Description of the University

DePaul University (the University or DePaul), an Illinois not-for-profit corporation, was founded in 1898 as St. Vincent's College by the Congregation of the Mission, an order of Roman Catholic priests, on Judeo-Christian principles and the heritage of St. Vincent DePaul. The University’s stated goals are to acquire, disseminate, and advance knowledge; to pursue learning; and to engage in liberal and professional studies. The University has developed into a major urban institution, serving metropolitan Chicago and offering undergraduate and graduate degree-granting programs. The Fall 2006 actual head count enrollment totaled 23,149 students and the total undergraduate enrollment this fall of 14,993 is the largest in DePaul’s history. Since 1998, DePaul continues to rank as the largest Catholic university in the United States. The university remains among the ten largest private universities in the United States. The University does not discriminate based on race, color, national origin, religion, sex, age, or handicap in admissions, employment, or the provision of services.

Physical Resources

The University has a significant investment in physical plant, and believes that the strategic location of these facilities has been an important factor in its success in pursuing its urban educational mission. The facilities are kept in good operational condition through a systematic process that plans cyclical repair and replacement of major building components.

The University comprises six campuses in Chicago, Illinois. The Lincoln Park campus and the Loop campus form the core for academic and administrative activities. The Lincoln Park Campus is a residential campus of approximately 34 acres in a neighborhood located approximately three miles north of downtown Chicago. The campus has grown steadily throughout the years and now consists of more than 45 buildings comprising approximately 2.3 million square feet, which are used for academic instruction, residential housing, student services, and recreational purposes. The Loop Campus, located in the business district of downtown Chicago at the corner of Jackson Boulevard and Wabash Avenue, consists of 3 interconnected and 2 adjacent buildings of over 1.3 million square feet which provide facilities for the College of Law, the College of Commerce, the College of Liberal Arts and Sciences, the School for New Learning, the College of Computer Science, Technology & Information Services, and administrative functions. In addition, the Theatre School operates the Merle Reskin Theatre, located on Balbo Drive between Michigan and Wabash Avenues.

DePaul University has four additional suburban campus locations to reach a growing demand for higher education in the suburban markets. The O'Hare Campus, located in the Northwest Center, Des Plaines, Illinois, occupies approximately 35,600 square feet of space. Suburban campuses have also been established in the south metropolitan area (in conjunction with the South Suburban Community College, approximately 7,200 square feet), in the far west suburb of Naperville (approximately 63,800 square feet), and in the northwestern suburb of Rolling Meadows (18,300 square feet). Faculty from the College of Commerce, College of Computer Science, College of Liberal Arts and Sciences, School of Education and the School for New Learning currently offer courses at the suburban locations to evening and weekend student populations.

DePaul is also currently part of a regional consortium of 17 institutions of higher education, known as the University Center of Lake County (UCLC), located in Grayslake, Illinois. Through this consortium, DePaul offers classes to respond to the educational needs of Lake County residents.

In February 2001, the University formed an educational alliance with Barat College, a wooded 30-acre campus located just outside the suburb of Lake Forest. Barat College was the third residential campus of the University. There are ten buildings on this campus comprising 444,000 square feet. As of June 30, 2005, the charter for Barat College was sold, and the campus was closed. The property was sold on January 24, 2006 for $18,000,000, and the related bond debt of $4,090,911 was paid off at closing. The University recognized a gain on the sale of these assets of $7,040,000 in fiscal
year 2006. The University had previously recognized losses on the impairment of the assets sold of $13,498,000 and $1,685,000 for fiscal years ending June 30, 2004 and June 30, 2005 respectively.

The University’s strategic plans guided by a master plan adopted by the administration and trustees have stressed and continue to stress flexibility and growth in the physical plant, factors which facilitate the institution’s desire and ability to react to changing demographics in providing its educational services.

**Governance of the University**

The governance of the University is two-tiered, consisting of Members and Trustees. The Members of the University are a self-perpetuating body of 14 individuals, which represents the Congregation of the Mission (C.M.), the religious community that sponsors the University. Two-thirds of the Members of the University must be members of the Congregation of the Mission. The Members of the University are empowered to elect the Board of Trustees.

The Board of Trustees has the power to direct and manage the affairs of the University and to elect specific officers. The President appoints other officers. The By-Laws of the University provide that the Board of Trustees consist of a number determined by the Members of not less than 35 but no more than 40. Currently, there are 37 Trustees, elected to serve staggered 3-year terms.

The following table presents a list of the Trustees and their principal businesses or professional affiliations as of November 9, 2006:

<table>
<thead>
<tr>
<th>Name</th>
<th>Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>William L. Bax</td>
<td>Managing Partner, PricewaterhouseCoopers, LLP (Retired)</td>
</tr>
<tr>
<td>William E. Bennett*</td>
<td></td>
</tr>
<tr>
<td>Hon. Anne M. Burke *</td>
<td>Justice, Supreme Court of Illinois</td>
</tr>
<tr>
<td>Martin R. Castro</td>
<td>Partner, Sonnenschein, Nath &amp; Rosenthal</td>
</tr>
<tr>
<td>Gery J. Chico*</td>
<td>Chico &amp; Nunes, P.C.</td>
</tr>
<tr>
<td>Frank M. Clark</td>
<td>President, ComEd</td>
</tr>
<tr>
<td>James W. Compton</td>
<td>Former President and Chief Executive Officer, Chicago Urban League</td>
</tr>
<tr>
<td>Curtis J. Crawford*</td>
<td>XCEO Inc.</td>
</tr>
<tr>
<td>James L. Czech</td>
<td>President, The James L. Czech Company LLC</td>
</tr>
<tr>
<td>Mary A. Dempsey*</td>
<td>Commissioner, Chicago Public Library</td>
</tr>
<tr>
<td>Sue L. Gin*</td>
<td>Chairman, Flying Food Group Inc.</td>
</tr>
<tr>
<td>Rev. Paul L. Golden, C.M.</td>
<td>Director, Vincentian Canonical Services</td>
</tr>
<tr>
<td>Jack M. Greenberg*</td>
<td>Retired Chairman &amp; CEO, McDonald’s Corporation</td>
</tr>
<tr>
<td>Richard A. Hanson*</td>
<td>Principal, Mesa Development LLC</td>
</tr>
<tr>
<td>William E. Hay *</td>
<td>President, William E. Hay &amp; Co.</td>
</tr>
<tr>
<td>Richard A. Heise, Sr.</td>
<td>Heise &amp; Company</td>
</tr>
<tr>
<td>Dennis H. Holtschneider, C.M. *</td>
<td>President, DePaul University</td>
</tr>
<tr>
<td>James Jenness</td>
<td>Chairman and Chief Executive Officer, Kellogg</td>
</tr>
<tr>
<td>Sister Anne C. Leonard, D.N.D.</td>
<td>Congregation Leadership Team Counselor, Congregation of Notre Dame</td>
</tr>
<tr>
<td>Arthur E. Levine</td>
<td>President, Woodrow Wilson Foundation</td>
</tr>
<tr>
<td>Rev. Robert P. Mahoney, C.M.</td>
<td>Coordinator, Project DREAM</td>
</tr>
<tr>
<td>John W. Martin, Jr.</td>
<td>Vice President, General Counsel, Ford Motor Company (Retired)</td>
</tr>
<tr>
<td>Patricia Parson</td>
<td>Consultant to AmerInd</td>
</tr>
<tr>
<td>Peter Pesce</td>
<td>Executive Vice President, Human Resources, Fifth Third Bank</td>
</tr>
<tr>
<td>Roger Plummer</td>
<td>President, Plummer &amp; Associates Consulting</td>
</tr>
</tbody>
</table>
Rev. Prudencio Rodriguez DeYurre, C.M.  Director of Hispanic Ministry, DePaul House
Lawrence C. Russell  Managing Director, The Firm (Retired)
Bertram L. Scott*  Executive Vice-President of Strategy, Implementation, and Policy, TIAA-CREF
John B. Simon*  Partner, Jenner & Block
John C. Staley*  Managing Partner, Ernst & Young LLP (Retired)
Harrison I. Steans*  Chairman, Financial Investments Corporation
Errol I. Stone  Partner, Sonnenschein, Nath & Rosenthal
Rev. James E. Swift, C.M.  Provincial Superior, Midwest Province Congregation of the Mission
Richard E. Terry  Chairman and CEO of Peoples Energy Corporation (Retired)
Daniel C. Ustian  Chairman, President & CEO of Navistar International Corporation
Joanne Velazquez  Executive Vice President of Azteca Foods Inc.
John J. Vitanovec  Group Executive Vice President, Tribune Broadcasting

* Members of the Board of Trustees’ Executive Committee

Certain Officers of the University

The following lists certain officers of the University and presents brief biographies for each as of November 21, 2006

The Reverend Dennis H. Holtschneider, C.M., President, Ed.D.

The Reverend Dennis H. Holtschneider, C.M., became DePaul University's 11th president on July 1, 2004. Since 2000, he served as executive vice president and chief operating officer at Niagara University in Niagara, N.Y., where he directed the university's strategic planning efforts and daily operations of the campus. Prior to his role at Niagara, Father Holtschneider was assigned to St. John's University, where he served as an assistant professor of higher education in the Graduate School of Education and as the associate dean of the College of Liberal Arts and Sciences. Father Holtschneider pursued his undergraduate education at Niagara, where he received a bachelor's degree in mathematics in 1985. He studied for the priesthood at Mary Immaculate Seminary in Northampton, Pa., and was ordained in 1989. While in New York, Father Holtschneider was a clinical associate professor of higher education at the State University of New York at Buffalo, teaching one doctoral seminar each fall, and a faculty member and board member of the Boston College Institute for Administrators in Catholic Higher Education.


The Reverend John T. Richardson, C.M., was President of the University from July 1, 1981 to July 1, 1993, at which time he assumed the position of Chancellor. He has served the University since 1954 in various capacities, including Dean of Faculties and Executive Vice President from 1960 until the time of his presidency. Prior to 1954, he held academic positions with Kenrick Seminary and St. Louis Preparatory Seminary. He earned an undergraduate degree from St. Mary of the Barrens Seminary and graduate degrees from the Collegiums Angelicum in Rome and from St. Louis University. Beginning in the summer of 1997, he was granted a leave of absence by the University’s Board of Trustees to teach theology at Christ the King Major Seminary in Nyeri, Kenya, East Africa.
Scott L. Scarborough, Executive Vice President, M.B.A., Ph.D., C.P.A.

Scott L. Scarborough joined DePaul as Executive Vice President for Operations in February 2003. Prior to joining DePaul, Dr. Scarborough served as Chief Executive Officer for the Texas Treasury Safekeeping Trust Company. For more than ten years, Dr. Scarborough worked in higher education within the University of Texas System. For five years, he served as Vice President for Business Affairs and Chief Financial Officer at the University of Texas at Tyler. Early in his career, he worked in public accounting, internal auditing, and employee group insurance administration. Dr. Scarborough holds an accounting degree from the University of Texas in Austin, an MBA from the University of Texas at Tyler, and a Ph.D. in strategic management from the University of Texas at Arlington. On June 1, 2006, the board expanded Dr. Scarborough’s responsibilities to include management of student affairs.

Helmut P. Epp, Provost, M.S., Ph.D.

Helmut P. Epp was named Provost on June 1, 2006. From August 2005, he was the Executive Vice President for Academic Affairs. Dr. Epp is the founding dean of the School of Computer Science, Telecommunications, and Information Systems (CTI). Prior to his appointment as dean in 1995, Dr. Epp founded the Department of Computer Science (CS) in the College of Liberal Arts and Sciences and served as its first and only chairman from 1981-1995. He has been on the faculty at DePaul since 1974. In 1985, Dr. Epp founded DePaul’s Institute for Professional Development (IPD). Dr. Epp also served as Vice President for Information Services at DePaul University from 1996 to 1998. In this role, he introduced many innovative web-based applications that formed the basis of many of the university’s on-line services today. An experienced industrial consultant, Dr. Epp has concentrated his research efforts on artificial intelligence applications in manufacturing and medicine. He received his Master of Science and Ph.D. degrees in mathematics from Northwestern University and has served on the faculties of the University of Illinois at Chicago and the Massachusetts Institute of Technology.

The Reverend Edward R. Udovic, C.M., University Secretary, Senior Executive for University Mission, and Vice President for Administration, Ph.D.

The Reverend Edward R. Udovic, C.M., was named Senior Executive for University Mission in 1995. In February 2001, Father Udovic was named University Secretary and Vice President for Administration. A member of the Vincentian Studies Institute of the United States since 1987, he has served as its Presiding Officer since 1993. Father Udovic received his undergraduate degree from DePaul University and his graduate degrees from DeAndreis Institute of Theology and St. Louis University. Father Udovic was awarded his Ph.D. at the Catholic University of America.

Robert Kozoman, Vice President for Finance, B.S., C.P.A.

Robert Kozoman was named Vice President for Finance in January 2003. He joined the University in 1983 as Assistant Controller, was promoted to Controller in 1985, and became Treasurer in 1987. Mr. Kozoman left the position as Treasurer to lead the highly successful PeopleSoft implementation at the university and was named Associate Vice President for the Integrated Systems Administration in July 2001. Mr. Kozoman held this position at the University until returning to the position of Treasurer in October 2002. Mr. Kozoman ceased to serve as Treasurer in June 2003 when David Dabney assumed that office. Prior to coming to the University, he held financial positions with Sunbeam Appliance Company, Union Carbide Corporation, and Johnson Atwater & Co., a public accounting firm. He earned his undergraduate degree from the University of Illinois, Chicago campus.
David O. Dabney, Treasurer, B.B.A., M.B.A., C.I.A.

David Dabney was named Treasurer in June 2003. Prior to coming to the University, he served as Chief Financial Officer at the Texas Treasury Safekeeping Trust Company in Austin, Texas. Mr. Dabney started his career in banking at Indiana National Bank in Indianapolis in 1972 and spent the next twelve years in banking. He spent thirteen years as Chief Financial Officer for numerous closely held corporations. More recently, he was an internal auditor with the University of Texas system and Director of Financial Services at The University of Texas at Tyler. He received his B.B.A. in finance and an MBA in finance and banking from the University of Missouri at Columbia.

Bonnie Hirsch, Controller, B.S., C.P.A.

Bonnie Hirsch was named Controller in January 2000. Prior to coming to the University, she was the Corporate Controller for Strombecker Corporation, a toy manufacturer. Ms. Hirsch also spent twenty years with Stepan Company in a variety of financial management roles. She started her career in public accounting with PricewaterhouseCoopers. She received her undergraduate degree from the University of Illinois at Champaign.

Academic Programs

The University offers degree-granting programs at both the undergraduate and graduate levels. All undergraduate students enrolled in traditional programs are required to take basic core instruction through the Liberal Studies Program. Undergraduate degrees are awarded in various programs through the following Colleges and Schools:

<table>
<thead>
<tr>
<th>College or School</th>
<th>Degree Programs</th>
<th>Degrees Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>College of Liberal Arts and Science</td>
<td>43</td>
<td>Bachelor of Arts, Bachelor of Science</td>
</tr>
<tr>
<td>College of Commerce</td>
<td>9</td>
<td>Bachelor of Science in Commerce</td>
</tr>
<tr>
<td>School of Computer Science, Telecommunications and Information Systems</td>
<td>23</td>
<td>Bachelor of Science, Bachelor of Arts, Bachelor of Arts Degree in Computing</td>
</tr>
<tr>
<td>School of Education</td>
<td>22</td>
<td>Bachelor of Arts, Bachelor of Science, Bachelor of Science in Physical Education</td>
</tr>
<tr>
<td>School of Music</td>
<td>7</td>
<td>Bachelor of Music, Bachelor of Arts, Bachelor of Science</td>
</tr>
<tr>
<td>School of New Learning</td>
<td>4</td>
<td>Bachelor of Arts, Bachelor of Arts in Computing</td>
</tr>
<tr>
<td>The Theatre School</td>
<td>12</td>
<td>Bachelor of Fine Arts, Bachelor of Arts</td>
</tr>
</tbody>
</table>

In addition, the University offers a non-traditional program for adult education through its School for New Learning. The goal of this program is to provide an individualized curriculum to the student that complements experience gained outside of a traditional university setting and may lead to the award of a Bachelor of Arts or Master of Arts degree.
The University offers graduate degrees through the following Colleges and Schools:

<table>
<thead>
<tr>
<th>College or School</th>
<th>Degree Programs</th>
<th>Degree Programs Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>College of Liberal Arts and Sciences</td>
<td>54</td>
<td>Master of Arts, Master of Arts &amp; Science in International Public Service Management, Master of Science in Teaching Physics, Master of Social Work, Doctor of Philosophy</td>
</tr>
<tr>
<td>Graduate School of Business</td>
<td>48</td>
<td>Master of Business Administration, Master of Accountancy, Master of Science in Accountancy, Master of Science, Master of Science in E-Business, Master of Science in Finance, Master of Science in Human Resources, Master of Science in Marketing Analysis, Master of Science in Taxation, Master of Science in Management Information Systems, Master of Science in Business Information Technology</td>
</tr>
<tr>
<td>School of Education</td>
<td>21</td>
<td>Master of Arts, Master of Education, Doctor of Education</td>
</tr>
<tr>
<td>School for Computer Science, Telecommunications and Information Systems</td>
<td>19</td>
<td>Master of Science, Master of Arts, Doctor of Philosophy</td>
</tr>
<tr>
<td>College of Law</td>
<td>21</td>
<td>Juris Doctor, Masters of Law</td>
</tr>
<tr>
<td>School of New Learning</td>
<td>6</td>
<td>Masters of Arts</td>
</tr>
<tr>
<td>School of Music</td>
<td>5</td>
<td>Master of Music</td>
</tr>
<tr>
<td>The Theatre School</td>
<td>3</td>
<td>Master of Fine Arts</td>
</tr>
</tbody>
</table>

The University is accredited by the Commission Institute of Higher Education of the North Central Association of Colleges and Schools. The University’s College of Law is accredited by the Association of American Law Schools and approved by the American Bar Association. The Professional School of Accountancy and the undergraduate and graduate programs in the College of Commerce are accredited by The American Assembly of Collegiate Schools of Business. The University is also accredited by the National Council for Accreditation of Teacher Education; the University’s School of Music is accredited by the National Association of Schools of Music; and the University’s School of Nursing is accredited by the National League of Nursing. The graduate programs in Clinical Psychology are accredited by the American Psychological Association.

**International Initiative**

A-6
One of the curricular initiatives in the new strategic plan is to internationalize the curriculum and the student learning experience. This involves programming both in Chicago and abroad and to this end the International Programs Office (IPO) was established in June 2006 to coordinate international initiatives and enhancements across the University and to support the operation of the Study Abroad Program, the English Language Academy and International Admissions.

DePaul’s reach extends worldwide. We offer overseas degree programs in Bahrain, the Czech Republic, Jordan and Poland. In 2006/07, the Study Abroad Program operated 33 programs in 19 countries. These programs involved faculty leading Chicago-based students on term-length programs in Mexico, Italy, France and Spain. In addition, the Study Abroad Program and a majority of the colleges run 2-3 week programs with accompanying DePaul faculty who offer courses relevant to the destinations and their areas of research. For the school year of 2006/07, the University has expanded its list of study abroad programs in the following destinations:

<table>
<thead>
<tr>
<th>Melbourne, Australia</th>
<th>Budapest, Hungary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>Dublin, Ireland</td>
</tr>
<tr>
<td>The Bahamas</td>
<td>Rome, Italy</td>
</tr>
<tr>
<td>Leuven, Belgium</td>
<td>Nagoya, Japan</td>
</tr>
<tr>
<td>Hong Kong, China</td>
<td>Osaka, Japan</td>
</tr>
<tr>
<td>Beijing, China</td>
<td>Chiapas, Mexico</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>Mérida, Mexico</td>
</tr>
<tr>
<td>Croatia</td>
<td>Nogales, Mexico</td>
</tr>
<tr>
<td>El Salvador</td>
<td>Morocco</td>
</tr>
<tr>
<td>London, England</td>
<td>The Netherlands</td>
</tr>
<tr>
<td>Sheffield, England</td>
<td>Kraków, Poland</td>
</tr>
<tr>
<td>Paris, France (2)</td>
<td>St. Petersburg, Russia</td>
</tr>
<tr>
<td>Bonn, Germany</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>Ghana</td>
<td>Thailand</td>
</tr>
<tr>
<td>Athens, Greece</td>
<td>Istanbul, Turkey</td>
</tr>
<tr>
<td>Hawaii</td>
<td>Vietnam</td>
</tr>
<tr>
<td>India</td>
<td></td>
</tr>
</tbody>
</table>

The mission of the Study Abroad Program is to nurture the global awareness of students, faculty, and staff across colleges at DePaul by providing quality educational experiences across five continents. This mission will be realized by sustaining programs that:

- Support DePaul's mission to involve students, faculty, and staff in the life of a community that is rapidly becoming global;
- Engage students in immersion and intensive programs that lead to the development of skills in cross-cultural adaptation and tolerance for diversity, and deepen knowledge of societies and cultures around the world;
• Build capacity for cultural learning and language acquisition in support of liberal studies experiential and
departmental requirements; and
• Contribute to the social, economic, cultural, and ethical quality of life in all aspects of DePaul's growing global
community.

In addition, the International Human Rights Law Institute, established in 1990 by the College of Law, is
dedicated to safeguarding fundamental rights through international law. By enhancing public and professional awareness
of international human rights law, the Institute endeavors to strengthen human rights, democracy, and the rule of law.
Institute activities include: teaching and field internships for law students; academic research, lectures and conferences;
training programs for foreign jurists; technical assistance to the U.N. and other international and regional bodies; field
missions; public and professional education; advocacy of certain themes; and occasional participation before
international or foreign tribunals. The Institute is distinctive among major human rights organizations in two respects.
First, it combines academic and practical approaches, striving for high standards of academic rigor in pursuit of effective
action toward real change. Second, its scope of concerns encompasses the entire range of human rights recognized by
international law.

Faculty and Staff

As of September 30, 2006, the University’s full-time faculty numbered 856, of which approximately 53% are
tenured. A part-time faculty concentrated in areas of study in which current practical knowledge is especially important
augments the full-time faculty. This practice allows the University to utilize the resources of the Chicago community and
to provide quality academic services while maintaining flexibility in the retention and assignment of faculty. The
University believes that it provides a competitive compensation program for its faculty and is able to attract persons with
outstanding qualifications.

As of September 30, 2006, the University had 1,343 full-time and 169 permanent, part-time employees,
excluding faculty. Unions represent approximately 41 of the full-time employees of the University, all of whom are
craftsmen or custodial workers. The University believes that its union and employee relations are good.

The following table sets forth total filled positions of full-time and part-time employees for the past five years as
stated in the September 30th Fall financial report:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time Faculty</td>
<td>775</td>
<td>824</td>
<td>838</td>
<td>842</td>
<td>856</td>
</tr>
<tr>
<td>Part-time Faculty</td>
<td>714</td>
<td>706</td>
<td>688</td>
<td>679</td>
<td>713</td>
</tr>
<tr>
<td>Full-time Staff</td>
<td>1,375</td>
<td>1,445</td>
<td>1,206</td>
<td>1,221</td>
<td>1,274</td>
</tr>
<tr>
<td>Part-time Staff</td>
<td>231</td>
<td>283</td>
<td>212</td>
<td>154</td>
<td>169</td>
</tr>
<tr>
<td>Combined Total</td>
<td>3,095</td>
<td>3,258</td>
<td>2,944</td>
<td>2,896</td>
<td>3,012</td>
</tr>
</tbody>
</table>

Retirement Plan

All non-union, full-time employees are eligible to participate in a 403(b) defined contribution benefit plan under
which the participants are covered by individually owned annuity contracts purchased from the Teachers Insurance and
Annuity Association and the College Retirement Equities Fund (TIAA-CREF) and/or by mutual funds purchased through
Fidelity Investments. There are no unfunded liabilities or University obligations in connection with this plan. Employees
who meet the eligibility requirements and contribute the minimum required amount receive contributions from the
University. For the fiscal years ended June 30, 2005 and 2006, the University made contributions of $8,055,000 and
$8,374,000, respectively, to its retirement plan.
Students

Most of the University’s students live in the Chicago metropolitan area. Approximately 88% of these students live off-campus and commute to classes. The University recognizes that many of its full-time students work to supplement their income, and the University offers flexible academic schedules to accommodate its students. Currently the University has residential hall space for 2,701 students.

The following table sets forth certain demographic information with respect to the new students enrolled at the University in the Fall of 2006:

<table>
<thead>
<tr>
<th></th>
<th>New Freshmen</th>
<th>Transfer Students</th>
<th>New Graduate Students</th>
<th>New Law Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chicago and Suburbs</td>
<td>65.8%</td>
<td>83.6%</td>
<td>75.1%</td>
<td>81.5%</td>
</tr>
<tr>
<td>Other</td>
<td>6.6</td>
<td>4.4</td>
<td>2.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Total Illinois</td>
<td>72.4</td>
<td>88.0</td>
<td>77.5</td>
<td>83.7</td>
</tr>
<tr>
<td>All Other</td>
<td>27.6</td>
<td>12.0</td>
<td>22.5</td>
<td>16.3</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The following table sets forth enrollments based on Fall registration for the past five years:

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td>10,446</td>
<td>10,847</td>
<td>11,148</td>
<td>11,381</td>
<td>11,693</td>
</tr>
<tr>
<td>Part-time</td>
<td>3,897</td>
<td>3,738</td>
<td>3,569</td>
<td>3,359</td>
<td>3,200</td>
</tr>
<tr>
<td>Graduate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td>4,204</td>
<td>4,153</td>
<td>3,992</td>
<td>3,647</td>
<td>3,681</td>
</tr>
<tr>
<td>Part-time</td>
<td>3,633</td>
<td>3,720</td>
<td>3,659</td>
<td>3,582</td>
<td>3,480</td>
</tr>
<tr>
<td>College of Law</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td>780</td>
<td>869</td>
<td>921</td>
<td>943</td>
<td>877</td>
</tr>
<tr>
<td>Part-time</td>
<td>267</td>
<td>283</td>
<td>281</td>
<td>236</td>
<td>218</td>
</tr>
<tr>
<td>Total Students</td>
<td>23,227</td>
<td>23,610</td>
<td>23,570</td>
<td>23,148</td>
<td>23,149</td>
</tr>
</tbody>
</table>

Full-Time Equivalent(1)

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td>12,535</td>
<td>12,891</td>
<td>13,132</td>
<td>13,261</td>
<td>13,582</td>
</tr>
<tr>
<td>Graduate</td>
<td>5,513</td>
<td>5,585</td>
<td>5,486</td>
<td>5,234</td>
<td>5,150</td>
</tr>
<tr>
<td>Total</td>
<td>18,048</td>
<td>18,476</td>
<td>18,618</td>
<td>18,495</td>
<td>18,732</td>
</tr>
</tbody>
</table>

(1) The Illinois Board of Higher Education’s definition of full-time equivalent enrollment at the undergraduate level is the total credit hours divided by 15, and at the graduate level is total credit hours divided by 12.
The following table sets forth the number of applications, acceptances, enrollments, and quality measures for the Fall-term, entering freshman class for the past five years:

<table>
<thead>
<tr>
<th>Entering Freshmen(1)</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Applications</td>
<td>8,932</td>
<td>9,464</td>
<td>10,087</td>
<td>9,779</td>
<td>10,414</td>
</tr>
<tr>
<td>Number of Acceptances</td>
<td>6,922</td>
<td>6,904</td>
<td>6,952</td>
<td>6,963</td>
<td>7,308</td>
</tr>
<tr>
<td>Number of Enrollments</td>
<td>2,256</td>
<td>2,261</td>
<td>2,317</td>
<td>2,400</td>
<td>2,537</td>
</tr>
<tr>
<td>Acceptance Rate</td>
<td>77.5%</td>
<td>73.0%</td>
<td>68.9%</td>
<td>71.2%</td>
<td>70.2%</td>
</tr>
<tr>
<td>Matriculation Rate</td>
<td>32.6%</td>
<td>32.7%</td>
<td>33.3%</td>
<td>34.5%</td>
<td>34.7%</td>
</tr>
<tr>
<td>SAT Test Scores (2)</td>
<td>1,123</td>
<td>1,117</td>
<td>1,129</td>
<td>1,149</td>
<td>1,145</td>
</tr>
<tr>
<td>SAT National Average</td>
<td>1,020</td>
<td>1,026</td>
<td>1,026</td>
<td>1,028</td>
<td>1,028</td>
</tr>
<tr>
<td>ACT Test Scores (3)</td>
<td>23.5</td>
<td>23.8</td>
<td>24.0</td>
<td>24.5</td>
<td>24.5</td>
</tr>
<tr>
<td>ACT National Average</td>
<td>20.8</td>
<td>20.8</td>
<td>20.8</td>
<td>20.9</td>
<td>21.1</td>
</tr>
</tbody>
</table>

(1) Includes summer Bridge students, enrollees in a special program for under prepared students.  
(2) Scholastic Aptitude Test (SAT). Scores for students enrolled in the summer Bridge program are excluded.  
(3) American College Test (ACT). Scores for students enrolled in the summer Bridge program are excluded.

The following table sets forth the number of applications, acceptances, enrollments, and quality measures for the Fall-term, entering undergraduate transfer students for the past five years:

<table>
<thead>
<tr>
<th>Undergraduate Transfers</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Applications</td>
<td>3,550</td>
<td>3,277</td>
<td>3,063</td>
<td>3,512</td>
<td>3,506</td>
</tr>
<tr>
<td>Number of Acceptances</td>
<td>2,381</td>
<td>2,307</td>
<td>1,831</td>
<td>2,172</td>
<td>2,213</td>
</tr>
<tr>
<td>Number of Enrollments</td>
<td>1,387</td>
<td>1,383</td>
<td>1,004</td>
<td>1,229</td>
<td>1,241</td>
</tr>
<tr>
<td>Acceptance Rate</td>
<td>67.1%</td>
<td>70.4%</td>
<td>59.8%</td>
<td>61.8%</td>
<td>63.1%</td>
</tr>
<tr>
<td>Matriculation Rate</td>
<td>58.3%</td>
<td>59.9%</td>
<td>54.8%</td>
<td>56.6%</td>
<td>56.1%</td>
</tr>
<tr>
<td>Grade Point Average (1)</td>
<td>2.9</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
<td>3.2</td>
</tr>
</tbody>
</table>

(1) Scale of A grade equals 4.
The following table sets forth the number of applications, acceptances, enrollments and quality measures for the Fall-term, entering students in law programs for the past five years:

<table>
<thead>
<tr>
<th>Law Students</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Applications</td>
<td>3,821</td>
<td>4,063</td>
<td>4,844</td>
<td>5,028</td>
<td>4,941</td>
</tr>
<tr>
<td>Number of Acceptances</td>
<td>1,225</td>
<td>1,497</td>
<td>1,444</td>
<td>1,411</td>
<td>1,644</td>
</tr>
<tr>
<td>Number of Enrollments</td>
<td>369</td>
<td>434</td>
<td>378</td>
<td>344</td>
<td>362</td>
</tr>
<tr>
<td>Acceptance Rate</td>
<td>32.1%</td>
<td>36.8%</td>
<td>29.8%</td>
<td>28.1%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Matriculation Rate</td>
<td>30.1%</td>
<td>29.0%</td>
<td>26.2%</td>
<td>24.4%</td>
<td>22.0%</td>
</tr>
<tr>
<td>LSAT Test Scores (1)</td>
<td>148.0</td>
<td>155.6</td>
<td>157.7</td>
<td>156.3</td>
<td>150.9</td>
</tr>
<tr>
<td>National Average Scores</td>
<td>152</td>
<td>152</td>
<td>152</td>
<td>152</td>
<td>152</td>
</tr>
</tbody>
</table>

(1) Law School Admission Test (LSAT).

The following table sets forth the number of applications, acceptances, enrollments, and quality measures for the Fall-term, entering graduate students for all programs (other than Law) for the past five years:

<table>
<thead>
<tr>
<th>Graduate Students</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Applications</td>
<td>4,527</td>
<td>4,463</td>
<td>3,684</td>
<td>3,867</td>
<td>4,194</td>
</tr>
<tr>
<td>Number of Acceptances</td>
<td>2,755</td>
<td>2,706</td>
<td>2,308</td>
<td>2,416</td>
<td>2,625</td>
</tr>
<tr>
<td>Number of Enrollments</td>
<td>1,826</td>
<td>1,753</td>
<td>1,513</td>
<td>1,462</td>
<td>1,692</td>
</tr>
<tr>
<td>Acceptance Rate</td>
<td>60.9%</td>
<td>60.6%</td>
<td>62.6%</td>
<td>62.5%</td>
<td>62.6%</td>
</tr>
<tr>
<td>Matriculation Rate</td>
<td>66.3%</td>
<td>64.8%</td>
<td>65.6%</td>
<td>60.5%</td>
<td>64.5%</td>
</tr>
<tr>
<td>GMAT Test Scores (1)</td>
<td>554</td>
<td>562</td>
<td>561</td>
<td>557</td>
<td>547</td>
</tr>
<tr>
<td>National Average Scores</td>
<td>523</td>
<td>529</td>
<td>529</td>
<td>529</td>
<td>527</td>
</tr>
</tbody>
</table>

(1) Graduate Management Admission Test (GMAT) (applicable only to students in the Graduate School of Business).

**Enrollment Programs**

The University has a nationally recognized Enrollment Management Division charged with balancing often-competing issues of access, affordability, quality, and enrollment growth. By aligning in one division, key functions designed to affect simultaneously DePaul’s reputation and public awareness with those focused on generating new student enrollment, the University has become the largest Catholic University in the United States, a distinction held for almost a decade. From Fall 1997 to Fall 2003 enrollment increased from a total student headcount of 17,804 to a total student headcount of 23,610, an average increase of 5.4% annually.

Since 2003, total enrollment has declined slightly, less than one percent annually to the 2005 level of 23,148 and held steady in 2006 with 23,149 students enrolled. This fall, DePaul welcomed a record-breaking freshman class of 2,537 to campus. Freshman represents the greatest enrollment gain, which offset declines in graduate and professional enrollments.

Some of the initiatives used to create and manage enrollment growth include:

- Extensive market research on student enrollment patterns and trends in DePaul’s primary and secondary markets to measure performance and to identify potential market opportunities;
- Annual analysis of student matriculation patterns in light of institutional financial aid awards, with a special
effort on encouraging enrollment growth without equal growth in the University’s discount rate;

- A comprehensive brand management project to better articulate DePaul’s offerings with its key markets;

- An emphasis on new technologies, both as a focus of degree programs and as the infrastructure for delivery (distance education is now the third-largest “campus”). This includes greater use of the web for recruitment purposes, document imaging and paperless review for all application materials, and implementation of real-time degree progress reports and transfer credit evaluations for current and prospective students;

- Regular evaluation of staffing structures and levels

**Comparative Tuition - Competitors**

<table>
<thead>
<tr>
<th>School</th>
<th>2006-2007 Undergraduate Tuition and Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Chicago</td>
<td>$34,005</td>
</tr>
<tr>
<td>New York University</td>
<td>33,730</td>
</tr>
<tr>
<td>Northwestern University</td>
<td>33,408</td>
</tr>
<tr>
<td>University of Michigan*</td>
<td>29,813</td>
</tr>
<tr>
<td>Loyola University</td>
<td>26,886</td>
</tr>
<tr>
<td>Marquette University</td>
<td>24,752</td>
</tr>
<tr>
<td><strong>DePaul University</strong></td>
<td><strong>22,760</strong></td>
</tr>
<tr>
<td>Michigan State University*</td>
<td>21,394</td>
</tr>
<tr>
<td>University of Wisconsin*</td>
<td>20,730</td>
</tr>
<tr>
<td>Indiana University*</td>
<td>20,472</td>
</tr>
<tr>
<td>University of Illinois – Urbana</td>
<td>9,106</td>
</tr>
<tr>
<td>University of Illinois – Chicago</td>
<td>8,986</td>
</tr>
<tr>
<td>Illinois State University</td>
<td>7,724</td>
</tr>
<tr>
<td>Northern Illinois University</td>
<td>7,133</td>
</tr>
</tbody>
</table>

* Using out-of-state undergraduate tuition.

*Source: DePaul University, OIPR Tuition Pricing Report.*
**Tuition**

The University meets the cost of educational programs primarily through tuition. The University sets tuition at levels that are designed to meet the cost of instruction while providing quality education at a price that is competitive to other institutions with which the University believes it competes for students. The following table lists the tuition charged full-time, degree-seeking students in the University’s major programs for the academic years beginning in the Fall of 2002 through 2006:

<table>
<thead>
<tr>
<th>Full-Time Tuition Charge</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer Science, Commerce, Liberal Arts &amp; Sciences and Education (1)</td>
<td>$17,370</td>
<td>$18,810</td>
<td>$19,760</td>
<td>$20,960</td>
<td>$22,440</td>
</tr>
<tr>
<td>Music (2)</td>
<td>21,160</td>
<td>22,210</td>
<td>23,310</td>
<td>24,460</td>
<td>26,035</td>
</tr>
<tr>
<td>Theatre School</td>
<td>21,560</td>
<td>22,420</td>
<td>23,560</td>
<td>24,760</td>
<td>25,720</td>
</tr>
<tr>
<td>College of Law (3)</td>
<td>25,040</td>
<td>26,290</td>
<td>27,600</td>
<td>28,700</td>
<td>30,570</td>
</tr>
</tbody>
</table>

(1) 16 quarter-hours.
(2) Four year package tuition.
(3) First Year tuition.

Note: All amounts include a registration fee: $60 in 2002 through 2005; $75 in 2006.

Degree-seeking students attending on a part-time basis are charged for each credit hour in which they enroll. The following table reflects the charges to part-time students for the academic years beginning in the Fall of 2002 through 2006:

<table>
<thead>
<tr>
<th>Part-Time Tuition Charges</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commerce, Liberal Arts &amp; Sciences and Education</td>
<td>$335</td>
<td>$348</td>
<td>$369</td>
<td>$384</td>
<td>$405</td>
</tr>
<tr>
<td>Music</td>
<td>410</td>
<td>426</td>
<td>448</td>
<td>470</td>
<td>495</td>
</tr>
<tr>
<td>Graduate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commerce</td>
<td>630</td>
<td>650</td>
<td>650</td>
<td>670</td>
<td>710</td>
</tr>
<tr>
<td>Liberal Arts &amp; Sciences</td>
<td>380</td>
<td>395</td>
<td>407</td>
<td>427</td>
<td>455</td>
</tr>
<tr>
<td>College of Law (per semester hour)</td>
<td>825</td>
<td>860</td>
<td>900</td>
<td>936</td>
<td>1,000</td>
</tr>
</tbody>
</table>

The following table lists gross revenue (before any deduction of financial aid) derived from tuition and fees for the fiscal years ended June 30, 2002 through June 30, 2006:
Financial Aid

In the 2006 Financial Aid year, approximately 73% of the University’s students received some form of financial aid. Some of the federal and state financial aid programs apply to tuition and fees, whereas others provide aid for living expenses such as transportation, housing (on-campus or off-campus), and personal expenses. A substantial portion of the funds provided to students is derived from sources outside the University. All programs furnished by the federal and state governments are subject to appropriation and funding by the respective legislatures. There can be no assurance that federal and state financial aid to students will be available in the future at the same levels and under the same terms and conditions as presently apply. Any changes in the availability of federal or state financial aid may affect the University’s enrollment, but the impact of any such changes cannot be assessed at this time. The following table sets forth student financial aid for the financial aid years 2002 through 2006.

<table>
<thead>
<tr>
<th>Year</th>
<th>Financial Aid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>113,357,000</td>
</tr>
<tr>
<td>2003</td>
<td>141,043,000</td>
</tr>
<tr>
<td>2004</td>
<td>154,670,000</td>
</tr>
<tr>
<td>2005</td>
<td>157,878,000</td>
</tr>
<tr>
<td>2006</td>
<td>158,533,000</td>
</tr>
</tbody>
</table>

Surplus Generation

The University strives to generate operating surpluses on an annual basis. The current strategic plan calls for increased levels of surplus generation in the fiscal years 2009/2010 through 2015/2016 to increase financial flexibility. Expenditures related to capital development and campus improvement will increase over the next three years, lowering operating income even as revenues continue to rise. In 2006, the University funded an Institutional Reserve Fund, a long-term diversified portfolio with a 50/50 stock and bond asset allocation, with $72,009,000 from its short-term portfolio. At June 30, 2006, DePaul had a remaining balance of $30,200,000 invested in short-term cash portfolio.

<table>
<thead>
<tr>
<th>Year</th>
<th>Tuition and Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>297,898,000</td>
</tr>
<tr>
<td>2003</td>
<td>329,172,000</td>
</tr>
<tr>
<td>2004</td>
<td>351,335,000</td>
</tr>
<tr>
<td>2005</td>
<td>363,888,000</td>
</tr>
<tr>
<td>2006</td>
<td>377,131,000</td>
</tr>
</tbody>
</table>
### Unrestricted Income Statement

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Total Operating Revenues</th>
<th>Total Operating Expense</th>
<th>Non-Operating Revenue / (Expenses) Net</th>
<th>Increase / (Decrease) in Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>335,197,000</td>
<td>310,616,000</td>
<td>(28,982,000)</td>
<td>(4,401,000)</td>
</tr>
<tr>
<td>2003</td>
<td>362,972,000</td>
<td>332,395,000</td>
<td>(15,427,000)</td>
<td>15,150,000</td>
</tr>
<tr>
<td>2004</td>
<td>369,795,000</td>
<td>354,129,000</td>
<td>25,367,000</td>
<td>26,418,000</td>
</tr>
<tr>
<td>2005</td>
<td>380,254,000</td>
<td>343,253,000</td>
<td>13,944,000</td>
<td>50,945,000</td>
</tr>
<tr>
<td>2006</td>
<td>393,015,000</td>
<td>352,610,000</td>
<td>37,787,000</td>
<td>78,192,000</td>
</tr>
</tbody>
</table>

### Long-Range Planning

Strategic planning is not just an academic exercise at DePaul. The University has established a rigorous and continuous long-range planning process. In March 2006, DePaul’s Board of Trustees approved unanimously the new strategic plan for the University called VISION Twenty12. While different in scope from its predecessor Vision 2006, which laid the groundwork for aggressive enrollment growth and investment in faculty recruitment, expanded academic programs and more than $300,000,000 in new and upgraded facilities, VISION Twenty12 is just as ambitious. VISION Twenty12 is a comprehensive strategic plan that will guide both the academic and financial trajectory of the university for the next six years. DePaul intends to become one of the finest urban, Catholic universities of the United States. Resolute in its Vincentian mission to make an extraordinary education accessible, DePaul will focus its energies on creating nationally recognized, rigorous programs of study; preparing women and men to be at the forefront of their chosen fields as ethical and socially engaged leaders; and building the financial and operational foundations to make our cherished mission permanent and truly effective.

The VISION Twenty12 strategic plan.

In addition to enriching academic quality, the plan’s core goals include preparing students to be socially responsible leaders and engaged alumni, becoming a model of diversity, selectively increasing enrollment, further institutionalizing DePaul’s Vincentian and Catholic identity and building a financially sound university that will serve generations to come.

The plan for academic enrichment has the following objectives: strategically enhance curricula, raise the academic rigor and expectations for student learning, educate all students for an increasingly globalized world, be a model provider for quality distance learning, provide opportunities for all students to learn ethical systems and demonstrate ethical practice, increase opportunities for the study and exploration of Catholic intellectual and theological tradition and praxis through curricular and co-curricular initiatives, engage the City of Chicago to extend classroom learning, foster an academic advising environment that supports student learning success, support faculty work, become the dominant provider within certain markets, raise DePaul’s academic reputation, and build new facilities for theatre, music and science; expand and enhance facilities for the College of Law; and increase classroom capacity at Lincoln Park and the Loop.

To prepare students to be socially responsible future leaders and engage alumni the University objective is to: expand and develop purposeful co-curricular activities to promote leadership, civic engagement, cultural awareness and personal and spiritual development, become a university known for its students’ lifelong commitment to social justice and civic engagement, become a premier institution known for its student success programs, become a leader in providing efficient, user-friendly and integrated student services for all students, and build a strong alumni institutional affinity, pride and lifelong connections.
DePaul University will be a model of diversity by attaining leadership in recruitment and support of diverse faculty, staff, and senior administrators, exceeding the national norms in recruiting, retaining and graduating a diverse student body, with an emphasis on first generation, economically disadvantaged urban students, expanding opportunities for the DePaul Community to study and practice religious faiths in a pluralistic environment, and create programming for all constituents of the DePaul community that affirms the central place of diversity in the university’s mission and institutional culture.

Another goal of the Vision Twenty12 strategic plan is to selectively increase enrollment through a balanced strategy of increasing new freshman and new transfers, increase graduate and adult enrollment to capacity, especially in high net revenue programs, raise the perception of quality attached to the university’s brand, increase demand for DePaul’s academic programs to ensure DePaul’s ability to select its desired enrollment mix, exceed national norms in enrolling, retaining and graduating economically disadvantaged students, first generation students and students of color, become a nationally recognized leader in the graduation of students of DePaul’s profile, and develop online learning as a high priority strategy for enrollment growth, market expansion and student academic progress.

To achieve these goals DePaul must strengthen its financial position. DePaul will invest in market-responsive academic program development to satisfy the demand of prospective students and thereby fuel strategic growth, manage university financial resources consistent with a disciplined financial plan to ensure the university’s long-term financial viability and vitality, increase gift income to support student financial aid, academic programs and facilities construction, restructure the university’s resource allocation system to fund strategic enrollment growth and reward financial performance.

In 2012, DePaul University will be academically deeper and financial stronger. DePaul will have solidified our Catholic and Vincentian identity and secured our mission into the future.

**Current Business Issues**

On February 11, 2004, the Board of Trustees of DePaul voted to end the University's operations on the Barat College campus by June 2005. The Board of Trustees determined that the Barat College campus did not have the capacity to generate the revenue required to provide its students with the University's desired educational environment. The University has fulfilled its commitment to educate all students who were enrolled at Barat College prior to the 2001 educational alliance and worked closely with every DePaul student on that campus to enable them to complete their degrees.

As of June 30, 2005, the charter for Barat College was sold, and the campus was closed. In August 2005, the University entered into a purchase and sale agreement to sell the Barat campus. These assets were classified as held for sale on DePaul University’s consolidated balance sheet for the period ending June 30, 2005. The property was sold on January 24, 2006 for $18,000,000, and the related bond debt of $4,090,911 was paid off at closing. The University recognized a gain on the sale of these assets of $7,040,000 in fiscal year 2006. The University had previously recognized losses on the impairment of the assets sold of $13,498,000 and $1,685,000 for fiscal years ending June 30, 2004 and June 30, 2005 respectively.

On October 26, 2006, the Board approved the construction of a Science II building to be completed by November 2008. The expected funding for the $40,000,000 project is to come from $20,000,000 in gifts and the remainder from operations.
Capital Plans

The University has completed draft campus master plans for both the Lincoln Park and Loop Campuses and continues to monitor and update these plans as necessary. The funding and timing of the projects outlined in the campus master plan is dependant upon a combination of operating fund contributions, targeted fundraising successes, and the availability of debt financing. The recently approved VISION Twenty12 strategic plan will help form priorities for the master plan.

Recently, the University renovated student residences on the Lincoln Park Campus into faculty offices. University funds were used to finance this project (approximately $2,000,000). The University also renovated the athletic field located on the Lincoln Park Campus. Phase I renovations which began in August 2004 are substantially completed. University and fundraising campaign funds were used to finance the project (approximately $1,600,000). Phase II renovations will begin in four years and will be funded by fundraising campaign funds (approximately $1,500,000). Additionally, the University is renovating a multi-use facility located on the Lincoln Park campus. University funds are being used to finance this project (approximately $3,000,000). At the Loop Campus, the University has renovated student common area space into administrative offices for the Law School. University funds were used to finance this project (approximately $1,300,000).

The Vision Twenty12 plan outlines DePaul’s objective to build new facilities for theatre, music and science, to expand and enhance facilities for the College of Law, and to increase classroom capacity at Lincoln Park and the Loop Campuses to enrich academic quality.

DePaul University is updating its sprinkler system, this project is expected to cost $7,200,000 and be completed within the next five years.

DePaul University will begin construction of a Science building. This project has been referenced in the above “Current Business Issues” section.
Private Gifts, Grants and Bequests

The tables below list those funds received by the University as gifts, grants, and bequests over the last five fiscal years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Support</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>11,349,000</td>
<td>7,529,000</td>
<td>3,505,000</td>
<td>315,000</td>
</tr>
<tr>
<td>2003</td>
<td>10,482,000</td>
<td>7,983,000</td>
<td>1,692,000</td>
<td>807,000</td>
</tr>
<tr>
<td>2004</td>
<td>9,162,000</td>
<td>5,862,000</td>
<td>3,051,000</td>
<td>249,000</td>
</tr>
<tr>
<td>2005</td>
<td>11,295,000</td>
<td>6,851,000</td>
<td>2,264,000</td>
<td>2,180,000</td>
</tr>
<tr>
<td>2006</td>
<td>16,270,000</td>
<td>10,447,000</td>
<td>5,484,000</td>
<td>339,000</td>
</tr>
</tbody>
</table>

Investments

The table below lists the balances for Cost and Market Value of Investments at June 30, 2002 through June 30, 2006:

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>228,272</td>
<td>204,118</td>
</tr>
<tr>
<td>2003</td>
<td>268,967</td>
<td>248,397</td>
</tr>
<tr>
<td>2004</td>
<td>260,955</td>
<td>267,400</td>
</tr>
<tr>
<td>2005</td>
<td>278,586</td>
<td>298,741</td>
</tr>
<tr>
<td>2006</td>
<td>362,506</td>
<td>386,398</td>
</tr>
</tbody>
</table>

* Total Investments is comprised of short-term investments, Institutional Reserves and the long-term investment pool.

The majority of the University’s investments are held in the merged University long-term investment pool, which is under the supervision of the University’s Board of Trustees Investment Subcommittee and invested pursuant to the University’s Investment Policy. The University’s endowment funds and other reserve funds make up this pool. The pool’s assets are managed by outside investment managers in a combination of separately managed accounts and institutional mutual funds, with approximately 80% of the assets in equities and 20% in fixed income investments, as of June 30, 2006. The pool is administered as if it were a mutual fund for endowments and other investing needs with a long-term time horizon. Endowments are assigned shares in the fund at inception and at the time of any future additions. Although the investments are pooled, each endowment retains its unique identity. The University annually distributes income for scholarship spending, operating budget support and other purposes. The distribution is currently set at an amount in the range from 4% to 5% of the average market value of the fund (3-year running average), which amount is subject to annual review. Any earnings in excess of the distribution increase the overall market value of the investment pool, and thus the market value of the individual endowments. This process, over the years, has provided a growth in the endowments, which has been sufficient to offset the effects of inflation. This growth of the funds has tended to increase the annual distribution of each endowment. At June 30, 2006, the University long-term investment pool’s approximate market value was $285,203,000. In 2006, the University funded an Institutional Reserve Fund, a long-term diversified portfolio with a 50/50 stock and bond asset allocation, with $72,009,000 from its short-term portfolio.
Debt Service Requirements

The following table summarizes the Long-Term Debt Service Payments of the University. This summary should be read in conjunction with the University’s audited financial statements and notes.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6/30/2007</td>
<td>5,461,935</td>
<td>4,208,365</td>
<td>7,917,912</td>
<td>742,527</td>
<td>1,302,502</td>
<td>750,000</td>
<td>952,447</td>
<td>21,335,688</td>
</tr>
<tr>
<td>6/30/2008</td>
<td>5,465,004</td>
<td>4,207,227</td>
<td>8,006,956</td>
<td>742,527</td>
<td>1,302,502</td>
<td>554,043</td>
<td>952,447</td>
<td>20,278,619</td>
</tr>
<tr>
<td>6/30/2009</td>
<td>5,456,368</td>
<td>4,208,600</td>
<td>8,452,086</td>
<td>742,527</td>
<td>1,302,502</td>
<td>211,178</td>
<td>3,067</td>
<td>20,373,262</td>
</tr>
<tr>
<td>6/30/2010</td>
<td>5,460,652</td>
<td>4,206,462</td>
<td>8,196,204</td>
<td>742,527</td>
<td>1,302,502</td>
<td>3,067</td>
<td>19,911,414</td>
<td></td>
</tr>
<tr>
<td>6/30/2011</td>
<td>5,444,469</td>
<td>4,206,962</td>
<td>8,435,709</td>
<td>742,527</td>
<td>1,302,502</td>
<td>20,132,170</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/30/2012</td>
<td>5,442,281</td>
<td>4,209,437</td>
<td>8,321,190</td>
<td>742,527</td>
<td>1,302,502</td>
<td>20,017,938</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/30/2013</td>
<td>4,313,569</td>
<td>4,205,862</td>
<td>8,321,123</td>
<td>742,527</td>
<td>1,302,502</td>
<td>18,885,583</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/30/2014</td>
<td>4,308,813</td>
<td>4,205,962</td>
<td>8,301,076</td>
<td>742,527</td>
<td>1,302,502</td>
<td>18,860,880</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/30/2015</td>
<td>4,308,432</td>
<td>4,209,187</td>
<td>8,218,924</td>
<td>742,527</td>
<td>1,302,502</td>
<td>18,781,573</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/30/2016</td>
<td>4,300,735</td>
<td>4,208,559</td>
<td>8,397,805</td>
<td>742,527</td>
<td>1,302,502</td>
<td>18,952,128</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/30/2017</td>
<td>4,298,125</td>
<td>4,208,575</td>
<td>8,232,117</td>
<td>742,527</td>
<td>1,302,502</td>
<td>18,783,847</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/30/2018</td>
<td>4,291,550</td>
<td>4,205,294</td>
<td>8,382,546</td>
<td>742,527</td>
<td>1,302,502</td>
<td>18,924,419</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/30/2019</td>
<td>4,285,607</td>
<td>4,205,153</td>
<td>8,284,040</td>
<td>742,527</td>
<td>759,793</td>
<td>18,280,120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/30/2020</td>
<td>4,279,779</td>
<td>4,206,591</td>
<td>8,317,896</td>
<td>742,527</td>
<td>17,546,793</td>
<td>13,405,881</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/30/2021</td>
<td>4,278,416</td>
<td>4,205,185</td>
<td>4,179,752</td>
<td>742,527</td>
<td>9,119,905</td>
<td>12,405,881</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/30/2022</td>
<td>4,205,075</td>
<td>4,172,303</td>
<td>742,527</td>
<td>9,123,344</td>
<td>9,123,344</td>
<td>4,172,448</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/30/2023</td>
<td>4,206,338</td>
<td>4,174,479</td>
<td>742,527</td>
<td>9,089,794</td>
<td>9,089,794</td>
<td>4,172,448</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/30/2024</td>
<td>4,207,363</td>
<td>4,139,903</td>
<td>742,527</td>
<td>8,883,938</td>
<td>8,883,938</td>
<td>4,172,448</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6/30/2026</td>
<td>4,174,838</td>
<td>4,172,448</td>
<td>4,172,448</td>
<td>4,172,448</td>
<td>4,172,448</td>
<td>4,172,448</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Totals: $71,395,735 $79,936,822 $144,980,602 $13,860,511 $16,389,819 $750,000 $1,721,095 $329,034,584

* Assumes an interest rate of 3.77% for Series 2005B Auction Rate Bonds and 4.27% for Series 2005 C Auction Rate Bonds through October 1, 2007 and 3.77% thereafter.
The table below provides certain summary financial information for the University, including a Statement of Activities for the fiscal years ended June 30, 2002 through June 30, 2006. This summary should be read in conjunction with the University’s audited financial statements and notes.

### Summary Financial Information

#### DePaul University

**Statement of Activities**

**Years Ended June 30, 2002, through and including June 30, 2006**

(000’s omitted)

<table>
<thead>
<tr>
<th>Operating revenue and other additions:</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and fees - net of scholarships</td>
<td>$255,422</td>
<td>$279,867</td>
<td>$292,247</td>
<td>$307,187</td>
<td>$310,004</td>
</tr>
<tr>
<td>Government grants</td>
<td>11,574</td>
<td>15,065</td>
<td>16,431</td>
<td>16,271</td>
<td>16,079</td>
</tr>
<tr>
<td>Private gifts and grants</td>
<td>5,775</td>
<td>7,703</td>
<td>5,807</td>
<td>6,365</td>
<td>9,969</td>
</tr>
<tr>
<td>Investment income*</td>
<td>10,945</td>
<td>10,294</td>
<td>494</td>
<td>1,412</td>
<td>2,070</td>
</tr>
<tr>
<td>Endowment investment return used in operations*</td>
<td>-</td>
<td>-</td>
<td>4,159</td>
<td>4,948</td>
<td>4,590</td>
</tr>
<tr>
<td>Auxiliary income</td>
<td>33,568</td>
<td>38,041</td>
<td>40,305</td>
<td>39,087</td>
<td>40,640</td>
</tr>
<tr>
<td>Other</td>
<td>11,549</td>
<td>10,467</td>
<td>8,636</td>
<td>7,851</td>
<td>6,578</td>
</tr>
<tr>
<td>Total operating revenue and other additions</td>
<td>335,197</td>
<td>395,414</td>
<td>405,405</td>
<td>407,187</td>
<td>410,004</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating expenses and other deductions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
</tr>
<tr>
<td>General expenses</td>
</tr>
<tr>
<td>Occupancy</td>
</tr>
<tr>
<td>Depreciation</td>
</tr>
<tr>
<td>Printing, postage and supplies</td>
</tr>
<tr>
<td>Library materials</td>
</tr>
<tr>
<td>Total operating expenses and other deductions</td>
</tr>
</tbody>
</table>

| Excess (deficiency) of operating revenue over expenses | 24,581 | 42,804 | 30,009 | 15,321 | 0 |

| Losses on assets held for sale | - | - | - | - | - |
| Loss on impairment of assets | - | - | 1,117 | - | - |
| Total loss on assets held | - | - | 1,117 | - | - |

| Excess of operating revenue over expenses after loss on impairment of assets | 24,581 | 42,804 | 30,009 | 15,321 | 0 |

<table>
<thead>
<tr>
<th>Non-operating revenue (expenses):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on indebtedness</td>
</tr>
<tr>
<td>Bond costs and amortization**</td>
</tr>
<tr>
<td>Net realized gain on investments</td>
</tr>
<tr>
<td>Change in accumulated unrealized gain on investments</td>
</tr>
<tr>
<td>Gain (Loss) on sale or disposal of long lived assets</td>
</tr>
<tr>
<td>Private gifts and grants</td>
</tr>
<tr>
<td>Capital gifts</td>
</tr>
<tr>
<td>Capital gifts released from restrictions</td>
</tr>
<tr>
<td>Loss on bond defeasance</td>
</tr>
<tr>
<td>Net non-operating revenue (expenses)</td>
</tr>
<tr>
<td>Increase/(decrease) in net assets before cumulative change in accounting principle</td>
</tr>
<tr>
<td>Cumulative effect of change in accounting principle</td>
</tr>
<tr>
<td>Cumulative effect of change in accounting Principle</td>
</tr>
<tr>
<td>Increase/(Decrease) in net assets</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
</tr>
<tr>
<td>Net assets at end of year</td>
</tr>
</tbody>
</table>

* Fiscal years 2001 through 2003 have not been restated with respect to the separation of endowment investment return used in operations from investment income.

** In fiscal year 2004 through 2006, interest on indebtedness has been reclassified as an operating expense.

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