall Renovation/Addition	Design and Construction
Lakeside Renovation	Completed
Law School Renovations/Improvements	Design and Construction
Litchfield Agricultural Center – Phase I	Completed
Manchester Hall Renovation	Construction
Mansfield Apartments Renovation	Completed
Mansfield Training School Improvements – Phase II	Completed
Mansfield Training School Improvements – Phase III	Planning and Design
Monteith Renovation	Completed
Music Drama Addition	Completed
Natural History Museum Completion	Completed
North Campus Renovation[2]	Completed
North Hillside Road Completion	Design
North Superblock Site & Utilities	Completed
Northwest Quadrant Renovation - Phase I	Completed
Northwest Quadrant Renovation - Phase II	Completed
Old Central Warehouse	Planning
Parking Garage-North	Completed
Pedestrian Spinepath	Completed
Pedestrian Walkways	Completed
Psychology Building Renovation/Addition	Construction
Residential Life Facilities	Design and Construction
School of Business	Completed
School of Pharmacy	Completed
School of Pharmacy / Biology Completion	Completed
Shippee/Buckley Renovations[2]	Completed
South Campus Complex[4]	Completed
Stamford Campus Improvements	Design and Construction
Stamford Downtown Relocation – Phase I	Completed
Storrs Hall Addition	Completed
Student Union Addition	Completed
Technology Quadrant-Phase IA	Completed
Technology Quadrant-Phase II	Completed
Torrey Life Science Renovation	Completed
Torrey Renovation Completion and Biology Expansion	Planning
Torrington Campus Improvements	Design and Construction
Towers Renovation[2]	Completed
Underground Steam & Water Upgrade	Completed
Underground Steam & Water Upgrade Completion	Completed
Waring Building Conversion	Completed
Waterbury Downtown Campus	Design and Construction
Waterbury Property Purchase	Completed
West Campus Renovations	Completed
West Hartford Campus Renovations/Improvements	Design and Construction
White Building Renovation	Completed
Wilbur Cross Building Renovation	Completed
Young Building Renovation/Addition	Construction

Health Center

CLAC Renovation Biosafety Level 3 Lab	Design
Deferred Maintenance/Code/ADA Renovation Sum-Health Center	Continuing
Dental School Renovation	Completed
Equipment, Library Collections and Telecommunications-Health Center	Continuing
Library/Student Computer Center Renovation	Phase I Completed/Phase II Planning

Main Building Renovation	Phase I Completed/Phase II Planning
Medical School Academic Building Renovation	Completed
Planning and Design Costs	Planning and Design
Research Tower	Phase I Completed/Phase II Planning
Support Building Addition/Renovation	Planning
The University of Connecticut Health Center New Construction and Renovation	Planning

B. Special Obligation Student Fee Revenue Bonds

Alumni Quadrant Renovations[2]	Completed
East Campus North Renovations[2]	Completed
Hilltop Dormitory New[5]	Completed
Hilltop Student Rental Apartments[5]	Completed
North Campus Renovation (including North Campus Student Suites and Apartments) [2]	Completed
Parking Garage-South[5]	Completed
Shippee/Buckley Renovations[2]	Completed
South Campus Complex[4]	Completed
Towers Renovations (including Greek Housing)[2]	Completed

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1 Some projects listed as in construction might be substantially complete for use purposes. Also, note that some projects might reflect a completed status for recently completed work, but future funding may still be available for which work has not yet begun.
2 Partially funded with proceeds from the University's General Obligation Bonds and partially funded with the proceeds of the University's Student Fee Revenue Bonds, 2002 Series A.
3 In addition, the University has entered into a tax-exempt lease financing for a Co-Generation Facility for the Heating Plant in the amount of $81.9 million under the UCONN 2000 authority.
4 Partially funded with proceeds from the University's General Obligation Bonds and partially funded with the University's Student Fee Revenue Bonds, 1998 Series A.
5 The Hilltop Dormitory New and the Hilltop Student Rental Apartments comprise the Hilltop Housing Complex which was funded along with the Parking Garage South with the proceeds of the Student Fee Revenue Bonds, 2000 Series A.

The Board of Regents for Higher Education

The University, including the Health Center, is a constituent unit of the State system of higher education. The Board of Regents for Higher Education is the statewide policy-making body for the State system of higher education.

Campuses and Physical Plant

General Information. Of the eight campuses, Storrs is the largest campus with 3,381 acres and over 210 major buildings. Additionally, as of Fall 2012, there are more than 130 residential facilities, including the Hilltop Housing Complex, all on the Storrs campus, serviced by eight large dining halls designed to provide room and board for approximately 12,700 graduate and undergraduate students. There are five undergraduate regional campuses strategically located throughout the State in Groton, Stamford, Torrington, Waterbury and West Hartford. The University is planning to relocate the programs currently at its West Hartford regional campus to the City of Hartford and eventually intends to sell the 58 acre West Hartford campus. The West Hartford campus does not have any residential facilities. The specific Hartford site that will house the programs located in West Hartford is a matter currently under investigation and negotiation. In addition to the regional campuses, the University includes the University of Connecticut School of Law, located in West Hartford, and the Health Center, located in Farmington. Collectively these campuses are serving a student body of 30,256 in the 2012-13 academic year. The University is involved in a construction program for UCONN 2000 that is currently projected to cost approximately $3,060 million for which the proceeds of the 2012 Series A Bonds will be used. See "UCONN 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM" in this Official Statement and "UNIVERSITY FINANCES – Budget and Budgeting Procedure of the University" in this Appendix A.

Academic Programs and Degrees Conferred

The University offers a broad spectrum of liberal arts and sciences, professional and graduate education degree programs through its 14 colleges and schools, including the School of Dental Medicine, School of Medicine and School of Law. The University confers eight kinds of undergraduate degrees in 102 majors, 17 graduate degrees in 88 research and professional practice fields of study and five graduate professional programs. The University also offers individualized majors and interdisciplinary fields of study. The University has several special facilities and programs, including its Biotechnology/Bioservices Center; Booth Engineering Center for Advanced Technology; Center for Conservation and Biodiversity; Center for Environmental Health and Health Promotion; Center for Integrative Geosciences; Center for Nursing Scholarship; Center for Optics, Sensing and Tracking in Homeland Security; Center for Oral History; Center for Public Health and Health Policy; Center for Real Estate and Urban Economic Studies; Center for Regenerative Biology; Center for Science and Technology Commercialization; Connecticut Center for Economic Analysis; Connecticut Center for Clean Energy Engineering; Connecticut Information Technology Institute; Connecticut Transportation Institute; Institute of Materials Science; Marine Sciences and Technology Center; Neag Center for Gifted Education and Talent Development; Roper Center for Public Opinion Research; and Thomas J. Dodd Research Center.

COMPETITION AND COMPETITIVENESS

Accreditation and Ranking

The New England Association of Schools and Colleges and several other accreditation bodies for specific schools and programs accredit the University.

The National Science Foundation ranks the University 55 out of 449 public universities in the country in research and development spending. The Carnegie Foundation currently classifies the institution with only 108 other public institutions nationwide in the highest category of Research University (Very High Research Activity). To qualify for this classification, universities must annually award at least 20 doctorates and demonstrate high levels of research based on several aggregate and per-capita (full-time faculty) measures, including research and development expenditures, postdoctoral appointees, non-faculty research staff, and doctoral conferrals in humanities, social sciences, STEM (science, technology, engineering, and mathematics) fields, and other fields (e.g., business, education, public policy, social work).

The quality of the University's diverse graduate programs is enhanced by the presence of exceptional graduate students. About 5,800 graduate students matriculated at both the master's and doctoral levels in academic year 2012-13; of this figure approximately 2,200 are supported on merit based graduate assistantships and approximately 800 on merit based pre-doctoral and other fellowships. This support is available in 88 fields of study in the arts and sciences and professional disciplines. These assistantships and fellowships have made it possible for the University to compete for quality graduate students.

Student Enrollment and Admission

Enrollment. Fall 2012, compared to Fall 2011, freshman enrollment decreased by 4.5%; and undergraduate degree enrollment decreased by 0.8%. Planned freshman enrollment growth for the near future will be modest for Storrs and the regional campuses.

Total Enrollment Data (Head Count)[1]
Fall 2008 – 2012

Undergraduates	**2008**	**2009**	**2010**	**2011**	**2012**
Storrs	16,754	16,996	17,331	17,808	17,517
Regional Campuses[2]	4,618	4,500	4,550	4,664	4,784
Total	21,372	21,496	21,881	22,472	22,301
Graduates/Professionals[3]	7,508	7,505	7,623	7,522	7,427
Health Center					
Medicine	331	346	352	355	359
Dental Medicine	172	170	178	176	169
Total	503	516	530	531	528
GRAND TOTAL	**29,383**	**29,517**	**30,034**	**30,525**	**30,256**

[1] Includes non-degree and part-time students.
[2] Includes miscellaneous locations.
[3] Includes master's and doctoral students at all campuses, including the Health Center, and students in the professional degree programs in Law and Pharmacy.

Percentage of Enrollment by Residence Status
Fall 2008 - 2012

	Undergraduate				**Graduate/Professional**	
	Storrs Campus		**All Campuses**		**Total University (excl. Schools of Medicine and Dental Medicine)**	
Fall	**In-State**	**Out-of-State**	**In-State**	**Out-of-State**	**In-State**	**Out-of-State**
2008	75.7%	24.3%	80.3%	19.7%	70.0%	30.0%
2009	75.8%	24.2%	80.3%	19.7%	71.5%	28.5%
2010	75.1%	24.9%	79.8%	20.2%	72.1%	27.9%
2011	74.9%	25.1%	79.7%	20.3%	70.5%	29.5%
2012	75.9%	24.1%	80.5%	19.5%	68.4%	31.6%

Schedule of Freshmen Enrollment - All Campuses
Fall 2008 – 2012

Fall	**Freshmen Applications**	**Change in Applications**	**Accepted**	**Enrolled**	**Change in Enrolled**	**Enrolled as a Percentage of Accepted**
2008	22,346	0.0%	15,649	4,858	12.3%	31.0%
2009	23,289	4.2%	15,768	4,362	(10.2%)	27.7%
2010	23,278	0.0%	15,909	4,580	5.0%	28.8%
2011	28,584	22.8%	17,578	4,622	0.9%	26.3%
2012	31,363	9.7%	18,965	4,415	(4.5%)	23.3%

Admissions. The University of Connecticut is rated as "highly competitive" by Barron's Profiles of American Colleges 2012, 30th Edition. The Scholastic Aptitude Test (SAT) scores for students entering the University consistently exceed the statewide and national SAT score averages.

Average Total SAT Scores*
Fall 2008 - 2012

Fall	Storrs Campus	Regional Campuses	Connecticut Average	National Average
2008	1200	1012	1022	1017
2009	1212	1038	1022	1016
2010	1221	1025	1023	1017
2011	1216	1022	1022	1011
2012	1226	1028	1018	1010

*Excluding the writing component

Tuition and Other Fees (Storrs and Regional Campuses)

Pursuant to State law, the Board of Trustees is authorized to adopt a comprehensive schedule of tuition and other fees, which is expected to prevail during the following fiscal year.

Tuition. For the academic year 2013, students classified as full-time undergraduate residents of Connecticut will pay tuition of $8,712. Full-time out-of-state undergraduates will pay $26,544 per year. In the 2012 academic year, total tuition revenues were $259.9 million, of which $112.1 million were out-of-state tuition revenues. Undergraduate degree seeking students accounted for 86.3% of tuition revenues in the 2011-12 academic year.

Mandatory Fees. For academic year 2013, undergraduate students must pay a General University Fee of $1,776 per year. Students also pay $874 per year in other fees, of which $174 is for various student-controlled organizations, $454 is for infrastructure maintenance, $100 is a transit fee, $120 is a Technology Fee, and $26 is for a Student Union Building Fee. For academic year 2012, the General University fee generated $32.9 million of revenue. Commencing in 1998, certain fees have been pledged for the payment of debt service on the University's Special Obligation Bonds. See "UNIVERSITY FINANCES – University Indebtedness" in this Appendix A.

Other Fees. There are numerous optional fees at the University. The primary optional fees for the academic year 2013 are the room ($6,096) and board ($5,044) fee.

Annual Cost of an Undergraduate
In-State Student Enrolled at the University
Academic Years 2009 - 2013

	2009	2010	2011	2012	2013
Tuition	$ 7,200	$ 7,632	$ 8,064	$ 8,256	$ 8,712
Room & Board[1]	9,300	9,902	10,552	10,816	11,140
General University Fee	1,488	1,584	1,656	1,704	1,776
Other Fees[2]	650	670	696	710	874
TOTAL	**$18,638**	**$19,788**	**$20,968**	**$21,486**	**$22,502**

[1] The Board Fee reflects the cost of the Value Meal Plan. Lower and higher cost meal plan options are available.

[2] Other Fees includes fees collected by the University on behalf of various student-controlled organizations. The Student Union Building Fee ($26) to support the renovation and expansion of the Student Union is included and was first imposed in 2004.

Undergraduate Tuition, Fees, Room and Board
for the University's Aspirant Peers
for Fiscal Year 2012 - 2013

	In-State Student Cost*	Out-of-State Student Cost*
Dartmouth College	$57,996	$57,996
Johns Hopkins University	57,320	57,320
Washington University	57,285	57,285
Northwestern University	57,108	57,108
Duke University	56,473	56,473
Brown University	55,016	55,016
University of Pittsburgh	26,460	36,150
Pennsylvania State University	26,134	38,436
University of Illinois	24,760	38,902
University of Connecticut	22,742	40,574
Clemson University	20,588	37,514
Purdue University	20,278	39,080
University of Georgia	18,814	37,024
University of Florida	14,456	36,733

*Student cost includes tuition, mandatory fees, standard double room rate and the most expensive board rate.

Student Financial Aid

The University provides financial aid and financial counseling. The University has a policy of admitting students without regard to financial ability to pay and a policy of providing assistance to those admitted who demonstrate need. During Fiscal Year 2012, approximately 17,500 students received financial aid packages.

Scholarships, Grants and Work-Study. There are a number of state, federal and private student financial aid programs available, including the Federal Pell Grant of $400 to $5,550 (for Fiscal Year 2013) and the Federal Supplemental Education Opportunities Grant (SEOG) of up to $2,000. Both are awarded annually based on need. In addition, the University offers a number of scholarships. The University also offers Federal Work-Study employment, which is need-based, and Student Labor employment, which is available to all students.

Loan Programs. There are several loan programs at the University. The Federal Perkins Loan Program and the Federal Direct Subsidized Federal Stafford Loan are based on financial need. Federal Direct Unsubsidized Federal Stafford Loans are available to students who do not qualify for the Federal Direct Subsidized Federal Stafford Loans. Additionally, there is the Federal Direct Parent Loan to Undergraduate Students (PLUS) program, and the Federal Direct Graduate PLUS loan is available to eligible graduate students.

Tuition Waivers and Graduate Assistantships. The University is required by law to waive tuition for certain veterans and children of veterans, certain students over the age of 62, graduate assistants, and certain other students. The University is required by collective bargaining agreements to waive tuition for dependents of certain employees. The foregone revenue resulting from such waivers in the 2012 academic year was $48.8 million, of which 83% was provided to graduate assistants.

Financial Aid to University Students
for Fiscal Years 2008 - 2012

	2008	2009	2010	2011	2012
Scholarships/Grants					
Institutional	$ 42,563,345	$ 49,115,762	$ 61,111,067	$ 67,155,437	$ 75,585,127
State	14,379,496	14,246,342	13,307,799	13,140,457	10,737,667
Federal Funds	12,051,039	13,767,499	20,093,282	28,215,361	26,071,689
Private	22,023,803	23,529,432	23,050,568	25,822,684	26,693,526
Total Scholarships/Grants	$ 91,017,683	$ 100,659,035	$ 117,562,716	$ 134,333,939	$ 139,088,009
Loans	$ 128,386,967	$ 140,820,168	$ 162,054,038	$ 171,723,395	$ 177,118,329
Student Employment					
University Student Payroll	$ 14,008,500	$ 15,597,731	$ 16,862,857	$ 18,063,741	$ 18,774,804
Federal Work Study	1,247,636	1,299,529	1,502,780	1,388,846	1,293,169
Total Student Employment	$ 15,256,136	$ 16,897,260	$ 18,365,637	$ 19,452,587	$ 20,067,973
Grand Total	**$ 234,660,786**	**$ 258,376,463**	**$ 297,982,391**	**$ 325,509,921**	**$ 336,274,311**

UNIVERSITY FINANCES

Financial Management

As noted earlier, the University's Board of Trustees has the authority for fiscal oversight of the University. In addition to the State appropriation, the University receives tuition, fees and grants and contract revenues. Some of these revenues may be restricted or dedicated as to use by the terms of the appropriation, gift, grant or contract.

The authority granted to the University in the Act builds upon the successful implementation of the operational autonomy and responsibility provided in several pieces of legislation known as the Flexibility Acts, enacted in the early 1990's. Unprecedented for State government, the University became responsible and accountable for its operational decisions independent of many of the previously imposed regulatory requirements. The responsibilities assigned to the University included a block grant State appropriation, check-writing authority, position control, purchasing authority and management of capital projects not exceeding $2 million. This dollar limitation has been eliminated with the passage of UCONN 2000. The enactment of UCONN 2000 was an extension of the authority vested in the University by the Flexibility Acts, and the result, in part, of the University's documented effectiveness in using the powers granted to it thereby.

While the University's operational flexibility and capacity has grown, all of these activities also take place within a context of continuing vigilance. The financial statements contained in this official statement reflect budget execution results that are based upon spending plans and operating and capital budgets approved by the Board of Trustees. In addition, in Fiscal Year 2004, the Board of Trustees restructured and expanded the role of its Joint Audit and Compliance Committee, with a charge that includes oversight of all University financial reporting and processes and internal control systems, as well as direct engagement in the approval of independent auditing services to augment the University's internal audit capacity and the work performed by State auditors (the "Auditors of Public Accounts"). The Auditors of Public Accounts annually issue an Independent Auditors' Report on the financial statements of the University.

In 2006, in compliance with statutory requirements, the University established a Construction Management Oversight Committee, the Buildings, Grounds and Environment Committee of the Board of Trustees and the Construction Assurance Office. The University has also implemented and staffed a new organizational structure for capital program contracting and procurement and has engaged an outside auditor to perform annual audits of UCONN 2000.

Financial Statements of the University

The audited financial statements of the University of Connecticut and the University of Connecticut Health Center (excluding the University of Connecticut Foundation, Inc.) for the Fiscal Year ended June 30, 2011 are included as Schedule 1 and Schedule 2 to this Official Statement.

Below is a five-year presentation of the Statement of Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2007, 2008, 2009, 2010 and 2011. See "UNIVERSITY OF CONNECTICUT HEALTH CENTER" below in this Appendix A for the same information for the Health Center.

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		2007		2008		2009		2010		2011
OPERATING REVENUES										
Student tuition and fees[1]	$	183,468,732	$	199,720,598	$	215,641,536	$	223,765,739	$	233,881,175
Federal grants and contracts		81,282,959		85,328,534		92,375,974		110,021,873		125,797,636
State and local grants and contracts		18,994,517		25,429,642		27,853,272		26,086,262		27,390,610
Nongovernmental grants and contracts		11,823,648		10,506,027		12,347,917		11,075,416		11,366,745
Sales and services of educational departments		14,937,691		15,280,038		17,216,404		15,203,884		16,160,788
Sales and services of auxiliary enterprises[2]		127,527,596		133,471,934		149,500,934		161,779,750		173,133,156
Other sources		11,059,294		10,907,810		10,681,689		10,854,684		11,808,193
Total operating revenues	$	449,094,437	$	480,644,583	$	525,617,726	$	558,787,608	$	599,538,303
OPERATING EXPENSES										
Educational and General										
Instruction	$	256,079,892	$	279,086,991	$	284,036,407	$	271,938,477	$	292,202,505
Research		59,641,605		60,345,206		64,028,438		72,285,788		74,481,178
Public service		32,190,108		33,854,891		36,997,632		35,623,219		41,469,821
Academic support		82,234,793		81,513,934		87,046,815		90,592,861		98,392,707
Student services		35,022,525		36,006,579		36,711,365		37,063,394		39,754,920
Institutional support		67,336,935		72,314,553		83,154,603		83,175,410		88,649,673
Operations and maintenance of plant		60,611,434		64,110,720		71,432,217		66,742,254		71,365,159
Depreciation and amortization		88,030,170		100,186,738		90,036,966		90,038,785		90,334,794
Student aid		3,971,727		4,009,588		3,917,207		4,637,480		5,490,504
Auxiliary enterprises		126,828,040		135,061,206		144,375,731		145,413,740		154,516,560
Other operating expenses		-		16,491,610		30,579,207		24,508,359		19,740,639
Total operating expenses		811,947,229		882,982,016		932,316,588		922,019,767		976,398,460
Operating loss	$	(362,852,792)	$	(402,337,433)	$	(406,698,862)	$	(363,232,159)	$	(376,860,157)
NONOPERATING REVENUES (EXPENSES)										
State appropriation	$	305,943,066	$	328,176,623	$	327,751,422	$	325,461,758	$	328,950,858
State debt service commitment for interest		35,863,883		39,525,537		37,843,218		38,557,064		39,978,225
Transfer of reserves to State General Fund		-		-		-		(8,000,000)		(15,000,000)
State match to endowment		93,864		-		-		-		-
Gifts		24,423,566		24,770,574		21,805,530		18,080,658		21,168,060
Investment income		12,299,820		10,384,021		4,267,674		1,313,379		1,020,058
Interest expense		(47,462,929)		(51,246,898)		(48,915,717)		(48,557,957)		(48,823,995)
Other nonoperating expenses, net		(686,574)		(2,869,076)		(4,247,111)		(1,956,883)		(297,112)
Net nonoperating revenues		330,474,696		348,740,781		338,505,016		324,898,019		326,996,094
Loss before other changes in net assets	$	(32,378,096)	$	(53,596,652)	$	(68,193,846)	$	(38,334,140)	$	(49,864,063)
OTHER CHANGES IN NET ASSETS										
State debt service commitment for principal	$	65,179,575	$	-	$	104,910,000	$	61,714,293	$	-
Capital appropriation		-		8,000,000		-		-		(479,348)
Capital grants and gifts		3,029,866		6,802,586		3,813,671		2,396,433		1,989,313
Disposal of property and equipment, net		(3,457,020)		(874,837)		(438,433)		(727,240)		(617,744)
Additions to permanent endowments		-		56,711		19,703		32,872		50
State match to endowment		-		59,484		-		-		-
Capital other		1,623,610		-		-		-		-
Net other changes in net assets	$	66,376,031	$	14,043,944	$	108,304,941	$	63,416,358	$	892,271
Increase (decrease) in net assets	$	33,997,935	$	(39,552,708)	$	40,111,095	$	25,082,218	$	(48,971,792)
NET ASSETS										
Net assets-beginning of year, adjusted	$	1,383,651,623	$	1,417,649,558	$	1,379,133,888	$	1,419,244,983	$	1,444,327,201
Net assets-end of year	$	1,417,649,558	$	1,378,096,850	$	1,419,244,983	$	1,444,327,201	$	1,395,355,409

[1] Net of scholarship allowances of $68,954,741, $72,915,047, $81,473,702, $95,347,872 and $109,105,523 respectively.
[2] Net of scholarship allowances of $2,501,839, $2,524,596, $2,947,782, $2,990,651 and $3,239,628 respectively.

Note: The Statement of Revenues, Expenses, and Changes in Net Assets for the fiscal year ended June 30, 2009 has been restated in order to retroactively apply the provision of the GASB Statement No. 51 to include purchased software which was previously expensed. Reclassifications were made for the fiscal year ended June 30, 2008 to better reflect changes in the classification of operating expenses. This had no effect on net assets shown on the Statements of Revenues, Expenses, and Changes in Net Assets.

Budget and Budgeting Procedure of the University

The University submits a biennial operating budget to the Governor and General Assembly through the Secretary of the Office of Policy and Management (the Governor's fiscal office). The operating budget request sets forth a proposed expenditure plan for the amount necessary to meet cost increases while providing a constant level of services. It may also include an amount for new or expanded programs. The operating budget includes various revenue sources including the State appropriation and tuition and fees as well as other revenue sources. The Governor may reduce State agency allotments by not more than 5% unless approved by the Appropriations Committee of the General Assembly, which shall, within ten days, approve or reject such reduction. The University's Board of Trustees annually approves separate Unrestricted Operating Budgets for the University and the Health Center.

The Health Center submits a separate operating budget and receives a separate appropriation and allotment. For discussion of the Health Center, see "UNIVERSITY OF CONNECTICUT HEALTH CENTER" in this Appendix A.

During each fiscal year, the Board of Trustees of the University must quarterly submit to the General Assembly and the Office of Policy and Management, through the Board of Regents for Higher Education, a report of the actual expenditures of the University of Connecticut Operating and Research Funds.

The University's Capital Budget request process has been replaced by the Act. The Act provides for a twenty-three year Capital Budget program of the University and authorizes projects estimated to cost $3,068 million of which $2,731.9 million was or will be financed by general obligation bonds of the University, secured by the State debt service commitment, and $18 million has been funded by State general obligation bonds. Gifts or other revenue may finance the balance unless projects are deferred or savings are achieved. For Bonds secured by the debt service commitment of the State, phase I for Fiscal Years 1996-99 totaled $382 million, phase II for Fiscal Years 2000-05 totaled $580 million and phase III for Fiscal Years 2005-18 totals $1,769.9 million. The University is required to provide a semi-annual update as to the progress of capital projects approved as part of UCONN 2000.

University Budget (Storrs and Regional Campuses)

Fiscal Year 2013 Spending Plan. The Fiscal Year 2013 spending plan was presented to and approved by the Board of Trustees on June 28, 2012. The Spending Plan included $1,054.9 million in expenditures and $1,053.9 million of revenue, yielding a $1.0 million loss. Over the years, the Research Fund balance for use by principal investigators, deans and department heads has grown. It is expected that $1.0 million of the prior years' accumulation of funds will be spent down in Fiscal Year 2013.

Fiscal Year 2013 Revenue. For Fiscal Year 2013, State support is budgeted at a level of $292.5 million (appropriation/allotments $205.6 million; fringe benefits $86.9 million), an increase of $10.1 million or 3.6% over the Fiscal Year 2012 amount. State support is the largest source of revenue for the University. Tuition is the second largest source of revenue (excluding waivers) and is budgeted at $271.6 million, an increase of $11.7 million or 4.5% over the Fiscal Year 2012 amount. Tuition revenue collections reflect a 5.5% rate increase. Fee revenue is comprised of course fees from summer school, part-time, and non-degree students as well as self-supporting programs (off-campus MBA, EMBA, etc). Also included in this category is the General University Fee, which supports multiple Auxiliary Enterprise programs. Finally, there are various other fees included in this category such as the Infrastructure Maintenance Fee, Application Fees and Late Payment Fees. The fee collections for Fiscal Year 2013 are budgeted to be $104.5 million, an increase of $7.5 million or 7.7% over the Fiscal Year 2012 amount. Auxiliary Enterprise Revenue is budgeted to be $185.5 million, which is an increase of $0.5 million or 0.3% over the Fiscal Year 2012 amount. Residence halls and rental properties, dining services and athletics generate most of the Auxiliary Enterprise Revenue. With respect to the Research Fund, the granting agency or donor restricts most of the revenues. Research Fund revenues for Fiscal Year 2013 are budgeted to be $94.6 million, which is a $3.2 million or 3.3% decrease over Fiscal Year 2012.

Fiscal Year 2013 Expenditures/Transfers. Total Fiscal Year 2013 expenditures and transfers of $1,054.9 million are budgeted to increase by $26.4 million or 2.6% over the Fiscal Year 2012 amount. The University's Operating Fund is budgeted to increase by 3.0%. Personal services expenditures are expected to reach $425.7 million or $11.5 million more than Fiscal Year 2012 due to the faculty hiring plan. Fringe benefit expenditures are expected to be $156.4 million or $5.4 million more than Fiscal Year 2012. Financial Aid expenditures are budgeted to be $125.5 million, which is an increase of $4.4 million or 3.6% over the Fiscal Year 2012 amount.

In addition to actual results of operations for Fiscal Years 2009-2012, the following schedule reflects the Fiscal Year 2013 spending plan as approved by the Board of Trustees on June 28, 2012.

Statement of Current Funds Operations (in millions)

	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual Unaudited	FY13 Budget
Current Funds Revenues:					
Operating Fund					
State Support	$327.8	$325.4	$ 329.0	$ 282.4	$ 292.5
Tuition (Net of Discounts)	210.3	226.2	246.1	259.9	271.6
Fees	82.9	88.6	92.3	97.0	104.5
Auxiliary Enterprise Revenue	152.4	164.8	176.4	185.0	185.5
All Other Revenues	105.6	102.9	117.1	110.3	105.2
Total Operating Fund	879.0	907.9	960.9	934.6	959.3
Research Fund	80.6	89.7	97.3	97.8	94.6
Total Current Funds Revenues	**$959.6**	**$997.6**	**$1,058.2**	**$1,032.4**	**$1,053.9**
Current Funds Expenditures / Transfers:					
Operating Fund					
Personal Services	$403.3	$386.9	$ 413.0	$ 414.2	$ 425.7
Fringe Benefits	136.7	137.5	148.3	151.0	156.4
Other Expenses	185.1	186.1	196.9	188.7	193.2
Equipment	14.8	26.0	17.4	15.5	17.9
Student Financial Aid	90.4	104.8	118.4	121.1	125.5
Transfers	46.3	57.2	49.1	40.6	40.6
Total Operating Fund	876.6	898.5	943.1	931.1	959.3
Research Fund Expenditures	78.2	88.1	98.4	97.4	95.6
Total Current Funds Expenditures / Transfers	**$954.8**	**$986.6**	**$1,041.5**	**$1,028.5**	**$1,054.9**
Gain (Loss) Prior to Transfer	**$ 4.8**	**$ 11.0**	**$ 16.7**	**$ 3.9**	**$ (1.0)**
Transfer from Reserves to State General Fund		**(8.0)**	**(15.0)**		
Net Gain (Loss)	**$ 4.8**	**$ 3.0**	**$ 1.7**	**$ 3.9**	**$ (1.0)**

State Support of the University – Appropriations

The State develops a biennial budget which includes the University appropriation request. The appropriations are applicable to each specific year and the second year's appropriation is subject to review and adjustment. The University has historically received a substantial percentage of its operating revenue from the State General Fund Appropriation. In the State system of higher education, the University of Connecticut receives more State support than any other State institution of higher education. The annual State appropriation the University receives is in the form of a block grant and is allocated biweekly. The University has independent authority to purchase goods and services, hire, fire and promote administrators, faculty and staff, and plan, design and construct capital projects.

Schedule of State Operating Support and Fringe Benefits to the University for Fiscal Years 2008 – 2013 (in millions)

Fiscal Year	Operating Appropriations[1] and Allotments	Fringe Benefits	Operating Total
2008	$234.5	$93.7	$328.2
2009	$234.1	$93.7	$327.8
2010	$233.0	$92.4	$325.4
2011	$232.7	$96.3	$329.0
2012	$205.6	$76.8	$282.4
2013[2]	$205.6	$86.9	$292.5

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[1] Excludes State general obligation bonds issued to fund University capital projects.
[2] Estimated.

State Support of the University - Bond Issuance

In addition to appropriating funds for the general operating support of the University, the State has authorized its general obligation bonds to fund capital projects of the University. Certain of those State bonds are categorized as self-liquidating, meaning the University reimburses the State for the principal and interest on such bonds from revenues generated by the University from the operation of the projects funded with the proceeds of the State bonds. As of the date of delivery of the 2012 Bonds, $2,170,981 of self-liquidating bonds remain outstanding. For further discussion of the University's liability to the State with respect to these self-liquidating State general obligation bonds, see Schedule 1, "AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR FISCAL YEAR ENDED JUNE 30, 2011."

State Legislative Bond Authorizations for the University for Fiscal Years 1996 - 2018

Fiscal Year	State General Obligation Bonds	UCONN 2000[1]	Total
1996	$18,000,000[2]	$112,542,000	$130,542,000
1997	$9,400,000[2]	$112,001,000	$121,401,000
1998		$ 93,146,000	$ 93,146,000
1999		$ 64,311,000	$ 64,311,000
2000	$2,000,000[3]	$130,000,000	$132,000,000
2001	$20,000,000[3]	$100,000,000	$120,000,000
2002		$100,000,000	$100,000,000
2003		$100,000,000	$100,000,000
2004		$100,000,000	$100,000,000
2005[4]		$100,000,000	$100,000,000
2006		$ 79,000,000	$ 79,000,000
2007		$ 89,000,000	$ 89,000,000
2008	$8,000,000[5]	$115,000,000	$123,000,000
2009		$140,000,000	$140,000,000
2010		$ 0	$ 0
2011		$138,800,000	$138,800,000
2012	$23,000,000[6]	$157,200,000	$180,200,000
2013	$154,500,000[7]	$143,000,000	$297,500,000
2014		$198,000,000	$198,000,000
2015		$208,500,000	$208,500,000
2016		$199,500,000	$199,500,000
2017		$160,900,000	$160,900,000
2018		$ 91,000,000	$ 91,000,000

[1] Secured by State Debt Service Commitment.
[2] For Babbidge Library on the Storrs campus.
[3] For the development of a new downtown campus for the University of Connecticut in Waterbury.
[4] For Fiscal Year 2005, $50,000,000 was authorized under UConn 2000 Phase II and an additional $50,000,000 was authorized under UConn 2000 Phase III. Fiscal Years 2005-18 represent authorizations under UConn 2000 Phase III including approximately up to $775,300,000 for Health Center projects. No Health Center projects were authorized in phase I or phase II.
[5] Special Act 04-2 authorized the issuance of $8,000,000 of State General Obligation Bonds for renovation, alterations and improvements to the University's Law Library in Hartford which was approved by the State Bond Commission on March 28, 2008.
[6] Public Act 11-57 authorized the issuance of $18,000,000 of State General Obligation Bonds to create a Technology Park on the Storrs Campus which was approved by the State Bond Commission on August 26, 2011. In addition, Public Act 11-75 authorized $5,000,000 in State General Obligation Bonds for a comprehensive cancer center and the University sponsored health disparities institute which was approved by the Bond Commission on October 28, 2011.
[7] Public Act 11-57 authorized the issuance of an additional $154,500,000 of State General Obligation Bonds to create a Technology Park on the Storrs Campus.

Grants and Contracts

Revenue from federal, State, local and non-governmental grants and contracts totaled $164.6 million in Fiscal Year 2011, representing 27.4% of total operating revenues reported by the University in the Statement of Revenues, Expenses and Changes in Net Assets for the fiscal year ended June 30, 2011, included in this Appendix A. Revenue from federal, State and local governmental grants and contracts, including financial aid and recovery of indirect costs, totaled $153.2 million for this time period, which represented 25.6% of total operating revenues.

Governmental Grants and Contracts
for Fiscal Years 2007 - 2011
(in Millions of Dollars)

Fiscal Year	Amount
2007	$100.3
2008	$110.8
2009	$120.2
2010	$136.1
2011	$153.2

The University of Connecticut Foundation, Inc. and The University of Connecticut Law School Foundation, Inc.

Two other entities also support the mission of the University: The University of Connecticut Foundation, Inc. (Foundation) and the University of Connecticut Law School Foundation, Inc. (Law School Foundation). For financial reporting purposes, the Law School Foundation is included as a component unit with the University; the Foundation is an independent, privately governed institution which is separately audited. It operates exclusively for charitable and educational purposes, raising funds to promote, encourage, and assist education and research at the University and the Health Center. The Foundation solicits and accepts donations of properties, monies, and securities and invests and administers these gifts. The Foundation materially supports the mission of both the University and the Health Center.

Gift revenue to the University, both capital and noncapital, is derived from gifts made directly to the University and from the Foundation and Law School Foundation. These spendable funds are provided to the University for educational, cultural, recreational, and research activities. Both the Foundation and the Law School Foundation disburse funds to the University as requests are made, provided the request is in accordance with donor restrictions, if any. These disbursements paid to the University from both Foundations totaled approximately $27.2 million in Fiscal Year 2012 compared to $23.5 million in Fiscal Year 2011. Both Foundations also paid approximately $3.5 million in Fiscal Year 2012 ($3.7 million in Fiscal Year 2011) to third parties on behalf of the University. This amount is not reflected in the University's financial statements. In addition, the University receives gifts directly. Total nonoperating gifts and capital gifts and grants revenue to the University from all sources amounted to $10.8 million and $7.2 million in Fiscal Years 2012 and 2011, respectively.

In September 2009, the Foundation publicly launched the $600 million fundraising effort: *Our University. Our Moment. The Campaign for UConn*. The campaign will dramatically increase private support for scholarships and fellowships for UConn's students; endowed chairs and research support for faculty; new programmatic improvements on every campus; and countless enhancements across the entire University community. In addition to growing the University's endowment to a target of $500 million, other campaign priorities include increasing the number of student scholarship and fellowship funds from 750 to 1,200; establishing 50 new endowed faculty positions; and enhancing academic, research, outreach, and diversity programs. The financial objectives are: $200 million for undergraduate education, $155 million for the UConn Health Center, $135 million for graduate and professional education and $110 million for Athletics.

As of September 1, 2012, *Our University. Our Moment. The Campaign for UConn.* has recorded approximately $346.3 million in contributions toward the overall campaign goal, including $96.4 million raised for endowment since counting began during the quiet phase of the Campaign on July 1, 2006. *Our University. Our Moment. The Campaign for UConn*. is expected to run through the end of Fiscal Year 2014.

University of Connecticut Foundation, Inc.
Summary of Total Assets, Revenue and Expenditures for Fiscal Years 2008 - 2012

	2008 $000's	2009 $000's	2010 $000's	2011 $000's	2012 $000's
Assets					
Endowment assets	$316,737	$244,031	$263,049	$303,625	$301,637
All other assets	80,065	78,111	85,195	92,689	97,018
Total Assets	**$396,802**	**$322,142**	**$348,244**	**$396,314**	**$398,655**
Support and Revenue					
Contributions and educational support	$ 35,978	$ 22,466	$ 28,651	$ 32,102	$ 39,018
Payment from the University	8,586	9,028	9,138	8,472	8,584
Investment income, net	(12,503)	(63,441)	25,359	41,905	2,109
Other revenues	697	610	3,141	697	778
Total Support and Revenue	**$ 32,758**	**($ 31,337)**	**$ 66,289**	**$ 83,176**	**$ 50,489**
Expenditures					
Disbursements to and on behalf of the University	$ 31,339	$ 28,823	$ 23,105	$ 26,382	$ 30,433
Foundation expenses (development, asset mgt, admin)	14,357	14,444	13,666	13,602	14,223
Total Expenditures	**$ 45,696**	**$ 43,267**	**$ 36,771**	**$ 39,984**	**$ 44,656**
Support and Revenues Over/Under Expenditures	**($12,938)**	**($74,604)**	**$ 29,518**	**$ 43,192**	**$ 5,833**

University Indebtedness

The UCONN 2000 Act, as amended, empowers the University to borrow money and issue securities to finance the acquisition, construction, reconstruction, improvement or equipping of any UCONN 2000 project and to provide for the security and payment of those securities and to refund such securities. Toward this purpose, to date, the University has issued General Obligation Bonds and Special Obligation Bonds and also entered into a privately placed Governmental Lease Purchase Agreement.

The University of Connecticut General Obligation Bonds are issued pursuant to the Master Indenture of Trust, as amended (the "Master Indenture"), and are secured by the full faith and credit of the University and are additionally secured by the pledge of and a lien upon the State Debt Service Commitment. The State Debt Service Commitment is defined by the Act and the Master Indenture as the commitment by the State to pay an annual amount for the punctual payment of Special Debt Service Requirements on securities issued as general obligations of the University, as the same shall arise and shall become due and payable. Special Debt Service Requirements include, among other things, the principal on serial General Obligation Bonds or sinking fund installments on term General Obligation Bonds and interest accruing thereon. As of the date of delivery of the 2012 Bonds, the University's General Obligation Bonds principal outstanding will be $903,550,000.

The University of Connecticut also has issued Special Obligation Bonds pursuant to the Special Obligation Indenture of Trust, dated as of January 1, 1997, between the University, as Issuer, and U.S. Bank N.A., as successor to State Street Bank & Trust Company, as Trustee, as amended (the "Special Obligation Master Indenture"). The Board of Trustees approved the Special Obligation Master Indenture on November 8, 1996. Unlike the UCONN 2000 General Obligation Bonds that are paid from the State's General Fund, debt on the Special Obligation Bonds are paid from certain pledged revenues, including student fees of the University as defined in the Special Obligation Master Indenture. To date, nine projects have been authorized to receive $189,180,000 of the UCONN 2000 Special Obligation Bond proceeds, and some of these projects also were supported by State General Obligation Bonds or other funding. See "GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES – Status of UCONN 2000 Projects" in this Appendix A. As of the date of delivery of the 2012 Bonds, the Special Obligation Bonds principal outstanding will be $130,415,000.

A privately placed Governmental Lease Purchase Agreement (the "Lease"), with Caterpillar Financial Services Corporation, a Delaware Corporation, secured by the University's general obligation was entered into to finance the cogeneration facility portion of the UCONN 2000 Heating Plant Upgrade project. The $81,900,000 original principal amount of the Lease is a UCONN 2000 debt obligation entered into under certain separately negotiated documents and agreements and is not secured by the Master Indenture or the Special Obligation Master Indenture. On December 18, 2003 the University entered into the Lease in the principal amount of $75,000,000 at a nominal interest rate of 4.42% compounded monthly. On August 15, 2005, the University amended the Lease for an additional amount of $6,900,000 at a 5.09% interest rate compounded monthly. The cogeneration facility is part of the UCONN 2000 Heating Plant Upgrade project, as defined under the UCONN 2000 Act, which generates substantially all of the needs for electrical power, heating and cooling on the main campus at Storrs. The University has drawn down the maximum $81,900,000 of advances under the Lease. Monthly lease payments of $517,135 are due over 240 months, and the first payment was made on January 29, 2006. The UCONN 2000 Heating Plant Upgrade project also has been partially funded with General Obligation Bonds of the University secured by the State Debt Service Commitment. As of the date of delivery of the 2012 Bonds, the amount of the Lease outstanding will be $61,359,637.

In addition to UCONN 2000 indebtedness, the University has certain other limited indebtedness; see Schedule 1, "AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR FISCAL YEAR ENDED JUNE 30, 2011".

The following schedule sets forth the debt service payments to be made in each University fiscal year on the general obligation bonds issued and outstanding by the University as of the date of delivery of the 2012 Bonds.

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Debt Service on General Obligation Bonds of University[1]
as of December 13, 2012

Fiscal Year Ending June 30th	Outstanding General Obligation Bonds		
	Principal[2]	Interest[3]	Total
2013	$ 74,755,000	$ 20,998,955	$ 95,753,955
2014	77,750,000	38,501,409	116,251,409
2015	77,595,000	35,145,886	112,740,886
2016	72,965,000	31,561,236	104,526,236
2017	71,295,000	28,146,056	99,441,056
2018	68,215,000	24,864,511	93,079,511
2019	64,430,000	21,586,311	86,016,311
2020	59,100,000	18,467,856	77,567,856
2021	53,065,000	15,965,386	69,030,387
2022	48,515,000	13,418,643	61,933,643
2023	43,585,000	11,052,298	54,637,298
2024	39,030,000	9,108,554	48,138,554
2025	33,900,000	7,311,895	41,211,895
2026	29,240,000	5,724,224	34,964,224
2027	25,150,000	4,368,426	29,518,426
2028	20,950,000	3,155,495	24,105,495
2029	21,185,000	2,116,140	23,301,140
2030	13,840,000	1,088,378	14,928,378
2031	8,985,000	449,250	9,434,250
Totals[4]	$903,550,000	$293,030,909	$1,196,580,909

[1] Secured by State Debt Service Commitment, net of bonds previously refunded.
[2] Principal payments on General Obligation Bonds include aggregate initial values of capital appreciation bonds.
[3] Interest payments on General Obligation Bonds include the difference between the aggregate stated initial values and the aggregate maturity amounts of capital appreciation bonds.
[4] Totals may not sum due to rounding.

The following table sets forth all bonds and capital leases issued by the University under the UCONN 2000 program and outstanding as of the date of delivery of the 2012 Bonds.

Total Bonds And Leases Outstanding
as of December 13, 2012

	Original Par Amount[1]	Amount Outstanding Currently[1]	Dated Date[2]
General Obligation Debt Service Commitment Bonds			
GO DSC 1996 Series A	$ 83,929,715	$ -	January 1, 1996
GO DSC 1997 Series A	124,392,432	-	April 1, 1997
GO DSC 1998 Series A	99,520,000	-	June 1, 1998
GO DSC 1999 Series A	79,735,000	-	March 1, 1999
GO DSC 2000 Series A	130,850,000	-	March 1, 2000
GO DSC 2001 Series A	100,000,000	-	March 15, 2001
GO DSC 2002 Series A	100,000,000	-	April 1, 2002
GO DSC 2003 Series A	96,210,000	4,735,000	March 1, 2003
GO DSC 2004 Series A	97,845,000	27,055,000	January 15, 2004
GO DSC 2004 Series A Refunding[3]	216,950,000	149,730,000	January 15, 2004
GO DSC 2005 Series A	98,110,000	60,530,000	February 15, 2005
GO DSC 2006 Series A	77,145,000	53,990,000	March 15, 2006
GO DSC 2006 Series A Refunding[4]	61,020,000	59,555,000	March 15, 2006
GO DSC 2007 Series A	89,355,000	63,005,000	April 12, 2007
GO DSC 2007 Series A Refunding[5]	46,030,000	46,030,000	April 12, 2007
GO DSC 2009 Series A	144,855,000	122,815,000	April 16, 2009
GO DSC 2010 Series A	97,115,000	87,400,000	May 25, 2010
GO DSC 2010 Series A Refunding[6]	36,095,000	26,435,000	May 25, 2010
GO DSC 2011 Series A	179,730,000	170,745,000	December 8, 2011
GO DSC 2011 Series A Refunding[7]	31,905,000	31,525,000	December 8, 2011
Total[8]	**$1,990,792,147**	**$903,550,000**	
Special Obligation Student Fee Revenue Bonds			
UCONN 2000 SPEC OB 1998-A	$ 33,560,000	$ -	January 1, 1998
UCONN 2000 SPEC OB 2000-A	89,570,000	-	June 1, 2000
UCONN 2000 SPEC OB 2002-A	75,430,000	-	January 15, 2002
UCONN 2000 SPEC OB 2002-A Refunding[9]	96,130,000	-	February 1, 2002
UCONN 2000 SPEC OB 2010-A Refunding[10]	47,545,000	42,435,000	June 16, 2010
UCONN 2000 SPEC OB 2012-A Refunding[11]	87,980,000	87,980,000	December 13, 2012
Total[12]	**$ 430,215,000**	**$ 130,415,000**	
Capital Leases			
Governmental Lease Purchase Agreement	$ 75,000,000	$ 56,108,292	December 18, 2003
Governmental Lease Purchase Agreement	6,900,000	5,251,345	August 15, 2005
Total[13]	**$ 81,900,000**	**$ 61,359,637**	

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[1] "Original Par Amount" includes bonds previously refunded. "Amount Currently Outstanding" is net of bonds previously refunded.

[2] The General Obligation Bonds issued in 1996 and 1997 include capital appreciation bonds, which were dated their date of delivery.

[3] The General Obligation 2004-A Refunding Bonds refunded $223,160,000 of the outstanding GO DSC Series 1996-A, 1997-A, 1998-A, 2000-A, 2001, and 2002-A Bonds.

[4] The General Obligation 2006-A Refunding Bonds refunded $61,675,000 of the outstanding GO DSC Series 1998-A, 1999-A, 2000-A, 2001-A and 2002-A Bonds.

[5] The General Obligation 2007-A Refunding Bonds refunded $46,695,000 of the outstanding GO DSC Series 2002-A and 2003-A Bonds

[6] The General Obligation 2010-A Refunding Bonds refunded $35,885,000 of the outstanding GO DSC Series 1999-A, 2001-A, 2003-A and 2004-A Bonds.

[7] The General Obligation 2011-A Refunding Bonds refunded $33,735,000 of the outstanding GO DSC Series 2003-A and 2004 Bonds.

[8] Debt Service on the General Obligation Bonds is payable from the Debt Service Commitment of the State.

[9] The SPEC OB 2002-A Refunding Bonds refunded all of the outstanding $89,570,000 SPEC OB Series 2000-A Bonds.

[10] The SPEC OB 2010-A Refunding Bonds refunded all of the outstanding $33,560,000 SPEC OB Series 1998-A Bonds and part of the 2002-A Bonds.

[11] The SPEC-OB-2012-A Refunding Bonds refunded all of the outstanding $75,430,000 SPEC-OB Series 2002-A Bonds and $96,130,000 Series 2002-A Refunding Bonds.

[12] Debt Service on the Special Obligation Bonds are payable from certain Pledged Revenues of the University as further defined in the Special Obligation Indenture of Trust, dated as of January 1, 1997 as amended.

[13] As of the date of delivery of the 2012 Bonds. Does not include capital lease obligations subject to annual appropriation or the 2012 Bonds.

Employee Data

Faculty and Staff. As of October 2012, the University had 4,554 full-time equivalent ("FTE") employees. Full and part-time faculty accounted for 1,399 FTE employees. The University hires adjunct lecturers on a semester-by-semester basis, as needed, who are not included in the above employee count. In Fall 2012, 63% of full-time teaching faculty were tenured, 17% were tenure track and the remaining were non-tenure track faculty. The average age of full-time faculty was 50. Additionally, the University also has 476 FTE graduate student assistants who receive stipends.

Six bargaining units represented approximately 4,128 FTE union members as of October 2012. Approximately 10% of University faculty and staff were non-union employees. The University bargains with two units covering 3,265 FTE employees; the American Association of University Professors and the University of Connecticut Professional Employees Association. Law school faculty, University exempt (management) and certain temporary and part-time employees are not represented by bargaining units. The remaining four unions covering 863 FTE employees bargain directly with the State.

Retirement Plans. Most State employees are eligible to receive retirement benefits under a State retirement plan. Various retirement plans are available for University employees none of which are administered by the University. The State is statutorily responsible for the retirement benefits of University employees. Therefore, no liability for retirement benefits is recorded in the University's financial statements. For further discussion, see Schedule 1, "AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR FISCAL YEAR ENDED JUNE 30, 2011 – Notes to Financial Statements (6. Retirement Plans)".

Insurance

The University, as an agency of the State, is self-insured, for general liability purposes, on an unreserved basis. The State purchases blanket policies covering other risks, including property, casualty and hazard insurance for all State agencies. The State pays all premiums for such insurance policies. The University reimburses the State for the cost of coverage of items purchased with other than State appropriation funds. The University may request an allotment of insurance proceeds resulting from the loss of University property. The Act authorizes the University to purchase insurance for its assets, actions and activities. In regard to design and construction projects, the University requires errors and omissions insurance from the lead project design professional (project architect of record), and selected sub-consultants on all construction projects. The University requires that contractors engaged on all construction projects provide and maintain general liability, automobile and statutory workers' compensation coverage. In regard to builders risk policies and protection of construction work in progress for existing buildings, the State, through its property policy provides builders risk coverage subject to a deductible. The University requires the contractors to provide builders risk insurance for construction projects involving new buildings.

UNIVERSITY OF CONNECTICUT HEALTH CENTER

General

An organizational unit of the University of Connecticut, the Health Center is a comprehensive State-owned academic Health Center which has the traditional tripartite missions of education, patient care and research facility as well as community service and public health. Its main campus is located in a complex of buildings in suburban Farmington, Connecticut. The Health Center was established in 1961 and is currently comprised of the School of Medicine, the School of Dental Medicine, the John Dempsey Hospital, and related ambulatory clinic facilities, research laboratories, health sciences/medical library and administrative and other support facilities. It operates more than 400 clinical and educational programs throughout Connecticut and is a referral center for persons with certain illnesses requiring complex patient care. The Health Center also provides comprehensive healthcare services for Connecticut's incarcerated inmates through the Correctional Managed Healthcare program. As of Fall 2012, the Health Center had 528 professional students in the Schools of Medicine and Dental Medicine, 331 graduate students in Master's and Doctoral programs, and approximately 720 residents, interns and postdoctoral fellows. It also provides an extensive array of continuing education activities to health professionals throughout the State. The Health Center submits separate operating and capital budgets to the Governor and the General Assembly and receives its appropriation and allotment separate from the University. See "UNIVERSITY FINANCES – Budget and Budgeting Procedure of the University" in this Appendix A.

GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES

Board of Directors

Composition. The Board of Directors of the University of Connecticut Health Center consists of 18 members. Pursuant to Section 35 of Public Act No. 01-173, the Board of Trustees for the University created the board of directors for the governance of the Health Center, and has determined such duties and authority as it deemed necessary and appropriate to delegate to said board of directors. The Board consists of nine members at large appointed by a nominating committee of the Board of Directors, three members appointed by the Chairperson of the Board of Trustees, three members appointed by the Governor and three voting ex-officio members (the Secretary of the State's Office of Policy and Management, the President of the University and the Commissioner of Public Health or their designees).

Membership. The name, term, position and affiliation or profession of each member of the Board of Directors is as follows:

Name	Term Ends	Position	Affiliation/Profession
Francis X. Archambault Jr.	2015	Appointed by Chairperson, Board of Trustees	Retired Emeritus Professor, University of Connecticut
Richard Barry	2013	Member at Large	Chief Credit Officer & Executive Vice President, First Niagara Financial Group
Andy F. Bessette	2013	Member at Large	EVP & CAO, The Travelers Companies, Inc.
Francisco L. Borges	2013	Member at Large	Chairman and Managing Partner, Landmark Partners, Inc.
Cheryl A. Chase	2015	Member at Large	EVP, Principal and General Counsel, Chase Enterprises
Karen Christiana	2013	Appointed by the Governor	Connecticut Market Regional Manager, AAA Allied Group, Inc.
Sanford Cloud, Jr. , Chair	2014	Appointed by Chairperson, Board of Trustees	Chairman and CEO, The Cloud Company, LLC
Robert S. Dakers		Ex-officio	Executive Financial Officer, Office of Policy & Management (OPM)
John F. Droney	2013	Member at Large	Founding Principal, Levy & Droney, P.C.
Susan Herbst		Ex-officio	President, University of Connecticut
Tim A. Holt	2013	Member at Large	Chairman, University of Connecticut Foundation, Inc.
Jewel Mullen		Ex-officio	Commissioner, Department of Public Health
Wayne Rawlins	2015	Member at Large	National Medical Director for Racial & Ethnic Equality Initiatives, Aetna

Teresa M. Ressel	2012	Appointed by the Governor	Private Company Management
Robert T. Samuels	2013	Member at Large	Founder, ABS Development Company
Wayne J. Shepperd	2013	Appointed by Chairperson, Board of Trustees	Chief of Staff, Office of the Mayor, City of Danbury
Charles W. Shivery	2015	Member at Large	Non-Executive Chairman of Northeast Utilities Board of Directors
Kathleen D. Woods	2013	Appointed by the Governor	Chairperson, Farmington Woods Golf Club

Duties of the University of Connecticut Health Center Board of Directors. Subject to duties outlined by the University's Board of Trustees, the Board is authorized to establish rules and general policies for the governance of the Health Center and its academic programs. The Board of Directors manages and directs the expenditures of the Health Center. The Board of Directors is required by law to review and approve Health Center budget requests and propose facility, planning and capital expenditure budget priorities.

Officers of the Board of Directors. The officers of the Board of Directors are the Chair of the Board, the Vice-Chair (Cheryl Chase), the Secretary (vacant) and the Treasurer (Robert Samuels). The Chair is privileged to make or discuss motions and to vote on all questions.

Academic Programs of the School of Medicine and School of Dental Medicine

Post Baccalaureate Programs. The Schools of Medicine and Dental Medicine each conduct a four-year post baccalaureate program leading to the M.D. and D.M.D. degrees, respectively.

Residency. The School of Medicine and the School of Dental Medicine each offer residency programs which provide advanced training in preparation for licensure practice and certification within a field of specialization. Approximately 720 residents and fellows populate John Dempsey and other regional hospitals.

Graduate Programs. Programs leading to either a Ph.D. or Master's degree in medically related sciences are offered in nine biomedical sciences and in community health and dental sciences. There are also programs of post-doctoral education of biomedical scientists.

Continuing Education. The schools provide facilities and/or opportunities for the practicing professionals to continue their education by offering a wide variety of courses, lectures, seminars, and visiting lectureships.

Research. The faculty of the Schools of Medicine and Dental Medicine are generally expected to develop an active research program, both to advance knowledge within their field of expertise and to enhance the quality of the educational program. Approximately $86 million was generated in Fiscal Year 2011 by the research activities of the various faculties which supplements appropriations from the State.

Student Enrollment and Admission

Enrollment. The Health Center's enrollment in Fall 2012 was 359 in the School of Medicine, 169 in the School of Dental Medicine, and 331 Graduate students.

Average Total MCAT and DAT Scores
Fall 2007 - 2011

Fall	MCAT	DAT
2007	31.0	20.6
2008	31.4	19.7
2009	31.4	19.7
2010	31.7	20.3
2011	31.4	20.5

Each year, approximately 350 students work toward their medical doctor's degree and 175 toward their doctor of medical dentistry degree. Admission to each school is highly competitive, but both schools offer preferential consideration to qualified Connecticut residents in their admissions policies. School of Dental Medicine students have a long history of outstanding performance on the National Boards.

Passing Rates on National Exams
2007 - 2011

Year	School of Medicine	School of Dental Medicine
2007	92%	100%
2008	96%	100%
2009	99%	100%
2010	97%	91%
2011	92%	100%

Tuition and Other Fees

Pursuant to State law, the Board of Directors is authorized to adopt a comprehensive schedule of tuition and other fees which are expected to prevail during the following fiscal year. Such tuition and fees must comply with the policy of the Board of Governors of Higher Education that requires them to be between the 70th and 75th percentiles of public schools nationally.

Tuition. For the academic year 2013, students classified as full-time residents of Connecticut will pay tuition of $23,649 for the School of Medicine and $22,251 for the School of Dental Medicine. Out-of-state students will pay $49,821 for the School of Medicine and $51,242 for the School of Dental Medicine per year.

Mandatory Fees. For academic year 2013, students will pay a fee of $9,940 for the School of Medicine and $9,070 for the School of Dental Medicine per year. This fee includes payments for commencement, student affairs and a student activity fee.

Annual Cost of an In-State Student Enrolled
at the Health Center by School
Academic Years 2009 - 2013

School of Medicine

	2009	2010	2011	2012	2013
Tuition	$19,833	$20,824	$21,865	$22,740	$23,649
Fees	8,335	8,752	9,190	9.557	9,940
TOTAL	**$28,168**	**$29,576**	**$31,055**	**$32,297**	**$33,589**

School of Dental Medicine

	2009	2010	2011	2012	2013
Tuition	$17,508	$19,592	$20,572	$21,395	$22,251
Fees	7,607	7,987	8,386	8,721	9,070
TOTAL	**$25,115**	**$27,579**	**$28,958**	**$30,116**	**$31,321**

Percentage of Enrollment by Residence Status
Fall 2008 - 2012

	School of Medicine		School of Dental Medicine	
Fall	**In-State**	**Out-of-State**	**In-State**	**Out-of-State**
2008	91.6%	8.4%	83.8%	16.2%
2009	91.3%	8.7%	89.4%	10.6%
2010	92.8%	7.2%	84.0%	16.0%
2011	91.0%	9.0%	84.7%	15.3%
2012	92.8%	7.2%	87.1%	12.9%

University of Connecticut Health Center Clinical Operations

UConn Medical Group and University Dentists. The faculty practices of the Health Center, UConn Medical Group (UMG) and University Dentists are the key components of the Health Center's integrated health care delivery system administratively designated the "University of Connecticut Clinical Operations" ("Clinical Operations"). The Clinical Operations include an extensive array of ambulatory clinics representing the range of specialty and primary fields that comprise medicine and dentistry operated by UMG and University Dentists. Clinical Operations is the vehicle through which the Health Center contracts with managed care and other health care payors and engages in joint ventures and other arrangements. Clinical Operations also does business through the University of Connecticut Health Center Finance Corporation (the "Finance Corporation"), a statutory corporation authorized to enter into joint ventures, other affiliations and contracts in furtherance of the operations of the clinical programs.

The John Dempsey Hospital. The John Dempsey Hospital has 234 licensed beds (224 general acute care beds and 10 nursery beds), and is located in Farmington, a suburb of Hartford. It serves as the primary teaching hospital for the Schools of Medicine and Dental Medicine, and participates in the clinical education of students from other health profession education programs. As the primary teaching hospital, it contains a full range of services, including surgery, medicine, cardiac care, psychiatry, and obstetrics and gynecology. The Hospital is also the focus of specialized programs, including programs dealing with arthritis, lupus, alcoholism, cancer, hemophilia, high-risk pregnancies, dental diseases in the handicapped, and taste and smell deficiencies. The Hospital also provides dental care through the Dental Clinics. The Dental Clinics offer comprehensive dental care provided by dental students (pre-doctoral students) in multidisciplinary clinics or by dental residents (postdoctoral students) receiving advanced or specialty training under the supervision of licensed clinical faculty. The Predoctoral Teaching Program is designed to train dental students to be future general dentists or specialists. Dental care provided in the predoctoral program is provided by students under the supervision of experienced dentists. The Postdoctoral Teaching Program is a practice comprised of licensed dentists who spend 2 to 6 years under intensive training to be specialists in endodontics, periodontics, oral surgery, orthodontics, pediatric dentistry, prosthodontics, or advanced education general dentistry (AEGD).

Correctional Managed Health Care. The Health Center is responsible for providing all health care services for all persons incarcerated in Connecticut's jails and prisons. The vast majority of these activities take place at facilities operated by the Department of Correction, but the John Dempsey Hospital does maintain a high security prison ward for patients requiring in-patient services.

Patient Service Revenue

Pursuant to the Master Indenture, patient revenues or any other revenues derived from clinical operations of the University are not pledged towards the repayment of Bonds.

Strategic Plan Initiative

Our Mission. The University of Connecticut Health Center is dedicated to helping people achieve and maintain healthy lives and restoring wellness/health to maximum attainable levels.

In this quest, the Health Center will continuously enable students, professionals and agencies in promoting the health of Connecticut's citizens. The Health Center will consistently pursue excellence and innovation in the education of health professionals; the discovery, dissemination and utilization of new knowledge; the provision of patient care; and the promotion of wellness.

Market Assessment and Regional Planning. The Health Center employs a variety of means to assess the market. Using data available from the Connecticut Hospital Association and the Office of Health Care Access, John Dempsey Hospital assesses its performance relative to other hospitals and in terms of market share. Both John Dempsey Hospital and UConn Medical Group use publicly available and purchased data sets relative to population and disease trends, utilization rates for services, physician and service demand. Health Center executives and product line leaders, both physician and non-physician staff, through professional associations, networking with peers and patient interactions, supply data, information and expertise that is used for assessment and planning. Public input is sought through formal and informal interactions with the Health Center Board of Directors of the Board of Trustees, the State Legislature, Town of Farmington, Connecticut officials, community leaders, patients and the many people who attend the public programs of the Health Center. Strategic plans are developed given the market assessment, in combination with an assessment of the strengths of the Health Center programs and staff. The Health Center has focused efforts on programs that integrate the academic, research, and clinical strengths of the institution to serve the health care needs of the citizens of the State. In order to best extend the access to the Health Center services, it has established and continues to seek relationships with other health care providers including and especially primary care providers.

The Health Center is expected to continue to be challenged by managed care and federal reimbursement rates. The Health Center has adopted a strategy of actively monitoring the market and pursuing agreements with all managed care payors. The Health Center has entered into participation agreements with most of the major HMOs and PPOs. Payors are increasingly interested in shared risk arrangements with providers. The Health Center has executed a number of shared risk agreements and will likely be requested to do more. The Health Center is actively developing the programs and systems necessary to accept and manage risk.

Bioscience Connecticut. The Health Center is part of a new economic revitalization plan called Bioscience Connecticut authorized by Public Act 10-104, as amended by Public Act 11-75. The Bioscience Connecticut initiative aims to make the State a leader in bioscience research and in turn, jumpstart the State's economy by creating jobs and generating long-term economic growth.

For the Health Center, key components of the plan include:

- Renovating existing Health Center facilities to increase bioscience research capacity and productivity, increasing the number of basic and clinical/translational scientists, and expanding small business incubator facilities to foster new business start-ups.
- Increasing the Health Center's medical and dental schools' enrollment by 30 percent, and establishing a loan forgiveness program to attract more graduates to practice primary care medicine and dentistry in Connecticut.
- Constructing the new patient tower and a new ambulatory care facility, and increasing the number of Health Center primary and specialty care clinicians.

The $864 million proposal will be paid for with $254 million in new bonding, $338 million in previously approved bonding, and $69 million from the Health Center. Construction of the ambulatory care facility would be funded by $203 million in private financing.

In October, 2011 the Connecticut General Assembly adopted legislation which established the Connecticut Bioscience Collaboration Program (the "Collaboration") and authorized $290.7 million of State general obligation bonds to be issued over a ten year period and to be deposited in the Connecticut Bioscience Collaboration Fund. The Collaboration shall support the establishment of a bioscience cluster anchored by a research laboratory housed at the Health Center.

Professional Liability, Insurance and Litigation

Professional Liability. As a State agency, the Health Center is immune under the doctrine of sovereign immunity from suit and liability, unless such sovereign immunity is expressly waived by an act of, or pursuant to power granted by, the General Assembly. Fetterman v. University of Connecticut, 192 Conn. 539 (1984). The General Assembly has not enacted a general waiver of the sovereign immunity; however, the General Assembly has granted power to the State Claims Commissioner to grant permission to sue the State for the acts and omissions of the State, including its agencies (such as the Health Center), if the Claims Commissioner finds it just and equitable and where a claimant has presented a question of law or fact under which the State, were it a private person, could be liable. The Health Center is not legally obligated to satisfy judgments resulting from damages ordered as a result of such suits. In addition, the State has statutorily granted immunity to and obligated itself to protect and save harmless State officers, employees and students enrolled at the Health Center who are engaged in a supervised program of clinical practice for credit, which is part of the curriculum of the Health Center, unless such person acted in a wanton, reckless or malicious manner in the discharge of their duties or function.

Insurance. The Health Center operates a statutorily created insurance fund designated the "Medical Malpractice Trust Fund" (the "Fund"). The Fund is a separate trust fund of the Finance Corporation. The Fund is required by State law to be established and operated by the Finance Corporation and to be held by the State Treasurer. The Fund is charged with all payments required to satisfy claims against the Health Center arising from the delivery of health care services. Since the Fund was established in 1987, the Health Center has not maintained private professional liability insurance. The Fund has paid all claims against the Health Center and the State for professional liability since 1987. The Hospital Group has implemented quality assurance, risk assessment and peer review processes to mitigate, identify and evaluate risks. Pursuant to Public Act No. 09-3, the Health Center was required to transfer the sum of $10,000,000 from the Fund to the resources of the General Fund for each of the Fiscal Years ending June 30, 2010 and June 30, 2011. The transfer of these dollars has changed the management of the Fund from an actuarially based funding that maintained the investment balance equal to the actuarially calculated liability to a cash based funding that maintains the investment balance to cover expected current payments for the fiscal year.

Litigation. The Health Center is currently defending several suits in State and federal court. The Assistant Attorney General for the Health Center is of the opinion that none of those suits, individually or collectively, place the assets of the Health Center at a significant risk.

Employment

The Health Center employs approximately 5,600 employees as of Fall 2012. Health Center employees are State employees. See "Pension and Retirement Systems" in Part III of this Official Statement for information pertaining to the employees of the Health Center. The terms and conditions of employment of almost 4,800 employees as of Fall 2012 are governed by collective bargaining agreements with nine bargaining units. The State bargains with all bargaining units representing Health Center employees except the University Health Professions (the "UHP") and the American Association of University Professors (the "AAUP") which negotiates directly with the Health Center. The remaining seven unions bargain directly with the State. University exempt (management) and certain temporary and part-time employees are not represented by bargaining units.

HEALTH CENTER FINANCES

Financial Statements of the Health Center

Below is a five-year presentation of the Statement of Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2007, 2008, 2009, 2010 and 2011.

	2007	2008	2009	2010	2011
OPERATING REVENUES					
Student tuition and fees[1]	$ 10,038,089	$ 10,857,096	$ 11,578,853	$ 12,163,266	$ 13,094,899
Patient services[2]	375,948,065	399,252,009	413,226,263	405,660,387	422,093,597
Federal grants and contracts	67,728,461	61,214,230	60,479,262	59,357,473	60,127,578
Nongovernmental grants and contracts	23,204,664	25,787,409	27,784,536	28,673,290	25,884,982
Contract and other operating revenues	49,572,571	50,418,339	52,017,838	64,590,104	71,694,011
Total operating revenues	$ 526,491,850	$ 547,529,083	$ 565,086,752	$ 570,444,520	$ 592,895,067
OPERATING EXPENSES					
Educational and General					
Instruction	$ 104,108,143	$ 109,503,140	$ 115,260,386	$ 126,205,942	$ 129,793,475
Research	60,855,860	60,274,554	59,329,330	59,967,127	58,892,036
Patient services	398,266,901	445,745,818	471,209,020	469,340,490	492,788,311
Academic support	15,117,594	15,686,832	16,110,423	14,469,371	16,355,088
Student services	-	-	-	-	-
Institutional support	63,643,242	62,514,306	59,122,168	55,729,538	58,420,502
Operations and maintenance of plant	22,881,307	23,549,107	27,073,219	26,335,059	27,652,573
Depreciation	27,359,818	28,225,548	29,168,032	28,881,299	30,074,922
Loss on disposal	240,695	228,173	280,860	37,593	482,433
Student aid	414,697	417,306	659,089	480,034	415,885
Total operating expenses	692,888,257	746,144,784	778,212,527	781,446,453	814,875,225
Operating (loss) income	$ (166,396,407	$ (198,615,701)	$ (213,125,775)	$ (211,001,933)	$ (221,980,158)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	$ 157,279,599	$ 190,742,826	$ 208,531,369	$ 218,483,899	$ 225,268,492
Transfers to State	-	-	-	(10,000,000)	(10,807,000)
Gifts	1,181,589	2,698,560	981,803	3,945,542	2,553,945
Interest income[3]	5,831,577	6,624,727	5,884,533	162,682	133,823
Interest on capital asset – related debt	(2,972,544)	(2,767,549)	(2,574,423)	(2,364,379)	(1,569,831)
Net nonoperating revenues	$ 161,320,221	$ 197,298,574	$ 212,823,282	$ 210,227,744	$ 215,579,429
Income before other revenues, expenses, gains or losses	$ (5,076,186)	$ (1,317,127)	$ (302,493)	$ (774,189)	$ (6,400,729)
Capital appropriations	22,961,941	(165,790)	40,275,800	35,610,000	169,542
Total other revenues	$ 22,961,941	$ (165,790)	$ 40,275,800	$ 35,610,000	$ 169,542
Increase (decrease) in net assets	$ 17,885,755	$ (1,482,917)	$ 39,973,307	$ 34,835,811	$ (6,231,187)
NET ASSETS					
Net assets-beginning of year	$ 254,628,598	$ 272,514,353	$ 271,031,436	$ 311,004,744	$ 345,840,555
Net assets-end of year	$ 272,514,353	$ 271,031,436	$ 311,004,744	$ 345,840,555	$ 339,609,368

[1] Net of scholarship allowances of $4,004,087, $3,779,696, $4,134,654, $4,451,437 and $4,733,932 respectively.
[2] Net of charity care of $64,496, $967,138, $840,699, $1,013,714 and $912,282 respectively.
[3] Net of investment expense of $625,855, $79,941 $83,615, $78,000 and $91,000 respectively for the primary institution.

Note: Although governed by a single Board of Trustees with one Chief Executive Officer, the University and the Health Center maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and State appropriations. See "HEALTH CENTER FINANCES – Budget and Budgeting Procedure of the Health Center" in this Appendix A.

Budget and Budgeting Procedure of the Health Center

The Health Center submits a separate biennial operating budget to the Governor and General Assembly through the Secretary of the Office of Policy and Management. The operating budget request sets forth a proposed expenditures plan for the amount necessary to meet cost increases while providing a constant level of service. The budget may also include funds for expansion of Health Center programs. The operating budget includes various revenue sources including patient services, federal and private grant funding and State appropriations. The General Assembly appropriates and allocates funds directly to the Health Center. The Governor may reduce State agency allotments by not more than five percent unless approved by the Appropriations Committee of the General Assembly which shall, within ten days, approve or reject such reduction. The Health Center's Board of Directors approves annually the Unrestricted Operating Budgets for the Health Center which then must be approved by the University's Board of Trustees.

During each fiscal year, the Board of Trustees must quarterly submit to the General Assembly and the Office of Policy and Management, through the Board of Regents for Higher Education, a report of the actual expenditures of the Health Center.

The Health Center's capital budget request process is combined with the University as part of UCONN 2000 Phase III for Fiscal Years 2005-2018. Rather than annual requests, the University is required to provide a semi-annual update as to the progress of capital projects approved as part of UCONN 2000.

Fiscal Year 2012. The Health Center ended Fiscal Year 2012 with a loss of $2.9 million before capital appropriations. This loss was better than the budgeted loss of $4.1 million.

Fiscal Year 2013 Spending Plan. The Fiscal Year 2013 spending plan was presented to and approved by the Board of Trustees on June 28, 2012. The spending plan includes total revenue of $811.4 million, State appropriations and in-kind fringe benefits of $160.7 million and total expenditures of $811.4 million resulting in a net gain of $74,000.

Fiscal Year 2013 Revenue. For Fiscal Year 2013, Net Patient Revenues are budgeted at a level of $365.2 million, an increase of $14.9 million or 4.3% over the Fiscal Year 2012 amount. Net Patient Revenues are the largest source of revenue for the Health Center. State support is the second largest source of revenue for the Health Center. State support of $160.7 million (appropriation/allotments $112.7 million; fringe benefits $48.0 million) increased $7.3 million or is 4.8% more than the Fiscal Year 2012 amount. Research, both federal and non-federal research grants and contracts, is $84.9 million. This represents a decrease of approximately $5.0 million from the prior year. The Health Center is also budgeted to receive $86.2 million in exchange for its services rendered to the Department of Corrections. Tuition and fee revenue collections in the amount of $18.5 million represent 2.3% of total revenue streams.

Fiscal Year 2013 Expenditures/Transfers. Estimated Fiscal Year 2013 expenditures and transfers of $811.4 million are budgeted to increase by $27.3 million or 3.5% over the Fiscal Year 2012 amount, not including fringe benefit expense associated with Correctional Managed Health Care program that is covered by the State. Personal services expenditures are expected to reach $334.9 million or $7.0 million more than Fiscal Year 2012. Fringe benefit expenditures are expected to be $120.2 million or $6.8 million more than Fiscal Year 2012.

In addition to actual results of operations for Fiscal Years 2009-2012, the following schedule reflects the Fiscal Year 2013 spending plan as approved by the Board of Trustees on June 28, 2012.

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual (unaudited)	FY 2013 Budget
Revenues:					
State Support	$169.5	$168.2	$173.2	$153.4	$160.7
Tuition & Fees	15.7	16.7	17.3	17.5	18.5
Gifts, Grants and Contracts	87.4	87.0	84.8	89.9	84.9
Interns and Residents	35.1	42.8	47.6	53.8	55.2
Net Patient Care	321.7	318.3	334.8	350.3	365.2
Correctional Managed Health Care	99.4	92.0	91.0	86.9	86.2
Other Income	23.1	18.3	18.1	29.4	40.7
Total Revenues	**$751.9**	**$743.3**	**$766.8**	**$781.2**	**$811.4**
Expenses:					
Personal Services	$310.0	$299.8	$311.5	$327.9	$334.9
Fringe Benefits	103.5	100.2	108.9	113.4	120.2
Correctional Managed Health Care	99.4	92.6	91.6	86.9	86.2
Medical Contractual Support	15.6	13.9	16.5	16.4	17.8
Medical/Dental House Staff	36.5	39.4	42.3	43.4	46.4
Outside Agency Per Diems	1.6	2.2	2.2	2.4	1.6
Drugs/Medical Supplies	65.4	63.7	64.2	64.6	64.5
Utilities	15.9	14.0	14.5	13.2	14.6
Outside & Other Purchased Services	30.7	45.1	40.8	45.9	57.5
Insurance	11.4	1.2	6.9	2.5	6.0
Repairs & Maintenance	10.7	9.7	10.3	14.1	8.7
Other Expenses	22.0	23.4	23.4	21.9	21.1
Depreciation	29.5	28.9	29.8	31.5	31.9
Total Expenses	**$752.2**	**$734.1**	**$762.9**	**$784.1**	**$811.4**
Operating Gain (Loss)	**(0.3)**	**9.2**	**3.9**		
Cash Transfer to State		**(10.0)**	**(10.0)**		
Net Gain (Loss)	**$ (0.3)**	**$ (0.8)**	**$ (6.1)**	**$ (2.9)**	**$ 0.0**

State Support of the Health Center – Appropriations

The State develops a biennial budget which includes the Health Center's appropriation request. The appropriations are applicable to each specific year and the second year's appropriation is subject to review and adjustment. The Health Center's State appropriation for the Fiscal Year ending June 30, 2013 is $112.7 million.

Grants and Contracts

Revenue from federal, State, local and non-governmental grants and contracts totaled $86.0 million in Fiscal Year 2011, representing 14.5% of total operating revenues reported by the Health Center in the Statement of Revenues, Expenses and Changes in Net Assets for the Fiscal Year ended June 30, 2011, included in this Appendix A.

Governmental Grants and Contracts
for Fiscal Years 2007 - 2011
(in Millions of Dollars)

Fiscal Year	Amount
2007	$90.9
2008	$87.0
2009	$88.3
2010	$88.1
2011	$86.0

Health Center Long Term Liabilities

Summarized information on the Health Center long-term liabilities is presented in the breakout of long term debt presented below.

The Health Center is self-insured with respect to medical malpractice risks. The estimated malpractice reserve was $20,439,000 at June 30, 2011, of which it was estimated that $2,953,000 could be used in Fiscal Year 2012 in settling cases.

The scope of the Health Center's assessment for establishing reserves for malpractice costs encompasses physicians, dentists and all other University of Connecticut Health Center health care providers and support staff. The Health Center has established a trust fund for the payment of medical malpractice claim settlements. The trust is funded based on actuarially determined amounts.

The Health Center also maintains certain accrued compensated absences, to the extent that they are not expected to be utilized in the current year, as long term liabilities. These amounts have been accrued as payables and will offset future payroll expenses as they are utilized.

The following schedules present the Health Center's composition and current year activity related to long term debt and a breakout of debt service payments to be made in each of the Health Center's upcoming fiscal years related to debt outstanding as of June 30, 2011.

Long-term liability composition and activity for the Fiscal Years ended June 30, 2010 and 2011 were as follows:

Long-Term Liability
for Years Ended June 30, 2010 and 2011

	June 30, 2010 Balance	Additions	Reductions	June 30, 2011 Balance	Amounts Due Within One Year
Long-Term Debt					
Loans payable John Dempsey Hospital	$ 2,075,991	-	$ 830,398	$ 1,245,593	$ 830,396
Lease Agreements John Dempsey Hospital	2,318,364	-	1,231,750	1,086,614	614,731
Mortgage Agreements Primary Institution	29,629,891	-	11,533,046	18,096,845	815,937
Total Long-Term Debt	**34,024,246**	**-**	**13,595,194**	**20,429,052**	**2,261,064**
Malpractice Reserve	**18,315,000**	**5,209,761**	**3,085,761**	**20,439,000**	**2,953,000**
Compensated Absences	**41,017,248**	**24,583,606**	**21,790,045**	**43,810,809**	**17,962,432**
Total Long-Term Liabilities	**$93,356,494**	**$29,793,367**	**$38,471,000**	**$84,678,861**	**$23,176,496**

Estimated cash basis interest and principal requirements for the long term debt are as follows:

Fiscal Year Ending June 30th	Total Long Term Debt
2011	$ 2,969,339
2012	2,734,152
2013	1,787,381
2014	1,641,172
2015	1,669,985
Thereafter	6,773,861
Totals	**$17,575,890**

SCHEDULE 1

UNIVERSITY OF CONNECTICUT JUNE 30, 2011
AUDITED FINANCIAL STATEMENTS

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University of Connecticut

Financial Report
For the Year Ended June 30, 2011

Message from the Vice President and Chief Financial Officer

Founded in 1881, the University of Connecticut (University) serves as the State of Connecticut's (State) flagship institution for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, service and outreach. The University of Connecticut is a comprehensive institution of higher education which includes the University of Connecticut Health Center (Health Center). Although governed by a single Board of Trustees, the University and its Health Center maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and State appropriations. The Health Center also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority.

This financial report for the fiscal year ended June 30, 2011 represents the transactions and balances of the University, herein defined as all programs except the Health Center. This includes Storrs-based undergraduate and graduate programs, the regional campuses, the School of Law and the School of Social Work. The University's enrollment in fiscal year 2011 was 29,504 students, taught by 1,304 full-time faculty members and an additional 734 part-time faculty and adjuncts. In total, the University employs 4,586 full and part-time faculty and staff (excluding adjuncts). The University has shifted its focus of growth to enhancing the quality of the education. Two other entities also support the mission of the University: The University of Connecticut Foundation, Inc. (Foundation) and the University of Connecticut Law School Foundation, Inc. (Law School Foundation).

The University's Board of Trustees is vested by law with fiscal oversight of the University. The operational authority granted to the University builds upon the successful implementation of several pieces of legislation known as the Flexibility Acts enacted in the early 1990s. These statutory changes enabled the University to become responsible and accountable for its operational decisions independent of many of the previously imposed regulatory requirements. The University is responsible for the budgetary allocation of its State appropriation, check-writing authority, human resource control, purchasing authority and, with the advent of UCONN 2000 in 1995, management of capital projects.

While the University's operational flexibility and capacity has grown, all of these activities also take place within a context of continuing vigilance. The financial statements contained in this report reflect budget execution results consistent with spending plans and operating and capital budgets approved by the University's Board of Trustees. The Board of Trustees, through its Joint Audit and Compliance Committee, exercises oversight of the integrity of the University's financial statements and internal control systems, as well as direct engagement in the approval of independent auditing services to augment the University's internal audit capacity and the work performed by the Auditors of Public Accounts. An important component of external oversight, the Auditors of Public Accounts issue an Independent Auditors' Report on the financial statements of the University. They are responsible for auditing its financial operations and their audit opinion appears in this report.

The fiscal operations of the University are not an end in themselves—rather, the maintenance of fiscal health and stability serves the ultimate goal of enabling the University to achieve its teaching, research, service and outreach missions. Over the past decade, the growth and diversification of the University's funding streams, combined with the continuing physical transformation through UCONN 2000, have led the University to record enrollments, research success, and significant contributions to the economy of the State.

The financial condition of the University is closely tied to the State's economic condition. There are significant financial and economic challenges facing the state and the nation. Over the past three years, the University has experienced reductions in the State appropriation in addition to mandatory transfers to the State from the University's unrestricted net assets. Furthermore, decreases in State funding are also anticipated for fiscal year 2012. Despite the reality of declining State support, the University is committed to continue its high standard of service to its students and the citizens of the State.

The University continues to seek immediate and long-term efficiencies where possible. During fiscal year 2011, the University hired an internationally renowned management consulting firm to work with management to identify savings in non-academic areas. Though initially proposed by the Board of Trustees before the current budget challenges, the study will be of great value during these difficult economic times. Even in a more positive fiscal climate, dollars saved in administrative costs can be redirected to teaching, research, service and outreach. The report was presented to the Board of Trustees in the fall of 2011 and the report's recommendations are being reviewed and strategically implemented along with other revenue enhancement and cost saving initiatives.

Additionally, during the 2011 session of the Connecticut General Assembly, legislation was approved and signed by the Governor to create a Technology Park (Tech Park) on the Storrs campus. On August 26, 2011 the State Bond Commission authorized the issuance of $18.0 million in State General Obligation Bonds to finance the Tech Park's initial design and development costs. The total cost of the project is estimated to be approximately $172.5 million. This project will drive technology-based economic development by creating a partnership between UConn and industry where the University will support the growth of companies by offering access to advanced technology, faculty expertise along with providing incubator space for new companies. The Tech Park will be a critical component of the State's plan to stimulate long-term economic growth by supporting innovation, new technologies and the creation of new companies and sustainable jobs. The Tech Park is expected to be operational by 2015.

Among its many accomplishments, for the twelfth consecutive year, the University was named the top public university in New England in the annual *U.S. News and World Report* rankings. In fiscal year 2011, the University was ranked 19th among 172 public universities in the nation.

- Undergraduate enrollment is at an all-time high, while the quality and diversity of students choosing the University has shown a documented rise every year since the mid-1990s. Compared to fall of 1995, fall 2010 freshman enrollment at the main campus was up 65%, minority freshman enrollment was up 172%, and since 1996, average SAT scores were up 108 points. Forty-four percent of these students ranked in the top 10% of their high school class.
- The University's freshman-to-sophomore retention rate at the main campus is 92% and is substantially higher than the 82% average for 383 colleges and universities in the national Consortium for Student Retention Data Exchange. The 6-year graduation rate is 81% and the average time to graduate is 4.2 years among students completing Bachelor's within six years.
- Approximately 7,050 degrees were conferred in the 2010-11 school year for the completion of undergraduate, graduate and professional programs at the Storrs and regional campuses.
- Research awards for the Storrs-based program grew from $55.9 million in fiscal year 1996 to $135.9 million in fiscal year 2011.
- UConn, including both the Health Center and Storrs-based programs, ranked 80/697 among all institutions and 55/403 among public universities nationwide in research and development expenditures, as measured by the National Science Foundation.
- The Foundation's endowment, including both the Health Center and Storrs-based programs, which stood at $43 million at the start of 1995, is now valued at $313 million. The University and the Health Center received $26.4 million in disbursements in support of scholarships, faculty, programs and facilities from the Foundation in 2011.
- By the end of fiscal year 2011, the UCONN 2000 program has led to the authorization of 105 major projects totaling $1.8 billion in bond proceeds.

Respectfully Submitted,

Paul R McDowell

Richard D. Gray	Paul R. McDowell
Vice President and Chief Financial Officer	Chief Financial Officer
University of Connecticut	Storrs-based Programs

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STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

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210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

JOHN C. GERAGOSIAN

ROBERT M. WARD

INDEPENDENT AUDITORS' REPORT

The Board of Trustees of the
University of Connecticut

We have audited the accompanying statements of net assets of the University of Connecticut (University) as of June 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and statements of cash flows for the years then ended. The University is a component unit of the University of Connecticut system, which includes the University of Connecticut, the University of Connecticut Health Center and the University of Connecticut Foundation, Inc. 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 audits. We did not audit the financial statements of the University of Connecticut Law School Foundation, Inc., a discretely presented component unit, which represented .61 and .52 percent of the assets of the University as of June 30, 2011 and 2010, respectively. The University of Connecticut Law School Foundation, Inc. represented .21 and .34 percent of the combined revenues and other additions for the years ended June 30, 2011 and 2010, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Connecticut Law School Foundation, Inc., is based solely on the reports of the other auditors. The audits of the University of Connecticut Law School Foundation, Inc. were conducted in accordance with auditing standards generally accepted in the United States of America.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the University, as of June 30, 2011 and 2010, and the changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis on pages 2 through 15 is not a required part of the basic financial statements of the University, but is 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. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

John C. Geragosian
Auditor of Public Accounts

Robert M. Ward
Auditor of Public Accounts

December 16, 2011
State Capitol
Hartford, Connecticut

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) is required supplemental information. Its purpose is to provide users of the basic financial statements with a narrative introduction, overview, and analysis of those statements. The MD&A, which is unaudited, includes an analysis of the financial position and results of activities of the University of Connecticut (University, as defined below) for the fiscal year ended June 30, 2011, based on currently known facts, decisions, or conditions. It also includes selected comparative information for the years ended June 30, 2010 and 2009. As the MD&A presentation includes highly summarized information, it should be read in conjunction with the accompanying financial statements and related notes to the financial statements. The financial statements, notes to the financial statements, and this MD&A are the responsibility of management.

Founded in 1881, the University of Connecticut serves as the State of Connecticut's (State) flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, service and outreach. The University of Connecticut is a comprehensive institution of higher education, which includes the University of Connecticut Health Center (Health Center). Although governed by a single Board of Trustees, the University and the Health Center maintain separate budgets and are, by statute, separate entities for purposes of maintaining operating funds and State appropriations. The Health Center also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority.

This financial report for the fiscal year ended June 30, 2011 represents the transactions and balances of the University, herein defined as all programs except the Health Center. This includes Storrs-based undergraduate and graduate programs, the regional campuses, the School of Law and the School of Social Work.

During the year ended June 30, 2004, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, which amends GASB Statement No. 14, *The Financial Reporting Entity*. As a result, The University of Connecticut Law School Foundation, Inc. (Law School Foundation) is included as a component unit with the University (see Note 1). A related, but independent, corporate entity, The University of Connecticut Foundation, Inc. (Foundation), operates exclusively for charitable and educational purposes, raising funds to promote, encourage, and assist education and research at the University and the Health Center (see Note 13). The Foundation solicits and accepts donations of properties, monies, and securities and invests and administers these gifts. The Foundation materially supports the mission of both the University and the Health Center which are separately audited, producing their own financial statements. Displaying the Foundation's financial statements as a component unit of either the University or the Health Center would distort its actual contribution or economic benefit to that entity, and therefore the Foundation is not included as a component unit in the accompanying financial statements.

In accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which requires that certain intangible assets be classified as capital assets, the Statement of Net Assets as of June 30, 2009 and the Statement of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2009 were restated in order to retroactively apply the provisions of this statement to include purchased software which was previously expensed. For the purposes of the MD&A, certain tables and graphs are therefore restated for the year ending June 30, 2009.

The University's Board of Trustees is vested by law with fiscal oversight of the University. The operational authority granted to the University builds upon the successful implementation of several pieces of legislation known as the Flexibility Acts, enacted in the early 1990s. These statutory changes enabled the University to become responsible and accountable for its operational decisions independent of many of the previously imposed regulatory requirements. The University is now responsible for the budgetary allocation of its State appropriation, check-writing authority, human resource control, purchasing authority and, with the advent of UCONN 2000 in 1995, management of capital projects.

While the University's operational flexibility and capacity has grown, all of these activities also take place within a context of continuing external review. The financial statements contained in this report reflect budget execution results consistent with spending plans and operating and capital budgets approved by the University's Board of Trustees. The Auditors of Public Accounts issue an Independent Auditors' Report on the financial statements of the University. They are responsible for auditing its financial operations and their opinion appears on page 1.

FINANCIAL HIGHLIGHTS AND ECONOMIC OUTLOOK

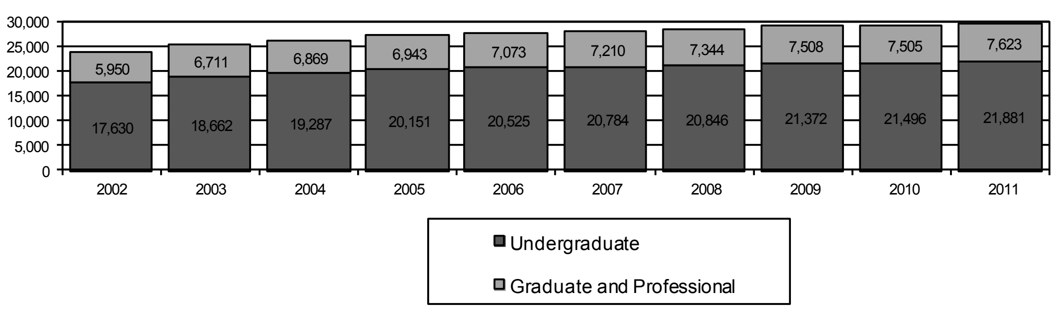
The University submits separate biennial operating and capital budgets to the Governor and General Assembly through the Board of Regents for Higher Education. The General Assembly appropriates and allocates funds directly to the University.

In general, the Governor may reduce State agency allotments by not more than 5%, although in recent years the General Assembly has afforded the Governor certain specified additional reduction authority.

The financial statements contained herein show an operating loss of $376.9 million for the year ending June 30, 2011 (fiscal year 2011) as compared to $363.2 million for the year ending June 30, 2010 (fiscal year 2010), and $406.7 million for the year ending June 30, 2009 (fiscal year 2009). The increase in operating loss in fiscal year 2011 from fiscal year 2010 was due to an increase in total operating expenses of 5.9%, primarily caused by a 6.4% increase in salaries as a result of a 3.3% increase in full-time equivalent staff and negotiated raises. The decrease in operating loss in fiscal year 2010 from fiscal year 2009 was due to an increase in total operating revenues of 6.3%, primarily attributed to increases in undergraduate enrollment, tuition and fees, and room and board fees. It is also due to a reduction of 162 full-time equivalents in fiscal year 2010 over 2009, which resulted from 211 staff participating in the Retirement Incentive Plan (offset by new hires). For public institutions, the measure more indicative of normal and recurring activities is income or loss before other changes in net assets, which includes revenue from the State appropriation. The University experienced a loss before other changes in net assets of $49.9 million in fiscal year 2011 as compared to $38.3 million and $68.2 million for fiscal years 2010 and 2009, respectively. Total operating revenues grew $40.8 million in fiscal year 2011 and $33.2 million in fiscal year 2010. At the same time, operating expenses increased $54.4 million in fiscal year 2011 as compared to a decrease in fiscal year 2010 of $10.3 million over fiscal year 2009. Investment income decreased $0.3 million in fiscal year 2011, $3.0 million in fiscal year 2010 and $6.1 million in fiscal year 2009.

Sources of recurring revenues continued to exhibit strength, with increases in operating revenues for the past three fiscal years. The University's total enrollment in fiscal year 2003 topped 25,000 students and grew to 29,504 students in fiscal year 2011. These students are taught by 1,304 full-time faculty members (an increase of 18 faculty over the prior year) and an additional 734 part-time faculty and adjuncts. Undergraduate enrollment at the University reached 21,881 students in fiscal year 2011, 1.8% more than fiscal year 2010 (0.6% more students in fiscal year 2010 over 2009). At the same time, an in-state tuition and mandatory fee increase of 5.36% and an out-of-state increase of 5.47% were approved for fiscal year 2011. Graduate and professional enrollment increased by 1.6% with an in-state tuition and mandatory fee increase of 5.36% and an out-of-state increase of 5.44%. The increased enrollment of all students, when combined with the tuition and mandatory fee increases, resulted in an increase in tuition and fee revenue, before scholarship allowances, of $23.9 million (7.5%) as compared to a $22.0 million (7.4%) increase in fiscal year 2010. Sales and services of auxiliary enterprises, before scholarship allowances, increased $11.6 million (7.0%), primarily as a result of an overall increase in room and board fees of 6.54% for undergraduate students and 6.59% for graduate students and an increase in room occupancy of 1.2% over fiscal year 2010. In fiscal year 2010, sales and services of auxiliary enterprises, before scholarship allowances, increased $12.3 million (8.1%), primarily as a result of an overall increase in room and board fees of 6.48% for undergraduate students and 8.61% for graduate students and an increase in room occupancy of 3.6% over fiscal year 2009. Grant and contract revenues increased $17.4 million (11.8%) in fiscal year 2011 as compared to $14.6 million (11.0%) in fiscal year 2010 over 2009.

HEADCOUNT ENROLLMENT IN FALL OF EACH FISCAL YEAR
TEN YEAR COMPARISON



The 21st Century UConn program, also known as Phase III of UCONN 2000, began in fiscal year 2005 and was amended in fiscal years 2008, 2010 and 2011. As amended, it represents a $1.82 billion, 13-year extension of the original UCONN 2000 program (see Note 5), and provided $1.0 billion for facilities improvements at Storrs, the regional campuses, the School of Law and the School of Social Work. It also provided for $775.3 million for improvements at the Health Center. The total estimated cost for the UCONN 2000 program, including Phases I, II and III, is $3.1 billion. This commitment from the State provides long-term funds for capital enhancement and preservation and will allow the University to provide quality facilities commensurate with the enrollment growth experienced in recent years.

The financial condition of the University is closely tied to the State's economy. There are significant financial and economic challenges facing the State and the nation. In fiscal years 2011 and 2010, the University transferred $15.0 million and $8.0 million, respectively, from unrestricted net assets to the State's General Fund as a result of a deficit mitigation plan implemented by the State. In fiscal year 2009, the University also experienced an approximate $15.7 million decrease in State support due to an appropriation rescission and an associated reduction in fringe benefit support. These funds have not been restored to the University's appropriation and further reductions in State support of approximately $36.6 million are anticipated in fiscal year 2012 due to the State's current financial condition. The University will continue to face a very difficult financial climate as further reductions are possible. To mitigate these reductions and to address this severe economic downturn, a Costs, Operations, and Revenue Efficiencies (CORE) Task Force was convened in November 2008. Approximately $7 million in savings or new revenues were identified by this task force through fiscal year 2010. In fiscal year 2011, the University's Board of Trustees approved the hiring of an internationally recognized consulting firm to examine the University's operations and recommend savings and revenue enhancements that could be significant to the University. A report from the consulting firm was presented to the Board of Trustees in the fall of 2011 and the report's recommendations are being reviewed and strategically implemented along with other revenue enhancement and cost saving initiatives. Despite the reality of declining State support and with future reductions by the State, the University is committed to continue its high standard of service to its students and the citizens of the State.

FINANCIAL STATEMENTS

Effective July 1, 2001, the University adopted GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, as amended by GASB Statement Nos. 37 and 38. GASB Statement No. 35 establishes standards for financial reporting for public colleges and universities. The University's financial report includes three basic financial statements: Statements of Net Assets; Statements of Revenues, Expenses, and Changes in Net Assets; and Statements of Cash Flows. In addition, the following elements are included with these general-purpose financial statements: Management's Discussion and Analysis and Notes to the Financial Statements. GASB Statement No. 35 focuses on the University as a whole rather than on accountability by individual fund groups and provides accounting and financial reporting guidelines, enhancing the usefulness and comprehension of financial reports by external users. The adoption of these standards resulted in the conversion from fund accounting statements to statements presented in a single-column format.

The financial statements reflect budget execution results consistent with operating budgets and spending plans approved by the University's Board of Trustees. The University prepares and presents its Operating Budget requests and annual Spending Plan in a current funds format.

STATEMENTS OF NET ASSETS

The Statements of Net Assets present the assets, liabilities, and net assets of the University as of the end of the fiscal year, June 30. The Statements of Net Assets are a point in time financial statement – a snapshot – and a measure of the financial condition of the University. These statements present end-of-year data concerning assets, classified as current (those available for use within one year) and noncurrent (those available beyond one year), liabilities, categorized as current (those maturing and due within one year) and noncurrent (those maturing and due after one year), and net assets that represent the difference between total assets and total liabilities. Assets represent what is owned by or what is owed to the University, including payments made to others before a service was received. Assets are recorded at their current value, except for property and equipment which are recorded at historical cost, net of accumulated depreciation and amortization. Liabilities represent what is owed to others or what has been received from others prior to services being provided by the University.

Readers of the Statements of Net Assets are able to determine the assets available to continue the operations of the University. The net asset value of the University is the residual interest or equity in the University's assets after liabilities are deducted. Over time, an increase in net assets is an indicator of the University's improving financial strength.

The following table shows condensed Statements of Net Assets at June 30 (in millions):

	2011	2010	2009*
Current assets	$ 500.6	$ 584.6	$ 532.9
Noncurrent assets			
State debt service commitment	735.0	804.3	780.2
Investments	10.7	9.8	9.5
Property and equipment, net	1,399.3	1,397.5	1,412.6
Other	19.3	19.5	19.5
Total assets	$2,664.9	$2,815.7	$2,754.7
Current liabilities	$ 265.9	$ 292.1	$ 274.6
Noncurrent liabilities			
Long-term debt and bonds payable	978.1	1,058.7	1,039.0
Other	25.6	20.6	21.9
Total liabilities	$1,269.6	$1,371.4	$1,335.5
Invested in capital assets, net	$1,144.9	$1,131.9	$1,143.4
Restricted	75.0	149.6	128.6
Unrestricted	175.4	162.8	147.2
Total net assets	$1,395.3	$1,444.3	$1,419.2

*As restated

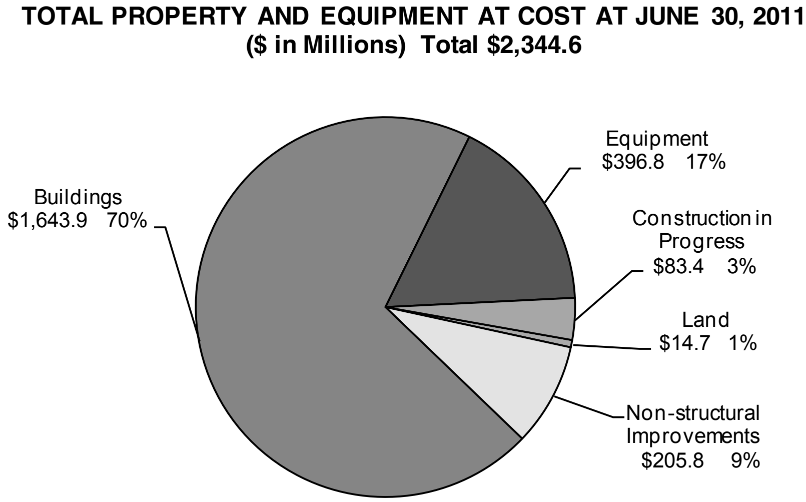
The total assets decreased $150.8 million in fiscal year 2011 over 2010 as compared to an increase of $61.0 million in fiscal year 2010 over 2009. The decrease in fiscal year 2011 was primarily attributed to the net effect of the following increases/decreases: a $9.5 million increase ($25.3 million in fiscal year 2010) in cash and cash equivalents, a $92.6 million decrease in deposit with bond trustee ($17.4 million increase in fiscal year 2010), a $73.6 million decrease in the State debt service commitment ($31.9 million increase in fiscal year 2010), a $3.8 million increase in accounts receivable ($1.9 million in fiscal year 2010) and a net increase of $1.7 million to property and equipment ($15.1 million decrease in fiscal year 2010).

The total liabilities for fiscal year 2011 decreased $101.8 million ($35.9 million increase in fiscal year 2010) primarily due to newly acquired debt through the sale of general obligation bonds and bond refundings that occurred in fiscal year 2010 of $191.8 million ($0 in fiscal year 2011), which was offset by the retirement of debt on existing bonds and loans of $84.5 million in fiscal year 2011 ($162.8 million in fiscal year 2010), an increase in wages payable of $5.5 million ($2.6 million decrease in fiscal year 2010), an increase of $3.3 million in compensated absences ($4.7 million in fiscal year 2010) and a decrease in due to affiliate of $24.0 million in fiscal year 2011 ($4.7 million in fiscal year 2010). The combination of the decrease in total assets of $150.8 million ($61.0 million increase for fiscal year 2010) and total liabilities of $101.8 million ($35.9 million increase for fiscal year 2010) yields a decrease in total net assets of $49.0 million ($25.1 million increase in fiscal year 2010).

Capital and Debt Activities

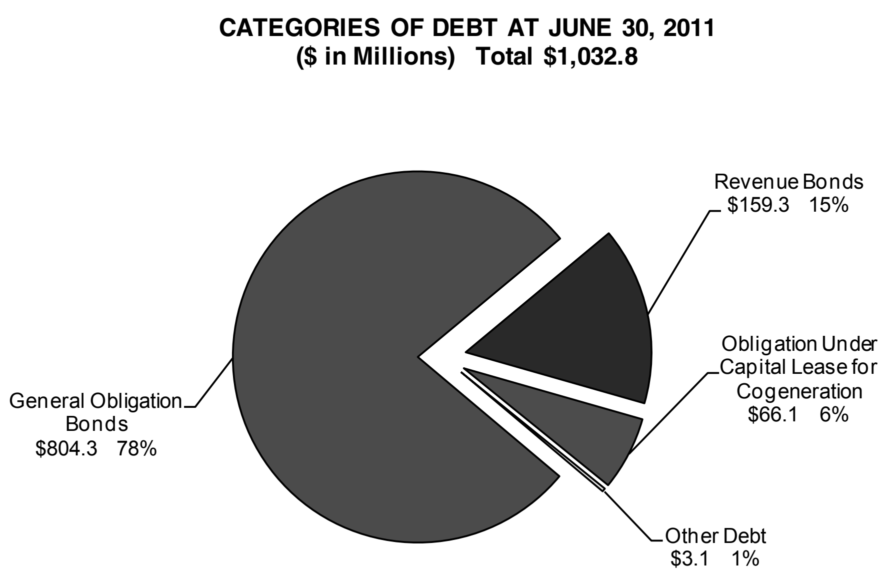
During fiscal year 2011, the University recorded additions to property and equipment totaling $93.1 million ($75.7 million and $43.3 million in fiscal years 2010 and 2009, respectively) of which $69.2 million related to buildings and construction in progress ($51.8 million and $18.9 million in fiscal years 2010 and 2009, respectively). The growth of the University's property and equipment is a direct result of the successful UCONN 2000 program. The third phase of the program, also known as 21st Century UConn, expands and builds on the success of UCONN 2000 with an additional $1.82 billion for improvements to facilities at the University and the Health Center (see Note 5).

The following pie chart presents the total property and equipment at cost:



In fiscal year 2011, the University did not issue UCONN 2000 general obligation bonds ($97.1 million total face value was issued in fiscal year 2010 of which $35.6 million was committed to the Health Center for its UCONN 2000 projects. See Note 5). The State has made a commitment to fund the University for all principal and interest payments due on UCONN 2000 general obligation debt, inclusive of 21st Century UConn. As the general obligation debt is incurred, the commitment from the State is recorded as a current and noncurrent receivable (State debt service commitment in the accompanying Statements of Net Assets). When bonds are issued, the amount of the commitment for the Health Center is reflected as a liability by the University. Subsequent to the year ended June 30, 2011, the University issued a combined $211.6 million in General Obligation Bonds, with a closing date of December 8, 2011, to fund UCONN 2000 projects and to refund portions of outstanding balances of previously issued bonds (See Note 5).

The following chart illustrates the categories of debt as of June 30, 2011, exclusive of premiums, discounts and debt differences due to refunding:

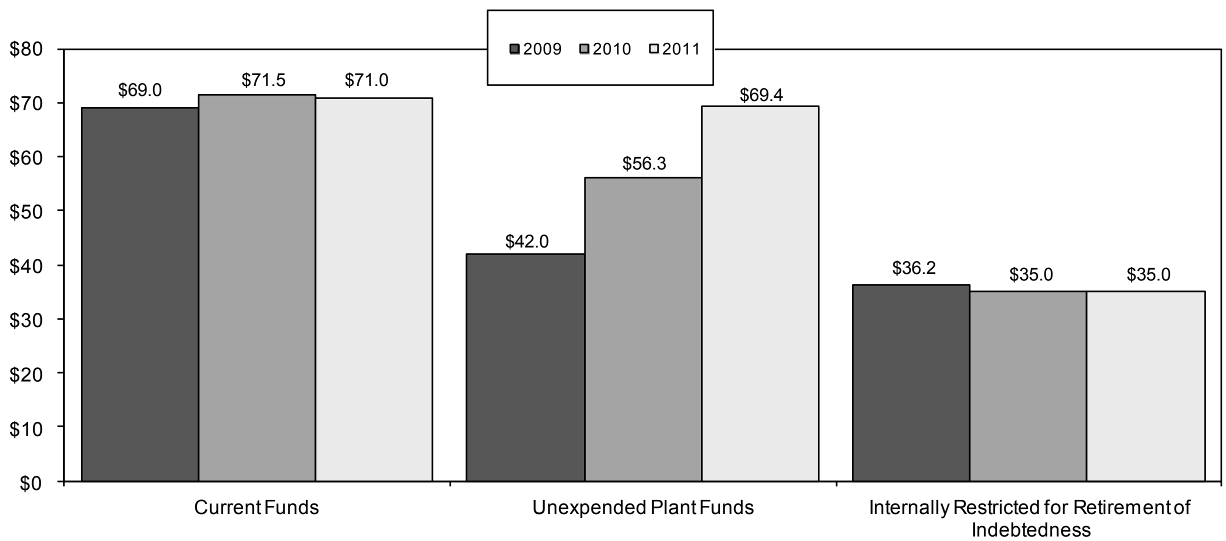


See Notes 4 and 5 of the financial statements for further information on capital and debt activities.

Net Assets

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, represents the University's equity in property and equipment. The restricted net assets category is subdivided into nonexpendable and expendable. The corpus of restricted nonexpendable resources is only available for investment purposes, and in the University's Statements of Net Assets this amount represents endowment assets. Expendable restricted net assets are available for expenditure by the institution, but must be spent for purposes determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are defined by GASB Statement No. 35 to include funds not restricted by third-parties, including all unrestricted funds formerly (prior to fiscal year 2002) included in the balances of unrestricted current funds, retirement of indebtedness funds, and plant funds on the Statement of Net Assets. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. GASB prohibits a breakout of designated unrestricted funds on the face of the Statements of Net Assets. Unrestricted net assets are available to the University for any lawful purpose of the institution. The following shows a comparison between fiscal years by category of unrestricted net assets:

UNRESTRICTED NET ASSETS ($ in Millions)



For the most part all unrestricted net assets are internally designated for academic and research programs, capital programs, retirement of debt, and auxiliary enterprise activities.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

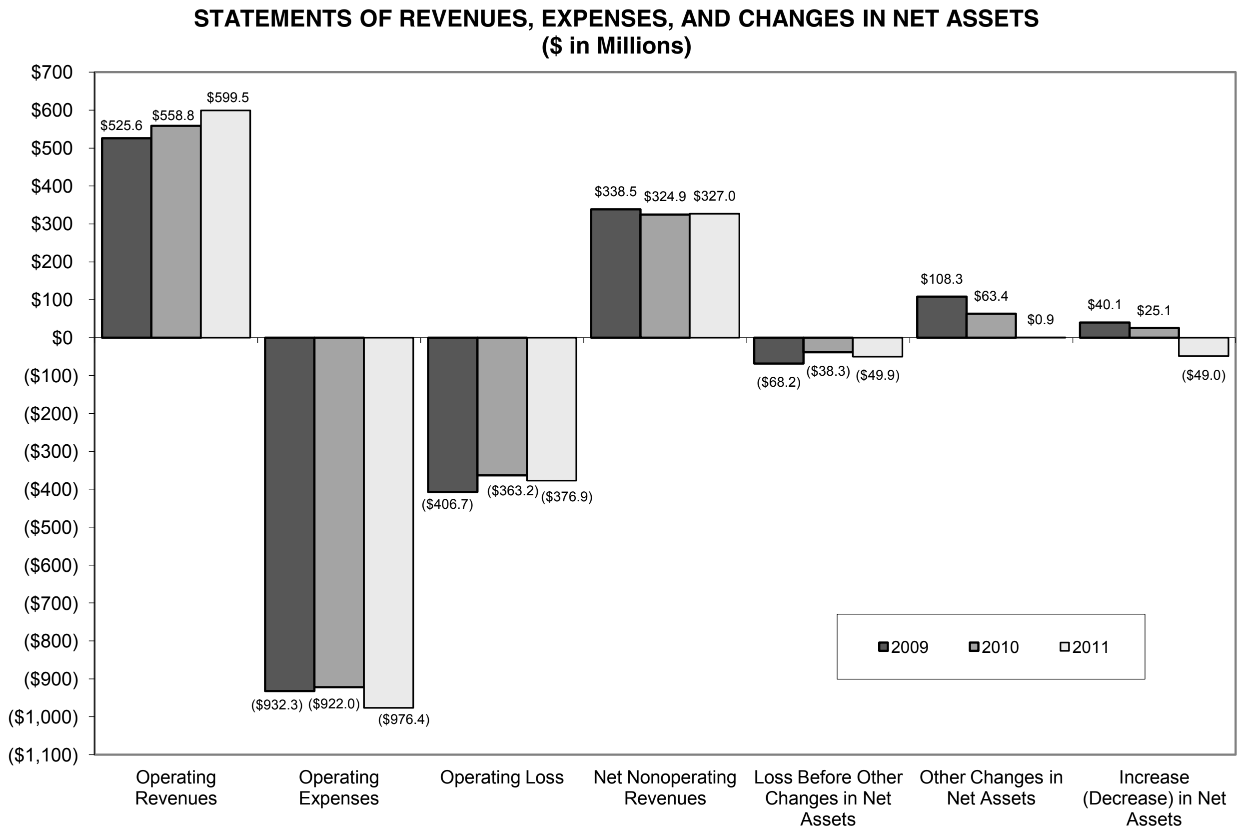
Revenues and expenses are classified as operating, nonoperating, or other changes in net assets according to definitions prescribed by GASB. Significant recurring sources of nonoperating revenues utilized in balancing the operating loss each year include State appropriation for general operations, State debt service commitment for interest, noncapital gifts, and short-term investment income. By its very nature, a State funded institution does not receive tuition, fees, and room and board revenues sufficient to support the operations of the University. Therefore, these nonoperating revenues are essential to the programs and services provided by the University. Unless a significant increase in tuition and fees and room and board revenues occurs, the University will always show a loss from operations.

The following table shows condensed Statements of Revenues, Expenses, and Changes in Net Assets for the fiscal years ended June 30 (in millions):

	2011	2010	2009*
Operating revenues	$ 599.5	$ 558.8	$ 525.6
Operating expenses	976.4	922.0	932.3
Operating loss	(376.9)	(363.2)	(406.7)
Net nonoperating revenues	327.0	324.9	338.5
Loss before other changes in net assets	(49.9)	(38.3)	(68.2)
Net other changes in net assets	0.9	63.4	108.3
Increase (decrease) in net assets	$ (49.0)	$ 25.1	$ 40.1

*As restated

While the Statements of Net Assets present the financial condition at a point in time, the Statements of Revenues, Expenses, and Changes in Net Assets represent the activity for a period of time – one year. These statements present either an increase or decrease in net assets based on the revenues received by the University, both operating and nonoperating, the expenses paid by the University, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the University.



Generally, operating revenues are earned when providing goods and services to the various customers of the University. Operating expenses are incurred in the normal operation of the University and represent those expenses paid to acquire or produce the goods and services provided in return for the operating revenues. Operating expenses also include the provision for estimated depreciation and amortization of property and equipment. The difference between operating revenues and operating expenses is the operating income or loss. As a State funded agency, the University is expected to experience an operating loss each year.

Nonoperating revenues are revenues received for which goods and services are not provided, including State appropriation and State debt service commitment for interest. Such revenues are provided by the State to the University without the State directly receiving commensurate goods and services in exchange for those revenues. Nonoperating revenues (expenses) also include transfer to State General Fund, noncapital gifts, investment income, interest expense, and other expenses not considered operating expenses.

Other changes in net assets are comprised of the State's debt service commitment for principal payments on general obligation bonds used for capital purposes, capital appropriation, capital grants and gifts, the disposal of property and equipment, and additions to permanent endowments. The Statements of Revenues, Expenses, and Changes in Net Assets reflect a decrease in the net assets of $49.0 million in fiscal year 2011 and increases of $25.1 million and 40.1 million in fiscal years 2010 and 2009, respectively.

Revenues

The following table summarizes operating and nonoperating revenues and other changes in net assets for the fiscal years ended June 30 (in millions):

	2011	2010	2009
Operating revenues:			
Student tuition and fees, net	$ 233.9	$ 223.8	$ 215.6
Grants and contracts	164.5	147.2	132.6
Sales and services of educational departments	16.2	15.2	17.2
Sales and services of auxiliary enterprises, net	173.1	161.8	149.5
Other sources	11.8	10.8	10.7
Total operating revenues	599.5	558.8	525.6
Nonoperating revenues:			
State appropriation	329.0	325.5	327.8
State debt service commitment for interest	40.0	38.5	37.8
Gifts	21.1	18.1	21.8
Investment income	1.0	1.3	4.3
Total nonoperating revenues	391.1	383.4	391.7
Other changes in net assets:			
State debt service commitment for principal	-	61.7	105.0
Capital grants and gifts and additions to permanent endowments	2.0	2.4	3.8
Total other changes in net assets	2.0	64.1	108.8
Total revenues	$ 992.6	$ 1,006.3	$ 1,026.1

Revenue highlights, for fiscal years 2011 and 2010 and comparison between fiscal years, including operating and nonoperating revenues and other changes in net assets, presented on the Statements of Revenues, Expenses, and Changes in Net Assets are as follows:

- Student tuition and fees, net of scholarship allowances, increased 4.5% in fiscal year 2011 (3.8% in fiscal year 2010) and 7.5% before scholarship allowances (7.4% in fiscal year 2010). The increase in fiscal year 2011 was due in part to a 1.8% (0.6% in fiscal year 2010) increase in undergraduate enrollment at the University and an increase of 5.36% (5.87% in fiscal year 2010) for undergraduate in-state tuition and mandatory fees charged, and 5.47% (5.97% in fiscal year 2010) for out-of-state tuition and mandatory fees.

- Total grants and contracts increased $17.4 million (11.8%) in fiscal year 2011 ($14.6 million or 11.0% in fiscal year 2010) primarily due to an increase in federal and state financial aid.

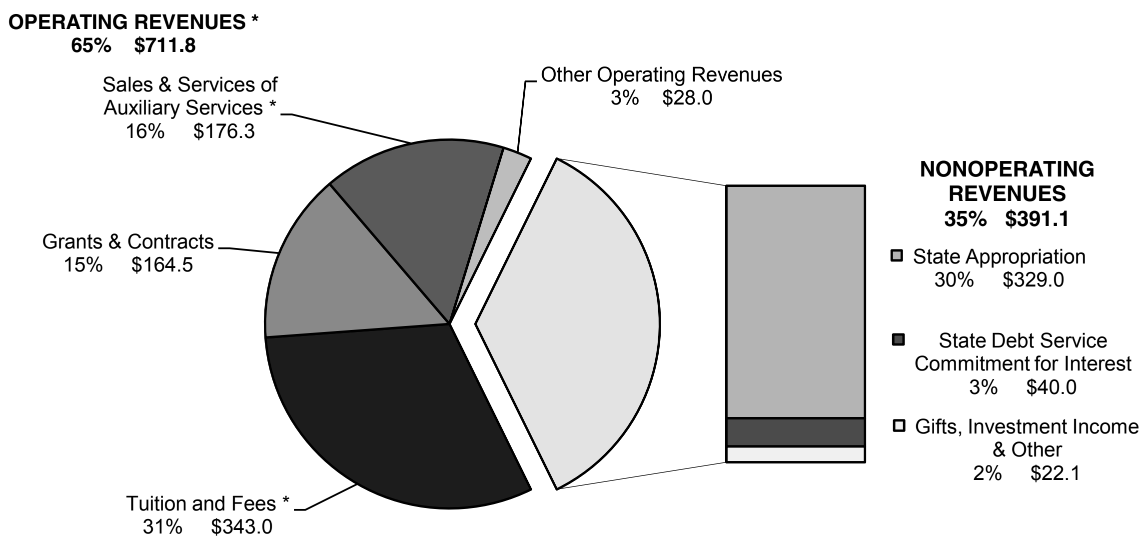
- Sales and services of auxiliary enterprises, net of scholarship allowances, increased approximately 7.0% and 8.2% during fiscal years 2011 and 2010, respectively. The increase in fiscal year 2011 resulted from an increase in fees charged for both room and board of 6.54% for undergraduate students and 6.59% for graduate students and an increase in room occupancy of 1.2% over fiscal year 2010. The increase in fiscal year 2010 resulted from an increase in fees charged for both room and board of 6.48% for undergraduate students and 8.61% for graduate students and an increase in room occupancy of 3.6% over fiscal year 2009.

- The largest source of revenue, State appropriation including fringe benefits, increased $3.5 million in fiscal year 2011 compared to a decrease of $2.3 million in fiscal year 2010. The State appropriation is included in the nonoperating section. The State also provides State debt service commitment for the interest payments made annually on general obligation bonds. State debt service commitment for interest revenue is included with nonoperating revenues and corresponds to the total interest paid and accrued on general obligation bonds. Effectively, this revenue offsets a significant portion of interest expense each year. Also, as general obligation bonds are issued (see Note 5) the State commits to the repayment of the future principal amounts and a receivable is recorded on the Statements of Net Assets to reflect this commitment. This results in revenue that is recorded in other changes in net assets that totaled $61.7 million in fiscal year 2010. There were no general obligation bonds issued in fiscal year 2011.

- Gift revenue, both capital and noncapital, is derived from gifts made directly to the University and from the Foundation and Law School Foundation. These spendable funds are provided to the University for educational, cultural, recreational, and research activities. Both the Foundation and the Law School Foundation disburse funds to the University as requests are made, provided the request is in accordance with donor restrictions, if any. These gifts, including capital gifts, received by the University from both Foundations, totaled approximately $19.4 million in fiscal year 2011 compared to $15.8 million in fiscal year 2010. On a combined basis, both Foundations also paid approximately $3.5 million in fiscal year 2011 ($3.5 million in fiscal year 2010) to third parties on behalf of the University. This amount is not reflected in the University's financial statements. Total nonoperating gifts and capital grants and gifts revenue to the University from all sources amounted to $23.2 million and $20.5 million in fiscal years 2011 and 2010, respectively.

Revenues, excluding other changes in net assets, come from a variety of sources and are illustrated in the following graph:

REVENUES FOR FISCAL YEAR 2011 ($ in Millions)
Total: $1,102.9



* Shown here at gross amounts, not netted for student financial aid totaling $112.3 million.

Expenses

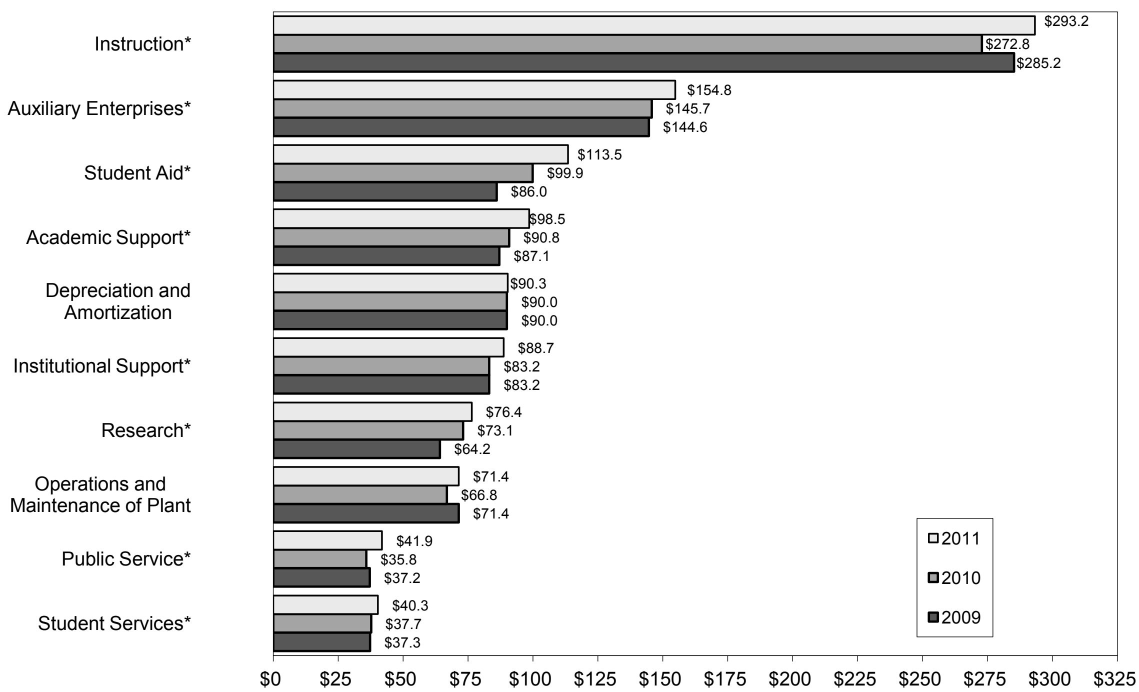
The following table summarizes operating and nonoperating expenses and other changes in net assets for the fiscal years ended June 30 (in millions):

	2011	2010	2009*
Operating expenses:			
Instruction	$ 292.2	$ 271.9	$ 284.1
Research	74.5	72.3	64.0
Operations and maintenance of plant	71.4	66.8	71.4
Auxiliary enterprises	154.5	145.4	144.4
Depreciation and amortization	90.3	90.0	90.0
Other	293.5	275.6	278.4
Total operating expenses	976.4	922.0	932.3
Nonoperating expenses:			
Interest expense	48.8	48.6	48.9
Transfer to State General Fund	15.0	8.0	-
Other nonoperating expense, net	0.3	2.0	4.3
Total nonoperating expenses	64.1	58.6	53.2
Other changes in net assets:			
Capital appropriation	0.5	-	-
Disposal of property and equipment, net	0.6	0.7	0.4
Total other changes in net assets	1.1	0.7	0.4
Total expenses	$ 1,041.6	$ 981.3	$ 985.9

*As restated

Operating expenditures are classified by function in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets. These functions directly contribute to the major mission of the University. The following chart depicts comparative functional expenditures of the University. It does not include other operating expenses:

EXPENSES BY FUNCTIONAL CLASSIFICATION
($ in Millions)



* Shown here at gross amounts, not netted for financial aid totaling $112.3 million.

Total operating expenses were $976.4 million and $922.0 million in fiscal years 2011 and 2010, respectively, netted for student financial aid totaling $112.3 million and $98.3 million, respectively. Natural classification includes salaries, fringe benefits, utilities, and supplies and other expenses (see Note 15 for operating expenses classified by natural classification).

Highlights of expenses, including operating and nonoperating expenses and other changes in net assets, presented on the Statements of Revenues, Expenses, and Changes in Net Assets are as follows:

- Instruction, the University's largest operating expense, increased $20.3 million (7.5%) primarily due to an increase of approximately 41 full-time equivalent faculty and staff, due to the strategic faculty hiring plan during fiscal year 2011, and an average compensation increase for the bargaining units of approximately 5%. In addition, there was a 15.1% net increase in supplies, commodities and other expenditures. In fiscal year 2010, instruction decreased $12.2 million (4.3%) primarily due to a decrease of approximately 59 full-time equivalent faculty and staff, as a result of the Retirement Incentive Plan, offset by a 4.8% net increase in supplies, commodities and other expenditures.

- In fiscal year 2011, research expenses increased $2.2 million or 3.0% ($8.3 million or 12.9% in fiscal year 2010). This is commensurate with an increase in fiscal years 2011 and 2010 in associated research revenues. These expenditures are related primarily to sponsored research revenues and are affected by the timing of salaries and the purchase of supplies and commodities that can be charged to grants.

- Public service and academic support increased $13.6 million in total for fiscal year 2011 ($2.2 million in fiscal year 2010). This resulted from an increase of approximately 45 full-time equivalent faculty and staff, and an average compensation increase for the bargaining units of approximately 5%, along with a 12.9% net increase in supplies, commodities and other expenditures.

- In fiscal year 2011, institutional support experienced an increase of $5.5 million or 6.6%. This resulted from a 4.9% increase (2.4% decrease in fiscal 2010) in the number of full-time equivalent staff and an average compensation increase for the bargaining units of approximately 5%. In fiscal year 2011, institutional support experienced a slight increase in contractual services related to the revenue enhancement and cost savings review performed by an outside consulting firm. In fiscal year 2010, there was also an increase in contractual services for the replacement of the Foundation's donor database (see Note 13).

- Operations and maintenance of plant increased $4.6 million or 6.9% in fiscal year 2011 as compared to a $4.7 million or 6.6% decrease in fiscal year 2010. This is primarily attributed to a net increase in supplies and other expenses of 18.1% (8.2% decrease in fiscal year 2010) related to general maintenance and repairs. This was offset by a decrease in natural gas prices of approximately 12.1% in fiscal year 2011 (12.4% in fiscal year 2010). Fiscal year 2011 also experienced an increase of 10.0% (22.8% reduction in fiscal year 2010) in electricity consumption. In fiscal years 2011 and 2010, electricity rates increased approximately 3.6% and 24.2%, respectively, including distribution and demand charges. Natural gas consumption, the primary energy source that fuels the Cogeneration plant, decreased 0.5% and 9.1% in fiscal years 2011 and 2010, respectively.

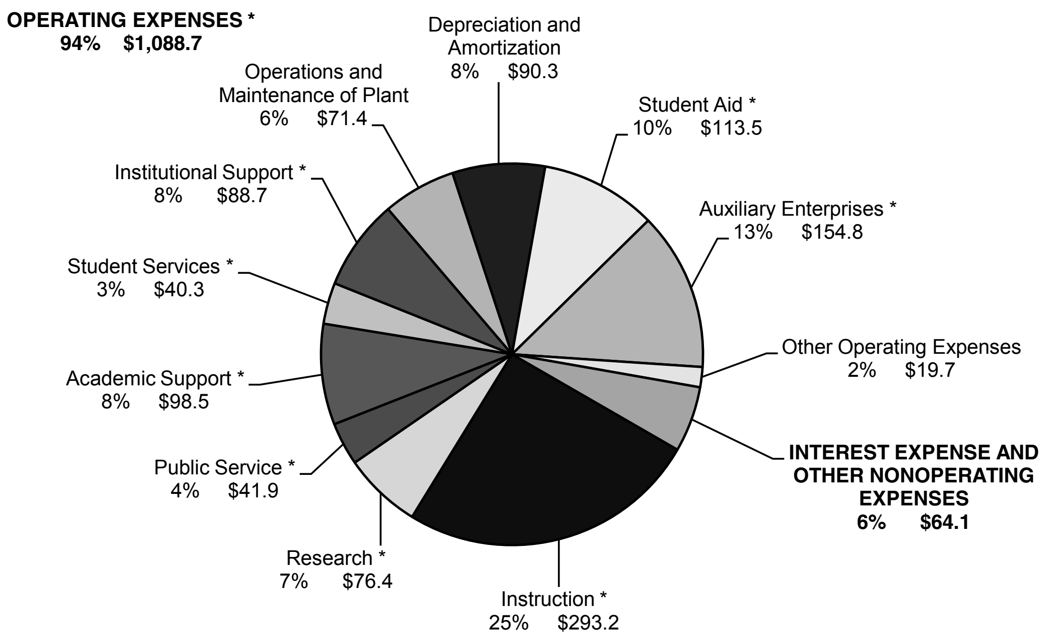
- In fiscal year 2011, the University began to depreciate an additional $39.2 million ($47.2 million in fiscal year 2010) in property and equipment. These additions contributed to a slight increase in depreciation and amortization expense in fiscal year 2011.

- Auxiliary enterprises expenditures increased $9.1 million or 6.3% in fiscal year 2011 (0.7% in fiscal year 2010), primarily due to certain contractual salary increases and the hiring of 11 full-time equivalent staff as well as a 8.4% increase (5.3% in fiscal year 2010) in supplies, commodities and other expenditures.

- In fiscal year 2011, the University expensed $3.9 million in other operating expenses due to a cancelled software implementation project in which costs capitalized to date had no realizable value as of June 30, 2011. The University had previously written-off $5.2 million on the project due to costs accumulated that exceeded the value of the asset in fiscal year 2010. Also in fiscal year 2011, a total of $5.2 million was expensed in other operating expenses which include $2.7 million of expenses to correct structural deficiencies related to the Agricultural Biotechnology Laboratory and Advanced Technology Laboratory buildings and $2.5 million ($6.7 million in fiscal year 2010) related to inspections, fire and safety code updates and other corrective action needed in order to achieve safety goals for all buildings. For fiscal years 2010 and 2009, the University expensed an additional $3.3 million and $16.5 million, respectively, in other operating expenses for a project to correct structural deficiencies related to the construction of the Law School Library building. These expenditures did not increase the value of the building or extend its useful life (see Note 4). The remaining amounts in other operating expenses include costs not capitalized under University policy such as repairs, project management fees, capital project studies, and mold, lead and asbestos removal projects. These expenses totaled $10.7 million in fiscal year 2011 as compared to $8.4 million in fiscal year 2010.

The pie chart below illustrates operating expenses by function, not netted for financial aid, and also includes other operating expenses. A significant portion of student aid is reflected as an allowance against tuition and fees revenue and sales and services of auxiliary enterprises on the Statements of Revenues, Expenses, and Changes in Net Assets. The chart also shows interest expense and other nonoperating expenses.

EXPENSES FOR FISCALYEAR 2011 ($ in Millions)
Total $1,152.8



* Shown here at gross amounts, not netted for financial aid totaling $112.3 million.

STATEMENTS OF CASH FLOWS

The Statements of Cash Flows present detailed information about the cash activity of the University during the year. The first section of these statements, cash flows from operating activities, will always be different from the Statements of Revenues, Expenses, and Changes in Net Assets' operating loss amount. The difference results from noncash items such as depreciation and amortization expense and the use of the accrual basis of accounting in preparing the Statements of Revenues, Expenses, and Changes in Net Assets. These statements show revenues and expenses when incurred, not necessarily when cash is received or used. The Statements of Cash Flows, on the other hand, show cash inflows and outflows without regard to accruals. The Statements of Cash Flows have four additional sections including: cash flows from noncapital financing activities including State appropriation, transfer to State General Fund, gifts and other nonoperating revenues and expenses; cash flows from capital financing activities that reflect the cash received and used by the University for financing, principally capital in nature, capital grants and gifts, and State debt service commitments for principal and interest; cash flows from investing activities showing the purchases, proceeds and interest received from investing activities; and a reconciliation of operating loss reflected on the Statements of Revenues, Expenses, and Changes in Net Assets to net cash used in operating activities.

The following table shows condensed Statements of Cash Flows for the years ended June 30 (in millions):

	2011	2010	2009*
Cash provided from operating activities	$ 590.9	$ 561.2	$ 523.9
Cash used in operating activities	(905.3)	(864.2)	(846.3)
Net cash used in operating activities	(314.4)	(303.0)	(322.4)
Net cash provided from noncapital financing activities	334.6	336.1	345.4
Net cash provided from (used in) capital financing activities	(104.3)	8.2	88.9
Net cash provided from (used in) investing activities	93.6	(16.0)	(89.5)
Net increase in cash and cash equivalents	$ 9.5	$ 25.3	$ 22.4

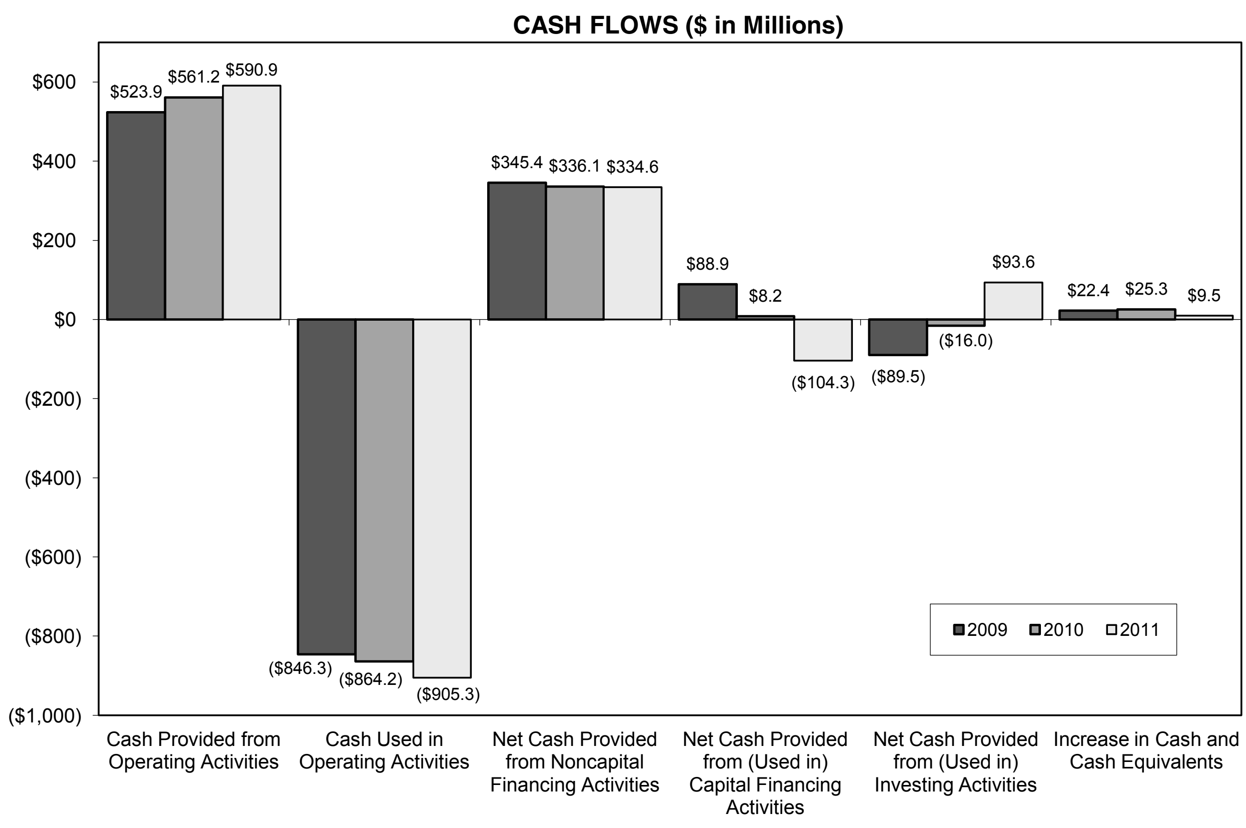
*As restated

Net cash used in operating activities was $314.4 million and $303.0 million in fiscal years 2011 and 2010, respectively, and is consistent with the operating loss discussed earlier after adding back depreciation and amortization, a noncash expense. GASB requires that cash flows from noncapital financing activities include State appropriation and noncapital gifts. Cash flows from these activities totaled $334.6 million in fiscal year 2011 ($336.1 million in fiscal year 2010), a $1.5 million decrease from fiscal year 2010 ($9.3 million from fiscal year 2009).

Cash flows used in capital financing activities was $104.3 million in fiscal year 2011 and $8.2 million provided in fiscal year 2010. The major difference between fiscal years 2011 and 2010 is a decrease in proceeds from bonds of $105.0 million in fiscal year 2011 ($45.0 million in fiscal year 2010) and an increase in the amount of purchases of property and equipment of $10.8 million ($24.7 million in 2010).

Net cash provided from investing activities was $93.6 million in fiscal year 2011 and $16.0 million used in fiscal year 2010. The major difference between fiscal years 2011 and 2010 is that $105.0 million in bond proceeds were received in fiscal year 2010 ($0 in fiscal year 2011) which were invested in the deposit with bond trustee.

Total cash and cash equivalents increased $9.5 million and $25.3 million in fiscal years 2011 and 2010, respectively, as a result of these activities. The following bar graph shows the cash flows from and used by major categories and as described in the preceding paragraphs:



FINANCIAL STATEMENTS

UNIVERSITY OF CONNECTICUT
STATEMENTS OF NET ASSETS
As of June 30, 2011 and 2010

($ in thousands)

	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	$ 275,129	$ 265,555
Accounts receivable, net	34,033	30,258
Student loans receivable, net	1,864	2,269
Due from State of Connecticut	44,319	44,850
Due from related agencies	-	157
State debt service commitment	83,409	87,666
Inventories	3,857	3,343
Deposit with bond trustee	53,730	146,323
Deferred charges	787	957
Prepaid expenses	3,503	3,259
Total Current Assets	500,631	584,637
Noncurrent Assets		
Cash and cash equivalents	1,356	1,473
Investments	10,686	9,799
Student loans receivable, net	10,481	9,986
State debt service commitment	735,015	804,310
Property and equipment, net	1,399,263	1,397,529
Deferred charges	7,481	7,959
Total Noncurrent Assets	2,164,282	2,231,056
Total Assets	$ 2,664,913	$ 2,815,693
LIABILITIES		
Current Liabilities		
Accounts payable	$ 27,691	$ 24,198
Deferred income	24,777	27,189
Wages payable	55,635	50,118
Compensated absences	21,771	22,363
Due to State of Connecticut	16,984	17,796
Due to affiliate (see Note 5)	6,823	30,817
Current portion of long-term debt and bonds payable	80,589	84,486
Other current liabilities	31,653	35,085
Total Current Liabilities	265,923	292,052
Noncurrent Liabilities		
Compensated absences	12,696	8,824
Deposits held for others	2,362	2,420
Long-term debt and bonds payable	978,061	1,058,650
Refundable for federal loan program	10,516	9,420
Total Noncurrent Liabilities	1,003,635	1,079,314
Total Liabilities	$ 1,269,558	$ 1,371,366
NET ASSETS		
Invested in capital assets, net of related debt	$ 1,144,923	$ 1,131,885
Restricted nonexpendable	11,892	11,122
Restricted expendable		
Research, instruction, scholarships and other	17,915	15,748
Loans	2,818	3,945
Capital projects	35,204	110,838
Debt service	7,229	7,982
Unrestricted (see Note 1)	175,374	162,807
Total Net Assets	$ 1,395,355	$ 1,444,327

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

UNIVERSITY OF CONNECTICUT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2011 and 2010

($ in thousands)

	2011	2010
OPERATING REVENUES		
Student tuition and fees (Net of scholarship allowances of $109,106 for 2011 and $95,348 for 2010. See Note 1.)	$ 233,881	$ 223,766
Federal grants and contracts	125,798	110,022
State and local grants and contracts	27,390	26,086
Nongovernmental grants and contracts	11,367	11,075
Sales and services of educational departments	16,161	15,204
Sales and services of auxiliary enterprises (Net of scholarship allowances of $3,240 for 2011 and $2,991 for 2010. See Note 1.)	173,133	161,780
Other sources	11,808	10,855
Total Operating Revenues	599,538	558,788
OPERATING EXPENSES		
Educational and general		
Instruction	292,203	271,939
Research	74,481	72,286
Public service	41,470	35,623
Academic support	98,393	90,593
Student services	39,755	37,063
Institutional support	88,650	83,175
Operations and maintenance of plant	71,365	66,742
Depreciation and amortization	90,335	90,039
Student aid	5,490	4,638
Auxiliary enterprises	154,516	145,414
Other operating expenses	19,740	24,508
Total Operating Expenses	976,398	922,020
Operating Loss	(376,860)	(363,232)
NONOPERATING REVENUES (EXPENSES)		
State appropriation	328,951	325,462
State debt service commitment for interest	39,978	38,557
Transfer to State General Fund	(15,000)	(8,000)
Gifts	21,168	18,081
Investment income	1,020	1,313
Interest expense	(48,824)	(48,558)
Other nonoperating expenses, net	(297)	(1,957)
Net Nonoperating Revenues	326,996	324,898
Loss Before Other Changes in Net Assets	(49,864)	(38,334)
OTHER CHANGES IN NET ASSETS		
State debt service commitment for principal	-	61,714
Capital appropriation	(479)	-
Capital grants and gifts	1,989	2,396
Disposal of property and equipment, net	(618)	(727)
Additions to permanent endowments	-	33
Net Other Changes in Net Assets	892	63,416
Increase (decrease) in Net Assets	(48,972)	25,082
NET ASSETS		
Net Assets-beginning of year	1,444,327	1,419,245
Net Assets-end of year	$ 1,395,355	$ 1,444,327

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

UNIVERSITY OF CONNECTICUT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2011 and 2010

($ in thousands)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$ 226,289	$ 222,804
Grants and contracts	161,603	146,816
Sales and services of auxiliary enterprises	173,725	163,182
Sales and services of educational departments	15,692	16,005
Payments to suppliers and others	(274,777)	(264,167)
Payments to employees	(463,911)	(442,591)
Payments for benefits	(164,449)	(155,494)
Loans issued to students	(2,167)	(1,918)
Collection of loans to students	2,077	1,784
Other receipts, net	11,517	10,606
Net Cash Used in Operating Activities	(314,401)	(302,973)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriation	329,095	326,640
Transfer to State General Fund	(15,000)	(8,000)
Gifts	21,071	17,666
Other nonoperating expenses, net	(558)	(196)
Net Cash Provided from Noncapital Financing Activities	334,608	336,110
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from bonds	-	105,000
State debt service commitment	113,530	103,997
Purchases of property and equipment	(85,897)	(75,091)
Proceeds from sale of property and equipment	396	-
Principal paid on debt and bonds payable	(82,367)	(75,759)
Interest paid on debt and bonds payable	(51,160)	(51,159)
Capital appropriation	(10)	608
Capital grants and gifts	1,140	595
Net Cash Provided from (Used in) Capital Financing Activities	(104,368)	8,191
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments, net	(18)	(52)
Interest on investments	1,043	1,482
Deposit with bond trustee	92,593	(17,413)
Net Cash Provided from (Used in) Investing Activities	93,618	(15,983)
INCREASE IN CASH AND CASH EQUIVALENTS	9,457	25,345
BEGINNING CASH AND CASH EQUIVALENTS	267,028	241,683
ENDING CASH AND CASH EQUIVALENTS	$ 276,485	$ 267,028

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

UNIVERSITY OF CONNECTICUT
STATEMENTS OF CASH FLOWS (Continued)
For the Years Ended June 30, 2011 and 2010

($ in thousands)

	2011	2010
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	$ (376,860)	$ (363,232)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation and amortization expense	90,335	90,039
Property and equipment	1,045	28
In-kind donations	176	-
Changes in Assets and Liabilities:		
Receivables, net	(3,889)	(1,631)
Inventories	(514)	(265)
Prepaid expenses	(244)	(703)
Accounts payable, wages payable and compensated absences	6,638	3,672
Deferred income	(2,412)	7,778
Deferred charges	39	49
Deposits	(58)	(802)
Due from State of Connecticut	(895)	(2,038)
Due to affiliate	(25,723)	(37,377)
Due from related agencies	157	(111)
Other liabilities	(3,202)	1,754
Loans to students	1,006	(134)
Net Cash Used in Operating Activities	$ (314,401)	$ (302,973)

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

UNIVERSITY OF CONNECTICUT
COMPONENT UNIT
THE UNIVERSITY OF CONNECTICUT LAW SCHOOL FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2011 and 2010

($ in thousands)

ASSETS	2011	2010
Current Assets		
Cash and cash equivalents	$ 1,026	$ 966
Pledges receivable, net of allowance	248	545
Other receivable	51	62
Prepaid expenses	34	32
Total Current Assets	1,359	1,605
Noncurrent Assets		
Pledges receivable, net of allowance	138	29
Investments	14,872	12,991
Property and equipment, net of accumulated depreciation of $117 for 2011 and $109 for 2010	12	21
Total Noncurrent Assets	$ 15,022	$ 13,041
Total Assets	$ 16,381	$ 14,646
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 5	$ 10
Total Liabilities	$ 5	$ 10
NET ASSETS		
Unrestricted	1,243	1,152
Temporarily restricted	2,578	1,459
Permanently restricted	12,555	12,025
Total Net Assets	16,376	14,636
Total Liabilities and Net Assets	$ 16,381	$ 14,646

STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2011 and 2010

($ in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total	2010 Total
REVENUES AND SUPPORT					
Contributions and grants	$ 437	$ 243	$ 516	$ 1,196	$ 947
Interest and dividends	24	387	-	411	417
Net realized and unrealized gains	93	1,662	-	1,755	777
Net assets released from restrictions	1,159	(1,159)	-	-	-
Change in original restriction by donor	-	(14)	14	-	-
Total Revenues and Support	1,713	1,119	530	3,362	2,141
EXPENSES					
Program Expenses					
Scholarships and awards	184	-	-	184	187
Student support and faculty support	646	-	-	646	645
Alumni and graduate relations	123	-	-	123	180
Total Program Expenses	953	-	-	953	1,012
Support Expenses					
Management and general	581	-	-	581	423
Fundraising	88	-	-	88	102
Total Support Expenses	669	-	-	669	525
Total Expenses	1,622	-	-	1,622	1,537
Changes in Net Assets	91	1,119	530	1,740	604
Net Assets-beginning of year	1,152	1,459	12,025	14,636	14,032
Net Assets-end of year	$ 1,243	$ 2,578	$ 12,555	$ 16,376	$ 14,636

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

NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements
For the Years Ended June 30, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related Entities

The University of Connecticut is a comprehensive institution of higher education, which includes the University of Connecticut Health Center (Health Center). Although governed by a single Board of Trustees, the University of Connecticut and its Health Center maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and appropriations from the State of Connecticut (State). The Health Center also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. This financial report for the fiscal years ended June 30, 2011 and 2010 represents the transactions and balances of the University of Connecticut (University), here defined as all programs except the Health Center.

Two related, but independent, corporate entities support the mission of the University: The University of Connecticut Foundation, Inc. (Foundation) (see Note 13) and The University of Connecticut Law School Foundation, Inc. (Law School Foundation). The Foundation raises funds to promote, encourage, and assist education and research at both the University and the Health Center, while the Law School Foundation, with similar objectives, supports only the University.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, requires that legally separate and tax exempt entities be presented as component units of the reporting entity if they meet all of the following criteria: the economic resources of the organization are entirely or almost entirely for the direct benefit of the reporting unit; the reporting unit is entitled to access all or a majority of the economic resources received or held by the organization; and the economic resources received or held by the organization are significant to the reporting unit. As a result, the Law School Foundation, which is organized for the benefit of the University and whose economic resources can only be used by or for the benefit of the University, is included as a component unit of the University.

The Foundation materially supports the mission of the University and the Health Center, which are separately audited, producing their own financial statements. Displaying the Foundation's financial statements as a component unit of either the University or the Health Center would distort its actual contribution or economic benefit to that entity, and therefore, the Foundation is not included as a component unit in the accompanying financial statements.

Financial Statement Presentation

The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. The University has the option to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless the FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after this date.

Effective July 1, 2001, the University adopted GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, as amended by GASB Statement Nos. 37 and 38. GASB Statement No. 35 establishes standards for financial reporting for public colleges and universities. These reporting standards focus on the University as a whole rather than on accountability by individual fund groups and provide accounting and financial reporting guidelines, enhancing the usefulness and comprehension of financial reports by external users. To that end, GASB requires that resources be classified for accounting and reporting purposes into the following net asset categories:

- **Invested in capital assets, net of related debt:** Capital assets, net of accumulated depreciation and amortization, and reduced by outstanding principal balances of bonds (net of State debt service commitment) and notes that are attributable to the acquisition, construction, or improvement of those assets.

- **Restricted nonexpendable:** Represents endowment and similar type assets in which donors or outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may be expended or reinvested in principal.

- **Restricted expendable:** Net assets that are expendable but where the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties.

- **Unrestricted:** Consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." These assets are not subject to externally imposed stipulations; however, they are subject to internal designations. For example, unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. For the most part all unrestricted net assets are internally designated to support academic and research programs, capital projects, retirement of indebtedness, and auxiliary enterprise activities.

The University follows the "business-type activities" (BTA) requirements of GASB Statement No. 35. BTAs are defined as those that are financed in whole or in part by fees charged to external parties for goods or services. In accordance with BTA reporting, the University presents Management's Discussion and Analysis; a Statement of Net Assets; a Statement of Revenues, Expenses, and Changes in Net Assets; a Statement of Cash Flows; and Notes to the Financial Statements. All significant intra-agency transactions have been eliminated.

Expenses are charged to either restricted or unrestricted net assets based on a variety of factors, including consideration of prior or future revenue sources, the type of expense incurred, the University's budgetary policies surrounding the various revenue sources or whether the expense is a recurring cost.

Certain reclassifications were made to the Statement of Net Assets for the year ended June 30, 2010 to reflect changes in the classification between current and noncurrent liabilities. These changes have no effect on net assets for the year ended June 30, 2010.

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the University, the accounts of the University are maintained internally following the principles of "fund accounting." This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

New Accounting Standards

The University's financial statements and notes for fiscal years 2011 and 2010 as presented herein include the provisions of the following GASB pronouncements:

The University adopted GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, as of July 1, 2009. This statement provides accounting and financial reporting guidance for governments that have filed for bankruptcy under Chapter 9 of the United States Bankruptcy Code. There was no impact on the financial statements as a result of this adoption.

The University adopted GASB Statement No. 59, *Financial Instruments Omnibus*, as of July 1, 2010. This statement provides additional guidance on existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. There was no significant impact on the financial statements as a result of this adoption.

Cash Equivalents (see Note 2)

For the purposes of the Statements of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the State of Connecticut Treasurer's Short Term Investment Fund are considered cash equivalents.

Investments (see Note 2)

The University accounts for its investments at fair value in accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures,* an amendment of GASB Statement No. 3. Changes in the unrealized gain (loss) on the carrying value are recorded in Nonoperating Revenues (Expenses) in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets. Noncurrent investments are externally restricted by donors or outside sources that have stipulated as a condition of the gift instrument that the principal be maintained inviolate and in perpetuity. Noncurrent investments also include those amounts restricted by creditors for certain debt service payments (see Note 5).

Accounts and Student Loans Receivable (see Note 3)
Accounts receivable consist of tuition, fees, auxiliary enterprises service fees charged to students, faculty, staff and others, and amounts due from state and federal governments for grants and contracts. Student loans receivable consist primarily of amounts due from students under the Federal Perkins Loan Program, which are subject to significant restrictions. The student loans receivable are classified as current and noncurrent based on the amount estimated to be collected from students in one year and beyond one year. Accounts and student loans receivable are recorded net of an estimated allowance for doubtful accounts.

Inventories
Consumable supplies are expensed when received with the exception of certain central inventories which consist primarily of maintenance and custodial supplies, repair parts, and other general supplies used in the daily operations of the University. Inventory is valued at cost as determined by various methods, including the first-in, first-out method.

Deposit with Bond Trustee (see Note 5)
Tax-exempt bond proceeds are deposited to various accounts held by the Trustee Bank as required by certain trust indentures. The funds are invested and disbursed as directed by the University. The University's bond proceeds investment policy is to balance an appropriate risk-return level, heavily weighted towards safety of assets, as defined and permitted under the relative indentures and Connecticut General Statutes.

The University directs the Trustee Bank to invest UCONN 2000 General Obligation construction fund proceeds in the State Treasurer's Short Term Investment Fund. Similarly, the University has directed the Trustee Bank to invest the debt service funds and cost of issuance for the special obligation bonds in dedicated Short Term Investment Fund accounts.

Investment earnings from UCONN 2000 General Obligation bond proceeds are retained by the State Treasurer's Office and do not flow to the University or to the Trustee Bank. The Student Fee Revenue Bonds investment earnings are part of the pledged revenues and are directly retained by the Trustee Bank to pay debt service on the bonds or for other indenture permitted purposes. The earnings on the UCONN 2000 General Obligation Debt Service Commitment Refunding Bonds and the Special Obligation Student Fee Revenue Refunding Redemption Fund escrows form part of the irrevocable escrows and are used by the Trustee Bank to meet the debt service payments on the defeased bonds until called.

Deferred Charges – Current and Noncurrent (see Note 11)
Deferred charges consist of payments made in advance of revenues being earned. Deferred charges also represent the cost of issuance which will be amortized over the terms of the respective bond issues.

Noncurrent Cash and Cash Equivalents (see Note 2)
Noncurrent cash and cash equivalents are related to endowment assets and are externally restricted as to use.

Property and Equipment (see Note 4)
Property and equipment are reported at cost at date of acquisition or fair value at date of donation as in the case of gifts. Property and equipment that are exchanged for other assets are recorded based on the fair value of the asset given up or the fair value of the asset received, whichever value is most clearly evident. Renovations that significantly increase the value or useful life of an asset are capitalized. Routine repairs and maintenance, and certain library materials, are charged to operating expense in the year the expenditure was incurred. Building components and non-structural improvements have estimated useful lives of 2 years to 60 years. Equipment has estimated useful lives of 3 years to 30 years.

Deferred Income (see Note 11)
Deferred income includes amounts received for services rendered in a future accounting period including tuition and fee revenues and event ticket sales. It also includes amounts received for certain restricted research grants that are included in revenue until the funds are expended.

Compensated Absences (see Note 7)
Employee vacation, holiday, compensatory, and sick leave is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as compensated absences in the Statements of Net Assets and in the various expense functions on the Statements of Revenues, Expenses, and Changes in Net Assets. The liability for compensated absences is also classified as current and noncurrent based on the amount estimated to be paid to employees in one year and beyond one year.

Noncurrent Liabilities

Noncurrent liabilities include the long-term portion of compensated absences, deposits held for others that are included in the assets of the University, principal payments due on bonds (net of unamortized premiums, discounts, and debt differences), loans and capital leases with a maturity of more than one year, and governmental advances for revolving loan programs that would be returned to the federal government upon cessation of the student loan program.

Revenues and Expenses

Operating revenues consist of tuition and fees, state and federal grants and contracts, sales and services of educational activities, auxiliary enterprises revenue and other sources of revenue. GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, requires recipients of government-mandated and voluntary nonexchange transactions to recognize revenue when all applicable eligibility requirements are met for these transactions. Restricted grant revenue that does not meet the nonexchange transaction definition is recognized to the extent expended or in the case of fixed price contracts, when the contract terms are met or completed.

Operating expenses, except for depreciation and amortization and other operating expenses, are reported using functional classification, including those under educational and general and auxiliary enterprises. See Note 15 for operating expenses by natural classification. All other revenues and expenses of the University are reported as nonoperating revenues and expenses including State appropriation, debt service commitment for interest, noncapital gifts, investment income, interest expense, other nonoperating revenues (expenses), net, and other changes in net assets. Revenues are recognized when earned and expenses are recognized when incurred.

GASB Statement No. 35 requires that revenues be reported net of discounts and scholarship allowances. Student aid for scholarships and fellowships, recorded in the Statements of Revenues, Expenses and Changes in Net Assets, includes payments made directly to students. Any aid applied directly to the students' accounts in payment of tuition and fees, housing charges and dining services is reflected as a scholarship allowance and deducted from the University's revenues. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance.

Component Unit

The Law School Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues and expenses are classified based on the terms of donor-imposed restrictions, if any. Accordingly, the Law School Foundation's net assets and changes therein are classified and reported as follows:

- **Unrestricted Net Assets:** Net assets that are not subject to donor-imposed restrictions.
- **Temporarily Restricted Net Assets:** Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Law School Foundation and/or passage of time. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.
- **Permanently Restricted Net Assets:** Net assets subject to donor-imposed stipulations that they be maintained permanently by the Law School Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Investments are reported at fair value based upon quoted market prices. Certain amounts reported in 2010 have been reclassified in order to conform to the current year presentations.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

GASB Statement No. 40 requires governmental entities to disclose credit risk associated with cash deposits and investment balances, and investment policies applied to mitigate such risks, especially as they relate to uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the University's name.

The University's total cash and cash equivalents balance was $276.5 million and $267.0 million as of June 30, 2011 and 2010, respectively, and included the following (amounts in thousands):

	2011	2010
Cash maintained by State of Connecticut Treasurer	$ 246,766	$ 243,343
Invested in State of Connecticut Investment Pool	16,491	16,837
Invested in State of Connecticut Investment Pool - Endowments	1,356	1,473
Invested in Short-term Corporate Notes	2,504	4,999
Deposits with Financial Institutions and Other	9,368	376
Total cash and cash equivalents	276,485	267,028
Less: current balance	275,129	265,555
Total noncurrent balance	$ 1,356	$ 1,473

Collateralized deposits are protected by Connecticut statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio – a measure of the bank's financial condition. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. Portions of the bank balance of the State are insured by the Federal Deposit Insurance Corporation or collateralized. As a State agency, the University benefits from this protection, though the extent to which the deposits of an individual State agency such as the University are protected cannot be readily determined.

The University's cash management investment policy permits the University to invest in the State Treasurer's Short Term Investment Fund, United States Treasury bills, United States Treasury notes and bonds, United States Government Agency obligations, banker's acceptances, certificates of deposit (including EURO Dollars), commercial paper, money market funds, repurchase agreements, and savings accounts. The $16.5 million and $1.4 million invested in the State of Connecticut Investment Pool is invested by the State Treasurer in its Short-term Investment Fund and had a Standard and Poor's rating of AAAm during fiscal year 2011. The $2.5 million invested in Short-term Corporate Notes during fiscal year 2011 includes repurchase agreements held with a financial institution and is collateralized by the Federal National Mortgage Association with an AAA Standard and Poor's rating.

The University designated the Foundation as the manager of the University's endowment funds. Gifts that are internally designated as endowments, and externally designated endowment gifts that are to be processed for transfer to the Foundation, are included in cash and cash equivalents (see table above for total amounts). The Foundation makes spending allocation distributions to the University for each participating endowment. The distribution is spent by the University in accordance with the respective purposes of the endowments, the policies and procedures of the University and State statutes, as well as in accordance with the Foundation's endowment spending policy described below.

The endowment spending policy adopted by the Foundation's Board of Directors, in conjunction with the strategic asset allocation policy for the long-term pooled investment portfolio, is designed to provide reliable growth in annual spending allocation levels and to preserve or increase the real value of the endowment principal over time. To meet these objectives, the Foundation utilizes a total return investment approach, with total return consisting of interest and dividends as well as realized and unrealized gains and losses.

Prior to Connecticut's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Foundation's endowment spending allocation policy adhered to the predecessor Uniform Management of Institutional Funds Act (UMIFA) which restricted spending from an endowment fund if its fair value had fallen below its historic dollar value. UPMIFA considers prudence, maintaining an endowment fund in perpetuity and eliminates the historic dollar value concept. Therefore, spending can occur from an endowment fund whose fair value is below its historic value as long as the governing body has determined that its policies will continue the perpetual nature of the endowment over time. The Foundation amended its endowment spending allocation policy in February 2009 in recognition of the change in approach to spending under UPMIFA. Calculations are performed for individual endowment funds at a rate of 4.25% of the rolling 12 quarter average market value on a unitized basis on March 31st each year for the following fiscal year beginning July 1st. The corresponding calculated spending allocations are distributed in equal quarterly installments on the first day of each quarter from the accumulated net total investment return for individual endowment funds where available, otherwise from principal.

An administrative fee is assessed to fund expenses incurred in meeting the Foundation's fiduciary and fundraising responsibilities to donors and the University. This on-going administrative fee is also assessed based on a rolling 12 quarter unitized market value calculated on March 31st for the following fiscal year beginning July 1st at a rate of 1.25% to cover the estimated cost of meeting the fiduciary responsibilities associated with each endowment. The calculated fee is charged in equal quarterly installments on the first day of each quarter from the accumulated net total investment return for individual endowment funds where available, otherwise from principal.

The endowment spending allocation and administrative fee taken together cannot exceed 6.5% or fall below 3.0% of the fair value of endowment funds at March 31st. Should this occur, the calculated amounts will be decreased or increased, respectively, on a pro rata basis.

Over the long term, the Foundation expects the current spending allocation and administrative fee policies to allow endowments to grow at least at the annualized rate of inflation on average. This is consistent with the organization's objective of providing resources for the underlying purposes of endowment assets over the life of the endowments whether in perpetuity or for a specified term, as well as to provide additional growth through new gifts and investment return.

The University also holds a partnership interest in Campus Associates Limited Partnership (see Note 13). The cost basis was used to estimate fair market value for this investment because the fair value was not readily available as of June 30, 2011 and 2010. As a result, the estimated fair value may differ from the value that would have been assigned had a ready market for such an investment existed; however, it is unlikely that such differences would be material.

The cost and fair value of the University's investments including those managed by the Foundation at June 30, 2011 and 2010 are (amounts in thousands):

	2011		2010	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Endowments:				
Foundation Managed	$ 9,496	$ 10,536	$ 9,478	$ 9,649
Other:				
Campus Associates Limited Partnership Interest	150	150	150	150
Total Investments	$ 9,646	$ 10,686	$ 9,628	$ 9,799

University endowment investments are managed by the Foundation in its pooled portfolio, which is actively managed by professional investment managers as determined by the Investment Committee of the Foundation's Board of Directors. The Foundation has established asset allocation guidelines for its pooled investment portfolio, which provides that the maximum exposure with any one manager would be 20% for liquid assets and 5% for illiquid assets. The Foundation Board of Directors also established an asset allocation policy for the long-term pooled investment portfolio (see following table). The Foundation expects that portfolios will be invested in only the strategies described in the table, not above or below the individual strategy percentage and its total percentage by objective, unless otherwise specified by its Board of Directors.

Investment Objective/Strategies	Allocation Range as Percentage of Market Value
Growth	
High yield fixed income	0% - 10%
Global equities – high beta	20% - 60%
Private capital	0% - 20%
Long/short equities	0% - 15%
Global macro strategies	0% - 10%
Event driven strategies (ex diversified)	0% - 10%
Real estate (public & private)	0% - 10%
Other opportunistic	0% - 10%
Total Growth	40% - 85%
Inflation Hedge	
TIPS	0% - 10%
Natural resources/commodities	0% - 15%
Other inflation hedging strategies	0% - 10%
Total Inflation Hedge	5% - 25%
Risk Minimizing	
Investment grade fixed income	0% - 20%
Relative value/Event driven (diversified)	0% - 15%
Cash equivalents	0% - 10%
Other low volatility strategies	0% - 10%
Total Risk Minimizing	5% - 40%

The endowments invested with the Foundation are subject to risk due to the uncollateralized nature of most of its investments. Certain investments of the Foundation include external investment pools. The bond mutual funds had average credit quality of Aa1/AA (Moody's and Standard and Poor's) and pooled investments of high yield fixed income had an average credit quality of B1/B+ (Moody's and Standard and Poor's). The portion of the University's endowment pool in WCM Investment Management, valued at $112,000 as of June 30, 2010, was fully redeemed and reinvested in a worldwide equity mutual fund. This reallocation and other movements resulted in the University endowment's foreign publicly traded equities totaling $2.4 million and $1.3 million, along with private capital investments totaling approximately $1.8 million and $1.4 million at June 30, 2011 and 2010, respectively.

Certain other funds are held by outside fiscal agents and are not under the direct control of the University. Accordingly, the assets of these funds are not included in the financial statements. The fair value of these funds was $12.6 million and $10.9 million as of June 30, 2011 and 2010, respectively. Investment income earned on these assets is transferred to the University in accordance with applicable trust agreements. Income received from those sources for the years ended June 30, 2011 and 2010 was $433,000 and $427,000, respectively.

3. ACCOUNTS AND STUDENT LOANS RECEIVABLE

Accounts receivable at June 30, 2011 and 2010 consisted of the following (amounts in thousands):

	2011	2010
Grants and contracts	$ 21,338	$ 19,652
Student and general	17,655	14,884
Investment income	133	156
Allowance for doubtful accounts	(5,093)	(4,434)
Total accounts receivable, net	$ 34,033	$ 30,258

Student loans receivable are substantially comprised of amounts owed from students under the Federal Perkins Loan Program and are reported separately from accounts receivable on the Statement of Net Assets, net of an allowance for doubtful accounts of $1.1 million and $905,000 at June 30, 2011 and 2010, respectively.

4. PROPERTY AND EQUIPMENT

Land, buildings, non-structural improvements, and equipment are reported at cost at date of acquisition or fair value at date of donation as in the case of gifts. Property and equipment that are exchanged for other assets are recorded based on the fair value of the asset given up or the fair value of the asset received, whichever value is most clearly evident. Any gains or losses on the exchange are recognized immediately.

Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the respective assets. Building components and non-structural improvements have estimated useful lives of 2 years to 60 years. Equipment has estimated useful lives of 3 years to 30 years. Library materials have an estimated useful life of 15 years. The value of library materials, before depreciation, is $79.4 million and $78.5 million at June 30, 2011 and 2010, respectively. Historical collections and art are recognized at their estimated fair values at the time of donation, and are not depreciated. Historical collections and art totaled $52.8 million and $52.5 million at June 30, 2011 and 2010, respectively. Capitalized software has an estimated life of 3 years to 5 years. The value of capitalized software, before amortization, is $16.4 million and $15.1 million at June 30, 2011 and 2010, respectively. Library materials, historical collections and art, and capitalized software are all included in equipment in the schedule of Changes in Property and Equipment.

On July 1, 2010, the University increased the capitalization threshold for equipment from $1,000 to $5,000. Equipment previously capitalized under the $5,000 threshold will be written-off when it becomes fully depreciated. For the year ended June 30, 2011, a total of $42.9 million of fully depreciated equipment falling under the new threshold is included in equipment retirements.

For the year ended June 30, 2011, a total of $2.7 million was expensed in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets in other operating expenses for a project to correct structural deficiencies related to the construction of the Agricultural Biotechnology Laboratory and Advanced Technology Laboratory buildings. These expenditures will not increase the value of the buildings or extend its useful life. While the University is pursuing remedies from the original construction and design professionals involved in the original construction of the building, the total amount that may be recovered is unknown as of the date of these financial statements.

For the year ended June 30, 2010, a total of $3.3 million was expensed in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets in other operating expenses for a project to correct structural deficiencies related to the construction of the Law School Library building. These expenditures will not increase the value of the building or extend its useful life. While the University is pursuing remedies from the original construction and design professionals involved in the original construction of the building, the total amount that may be recovered is unknown as of the date of these financial statements.

For the years ended June 30, 2011 and 2010, a total of $2.5 million and $6.7 million, respectively, was expensed in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets in other operating expenses for inspections, fire and safety code updates and other corrective action needed in order to achieve safety goals for all buildings. At June 30, 2011 and 2010, an accrual for estimated expenditures to complete these projects totaling $12.1 million and $18.1 million, respectively, is recorded in other current liabilities in the Statement of Net Assets. While the University intends to pursue the recovery of costs related to the code updates and corrective work, the total amount to be recovered is unknown as of the date of these financial statements.

For the years ended June 30, 2011 and 2010, a total of $3.9 million and $5.2 million, respectively, was expensed in other operating expenses in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets for costs related to the implementation of certain software. The project was cancelled subsequent to June 30, 2011, and it was determined that costs capitalized to date had no realizable value as of June 30, 2011. For fiscal year 2010, the amount written-off represents costs accumulated that were determined to exceed the value of the implementation project to date.

The following table describes the changes in property and equipment for the years ended June 30, 2011 and 2010 (amounts in thousands):

Changes in Property and Equipment for the Year Ended June 30, 2011:

	Balance July 1, 2010	Additions	Retirements	Transfers and other	Balance June 30, 2011
Property and equipment:					
Land	$ 14,826	$ -	$ (150)	$ -	$ 14,676
Non-structural improvements	196,282	5,371	(188)	4,301	205,766
Buildings	1,618,618	15,318	(1,507)	11,504	1,643,933
Equipment	428,736	18,485	(50,380)	-	396,841
Construction in progress	45,330	53,908	-	(15,805)	83,433
Total property and equipment	2,303,792	93,082	(52,225)	-	2,344,649
Less accumulated depreciation and amortization:					
Non-structural improvements	91,805	7,701	(188)	-	99,318
Buildings	565,315	55,611	(1,024)	-	619,902
Equipment	249,143	27,023	(50,000)	-	226,166
Total accumulated depreciation and amortization	906,263	90,335	(51,212)	-	945,386
Property and equipment, net:					
Land	14,826	-	(150)	-	14,676
Non-structural improvements	104,477	(2,330)	-	4,301	106,448
Buildings	1,053,303	(40,293)	(483)	11,504	1,024,031
Equipment	179,593	(8,538)	(380)	-	170,675
Construction in progress	45,330	53,908	-	(15,805)	83,433
Property and equipment, net:	$ 1,397,529	$ 2,747	$ (1,013)	$ -	$ 1,399,263

Changes in Property and Equipment for the Year Ended June 30, 2010:

	Balance July 1, 2009	Additions	Retirements	Transfers and other	Balance June 30, 2010
Property and equipment:					
Land	$ 14,826	$ -	$ -	$ -	$ 14,826
Non-structural improvements	193,757	1,598	(412)	1,339	196,282
Buildings	1,590,324	23,303	-	4,991	1,618,618
Equipment	428,019	22,339	(21,622)	-	428,736
Construction in progress	23,185	28,475	-	(6,330)	45,330
Total property and equipment	2,250,111	75,715	(22,034)	-	2,303,792
Less accumulated depreciation and amortization:					
Non-structural improvements	83,910	7,938	(43)	-	91,805
Buildings	509,882	55,433	-	-	565,315
Equipment	243,739	26,668	(21,264)	-	249,143
Total accumulated depreciation and amortization	837,531	90,039	(21,307)	-	906,263
Property and equipment, net:					
Land	14,826	-	-	-	14,826
Non-structural improvements	109,847	(6,340)	(369)	1,339	104,477
Buildings	1,080,442	(32,130)	-	4,991	1,053,303
Equipment	184,280	(4,329)	(358)	-	179,593
Construction in progress	23,185	28,475	-	(6,330)	45,330
Property and equipment, net:	$ 1,412,580	$ (14,324)	$ (727)	$ -	$ 1,397,529

5. LONG-TERM DEBT PAYABLE

Public Act No. 95-230 enabled the University to borrow money in its own name for a special ten year capital improvement program (UCONN 2000) designed to modernize, rehabilitate, and expand the physical plant of the University. It authorized projects for Phases I and II of UCONN 2000, estimated to cost $1,250.0 million, of which $962.0 million was to be financed by bonds of the University; $18.0 million was to be funded by State general obligation bonds; and the balance of $270.0 million to be financed by gifts, other revenue, or borrowing resources of the University.

In fiscal year 2002, the General Assembly of the State of Connecticut enacted and the Governor signed into law Public Act No. 02-3, An Act Concerning 21st Century UConn (Act), also known as Phase III. This Act amended Public Act No. 95-230 and extended the UCONN 2000 financing program that was scheduled to end in 2005, for an additional 10 years to June 30, 2015. The 21st Century UConn program was amended in fiscal year 2008, extending it an additional year to June 30, 2016, without any change in the total amount. In fiscal year 2010, the Act was amended again including a $25.0 million reallocation from existing UCONN 2000 Health Center allocations, and a $207.0 million increase in UCONN 2000 debt service commitment authorizations for the UConn Health Network. This also extended the UCONN 2000 program two additional years to fiscal year 2018. In fiscal year 2011, the General Assembly enacted and the Governor signed Public Act No. 11-75, An Act Concerning the University of Connecticut Health Center, which increased the authorized project costs for the Health Center under Phase III. The Act, as amended, authorized additional projects for the University and the Health Center at an estimated cost of $1,818.3 million, of which $1,769.9 million is to be financed by bonds of the University and $48.4 million is to be financed by the issuance of special obligation bonds of the University, from gifts, other revenue or borrowing resources of the University, or through the deferring of projects or achieved savings. Total project costs estimated under Phase III are $775.3 million for the Health Center and $1,043.0 million for the University. The total estimated cost for the UCONN 2000 program, including Phases I, II and III, is $3,068.3 million.

The table below lists general obligation bonds issued to finance UCONN 2000 projects as of June 30, 2011 (amounts in thousands). Refer to the subsequent schedule on page 36 for outstanding balances.

1996 Series A	$ 83,930
1997 Series A	124,392
1998 Series A	99,520
1999 Series A	79,735
2000 Series A	130,850
2001 Series A	100,000
2002 Series A	100,000
2003 Series A	96,210
2004 Series A	97,845
2005 Series A	98,110
2006 Series A	77,145
2007 Series A	89,355
2009 Series A	144,855
2010 Series A	97,115
Total issued	$ 1,419,062

The University has also issued several series of general obligation refunding bonds, providing debt service savings for bonds refunded in advance of maturity. Sufficient proceeds were deposited into irrevocable escrow accounts held by the Trustee Bank to meet all obligations on the refunded debt (see Note 1). These bonds are general obligations of the University, for which its full faith and credit are pledged, and are payable from all assured revenues. The bonds are additionally secured by the pledge of and a lien upon the State debt service commitment. The State debt service commitment is the commitment by the State to pay an annual amount of debt service on securities issued as general obligations of the University. The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State debt service commitment for the payment of the bonds and, accordingly, is not planning to budget any revenues for the payment of these bonds. Under the Master Indenture, the University expects to issue additional bonds to finance UCONN 2000 projects secured by the State debt service commitment.

In fiscal year 2011, there were no additional bonds issued. In fiscal year 2010, the University recorded $97.1 million, as State debt service commitment for principal together with part of the respective original issue premium, which resulted in total proceeds of $105.0 million for the 2010 Series A bonds. The proceeds included $35.6 million to finance projects for the Health Center for fiscal year 2010. As noted above, Phase III of UCONN 2000 includes a commitment to fund projects totaling $775.3 million for the Health Center. As bonds are issued, the amount of the commitment for the Health Center is reflected as an offset to the revenue for the University. In fiscal year 2010 this offset to finance projects for the Health Center, resulted in net revenue of $61.7 million, recorded in the Other Changes in Net Assets section of the Statements of Revenues, Expenses, and Changes in Net Assets of these financial statements. The net revenue amount for the year ended June 30, 2010 also includes offsets for debt differences resulting from the 2010 Series A refunding. A corresponding liability is recorded in due to affiliate in the Statement of Net Assets for the unspent portion of the bonds due to the Health Center ($6.8 million and $30.8 million at June 30, 2011 and 2010, respectively). Also, for the years ended June 30, 2011 and 2010, nonoperating revenues include the State debt service commitment for interest on general obligation bonds of $40.0 million and $38.6 million, respectively. A portion of interest on general obligation bonds is associated with Health Center projects.

In addition to the 2010 Series A bonds, in May of 2010 the University issued the 2010 Refunding Series A bonds to refund portions of the previously issued Series A General Obligation Bonds in advance of maturity. The face value of the refunding bonds is $36.1 million and these bonds have a final maturity date of February 2021. Proceeds from the sale of the bonds totaled $38.7 million and comprised the face value plus the net premium, less the costs of issuance. The proceeds were deposited with the Escrow Agent and are held by the Trustee Bank in an irrevocable Redemption Fund escrow and invested in U.S. Treasury, State and Local Government Securities and cash in accordance with the Escrow Agreement. This will provide amounts sufficient to meet principal, interest payments, and redemption prices on the refunded bonds on the dates such payments are due. The difference between the carrying value of the defeased debt and its reacquisition price (refunding bonds) is amortized over the remaining life of the debt, and the addition of the face value of the bonds in the amount of $210,000 is reflected as revenue in fiscal year 2010 (net of the $97.1 million in revenue as noted above) on the Statement of Revenues, Expenses, and Changes in Net Assets under State debt service commitment for principal.

The following table reflects the change in debt as a result of this Series A 2010 refunding (amounts in thousands):

1999 Series A	$ 9,000
2001 Series A	10,970
2003 Series A	6,885
2004 Series A	9,030
Total defeased debt	35,885
Total refunding bonds	36,095
Increase in bonds as a result of refunding	$ 210

Subsequent to the year ended June 30, 2011, the University issued $179.7 million of General Obligation Bonds, 2011 Series A, to fund UCONN 2000 Phase III projects and $31.9 million of General Obligation Bonds, 2011 Refunding Series A, to refund $33.7 million of the University's outstanding balances consisting of portions of the 2003 and 2004 Series A bonds previously issued. The sale of this issue concluded in November 2011, with the closing date of December 8, 2011.

The University may also issue special obligation bonds backed by certain pledged revenues of the University. On February 4, 1998, the University issued $33.6 million of the Student Fee Revenue Bonds 1998 Series A to fund $30.0 million of the South Campus Project. On February 14, 2002, the University issued $75.4 million of the Student Fee Revenue Bond 2002 Series A to fund five UCONN 2000 projects: Alumni Quadrant Renovations at $7.0 million, Shippee/Buckley Renovations at $5.0 million, East Campus North Renovations at $1.0 million, Towers Renovations (including Greek Housing) at $14.2 million, and North Campus Renovations at $45.0 million. The 1998 Series A and a portion of the 2002 Series A Bonds were refunded in advance of maturity in fiscal year 2010 with the issuance of Student Fee Revenue Bonds 2010 Refunding Series A on June 16, 2010 in the amount of $47.5 million and have a final maturity of November 15, 2027.

The 2000 Series A bonds dated May 15, 2000 represented the second series of special obligation bonds issued in the amount of $89.6 million. Bond proceeds funded three UCONN 2000 projects: Hilltop Dormitory at $21.0 million, Hilltop Student Rental Apartments at $42.0 million and Parking Garage South at $24.0 million. These bonds were refunded in advance of maturity in fiscal year 2002 with the issuance of Student Fee Revenue Bonds 2002 Refunding Series A on February 27, 2002 in the amount of $96.1 million and have a final maturity of November 15, 2029.

Similar to general obligation bond refundings, the proceeds from student fee revenue bond refundings are deposited into certain escrow accounts to meet all obligations of the refunded maturities. The special obligation bonds are secured by certain pledged revenues, as defined in the indenture, including gross and net revenue amounts. The total gross and net pledged revenues from tuition and fees, auxiliary, investment and other revenues of the University are approximately $73.2 million and $71.2 million in fiscal years 2011 and 2010, respectively. Gross pledged revenues include the infrastructure maintenance fee and the general university fee plus investment income on the bond accounts held by the Trustee Bank, prior to any payments, deductions, offsets, or provisions. Net pledged revenues include the residential life room fee, student apartment rentals, Greek housing fee, the board (dining) fee, and the parking and transportation fees, after providing for the cost of maintaining, repairing, insuring, and operating the facilities for which the fees are imposed. In addition to securing revenue bonds, the gross and net pledged revenues available are pledged toward certain other debt. The University has covenanted to collect in each fiscal year, fees representing pledged revenues so that the sum of gross and net revenue amounts is no less than 1.25 times the debt service requirements in such fiscal year for the special obligation bonds.

As of June 30, 2011 and 2010, the total principal and interest remaining to be paid on all special obligation bonds are $244.2 million and $256.8 million, respectively. The total amount paid by pledged revenues for this debt for principal were $5.1 million and $4.7 million, and for interest were $7.6 million and $8.5 million at June 30, 2011 and 2010, respectively.

The State issues certain general obligation bonds that are categorized as self-liquidating bonds. These bonds were issued to fund the construction and renovations of revenue-generating capital projects. The University reimburses the State primarily with revenue from student fee charges in the amount equal to the debt service on self-liquidating bonds.

During fiscal year 2009, the University purchased a unit in Campus Associates Limited Partnership for $50,000. The related loan is included in long-term debt in the accompanying financial statements for the year ended June 30, 2010, and was retired during fiscal year 2011.

Net unamortized premium, discounts and debt differences due to refundings are recorded as additions to the face value of bonds payable. These amounts are amortized using the straight-line basis over the life of the bonds, reducing interest expense for premiums and increasing it for discounts.

Long-term debt activity, including refunding of debt, for the years ended June 30, 2011 and 2010 was as follows (amounts in thousands):

Long-term Debt Activity for the Year Ended June 30, 2011:

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Current portion
General obligation bonds	$ 877,492	$ -	$ (73,182)	$ 804,310	$ 69,295
Revenue bonds	164,375	-	(5,085)	159,290	5,120
Self liquidating bonds	3,793	-	(840)	2,953	781
Installment loans	241	-	(91)	150	89
Obligation under capital lease for Cogeneration	69,267	-	(3,169)	66,098	3,314
Campus Associates Limited Partnership loan	12	-	(12)	-	-
Total long-term debt	1,115,180	-	(82,379)	1,032,801	78,599
Premiums/discounts/debt difference due to refunding	27,956	-	(2,107)	25,849	1,990
Total long-term debt, net	$ 1,143,136	$ -	$ (84,486)	$ 1,058,650	$ 80,589

Long-term Debt Activity for the Year Ended June 30, 2010:

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010	Current portion
General obligation bonds	$ 844,945	$ 133,210	$ (100,663)	$ 877,492	$ 73,182
Revenue bonds	172,830	47,545	(56,000)	164,375	5,085
Self liquidating bonds	4,786	-	(993)	3,793	840
Installment loans	379	-	(138)	241	91
Obligation under capital lease for Cogeneration	72,298	-	(3,031)	69,267	3,169
Campus Associates Limited Partnership loan	37	-	(25)	12	12
Total long-term debt	1,095,275	180,755	(160,850)	1,115,180	82,379
Premiums/discounts/debt difference due to refunding	18,825	11,086	(1,955)	27,956	2,107
Total long-term debt, net	$ 1,114,100	$ 191,841	$ (162,805)	$ 1,143,136	$ 84,486

Long-term debt outstanding at June 30, 2011 and 2010 consisted of the following (amounts in thousands):

Type of debt and issue date	Type of issue	Principal payable	Maturity dates through fiscal year	Interest rate	Balance 2011	Balance 2010
Bonds:						
GO 1996 Series A	original	various	2011	5.1%	$ -	$ 2,122
GO 2001 Series A	original	annually	2011	4.0%	-	4,960
GO 2002 Series A	original	annually	2012	4.3-4.464%	5,000	10,000
GO 2003 Series A	original	annually	2023	3.2-4.4%	20,595	25,595
GO 2004 Series A	original	various	2024	3.0-5.0%	54,550	59,445
GO 2004 Ref. Series A	refund	annually	2020	3.9-5.0%	174,080	191,840
GO 2005 Series A	original	annually	2025	3.625-3.7%	65,430	71,970
GO 2006 Series A	original	annually	2026	3.783-5.0%	57,850	61,710
GO 2006 Ref. Series A	refund	various	2020	3.2-5.0%	59,555	59,555
GO 2007 Series A	original	annually	2027	3.6-5.0%	68,275	73,545
GO 2007 Ref. Series A	refund	various	2022	5.0%	46,030	46,030
GO 2009 Series A	original	annually	2029	3.0-5.0%	130,165	137,510
GO 2010 Series A	original	annually	2030	3.0-5.0%	92,260	97,115
GO 2010 Ref. Series A	refund	annually	2021	2.0-5.0%	30,520	36,095
Total general obligation bonds					804,310	877,492
Rev 2002 Series A	original	various	2030	4.125-5.0%	34,425	36,325
Rev 2002 Ref. Series A	refund	annually	2030	4.0-5.25%	78,410	80,505
Rev 2010 Ref. Series A	refund	annually	2028	2.0-5.0%	46,455	47,545
Total revenue bonds					159,290	164,375
March 1993	original	annually	2012	5.5%	65	130
October 1993	refund	various	2012	6.0%	206	206
June 2001	refund	annually	2016	4.3 -4.65%	377	453
November 2001	refund	various	2014	3.8-5.0%	883	1,174
August 2002	refund	various	2016	3.62-4.0%	552	552
December 2003	refund	annually	2011	5.0%	-	209
April 2005	refund	various	2017	3.9-5.2%	275	275
December 2007	refund	various	2015	3.25-4.24%	595	794
Total self liquidating bonds					2,953	3,793
Total bonds					966,553	1,045,660
Loans and other debt:						
Installment loans		various	various	1.01-2.30%	150	241
Obligation under capital lease for Cogeneration		monthly	2026	4.42-5.09%	66,098	69,267
Campus Associates Limited Partnership loan		semi-annually	2011	0.75%	-	12
Total loans and other					66,248	69,520
Total bonds, loans and installment purchases					1,032,801	1,115,180
Premiums/discounts/debt difference due to refunding					25,849	27,956
Total bonds, loans and installment purchases, net					1,058,650	1,143,136
Less: current portion, net					80,589	84,486
Total noncurrent portion, net					$ 978,061	$ 1,058,650

Long-term debt including general obligation bonds, revenue bonds and loans are scheduled to mature in the following fiscal years as of June 30 (amounts in thousands):

	General obligation bonds			Long-term debt other than general obligation bonds			Total obligations		
Year(s)	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	$ 69,295	$ 37,014	$ 106,309	$ 9,304	$ 10,586	$ 19,890	$ 78,599	$ 47,600	$ 126,199
2013	65,765	34,125	99,890	9,788	10,153	19,941	75,553	44,278	119,831
2014	68,945	31,007	99,952	10,076	9,728	19,804	79,021	40,735	119,756
2015	68,785	27,975	96,760	10,505	9,250	19,755	79,290	37,225	116,515
2016	64,160	24,768	88,928	10,848	8,740	19,588	75,008	33,508	108,516
2017-2021	272,455	80,583	353,038	61,022	35,681	96,703	333,477	116,264	449,741
2022-2026	149,720	29,045	178,765	72,788	20,185	92,973	222,508	49,230	271,738
2027-2031	45,185	4,620	49,805	44,160	4,836	48,996	89,345	9,456	98,801
Total	$ 804,310	$ 269,137	$ 1,073,447	$ 228,491	$ 109,159	$ 337,650	$ 1,032,801	$ 378,296	$ 1,411,097

6. RETIREMENT PLANS

All eligible employees participate in essentially one of two retirement plans. The State Employees' Retirement System (SERS), a single-employer defined-benefit pension plan, is administered by the State and covers approximately 40% of the University's eligible employees. Plan benefits and contribution requirements of plan members and the University are described in Section 5-152 to 5-192 of the General Statutes. The State is statutorily responsible for the pension benefits of University employees who participate in this plan; therefore, no liability for pension benefits is recorded in the University's financial statements. The State is required to contribute at an actuarially determined rate, which may be reduced by an act of the State legislature. The plan does not issue stand-alone financial reports. Information on the plan is also publicly available in the State of Connecticut's Comprehensive Annual Financial Report.

The University also sponsors the Alternative Retirement Plan (ARP) for unclassified eligible employees, a defined contribution plan administered through a third-party administrator, ING Life Insurance and Annuity Company. Plan provisions, including contribution requirements of plan members and the University, are described in Section 5-156 of the General Statutes. The University makes contributions on behalf of the employees for both plans, through a fringe benefit charge assessed by the State.

In an agreement signed by the State and the State Employees Bargaining Agent Coalition (SEBAC) on September 22, 2010, employees enrolled in ARP have the one-time opportunity to make their irrevocable choice to either remain in ARP or transfer to SERS. The University employs approximately 2,600 individuals eligible for the conversion. If eligible individuals choose to convert to SERS, fringe benefit costs for these individuals would increase. It is unclear at this time what the financial impact on the University will be, if any.

Employees previously qualified for the Teachers' Retirement System (TRS) continue coverage during employment with the University, and do not participate in the above mentioned retirement plans. TRS is a single-employer defined-benefit plan covering any teacher, principal, superintendent, or supervisor engaged in service of public schools in the State. Plan benefits and required contributions of plan members and the University, are described in Section 10-183b to 10-183pp of the General Statutes.

With respect to the University's Department of Dining Services (DDS), of its approximately 463 full-time employees, 79 participate in either the State Employees' Retirement System or ARP, while 384 are eligible to participate in two other retirement plans: the Department of Dining Services Money Purchase Pension Plan (MPPP) or the University of Connecticut Department of Dining Services 403(b) Retirement Plan. Under the provisions of MPPP, the University DDS is required to contribute 6% or 7% of employee's covered compensation for eligible employees and its employees do not make any contributions to the Plan. The MPPP is a defined contribution plan administrated through a third-party administrator, Pension Consultants, Inc. On behalf of MPPP participants, the University DDS contributed $575,000 and $561,000 to the plan for the years ended June 30, 2011 and 2010, respectively.

7. COMPENSATED ABSENCES AND WAGES PAYABLE

Compensated absences are recorded in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, and represent the amounts earned by eligible employees. The liability for compensated absences is classified as current and noncurrent based on the amount estimated to be paid to employees in one year and beyond one year, respectively. Compensated absences include accrued unused vacation, holiday, compensatory and sick leave balances for employees. As of June 30, 2011 and 2010 compensated absences totaled $34.5 million and $31.2 million, respectively. During fiscal year 2009, the State offered a Retirement Incentive Plan (RIP) to University employees. According to the terms of the RIP, unused vacation and sick leave will be paid in three equal payments on July 1 of each year, beginning July 1, 2012. Included in the noncurrent compensated absences liability as of June 30, 2011 and 2010, are $2.4 million and $2.5 million, respectively, for accrued vacation and sick leave for University employees that participated in RIP. A reclassification was made to compensated absences in the accompanying Statements of Net Assets to better reflect the current and noncurrent portions at June 30, 2010. The following table shows activity for compensated absences for the fiscal years ended June 30 (amounts in thousands):

	2011	**2010**
Beginning balance, July 1st	$ 31,187	$ 26,451
Additions, net	5,378	6,346
Deductions (separations only)	(2,098)	(1,610)
Ending balance, June 30th	$ 34,467	$ 31,187

Wages payable includes salaries and wages for amounts owed at the fiscal year end June 30th. The State administers benefit and retirement plans for the University. Therefore, the payable for fringe benefits related to wages payable is included in due to the State as of June 30th.

8. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 6, the State provides post retirement health care and life insurance benefits to University employees in accordance with State Statutes Sections 5-257(d) and 5-259(a). When employees retire, the State may pay up to 100% of their health care insurance premium cost (including dependents' coverage) based on the plan chosen by the employee. In addition, the State pays 100% of the premium cost for a portion of the employee's life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement. The State is responsible and finances the cost of post retirement health care and life insurance benefits on a pay-as-you-go basis through an appropriation in the General Fund; therefore, no liability is recorded in the University's financial statements.

9. COMMITMENTS

On June 30, 2011, the University had outstanding commitments in excess of $500,000 each, which totaled $116.5 million, and included $110.9 million of commitments related to capital projects. Of this amount, commitments totaling $19.3 million related to UCONN 2000 capital projects that are administered by the University for the Health Center. The commitments on behalf of the Health Center are included in the due to affiliate (see Note 5). A portion of the total amount of outstanding commitments was also included in accounts payable on the Statement of Net Assets as of June 30, 2011. In addition to the amount for capital outlay, commitments were also related to instruction, research, operations and maintenance of plant, and institutional support. Of these commitments, the University expects approximately $1.8 million to be reimbursed by federal grants.

10. LEASES

Operating Leases

The University leases equipment and building space which expire at various dates. Future minimum rental payments at June 30, 2011 under non-cancelable operating leases that exceed $500,000 each are as follows (amounts in thousands):

Fiscal Year	Payments
2011	$ 782
2012	782
2013	782
2014	853
2015	860
Thereafter	72
Total	$ 4,131

Expenses related to operating lease commitments in excess of $500,000 each were approximately $814,000 and $665,000 for the fiscal years ended June 30, 2011 and 2010, respectively.

In August 2011, the University entered into a long-term agreement with an energy supplier to lease a fuel cell power system that will provide electricity and thermal energy for its buildings located at the Depot campus. The terms of the agreement commence in fiscal year 2012, which will terminate after 120 months, and include the option for two 5-year extensions based on mutually agreed upon terms. In return for consideration, the University shall pay approximately $302,000 per year, with cumulative payments not to exceed $4.0 million over the life of the initial 10-year term.

Capital Leases

In December 2003, the University entered into a lease purchase agreement for a project to provide on-site generation of electricity, steam and chilled water for heating and cooling for the University at its Storrs campus. The project initially assumed a total cost of $75.0 million and included construction of a building, engineering, design and installation of certain equipment at the Storrs campus. The lease was amended in August 2005 as a result of an increase in the total anticipated cost to $81.9 million. In December 2005, the University requested a final advance from the lessor related to this lease purchase agreement. With the amendment, monthly payments of $471,000 increased to $517,000. Payments began January 2006 and the lease matures 20 years from commencement with interest at a nominal rate of 4.42% on the first $75.0 million and 5.09% for the last $6.9 million of advances. Amounts advanced by the lessor include capitalized interest during construction, and are reflected as long-term debt in the accompanying financial statements. At the completion of the lease term, the University has an option to purchase the project assets for one dollar. The historical cost and accumulated depreciation of the Cogeneration facility are $82.6 million and $18.0 million, respectively, as of June 30, 2011.

The University leases equipment assets with an historical cost and accumulated depreciation of $373,000 and $149,000, respectively, as of June 30, 2011.

All assets subject to capital lease agreements are included in property and equipment on the accompanying Statements of Net Assets, and depreciation on these assets is included in depreciation and amortization expense in the accompanying Statements of Revenues, Expenses, and Changes in Net Assets (see Note 4). Loans related to these capital lease agreements are included in long-term debt and bonds payable on the accompanying Statements of Net Assets (see Note 5).

11. DEFERRED INCOME AND CHARGES

Deferred income is comprised of certain restricted research grants that are not included in revenue until the funds are expended; tuition and fees and auxiliary enterprises fees received in advance of services rendered for summer and fall sessions; athletic ticket sales and commitments received in advance of the season; and other revenues received but not earned.

As of June 30, 2011 and 2010 deferred income is as follows (amounts in thousands):

	2011	2010
Certain restricted research grants	$ 10,768	$ 10,236
Tuition and fees and auxiliary enterprises	10,133	11,377
Athletic ticket sales and commitments	3,876	3,651
Other	-	1,925
Total deferred income	$ 24,777	$ 27,189

A portion of current deferred charges totaling $697,000 and $828,000 and noncurrent deferred charges totaling $7.5 million and $8.0 million at June 30, 2011 and 2010, respectively, represent the cost of issuance on certain bond issues which will be amortized over the terms of the respective bond issues (see Note 5).

12. TUITION WAIVERS AND GRADUATE ASSISTANTSHIPS

The University is required by law to waive tuition for certain veterans and children of veterans, certain students over the age of 62, graduate assistants, and certain other students. The University is required by collective bargaining agreements to waive tuition for certain employees and their dependents. The University has included the portion of waived tuition related to employees and their dependents as a fringe benefit cost and the same amount as tuition revenue in the Statements of Revenues, Expenses and Changes in Net Assets. This increases tuition and fee revenues and operating expenses by $4.6 million and $4.3 million for the fiscal years ended June 30, 2011 and 2010, respectively. Waivers not reflected in the accompanying financial statements totaled $42.4 million and $40.9 million in fiscal years 2011 and 2010, respectively. In fiscal years 2011 and 2010, approximately 93% were provided to graduate assistants.

13. RELATED PARTY TRANSACTIONS

The Foundation

The Foundation is a tax-exempt organization supporting the University and the Health Center (see Note 1). The University has entered into a written agreement with the Foundation whereby the University agreed to provide financial support to the Foundation through a guaranteed contractual amount and the Foundation agreed to reimburse the University for certain operating expenses incurred on the Foundation's behalf. The terms of the agreement also stipulate that goals, objectives, and financial arrangements are reviewed and agreed-upon by both parties on an annual basis.

The following transactions occurred between the University and the Foundation as of and for the years ended June 30, 2011 and 2010 (amounts in thousands):

	2011	2010
Amount paid to the Foundation for its guaranteed contractual services	$ 7,120	$ 7,554
Reimbursements from the Foundation for operating expenses	$ 80	$ 536
Accrued capital and noncapital gifts and grants revenue from the Foundation	$ 18,923	$ 15,303
Amount receivable from the Foundation*	$ 5,589	$ 1,436

**Included in accounts receivable, net, in the accompanying Statements of Net Assets.*

In June 2010, the University also agreed to fund an additional $2.5 million to the Foundation for the implementation of a full replacement and conversion of its prospect and donor database to a high-tech database system (Enhanced System). The Foundation's Enhanced System is anticipated to improve the Foundation's fundraising capacity and is expected to be completed and fully operational by the end of fiscal year 2013.

In accordance with the terms of a ground lease between the University and the Foundation, the University leases approximately 1.58 acres to the Foundation, on which the Foundation building was constructed, at an annual rental amount of one dollar. The initial term of the ground lease is ninety-nine years and the Foundation has the right to extend the term of the ground lease for another ninety-nine years. The ground lease provides that at its expiration or earlier termination, unless it is extended, the Foundation shall surrender the premises, and title to the building will be transferred to the University.

The State

The State supports the University's mission primarily via two mechanisms: State appropriation and the provision of payments for fringe benefits. State appropriation represents amounts appropriated to the University from the State's General Fund. Payments for fringe benefits were made by the State for reimbursements related to salaries expensed from the General Fund. The transactions for the years ended June 30, 2011 and 2010 were as follows (amounts in thousands):

	2011	2010
Amount of General Fund appropriation received from the State	$ 232,656	$ 233,011
Amount of payments for fringe benefits received from the State	96,439	93,629
Decrease of General Fund payroll included in receivable from the State	(144)	(1,178)
Total appropriation and payments for fringe benefits from the State	$ 328,951	$ 325,462

Under legislation enacted during fiscal year 2010, the State implemented a mitigation plan for its current deficit. The State's deficit mitigation plan resulted in transfers of $15.0 million and $8.0 million in fiscal years 2011 and 2010, respectively, from the University's unrestricted net assets to the State's General Fund. For fiscal year 2012, the University anticipates a reduction of approximately $36.6 million in appropriation and payments for fringe benefits due to the State's current economic condition.

Health Center and Office of Technology Commercialization

The Office of Technology Commercialization (OTC) is a university-wide function consisting of the following divisions: the Center for Science and Technology Commercialization, the Research and Development Corporation, and the Technology Incubation Program. The funding for these divisions is consolidated into the Health Center's budget, a part of which is reimbursed by the University in accordance with an annual memorandum of agreement for the transfer of funds. The aggregate total contributed by the University to fund the OTC in fiscal years 2011 and 2010 was $1.0 million and $961,000, respectively. Of these amounts, $431,000 and $423,000 represent expenses paid by the University associated with OTC functions based on the Storrs campus.

The University also engaged in certain cost share arrangements with the Health Center for shared services such as senior management salaries.

University of Connecticut Alumni Association

The University and the University of Connecticut Alumni Association (Association), a Connecticut non-stock corporation that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code have an agreement that recognizes the benefits of a coordinated approach to alumni relationship building and defines the responsibilities of the parties. During the years ended June 30, 2011 and 2010, the University directed support to the Association in the amount of $1.0 million and $694,000, respectively. The amounts supported by the University consist primarily of payroll and other operating expenses which facilitate the alumni programs and services for the benefit of the University. The Association also agreed to reimburse the University for certain operating expenses incurred on the Association's behalf. The amount owed to the University related to these expenses from the Association as of June 30, 2011 was $44,000, which is included in accounts receivable, net, in the accompanying Statement of Net Assets.

Additionally, the Association manages the University's license plate program that has been established through the Department of Motor Vehicles. All revenue received by the University from the license plate program is disbursed to the Association to fund scholarships and to further support alumni outreach efforts. There were no amounts payable to the Association for the license plate program as of June 30, 2011.

Campus Associates Limited Partnership

The University entered into a land lease with Campus Associates Limited Partnership (Campus Associates) on February 1, 2000. The limited partnership was formed for the purpose of managing the Nathan Hale Inn, a hotel located on campus. The lease will continue for a term of fifty years and provides for base rents of $5,000 for the first five years and $25,000 for the sixth year. For the seventh year and every year thereafter, base rent will be adjusted by the increase in the Consumer Price Index. In exchange for a rent concession amounting to $100,000 in total for five years, the University received two limited partnership units. On June 15, 2009, the University purchased a third unit in the limited partnership paying $50,000 for the limited partnership interest (see Note 2). The University owed Campus Associates $12,000 as of June 30, 2010, for the limited partnership interest, which was settled as of June 30, 2011 (see Note 5). Furthermore, under the land lease agreement, Campus Associates is responsible for certain costs which include real estate taxes, charges for public utilities, and other services. The amounts owed by Campus Associates for these costs as of June 30, 2011 and 2010, were $206,000 and $229,000, respectively, which are included in accounts receivable, net, in the accompanying Statement of Net Assets.

Mansfield Downtown Partnership, Incorporated

The Mansfield Downtown Partnership, Incorporated (MDP) is a not-for-profit corporation that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code and is comprised of the Town of Mansfield (Mansfield), the University, and individual business members and residents. MDP is responsible for organizing the enhancement and revitalization of three of Mansfield's commercial areas: Storrs Center, King Hill Road and the Four Corners. In accordance with its governing by-laws, members are required to submit annual dues, as determined by the board of directors, in lieu of financial support. In fiscal years 2011 and 2010, the University paid $125,000 each year in annual membership dues to MDP.

In connection with the Storrs Center project, the University entered into an agreement with the master developer of the project to sell 18.80 acres of land for approximately $101,000 per acre which is to be divided up in phases. In fiscal year 2011, the University conveyed 3.96 acres to the master developer at the stated price per acre and conveyed an additional 2.71 acres that was, in turn, transferred to Mansfield at no cost for the provision of public improvements. Furthermore, 5.84 acres were conveyed in November 2011 and more transactions are expected as the Storrs Center project progresses. In relation to the Storrs Center project, the University has also agreed to provide water and sewer services, which will be billed in accordance with the University's standard billing practices.

In addition, the University has also provided office space and administrative support for certain other related parties.

14. CONTINGENCIES

The University is a party to various legal actions arising in the ordinary course of its operations. While it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of the majority of these matters will not have a material effect on the University's financial statements. However, there are four outstanding matters of potential individual significance. With respect to three of these matters, the claimants seek in the aggregate of approximately $30.0 million; the State expects these matters to be resolved for less than that amount. With respect to the remaining matter, the claimant has not articulated a demand.

The University also participates in a number of federal programs subject to financial and compliance audits. The amount of expenditures that may be disallowed by the granting agencies cannot be determined at this time; however, the University does not expect these amounts, if any, to be material to the financial statements.

15. OPERATING EXPENSES BY NATURAL CLASSIFICATION

The table below details the University's operating expenses by natural classification for the years ended June 30, 2011 and 2010 (amounts in thousands).

For the fiscal year ended June 30, 2011:

	Salaries and wages	Fringe benefits	Supplies and other expenses	Utilities	Depreciation and amortization	Total
Instruction	$ 198,436	$ 63,054	$ 30,713	$ -	$ -	$ 292,203
Research	40,519	8,831	25,131	-	-	74,481
Public services	25,028	7,985	8,457	-	-	41,470
Academic support	52,439	20,459	25,495	-	-	98,393
Student services	24,526	9,361	5,708	160	-	39,755
Institutional support	46,744	21,509	20,183	214	-	88,650
Operations and maintenance	20,089	12,122	21,993	17,161	-	71,365
Depreciation and amortization	-	-	-	-	90,335	90,335
Student aid	366	1	5,123	-	-	5,490
Auxiliary enterprises	64,319	24,725	56,501	8,971	-	154,516
Other operating expenses	259	86	19,395	-	-	19,740
	$ 472,725	$ 168,133	$ 218,699	$ 26,506	$ 90,335	$ 976,398

For the fiscal year ended June 30, 2010:

	Salaries and wages	Fringe benefits	Supplies and other expenses	Utilities	Depreciation and amortization	Total
Instruction	$ 186,970	$ 58,276	$ 26,693	$ -	$ -	$ 271,939
Research	39,539	9,597	23,150	-	-	72,286
Public services	21,198	7,098	7,327	-	-	35,623
Academic support	48,911	18,926	22,756	-	-	90,593
Student services	22,964	8,751	5,076	272	-	37,063
Institutional support	43,711	19,859	19,490	115	-	83,175
Operations and maintenance	19,244	11,232	18,622	17,644	-	66,742
Depreciation and amortization	-	-	-	-	90,039	90,039
Student aid	379	1	4,258	-	-	4,638
Auxiliary enterprises	60,073	23,428	52,134	9,779	-	145,414
Other operating expenses	1,492	578	22,438	-	-	24,508
	$ 444,481	$ 157,746	$ 201,944	$ 27,810	$ 90,039	$ 922,020

TRUSTEES AND FINANCIAL OFFICERS
As of June 30, 2011

BOARD OF TRUSTEES

FINANCIAL OFFICERS

UNIVERSITY OF CONNECTICUT
1881

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SCHEDULE 2

UNIVERSITY OF CONNECTICUT HEALTH CENTER JUNE 30, 2011
AUDITED FINANCIAL STATEMENTS

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University of Connecticut Health Center

Financial Report

For the Year Ended June 30, 2011

Message from the Vice President and the Chief Financial Officer

Founded in 1881, the University of Connecticut (University) serves as the state's flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research and service. The University of Connecticut is a comprehensive institution of higher education which includes the University of Connecticut Health Center (Health Center). Although governed by a single Board of Trustees, the University and its Health Center maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and state appropriations. The Health Center also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. The financial statements contained herein represent the transactions and balances of the Health Center only.

The University's Board of Trustees is vested by law with fiscal oversight of the University. The operational authority granted to the University builds upon the successful implementation of several pieces of legislation known as the Flexibility Acts, enacted in the early 1990's. These statutory changes enabled the University to become responsible and accountable for its operational decisions independent of many of the previously imposed regulatory requirements. The University is now responsible for the budgetary allocation of its State appropriation, check-writing authority, human resource control, and purchasing authority and, with the advent of UCONN 2000 in 1995, management of capital activities, including projects for the Health Center starting in 2005.

While the University's operational flexibility and capacity has grown, all of these activities also take place within a context of continuing vigilance. The financial statements contained in this report reflect budget execution results consistent with spending plans, operating and capital budgets approved by the University Board of Trustees. The Board of Trustees, through its Joint Audit and Compliance Committee, exercises oversight of all University financial reporting and processes and internal control systems, as well as direct engagement in the approval of independent auditing services to augment the University's internal audit capacity and the work performed by state auditors. An important component of external oversight, the Auditors of Public Accounts issue an Independent Auditors' Report on the financial statements of the Health Center. They are responsible for auditing its financial operations and their opinion appears in this report.

The University of Connecticut Health Center is an academic medical center composed of the School of Medicine, School of Dental Medicine, John Dempsey Hospital, the UConn Medical Group, University Dentists, the University of Connecticut Finance Corporation and Correctional Managed Healthcare (CMHC). Established in 1961, the Health Center pursues its mission of providing outstanding health care education in an environment of exemplary patient care, research and public service. With approximately 4,744 full-time equivalent employees, the Health Center is one of Connecticut's largest employers and an important contributor to the local and regional economy. The Health Center's campus in Farmington is situated on 206 acres of wooded hilltop from which the skyline of Hartford, the capital of Connecticut, can be seen about eight miles to the east. (The University's main campus is in Storrs, about 30 miles east of Hartford.) The Health Center campus includes 37 buildings totaling over 2.2 million square feet.

Educational Programs

Dedicated to providing broad educational opportunities in the biomedical sciences, the Health Center offers degree programs in medicine (M.D.), dental medicine (D.M.D.), and biomedical science (Ph.D.); master's degree programs in public health and dental science; postdoctoral fellowships; residency programs providing specialty training for newly graduated physicians and dentists; and continuing education programs for practicing health care professionals. Combined degree programs, such as the M.D. /Ph.D., D.M.D. /Ph.D., Dental Clinical Specialty/Ph.D. and M.D. /M.P.H. are also offered.

The UConn Health Center is the only academic health center in the nation where a medical school was founded concurrently with a dental school, a circumstance which led to strong links. Medical and dental students share an essentially common curriculum during the first two years of their four-year degree programs and study the basic medical sciences together. This experience provides UConn's dental students with an especially strong foundation in the biomedical sciences, reflected in the dental school's decision to award its graduates the D.M.D. (Doctor of Medical Dentistry).

Each year at UConn, about 345 students work toward the medical doctor's degree and 170 toward the doctor of medical dentistry degree. Admission to each school is highly competitive; both schools offer preferential consideration to qualified Connecticut residents in their admissions policies. School of Dental Medicine students have a long history of outstanding performance on the National Boards, ranking first among the country's 55 dental schools on these examinations in 2001 and again in 2003. In the years since the Health Center graduated its first students in 1972, 1,412 men and women have received the D.M.D. degree; 2,972 the M.D. degree.

Through a variety of residency programs, the School of Medicine provides postgraduate training for more than 550 newly graduated M.D.s each year. These physicians come from all over the country to acquire advanced skills in fields such as the surgical specialties, internal medicine, and primary care. Some of the residency training occurs on the Health Center's main campus, but much of it takes place in community hospitals in Greater Hartford, thereby extending the Health Center's positive impact on the region.

Research Programs
Since the Health Center's inception, high-quality research programs have been part of the institution's fabric. This history has enabled the Health Center to recruit distinguished researchers with expertise in neuroscience, molecular biology, molecular pharmacology, biochemistry, cell physiology, toxicology, and endocrinology, among other fields. The Alcohol Research Center is one of only 14 such federally supported centers in the nation; the Connecticut Clinical Chemosensory Research Center, one of five. In recent years, the University has also become a leader in stem cell research. Clinical research is facilitated by the Lowell Weicker General Clinical Research Center and the Clinical Trials Unit. Research awards have grown from $44.8 million in FY 97 to over $90.2 million in FY 11.

Health Care Services
Through John Dempsey Hospital (224 licensed beds), the Health Center provides specialized and routine inpatient and outpatient services, including comprehensive cardiovascular, cancer and musculoskeletal services, as well as high risk maternity and neonatal intensive care. John Dempsey Hospital is home to the only Emergency Department in Connecticut's fast-growing Farmington Valley and contributes to the region’s health in other ways. Health Center physicians make up the UConn Medical Group, the largest medical practice in Greater Hartford, offering primary care and services in more than 50 specialties.

While the hospital and faculty practice continue to have strong volume, the challenges of the health care marketplace (recruitment, malpractice reserves and low reimbursement) continue to take their toll. John Dempsey Hospital’s financial health is also directly affected by its small size, bed distribution (only half are medical/surgical), poorly reimbursed services provided as part of its public mission and cost factors resulting from its status as a state entity.

Connecticut Health
UConn Health Center faculty, staff, residents, and students participate in a variety of joint efforts to address public health and community health needs of citizens throughout our state. Under the umbrella of Connecticut Health, hundreds of projects have been developed in collaboration with other state agencies, city and town governments, community-based organizations and the public to serve the poor and uninsured by providing better medical care and health education. The UConn Health Center is committed to finding new and effective ways to reach out to the public at large as part of the University’s ongoing effort to bring a better quality of life to all our citizens.

Respectfully Submitted,

Richard D. Gray
Vice President and Chief Financial Officer
University of Connecticut

John M. Biancamano
Chief Financial Officer
University of Connecticut Health Center

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STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL
JOHN C. GERAGOSIAN 210 CAPITOL AVENUE ROBERT M. WARD
HARTFORD, CONNECTICUT 06106-1559

INDEPENDENT AUDITORS' REPORT

Board of Directors of the
University of Connecticut Health Center

We have audited the accompanying statements of net assets of the University of Connecticut Health Center (Health Center) as of June 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and statements of cash flows for the years then ended. The Health Center is a component unit of the University of Connecticut system, which includes the University of Connecticut, the Health Center and the University of Connecticut Foundation, Inc. These financial statements are the responsibility of the Health Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the John Dempsey Hospital, which represented 19 and 18 percent of the assets of the Health Center as of June 30, 2011 and 2010, respectively and 34 and 33 percent of the revenues of the Health Center for the years then ended. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the John Dempsey Hospital, is based on the reports of the other auditors. The audits of the John Dempsey Hospital were conducted in accordance with auditing standards generally accepted in the United States of America.

We conducted our audits 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Health Center, as of June 30, 2011 and 2010, and the results of its operations and changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis on pages 2 through 9 is not a required part of the basic financial statements of the Health Center, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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 opinions on the financial statements that collectively comprise the Health Center's basic financial statements. The introductory section and the consolidating statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The consolidating statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

Robert M. Ward
Auditor of Public Accounts

John C. Geragosian
Auditor of Public Accounts

January 13, 2012
State Capitol
Hartford, Connecticut

MANAGEMENT'S DISCUSSION & ANALYSIS

Management's Discussion and Analysis

INTRODUCTION

The following discussion and analysis provide an overview of the financial position and activities of the University of Connecticut Health Center (the "Health Center") for the year ended June 30, 2011. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Founded in 1881, the University of Connecticut (University) serves as the state's flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research and service. The University of Connecticut is a comprehensive institution of higher education, which includes the University of Connecticut Health Center. Although governed by a single Board of Trustees, the University of Connecticut and its Health Center maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and state appropriations. The Health Center also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority.

The financial statements presented here represent the transactions and balances of the Health Center only. The Health Center offers medical and dentistry degrees and operates a physician/dentist practice and a teaching and research hospital. The Health Center's component parts are the School of Medicine, School of Dental Medicine, UConn Medical Group, the University of Connecticut Finance Corporation, Correctional Managed Healthcare (CMHC), and University Dentists ("Primary Institution") and John Dempsey Hospital (the "Hospital"). The Health Center's enrollment in fiscal year 2011 was 352 in the School of Medicine, 178 in the School of Dental Medicine, and 340 Graduate students, taught by over 502 full time equivalent (FTE) faculty members. The Health Center in total employs approximately 4,744 FTE's. John Dempsey Hospital (JDH) has 204 acute care beds and 20 nursery beds. In fiscal year 2011, adjusted patient days (a measure of total hospital volume) were 106,000, up 7% from the prior year. During 2011, UConn Medical Group (UMG) had over 536,000 unique patient visits.

The following Management's Discussion and Analysis (MD&A) is required supplemental information. Its purpose is to provide users of the basic financial statements with a narrative introduction, overview and analysis of those statements. It is designed to assist readers in understanding the accompanying financial statements required by GASB. This discussion, which is unaudited, includes an analysis of the financial condition and results of activities of the Health Center for the fiscal year ended June 30, 2011, based on currently known facts, decisions, or conditions. As the MD&A presentation includes highly summarized information, it should be read in conjunction with the accompanying financial statements and related notes to the financial statements. The financial statements, notes to the financial statements, and this MD&A are the responsibility of management.

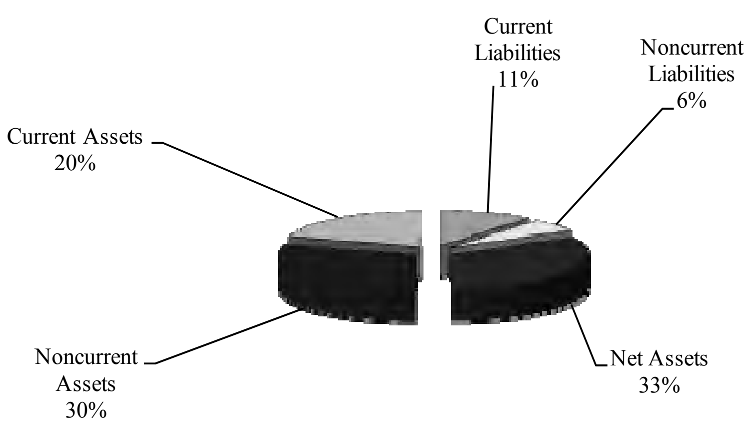
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of management's discussion and analysis and the financial statements. The basic financial statements (statements of net assets, statements of revenues, expenses and changes in net assets and statements of cash flows) present the financial position of the Health Center at June 30, 2011, and the results of operations and financial activities for the year then ended. These statements report information about the Health Center using accounting methods similar to those used by private-sector companies. In addition, a prior year column is presented for comparison purposes. The statement of net assets includes all of the Health Center's assets and liabilities. The statement of revenues, expenses and changes in net assets reflects the year's activities on the accrual basis of accounting, i.e., when services are provided or obligations are incurred, not when cash is received or paid. These statements report the Health Center's net assets and how they have changed. Net assets (the difference between assets and liabilities) are one way to measure financial health or position. The statements of cash flows provides relevant information about each year's cash receipts and cash payments and classifies them as to operating, investing, noncapital financing and capital and related financing activities. The financial statements include notes that explain information in the financial statements and provide more detailed data.

FINANCIAL HIGHLIGHTS

The Health Center's financial position at June 30, 2011, consisted of assets of $514.6 million and liabilities of $175 million. Net assets, which represent the residual interest in the Health Center's assets after liabilities are deducted, decreased $6.2 million during fiscal year 2011 to $339.6 million.

Statement of Net Assets



The decrease in net assets is attributable to operating losses outpacing nonoperating revenues including State Appropriations as well as depreciation of capital assets outpacing capital additions adjusting for changes in amounts due from affiliates.

Changes in net assets represent the operating activity of the Health Center, which results from revenues, expenses, gains and losses, and are summarized for the years ended June 30, 2011, 2010, and 2009 as follows:

	(in millions) 2011	2010	2009
Total operating revenue	$ 592.9	$ 570.4	$ 565.1
Total operating expenses	814.9	781.4	778.2
Operating (loss)	(222.0)	(211.0)	(213.1)
Other changes in net assets	215.8	245.8	253.1
(Decrease)/Increase in net assets	$ (6.2)	$ 34.8	$ 40.0

The financial statements contained herein show an operating loss of $222 million for the year ending June 30, 2011 (fiscal year 2011). The measure more indicative of normal and recurring activities is net income before capital appropriations, which includes revenue from state appropriations. Additions to capital assets are, in a large part, funded by capital appropriations from the state and issuance of UCONN 2000 bond funds, which are not included as revenues in this measurement. However, depreciation expense on those assets is included as an expense in calculating operating income, so a loss under this measurement is expected. The Health Center experienced a loss before capital appropriations of $6.4 million in fiscal year 2011.

Some sources of recurring operating and nonoperating revenues increased in 2011 and operating revenues, including tuition and fees revenue, patient service revenues and contract revenues, are expected to have slight increases in 2012. State support, not including state funded capital appropriations, increased 3.1% in fiscal 2011. Due to the weakening of the State's overall fiscal position, appropriations are expected to be lower in future fiscal years.

STATEMENTS OF NET ASSETS

The statements of net assets present the financial position of the Health Center at the end of the fiscal years and includes all assets and liabilities of the Health Center. The difference between total assets and total liabilities—net assets—is one indicator of the current financial condition of the Health Center, while the change in net assets is an indicator of whether the overall financial condition has improved or deteriorated during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A summary of the Health Center's assets, liabilities and net assets at June 30, 2011, 2010, and 2009 is as follows:

	(in millions) 2011	2010	2009
Current assets	$ 207.6	$ 230.5	$ 204.9
Noncurrent assets:			
Capital assets, net	298.3	277.1	252.8
Other	8.7	12.4	27.4
Total assets	514.6	520.0	485.1
Current liabilities	113.5	117.1	101.7
Noncurrent liabilities	61.5	57.1	72.4
Total liabilities	175.0	174.2	174.1
Net assets	$ 339.6	$ 345.8	$ 311.0

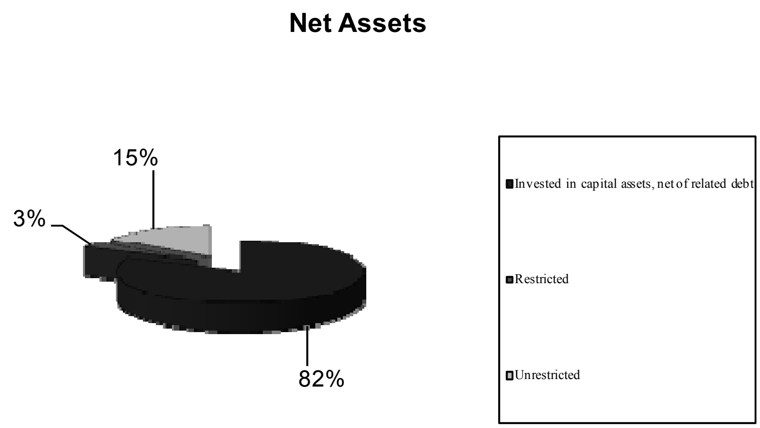
The total assets of the Health Center decreased by $5.4 million, or 1%, over the prior year. The decrease was primarily due to decreases in contract and other receivables and restricted cash. See the Statement of Cash Flows for details.

Total liabilities increased by $849,000 or less than 1% over 2010. The primary driver of the increase was the recording of federal monies received in the servicing of loan programs as liabilities. Normal increases in Accrued Salaries, Compensated Absences, Malpractice Liabilities, and Due to Third Party Payers associated with cost report filings of the

John Dempsey Hospital were offset by lower Accounts Payable and the significant decrease in Long Term Debt associated with UCHC's balloon payment on the Munson Road mortgage.

Net Assets

Net assets represent the residual interest in the Health Center's assets after liabilities are deducted. The Health Center had net assets of $339.6 million at June 30, 2011, which were made up of the following:



STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The statement of revenues, expenses and changes in net assets presents the Health Center's results of operating and nonoperating activities. A summary of the Health Center's revenues, expenses and changes in net assets for the years ended June 30, 2011, 2010 and 2009 are as follows:

	(in millions)		
	2011	2010	2009
Operating revenues			
Patient Services	$ 422.1	$ 405.7	$ 413.2
Grants and Contracts	86.0	88.0	88.3
Other	84.8	76.7	63.6
Total operating revenue	592.9	570.4	565.1
Operating expenses			
Patient services	492.8	469.3	471.2
Instruction	129.8	126.2	115.3
Other	192.3	185.9	191.7
Total operating expenses	814.9	781.4	778.2
Operating (loss)	(222.0)	(211.0)	(213.1)
Net nonoperating revenues	215.6	210.2	212.8
Total other revenues	0.2	35.6	40.3
(Dec)/Inc in net assets	$ (6.2)	$ 34.8	$ 40.0

Revenue highlights for the year ending June 30, 2011, including operating and nonoperating revenues and capital additions, presented on the Statements of Revenues Expenses, and Changes in Net Assets are as follows:

- The largest source of revenue was patient service revenue. Net Patient service revenue increased $16.4 million or 4.1% over prior year. Prior to eliminations the increase for John Dempsey Hospital was $18.2 million. Increases in John Dempsey Hospital are the result of strategic rate increases coupled with increased volumes in both the inpatient and outpatient lines of service. Correctional Managed Health Care program revenues decreased $1.2 million or 1.3% which reflects decreased costs related to the agreement with the State of Connecticut Department of Correction. More detailed information about the Health Center's patient revenue is presented in note 4 of the financial statements.

- The state appropriation (including in-kind fringe benefits), which is included in nonoperating revenues, totaled $225.3 million. This represents a 3.1% increase over the prior year and includes increases in in-kind fringe benefits associated with salary expense of general funded employees.

Highlights of expenses including operating and nonoperating expenses presented on the Statements of Revenues, Expenses and Changes in Net Assets are as follows:

- Patient service expense is the largest expense category for the Health Center; it accounts for 60.5% of total operating expenses. It increased to $492.8 million or 5% over the prior year. The increase is mainly attributable to the increases in patient volume for the John Dempsey Hospital and UConn Medical Group.

- Instruction, the Health Center's second largest operating expense, increased $3.6 million or 2.8%. The increase reflects increased faculty costs including the effects of faculty unionization and recruitment and retention.

STATEMENTS OF CASH FLOWS

The statements of cash flows provide additional information about the Health Center's financial results by reporting the major sources and uses of cash. A summary of the statements of cash flows for the years ended June 30, 2011, 2010, and 2009 is as follows:

	(in millions) 2011	2010	2009
Cash received from operations	$ 604.8	$ 579.8	$ 566.5
Cash expended for operations	(692.4)	(661.2)	(667.2)
Net cash used in operating activities	(87.6)	(81.4)	(100.7)
Net cash provided by (used in) investing activities	1.0	4.0	7.5
Net cash provided by noncapital financing activities	135.2	132.8	132.8
Net cash used in capital and related financing activities	(52.5)	(28.9)	(29.6)
Net (decrease)/increase in cash and cash equivalents	(3.9)	26.5	10.0
Cash and cash equivalents, beginning of the year	103.6	77.1	67.1
Cash and cash equivalents, end of the year	$ 99.7	$ 103.6	$ 77.1

CAPITAL AND DEBT ACTIVITIES

During fiscal year 2011 the Health Center participated in the UCONN 2000 program. This is the third phase of the program also known as 21st Century UConn, which provides $1.8 billion for improvements to facilities at the University and the Health Center. The Health Center is scheduled to receive $775.3 million over the life of this program. There was no bond issuance during the fiscal year 2011 and therefore no associated revenue was recorded. During fiscal year 2010, the Health Center received $35.6 million from the UCONN 2000 bond issuance which is included in the capital appropriation line in the Statements of Revenues, Expenses, and Changes in Net Assets.

At June 30, 2011, the Health Center had plant and equipment, net of accumulated depreciation, of $298.3 million. The Health Center's fiscal 2012 capital budget projects spending of approximately $50.7 million, includes $20.0 million from issuance of UCONN 2000 Bond Funds, and $30.7 million from other Health Center sources.

Debt activity during fiscal year 2011 included the annual payments for the bonds and loans outstanding and lease payments on capital leases entered into by the Hospital. These payments included a balloon payment on the Munson Road property of $10.4 million. More detailed information about the Health Center's capital assets and debt activities are presented in notes 5 and 7 of the financial statements.

FISCAL YEAR 2012 OUTLOOK

As we look forward to fiscal year 2012, the Health Center's main concerns are maintaining outstanding research, education and clinical care while readying for changes resulting from the state's Bioscience Connecticut initiative, national healthcare reform, and changes in the US and global economic environments.

On July 8, 2011, the State passed Public Act 11-75 An Act Concerning the University of Connecticut Health Center (Bioscience Connecticut). The bill formalized and amended plans established by the State to establish the UConn Health Network. The new act still calls for partnership with area hospitals aimed at creating jobs and improving access to quality health care in the state. The centerpiece of the partnership remains a new patient care tower and renovations to John Dempsey Hospital at the Health Center. The plan will also include increased classroom and lab space for more medical and dental students aimed at alleviating an expected shortage of doctors and dentists in the state. Bioscience Connecticut involves the cooperation of all the area hospitals including Hartford Hospital, St. Francis Hospital and Medical Center, Connecticut Children's Medical Center, and other health care facilities and providers.

The plan is estimated to cost $661 million and includes $592 million in borrowing, $338 million of previously approved. The Health Center is required to contribute $69 million raised through operations or philanthropy. Features of the Bioscience Connecticut include:

1. Encouraging Job Growth Through Clinical Collaboration: Local and state-wide health care organizations will collaborate on clinical and translational sciences to achieve breakthrough successes and drive the bioscience industry in the State thereby creating long term jobs.

2. Neonatal Intensive Care Unit: The operations will be managed by Connecticut Children's Medical Center. Patients will continue to be treated at the Health Center; some NICU physicians and all staff will remain Health Center employees. A Certificate of Need application was filed and approved for the transfer.

3. Nationally recognized cancer center: The goal will be to achieve National Institutes of Health designation as a Comprehensive Cancer Center, making it the second in the state.

4. Regional Simulation Center: It will train up to 2,000 medical practitioners each year on newest equipment and technology in simulated care settings and will be located at Hartford Hospital.

5. Primary Care Institute: It will be located at St. Francis Hospital and will develop new models of chronic disease management and primary care delivery and education. It will also serve to address the impending shortage of primary care providers in Connecticut.

6. Health Disparities Institute: It will promote enhanced healthcare research, training and delivery to minority communities.

7. Institute for Clinical and Translational Sciences: It will be a super-site by network partners and will speed lab-to-bedside clinical trials and breakthrough medicine.

CONTACTING THE HEALTH CENTER'S FINANCIAL MANAGEMENT

This financial report provides the reader with a general overview of the Health Center's finances and operations. If you have questions about this report or need additional financial information, please contact the Office of the Chief Financial Officer, University of Connecticut Health Center, Farmington, Connecticut 06030.

FINANCIAL STATEMENTS

UNIVERSITY OF CONNECTICUT HEALTH CENTER
STATEMENTS OF NET ASSETS
As of June 30, 2011 and 2010

($ in thousands)	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	$ 96,175	$ 97,647
Patient receivables, net	42,659	42,279
Contract and other receivables	25,823	27,370
Due from Affiliates	6,823	30,817
Due from State of Connecticut	9,477	8,676
Due from Department of Correction	7,932	7,634
Inventories	10,050	9,575
Prepaid expenses	8,682	6,463
Total current assets	207,621	230,461
Noncurrent Assets		
Restricted cash and cash equivalents	3,510	5,999
Other assets	639	773
Assets limited as to use	4,370	5,258
Due from State of Connecticut	191	403
Capital assets, net	298,293	277,113
Total noncurrent assets	307,003	289,546
Total assets	$ 514,624	$ 520,007
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 30,557	$ 34,377
Due to State of Connecticut	5,421	4,844
Accrued salaries	32,828	29,157
Compensated absences	17,962	16,817
Due to third party payors	9,416	2,833
Deferred revenue	12,115	9,599
Malpractice reserve	2,953	5,900
Long-term debt - current portion	2,261	13,523
Total current liabilities	113,513	117,050
Noncurrent Liabilities		
Malpractice reserve	17,486	12,415
Compensated absences	25,848	24,200
Long-term debt	18,168	20,501
Total noncurrent liabilities	61,502	57,116
Total liabilities	$ 175,015	$ 174,166
NET ASSETS		
Invested in capital assets, net of related debt	$ 277,864	$ 243,089
Restricted for		
Nonexpendable		
Scholarships	61	61
Expendable		
Research	4,047	4,359
Loans	875	1,864
Capital projects	5,758	30,649
Unrestricted	51,005	65,819
Total net assets	$ 339,610	$ 345,841

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2011 and 2010

($ in thousands)	2011	2010
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of $4,734 and $4,451, respectively)	$ 13,095	$ 12,163
Patient services (net of charity care of $912 and $1,014, respectively)	422,094	405,661
Federal grants and contracts	60,127	59,357
Nonfederal grants and contracts	25,885	28,673
Contract and other operating revenues	71,694	64,590
Total operating revenues	592,895	570,444
OPERATING EXPENSES		
Educational and General		
Instruction	129,793	126,206
Research	58,892	59,967
Patient services	492,788	469,340
Academic support	16,355	14,469
Institutional support	58,421	55,730
Operations and maintenance of plant	27,653	26,335
Depreciation	30,075	28,881
Loss on disposal	482	38
Student aid	416	480
Total operating expenses	814,875	781,446
Operating loss	(221,980)	(211,002)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	225,268	218,484
Transfers to State	(10,807)	(10,000)
Gifts	2,554	3,946
Investment income (net of investment expense of $91 and $78, respectively)	134	163
Interest on capital asset - related debt	(1,570)	(2,364)
Net nonoperating revenues	215,579	210,229
Loss before other revenues, expenses, gains or losses	(6,401)	(773)
Capital appropriations	170	35,610
Total other revenues	170	35,610
(Decrease)/Increase in net assets	(6,231)	34,837
NET ASSETS		
Net assets-beginning of year	345,841	311,004
Net assets-end of year	$ 339,610	$ 345,841

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2011 and 2010

($ in thousands)	2011	2010
Cash flows from operating activities:		
Cash received from patients and third-party payors	$ 429,952	$ 415,880
Cash received from tuition and fees	13,095	12,163
Cash received from grants, contracts and other revenue	161,770	157,592
Cash paid to employees for personal services and fringe benefits	(439,159)	(428,493)
Cash paid for other than personal services	(253,330)	(238,558)
Net cash used in operating activities	(87,672)	(81,416)
Cash flows from investing activities:		
Net change in malpractice, advances and bond trust funds	888	1,488
Interest received	128	2,496
Net cash provided by investing activities	1,016	3,984
Cash flows from noncapital financing activities:		
State appropriations	132,667	131,234
Gifts	2,554	1,602
Net cash provided by noncapital financing activities	135,221	132,836
Cash flows from capital and related financing activities:		
Additions to property and equipment	(51,738)	(53,245)
Transfer to State	(10,000)	(10,000)
Capital appropriations	24,377	40,591
Interest paid	(1,570)	(2,364)
Net repayment, proceeds of long-term debt	(13,595)	(3,896)
Net cash used in capital and related financing activities	(52,526)	(28,914)
Net (decrease)/increase in cash and cash equivalents	(3,961)	26,490
Cash and cash equivalents at beginning of year	103,646	77,157
Cash and cash equivalents at end of year	$ 99,685	$ 103,646
Accompanying schedule of non-cash transactions		
Proceeds from capital leases	$ —	$ —

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
STATEMENTS OF CASH FLOWS (Continued)
For the Years Ended June 30, 2011 and 2010

($ in thousands)	2011	2010
Operating loss	$ (221,980)	$ (211,002)
Adjustments to reconcile operating income to net cash		
Used in operating activities:		
Depreciation and loss on disposal	30,557	28,919
Personal services and fringe benefits in-kind from State	91,806	86,043
Changes in assets and liabilities:		
Patients receivables, net	(380)	6,245
Contract and other receivables	1,547	5,225
Due from DOC	(298)	(1,535)
Inventories	(476)	(2,127)
Third party payors	6,582	5,510
Prepaid expenses	(2,219)	184
Other assets	134	(32)
Accounts payable and accrued liabilities	(4,627)	2,544
Due to State of Connecticut	577	(37)
Accrued salaries	3,671	2,412
Compensated absences	2,794	3,264
Deferred revenue	2,516	(119)
Malpractice reserve	2,124	(6,910)
Net cash used in operating activities	$ (87,672)	$ (81,416)

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

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NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements
For the Years Ended June 30, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related Entities

The University of Connecticut Health Center (the "Health Center") is a part of a comprehensive institution of higher education, the University of Connecticut (the "University"). Although governed by a single Board of Trustees, the Health Center and the University maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and state appropriations. The Health Center also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. These financial statements represent transactions and balances of the Health Center for the years ended June 30, 2011 and 2010, which includes the School of Medicine, School of Dental Medicine, UConn Medical Group, University of Connecticut Health Center Finance Corporation, Correctional Managed Healthcare (CMHC) and University Dentists (the "Primary Institution") and John Dempsey Hospital (the "Hospital"). The Health Center offers medical and dentistry degrees and operates a physician/dentist practice and a teaching and research hospital. There is also an affiliated entity that supports the mission of the Health Center: The University of Connecticut Foundation Inc. (the "Foundation"). The Foundation raises funds to promote, encourage, and assist education and research at the University, including its Health Center.

Basis of Presentation

The Health Center's financial statements are prepared in accordance with all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," states that proprietary activities may elect to apply the provisions of Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements. The Health Center has not elected this option.

Effective July 1, 2001, the Health Center adopted GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. GASB Statement No. 35 establishes standards for financial reporting for public colleges and universities. These reporting standards focus on the University as a whole rather than on accountability by individual fund groups and provide accounting and financial reporting guidelines, enhancing the usefulness and comprehension of financial reports by external users. To that end, GASB requires that resources be classified for accounting and reporting purposes into the following net asset categories:

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

- **Restricted nonexpendable:** Represents endowment and similar type assets in which donors or outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may be expended or reinvested in principal.

- **Restricted expendable:** Net assets that are expendable but where the Health Center is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties.

- **Unrestricted:** Consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." These assets are not subject to externally imposed stipulations. These assets, while not restricted, are generally designated to support instruction, research, auxiliary enterprises, and capital projects.

For reporting periods beginning after June 15, 2005, GASB Statement No. 47, *Accounting for Termination Benefits*, was required for universities. This statement requires employers to recognize a liability and expense for voluntary termination benefits when the termination offer is accepted and the amount of the benefits can be estimated. Any pension liability related to early retirement is the State's responsibility and therefore none is recorded by the Health Center (see Note 10).

Use of 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Proprietary Fund Accounting
The Health Center utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. All revenues and expenses are subject to accrual.

Basis of Presentation
All significant intra-agency transactions have been eliminated in the presentation of the Consolidated Financial Statements. Additional information about eliminations may be found in the supplemental schedules.

Operating and Non-operating revenues:
The Health Center breaks out revenues between operating and non-operating based on the nature of the transaction as being either an exchange or non-exchange transaction. Exchange transactions principally include services provided by the Health Center to the community. Non-exchange transactions include State Appropriations, Gifts, and Investment returns.

Cash and Cash Equivalents:
The Health Center considers all funds that have not been otherwise board designated and which are held on its behalf by the State of Connecticut to be cash.

Accounts Receivable and Net Patient Service Revenues
Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Settlements are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Investments and Investment Income
The State of Connecticut has established various funds to account for the operations of the Health Center. These funds include the University Health Center Operating Fund (Fund 12018), the University Health Center Research Foundation Fund (Fund 12023), the University Health Center Hospital Fund (Fund 21002) and the John Dempsey Hospital Malpractice Trust Fund (Fund 35015). Grants and contracts for research and related retained overhead recoveries are accounted for in the Research Foundation Fund. The Malpractice Trust Fund accounts for assets set aside based on actuarial funding recommendations. The Operating Fund acts as a "General Fund" for the Health Center, accounting for all operations not accounted for elsewhere.

Unrestricted Research Foundation Fund and Malpractice Trust Fund assets in excess of immediate cash needs are invested in the State of Connecticut Short-Term Investment Fund (STIF). Most restricted Research Foundation Fund assets are not invested, though there are certain exceptions including gift accounts and funds invested at the request of sponsoring organizations. Local student activity funds controlled by the Health Center are also invested in STIF; these funds are minimal in amount.

The STIF, which was established and is operated under Sections 3-27a through 3-27i of the General Statutes, provides State agencies, funds, political subdivisions and others with a mechanism for investing at a daily-earned rate with interest from day of deposit to day of withdrawal. STIF participants have daily access to their account balances. Underlying investments of the STIF are mainly in money market instruments.

Though Operating Fund participation in STIF is not significant, the Health Center earns interest on Operating Fund cash balances through the State Treasurer's interest credit program. Under this program, the Treasurer pays the Health Center STIF equivalent interest on the average daily cash balance held in the Operating Fund each quarter. Additionally, interest is paid on monies transferred from the Health Center's civil list funds into the direct disbursement account used to process checks issued directly to vendors by the Health Center. Though the balance in this account may include assets of the Operating, Research Foundation and Hospital Funds, all interest earned is credited to the Operating Fund.

The Hospital Fund does not participate in STIF or, other than described above, the Treasurer's interest credit program.

Investment Income also includes amounts received from endowments.

Inventories
Consumable supplies are expensed when received with the exception of certain central inventories. Cost of the inventory is determined on a moving average basis for the Central Warehouse, and on a first-in, first-out basis for the others.

Capital Assets
Property and equipment acquisitions are recorded at cost. Betterments and major renewals are capitalized and maintenance and repairs are expensed as incurred.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Buildings have an estimated useful life of 5 to 50 years and equipment has an estimated useful life of 2 to 25 years.

Medical Malpractice
Health care providers and support staff of the Hospital are fully protected by state statutes from any claim for damage or injury, not wanton, reckless or malicious, caused in the discharge of their duties or within the scope of their employment ("statutory immunity"). Any claims paid for actions brought against the State as permitted by waiver of statutory immunity have been charged against the Health Center's malpractice self-insurance fund. Effective July 1, 1999, the Health Center developed a methodology by which it could allocate malpractice costs between the Hospital and UMG. For the years ended June 30, 2011, and 2010, these costs are included in the statements of revenues, expenses and changes in net assets.

Reclassification
Certain amounts in the 2010 financial statements have been reclassified to conform to the 2011 presentation. Included in these amounts are $5.8 million in Contract and Other Operating revenue and Patient Services expense related to services provided by University Medical Group which had been offset in the prior year presentation. This reclassification resulted in increases to the Salaries, Fringe Benefits, and Supplies in FY 2010 of $3.7 million, $1.4 million, and $764,000, respectively.

Regulatory Matters
The Hospital is required to file semi-annual and annual operating information with the State of Connecticut Office of Health Care Access ("OHCA"), and is required to file annual cost reports with Medicare and Medicaid.

2. CASH DEPOSITS AND INVESTMENTS

Statement No. 40 of the GASB requires governmental entities to disclose credit risk associated with cash deposits and investment balances, and investment policies applied to mitigate such risks, especially as it relates to uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Health Center's name.

The Health Center's cash and cash equivalents, current and noncurrent, balance was $99,685,097 and $103,646,463, as of June 30, 2011 and 2010, respectively and included the following:

		2011		2010
Cash maintained by State of Connecticut Treasurer	$	54,751,928	$	55,412,369
Invested in State of Connecticut Short-Term Investment Fund		43,163,497		47,863,030
Deposits with Financial Institutions and Other		1,768,172		369,564
Currency (Change Funds)		1,500		1,500
Total cash and cash equivalents		99,685,097		103,646,463
Less: current balance		96,174,656		97,647,270
Total noncurrent balance	$	3,510,441	$	5,999,193

Collateralized deposits are protected by Connecticut statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio – a measure of the bank's financial condition. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. Portions of the bank balance of the State of Connecticut were insured by the Federal Deposit Insurance Corporation or collateralized. As a State agency, the Health Center benefits from this protection, though the extent to which the deposits of an individual State agency such as the Health Center are protected cannot be readily determined.

Short-Term Investment Fund (STIF)

STIF is a money market investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans. For financial reporting purposes, STIF is considered to be "cash equivalents" in the statement of net assets.

The Health Center's cash management investment policy authorizes the Health Center to invest in the State Treasurer's Short Term Investment Fund, United States Treasury bills, United States Treasury notes and bonds, United States Government Agency obligations, banker's acceptances, certificates of deposit (including EURO Dollars), commercial paper, money market funds, repurchase agreements and savings accounts. The $43,163,497 invested in the State of Connecticut Investment Pool is invested by the State Treasurer in its Short-term Investment Fund and had a Standard and Poor's rating of AAAm during fiscal year 2011.

Certain funds are held by outside fiscal agents and are not under the direct control of the Health Center. Accordingly, the assets of these funds are not included in the financial statements. The fair value amount of these funds was $2,540,604 and $2,539,982 as of June 30, 2011 and 2010, respectively. Investment income earned on these assets is transferred to the Health Center in accordance with the applicable trust agreement. Income received from those sources for the years ended June 30, 2011 and 2010 was $6,221 and $11,022, respectively.

3. CHARITY CARE

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent service statistics. During 2011 and 2010, the Hospital provided charity care services of $912,282 and $1,013,714, respectively. The cost basis of these services was $480,274 and $502,625, respectively. All related expenses are included in operating expenses.

4. NET PATIENT SERVICE REVENUE

The Health Center provides health care services primarily to residents of the region. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Health Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries are outstanding, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Health Center.

The Health Center has agreements with third-party payers that provide for payments at amounts different from its established rates. These third party payers include Medicare, Medicaid and certain commercial insurance carriers and Health Maintenance Organizations. Additionally, under the Correctional Managed Health Care Program, the Health Center provides medical, dental and psychiatric care to the inmates incarcerated at the State's correctional facilities. This program is funded from the State's General Fund through the Department of Correction.

Patient service revenue for the Health Center is as follows:

		2011			2010	
John Dempsey Hospital						
Gross patient services revenue	$	543,303,930		$	514,239,006	
Less allowances		275,186,908			260,249,422	
Less bad debts		3,784,188			7,834,037	
Net patient service revenue			264,332,834			246,155,547
UConn Medical Group						
Gross patient services revenue		192,852,692			195,368,341	
Less allowances		117,702,401			117,452,546	
Less bad debts		1,433,349			1,550,515	
Net patient service revenue			73,716,942			76,365,280
Correctional Managed Health Care			91,026,502			92,219,790
All other			4,514,989			2,916,228
Total net patient service revenue per business unit			433,591,267			417,656,845
Eliminations			(11,497,670)			(11,996,458)
Total net patient service revenue	$		422,093,597	$		405,660,387

(Amounts above include internal transactions eliminated on face of statements. See Supplemental Information for greater details)

5. CAPITAL ASSETS

Capital assets at June 30, 2011 and 2010 consisted of the following:

		2011	2010
Land	$	12,270,408	8,423,594
Construction in Progress		49,120,164	73,977,330
Buildings		404,444,843	359,249,065
Equipment		239,966,516	224,050,267
Capital leases		13,776,275	13,776,275
		719,578,206	679,476,531
Less accumulated depreciation		421,285,145	402,364,047
Capital assets, net	$	298,293,061	277,112,484

The Health Center's fine art collection is capitalized on the statements of net assets. This collection is included in equipment in the Primary Institution and totaled $668,311 and $668,311 at June 30, 2011 and 2010, respectively. Plant and equipment activity and related information on accumulated depreciation for the Health Center for the years ended June 30, 2011 and 2010 was as follows:

	2010	Additions	Deletions	2011
Property and equipment:				
Land	$ 8,423,594	$ 3,846,814	$ -	$ 12,270,408
Construction in Progress	73,977,330	31,658,725	(56,515,891)	49,120,164
Buildings	348,655,473	45,164,135	-	393,819,608
Improvements other than buildings	10,593,592	31,643	-	10,625,235
Equipment	224,050,267	27,552,506	(11,636,257)	239,966,516
Capital leases	13,776,275	-	-	13,776,275
Total property and equipment	679,476,531	108,253,823	(68,152,148)	719,578,206
Less accumulated depreciation:				
Buildings	211,924,422	11,956,051	-	223,880,473
Improvements other than buildings	7,395,080	75,233	-	7,470,313
Equipment	171,757,027	16,963,512	(11,153,824)	177,566,715
Capital Leases	11,287,518	1,080,126	-	12,367,644
Total accumulated depreciation	402,364,047	30,074,922	(11,153,824)	421,285,145
Net property and equipment:				
Land	8,423,594	3,846,814	-	12,270,408
Construction in Progress	73,977,330	31,658,725	(56,515,891)	49,120,164
Buildings	136,731,051	33,208,084	-	169,939,135
Improvements other than buildings	3,198,512	(43,590)	-	3,154,922
Equipment	52,293,240	10,588,994	(482,433)	62,399,801
Capital leases	2,488,757	(1,080,126)	-	1,408,631
Total capital assets, net	$ 277,112,484	$ 78,178,901	$ (56,998,324)	$ 298,293,061

	2009	Additions	Deletions	2010
Property and equipment:				
Land	$ 8,423,594	$ -	$ -	$ 8,423,594
Construction in Progress	50,636,930	43,577,297	(20,236,897)	73,977,330
Buildings	334,253,236	14,402,237	-	348,655,473
Improvements other than buildings	10,518,706	74,886	-	10,593,592
Equipment	212,665,658	15,427,402	(4,042,793)	224,050,267
Capital leases	13,776,275	-	-	13,776,275
Total property and equipment	630,274,399	73,481,822	(24,279,690)	679,476,531
Less accumulated depreciation:				
Buildings	201,200,176	10,724,246	-	211,924,422
Improvements other than buildings	7,079,197	315,883	-	7,395,080
Equipment	159,669,002	16,093,225	(4,005,200)	171,757,027
Capital leases	9,539,573	1,747,945	-	11,287,518
Total accumulated depreciation	377,487,948	28,881,299	(4,005,200)	402,364,047
Net property and equipment:				
Land	8,423,594	-	-	8,423,594
Construction in Progress	50,636,930	43,577,297	(20,236,897)	73,977,330
Buildings	133,053,060	3,677,991	-	136,731,051
Improvements other than buildings	3,439,509	(240,997)	-	3,198,512
Equipment	52,996,656	(665,823)	(37,593)	52,293,240
Capital leases	4,236,702	(1,747,945)	-	2,488,757
Total capital assets, net	$ 252,786,451	$ 44,600,523	$ (20,274,490)	$ 277,112,484

Construction in progress at June 30, 2011 and 2010, represents accumulated costs for various Health Center construction projects. The Health Center has entered into various contractual arrangements related to these projects. Upon completion, the cost of the project is transferred to the appropriate investment in plant category and depreciation will commence.

6. ENDOWMENTS

The Health Center designated the Foundation as manager of the Health Center's endowment funds. The Foundation makes spending allocation distributions to the Health Center for each participating endowment. The distribution is spent by the Health Center in accordance with the respective purposes of the endowments and with the policies and procedures of the Health Center.

7. LONG-TERM LIABILITIES

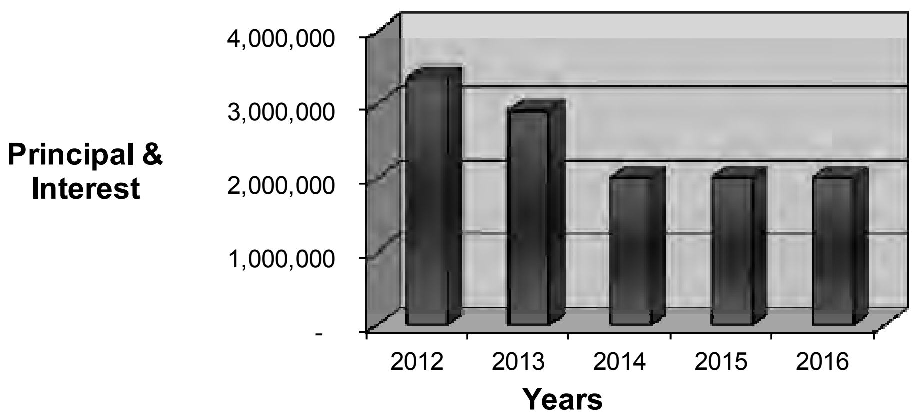
Long-term liability activity for the years ended June 30, 2011 and 2010 was as follows:

		June 30, 2010 Balance	Additions	Reductions	June 30, 2011 Balance		Amounts due within 1 year
Long-Term debt:							
Loans payable John Dempsey Hospital	$	2,075,991	-	830,398	1,245,593	$	830,396
Lease Agreements John Dempsey Hospital		2,318,364	-	1,231,750	1,086,614		614,731
Mortgage Agreements Primary Institution		29,629,891	-	11,533,046	18,096,845		815,937
Total Long-Term Debt		34,024,246	-	13,595,194	20,429,052		2,261,064
Malpractice reserve		18,315,000	5,209,761	3,085,761	20,439,000		2,953,000
Compensated absences		41,017,248	24,583,606	21,790,045	43,810,809		17,962,432
Total Long - Term Liabilities	$	93,356,494	29,793,367	38,471,000	84,678,861	$	23,176,496

		June 30, 2009 Balance	Additions	Reductions	June 30, 2010 Balance		Amounts due within 1 year
Long-Term debt:							
Loans payable John Dempsey Hospital		2,906,387	-	830,396	2,075,991	$	830,396
Lease Agreements John Dempsey Hospital		4,301,478	-	1,983,114	2,318,364		1,231,751
Mortgage Agreements Primary Institution		30,712,427	-	1,082,536	29,629,891		11,461,189
Total Long-Term Debt		37,920,292	-	3,896,046	34,024,246		13,523,336
Malpractice reserve		25,225,000	3,800,000	10,710,000	18,315,000		5,900,000
Compensated absences		37,752,872	23,691,784	20,427,408	41,017,248		16,817,072
Total Long - Term Liabilities	$	100,898,164	27,491,784	35,033,454	93,356,494	$	36,240,408

Estimated cash basis interest and principal requirements for the long-term debt for the next five years are as follows:

Long-Term Debt Requirement



Year		Long-Term Debt
2012	$	3,369,242
2013		2,915,261
2014		2,014,187
2015		2,014,187
2016		2,014,187
Thereafter		16,952,744
Totals	$	29,279,808

The Health Center is self-insured with respect to medical malpractice risks. Estimated losses from asserted and unasserted claims identified under the Health Center's incident reporting system and an estimate of incurred but not reported claims are accrued based on actuarially determined estimates that incorporate the Health Center's past experience as well as other considerations, including the nature of each claim or incident and relevant trend factors. The scope of the Health Center's assessment for establishing budgets for malpractice costs encompasses physicians, dentists, and all other University of Connecticut Health Center health care providers, and support staff.

The Health Center is involved in litigation claiming a substantial amount of damages arising in the ordinary course of business. Specifically, claims alleging malpractice have been asserted against the Health Center and are currently in various stages of litigation. Costs associated with these known claims, including settlements, as well as any new claims arising during the course of business will be paid from the malpractice trust fund.

During fiscal year 2010, the State of Connecticut passed Public Act No. 09-3, *AN ACT CONCERNING EXPENDITURES AND REVENUE FOR THE BIENNIUM ENDING JUNE* 30, 2011, (Public Act) . Sec. 74. of the Public Act states "(Effective from passage) (a) Notwithstanding the provisions of section 10a-256 of the general statutes, the sum of $10,000,000 shall be transferred from The University of Connecticut Health Center Medical Malpractice Trust Fund and credited to the resources of the General Fund for each of the fiscal years ending June 30, 2010, and June 30, 2011." The Public Act also states "the amount of funding necessary to protect the Health Center for malpractice shall be determined and approved by the Board of Trustees of the University of Connecticut." Since the State effectively removed control and responsibility for maintaining and managing the malpractice fund from the Hospital, the Fund was transferred from the Hospital to the Primary Institution.

To the extent that claims for cases exceed current year premium charged by the Health Center, the Health Center may petition the State to make up the difference. However, operational subsidies from the State and/or the Health Center may be affected by the performance of the Health Center's malpractice program. At June 30, 2011, the Health Center Malpractice Trust Fund had actuarial reserves of approximately \$20.4 million and assets of approximately \$4.5 million. In fiscal year 2011, the Health Center transferred the second \$10 million installment to the State of Connecticut's General Fund, accounting for the majority of the reduction in Malpractice reserves. .

8. RESIDENCY TRAINING PROGRAM

The Health Center's School of Medicine Residency Training Program provides area hospitals with the services of interns and residents. Participating hospitals remit payments to the Health Center, in accordance with an established rate schedule, for services provided. The Health Center, in turn, funds the Capital Area Health Consortium, Inc., which coordinates the payment of payroll and the provision of related fringe benefits to the interns and residents, under a contractual arrangement. Amounts remitted or owed by participating hospitals for payments made to interns and residents, and amounts paid or due under contract to the Capital Area Health Consortium, Inc., are reflected in the accompanying financial statements as current unrestricted revenues and expenditures, respectively.

9. BOND FINANCED ALLOTMENTS

The Health Center recognizes an asset when an allotment is processed for State general obligation bonds or when bonds are funded from Health Center resources or issued under the UCONN 2000 program are sold.

In fiscal year 2002, the General Assembly of the State of Connecticut enacted and the Governor signed into law Public Act No. 02-3, An Act Concerning 21st Century UConn (Act), also known as Phase III. This Act amended Public Act No. 95-230 and extended the UCONN 2000 financing program that was scheduled to end in 2005, for an additional 10 years to June 30, 2015. The 21st Century UConn program was amended in fiscal year 2008, extending it an additional year to June 30, 2016, without any change in the total amount. In fiscal year 2010, the Act was amended again including a \$25 million reallocation from existing UCONN 2000 Health Center allocations, and a \$207 million increase in UCONN 2000 debt service commitment authorizations for the UConn Health Network. This also extended the UCONN 2000 program two additional years to fiscal year 2018. In fiscal year 2011, the General Assembly enacted and the Governor signed Public Act No. 11-75, An Act Concerning the University of Connecticut Health Center, which increased the authorized project costs for the Health Center under Phase III. The Act, as amended, authorized additional projects for the Health Center at an estimated cost of \$775,300,000. The Act also requires the Health Center to contribute not less than \$69 million through operations, eligible gifts, or other sources towards new Health Center construction.

In fiscal year 2011, there were no additional bonds issued. In fiscal year 2010, the University recorded total revenue of \$105,000,000 as State debt service commitment for principal for the 2011 Series A bonds which includes \$35,610,000 to finance projects for the Health Center. As noted above, Phase III includes a commitment to fund projects totaling \$775,530,000 for the Health Center. These bonds are general obligations of the University, for which its full faith and credit are pledged, and are payable from all assured revenues. The bonds are additionally secured by the pledge of and a lien upon the State Debt Service Commitment. The State Debt Service Commitment is the commitment by the State to pay an annual amount of debt service on securities issued as general obligations of the University. The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State Debt Service Commitment for the payment of the bonds and, accordingly, is not planning to budget any of the other revenues for the payment of the bonds. The University therefore acts as custodian of the funds for the Health Center. A corresponding receivable is recorded for the unspent portion of the bonds (\$6,822,776 at June 30, 2011) in the Statement of Net Assets.

10. RETIREMENT PLAN

All regular full-time employees participate in one of two retirement plans. The State Employees' Retirement System, a single employer defined benefit public employee retirement system, is administered by the State and covers most full-time employees. The State of Connecticut is statutorily responsible for the pension benefits of the Health Center employees who participate in this plan. The Health Center makes contributions on behalf of the employees through a fringe benefit charge assessed by the State.

Alternatively, employees may choose to participate in the Connecticut Alternate Retirement Program (CARP). CARP is a State-administered, portable pension plan offered to eligible employees of the State's constituent units of higher education as an alternate to the State Employees' Retirement System. This plans third party administrator is ING. Under this defined contribution plan, plan members are required to contribute 5 percent of their annual salaries; the State is required to contribute 8 percent of covered salary.

11. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 10, the State provides post retirement health care and life insurance benefits to eligible Health Center employees, in accordance with Sections 5-257(d) and 5-259(a) of the Connecticut General Statutes. When employees retire, the State pays up to 100% of their health care insurance premium cost (including the cost of dependent coverage). This benefit is available to retirees of the State Employees' Retirement System and participants in the Connecticut Alternate Retirement Program who meet certain age and service criteria.

The State also pays 100% of the premium cost for a portion of the employee's life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined in a formula based on the number of years of State service that the retiree had at time of retirement. The State finances the cost of post retirement health care and life insurance benefits on a pay-as-you-go basis through an appropriation in the General Fund.

12. COMMITMENTS

On June 30, 2011, the Health Center had individual outstanding commitments exceeding $300,000 in amount, totaling $13,531,907. A portion of this amount was included in the June 30, 2011 accounts payable. Commitments above do not include any commitments arising from the administration of UCONN 2000 funds by the University on the Health Center's behalf. Such obligations would be paid directly from proceeds of current and future bond issuances.

The Health Center agreed to pay $44,405,591 during the 2011-2012 fiscal year to the Capitol Area Health Consortium to cover the payment of payroll and related fringe benefits to the interns and residents participating in the School of Medicine Residency Training Program. These costs are to be funded by participating hospitals, which will remit payments to the Health Center, in accordance with an established rate schedule, for services provided.

The Health Center leases various building space under operating lease commitments, which expire at various dates through fiscal year 2021. Expenses related to these leases were approximately $3,875,000 and 3,695,000 for the years ended June 30, 2011 and 2010, respectively. Future minimum rental payments at June 30, 2011 under non-cancelable operating leases are approximately as follows:

Year		Payments
2012	$	2,969,339
2013		2,734,152
2014		1,787,381
2015		1,641,172
2016		1,669,985
Thereafter		6,773,861
Total	$	17,575,890

13. RELATED PARTY TRANSACTIONS

The University of Connecticut Foundation, Inc. (the "Foundation") is a tax-exempt organization whose objective is the betterment of the University, including its Health Center. The Foundation is a consolidated part of the University and therefore an affiliated party. As is the case with the University's Storrs based program, the Health Center has entered into a written agreement with the Foundation whereby the Health Center agrees to reimburse the Foundation for certain administrative services and the Foundation agreed to reimburse the Health Center for certain services performed and for operating expenses for the benefit of the Foundation. The following transactions occurred between the Health Center and the Foundation during the year ended June 30, 2011:

Amount paid to the Foundation	$	945,000
Amount received from the Foundation for personal services and operating expenses	$	8,318
Amount received from the Foundation from endowments and gifts	$	1,962,367

In addition, The Health Center engages in transactions with the University. Listed below are the material transactions with the University. Not included in this list are certain cost share arrangements for shared services and transactions related to UCONN 2000 for which notation has been made in note 9.

Funds Received in Support of Office of Technology and Commercialization	$	603,666
Funds Paid to the University of Connecticut	$	537,879

The Health Center is a component unit of the State of Connecticut. Through the Health Center, the State seeks to meet certain unmet needs in the community including the training and development of new doctors and dentists. The State supports the Health Center's mission primarily via two mechanisms: State Appropriations and the provision of In Kind benefits. State Appropriations represent amounts the State allows the Health Center to charge back directly to the State's General Fund. In Kind benefits take the form of forgone fringe benefit expense reimbursements related to salaries expensed on the General Fund. For the year ended June 30, 2011, the amounts of these benefits recognized were as follows:

Amount of General Fund Appropriations from State of Connecticut	$	119,166,814
In Kind Fringe Benefits:		
Recognized through CMHC		38,651,142
Recognized in John Dempsey		13,500,000
Received elsewhere in Primary Institution		53,950,536
Total In Kind Fringe Benefits received from State of Connecticut:	$	106,101,678
Total Appropriations and In Kind benefits received from State of Connecticut	$	225,268,492

14. CONTINGENCIES

The Health Center is a party to various legal actions arising in the ordinary course of its operations. While it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material effect on the Health Center's financial statements.

15. HYPOTHECATION

Individual components of the Health Center are allowed to borrow from the State on the basis of their net patient receivables and contract and other receivables to fund operations. These units include John Dempsey Hospital and the University Medical Group. John Dempsey Hospital is allowed to borrow from the State at up to 90% of its receivables. University Medical Group is allowed to borrow at up to 70% of its accounts receivable. As of June 30, 2011 and 2010, the Hospital had drawn down $-0- and $3,082,016, respectively, under the State statute As of June 30, 2011 and 2010, the Hospital has available $27,849,397 and 24,125,771, respectively under the State statute.

16. Operating Expenses by Object

The table below details the Health Center's operating expenses by object for the years ended June 30, 2011 and 2010.

Operating Expenses by object for the Years Ended June 30, 2011 and 2010:

		2011		2010
Salaries and Wages	$	377,149,315	$	367,408,228
Fringe Benefits		162,683,939		152,902,276
Supplies and Other Expenses		229,952,091		218,188,948
Utilities		14,532,525		14,028,109
Depreciation and Amortization		30,557,355		28,918,892
Total	$	814,875,225	$	781,446,453

SUPPLEMENTAL INFORMATION

UNIVERSITY OF CONNECTICUT HEALTH CENTER
CONSOLIDATING STATEMENT OF NET ASSETS
As of June 30, 2011

($ in thousands)	2011 Primary Institution	John Dempsey Hospital	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 94,857	$ 1,318	$ -	$ 96,175
Assets limited as to use	-	-	-	-
Patient receivables, net	12,147	30,512	-	42,659
Contract and other receivables	25,391	431	-	25,823
Due from Affiliates	6,823	-	-	6,823
Due from State of Connecticut	9,477	-	-	9,477
Due from Primary Institution	-	13,000	(13,000)	-
Due from Department of Correction	7,932	-	-	7,932
Inventories	2,702	7,348	-	10,050
Prepaid expenses	5,047	3,635	-	8,682
Total current assets	164,376	56,244	(13,000)	207,621
Noncurrent Assets				
Restricted cash and cash equivalents	3,251	260	-	3,510
Other assets	16	623	-	639
Assets limited as to use	4,370	-	-	4,370
Due from State of Connecticut	191	-	-	191
Capital assets, net	243,215	55,078	-	298,293
Total noncurrent assets	251,043	55,961	-	307,003
Total assets	$ 415,419	$ 112,205	$ (13,000)	$ 514,624
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	21,796	8,761	-	30,557
Due to State of Connecticut	2,159	3,262	-	5,421
Accrued salaries	25,715	7,113	-	32,828
Compensated absences	12,515	5,447	-	17,962
Due to John Dempsey Hospital	13,000	-	(13,000)	-
Due to third party payors	-	9,416	-	9,416
Deferred revenue	12,115	-	-	12,115
Malpractice reserve	2,953	-	-	2,953
Long-term debt - current portion	816	1,445	-	2,261
Total current liabilities	91,069	35,444	(13,000)	113,513
Noncurrent Liabilities				
Malpractice reserve	17,486	-	-	17,486
Compensated absences	18,010	7,838	-	25,848
Long-term debt	17,281	887	-	18,168
Total noncurrent liabilities	52,777	8,725	-	61,502
Total liabilities	$ 143,846	$ 44,169	$ (13,000)	$ 175,015
NET ASSETS				
Invested in capital assets, net of related debt	$ 225,118	$ 52,746	$ -	$ 277,864
Restricted for				
Nonexpendable				
Scholarships	61	-	-	61
Expendable				
Research	3,920	127	-	4,047
Loans	875	-	-	875
Capital projects	5,758	-	-	5,758
Unrestricted	35,841	15,164	-	51,005
Total net assets	$ 271,573	$ 68,037	$ -	$ 339,610

UNIVERSITY OF CONNECTICUT HEALTH CENTER
CONSOLIDATING STATEMENT OF NET ASSETS
As of June 30, 2010

($ in thousands)	2010 Primary Institution	John Dempsey Hospital	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 100,729	$ -	$ (3,082)	$ 97,647
Patient receivables, net	12,526	29,753	-	42,279
Contract and other receivables	26,892	478	-	27,370
Due from Affiliates	30,817	-	-	30,817
Due from State of Connecticut	8,676	-	-	8,676
Due from Primary Institution	-	12,789	(12,789)	-
Due from Department of Correction	7,634	-	-	7,634
Inventories	2,484	7,091	-	9,575
Due from third party payors	-	-	-	-
Prepaid expenses	3,418	3,045	-	6,463
Total current assets	193,176	53,156	(15,871)	230,461
Noncurrent Assets				
Restricted cash and cash equivalents	5,999	-	-	5,999
Other assets	160	613	-	773
Assets limited as to use	5,258	-	-	5,258
Due from State of Connecticut	403	-	-	403
Capital assets, net	222,401	54,712	-	277,113
Total noncurrent assets	234,221	55,325	-	289,546
Total assets	$ 427,397	$ 108,481	$ (15,871)	$ 520,007
LIABILITIES				
Current Liabilities				
Cash overdraft	$ -	$ 3,082	$ (3,082)	$ -
Accounts payable and accrued liabilities	23,217	11,160	-	34,377
Due to State of Connecticut	1,956	2,888	-	4,844
Accrued salaries	22,650	6,507	-	29,157
Compensated absences	11,812	5,005	-	16,817
Due to John Dempsey Hospital	12,789	-	(12,789)	-
Due to third party payors	-	2,833	-	2,833
Deferred revenue	9,599	-	-	9,599
Malpractice reserve	5,900	-	-	5,900
Long-term debt - current portion	11,461	2,062	-	13,523
Total current liabilities	99,384	33,537	(15,871)	117,050
Noncurrent Liabilities				
Malpractice reserve	12,415	-	-	12,415
Compensated absences	16,997	7,203	-	24,200
Long-term debt	18,169	2,332	-	20,501
Total noncurrent liabilities	47,581	9,535	-	57,116
Total liabilities	$ 146,965	$ 43,072	$ (15,871)	$ 174,166
NET ASSETS				
Invested in capital assets, net of related debt	$ 192,771	$ 50,318	$ -	$ 243,089
Restricted for				
Nonexpendable				
Scholarships	61	-	-	61
Expendable				
Research	4,211	148	-	4,359
Loans	1,864	-	-	1,864
Capital projects	30,649	-	-	30,649
Unrestricted	50,877	14,942	-	65,819
Total net assets	$ 280,433	$ 65,408	$ -	$ 345,841

UNIVERSITY OF CONNECTICUT HEALTH CENTER
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2011

($ in thousands)	Primary Institution	John Dempsey Hospital	Total (Memo Only)	Eliminations	Consolidated
	2011				
OPERATING REVENUES					
Student tuition and fees, net	$ 13,095	$ -	$ 13,095	$ -	$ 13,095
Patient services, net	169,259	264,333	433,592	(11,498)	422,094
Federal grants and contracts	60,127	-	60,127	-	60,127
Nonfederal grants and contracts	25,885	-	25,885	-	25,885
Contract and other operating revenues	91,119	1,955	93,074	(21,380)	71,694
Total operating revenues	359,485	266,288	625,773	(32,878)	592,895
OPERATING EXPENSES					
Educational and General					
Instruction	146,095	-	146,095	(16,302)	129,793
Research	58,892	-	58,892	-	58,892
Patient services	235,944	273,420	509,364	(16,576)	492,788
Academic support	16,355	-	16,355	-	16,355
Institutional support	58,421	-	58,421	-	58,421
Operations and maintenance of plant	27,653	-	27,653	-	27,653
Depreciation	20,776	9,299	30,075	-	30,075
Loss on disposal	282	200	482	-	482
Student aid	416	-	416	-	416
Total operating expenses	564,834	282,919	847,753	(32,878)	814,875
Operating loss	(205,349)	(16,631)	(221,980)	-	(221,980)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	211,768	13,500	225,268	-	225,268
Transfers to State	(10,807)	-	(10,807)	-	(10,807)
Gifts	2,051	503	2,554	-	2,554
Hospital transfer	(5,407)	5,407	-	-	-
Investment income, net	134	-	134	-	134
Interest on capital asset - related debt	(1,420)	(150)	(1,570)	-	(1,570)
Net nonoperating revenues	196,319	19,260	215,579	-	215,579
Loss before other revenues, expenses, gains or losses	(9,030)	2,629	(6,401)	-	(6,401)
Capital appropriations	170	-	170	-	170
Total other revenues	170	-	170	-	170
(Decrease)/Increase in net assets	(8,860)	2,629	(6,231)	-	(6,231)
NET ASSETS					
Net assets-beginning of year	280,432	65,409	345,841	-	345,841
Net assets-end of year	$ 271,572	$ 68,038	$ 339,610	$ -	$ 339,610

UNIVERSITY OF CONNECTICUT HEALTH CENTER
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2010

($ in thousands)	2010 Primary Institution	John Dempsey Hospital	Total (Memo Only)	Eliminations	Consolidated
OPERATING REVENUES					
Student tuition and fees, net	$ 12,163	$ -	$ 12,163	$ -	$ 12,163
Patient services, net	171,501	246,156	417,657	(11,996)	405,661
Federal grants and contracts	59,357	-	59,357	-	59,357
Nonfederal grants and contracts	28,673	-	28,673	-	28,673
Contract and other operating revenues	80,627	1,082	81,709	(17,119)	64,590
Total operating revenues	352,321	247,238	599,559	(29,115)	570,444
OPERATING EXPENSES					
Educational and General					
Instruction	141,567	-	141,567	(15,361)	126,206
Research	59,967	-	59,967	-	59,967
Patient services	222,152	260,942	483,094	(13,754)	469,340
Academic support	14,469	-	14,469	-	14,469
Institutional support	55,730	-	55,730	-	55,730
Operations and maintenance of plant	26,335	-	26,335	-	26,335
Depreciation	18,310	10,571	28,881	-	28,881
Loss on disposal	24	14	38	-	38
Student aid	480	-	480	-	480
Total operating expenses	539,034	271,527	810,561	(29,115)	781,446
Operating loss	(186,713)	(24,289)	(211,002)	-	(211,002)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	204,984	13,500	218,484	-	218,484
Transfers to State	(10,000)	-	(10,000)	-	(10,000)
Gifts	3,098	848	3,946	-	3,946
Hospital transfer	(19,515)	19,515	-	-	-
Investment income, net	113	50	163	-	163
Interest on capital asset - related debt	(2,089)	(275)	(2,364)	-	(2,364)
Net nonoperating revenues	176,591	33,638	210,229	-	210,229
Loss before other revenues, expenses, gains or losses	(10,122)	9,349	(773)	-	(773)
Capital appropriations	35,610	-	35,610	-	35,610
Total other revenues	35,610	-	35,610	-	35,610
Increase (decrease) in net assets	25,488	9,349	34,837	-	34,837
NET ASSETS					
Net assets-beginning of year	254,944	56,060	311,004	-	311,004
Net assets-end of year	$ 280,432	$ 65,409	$ 345,841	$ -	$ 345,841

DIRECTORS AND FINANCIAL OFFICERS
June 30, 2011

BOARD OF DIRECTORS

Members at Large

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Andy F. Bessette	*Orono, MN*
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FINANCIAL OFFICERS

Richard Gray, Vice President and Chief Financial Officer
John Biancamano, Chief Financial Officer
Jeffrey P. Geoghegan, Controller

TRUSTEES
As of June 30, 2011

BOARD OF TRUSTEES

UNIVERSITY OF CONNECTICUT
HEALTH CENTER

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL OBLIGATION INDENTURE OF TRUST

This section is a brief summary of the Special Obligation Indenture of Trust, dated as of January 1, 1997, as amended (the "Special Obligation Indenture"). The summary does not purport to be complete. Reference is made to the Special Obligation Indenture for a full and complete statement of the provisions thereof.

Authority for the Special Obligation Indenture. [Section 201]. The Special Obligation Indenture is made and entered into by virtue of and pursuant to the provisions of the Act.

Authorization for Issuance of Bonds and Obligations of University. [Section 202]. In order to provide sufficient funds for the UConn 2000 Infrastructure Improvement Program and not otherwise available from the sale of general obligation bonds of the University under its General Obligation Master Indenture of Trust, Special Obligation Bonds of the University are authorized to be issued without limitation as to amount except as therein provided or as may be limited by law and such Bonds shall be issued subject to the terms, conditions and limitations established in the Special Obligation Indenture.

The Bonds, Notes, Swaps, Subordinated Swaps, obligations of the University under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Termination Payments or other similar obligations of or payments by the University issued or incurred under and pursuant to the Special Obligation Indenture, shall be special obligations of the University, the Principal and Redemption Price (if any) of, interest on, and other amounts due in respect of which, shall be payable solely from the Trust Estate, and shall not be payable from nor charged upon any funds other than the Trust Estate pledged therefor as provided under the Special Obligation Indenture pursuant to the Act. The Bonds shall be entitled to the benefit of the continuing pledge of and lien on the Trust Estate created by the Special Obligation Indenture and, with respect to any Additional Bonds, the Supplemental Indenture authorizing the issuance thereof, to secure the full and final payment of the Principal, or Redemption Price, if applicable, thereof and the interest thereon.

The Bonds, Notes, Swaps, Subordinated Swaps, obligations of the University under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Termination Payments or other similar obligations of or payments by the University issued or incurred under and pursuant to the Special Obligation Indenture shall not constitute a general obligation of the University or a debt or liability of the State, including within the meaning of Section 3-21 of the General Statutes of the State, or any political subdivision thereof or a pledge of the faith and credit of the State, the University or of any other political subdivision of the State but shall be payable solely from the resources of the University described in the Special Obligation Indenture as the Trust Estate; the Bonds, Notes, Swaps, Subordinated Swaps, obligations of the University under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Termination Payments or other similar obligations of or payments by the University issued or incurred under and pursuant to the Special Obligation Indenture constitute a special obligation of the University payable solely from, and are secured solely by a pledge of, the Trust Estate, including Pledged Revenues and to the extent pledged in the Supplemental Indenture authorizing a particular Series of Bonds, all amounts on deposit in and if necessary certified by the University as necessary to restore the Special Capital Reserve Fund to the Special Capital Reserve Fund Minimum Requirement and deemed appropriated from the State's general fund and paid to the University.

All Bonds shall contain on the face thereof a statement to the effect that:

> NEITHER THE STATE OF CONNECTICUT NOR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE UNIVERSITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR THE INTEREST ON

THE BONDS. THE UNIVERSITY IS OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS SOLELY FROM THE TRUST ESTATE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CONNECTICUT OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE UNIVERSITY, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE UNIVERSITY HAS NO TAXING POWER.

Notice of Redemption. **[Section 405]** When the Trustee shall receive notice from the University of its election or direction to redeem Bonds, or when redemption of Bonds is required, the Trustee shall give notice, in the name of the University, of the redemption of such Bonds, by first-class mail, postage prepaid to the registered Owners of Bonds of the Series which are to be redeemed, at their last known addresses, if any, appearing on the registration books of the University at least 30 days but not more than 45 days prior to the redemption date and a second notice of redemption shall be sent by registered or certified mail at such address to any registered Owner who has not submitted his Bonds to the Trustee or Paying Agent for payment on or before the date sixty days following the date fixed for redemption.

Payment of Redeemed Bonds. **[Section 406].** Notice having been given in the manner provided in the Special Obligation Indenture, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the offices specified in such notice, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. All interest installments which shall have matured on or prior to the redemption date shall continue to be payable to the registered Owner. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption and, except with respect to any mandatory redemption, shall not be deemed to be in default under the Special Obligation Indenture.

Pledge Effected by Indenture. **[Section 601].** The Trust Estate is pledged to secure the payment of the Principal or Redemption Price, if any, and the interest on the Bonds (including the Sinking Fund Installments for the retirement thereof) in accordance with their terms and the provisions of the Special Obligation Indenture permitting the application or release thereof for or to the purposes and on the terms and conditions therein set forth.

Establishment Funds and Accounts Therein. **[Section 602].** The University establishes and creates the following funds and accounts to be held by the Trustee: the Bond Proceeds Fund (consisting of the Cost of Issuance Series accounts, the Capitalized Interest Series accounts and the Series accounts), the Debt Service Fund (consisting of the Interest Account and the Principal Installment Account), the Redemption Fund; the Rebate Fund; the Debt Service Reserve Fund and the Special Capital Reserve Fund; and the following fund to be held by the University: the Renewal and Replacement Fund. The University has reserved the right to establish additional funds, accounts and subaccounts.

Costs of Issuance Account. **[Section 603].** A separate sub-account within the Costs of Issuance Account designated "UConn 2000 Special Obligation Bonds Costs of Issuance Sub-account" may be established for the Bonds of each Series Outstanding. There shall be deposited in the applicable sub-account of the Costs of Issuance Account from time to time the amount of moneys necessary to pay the Costs of

Issuance of each Series of Bonds. Such proceeds and moneys shall be used to pay only the Costs of Issuance of the Series of Bonds for which such proceeds and moneys were deposited. The Costs of Issuance of any Series of Bonds shall be paid only from the same Series Sub-account of the Costs of Issuance Account. Upon payment of all Costs of Issuance of a Series of Bonds for which a separate sub-account has been established in the Costs of Issuance account, an Authorized Officer of the University shall transfer any moneys remaining in said sub-account to the same Series Sub-account of the Bond Proceeds Fund or to other Costs of Issuance accounts or to the University on account of payment of Costs of Issuance.

Bond Proceeds Accounts. [Section 604]. Within the Bond Proceeds Fund a separate sub-account designated "UConn 2000 Special Obligation Bond Proceeds Sub-account" may be established for the Bonds of each Series Outstanding. Subject to Section 610, there shall be deposited into the applicable Series Sub-account of the Bond Proceeds Fund, only the amount of the proceeds of the Bonds of any Series required to be deposited therein as shall be specified and determined by the Supplemental Indenture authorizing such Series of Bonds. Moneys in the Bond Proceeds Fund shall be expended only for a UConn 2000 Project subject to the provisions and restrictions of the Section 604 of the Special Obligation Indenture.

The University is authorized and directed to order each disbursement from the Bond Proceeds Fund upon a certification filed with Trustee, signed by an Authorized Officer of the University stating that such item or category of cost has been properly paid or incurred as a cost of the Project and, is consistent with the covenant of the University respecting tax exempt obligations and any Tax Regulatory Agreement with respect thereto.

Flow of Pledged Revenues. **[Section 605].** At least fifteen (15) days prior to any Interest Payment Date or Principal Installment Date and with respect to the Pledged Revenues, an Authorized Officer of the University shall transfer, remit or pay and direct the Trustee to deposit or credit the following accounts and funds, but as to each such account and fund, only within the limitations hereinbelow indicated with respect thereto and only after maximum payment within each limitation into each such account or fund previously mentioned in the following tabulation:

FIRST -- Into the Interest Account the amount necessary to increase the amount in such account so that it equals the Interest Requirement on the Outstanding Bonds becoming due on such Interest Payment Date.

-- Into the Principal Installment Account, the amount necessary to increase the amount in such account so that it equals the Principal Installments coming due or payable on such Principal Installment Date.

SECOND -- Into the Special Capital Reserve Fund and into the Debt Service Reserve Fund, as applicable, pro rata between and within such Funds as to the Principal amount of Bonds then Outstanding, the amount, if any, necessary to increase the amount in the applicable Fund so that it equals the Special Capital Reserve Fund Maximum Requirement or the Debt Service Reserve Fund Requirement as the case may be.

THIRD -- Into the Renewal and Replacement Fund, the amount of the Renewal and Replacement Fund Requirement for each and every Project financed with the proceeds of Outstanding Bonds.

FOURTH -- Into the Redemption Fund, the amount, if any, set forth in a Certificate of an Authorized Officer of the University.

Debt Service Fund. [Section 606]. The Trustee shall pay out of the Interest Account of the Debt Service Fund and out of the Principal Installment Account of the Debt Service Fund to the respective Paying

Agents the amounts required for the payment when due of Interest and Principal on Outstanding Bonds and such amounts shall be applied by the Paying Agents to such payments.

Redemption Fund. [Section 607]. Amounts in the Redemption Fund may be applied as directed by the University in a certificate of an Authorized Officer of the Authority filed with the Trustee to the purchase of Bonds at prices not exceeding the Redemption Price thereof applicable on the next redemption date plus accrued interest to such next redemption date (such redemption date shall be the earliest date upon which Bonds are subject to redemption from such amounts) or to the redemption of Bonds. Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established other than by application of Sinking Fund Installments, an amount equal to the applicable Redemption Prices thereof shall be credited toward a part of all or any one or more of such Sinking Fund Installments, as directed by the University, or, failing such direction by June 30, of each year, toward such Sinking Fund Installment in inverse order of their due dates.

Release and Restriction on Pledged Revenues. [Section 609]. Subject to providing for the deposits or payments pursuant to the Special Obligation Indenture and providing for the payment of Special Obligation Debt Service Expense Requirements, the Pledged Revenues may be expended by the University free and clear of the pledge of and lien created thereon by the Special Obligation Indenture pursuant to the Act. Pursuant to the Act, at such time as any Pledged Revenues are not required for other corporate purposes of the University, and in any event, on the date one year after the Bonds secured by the Special Capital Reserve Fund, together with interest on such Bonds, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the Holders thereof, are fully met and discharged, such moneys shall be paid to the State as repayment of amounts, if any, theretofore advanced by the State for deposit in the Special Capital Reserve Fund.

Renewal and Replacement Fund. [Section 612]. The University shall provide from time to time for deposit of amounts into the Renewal and Replacement Fund (which Fund may be combined with other similar renewal and replacement funds of the University) so that the amounts therein equals the Renewal and Replacement Fund Requirement. The University is authorized to apply the amounts in the Renewal and Replacement Fund to the payment or reimbursement of the extraordinary expenses incurred for the rebuilding, replacement, relocating, repair and restoration of any UConn 2000 Project financed by the University under the Special Obligation Indenture and other facilities forming part of the physical university plant so to permit the University to operate and maintain the physical university plant in sound operating condition.

Investment of Funds and Accounts. **[Section 701].** Except as otherwise set forth in the Special Obligation Indenture, the Trustee shall, upon direction of the University in writing signed by an Authorized Officer, deposit moneys or cause moneys to be deposited from any fund or account held by the Trustee, in Investment Obligations, provided, that each such Investment Obligation shall permit the moneys so placed to be available for use at the times provided with respect to the investment or reinvestment of such moneys.

Payment of Bonds. [Section 901] The University shall duly and punctually pay or cause to be paid, the Principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid all Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds.

Coverage Covenant. [Section 903]. "Net Revenue Amount" for the purpose of Sections 903 and 910 of the Special Obligation Indenture only constitutes that amount of Pledged Revenues with respect to the (i) residential life room fee, (ii) Board Dining Fee, (iii) the Parking and Transportation Fee, (iv) the Student Apartment Rentals and (v) the Greek Housing Fee, after providing for or paying the reasonable or necessary cost of currently maintaining, repairing, insuring and operating the facilities for which such fees, respectively, are imposed and each which individual amount as a result thereof may be a plus or minus. "Gross Revenue

Amount" for the purpose of Section 903 of the Special Obligation Indenture only constitutes that amount of Pledged Revenues with respect to the (i) Infrastructure Maintenance Fee, (ii) the General University Fee prior to any payments, deductions, offsets or provisions, respectively and (iii) those Pledged Revenues described in paragraph (2) of the definition thereof.

The University will establish, fix, and revise from time to time, prior to and during each Fiscal Year and collect in each Fiscal Year, fees representing Pledged Revenues so that the aggregate sum of each Net Revenue Amount plus each Gross Revenue Amount is equal to no less than the sum of: (i) an amount equal to 1.25 times the Debt Service Requirements in such Fiscal Year, and (ii) together with any amounts on hand and available therefor, an amount equal to the amounts of the Debt Service Expense Requirement in such Fiscal Year not covered in (i) above.

Power to Issue Bonds and Make Pledges. [Section 907]. The Pledged Revenues, or other receipts, funds and moneys pledged pursuant to the Special Obligation Indenture are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, except with respect to certain of the Pledged Revenues for a certain loan from the United States of America, acting by and through the Secretary of the Department of Education as described in the Special Obligation Indenture, or except with respect to the Pledged Revenues for certain outstanding general obligation bonds of the State categorized by the State as self liquidating from certain of the Pledged Revenues of the University. Pledged Revenues once deposited in and moneys on deposit in the Debt Service Fund, the Debt Service Reserve Fund and Special Capital Reserve Fund are pledged to the Bonds and shall be applied as provided in the Special Obligation Indenture and under no circumstances shall be considered as available for the payment of State general obligation bonds.

Indebtedness and Liens. [Section 908]. The University (i) shall not issue any securities or other evidences of indebtedness secured by a prior pledge of particular revenues, receipts, funds or moneys constituting Pledged Revenues, and (ii) shall not create or cause to be created any lien, pledge, or charge (other than the lien and pledge created or permitted by the Special Obligation Indenture) on the Bond Proceeds Fund, Debt Service Fund, the Redemption Fund, the Debt Service Reserve Fund and the Special Capital Reserve Fund or on other assets of the University and (iii) shall not mortgage any of its property for which any of the Pledged Revenues are applicable and in any event, shall not mortgage any UConn 2000 Project. Except as provided below, the University shall not issue any securities or other evidence of indebtedness secured by a parity pledge of the Pledged Revenues, other than Additional Bonds or otherwise permitted with respect to Notes pursuant to the provisions of the Special Obligation Indenture.

Nothing in the Special Obligation Indenture shall prevent the University from issuing indebtedness payable out of, or secured by a pledge, assignment or other encumbrances of, the Pledged Revenues to be derived on and after the date the Special Obligation Indenture shall be discharged and satisfied as provided in the Special Obligation Indenture.

Nothing in the Special Obligation Indenture shall be construed as precluding further pledging, assigning or encumbering on a parity or subordinated basis, the Pledged Revenues, revenues or other receipts, funds and moneys of the University which are applicable and appropriated by the University for payment to the State on account of debt service on general obligation bonds of the State for University purposes outstanding or, authorized by the State Bond Commission or by a bond act.

Issuance of Additional Bonds; Execution of Swaps. [Section 910]. No Additional Series of Bonds may be authorized and issued under the Special Obligation Indenture unless:

(i) In the event of Bonds secured by a Special Capital Reserve Fund, the University shall pay into such Special Capital Reserve Fund (a) any moneys appropriated and made available by the State for the purposes of such Fund, (b) any proceeds of sale of Bonds, to the extent provided in the Special Obligation Indenture or in any Supplemental Indenture authorizing the issuance thereof, and (c) any other moneys which may be made available to the University for such purpose from any other source or sources so that the amount on deposit in such Special Capital Reserve Fund equals the Special Capital Reserve Fund Maximum Requirement. The moneys held in or credited to any Special Capital Reserve Fund established pursuant to the Act, except as provided herein, shall be used solely for the payment of the Principal of Bonds secured by such Special Capital Reserve Fund as the same become due, the purchase of such Bonds, the payment of interest on such Bonds or the payment of any redemption premium required to be paid when such Bonds are redeemed prior to maturity; provided the University may provide that moneys in any such Fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such Fund to less than the Special Capital Reserve Fund Maximum Requirement, except for the purpose of paying such Principal of, redemption premium and interest on such Bonds, secured by such Special Capital Reserve becoming due and for the payment of which other moneys of the University are not available. The University shall not issue any Additional Series of Bonds at any time if the amount of money on deposit in and Investment Obligations credited to the Special Capital Reserve Fund is less that than the Special Capital Reserve Fund Maximum Requirement on Outstanding Bonds and the Additional Series of Bonds then to be issued and secured by such Special Capital Reserve Fund, unless the University, at the time of the issuance of such Additional Bonds, shall deposit in such Special Capital Reserve Fund from the proceeds of the Bonds so to be issued, or otherwise, an amount which, together with the amount then in such Special Capital Reserve Fund, will be not less than the Special Capital Reserve Fund Maximum Requirement;

(ii) a certificate signed by an Authorized Officer dated as of the date of authorization of such Series of Bonds shall have been delivered to the Trustee stating (a) that the particular Pledged Revenues estimated to be received as a result of the construction, completion and operation of the Project to be financed with the proceeds of the Additional Series of Bonds, and amounts in funds or accounts or payable thereto as a result of the issuance of such Additional Series of Bonds during the period such Additional Series of Bonds are Outstanding, including Swap Receipts, shall be sufficient to pay as the same become due the estimated, reasonable and necessary Project operating expenses of the University which will be incurred as a result of the issuance of such Additional Series of Bonds and the use of the proceeds thereof and the estimated Principal Installments of, Swap Payments, if any, and interest on such Additional Bonds; or (b) the Pledged Revenues estimated to be received, and amounts in funds or accounts or payable thereto including Swap Receipts: (A) shall be sufficient to pay all estimated Principal Installments of, Swap Payments, if any, and the Interest Requirement on Bonds Outstanding and such Additional Series of Bonds, or (B) together with other moneys received or estimated to be received by the University from, and available or to be made available to the University for the Project to be financed with the proceeds of the Additional Series of Bonds by the State, the United States or some other source all Principal Installments of and the Interest Requirement on Bonds Outstanding and such Additional Series of Bonds; in the event that such a certificate is filed with the Trustee, it shall be accompanied by a certificate to evidence that such other moneys are or will be made available to the University for the Project. The estimates referred to in (A) and (B) shall be made without the inclusion of any moneys that may be received by the University as a result of a future certification pursuant to Section 7(i) of the Act and Section 909 of the Special Obligation Indenture); and

(iii) a certificate signed by an Authorized Officer of the University delivered to the Trustee (a) stating that the sum of Net Revenue Amount and Gross Revenue Amount based on the most recent Audited Financial Statements preceding the date of issuance of such Additional Bonds have been, with respect to the then and any future Fiscal Year, equal to an amount at least 1.25 times the maximum Debt Service Requirement on all Outstanding Bonds plus the expected maximum Debt Service Requirement on the Additional Bonds or (b) evidencing written confirmation affirming the then existing ratings on the Bonds including the Additional Bonds to be then issued.

No Swap shall be entered into by the University unless, with respect to such Swap, written confirmation affirming the existing ratings on the Bonds is filed thereupon with the Trustee.

UConn 2000 Infrastructure Improvement Program. [Section 911]. The University shall use and apply the proceeds of the Bonds for the UConn 2000 Infrastructure Improvement Program and shall do all such acts and things appropriate or necessary to receive and collect Pledged Revenues. The University covenants that it will promptly proceed with the construction of each UConn 2000 Project financed in whole or in part by the issuance of Bonds in conformity with law and all requirements of the governmental authorities having jurisdiction thereover and that it will complete such construction with all expedition possible. The University covenants that it will at all times maintain, to the extent reasonably obtainable, insurance with respect to each such Project with such variations as shall reasonably be required to conform to applicable standard or customary insurance practice and subject to such exceptions and permissible deductions as are ordinarily required. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing, qualified to do business in Connecticut, and shall be payable to the University. The University shall be deemed to be in compliance with this insurance covenant to the extent any Project is covered by the State under a State insurance policy or to the extent the State is a self-insurer on such Project.

Tax Exemption. [Section 912]. In the event Bonds are sold under the Special Obligation Indenture or any Supplemental Indenture thereto as federally tax-exempt bonds, the University covenants that it will not take any action or fail to take any action that would result in loss of the exclusion from federal income taxation pursuant to Section 103(a) of the Code of interest paid on such Bonds.

No Impairment of Rights of Bondholders. [Section 913]. Except to the extent otherwise provided in this Special Obligation Indenture, the University shall not enter into any contract or take any action by which the rights of the Bondholders may be restricted, precluded or otherwise impaired.

Pledge of State to Bondholders. [Section 916]. Pursuant to the Act, the University, as agent for the State, includes the following pledge and undertaking for the State, in the Special Obligation Indenture and in the Bonds issued thereunder:

> Pursuant to the Act, the State does hereby pledge to and agrees with the Holders of any Bonds issued under this Special Obligation Indenture and the Act, and with those Bondholders pursuant to the provisions of the Act, that the State will not limit create or cause to be created any lien or charge on the assets or revenues pledged to secure the Bonds, other than the lien or pledge created by the Act or alter the rights vested in the University by this Special Obligation Indenture and the Act until such Bonds, together with the interest thereon, are fully met and discharged and such contracts (this Special Obligation Indenture and the Bonds) are fully performed on the part of the University, provided nothing in the Act shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the Holders of such Bonds of the University.

Modification and Amendment Without Consent. [Section 1001]. The University may, at any time or from time to time enter into Supplemental Indentures without consent of the Bondholders, the provider of either a Bond Facility, or a Swap Facility or Swap Provider for any one or more of the following purposes: To provide for the issuance of a Series of Bonds or Notes or Swaps pursuant to the provisions of the Special Obligation Indenture and to prescribe the terms and conditions pursuant to which such Bonds or Notes or Swaps may be issued, paid or redeemed; To add additional covenants and agreements of the University for the purpose of further securing the payment of the Bonds or Notes or Swaps, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the University contained in the Special Obligation Indenture; To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the University which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; To surrender any right, power or privilege reserved to or conferred upon the University by the terms of the Special Obligation Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the University contained in the Special Obligation Indenture; To confirm as further assurance any pledge under the Special Obligation Indenture subject to any lien, claim or pledge created or to be created by the provisions of the Special Obligation Indenture, of the moneys, securities or funds; To modify any of the provisions of the Special Obligation Indenture or any previously adopted Supplemental Indenture in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Indenture shall cease to be Outstanding, and all Bonds issued under such indentures shall contain a specific reference to the modifications contained in such subsequent indentures; to cure any ambiguity, or defect or inconsistent provision in the Special Obligation Indenture or to insert such provisions clarifying matters or questions arising under the Special Obligation Indenture as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with this Special Obligation Indenture as theretofore in effect; Consistent with Section 912 of the Special Obligation Indenture, to ensure the exclusion of interest on the Bonds from gross income of the Bondholders for federal income tax purposes; To grant or to confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted or conferred and which are not contrary to or inconsistent with the Special Obligation Indenture as therefore in effect; or to grant such rights and remedies and make such other covenants subject to the Special Obligation Indenture (including any prior Supplemental Indenture) as may be necessary for issuance of a Bond Facility, a Swap or a Swap Facility so long as such rights, remedies and covenants are not contrary to or inconsistent with the Special Obligation Indenture as theretofore in effect.

Amendments and Supplemental Indentures Effective With Consent of Bondholders. [Section 1002]. Subject to the provisions of any Supplemental Indenture granting rights to the provider of any Bond Insurer or otherwise, the provisions of the Special Obligation Indenture may also be modified or amended, at any time or from time to time, by any Supplemental Indenture, subject to the consent of Bondholders in accordance with and subject to the provisions of Article XI of the Special Obligation Indenture, to become effective upon the execution thereof by the University and the Trustee, and the filing with the Trustee of a copy thereof certified by an Authorized Officer of the University.

Powers of Amendment. [Section 1101]. Any modification or amendment of the Special Obligation Indenture and of the rights and obligations of the University and of the Holders of the Bonds thereunder, in any particular, may be made by any Supplemental Indenture with the written consent of the Holders of not less than 66 2/3% in principal amount of the Outstanding Bonds of each Series affected by such amendment or amendments or Supplemental Indenture or Indentures; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of any calculation of Outstanding Bonds. No such modification or amendment shall permit (1) a change in the terms of redemption or maturity of the Principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon or in the terms and conditions of the Special Capital Reserve Fund respecting Bonds supported by such Fund without the consent of the Holder of such Bond, or (2) shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

Consent of Bondholders. [Section 1102]. The University and the Trustee may at any time enter into any Supplemental Indenture making a modification or amendment permitted by the Special Obligation Indenture. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the University to Bondholders and be published at least once a week for two (2) successive weeks. Such Supplemental Indenture shall not be effective unless and until (1) there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1101 of the Special Obligation Indenture, and (b) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully entered into by the University and the Trustee and filed by the University in accordance with the provisions of the Special Obligation Indenture, is authorized or permitted by the Special Obligation Indenture, and is valid and binding upon the University and enforceable in accordance with its terms, and (2) a notice shall have been published as provided in Section 1102 of the Special Obligation Indenture.

Exclusion of Bonds. [Section 1105]. Bonds owned or held by or for the account of the University shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in the Special Obligation Indenture, and the University shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in the Special Obligation Indenture. At the time of any consent or other action taken under the Special Obligation Indenture, the University shall furnish the Trustee a certificate of an Authorized Officer of the University, upon which the Trustee may rely, describing all Bonds so to be excluded.

Consent of Bond Facility Provider. [Section 1107]. So long as the Bond Facility provider has not defaulted on its obligations under the Bond Facility, the provider of a Bond Facility shall be considered the sole Holder of all Bonds to which such Bond Facility relates, except as otherwise provided in an applicable Supplemental Indenture.

Events of Default. [Section 1201]. Each of the following events is hereby declared an "Event of Default" if:

(1) the University shall default in the payment of the Principal of or Redemption Price, if any, or interest on any Bond after the same shall become due, whether at maturity or upon call for redemption or otherwise;

(2) With respect to Bonds secured by the Special Capital Reserve Fund, the University shall fail or refuse to comply with the provisions of Section 909 of the Special Obligation Indenture, or such amounts as shall be certified by the Chairman of the Board of Trustees of the University to the Secretary of the Office of Policy and Management and Treasurer of the State pursuant to such provisions of the Act shall not be allotted and paid from the State general fund to the University for deposit therein and such allotment and payment is not made prior to the second day succeeding the final adjournment of (1) the session of the General Assembly of the State convening when such certification shall have been made or, if the General Assembly is not then in session, (2) the first session of the General Assembly of the State convening after such certification shall have been made; or

(3) Except as provided in (1) and (2) above, the University shall fail or refuse to comply with the provisions of the Special Obligation Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained therein or in any Supplemental Indenture or in any Bonds, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Trustee or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds.

Remedies. [Section 1202]. Upon the happening and continuance of any Event of Default after the conditions specified in the Special Obligation Indenture have been satisfied, the Trustee may:

(1) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the University to receive and collect revenues, including Pledged Revenues adequate to carry out the covenants and agreements as to, and the pledge of, such Pledged Revenues and to require the University to carry out any other covenants or agreements with Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, to require the University to account as if it were the trustee of any express trust for the Holders of the Bonds; and

(4) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds.

In the enforcement of any rights and remedies under the Special Obligation Indenture, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the University for Principal, Redemption Price, interest or otherwise, under any provision of the Special Obligation Indenture or any Supplemental Indenture or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the University for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable. All remedies conferred upon or reserved to the Holders of Bonds may also be conferred upon and reserved to the provider of a related Bond Facility, a Swap Provider or the provider of a Swap Facility authorized by any Supplemental Indenture and may be cumulative.

Priority of Payments After Default. [Section 1203]. In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and Principal or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the Special Obligation Indenture, shall be applied as follows: First to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; Second to the payment to the persons entitled thereto of the unpaid Principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of Principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and Third to the payment to other persons entitled to payment under the Special Obligation Indenture or any applicable Supplemental Indenture.

Bondholders' Direction of Proceedings. **[Section 1205].** The Holders of the majority in principal amount of the Bonds then Outstanding shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise that in accordance with law or the provisions of the Special Obligation Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitation on Rights of Bondholders. **[Section 1206].** No Holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under this Special Obligation Indenture or any right under law unless such Holder shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been afforded to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Special Obligation Indenture or for any other remedy hereunder or under law. It is understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Special Obligation Indenture, or to enforce any right hereunder or under law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Holders of the Outstanding Bonds. Nothing contained herein shall affect or impair the right of any Bondholder to enforce the payment of the Principal of and interest on his Bonds, or the obligation of the University to pay the Principal of and interest on each Bond issued hereunder to the Holder thereof at the time and place expressed in said Bond.

Remedies Not Exclusive. **[Section 1208].** No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

No Waiver of Default. **[Section 1209].** No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Special Obligation Indenture to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Notice of Event of Default. **[Section 1210].** The Trustee shall give to the Bondholders notice of each Event of Default hereunder known to an officer in the Corporate Trust Administration Department of the Trustee within ninety (90) days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the Principal or Redemption Price of or interest on any of the Bonds, or in the making of any payment required to be made into the Debt Service Reserve Fund or the Special Capital Reserve Fund, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders.

Defeasance. [Section 1401]. If the University shall pay or cause to be paid to the Holders of all Bonds then Outstanding, the Principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Special Obligation Indenture, then, at the option of the University, expressed in an instrument in writing signed by an Authorized Officer of the University and delivered to the Trustee, the covenants, agreements and other obligations of the University to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the University, execute and deliver to the University all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the University all moneys, securities and funds held by them pursuant to the Special Obligation Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the University of funds for such payment or redemption or otherwise) at the maturity or Redemption Date thereof shall be deemed to have been paid.

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL AND CO-BOND COUNSEL

December 13, 2012

University of Connecticut
352 Mansfield Road, U-2122
Storrs, Connecticut 06269-2122

Honorable Denise L. Nappier, Treasurer
State of Connecticut
Office of the Treasurer
55 Elm Street
Hartford, Connecticut 06106

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $87,980,000 Special Obligation Student Fee Revenue Bonds, 2012 Refunding Series A (the "2012 Bonds") of the University of Connecticut (the "University"), a body politic and corporate constituting a public instrumentality and agency of the State of Connecticut (the "State"), operating and existing under the Constitution and laws of the State. Capitalized terms used herein and not otherwise defined shall have the definitions assigned to them by the Indentures (as hereinafter defined).

The 2012 Bonds are authorized to be issued pursuant to The University of Connecticut 2000 Act, constituting Sections 10a-109a to 10a-109y inclusive of the General Statutes of Connecticut, Revision of 1958, as amended to the date hereof (the "Act"), the Special Obligation Indenture of Trust, as amended and supplemented by certain supplemental indentures (the "Special Obligation Indenture"), including the Third Supplemental Indenture (the "Third Supplemental Indenture" and together with the Special Obligation Indenture, the "Indentures"). The Special Obligation Indenture was entered into as of January 1, 1997 by and between the University and State Street Bank and Trust Company, as original trustee (predecessor to U.S. Bank National Association) (the "Trustee").

The 2012 Bonds are dated, will mature on the dates, will bear interest at the rates, and may be subject to redemption prior to maturity, all as set forth in or determined pursuant to the Indentures.

The University is authorized to issue bonds, in addition to the 2012 Bonds, upon the terms, conditions and covenants set forth in the Act and the Special Obligation Indenture, and such bonds, when issued, shall, with the 2012 Bonds and with all other such bonds theretofore issued under the Special Obligation Indenture, be entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Special Obligation Indenture, in accordance with its terms.

We are of the opinion that:

1. Under the Constitution and laws of the State, the University exists as a body politic and corporate and an instrumentality and agency of the State, performing an essential public function with good right and lawful authority, among other things, to carry out the UConn 2000 Infrastructure Improvement Program and to provide funds therefor by the execution of the Indentures and the issuance and sale of bonds, including the 2012 Bonds, and to perform its obligations under the terms and conditions of the Indentures including collecting and enforcing the collection of Pledged Revenues as covenanted in the Indentures, except to the extent such enforcement may be limited by bankruptcy, insolvency, and other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. The Indentures have been duly executed by the University and are valid and binding upon the University and enforceable in accordance with their terms. The principal amount of the 2012 Bonds together with the principal amount of obligations of the University issued and obligations authorized and unissued, does not exceed any aggregate limitation on the principal amount of obligations which may be issued by the University imposed by law.

3. The 2012 Bonds have been duly authorized, executed and authenticated and are legal, valid and binding limited obligations of the University payable solely from revenues, funds and assets pledged therefor under the Indentures and are entitled to the equal benefit, protection, and security of provisions, covenants and remedies of the Indentures. The 2012 Bonds are limited recourse special obligations of the University and do not constitute a general obligation of the University nor are they guaranteed by the University. The University has no taxing power.

4. The 2012 Bonds are secured by the Pledged Revenues, which the University has covenanted to collect, in the manner and to the extent set forth in the Indentures. The Special Obligation Indenture obligates the University to deposit Pledged Revenues into the Trust Estate and to apply the same first to the credit of the Debt Service Fund to pay debt service and creates the valid pledge of and the valid lien upon the Trust Estate, including the monies and securities held or set aside or to be set aside and held in such Debt Service Fund established thereunder, which the Indentures purport to create, subject only to the provisions of the Indentures permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indentures.

5. Pursuant to the Special Obligation Indenture, the University has validly covenanted in the manner and to the extent provided in the Special Obligation Indenture, among other things, to do all acts and things necessary to receive and collect the Pledged Revenues.

6. Pursuant to the Act, the 2012 Bonds do not constitute a debt or liability of the State of Connecticut or any municipality or other political subdivision thereof or bonds issued or guaranteed by the State within the meaning of Section 3-21 of the General Statutes of Connecticut (except to the extent set forth in the Act), do not obligate the State or any municipality or political subdivision to levy or pledge any form of taxation and are payable solely from the funds provided therefor pursuant to the Indentures and the Act. The University has no taxing power.

7. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the 2012 Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) such interest on the 2012 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, such interest may be taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the University and others in connection with the 2012 Bonds, and we have assumed compliance by the University with certain ongoing covenants to comply with

applicable requirements of the Code to assure the exclusion of interest on the 2012 Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the 2012 Bonds in order that, for federal income tax purposes, interest on the 2012 Bonds be not included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of 2012 Bond proceeds, restrictions on the investment of 2012 Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2012 Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the 2012 Bonds, the University will execute a Tax Regulatory Agreement containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Regulatory Agreement, the University covenants that it will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest paid on the 2012 Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 7 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Regulatory Agreement with respect to matters affecting the status of interest paid on the 2012 Bonds, and (ii) compliance by the University with the procedures and covenants set forth in the Tax Regulatory Agreement as to such tax matters.

8. Under existing statutes, interest on the 2012 Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates, and interest on the 2012 Bonds is excludable from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

We express no opinion regarding other federal or state tax consequences of the ownership of or receipt or accrual of interest on the 2012 Bonds.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2012 Bonds may be limited by bankruptcy, insolvency, and other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Very truly yours,

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APPENDIX D-1

CONTINUING DISCLOSURE ARTICLE BY THE UNIVERSITY – ARTICLE XV OF THE SPECIAL OBLIGATION INDENTURE

Submission of Annual Financial Information Statements. [Section 1502]. While any Bonds are Outstanding, the University shall provide to the Trustee, when completed, Annual Financial Information beginning on or after January 1, 1997 which Annual Financial Information is expected to be completed within 184 days of the end of the fiscal year (the "Submission Date"). The Trustee shall provide to each NRMSIR and the SID, if any, such Annual Financial Information.

Submission of Audited Financial Statements. [Section 1503]. The University shall submit to the Trustee by the Submission Date Audited Financial Statements for each Fiscal Year beginning on or after January 1, 1997, when and if available. If Audited Financial Statements for any Fiscal Year are not provided by the Submission Date, the University shall submit Unaudited Statements by the Submission Date and Audited Financial Statements when available.

Listed Event Notices. [Section 1504]. If a Listed Event occurs while any Bonds are Outstanding, the University shall provide a Listed Event Notice to the Trustee as provided in the Master Indenture.

Notification by Trustee of Failure by the University to File Annual Financial Information. [Section 1505]. (A) The University shall provide notice of any failure of the University to provide the Annual Financial Information by the required date, while any Bonds are Outstanding. The Trustee shall provide notice of such failure to the SID, if any, and either to the MSRB or each NRMSIR.

(B) The Trustee shall provide to the SID, if any, and either to the MSRB or each NRMSIR, notice of any failure to provide Annual Financial Information on or before the Report Date (whether caused by failure of the University to provide such information to the Trustee by the Submission Date). For the purposes of determining whether information is Annual Financial Information, the Trustee shall be entitled conclusively to rely on the University's written representation.

Additional Information. [Section 1506]. Nothing in Article XV shall prevent the University from disseminating any other information in addition to that required thereby. If the University should so disseminate or include any such additional information, the University shall have no obligation under Article XV to update, provide or include such additional information in any future materials disseminated pursuant to Article XV or otherwise.

Reference to Other Documents. [Section 1507]. It shall be sufficient for purposes of Section 1502 of the Indenture if the University provides Annual Financial Information by specific reference to documents previously (i) provided to each NRMSIR and the SID, if any, or (ii) filed with the SEC. If such a document is an Official Statement, it must be available from the MSRB also.

Disclaimer by the University. [Section 1508]. The University shall be under no obligation to the Holders, the Trustee or any other party to review or otherwise pass upon the Annual Financial Information or the Audited Financial Statements of the State, and the University's obligations hereunder shall be limited solely to the undertakings set forth in Article XV. The University shall be under no obligation to review, pass upon, update, provide or include or continue to include in its Official Statement any additional information regarding the State provided to the MSRB, each NRMSIR or the SID, if any, other than that information required to be submitted as part of the State's undertaking pursuant to paragraph (b)(5) of the Rule.

Transmission of Information and Notices. [Section 1509]. Subject to the limitations stated in the Indenture, the University and the Trustee shall employ such methods of information and notice transmission requested or recommended by the designated recipients of the information and notices required to be delivered pursuant to the provisions of Article XV of the Indenture.

Change in Fiscal Year, Submission Date and Report Date. [Section 1510]. The University may adjust the Submission Date and the Report Date if the University changes its Fiscal Year by providing written notice to the Trustee, which notice shall be promptly delivered to each NRMSIR and the SID, if any; *provided, however,* that the new Submission Date shall be no more than 184 days after the end of such new Fiscal Year and the new Report Date shall be no more than four Business Days following the new Submission Date, and provided further that the period between the final Report Date relating to the former Fiscal Year and the initial Report Date relating to the new Fiscal Year shall not exceed one year in duration.

Termination. [Section 1511]. (A) The University's and the Trustee's obligations under Article XV shall terminate immediately once Bonds are no longer Outstanding.

(B) The provisions of Article XV shall be null and void in the event that the University delivers to the Trustee a Counsel's Opinion stating that those portions of the Rule which require Article XV, or any of such provisions, do not or no longer apply. The Trustee shall, upon receipt of such opinion, promptly provide copies thereof to each NRMSIR and the SID, if any.

Amendment. [Section 1512]. (A) Article XV may be amended, by written agreement of the parties, without the consent of the Holders of the Bonds (except to the extent required below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or in interpretations thereof, or a change in the identity, nature or status of the University or the type of business conducted thereby; (2) Article XV, as so amended would have complied with the requirements of the Rule as of the date of the Indenture, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (3) either (i) the University shall have delivered to the Trustee a Counsel's Opinion which states that the amendment does not materially impair the interests of the Holders of the Bonds, or (ii) the Holders of the Bonds consent to the amendment to Article XV pursuant to the same procedures as are required for amendments to the Indenture pursuant to Section 901 of the Indenture. In the event the University delivers to the Trustee a Counsel's Opinion pursuant to sub-paragraph (3)(i) of subsection 611(A), the Trustee shall promptly deliver copies of such opinion and amendment to each NRMSIR and the SID, if any.

(B) In addition to subsection (A) above, Article XV may be amended and any provision of Article XV may be waived, by written agreement of the parties, without the consent of the Holders of the Bonds, if all the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued; and (2) the University shall have delivered to the Trustee a Counsel's Opinion stating that performance by the University and Trustee under Article XV as so amended or giving effect to such waiver will not result in a violation of the Rule. The Trustee shall deliver copies of such Opinion and amendment to each NRMSIR and the SID, if any.

(C) In the event of any amendment respecting the type of operating data or financial information contained in the University's Annual Financial Information, the University shall, in accordance with the Rule or any interpretation thereof by the SEC, provide in the first Annual Financial Information provided thereafter a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(D) In the event of any amendment specifying the accounting principles, for the year in which the change is made, the University shall present a comparison. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the difference and the impact of the change. In the event of any such change in accounting principles, the University shall deliver notice of such change to the Trustee and the Trustee shall deliver notice of such change to the Trustee and the Trustee shall deliver such notice to the SID, if any, and either to the MSRB or each NRMSIR.

Benefit; Third-Party Beneficiaries; Enforcement. [Section 1513]. (A) The provisions of Article XV shall inure solely to the benefit of the Holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries.

(B) Except as provided in this subsection (B), the provisions of Article XV shall create no rights in any person or entity. The obligations of the University to comply with the provisions of Article XV shall be enforceable (i) in the case of enforcement of obligations to provide Audited Financial Statements, Annual Financial Information, operating data and notice, by any Holder of Outstanding Bonds, or by the Trustee on behalf of the Holders of Outstanding Bonds, or (ii), in the case or challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the Holders of Outstanding Bonds; *provided, however,* that the Trustee shall not be required to take any enforcement action except at the direction of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with adequate security ad indemnity. The Holders' and Trustee's rights to enforce the provisions of Article XV shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the University's obligations under Article XV. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (A) of this Section, beneficial owners shall be deemed to be Holders of Bonds for purposes of this subsection (B). Without limiting the generality of the foregoing and except as otherwise provided in the Indenture, neither the commencement nor the successful completion of an action to compel performance under Article XV shall entitle the Trustee or any other person to attorney's fees, financial damages of any sort or any other relief other than an order or injunction compelling performance.

(C) Any failure by the University or the Trustee to perform in accordance with Article XV shall not constitute a default or an Event of Default under the Indenture or any Supplemental Indenture, and the rights and remedies provided by the Indenture or any Supplemental Indenture upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(D) Article XV shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of Article XV shall be instituted in a court of competent jurisdiction in the State; *provided, however,* that to the extent Article XV addresses matters of federal securities laws, including the Rule, Article XV shall be construed in accordance with such federal securities laws and official interpretations thereof.

Duties, Immunities and Liabilities of Trustee. [Section 1514]. The Trustee shall have only such duties under Article XV as are specifically set forth therein, and the University agrees to indemnify and save the Trustee harmless arising out of or in the exercise or performance of its powers and duties under Section 1514 excluding liabilities due to the Trustee's gross negligence or willful misconduct. Such indemnity shall be separate from and in addition to that provided to the Trustee under this Indenture. The obligations of the University under this Section 1514 shall survive resignation or removal of the Trustee and payment of the Bonds.

Duties, Immunities and Liabilities of Officials. [Section 1515]. Pursuant to Public Act 25-270, the University shall protect and save harmless any official or former official of the University from financial loss and expense, including legal fees and costs, if any, arising out of any claim, demand, suit or judgment by reason of alleged negligence on the part of such official, while acting in the discharge of his official duties in providing secondary market disclosure information pursuant to Article XV or performing any other duties set forth in the Indenture. Nothing in Article XV shall be construed to preclude the defense of governmental immunity to any such claim, demand or suit. For purposes of Section 1514, "official" means any person elected or appointed to office or employed by the University. The University may insure against liability imposed by subsection 1514 or may elect to act as self-insurer of such liability. Section 1514 shall not apply to cases of willful and wanton fraud.

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APPENDIX D-2

FORM OF CONTINUING DISCLOSURE SUPPLEMENT

THIS SUPPLEMENTAL CONTINUING DISCLOSURE UNDERTAKING (this "Undertaking"), is being executed and delivered by the University of Connecticut (herein the "Issuer") and U.S. Bank National Association, as Trustee (the "Trustee") in connection with the execution and delivery of its Special Obligation Student Fee Revenue Bonds 2012 Refunding Series A, dated December 13, 2012 (the "Bonds").

WHEREAS, the Issuer has heretofore undertaken to provide pursuant to Article XV ("Article XV") of its Special Obligation Indenture of Trust, Student Fee Revenue Bonds dated as of January 1, 1997 (as supplemented and amended, the "Indenture"), and in satisfaction of Rule 15c2-12 under the Securities Exchange Act of 1934 (as amended, the "Rule"), certain secondary market information with respect to bonds issued pursuant to the Indenture (the "Article XV Continuing Disclosure Undertaking"); and

WHEREAS, the Rule was amended, effective December 1, 2010.

NOW THEREFORE, the Issuer hereby undertakes to supplement the Article XV Continuing Disclosure Undertaking with respect to its Bonds, to provide event disclosure in accordance with the Rule in a timely manner not in excess of ten business days after the occurrence of any of the following events (each, a "Notice Event"):

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on the debt service reserves reflecting financial difficulties;

(4) unscheduled draws on the credit enhancements reflecting financial difficulties;

(5) substitution of the credit or liquidity providers or their failure to perform;

(6) 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 Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to rights of the Bond holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Bond defeasance;

(10) release, substitution or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar events of the University or the State;*

(13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the State or the sale of all or substantially all of the assets of the Issuer or the State, 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

(14) appointment of a successor or additional paying agent or the change of name of a paying agent, if material.

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* For the purposes of the event identified in this clause, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the University or the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer or the State.

Dated: _______________, 2012

UNIVERSITY OF CONNECTICUT

By: ______________________________

Name: ____________________________

Title: _____________________________

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: ______________________________

Name: ____________________________

Title: _____________________________

APPENDIX E

DEFINITIONS OF CERTAIN TERMS OF THE SPECIAL OBLIGATION INDENTURES

"Additional Bonds" means all Bonds and Refunding Bonds issued under the Special Obligation Indenture pursuant to a Supplemental Indenture adopted by the University pursuant to the Special Obligation Indenture, but not the Initial Bonds issued pursuant to the First Supplemental Indenture.

"Annual Financial Information" means, with respect to the University, collectively:

(A)(i) the Audited Financial Statements of the University for the preceding Fiscal Year (commencing with the Fiscal Year beginning on or after January 1, 1997), and Unaudited Financial Statements for such Fiscal Year if such Audited Financial Statements are unavailable, pursuant to the Special Obligation Indenture;

(ii) investments in the Bond Proceeds Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Redemption Fund and the Special Capital Reserve Fund pledged to the payment of and securing the Bonds; and

(iii) identification of all Bonds and Outstanding Bonds issued by the University under the Special Obligation Indenture, including a table summarizing certain Bond information, such as interest rates and call features; and

(B) Such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of such financial and operating data listed in (A) above.

Any or all of the items listed above may be included by specific reference to other documents which have been submitted to each NRMSIR and the SID, if any, or filed with the SEC. If such document is an Official Statement, it must be available from the MSRB.

In the event that any of the financial information or operating data constituting Annual Financial Information no longer can be generated because the operations to which such information or data relate have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information.

Annual Financial Information shall mean, with respect to the State, the Annual Financial Information submitted or to be submitted by or on behalf of the State pursuant to the State's written continuing disclosure undertaking in compliance with the requirements of paragraph (b)(5) of the Rule.

"Assured Revenues" means revenues other than Project Revenues, to be received from fees, tuition, rentals, charges, gifts, investments, endowments and from grants, subsidies, contracts, leases or other agreements made by or with the federal government, the State or any political subdivision, agency or instrumentality of the Federal government or the state, or others, including the State Debt Service Commitment, the Minimum State Operating Provision and Special Eligible Gifts.

"Audited Financial Statements" means, with respect to the University, the annual financial statements, if any, of the University, audited by such auditor as shall then be required or permitted by State law or the Special Obligation Indenture. Audited Financial Statements shall be prepared in accordance with GAAP; *provided, however,* that the University may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared including Financial Policy Number 2 of State Comptroller respecting Accounting and Financial Reporting Standards for State of Connecticut Constituent Units of Higher Education, as same may be implemented and amended from time to time. Notice of any such modification shall include a reference to the specific federal or State law or regulation describing such accounting basis and shall be provided by the University to the Trustee, who shall promptly deliver such notice to (i) either the MSRB or each NRMSIR, and (ii) the SID, if any.

Audited Financial Statements shall mean, with respect to the State, the Audited Financial Statements submitted or to be submitted by or on behalf of the State pursuant to the State's written continuing disclosure undertaking in compliance with the requirements of paragraph (b)(5) of the Rule.

"Authorized Officer" means, in the case of the University, the Chair or Vice-Chair of the Board of Trustees, the academic and financial affairs committee of the Board of Trustees (acting by resolution and constituting the finance committee of the Board of Trustees within the meaning of the Act), the President, Chancellor/Provost, or the Vice-President For Financial Planning and Management, or the Manager of Treasury Services (for purposes of making investments and disbursements only), the Controller (for purposes of making disbursements only) and the Vice Chancellor for Business and Administration (for purposes of making disbursements only), or any other person duly authorized by the bylaws or resolution of the University to perform the Act or sign the document in question.

"Board of Trustees" means the board of trustees of the University.

"Bond", "**Bonds"** or "**Special Obligation Bonds"** means the Initial Bonds, together with any Additional Bonds.

"Bond Depository" means a place or institution that holds securities certificates for safekeeping and maintains a record keeping system such that all or a portion of such Bonds held can be sold and transferred without the physical movement of their corresponding certificates.

"Bondholders" or "**Holder of Bonds"** or "**Holder"** or "**Owner"**, when used with reference to Bonds, or any similar term, means any person or party who shall be the registered owner of any Outstanding Bond.

"Business Day" shall mean any day other than (1) a Saturday or Sunday, (2) a day on which banking institutions located in the State or in any of the cities in which the principal corporate trust office of the Trustee, or the principal office of any Paying Agent, Surety or remarketing agent is located, are required or are authorized by law or executive order to close, or (3) a day on which the New York Stock Exchange is closed.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Cost", as applied to a project or any portion of the project, includes, but is not limited to: The purchase price or acquisition cost of any such project; the cost of planning, designing, constructing, building, alteration, enlargement, reconstruction, renovation, improvement, equipping and remodeling; the cost of all labor, materials, building systems, machinery and equipment; the cost of all lands, structures, real or personal property, rights, easements and franchises acquired; the cost of all utility extensions, access roads, site development, financing charges, premiums for insurance, interest prior to and during construction and for six months thereafter; the cost of working capital related to the project; the cost of plans and specifications, surveys and estimates of cost and of revenues; the cost of accountants, audits, engineering, feasibility studies, legal and other professional consulting or technical services; the cost of reserves for payment of future debt service related to the financing transaction proceedings and for future repairs, renewals, replacements, additions and improvements; the cost of all other expenses necessary or incident to determining the feasibility or practicability of such construction; and administrative and operating expenses and such other expenses as may be necessary or incident to the financing authorized.

"Costs of Issuance" means all costs related to the proceedings under which Bonds are issued under the Special Obligation Indenture, including but not limited to salaries, administrative expenses, insurance premiums, fees, expenses or other similar charges payable to providers of a Bond Facility or a Swap Facility, including without limitation a Swap Provider, including a Termination Payment, other than Reimbursement Obligations or Swap Payments or other termination payments, auditing and legal expenses and fees and expenses incurred for professional consultants, financial advisors and fiduciaries, fees and expenses of the Trustee, fees for issuing and paying agents, fees and expenses of remarketing agents and dealers, fees and expenses of the underwriters if payable other than as a result of a discount on the purchase price of Bonds or Notes, fees and expenses of rating agencies, transfer or information agents, the publication of advertisements and notices, printers' fees or charges incurred by the University or Treasurer on behalf of the University to comply with applicable federal and State securities or tax laws; and with respect to Bonds the interest on which is excludable from gross income of the recipient under the Code means only the costs of issuance of a Series of Bonds which may be paid with Bond proceeds as shall be consistent with the Special Obligation Indenture.

"Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the Treasurer, in consultation with the University (who may be the Attorney General of or other counsel to the University); provided, however, that for the purposes of Article II and Article IX of the Special Obligation Indenture such term shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds.

"Debt Service Expense Requirements" means for any period, and with respect to the Bonds, subject to the Special Obligation Indenture and any Supplemental Indenture authorizing the issuance of the Bonds, the sum of (A) the Principal Installments, Sinking Fund Installments and Interest Requirement accruing and coming due during such period, (B) the amounts, if any, required, with respect to interest rate fluctuations on variable rate debt, or to establish or maintain reserves, sinking funds or other funds or accounts at the respective levels required to be established or maintained therein in accordance with the Special Obligation Indenture or any Supplemental Indenture authorizing the issuance of Bonds, (C) annual expenses of issuance and administration with respect to the Bonds, (D) the amounts, if any, becoming due and payable under a reimbursement agreement or similar agreement entered into pursuant to authority granted under the proceedings authorizing the issuance of Bonds, (E) net amounts owing under interest rate agreements authorized and effective under section 10 of the Act, (F) arbitrage rebate requirements pursuant to subsection (b) of section 17 of the Act, and (G) any other annual costs or expenses necessary or proper to be paid in connection with the Bonds, including, without limitation, the annual cost of any Bond Facility, issued by a financial institution pursuant to an agreement approved in the Financing Transaction Proceedings.

"Debt Service Requirement" means the Principal Installment and Interest Requirement for a specified period.

"Debt Service Reserve Fund" means the fund established pursuant to the Act and Section 602 hereof and governed by Section 610 of the Special Obligation Indenture.

"Debt Service Reserve Fund Requirement" means, with respect to any Series of Bonds issued under the Indenture (i) after May 1, 2000 and (ii) not supported by the Special Capital Reserve Fund, as of any date of computation and for the period computed, an amount equal to the maximum amount of Principal Installments, including Sinking Fund Installments, and Interest Requirements maturing and becoming due in the Calendar Year in which such computation is made or in any single succeeding Calendar Year on such Series of Outstanding Bonds; provided that for the purposes of determining the maximum amount required to be on deposit and thereafter maintained in the with respect to any Series of Bonds secured by the Debt Service Reserve Fund, the interest on which is excludable from gross income for federal income tax purposes, the Debt Service Reserve Fund Requirement shall (a) at no time exceed the least of (x) the sum of the maximum amount of (i) the Principal Requirement and (ii) the Interest Requirement coming due during the then or any succeeding Calendar Year or (y) 125% of the average annual Principal, Sinking Fund Installment and interest on any such Series of Outstanding Bonds coming due during the then current or any succeeding Calendar Year or (z) ten percent of the proceeds (as such term is used in Section 148(d) of the Code) from the sale of such Series of Bonds or Notes and (b) not be funded with in excess of ten percent (10%) of such proceeds from the sale of such series of Bonds or as otherwise limited by Federal tax law regarding the tax exemption of the Bonds.

The 2012 Bonds are not supported by a Debt Service Reserve Fund.

“Event of Default” shall have the meaning given to such term in Article XII of the Special Obligation Indenture.

“Fiduciary” or “**Fiduciaries”** means the Trustee, any Paying Agent, any Depository, or any or all of them, as may be appropriate.

“GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board (“GASB”).

“Information Services” means Financial Information, Inc. “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services, “Called Bond Service,” 55 Broad Street, 28th Floor, New York, New York 10004; Moody’s Investors Service “Municipal and Government,” 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; Standard & Poor’s “Called Bond Record,” 55 Water Street, New York, New York 10041; and Fitch Investors Service, L.P., One State Street Plaza, New York, New York 10004, Attention: Municipal Bond Department; or, in accordance with the then current applicable guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or any other such services as the State may designate in writing to the Trustee.

“Interest Payment Date” means each date on which interest is payable on the Special Obligation Bonds or in accordance with a Swap under the Special Obligation Indenture or, if such date is not a Business Day, the immediately succeeding Business Day.

“Interest Requirement” means, as of the date of computation with respect to any period, an amount equivalent to the aggregate maximum amount coming due during such period on any Interest Payment Date, of (1) interest which may be payable on Outstanding Bonds and (2) Swap Payments, provided that interest on Variable Interest Rate Bonds or Notes or Swaps shall be calculated in accordance with the Variable Interest Rate Calculation Rate, and further provided that if the University shall have entered into one or more Swaps (that is not a Subordinated Swap) with respect to a Variable Interest Rate Bond or Note, then the Bonds or Notes of such series in a principal amount equal to the Notional Amount shall be treated for purposes of this definition as bearing interest for such period at the fixed rate payable by the University under such Swap; if the University shall have entered into one or more Swaps (that is not a Subordinated Swap) with respect to a Bond or Note that is not a Variable Interest Rate Bond or Note which calls for a Variable Interest Rate Swap Payment by the University then the Bonds or Notes of such series in a principal amount equal to the Notional Amount shall be treated for purposes of this definition as a Variable Interest Rate Bond or Note bearing interest for such period at the Variable Interest Rate payable by the University under such Swap.

“Investment Obligations” means and includes any of the following:

(1) Direct obligations of or obligations guaranteed by the United States of America;

(2) Direct obligations of the U.S. government, obligations of Federal agencies backed by the full faith and credit of the U.S. government, the Federal National Mortgage Association (“FNMA”) and the Federal Home Loan Mortgage Corporation (“FHLMC”), purchased pursuant to repurchase agreements with any primary dealer on the Federal Reserve reporting dealer list and, any bank which is rated “A” or better by Moody’s and S&P if rated by both, or is rated “A” by Moody’s or S&P if not rated by both (without regard to the addition of a plus (+) or a minus (-) to any rating) , pursuant to a written repurchase agreement, having a term of up to 30 days, which requires (a) that before or simultaneously with the payment for such obligations (i) such obligations shall be delivered to the Trustee (if the Trustee is not supplying the collateral) or to a third party acting as agent for the Trustee or the University (if the Trustee is supplying the collateral) such that the University has a perfected security interest in such obligations by possession and (ii) a legal opinion addressed to the University shall be delivered to the Trustee stating that the repurchase agreement complies with all provisions of State law governing the qualification of repurchase agreements as legal investments for public funds; (b) that such obligations be valued weekly and be marked-to-market, at their current market price, plus accrued interest, such that the value thereof is equal to 102% of the amount of cash transferred by the University to the financial institution under the repurchase agreement (unless such obligations are issued by

FNMA or FHLMC, in which case the value must equal 103%), plus accrued interest; and (c) that if the value of obligations held as collateral is below 102% or 103% of the value of the cash transferred by the University as stated above, then additional cash and or acceptable securities must be transferred to the Trustee, the agent for the Trustee or the University, as the case may be so that the aggregate value of the obligations and cash so held is equal to the required percentage stated above;

(3) Any bond, debenture, note, participation or other similar obligation issued by Government National Mortgage Association, Farmers' Home Administration and Export-Import Bank;

(4) Any bond, debenture, note, participation or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association or issued by a Federal Agency backed by the full faith and credit of the United States of America other than as provided in Subsection (1) hereof;

(5) Any other obligation of the United States of America or any Federal agencies which may then be purchased with funds belonging to the State or which are legal investments for savings banks in the State, with the consent of any Bond Insurer;

(6) Public Housing Bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the United States of America;

(7) Direct and general obligations of or obligations guaranteed by the State of Connecticut, as to the payment of the principal of and interest on which the full faith and credit of the State is pledged, including any obligation of the University or financial guarantee purchased by the University that (1) has a rating equal to or better than that of the State and for which, pursuant to Section 8-258(g) of the General Statutes, the State has issued a collateralized direct guarantee of the State of the punctual payment of such investment or financial guarantee from the general fund of the State and carrying the full faith and credit pledge of the State, (2) does not result in a reduction of any rating of the University's long-term debt, and (3) if rated by both Moody's and S&P, is rated by both Moody's and S&P in one of the two highest rating categories, or if not rated by both Moody's and S&P, is rated by either Moody's or S&P in one of the two highest rating categories (without regard to the addition of a plus (+) or a minus (-) to any rating);

(8) Deposits in interest-bearing time or demand deposits or certificates of deposit secured by obligations described in Subsections (1) through (6) of this definition;

(9) Participation certificates in the short term investment fund created and existing under Section 3-27a of the General Statutes;

(10) Tax-exempt Proceeds Fund established by the State Treasurer pursuant to Section 3-24a of the General Statutes;

(11) Such obligations, securities and investments as are set forth in Subsection (f) of Section 3-20 of the General Statutes, as the same may be amended from time to time; and

(12) Surety or Sureties.

"Listed Event" means any of the following events, if material, with respect to any Bonds issued under the Special Obligation Indenture:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults;

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

(4) Unscheduled draws on credit enhancements, reflecting financial difficulties;

(5) Substitution of any credit or liquidity providers or their failure to perform;

(6) Adverse tax opinions or events affecting the tax-exempt status of the security;

(7) Modifications to rights of Bondholders;

(8) Bond calls;

(9) Bond Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Bonds; and

(11) Rating changes.

"Listed Event Notice" means notice of a Listed Event required to be provided pursuant to Section 1504 of the Special Obligation Indenture.

"Minimum State Operating Provision" means the commitment of the State to appropriate, annually an amount for the University for operations after receiving a request from the University therefor and consideration of other amounts available to the University for its operations which amount so appropriated shall be consistent with the University continuing to operate in furtherance and pursuant to the provisions of section 2 of article eighth of the Constitution of the State and applicable law as an institution dedicated to the excellence in higher education, including the operation of the components of UConn 2000 at Storrs and elsewhere in the State pursuant to section 5 of the Act; provided, however, nothing in section 1 to 25, inclusive, of the Act shall be construed to preclude the State from appropriating a lower or higher amount than the amount appropriated in the previous fiscal year so long as the appropriation act provides and determines that the University can continue to operate as an institution dedicated to excellence in higher education and such amount so appropriated shall then constitute the Minimum State Operating Provision.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"NRMSIR" means, at any time, a then-existing nationally recognized municipal securities information repository, as recognized from time to time by the SEC for the purposes referred to in the Rule. The NRMSIRs as of the date of this Special Obligation Indenture are: Bloomberg LP (Princeton, NJ), DPC Data, Inc. (Fort Lee, NJ), Standard & Poor's J.J. Kenny Repository (New York, NY) and Muller Data (New York, NY).

"Outstanding Bond" means, as of any date, a Bond or portion of any Bond of such Series theretofore or thereupon being authenticated and delivered under the Special Obligation Indenture, except any:

(i) Bond cancelled by the Trustee and Paying Agent or the University at or prior to such date;

(ii) Bond for the payment or redemption of which cash, equal to the principal amount or Redemption Price, shall be held in trust under the Special Obligation Indenture for such purpose (whether at or prior to the maturity or Redemption Date), provided that if such Bond is to be redeemed, notice of such redemption shall have been given as provided in Article IV of this Special Obligation Indenture, or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Bond referred to in Section 1105 of the Special Obligation Indenture;

(iv) Bond issued in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to Article IV, Section 406 and Section 1106 of the Special Obligation Indenture; and

(v) Bond deemed to have been paid as provided in Section 1401 of the Special Obligation Indenture.

"Paying Agent" for the Bonds of any series means the bank or trust company located within or without the State and its successor or assigns, appointed by the University pursuant to the provisions of the Special Obligation Indenture and any successor or assign so appointed and approved.

"Pledged Revenues" means special revenues, subject to the prior lien on and pledge thereof noted in Section 907 of the Special Obligation Indenture, to be received by the University from fees and charges for certain auxiliary activities, including the residential life room fee (10A-105 as amended by PA91-256), the Greek Housing Fee, the Student Apartment Rentals, the Board (Dining) Fee, the Infrastructure Maintenance Fee, the Parking and Transportation Fee and the General University Fee, (1) such other legally available revenues, including but not limited to other fees and charges and Special Eligible Gifts, as the Board of Trustees may determine to pledge by or pursuant to a Supplemental Indenture excluding in any event Assured Revenues from the State Debt Service Commitment and the Minimum State Operating Provision and (2) any interest earned or gains realized by the investment of moneys held by the Trustee in the Funds and Accounts created under the Special Obligation Indenture.

"Principal" means the principal amount of the Bonds of a Series as due on a certain future date.

"Principal Installment" for any period, means, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding:

(i) the principal amount of Bonds of said Series which mature in such period, reduced by the aggregate principal amount of such Bonds which would before such period be retired by reason of the payment when due and application in accordance with the Special Obligation Indenture or Sinking Fund Installments payable before such period for the retirement of such Bonds, plus

(ii) the unsatisfied balance (determined as provided in Section 606 of the Special Obligation Indenture) of the Sinking Fund Installments, if any, due during such period for the Bonds of such Series.

"Principal Installment Account" means such account established by Section 602 of the Speical Obligation Indenture and governed by Section 606 of the Speical Obligation Indenture.

"Principal Installment Date" means each date on which Principal Installment or Sinking Fund Installments, if any, are payable on the Bonds as provided in or pursuant to this Special Obligation Indenture (or, if such date is not a Business Day, the immediately succeeding Business Day).

"Project" means any capital improvement to be financed with Bonds under the Special Obligation Indenture pursuant to the Act and described in a Supplemental Indenture, including any structure designed for use as a dormitory or other housing facility, dining facility, student union, academic building, administrative facility, library, classroom building, research facility, faculty facility, office facility, athletic facility, health care facility, laboratory, maintenance, storage or utility facility or other building or structure essential, necessary or useful for instruction in a program of education provided by the university; or any multipurpose structure designed to combine two or more of the functions performed by the types of structures enumerated in this subsection, including, without limitation, improvements, reconstruction, replacements, additions and equipment acquired in connection with a Project or in connection with operation of any facilities of the University existing on the effective date of the Act. "Project" includes all real and personal property, lands, improvements, driveways, roads, approaches, pedestrian access roads, parking lots, parking facilities, rights-of-way, utilities, easements and other interests in land, machinery and equipment, and all appurtenances and facilities either on, above or under the ground that are used or usable in connection with any of the structures mentioned in this subsection. "Project" also includes landscaping, site preparation, furniture, machinery, equipment and other similar items necessary or convenient for the operation of a particular facility or structure in the manner for which its use is intended, but does not include items that are customarily under applicable accounting principles considered as a current operating charge, unless the category and maximum amount thereof is specifically included by a determination of the Board of Trustees in the Financing Transaction Proceedings and by percentage or otherwise as may be limited pursuant to such proceedings in order to preserve the excludability of the interest on the securities issued therefor from Federal taxation under the applicable provisions of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended.

"Redemption Fund" means such fund of the University established by Section 602 of the Special Obligation Indenture and governed by Section 607 of the Special Obligation Indenture.

"Redemption Price" means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Special Obligation Indenture.

"Renewal and Replacement Fund" means such fund of the University established by Section 602 of the Special Obligation Indenture and governed by Section 612 of the Special Obligation Indenture.

"Renewal and Replacement Fund Requirement" means that amount necessary for the University to maintain the Projects financed with the proceeds of the Bonds in sound operating condition in conformity with the Act, as determined, from time to time, by the University.

"Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of the Special Obligation Indenture, including any official interpretations thereof issued either before or after such date which are applicable to Article XV the Special Obligation Indenture.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax-(312)663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax-(215)496-5058; or successor entities, or, in accordance with the then current applicable guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories or any such other depositories as the University may designate in writing to the Trustee.

"Series of Bonds" or "**Bonds of a Series"** or words of similar meaning, means the designated series of Bonds authorized by the Special Obligation Indenture with respect to Initial Bonds or by the Special Obligation Indenture and a Supplemental Indenture with respect to any Additional Bonds.

"SID" means, at any time, a then-existing State information depository, if any, as operated or designated as such by or on behalf of the State for the purposes referred to in the Rule. (As of the date of the Special Obligation Indenture, there is no SID.)

"Sinking Fund Installment" means, for any period as of any date of calculation and with respect to any Outstanding Series of Bonds, the amount of money required by the Special Obligation Indenture or the Supplemental Indenture authorizing the issuance of such Series of Bonds to be paid on a single future fixed date for the retirement of any Outstanding Bonds of said Series that mature after said future date, but does not include any amount payable by the University by reason only of the maturity of a Bond, and said fixed future date is deemed to be the date when such Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be the Bonds entitled to such Sinking Fund Installment. Unless otherwise provided in a Supplemental Indenture, each such future fixed date of any year shall be November 15.

"Special Capital Reserve Fund" means the fund established pursuant to the provisions of the Act and Section 602 of the Special Obligation Indenture and governed by Section 610 of the Special Obligation Indenture.

"Special Capital Reserve Fund Maximum Requirement" means, as of any date of computation and for the period computed, an amount equal to the sum of the greatest amount of Principal Installments, including Sinking Fund Installments, and Interest Requirements maturing and becoming due in the Calendar Year in which such computation is made or in any single succeeding Calendar Year on all Outstanding Bonds of the University issued under the Special Obligation Indenture; provided that for the purposes of determining the maximum amount required to be on deposit and thereafter maintained in the with respect to any Series of Bonds secured by the Special Capital Reserve Fund, the interest on which is excludable from gross income for federal income tax purposes, the Special Capital Reserve Fund Maximum Requirement shall (a) at no time exceed the least of (x) the sum of the maximum amount of (i) the Principal Requirement and (ii) the Interest Requirement coming due during the then or any succeeding Calendar Year or (y) 125% of the average annual Principal, Sinking Fund Installment and interest on any such Series of Outstanding Bonds coming due during the then current or any succeeding Calendar Year or (z) ten percent of the proceeds (as such term is used in Section 148(d) of the Code) from the sale of such Series of Bonds or Notes and (b) not be funded with in excess of ten percent (10%) of such proceeds from the sale of such series of Bonds or as otherwise limited by Federal tax law regarding the tax exemption of the Bonds.

"Special Capital Reserve Fund Minimum Requirement" means the maximum amount of Principal Installment and Interest Requirement becoming due by reason of maturity or a required Sinking Fund Installment in the succeeding Calendar Year on the Outstanding Bonds secured by such Special Capital Reserve Fund.

"State Debt Service Commitment" means, an annual amount payable by the State, commencing in the Fiscal Year ending June 30, 1996, and any Fiscal Year thereafter with respect to the debt service on bonds issued as general obligations of the University pursuant to section 7(c) of the Act for UConn 2000 in a principal amount not exceeding nine hundred eighty million dollars.

"Student Apartment Rentals" means the student apartment rentals to be received by the University from student apartment facilities that are or will become a UConn 2000 Project.

"Supplemental Indenture" means any supplemental indenture entered into by the Trustee and the University pursuant to and in compliance with the provisions of Article X of the Special Obligation Indenture providing for the issuance of Additional Bonds or Refunding Bonds, and shall also mean any other indenture between the same parties entered into pursuant to and in compliance with the provisions of such Article amending or supplementing the provisions of the Special Obligation Indenture as originally executed or as theretofore amended or supplemented.

"Trust Estate" means all of the funds, securities, property, rights, privileges and interest conveyed, pledged and assigned as provided in the Granting Clause of the Special Obligation Indenture, securing the payment of the Principal and Redemption Price, if any, of and interest on the Bonds according to their respective terms and all other amounts due in connection therewith and the performance and observance by the University of all the covenants expressed or implied in the Special Obligation Indenture and stated on the Bonds.

"Trustee" means U.S. National Bank Association (successor to State Street Bank and Trust Company), and any successor trust company or bank having the powers of a trust company within or without the State succeeding a prior trust company or bank as trustee, appointed pursuant to Section 810 of the Special Obligation Indenture.

"UConn 2000 Infrastructure Improvement Program" or "**UConn 2000"** means the promotion, planning, designing, developing, encouraging, assisting, acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of any UConn 2000 Project and assisting directly or indirectly in the financing of the cost thereof pursuant to the Act including the program of the University pursuant to which it issues bonds under the Special Obligation Indenture.

"University" means The University of Connecticut, a constituent unit of the State system of public higher education, including The University of Connecticut Health Center and pursuant to the Act having perpetual succession as a body politic and corporate and an instrumentality and agency of the State or any body, agency, or instrumentality of the State or the State which shall hereafter succeed to the powers, duties and functions of the University under the Special Obligation Indenture.

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