NEW ISSUE
BOOK-ENTRY ONLY

Ratings: Moody's: "Aa2"
Standard & Poor's: "AA"
See "RATINGS."

*In the opinion of Thompson Coburn LLP, St. Louis, Missouri, Bond Counsel, under existing law and conditioned on continuing compliance with certain covenants described under the caption "**TAX MATTERS**," interest on the Series 2009B Bonds is excluded from gross income for federal income tax purposes. Also, in the opinion of Bond Counsel, interest on the Series 2009B Bonds (a) is not a specific item of tax preference for purposes of the federal alternative minimum tax on corporations and other taxpayers, including individuals, and (b) is not included in adjusted current earnings for purposes of determining federal corporate alternative minimum tax liability. In the opinion of Bond Counsel, under existing law, interest on the Series 2009B Bonds is exempt from income taxes imposed by the State of Missouri under Chapter 143 of the Revised Statutes of Missouri, as amended, and the Series 2009B Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code") (relating to financial institution deductibility of interest expense). See "**TAX MATTERS**" and the form of opinion of Bond Counsel attached as **Appendix D**.*

$75,760,000
THE CURATORS OF THE UNIVERSITY OF MISSOURI
SYSTEM FACILITIES REVENUE BONDS
SERIES 2009B

Dated: Date of Issuance **Due: November 1, as shown below**

The Series 2009B Bonds are issuable in book-entry only form in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2009B Bonds will be payable on each May 1 and November 1, beginning November 1, 2009.

The Series 2009B Bonds are subject to redemption prior to maturity as described herein.

The Series 2009B Bonds and the interest thereon are special, limited obligations of The Curators of the University of Missouri (the "University"). The Series 2009B Bonds are payable solely from, and secured as to the payment of principal of, redemption premium, if any, and interest on the Series 2009B Bonds by a first lien on and pledge of the System Revenues, as defined herein. The Series 2009B Bonds stand on a parity with and are equally and ratably secured with respect to the payment of principal and interest from the System Revenues and in all other respects with certain other outstanding revenue bonds of the University as described under "**SECURITY FOR THE SERIES 2009 BONDS -- Outstanding Parity Bonds**." The Series 2009B Bonds are not obligations of the State of Missouri. The University has no power to tax.

MATURITY SCHEDULE

Maturity Nov. 1	Principal Amount	Interest Rate	Yield	CUSIP	Maturity Nov. 1	Principal Amount	Interest Rate	Yield	CUSIP
2010	$5,105,000	3.000%	0.72%	231266FE2	2017	$2,525,000	3.000%	2.92%	231266FM4
2011	5,260,000	3.000	1.08	231266FF9	2017	4,040,000	5.000	2.92	231266FW2
2012	5,665,000	3.000	1.28	231266FG7	2018	3,380,000	3.100	3.12	231266FN2
2013	4,345,000	3.000	1.68	231266FH5	2018	3,465,000	5.000	3.12	231266FX0
2013	1,460,000	5.000	1.68	231266FS1	2019	3,550,000	3.250	3.31	231266FP7
2014	3,085,000	3.000	2.12	231266FJ1	2019	1,700,000	4.000	3.31	231266GB7
2014	2,500,000	5.000	2.12	231266FT9	2019	2,000,000	5.000	3.31	231266FY8
2015	2,410,000	3.000	2.39	231266FK8	2020	1,920,000	3.375	3.47	231266FQ5
2015	3,855,000	5.000	2.39	231266FU6	2020	5,455,000	5.000	3.47 C	231266FZ5
2016	3,110,000	3.000	2.65	231266FL6	2021	3,290,000	3.500	3.62	231266FR3
2016	3,205,000	5.000	2.65	231266FV4	2021	4,435,000	5.000	3.62 C	231266GA9

C Yield computed to first optional call date.

The Series 2009B Bonds are offered when, as and if delivered by the University, and accepted by the Underwriters, subject to the approval of legality by Thompson Coburn LLP, St. Louis, Missouri, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the University by Stephen J. Owens, Esq., General Counsel to the University, and by Gilmore & Bell, P.C., Kansas City, Missouri, as Disclosure Counsel to the University, and for the Underwriters by Orrick, Herrington & Sutcliffe LLP, New York, New York. Commerce Bank, N.A., St. Louis, Missouri, serves as Financial Advisor to the University in this transaction. It is expected that the Series 2009B Bonds in definitive form will be available for delivery at DTC in New York, New York on or about July 23, 2009.

J.P. Morgan **Morgan Stanley**

CO-MANAGERS

Backstrom McCarley Berry & Co., LLC
George K. Baum & Company
Loop Capital Markets, LLC
Morgan Keegan & Company, Inc.
Piper Jaffray & Co.
Siebert Brandford Shank & Co., L.L.C.
Stifel, Nicolaus & Co.

Edward Jones
Jackson Securities
Merrill Lynch & Co.
Oppenheimer & Co., Inc.
Rice Financial Products Company
Stern Brothers & Co.
Valdés & Moreno, Inc.

Wells Fargo Securities

This Official Statement is dated July 16, 2009.

REGARDING USE OF THIS OFFICIAL STATEMENT

THE SERIES 2009B BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE UNIVERSITY AND THE TERMS OF THE OFFERING. THE SERIES 2009B BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2009B BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2009B BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

No dealer, broker, salesman or other person has been authorized by the University, the Underwriters or the Financial Advisor to give any information or to make any representations with respect to the Series 2009B Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. 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 Series 2009B 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 furnished by the University and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Financial Advisor. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to its date.

FORWARD-LOOKING STATEMENTS

This Official Statement contains “forward-looking statements.” These forward-looking statements include statements about the University’s future plans, strategies and projections, and other statements that are not historical in nature. These forward-looking statements are based on the current expectations of management of the University. When used in this Official Statement, the words “estimate,” “intend,” “expect,” “projected” and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve future risks and uncertainties that could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in forward-looking statements. These future risks and uncertainties include (i) risks associated with decreases in State appropriations for the University in future years, (ii) risks associated with fluctuating student enrollment and any decrease in the demand for and revenues from the System Facilities, (iii) endowment and other investment risks, including future declines in the value of the University’s investments; (iv) risks associated with the operations of the University Health System, including possible significant changes in federal Medicare and State Medicaid reimbursement rates or methodologies, and (v) the other risks discussed in this Official Statement. The University undertakes no obligation to update any forward-looking statements contained in this Official Statement to reflect future events or developments.

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GENERAL OFFICERS

Gary D. Forsee, President
Steven W. Graham, Interim Vice President for Academic Affairs
Natalie Krawitz, Vice President for Finance and Administration
Gary K. Allen, Vice President for Information Technology and Chief Information Officer
Elizabeth Rodriguez, Vice President for Human Resources
Stephen C. Knorr, Vice President for Government Relations
Michael F. Nichols, Vice President for Research and Economic Development
Brady J. Deaton, Chancellor, University of Missouri - Columbia
Leo E. Morton, Chancellor, University of Missouri - Kansas City
John F. Carney, III, Chancellor, Missouri University of Science and Technology
Thomas F. George, Chancellor, University of Missouri - St. Louis

BOND COUNSEL

Thompson Coburn LLP
St. Louis, Missouri

FINANCIAL ADVISOR

Commerce Bank, N.A.
St. Louis, Missouri

SENIOR MANAGING UNDERWRITERS

J.P. Morgan Securities Inc.
New York, New York

Morgan Stanley & Co. Incorporated
New York, New York

OFFICIAL STATEMENT

$75,760,000
THE CURATORS OF THE UNIVERSITY OF MISSOURI
SYSTEM FACILITIES REVENUE BONDS
SERIES 2009B

INTRODUCTION

The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices hereto, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the Cover Page and Appendices, should be considered in its entirety. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in ***Appendix C****.*

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information relating to The Curators of the University of Missouri (the "***University***"), the University's System Facilities described below, and the University's System Facilities Revenue Bonds, Series 2009B (the "***Series 2009B Bonds***") to be issued in the aggregate principal amount of $75,760,000.

The University

The University is a duly incorporated and created body politic and state educational institution existing under the Constitution and laws of the State of Missouri, and is governed by the Board of Curators of the University of the State of Missouri (the "***Board***"). The University consists of four campuses located in the following Missouri cities: Columbia, Kansas City, Rolla and St. Louis. The four-campus system administration is located in Columbia. The University includes 45 schools, colleges and divisions and has an enrollment of more than 66,000 full and part-time students. The University is the only public institution in Missouri offering professional and doctoral degrees. Approximately one-fourth of its enrollment consists of professional and graduate students. The University also administers a statewide cooperative extension service with centers located in nearly all of Missouri's 114 counties. See **"THE UNIVERSITY."**

The Series 2009B Bonds

The Series 2009B Bonds are being issued pursuant to and in full compliance with the Constitution and Statutes of the State of Missouri and a Resolution adopted by the Board on June 5, 2009, (the ***"Board Resolution"***) and a Resolution of the Executive Committee (the ***"Executive Committee Resolution"***) of the Board adopted on July 16, 2009 (collectively, the "***Resolution***"). See **"Appendix C - Definitions and Summaries of Principal Documents."** The Series 2009B Bonds are being issued for the purpose of (i) the payment of a portion of the cost of acquiring, constructing, erecting, equipping and furnishing certain additions and improvements to the System Facilities, as defined below (collectively, the ***"Projects"***), (ii) the payment of capitalized interest on a portion of the Series 2009B Bonds, and (iii) the payment of costs of issuance of the Series 2009B Bonds. See **"PLAN OF FINANCE."**

The Series 2009A Bonds

The University has agreed to issue its Taxable System Facilities Revenue Bonds, Series 2009A (Build America Bonds) in the principal amount of $256,300,000 (the "***Series 2009A Bonds***" and together with the Series 2009B Bonds, the "***Series 2009 Bonds***") contemporaneously with issuance of the Series 2009B Bonds. The Series 2009A Bonds are being issued for the purpose of (i) the payment of a portion of the cost of acquiring, constructing, erecting, equipping and furnishing the Projects, (ii) the payment of capitalized interest on a portion of the Series 2009A Bonds, and (iii) the payment of costs of issuance of the Series 2009A Bonds. See **"PLAN OF FINANCE."** The issuance of the Series 2009A Bonds is not conditioned upon the issuance of the Series 2009B Bonds, and the issuance of the Series 2009B Bonds is not conditioned upon the issuance of the Series 2009A Bonds.

The Series 2009B Bonds will be on a parity with the Series 2009A Bonds and all other outstanding Prior System Bonds, as defined below. **No offer or solicitation of offers to purchase the Series 2009A Bonds is made by this Official Statement.**

Sources of Revenue and Security for the Series 2009 Bonds

The Series 2009 Bonds and the interest thereon are special limited obligations of the University. The Series 2009 Bonds are payable solely from, and secured as to the payment of principal of, redemption premium, if any, and interest on the Series 2009 Bonds, by a first lien on and pledge of the gross income and revenues derived from the following (collectively, the ***"System Revenues"***): (i) the ownership or operation of certain facilities of the University described herein (the ***"System Facilities"***); (ii) the imposition and collection of certain specifically assessed student fees and stadium usage surcharges; and (iii) a portion of the Tuition and Fees collected from all students attending the University, designated by the University as a Student System Facilities Fee in connection with the System Facilities, in an amount equal to the Maximum Annual Debt Service in the present or any future fiscal year with respect to the Series 2009 Bonds, 11 outstanding revenue bond issues of the University that are on a parity with the Series 2009 Bonds (the ***"Prior System Bonds"***), and any Additional Bonds hereafter issued by the University and secured on a parity with the Series 2009 Bonds. See **"SECURITY FOR THE SERIES 2009 BONDS."** The Tuition and Fees are the basic fee for course enrollment paid by all students enrolled at the University. The Series 2009 Bonds are not obligations of the State of Missouri. The University has no power to tax.

The following defined terms are used in this Official Statement and in the Resolution with respect to various series of revenue bonds payable from the System Revenues:

- ***"Series 2009A Bonds,"*** consisting of the Taxable System Facilities Revenue Bonds, Series 2009A (Build America Bonds) in the principal amount of $256,300,000;

- ***"Series 2009B Bonds,"*** consisting of the System Facilities Revenue Bonds, Series 2009B in the principal amount of $75,760,000;

- ***Series 2009 Bonds,"*** consisting of the Series 2009A Bonds and the Series 2009B Bonds;

- ***"Prior System Bonds,"*** means the 11 outstanding revenue bond issues of the University that are on a parity with the Series 2009 Bonds;

- ***"Additional Bonds,"*** means any series of revenue bonds hereafter issued by the University payable from the System Revenues on a parity with the Series 2009 Bonds, the Prior System Bonds and any other series of Additional Bonds then outstanding; and

- ***"Bonds,"*** means the Series 2009 Bonds, the Prior System Bonds and any Additional Bonds then outstanding, all of which are payable from the System Revenues on a parity basis.

University Health System

Effective as of the date of issuance of the Series 2006 Bonds (referred to below), the University Health System (the ***"University Health System"***) and the facilities thereof became a part of the System Facilities. Upon the issuance of the Series 2006 Bonds, all then outstanding University Health System revenue bonds were refunded with a portion of the Series 2006 Bond proceeds. The revenues of the University Health System are included in the System Revenues beginning as of and for the fiscal years ended June 30, 2006 and thereafter.

The University Health System is an operating unit of the University. The University Health System is an integrated health network that includes five hospitals totaling 563 acute care beds, which support the teaching efforts of the Schools of Medicine, Nursing, and Health Professions. The facilities of the University Health System include University Hospital (and Children's Hospital located therein), Columbia Regional Hospital, the Ellis Fischel Cancer Center, the Missouri Psychiatric Center, and the Missouri Rehabilitation Center. The University Health System also includes University Physicians, which is the organized practice plan for the faculty of the University of Missouri - Columbia School of Medicine, and various facilities utilized by University Physicians. The Schools of Medicine, Nursing and Health Professions and the revenues therefrom are not, however, a part of the University Health System. See **"THE UNIVERSITY – University Health System."**

Additional Information

The references to and summaries of the Resolution, and other documents referred to herein and in **Appendix C**, and to the laws of the State, do not purport to be complete, and all such references are qualified in their entirety by reference to the complete provisions thereof. Copies of all documents referred to herein are on file with the Financial Advisor and the University and may be obtained, without charge, by written request.

THE SERIES 2009B BONDS

Authority and Purpose

The Series 2009B Bonds are being issued pursuant to and in full compliance with the Constitution and Statutes of the State of Missouri and the Resolution. The Series 2009B Bonds are being issued for the purpose of (i) the payment of a portion of the cost of acquiring, constructing, erecting, equipping and furnishing the Projects, (ii) the payment of capitalized interest on a portion of the Series 2009B Bonds, and (iii) the payment of costs of issuance of the Series 2009B Bonds.

Description of the Series 2009B Bonds

The Series 2009B Bonds will be issuable in the form of fully registered bonds without coupons, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates; the Series 2009B Bonds will be available in book-entry form only. The Series 2009B Bonds will be issued in the principal amount set forth on the cover page of this Official Statement, will be dated the date of original issuance and delivery thereof, and will mature on November 1 in the years and in the principal amounts set forth on the cover page. The Series 2009B Bonds will bear interest from the date of issuance and delivery, computed on the basis of a 360-day year consisting of twelve 30-day months, at the rates per annum set forth on the cover page, which interest will be payable semiannually on May 1 and November 1 in each year, beginning on November 1, 2009. Principal of, redemption premium, if any, and interest on the Series 2009B Bonds are payable at maturity or upon earlier redemption to the person in whose name the Bond is registered at maturity, or redemption date thereof, upon presentation and surrender of the Bond at the principal corporate trust office of Commerce Bank, N.A., Kansas City, Missouri (the ***"Paying Agent"***). Interest on the Series

2009B Bonds is payable (except on maturity or upon earlier redemption) by check or draft mailed by the Paying Agent to the person in whose name each Bond is registered on the 15th day of the month next preceding an interest payment date at such person's address as it appears on the bond registration books kept by the Paying Agent.

Redemption Provisions

Optional Redemption. At the option of the University, the Series 2009B Bonds maturing on or after November 1, 2020, may be called for redemption and payment prior to maturity, on and after November 1, 2019, in whole or in part at any time in any order of maturity as directed by the University (Series 2009B Bonds of less than all of a single maturity to be selected by lot in multiples of $5,000 principal amount by the Paying Agent and Bond Registrar in such equitable manner as it shall designate), at the redemption price of **100%** of the principal amount thereof, plus accrued interest thereon to the redemption date.

Extraordinary Optional Redemption. The Series 2009B Bonds are also subject to redemption and payment prior to the stated maturity, at the option of the University, in whole or in part, on any date, at a redemption price of **100%** of the principal amount thereof, plus accrued interest thereon to the redemption date, upon the occurrence of any of the following conditions or events:

- if title to, or the use for a limited period of, all or a substantial portion of the System Facilities is condemned by any authority having the power of eminent domain;

- if title to all or a substantial portion of the System Facilities is found to be deficient or nonexistent to the extent, in the judgment of the University as reflected in a resolution of the Board or the Executive Committee, that the efficient utilization of a substantial portion of the System Facilities by the University is impaired;

- if all or a substantial portion of the System Facilities is damaged or destroyed by fire or other casualty; or

- if, as a result of changes in the Constitution of the State of Missouri, or of legislative or administrative action by the State of Missouri or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Resolution shall become void or unenforceable, or, in the judgment of the University as reflected in a Resolution of the Board or the Executive Committee, impossible of performance without unreasonable delay, or in any other way, in the judgment of the University as reflected in a resolution of the Board or the Executive Committee, by reason of such change of circumstances, unreasonable burdens or excessive liabilities are imposed on the University.

Notice of Redemption. Notice of the call for any redemption identifying the Series 2009B Bonds or portions thereof to be redeemed shall be given by the Paying Agent, in the name of the University, to the owners of Bonds by mailing a copy of the redemption notice by first class mail not less than 30 nor more than 60 days prior to the redemption date to the owner of each Bond to be redeemed at the address shown on the registration books maintained by the Paying Agent; provided however that any defect in giving such notice by mailing as aforesaid shall not affect the validity of any proceeding for the redemption of any Bond.

A notice of optional redemptions may be conditional upon moneys being on deposit with the Paying Agent on or prior to the redemption date in an amount sufficient to pay the redemption price plus premium, if any, on the redemption date. If the optional redemption notice is conditional and moneys are not received, the notice will be of no force and effect, the Paying Agent will not redeem such Series 2009B Bonds and the Paying Agent will give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that the Series 2009B Bonds will not be redeemed.

Selection of Bonds to be Redeemed. The Series 2009B Bonds may be redeemed in any order of maturity as directed by the University and only in the principal amount of $5,000 or any integral multiple thereof. When less than all of the outstanding Bonds of any maturity are to be redeemed and paid prior to maturity, such Bonds will be selected by the Paying Agent by lot in multiples of $5,000.

Effect of Redemption. On the date fixed for redemption, the Series 2009B Bonds or portion of the Series 2009B Bonds so called for redemption shall become due and payable at the redemption price provided for redemption of such Bonds or portion of Bonds on that date. Interest on such Bonds or portion of such Bonds so called shall cease to accrue as of the redemption date, provided funds are available for redemption of such Bonds on the date specified in such call.

Registration, Transfer and Exchange

The Series 2009B Bonds will be issued only in fully registered form. Any bond may be transferred only upon the surrender thereof to the principal corporate trust office of the Paying Agent duly endorsed for transfer or accompanied by a written instrument of transfer duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Paying Agent. The Paying Agent will charge the owner requesting any change in registration, exchange or transfer a fee covering any tax or other governmental charge in connection therewith.

The foregoing provisions for the registration, transfer and exchange of the Series 2009B Bonds will not be applicable to purchasers of the Series 2009B Bonds so long as the Series 2009B Bonds are subject to the DTC or other book-entry only system.

THE BOOK-ENTRY ONLY SYSTEM

General. When the Series 2009B Bonds are issued, ownership interests will be available to purchasers only through a book-entry only system (the ***"Book-Entry Only System"***) maintained by The Depository Trust Company (***"DTC"***), New York, New York. DTC will act as securities depository for the Series 2009B Bonds. Initially, the Series 2009B Bonds will be issued as one fully-registered Series 2009B Bond for each maturity, registered in the name of Cede & Co. (DTC's partnership nominee), and will be deposited with DTC. The following discussion will not apply to any Series 2009B Bonds issued in certificate form due to the discontinuance of the DTC Book-Entry Only System, as described below.

DTC and its Participants. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (***"Direct Participants"***) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (***"DTCC"***). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (***"Indirect Participants"***). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchase of Ownership Interests. Purchases of the Series 2009B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2009B Bond (the ***"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, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2009B Bonds will be accomplished by entries made on the books of Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Series 2009B Bonds, except in the event that use of the book-entry system for the Series 2009B Bonds is discontinued.

So long as Cede & Co., as nominee of DTC, is the registered owner of any of the Series 2009B Bonds, the Beneficial Owners of such Bonds will not receive or have the right to receive physical delivery of the Series 2009B Bonds, and references herein to the registered owners of such Series 2009B Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of such Bonds.

Transfers. To facilitate subsequent transfers, all Series 2009B Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the Series 2009B Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2009B Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009B Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2009B Bonds, such as redemptions, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2009B Bonds may wish to ascertain that the nominee holding the Series 2009B 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 Cede & Co. If less than all of the Series 2009B Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Voting. Neither DTC nor Cede & Co. will consent or vote with respect to the Series 2009B Bonds. Under its usual procedures, DTC mails an omnibus proxy to the Paying Agent and Bond Registrar as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2009B Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

Payments of Principal and Interest. So long as any Series 2009B Bond is registered in the name of DTC's nominee, all payments of principal of, premium, if any, and interest on such Series 2009B Bond will be made to DTC. DTC's practice is to credit Direct Participants' accounts on any payable dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on any payable date. 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 Paying Agent and Bond Registrar or the University, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Series 2009B Bonds to DTC is the responsibility of the Paying Agent and Bond Registrar, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry Only System. DTC may discontinue providing its services as securities depository with respect to the Series 2009B Bonds at any time by giving reasonable notice to the University or the Paying Agent and Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2009B Bonds are required to be printed and delivered as described in the Bond Indentures.

The use of the system of book-entry transfers through DTC (or a successor securities depository) may be discontinued as described in the respective Bond Indenture. In that event, the Series 2009B Bonds will be printed and delivered as described in the respective Bond Indenture.

None of the Underwriters, the Paying Agent and Bond Registrar or the University will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, or interest on the Series 2009B Bonds; (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Bond Indentures to be given to owners of the Series 2009B Bonds; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2009B Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

The information above concerning DTC and DTC's book-entry system has been obtained from DTC and is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the University, the Paying Agent or the Underwriters. The University, the Paying Agent and the Underwriters make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner.

SECURITY FOR THE SERIES 2009 BONDS

General

The Series 2009 Bonds and the interest thereon will constitute special obligations of the University, and will be payable solely from, and secured as to the payment of principal of, redemption premium, if any, and interest on the Series 2009 Bonds by a first lien on and pledge of the System Revenues, and the System Revenues will be set aside for that purpose in a special fund held pursuant to the Resolution and identified therein as the System Facilities Revenue Account. See **"Appendix C - Definitions and Summaries of Principal Documents."** "System Revenues" consist of the gross income and revenues derived from the following: (1) the ownership or operation of certain facilities of the University described herein (the ***"System Facilities"***), (2) the imposition and collection of certain specifically assessed student fees and stadium usage surcharges and (3) a portion of the Tuition and Fees collected from all students attending the University designated by the University as a Student System Facilities Fee in connection with the System Facilities in an amount equal to the Maximum Annual Debt Service on the Series 2009 Bonds, the Prior System Bonds and any Additional Bonds hereafter issued by the University secured on a parity with the Series 2009 Bonds in any fiscal year.

System Facilities -- Operating Units

The gross income and revenues derived from the ownership or operation of various System Facilities is pledged to the payment of the Series 2009 Bonds and included within the term "System Revenues." The System Facilities include:

Bookstores -- the campus bookstores located on each of the four campuses of the University;

Housing -- certain student residence halls, apartments and related dining and other facilities located on each of the four campuses of the University, but excluding University Meadows on the St. Louis Campus;

Parking -- the existing parking and transportation systems located on each of the four campuses of the University, including revenues derived from parking fees and fines;

Student Centers -- the Memorial Union and Brady Commons located on the Columbia Campus, the Student Center Building on the Kansas City Campus, Havener Center on the Missouri S&T Campus and the University Center and Student Center on the St. Louis Campus, and the dining and other student services located therein; and

University Health System -- the facilities of the University Health System, including the facilities of University Hospital (including Children's Hospital therein), located on the Columbia Campus; Columbia Regional Hospital, located in Columbia, Missouri; the Ellis Fischel Cancer Center, a specialty cancer facility located in Columbia, Missouri; the Missouri Psychiatric Center, located in Columbia, Missouri; and the Missouri Rehabilitation Center, a long-term acute care hospital specializing in brain injury and other rehabilitation services located in Mt. Vernon, Missouri; and the other facilities and health care clinics of the University Health System, including the facilities of University Physicians, the organized practice plan for the faculty of the School of Medicine.

The term "System Facilities" also includes various other facilities of the University, including:

Athletics – the Mizzou Arena and various athletic practice and competition facilities constituting the Sports Complex on the Columbia Campus, including the Hearnes Multi-Purpose Building, Memorial Stadium, Daniel J. Devine Pavilion, the Mizzou Athletics Training Complex, Simmons Field, the softball field and the track and field and soccer stadium;

Printing and Publications -- the printing and publications facility of the University located in Columbia, Missouri;

Power Plant – the cogeneration power plant on the Columbia Campus;

Research Reactor – the research reactor on the Columbia Campus;

Laboratory – the laboratory and related facilities at the Medical School and the Swine Research Center on the Columbia Campus; and

Miscellaneous -- various miscellaneous facilities and equipment of the University located on each of the four campuses including classroom, educational, research, office, administrative and other similar facilities.

It is the intention of the University generally to include only revenue producing facilities within the System Facilities.

Certain other facilities of the University are separately financed and will remain separately financed after the issuance of the Series 2009 Bonds, consisting primarily of facilities financed on a short-term basis through the University's Capital Projects Notes, an annual revenue note program. See **"PLAN OF FINANCE - Other Indebtedness of the University."**

Student Fees and Usage Surcharges

The gross income and revenues derived from the imposition and collection of certain usage fees are pledged to the payment of the Series 2009 Bonds, the Prior System Bonds and any Additional Bonds hereafter issued by the University in accordance with the Resolution. The usage fees that are pledged and included in the "System Revenues" include:

Recreational Facility Fees -- (a) the Multi-Purpose Building Fee and the Student Recreational Facility Fee relating to the Hearnes Multipurpose Center and the Student Recreational Center, and the Student Activities Fee relating to Stankowski Field, paid by each enrolled student on the Columbia Campus, (b) the Recreational Center Fee relating to the Swinney Recreation Center paid by each enrolled student on the Kansas City Campus, (c) the Intramural Facility Fee relating to the Gale Bullman Multipurpose Building paid by each enrolled student on the Missouri S&T Campus and (d) the Mark Twain Renovation Fee relating to the Mark Twain Building paid by each enrolled student on the St. Louis Campus;

Stadium Surcharges -- separate admission surcharges, presently collected in the aggregate amount of $4.50 per paid admission to home regular season varsity football games of the University of Missouri - Columbia, relating to Memorial Stadium on the Columbia Campus; and

Student Center Fees -- (a) the Student Union Fee paid by each enrolled student on the Columbia Campus, (b) the Student Center Building Fee paid by each enrolled student on the Kansas City Campus, (c) the Havener Center Building Fee paid by each enrolled student on the Missouri S&T Campus, and (d) the University Center Building Fee paid by each enrolled student on the St. Louis Campus.

Student System Facilities Fees

A portion of the Tuition and Fees collected from all students enrolled at the University has been designated by the University as a student fee for the use of the System Facilities in an amount equal to the Maximum Annual Debt Service in the present or any future fiscal year on the Series 2009 Bonds, the Prior System Bonds and any Additional Bonds hereafter issued by the University (the ***"Student System Facilities Fee"***). The Student System Facilities Fee is included in the "System Revenues" and is pledged to the payment of the Series 2009 Bonds, the Prior System Bonds and any Additional Bonds hereafter issued by the University. Once all deposits required under the Resolution have been made in any fiscal year, however, the University may expend the Tuition and Fees that constitute the Student System Facilities Fee for any lawful purpose. As a result, the Student System Facilities Fee is not included in the revenues of the System in the audited financial statements of the University of Missouri System Facilities Revenue Bond Fund included as **Appendix B**. The University may increase, but may not decrease, the amount of the Student System Facilities Fee as a percentage of Maximum Annual Debt Service.

Net Tuition and Fees for the fiscal year ended June 30, 2008 were $417,205,000. The total Student System Facilities Fees with respect to the Prior System Bonds for the 2008 fiscal year were $63,116,000.

University Operating Support

During the period from 1985 through 1998, the University made rental payments to the University Development Foundation (the ***"Foundation"***) in an amount sufficient to pay the principal of and interest on the certain then-outstanding revenue bonds (the ***"Power Plant Bonds"***) attributable to the cogeneration power plant on the University's Columbia Campus (the ***"Power Plant"***) from general University funds pursuant to the terms of an annually renewable lease purchase agreement between the University and the Foundation. It has been the practice of the University since the issuance of the Series 1998A Bonds described below, which refunded the Power Plant Bonds, to make available general University funds in each fiscal year in an amount sufficient to pay the portion of the principal of and interest on the Series 1998A Bonds attributable to the refunding of the Power Plant Bonds, as well as the portion of the principal of and interest on the Series 2006 Bonds attributable to the partial refunding of the Series 1998A Bonds and to the improvements to be made to the Power Plant.

In addition, the University has expressed its intention to make $1,250,000 available from general University funds in fiscal year 2010 to pay the portion of the principal of and interest on the Bonds to support various athletic facilities of the University financed with the proceeds of the Bonds. The University plans to reduce this amount over the following two years so that in fiscal year 2013 there will be no support from general University funds for this purpose.

Although the intended payments to support debt service attributable to athletics and the Power Plant Bonds refunding described in the preceding paragraphs do not constitute System Revenues and are not pledged to the payment of the Series 2009 Bonds, those payments, to the extent made, would reduce the amount of System Revenues necessary to pay principal of and interest on the Bonds. The University is not contractually or legally obligated to make either of these payments to support debt service on the Prior System Bonds, and any future payments by the University for those purposes are subject to annual appropriation and payment by the University. See **"SECURITY FOR THE SERIES 2009 BONDS – Limited Obligations."**

Rate Covenant

Pursuant to the Resolution, the University has covenanted to continuously operate and maintain the System Facilities and continue to fix and maintain such reasonable rates and charges for the use of the System Facilities as will allow it to collect System Revenues sufficient to (a) provide and maintain the System Facilities Revenue Account and the Principal and Interest Account (as defined in the Resolution) in amounts adequate to pay promptly the principal of and interest on the Series 2009 Bonds, the Prior System Bonds and any Additional Bonds hereafter issued by the University and secured on a parity with the Series 2009 Bonds as and when the same become due; and (b) enable the University to have in each fiscal year System Revenues (excluding the Student System Facilities Fee) in an amount that will be not less than 200% of the Annual Debt Service required to be paid by the University in that fiscal year on account of both principal of and interest on all Bonds at the time Outstanding.

Outstanding Parity Bonds

In 1993, the University adopted resolutions that authorized the issuance of its System Facilities Revenue Bonds, Series 1993 (the ***"Series 1993 Bonds"***), none of which remain outstanding. The Series 1993 Bond resolutions established a system facility financing program for the University, which included the Series 1993 Bonds and any Additional Bonds thereafter issued by the University in conformance with the provisions of the 1993 resolutions.

Since 1993, the University has issued various series of Prior System Bonds, all of which constituted Additional Bonds under the original 1993 resolutions. The University currently has outstanding the following series of Prior System Bonds, all of which stand on a parity with the Series 2009 Bonds. Principal amounts outstanding for all Prior System Bonds are as of the date hereof:

- System Facilities Revenue Bonds, Series 1998A, in the outstanding principal amount of $13,130,000;
- System Facilities Revenue Bonds, Series 2000A, in the outstanding principal amount of $7,055,000;
- Variable Rate Demand System Facilities Refunding Revenue Bonds, Series 2000B, in the outstanding principal amount of $50,000,000;
- Variable Rate Demand System Facilities Revenue Bonds, Series 2001A, in the outstanding principal amount of $34,505,000;
- System Facilities Refunding Revenue Bonds, Series 2001B, in the outstanding principal amount of $43,405,000;
- System Facilities Revenue Bonds, Series 2003A, in the outstanding principal amount of $13,615,000;
- System Facilities Refunding Revenue Bonds, Series 2003B, in the outstanding principal amount of $30,075,000;
- System Facilities Revenue Bonds, Series 2006A, in the outstanding principal amount of $242,675,000;
- Variable Rate Demand System Facilities Revenue Bonds, Series 2006B, in the outstanding principal amount of $39,705,000;
- System Facilities Revenue Bonds, Series 2007A, in the outstanding principal amount of $260,230,000; and
- Variable Rate Demand System Facilities Revenue Bonds, Series 2007B, in the outstanding principal amount of $101,910,000.

The bonds referred to above are collectively referred to as the ***"Prior System Bonds,"*** which are outstanding in the aggregate principal amount of $836,305,000 as of the date hereof.

The Series 2009 Bonds are "Additional Bonds" within the meaning of the Prior System Bond resolutions and stand on a parity with and are equally and ratably secured with respect to the payment of principal and interest from the System Revenues derived by the University from the operation of the System Facilities and in all other respects with the Prior System Bonds, all as defined and provided in the Resolution. The Prior System Bonds specified above will enjoy complete equality of lien on and claim against the System Revenues with the Series 2009 Bonds.

Swap Agreements

The University has swapped $141,910,000 principal amount of its outstanding variable rate Prior System Bonds to fixed rates of 3.95% with respect to $40,000,000 principal amount and 3.798% with respect to $101,910,000 principal amount. The swaps extend to November 1, 2032 and November 1, 2031, respectively, subject to earlier termination in accordance with their terms. The counterparty on the swaps is JPMorgan Chase Bank, N.A., an affiliate of one of the Underwriters. The University's fixed rate payment obligations and termination payment obligations to the counterparty under the swap agreements are limited obligations of the University payable solely from System Revenues on a parity basis with the Series 2009 Bonds, the Prior System Bonds and any Additional Bonds hereafter issued by the University. The University and the counterparty are required to post collateral with the other if the termination payment amount calculated on each valuation date exceeds a certain amount (which amount varies based on the credit rating of the party posting collateral). The market values of the swaps are computed daily by the counterparty based on fluctuations in interest rates. See Note 10 of the Notes to Financial Statements included as **Appendix A** to this Official Statement. As of July 8, 2009, the market value to the University of the two swaps was an aggregate of approximately ($27,000,000). The University is required to post collateral with the counterparty when the market value exceeds ($30,000,000), based on the current long-term rating of the University.

University Self-Liquidity

The University provides self-liquidity for all outstanding variable rate Prior System Bonds. As a result, the University is obligated to repurchase, with funds of the University, any variable rate bonds that are tendered for remarketing and are not successfully remarketed. The University maintains substantial liquidity in its Pooled General Investments for such purpose.

Additional Bonds

Prior Lien Bonds. The University covenants and agrees that so long as any of the Series 2009 Bonds remain outstanding and unpaid, the University will not issue any Additional Bonds or other debt obligations payable out of the System Revenues or any part thereof that are superior to the Series 2009 Bonds; provided, however, that nothing in the Resolution will preclude the University from issuing any Additional Bonds or other debt obligations to refund, in whole or in part, the Series 2009 Bonds.

Parity Lien Bonds. The University may issue one or more additional series of revenue bonds or other debt (collectively, ***"Additional Bonds"***) to finance the acquisition, construction, improvement, renovation, furnishing or equipping of System Facilities Additions (see **"Appendix C - Definitions and Summaries of Principal Documents"**) or to refund indebtedness previously incurred to finance the acquisition, construction, improvement, renovation, furnishing or equipping of the System Facilities or System Facilities Additions, to be secured by a parity lien on and ratably payable from the System Revenues pledged to the Series 2009 Bonds and the Prior System Bonds, provided that all the following conditions are met:

(a) The University is not in default in the payment of principal of or interest on the Series 2009 Bonds, any Prior System Bonds or any Additional Bonds or in making any payment at the time required to be made into the respective funds and accounts created by and referred to in the Resolution; and

(b) The System Facilities Additions are made part of, if not already a part of, the System Facilities, and the System Revenues are pledged as security for the additional parity bonds and all Bonds Outstanding against the System Facilities; and

(c) The University obtains a certificate from its Controller (or other similar officer selected by the University), attesting to the accuracy of the calculations made by the University, that shows both of the following:

(1) The System Revenues (excluding the amount of any Student System Facilities Fee designated by the University) derived by the University for the fiscal year immediately preceding the issuance of Additional Bonds have been equal to at least 200% of the Maximum Annual Debt Service required to be paid out of the System Revenues in any current or future fiscal year on account of both principal and interest becoming due with respect to the Series 2009 Bonds, the Prior System Bonds and any Additional Bonds. In determining the System Revenues for the purpose of this subsection, System Revenues may be adjusted by adding thereto, in the event the University has made and put into effect any increase in the rates, charges or fees constituting the System Revenues and the increase has not been in effect during all the fiscal year immediately preceding the issuance of the Additional Bonds, the estimated amount of the additional System Revenues that would have resulted from the increase in the rates, charges or fees constituting the System Revenues during the preceding fiscal year had the rate increase been in effect for the entire period; and

(2) The estimated average annual System Revenues derived by the University (excluding the amount of any Student System Facilities Fee designated by the University) in connection with the issuance of the Additional Bonds for the two fiscal years immediately following the year in which the additional facilities for which the cost of acquisition, construction, improvement, renovation, furnishing or equipping of which is being financed by such Additional Bonds, are to be in operation, will be equal to at least 200% of the average Annual Debt Service required to be paid out of the System Revenues in any succeeding fiscal year following such operation on account of both principal and interest becoming due with respect to all Bonds, including the Additional Bonds proposed to be issued. In determining the amount of estimated System Revenues for the purpose of this subsection, System Revenues may be adjusted by adding thereto any estimated increase in System Revenues resulting from any increase in the rates, charges or fees constituting the System Revenues that are economically feasible and reasonably considered necessary. The computation of estimates will be made by an officer selected by the University.

Additional Bonds of the University issued under the conditions set forth above will stand on a parity with the Series 2009 Bonds and the Prior System Bonds and will enjoy complete equality of lien on and claim against the System Revenues with the Series 2009 Bonds and the Prior System Bonds, and the University may make equal provision for paying the bonds and the interest thereon out of the System Facilities Revenue Account and may likewise provide for the creation of reasonable principal and interest accounts for the payment of the Additional Bonds and the interest thereon.

Special Additional Bonds. The University may also issue additional series of revenue bonds or provide for existing bonds or obligations to be secured by a parity lien on and ratably payable from the System Revenues with the Series 2009 Bonds and the Prior System Bonds and otherwise as set forth in **Article XV** of the Resolution. See **"Appendix C - Definitions and Summaries of Principal Documents."**

Junior Lien Bonds. The University may issue one or more additional series of revenue bonds or other revenue obligations payable out of the System Revenues that are junior and subordinate to the Series 2009 Bonds provided at the time of the issuance of the additional revenue bonds or obligations all the following conditions are met:

(a) The University is not in default in the payment of principal of or interest on the Series 2009 Bonds, any Prior System Bonds or any Additional Bonds or in making any payment at the time required to be made into the respective funds and accounts created by and referred to in the Resolution;

(b) Any System Facilities Additions financed with junior lien bonds are made a part of, if not already a part of, the System Facilities, and the System Revenues derived therefrom are pledged as security for the additional revenue bonds or other obligations and all Bonds and Additional Bonds outstanding against the System Facilities; and

(c) The University obtains a certificate from its Controller (or other similar officer selected by the University), attesting to the accuracy of the calculations made by the University, that demonstrates that the System Revenues (excluding the amount of any Student System Facilities Fee designated by the University) derived by the University for the fiscal year immediately preceding the issuance of additional revenue bonds or other obligations that are junior and subordinate to the Series 2009 Bonds are equal to at least 200% of the sum of (i) the average Annual Debt Service required to be paid out of the System Revenues in any succeeding fiscal year (other than the last year) on account of both principal and interest becoming due with respect to all revenue obligations payable out of the System Revenues, and (ii) the average Annual Debt Service required to be paid out of the System Revenues in any succeeding fiscal year on account of both principal and interest becoming due with respect to the additional junior lien bonds or other obligations proposed to be issued. In determining the System Revenues for the purpose of this subsection, System Revenues may be adjusted by adding thereto, if the University has made and put into effect an increase in the rates or charges constituting the System Revenues and the increase will not have been in effect during all of the fiscal year immediately preceding the issuance of additional revenue bonds or other obligations, the estimated amount of the additional System Revenues that would have resulted from the increase in the rates, charges or fees constituting the System Revenues during the preceding fiscal year had the rate increase been in effect for the entire period.

The additional revenue bonds or obligations will be junior and subordinate to the Series 2009 Bonds so that if at any time the University is in default in paying either interest on or principal of the Series 2009 Bonds, or if the University is in default in making any payments required to be made by it under the Resolution, the University will make no payments of either principal of or interest on the junior and subordinate revenue bonds or obligations until the default or defaults are cured. In the event of the issuance of any junior and subordinate revenue bonds or obligations, the University, subject to the provisions above, may make provision for paying the principal of and interest on the junior lien revenue bonds or obligations out of moneys in the System Facilities Revenue Account.

Refunding Bonds. The University will have the right, if it finds it desirable, to refund any of the Series 2009 Bonds then subject to redemption or becoming due, under the provisions of any law then available. The Bonds or any part thereof may be refunded and the refunding bonds so issued will stand on a parity or enjoy complete equality of pledge upon the System Revenues with any Series 2009 Bonds that are not refunded without complying with the provisions of the foregoing as to Additional Bonds as long as there are debt service savings to the University by virtue of the refunding. See **"Appendix C - Definitions and Summaries of Principal Documents."**

Type of Indebtedness. So long as the other covenants of the Resolution applicable to that indebtedness are met, the Additional Bonds or junior lien bonds may be issued on either a fixed rate or a variable rate basis, and the University may use derivative products.

Operation and Maintenance of System Facilities

The University intends to pay the cost of operation and maintenance of the System Facilities from excess System Revenues (excluding the Student System Facilities Fee) available for that purpose. The University has covenanted with respect to the Prior System Bonds that the costs of operation and maintenance of the System Facilities financed thereby would be met from other University funds budgeted and available for that purpose. The University also intends to pay the cost of operation and maintenance of the System Facilities financed by the Prior System Bonds from excess System Revenues available for that purpose should excess System Revenues exist. In the past, the System Revenues (excluding the Student System Facilities Fee) have been adequate to pay the costs of operation and maintenance of the System Facilities, including facilities financed by the Prior System Bonds.

The University has historically maintained reserves for repair and replacement relative to the System Facilities and intends to continue to maintain those reserves after the issuance of the Series 2009 Bonds. The existence of those reserves is not required by the Resolution, but is considered by the University to be a good business practice. The amount of reserves may change from time to time. As of June 30, 2008, the amounts held in the reserves for repair and replacement relative to the System Facilities aggregated $114,027,997.

Limited Obligations

The Series 2009 Bonds and the interest thereon will not constitute an indebtedness or general obligation of the State of Missouri, the University, the Board, or any individual member of the Board. Under the Resolution, the Board will pledge and grant a continuing security interest in the System Revenues as long as the Series 2009 Bonds are outstanding. The owners of the Series 2009 Bonds will have no right to demand payment out of any other funds of the University.

Modification of System Revenues and Addition of Other Facilities

The University established a system-wide financing program for the System Facilities to be secured by the System Revenues in connection with the issuance of the Series 1993 Bonds and the Prior System Bonds. The Series 2009 Bonds are a part of that financing program. Under the Resolution and the resolutions authorizing the Prior System Bonds, the University may subsequently add other facilities to the System Facilities, add other revenues to the System Revenues and secure other bonds by the System Revenues on a parity with the Series 2009 Bonds and the Prior System Bonds. If other facilities or bonds are combined with this financing program, the Series 2009 Bonds and the Prior System Bonds, together with bonds secured by other revenues or fees of the program, would be jointly secured by the combined program fund. The University has covenanted that any such combination would not impair the then existing rating on the Series 2009 Bonds. See **"Appendix C - Definitions and Summaries of Principal Documents - Potential Modification of (1) Security for the Series 2009 Bonds; (2) Bonds as to Which System Revenues Provide Security; and (3) Parity Lien Bond Test."**

PLAN OF FINANCE

Series 2009B Bonds

The Series 2009B Bonds are being issued for the purpose of (i) the payment of a portion of the cost of acquiring, constructing, erecting, equipping and furnishing the Projects described below, (ii) the payment of capitalized interest on a portion of the Series 2009B Bonds, and (iii) the payment of costs of issuance of the Series 2009B Bonds.

Series 2009A Bonds

The University has agreed to issue the Series 2009A Bonds in the principal amount of $256,300,000 contemporaneously with issuance of the Series 2009B Bonds. The Series 2009A Bonds will be issued for the purpose of (i) the payment of a portion of the cost of acquiring, constructing, erecting, equipping and furnishing the Projects, (ii) the payment of capitalized interest on a portion of the Series 2009A Bonds, and (iii) the payment of costs of issuance of the Series 2009A Bonds. The issuance of the Series 2009A Bonds is not conditioned upon the issuance of the Series 2009B Bonds, and the issuance of the Series 2009B Bonds is not conditioned upon the issuance of the Series 2009A Bonds.

The Series 2009A Bonds will be on a parity with the Series 2009B Bonds and all other outstanding Prior System Bonds. **No offer or solicitation of offers to purchase the Series 2009A Bonds is made by this Official Statement.**

Projects

A portion of the proceeds of the Series 2009A Bonds and the Series 2009B Bonds, along with other monies of the University, will be used by the University to pay all or a portion of the cost of acquisition, construction, improvement, renovation, furnishing or equipping of the Projects. The Projects to be financed, in whole or in part, out of proceeds of the Series 2009 Bonds include the following:

Columbia Campus

- Renovation of power plant and other energy management improvements and additions.
- Renovation of Hudson and Gillett Halls.
- Construction of Mid-Campus residence halls.

University Health System

- Construction of Missouri Orthopedic Institute.
- Construction of new patient care tower.
- Relocation and construction of Children’s Hospital.

Kansas City Campus

- Construction of soccer and track facility.
- Construction of a new student union facility.
- Construction of Interactive Learning Center, Phase I South.
- Construction of Oak Street West housing facility, Phase II.

Missouri S&T Campus

- Renovation of the Thomas Jefferson South residence hall.
- Construction of Research Park office facility.

St. Louis Campus

- Acquisition and renovation of the Flushing Meadows building.

All Campuses

- Acquisition, construction, renovation, furnishing and equipping of the System Facilities and various facilities and equipment of the University, including housing, dining, bookstore, parking, recreational, athletic, health system, student center, laboratory, classroom, educational, research, office, administrative and other similar facilities.

To the extent any proceeds of the Series 2009 Bonds to be used to finance the Projects are not spent on the foregoing items, the unspent proceeds will be used by the University for other improvements to the System Facilities.

Other Indebtedness of the University

The Prior System Bonds in the aggregate outstanding principal amount of $836,305,000 as of the date hereof are secured by the System Revenues on a parity with the Series 2009 Bonds. See **"SECURITY FOR THE SERIES 2009 BONDS - Outstanding Parity Bonds."**

After the issuance of the Series 2009 Bonds and the application of the proceeds thereof, the University will have outstanding no long-term indebtedness other than the Series 2009 Bonds, the Prior System Bonds and the Capital Project Notes, Series FY 2009-2010 referred to immediately below.

Capital Finance Plans of the University

On July 1, 2009, the University issued $125 million principal amount of Capital Projects Notes, Series FY 2009-2010A, the proceeds of which are being used to provide funds to finance certain capital projects of the University during the 2009-2010 fiscal year. The Capital Projects Notes will mature on June 30, 2010 and will be payable out of and secured by the University's current funds (generally, state appropriations, student fee revenues and other undesignated current funds). The Capital Projects Notes are not secured by the System Revenues. The University expects to repay the FY 2009-2010A Capital Project Notes at maturity with the cash resources of the University.

Sources and Uses of Funds

The following is a summary of the estimated sources and uses of funds in connection with the plan of financing:

	Series 2009A	Series 2009B	Total
Sources of Funds:			
Par amount	$256,300,000	$75,760,000	$332,060,000
Original issue premium, net of original issue discount	--	5,543,927	5,543,927
Total sources of funds	$256,300,000	$81,303,927	$337,603,927
Uses of Funds:			
Deposit to Projects Account[1]	$253,458,520	$80,801,723	$334,260,243
Costs of Issuance (including Underwriters' discount)	2,841,480	502,204	3,343,684
Total uses of funds	$256,300,000	$81,303,927	$337,603,927

(1) Includes capitalized interest on a portion of the Series 2009 Bonds.

DEBT SERVICE REQUIREMENTS

The following table sets forth the estimated future annual debt service requirements relating to the System Facilities, including both the Series 2009 Bonds and the Prior System Bonds, calculated on a fiscal year basis.

Fiscal Year Ending June 30,	Prior System Bonds Principal and Interest [1]	Series 2009A Bonds Principal	Series 2009A Bonds Interest [2]	Series 2009B Bonds Principal	Series 2009B Bonds Interest	Total Debt Service Relating to System Facilities
2010	$ 61,723,760		$ 11,796,065		$ 2,265,704	$ 75,785,529
2011	60,842,773		15,275,480	$ 5,105,000	2,857,430	84,080,683
2012	58,585,600		15,275,480	5,260,000	2,701,955	81,823,035
2013	58,624,020		15,275,480	5,665,000	2,538,080	82,102,580
2014	58,656,693		15,275,480	5,805,000	2,351,430	82,088,603
2015	58,684,756		15,275,480	5,585,000	2,140,980	81,686,216
2016	58,698,684		15,275,480	6,265,000	1,899,680	82,138,844
2017	58,626,886		15,275,480	6,315,000	1,640,380	81,857,746
2018	58,632,017		15,275,480	6,565,000	1,374,730	81,847,227
2019	56,960,196		15,275,480	6,845,000	1,096,840	80,177,516
2020	56,987,941		15,275,480	7,250,000	816,138	80,329,559
2021	57,009,060		15,275,480	7,375,000	505,675	80,165,215
2022	57,047,869		15,275,480	7,725,000	168,450	80,216,799
2023	57,072,413	$ 10,070,000	14,975,394			82,117,807
2024	55,546,989	10,465,000	14,363,451			80,375,440
2025	55,584,118	10,875,000	13,727,519			80,186,637
2026	55,605,643	11,300,000	13,066,704			79,972,347
2027	55,276,493	11,740,000	12,380,112			79,396,605
2028	55,949,543	12,200,000	11,666,700			79,816,243
2029	52,394,386	12,680,000	10,925,276			75,999,662
2030	38,366,580	13,175,000	10,154,797			61,696,377
2031	38,398,405	13,695,000	9,354,071			61,447,476
2032	34,479,380	14,230,000	8,521,906			57,231,286
2033	22,309,005	14,790,000	7,657,110			44,756,115
2034	22,303,105	15,370,000	6,758,342			44,431,447
2035	22,296,280	15,970,000	5,824,410			44,090,690
2036	22,296,405	16,595,000	4,853,973			43,745,378
2037	15,795,316	17,245,000	3,845,541			36,885,857
2038	15,793,864	17,920,000	2,797,624			36,511,488
2039		18,625,000	1,708,583			20,333,583
2040		19,355,000	576,779			19,931,779
Total	$1,380,548,180	$256,300,000	$348,260,117	$75,760,000	$22,357,471	$2,083,225,768

(1) Prior System Bonds in the outstanding principal amount of $226,120,000 bear interest at variable rates that are set daily or weekly in accordance with the Prior System Bond resolutions. For purposes of the preceding table, the University has assumed that all the outstanding variable rate Prior System Bonds bear interest at a fixed rate of 4.0% per annum throughout the maturity of each series of variable rate bonds.

(2) Interest shown is gross interest expense on the Series 2009A Bonds before any interest subsidy payments that the University expects to receive from the U.S. Treasury as a result of the qualification of the Series 2009A Bonds as "Build America Bonds" under the American Recovery and Reinvestment Act of 2009 and Section 54AA of the Internal Revenue Code. The University is obligated to pay the interest on the Series 2009A Bonds at the stated interest rate thereon irrespective of whether the University receives the interest subsidy payments from the U.S. Treasury.

PLEDGED REVENUES OF THE SYSTEM

The Series 2009 Bonds are payable solely from, and secured as to the payment of principal of, redemption premium, if any, and interest on the Series 2009 Bonds, by a first lien on and pledge of the System Revenues, which consist of revenues derived from (i) the ownership or operation of the System Facilities; (ii) the imposition and collection of certain specifically assessed student fees and stadium usage surcharges; and (iii) a portion of the Tuition and Fees collected from all students attending the University, designated by the University as a Student System Facilities Fee in connection with the System Facilities, in an amount equal to the Maximum Annual Debt Service in the present or any future fiscal year with respect to the Series 2009 Bonds and any outstanding Prior System Bonds. See **"SECURITY FOR THE SERIES 2009 BONDS."**

Effective as of February 7, 2006, the date of issuance of the Series 2006 Bonds, the University Health System and the facilities thereof became a part of the System Facilities. Accordingly, the revenues and expenses of the University Health System effectively became System Revenues and expenses for the fiscal year ended June 30, 2006, the fiscal year in which the University Health System became a part of the System Facilities. Upon the issuance of the Series 2006 Bonds, all then outstanding University Health System revenue bonds were refunded with a portion of the Series 2006 Bond proceeds. The following table includes the University Health System revenues in the System Revenues for the fiscal years ended June 30, 2006 and thereafter. See **"THE UNIVERSITY – University Health System."**

The following table sets forth the historical System Revenues pledged to secure the Series 2009 Bonds and the Prior System Bonds.

Historical Pledged System Revenues
(in thousands)

	Fiscal Years Ended June 30,				
	2004	**2005**	**2006[1]**	**2007**	**2008**
Operating Revenues					
Specifically Assessed Student Fees	$ 8,928	$ 12,414	$ 13,906	$ 13,846	$ 15,853
Bookstore	44,373	50,422	54,308	56,929	61,423
Housing and Food Service, Net	53,419	57,668	61,480	66,730	72,382
Parking	12,189	12,975	13,942	14,035	15,218
Athletic Ticket Surcharge	1,120	1,205	1,641	1,956	2,096
Patient Medical Services, Net [1]	-	-	593,807	620,241	663,227
Other	1	163	16,335	18,818	17,826
Total	120,030	134,847	755,419	792,555	848,025
Investment Income	2,793	3,001	7,507	14,921	27,772
Student System Facilities Fee [2]	40,667	40,667	48,591	48,591	63,116
Total	$163,490	$178,515	$811,517	$856,067	$938,913

(1) As discussed above, System Revenues for the fiscal years ended June 30, 2006 and thereafter include the revenues of the University Health System. Prior to fiscal year 2006, the revenues of the University Health System did not constitute System Revenues.

(2) The Student System Facilities Fee is included in the "System Revenues" and is pledged to the payment of the Series 2009 Bonds, the Prior System Bonds and any Additional Bonds hereafter issued by the University. Once all deposits required under the Resolution have been made in any fiscal year, however, the University may expend the Tuition and Fees that constitute the Student System Facilities Fee for any lawful purpose. As a result, the Student System Facilities Fee is not included in the revenues of the System in the audited financial statements of the University of Missouri System Facilities Revenue Bond Fund in **Appendix B**.

THE UNIVERSITY

History and Background

The University, created by the Geyer Act of the Tenth General Assembly of Missouri in 1839, is the oldest state university west of the Mississippi. The University was patterned after the ideals of Thomas Jefferson, a vigorous advocate of public higher education. After passage of the Morrill Act by Congress, the University became a land-grant institution in 1870.

The University had its beginnings in Columbia, Missouri. It remained a single-campus institution until 1870 when the Rolla campus (now known as the Missouri University of Science and Technology) was opened. Two campuses were added in 1963: an entirely new campus was started in St. Louis, Missouri and the private University of Kansas City in Kansas City, Missouri became the University of Missouri-Kansas City.

Board of Curators

Under the Constitution of the State of Missouri, the University is governed by the Board of Curators of the University of the State of Missouri. This nine-member Board is appointed by the Governor and confirmed by the Missouri Senate, with each appointment being for a six-year term. No more than five members can be from the same political party, and no more than one member can be from a single congressional district. The Missouri Constitution provides that the Board has sole authority to govern the University. The state General Assembly has the responsibility to provide adequate funds to maintain the University.

General Officers

The Board appoints the President of the University, who is the chief executive officer for the University's four-campus system. The Board, upon recommendation of the President, appoints a Chancellor to direct each campus, a Vice President for Finance and Administration, a Vice President for Academic Affairs, a Vice President for Research and Economic Development, a Vice President for Information Technology, a Vice President for Human Resources, and a Vice President for Governmental Relations, all of whom report to the President, and a General Counsel, who reports directly to the Board.

The following is summary biographical information relating to the President of the University and the Chancellor of each Campus of the University:

Gary D. Forsee, 59, President of the University of Missouri System. President Forsee was appointed President of the University effective February 18, 2008. Prior to assuming this role, President Forsee served as Chairman and Chief Executive Officer of Sprint Nextel; Chairman and Chief Executive Officer of Sprint; President and Chief Executive Officer of Global One, a joint venture of Sprint, Deutsche Telekom and France Telecom; Chairman of the Board for Cingular Wireless, a Bell-South-Southwestern Bell joint venture; President and Chief Operating Officer of Sprint's Long-Distance Division; and General Manager and Vice President of the Governmental Systems Division of Sprint. President Forsee received an engineering degree from the Missouri University of Science and Technology.

Brady J. Deaton, 67, Chancellor of the University of Missouri-Columbia. Dr. Deaton became the 21st chief executive officer of the University of Missouri-Columbia on October 4, 2004. Dr. Deaton holds a bachelor's degree in agricultural economics and a master of arts in diplomacy and international commerce from the University of Kentucky, and a master of science and doctorate in agricultural economics from the University of Wisconsin. Prior to joining the University, Dr. Deaton served as an assistant and associate professor of agricultural economics and rural sociology at the University of Tennessee, and served for 12 years as a professor and coordinator of the rural development research and extension program at Virginia

Polytechnic Institute and State University. He joined the University of Missouri-Columbia in 1989 and, prior to being named Chancellor, served the University as professor and chair in the Agricultural Economics Department, chief of staff in the Office of the Chancellor, deputy chancellor, provost, and executive vice chancellor for academic affairs.

Leo E. Morton, 63, ***Chancellor of the University of Missouri-Kansas City.*** Mr. Morton became Chancellor of the University of Missouri-Kansas City on December 15, 2008. Mr. Morton holds a bachelor's degree in engineering from Tuskegee University and a maser's degree in management from the Massachusetts Institute of Technology. Prior to assuming the Chancellorship, Mr. Morton served as interim Chancellor and was employed with Aquila, Inc., in various executive positions, including senior vice president and chief administrative officer since 2000. Prior to Aquila, Inc., Mr. Morton's management career extended over 26 years in engineering and manufacturing with AT&T Microelectronics, Bell Laboratories, General Motors, Rust Engineering Company and Corning Glass. Mr. Morton was a trustee for the University of Missouri-Kansas City since 2000, and served as chairman of the board of trustees prior to stepping down to serve as interim Chancellor.

John F. Carney III, 66, Chancellor of the Missouri University of Science and Technology. Dr. Carney, former provost and vice president for academic affairs at Worcester Polytechnic Institute ("WPI") in Worcester, Massachusetts, became the Chancellor at Missouri University of Science and Technology effective September 1, 2005. A civil engineer by training, Dr. Carney holds a bachelor's degree from Merrimack College and master's and Ph.D. degrees in civil engineering from Northwestern University. Dr. Carney began his academic career at the University of Connecticut from 1966-1981. He then joined Auburn University as professor and head of the civil engineering department, a position he held until 1983, when he joined Vanderbilt University as a professor of civil engineering. He joined the faculty and administration at WPI in 1996.

Thomas F. George, 61, Chancellor of the University of Missouri-St. Louis. Dr. George became Chancellor of the St. Louis Campus on September 1, 2003. Prior to joining the University, Dr. George served as chancellor of the University of Wisconsin-Stevens Point. Prior to coming to Stevens Point in 1996, he served for five years as provost and academic vice-president of Washington State University. Dr. George also worked at the State University of New York at Buffalo where he served as dean of the faculty of natural sciences and mathematics for six years, and at the University of Rochester where he was a professor of chemistry. Dr. George earned his bachelor's degree (Phi Beta Kappa) with a double major in chemistry (with honors) and mathematics (with honors) from Gettysburg College, his master's degree and doctoral degree in theoretical chemistry from Yale University, followed by postdoctoral appointments at the Massachusetts Institute of Technology and the University of California at Berkeley.

University System

The University currently includes four campuses with 45 schools, colleges and divisions, and an enrollment of over 66,000 full and part-time students. The four-campus system administration is located in Columbia. The University is the only public institution in Missouri offering professional and doctoral degrees, and approximately one-fourth of its enrollment consists of professional and graduate students. The University also administers a statewide cooperative extension service consisting of centers located in nearly all of Missouri's 114 counties. The extension service is aided by local extension councils in every Missouri county which help guide local educational programming.

The Columbia Campus

The University of Missouri – Columbia (the ***"Columbia Campus"*** or ***"UMC"***) is the largest campus in the University system with nearly one-half of the University's enrollment. The Columbia Campus had a Fall 2008 enrollment of approximately 30,130 full- and part-time students. Established in 1839, the Columbia Campus has 20 schools and colleges offering over 275 degree programs and emphasis areas. The Columbia

Campus is home of the world's first School of Journalism, the oldest agricultural experiment field west of the Mississippi River and of the nation's first electrical engineering department. It is one of only five institutions in the United States that has accredited programs located on one campus in agriculture, business, education, engineering, journalism, law, medicine, and veterinary medicine. The Columbia Campus is home to the University of Missouri Health System, an integrated health network that includes five hospitals totaling 563 acute care beds, which support the teaching efforts of the Schools of Medicine, Nursing, and Health Professions. The Columbia Campus also includes a School of Natural Resources, a Graduate School, a College of Arts and Sciences, a School of Fine Arts, a School of Music, a School of Accountancy, a School of Information Science and Learning Technologies, a College of Human Environmental Sciences, a School of Social Work, the Harry S Truman School of Public Affairs, as well as various cooperative programs. UMC is a member of the Association of American Universities and has been designated a Doctoral/Research Universities Extensive by the Carnegie Foundation for Advancement of Teaching. UMC is also a member of the National Association of State Universities and Land-Grant Colleges.

The Kansas City Campus

While the University of Missouri – Kansas City (the ***"Kansas City Campus"*** or ***"UMKC"***) has been a part of the University since 1963, classes began on the Kansas City Campus 30 years earlier as a private institution, the University of Kansas City. Three of the professional schools on the Kansas City Campus (dentistry, law and pharmacy) were founded in the nineteenth century and subsequently merged into the University of Kansas City. The Kansas City Campus also has a Graduate School, a College of Arts and Sciences, Schools of Biological Sciences, Business and Public Administration, Education, Interdisciplinary Computing and Engineering, Medicine and Nursing, the Conservatory of Music, and various cooperative programs. The Kansas City Campus had a Fall 2008 enrollment of approximately 14,481 full- and part-time students. UMKC includes both the main Volker campus, located just south of the Country Club Plaza, and the Hospital Hill campus, located in midtown Kansas City. It is primarily a commuter campus, and 36% of its students are enrolled in graduate or professional programs, the highest ratio on any of the University's campuses.

The Missouri S&T Campus

The Missouri University of Science and Technology, formerly known as the University of Missouri – Rolla (the ***"Missouri S&T Campus"*** or ***"Missouri S&T"***) is located in the City of Rolla, Missouri, which is approximately 100 miles southwest of St. Louis. Missouri S&T had a Fall 2008 enrollment of approximately 6,367 full-time and part-time students. The Campus was known as the Missouri School of Mines and Metallurgy from 1917 until 1964. On July 1, 2007 the campus restructured its academic administration. The School of Engineering, School of Management and Information Systems, School of Materials, Energy and Earth Resources and the College of Arts and Sciences were eliminated. Two new vice provost positions were created; one for graduate studies and one for academic affairs. This change was designed to enhance direct interaction among departments and the provost's office and remove the dividing lines between schools, thereby encouraging more interdisciplinary activities. The Campus is located on a site of 284 acres within the City of Rolla and provides off campus programs at the Graduate Engineering Center in St. Louis. Missouri S&T ranks nationally in the "top twenty-five" in number of engineering bachelors degrees granted. About one-half of the engineers educated in Missouri are Missouri S&T graduates.

Effective January 1, 2008 the name of the University of Missouri–Rolla was changed to "Missouri University of Science and Technology." The name change was designed to reflect the Missouri S&T Campus' status as a leading technological research university and its special focus on engineering, technology and science.

The St. Louis Campus

From its beginning in 1963, the University of Missouri – St. Louis (the ***"St. Louis Campus"*** or ***"UMSL"***) has grown to become the third largest university in Missouri. The St. Louis Campus had a Fall 2008 enrollment of approximately 15,741 full- and part-time students. The St. Louis Campus offers an academic structure consisting of a Graduate School, an Honors College, the School of Social Work, the Colleges of Arts and Sciences, Business Administration, Education, Fine Arts and Communication, Nursing and Optometry, and various cooperative programs. The St. Louis Campus serves primarily residents of the St. Louis metropolitan area.

University Health System

University Health System – General. The University Health System consists of the University of Missouri Health Care (***"Health Care"***), a system of hospitals and clinics serving the health care needs of central Missouri, and University Physicians, which is the organized practice plan for the faculty of the University of Missouri - Columbia School of Medicine, and various facilities utilized by University Physicians. The School of Medicine, the Sinclair School of Nursing and the School of Health Professions are not part of the University Health System, and none of the revenues of those Schools is included in the System Revenues. The flagship hospital of Health Care is University Hospital, a 307-bed hospital located on the Columbia Campus, which offers a wide spectrum of general and specialty care services and is the only Level I trauma center and helicopter service in central Missouri. University Hospital also includes Children's Hospital, which is operated as a "hospital-within-a-hospital" in the facilities of University Hospital. Health Care also includes Columbia Regional Hospital, a 116-bed acute-care facility located in Columbia, which was acquired by the University in 1999; the Ellis Fischel Cancer Center, a specialty cancer facility located in Columbia, which became a part of Health Care in 1990; Missouri Psychiatric Center, a 61-acute bed psychiatric center in Columbia, for which Health Care acquired operational responsibility and the real and personal property from the State Department of Mental Health on July 1, 2009; Missouri Rehabilitation Center, a 79-bed long-term acute care hospital specializing in brain injury and other rehabilitation services located in Mt. Vernon, Missouri; and numerous health care clinics. Health Care also has partnerships with various health care providers.

Health Care treats patients from every county in the State and considers its primary service area to be seven counties in central Missouri (including Boone County, in which the principal Health Care facilities are located) and its secondary service area to be 18 surrounding counties. University Hospital (including Children's Hospital and Ellis Fischel), Columbia Regional Hospital and Missouri Rehabilitation Center are accredited by The Joint Commission.

Effective September 8, 2008, the University's health sciences-based delivery system in Columbia was realigned to enable it to meet future challenges, take advantage of new opportunities in the health care field, and better serve the people of the State of Missouri by integrating the University's medical education, research and clinical missions. The Vice Chancellor for Health Sciences serves as the operating executive responsible for all academic, clinical and business operations for the hospitals, physician group and health-related schools and reports to the Chancellor of the University of Missouri-Columbia. The Chief Executive Officer of Health Care and the deans of each the Schools of Medicine, Nursing and Health Professions report to the Vice Chancellor for Health Sciences. In conjunction with the realignment, an advisory board (the ***"Health Care Advisory Board"***) was established to oversee Health Care. The Health Care Advisory Board consists of individuals external to the University who possess broad expertise and experience in financial, health-related and other fields. The President of the University chairs the Health Care Advisory Board and the Vice Chancellor of Health Sciences and the Chief Executive Officer of Health Care serve as ex-officio members.

University Health System - Biographical Information. The following is summary biographical information for the Vice Chancellor for Health Sciences and the Chief Executive Officer of Health Care:

Harold A. Williamson Jr., 59, MD, MSPH, Vice Chancellor for Health Sciences. Dr. Williamson was appointed Vice Chancellor for Health Sciences in March 2009 after having served as interim vice chancellor since September 2008. Prior to his appointment Dr. Williamson served for 10 years as the chair of the University's Curtis W. and Ann H. Long Department of Family and Community Medicine, directed the University's family practice residency program, served as a visiting scholar at the University of Washington, where he helped rural communities develop health cares services, and served for 11 years as director of the University's Area Health Education Center. Dr. Williamson received his medical degree from Case Western Reserve University Medical School in Cleveland and completed his residency training at the University of Minnesota. Dr. Williamson received his master's degree in public health from the University of Missouri-Columbia.

James H. Ross, 56, Chief Executive Officer, Health Care. Mr. Ross became Chief Executive Officer of the Health Care in April 2004. For approximately 14 years prior to then, Mr. Ross served in a number of executive capacities with the University Health Systems of Eastern Carolina, most recently as its President and Chief Operating Officer. That health system serves 29 counties in eastern North Carolina. Prior to that, Mr. Ross served in executive capacities at two private nonprofit hospitals in Texas for approximately 13 years. Mr. Ross has a bachelor's degree in business administration from Memphis State University and a master's degree in health care administration from Washington University School of Medicine.

University Health System – Financial and Operating Data. The table below summarizes selected patient information for the University Health System for each of the five most recent fiscal years and the nine months ended March 31, 2009.

University Health System – Utilization Data

	Fiscal Years Ended June 30,					Nine Months Ended March 31
	2004	**2005**	**2006**	**2007**	**2008**	**2009**
Acute Beds (1)	636	617	581	573	554	531
Average Daily Census (2)	299.8	326.3	350.4	329.8	341.7	312.6
Length of stay (days) (2)	6.20	6.07	6.25	5.83	6.15	5.89
Discharges (2)	17,694	19,637	20,452	20,655	20,331	14,547
Outpatient Visits (3)	709,261	739,377	714,948	693,643	668,098	504,340

(1) Effective July 1, 2009, the Health System assumed operational responsibility and the real and personal property for a 61-bed psychiatric hospital previously operated by the State Department of Mental Health and now known as Missouri Psychiatric Center, in Columbia, Missouri.

(2) Excludes normal newborns.

(3) Outpatient clinic visits have declined in part due to realignment of clinics, closure of certain smaller clinics, and, for fiscal years 2007 and 2008, primarily due to the sale of University Behavioral Health Clinics in February 2007.

Upon the issuance of the Series 2006 Bonds, the University Health System became a part of the System Facilities, and the revenues of the University Health System were pledged together with the other University Health System Revenues described above, to secure the payment of the Series 2006 Bonds and the then outstanding Prior System Bonds. The revenues of the University Health System are included in the System Revenues beginning as of and for the fiscal years ended June 30, 2006 and thereafter. The following table summarizes certain financial information for the University Health System for the five fiscal years ended June 30, 2004 through 2008 and the nine month periods ended March 31, 2008 and 2009.

University Health System
Summary Financial Information
(in thousands)

	Fiscal Years Ended June 30,					(Unaudited) Nine Months Ended March 31	
	2004	**2005**	**2006**	**2007**	**2008**	**2008**	**2009**
Net patient service revenue	$473,168	$542,150	$593,807	$620,241	$663,227	$402,836	$412,800
Other operating revenues	14,892	14,789	16,335	18,818	17,812	12,767	12,933
Total operating revenues	488,060	556,939	610,142	639,059	681,039	415,603	425,733
Operating expenses	468,570	534,354	591,012	641,834	674,291	416,778	415,369
Operating income (loss)	19,490	22,585	19,130	(2,775)	6,748	(1,175)	10,364
Net non-operating revenues	15,988	15,652	19,268	25,628	29,741	26,744	2,080
Income (loss) before contributions and transfers	$35,478	$38,237	$38,398	$22,853	$36,489	$25,569	$12,444

For the fiscal year 2008, Health Care had the following gross patient service revenue payor mix: Medicare – 34.5%; Medicaid – 21.9%; Managed Care/Commercial Insurance – 33.1%; and Self Pay/Other – 10.5%.

University Health System – Competition. Health Care's principal competitors are Boone Hospital Center, a 349-bed hospital located in Columbia, Missouri and affiliated with BJC Health System, headquartered in St. Louis, Missouri (***"Boone Hospital"***); and St. Mary's Health Center, a 167-bed hospital located in Jefferson City, Missouri and affiliated with SSM Health Care in St. Louis, Missouri (***"St. Mary's"***). Capital Region Medical Center, a 114-bed hospital also located in Jefferson City (***"Capital Region"***), is affiliated with the University Health System and is included in the audited financial statements of the University as a discretely presented component unit. See Note 19 of the Notes to Financial Statements included as **Appendix A.** Although Capital Region is not a part of the University Health System, Health Care does not consider Capital Region a competitor. For the fiscal year ended September 30, 2008, the University Health System, Boone Hospital and St. Mary's had the following market shares:

Market Share – Fiscal Year Ended September 30, 2008

	University Health System	Boone Hospital	St. Mary's
Combined Service Areas	17.2%	16.3%	10.1%
Boone County	43.5	46.8	0.7
Primary Service Area	25.4	23.2	19.5
Secondary Service Area	11.2	11.3	3.3

Source: Hospital Industry Data Institute.

University Historical and Projected Enrollment

The following table sets forth the historical and projected enrollment for the University. The projected enrollment figures provided below are prepared by each campus and are reviewed by the University system administration.

Enrollment (Full- and Part-Time)

Historical Enrollment

Fall	Columbia	Kansas City	Missouri S&T	St. Louis	Total
2004	27,003	14,256	5,404	15,498	62,161
2005	27,930	14,306	5,600	15,548	63,384
2006	28,184	14,213	5,858	15,528	63,783
2007	28,405	14,442	6,166	15,527	64,540
2008	30,130	14,481	6,367	15,741	66,719

Projected Enrollment

Fall	Columbia	Kansas City	Missouri S&T	St. Louis	Total
2009	31,237	14,161	6,511	15,888	67,797
2010	32,044	14,279	6,529	15,922	68,774
2011	32,755	14,400	6,500	15,963	69,618
2012	32,345	14,522	6,425	16,003	69,295
2013	31,878	14,616	6,337	16,059	68,890

Student Applications, Acceptances, and Matriculations

The following table sets forth the numbers of applications, acceptances and matriculations for new undergraduate students of the University for the Fall semesters 2004 through 2008:

Campus	Fall	Category	Applications	Acceptances	Matriculations
Columbia	2004	Freshmen	12,691	10,110	4,687
		Transfers	1,955	1,762	1,235
	2005	Freshmen	12,424	10,271	4,731
		Transfers	1,892	1,721	1,208
	2006	Freshmen	13,134	10,248	4,843
		Transfers	1,843	1,459	982
	2007	Freshmen	12,125	10,362	4,983
		Transfers	2,475	1,661	1,179
	2008	Freshmen	14,575	12,373	5,802
		Transfers	3,361	2,379	1,621
Kansas City	2004	Freshmen	2,519	2,206	1,069
		Transfers	2,270	1,931	1,267
	2005	Freshmen	3,636	2,789	1,045
		Transfers	3,034	2,330	1,313
	2006	Freshmen	3,899	2,940	972
		Transfers	3,099	2,214	1,246
	2007	Freshmen	3,300	2,181	959
		Transfers	2,946	1,801	1,214
	2008	Freshmen	3,267	2,379	1,007
		Transfers	2,819	1,851	1,239
Missouri S&T	2004	Freshmen	1,932	1,803	893
		Transfers	455	412	297
	2005	Freshmen	2,065	1,896	912
		Transfers	431	344	280
	2006	Freshmen	2,257	2,037	1,004
		Transfers	499	384	252
	2007	Freshmen	2,398	2,153	1,051
		Transfers	494	376	276
	2008	Freshmen	2,427	2,144	1,056
		Transfers	551	409	274
St. Louis	2004	Freshmen	2,257	1,373	440
		Transfers	3,869	3,005	1,605
	2005	Freshmen	2,175	1,345	577
		Transfers	3,646	3,055	1,644
	2006	Freshmen	2,147	1,371	538
		Transfers	3,538	2,880	1,713
	2007	Freshmen	2,308	1,429	550
		Transfers	3,803	2,975	1,682
	2008	Freshmen	2,116	1,259	479
		Transfers	3,379	2,660	1,848

Degrees Granted

The following tables sets forth the number of degrees awarded by campus and school/college therein during the 2007-2008 academic year:

Degrees Granted by University

Columbia

School/College	Bachelor	Professional	Master	Doctorate	Graduate Certificate	Education Specialist	Total
Agriculture, Food & Natural Resources	367	-	46	26	-	-	439
Arts and Sciences	1,725	-	158	108	-	-	1,991
Business	807	-	214	6	30	-	1,057
Education	249	-	450	87	-	34	820
Engineering	368	-	93	36	-	-	497
Health Professions	153	-	96	-	-	-	249
Human Environmental Sciences	278	-	18	5	-	-	301
Journalism	475	-	91	10	-	-	576
Law	-	148	15	-	21	-	184
Medicine	-	89	32	14	-	-	135
Natural Resources	113	-	18	10	-	-	141
Nursing	187	-	40	4	-	-	231
Social Work	57	-	58	4	-	-	119
Veterinary Medicine	-	66	11	2	-	-	79
Graduate School	-	-	81	14	18	-	113
Columbia Campus Total	4,779	303	1,421	326	69	34	6,932

Kansas City

School/College	Bachelor	Professional	Master	Doctorate	Graduate Certificate	Education Specialist	Total
Arts and Sciences	713	-	198	2	-	-	913
Biological Sciences	58	-	18	-	-	-	76
Business and Public Administration	178	-	228	-	-	-	406
Computing and Engineering	80	-	112	-	-	-	192
Conservatory of Music	49	-	47	12	2	-	110
Dentistry	28	100	4	-	22	-	154
Education	98	-	147	10	-	40	295
Law	-	150	22	-	-	-	172
Medicine	-	86	-	-	-	-	86
Nursing	80	-	75	3	-	-	158
Pharmacy	5	72	1	-	-	-	78
Graduate Studies	-	-	-	32	-	-	32
Kansas City Campus Total	1,289	408	852	59	24	40	2,672

Missouri S&T

School/College*	Bachelor	Professional	Master	Doctorate	Graduate Certificate	Education Specialist	Total
Missouri S&T Campus Total	910	-	430	63	167	-	1,570

* Effective in fiscal year 2008, the school / college management structure was eliminated at Missouri S&T.

Degrees Granted by University (continued)

School/College	Bachelor	Professional	Master	Doctorate	Graduate Certificate	Education Specialist	Total
St. Louis							
Arts and Sciences	734	-	214	24	18	-	990
Business Administration	598	-	163	1	18	-	780
Education	230	-	255	27	1	28	541
Fine Arts and Communications	210	-	26	-	-	-	236
Nursing	186	-	51	9	5	-	251
Optometry	-	38	-	1	-	-	39
Graduate School	12	-	20	-	22	-	54
Engineering	46	-	-	-	-	-	46
St. Louis Campus Total	2,016	38	729	62	64	28	2,937
University Total	8,994	749	3,432	510	324	102	14,111

Student Quality Indicators

The academic demands of the curriculum require that students admitted possess a satisfactory preparatory education. The following tables set forth the high school class rank of freshmen entering the University during the Fall 2008 term and the average ACT test scores for the last five years for incoming freshmen for each campus of the University, the state of Missouri and the United States:

High School Class Rank of Incoming Freshmen, Fall 2008

High School Class Rank	Columbia	Kansas City	Missouri S&T	St. Louis
Top 10%	25%	31%	39%	22%
Top 20%	47	49	62	43
Top 40%	76	77	88	73

Average First Time Freshman ACT

Fall	Columbia	Kansas City	Missouri S&T	St. Louis	State of Missouri	National
2004	25.4	23.6	27.1	22.9	21.5	20.9
2005	25.3	23.6	27.1	23.5	21.6	20.9
2006	25.3	23.7	27.1	22.9	21.6	21.1
2007	25.4	24.1	27.3	22.8	21.6	21.2
2008	25.5	24.0	27.3	23.3	21.6	21.1

Demographics of Student Population

Although virtually every state and numerous foreign countries are represented in the University's on-campus student population, Missouri students represent over 80% of the student body. The following table summarizes the historical geographic origin of students attending the University for the last five years:

Student Geographic Origin

Campus	Fall	Missouri	Illinois, Iowa and Kansas	Other States	International
Columbia	2004	21,025	2,040	2,806	1,114
	2005	21,591	2,158	3,073	1,082
	2006	21,655	2,260	3,178	1,059
	2007	21,849	2,322	3,065	1,169
	2008	22,647	2,714	3,399	1,357
Kansas City	2004	10,426	2,359	832	559
	2005	10,483	2,384	867	555
	2006	10,141	2,468	901	643
	2007	10,281	2,472	901	788
	2008	10,155	2,564	946	816
Missouri S&T	2004	3,683	508	634	557
	2005	3,873	517	666	541
	2006	4,072	532	694	550
	2007	4,317	558	720	571
	2008	4,430	578	754	598
St. Louis	2004	13,760	638	370	729
	2005	13,744	675	395	734
	2006	13,655	738	389	743
	2007	13,630	763	388	746
	2008	13,788	734	439	553

Full-Time Ranked Faculty

The following table sets forth for the last five fiscal years the number of full-time ranked faculty, and the percentages who are tenured and hold terminal degrees for each campus of the University:

Full-Time Ranked Faculty

Campus	Academic Year	Full-Time Ranked Faculty	Percentage of Faculty Tenured	Percentage of Faculty With Terminal Degrees
Columbia	2004-2005	1,690	51%	91%
	2005-2006	1,706	49	90
	2006-2007	1,820	50	92
	2007-2008	1,855	49	91
	2008-2009	1,853	48	91
Kansas City	2004-2005	574	53%	84%
	2005-2006	605	54	81
	2006-2007	626	53	81
	2007-2008	655	50	81
	2008-2009	670	50	83
Missouri S&T	2004-2005	307	61%	98%
	2005-2006	305	64	96
	2006-2007	304	68	98
	2007-2008	304	68	96
	2008-2009	318	66	98
St. Louis	2004-2005	359	56%	91%
	2005-2006	369	60	90
	2006-2007	392	61	88
	2007-2008	440	53	82
	2008-2009	447	52	80

Selected Financial Data of the University

The following table presents a summary of the Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2004 through 2008, and for the nine-month periods ended March 31, 2009 and 2008. The information with respect to the five fiscal years ended June 30, 2008, is excerpted from the audited financial statements for the fiscal years ended June 30, 2008 and 2007 of the University attached as **Appendix A** to this Official Statement, as well as prior fiscal year audited financial statements, and excludes revenues, expenses and changes in net assets attributable to the University's discretely presented component units and retirement trust. The University has reclassified certain prior year amounts to conform to fiscal year 2008 presentation.

The financial data for the nine months ended March 31, 2009 and 2008 represent interim unaudited financial data. Certain adjustments and accruals have not been reflected in the financial data as they are only made at year end.

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

	Fiscal Years Ended June 30,					(Unaudited) Nine Months Ended March 31,	
	2004	**2005**	**2006**	**2007**	**2008**	**2008**	**2009**
Operating Revenues:							
Tuition and Fees (net of provision for doubtful accounts)	$ 428,162	$ 471,240	$ 501,347	$ 537,832	$ 557,085	$533,698	$577,876
Less: Scholarship Allowances	116,384	115,724	126,421	136,527	139,880	174,754	193,141
Net Tuition and Fees	311,778	355,516	374,926	401,305	417,205	358,944	384,735
Federal Grants and Contracts	170,542	193,473	199,436	187,130	211,648	150,315	140,357
State and Local Grants and Contracts	35,434	43,638	41,255	47,045	54,414	30,904	32,599
Private Grants and Contracts	53,116	56,774	46,310	54,268	60,318	52,494	58,874
Sales and Services of Educational Activities	16,640	17,920	18,267	22,346	19,569	14,810	16,001
Auxiliary Enterprises:							
Patient Medical Services, Net	492,229	566,394	620,577	648,802	681,312	495,077	506,150
Housing and Dining Services, Net	53,462	57,730	61,548	66,828	72,503	69,027	78,696
Bookstores	44,373	50,422	54,308	56,930	61,423	50,431	51,641
Other Auxiliary Enterprises, Net	116,786	128,065	125,661	135,032	167,230	128,193	138,372
Notes Receivable Interest Income, Net of Fees	1,580	855	25	378	566	758	833
Other Operating Revenues	47,181	62,022	57,300	72,226	61,065	47,245	55,045
Total Operating Revenues	**1,343,121**	**1,532,809**	**1,599,613**	**1,692,290**	**1,807,253**	**1,398,198**	**1,463,303**
Operating Expenses:							
Salaries and Wages	919,594	987,240	1,044,462	1,101,867	1,153,676	851,031	896,235
Benefits	214,178	226,969	248,688	272,923	310,375	226,504	239,953
Supplies, Services and Other Operating Expenses	514,614	591,956	606,617	608,134	662,331	456,080	477,335
Scholarships and Fellowships	25,755	30,783	35,090	38,602	39,485	-	-
Depreciation	89,774	102,414	110,924	119,069	125,996	93,362	97,775
Total Operating Expenses	**1,763,915**	**1,939,362**	**2,045,781**	**2,140,595**	**2,291,863**	**1,626,977**	**1,711,298**
Operating Loss	**(420,794)**	**(406,553)**	**(446,168)**	**(448,305)**	**(484,610)**	**(228,779)**	**(247,995)**
State Appropriations	421,434	430,127	428,893	440,855	462,281	345,542	361,114
Income (Loss) after State Appropriations, before Nonoperating Revenues (Expenses)	**640**	**23,574**	**(17,275)**	**(7,450)**	**(22,329)**	**116,763**	**113,119**
Nonoperating Revenues (Expenses):							
Federal Appropriations	14,602	15,776	14,203	14,105	14,277	8,220	7,743
Investment and Endowment Income, Net of Fees	104,486	89,236	111,675	202,633	39,673	70,632	(311,559)
Private Gifts	37,730	76,293	64,483	53,268	51,680	42,925	50,744
Interest Expense	(23,785)	(23,497)	(28,563)	(29,497)	(37,099)	(17,786)	(16,586)
Other Nonoperating Expenses	(3,596)	(5,700)	(4,971)	(3,147)	(4,750)	(1,252)	(1,961)
Net Nonoperating Revenues (Expenses)	**129,437**	**152,108**	**156,827**	**237,362**	**63,781**	**102,739**	**(271,619)**
Income (Loss) before Capital Contributions, Additions to Permanent Endowments and Extraordinary Item	**130,077**	**175,682**	**139,552**	**229,912**	**41,452**	**219,502**	**(158,500)**
State Capital Appropriations and State Bond Funds	54,239	4,686	8,503	18,138	15,532	9,645	11,829
Capital Gifts and Grants	21,749	13,056	16,285	12,941	17,341	8,691	9,140
Private Gifts for Endowment Purposes	16,919	31,562	26,607	27,917	32,995	26,283	14,853
Extraordinary Item:							
Net Proceeds from sale of Missouri Care	-	-	-	19,317	-	-	-
Increase (Decrease) in Net Assets	**222,984**	**224,986**	**190,947**	**308,225**	**107,320**	**264,121**	**(122,678)**
Net Assets, Beginning of Year	**2,356,064**	**2,579,048**	**2,804,034**	**2,994,981**	**3,303,206**	**3,303,206**	**3,430,442**
Cumulative Effect of Change in Accounting Principal	-	-	-	-	19,916	-	-
Net Assets, Beginning of Year, as Adjusted	**2,356,064**	**2,579,048**	**2,804,034**	**2,994,981**	**3,323,122**	**3,303,206**	**3,430,442**
Net Assets, End of Year	**$2,579,048**	**$2,804,034**	**$2,994,981**	**$3,303,206**	**$3,430,442**	**$3,567,327**	**$3,307,764**

State Appropriations

The University has historically experienced relatively stable appropriations from the State of Missouri. For the period from 1992 through 2001, growth in state appropriations for general operations slightly exceeded inflation. State appropriations have historically represented approximately 28% of the University's total current funds revenues. For the fiscal year ended June 30, 2002 through the fiscal year ended June 30, 2004, poor general economic conditions nationwide and in Missouri resulted in shortfalls in state revenue in Missouri. These shortfalls, coupled with increases in mandatory expenditures for Medicaid, public schools, and corrections, resulted in reduced funding from the State of Missouri for higher education. Over this period of time, the University incurred $148.5 million in general operations extraordinary withholdings and core appropriation reductions.

In the fiscal year ended June 30, 2005, for the first time in three years, improvements in the State's economic condition and related increases in tax receipts resulted in a 3.1%, or $12 million, increase in the University's core operating appropriation. For fiscal year 2005, the University received $430 million in state appropriations ($388.8 million for general operations) or approximately 20% of total revenues.

For the fiscal year ended June 30, 2006, efforts to bring structural balance to the State's budget and to end the State's dependence on one-time funds resulted in no increase in State appropriations for higher education. The Governor signed a total current fund appropriation for the University for $441.1 million, of which $427.9 million (after withholdings) was included in the University's budget, which gave effect to the Governor's 3% annual withholding. The appropriation included generally flat funding of $412.3 million (after withholdings) for the University's general operating budget and the University Health System. Five special programs that are operated by the University on behalf of the State were cut by a total of $5.8 million. These reductions had no impact on the University's operating budget.

For the fiscal year ended June 30, 2007, there were slight increases in State appropriations for higher education. The Governor signed a total current fund appropriation for the University for $452.7 million, of which $439.1 million was included in the University's budget, which gave effect to the Governor's 3% annual withholding. The appropriation included a 2.8% increase in funding or $10.8 million (after withholdings) for the University's general operating budget and a 1.4% increase, or $0.3 million, for the University Health System. Three special programs operated by the University on behalf of the State received flat appropriations. The total appropriation for University current operating funds in fiscal year 2007 was $440.9 million.

For the fiscal year ended June 30, 2008, the increases for higher education institutions totaled 4.7%. The University received an increase of 4.3% in its general operating budget and a 5.0% increase for the University Health System. Four special programs that are operated by the University on behalf of the State received increased funding of $2.9 million (after withholdings). The total appropriation for University current operating funds in fiscal year 2008 was $462.3 million.

For the fiscal year ended June 30, 2009, the Governor approved increases for higher education institutions totaling 4.4%. The University received an increase of 4.8% in its general operating budget, there was no change in University Health System appropriations and there were increases of $0.5 million for two special programs that are operated by the University on behalf of the State. The total appropriation for University current operating funds in fiscal year 2009 was $480.9 million.

For the fiscal year ending June 30, 2010, the state legislature appropriated level funding for higher education operations, including $49.8 million from federal budget stabilization funding for statewide higher education, including the University. The University expects to receive state appropriations in fiscal year 2010 that include one-time funding of $30.85 million from federal budget stabilization funding, consisting of $24.3 million for operations and $6.55 million for University Health System capital improvements. Special programs operated by the University on behalf of the state received differential treatment ranging from a flat appropriation to reductions of 10%.

Endowment Funds and Other Investments

The University's investments are generally divided between the Endowment Fund and the Pooled General Investments. The Endowment Fund holds gifts and bequests received by the University, other funds transferred to the Endowment Fund by the University, and the retained earnings thereon. The Pooled General Investments are primarily the working capital of the University and currently consist of approximately one-third for traditional working capital purposes, one-third for immediate availability with respect to the liquidity requirements of the University's variable rate bonds (for which the University provides self-liquidity) and one-third of excess funds that are invested in a manner consistent with the Endowment Fund. See Note 3 of the Notes to Financial Statements included as **Appendix A**.

The Endowment Fund is primarily managed by professional investment managers under investment policies established by the Board of Curators in accordance with the Revised Statutes of Missouri. The Pooled General Investments are primarily managed by the University, with a portion of the Pooled General Investments managed by outside investment managers. The Balanced Pool, which is the majority of the Endowment Fund and is currently managed by 28 investment managers, has the following long-term target asset mix and actual asset mix as of March 31, 2009:

Endowment Fund – Balanced Pool Asset Mix

Investment Sectors	Actual Asset Mix March 31, 2009	Long-Term Target Range
U.S. equity	28.7%	27 – 37%
International equity	15.1%	14 – 24%
Emerging markets equity	4.7%	2.5 – 12.5%
Absolute return	6.0%	0 – 10%
Private equity	2.9%	0 – 10%
Real estate	6.1%	2.5 – 12.5%
Global fixed income	24.6%	12 – 22%
TIPS (Treasury Inflation-Protected Securities)	11.9%	2 – 12%

The market values of the Endowment Fund as of June 30 for the last five years are set forth below. In addition, as of June 30, 2008 there were approximately $80.9 million of endowment funds held in trust by others for the benefit of the University, which are not included in the amounts listed below.

University of Missouri Endowment Fund

Year	Market Value
2004	$ 715,295,000
2005	794,497,000
2006	893,418,000
2007	1,048,491,000
2008	968,802,000

As with most institutions of higher education, the University's endowment experienced a decline in value in fiscal year 2008 and a further decline in value in fiscal year 2009 through March 31, 2009. As of March 31, 2009, the Endowment Fund had a market value of approximately $739,000,000. At March 31, 2009, the Balanced Pool (consisting of the majority of the Endowment Fund) had a market value of approximately $677 million. As of May 31, 2009, the University estimates that the market value of the Balanced Pool had increased to approximately $740 million. The market value of certain investments in the Balanced Pool (primarily, absolute return, private equity, and real estate) is reported on a lagged basis of one to three months. For the 12-month period ended March 31, 2009, the Balanced Pool had an annual return of approximately (26.3%).

The University's spending policy for the Endowment Fund is 5% of the average of the 12 prior quarters market value of the endowment. To achieve some uniformity from year to year in the amounts available from the Endowment Fund for operations, the actual amount distributed will not exceed 106% of the prior year's distribution or be less than 96% of the prior year's distribution.

The Pooled General Investments were $1.0 billion as of June 30, 2008 and $1.1 billion as of March 31, 2009. The Pooled General Investments (other than the one-third invested in a manner consistent with the Endowment Fund) is invested entirely in fixed income investments and cash and cash equivalents.

Capital Campaigns

Each of the four campuses of the University has recently completed or has an ongoing major capital campaign, as follows:

- The Columbia Campus launched a $1.0 billion capital campaign in 2000, which has exceeded this goal, reaching $1.038 billion as of December 31, 2008.
- The Kansas City Campus commenced a $200 million capital campaign in 2000, which raised $203 million upon completion in July 2007.
- The Missouri S&T Campus commenced a $200 million capital campaign in 2003, which has raised $175.9 million as of April 30, 2009.
- The St. Louis Campus launched a $100 million capital campaign in 2005, which has raised $69.6 million as of April 30, 2009.

Total gifts for these capital campaigns and other giving to the University totaled $102.0 million in fiscal year 2008 and $94.1 million in fiscal year 2007.

Undergraduate Student Fees

The following table sets forth the total annual Academic, Educational and Required Fees collected from each full-time undergraduate student at the University who is a resident of Missouri for each of the four campuses for the academic years 2004-2005 through 2008-2009:

Academic Year	Columbia	Kansas City	Missouri S&T	St. Louis
2004-2005	$7,100	$7,192	$7,299	$7,378
2005-2006	7,415	7,316	7,536	7,618
2006-2007	7,784	7,659	7,889	7,968
2007-2008	8,098	7,946	8,172	8,264
2008-2009	8,467	8,272	8,488	8,595

Financial Aid

The following table sets forth the total Financial Aid awarded by the University for the 2007-2008 fiscal year, the number of students receiving financial aid and the average amount awarded per student:

Financial Aid

	Columbia	Kansas City	Missouri S&T	St. Louis	Total
Total Financial Aid Awarded	$317,086,219	$158,027,254	$66,385,656	$109,889,371	$651,388,500
Aid from Institutional Sources	$126,931,726	$36,353,914	$31,921,083	$22,073,231	$217,279,954
Students Receiving Aid	25,354	10,108	5,266	10,543	51,271
Total Financial Aid Awarded Per Student	$12,506	$15,634	$12,606	$10,423	$12,705

Management's Discussion and Analysis

General

In the Fall of 2008, the University enrolled a total of 66,719 students on its four campuses, up 3.4% from Fall 2007. Over the five-year period ended June 30, 2008, total Fall enrollments have increased 7.5%. This increase has primarily been seen at the Columbia and Missouri S&T campuses, which reflect 12.4%, and 16.6% increases, respectively, for the five-year period. Consistent with its mission as a major research institution, 25.8%, or 17,209, of the students enrolled as of the Fall 2008 semester were enrolled in graduate and professional programs.

*The following Management's Discussion and Analysis is excerpted from the financial statements of the University of Missouri for the fiscal years ended June 30, 2008 and 2007. For the full discussion (which discussion is unaudited as noted therein), see the financial statements of the University of Missouri for the fiscal years ended June 30, 2008 and 2007 included as **Appendix A** to this Official Statement.*

Financial Position of the University

At June 30, 2008, the University's financial position continued to strengthen, with Total Assets of almost $5.0 billion. Net Assets, which represent the residual value of the University's assets after deducting liabilities, totaled $3.4 billion. When operating, non-operating, and other changes are included, Net Assets increased by approximately $127.2 million in fiscal year 2008, including a $19.9 million cumulative effect of a change in accounting principle.

During fiscal year 2008, the most significant growth in Total Assets was from capital asset expansion and gains in non-endowment investments. Issuance of new System Facilities Revenue Bonds increased Total Liabilities; the University typically issues new bonds every 2 to 3 years to finance development or improvement of capital assets. The fiscal year 2008 increase in total Net Assets primarily reflects growth in Invested in Capital Assets net of Debt and Unrestricted Net Assets.

Total Assets increased by $404.0 million, or 8.9%, to almost $5.0 billion as of June 30, 2008, compared to the prior year. From fiscal year 2006 to 2007, Total Assets increased by 8.3%. This continued growth reflects the University's efforts to strengthen its capital position, primarily through increasing Long-Term Investments and expanding Capital Assets across all of its campuses to meet housing, educational, and student recreational needs.

At June 30, 2008, the University's working capital, which is current assets less current liabilities, was $301.7 million, a decrease of $115.6 million from the previous year. With Current Assets at almost 1.5 times Current Liabilities, the University has adequate working capital reserves. At June 30, 2007, working capital totaled $417.3 million, an increase of $155.7 million over June 30, 2006.

At June 30, 2008, the University held $273.4 million in Cash and Cash Equivalents, a decrease of $134.3 million from June 30, 2007. The June 30, 2007 cash balances of $407.7 million were $140.7 million higher than fiscal year 2006's $267.0 million. The lower balance at the current fiscal year end relates to several factors, including moving cash into longer term investments to achieve better returns in the current market and using cash to establish the University's new Other Postemployment Benefits (OPEB) Trust Fund as discussed in Note 16 of the financial statements.

Long-Term and Short-Term Investments totaled $2.0 billion as of June 30, 2008, representing an increase of 15.7% over the prior year. This compares to a 4.4% increase from fiscal year end 2006 to 2007. The higher June 30, 2008 investment balance reflected a shift from cash equivalents, which decreased by $126.4 million from the previous year end, into U.S. government obligations with 6-year or longer maturities, which increased by $204.9 million. Due to market conditions during fiscal year 2008 and resulting unrealized losses, investment and endowment income of $39.7 million declined by 80.4% compared to fiscal year 2007's $202.6 million. The University's endowment funds, comprised primarily of the Balanced and Fixed Income Pools, declined by 7.8% in fiscal year 2008 due to the performance of the U.S. and international equity markets. However, endowment gifts increased by $5.1 million, or 18.2%, over fiscal year 2007.

In fiscal year 2008, Accounts Receivable increased by $13.7 million, or 5.8% over June 30, 2007. While the related contracts and grants, student tuition, State appropriations, and patient services revenue increased by 6.1% overall, timelier collection of amounts earned kept the increase in receivables lower.

In fiscal year 2008, Pledges Receivable declined by 14.0%, from $36.0 million to $30.9 million. The most notable decrease occurred with Current Pledges (those receivable in the coming year) decreasing from $13.0 million to $9.8 million, or 24.5%, while Long-Term Pledges decreased from $23.0 million to $21.1 million, or 8.1%. Only Missouri S&T recognized an increase of Pledges Receivable for the year.

During fiscal year 2008, the University's investment in Capital Assets totaled $2.2 billion compared to fiscal year 2007's $2.0 billion. The University added $314.4 million in capital assets during fiscal year 2008, net of retirements, offset by depreciation of $126.0 million for the year. Fiscal year 2007 capital asset additions of $231.2 million, net of retirements, were offset by $119.1 million in depreciation. Note 7 of the financial statements presents additional information on changes by asset classification.

Total Liabilities increased $276.8 million as of June 30, 2008 over June 30, 2007 and $41.3 million in fiscal year 2007 over June 30, 2006. Issuance of new bonds, discussed below, represented the largest factor in increased liabilities. Significant changes in fiscal year 2008 year-end Current Liabilities include a $31.7 million decrease in Collateral for Securities on Loan as a result of lower demand from borrowers; a $95.6

million increase in Investment Settlements Payable for purchases of investments occurring on or before June 30, but settling after June 30; and a $3.5 million increase in Deferred Revenue related to the timing of grants and tuition activity.

The University issued $365.2 million of System Facilities Revenue Bonds at the beginning of fiscal year 2008, with $102.3 million used primarily to defease existing debt and $262.9 million to fund new projects. Bonds were last issued in fiscal year 2006 with $108.9 million for new projects and $191.8 million to defease existing debt. Bonds Payable, net of premium/discount and deferred losses on defeasance, increased by $215.4 million in fiscal year 2008, while decreasing by $14.7 million in fiscal year 2007.

Net Assets represent the value of the University's assets after liabilities are deducted. The University's total Net Assets increased by $127.2 million in fiscal year 2008, including $19.9 million for a change in accounting principle, and $308.2 million in fiscal year 2007.

- Invested in Capital Assets, Net of Related Debt, represents the University's investment in capital assets, net of accumulated depreciation and outstanding debt related to acquisition, construction or improvement of those assets. This category increased by $60.7 million to $1.4 billion in fiscal year 2008 and $115.9 million to $1.4 billion in fiscal year 2007 due to issuance of additional revenue bonds in fiscal years 2008 and 2006 and related investment in buildings, equipment, and infrastructure. To the extent that debt has been issued but not yet expended for capital assets, the amounts are not reflected in these totals.

- Restricted Nonexpendable Net Assets include endowment and similar assets that are subject to externally imposed stipulations for the principal to be maintained in perpetuity by the University. This category represents the historical value (corpus) of gifts to the University's permanent endowment. Unrealized market losses contributed to a 2.7% decrease, or $19.8 million, in Restricted Nonexpendable Net Assets during fiscal year 2008, while additional gifts and market gains increased the value by 18.1%, or $113.3 million, during fiscal year 2007.

- Restricted Expendable Net Assets are resources that are subject to externally imposed stipulations regarding their use, but are not required to be maintained in perpetuity. During fiscal year 2008, this category also recognized a decrease of $3.1 million, or 0.8%, and in fiscal year 2007 realized an increase of $4.6 million, or 1.3%. As of June 30, 2008, this category includes:

  - $262.3 million of net assets restricted for operations and endowment purposes compared to $270.2 million at June 30, 2007;

  - $77.6 million for student loan programs compared to $75.8 million; and

  - $27.6 million for facilities compared to $24.6 million.

- Unrestricted Net Assets are not subject to externally imposed stipulations although these resources may be designated for specific purposes by the University's management or Board of Curators. This category increased by $89.5 million, or 11.0%, in fiscal year 2008 and by $74.4 million, or 10%, in fiscal year 2007 over the prior years. As of June 30, 2008, and 2007, capital project-designated funds totaled $145.9 million and $72.0 million, respectively; student loan program-designated funds totaled $5.6 million and $4.9 million, respectively; and unrestricted funds functioning as endowments totaled $111.5 million and $157.6 million respectively. The remaining Unrestricted Net Assets which are not designated and are available for the University's instructional and public service missions and its general operations totaled $641.8 million and $580.9 million at June 30, 2008, and 2007, respectively.

Changes in Financial Position of the University

Operating Revenues represent resources generated by the University in fulfilling its instruction, research, and public service missions. Total Operating Revenues increased by almost $115.0 million, or 6.8% in fiscal year 2008, and by $92.7 million, or 5.8% in fiscal year 2007. Grants and Contracts and Other Auxiliary Enterprises contributed most significantly to the operating revenue gain in fiscal year 2008 while tuition, Patient Medical Services, and other miscellaneous operating revenues had the largest gains in the previous year. Nonoperating Revenues are those not generated by the University's core missions and include such funding sources as State and Federal Appropriations and Gift and Investment Income. Investment and endowment income and gift income are the largest variable factors in this category.

Tuition and Fees, net of Scholarship Allowances, increased by $15.9 million, or 4.0% in fiscal year 2008 and by $26.4 million, or 7.0% in fiscal year 2007. The increases in both fiscal year 2008 and 2007 reflect Board-approved increases in tuition and related enrollment fees of 3.8% and 5.0%, respectively, and increases in student enrollments.

As a research institution, the University receives a substantial amount of funding through Federal, State and Private Grants and Contracts. Overall, sponsored funding increased by $37.9 million, or 13.2% in fiscal year 2008 compared to a 0.5% increase in fiscal year 2007. The University's research programs, with increased funding from all sources, represented most of the fiscal year 2008 increase in sponsored funding. In addition, total federal grants and contracts increased by $24.5 million over the prior year. In fiscal year 2007, decreases in Federal grant funding were largely offset by increases in State grant funding and private grants and contracts.

The University's auxiliary enterprises include the University Health System, Housing and Dining Services, campus Bookstores, and other such supplemental activities. In fiscal year 2008, Other Auxiliary Enterprises contributed to a $42.4 million, or 16.4%, increase in Operating Revenues over the prior year. Patient Medical Services, which includes fees for services provided by the University Hospitals and Clinics and the University Physicians Practice Plan, increased by $32.5 million, or 5.0%, in fiscal year 2008.

State Appropriations increased by $21.4 million, or 4.9%, in fiscal year 2008, and by $12.0 million, or 2.8%, in fiscal year 2007. As one of the more variable nonoperating revenues, Investment and Endowment Income includes interest and dividend income as well as realized and unrealized gains and losses. Unrealized market value losses and other activity affecting Investment and Endowment Income contributed to a $163.0 million, or 80.4%, decrease in fiscal year 2008, while in fiscal year 2007, unrealized market gains contributed to a $91.0 million, or 81.4%, increase in value.

Gift income is reflected in three categories: Private Gifts, Capital Gifts and Grants (which are restricted for adding or improving capital assets) and Private Gifts for Endowments (which are restricted for establishing endowments). Private Gifts and Grants can fluctuate significantly from year to year due to the voluntary nature of donors' gifts. In fiscal year 2008, the University received gifts totaling $102.0 million, compared to fiscal year 2007's $94.1 million and fiscal year 2006's $107.2 million.

In fiscal year 2008, State Capital Appropriations of $15.5 million represented a decrease of $2.6 million from fiscal year 2007's $18.1 million. Fiscal year 2008 state capital appropriations include $15 million for a Mechanical Engineering Building on the University's Missouri S&T campus, of which $10.5 million was spent during the fiscal year, and $28.5 million for Benton and Stadler Halls on the St. Louis campus, of which about $200,000 was spent. In addition, state capital appropriations funded several smaller projects, such as $5 million for a plant science research facility in Mexico, Missouri. Almost all of fiscal year 2007's state capital appropriations, $18.1 million, funded the Health Sciences Center on the Kansas City campus.

In fiscal year 2007, the University received net proceeds of $19.3 million resulting from the sale of Missouri Care, L.C., a discretely presented component unit of the University. The transaction was recorded as an Extraordinary Item in the Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2007. Refer to Note 19 of the financial statements for additional information.

Total Operating Expenses increased by $151.3 million, or 7.1%, in fiscal year 2008 compared to an increase of $94.8 million or 4.6% in fiscal year 2007.

During fiscal years 2008 and 2007, Salaries and Wages increased approximately 4.7% and 5.5%, respectively, over the prior fiscal year primarily due to Board-approved employee merit increases and additional full-time equivalent employees. At the same time, Benefits increased by 13.7%, in fiscal year 2008, and 9.7%, in fiscal year 2007. In fiscal year 2008, the University contributed an initial $37 million to establish a trust fund for its other post-employment benefits as a new GASB standard requiring governments to recognize liabilities associated with future benefits became effective. The University contributed an additional $16.5 million in pay-as-you-go costs for these other post-employment benefits. Fiscal year 2007's increased benefits costs related to University contributions for medical, dental and life premiums, as well as contributions to the Retirement Trust Fund.

In fiscal year 2008, the University's Supplies, Services, and Other Operating expenses of $662.3 million increased by 8.9% over fiscal year 2007's $608.1 million. In contrast, Supplies, Services, and Other Operating expenses increased by $1.5 million, or 0.3%, in fiscal year 2007 compared to fiscal year 2006. In fiscal year 2008, the cost of goods sold, which directly relates to additional auxiliary enterprise revenues, increased by $7.9 million, or 7.7%.

The core missions of instruction, research, and public service account for the largest proportion of Operating Expenses at 38.9% for fiscal year 2008. The University of Missouri Health System constitutes the next highest proportion at 28.2% of expenses for fiscal year 2008. Further, these functions represent approximately the same percentages of operating expenses as in fiscal year 2007. Institutional support, which represents the core administrative operations of the University, was only 4 to 5 cents of each dollar during this 5-year period.

Statements of Cash Flows of the University

Net Cash Used in Operating Activities reflects the continued need for funding from the State, as funding received from tuition and fees and related sales and services of auxiliary and educational activities are not sufficient to cover operational needs. In fiscal year 2008, $41.9 million less cash was used in operating activities compared to fiscal year 2007 due to increased cash inflows from tuition and fees; federal, state, and private grant revenues; and patient revenues, as well as decreased cash outflows due to higher year-end payables for salaries, staff benefits, and vendor payments. In fiscal year 2007, cash used in operating activities increased by $98.9 million over fiscal year 2006 due to lower inflows of cash from operating activities and higher outflows for salaries, benefits, and vendor payments.

The University's most significant source of cash, Net Cash Provided by Noncapital Financing Activities, includes funding from State and Federal appropriations and noncapital private gifts. Cash from these sources totaling $556.2 million in fiscal year 2008, $567.8 million in fiscal year 2007, and $537.5 million in fiscal year 2006 directly offset the additional cash needs resulting from operations.

In fiscal year 2008, the University issued revenue bonds to finance capital expansions, therefore, Net Cash Used in Capital and Related Financing Activities decreased by $134.7 million compared to fiscal year 2007. Similar results were seen in fiscal year 2006 when the previous revenue bonds were issued, thus decreasing the net cash outflows from capital activities. In contrast, during the fiscal year 2007 the University used the previous year's bond-generated cash for capital expansion across all campuses.

Net Cash Provided by Investing Activities reflected outflows of $236.1 million in fiscal year 2008, compared to the cash inflows of $204.0 million in fiscal year 2007. Due to difficult market conditions in the current year, the University's investment pool experienced losses on sales and maturities of investments that were not fully offset by interest and dividend income, compared to significant gains during fiscal year 2007. In fiscal year 2006, cash outflows of $174.5 million included losses on sales and maturities of investments during the year exceeding gains from interest and dividend income.

Discretely Presented Component Units

The University operates the University of Missouri-Columbia Medical Alliance (the "Medical Alliance"), a not-for-profit entity, and previously operated Missouri Care L.C., a not-for-profit entity that the University sold in January 2007. The Medical Alliance is reflected in the financial statements of the University as a discretely presented component unit of the University; however, in fiscal year 2008, Missouri Care L.C. is no longer a discretely presented component unit of the University.

The Medical Alliance was established to facilitate the creation of an integrated healthcare delivery system for mid-Missouri. Capital Region Medical Center in Jefferson City, Missouri, operates as an affiliate of the Medical Alliance and provides inpatient, outpatient and emergency care services to the surrounding community. The Medical Alliance ended the fiscal year ended June 30, 2008 with a $2.8 million increase in net assets compared to a $1.9 million increase in the fiscal year ended June 30, 2007.

Retirement Trust and OPEB Trust

The University operates the University of Missouri Retirement, Disability and Death Benefit Plan (the ***"University Retirement Plan"***) and the University of Missouri Other Post-employment Benefits Plan (the ***"OPEB Plan"*** and collectively with the University Retirement Plan, the ***"Plan"***), which are single employer, defined benefit plans. The assets of the Plan are held in trust and are restricted for use only to pay for benefits and expenses of the Plan. Therefore, these net assets and changes in net assets are reflected separately from the operations of the University. Comparative summary financial statements for the Plan as of and for the three years ended June 30, 2008, are as follows (in thousands of dollars):

Summary Financial Information
of the Plan
(in thousands)

	2006	2007	2008
Net Assets Held for Plan			
Assets:			
Cash and Cash Equivalents and Collateral for Securities Lending	$ 365,718	$ 461,691	$ 424,641
Investments and Related Receivables	2,497,002	2,981,538	3,022,612
Total Assets	2,862,720	3,443,229	3,447,253
Liabilities:			
Payables and Accrued Liabilities	96,762	130,172	402,571
Collateral for Securities Lending	271,217	382,023	294,781
Total Liabilities	367,979	512,195	697,352
Net Assets Held for Plan	$2,494,741	$2,931,034	$2,749,901
Changes in Plan Net Assets			
Net Revenues and Other Additions:			
Net Investment Income (Loss)	$ 297,883	$ 478,012	$ (166,575)
Contributions	64,399	74,736	140,479
Total Net Revenues and Other Additions	362,282	552,748	(26,096)
Expenses and Other Deductions:			
Administrative Expenses	1,760	2,043	2,173
Payments to Retirees and Beneficiaries	111,094	114,412	152,864
Total Expenses and Other Deductions	112,854	116,455	155,037
Increase (Decrease) in Net Assets Held for Plan	249,428	436,293	(181,133)
Net Assets Held for Plan, Beginning of Year	2,245,313	2,494,741	2,931,034
Net Assets Held for Plan, End of Year	$2,494,741	$2,931,034	$2,749,901

Net assets held for the Plan decreased $181.1 million, from $2.931 billion in the fiscal year ended June 30, 2007 to $2.75 billion in the fiscal year ended June 30, 2008. This decrease is a result of a net investment loss of $166.6 million, including unrealized losses of $244.0 million and the excess of payments of benefits to retirees and related expenses over the University's contribution of $14.5 million. For the year ended June 30, 2008, the Plan experienced a total investment return of (5.7)% compared to 19.7% for the year ended June 30, 2007. The (5.7)% investment return for the fiscal year ended June 30, 2008 compares to the benchmark index of (3.6)%. The allocation of the Plan Investments for the fiscal year ended June 30, 2008 is shown in the following table.

Plan Investments
Fiscal Year ended June 30, 2008

	Asset Distribution	Total Return	Benchmark Index Return
Domestic Equities	33.2%	(15.1)%	(12.7)%
International Equities	21.3%	(11.9)%	(10.1)%
Emerging Markets Equities	6.6%	(0.1)%	3.6%
Alternative Investments – Absolute Return	2.1%	6.5%	8.6%
Alternative Investments – Private Equity	2.2%	N/A	N/A
Real Estate	6.6%	9.2%	13.6%
Global Fixed Income	19.0%	7.3%	9.3%
TIPS	9.0%	N/A	15.1%
Total (Composite)	100%	(5.7)%	(3.6)%

Benchmark index returns are calculated by independent investment consultants based on returns of similar security portfolios.

As of October 1, 2008, the most recent actuarial valuation date, the University Retirement Plan was 102.8% funded, down from 103.8% funded as of October 1, 2007, based upon the actuarial and other assumptions set forth in the report. The actuarial accrued liability for benefits was $2,733,032,000 and the actuarial value of the assets was $2,808,126,000, resulting in excess funding of $75,094,000. The covered payroll (annual payroll of active employees covered the University Retirement Plan) was $954,430,000, and the ratio of excess funding to covered payroll was 7.9%. The market value of the University Retirement Plan assets was 14% less than the actuarial value of assets as of the October 1, 2008 valuation date. This difference (deferred investment loss) will be recognized (along with any other investment losses/gains subsequent to the valuation date) over the next few years under the current actuarial asset smoothing method. The University intends to make required contributions to the University Retirement Plan in fiscal year 2010 at 6.12% of covered payroll, compared to 5.87% of covered payroll in fiscal year 2009. See Note 15 of the Notes to Financial Statements of the University included as **Appendix A**.

Other Post-Employment Benefits

Under the OPEB Plan, the University provides post-employment benefits to eligible retirees and long-term disability claimants, including medical, dental, and life insurance benefits. The terms and conditions governing the post-employment benefits to which its employees are entitled are at the sole authority and discretion of the University's Board of Curators. Effective June 2008, the University established a trust, the assets of which are irrevocable and legally protected from creditors and dedicated to providing post-employment benefits in accordance with terms of the plan. Contribution requirements of employees and the University are established and may be amended by the University's management.

Effective for fiscal year 2008, the University adopted Government Accounting Standards Board Statement Nos. 43 and 45, which establish requirements for financial reporting for post-employment benefits other than pension plans. Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits, Other Than Pensions* (GASB 45) requires the University to recognize actuarially estimated costs of its post-employment benefit plan and to provide certain related disclosures. As the University established an irrevocable trust fund to manage its post-employment benefit costs in June 2008, Governmental Accounting Standards Board Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 43) is also applicable. GASB 43 requires financial reporting and disclosures for post-employment benefit plans.

In adopting these standards, the University recognized the effect of a change in accounting principal, which increased net assets by $19,916,000 as a result of writing off previously established benefit reserves that were not in accordance with the new requirements.

The University currently plans to contribute to the trust fund an amount that, in addition to the current year premium contributions, is sufficient to fund 50% of the annual required contribution (ARC). The ARC, which is actuarially determined in accordance with the parameters of GASB 45, represents the ongoing level of funding projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. In fiscal year 2008, the University contributed $53,460,000, or 100.2% of the ARC. The $53,310,000 ARC represents 5.9% of annual covered payroll.

TAX MATTERS

Tax Exemption

The opinion of Thompson Coburn LLP, Bond Counsel, to be delivered upon the issuance of the Series 2009B Bonds and a form of which is attached hereto as Appendix D will state that, under existing law, interest on the Series 2009B Bonds (including any original issue discount properly allocable to an owner thereof as discussed in the portion of this Official Statement captioned **"TAX MATTERS - Original Issue Discount"**) is excluded from gross income for federal income tax purposes.

Bond Counsel's opinion will be conditioned on continuing compliance by the University with all requirements of the Code that must be satisfied in order that interest on the Series 2009B Bonds be, and continue to be, excluded from gross income for federal income tax purposes. The University is to covenant in the Bond Resolution and the Tax Compliance Agreement to comply with all such requirements. In addition, Bond Counsel will rely on representations by the University and others, with respect to matters solely within their knowledge, which Bond Counsel has not independently verified. Failure to comply with the requirements of the Code (including due to the foregoing representations being determined to be inaccurate or incomplete) may cause interest on the Series 2009B Bonds to be included in gross income for federal income tax purposes retroactive to the date of delivery of the Series 2009B Bonds. Bond Counsel has not been retained to monitor compliance with requirements such as described above subsequent to the issuance of the Series 2009B Bonds. In addition, the Bond Resolution does not require the University to redeem the Series 2009B Bonds or to pay any additional interest or penalty in the event that interest on the Series 2009B Bonds becomes taxable.

In addition, the opinion of Bond Counsel will state that, under existing law, interest on the Series 2009B Bonds (including any original issue discount properly allocable to an owner thereof) (a) is not a specific item of tax preference for purposes of the federal alternative minimum tax on corporations and other taxpayers, including individuals and (b) is not included in a corporate taxpayer's adjusted current earnings preference item for purposes of determining its federal alternative minimum tax liability. The opinion of Bond Counsel will state that, under existing law, the Series 2009B Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code (relating to financial institution deductibility of interest expense).

The opinion of Bond Counsel will also state that, under existing law, interest on the Series 2009B Bonds is exempt from income taxes imposed by the State of Missouri under Chapter 143 of the Revised Statutes of Missouri, as amended. No opinion will be expressed regarding the applicability, with respect to the Series 2009B Bonds or the interest on the Series 2009B Bonds (including any original issue discount properly allocable to an owner thereof), of the taxes imposed by the State of Missouri on financial institutions under Chapter 148 of the Revised Statutes of Missouri, as amended.

Except as stated above, the opinion of Bond Counsel will express no opinion as to any federal, state or local tax consequences arising with respect to the Series 2009B Bonds.

Bond Counsel's opinions are based on Bond Counsel's knowledge of facts as of the date thereof. Further, Bond Counsel's opinions are based on existing legal authorities, cover certain matters not directly addressed by such authorities and represent Bond Counsel's legal judgment as to the proper treatment of the Series 2009B Bonds for federal income tax purposes. Such opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the ***"Service"***) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the University, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Service. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur.

The Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Series 2009B Bonds. Owners of the Series 2009B Bonds are advised that, if an audit of the Series 2009B Bonds were commenced, in accordance with its current published procedures, the Service is likely to treat the University as the taxpayer, and the owners of the Series 2009B Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Series 2009B Bonds could adversely affect the value and liquidity of the Series 2009B Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Original Issue Discount

The initial public offering prices of certain maturities of the Series 2009B Bonds are less than the respective stated redemption prices at maturity (such Series 2009B Bonds are hereinafter referred to as ***"OID Bonds"***). An amount equal to the difference between the initial public offering price of an OID Bond (assuming a substantial amount of such maturity is first sold at that price) and its stated redemption price at maturity constitutes original issue discount. The amount of original issue discount properly accruable with respect to an OID Bond is excluded from gross income for federal income tax purposes (subject to compliance by the University with the tax covenants in the Bond Resolution and the Tax Compliance Agreement) and is exempt from income taxes imposed by the State of Missouri under Chapter 143 of the Revised Statutes of Missouri. The amount of properly accruable original issue discount during the period that the owner holds an OID Bond is added to the owner's tax basis for purposes of determining gain or loss upon maturity, redemption, prior sale or other disposition of such OID Bond.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues during any accrual period to an owner of an OID Bond who purchases such OID Bond in this initial offering at the initial offering price generally equals (i) the issue price of such OID Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such OID Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest on such OID Bond payable during, or otherwise allocable to, such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period. Each owner of an OID Bond may select accrual periods that may vary in length over the term of the OID Bond, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period.

Original issue discount as described above (a) is not a specific item of tax preference for purposes of the federal alternative minimum tax on corporations and other taxpayers, including individual and (b) is not included in the adjusted current earnings preference item for purposes of determining the corporation's federal alternative minimum tax liability.

Owners of OID Bonds (and particularly those not purchasing in this initial offering at the initial offering prices) should consult their own tax advisors with respect to the determination and treatment of original issue discount for federal income tax purposes and with respect to other federal, state, local and foreign tax consequences of owning or disposing of such OID Bonds.

Premium

An amount equal to the excess of the purchase price of a Series 2009B Bond over its stated redemption price at maturity constitutes amortizable bond premium on such Series 2009B Bond. A purchaser of a Series 2009B Bond generally must amortize any premium over such Series 2009B Bond's term using constant yield principals, based on the purchaser's yield on the Series 2009B Bond to maturity; provided that the premium must be amortized over the period to a call date with respect to the Series 2009B Bond, based on the purchaser's yield on the Series 2009B Bond to such call date, if the call by the University on such date would minimize the purchaser's yield on the Series 2009B Bond. As premium is amortized, the purchaser's basis in such Series 2009B Bond (and the amount of tax-exempt stated interest received) will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Series 2009B Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Owners of Series 2009B Bonds who purchase at a premium (whether at the time of initial issuance or subsequent thereto) should consult their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to other federal, state, local and foreign tax consequences of owning or disposing of such Series 2009B Bonds.

Market Discount

If a Series 2009B Bond is purchased at any time for a price that is less than the Series 2009B Bond's stated redemption price at maturity or, in the case of an OID Bond, its adjusted issue price, the purchaser will be treated as having purchased a Series 2009B Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2009B Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of a Series 2009B Bond. Owners of Series 2009B Bonds should consult their Series 2009B own tax advisors regarding the potential implications of the market discount rules with respect to the Bonds.

Collateral Tax Consequences

Prospective purchasers of the Series 2009B Bonds should be aware that the ownership of the Series 2009B Bonds may result in other federal (and, in some cases, state and local) tax consequences to certain taxpayers, including, without limitation, financial institutions, insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers who have incurred or continued indebtedness to purchase or carry, or have paid or incurred certain expenses allocated to, the Series 2009B Bonds, individuals who may be eligible for the earned income credit, owners who dispose of any Series 2009B Bond prior to its stated maturity (whether by sale or otherwise) and owners who purchase any Series 2009B Bond at a price different from its initial offering price. All prospective purchasers of the Series 2009B Bonds should consult their own tax advisors as to the applicability and the impact of any other tax consequences (which may depend upon their particular tax status or other tax items), as well as to the treatment of interest on the Series 2009B Bonds (including any original issue discount properly allocable to an owner thereof) under state or local laws other than those of the State of Missouri.

Under the Code, all taxpayers are required to report on their federal income tax returns the amount of interest (including properly allocable original issue discount) received or accrued during the year that is excluded from gross income for federal income tax purposes. This requirement applies to interest on all tax-exempt bonds, including, but not limited to, the Series 2009B Bonds. Also, the Code requires the reporting by payors of tax-exempt interest in a manner similar to that for interest on taxable obligations. Generally, payors (including paying agents and other middlemen and nominees) of tax-exempt interest (such as interest on the Series 2009B Bonds) to non-corporate payees are subject to federal income tax information return and payee statement reporting and recordkeeping requirements. Also, as to payor reportable payments of tax-exempt interest (such as payments to non-corporate payees of interest on the Series 2009B Bonds), the general rules of federal income tax backup withholding will apply to such payments, unless the payor obtains from the payee a completed, certified Form W-9, Request for Taxpayer Identification Number and Certification. However, for tax-exempt original issue discount, no information reporting or backup withholding will be required until such time as the Service provides future guidance.

Federal, state or local legislation, if enacted in the future, may cause interest on the Series 2009B Bonds to be subject, directly or indirectly, to federal or State of Missouri taxation or otherwise adversely affect the federal, state or local tax consequences of ownership or disposition of, and, whether or not enacted, may adversely affect the value and liquidity of, the Series 2009B Bonds.

LITIGATION

There is not now pending or, to the knowledge of the University, threatened any litigation (a) to restrain or enjoin the issuance or delivery of the Series 2009 Bonds, (b) challenging the proceedings or authority under which the Series 2009 Bonds are to be issued, (c) materially affecting the security for the Series 2009 Bonds, or (d) which would otherwise materially adversely affect the business of the University.

LEGAL MATTERS

Legal matters incident to the authorization, sale and delivery of the Series 2009B Bonds are subject to the approval of Thompson Coburn LLP, St. Louis, Missouri, Bond Counsel, whose approving opinion will be delivered with the Series 2009B Bonds. The proposed form of opinion of Bond Counsel is attached hereto as **Appendix D**. Certain legal matters will be passed upon for the University by Steven J. Owens, Esq., General Counsel to the University, and by Gilmore & Bell, P.C., Kansas City, Missouri, as Disclosure Counsel to the University, and for the Underwriters by Orrick, Herrington & Sutcliffe LLP, New York, New York.

The various legal opinions to be delivered concurrently with the delivery of the Series 2009B Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transactions opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

CONTINUING DISCLOSURE

The University has covenanted for the benefit of the holders and beneficial owners of the Series 2009B Bonds to provide certain financial information and operating data relating to the University by not later than 180 days following the end of the University's fiscal year (the ***"Annual Report"***), commencing with the fiscal year ending June 30, 2009, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and notices of the material events will be filed by the University with the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access system (***"EMMA"***). Annual Reports, material event notices and other notices and information that may be filed by the University with the Municipal Securities Rulemaking Board through EMMA are available free of charge to the public at *www.emma.msrb.org*. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5). The specific nature of the information to be contained in the Annual Report and in the notices of material events is summarized in **"Appendix C - Definitions and Summaries of Principal Documents."**

The University has never failed to comply in any material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events. The University was late, however, in submitting the fiscal year 2005 audited financial statements to the national repositories due to delays in completing the audit of the financial statements for fiscal year 2005 after the change in independent auditors for that fiscal year.

FINANCIAL ADVISOR

Commerce Bank, N.A., St. Louis, Missouri, has served as Financial Advisor to the University in connection with the Series 2009 Bonds. Commerce Bank, N.A. also serves as Paying Agent and Bond Registrar for the Series 2009 Bonds. The principal of the Financial Advisor has served as financial advisor to the University on all University financings undertaken since 1990.

FINANCIAL STATEMENTS

The following financial statements of the University are included as Appendices to this Official Statement:

- Audited Financial Statements of the University of Missouri for the fiscal years ended June 30, 2008 and 2007, included as **Appendix A;** and
- Audited Financial Statements of the University of Missouri System Facilities Revenue Bond Fund for the fiscal years ended June 30, 2008 and 2007, included as **Appendix B.**

Each of these financial statements has been audited by KPMG LLP, independent auditors, as stated in their reports, which also appear in **Appendices A** and **B**, respectively.

Certain unaudited financial information of the University and the University Health System for the nine-month periods ended March 31, 2009 and 2008, has been prepared by the University and is included in this Official Statement. Operating results for the nine-month period ended March 31, 2009, are not necessarily indicative of the results that may be expected for the entire year.

RATINGS

Standard & Poor's Ratings Services and Moody's Investors Service have assigned the Series 2009B Bonds the ratings of "AA" and "Aa2," respectively. These ratings reflect only the respective views of those organizations at the time such ratings were given. An explanation of the significance of those ratings may be obtained from the respective rating agencies. The University furnished the rating agencies with certain information and materials relating to the Series 2009B Bonds and the University that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be revised downward or withdrawn entirely by either or both rating agencies if, in the judgment of either or both, circumstances so warrant. Any downward change or withdrawal of the ratings may have an adverse effect on the market price and marketability of the Series 2009B Bonds.

UNDERWRITING

The Series 2009B Bonds are being purchased for reoffering by the underwriters named on the cover page, (collectively, the "Underwriters"), for whom J.P. Morgan Securities Inc. will act as representative pursuant to a Bond Purchase Agreement between the University and the Underwriters. The Underwriters have agreed to purchase all, but not less than all, of the Series 2009B Bonds at a price of $80,978,739.00 (which is equal to the aggregate principal amount of the Series 2009B Bonds, plus original issue premium, net of original issue discount, in the amount of $5,543,926,50, and less an underwriting discount in the amount of $325,187.50). In addition, the University will reimburse the Underwriters from proceeds of the Series 2009B Bonds for actual expenses incurred by the Underwriters in connection with the offer and sale of the Series 2009B Bonds, not to exceed $11,364.00

The Underwriters may offer and sell the Series 2009B Bonds to certain dealers (including dealers depositing the Series 2009B Bonds into investment trusts) and others at prices lower than the initial public offering prices. The initial public offering prices may be changed from time to time by the Underwriters.

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

MISCELLANEOUS

The references herein to the Resolution are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and for full and complete statements of the provisions thereof reference is made to the Resolution. Copies of such document are on file at the offices of the University and following the delivery of the Series 2009B Bonds will be on file at the offices of the Paying Agent and Bond Registrar. All estimates and other statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The attached appendices are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The closing documents will include a certificate by the proper official of the University that, to the best of his or her knowledge and belief at the time of the acceptance of the delivery of the Series 2009B Bonds, this Official Statement and any information furnished by the University supplementary thereto did not and do not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made in light of the circumstances under which they were made, not misleading in any material respect.

This Official Statement has been duly authorized and approved by the University and duly executed and delivered on its behalf by the official signing below.

THE CURATORS OF THE UNIVERSITY OF MISSOURI

By /s/ Natalie Krawitz
Vice President for Finance and Administration

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY OF MISSOURI FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2007

Table of Contents

Governing Board and Administrative Staff

UNIVERSITY OF MISSOURI

BOARD OF CURATORS

Cheryl D. S. Walker, President
Buford M. (Bo) Fraser, Vice President
Marion H. Cairns
John M. Carnahan III
Warren K. Erdman
Judith G. Haggard
Doug Russell
Don Walsworth
David G. Wasinger
Anton H. Luetkemeyer, Student Representative

GENERAL OFFICERS

Gary D. Forsee, President
Gordon H. Lamb, Executive Vice President
Stephen J. Owens, General Counsel
Steven W. Graham, Interim Vice President for Academic Affairs
Gary K. Allen, Vice President for Information Technology
Elizabeth Rodriquez, Vice President for Human Resources
Stephen C. Knorr, Vice President for Government Relations
Natalie Krawitz, Vice President for Finance and Administration
Michael F. Nichols, Vice President for Research and Economic Development
James H. Ross, Chief Executive Officer of University of Missouri Health Care
Brady J. Deaton, Chancellor, University of Missouri – Columbia
Leo E. Morton, Interim Chancellor, University of Missouri – Kansas City
John F. Carney III, Chancellor, Missouri University of Science and Technology
Thomas F. George, Chancellor, University of Missouri – St Louis

FINANCE STAFF

Natalie Krawitz, Vice President for Finance and Administration
Jane E. Closterman, Controller
Shirley S. DeJarnette, Treasurer
Cuba Plain, Assistant Vice President Budget Planning and Development

Management's Discussion and Analysis provides an overview of the financial position and activities of the University of Missouri (the "University") for the fiscal years ended June 30, 2008, and 2007, and should be read in conjunction with the financial statements and notes. The University is a component unit of the State of Missouri and an integral part of the state's Comprehensive Annual Financial Report.

UNIVERSITY ACCOUNTING AND FINANCIAL REPORTING

This report includes five financial statements:

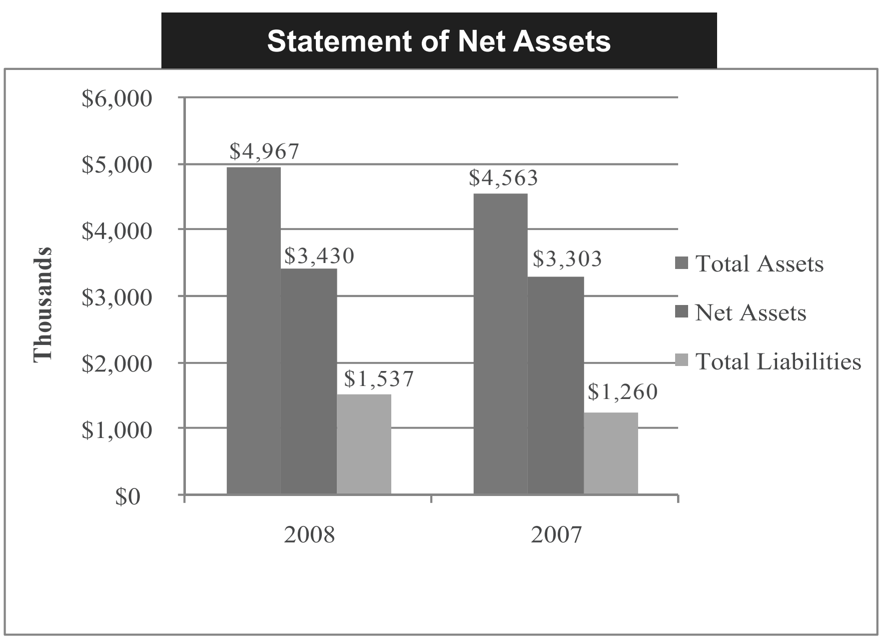
- The three financial statements for the University of Missouri System and its Aggregate Discretely Presented Component Unit(s) include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

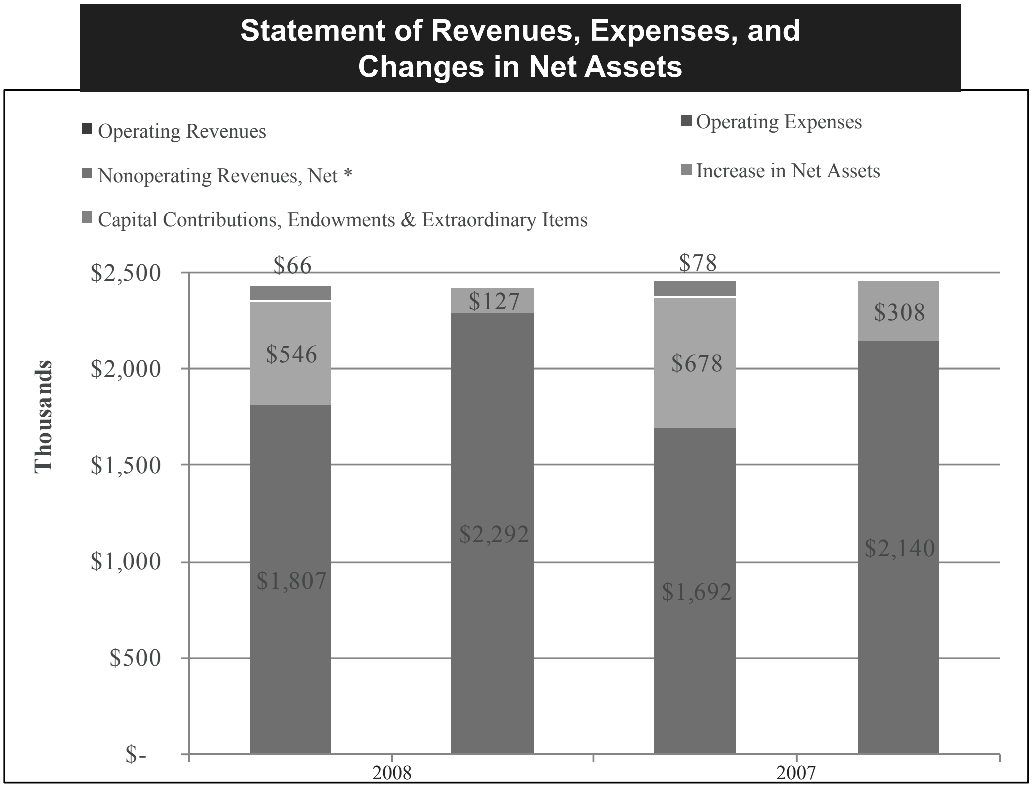
- The two financial statements for the University's fiduciary funds, which include the Retirement and the Other Post-Employment Benefits Trust Funds, are the Statement of Plan Net Assets and the Statement of Changes in Plan Net Assets.

The University's financial statements are prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes financial reporting standards for public colleges and universities. The University's significant accounting policies are summarized in Note 1 to the financial statements of this report, including further information on the financial reporting entity. In addition, a more detailed unaudited financial report that includes campus-level financial statements is available at the University of Missouri, 118 University Hall, Columbia, MO 65211, and at www.umsystem.edu through the Finance and Administration page.

FINANCIAL HIGHLIGHTS

At June 30, 2008, the University's financial position continued to strengthen, with Total Assets of almost $5.0 billion. Net Assets, which represent the residual value of the University's assets after deducting liabilities, totaled $3.4 billion. When operating, non-operating, and other changes are included, Net Assets increased by approximately $127.2 million in fiscal year 2008, including a $19.9 million cumulative effect of a change in accounting principle. The following charts compare Total Assets, Liabilities, and Net Assets at June 30, 2008, and 2007, and the major components of changes in Net Assets for the years ended June 30, 2008, and 2007.





* includes State Appropriations & Cumulative Effect of Change in Accounting Principle

During fiscal year 2008, the most significant growth in Total Assets was from capital asset expansion and gains in non-endowment investments. Issuance of new System Facilities Revenue Bonds increased Total Liabilities; the University typically issues new bonds every 2 to 3 years to finance development or improvement of capital assets. The fiscal year 2008 increase in total Net Assets primarily reflects growth in Invested in Capital Assets net of Debt and Unrestricted Net Assets.

CONDENSED STATEMENT OF NET ASSETS

The Statement of Net Assets presents the University's financial position at the end of the fiscal year, including all assets and liabilities of the University and segregating them into current and noncurrent components. Assets and liabilities are generally measured using current values with certain exceptions, such as capital assets which are stated at cost less accumulated depreciation, and long-term debt which is stated at cost.

The following table summarizes the University's assets, liabilities and net assets at June 30, 2008, 2007, and 2006:

Assets, Liabilities, and Net Assets
(in thousands of dollars)

	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
Assets:			
Current Assets	$ 930,882	$ 971,247	$ 751,564
Long-Term Investments -			
Endowed and Quasi-Endowed Investments	944,492	880,884	854,365
Other Investments	785,527	593,781	597,013
Capital Assets, Net	2,227,427	2,039,069	1,926,942
Other Noncurrent Assets	78,442	77,765	83,357
Total Assets	$ 4,966,770	$ 4,562,746	$ 4,213,241
Liabilities:			
Current Liabilities	$ 629,224	$ 553,956	$ 489,987
Noncurrent Liabilities	907,104	705,584	728,273
Total Liabilities	1,536,328	1,259,540	1,218,260
Net Assets:			
Invested in Capital Assets, Net of Related Debt	1,439,753	1,379,098	1,263,187
Restricted -			
Nonexpendable	718,314	738,153	624,821
Expendable	367,519	370,616	366,036
Unrestricted	904,856	815,339	740,937
Total Net Assets	3,430,442	3,303,206	2,994,981
Total Liabilities and Net Assets	$ 4,966,770	$ 4,562,746	$ 4,213,241

ASSETS

Total Assets increased by $404.0 million, or 8.9%, to almost $5.0 billion as of June 30, 2008, compared to the prior year. From fiscal year 2006 to 2007, Total Assets increased by 8.3%. This continued growth reflects the University's efforts to strengthen its capital position, primarily through increasing **Long-Term Investments** and expanding **Capital Assets** across all of its campuses to meet housing, educational, and student recreational needs.

At June 30, 2008, the University's working capital, which is current assets less current liabilities, was $301.7 million, a decrease of $115.6 million from the previous year. With Current Assets at almost 1.5 times Current Liabilities, the University has adequate working capital reserves. At June 30, 2007, working capital totaled $417.3 million, an increase of $155.7 million over June 30, 2006.

At June 30, 2008, the University held $273.4 million in **Cash and Cash Equivalents**, a decrease of $134.3 million from June 30, 2007. The June 30, 2007 cash balances of $407.7 million were $140.7 million higher than fiscal year 2006's $267.0 million. The lower balance at the current fiscal year end relates to several factors, including moving cash into longer term investments to achieve better returns in the current market and using cash to establish the University's new Other Postemployment Benefits (OPEB) Trust Fund as discussed in Note 16.

Long-Term and Short-Term Investments totaled $2.0 billion as of June 30, 2008, representing an increase of 15.7% over the prior year. This compares to a 4.4% increase from fiscal year end 2006 to 2007. The higher June 30, 2008 investment balance reflected a shift from cash equivalents, which decreased by $126.4 million from the previous year end, into U.S. government obligations with 6-year or longer maturities, which increased by $204.9 million. Due to market conditions during fiscal year 2008 and resulting unrealized losses, investment and endowment income of $39.7 million declined by 80.4% compared to fiscal year 2007's $202.6 million. The University's endowment funds, comprised primarily of the Balanced and Fixed Income Pools, declined by 7.8% in fiscal year 2008 due to the performance of the U.S. and international equity markets. However, endowment gifts increased by $5.1 million, or 18.2%, over fiscal year 2007. Returns of the University's various investment pools for the year ended June 30, 2008, compared to benchmark indices were as follows:

Long-Term and Short-Term Investments
(in thousands of dollars)

	Asset Distribution	Total Return	Benchmark Index Return
General Pool	$ 906,997	6.5%	6.3%
Balanced Pool	921,507	-4.8%	-3.6%
Fixed Income Pool	65,594	6.1%	7.3%
Other Investments	100,015	N/A	N/A

Benchmark index returns are calculated by independent investment consultants based on returns of similar security portfolios.

In fiscal year 2008, **Accounts Receivable** increased by $13.7 million, or 5.8% over June 30, 2007. While the related contracts and grants, student tuition, State appropriations, and patient services revenue increased by 6.1% overall, timelier collection of amounts earned kept the increase in receivables lower.

In fiscal year 2008, **Pledges Receivable** declined by 14.0%, from $36.0 million to $30.9 million. The most notable decrease occurred with Current Pledges (those receivable in the coming year) decreasing from $13.0 million to $9.8 million, or 24.5%, while Long-Term Pledges decreased from $23.0 million to $21.1 million, or 8.1%. Only the Missouri University of Science and Technology (Missouri S&T) recognized an increase of Pledges Receivable for the year.

During fiscal year 2008, the University's investment in **Capital Assets** totaled $2.2 billion compared to fiscal year 2007's $2.0 billion. The University added $314.4 million in capital assets during fiscal year 2008, net of retirements, offset by depreciation of $126.0 million for the year. Fiscal year 2007 capital asset additions of $231.2 million, net of retirements, were offset by $119.1 million in depreciation. Note 7 presents additional information on changes by asset classification, but major additions to **Capital Assets** during fiscal year 2008 are shown in the following table.

Major Expenditures Related to Capital Asset Additions
During Fiscal Year Ended June 30, 2008

Campus	Expenditures	Source of Funding
Columbia:		
Mid-Campus Housing	$ 23,713,000	Bond Proceeds
Schurz/Bingham Halls	18,824,000	Bond Proceeds
Journalism Renovation	11,667,000	Gift
Kansas City:		
Central Utilities Performance Contract	$ 21,394,000	Bond Proceeds & Plant
Missouri S&T:		
Mechanical Engineering Building	$ 19,553,000	State Appropriations, Gifts, & Other
Thomas Jefferson North Renovation	8,060,000	Bond Proceeds
St Louis:		
South Campus Garage	$ 3,916,000	Plant

LIABILITIES

Total Liabilities increased $276.8 million as of June 30, 2008 over June 30, 2007 and $41.3 million in fiscal year 2007 over June 30, 2006. Issuance of new bonds, discussed below, represented the largest factor in increased liabilities. Significant changes in fiscal year 2008 year-end **Current Liabilities** include a $31.7 million decrease in **Collateral for Securities on Loan** as a result of lower demand from borrowers; a $95.6 million increase in **Investment Settlements Payable** for purchases of investments occurring on or before June 30, but settling after June 30; and a $3.5 million increase in **Deferred Revenue** related to the timing of grants and tuition activity.

The University issued $365.2 million of System Facilities Revenue Bonds at the beginning of fiscal year 2008, with $102.3 million used primarily to defease existing debt and $262.9 million to fund new projects. Bonds were last issued in fiscal year 2006 with $108.9 million for new projects and $191.8 million to defease existing debt. **Bonds Payable**, net of premium/discount and deferred losses on defeasance, increased by $215.4 million in fiscal year 2008, while decreasing by $14.7 million in fiscal year 2007.

The following is a summary of long-term debt by type of debt instrument, including the current and noncurrent portions:

Long-Term Debt Summary
(in thousands of dollars)

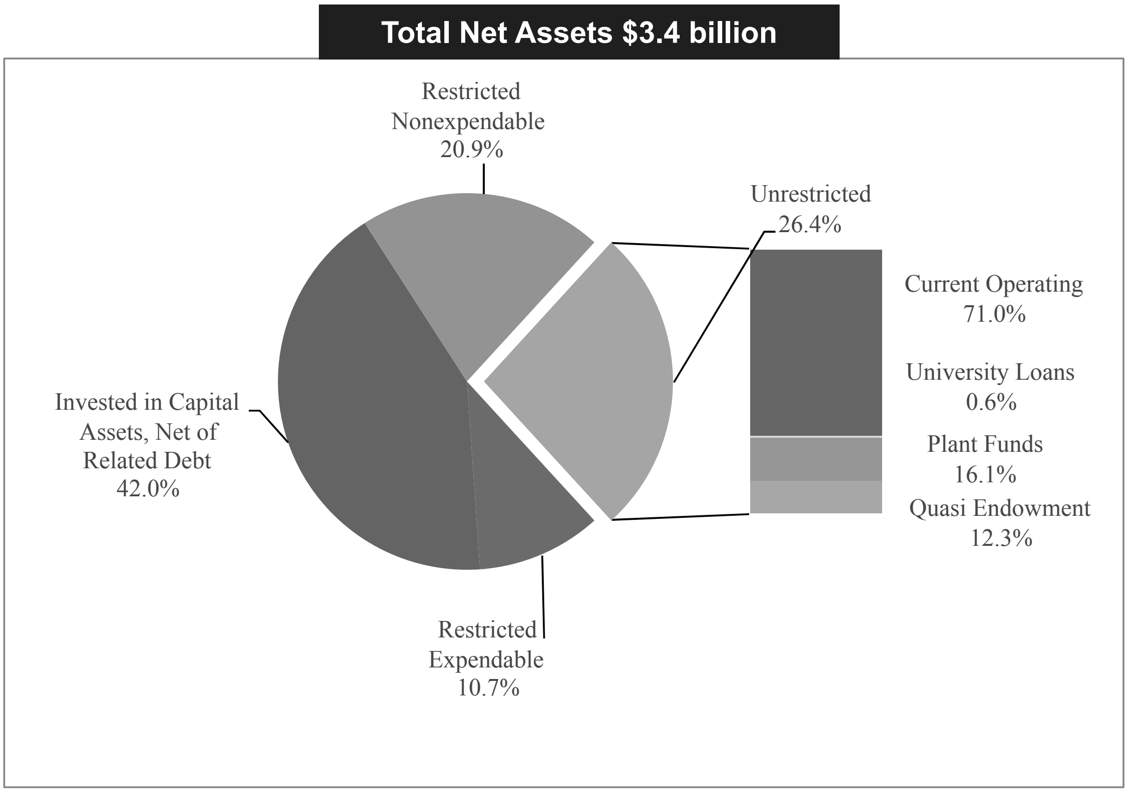
	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
System Facilities Revenue Bonds	$ 857,105	$ 645,825	$ 660,585
Unamortized Premium/Discount and Loss on Defeasance	11,102	6,960	6,869
	868,207	652,785	667,454
Notes Payable	2,460		
Capital Lease Obligations	8,892	9,354	9,779
	$ 879,559	$ 662,139	$ 677,233

NET ASSETS

Net Assets represent the value of the University's assets after liabilities are deducted. The University's total **Net Assets** increased by $127.2 million in fiscal year 2008, including $19.9 million for a change in accounting principle, and $308.2 million in fiscal year 2007. These increases in total **Net Assets** are reflected in the four component categories as follows:

- **Invested in Capital Assets, Net of Related Debt**, represents the University's investment in capital assets, net of accumulated depreciation and outstanding debt related to acquisition, construction or improvement of those assets. This category increased by $60.7 million to $1.4 billion in fiscal year 2008 and $115.9 million to $1.4 billion in fiscal year 2007 due to issuance of additional revenue bonds in fiscal years 2008 and 2006 and related investment in buildings, equipment, and infrastructure. To the extent that debt has been issued but not yet expended for capital assets, the amounts are not reflected in these totals.
- **Restricted Nonexpendable Net Assets** include endowment and similar assets that are subject to externally imposed stipulations for the principal to be maintained in perpetuity by the University. This category represents the historical value (corpus) of gifts to the University's permanent endowment. Unrealized market losses contributed to a 2.7% decrease, or $19.8 million, in Restricted Nonexpendable Net Assets during fiscal year 2008, while additional gifts and market gains increased the value by 18.1%, or $113.3 million, during fiscal year 2007.
- **Restricted Expendable Net Assets** are resources that are subject to externally imposed stipulations regarding their use, but are not required to be maintained in perpetuity. During fiscal year 2008, this category also recognized a decrease of $3.1 million, or 0.8%, and in fiscal year 2007 realized an increase of $4.6 million, or 1.3%. As of June 30, 2008, this category includes:
    - $262.3 million of net assets restricted for operations and endowment purposes compared to $270.2 million at June 30, 2007;
    - $77.6 million for student loan programs compared to $75.8 million; and
    - $27.6 million for facilities compared to $24.6 million.
- **Unrestricted Net Assets** are not subject to externally imposed stipulations although these resources may be designated for specific purposes by the University's management or Board of Curators. This category increased by $89.5 million, or 11.0%, in fiscal year 2008 and by $74.4 million, or 10%, in fiscal year 2007 over the prior years. As of June 30, 2008, and 2007, capital project-designated funds totaled $145.9 million and $72.0 million, respectively; student loan program-designated funds totaled $5.6 million and $4.9 million, respectively; and unrestricted funds functioning as endowments totaled $111.5 million and $157.6 million respectively. The remaining Unrestricted Net Assets which are not designated and are available for the University's instructional and public service missions and its general operations totaled $641.8 million and $580.9 million at June 30, 2008, and 2007, respectively.

The distribution of the Net Asset balances, including additional details on unrestricted net assets by fund type, as of June 30, 2008, are as follows:



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses, and Changes in Net Assets presents the University's results of operations. The Statement distinguishes revenues and expenses between operating and nonoperating categories, and provides a view of the University's operating margin.

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

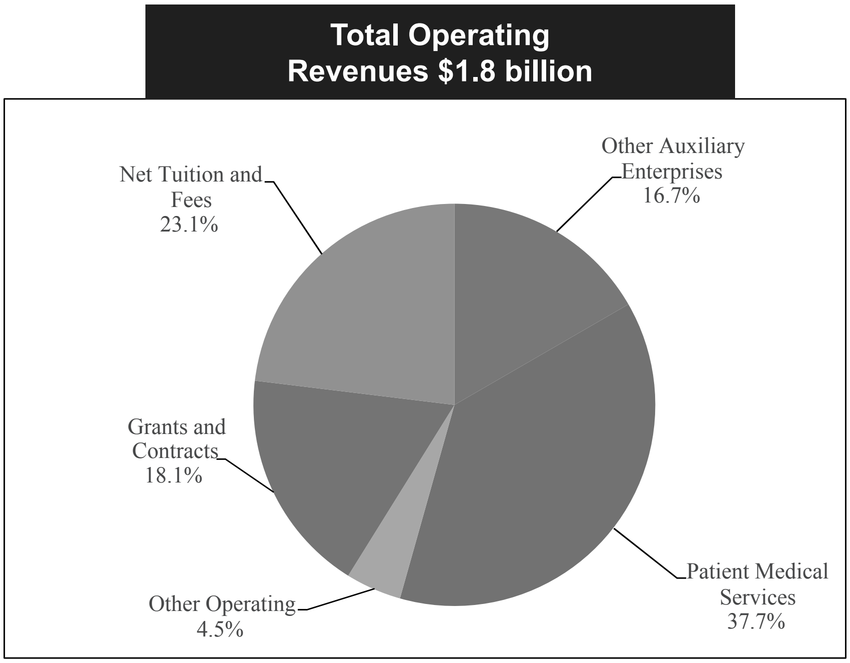
	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
Operating Revenues:			
Net Tuition and Fees	$ 417,205	$ 401,305	$ 374,926
Grants and Contracts	326,380	288,443	287,001
Patient Medical Services, Net	681,312	648,802	620,577
Other Auxiliary Enterprises	301,156	258,790	241,517
Other Operating Revenues	81,200	94,950	75,592
Total Operating Revenues	1,807,253	1,692,290	1,599,613
Operating Expenses:			
Salaries, Wages and Benefits	1,464,051	1,374,790	1,293,150
Supplies, Services and Other Operating Expenses	662,331	608,134	606,617
Other Operating Expenses	165,481	157,671	146,014
Total Operating Expenses	2,291,863	2,140,595	2,045,781
Operating Loss	(484,610)	(448,305)	(446,168)
State Appropriations	462,281	440,855	428,893
Loss after State Appropriations, before Nonoperating Revenues (Expenses)	(22,329)	(7,450)	(17,275)
Nonoperating Revenues (Expenses):			
Investment and Endowment Income, Net	39,673	202,633	111,675
Private Gifts	51,680	53,268	64,483
Other Nonoperating Revenues (Expenses)	(27,572)	(18,539)	(19,331)
Net Nonoperating Revenues	63,781	237,362	156,827
Income before Capital Contributions, Additions to Permanent Endowments and Extraordinary Item	41,452	229,912	139,552
State Capital Appropriations	15,532	18,138	8,503
Capital Gifts and Grants	17,341	12,941	16,285
Private Gifts for Endowment Purposes	32,995	27,917	26,607
Extraordinary Item		19,317	
Increase in Net Assets	107,320	308,225	190,947
Net Assets, Beginning of Year	3,303,206	2,994,981	2,804,034
Cumulative Effect of Change in Accounting Principle	19,916		
Net Assets, Beginning of Year, as Adjusted	3,323,122	2,994,981	2,804,034
Net Assets, End of Year	$ 3,430,442	$ 3,303,206	$ 2,994,981

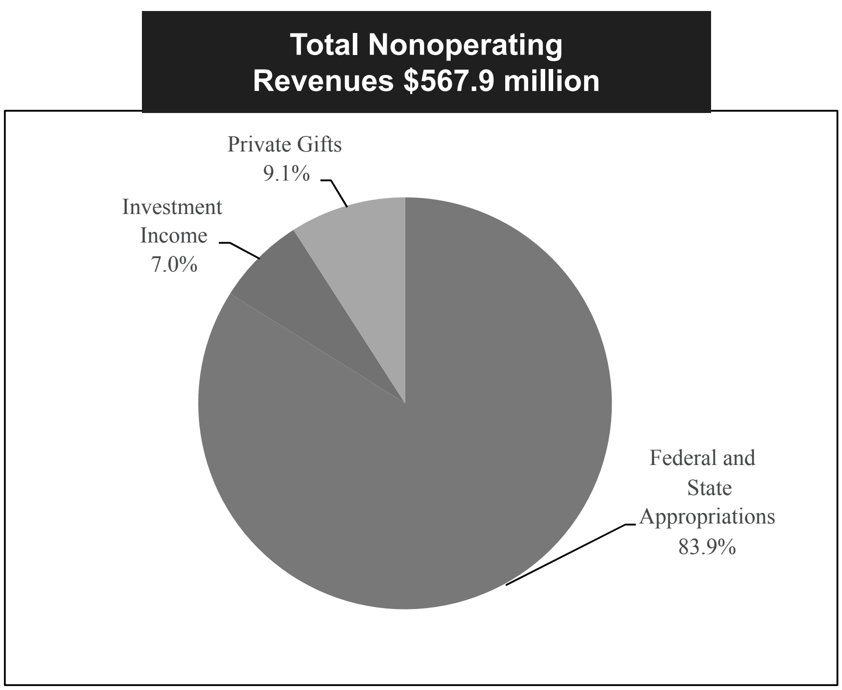
REVENUES

Operating Revenues represent resources generated by the University in fulfilling its instruction, research, and public service missions. Total **Operating Revenues** increased by almost $115.0 million, or 6.8% in fiscal year 2008, and by $92.7 million, or 5.8% in fiscal year 2007. **Grants and Contracts** and **Other Auxiliary Enterprises**

contributed most significantly to the operating revenue gain in fiscal year 2008 while tuition, **Patient Medical Services**, and other miscellaneous operating revenues had the largest gains in the previous year. **Nonoperating Revenues** are those not generated by the University's core missions and include such funding sources as State and Federal Appropriations and Gift and Investment Income. Investment and endowment income and gift income are the largest variable factors in this category.

The following are graphic illustrations of revenues by source, including both operating and nonoperating revenue streams for fiscal year 2008.





Operating Revenues

Tuition and Fees, net of **Scholarship Allowances,** increased by $15.9 million, or 4.0% in fiscal year 2008 and by $26.4 million, or 7.0% in fiscal year 2007. The increases in both fiscal year 2008 and 2007 reflect Board-approved increases in tuition and related enrollment fees of 3.8% and 5.0%, respectively, and increases in student enrollments.

As a research institution, the University receives a substantial amount of funding through **Federal, State and Private Grants and Contracts**. Overall, sponsored funding increased by $37.9 million, or 13.2% in fiscal year 2008 compared to a 0.5% increase in fiscal year 2007. The University's research programs, with increased funding from all sources, represented most of the fiscal year 2008 increase in sponsored funding. In addition, total federal grants and contracts increased by $24.5 million over the prior year. In fiscal year 2007, decreases in Federal grant funding were largely offset by increases in State grant funding and private grants and contracts.

The University's auxiliary enterprises include the University Health System, Housing and Dining Services, campus Bookstores, and other such supplemental activities. In fiscal year 2008, **Other Auxiliary Enterprises** contributed to a $42.4 million, or 16.4%, increase in Operating Revenues over the prior year. **Patient Medical Services**, which includes fees for services provided by the University Hospitals and Clinics and the University Physicians Practice Plan, increased by $32.5 million, or 5.0%, in fiscal year 2008.

Nonoperating Revenues

State Appropriations increased by $21.4 million, or 4.9%, in fiscal year 2008, and by $12.0 million, or 2.8%, in fiscal year 2007. As one of the more variable nonoperating revenues, **Investment and Endowment Income** includes interest and dividend income as well as realized and unrealized gains and losses. Unrealized market value losses and other activity affecting **Investment and Endowment Income** contributed to a $163.0 million, or 80.4%, decrease in fiscal year 2008, while in fiscal year 2007, unrealized market gains contributed to a $91.0 million, or 81.4%, increase in value.

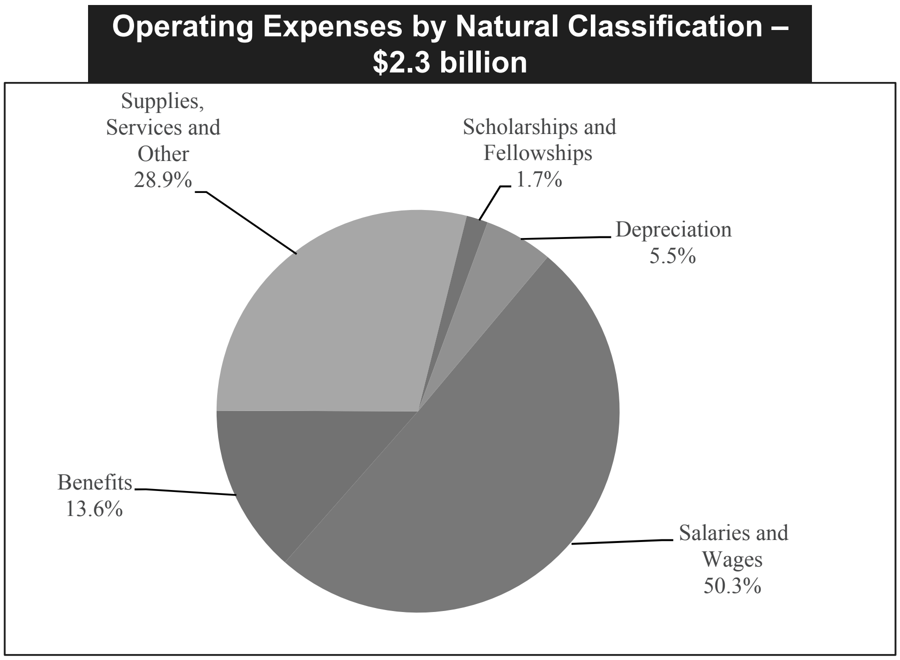
Gift income is reflected in three categories: **Private Gifts, Capital Gifts and Grants** (which are restricted for adding or improving capital assets) and **Private Gifts for Endowments** (which are restricted for establishing endowments). Private Gifts and Grants can fluctuate significantly from year to year due to the voluntary nature of donors' gifts. In fiscal year 2008, the University received gifts totaling $102.0 million, compared to fiscal year 2007's $94.1 million and fiscal year 2006's $107.2 million.

In fiscal year 2008, **State Capital Appropriations** of $15.5 million represented a decrease of $2.6 million from fiscal year 2007's $18.1 million. Fiscal year 2008 state capital appropriations include $15 million for a Mechanical Engineering Building on the University's Missouri S&T campus, of which $10.5 million was spent during the fiscal year, and $28.5 million for Benton and Stadler Halls on the St. Louis campus, of which about $200,000 was spent. In addition, state capital appropriations funded several smaller projects, such as $5 million for a plant science research facility in Mexico, Missouri. Almost all of fiscal year 2007's state capital appropriations, $18.1 million, funded the Health Sciences Center on the Kansas City campus.

In fiscal year 2007, the University received net proceeds of $19.3 million resulting from the sale of Missouri Care, L.C., a discretely presented component unit of the University. The transaction was recorded as an **Extraordinary Item** in the Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2007. Refer to Note 19 for additional information.

OPERATING EXPENSES

Total Operating Expenses increased by $151.3 million, or 7.1%, in fiscal year 2008 compared to an increase of $94.8 million or 4.6% in fiscal year 2007. The following graph illustrates the University's operating expenses by natural classification for fiscal year 2008:



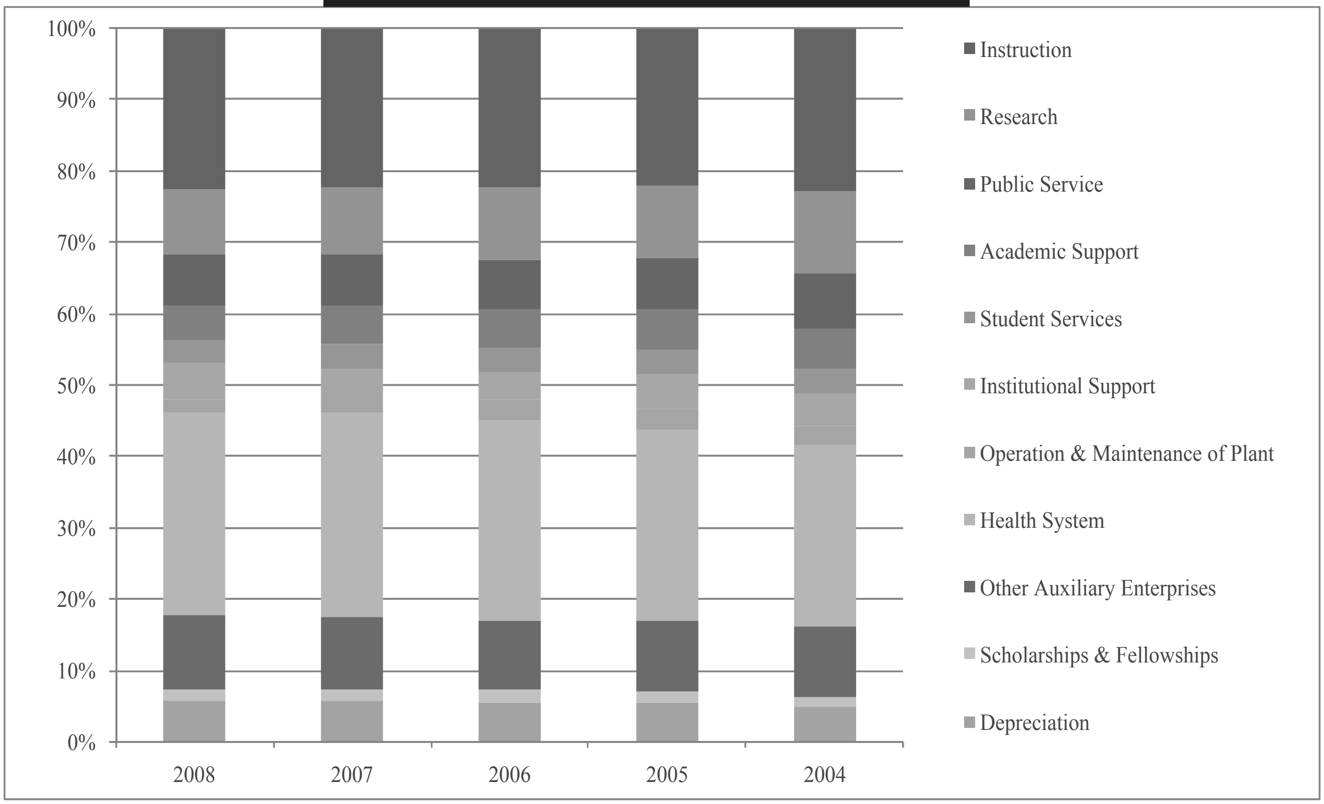
During fiscal years 2008 and 2007, **Salaries and Wages** increased approximately 4.7% and 5.5%, respectively, over the prior fiscal year primarily due to Board-approved employee merit increases and additional full-time equivalent employees. At the same time, **Benefits** increased by 13.7%, in fiscal year 2008, and 9.7%, in fiscal year 2007. In fiscal year 2008, the University contributed an initial $37 million to establish a trust fund for its other post-employment benefits as a new GASB standard requiring governments to recognize liabilities associated with future benefits became effective. The University contributed an additional $16.5 million in pay-as-you-go costs for these other post-employment benefits. Fiscal year 2007's increased benefits costs related to University contributions for medical, dental and life premiums, as well as contributions to the Retirement Trust Fund.

In fiscal year 2008, the University's **Supplies, Services, and Other Operating** expenses of $662.3 million increased by 8.9% over fiscal year 2007's $608.1 million. In contrast, Supplies, Services, and Other Operating expenses increased by $1.5 million, or 0.3%, in fiscal year 2007 compared to fiscal year 2006. In fiscal year 2008, the cost of goods sold, which directly relates to additional auxiliary enterprise revenues, increased by $7.9 million, or 7.7%.

The core missions of instruction, research, and public service account for the largest proportion of Operating Expenses at 38.9% for fiscal year 2008. The University of Missouri Health System constitutes the next highest proportion at 28.2% of expenses for fiscal year 2008. Further, these functions represent approximately the same percentages of operating expenses as in fiscal year 2007. Institutional support, which represents the core administrative operations of the University, was only 4 to 5 cents of each dollar during this 5-year period.

The following graph illustrates the University's operating expenses by function for the five years ended June 30, 2008:

Operating Expenses by Function



STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about the University's sources and uses of cash and cash equivalents during the fiscal year. The following summarizes sources and uses of cash and cash equivalents for the three years ended June 30, 2008:

Statement of Cash Flows
(in thousands of dollars)

	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
Net Cash Used in Operating Activities	$ (344,399)	$ (386,301)	$ (287,403)
Net Cash Provided by Noncapital Financing Activities	556,155	567,782	537,497
Net Cash Used in Capital and Related Financing Activities	(110,046)	(244,755)	(149,628)
Net Cash Provided by (Used in) Investing Activities	(236,064)	203,998	(174,466)
Net Increase (Decrease) in Cash and Cash Equivalents	(134,354)	140,724	(74,000)
Cash and Cash Equivalents, Beginning of Year	407,723	266,999	340,999
Cash and Cash Equivalents, End of Year	$ 273,369	$ 407,723	$ 266,999

Net Cash Used in Operating Activities reflects the continued need for funding from the State of Missouri, as funding received from tuition and fees and related sales and services of auxiliary and educational activities are not sufficient to cover operational needs. In fiscal year 2008, $41.9 million less cash was used in operating activities compared to fiscal year 2007 due to increased cash inflows from tuition and fees; federal, state, and private grant revenues; and patient revenues, as well as decreased cash outflows due to higher year-end payables for salaries, staff benefits, and vendor payments. In fiscal year 2007, cash used in operating activities increased by $98.9 million over fiscal year 2006 due to lower inflows of cash from operating activities and higher outflows for salaries, benefits, and vendor payments.

The University's most significant source of cash, **Net Cash Provided by Noncapital Financing Activities**, includes funding from State and Federal appropriations and noncapital private gifts. Cash from these sources totaling $556.2 million in fiscal year 2008, $567.8 million in fiscal year 2007, and $537.5 million in fiscal year 2006 directly offset the additional cash needs resulting from operations.

In fiscal year 2008, the University issued revenue bonds to finance capital expansions, therefore, **Net Cash Used in Capital and Related Financing Activities** decreased by $134.7 million compared to fiscal year 2007. Similar results were seen in fiscal year 2006 when the previous revenue bonds were issued, thus decreasing the net cash outflows from capital activities. In contrast, during the fiscal year 2007 the University used the previous year's bond-generated cash for capital expansion across all campuses.

Net Cash Provided by Investing Activities reflected outflows of $236.1 million in fiscal year 2008, compared to the cash inflows of $204.0 million in fiscal year 2007. Due to difficult market conditions in the current year, the University's investment pool experienced losses on sales and maturities of investments that were not fully offset by interest and dividend income, compared to significant gains during fiscal year 2007. In fiscal year 2006, cash outflows of $174.5 million included losses on sales and maturities of investments during the year exceeding gains from interest and dividend income.

ECONOMIC OUTLOOK

The University of Missouri continues to provide quality service to students, patients and citizens across the state of Missouri and to strengthen its financial position through positive operating results. The University received a 4.3% increase in state appropriations for operations for fiscal year 2008 and a 4.8% increase for FY 2009. Given turmoil in the financial markets, the University is closely monitoring the State's ability to continue to provide increased funding in the future.

For the fifth year in a row, gross tuition and fees continued to surpass State appropriations as the largest source of non-healthcare operating revenues. This is projected to continue in fiscal year 2009. Tuition rates increased 3.8% in fiscal year 2008 and 4.1% in FY 2009. Coupled with continued enrollment growth on all four campuses, tuition and fee increases ensure the University's ability to maintain positive operating results. Both headcount and full-time equivalent enrollment continue to reach historic highs. From fall 2000 to fall 2007, the University of Missouri full-time equivalent enrollments grew 19.7% and accounted for 72% of the increase in enrollments at the State's four-year higher education institutions. Enrollments are projected to be up significantly in the Fall 2008 as well based on preliminary enrollment numbers. In 2007, the University granted nearly 14,000 degrees contributing significantly to supporting an educated workforce in Missouri. This is a 32% increase over a 10-year period. The University of Missouri, as the State's research and land-grant institution of higher education, enrolls the state's top students.

The University faces increases in unavoidable costs, such as utilities, insurance, the cost of opening new buildings, and increases in the cost of ongoing operations, such as travel due to increased energy costs, information technology including security, licenses and maintenance, increased costs of compliance and training, libraries, and additional required maintenance and repair expenditures. Increasing costs, in conjunction with rising enrollments and the need to maintain affordability, pose a budgetary challenge for the University.

Cognizant of the many demands on the State's limited resources, the University of Missouri has worked to reduce expenditures through administrative efficiencies and increased revenues from other sources. For example, in fiscal year 2007, the University performed a comprehensive review of university administration with a goal of reducing expenses by 10 percent or $12.4 million. By the end of the review process the University had identified $20 million in administrative reductions for reinvestment in academic and strategic priorities. In fiscal year 2008, the Board of Curators requested a review of academic programs and processes which generated efficiencies equal to 1 percent of the operations budget, approximately $9 million, to fund the University's highest strategic priorities. For fiscal year 2009, the University will use a combination of internal reallocations and efficiencies to fund $8.1 million in cost increases and strategic investments.

Senate Bill 389 passed by the General Assembly in June 2007 has had and will continue to have an impact on higher education in Missouri in the coming years. The Legislation includes additional authority for the Department of Higher Education, limits on increases in tuition unless a waiver is granted, additional reporting requirements, and additional funding for student aid for Missouri students.

The University of Missouri Health System continues to improve its operating revenues and financial position in fiscal year 2008. As in prior years, the Health System is committed to improving patient care and has increased its focus on improvements in customer service and quality and growth in clinical areas. State funding for operations and facilities has helped in providing for uncompensated care and graduate medical education. An overall fee increase of 5% was implemented in fiscal year 2008 and pricing revisions continue as needed. For the future, the Health System continues to focus on its physician recruitment plans, patient satisfaction, and efforts to reduce the cost of operations. In addition, the Health System is beginning strategic capital improvements, which include constructing a $48.0 million Orthopedic Institute and replacing the Ellis Fischel Cancer Center using $31.2 million in State capital funding appropriated in 2008.

The University continues to strengthen and diversify its funding sources through effective endowment management, increased private giving, and additional Federal research funding. During fiscal year 2008, private giving across the University increased, but fiscal year 2009 will be challenging due to the current economic and financial uncertainties. The University's Columbia campus is concluding a $1.0 billion capital campaign in December 2008, while Missouri S&T is in the midst of a $200 million capital campaign slated to finish in 2010. Coupled with its growth in Federal grant funding, the University also has been recovering more of the facilities and administrative costs associated with sponsored research through negotiating an increased cost recovery rate for fiscal years 2007 through 2009. The University is currently in the process of negotiating its cost recovery rate for fiscal years 2010 through 2012 and is seeking further increases to more fully cover those costs for future research.

With the addition of economic development as its fourth mission, the University accelerated its partnerships with the state of Missouri and the private sector in support of economic initiatives that build on the University's research strength. Included are the new research park, Discovery Ridge, and newly-opened Life Sciences Business Incubator at the University of Missouri-Columbia campus, and the new business technology park at the University of Missouri-St Louis campus. Anchor tenants from the private sector are operating at both parks. The University's technology transfer operation has been reorganized and strengthened to ensure that the breakthroughs that are achieved in the laboratory benefit the citizenry as rapidly as possible.

The national and state economic downturn will likely pose budgetary challenges for the University in the immediate future. However, strong demand demonstrated by growing enrollments, highly successful capital campaigns, and robust research funding are all factors in the positive outlook for the University of Missouri.

KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

Independent Auditors' Report

The Board of Curators
University of Missouri:

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the University of Missouri, a component unit of the State of Missouri, as of and for the years ended June 30, 2008 and 2007, which collectively comprise the University of Missouri's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University of Missouri's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 of Missouri's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the University of Missouri as of June 30, 2008 and 2007, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

Effective July 1, 2007, the University of Missouri implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* and effective June 19, 2008, the University of Missouri implemented Governmental Accounting Standards Board Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2008 on our consideration of the University of Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 2 through 15, the schedules of employer contributions and the schedules of funding progress on pages 66 and 67 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. 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.

KPMG LLP

St. Louis, Missouri
October 31, 2008

STATEMENT OF NET ASSETS
As of June 30, 2008 and 2007
(in thousands of dollars)

	University		Discretely Presented Component Unit(s)	
	2008	2007	2008	2007
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 57,987	$ 137,640	$ 5,054	$ 2,358
Restricted Cash and Cash Equivalents	215,382	270,083		
Short-Term Investments	172,294	131,311		
Restricted Short-Term Investments	91,800	117,735		
Accounts Receivable, Net	249,654	235,975	18,719	19,262
Pledges Receivable, Net	9,796	12,980		
Investment Settlements Receivable	72,878	3,617		
Notes Receivable, Net	13,747	14,599		
Due From (To) Component Units and Retirement	(4,355)	(4,062)	4,355	4,109
Inventories	33,063	33,121	2,690	2,331
Prepaid Expenses and Other Current Assets	18,636	18,248	1,219	2,137
Total Current Assets	**930,882**	**971,247**	**32,037**	**30,197**
Noncurrent Assets:				
Restricted Cash and Cash Equivalents			4,301	4,213
Pledges Receivable, Net	21,147	23,000		
Notes Receivable, Net	46,898	45,425		
Deferred Charges and Other Assets	10,397	9,340	1,384	1,377
Restricted Other Assets			2,963	4,904
Long-Term Investments	810,655	707,333	25,367	21,957
Restricted Long-Term Investments	919,364	767,332		
Capital Assets, Net	2,227,427	2,039,069	75,159	75,614
Total Noncurrent Assets	**4,035,888**	**3,591,499**	**109,174**	**108,065**
Total Assets	**$ 4,966,770**	**$ 4,562,746**	**$ 141,211**	**$ 138,262**
Liabilities				
Current Liabilities:				
Accounts Payable	$ 105,024	$ 101,330	$ 4,120	$ 4,134
Accrued Liabilities	120,967	114,976	9,895	8,874
Deferred Revenue	67,821	64,030		
Funds Held for Others	70,744	77,148		
Investment Settlements Payable	136,606	41,021		
Collateral for Securities on Loan	106,360	138,014		
Capital Lease Obligations	501	462	27	30
Bonds and Notes Payable	21,201	16,975	970	935
Total Current Liabilities	**629,224**	**553,956**	**15,012**	**13,973**
Noncurrent Liabilities:				
Capital Lease Obligations	8,391	8,892	44	71
Bonds and Notes Payable	849,466	635,810	36,090	37,060
Deferred Revenue	1,876	2,162		
Other Noncurrent Liabilities	47,371	58,720	703	635
Total Noncurrent Liabilities	**907,104**	**705,584**	**36,837**	**37,766**
Total Liabilities	**1,536,328**	**1,259,540**	**51,849**	**51,739**

(continued)

STATEMENT OF NET ASSETS
As of June 30, 2008 and 2007
(in thousands of dollars)

	University		Discretely Presented Component Unit(s)	
	2008	2007	2008	2007
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,439,753	1,379,098	38,463	38,006
Restricted:				
Nonexpendable -				
Endowment	718,314	738,153		
Expendable -				
Scholarships, Research, Instruction and Other	262,266	270,238	2,963	4,904
Loans	77,656	75,785		
Capital Projects	27,597	24,593		
Unrestricted	904,856	815,339	47,936	43,613
Total Net Assets	**3,430,442**	**3,303,206**	**89,362**	**86,523**
Total Liabilities and Net Assets	**$ 4,966,770**	**$ 4,562,746**	**$ 141,211**	**$ 138,262**

See notes to the financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2008 and 2007

(in thousands of dollars)

	University 2008	University 2007	Discretely Presented Component Unit(s) 2008	Discretely Presented Component Unit(s) 2007
Operating Revenues:				
Tuition and Fees (Net of Provision for Doubtful Accounts of $5,674 in 2008 and $4,810 in 2007)	$ 557,085	$ 537,832	$ -	$ -
Less: Scholarship Allowances	139,880	136,527		
Net Tuition and Fees	417,205	401,305		
Federal Grants and Contracts	211,648	187,130		
State and Local Grants and Contracts	54,414	47,045		
Private Grants and Contracts	60,318	54,268		
Sales and Services of Educational Activities	19,569	22,346		
Auxiliary Enterprises -				
Patient Medical Services, Net	681,312	648,802	147,932	217,796
Housing and Dining Services (Net of Scholarship Allowance of $502 in 2008 and $490 in 2007)	72,503	66,828		
Bookstores	61,423	56,930		
Other Auxiliary Enterprises (Net of Scholarship Allowance of $6,351 in 2008 and $6,343 in 2007)	167,230	135,032		
Notes Receivable Interest Income, Net of Fees	566	378		
Other Operating Revenues	61,065	72,226		
Total Operating Revenues	**1,807,253**	**1,692,290**	**147,932**	**217,796**
Operating Expenses:				
Salaries and Wages	1,153,676	1,101,867	57,984	51,911
Benefits	310,375	272,923	12,589	11,450
Supplies, Services and Other Operating Expenses	662,331	608,134	64,878	144,449
Scholarships and Fellowships	39,485	38,602		
Depreciation	125,996	119,069	10,061	10,132
Total Operating Expenses	**2,291,863**	**2,140,595**	**145,512**	**217,942**
Operating Income (Loss)	**(484,610)**	**(448,305)**	**2,420**	**(146)**
State Appropriations	462,281	440,855		
Income (Loss) after State Appropriations, before Nonoperating Revenues (Expenses)	**(22,329)**	**(7,450)**	**2,420**	**(146)**
Nonoperating Revenues (Expenses):				
Federal Appropriations	14,277	14,105		
Investment and Endowment Income, Net of Fees	39,673	202,633	1,844	1,500
Private Gifts	51,680	53,268	15	
Interest Expense	(37,099)	(29,497)	(1,760)	(1,813)
Other Nonoperating Revenues (Expenses)	(4,750)	(3,147)	320	1,378
Net Nonoperating Revenues	**63,781**	**237,362**	**419**	**1,065**

(continued)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2008 and 2007
(in thousands of dollars)

	University		Discretely Presented Component Unit(s)	
	2008	**2007**	**2008**	**2007**
Income before Capital Contributions, Additions to Permanent Endowments and Extraordinary Items	**41,452**	**229,912**	**2,839**	**919**
State Capital Appropriations	15,532	18,138		
Capital Gifts and Grants	17,341	12,941		
Private Gifts for Endowment Purposes	32,995	27,917		
Extraordinary Items:				
Net Proceeds from Sale of Missouri Care		19,317		(19,317)
Gain from Sale of Missouri Care				12,293
Increase (Decrease) in Net Assets	**107,320**	**308,225**	**2,839**	**(6,105)**
Net Assets, Beginning of Year	**3,303,206**	**2,994,981**	**86,523**	**92,628**
Cumulative Effect of Change in Accounting Principle	19,916			
Net Assets, Beginning of Year, as Adjusted	**3,323,122**	**2,994,981**	**86,523**	**92,628**
Net Assets, End of Year	**$ 3,430,442**	**$ 3,303,206**	**$ 89,362**	**$ 86,523**

See notes to the financial statements.

STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2008 and 2007
(in thousands of dollars)

	2008	2007
Cash Flows from Operating Activities:		
Tuition and Fees	$ 417,719	$ 385,288
Federal, State and Private Grants and Contracts	336,045	274,560
Sales and Services of Educational Activities and Other Auxiliaries	181,217	160,880
Patient Care Revenues	671,091	641,648
Student Housing Fees	74,452	65,917
Bookstore Collections	61,769	56,764
Payments to Suppliers	(650,475)	(635,227)
Payments to Employees	(1,147,430)	(1,096,086)
Payments for Benefits	(310,375)	(272,923)
Payments for Scholarships and Fellowships	(39,485)	(38,602)
Student Loans Issued	(12,071)	(12,291)
Student Loans Collected	10,987	11,102
Student Loan Interest and Fees	1,092	443
Other Receipts, Net	61,065	72,226
Net Cash Used in Operating Activities	**(344,399)**	**(386,301)**
Cash Flows from Noncapital Financing Activities:		
State Appropriations	462,281	440,855
Federal Appropriations	12,810	13,554
Private Gifts	56,717	58,287
Endowment and Similar Funds Gifts	32,995	27,917
Other Receipts (Payments)	(2,244)	17,861
Deposits of Affiliates	(6,404)	9,308
Net Cash Provided by Noncapital Financing Activities	**556,155**	**567,782**
Cash Flows from Capital and Related Financing Activities:		
Capital State Appropriations	10,452	18,798
Capital Gifts and Grants	17,341	12,941
Proceeds From Sales of Capital Assets	1,083	1,649
Purchase of Capital Assets	(317,944)	(234,535)
Proceeds from Issuance of Capital Debt, Net	376,452	
Principal Payments on Capital Debt	(56,975)	(14,760)
Proceeds from Capital Project Notes	158,800	115,900
Payments on Capital Project Notes	(160,000)	(115,000)
Payments on Capital Lease	(462)	(425)
Escrow Deposit on Defeasance	(96,965)	
Loss on Defeasance	(3,844)	
Payments on Cost of Debt Issuance	(2,282)	
Interest Payments on Capital Debt	(35,702)	(29,323)
Net Cash Used in Capital and Related Financing Activities	**(110,046)**	**(244,755)**
Cash Flows from Investing Activities:		
Interest and Dividends on Investments	99,815	72,469
Purchase of Investments, Net of Sales and Maturities	(336,172)	131,443
Other Investing Activities	293	86
Net Cash Provided by (Used in) Investing Activities	**(236,064)**	**203,998**
Net Increase (Decrease) in Cash and Cash Equivalents	**(134,354)**	**140,724**
Cash and Cash Equivalents, Beginning of Year	**407,723**	**266,999**
Cash and Cash Equivalents, End of Year	**$ 273,369**	**$ 407,723**

(continued)

STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2008 and 2007
(in thousands of dollars)

	2008	2007
Reconciliation of Operating Loss Used in Operating Activities:		
Operating Loss	$ (484,610)	$ (448,305)
Adjustments to Net Cash Used in Operating Activities -		
Depreciation Expense	125,996	119,069
Changes in Assets and Liabilities:		
Accounts Receivable, Net	(7,132)	(37,998)
Inventory, Prepaid Expenses and Other Assets	(330)	(6,170)
Notes Receivable	(621)	(1,124)
Accounts Payable	4,894	(13,872)
Accrued Liabilities	13,601	(1,270)
Deferred Revenue	3,803	3,369
Net Cash Used in Operating Activities	**$ (344,399)**	**$ (386,301)**
Supplemental Disclosure of Noncash Activities:		
Net Increase (Decrease) in Fair Value of Investments	$ (121,677)	$ 78,303
Noncash Gifts	$ 13,427	$ 18,929

See notes to the financial statements.

STATEMENT OF PLAN NET ASSETS
As of June 30, 2008 and 2007
(in thousands of dollars)

	2008	2007
Assets		
Cash and Cash Equivalents	$ 129,860	$ 79,714
Collateral for Securities Lending	294,781	382,023
Due to the University of Missouri System		(46)
Investment Settlements Receivable	181,062	23,659
Investments:		
Government Obligations	640,544	400,416
Corporate Bonds and Notes	281,693	182,837
Corporate Stocks	1,699,133	2,269,794
Other	220,180	104,832
Total Assets	**3,447,253**	**3,443,229**
Liabilities		
Accounts Payable and Accrued Liabilities	2,429	2,850
Collateral for Securities Lending	294,781	382,023
Investment Settlements Payable	400,142	127,322
Total Liabilities	**697,352**	**512,195**
Net Assets Held in Trust for Pension and OPEB *	**$ 2,749,901**	**$ 2,931,034**

STATEMENT OF CHANGES IN PLAN NET ASSETS
For the Years Ended June 30, 2008 and 2007
(in thousands of dollars)

	2008	2007
Net Revenues and Other Additions		
Investment Income (Loss):		
Interest and Dividend Income, Net of Fees	$ 77,376	$ 62,749
Net Appreciation (Depreciation) in Fair Value of Investments	(243,951)	415,263
Net Investment Income (Loss)	(166,575)	478,012
Contributions:		
University	125,745	74,736
Members	12,231	
Other	2,503	
Total Contributions	140,479	74,736
Total Net Revenues and Other Additions	**(26,096)**	**552,748**
Expenses and Other Deductions		
Administrative Expenses	2,173	2,043
Payments to Retirees and Beneficiaries	152,864	114,412
Total Expenses and Other Deductions	**155,037**	**116,455**
Increase (Decrease) in Net Assets Held in Trust for Pension and OPEB	**(181,133)**	**436,293**
Net Assets Held in Trust for Pension and OPEB, Beginning of Year	**2,931,034**	**2,494,741**
Net Assets Held in Trust for Pension and OPEB, End of Year	**$ 2,749,901**	**$ 2,931,034**

See notes to the financial statements.

* OPEB represents Other Postemployment Benefits

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

UNIVERSITY OF MISSOURI

Organization – The University of Missouri (the "University"), a Federal land grant institution, conducts education, research, public service, and related activities, which include the University of Missouri Hospitals and Clinics and related health care facilities, principally at its four campuses in Columbia, Kansas City, Rolla and St. Louis. The University also administers a statewide cooperative extension service with centers located in each county in the State. The University is a component unit of the State of Missouri (the "State") and is governed by a nine-member Board of Curators appointed by the state's Governor.

Reporting Entity –As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board ("GASB"), the financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or the nature and significance of their relationships with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete.

The following entities are considered component units of the University according to the criteria in GASB Statement No. 14, *The Financial Reporting Entity*, and are discretely presented in the University's financial statements.

- The University of Missouri-Columbia Medical Alliance (the "Medical Alliance"), a not-for-profit corporation, provides an integrated health care delivery system for mid-Missouri by establishing affiliations with various medical facilities. The purpose of the Medical Alliance is to develop a network of health care providers to support the missions of the University of Missouri Healthcare. The Capital Region Medical Center ("CRMC") in Jefferson City, Missouri, operates as an affiliate of the Medical Alliance and provides inpatient, outpatient, and emergency care services to the surrounding community. CRMC, a not-for-profit organization that follows generally accepted accounting principles under the Financial Accounting Standards Board ("FASB"), is a discretely presented component unit of the Medical Alliance. The University appoints the Board of Directors of the Medical Alliance and can impose its will on the organization. Financial statements for the Medical Alliance are not available.

- Missouri Care L.C., a not-for-profit health maintenance organization, provided services to patients in Central Missouri under certification from the Missouri Department of Social Services. Missouri Care L.C., organized exclusively for charitable purposes to benefit its sole member, the Curators of the University of Missouri, contracted with the University of Missouri Healthcare System to provide health care services to its members. The University appointed Missouri Care L.C.'s Board of Directors and could impose its will on the organization. Refer to Note 19 for information regarding the January 2007 sale of Missouri Care L.C.

The University operates the University of Missouri Retirement, Disability, and Death Benefit Plan and the University of Missouri Other Postemployment Benefits Plan, which are single employer, defined benefit plans. The assets of each Plan are held in trust and are restricted for use to only pay the benefits and expenses of the respective Plans. The Plans are reported as fiduciary funds of the University. Combining financial statements are presented in Note 20.

Financial Statement Presentation – In accordance with GASB Statement No. 20*, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the University follows all applicable GASB pronouncements. In addition, the University applies all applicable FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. The University has elected not to apply FASB pronouncements issued after November 30, 1989.

Pursuant to GASB Statement No. 35, *Basic Financial Statement-and Management's Discussion and Analysis-for Public Colleges and Universities,* the University's activities are considered to be a single business-type activity and accordingly, are reported in a single column in the financial statement. Business-type activities are those that are financed in whole or part by funds received by external parties for goods or services.

Basis of Accounting – The University's financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, regardless of the timing of cash flows.

On the Statement of Revenues, Expenses and Changes in Net Assets, the University defines operating activities as those generally resulting from an exchange transaction. Nearly all of the University's expenses are from exchange transactions, which involve the exchange of equivalent values such as payments for goods or services. Nonoperating revenues or expenses are those in which the University receives or gives value without directly giving or receiving equal value, such as State and Federal appropriations and investment income.

The University of Missouri Retirement Trust is a pension trust fund which accounts for the activity of the University of Missouri Retirement, Disability, and Death Benefit Plan. The University of Missouri OPEB Trust is a trust fund which accounts for the activity of the University of Missouri Other Postemployment Benefits Plan. The financial statements for these fiduciary funds have been prepared using the accrual basis of accounting. Benefits and refunds are recognized when due and payable. Investments are reported at fair value. Combining financial statements for these funds are presented in Note 20.

Cash, Cash Equivalents and Investments – Cash and cash equivalents consist of the University's bank deposits and investments with original maturities of three months or less. Investment assets are carried at fair value based primarily on market quotations. Purchases and sales of investments are accounted for on the trade date basis. Investment settlements receivable and investment settlements payable represent investment transactions occurring on or before June 30, which settle after that date. Investment income is recorded on the accrual basis. Net unrealized gains (losses) are included in investment and endowment income in the Statement of Revenues, Expenses and Changes in Net Assets. Derivative instruments such as forward foreign currency contracts are recorded at fair value. The University enters into forward foreign currency contracts to reduce the foreign exchange rate of its international investments. These contracts are marked to market, with the changes in market value being reported in investment and endowment income on the Statement of Revenues, Expenses, and Changes in Net Assets.

Pledges Receivable – The University receives unconditional promises to give through private donations (pledges) from corporations, alumni and various other supporters of the University. Revenue is recognized when a pledge is received and all eligibility requirements, including time requirements, are met. These pledges have been recorded as pledges receivable on the Statement of Net Assets and as private or capital gift revenues on the Statement of Revenues, Expenses, and Changes in Net Assets, at the present value of the estimated future cash flows. An allowance of $4,805,000 and $4,038,000 as of June 30, 2008, and 2007, respectively, has been made for uncollectible pledges based upon management's expectations regarding the collection of the pledges and the University's historical collection experience.

Inventories – These assets are stated at the lower of cost or market. Cost is determined on an average cost basis except for University Hospitals and Clinics' inventories, for which cost is determined using the first-in, first-out method.

Capital Assets – If purchased, these assets are carried at cost or, if donated, at fair value at the date of gift. Depreciation expense is computed using the straight-line method over the assets' estimated useful lives – generally ten to forty years for buildings and improvements, eight to twenty-five years for infrastructure, three to fifteen years for equipment and twenty years for library materials. Net interest expense incurred during the construction of debt-financed facilities is included when capitalizing resulting assets. The University capitalizes works of art as these collections generally consist of historical artifacts and artworks, they are considered inexhaustible and not subject to depreciation. The University does not capitalize collections of historical treasures held for public exhibition, education, research, and public service. These collections are not disposed of for financial gain and, accordingly, are not capitalized for financial statement purposes. Proceeds from the sale, exchange, or other disposal of such items must be used to acquire additional items for the same collection. Land is considered inexhaustible and is not subject to depreciation.

Deferred Revenue – Deferred revenues are recognized for amounts received prior to the end of the fiscal year but related to the subsequent period, including certain tuition, fees, and auxiliary revenues. Deferred revenues also include grant and contract amounts that have been received but not yet earned.

Net Assets – The University's net assets are classified as follows:

- Invested in capital assets, net of related debt: This component represents capital assets, net of accumulated depreciation and outstanding principal debt balances related to the acquisition, construction or improvement of those assets.

- Restricted:

  Nonexpendable – These net assets subject to externally imposed stipulations that the principal be maintained in perpetuity, such as the University's permanent endowment funds. The University's policy permits any realized and unrealized appreciation to remain with these endowments after the spending distribution discussed in Note 3.

  Expendable – These net assets are subject to externally imposed stipulations on the University's use of the resources.

- Unrestricted: These net assets are not subject to externally imposed stipulations, but may be designated for specific purposes by the University's management or the Board of Curators. Unrestricted net assets are derived from tuition and fees, sales and services, unrestricted gifts, investment income, and other such sources, and are used for academics and the general operation of the University. When both restricted and unrestricted resources are available for expenditure, the University's policy is to first apply restricted resources, and then the unrestricted resources.

Tuition and Fees, Net of Scholarship Allowances – Student tuition and fees, housing, dining, and other similar auxiliary revenues are reported net of any related scholarships and fellowships applied to student accounts. However, scholarships and fellowships paid directly to students are separately reported as scholarship and fellowship expenses.

Patient Medical Services, Net – Patient medical services revenues are reported net of contractual allowances and bad debt allowances. Patient medical services are primarily provided through University of Missouri Hospitals and Clinics, Ellis Fischel Cancer Research Center, Columbia Regional Hospital, Missouri Rehabilitation Center and University Physicians (collectively, the "University of Missouri Healthcare").

The University of Missouri Healthcare has agreements with third-party payors that provide for payments that differ from the entity's established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discount charges, and per diem payments. Patient medical services revenue is reported at net amounts estimated to be realizable from patients, third-party payors, and others. These estimated amounts include retroactive adjustments for reimbursement agreements with third-party payors. Retroactive adjustments are estimated and accrued in the period that related services are provided, and then adjusted in future periods as estimates are refined and final settlements are determined.

Amounts receivable under Medicare and Medicaid reimbursements agreements are subject to examination and certain retroactive adjustments by the related programs. These adjustments decreased net patient services revenue by $3,019,000 for the year ended June 30, 2008, and increased net patient services revenue by $4,907,000 for the year ended June 30, 2007.

For the years ended June 30, 2008, and 2007, the University of Missouri Healthcare's percentage of gross patient accounts receivable classified by major payor is as follows:

Percentage of Gross Patient Accounts Receivable
(by Major Payor)

	2008	2007
Medicare	30%	29%
Commercial Insurance	8%	9%
Medicaid	19%	18%
Self Pay and Other	17%	20%
Managed Care Agreements	26%	24%
	100%	100%

The Statement of Revenues, Expenses and Changes in Net Assets reflects the gross to net patient medical services revenue as follows:

Gross to Net Patient Medical Services Revenue
(in thousands of dollars)

	2008	2007
Patient Medical Services Revenue, Gross	$ 1,443,517	$ 1,320,091
Less Deductions for Contractuals	(711,031)	(618,699)
Less Bad Debt Deductions	(51,174)	(52,590)
Patient Medical Services Revenue, Net	$ 681,312	$ 648,802

Interest Rate Swap Agreements – The University enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net payments resulting from those agreements, no amounts related to the interest rate swaps are recorded in the financial statements.

New Accounting Pronouncements – Effective for fiscal year 2008, the University adopted GASB Statements No. 43 and No. 45, which establish requirements for financial reporting for postemployment benefits other than pension plans. GASB Statement No. 45 requires the University to recognize actuarially estimated costs of its postemployment benefit plan and provide certain related disclosures. As the University established an irrevocable trust fund to manage its postemployment benefit costs in June 2008, Statement No. 43 is also applicable. GASB Statement No. 43 requires financial reporting and disclosures for postemployment benefit plans. In adopting these standards, the University recognized the effect of a change in accounting principle, which increased net assets by $19,916,000 as a result of writing off previously established benefit reserves that were not in accordance with the new requirements. In addition to these standards, the University also adopted GASB Statements No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra Entity Transfers of Assets and Future Revenues*, and No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. Certain additional disclosures were required, but no financial statement balances were restated for these new standards.

The GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective for fiscal years beginning after December 15, 2007. The statement addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address current and potential effects of existing pollution through pollution remediation activities such as site assessments and cleanups. The statement requires disclosures about the nature of the remediation, size of the obligation, and the methods and assumptions used in evaluating the potential obligation. The University does not anticipate any material effect on its financial statements with the adoption of GASB Statement No. 49.

The GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective for fiscal years beginning after June 15, 2009. The statement requires all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The statement also requires that an intangible asset be recognized in the statement of net assets only if it is considered identifiable. The University has not yet determined the effect that adoption of GASB Statement No. 51 may have on its financial statements.

The GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, effective for fiscal years beginning after June 15, 2008. The statement establishes accounting and financial reporting standards for land and other real estate held as investments by endowments. These assets are to be reported at fair value at the reporting date, with changes in fair value being reported as investment income. The University has not yet determined the effect that adoption of GASB Statement No. 52 may have on its financial statements.

The GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for fiscal years beginning after June 15, 2009. The statement requires derivative instruments to be measured at fair value at the reporting date, with changes in fair value generally being reported as investment gains or losses. However, changes in fair value of hedging derivative instruments would be deferred until the related instrument ends or ceases to significantly reduce risk. The University has not yet determined the effect that adoption of GASB Statement No. 53 may have on its financial statements.

Reclassifications – Certain prior year amounts have been reclassified to conform to current year presentation. As of June 30, 2007, the University presented certain investments as cash and cash equivalents within the basic financial statements based on the investments' current maturities rather than their original maturities. The University has reclassified these amounts as short-term investments in the accompanying Statement of Net Assets and Statement of Plan Net Assets and as investing activities in the Statement of Cash Flows.

Use of Estimates – The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, 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.

DISCRETELY PRESENTED COMPONENT UNIT – MEDICAL ALLIANCE

Nature of Operations – The Curators of the University of Missouri, for and on behalf of the University of Missouri Healthcare, and the Capital Region Medical Center (CRMC) entered into an Affiliation Agreement dated August 5, 1997. Pursuant to the Affiliation Agreement, the University created the Medical Alliance. The Medical Alliance then became the sole member of CRMC. The Medical Alliance's purpose is to develop a network of healthcare providers to support the missions of the University of Missouri Healthcare.

CRMC operates as a two-hospital system, which consists of the Southwest Campus and Madison Campus complemented by community medical clinics. CRMC primarily earns revenues by providing inpatient, outpatient, and emergency care services to patients in Jefferson City, Missouri. It also operates medical clinics in the surrounding communities. The operating results of the facilities and clinics are included in these financial statements. CRMC is served by a group of admitting physicians that account for a significant portion of CRMC's net revenues. Additionally, CRMC is also associated with the Capital Region Medical Foundation, which is intended to support the interest of CRMC through its fundraising activities.

Net Assets – The Medical Alliance's net assets are classified for financial reporting in the following net asset categories:

- Invested in capital assets, net of related debt: This component represents capital assets net of accumulated depreciation and outstanding principal debt balances related to the acquisition, construction, or improvement of those assets.

- Restricted expendable: These are assets subject to externally imposed stipulations on the Medical Alliance's use of the resources.

- Unrestricted: Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by management or the Board of Directors. When an expense is incurred that can be paid using either restricted or unrestricted resources, the Medical Alliance's policy is to first apply restricted resources, and then unrestricted resources.

Capital Assets – Capital Assets are recorded at cost and depreciated on a straight-line basis over the estimated useful life of each asset following guidelines of the American Hospital Association. Equipment under capital lease obligations is amortized on the straight-line basis over the shorter period of the lease term or the estimated useful life of the equipment. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a cost of acquiring those assets.

Net Patient Medical Service Revenue – Net patient medical service revenue is reported at the net amounts to be realized from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments for reimbursement agreements with third-party payers. Retroactive adjustments are estimated and accrued in the period the related services are provided, and these amounts are adjusted in future periods as final settlements are determined.

2. CASH AND CASH EQUIVALENTS

Cash & Cash Equivalents – University – The University's cash and cash equivalents include bank deposits, repurchase agreements, and investments with original maturities of three months or less.

Custodial Credit Risk – Deposits – University – The custodial credit risk for deposits is the risk that in the event of bank failure, the University's deposits may not be recovered. State law requires collateralization of all deposits with federal depository insurance, bonds and other obligations of the U.S. Treasury, U.S. Agencies and instrumentalities of the state of Missouri; bonds of any city, county, school district or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

The University's cash deposits of $167,280,000 and $175,272,000 as of June 30, 2008, and 2007, respectively, were fully insured and collateralized and not exposed to custodial credit risk.

Custodial Credit Risk – Deposits – University of Missouri Fiduciary Funds – The University of Missouri Retirement and OPEB Trust Funds held deposits totaling $399,211,000 and $440,332,000 as of June 30, 2008, and 2007, respectively. These balances were fully insured and collateralized and not exposed to custodial credit risk.

3. INVESTMENTS

UNIVERSITY OF MISSOURI

The University's investment policies are established by its governing board, the Board of Curators. The policies are established to ensure that University funds are managed in accordance with Section 105.688 of the Revised Statutes of Missouri and prudent investment. The University is authorized to use outside managers for its investments and may pool funds for investment purposes. Further, the policy provides that the University's short-term funds may be invested in the following instruments: repurchase agreements collateralized by U.S. Government and U.S. Government Agency issues; U.S. Government securities (including principal or interest payments that have been "stripped" from U.S. Treasury instruments), U.S. Government Agency securities, and U.S. Government guaranteed securities, including but not limited to direct obligations of the U.S. Government, Federal Farm Credit Banks, Federal Home Loan Banks, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Resolution Funding Corporation and Student Loan Marketing Association; investment grade (A or better) corporate bonds; variable rate securities of authorized investment instruments; collateralized certificates of deposit at banks with which the University has a depository agreement; commercial paper with credit ratings of A-1+ or A-1 by Standard & Poor's Ratings Group and P-1 by Moody's Investors Service; bankers' acceptances; and other similar short-term investment instruments of like or better quality.

The University's investments are managed in two major categories:

Pooled General Investments – The general investment pools managed by the University averaged total returns of 6.48% and 6.04%, including unrealized gains and losses, for the years ended June 30, 2008, and 2007, respectively.

Pooled Endowment Investments – When appropriate and permissible, endowment and similar funds are pooled for investment purposes, with the objective of achieving long-term returns sufficient to preserve principal by protecting against inflation and to meet endowment spending targets. There are two separate endowment pools that are managed by outside investment managers. These include a balanced pool and a fixed income pool, which earned total returns of (4.8)% and 6.1%, respectively, including unrealized gains and losses, for the year ended June 30, 2008, and 18.0% and 5.9%, respectively, for the year ended June 30, 2007.

If a donor has not provided specific restrictions, state law permits the Board of Curators to appropriate an amount of the endowment investment's net appreciation, realized and unrealized, as the Board considers to be prudent. In establishing this amount, the Board is required to consider the University's long- and short-term needs, present and anticipated financial requirements, expected total return on investments, price level trends, and general economic conditions. Further, any expenditure of net appreciation is required to be for the purposes for which the endowment was established. In fiscal year 2008, donor-restricted endowments depreciated by approximately $49,169,000, which primarily consisted of unrealized losses on investment.

The Board of Curators has adopted the total return concept (yield plus appreciation) in determining the spendable return for endowments and similar funds. Annually, the spending formula distributes 5% of a trailing 12-quarter average of the endowment's total market value, with the understanding that this spending rate over the long term will not exceed the total real return (net of inflation). However, to achieve uniformity from year to year, the actual amount made available in any given year will be not less than 96% or more than 106% of the prior year's expenditure.

At June 30, 2008, and 2007, the University held the following types of investments:

Investments by Type
(in thousands of dollars)

	Carrying Value as of June 30,	
	2008	**2007**
Government Obligations	$ 916,106	$ 710,818
Corporate Bonds and Notes	336,726	211,230
Corporate Stocks	646,801	734,390
Commercial Paper		3,140
Other	94,480	64,134
Total Short-Term and Long-Term Investments	1,994,113	1,723,712
Government Obligations		200
Commercial Paper	104,433	232,090
Repurchase Agreements	1,656	160
Total Cash Equivalents	106,089	232,450
Total Investments	$ 2,100,202	$ 1,956,162

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. The University's Pooled General Investments consist primarily of fixed income securities, with a specific limitation that no more than 15% of the pool consists of variable rate securities. As a means of preserving the Pooled Endowment Investments' principal, the University's investment policy requires this pool to have a diversified investment portfolio.

At June 30, 2008, and 2007, the University's investments mature as follows:

Investments by Type and Maturity
(in thousands of dollars)

As of June 30, 2008

	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Carrying Value
U.S. Agency Obligations	$ 115,614	$ 371,629	$ 95,336	$ 49,813	$ 632,392
U.S. Treasury Obligations	9,103	39,064	54,017	91,705	193,889
Foreign Government Obligations	3,497	25,298	38,824	22,206	89,825
U.S. Corporate Bonds & Notes	59,991	140,713	87,833	24,842	313,379
Foreign Corporate Bonds & Notes	612	8,326	5,207	9,202	23,347
Total	$ 188,817	$ 585,030	$ 281,217	$ 197,768	$ 1,252,832

As of June 30, 2007

	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Carrying Value
U.S. Agency Obligations	$ 149,651	$ 342,038	$ 26,723	$ 33,713	$ 552,125
U.S. Treasury Obligations	16,050	18,589	16,163	9,392	60,194
Foreign Government Obligations	2,649	35,165	29,329	31,356	98,499
U.S. Corporate Bonds & Notes	30,684	133,900	11,088	22,178	197,850
Foreign Corporate Bonds & Notes	703	2,111	2,194	8,372	13,380
Total	$ 199,737	$ 531,803	$ 85,497	$ 105,011	$ 922,048

Credit Risk – An investment's credit risk is the risk that the issuer or other counterparty will not meet its obligations. For investments in debt securities, this credit risk is typically measured by the credit quality ratings provided by a nationally-recognized statistical rating organization such as Standard & Poor's Ratings Group and Moody's Investors Service. For Endowment Fund investments, the University's policy specifies that corporate bonds and other fixed income securities must have a Standard & Poor's rating of A or better.

In the following table, the University has elected to use Moody's investment ratings. Securities within the Pooled Endowment Investment category have Moody's ratings of Baa and Standard & Poor's ratings in the A range (A- to A+), which places those bonds within the parameters specified in the University's policy.

Based on Moody's investment ratings, the University's credit risk exposure as of June 30, 2008, and 2007, is as follows:

Investments by Type and Credit Rating
(in thousands of dollars)

As of June 30, 2008	Aaa	Aa	A	Baa	Unrated	Total
U.S. Agency Obligations	$ 470,034	$ 3,111	$ 392	$ -	$ 158,855	$ 632,392
U.S. Treasury Obligations	193,889					193,889
Foreign Government Obligations	55,497	668	31,309	944	1,407	89,825
U.S. Corporate Bonds & Notes	53,500	109,514	137,050	7,574	5,741	313,379
Foreign Corporate Bonds & Notes	11,035	4,896	5,217	737	1,462	23,347
Total	$ 783,955	$ 118,189	$ 173,968	$ 9,255	$ 167,465	$ 1,252,832

As of June 30, 2007	Aaa	Aa	A	Baa	Unrated	Total
U.S. Agency Obligations	$ 515,129	$ 125	$ -	$ -	$ 36,871	$ 552,125
U.S. Treasury Obligations	60,194					60,194
Foreign Government Obligations	64,071	136	23,813	1,748	8,731	98,499
U.S. Corporate Bonds & Notes	30,313	87,262	65,998	3,877	10,400	197,850
Foreign Corporate Bonds & Notes	2,725	832	3,223	368	6,232	13,380
Total	$ 672,432	$ 88,355	$ 93,034	$ 5,993	$ 62,234	$ 922,048

Custodial Credit Risk – For investments, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the University will not be able to recover the value of the investments held by an outside party. In accordance with its policy, the University minimizes custodial credit risk by establishing limitations on the types of instruments held with qualifying institutions. Repurchase agreements must be collateralized by U.S. Government issues and/or U.S. Government Agency issues. Certificates of deposit must be collateralized and held at a bank with which the University has a depository agreement. At June 30, 2008, and 2007, the University's uninsured and uncollateralized investments consisted of commercial paper totaling $104,433,000 and $235,230,000, respectively. The University's investment in repurchase agreements held by the investment's counterparty and not in the name of the University totaled $1,656,000 and $160,000 at June 30, 2008, and 2007, respectively. All remaining University investments are insured or registered and are held by the University or an agent in its name.

Concentration of Credit Risk – The risk of loss attributed to the magnitude of investments in a single issuer is known as the concentration of credit risk. Investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools are excluded from this category.

For University funds invested in the Pooled General Investments category, the following restrictions apply: 1) Corporate Bonds should not exceed 20% of the portfolio; 2) Variable Rate securities should not exceed 15% of the portfolio; and 3) Investments in obligations of the U.S. Government, U.S. Government Agency issues or U.S. Government guaranteed securities are unlimited. On December 15, 2006, the Board of Curators amended the investment policy for short-term funds to permit the following new investment categories: the University's Balanced Pool and absolute return funds.

For University funds invested in the Pooled Endowment Investments category, target asset mixes are evaluated to ensure appropriate diversification. The investment policy allows a portfolio consisting of no more than 37% U.S. equity, 24% international equity, 12.5% emerging markets equity, 10% private equity, 10% absolute return funds, 12.5% real estate, 22% global fixed income, and 12% Treasury Inflation-Protected Securities (TIPS). However, within the Pooled Endowment Investments category, due to donor restrictions certain monies can only be invested in fixed income securities. The Fixed Income Pool portfolio for these monies consists of U.S. Government, U.S. Government Agency issues, corporate fixed income, commercial paper and repurchase agreements.

As of June 30, 2008, of the University's total cash and investments, 14.1% are issues of the Federal Home Loan Bank (FHLB), 6.1% are issues of the Federal Home Loan Mortgage Corporation (FHLMC), and 5.6% are issues of Federal National Mortgage Association (FNMA).

As of June 30, 2007, of the University's total cash and investments, 16.1% are issues of the FHLB and 7.5% are issues of the FNMA.

Foreign Currency Risk –The risk that changes in exchange rates will adversely affect the fair value of a foreign investment is referred to as foreign currency risk. University policy allows 15 to 25% of the investment portfolio to be invested in international investments; 13.8% and 14.8% were denominated in foreign currency in fiscal years 2008, and 2007, respectively. To reduce its foreign currency risk, the University has entered into forward foreign currency contracts throughout the year. As of June 30, 2008, and 2007, 6.0% and 5.1%, respectively, of the University's total investment portfolio was invested in forward foreign currency contracts, totaling $115,688,000 and $84,367,000, respectively. These contracts are marked to market and the changes in their market value are recorded in investment and endowment income on the Statement of Revenues, Expenses, and Changes in Net Assets.

The University's exposure to foreign currency risk as of June 30, 2008, and 2007, was as follows:

Foreign Currency Risk
International Investment Securities at Fair Value
(in thousands of dollars)

Currency	Cash and Cash Equivalents	Foreign Government Obligations	Foreign Corporate Bonds and Notes	Corporate Stocks	2008 Total	2007 Total
Australian Dollar	$ 95	$ 2,162	$ 921	$ 3,723	$ 6,901	$ 6,635
Brazilian Real			78	79	157	
British Pound Sterling	(6,781)	7,637	116	21,821	22,793	40,447
Canadian Dollar	8,214	2,541	494	1,419	12,668	10,470
Chilean Peso				34	34	35
Chinese Yan Renminbi				2,160	2,160	3,327
Danish Krone	10		560	254	824	811
Euro	10,638	35,807	17,113	50,595	114,153	105,431
Hong Kong Dollar	80			3,362	3,442	5,971
Hungarian Forint						1,180
Israeli Shekel		1,172		(396)	776	1,798
Japanese Yen	1	27,371	3,373	12,723	43,468	55,621
Malaysian Ringgit		2,421		1,729	4,150	1,920
Mexican New Peso	46	945		227	1,218	1,822
New Taiwan Dollar				199	199	183
New Zealand Dollar	28			(495)	(467)	(3,318)
Norwegian Krone	97	448		3,660	4,205	1,040
Polish Zloty	28	2,631		(253)	2,406	2,211
Russian Rubel				99	99	
South African Comm Rand				247	247	405
Singapore Dollar	17	3,836		1,375	5,228	4,162
South Korean Won		731		(135)	596	1,666
Swedish Krona	73	2,123	692	2,808	5,696	6,274
Swiss Franc	94			14,512	14,606	17,821
UAE Dirham				329	329	
Total	$ 12,640	$ 89,825	$ 23,347	$ 120,076	$ 245,888	$ 265,912

Securities Lending Transactions – The University participates in an external investment pool securities lending program to augment income. The program is administered by the University's custodial agent bank, which lends equity, government, and corporate securities for a predetermined period of time to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U.S. Government securities, defined letters of credit or other collateral approved by the University. Loaned domestic securities are initially collateralized at 102% of their fair value, while loaned international securities are collateralized at 105% of fair value. The University has minimized its exposure to credit risk from borrower default by having the custodial agent bank determine daily that required collateral meets a minimum of 100% of the fair value of loaned domestic securities and 105% for loaned international securities. The fair value of collateral held for securities on loan totaled $106,360,000 and $138,014,000 at June 30, 2008, and 2007, respectively.

The University continues to receive interest and dividends during the loan period, as well as a fee from the borrower. In addition, the maturities of the investments made with the cash collateral generally match the maturities of the securities lent. At June 30, 2008, and 2007, the University has no credit risk exposure since the collateral held exceeds the value of the securities lent. The University is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

In addition, at June 30, 2008 and 2007, letters of credit and security collateral not meeting the criteria for inclusion in the Statement of Net Assets totaled $15,238,000 and $11,607,000, respectively. At June 30, 2008 and 2007, the aggregate fair value of the securities lent and related collateral received was $113,629,000 and $144,351,000, respectively.

DISCRETELY PRESENTED COMPONENT UNIT – MEDICAL ALLIANCE

Investments – The investment policies of Medical Alliance are established by its board of directors. The policies are established to ensure that Medical Alliance funds are managed in accordance with the "Prudent Man Rule."

At June 30, 2008, and 2007, Medical Alliance held the following investments:

Medical Alliance Investments
(in thousands of dollars)

	2008	2007
Internally Designated for Capital Improvements:		
Mortgage-backed securities	$ 5,695	$ 5,690
Money Market Accounts	5,721	8,804
Interest Receivable	65	77
U.S. Treasury Obligations	74	74
Certificates of Deposit	15,105	8,577
Subtotal	26,660	23,222
Held by Trustee Under Indenture Agreement:		
Money Market Accounts	4,299	4,209
Interest Receivable	2	4
Less Portion Required for Current Obligations	(1,293)	(1,264)
	$ 29,668	$ 26,171

UNIVERSITY OF MISSOURI FIDUCIARY FUNDS

At June 30, 2008, the University's newly-established OPEB Trust Fund held no investments as its balance was held in cash deposits. Disclosures for the University's Retirement Trust Fund are as follows:

Investments –The Board of Curators of the University of Missouri establishes the policy for Retirement Trust investments which emphasizes diversification across asset classes, dominated by equity securities to maximize investment returns. While pursuing this investment objective, the Retirement Trust also observes its fiduciary duties set forth in Section 105.688 of the Revised Statutes of Missouri to act in the interest of the Retirement Plan's participants and beneficiaries. The Retirement Trust investments earned a total return of (5.7) %, including unrealized gains and losses, for the year ended June 30, 2008, and 19.7% for the year ended June 30, 2007.

At June 30, 2008, and 2007, the Retirement Trust held the following types of investments:

Retirement Trust Investments By Type
(in thousands of dollars)

	Carrying Value as of June 30, 2008	2007
Government Obligations	$ 640,544	$ 400,416
Corporate Bonds and Notes	281,693	182,837
Corporate Stocks	1,699,133	2,269,794
Commercial Paper	1,285	1,169
Other	218,894	103,663
Total Short-Term and Long-Term Investments	2,841,549	2,957,879
Commercial Paper	25,431	21,404
Total Cash Equivalents	25,431	21,404
Total Investments	$ 2,866,980	$ 2,979,283

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of preserving invested principal, the Board of Curators' investment policy requires diversification of the Retirement Trust investment portfolio.

At June 30, 2008, and 2007, the maturities of the Retirement Trust's investments are as follows:

Retirement Trust Investments by Type and Maturity
(in thousands of dollars)

As of June 30, 2008	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Carrying Value
U.S. Agency Obligations	$ 1,433	$ 790	$ 6,570	$ 109,718	$ 118,511
U.S. Treasury Obligations	10,586	50,983	106,449	74,710	242,728
Foreign Government Obligations	7,497	63,028	131,864	76,916	279,305
U.S. Corporate Bonds & Notes	21,833	78,740	57,268	66,568	224,409
Foreign Corporate Bonds & Notes	1,422	23,377	14,603	17,882	57,284
Total	$ 42,771	$ 216,918	$ 316,754	$ 345,794	$ 922,237

As of June 30, 2007	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Carrying Value
U.S. Agency Obligations	$ 779	$ 6,984	$ 7,362	$ 92,336	$ 107,461
U.S. Treasury Obligations	13,190	5,399	15,853	12,258	46,700
Foreign Government Obligations	16,841	86,530	58,219	84,664	246,254
U.S. Corporate Bonds & Notes	10,307	43,477	17,672	75,001	146,457
Foreign Corporate Bonds & Notes	3,056	6,486	6,222	20,617	36,381
Total	$ 44,173	$ 148,876	$ 105,328	$ 284,876	$ 583,253

Credit Risk – An investment's credit risk is the risk that the issuer or other counterparty will not meet its obligations. For investments in debt securities, this risk is measured by the credit quality ratings provided by a nationally-recognized statistical rating organization, such as Standard & Poor's and Moody's. The Retirement Trust investment policy requires that corporate bond and other fixed income securities must have a Standard & Poor's rating of A or better.

The University has elected to use the Moody's investment ratings in the following table. Securities within the Retirement Trust have Moody's ratings of Baa and Standard & Poor's ratings in the A range (A- to A+), which places those bonds within the parameters specified by the Retirement Trust investment policy.

The Retirement Trust's credit risk exposure based on Moody's investment ratings as of June 30, 2008, and 2007, is as follows:

Retirement Trust Investments by Type and Credit Rating
(in thousands of dollars)

As of June 30, 2008

	Aaa	Aa	A	Baa	Unrated	Total
U.S. Agency Obligations	$ 116,687	$ -	$ 1,824	$ -	$ -	$ 118,511
U.S. Treasury Obligations	242,728					242,728
Foreign Government Obligations	153,058	45,684	76,032	2,891	1,640	279,305
U.S. Corporate Bonds & Notes	81,383	69,296	52,488	12,629	8,613	224,409
Foreign Corporate Bonds & Notes	28,210	9,393	14,104	3,130	2,447	57,284
Total	$ 622,066	$ 124,373	$ 144,448	$ 18,650	$ 12,700	$ 922,237

As of June 30, 2007

	Aaa	Aa	A	Baa	Unrated	Total
U.S. Agency Obligations	$ 107,087	$ 374	$ -	$ -	$ -	$ 107,461
U.S. Treasury Obligations	46,700					46,700
Foreign Government Obligations	151,912	4,218	61,354	4,439	24,331	246,254
U.S. Corporate Bonds & Notes	71,259	28,911	22,685	1,949	21,653	146,457
Foreign Corporate Bonds & Notes	7,462	3,071	10,164	721	14,963	36,381
Total	$ 384,420	$ 36,574	$ 94,203	$ 7,109	$ 60,947	$ 583,253

Custodial Credit Risk – For investments, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the Retirement Trust will not be able to recover the value of its investments held by an outside party. At June 30, 2008, and 2007, the Retirement Trust's uninsured and uncollateralized investments consisted of commercial paper totaling $26,717,000 and $22,573,000, respectively. Remaining investments are insured or registered and are held by the Retirement Trust or an agent in its name.

Concentration of Credit Risk – The risk of loss attributed to the magnitude of investments in a single issue is known as the concentration of credit risk. Investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools are excluded from this category. The Retirement Trust investment policy allows for a portfolio consisting of no more than 37% U.S. equity, 24% international equity, 12.5% emerging markets equity, 10% private equity, 10% absolute return funds, 12.5% real estate, 22% global fixed income, and 12% TIPS. At June 30, 2008, and 2007, the Retirement Trust portfolio did not contain investments from any single issuer that exceeded 5% of the total portfolio.

Foreign Currency Risk –The risk that changes in exchange rates will adversely affect the fair value of a foreign investment is referred to as foreign currency risk. The Retirement Trust invests a significant portion of its portfolio in international investments; 26.3% and 31.1% were denominated in foreign currency in fiscal years 2008 and 2007, respectively. To reduce foreign currency risk, the Retirement Trust entered into forward foreign currency contracts throughout the year. As of June 30, 2008, and 2007, 10.7% and 9.4% respectively, of the Retirement Trust's investment portfolio is invested in forward foreign currency contracts, totaling $303,808,000 and $276,217,000. These contracts are marked to market and the changes in their market value are reported as net appreciation (depreciation) in fair value of investments in the Statement of Changes in Plan Net Assets.

As of June 30, 2008, and 2007, the Retirement Trust's exposure to foreign currency risk was as follows:

Retirement Trust Foreign Currency Risk
International Investment Securities at Fair Value
(in thousands of dollars)

Currency	Cash and Cash Equivalents	Foreign Government Obligations	Foreign Corporate Bonds and Notes	Corporate Stocks	2008 Total	2007 Total
Australian Dollar	$ 254	$ 4,399	$ 2,939	$ 11,735	$ 19,327	$ 23,949
Brazilian Real			294	245	539	
British Pound Sterling	(17,201)	17,240	662	61,520	62,221	122,460
Canadian Dollar	25,433	2,498	7,282	(713)	34,500	37,371
Chilean Peso				104	104	105
Chinese Yan Renminbi				5,770	5,770	9,790
Danish Krone	63		2,213	65	2,341	2,015
Euro	76,403	143,763	36,992	39,740	296,898	315,207
Hong Kong Dollar	150			9,196	9,346	15,581
Hungarian Forint						2,812
Israeli Shekel		2,813		(845)	1,968	5,025
Japanese Yen	5,534	73,064	4,826	32,203	115,627	153,632
Malaysian Ringgit		5,806		4,433	10,239	6,148
Mexican New Peso	144	2,893		747	3,784	4,627
New Taiwan Dollar				543	543	501
New Zealand Dollar	42	591		(1,879)	(1,246)	(9,842)
Norwegian Krone	50	1,014		8,037	9,101	2,496
Polish Zloty	120	7,238		(907)	6,451	5,507
Russian Rubel				223	223	
South African Comm Rand				448	448	943
Singapore Dollar	45	9,618		2,905	12,568	11,310
South Korean Won		2,125		11	2,136	5,018
Swedish Krona	220	6,243	2,076	6,678	15,217	16,214
Swiss Franc	537			37,877	38,414	45,889
UAE Dirham				878	878	
Total	$ 91,794	$ 279,305	$ 57,284	$ 219,014	$ 647,397	$ 776,758

Securities Lending Transactions – The Retirement Trust participates in an external investment pool securities lending program to augment income. The program is administered by the Retirement Trust's custodial agent bank, which lends equity, government and corporate securities for a predetermined period of time to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U.S. Government securities, defined letters of credit or other collateral approved by the Retirement Trust. Loaned domestic securities are initially collateralized at 102% of their fair value, while loaned international securities are collateralized at 105% of fair value. The Retirement Trust has minimized its exposure to credit risk from borrower default by having the custodial agent bank determine daily that required collateral meets a minimum of 100% of the fair value of loaned domestic securities and 105% for loaned international securities. The fair value of collateral held for securities on loan totaled $294,781,000 and $382,023,000 at June 30, 2008, and 2007, respectively.

The Retirement Trust continues to receive interest and dividends during the loan period, as well as a fee from the borrower. In addition, the maturities of the investments made with the cash collateral generally match the maturities of the securities lent. At June 30, 2008, the Retirement Trust has no credit risk exposure since the collateral held exceeds the value of the securities lent. The Retirement Trust is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

In addition, at June 30, 2008, and 2007, letters of credit and security collateral, not meeting the criteria for inclusion in the Statement of Plan Net Assets, totaled $20,336,000 and $38,795,000, respectively, for the Retirement Trust. At June 30, 2008, and 2007, the aggregate fair value of the securities lent and related collateral received was $303,713,000 and $404,849,000, respectively.

4. FUNDS HELD IN TRUST BY OTHERS

At June 30, 2008, and 2007, Funds Held in Trust by Others (principally endowment funds) aggregated $80,910,000 and $74,200,000, respectively, at fair value. Due to time restrictions or a legal event that has not occurred, these funds are not available to the University and are not included in the accompanying Statement of Net Assets. Income earned and distributed to the University for the years ended June 30, 2008 and 2007, aggregated $1,115,000 and $2,807,000, respectively.

5. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2008, and 2007, are summarized as follows:

Accounts Receivable
(in thousands of dollars)

	2008	2007
Grants and Contracts	$ 68,613	$ 81,801
Federal Appropriations	2,018	551
State Appropriations and State Bond Funds	5,080	
Student Fees and Other Academic Charges	84,007	73,422
University Hospitals and Clinics Patient Services, Net of Contractual Allowances	110,960	102,187
University Physicians Patient Services, Net of Contractual Allowances	18,758	18,038
Subtotal	289,436	275,999
Less Provisions for Loss on Accounts Receivable:		
Grants and Contracts Allowance	622	1,000
University Hospitals and Clinics Patient Services Allowances	26,779	28,286
University Physicians Patient Services Allowances	6,707	5,928
Student Fees and Other Academic Charges	5,674	4,810
Subtotal	39,782	40,024
Total	$ 249,654	$ 235,975

6. NOTES RECEIVABLE

Notes receivable consist of resources available for financial loans to students. These resources are provided through Federal loan programs and University loan programs generally funded by external sources. Notes receivable at June 30, 2008, and 2007, are summarized as follows:

Notes Receivable
(in thousands of dollars)

	2008	2007
Federal Health Profession Loans	$ 13,955	$ 14,321
Carl D. Perkins National Loans	31,622	28,419
University Loan Programs	18,296	20,604
Subtotal	63,873	63,344
Less Provision for Loss on Notes Receivable	3,228	3,320
Total	$ 60,645	$ 60,024

7. CAPITAL ASSETS

UNIVERSITY OF MISSOURI

Capital assets activity for the years ended June 30, 2008, and 2007, is summarized as follows:

Capital Assets
(in thousands of dollars)

	2008 Beginning Balance	Additions/ Transfers	Retirements	2008 Ending Balance
Capital Assets, Nondepreciable:				
Land	$ 66,040	$ 759	$ 769	$ 66,030
Artwork and Historical Artifacts	11,575	88		11,663
Construction in Progress	102,600	77,786		180,386
Total Capital Assets, Nondepreciable	180,215	78,633	769	258,079
Capital Assets, Depreciable:				
Buildings and Improvements	2,188,407	148,016	14,397	2,322,026
Infrastructure	217,483	10,471	202	227,752
Equipment	511,539	71,417	25,681	557,275
Library Materials	218,306	9,406		227,712
Total Capital Assets, Depreciable	3,135,735	239,310	40,280	3,334,765
Less Accumulated Depreciation:				
Buildings and Improvements	747,082	61,309	12,862	795,529
Infrastructure	83,808	9,546	183	93,171
Equipment	316,286	47,530	24,415	339,401
Library Materials	129,705	7,611		137,316
Total Accumulated Depreciation	1,276,881	125,996	37,460	1,365,417
Total Capital Assets, Depreciable, Net	1,858,854	113,314	2,820	1,969,348
Total Capital Assets, Net	$ 2,039,069	$ 191,947	$ 3,589	$ 2,227,427

	2007 Beginning Balance	Additions/ Transfers	Retirements	2007 Ending Balance
Capital Assets, Nondepreciable:				
Land	$ 60,114	$ 6,018	$ 92	$ 66,040
Artwork and Historical Artifacts	11,279	296		11,575
Construction in Progress	96,757	5,843		102,600
Total Capital Assets, Nondepreciable	168,150	12,157	92	180,215
Capital Assets, Depreciable:				
Buildings and Improvements	2,037,574	159,726	8,893	2,188,407
Infrastructure	206,681	10,820	18	217,483
Equipment	490,231	44,364	23,056	511,539
Library Materials	210,838	7,468		218,306
Total Capital Assets, Depreciable	2,945,324	222,378	31,967	3,135,735
Less Accumulated Depreciation:				
Buildings and Improvements	698,100	56,712	7,730	747,082
Infrastructure	74,925	8,890	7	83,808
Equipment	290,184	47,085	20,983	316,286
Library Materials	123,323	6,382		129,705
Total Accumulated Depreciation	1,186,532	119,069	28,720	1,276,881
Total Capital Assets, Depreciable, Net	1,758,792	103,309	3,247	1,858,854
Total Capital Assets, Net	$ 1,926,942	$ 115,466	$ 3,339	$ 2,039,069

The estimated cost to complete construction in progress at June 30, 2008, is $656,224,000 of which $154,133,000 is available from unrestricted net assets. The remaining costs are expected to be funded from $101,320,000 of State appropriations, $57,065,000 of gifts, $4,529,000 of grants, and $339,177,000 of bond proceeds.

Capital assets include a building facility under a capital lease of $8,332,000 and related accumulated depreciation of $3,645,000 and $3,229,000 at June 30, 2008, and 2007, respectively.

DISCRETELY PRESENTED COMPONENT UNIT – MEDICAL ALLIANCE

Capital assets at June 30, 2008, and 2007 are summarized as follows:

Medical Alliance - Capital Assets
(in thousands of dollars)

	2008	2007
Land and Improvements	$ 6,109	$ 6,605
Buildings	102,071	98,934
Movable Equipment	65,570	60,359
Construction in Progress	4,922	4,296
	178,672	170,194
Less Accumulated Depreciation	103,513	94,580
Total Capital Assets, Net	$ 75,159	$ 75,614

8. ACCRUED LIABILITIES

Accrued liabilities at June 30, 2008, and 2007, are summarized as follows:

Accrued Liabilities
(in thousands of dollars)

	2008	2007
Accrued Salaries, Wages and Related Benefits	$ 44,454	$ 40,534
Accrued Vacation	38,691	40,013
Accrued Self Insurance Claims	32,503	30,067
Accrued Interest Payable	5,319	4,362
	$ 120,967	$ 114,976

9. OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities at June 30, 2008, and 2007, are summarized as follows:

Other Noncurrent Liabilities
(in thousands of dollars)

Fiscal Year 2008	Beginning of Year	Additions	Payments	Total End of Year	Less Current Portion	Noncurrent End of Year
Accrued Vacation	$ 49,001	$ 36,639	$ (34,313)	$ 51,327	$ (38,691)	$ 12,636
Accrued Self-Insurance Claims	79,799	136,343	(148,904)	67,238	(32,503)	34,735
	$ 128,800	$ 172,982	$ (183,217)	$ 118,565	$ (71,194)	$ 47,371

Fiscal Year 2007	Beginning of Year	Additions	Payments	Total End of Year	Less Current Portion	Noncurrent End of Year
Accrued Vacation	$ 46,292	$ 40,510	$ (37,801)	$ 49,001	$ (40,013)	$ 8,988
Accrued Self-Insurance Claims	86,850	139,294	(146,345)	79,799	(30,067)	49,732
	$ 133,142	$ 179,804	$ (184,146)	$ 128,800	$ (70,080)	$ 58,720

10. BONDS AND NOTES PAYABLE

UNIVERSITY OF MISSOURI

As of June 30, 2008, and 2007, bonds and notes payable totaled $870,667,000 and $652,785,000, respectively. Of these amounts, $868,207,000 and $652,785,000, respectively, were bonds outstanding, net of unamortized premium/discount and loss on defeasance totaling $11,102,000 and $6,960,000, respectively. The principal and interest of the bonds are payable from net income or designated revenues from the related financed activities. Designated revenues for the bonds include sales and services from the financed facilities, such as bookstore collections, housing and dining charges, patient services, and parking collections, as well as certain assessed fees. For fiscal years 2008 and 2007, available related revenues totaled $848,025,000 and $792,555,000, respectively, while the annual debt service payments totaled $16,975,000 and $14,760,000. This proportion is expected to continue to be less than 3% of pledged revenues in the future. These bonds bear interest at fixed and variable rates ranging from 2.0% to 5.8% per annum and mature at various dates through November 2037. Interest on the variable rate System Facilities Revenue Bonds is paid at the Bond Market Association™ daily bond rate.

The outstanding notes totaling $2,460,000 as of June 30, 2008, consisted of two loans from the state Department of Natural Resources Energy Efficiency Leveraged Loan Program. Interest is payable semiannually and ranges from 3.0% to 3.2%. One of these loans matures in February 2012, while the second loan matures in February 2016.

Bonds and Notes Payable activity by issuance series for the years ended June 30, 2008, and 2007, was as follows:

Bonds and Notes Payable Activity
(in thousands of dollars)

	2008 Beginning Balance	Issuance	Payments	Defeasance	Amortization	2008 Ending Balance
System Facilities Revenue Bonds:						
Series 1997	$ 1,135	$ -	$ (1,135)	$ -	$ -	$ -
Series 1998	16,840		(1,815)			15,025
Series 2000	63,425		(3,105)			60,320
Series 2001	80,760		(795)			79,965
Series 2002	40,000		(40,000)			-
Series 2003	147,280		(3,260)	(96,965)		47,055
Series 2006	296,385		(6,865)			289,520
Series 2007		365,220				365,220
Less Unamortized Premium/Discount	17,004	8,772		(2,696)	(1,037)	22,043
Less Loss on Defeasance	(10,044)			(1,610)	714	(10,941)
Notes Payable		2,460				2,460
	652,785	$ 376,452	$ (56,975)	$ (101,271)	$ (323)	870,667
Less Current Portion	(16,975)					(21,201)
	$ 635,810					$ 849,466

	2007 Beginning Balance	Issuance	Payments	Defeasance	Amortization	2007 Ending Balance
System Facilities Revenue Bonds:						
Series 1997	$ 2,210	$ -	$ (1,075)	$ -	$ -	$ 1,135
Series 1998	19,335		(2,495)			16,840
Series 2000	66,410		(2,985)			63,425
Series 2001	81,515		(755)			80,760
Series 2002	40,000					40,000
Series 2003	150,435		(3,155)			147,280
Series 2006	300,680		(4,295)			296,385
Less Unamortized Premium/Discount	17,814				(810)	17,004
Less Loss on Defeasance	(10,945)				901	(10,044)
	667,454	$ -	$ (14,760)	$ -	$ 91	652,785
Less Current Portion	(14,760)					(16,975)
	$ 652,694					$ 635,810

As of June 30, 2008, principal and interest due on bonds and notes during the next five years and in subsequent five-year periods is as follows:

Future Debt Service
(in thousands of dollars)

Fiscal Year	Principal	Interest	Net Payments (Funds Received) on Swap Agreement
2009	$ 21,201	$ 33,725	$ 3,127
2010	24,093	32,789	3,144
2011	24,295	31,735	3,084
2012	23,053	30,688	3,069
2013	24,093	29,667	3,068
2014-2018	138,220	131,578	14,623
2019-2023	164,835	99,956	11,538
2024-2028	200,375	63,000	6,683
2029-2033	150,740	29,469	1,509
2034-2038	88,660	9,278	
	$ 859,565	$ 491,885	$ 49,845

Future interest payment requirements for variable rate bond debt are determined using the rate in effect at June 30, 2008, ranging from 1.47 to 2.05%. The above interest payments also include estimated payments on two interest rate swap agreements, as discussed below, at fixed rates of 3.95% and 3.798%, net of the funds received from the counterparty to the transaction at a rate effective at June 30, 2008, of 1.55% and 1.67%, respectively.

On July 26, 2007, the University issued $365,220,000 of System Facilities Revenue Bonds, consisting of $262,970,000 in Series 2007A bonds at the interest cost of 4 to 5% and $102,250,000 of Series 2007B bonds with variable rates. Proceeds from the issuance of the Series 2007 A and B bonds were used to finance construction of new housing facilities on the Columbia and Missouri S&T campuses, various other projects and the cost of issuance. Proceeds from issuance of the Series 2007B bond were used to advance refund and defease $96,965,000 of the Series 2003A bonds.

The partial defeasance of the 2003A Series bonds resulted in a $1,610,000 loss that is included as a reduction of debt outstanding and will be amortized over the remaining life of the bonds. The defeasance decreased aggregate debt service payments by $14,672,000 resulting in an economic gain (difference between the present values of the old and new debt service payments) to the University of $9,505,000.

The University maintains a thirty-year interest rate swap agreement on its variable rate System Facilities Revenue Bonds. The purpose of the interest rate swap agreement is to convert variable rate debt to fixed rate debt. Based on the swap agreement, the University has two interest rate swaps. Through its first interest rate swap with a $40,000,000 notional amount, the University pays interest calculated at a fixed rate of 3.95% to the swap's counterparty. In return, the counterparty owes the University interest based on a variable rate set weekly. Through a second interest rate swap with a $102,250,000 notional amount, the University pays interest calculated at a fixed rate of 3.798% to the counterparty, while the counterparty pays the University interest based on a variable rate that is set monthly. The $142,250,000 in bond principal is not exchanged; it is only the basis on which the interest payments are calculated.

The University continues to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the interest rate swap agreement, the University effectively pays a fixed rate on the debt. The University will revert to variable rates if the counterparty to the swap defaults or if the swap is terminated. A termination of the swap agreement may also result in the University making or receiving a termination payment.

As of June 30, 2008, the two interest rate swaps had a fair value of ($12,596,000), which represents the cost to the University to terminate the swap. This fair value, developed using the zero coupon method and proprietary models, was prepared by the counterparty, J.P. Morgan Chase Bank, a major U.S. financial institution. The zero coupon method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each net settlement of the swap.

As of June 30, 2008, the University was not exposed to credit risk on the termination payment because the interest rate swap had a negative fair value and the University would have owed the payment. However, should interest rates change and the fair value of the swap become positive, the University would be exposed to credit risk. The swap counterparty was rated AA by Standard & Poor's and Aaa by Moody's Investors Service as of June 30, 2008. In the event a ratings downgrade occurs, the counterparty may be required to provide collateral if the University's overall exposure exceeds predetermined levels. Permitted collateral investments include U.S. Treasuries, U.S. government agencies, cash and commercial paper rated A1/P1 by Standard & Poor's and Moody's, respectively. Collateral may be held by the University or by a third party custodian.

The swap exposes the University to basis risk should the weekly BMA rate paid by the counterparty fall below the daily interest rate due on the bonds. This basis risk can be the result of a downgrade of the University's rating, daily rates becoming higher than weekly rates, or the pricing of the University's bonds by the remarketing agent at rates higher than the BMA index.

At June 30, 2008, and 2007, in-substance defeased bonds aggregating $147,935,000 and $96,320,000, respectively, are outstanding.

DISCRETELY PRESENTED COMPONENT UNIT – MEDICAL ALLIANCE

Bonds payable activity by series of issuance for the years ended June 30, 2008, and 2007, was as follows:

Medical Alliance - Bonds Payable
(in thousands of dollars)

	2008 Beginning Balance	Issuance	Payments	2008 Ending Balance
Health Facilities Revenue Bonds Series 1998, dated December 1, 1998 and maturing November 1, 2028, payable in graduated installments from November 1, 1999 to November 1, 2028, bearing interest ranging from 3.35% to 5.30%	$ 21,235	$ -	$ (550)	$ 20,685
Health Facilities Revenue Bonds Series 2004, dated June 1, 2004 and maturing November 1, 2029, payable in graduated installments from November 1, 2005 to November 1, 2029, bearing interest ranging from 2.25% to 5.75%	16,760		(385)	16,375
	37,995	$ -	$ (935)	37,060
Less current maturities	(935)			(970)
	$ 37,060			$ 36,090

	2007 Beginning Balance	Issuance	Payments	2007 Ending Balance
Health Facilities Revenue Bonds Series 1998, dated December 1, 1998 and maturing November 1, 2028, payable in graduated installments from November 1, 1999 to November 1, 2028, bearing interest ranging from 3.35% to 5.30%	$ 21,760	$ -	$ (525)	$ 21,235
Health Facilities Revenue Bonds Series 2004, dated June 1, 2004 and maturing November 1, 2029, payable in graduated installments from November 1, 2005 to November 1, 2029, bearing interest ranging from 2.25% to 5.75%	17,135		(375)	16,760
	38,895	$ -	$ (900)	$ 37,995
Less current maturities	(900)			(935)
	$ 37,995			$ 37,060

In June 2004, Medical Alliance issued $17,500,000 of tax-exempt Health Facilities Revenue Bonds Series 2004 through the Health and Educational Facilities Authority of the State of Missouri. The bonds proceeds are being used primarily to pay or reimburse the costs of acquiring, constructing and equipping certain health facilities of Medical Alliance and to fund the future debt service requirement fund for these Series 2004 bonds.

Similar to the Series 1998 bonds, the Series 2004 bonds were issued pursuant to the Master Trust Indenture dated December 1, 1998, as supplemented on June 1, 2004. Under the terms of the Master Trust Indenture (the "Master Indenture"), Medical Alliance is required to make payments of principal, premium, if any, and interest on the bonds. The Series 1998 and 2004 bonds are secured by the unrestricted receivables of Medical Alliance. In addition, the Master Indenture contains certain restrictions on the operations and activities of Medical Alliance, including, among other things, covenants restricting the incurrence of additional indebtedness and the creation of liens on property, except as permitted by the Master Indenture.

The Master Indenture has mandatory sinking fund redemption requirements in which funds are required to be set aside beginning in 2014 and 2025 for the Series 1998 bonds and Series 2004 bonds, respectively.

Interest expense incurred on the bonds during the years ended June 30, 2008, and 2007 was $1,960,000 and $1,999,000, respectively, of which $206,000 and $196,000 were capitalized during the years ended June 30, 2008 and 2007, respectively.

As of June 30, 2008, the total of principal and interest due on bonds during the next five years and in subsequent five-year periods is as follows:

Future Debt Service
(in thousands of dollars)

Year ending June 30:	Principal	Interest
2009	$ 970	$ 1,917
2010	1,010	1,874
2011	1,055	1,828
2012	1,105	1,779
2013	1,155	1,725
2014-2018	6,680	7,689
2019-2023	8,590	5,726
2024-2028	11,140	3,093
2029-2030	5,355	309
	$ 37,060	$ 25,940

11. SHORT-TERM BORROWINGS

During the years ended June 30, 2008, and 2007, the University sold $160,000,000 and $115,000,000 of capital project notes at an effective interest rate of 3.7%. The maximum amount of notes outstanding was $160,000,000 and $115,000,000 and all were repaid in full by June 30, 2008, and 2007, respectively. Proceeds from the issuance of the capital project notes were used to fund various construction projects. Capital project note activity for the years ended June 30, 2008, and 2007 is as follows:

Capital Project Notes
(in thousands of dollars)

	Fiscal Year	Beginning of Year	Issuance	Payments	End of Year
Series FY 2007-2008	2008	$ -	$ 160,000	$ (160,000)	$ -
Series FY 2006-2007	2007	-	115,000	(115,000)	-

Capital Projects Notes are secured by the University's unrestricted revenues (generally state appropriations for general operations, student fee revenue, and other operating revenues), plus unencumbered balances from prior fiscal years. These balances totaled approximately $1,600,000,000 in fiscal year 2008. Excluded are revenues from auxiliary enterprises (such as bookstore and housing operations), the Health System, and other such facilities pledged to repay System Facilities Revenue Bonds. Capital Project Notes are expected to continue to be 10% or less of available pledged balances.

12. LEASE OBLIGATIONS AND COMMITMENTS

The University leases various facilities and equipment through operating and capital leases. Facilities under capitalized leases are recorded at the present value of future minimum lease payments.

Capital lease obligations activity for the years ended June 30, 2008, and 2007, is as follows:

Capital Lease Obligations
(in thousands of dollars)

Fiscal Year	Beginning of Year	Additions	Payments	End of Year	Current Portion
2008	$ 9,354	$ -	$ (462)	$ 8,892	$ 501
2007	9,779	-	(425)	9,354	462

The future minimum payments on all significant leases with initial or remaining terms of one year or more at June 30, 2008, are as follows:

Future Lease Payments
(in thousands of dollars)

Fiscal Year	Capital	Operating
2009	$ 1,374	$ 5,053
2010	1,374	4,201
2011	1,374	3,035
2012	1,374	2,347
2013	1,374	2,143
2014-2018	6,870	8,971
2019-2022	1,718	2,061
Total Future Minimum Payments	15,458	$ 27,811
Less: Amount Representing Interest	(6,566)	
Present Value of Future Minimum Lease Payments	$ 8,892	

Total rental expenditures for operating leases for the years ended June 30, 2008, and 2007, were $15,047,000 and $16,724,000, respectively.

In addition to the above lease obligations, the University has outstanding commitments for the acquisition, usage and ongoing support of certain software for its patient clinical systems. As of June 30, 2008, these commitments totaled $8,296,000 and will be paid in the following amounts: $3,644,000 in 2009, $3,708,000 in 2010, and $944,000 in 2011.

Description of Sublease Arrangement with Institute for Outpatient Surgery ("IOS") – Concurrent with the sale of assets to IOS on July 1, 2002, the University entered into an agreement with IOS whereby IOS subleased certain building space from the University for a period of approximately 17 years at current market rates. The University recorded the transaction as a direct financing lease and recorded a minimum lease payment to be received of $6,375,000, unearned rental income of $3,233,000 and a write-off of $3,142,000 of building and improvements related to the sublease.

As of June 30, 2008, the future minimum lease payments to be received under this sublease are as follows:

IOS - Future Minimum Lease Payments
(in thousands of dollars)

	Amount
Total Minimum Lease Payments to be Received:	
Current	$ 418
Noncurrent	4,285
Total	4,703
Less: Unearned Rental Income	(2,162)
Present Value of Future Minimum Lease Payments Receivable	$ 2,541

During fiscal years 2008, and 2007, the University received $418,000 of rental income from IOS each year.

DISCRETELY PRESENTED COMPONENT UNIT – MEDICAL ALLIANCE

The Medical Alliance leases certain computer and medical equipment through operating and capital leases. Equipment under capitalized leases is recorded at the present value of future minimum lease payments.

Capital lease obligations activity for the years ended June 30, 2008 and 2007, is as follows:

Medical Alliance - Capital Lease Obligations
(in thousands of dollars)

Fiscal Year	Beginning of Year	Additions	Payments	End of Year	Current Portion
2008	$ 101	$ -	$ (30)	$ 71	$ 27
2007	129	61	(89)	101	30

The future minimum payments on all significant leases with initial or remaining terms of one year or more at June 30, 2008, are as follows:

Medical Alliance - Future Lease Payments
(in thousands of dollars)

Fiscal Year	Capital	Operating
2009	$ 31	$ 531
2010	27	356
2011	21	313
2012		86
2013		84
2014-2017		231
Total Future Minimum Payments	79	$ 1,601
Less: Amount Representing Interest	(8)	
Present Value of Future Minimum Lease Payments	$ 71	

Total rental expenditures for operating leases for the years ended June 30, 2008, and 2007, were $719,000 and $550,000, respectively.

13. RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; natural disasters; and various medically related benefit programs for employees. The University funds these losses through a combination of self-insured retentions and commercially purchased insurance. The amount of self-insurance funds and commercial insurance maintained are based upon analysis of historical information and actuarial estimates. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The liability for self-insurance claims at June 30, 2008, and 2007 of $67,238,000 and $79,799,000, respectively, represents the present value of amounts estimated to have been incurred by those dates, using discount rates ranging from 3.7% to 4.8% for fiscal year 2008 and 3.7% to 4.3% for fiscal year 2007, based on expected future investment yield assumptions. Additionally, at June 30, 2008, there are self-insurance claims outstanding, that range from $750,000 to $1,000,000, for which the University has determined there is a reasonable possibility that a loss contingency may be incurred, but no accrual has been made in the financial statements because the loss is not both probable and estimable.

Changes in the self-insurance liability during fiscal years 2008, 2007, and 2006 were as follows:

Self-Insurance Claims Liability
(in thousands of dollars)

Fiscal Year	**Beginning of Year**	New Claims and Changes in Estimates	Claim Payments	**End of Year**
2008	$ 79,799	$ 136,343	$ (148,904)	$ 67,238
2007	86,850	139,294	(146,345)	79,799
2006	78,190	148,993	(140,333)	86,850

14. CONTINGENCIES

The University does not have any contingencies that are probable and estimable as of June 30, 2008.

15. RETIREMENT, DISABILITY AND DEATH BENEFIT PLAN

Basis of Accounting – The University of Missouri Retirement, Disability, and Death Benefit Plan (the "Retirement Plan") financial statements are prepared using the accrual basis of accounting. Employer contributions to the Retirement Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with terms of the Retirement Plan.

Investment Valuation – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value.

Plan Description – The Retirement Plan is a single employer, defined benefit plan for all qualified employees. As authorized by Section 172.300, Revised Statutes of Missouri, the University's Board of Curators administers the Retirement Plan and establishes its terms. Separate financial statements and supplemental schedules are not prepared for the Retirement Plan.

Retirement Plan Membership
(active members)

	2008	**2007**
Active members:		
Vested	10,094	10,015
Nonvested	7,760	7,439
Pensioners	6,773	6,695
Former Employees with Deferred Pensions	3,002	2,757
Total	27,629	26,906

Full-time employees vest in the Retirement Plan after five years of credited service and become eligible for benefits based on age and years of service. A vested employee who retires at age 65 or older is eligible for a lifetime annuity calculated at 2.2% times the credited service years times the compensation base. The employee's average compensation for the five highest consecutive salary years determines the compensation base. Academic members who provide summer teaching and research service receive additional summer service credit. At times, the Board of Curators may approve pension adjustments that increase the benefits paid to existing pensioners. However, vested members who leave the University system prior to eligibility for retirement are not eligible for these pension increases.

Vested employees who are at least age 55 and have ten years or more of credited service or age 60 with at least five years of service may choose early retirement with a reduced benefit. However, if the employee retires at age 62 and has at least 25 years of credited service, the benefit is not reduced. The Retirement Plan provides a minimum value feature for vested employees who terminate or retire. The member receives the greater of a benefit equal to the actuarial equivalent of 5% of the employee's eligible compensation invested at 7.5% per credited service year or the regularly calculated benefit. Up to 30% of the retirement annuity value can be taken in a lump sum payment. In addition, the standard annuity can be exchanged for an actuarially-equivalent annuity selected from an array of options with joint and survivor, period certain, and guaranteed annual increase features.

Vested employees who terminate prior to retirement eligibility may elect to transfer the actuarial equivalent of their benefit to an Individual Retirement Account or into another employer's qualified plan that accepts such rollovers. If the actuarial equivalent is less than $20,000, it may instead be taken in the form of a lump sum payment. The Retirement Plan allows vested employees who become disabled to continue accruing service credit until they retire, and also provides a pre-retirement death benefit for vested employees.

Contributions – The University's contributions to the Retirement Plan are equal to the actuarially determined Annual Required Contributions, which averaged 8.0 and 8.7% of payroll for the years ended June 30, 2008, and 2007, respectively. The Retirement Plan does not require employee contributions and is, instead, funded entirely by University contributions. The contribution rate is updated annually on July 1, at the beginning of the University's fiscal year, to the actuarially determined amount from the most recent valuation on the preceding October 1. This actuarial valuation reflects the adoption of any Retirement Plan amendments during the previous fiscal year.

The University's annual pension cost and net pension obligation to the Retirement Plan for the current year, along with three-year trend information, were as follows:

Three-Year Trend Information
(in thousands of dollars)

Fiscal Year	Annual Required Contribution (ARC)	Annual Pension Cost (APC)	Contributions Made	Percentage of APC Contributed	Net Pension Obligation
2006	$ 64,399	$ 64,399	$ 64,399	100%	$ -
2007	74,736	74,736	74,736	100%	-
2008	72,284	72,284	72,284	100%	-

Funded Status – As of the most recent actuarial valuation date, October 1, 2007, the Retirement Plan was 103.8% funded. The actuarial accrued liability for benefits was $2,555,592,000 and the actuarial value of the assets was $2,651,535,000, resulting in excess funding of $95,942,000. The covered payroll (annual payroll of active employees covered by the plan) was $891,648,000, and the ratio of excess funding to covered payroll was 10.8%.

The Schedule of Funding Progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – In the October 1, 2007 actuarial valuation, the entry age actuarial cost method was used. Actuarial assumptions included (1) an 8.0% rate of investment return net of administrative expenses, and (2) projected salary increases ranging from 4.5 to 5.2% per year. The assumptions did not include postretirement benefit increases. An approved ad hoc cost of living adjustment effective on September 1, 2007, resulted in a $17,420,000 increase in the actuarial accrued liability and a $1,712,000 or .20% increase in annual employer contributions. The actuarial value of assets was determined using techniques that spread effects of short-term volatility in the market value of investments over a 5-year period. The overfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 20 years from the October 1, 2007 valuation date.

16. OTHER POSTEMPLOYMENT BENEFITS

Plan Description – In addition to the pension benefits described in Note 15, the University operates a single-employer, defined benefit postemployment plan. The University's Other Postemployment Benefits (OPEB) Plan provides postretirement medical, dental, and life insurance benefits to employees who retire from the University after attaining age 55 and before reaching age 60 with ten or more years of service, or after attaining age 60 with five or more years of services. As of June 30, 2008, and 2007, 5,642 and 5,579 retirees, respectively, were receiving benefits, and an estimated 17,854 active University employees may become eligible to receive future benefits under the plan. Postemployment medical, dental and life insurance benefits are also provided to long-term disability claimants who were vested in the University's Retirement Plan at the date the disability began, provided the onset date of the disability was on or after September 1, 1990. As of June 30, 2008, and 2007, 244 and 231 long-term disability claimants, respectively, met those eligibility requirements.

The terms and conditions governing the postemployment benefits to which employees are entitled are at the sole authority and discretion of the University's Board of Curators.

Basis of Accounting – In June 2008, the University established its OPEB Trust Fund, the assets of which are irrevocable and legally protected from creditors and dedicated to providing postemployment benefits in accordance with terms of the plan. Previously, postemployment benefit costs other than long-term disability were funded on a current basis, and expenses were recorded on a pay-as-you-go basis. Long-term disability costs were recognized during the period in which the employee became eligible to receive disability benefits. The University's OPEB Trust Fund does not issue a separate financial report.

Contributions and Reserves – Contribution requirements of employees and the University are established and may be amended by the University's Board of Curators. For employees retiring prior to September 1, 1990, the University contributes toward premiums at the same rate as for active employees, which is 2/3 of the medical benefits premium and 1/2 of the dental plan premium. For employees who retired on or after September 1, 1990, the University contributes toward premiums based on the employee's length of service and age at retirement.

The University makes available two group term life insurance options. Option A coverage is equal to the retiree's salary at the date of retirement, while Option B is equal to two times that amount. For each Option, graded decreases in coverage are made when the retiree attains specific age levels. The University pays the full cost of Option A and approximately 91% of the Option B premium, with the retiree paying the remainder. Coverage for group term life insurance ends on January 1 following the retiree's 70th birthday. For the year ended June 30, 2008, participants contributed $11,860,000 or approximately 46.5% of total premiums through their required contributions, which vary depending on the plan and coverage selection. Other contributions to the Plan were Medicare Part D retiree drug subsidies received from the federal government.

The University makes available two long-term disability options to its employees. Option A coverage is equal to 60% of the employee's salary on the date the disability began, when integrated with benefits from all other sources. Option B coverage is equal to 66-2/3% of the employee's salary, integrated so that benefits from all sources will not exceed 85% of the employee's salary. Both options have a 149-day waiting period and provide benefits until age 65. The University pays the full cost of the Option A premium, while employees enrolled in Option B pay the additional cost over the Optional A premium.

Further, the University currently plans to contribute to the trust fund an amount that, in addition to the current year premium contributions, is sufficient to fund 50% of the annual required contribution (ARC). The ARC, which is actuarially determined in accordance with the parameters of GASB Statement 45, represents the ongoing level of funding projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. In fiscal year 2008, the University contributed $53,460,000, or 100.2% of the ARC. The $53,310,000 ARC represents 5.9% of annual covered payroll.

The following table presents the OPEB cost for the year, the amount contributed, and changes in the OPEB obligation for fiscal year 2008:

Changes in Net OPEB Obligation (Asset)
(in thousands of dollars)

Annual required contribution/OPEB cost	$ 53,310
Contributions made	(53,460)
Increase in net OPEB obligation (asset)	(150)
Net OPEB obligation - beginning of year	-
Net OPEB obligation (asset) - June 30, 2008	$ (150)

Funding Status and Funding Progress – As of July 1, 2006, the actuarial accrued liability (AAL) for postemployment benefits was $546,058,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $546,058,000. The covered payroll (annual payroll of active employees covered by the plan) was $883,614,000, and the ratio of UAAL to covered payroll was 61.8%. The University implemented its OPEB Trust Fund in June 2008, after the July 1, 2006 actuarial valuation date. At the actuarial valuation date, there were no trust fund assets, but as of June 30, 2008, the fund had $34 million in net assets.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision of actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Benefit projections for financial reporting purposes are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and the historical pattern of cost sharing between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the University and plan members in the future.

Actuarial Methods and Assumptions - Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The projected unit credit actuarial cost method was used in the July 1, 2006, actuarial valuation. Actuarial assumptions included a 6.75% investment rate of return, net of administrative expenses. The projected annual healthcare trend rate is 7.0 to 11.5% initially, reduced by 0.5% decrements to an ultimate rate of 4.5%. The UAAL is being amortized as a level dollar amount on an open basis, level percent of pay, over a 30-year amortization period.

17. SEGMENT INFORMATION

A segment is an identifiable activity reported within a stand-alone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains and losses, assets and liabilities that are required by an external party to be accounted for separately. The University has one segment that meets the reporting requirements of GASB Statement No. 37.

As of June 30, 2008, the University's outstanding bond debt consists of System Facilities Revenue Bonds. The System Facilities Revenue Bonds are issued in accordance with a Resolution adopted by the Board of Curators in October 1993. The Resolution provides that the bonds are payable from the gross income and revenues derived from the related facilities including student fees, housing, dining, bookstore, parking, and various other revenues.

During fiscal year 2006, the University defeased the debt previously reported within the Health Facilities Revenue Bonds secured by revenues of the Health System. The Health System consists of the University of Missouri Hospitals and Clinics, which includes the University of Missouri Hospital, Ellis Fischel Cancer Center, Rusk Rehabilitation Center and the Children's Hospital; the University Physicians Medical Practice Plan, which includes faculty of the University of Missouri-Columbia School of Medicine; and the Missouri Rehabilitation Center.

Summary financial information for the System Facilities Revenue Bonds as of June 30, 2008, and 2007, is as follows:

System Facilities Revenue Bonds Condensed Financial Statements
(in thousands of dollars)

	2008	2007
Condensed Statement of Net Assets		
Assets:		
Current Assets	$ 239,366	$ 254,967
Capital Assets, Net	966,244	817,585
Noncurrent Assets	351,557	180,695
Total Assets	$ 1,557,167	$ 1,253,247
Liabilities:		
Current Liabilities	$ 159,049	$ 146,927
Noncurrent Liabilities	857,675	646,864
Total Liabilities	1,016,724	793,791
Net Assets:		
Invested in Capital Assets, Net of Related Debt	181,352	160,375
Restricted -		
Nonexpendable	595	622
Expendable	10,874	10,460
Unrestricted	347,622	287,999
Total Net Assets	540,443	459,456
Total Liabilities and Net Assets	$ 1,557,167	$ 1,253,247
Condensed Statement of Revenues, Expenses and Changes in Net Assets		
Operating Revenues:		
Net Patient Revenue	$ 663,227	$ 620,241
Net Tuition and Fees	15,853	13,846
Bookstore	61,423	56,929
Housing and Related Food Service	72,382	66,730
Parking	15,218	14,035
Other Operating Revenue	19,922	20,774
Total Operating Revenues	848,025	792,555
Operating Expenses:		
Depreciation	52,784	51,175
All Other Operating Expenses	772,105	728,410
Total Operating Expenses	824,889	779,585
Operating Income	23,136	12,970
Nonoperating Revenues	13,515	9,368
Income Before Transfers	36,651	22,338
Transfer From Other University Units	44,336	33,946
Increase in Net Assets	80,987	56,284
Net Assets, Beginning of Year	459,456	403,172
Net Assets, End of Year	$ 540,443	$ 459,456
Condensed Statement of Cash Flows		
Net Cash Flows Provided by Operating Activities	$ 74,416	$ 53,283
Net Cash Flows Provided by (Used In) Investing Activities	(176,233)	4,611
Net Cash Flows Provided by (Used In) Capital and Related Financing Activities	21,554	(125,948)
Net Cash Flows Provided by Noncapital Financing Activities	21,689	58,341
Net Decrease in Cash and Cash Equivalents	(58,574)	(9,713)
Cash and Cash Equivalents, Beginning of Year	106,213	115,926
Cash and Cash Equivalents, End of Year	$ 47,639	$ 106,213

18. OPERATING EXPENSES BY FUNCTION

The operating expenses of the University are presented based on natural expenditure classifications. The University's operating expenses by functional classification are as follows:

Operating Expenses by Functional and Natural Classifications
(in thousands of dollars)

For the Year Ended June 30, 2008

Functional Classification	Salaries and Wages	Staff Benefits	Supplies, Services and Other Operating Expenses	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 362,929	$ 88,380	$ 66,971	$ -	$ -	$ 518,280
Research	104,556	22,787	80,702			208,045
Public Service	79,571	21,323	63,254			164,148
Academic Support	69,735	9,520	32,488			111,743
Student Services	35,535	8,978	25,578			70,091
Institutional Support	84,507	53,525	(20,357)			117,675
Operation and Maintenance of Plant	33,378	9,767	5,057			48,202
Auxiliary Enterprises	383,465	96,095	408,638			888,198
Scholarships and Fellowships				39,485		39,485
Depreciation					125,996	125,996
Total Operating Expenses	$ 1,153,676	$ 310,375	$ 662,331	$ 39,485	$ 125,996	$ 2,291,863

For the Year Ended June 30, 2007

Functional Classification	Salaries and Wages	Staff Benefits	Supplies, Services and Other Operating Expenses	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 338,850	$ 82,249	$ 54,267	$ -	$ -	$ 475,366
Research	107,630	23,532	73,259			204,421
Public Service	75,135	20,041	56,559			151,735
Academic Support	66,993	15,896	33,386			116,275
Student Services	40,597	9,639	24,561			74,797
Institutional Support	83,168	23,325	(41,111)			65,382
Operation and Maintenance of Plant	31,655	9,188	22,589			63,432
Auxiliary Enterprises	357,839	89,053	384,624			831,516
Scholarships and Fellowships				38,602		38,602
Depreciation					119,069	119,069
Total Operating Expenses	$ 1,101,867	$ 272,923	$ 608,134	$ 38,602	$ 119,069	$ 2,140,595

19. DISCRETELY PRESENTED COMPONENT UNIT(S)

The Discretely Presented Component Unit(s) columns in the financial statements include the financial data of the Medical Alliance and Missouri Care L.C.

The Medical Alliance, a not-for-profit corporation, provides an integrated health care delivery system for mid-Missouri by establishing affiliations with various medical facilities. Capital Region Medical Center in Jefferson City, Missouri, operates as an affiliate of the Medical Alliance and provides inpatient, outpatient, and emergency care services to the surrounding community.

Missouri Care L.C. was organized as a not-for-profit health maintenance organization exclusively for charitable purposes, in particular to benefit its sole member, the Curators of the University of Missouri. During fiscal year 2007, Missouri Care L.C. contracted as a major provider of health care services for the University of Missouri Healthcare System. On January 31, 2007, Schaller Anderson Acquisition, Inc., purchased certain assets of Missouri Care L.C. and assumed its liabilities as part of the sales agreement. Therefore, in fiscal year 2008, Missouri Care L.C. is no longer a discretely presented component unit of the University.

In the accompanying financial statements, Medical Alliance is presented as of and for the years ended June 30, 2008, and 2007, while Missouri Care L.C. is presented as of and for the thirteen months ended January 31, 2007, to coincide with its final fiscal period, for fiscal year 2007. The Condensed Statement of Net Assets and Condensed Statement of Revenues, Expenses and Changes in Net Assets for these periods are shown below:

Discretely Presented Component Unit(s)
Condensed Financial Statements
(in thousands of dollars)

Condensed Statement of Net Assets	2008 Medical Alliance	2007 Medical Alliance	2007 Missouri Care L.C.	2007 Total
Assets:				
Current Assets	$ 32,037	$ 30,197	$ -	$ 30,197
Capital Assets, Net	75,159	75,614		75,614
Noncurrent Assets	34,015	32,451		32,451
Total Assets	$ 141,211	$ 138,262	$ -	$ 138,262
Liabilities:				
Current Liabilities	$ 15,012	$ 13,973	$ -	$ 13,973
Noncurrent Liabilities	36,837	37,766		37,766
Total Liabilities	51,849	51,739	-	51,739
Net Assets:				
Invested in Capital Assets, Net of Related Debt	38,463	38,006		38,006
Restricted - Expendable	2,963	4,904		4,904
Unrestricted	47,936	43,613		43,613
Total Net Assets	89,362	86,523	-	86,523
Total Liabilities and Net Assets	$ 141,211	$ 138,262	$ -	$ 138,262

(continued on next page)

Discretely Presented Component Unit(s) Condensed Financial Statements
(in thousands of dollars)

Condensed Statement of Revenues, Expenses, and Changes in Net Assets	2008 Medical Alliance	2007 Medical Alliance	2007 Missouri Care L.C.	2007 Total
Operating Revenues:				
Net Patient Revenue	$ 147,932	$ 138,258	$ -	$ 138,258
Other Operating Revenue			79,538	79,538
Total Operating Revenues	147,932	138,258	79,538	217,796
Operating Expenses:				
Salaries and Wages	57,984	51,911		51,911
Staff Benefits	12,589	11,450		11,450
Supplies, Services and Other Operating Expenses	64,878	63,916	80,533	144,449
Depreciation	10,061	10,132		10,132
Total Operating Expenses	145,512	137,409	80,533	217,942
Operating Income (Loss)	2,420	849	(995)	(146)
Nonoperating Revenues (Expenses):				
Investment Income	1,844	1,500		1,500
Private Gifts	15			
Interest Expense	(1,760)	(1,813)		(1,813)
Other Nonoperating Revenues (Expenses)	320	1,378		1,378
Extraordinary Items:				
Net Proceeds from Sale of Missouri Care			(19,317)	(19,317)
Gain from Sale of Missouri Care			12,293	12,293
Net Nonoperating Revenues (Expenses)	419	1,065	(7,024)	(5,959)
Increase (Decrease) in Net Assets	2,839	1,914	(8,019)	(6,105)
Net Assets, Beginning of Year	86,523	84,609	8,019	92,628
Net Assets, End of Year	$ 89,362	$ 86,523	$ -	$ 86,523

20. FIDUCIARY FUNDS – PENSION TRUST FUNDS COMBINING STATEMENTS

Combining financial statements for the Fiduciary Funds – Pension Trust Funds, which encompass the University Retirement and OPEB Trust Funds, are as follows:

Statement of Plan Net Assets
(in thousands of dollars)

	2008			2007
	Pension	**OPEB**	**Total**	
Assets				
Cash and Cash Equivalents	$ 95,363	$ 34,497	$ 129,860	$ 79,714
Collateral for Securities Lending	294,781		294,781	382,023
Due to the University of Missouri System				(46)
Investment Settlements Receivable	181,062		181,062	23,659
Investments:				
Government Obligations	640,544		640,544	400,416
Corporate Bonds and Notes	281,693		281,693	182,837
Corporate Stocks	1,699,133		1,699,133	2,269,794
Other	220,180		220,180	104,832
Total Assets	**3,412,756**	**34,497**	**3,447,253**	**3,443,229**
Liabilities				
Accounts Payable and Accrued Liabilities	2,429		2,429	2,850
Collateral for Securities Lending	294,781		294,781	382,023
Investment Settlements Payable	400,142		400,142	127,322
Total Liabilities	**697,352**		**697,352**	**512,195**
Net Assets Held in Trust for Pension and OPEB	**$ 2,715,404**	**$ 34,497**	**$ 2,749,901**	**$ 2,931,034**

(continued on next page)

Statement of Changes in Plan Net Assets
(in thousands of dollars)

	2008			2007
	Pension	OPEB	Total	
Net Revenues and Other Additions				
Investment Income (Loss):				
Interest and Dividend Income, Net of Fees	$ 77,372	$ 4	$ 77,376	$ 62,749
Net Appreciation (Depreciation) in Fair Value of Investments	(243,951)		(243,951)	415,263
Net Investment Income (Loss)	(166,579)	4	(166,575)	478,012
Contributions:				
University	72,284	53,461	125,745	74,736
Members		12,231	12,231	
Other		2,503	2,503	
Total Contributions	72,284	68,195	140,479	74,736
Total Net Revenues and Other Additions	**(94,295)**	**68,199**	**(26,096)**	**552,748**
Expenses and Other Deductions				
Administrative Expenses	1,932	241	2,173	2,043
Payments to Retirees and Beneficiaries	119,403	33,461	152,864	114,412
Total Expenses and Other Deductions	**121,335**	**33,702**	155,037	**116,455**
Increase (Decrease) in Net Assets Held in Trust for Pension and OPEB	**(215,630)**	**34,497**	**(181,133)**	**436,293**
Net Assets Held in Trust for Pension and OPEB, Beginning of Year	**2,931,034**		**2,931,034**	**2,494,741**
Net Assets Held in Trust for Pension and OPEB, End of Year	**$ 2,715,404**	**$ 34,497**	**$ 2,749,901**	**$ 2,931,034**

21. EXTRAORDINARY ITEMS

On January 31, 2007, Schaller Anderson Acquisition, Incorporated, purchased certain assets of Missouri Care L.C., a discretely presented component unit of the University, and assumed its liabilities as part of the sales agreement. Missouri Care L.C. is described further in Note 19. The University received net proceeds of $19.3 million resulting from the sale which was recorded as an extraordinary item in the Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2007. An extraordinary gain of approximately $12.3 million was recorded by Missouri Care L.C. as a result of the sale.

22. SUBSEQUENT EVENTS

On July 2, 2008, the University sold $100,000,000 of capital project notes at an effective interest rate of 3.0%. The notes will be repaid in full by June 30, 2009. Proceeds from the issuance of the capital project notes will be used to fund various construction projects of the University.

Since June 30, 2008, the global financial markets have been experiencing a severe downturn, which in turn resulted in unrealized decreases in the fair market value of the University's long-term investment portfolio. As of the date of this report, it is unclear how long this downward pressure on investment values might continue and what other implications there will be for the overall U.S. and global economy. The University's management and its investment advisors are monitoring the situation to determine appropriate strategies and actions. The University's investment strategy is to take a long-term approach to maximizing investment return. Because of its ample liquidity and minimal exposure to troubled institutions, the University is well positioned to weather the problems and uncertainty in the markets.

RETIREMENT PLAN

Schedule of Funding Progress
(in thousands of dollars)

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL/ (Excess Funding) (b-a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL/(Excess) as a Percentage of Covered Payroll ([b-a] / c)
10/1/2002	$ 1,949,794	$1,937,617	$ (12,177)	100.6%	$ 654,575	-1.9%
10/1/2003	2,067,728	2,030,613	(37,115)	101.8%	687,681	-5.4%
10/1/2004	2,075,032	2,144,738	69,706	96.7%	753,266	9.3%
10/1/2005	2,125,656	2,271,230	145,574	93.6%	795,758	18.3%
10/1/2006	2,325,264	2,400,807	75,543	96.9%	846,884	8.9%
10/1/2007	2,651,535	2,555,592	(95,943)	103.8%	891,648	-10.8%

Schedule of Employer Contributions
(in thousands of dollars)

Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed	Net Pension Obligation/ (Asset)
6/30/2003	10/1/2001	$ 17,962	100%	$ -
6/30/2004	10/1/2002	48,521	100%	-
6/30/2005	10/1/2003	49,075	100%	-
6/30/2006	10/1/2004	64,399	100%	-
6/30/2007	10/1/2005	74,736	100%	-
6/30/2008	10/1/2006	72,284	100%	-

OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

Schedule of Funding Progress
(in thousands of dollars)

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a] / c)
7/1/2006	$ -	$ 546,058	$ 546,058	0.0%	$ 883,614	61.8%

Schedule of Employer Contributions
(in thousands of dollars)

Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation / (Asset)
6/30/2008	7/1/2006	$ 53,310	100.2%	$ (150)

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Curators
University of Missouri:

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the University of Missouri, a component unit of the State of Missouri, as of and for the year ended June 30, 2008, and have issued our report thereon dated October 31, 2008. Our report on the financial statements was modified because effective July 1, 2007, the University of Missouri implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* and effective June 19, 2008, the University of Missouri implemented Governmental Accounting Standards Board Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the University of Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University of Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University of Missouri's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and responses as finding 2008-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described in the accompanying schedule of findings and responses is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University of Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the University of Missouri in a separate letter dated October 31, 2008.

The University of Missouri's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the University of Missouri's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Curators, management, others within the University of Missouri, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

St. Louis, Missouri
October 31, 2008

FINDING 2008-01 – PRESENTATION OF CASH EQUIVALENTS

Governmental Accounting Standards Board (GASB) Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, defines cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. GASB Statement No. 9 further clarifies that generally, only investments with original maturities of three months or less meet this definition. Original maturity relates to the original maturity to the entity holding the investment. For example, both a three-month U.S. Treasury bill and a three-year Treasury note purchased three months from maturity qualify as cash equivalents. However, GASB Statement No. 9 clarifies that a Treasury note purchased three years ago does not become a cash equivalent when its remaining term is three months.

While performing procedures related to the presentation and classification of cash equivalents, we identified that the University of Missouri (the University) presented certain governmental obligations and corporate bonds and notes maturing within three months or less from year end as cash equivalents as of June 30, 2008. However, these governmental obligations and corporate bonds and notes did not have an original maturity of three months or less, and therefore should have been classified as short-term investments. As a result, the University made reclassifications to present such assets as short-term investments within its statement of net assets as of June 30, 2008, with corresponding reclassifications within the statement of cash flows for the year then ended.

Views of Responsible Officials/Management's Response

The University has corrected its methodology for classifying cash equivalents and short-term investments. The previous process had been in place since 2006, and the University is disappointed that neither its review process nor KPMG had previously identified the misclassification. The accompanying Statement of Net Assets and Statement of Cash Flows for fiscal year 2008 includes correct cash equivalent and short-term investment classifications, and the accompanying fiscal year 2007 Statements have been reclassified accordingly. Additionally, fiscal year 2007 note disclosures of interest rate risk and credit risk have been updated to reflect all properly classified short-term investments. While there were variances between cash equivalents and short-term investments, the University's total Current Assets were accurate.

KPMG's Response

Applicable auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The impact of reclassifications between cash and cash equivalents and short-term investments as of June 30, 2008 and 2007 were not material to the basic financial statements. However, in our judgment, these reclassifications were more than inconsequential, and were not prevented or detected by the University's internal controls.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY OF MISSOURI SYSTEM FACILITIES REVENUE BOND FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2007

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University of Missouri

System Facilities
Revenue Bond Fund

Financial Statements as of and for the Years Ended June 30, 2008, and 2007, and Independent Auditors' Report

University of Missouri
SYSTEM FACILITIES REVENUE BOND FUND

TABLE OF CONTENTS

For the Years Ended June 30, 2008 and 2007

Management's Discussion and Analysis provides an overview of the financial position and activities of the University of Missouri – System Facilities Revenue Bond Fund (the "Fund") for the fiscal years ended June 30, 2008, and 2007, and should be read in conjunction with the financial statements and notes. The University is a component unit of the State of Missouri and an integral part of the state's Comprehensive Annual Financial Report. However, these bonds do not represent debt of the state of Missouri.

THE SYSTEM FACILITIES REVENUE BOND FUND

The Fund was established by the Board of Curators on October 29, 1993, to consolidate financing of certain University of Missouri System (the "University") facilities. Since that time, the Fund has originated or in-substance defeased over $1.0 billion in bonds to provide for capital expansion or renovation of housing, parking and other University facilities (the "bonded facilities").

During fiscal year 2006, the University defeased the debt previously reported within the University of Missouri Health System (the "Health System") financial statements. This debt was defeased by issuance of the 2006 System Facilities Revenue Bonds which are secured by the revenues of the Health System. The Health System consists of the University of Missouri Hospitals and Clinics, which includes the University of Missouri Hospital, Ellis Fischel Cancer Center, Rusk Rehabilitation Center and the Children's Hospital; the University Physicians Medical Practice Plan, which includes faculty of the University of Missouri-Columbia School of Medicine; and the Missouri Rehabilitation Center. As a result, beginning in 2006, the activities of the Health System are included within the Fund.

The primary purposes of consolidating debt into the Fund are to lower costs and to increase borrowing flexibility. The University decreases borrowing costs by: (1) strengthening its long-term credit rating and achieving lower interest costs than it would by issuing debt under the University's separate enterprises; (2) spreading fixed issuance costs across larger bond issues; and (3) reducing fixed costs by simplifying the debt structure. The University increases its borrowing flexibility through simplified marketing as a single borrowing entity and enhancing its debt-capacity on a system-wide basis.

ACCOUNTING AND FINANCIAL REPORTING

This report includes three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. The Fund's financial statements are prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), and a summary of the Fund's significant accounting policies is included in Note 1 to the financial statements.

CONDENSED STATEMENT OF NET ASSETS

The Statement of Net Assets presents the Fund's financial position as of June 30, 2008, and 2007, including all assets and liabilities of the Fund and segregating them into current and noncurrent components. The Net Assets present the current financial condition of the Fund. Assets and liabilities are generally measured using current values, with certain exceptions such as capital assets, which are stated at cost less accumulated depreciation, and long-term debt, which is stated at cost.

The following table summarizes the Fund's assets, liabilities, and net assets at June 30, 2008, 2007, and 2006:

Statement of Net Assets
(in thousands of dollars)

	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
Assets:			
Current Assets	$ 239,366	$ 254,967	$ 253,893
Capital Assets, Net	966,244	817,585	788,095
Other Noncurrent Assets	351,557	180,695	176,022
Total Assets	$ 1,557,167	$ 1,253,247	$ 1,218,010
Liabilities:			
Current Liabilities	$ 159,049	$ 146,927	$ 150,330
Noncurrent Liabilities	857,675	646,864	664,508
Total Liabilities	1,016,724	793,791	814,838
Net Assets:			
Invested In Capital Assets, Net of Related Debt	181,352	160,375	128,416
Restricted Nonexpendable	595	622	574
Restricted Expendable	10,874	10,460	5,376
Unrestricted	347,622	287,999	268,806
Total Net Assets	540,443	459,456	403,172
Total Liabilities and Net Assets	$ 1,557,167	$ 1,253,247	$ 1,218,010

Fiscal Year 2008 Compared to Fiscal Year 2007

Total Assets include assets with varying levels of liquidity, which are then classified into current and noncurrent portions. The portion identified as **Current Assets** primarily consists of cash and short-term investments, which have a term shorter than one year. These assets are highly liquid and will be used to fund capital expansion and to meet the Fund's debt service requirements in the coming year. Working capital, which is current assets less current liabilities, was $27.7 million less in fiscal year 2008 than in fiscal year 2007. This change primarily related to a $24.7 million decrease in cash and short-term investments. However, this change was more than offset by a $164.4 million increase in **Long-Term Investments**, which are classified as Noncurrent Assets. This substantial increase in available monies was due to issuance of the 2007 Series bonds and the timing of capital projects that are expected to take longer than one year to complete. The other major component of Noncurrent Assets is the Fund's **Capital Assets**, which are reported net of the related accumulated depreciation. These assets are facilities throughout the University's campuses which have been bought or constructed by the Fund, such as housing and dining facilities, student recreational centers, and educational facilities. At June 30, 2008, the Fund's capital assets of $966.2 million had increased by $148 million from $817.6 million at June 30, 2007. With the issuance of the 2007 Series bonds, significant expenditures were made for several campus capital expansion projects, as shown by the examples listed in the following table. Note 5 provides more information on Capital Assets.

Major Expenditures Related to Capital Asset Additions
During Fiscal Year Ended June 30, 2008
(in thousands of dollars)

Campus	Expenditures	Source of Funding
Columbia Campus:		
Mid-Campus Housing	$ 23,713	Bond Proceeds
Brady Expansion	6,480	Bond Proceeds
Medical Sciences Building	9,666	Bond Proceeds
University Hospital Clinical Building	14,716	Bond Proceeds
Kansas City:		
Central Utilities Performance Contract	$ 15,951	Bond Proceeds and Plant
Rolla:		
Thomas Jefferson North Renovation	$ 8,060	Bond Proceeds

The Fund's capital assets, net of accumulated depreciation, summarized by campus, are as follows:

Revenue Bond Fund Capital Assets
(in thousands of dollars)

	Fiscal Year 2008	Fiscal Year 2007
Columbia	$ 482,166	$ 372,098
Hospital	260,540	241,855
Kansas City	77,381	63,247
Rolla	53,732	47,780
St. Louis	89,269	88,657
System Administration	3,156	3,948
Total Capital Assets, Net	$ 966,244	$ 817,585

The Fund's **Total Liabilities** consist primarily of Bonds Payable, net of premium/discount and deferred losses on defeasance, of $868.2 million and $652.8 million as of June 30, 2008, and 2007, respectively. During fiscal year 2008, the University issued $365,220,000 of System Facilities Revenue Bonds, consisting of $262,970,000 in Series 2007A bonds and $102,250,000 of Series 2007B bonds. A portion of the proceeds from the issuance of the Series 2007B bonds was used to advance refund and defease a portion of the Series 2003 bonds with principal totaling $96,965,000. In addition, the University early retired the 2002A Series bonds totaling $40,000,000.

The Fund's **Net Assets** increased in total by $81.0 million in fiscal year 2008.

- **Invested in Capital Assets, Net of Related Debt** represents assets such as land, buildings, infrastructure and equipment, net of accumulated depreciation and the outstanding debt used to purchase or build the assets.

- **Restricted Expendable Net Assets** are those subject to externally imposed stipulations, but are not required to be maintained in perpetuity. The Fund's Restricted Expendable Net Assets primarily consist of bond monies that will be used to purchase or construct additional University facilities.

- **Restricted Nonexpendable Net Assets** are subject to externally imposed stipulations that they be maintained permanently, such as the University's permanent endowment funds.

- The Fund's **Unrestricted Net Assets** are resources that will fund future repairs and replacements of the bond-funded facilities. The day-to-day operations of the bond-funded facilities generate these monies, which are designated by management for maintenance of the facilities.

Fiscal Year 2007 Compared to Fiscal Year 2006

In fiscal year 2007, the Fund's **Current Assets** increased by $1.1 million to $255.0 million from $253.9 million in fiscal year 2006. At June 30, 2007, the Fund's **Capital Assets** of $817.6 million represented an increase of $29.5 million from the June 30, 2006 balance of $788.1 million. This increase is due primarily to capital additions on the campuses resulting from the 2006 Series bonds. The following table gives examples of major capital project expenditures during fiscal year 2007. Additional information on Capital Assets is provided in Note 5.

Major Expenditures Related to Capital Asset Additions
During Fiscal Year Ended June 30, 2007
(in thousands of dollars)

Campus	Expenditures	Source of Funding
Columbia Campus:		
Hatch Hall Renovation	$ 14,816	Future Bond Proceeds
Brady Renovation	5,556	Future Bond Proceeds
Research Reactor	4,775	Bond Proceeds
Power Plant	1,598	Plant
College Avenue Housing	1,175	Plant
Kansas City:		
Hospital Hill Parking and Bookstore	$ 16,043	Bond Proceeds and Plant
University Center	2,760	Plant
Rolla:		
Residence Hall 2	$ 13,604	Future Bond Proceeds
St. Louis:		
South Campus Garage	$ 2,340	Plant
South Campus Residence Hall	1,159	Bond Proceeds

The Fund's capital assets, net of accumulated depreciation, summarized by campus, are as follows:

Revenue Bond Fund Capital Assets
(in thousands of dollars)

	Fiscal Year 2007	Fiscal Year 2006
Columbia	$ 372,098	$ 354,826
Hospital	241,855	242,472
Kansas City	63,247	63,313
Rolla	47,780	34,206
St. Louis	88,657	88,539
System Administration	3,948	4,739
Total Capital Assets, Net	$ 817,585	$ 788,095

The Fund's **Total Liabilities** consist primarily of Bonds Payable, net of premium/discount and deferred losses on defeasance, totaling $652.8 million and $667.5 million as of June 30, 2007, and 2006, respectively. The University did not issue any additional bonds during fiscal year 2007, thus the decrease in outstanding bonds is attributable to debt service payments.

The Fund's **Net Assets** increased in total by $56.3 million during fiscal year 2007.

- **Invested in Capital Assets, Net of Related Debt** represents assets such as land, buildings, infrastructure and equipment, net of accumulated depreciation and the outstanding debt used to purchase or build the assets.

- **Restricted Expendable Net Assets** are those subject to externally imposed stipulations, but are not required to be maintained in perpetuity. The Fund's Restricted Expendable Net Assets primarily consist of bond monies that will be used to purchase or construct additional University facilities.

- **Restricted Nonexpendable Net Assets** are subject to externally imposed stipulations that they be maintained permanently, such as the University's permanent endowment funds.

- The Fund's **Unrestricted Net Assets** are resources that will fund future repairs and replacements of the bond-funded facilities. The day-to-day operations of the bond-funded facilities generate these monies, which are designated by management for maintenance of the facilities.

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses, and Changes in Net Assets presents the Fund's results of operations. The Statement categorizes revenues and expenses between operating and nonoperating and provides the Fund's operating income and changes in net assets.

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

	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
Operating Revenues:			
Net Tuition and Fees	$ 15,853	$ 13,846	$ 13,906
Bookstores	61,423	56,929	54,308
Housing and Related Food Service, Net	72,382	66,730	61,480
Parking	15,218	14,035	13,942
Other Operating Revenues	19,922	20,774	17,976
Patient Medical Services, Net	663,227	620,241	593,807
Total Operating Revenues	**848,025**	**792,555**	**755,419**
Operating Expenses:			
Salaries, Wages, and Benefits	307,446	293,392	277,072
Cost of Goods Sold	178,921	166,404	155,942
Supplies, Services and Other Operating Expenses	82,140	81,230	64,051
Depreciation and Other Expenses	137,122	129,137	121,079
University Physicians Distributions	119,260	109,422	94,862
Total Operating Expenses	**824,889**	**779,585**	**713,006**
Operating Income	**23,136**	**12,970**	**42,413**
State Appropriations	24,092	22,879	22,555
Income after State Appropriations, before Nonoperating Revenues (Expenses)	**47,228**	**35,849**	**64,968**
Nonoperating Revenues (Expenses):			
Interest Expense	(38,826)	(29,896)	(28,774)
Investment Income	27,772	14,921	7,507
Miscellaneous Revenue			806
Private Gifts	1,239	1,516	3,326
Loss on Disposal	(762)	(52)	(1,240)
Net Nonoperating Revenues (Expenses)	**(10,577)**	**(13,511)**	**(18,375)**
Income before Transfers	**36,651**	**22,338**	**46,593**
Nonmandatory Transfers In From (Out to) University	44,336	33,946	2,974
Transfer in Health Facilities Beginning Net Assets			228,894
Increase in Net Assets	**80,987**	**56,284**	**278,461**
Net Assets, Beginning of Year	**459,456**	**403,172**	**124,711**
Net Assets, End of Year	**$ 540,443**	**$ 459,456**	**$ 403,172**

Fiscal Year 2008 Compared to Fiscal Year 2007

The Fund's **Operating Revenues** originate from the daily operations of the bond-funded facilities. These revenues consist primarily of sales and services, such as bookstore collections, housing and food service charges, and parking collections. A portion of the operating revenues, 1.9% for fiscal year 2008, relate to the collection of net tuition and fees. However, these revenues are generally considered ancillary to the Fund as minimal funding is provided by tuition and fees.

In fiscal year 2008, the Fund's Operating Revenues of $848.0 million increased $55.5 million from $792.6 million for fiscal year 2007. Housing and Related Food Service revenues increased $5.7 million due to rate increases and increased student enrollment in fiscal year 2008. Similarly, increased student enrollment contributed to an additional $4.5 million in revenues for the Bookstore Facilities. With an increase in hospitals' patient days and emergency room visits, Patient Medical Services increased $42.9 million during fiscal year 2008.

Consistent with Operating Revenues, the Fund's **Operating Expenses** originate from the bond-funded facilities' daily operations. Cost of Goods Sold and Supplies, Services, and Other Operating Expenses represent 31.6% of the Fund's fiscal year 2008 Operating Expenses, which is very similar to their 31.7% in fiscal year 2007. Compensation for staff and administrators employed by the bond-funded facilities totaled $307.4 million, or 37.3% of Operating Expenses in fiscal year 2008, again similar to the 37.6% in fiscal year 2007. While the Fund does not directly employ staff or administrators, these employment costs are allocated based on staff that are operating the bonded facilities. The remaining operating costs, including distributions to University Physicians, Depreciation, and Other Expenses increased Operating Expenses by $256.4 million in fiscal year 2008 compared to $238.6 million for those costs in fiscal year 2007. University Physicians distributions vary based on patient revenue from the physicians' services.

Fiscal Year 2007 Compared to Fiscal Year 2006

The Fund's **Operating Revenues** originate from the daily operations of the bond-funded facilities. These revenues consist primarily of sales and services, such as bookstore collections, housing and food service charges, and parking collections. Of fiscal year 2007 operating revenues, 1.7% relate to the collection of net tuition and fees. These revenues are generally considered ancillary to the Fund as minimal funding is provided by tuition and fees.

From fiscal year 2006 to fiscal year 2007, Operating Revenues increased by $37.2 million, from $755.4 million to $792.6 million. In fiscal year 2007, the Fund's Housing and Related Food Service revenues increased $5.2 million primarily due to rate increases. Additional revenues for the Bookstore Facilities of $2.6 million were primarily attributed to new management of the Kansas City bookstore operations by the Columbia campus. Patient Medical Services increased $26.4 million, primarily due to the increase in the number of medical school physicians and more favorable third-party payer contracts.

For fiscal year 2007, Cost of Goods Sold and Supplies, Services and Other Operating Expenses represented over 31.7% of the Operating Expenses of the Fund, while they were 30.9% for fiscal year 2006. Staff compensation totaled $293.4 million and $277.1 million, or 37.6% and 38.9% for fiscal year 2007 and 2006, respectively. These employment costs are allocated to the Fund based on staff who are operating the bonded facilities. The remaining Operating Expenses, which include University Physicians distributions, Depreciation and other expenses, increased from $215.9 million in fiscal year 2006 to $238.6 million in fiscal year 2007.

CONDENSED STATEMENT OF CASH FLOW

The Statement of Cash Flows provides the sources and uses of cash resources. The cash flow statements as of June 30, 2008, 2007, and 2006 are summarized as follows:

Statement of Cash Flows
(in thousands of dollars)

	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
Net Cash Provided by Operating Activities	$ 74,416	$ 53,283	$ 96,706
Net Cash Provided by (Used in) Capital and Related Financing Activities	(26,426)	(125,948)	(46,841)
Net Cash Provided by (Used in) Investing Activities	(176,233)	4,611	(43,559)
Net Cash Provided by Noncapital Financing	69,669	58,341	21,466
Net Increase (Decrease) in Cash and Cash Equivalents	(58,574)	(9,713)	27,772
Cash and Cash Equivalents, Beginning of Year	106,213	115,926	88,154
Cash and Cash Equivalents, End of Year	$ 47,639	$ 106,213	$ 115,926

Fiscal Year 2008 Compared to Fiscal Year 2007

The Fund's cash flows provided by operating activities and noncapital financing come from bond-funded facilities revenues and transfers to pay for bonded indebtedness. In fiscal year 2008, cash provided by operating activities increased by $21.1 million and noncapital financing provided an additional $11.3 million. In fiscal year 2008, $99.5 million less of capital and related financing was used compared to fiscal year 2007, while an additional $180.8 million was used by investing activities. These changes primarily related to additional System Facilities bonds being issued in fiscal year 2008 while none were issued in fiscal year 2007.

Fiscal Year 2007 Compared to Fiscal Year 2006

The Fund's operating activities provided $43.4 million less in fiscal year 2007 than in the previous year, while noncapital financing activities provided an additional $36.9 million. In addition, investing activities provided an additional $48.1 million in cash inflows than fiscal year 2006, while capital and related financing activity uses of cash increased by $79.1 million. These changes related to additional System Facilities bonds being issued in fiscal year 2006, while none were issued in fiscal year 2007.

FISCAL YEAR 2008-2009 OUTLOOK

The nation is in the midst of significant financial turmoil, the full ramifications of which are not known at this time. Several major banks, investment banks, and insurance companies have declared bankruptcy or received loans from the federal government. The Federal Reserve, as well as banks around the world, has lowered interest rates to stimulate the economy. The federal government is also in the early stages of implementing a large scale fiscal recovery package. The markets have been and appear likely to continue to be volatile for some time. Because of its ample liquidity and minimal exposure to troubled institutions, the Fund is well positioned to weather the problems and uncertainty in the markets.

The University plans to issue System Facilities Revenue Bonds in the next 12 to 18 months. Some of the projects expected to be debt-financed include a surgical tower for UM Healthcare; residence hall renovations and utility and power plant upgrades at the Columbia campus; and new student housing, a new student center, and expansion of the Interactive Learning Center at the Kansas City campus.

KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

Independent Auditors' Report

The Board of Curators
University of Missouri:

We have audited the accompanying statement of net assets of the University of Missouri System Facilities Revenue Bond Fund as of June 30, 2008 and 2007, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the University of Missouri's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 of Missouri System Facilities Revenue Bond Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1, the financial statements of the University of Missouri System Facilities Revenue Bond Fund are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of the University of Missouri that is attributable to the transactions of the University of Missouri System Facilities Revenue Bond Fund. They do not purport to, and do not, present fairly the financial position of the University of Missouri as of June 30, 2008 and 2007, or the changes in its financial position or its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Missouri System Facilities Revenue Bond Fund as of June 30, 2008 and 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 1 through 8 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. 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.

KPMG LLP

St. Louis, Missouri
December 18, 2008

Statement of Net Assets
As of June 30, 2008 and 2007
(in thousands of dollars)

	2008	2007
Assets		
Current Assets:		
Cash and Cash Equivalents (Notes 2 and 3)	$ 47,639	$ 106,213
Short-Term Investments (Note 3)	59,291	25,391
Accounts Receivable, Net (Note 4)	105,019	96,010
Inventories	27,391	27,316
Prepaid Expenses	26	37
Total Current Assets	**239,366**	**254,967**
Noncurrent Assets:		
Deferred Charges and Other Assets	10,396	9,340
Restricted Long-Term Investments (Note 3)	5,892	464
Long-Term Investments (Note 3)	335,269	170,891
Depreciable Capital Assets, net (Note 5)	877,163	780,163
Nondepreciable Capital Assets (Note 5)	89,081	37,422
Total Noncurrent Assets	**1,317,801**	**998,280**
Total Assets	**$ 1,557,167**	**$ 1,253,247**
Liabilities		
Current Liabilities:		
Accounts Payable	$ 44,366	$ 37,261
Accrued Liabilities (Note 6)	28,336	24,832
Deferred Revenue	1,485	1,307
Capital Lease Obligation, Current (Note 8)	501	462
Bonds Payable (Note 7)	20,800	16,975
Due to Other Funds of the University	63,561	66,090
Total Current Liabilities	**159,049**	**146,927**
Noncurrent Liabilities:		
Capital Lease Obligations (Note 8)	8,391	8,892
Deferred Revenue	1,877	2,162
Bonds Payable (Note 7)	847,407	635,810
Total Noncurrent Liabilities	**857,675**	**646,864**
Total Liabilities	**1,016,724**	**793,791**
Net Assets		
Invested in Capital Assets, Net of Related Debt	181,352	160,375
Restricted:		
Nonexpendable	595	622
Expendable	10,874	10,460
Unrestricted	347,622	287,999
Total Net Assets	**540,443**	**459,456**
Total Liabilities and Net Assets	**$ 1,557,167**	**$ 1,253,247**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2008 and 2007
(in thousands of dollars)

	2008	2007
Operating Revenues:		
Tuition and Fees	$ 16,245	$ 14,228
Less: Scholarship Allowances	(392)	(382)
Net Tuition and Fees	15,853	13,846
Bookstores	61,423	56,929
Housing and Related Food Service, net of Scholarship Allowances of $502 and $490 in 2008 and 2007, respectively	72,382	66,730
Parking	15,218	14,035
Athletic Ticket Surcharge	2,096	1,956
Patient Medical Services, Net	663,227	620,241
Other Operating Revenue	17,826	18,818
Total Operating Revenues	**848,025**	**792,555**
Operating Expenses:		
Salaries and Wages	239,661	229,145
Staff Benefits	67,785	64,247
Cost of Goods Sold	178,921	166,404
Supplies, Services and Other Operating Expenses	82,140	81,230
Scholarships and Fellowships	111	108
Depreciation	52,784	51,175
University Physicians Distributions	119,260	109,422
Other Expenses	84,227	77,854
Total Operating Expenses	**824,889**	**779,585**
Operating Income	**23,136**	**12,970**
State Appropriations	24,092	22,879
Income after State Appropriations, before Nonoperating Revenues (Expenses)	**47,228**	**35,849**
Nonoperating Revenues (Expenses):		
Interest Expense	(38,826)	(29,896)
Investment Income	27,772	14,921
Private Gifts	1,239	1,516
Loss on Disposal	(762)	(52)
Net Nonoperating Expenses	**(10,577)**	**(13,511)**
Income before Transfers	**36,651**	**22,338**
Nonmandatory Transfers In From University	44,336	33,946
Increase in Net Assets	**80,987**	**56,284**
Net Assets, Beginning of Year	**459,456**	**403,172**
Net Assets, End of Year	**$ 540,443**	**$ 459,456**

See notes to financial statements.

Statement of Cash Flows
For the Years Ended June 30, 2008 and 2007
(in thousands of dollars)

	2008	2007
Cash Flows from Operating Activities:		
Tuition and Fees	$ 15,870	$ 13,735
Student Housing Fees	74,304	65,881
Bookstore Collections	61,797	56,764
Parking Collections	15,211	14,046
Proceeds from Patient Service Revenue	656,589	618,382
Proceeds from Other Sales	18,069	18,985
Payments for University Physicians	(119,266)	(107,611)
Payments to Suppliers	(342,735)	(338,422)
Payments to Employees	(237,113)	(227,786)
Payments for Benefits	(67,785)	(64,247)
Scholarships and Fellowships	(111)	(108)
Payments (to) from Other University Funds	(2,528)	1,708
Other Receipts, net	2,114	1,956
Net Cash Provided by Operating Activities	**74,416**	**53,283**
Cash Flows from Noncapital Financing Activities:		
Transfers (to) from the University	44,338	33,946
State Appropriations	24,092	22,879
Private Gifts	1,239	1,516
Net Cash Provided by Noncapital Financing Activities	**69,669**	**58,341**
Cash Flows from Capital and Related Financing Activities:		
Purchase of Capital Assets	(202,403)	(81,523)
Cash Proceeds from Sales of Capital Assets	621	806
Proceeds from Issuance of Capital Debt	268,255	
Loss on Defeasance	(1,610)	
Payments on Cost of Debt Issuance	(778)	
Principal Payments on Capital Debt	(56,975)	(14,760)
Capital Lease Principal Payments	(462)	(425)
Interest Payments on Capital Debt	(33,074)	(30,046)
Net Cash (Used in) Capital and Related Financing Activities	**(26,426)**	**(125,948)**
Cash Flows from Investing Activities:		
Purchase and Sales of Investments, net	(204,878)	(11,016)
Cash Proceeds from Equity Investees	1,171	706
Interest and Dividends on Investments	27,474	14,921
Net Cash Provided by (Used in) Investing Activities	**(176,233)**	**4,611**
Net Increase (Decrease) in Cash and Cash Equivalents	**(58,574)**	**(9,713)**
Cash and Cash Equivalents, Beginning of Year	**106,213**	**115,926**
Cash and Cash Equivalents, End of Year	**$ 47,639**	**$ 106,213**

(continued)

Statement of Cash Flows
For the Years Ended June 30, 2008 and 2007
(in thousands of dollars)

	2008	2007
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$ 23,136	$ 12,970
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	52,784	51,175
Provision for bad debts	51,174	52,590
Changes in Assets and Liabilities:		
Accounts Receivable, net	(55,690)	(55,733)
Inventories, Prepaid Expenses and Other Current Assets	192	(2,138)
Accrued Liabilities	338	128
Accounts Payable	4,821	(7,586)
Due to Other Funds of the University	(2,528)	1,708
Deferred Revenue	189	169
Net Cash Provided by Operating Activities	**$ 74,416**	**$ 53,283**
Supplemental Disclosure of Noncash Activities:		
Net Increase in Fair Value of Investments	$ 1,592	$ 1,328

See notes to financial statements.

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The University of Missouri System - System Facilities Revenue Bond Fund (the "Fund") was established by the Board of Curators on October 29, 1993, as part of a program to finance certain University facilities. The accompanying financial statements were prepared based on the combination of various accounts associated with the physical facilities and their related operations and do not present the financial position or changes in financial position or cash flows of the University of Missouri System (the "University").

During fiscal year 2006, the University defeased the debt previously reported within the University of Missouri Health System (the "Health System") financial statements. This debt was defeased by issuance of the 2006 System Facilities Revenue Bonds which are secured by the revenues of the Health System. The Health System consists of the University of Missouri Hospitals and Clinics, which includes the University of Missouri Hospital, Ellis Fischel Cancer Center, Rusk Rehabilitation Center and the Children's Hospital; the University Physicians Medical Practice Plan, which includes faculty of the University of Missouri-Columbia School of Medicine; and the Missouri Rehabilitation Center. As a result, beginning in 2006, the activities of the Health System are included within the Fund.

Financial Statement Presentation – In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Fund is required to follow all applicable GASB pronouncements. In addition, the Fund applies all applicable Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. The Fund has elected not to apply FASB pronouncements issued after November 30, 1989.

The Fund has adopted GASB Statement No. 35, *Basic Financial Statements–and Management's Discussion and Analysis–for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities. The financial statement presentation provides a comprehensive entity-wide perspective of the Fund's net assets, revenues, expenses and changes in net assets and cash flows replacing the fund-group perspective previously required.

Basis of Accounting – The Fund's financial statements have been prepared using the economic resource focus and the accrual basis of accounting. The Fund reports as a Business Type Activity, as defined by GASB Statement No. 34. Business Type Activities are those that are financed in whole or in part by funds received from external parties for goods or services.

The Fund's policy for defining operating activities as reported on the Statements of Revenues, Expenses, and Changes in Net Assets are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all the Fund's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue as defined by GASB Statement No. 34. Nonoperating revenues include revenues from activities that have the characteristics of nonexchange transactions, such as investment income.

Cash and Cash Equivalents and Investments – The Fund participates in the University's pooled cash and investment accounts. For purposes of the financial statements, cash and cash equivalents consist of cash and short-term investments, with original purchased maturities of three months or less. Investment assets are carried at fair value based primarily on market quotations. Purchases and sales of investments are accounted for on the trade date basis. Investment income is recorded on the accrual basis. Net unrealized gains (losses) are included in investment income in the Statement of Revenues, Expenses, and Changes in Net Assets.

Inventories – These assets are stated at the lower of cost or market. Cost is determined generally on an average cost basis with the exception of the Health System inventories, where cost is determined using the first-in, first-out method.

Capital Assets – These assets are carried, if purchased, at cost, or if donated, at fair value at date of gift. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets – generally ten to forty years for buildings and improvements, eight to twenty-five years for infrastructure, and seven to fifteen years for equipment. The net interest expense incurred during the construction of debt-financed facilities is included in the capitalization of the related facilities.

Deferred Revenue – Deferred revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Also included is the July 2002 sale of the Health Pavilion capital lease to the Institute for Outpatient Surgery, which is being amortized over the lease's remaining life through 2020.

Due to Other Funds of the University – Due to Other Funds of the University includes amounts paid for operating expenses by the University on behalf of the Fund.

Net Assets – The Fund's net assets are classified for financial reporting in the following net asset categories:

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

- **Restricted:**

  Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the Fund.

  Expendable – Net assets whose use by the Fund is subject to externally imposed stipulations that can be fulfilled by actions of the Fund pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted:** Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Curators. When an expense is incurred that can be paid using either restricted or unrestricted resources, the Fund's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Tuition and Fees, Net of Scholarship Allowances – Tuition and fees and related housing and dining revenues are presented net of scholarships and fellowships applied to student accounts, while scholarships, fellowships and other payments made directly to students are presented as scholarship and fellowship expenses.

Patient Medical Services, Net – Patient medical services revenues are reported net of contractual allowances and bad debt. Patient medical services are primarily provided through University of Missouri Hospitals and Clinics, Ellis Fischel Cancer Research Center, Columbia Regional Hospital, Missouri Rehabilitation Center and University Physicians.

The Health System has agreements with third-party payors that provide for payments at amounts different from established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discount charges and per diem payments. Patient medical services revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as estimates are refined and final settlements are determined. Patient medical services revenue is also shown net of estimated uncollectible accounts.

Amounts receivable under Medicare and Medicaid reimbursement agreements are subject to examination and certain retroactive adjustments by the related programs. These adjustments decreased net patient medical services revenues by $3,019,000 for the year ended June 30, 2008, and increased net patient medical services revenue by $4,907,000 for the year ended June 30, 2007.

A percentage breakdown of gross patient accounts receivable by major payor classification for the years ended June 30, 2008, and 2007, is as follows:

Percentage of Gross Patient Accounts Receivable
(by major payor classification)

	2008	2007
Medicare	30%	29%
Commercial Insurance	8%	9%
Medicaid	19%	18%
Self Pay and Other	17%	20%
Managed Care Agreements	26%	24%
	100%	100%

Net patient medical services revenue is reflected on the statement of revenues, expenses, and changes in net assets. The gross to net patient medical services revenue detail for fiscal years 2008 and 2007 is as follows:

Gross to Net Patient Medical Services Revenue
(in thousands of dollars)

	2008	2007
Patient Medical Services Revenue, Gross	$ 1,425,432	$ 1,291,530
Less deductions for Contractuals	(711,031)	(618,699)
Less Bad Debt Deductions	(51,174)	(52,590)
Patient Medical Services Revenue, Net	$ 663,227	$ 620,241

Interest Rate Swap Agreements – The University, on behalf of the Fund, enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net payments resulting from those agreements, no amounts related to the interest rate swaps are recorded in the financial statements.

Deferred Charges – These charges include issuance costs that are amortized over the life of the bond liability using a method approximating the level yield method. For the years ended June 30, 2008, and 2007, total charges to net assets related to the amortization of such costs were $507,600 and $198,000, respectively.

Unamortized Premium & Discount and Loss on Defeasance – These charges include costs incurred during the issuance of debt that are amortized over the life of the bond liability using the straight-line method.

Reclassifications – Certain prior year amounts have been reclassified to conform to current year presentation. As of June 30, 2007, the University presented certain investments as cash equivalents within the Fund's basic financial statements based on the investments' current maturities. The University has reclassified these amounts as short-term investments in the accompanying Statement of Net Assets and as investing activities in the Statement of Cash Flows.

Use of Estimates – The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, 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.

2. CASH AND CASH EQUIVALENTS

Cash & Cash Equivalents – The Fund participates in the University's pooled general cash accounts, stated at fair value, and holds an equity investment in the pool. Cash and cash equivalents include bank deposits, repurchase agreements and investments with original maturities of three months or less.

Custodial Credit Risk – Deposits - The custodial credit risk for deposits is the risk that in the event of bank failure, the Fund's deposits may not be recovered. State law requires collateralization of all deposits with federal depository insurance, bonds and other obligations of the U.S. Treasury, U.S. Agencies and instrumentalities of the state of Missouri; bonds of any city, county, school district or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. In addition, in accordance with University policy, the University minimizes its custodial credit risk on deposits by establishing limitations on the types of instruments held with qualifying institutions. Repurchase agreements must be collateralized by U.S. Government issues and/or

U.S. Government Agency issues. Certificates of deposit must be collateralized and held at a bank with which the University has a depository agreement. The Fund's portion of the University's cash deposits, which as of June 30, 2008, and 2007, totaled $9,168,000 and $5,684,000, respectively, were fully insured and collateralized and not exposed to custodial credit risk.

3. INVESTMENTS

Investments - The Fund participates in the University's pooled investment accounts, stated at fair value, and holds an equity investment in the pool. The investment policies of the University are established by its governing board, the Board of Curators. The policies are established to ensure that the University funds are managed in accordance with Section 105.688 of the Revised Statutes of Missouri and prudent investment. Investments for the Fund are managed in the University's pooled investments. The general investment pools, managed by the University, averaged a total return of 6.48% and 6.04%, including unrealized gains and losses, for the years ended June 30, 2008, and 2007, respectively.

At June 30, 2008, and 2007, the Fund's portion of University investments by type held, was as follows:

Investments by Type
(in thousands of dollars)

	2008 Fair Value	2007 Fair Value
Government Obligations	$ 238,084	$ 84,927
Corporate Bonds and Notes	87,091	24,112
Corporate Stocks	73,749	86,300
Commercial Paper	-	375
Other	1,528	1,032
Total Short-Term and Long-Term Investments	400,452	196,746
Government Obligations	-	24
Commercial Paper	37,841	100,435
Repurchase Agreements	630	70
Total Cash Equivalents	38,471	100,529
Total Investments	$ 438,923	$ 297,275

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. The University's Pooled General Investments consist primarily of fixed income securities, with a specific limitation that no more than 15% of the pool consists of variable rate securities. As a means of preserving the Pooled Endowment Investments' principal, the University's investment policy requires this pool to have a diversified investment portfolio.

At June 30, 2008, and 2007, the maturities of the Fund's portion of the University's debt investments are as follows:

Investments by Type and Maturity
(in thousands of dollars)

2008	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Carrying Value
U.S. Agency Obligations	$ 41,560	$ 134,776	$ 32,950	$ 5,792	$ 215,078
U.S. Treasury Obligations	638	2,906	5,242	3,776	12,562
Foreign Government Obligations	407	2,941	4,514	2,582	10,444
U.S. Corporate Bonds & Notes	16,615	36,900	27,973	2,888	84,376
Foreign Corporate Bonds and Notes	71	968	606	1,070	2,715
Total	$ 59,291	$ 178,491	$ 71,285	$ 16,108	$ 325,175

2007	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Carrying Value
U.S. Agency Obligations	$ 19,722	$ 41,416	$ 3,237	$ 4,026	$ 68,401
U.S. Treasury Obligations	1,544	1,123	977	1,121	4,765
Foreign Government Obligations	316	4,199	3,502	3,744	11,761
U.S. Corporate Bonds & Notes	3,349	15,380	1,138	2,648	22,515
Foreign Corporate Bonds and Notes	83	252	262	1,000	1,597
Total	$ 25,014	$ 62,370	$ 9,116	$ 12,539	$ 109,039

Credit Risk – An investment's credit risk is the risk that the issuer or other counterparty will not meet its obligations. For investments in debt securities, this credit risk is typically measured by the credit quality ratings provided by a nationally-recognized statistical rating organization such as Standard & Poor's Ratings Group and Moody's Investors Service. For Endowment Fund investments, the University's policy states that corporate bonds and other fixed income securities must have a Standard & Poor's rating of A or better. In the following table, the University has elected to use Moody's investment ratings. Several securities within the Pooled Endowment Investment category have Moody's ratings of Baa and Standard & Poor's ratings in the A range (A− to A+), which places those bonds within the parameters specified in the University's policy.

Based on Moody's investment ratings, the Fund's portion of the University's credit risk exposure as of June 30, 2008, and 2007, is as follows:

Investments by Type and Credit Rating
(in thousands of dollars)

2008	Aaa	Aa	A	Baa	Unrated	Total
U.S. Agency Obligations	$ 166,704	$ 1,024	$ 46	$ -	$ 47,304	$ 215,078
U.S. Treasury Obligations	12,562					12,562
Foreign Government Obligations	6,453	77	3,640	110	164	10,444
U.S. Corporate Bonds & Notes	12,662	27,503	41,851	1,692	668	84,376
Foreign Corporate Bonds and Notes	1,283	569	607	86	170	2,715
Total	$ 199,664	$ 29,173	$ 46,144	$ 1,888	$ 48,306	$ 325,175

2007	Aaa	Aa	A	Baa	Unrated	Total
U.S. Agency Obligations	$ 63,984	$ 15	$ -	$ -	$ 4,402	$ 68,401
U.S. Treasury Obligations	4,765					4,765
Foreign Government Obligations	7,650	16	2,843	209	1,043	11,761
U.S. Corporate Bonds & Notes	3,706	9,228	7,807	510	1,264	22,515
Foreign Corporate Bonds and Notes	325	99	385	44	744	1,597
Total	$ 80,430	$ 9,358	$ 11,035	$ 763	$ 7,453	$ 109,039

Custodial Credit Risk – For investments, the custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the Fund will not be able to recover the value of the investments held by an outside party. In accordance with University policy, the Fund minimizes its custodial credit risk by establishing limitations on the types of instruments held with qualifying institutions. Repurchase agreements must be collateralized by U.S. Government issues and/or U.S. Government Agency issues. Certificates of deposit must be collateralized and held at a bank with which the University has a depository agreement. The Fund's investment of $37,841,000 and $100,810,000 in commercial paper is uninsured and uncollateralized at June 30, 2008, and 2007, respectively. At June 30, 2008, and 2007, the Fund's investment of $630,000 and $70,000 in repurchase agreements is held by the investment's counterparty, not in the name of the University. All of the remaining Fund investments are insured and registered and are held by the University or an agent in its name.

Concentration of Credit Risk – The risk of loss attributed to the magnitude of investments in a single issuer is known as concentration of credit risk. Investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools are excluded from this category. For the Fund's investments representing a portion of the University's Pooled General Investments, the following restrictions apply: 1) Corporate Bonds should not exceed 20% of the portfolio; 2) Variable Rate securities should not exceed 15% of the portfolio; and 3) Investments in obligations of the U.S. Government, U.S. Government Agency issues or U.S. Government guaranteed securities are unlimited. On December 15, 2006, the Board of Curators amended the investment policy for short-term funds to permit the following new investment categories: the University's Balanced Pool and absolute return funds.

At June 30, 2008, and 2007, the Fund's investments did not contain any investments from a single issuer that exceeded 5% of the pool.

Foreign Currency Risk –The risk that changes in exchange rates will adversely affect the fair value of a foreign investment is referred to ask foreign currency risk. University policy allows 15-25% of the Balanced Pool investment portfolio to be invested in international investments: 13.8% and 14.8% were denominated in foreign currency in fiscal years 2008 and 2007, respectively. To reduce its foreign currency risk, the University has entered into forward foreign currency contracts throughout the year. As of June 30, 2008, and 2007, respectively, 11.0% or $6,100,000 and 9.0% or $4,995,000 of the Fund's total investment portfolio is invested in forward foreign currency contracts. These contracts are marked to market and the changes in their market value are recorded in investment and endowment income on the Statement of Revenues, Expenses, and Changes in Net Assets.

The Fund's portion of the University's exposure to foreign currency risk at June 30, 2008, and 2007 was as follows:

Foreign Currency Risk
International Investment Securities at Fair Value
(in thousands of dollars)

Currency	Cash & Cash Equivalents	Foreign Government Obligations	Foreign Corporate Bonds and Notes	Corporate Stocks	**2008 Total**	**2007 Total**
Australian Dollar	$ 9	252	108	433	802	$ 792
Brazil Real			9	9	18	
British Pound Sterling	(788)	888	13	2,537	2,650	4,829
Canadian Dollar	955	295	57	165	1,472	1,250
Chilean Peso				4	4	4
Chinese Yuan Renminbi				251	251	397
Danish Krone	1		65	30	96	96
Euro	1,237	4,163	1,991	5,882	13,273	12,591
Hong Kong Dollar	9			391	400	713
Hungarian Forint						141
Israeli Shekel		136		(46)	90	215
Japanese Yen		3,182	392	1,479	5,053	6,641
Malaysian Ringgit		282		201	483	230
Mexican New Peso	5	110		26	141	218
New Taiwan Dollar				23	23	22
New Zealand Dollar	3			(58)	(55)	(396)
Norwegian Krone	11	52		426	489	124
Polish Zloty	3	306		(29)	280	264
Russian Rubel				12	12	
South African Comm Rand				29	29	48
Singapore Dollar	2	446		160	608	497
South Korean Won		85		(16)	69	199
Swedish Krona	8	247	80	326	661	749
Swiss Franc	11			1,687	1,698	2,128
UAE Dirham				38	38	
Total Foreign Currency	$ 1,466	10,444	2,715	13,960	28,585	$ 31,752

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2008, and 2007, are summarized as follows:

Accounts Receivable
(in thousands of dollars)

	2008	2007
Student Fees and Other Academic Charges	$ 8,927	$ 10,191
University Hospitals and Clinics Patient Services, Net of Contractual Allowances	110,960	102,187
University Physicians Patient Services, Net of Contractual Allowances	18,617	17,846
Subtotal	138,504	130,224
Less Provisions for Loss on Accounts Receivable:		
University Hospitals and Clinics Patient Services Allowances	26,779	28,286
University Physicians Patient Services Allowances	6,706	5,928
Subtotal	33,485	34,214
	$ 105,019	$ 96,010

5. CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2008, and 2007, is summarized as follows:

Capital Assets
(in thousands of dollars)

	2008 Beginning Balance	Additions/ Transfers	Retirements	2008 Ending Balance
Capital Assets, Nondepreciable:				
Land	$ 9,527	$ 3,000	$ 27	$ 12,500
Construction in Progress	27,895	48,686	-	$ 76,581
Total Capital Assets, Nondepreciable	37,422	51,686	27	$ 89,081
Capital Assets, Depreciable:				
Buildings and Improvements	952,970	122,695	13,130	$ 1,062,535
Infrastructure	15,200	1,122	153	$ 16,169
Equipment	223,995	26,764	13,692	$ 237,067
Total Capital Assets, Depreciable	1,192,165	150,581	26,975	1,315,771
Less Accumulated Depreciation:				
Buildings and Improvements	253,548	29,685	12,659	$ 270,574
Infrastructure	6,895	1,101	153	$ 7,843
Equipment	151,559	21,998	13,366	$ 160,191
Total Accumulated Depreciation	412,002	52,784	26,178	438,608
Total Capital Assets, Depreciable, Net	780,163	97,797	797	877,163
Total Capital Assets, Net	$ 817,585	$ 149,483	$ 824	$ 966,244

(continued)

Capital Assets
(in thousands of dollars)

	2007 Beginning Balance	Additions/ Transfers	Retirements	2007 Ending Balance
Capital Assets, Nondepreciable:				
Land	$ 5,717	$ 3,810	$ -	$ 9,527
Construction in Progress	21,594	6,301		27,895
Total Capital Assets, Nondepreciable	27,311	10,111		37,422
Capital Assets, Depreciable:				
Buildings and Improvements	898,285	60,385	5,700	952,970
Infrastructure	13,274	1,939	13	15,200
Equipment	222,025	12,727	10,757	223,995
Total Capital Assets, Depreciable	1,133,584	75,051	16,470	1,192,165
Less Accumulated Depreciation:				
Buildings and Improvements	229,591	26,339	2,382	253,548
Infrastructure	5,901	998	4	6,895
Equipment	137,308	23,838	9,587	151,559
Total Accumulated Depreciation	372,800	51,175	11,973	412,002
Total Capital Assets, Depreciable, Net	747,788	23,876	4,497	780,163
Total Capital Assets, Net	$ 788,095	$ 33,987	$ 4,497	$ 817,585

At June 30, 2008, the estimated cost to complete construction in progress is $407,047,000, of which $78,420,000 will be funded by the Series 2007A Bond and $260,757,000 from proceeds of future bond issuances. Additional funding will include $31,182,000 from state appropriations, $11,688,000 from unrestricted plant funds, and $25,000,000 from gifts.

Capital assets include a facility under a capital lease of $8,332,000 and related accumulated depreciation of $3,645,000 and $3,229,000 at June 30, 2008, and 2007, respectively.

6. ACCRUED LIABILITIES

Accrued liabilities at June 30, 2008, and 2007, are summarized as follows:

Accrued Liabilities
(in thousands of dollars)

	2008	2007
Accrued Salaries, Wages and Related Benefits	$ 21,578	$ 19,173
Accrued Vacation	1,439	1,297
Interest Payable	5,319	4,362
	$ 28,336	$ 24,832

7. BONDS PAYABLE

As of June 30, 2008 and 2007, $868,207,000 and $652,785,000, respectively, of bonds were outstanding, net of unamortized premium/discount and loss on defeasance of $11,103,000 and $6,960,000, respectively. The bonds are payable, both as to principal and interest, from net income or designated revenues from the related financed activities. Designated revenues for the bonds include sales and services from the financed facilities, such as bookstore collections, housing and dining charges, patient services, and parking collections, as well as certain assessed fees. For fiscal years 2008 and 2007, available related revenues totaled $848,025,000 and $792,555,000, respectively, while the annual debt service payments totaled $50,259,000 and $44,571,000. This proportion is expected to continue to be less than 7% of pledged revenues in the future. These bonds bear interest at fixed and variable rates ranging from 2.0% to 5.8% per annum and mature at various dates through November 2037. While interest on the earlier variable rate System Facilities Revenue Bonds is paid at the Bond Market Association™ (BMA) daily bond rate, interest on the 2007 Series bonds are based on the BMA weekly bond rate.

Bonds Payable activity by series of issuance for the years ended June 30, 2008, and 2007, was as follows:

Bonds Payable Activity
(in thousands of dollars)

	2008 Beginning Balance	Issuance	Payments	Defeasance	Amortization	2008 Ending Balance
System Facilities Revenue Bonds:						
Series 1997	$ 1,135	$ -	$ (1,135)	$ -	$ -	$ -
Series 1998	16,840		(1,815)			15,025
Series 2000	63,425		(3,105)			60,320
Series 2001	80,760		(795)			79,965
Series 2002	40,000		(40,000)			-
Series 2003	147,280		(3,260)	(96,965)		47,055
Series 2006	296,385		(6,865)			289,520
Series 2007		365,220				365,220
Less Unamortized Premium/Discount	17,004	8,772		(2,696)	(1,037)	22,043
Less Loss on Defeasance	(10,044)			(1,610)	714	(10,941)
	652,785	$ 373,992	$ (56,975)	$ (101,271)	$ (323)	868,207
Less Current Portion	(16,975)					(20,800)
	$ 635,810					$847,407

(continued)

Bonds Payable Activity
(in thousands of dollars)

	2007 Beginning Balance	Issuance	Payments	Defeasance	Amortization	2007 Ending Balance
System Facilities Revenue Bonds:						
Series 1997	$ 2,210	$ -	$ (1,075)	$ -	$ -	$ 1,135
Series 1998	19,335		(2,495)			16,840
Series 2000	66,410		(2,985)			63,425
Series 2001	81,515		(755)			80,760
Series 2002	40,000					40,000
Series 2003	150,435		(3,155)			147,280
Series 2006	300,680		(4,295)			296,385
Less Unamortized Premium/Discount	17,814				(810)	17,004
Less Loss on Defeasance	(10,945)				901	(10,044)
	667,454	$ -	$ (14,760)	$ -	$ 91	652,785
Less Current Portion	(14,760)					(16,975)
	$ 652,694					$ 635,810

As of June 30, 2008, the total of principal and interest due on bonds during the next five years and subsequent five-year periods is as follows:

Future Debt Service
(in thousand of dollars)

Fiscal Year	Principal	Interest	Net Payments (Funds Received) on Swap Agreement
2009	$ 20,800	$ 33,686	$ 3,127
2010	23,715	32,727	3,144
2011	23,905	31,685	3,084
2012	22,730	30,650	3,069
2013	23,845	29,640	3,068
2014-2018	137,500	131,540	14,623
2019-2023	164,835	99,956	11,538
2024-2028	200,375	63,000	6,683
2029-2033	150,740	29,469	1,509
2034-2038	88,660	9,278	-
	$ 857,105	$ 491,631	$ 49,845

Future interest payment requirements for variable rate debt are determined using the rate in effect at June 30, 2008, ranging from 1.47 to 2.05%. The above interest payments also include estimated payments on two interest rate swap agreements, as discussed below, at fixed rates of 3.95% and 3.798%, net of the funds received from the counterparty to the transaction at a rate effective at June 30, 2008, of 1.55% and 1.67% respectively.

On July 26, 2007, the University issued $365,220,000 of System Facilities Revenue Bonds, consisting of $262,970,000 in Series 2007A bonds at the interest cost of 4% to 5% and $102,250,000 of Series 2007B bonds with variable rates. Proceeds from the issuance of the Series 2007 A and B bonds were used to finance construction of new housing facilities on the Columbia and Rolla campuses, various other projects, and the cost of issuance. A portion of the Series 2007B bond proceeds was used to advance refund and defease $96,965,000 of the Series 2003A bonds.

The partial defeasance of the 2003A Series bonds resulted in a $1,610,000 loss that is included as a reduction of debt outstanding and will be amortized over the remaining life of the bonds. The defeasance decreased aggregate debt service payments by $14,672,000 resulting in an economic gain (difference between the present values of the old and new debt service payments) to the University of $9,505,000.

The University maintains a thirty-year interest rate swap agreement for a portion of its variable rate System Facilities Revenue Bonds. The purpose of the interest rate swap agreement is to convert variable rate debt to fixed rate debt. Currently, the University has two interest rate swaps. Through its first interest rate swap with a $40,000,000 notional amount, the University pays interest calculated at a fixed rate of 3.95% to the swap's counterparty. In return, the counterparty owes the University interest based on a variable rate set weekly. Through a second interest rate swap with a $102,250,000 notional amount, the University pays interest calculated at a fixed rate of 3.798% to the counterparty, while the counterparty pays the University interest based on a variable rate that is set monthly. The $142,250,000 in bond principal is not exchanged; it is only the basis on which the interest payments are calculated.

The University continues to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the interest rate swap agreement, the University effectively pays a fixed rate on the debt. The University will revert to variable rates if the counterparty to the swap defaults or if the swap is terminated. A termination of the swap agreement may also result in the University making or receiving a termination payment.

As of June 30, 2008, the two interest rate swaps had a fair value of ($12,596,000), which represents the cost to the University to terminate the swap. This fair value, developed using the zero coupon method and proprietary models, was prepared by the counterparty, J.P. Morgan Chase Bank, a major U.S. financial institution. The zero coupon method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each net settlement of the swap.

As of June 30, 2008, the University was not exposed to credit risk on the termination payment because the interest rate swap had a negative fair value and the University would have owed the payment. However, should interest rates change and the fair value of the swap become positive, the University would be exposed to credit risk. The swap counterparty was rated AA by Standard & Poor's Ratings Group and Aaa by Moody's Investors Service as of June 30, 2008. In the event a ratings downgrade occurs, the counterparty may be required to provide collateral if the University's overall exposure exceeds predetermined levels. Permitted collateral investments include U.S. Treasuries, U.S. government agencies, cash and commercial paper rated A1/P1 by Standard & Poor's and Moody's, respectively. Collateral may be held by the University or by a third party custodian.

The swap exposes the University to basis risk should the weekly BMA rate paid by the counterparty fall below the daily interest rate due on the bonds. This basis risk can be the result of a downgrade of the University's rating, daily rates becoming higher than weekly rates, or the pricing of the University's bonds by the remarketing agent at rates higher than the BMA index.

At June 30, 2008, and 2007, in-substance defeased bonds aggregating $147,935,000 and $93,320,000, respectively, are outstanding.

8. LEASE OBLIGATIONS AND COMMITMENTS

The Fund leases various facilities and equipment through operating and capital leases. Facilities under capitalized leases are recorded at the present value of future minimum lease payments.

Capital lease obligations activity for the year ended June 30, 2008, and 2007, is as follows:

Capital Lease Obligations
(in thousands of dollars)

Fiscal Year	Beginning of Year	Additions	Payments	End of Year	Current Portion
2008	$ 9,354	$ -	$ (462)	$ 8,892	$ 501
2007	$ 9,779	$ -	$ (425)	$ 9,354	$ 462

The future minimum payments on all significant leases with initial or remaining terms of one year or more at June 30, 2008, are as follows:

Future Lease Payments
(in thousands of dollars)

Fiscal Year	Capital	Operating
2009	$ 1,374	$ 5,053
2010	1,374	4,201
2011	1,374	3,035
2012	1,374	2,347
2013	1,374	2,143
2014-2018	6,870	8,971
2019-2022	1,718	2,061
Total Future Minimum Payments	15,458	$ 27,811
Less: Amount Representing Interest	(6,566)	
Present Value of Future Minimum Lease Payments	$ 8,892	

Total rental expenditures for operating leases for the years ended June 30, 2008, and 2007, were $15,047,000 and $16,724,000, respectively.

9. RISK MANAGEMENT

The System Facilities included in the Fund are a part of the University's overall risk management program. The Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; natural disasters; and various medically related benefit programs for employees. The Fund provides for these losses through a combination of self-insured risk retention and commercially-purchased insurance. The amount of self-insurance funds and commercial insurance maintained are based upon analysis of historical information and actuarial estimates. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The University does not maintain a separate liability for claims relating to the System Facilities included in the Fund. The Fund pays the University an annual premium for risk coverage.

10. RETIREMENT, DISABILITY AND DEATH BENEFIT PLAN

Plan Description – All qualified employees of the Fund participate in the University of Missouri Retirement, Disability, and Death Benefit Plan (the "Retirement Plan"), a single-employer defined benefit plan. As authorized by Section 172.300, Revised Statutes of Missouri, the University's Board of Curators administers the Retirement Plan and establishes its terms.

All full-time employees are eligible for benefits after five years of credited service. The annual lifetime pension payable to a vested employee who retires at age 65 or later is calculated as the employee's number of years of service times the 2.2% of the compensation base. The employee's average compensation for the five consecutive highest salary years is the compensation base. Academic members who render summer teaching and research service receive an additional credit for such service. Pension adjustments may be approved at certain times, which increase the benefits paid existing pensioners.

Contributions – The University's contributions to the Retirement Plan are actuarially determined using the entry age normal method. This required contribution averaged 8.0% and 8.7% of payroll for the years ended June 30, 2008, and 2007, respectively. The Retirement Plan is funded 100% by University contributions and does not require employee contributions.

Additional Information – Historical trends and funding status data designed to provide information about the Retirement Plan's progress made in accumulating sufficient assets to pay benefits, the "actuarial accrued liability," and any funding excess or unfunded liability is presented in the University's annual report, which can be obtained at the University of Missouri, 118 University Hall, Columbia, MO 65211.

11. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 10, the Fund participates in the University's postemployment benefits plan, which is a single-employer, defined benefit plan. The University's Other Postemployment Benefits (OPEB) Plan provides medical, dental, and life insurance benefits to employees who retire from the University after attaining age 55 and before reaching age 60 with ten or more years of service, or who retire after attaining age 60 with five or more years of service. As of June 30, 2008, and 2007, 5,642 and 5,579 retirees, respectively, met those eligibility requirements. Postemployment medical, dental, and life insurance benefits are also provided to long-term disability claimants who were vested in the University's Retirement Plan at the date the disability began, provided the onset date of the disability was on or after September 1, 1990.

For employees retiring prior to September 1, 1990, the Fund contributes toward premiums at the same rate as for active employees; 2/3 of the premium for medical benefits and 1/2 of the dental plan premium. For employees who retired under the terms of the Retirement Plan on September 1, 1990 or thereafter, the Fund contributes toward premiums on the basis of the employee's length of service and age at retirement.

The terms and conditions governing the postemployment benefits to which employees are entitled are in the sole authority and discretion of the University's Board of Curators.

In June 2008, the University established its OPEB Trust Fund, the assets of which are irrevocable and legally protected from creditors and dedicated to providing postemployment benefits in accordance with terms of the plan. The University's OPEB Trust Fund does not issue a separate financial report, but is included in the University's annual report which can be obtained at the University of Missouri, 118 University Hall, Columbia, MO 65211.

12. TRANSFERS

Transfers to/from the University represent support for System Facilities and non-system facilities activities. These transfers were $44,336,000 and $33,946,000 for the years ended June 30, 2008, and 2007, respectively. In fiscal year 2007, transfers included $19,317,000 of funds received from the sale of Missouri Care L.C., a component unit of the University. Missouri Care L.C. was a not-for-profit health maintenance organization that provided services to individuals throughout mid-Missouri under certification from the Missouri Department of Social Services.

13. SUBSEQUENT EVENTS

Since June 30, 2008, the global financial markets have been experiencing a severe downturn, which in turn resulted in unrealized decreases in the fair market value of the University's long-term investment portfolio. As of the date of this report, it is unclear how long this downward pressure on investment values might continue and what other implications there will be for the overall U.S. and global economy. The University's management and its investment advisors are monitoring the situation to determine appropriate strategies and actions. The University's investment strategy is to take a long-term approach to maximizing investment return. Because of its ample liquidity and minimal exposure to troubled institutions, the University is well positioned to weather the problems and uncertainty in the markets.

APPENDIX C

DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS

DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS

I. DEFINITIONS

The following words and terms as used in this Appendix shall have the following meanings unless some other meaning is plainly intended:

"Additional Bonds" means any additional bonds or other indebtedness authorized to be issued by the University pursuant to the Resolution and standing on a parity and equality with the Series 2009B Bonds with respect to the payment of principal and interest from the System Revenues.

"Annual Debt Service" means, in any Fiscal Year, an amount equal to the principal payable in such Fiscal Year on the Bonds together with interest thereon. For purposes of the various calculations under the Resolution and the Prior System Facilities Resolutions, the amortization schedule of such Bonds and the Annual Debt Service with respect to such Bonds shall be calculated in accordance with the actual amortization schedule for such Bonds, except as follows:

(a) *Variable Rate Bonds.* In determining the Annual Debt Service on any Bonds which provide for interest to be payable thereon at a rate per annum that may vary from time to time over the term thereof in accordance with procedures provided in the instrument creating such Bonds and which for any future period of time is not susceptible of precise determination, the interest rate on such Bonds for any period prior to the date of calculation or for which the interest rate has been determined shall be the actual interest payable during such period, and for each year in which such Bonds are Outstanding and for which the actual interest rate cannot be determined, the interest rate on such Bonds for the period of determination shall be deemed to be the average annual rate of interest payable on such Bonds during the 12 months immediately preceding the date of calculation, or if such Bonds are to be incurred or were issued less than 12 months preceding such date, the initial rate or the average annual rate of interest payable on such Bonds during such period immediately preceding the date of calculation.

(b) *Interest Rate Exchange Agreements.* In the case of any interest rate exchange agreements or comparable agreements entered into by the University for a term exceeding one year, pursuant to which the University is obligated to make interest-like payments to or on behalf of another Person and that Person is obligated to make similar interest-like payments to or on behalf of the University (based on a different rate of, or formula for, interest), with neither party obligated to repay any principal, the net amount to be paid by the University (computed in accordance with this sentence) shall be taken into account in calculating Annual Debt Service; if such net amount is less than zero, such net amount may be credited against other interest coming due in so calculating Annual Debt Service so long as the swap counterparty (or any guarantor thereof) is rated in one of the three highest rating categories (without regard to modifiers) by a nationally recognized rating agency. If the swap counterparty is not so rated, then the higher of the swap rate and the actual rate of interest on the Bonds shall be taken into account in calculating Annual Debt Service.

(c) *Balloon Indebtedness*. In determining the Annual Debt Service on any Bonds with respect to which 25% or more of the original principal amount of which becomes due and payable (either by maturity or scheduled mandatory redemption) during any consecutive 12-month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such 12-month period, the debt service requirements on such Bonds shall be calculated by assuming that such Bond indebtedness matures over 25 years from the date of issuance of such Bond indebtedness and is payable on a level annual debt service basis over a period of no more than 25 years.

(d) *Build America Bonds*. In determining the Annual Debt Service on any Bonds with respect to which the University has elected to have Code Section 54AA apply, and to have Code Section 54AA(g) apply so that such Bonds may be designated as "Build America Bonds (Direct

Payment)," the Annual Debt Service on any such Bonds for any period shall be determined by taking into account (i.e., deducting) the cash subsidy payments received or expected to be received by the University with respect to interest on such Bonds for such period.

"Beneficial Owner" shall mean, whenever used with respect to a Series 2009B Bond, the person in whose name such Series 2009B Bond is recorded as the beneficial owner of such Series 2009B Bond by a Participant on the records of such Participant, or such person's subrogee.

"Board" means the Board of Curators of the University of the State of Missouri, the governing body of the University, and any successor body.

"Bond Purchase Agreement" means the Bond Purchase Agreement relating to the Series 2009B Bonds, between the University and the Original Purchaser.

"Bonds" means the Series 2009B Bonds, the Series 2009A Bonds, the Prior System Bonds and all Additional Bonds authenticated and delivered pursuant to the terms of the Resolution, the Series 2009A Resolution and the Prior System Facilities Resolutions.

"Business Day" means a day other than (i) a Saturday or Sunday or legal holiday or a day on which banks located in any city in which the principal corporate trust office or payment office of the Paying Agent and Bond Registrar or the Tender Agent or the primary office of the Remarketing Agent is located or in New York, New York, are required or authorized by law to remain closed or (ii) a day on which the New York Stock Exchange is closed.

"Cede & Co." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2009B Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, or any corresponding provisions of succeeding law, and the applicable temporary, proposed and final regulations and procedures related thereto.

"Continuing Disclosure Certificate" means the certain Continuing Disclosure Certificate of the University dated as of the date of issuance of the Series 2009B Bonds, as originally executed and as the same may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance Account" means the System Facilities Costs of Issuance Account ratified and confirmed pursuant to the Resolution, including subaccounts established thereunder.

"DTC" shall mean The Depository Trust Company of New York, New York.

"Electronic" means notice transmitted through a time-sharing terminal or facsimile machine, if operative as between any two parties, or if not operative, in writing or by telephone (promptly confirmed in writing); provided, however, that such term does not include electronic mail transmitted via the internet.

"Executive Committee" means the Executive Committee of the Board, and any successor body.

"Fiscal Year" means the period commencing July 1 and ending June 30 of each succeeding calendar year, or such other temporal period of one year in length as the University shall hereafter designate as its Fiscal Year.

"Initial System Facilities Resolution" means, collectively, the resolution of the Board dated October 28, 1993 and the resolution of the Executive Committee of the Board dated November 11, 1993, as from time to time amended in accordance with the terms thereof.

"Interest Payment Date" means, with respect to the Series 2009B Bonds, May 1 and November 1 of each year, commencing November 1, 2009.

"Interest Rate" means, with respect to any Series 2009B Bond, the stated interest rate of such Series 2009B Bond.

"Maturity Date" means, with respect to any Series 2009B Bond, the stated maturity date of such Series 2009B Bond.

"Maximum Annual Debt Service" means the maximum Annual Debt Service payable in any future Fiscal Year.

"Minimum Authorized Denominations" means for the Series 2009B Bonds $5,000 or any integral multiple thereof.

"Moody's" means Moody's Investors Service, Inc., and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, "Moody's" shall be deemed to refer to any other nationally recognized securities rating service designated by the University, with notice to the Paying Agent and Bond Registrar.

"Official Statement" means the Official Statement with respect to the Series 2009B Bonds, as the same may be amended or supplemented.

"Opinion of Bond Counsel" means a written opinion of any legal counsel acceptable to the University and the Paying Agent and Bond Registrar who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

"Opinion of Counsel" means a written opinion of any legal counsel acceptable to the University and the Paying Agent and Bond Registrar, who may be an employee of or counsel to the University.

"Original Purchaser" means J.P. Morgan Securities Inc. and Morgan Stanley & Co., Incorporated, the co-senior managing underwriters and representative of the purchasers who agree to purchase the Series 2009B Bonds under the Bond Purchase Agreement.

"Outstanding" means, when used with reference to Series 2009B Bonds, as of any particular date, all Series 2009B Bonds theretofore authenticated and delivered under the Resolution, except:

(a) Series 2009B Bonds theretofore cancelled by the Paying Agent and Bond Registrar or delivered to the Paying Agent and Bond Registrar for cancellation;

(b) Series 2009B Bonds deemed paid in accordance with the provisions of the Resolution; and

(c) Series 2009B Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Resolution.

"Owner" or "Bondowner" means the person or persons in whose name or names a Bond shall be registered on the books of the Paying Agent and Bond Registrar kept for that purpose in accordance with the provisions of the Resolution.

"Participant" shall mean any broker-dealer, bank or other financial institution for which DTC holds Series 2009B Bonds as securities depository.

"Paying Agent" and "Bond Registrar" means Commerce Bank, N.A., Kansas City, Missouri, and its successors and assigns.

"Person" means any natural person, firm, joint venture, association, partnership, business trust, corporation, public body, agency or political subdivision thereof or any other similar entity

"Principal and Interest Account" means the System Facilities Principal and Interest Account ratified and confirmed pursuant to the Resolution, including subaccounts established thereunder.

"Prior System Bonds" means, collectively, the Outstanding portions of the following bonds previously issued by the University:

(a) The Series 1998A Bonds;

(b) The Series 2000A Bonds;

(c) The Series 2000B Bonds;

(d) The Series 2001A Bonds;

(e) The Series 2001B Bonds;

(f) The Series 2003A Bonds;

(g) The Series 2003B Bonds;

(h) The Series 2006A Bonds;

(i) The Series 2006B Bonds;

(j) The Series 2007A Bonds; and

(k) The Series 2007B Bonds.

"Prior System Facilities Resolutions" means, collectively, the resolutions of the Board and the Executive Committee of the Board authorizing and directing the establishment of the financing program for the System Facilities and the issuance of the Prior System Bonds, including the Initial System Facilities Resolution, the Series 1997 Resolution, the Series 1998A Resolution, the Series 2000 Resolution, the Series 2001 Resolution, the Series 2002 Resolution, the Series 2003 Resolution, the Series 2006 Resolution, and the Series 2007 Resolution.

"Projects" means, collectively, the additions and improvements to the System Facilities to be financed or refinanced with the proceeds of the Series 2009B Bonds, all as described on Exhibit A to the Resolution and described under the caption "PLAN OF FINANCE" in this Official Statement.

"Projects Account" means the System Facilities Projects Account ratified and confirmed pursuant to the Resolution.

"Rating Service" means Moody's, if the Series 2009B Bonds are rated by Moody's at the time, and S&P, if the Series 2009B Bonds are rated by S&P at the time, or any other nationally recognized securities rating service acceptable to the Paying Agent and Bond Registrar and the University that maintains a rating on the Series 2009B Bonds.

"Record Date" means, with respect to any Series 2009B Bond, the fifteenth day (whether or not a Business Day) of the calendar month next preceding an Interest Payment Date.

"Representation Letter" shall mean the Representation Letter from the University and the Paying Agent and Bond Registrar to DTC with respect to the Series 2009B Bonds, substantially in the form required by DTC.

"Resolution" means, collectively, the Resolution adopted by the Board on June 5, 2009, and the Resolution adopted by the Executive Committee on July 16, 2009 authorizing the Series 2009B Bonds, as from time to time amended in accordance with the terms thereof.

"Series 1993 Bonds" means the $45,385,000 original principal amount University of Missouri System Facilities Revenue Bonds, Series 1993 of the University authorized and issued pursuant to the Initial System Facilities Resolution.

"Series 1997 Bonds" means the $52,215,000 original principal amount of System Facilities Revenue Bonds, Series 1997, of the University authorized and issued pursuant to the Series 1997 Resolution.

"Series 1997 Resolution" means, collectively, the resolution of the Board dated March 20, 1997 and the resolution adopted by the Executive Committee of the Board on April 22, 1997, as from time to time amended in accordance with the terms thereof.

"Series 1998A Bonds" means the $65,010,000 original principal amount of System Facilities Revenue Bonds, Series 1998A, of the University authorized and issued pursuant to the Series 1998A Resolution.

"Series 1998A Resolution" means, collectively, the resolution of the Board dated March 26, 1998 and the resolution adopted by the Executive Committee of the Board on April 9, 1998, as from time to time amended in accordance with the terms thereof.

"Series 2000 Bonds" means, collectively, the Series 2000A Bonds and the Series 2000B Bonds.

"Series 2000 Resolution" means, collectively, the resolution adopted by the Board on January 28, 2000 and the resolution adopted by the Executive Committee of the Board on March 15, 2000, as from time to time amended in accordance with the terms thereof.

"Series 2000A Bonds" means the $28,950,000 original principal amount of System Facilities Revenue Bonds, Series 2000A, of the University authorized and issued pursuant to the Series 2000 Resolution.

"Series 2000B Bonds" means the $50,000,000 original principal amount of Variable Rate Demand System Facilities Revenue Bonds, Series 2000B, of the University authorized and issued pursuant to the Series 2000 Resolution.

"Series 2001 Bonds" means, collectively, the Series 2001A Bonds and the Series 2001B Bonds.

"Series 2001 Resolution" means, collectively, the resolution adopted by the Board on March 22, 2001 and the resolution adopted by the Executive Committee of the Board on August 8, 2001, as from time to time amended in accordance with the terms thereof.

"Series 2001A Bonds" means the $39,225,000 original principal amount of Variable Rate Demand System Facilities Revenue Bonds, Series 2001A, of the University authorized and issued pursuant to the Series 2001 Resolution.

"Series 2001B Bonds" means the $44,975,000 original principal amount of System Facilities Refunding Revenue Bonds, Series 2001B, of the University authorized and issued pursuant to the Series 2001 Resolution.

"Series 2002 Resolution" means, collectively, the resolution adopted by the Board on November 29, 2001 and the resolution adopted by the Executive Committee of the Board on May 31, 2002, as from time to time amended in accordance with the terms thereof.

"Series 2002A Bonds" means the $40,000,000 original principal amount of Variable Rate Demand System Facilities Revenue Bonds, Series 2002A, of the University authorized and issued pursuant to the Series 2002 Resolution.

"Series 2003 Bonds" means, collectively, the Series 2003A Bonds and the Series 2003B Bonds.

"Series 2003 Resolution" means, collectively, the resolution adopted by the Board on September 18, 2003 and the resolution adopted by the Executive Committee of the Board on October 30, 2003, as from time to time amended in accordance with the terms thereof.

"Series 2003A Bonds" means the $118,080,000 original principal amount of System Facilities Revenue Bonds, Series 2003A, of the University authorized and issued pursuant to the Series 2003 Resolution.

"Series 2003B Bonds" means the $37,085,000 original principal amount of System Facilities Revenue Bonds, Series 2003B, of the University authorized and issued pursuant to the Series 2003 Resolution.

"Series 2006 Resolution" means, collectively, the resolution adopted by the Board on October 7, 2005 and the resolution adopted by the Executive Committee of the Board on January 19, 2006, as from time to time amended in accordance with the terms thereof.

"Series 2006A Bonds" means the $260,975,000 original principal amount of System Facilities Revenue Bonds, Series 2006A, of the University authorized and issued pursuant to the Series 2006 Resolution.

"Series 2006B Bond" means the $39,705,000 original principal amount of Variable Rate Demand System Facilities Revenue Bonds, Series 2006B, of the University authorized and issued pursuant to the Series 2006 Resolution.

"Series 2007 Resolution" means, collectively, the resolution adopted by the Board on June 1, 2007 and the resolution adopted by the Executive Committee of the Board on July 12, 2007, as from time to time amended in accordance with the terms thereof.

"Series 2007A Bonds" means the $262,970,000 original principal amount of System Facilities Revenue Bonds, Series 2007A, of the University authorized and issued pursuant to the Series 2007 Resolution.

"Series 2007B Bond" means the $102,250,000 original principal amount of Variable Rate Demand System Facilities Refunding Revenue Bonds, Series 2007B, of the University authorized and issued pursuant to the Series 2007 Resolution.

"Series 2009 Bond" or "Series 2009 Bonds" means, individually or collectively, as the context may require, the Series 2009A Bonds and the Series 2009B Bonds.

"Series 2009A Bond" or "Series 2009A Bonds" means any bond or bonds of the series of Taxable System Facilities Revenue Bonds, Series 2009A (Build America Bonds), of the University authorized and issued pursuant to a separate Resolution of the Executive Committee; provided, however, that the Executive Committee may choose whether or not to issue the Series 2009A Bonds in its sole and absolute discretion.

"Series 2009A Resolution" means, collectively, the resolution adopted by the Board on June 5, 2009 and the resolution adopted by the Executive Committee of the Board on July 16, 2009, authorizing the Series 2009A Bonds, as from time to time amended in accordance with the terms thereof.

"Series 2009B Bond" or "Series 2009B Bonds" means any bond or bonds of the series of System Facilities Revenue Bonds, Series 2009B, of the University authorized and issued pursuant to the Resolution.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, S&P shall be deemed to refer to any other nationally recognized securities rating service designated by the University, with notice to the Paying Agent and Bond Registrar.

"Student System Facilities Fee" means the portion of the Tuition and Fees established or designated by the Board for the use of the System Facilities pursuant to the Initial System Facilities Resolution and ratified and confirmed in the Prior System Facilities Resolutions and in the Resolution and which are included in the System Revenues; provided, however, that such moneys do not include any funds realized from tax revenues.

"System Facilities" means, collectively, the systems and facilities included in that term as it was defined in the Initial System Facilities Resolution, as modified, amended and restated in the Prior System Facilities Resolutions and as modified, amended, and restated in Exhibit B to the Resolution and described under the caption "SECURITY FOR THE SERIES 2009 BONDS" in this Official Statement, and also includes any improvements, extensions and additions thereto and all related systems and facilities hereafter acquired, owned or operated by the University as part of the systems and facilities described in the Resolution, plus such other systems and facilities as at some future date may be added to any of the described systems or facilities by University action.

"System Facilities Revenue Account" means the System Facilities Revenue Account ratified and confirmed pursuant to the Resolution.

"System Facilities Additions" means all additions, improvements, extensions, alterations, expansions, or modifications of the System Facilities or of any other "Project", or any part thereof financed with the proceeds of Additional Bonds.

"System Revenues" means the gross income and revenues derived from (a) the ownership and/or operation of the systems and facilities and the imposition and collection of the fees and other matters described on Exhibit C to the Resolution and described under the caption "SECURITY FOR THE SERIES 2009 BONDS" in this Official Statement; (b) the ownership and/or operation of such systems and facilities, or the imposition and collection of such fees, as may at some future date be added to the System Revenues by University action as further described in Article XV of the Resolution; and (c) the Student System Facilities Fee; provided, however, that such moneys do not include any funds realized from tax revenues.

"Tax Compliance Agreement" means the Tax Compliance Agreement with regard to the Series 2009B Bonds, dated as of the date of issuance of the Series 2009B Bonds, of the University, as amended and supplemented in accordance with the terms thereof.

"Tuition and Fees" means the basic fee or fees for course enrollment paid by all students enrolled at the University.

"United States Government Obligations" means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to timely payment of principal and interest by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America, or securities which represent an undivided interest in such obligations or securities to the extent that the Treasury of the United States of America is ultimately responsible for payment thereof such as stripped interest components of obligations of the Resolution Funding Corporation (established by Section 511 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, P.L. 101-73), its successors and assigns.

"University" means The Curators of the University of Missouri, a body politic and state educational institution organized and existing under the Constitution and laws of the State of Missouri, and any successors and assigns.

II. SUMMARY OF THE RESOLUTION

The following is a summary of certain provisions and covenants contained in the Resolution. Such summary does not purport to be a complete statement of the terms of the Resolution and accordingly is qualified in its entirety by reference thereto and is subject to the full text thereof.

Authorization of the Bonds

Authorization of the Series 2009B Bonds. The University has authorized and directed to be issued, sold and delivered a series of System Facilities Revenue Bonds of the University, consisting of the System Facilities Revenue Bonds, Series 2009B (the "Series 2009B Bonds"), for the purpose of payment of all or a portion of the cost of financing the acquisition, construction, improvement, renovation, furnishing or equipping of the Projects, paying capitalized interest on all or a portion of the Series 2009B Bonds, and paying certain costs of issuance of the Series 2009B Bonds. The Series 2009B Bonds authorized in the Resolution shall be issued pursuant to the provisions of the Constitution and laws of the State of Missouri.

Security for the Series 2009B Bonds. The Series 2009B Bonds shall be special obligations of the University payable solely from, and secured as to the payment of principal of, redemption premium, if any, and interest on the Series 2009B Bonds by a first lien on and pledge of the System Revenues and such obligations shall not constitute an indebtedness or general obligation of the State of Missouri, the University, the Board or of the individual members of the Board. The University has no power of taxation.

The Series 2009B Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the System Revenues derived by the University from the operation of the System Facilities and in all other respects with the Prior System Bonds and the Series 2009A Bonds. The Series 2009B Bonds shall constitute "Additional Bonds" within the meaning of the Prior System Facilities Resolutions. The Projects shall constitute "System Facilities Additions" within the meaning of the Prior System Facilities Resolutions and, to the extent not already included in the System Facilities, shall be added to and included in the System Facilities. The gross income and revenues derived from the ownership and/or operation of the Projects shall be included in the System Revenues.

The University has designated and set aside a portion of the Tuition and Fees collected from all students enrolled at the University in an amount equal to the Maximum Annual Debt Service in any Fiscal Year, as a Student System Facilities Fee (the "Student System Facilities Fee") for the use of the System Facilities by all students of the University; provided, however, that once the deposits required by the Resolution for payment of principal and interest on the Bonds have been made in any Fiscal Year the University may expend the Tuition and Fees which constitute the Student System Facilities Fee for any lawful purpose; provided further that the University may increase, but may not decrease, the amount of such Student System Facilities Fee by future resolution.

The covenants and agreements of the University contained in the Resolution and in the Bonds shall be for the equal benefit, protection, and security of the Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the revenues pledged in the Resolution to the payment of the principal of and the interest on the Bonds, or otherwise, except as to date of maturity and right of prior redemption as provided in the Resolution. The Series 2009B Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the System Revenues derived by the University from the operation of the System Facilities and in all other respects with the Prior System Bonds, the Series 2009A Bonds, and any Additional Bonds issued pursuant to the Resolution. The Series 2009B Bonds shall not have any priority with respect to the payment of principal or interest from such System Revenues or otherwise over the Prior System Bonds, the Series 2009A Bonds or any Additional Bonds issued pursuant to the Resolution, and the Prior System Bonds, the Series 2009A Bonds or any such Additional Bonds shall not have any priority with respect to the payment of principal or interest from such System Revenues or otherwise over the Series 2009B Bonds.

The security for the Bonds and the bonds and obligations which may be secured on a parity with the Bonds may be modified as set forth in Article XV of the Resolution.

Mutilated, Lost, Stolen or Destroyed Series 2009B Bonds. In the event any Series 2009B Bond is mutilated, lost, stolen, or destroyed, the University shall execute and the Paying Agent and Bond Registrar shall authenticate a new Series 2009B Bond of like series, date and denomination as that mutilated, lost, stolen or destroyed, provided that, in the case of any mutilated Series 2009B Bond, such mutilated Series 2009B Bond shall first be surrendered to the University or the Paying Agent and Bond Registrar, and in the case of any lost, stolen, or destroyed Series 2009B Bond, there first shall be furnished to the University and the Paying Agent and Bond Registrar evidence of such loss, theft or destruction satisfactory to the University and the Paying Agent and Bond Registrar, together with an indemnity satisfactory to them which indemnity shall, in any event, name the Paying Agent and Bond Registrar as a beneficiary. In the event any such Series 2009B Bond shall have matured, the University may direct the Paying Agent and Bond Registrar, instead of issuing a duplicate Series 2009B Bond, to pay the same without surrender thereof, making such requirements as it deems fit for its protection, including a lost instrument bond. The University and the Paying Agent and Bond Registrar may charge the Owner of such Series 2009B Bond with their reasonable fees and expenses for such service. In executing a new Series 2009B Bond, the University may rely conclusively upon a representation by the Paying Agent and Bond Registrar that the Paying Agent and Bond Registrar is satisfied with the adequacy of the evidence presented concerning the mutilation, loss, theft or destruction of any Series 2009B Bond.

Payments Due on Non-Business Days. In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Nonpresentment of Series 2009B Bonds. In the event any Series 2009B Bond shall not be presented for payment when the principal thereof becomes due, either at its maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Series 2009B Bond shall have been made available to the Paying Agent and Bond Registrar, all liability of the University to the Owner thereof for the payment of such Series 2009B Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent and Bond Registrar to hold such fund or funds, uninvested and without liability for interest thereon, for the benefit of the Owner of such Series 2009B Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under the Resolution or on, or with respect to, such Series 2009B Bond. If any Series 2009B Bond shall not be presented for payment within twenty-four (24) months following the date when such Series 2009B Bond becomes due, whether by maturity or otherwise, the funds theretofore held by the Paying Agent and Bond Registrar for payment of such Series 2009B Bond shall be paid to the University and such Series 2009B Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the University, and the Owner thereof shall be entitled to look only to the University for payment, and then only to the extent of the amount so repaid, and the University shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Ratification and Creation of Accounts

Ratification and Creation of Accounts. The following accounts were created in the Initial System Facilities Resolution and ordered to be established in the accounting records of the University and have been ratified and confirmed, or have been created and ordered to be established in the accounting records of the University, in connection with the issuance of the Series 2009B Bonds:

(a) System Facilities Revenue Account;

(b) System Facilities Principal and Interest Account;

(c) System Facilities Series 2009 Projects Account, and a Series 2009B Subaccount therein; and

(d) System Facilities Series 2009 Costs of Issuance Account, and a Series 2009B Subaccount therein.

Administration of Accounts. The accounts confirmed pursuant to Section 501 of the Resolution shall be maintained and administered by the University solely for the purposes and in the manner as provided in the Prior System Facilities Resolutions and the Resolution so long as any of the Bonds remain Outstanding and unpaid.

Application of Bond Proceeds and Other Moneys

Disposition of Series 2009B Bond Proceeds and Other Moneys. The proceeds received from the sale of the Series 2009B Bonds, together with certain other moneys of the University, shall be deposited simultaneously with the delivery of the Series 2009B Bonds as follows:

(a) The sum of $177,016.24 received from the proceeds of the sale of the Series 2009B Bonds shall be deposited in the Series 2009B Subaccount of the Costs of Issuance Account.

(b) All remaining proceeds received from the sale of the Series 2009B Bonds in the amount of $80,801,722.76 shall be deposited in the Series 2009B Subaccount of the Projects Account, including funds to pay capitalized interest on a portion of the Series 2009B Bonds.

Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used by the University for the purpose of payment of the costs and expenses incidental to the issuance of the Series 2009B Bonds and otherwise as set forth in the Resolution.

Surplus in Costs of Issuance Account. Upon the earlier of (a) completion of the payment of the costs and expenses incidental to the issuance of the Series 2009B Bonds as provided in the Resolution, or (b) the date which is ninety (90) days following the issuance of the Series 2009B Bonds, any funds remaining in the Series 2009B Subaccount of the Costs of Issuance Account shall be transferred to the Series 2009B Subaccount of the Projects Account.

Application of Moneys in the Projects Account. Moneys in the Projects Account shall be used by the University for the purpose of payment of the cost of acquisition, construction, improvement, renovation, furnishing or equipping of System Facilities as described on Exhibit A to the Resolution and described under the caption "PLAN OF FINANCE" in this Official Statement (collectively, the "Projects").

Withdrawals from Projects Account. Withdrawals from the Projects Account shall be made only (except as otherwise provided in the Resolution) for such purposes as described in the Resolution upon the execution of approved documentation in accordance with University disbursement procedures.

Surplus in Projects Account. Upon payment of the cost of the Projects, any surplus remaining in the Projects Account shall be deposited in the Principal and Interest Account.

Application of Revenues

System Facilities Revenue Account. The University covenants and agrees that from and after the delivery of the Series 2009B Bonds, and continuing as long as any of the Series 2009B Bonds remain Outstanding and unpaid, all System Revenues other than the Student System Facilities Fee will be credited to the System Facilities Revenue Account. The System Facilities Revenue Account shall be administered and applied solely for the purposes and in the manner provided in the Resolution.

Application of Moneys in Accounts. The University covenants and agrees that from and after the delivery of the Series 2009B Bonds, and continuing so long as any of the Bonds shall remain Outstanding and unpaid, the University will administer and allocate all of the moneys then held in the System Facilities Revenue Account as follows:

(a) There shall be paid and credited prior to any date in a Fiscal Year on which principal or interest is due on any of the Bonds from the System Facilities Revenue Account to the Principal and Interest Account (and to any subaccounts in the Principal and Interest Account or any separate principal and interest accounts established with respect to Additional Bonds), to the extent necessary to meet at maturity or mandatory redemption thereof, the payment of all principal of and interest on the Bonds the following sums: (i) the amount of principal and/or interest that will become due on the Bonds on such payment date; and (ii) the amount of any fees of the respective paying agent and bond registrars in connection with the Bonds.

All amounts paid and credited to the Principal and Interest Account shall be expended and used by the University for the sole purpose of paying the interest on and principal of the Bonds as and when the same become due and the payment of any fees of the respective paying agent and bond registrars in connection with the Bonds.

If at any time the moneys in the System Facilities Revenue Account shall be insufficient to make in full the payments and credits at the time required to be made by the University to the Principal and Interest Account (and any subaccounts in the Principal and Interest Account or separate principal and interest accounts established with respect to Additional Bonds established by the University) to pay the principal of and interest on the Bonds, the available moneys in the System Facilities Revenue Account shall be divided among the Principal and Interest Account and such subaccount or separate principal and interest accounts in proportion to the respective principal amounts of each series of said Bonds at the time outstanding which are payable from the moneys in the Principal and Interest Account (or said subaccounts or separate principal and interest accounts).

(b) Subject to making the foregoing maximum deposits on the dates indicated, the University may at any time use the balance of excess funds in the System Facilities Revenue Account on or before the final day of each Fiscal Year (i) to redeem outstanding Bonds as permitted pursuant to the Resolution, or (ii) for any expenditures, including the payment of debt service, incurred in acquiring, constructing, improving, renovating, furnishing or equipping the existing System Facilities or acquiring, constructing, improving, renovating, furnishing or equipping any additional System Facilities, or (iii) for operation and maintenance of the System Facilities, or (iv) for any other lawful purpose.

(c) The money in the Principal and Interest Account shall be used solely for the payment of the principal of and interest on the Bonds and any fees of the Paying Agent and Bond Registrar in connection with the Bonds. In the event Additional Bonds are issued after the date of the Resolution on a parity with Series 2009B Bonds, as provided in the Resolution, the bond resolution authorizing such Additional Bonds shall provide (i) for an identical flow of funds as heretofore prescribed, and (ii) that payments of principal be payable on November 1, of the appropriate year or years.

Deficiency of Payments into Accounts. If at any time the System Revenues derived by the University from the operation of the System Facilities shall be insufficient to make any payment on the date or dates specified in the Resolution, the University will make good the amount of such deficiency by making additional payments or credits out of the first available System Revenues thereafter received by the University, such payments and credits being made and applied in the order specified in the Resolution.

If at any time the moneys in the Principal and Interest Account are not sufficient to pay the principal of and interest on the Bonds as and when the same become due, then the amount of such deficiency shall be made up by the transfer of funds from the System Facilities Revenue Account.

Transfer of Funds to Paying Agent and Bond Registrars. The officers of the University or of the Board are authorized and directed to withdraw from the Principal and Interest Account, and, to the extent necessary to prevent a default in the payment of either principal of or interest on the Bonds, from the System Facilities Revenue Account as provided in the Resolution, sums sufficient to pay the principal of the Bonds, at maturity or by mandatory redemption, and interest on the Bonds and the fees of the respective paying agent and bond registrars, as and when the same become due, and to forward such sums to the respective paying agent and bond registrar in available funds prior to dates when such principal, interest and fees of the respective paying agent and bond registrar will become due. All moneys deposited with the Paying Agent and Bond Registrar shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Resolution.

Deposit and Investment of Funds

Deposits of Moneys. Cash moneys in each of the accounts ratified and confirmed by and referred to in the Resolution shall be deposited in a bank or banks or other financial institution located in the State of Missouri which are members of the Federal Deposit Insurance Corporation, and all such bank deposits shall be continuously and adequately secured by the banks holding such deposits as provided by the laws of the State of Missouri.

Investment of Funds. Moneys held in any account referred to in the Resolution may be invested by the University, pursuant to the provisions of the Tax Compliance Agreement, in direct obligations of, obligations of agencies of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, certificates of deposit collateralized by the foregoing or in such other obligations as may be permitted by law including, without limiting the generality of the foregoing, perfected repurchase agreements and obligations of agencies or instrumentalities of the United States of America; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such account was created or other than as permitted by state statute. All interest on any investments held in any account shall accrue to and become a part of such account. In determining the amount held in any account under any of the provisions of the Resolution, obligations shall be valued as of the final day of each Fiscal Year at the cost thereof. If and when the amount held in any account shall be in excess of the amount required by the provision of the Resolution, the University shall direct that such excess be paid and credited to the Principal and Interest Account.

Tax Covenant. The Board covenants and agrees that it will not take any action or permit any action to be taken or omit to take any action or permit the omission of any action reasonably within its control which action or omission will cause any Series 2009B Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code or the interest on the Series 2009B Bonds to be included in gross income for federal income tax purposes or otherwise adversely affect the exemption of interest on the Series 2009B Bonds from federal and State of Missouri taxation. This covenant shall survive the termination of the Resolution.

Particular Covenants of the University

The University covenants and agrees as follows with each of the purchasers and Owners of any of the Series 2009B Bonds that so long as any of the Series 2009B Bonds remain Outstanding and unpaid:

Performance of Duties. The University will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the Resolution and in each and every Series 2009B Bond executed and delivered under the Resolution; that it will promptly pay or cause to be paid from the System Revenues pledged in the Resolution the principal of and interest on every Series 2009B Bond issued under the Resolution, on the dates and in the places and manner prescribed in such Series 2009B Bonds, and that it will, prior to the maturity of each installment of interest and prior to the maturity of each such Series 2009B Bond, at the times and in the manner prescribed in the Resolution, deposit or cause to be deposited, from the System Revenues pledged, the amounts of money specified in the Resolution. All Series 2009B Bonds, when paid, shall be cancelled and destroyed by the Paying Agent and Bond Registrar.

Legal Authority. The University is duly authorized under the constitution and laws of the State of Missouri to create and issue the Series 2009B Bonds, it is lawfully qualified to pledge the System Revenues in the manner prescribed in the Resolution and has lawfully exercised such rights, all action on its part for the creation and issuance of the Series 2009B Bonds has been duly and effectively taken, and that the Series 2009B Bonds in the hands of the Owners thereof are and will be valid and enforceable special obligations of the University in accordance with their terms.

Rate Covenant.

(a) System Facilities. The University will continuously operate and maintain the System Facilities (except as otherwise provided in the Resolution) and will continue to fix and maintain such reasonable rates and charges for the use of the System Facilities as will allow it to collect System Revenues sufficient to (i) provide and maintain the System Facilities Revenue Account and the Principal and Interest Account in amounts adequate to promptly pay the principal of and interest on the Bonds as and when the same become due; and (ii) enable the University to have in each Fiscal Year System Revenues (excluding the Student System Facilities Fee) in an amount that will be not less than two hundred percent (200%) of the Annual Debt Service required to be paid by the University in such Fiscal Year on account of both principal of and interest on all Bonds at the time Outstanding.

(b) Student System Facilities Fee. The University will continuously maintain the Student System Facilities Fee in an amount at least equal to Maximum Annual Debt Service.

(c) Miscellaneous. Nothing contained in the Resolution shall be construed to prevent the continuous collection of reasonable rates, charges, and fees for the use of said System Facilities and facilities during the time the Series 2009B Bonds are outstanding or after the Series 2009B Bonds issued pursuant to the Resolution shall have been paid and redeemed, together with all interest thereon, nor to prevent at that time the pledge and application of said revenues to the payment of other bonds which may be issued by the University as otherwise allowed in the Resolution.

(d) Modification. The terms of this Section may be modified to include additional revenues and payment on other bonds or obligations and otherwise as set forth in Article XV of the Resolution and summarized herein under the caption "Potential Modification of: (1) Security for Bonds; (2) Bonds as to which System Revenues Provide Security; and (3) Parity Lien Bond Test".

Restrictions on Mortgage or Sale of the System Facilities. The University will not sell or otherwise dispose of the System Facilities or any material part thereof, or any extension or improvement thereof; provided, however, the University may permanently abandon the use of, or sell at fair market value, any of the System Facilities, provided that;

(a) It is in full compliance with all covenants and undertakings in connection with all of its Bonds then outstanding and payable from the System Revenues, or any part thereof;

(b) It certifies that the continued occupation or possession of any portion of the property to be abandoned or sold is no longer in the best interest of the University; and

(c) It certifies that the estimated System Revenues for the then next succeeding Fiscal Year satisfy the earnings test provided for in the Resolution governing the issuance of Additional Bonds.

Operation of the System Facilities and Reserves. From and after the date when the Series 2009B Bonds shall be issued and delivered, the System Facilities shall be maintained by the University so long as any of the Series 2009B Bonds remain Outstanding. The University will not do or suffer any act or thing whereby the System Facilities or any part thereof might or could be impaired, and at all times it will, out of System Revenues prior to the date needed pursuant to the Resolution, maintain, preserve, and keep the real and tangible property constituting the System Facilities and every part thereof in good condition, repair, and working order and maintain, preserve, and keep all structures and equipment pertaining thereto and every part and parcel thereof in good condition, repair, and working order, reasonable wear and tear and replacement for obsolescence excepted. The System Facilities and the facilities thereof and therein shall be operated and maintained, out of System Revenues prior to the date needed pursuant to the Resolution, under the direction and supervision of the Vice President for Finance and Administration (or such other officer as is selected by the Board or the Executive Committee), subject to the direction of the University, and all System Revenues shall be collected by said officer, through agents or employees thereunto duly authorized.

The University shall maintain, out of System Revenues prior to the date needed pursuant to the Resolution, such reserves for repair and replacement of the System Facilities as it deems appropriate and shall review the sufficiency of such reserves on a reasonable basis from time to time. The University represents that there is no reasonable expectation that payments of principal or interest on the Bonds will be paid out of funds held in such reserves.

Use, Operation and Maintenance. Subject to the provisions of the Resolution, the Board will adopt and maintain, so long as any Bonds are Outstanding against the System Facilities, such rules, rental rates, fees, and charges for the use of the System Facilities as may be necessary to (a) assure maximum use and occupancy of said System Facilities, and (b) pay the cost of maintenance and operation, out of System Revenues prior to the date needed pursuant to the Resolution, and, together with other pledged revenues, provide for the payment of the principal of and interest on the Bonds outstanding against the System Facilities.

Insurance. The University will carry and maintain fire and extended coverage insurance upon all of the properties forming a part of the System Facilities insofar as the same are of an insurable nature, such insurance to be in an amount at least equal to the amount of the Bonds then outstanding. In the event of loss or damage, the University, with reasonable dispatch, will use the proceeds of such insurance in reconstructing and replacing the property damaged or destroyed, or, if such reconstruction or replacement be unnecessary, then the University will pay and deposit the proceeds of such insurance into the System Facilities Revenue Account. The University in operating the System Facilities will carry and maintain public liability insurance, either commercial or self-insured, with respect to the System Facilities. In operating the System Facilities, the University shall maintain worker's compensation coverage, either commercial or self-insured, on all personnel that work on the System Facilities. The proceeds derived from such insurance shall be used in paying the claims on account of which such proceeds were received.

Books, Records and Accounts. The University will keep accurate financial records and proper books and accounts in which complete and correct entries will be made of all dealings and transactions of or in relation to the System Facilities. Such accounts shall show the amount of revenues received from the System Facilities, the application of such revenues, and all financial transactions in connection therewith. Said books shall be kept by the University in accordance with generally accepted accounting principles.

Annual Audit. Annually, within one hundred eighty (180) days after the end of the Fiscal Year, the University will cause an audit to be made of the System Facilities for the preceding Fiscal Year by a certified public accountant or firm of certified public accountants to be employed by the University for that purpose, reflecting in reasonable detail the financial condition and results of operation of the University, the System Facilities and any other pledged revenue sources, including particularly the University's insurance on the System Facilities and any other facilities the revenues of which are pledged to the payment of the Bonds, and the status of the several Accounts confirmed in the Resolution.

Within sixty (60) days after the completion of each such audit, a copy thereof shall be made available to any beneficial owner of the Series 2009B Bonds upon request.

As soon as possible after the completion of such annual audit, the University shall review such audit, and if any audit shall disclose that proper provision has not been made for all of the requirements of the Resolution and the law under which the Bonds are issued, the University covenants and agrees that it will promptly cure such deficiency and will promptly proceed to increase the rates, fees and charges to be charged for the use and services furnished by the System Facilities as may be necessary to adequately provide for such requirements.

Owner's Right of Inspection. The Owner of at least ten percent (10%) of the Bonds Outstanding shall have the right at all reasonable times to a reasonable inspection of the System Facilities and all records, accounts and data relating thereto, and any such Owner shall be furnished all such information concerning said System Facilities and the operation thereof which he may reasonably request.

Default and Remedies

Acceleration of Maturity in Event of Default. The University covenants and agrees that if it shall default in the payment of the principal of or interest on any of the Bonds as the same becomes due, or if the University or its governing body or any of the officers, agents or employees thereof shall fail or refuse to comply with any of the provisions of the Resolution and such default shall continue for a period of thirty (30) days after written notice thereof to the University (unless such default cannot be cured with thirty (30) days, in which event the University shall have a reasonable time in which to cure such default) at any time thereafter and while such default shall continue, the Owners of twenty-five percent (25%) in principal amount of the Bonds then Outstanding may, by written notice to the University filed in the office of the Secretary of the Board or delivered in person to said Secretary, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, all of said Bonds shall become and be immediately due and payable, anything in the Resolution or in the Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of said Outstanding Bonds shall have been so declared to be due and payable, all arrears of interest upon all of said Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of said Bonds shall have been paid in full, and all other defaults, if any, by the University under the provisions of the Resolution and under the provisions of the statutes of the State of Missouri shall have been cured, then and in every such case the Owners of fifty percent (50%) in principal amount of the Bonds then Outstanding, by written notice to the University given as specified in the Resolution, may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

Remedies. The provisions of the Resolution, including the covenants and agreements contained in the Resolution, shall constitute a contract between the University and the Owners of the Bonds, and the Owner or Owners of not less than ten percent (10%) in principal amount of the Bonds at the time Outstanding shall have the right, for the equal benefit and protection of all Owners of Bonds similarly situated to:

(a) By mandamus or other suit, action or proceedings at law or in equity to enforce his or their rights against the University and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Resolution or by the Constitution and laws of the State of Missouri;

(b) By suit, action or other proceedings in equity or at law to require the University, its officers, agents and employees to account as if they were the trustees of an express trust; and

(c) By suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of any Owner of the Bonds.

Limitation on Rights of Bondowners. No one or more Owners of the Bonds secured under the Resolution shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security granted and provided for in the Resolution, or to enforce any right under the Resolution, except in the manner provided in the Resolution, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of such Outstanding Bonds.

Remedies Cumulative. No remedy conferred in the Resolution upon the Owners of Bonds is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred in the Resolution. No waiver of any default or breach of duty or contract by the Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon. No delay or omission of any Bondowner 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 acquiescence therein. Every substantive right and every remedy conferred upon the Owners of the Bonds by the Resolution may be enforced and exercised from time to time and as often as may be deemed expedient. In case any suit, action or proceedings taken by any Bondowner on account of any default or to enforce any right or exercise any remedy shall have been discontinued or abandoned for any reason, or shall have been determined adversely to such

Bondowner, then, and in every such case, the University and the Owners of the Bonds shall be restored to their former positions and rights under the Resolution, respectively, and all rights, remedies, powers and duties of the Bondowners shall continue as if no such suit, action or other proceedings had been brought or taken.

No Obligation to Levy Taxes. The University does not have taxing power and nothing contained in the Resolution shall be construed as imposing on the University or the State any duty or obligation to levy any taxes either to meet any obligation incurred in the Resolution or to pay the principal of or interest on the Bonds.

Paying Agent and Bond Registrar

Designation of Paying Agent and Bond Registrar. Commerce Bank, N.A., Kansas City, Missouri, is designated as the University's paying agent for the payment of principal of, redemption premium, if any, and interest on the Bonds and bond registrar with respect to the registration, transfer and exchange of Bonds. The Paying Agent and Bond Registrar shall be paid the fees for its services in connection therewith that it has agreed to in writing with the University prior to the date of the Series 2009B Bonds, which fees shall be paid as other current expenses of the System Facilities are paid.

Successor Paying Agent and Bond Registrar.

(a) Any corporation or association into which the Paying Agent and Bond Registrar may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, provided that such surviving corporation or association shall maintain an office in the State of Missouri, shall be and become the successor Paying Agent and Bond Registrar under the Resolution, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereof, anything in the Resolution to the contrary notwithstanding.

(b) The Paying Agent and Bond Registrar may resign at any time by giving thirty (30) days' notice to the University. Such resignation shall not take effect until the appointment of a successor Paying Agent and Bond Registrar.

(c) The Paying Agent and Bond Registrar may be removed at any time by an instrument in writing delivered to the Paying Agent and Bond Registrar by the University. In no event, however, shall any removal of the Paying Agent and Bond Registrar take effect until a successor Paying Agent and Bond Registrar shall have been appointed.

(d) In case the Paying Agent and Bond Registrar shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting as Paying Agent and Bond Registrar, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be appointed by the University. Every successor Paying Agent and Bond Registrar appointed pursuant to the provisions of this Section shall be, if there be such an institution willing, qualified and able to accept the duties of the Paying Agent and Bond Registrar upon customary terms, a bank or trust company within the State of Missouri, in good standing and having or being wholly owned by an entity having reported capital and surplus of not less than $25,000,000. Written notice of such appointment shall immediately be given by the University to the Owners of the Series 2009B Bonds. Any successor Paying Agent and Bond Registrar shall execute and deliver an instrument accepting such appointment and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Paying Agent and Bond Registrar, but such predecessor shall nevertheless, on the written request of the University, or of the successor, execute and deliver such instruments and do such other things as may reasonably be required to more fully and certainly vest and confirm in such successor all rights, powers, duties and obligations of such predecessor. If no successor Paying Agent and Bond Registrar has accepted appointment in the manner provided above within ninety (90) days after the Paying

Agent and Bond Registrar has given notice of its resignation as provided above, the Paying Agent and Bond Registrar may petition any court of competent jurisdiction for the appointment of a temporary successor Paying Agent and Bond Registrar; provided that any Paying Agent and Bond Registrar so appointed shall immediately and without further act be superseded by a Paying Agent and Bond Registrar appointed by the University.

Defeasance

Defeasance. When all of the Series 2009B Bonds shall have been paid and discharged, then the requirements contained in the Resolution, except as otherwise provided in the Resolution and subject to the Resolution, and the pledge of System Revenues made under the Resolution and all other rights granted under the Resolution shall terminate. Bonds shall be deemed to have been paid and discharged within the meaning of the Resolution or the Prior System Facilities Resolution under which such series of Bonds were issued, as the case may be, if the University shall have paid or provided for the payment of such Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;

(b) by delivering such Bonds to the Paying Agent and Bond Registrar for cancellation; or

(c) by depositing with the Paying Agent and Bond Registrar, or other bank located in the State of Missouri and having full trust powers, at or prior to the maturity or redemption date of said Bonds, in trust for and irrevocably appropriated thereto, cash and/or United States Government Obligations in an amount which, together with other moneys deposited therein, and with the interest to be earned thereon, without consideration of any reinvestment thereof, will be sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds (including the payment of the principal of said Bonds, the redemption premium thereon, if any, and interest accrued to the date of maturity or redemption, as the case may be); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, the University shall have elected to redeem such Bonds and notice of such redemption shall have been given in accordance with the requirements of the Resolution or the Prior System Facilities Resolution under which such series of Bonds were issued, as the case may be, or provision satisfactory to the Paying Agent and Bond Registrar is made for the giving of such notice.

Bonds may be defeased in advance of their maturity or redemption dates only with cash or United States Government Obligations pursuant to subsection (c) above, provided, however, that, if the final payment or redemption date with respect to such Bonds is more than 90 days after such deposit, such Bonds may only be considered defeased upon receipt by the Paying Agent and Bond Registrar of (a) a verification report prepared by independent certified public accountants, or other verification agent, satisfactory to the Paying Agent and Bond Registrar and the University, and (b) an Opinion of Bond Counsel addressed and delivered to the Paying Agent and Bond Registrar and the University to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds of such series then Outstanding and any and all other amounts required to be paid under the provisions of the Resolution has been provided for in the manner set forth in the Resolution or the Prior System Facilities Resolution under which such series of Bonds were issued, as the case may be.

Any moneys and obligations which at any time shall be deposited with the Paying Agent and Bond Registrar or other bank by or on behalf of the University, for the purpose of paying and discharging any of the Bonds, shall be and are assigned, transferred and set over to the Paying Agent and Bond Registrar or other bank in trust for the respective Owners of such Bonds, and such moneys shall be and are irrevocably appropriated to the payment and discharge thereof. All moneys deposited with the Paying Agent and Bond Registrar or other bank shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Resolution or the Prior System Facilities Resolution under which such series of Bonds were issued, as the case may be.

Amendments

Amendments Not Requiring Consent of Bondowners. The Board may from time to time, without the consent of or notice to any of the Bondowners, amend the Resolution as shall not be inconsistent with the terms and provisions of the Resolution, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in the Resolution or to make any other change not prejudicial to the Bondowners;

(b) to grant to or confer upon the Paying Agent and Bond Registrar or the Bondowners any additional rights, remedies, powers or authority that may be lawfully granted to or conferred upon the Bondowners or the Paying Agent and Bond Registrar or either of them;

(c) to more precisely identify the System Revenues or the System Facilities or to substitute or add property thereto or release property therefrom;

(d) to subject to the Resolution additional revenues, properties or collateral;

(e) to issue Additional Bonds as provided in the Resolution;

(f) to provide for the refunding or advance refunding of any Bond;

(g) to evidence the appointment of a successor paying agent or bond registrar;

(h) to comply with any future requirements of federal tax law required in the opinion of bond counsel to maintain the exclusion of the interest on one or more series of Bonds from gross income for purposes of federal income taxation;

(i) to secure a rating from a nationally recognized rating agency, provided such changes will not restrict, limit or reduce the obligation of the University to pay the principal of, redemption premium, if any, or interest on the Series 2009B Bonds as provided in the Resolution or otherwise materially adversely effect the Bondowner; or

(j) to provide for the changes described in Article XV of the Resolution and summarized herein under the caption "Potential Modification of: (1) Security for Bonds; (2) Bonds as to which System Revenues Provide Security; and (3) Parity Lien Bond Test".

Amendments Requiring Consent of Bondowners. The rights and duties of the University, the Board and the Bondowners, and the terms and provisions of the Series 2009B Bonds or of the Resolution, may be amended or modified at any time in any respect by resolution of the Board with the written consent of the Owners of not less than sixty-five percent (65%) in aggregate principal amount of the Series 2009B Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Secretary of the Board, but no such modification or alteration shall:

(a) extend the maturity of any payment of principal or interest due upon any Series 2009B Bond;

(b) effect a reduction in the amount which the University is required to pay by way of principal of or interest on any Series 2009B Bond;

(c) permit the creation of a lien on the System Revenues prior or equal to the lien of the Series 2009B Bonds, except as to Additional Bonds;

(d) permit preference or priority of any Series 2009B Bonds over any other Series 2009B Bonds; or

(e) reduce the percentage in principal amount of Series 2009B Bonds required for the written consent to any modification or alteration of the provisions of the Resolution.

Any provision of the Series 2009B Bonds or of the Resolution may, however, be amended or modified by resolution duly adopted by the Board or, at the direction of the Board, the Executive Committee, at any time in any respect with the written consent of the Owners of all of the Series 2009B Bonds at the time Outstanding.

Any and all modifications made in the manner provided in the Resolution shall not become effective until there has been filed with the Secretary of the Board a copy of the resolution of the Board provided in the Resolution for, duly certified, as well as proof of consent to such modification by the Owners of not less than sixty-five percent (65%) in principal amount of the Series 2009B Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

Amendment of Prior System Facilities Resolutions.

Each of the Prior System Facilities Resolutions shall be deemed an amendment of the Initial System Facilities Resolution and each Prior System Facilities Resolution which precedes it. Furthermore, any subsequent resolution of the Board and/or the Executive Committee of the Board providing for the issuance of Additional Bonds shall, to the extent that any amendments therein shall meet the requirements of the Resolution, be deemed an amendment of the Initial System Facilities Resolution, each Prior System Facilities Resolution which precedes it, and the Resolution. Specifically but without limitation, the Resolution shall be considered an amendment of each of the Prior System Facilities Resolutions.

Regardless of the defeasance of any series of Prior System Bonds in accordance with the provisions of the Prior System Facilities Resolution pursuant to which such series of Prior System Bonds was issued and the release of the pledge of System Revenues with respect the thereto, such Prior System Facilities Resolution shall remain in force and effect as a component of the financing program for the System Facilities established in the Initial System Facilities Resolution, and any references in the Resolution to a Prior System Facilities Resolution shall be to such resolution as amended or supplemented by the subsequent Prior System Facilities Resolutions and the Resolution. Specifically but without limitation, the Initial System Facilities Resolution shall remain in full force and effect despite the defeasance of the Series 1993 Bonds and the release of the pledge of System Revenues to secure the Series 1993 Bonds pursuant to the terms of the Resolution in accordance with Section 1301 of the Initial System Facilities Resolution.

Potential Modification of: (1) Security for Bonds; (2) Bonds as to which System Revenues Provide Security; and (3) Parity Lien Bond Test

The University created a financing program for the System Facilities in the Initial System Facilities Resolution, which financing program has been ratified and confirmed by each of the Prior System Facilities Resolutions and has been ratified and confirmed. The University reserves the right to add other facilities and properties to this financing program and to make the Bonds and the security for the Bonds part of a future facility financing program that may be adopted by the University.

Accordingly, notwithstanding any provision in the Resolution to the contrary, the University shall have the right to do any or all of the following (as specified by the University in a subsequent resolution of its Board or Executive Committee) provided that, upon the occurrence of such of the following as are to occur, the Bonds retain a rating from any national rating service then rating the Bonds at the request of the University at least equal to that in effect immediately prior to the occurrence of such of the following as are to occur:

(a) change the security for the Bonds (including, but not limited to, the type of revenues, fees and reserves pledged) to add a new type of revenues, fees and reserves to or delete a type of revenues, fees and reserves from the System Revenues or the System Facilities;

(b) add or delete new types of facilities or properties of the University to the System Facilities financed by Bonds;

(c) secure any other bonds or obligations of the University, whether issued prior to or subsequent to the date of the Resolution, by the System Revenues as long as any other security for such other bonds or obligations also secure the Bonds; or

(d) issue Additional Bonds secured by the System Revenues and other security described in (a), (b) or (c) above without meeting the requirements of the Resolution.

Addition of System Facilities and System Revenues. Pursuant to and in furtherance of the foregoing provisions and of the provisions of the Prior System Facilities Resolutions, the University has determined to add the facilities of the University constituting the Projects to be financed with the proceeds of the Series 2009B Bonds to the System Facilities, all as more fully provided in the Resolution, has determined to add the revenues of such facilities of the University to the System Revenues, all as more fully provided in the Resolution, and pledges the System Revenues, as so amended, to the payment of the Series 2009B Bonds, the Series 2009A Bonds, all outstanding Prior System Bonds, and any Additional Bonds issued in accordance with the terms of the Resolution and the Prior System Facilities Resolutions, on a parity basis.

Miscellaneous Provisions

Notices, Consents and Other Instruments by Bondowners. Any notice, consent, request, direction, approval, objection or other instrument required by the Resolution to be signed and executed by the Owners of the Bonds may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondowners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of the Resolution, and shall be conclusive in favor of the University and the Paying Agent and Bond Registrar with regard to any action taken, suffered or omitted under any such instrument, namely:

(a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the registration books of the University maintained by the Paying Agent and Bond Registrar.

Governing Law. The Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State of Missouri.

III. SUMMARY OF THE CONTINUING DISCLOSURE CERTIFICATE

The following is a summary of certain provisions contained in the Continuing Disclosure Certificate. Such summary does not purport to be a complete statement of the terms of the Continuing Disclosure Certificate and accordingly is qualified in its entirety by reference thereto and is subject to the full text thereof.

Definitions

"Annual Report" means any Annual Report provided by the University pursuant to, and as described in, the Disclosure Certificate.

"Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2009B Bonds (including persons holding Series 2009B Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2009B Bonds for federal income tax purposes.

"Dissemination Agent" means the University or any successor Dissemination Agent designated in writing by the University and which has filed with the University a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system for municipal securities disclosures operated by the MSRB, which can be accessed at www.emma.msrb.org.

"Material Events" means any of the events listed in the Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

"Participating Underwriter" means any of the original underwriters of the Series 2009B Bonds required to comply with the Rule in connection with offering of the Series 2009B Bonds.

"Paying Agent and Bond Registrar" means Commerce Bank, N.A., acting in its capacity as Paying Agent and Bond Registrar under the Resolution, or any successor Paying Agent and Bond Registrar designated by the University in accordance with the Resolution.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" means the State of Missouri.

Provision of Annual Reports

(a) The University shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the University's fiscal year (which currently ends on June 30 of each year), commencing with the report for the fiscal year ended June 30, 2009, provide to the MSRB, through EMMA, an Annual Report which is consistent with the requirements of the Disclosure Certificate. The University shall provide a written certificate with the Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the University under the Resolution.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in the Disclosure Certificate; provided that the audited financial statements of the University may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the University's fiscal year changes, it shall give notice of such change in the same manner as for a Material Event.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the University shall provide the Annual Report to the Dissemination Agent and the Paying Agent and Bond Registrar (if the Paying Agent and Bond Registrar is not the Dissemination Agent). If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the University and request that the University comply with the first sentence of this subsection.

(c) If the Dissemination Agent has not received an Annual Report by the date required in subsection (a), the Dissemination Agent shall send a notice to the Participating Underwriters, to the Paying Agent and Bond Registrar and to the MSRB through.

(d) The Dissemination Agent shall provide notice to the University and the Paying Agent and Bond Registrar certifying that the Annual Report has been provided to the MSRB pursuant to the Disclosure Certificate, stating the date it was provided, or that the University has certified to the Dissemination Agent that the University has provided the Annual Report to the MSRB.

Content of Annual Reports

The University's Annual Report shall contain or include by reference the following:

(a) The CUSIP identification numbers for the Series 2009B Bonds.

(b) The audited financial statements of the University for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Governmental Accounting Standards Board. If the University's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to the Disclosure Certificate, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(c) The audited financial statements of the University of Missouri System Facilities Revenue Bond Fund for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Governmental Accounting Standards Board. If the audited financial statements of the University of Missouri System Facilities Revenue Bond Fund are not available by the time the Annual Report is required to be filed pursuant to the Disclosure Certificate, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(d) Updates as of the end of the prior fiscal year of certain financial information and operating data contained in the final Official Statement in substantially the same format contained in the final Official Statement, as follows:

(1) PLEDGED REVENUES OF THE SYSTEM – Historical Pledged System Revenues;
(2) THE UNIVERSITY – University Health System – Utilization Data (including gross patient service revenue payor mix);
(3) THE UNIVERSITY – University Health System – Summary Financial Information;
(4) THE UNIVERSITY – Enrollment (Full- and Part-Time);
(5) THE UNIVERSITY – Student Applications, Acceptances and Matriculations;
(6) THE UNIVERSITY – Student Quality Indicators;
(7) THE UNIVERSITY – Full-Time Ranked Faculty;
(8) THE UNIVERSITY – Endowment Funds and Other Investments;
(9) THE UNIVERSITY – Undergraduate Student Fees;
(10) THE UNIVERSITY – Financial Aid;
(11) THE UNIVERSITY – Summary Financial Information of the Plan; and
(12) THE UNIVERSITY – Plan Investments.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of issues with respect to which the University is an "obligated person" (as defined by the Rule), which have been filed with the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The University shall clearly identify each such other document so included by reference.

Reporting of Significant Events

Pursuant to the provisions of this Section, the University shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2009B Bonds, if material:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults;
(3) modifications to rights of Bondholders;
(4) optional, contingent or unscheduled bond calls;
(5) defeasances;
(6) rating changes;
(7) adverse tax opinions or events affecting the tax-exempt status of the Series 2009B Bonds;
(8) unscheduled draws on debt service reserves reflecting financial difficulties.
(9) unscheduled draws on credit enhancements reflecting financial difficulties;
(10) substitution of credit or liquidity providers, or their failure to perform;
(11) release, substitution or sale of property securing repayment of the Series 2009B Bonds.

If knowledge of the occurrence of a Material Event would be material under applicable federal securities laws, the University shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence.

If the Dissemination Agent has been instructed by written notice from the University to report the occurrence of a Material Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB, through EMMA, with a copy to the University, the Paying Agent and Bond Registrar and the Participating Underwriters. Notwithstanding the foregoing, notice of Material Events described above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Series 2009B Bonds pursuant to the Resolution.

Amendment; Waiver

Notwithstanding any other provision of the Disclosure Certificate, the University and the Dissemination Agent may amend the Disclosure Certificate (and the approval of the Dissemination Agent shall not be unreasonably withheld) and any provision of the Disclosure Certificate may be waived, provided that the University receives an opinion of counsel with federal securities law expertise to the effect that the Disclosure Certificate, as so amended, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Disclosure Certificate.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the University shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the University. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Material Event under the Disclosure Certificate, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default

In the event of a failure of the University or the Dissemination Agent to comply with any provision of the Disclosure Certificate, the Dissemination Agent or the Paying Agent and Bond Registrar may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Series 2009B Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the University or the Dissemination Agent, as the case may be, to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the University or the Dissemination Agent to comply with the Disclosure Certificate shall be an action to compel performance.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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[FORM OF APPROVING OPINION OF BOND COUNSEL]

July __, 2009

The Curators of the University of Missouri
Columbia, Missouri

Commerce Bank, N.A., as Paying Agent and
Bond Registrar
Kansas City, Missouri

Re: **$75,760,000 The Curators of the University of Missouri System Facilities Revenue Bonds, Series 2009B**

Ladies and Gentlemen:

The Curators of the University of Missouri (the "University"), a body politic and state educational institution organized and existing under the Constitution and laws of the State of Missouri, has on this date issued its System Facilities Revenue Bonds, Series 2009B (the "Series 2009B Bonds") in the aggregate principal amount of $75,760,000, dated as of their date of issuance.

The Series 2009B Bonds have been authorized and issued under and pursuant to the Constitution and laws of the State of Missouri, including in particular Article IX, Section 9 of the Constitution of the State of Missouri and Chapters 172 and 176 of the Revised Statutes of Missouri, each as amended (collectively, the "Act"). The Series 2009B Bonds are further issued pursuant to a Resolution adopted by the Board of Curators of the University of the State of Missouri (the "Board") on June 5, 2009, and a Resolution adopted by the Executive Committee of the Board (the "Executive Committee") on July 16, 2009 (collectively, the "Resolution"), for the purpose of paying a portion of the costs of acquiring, constructing, erecting, equipping and furnishing certain additions and improvements to the System Facilities (as defined in the Resolution), paying capitalized interest on a portion of the Series 2009B Bonds and paying costs of issuance of the Series 2009B Bonds. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Resolution.

The Series 2009B Bonds are not general obligations of the University or payable in any manner by taxation, but are limited obligations of the University payable solely from the sources specified in the Resolution; the Series 2009B Bonds and the interest thereon shall never constitute an indebtedness of the University or a loan of credit thereof within the meaning of any state constitutional or statutory provision and shall not constitute or give rise to a pecuniary liability of the University or a charge against its general credit.

The Series 2009B Bonds consist of fully registered bonds without coupons numbered from R-1 consecutively upward, in the denomination, maturing, being subject to earlier redemption or purchase and bearing interest all as set forth in the Resolution.

The principal of the Series 2009B Bonds shall be payable at the payment office of Commerce Bank, N.A., Kansas City, Missouri (the "Paying Agent and Bond Registrar"). The interest on the Series 2009B Bonds shall be payable by the Paying Agent and Bond Registrar on each Interest Payment Date to the persons in whose names the Series 2009B Bonds are registered at their addresses as they appear on the Bond registration books maintained by the Bond Registrar on the Record Date preceding such Interest Payment Date.

In connection with the issuance of the Series 2009B Bonds, we have examined the following:

A. The Constitution of the State of Missouri, the Act and such other laws as we deem relevant to this opinion.

B. A certified copy of the proceedings of the Board and the Executive Committee, preliminary to and in connection with the issuance of the Series 2009B Bonds, authorizing, among other things, the following:

(i) the issuance, sale and delivery of the Series 2009B Bonds; and

(ii) the execution and delivery of the Tax Compliance Agreement (the "Tax Compliance Agreement") dated as of even date herewith, of the University, and the Bond Purchase Agreement dated as of July 16, 2009 with respect to the Series 2009B Bonds ("Bond Purchase Agreement").

C. An original certified copy of the Resolution and executed counterparts of the Tax Compliance Agreement and the Bond Purchase Agreement.

D. A specimen of the Series 2009B Bonds.

E. Representations and certifications of the University, J.P. Morgan Securities Inc., as representative of the underwriters of the Series 2009B Bonds, and Commerce Bank, N.A., the financial advisor to the University.

F. The opinion of even date herewith of Stephen J. Owens, Esq., General Counsel to the University.

G. Such other matters, laws and documents as we deem necessary for purposes of this opinion.

In rendering the opinions set forth herein we have assumed, without undertaking to verify the same by independent investigation, (a) as to questions of fact, the accuracy and completeness of all representations of the University set forth in the Resolution, the Bond Purchase Agreement and the Tax Compliance Agreement and all representations and certifications of officers, officials and representatives of the University and others examined by us, (b) the conformity to original documents of all documents submitted to us as copies and the authenticity of such original documents and all documents submitted to us as originals, (c) that the proceeds of the Series 2009B Bonds will be used in accordance with the Resolution, the Bond Purchase Agreement and the Tax Compliance Agreement and (d) that all covenants and requirements of the Resolution, and the Tax Compliance Agreement will be duly complied with and fulfilled.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated July 16, 2009, with respect to the Series 2009B Bonds (the "Official Statement") or other offering material relating to the Series 2009B Bonds (except to the extent stated herein), and we express no opinion relating thereto (except to the extent stated herein).

Based upon the foregoing and subject to the exceptions and clarifications set forth herein, we are of the opinion, as of the date hereof and under existing law, that:

1. The Series 2009B Bonds are in proper form, have been authorized and issued in accordance with the Constitution and statutes of the State of Missouri, and constitute valid and legally binding special obligations of the University, payable solely from, and secured as to the payment of principal and interest by a pledge of, the gross income and revenues derived by the University from the following (collectively, the "System Revenues"): (a) the ownership and/or operation of the System Facilities; (b) the imposition and collection of certain specifically assessed student fees and stadium usage surcharges; and (c) a portion of the Tuition and Fees collected from all students attending the University designated by the University as a Student System Facilities Fee in connection with the System Facilities in an amount equal to the maximum annual debt service in any Fiscal Year for debt secured by the System Revenues. The Series 2009B Bonds shall not be or constitute general obligations of the University, nor shall they constitute indebtedness of the University within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

2. The Resolution and the Tax Compliance Agreement have been duly authorized, executed and delivered by the parties thereto and each such instrument is a legal and binding instrument upon the parties thereto according to its terms and is in full force and effect, assuming due authorization, execution and delivery by the other party thereto, except to the extent that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency or other similar laws affecting creditors' rights generally or by general principles of equity, whether enforcement is considered in a proceeding at law or in equity. In rendering the opinion under this paragraph, we have relied on the representations and certifications of the University referred to above and the opinion of counsel for the University referred to above.

3. The proceedings of the University show lawful authority for the issuance and delivery of the Series 2009B Bonds under the laws of the State of Missouri now in force; the Series 2009B Bonds, to the amounts specified, are valid and legally binding upon the University according to the import thereof and as provided in the Resolution, and are secured thereunder, except to the extent that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency or other similar laws affecting creditors' rights generally or by general principles of equity, whether enforcement is considered in a proceeding at law or in equity; the Series 2009B Bonds are and will continue to be payable by the University solely from the System Revenues (and as otherwise provided in the Resolution); said System Revenues have been duly assigned and pledged to the payment of the principal of, premium, if any, and interest on the Series 2009B Bonds as the same become due.

4. Interest on the Series 2009B Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes. The opinion set forth in the preceding sentence is subject to the condition that the University comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied in order that the interest on the Series 2009B Bonds be, and continue to be, excluded from gross income for federal income tax purposes. The University has covenanted to comply with all such requirements. Failure to comply with the requirements of the Code may cause interest on the Series 2009B Bonds (including any original issue discount properly allocable to an owner thereof) to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2009B Bonds.

5. Interest on the Series 2009B Bonds (including any original issue discount properly allocable to an owner thereof) (a) is not a specific item of tax preference for purposes of the federal

alternative minimum tax on corporations and other taxpayers, including individuals, and (b) is not included in adjusted current earnings for purposes of determining federal corporate alternative minimum tax liability.

6. The Series 2009B Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code (relating to financial institution deductibility of interest expense).

7. Interest on the Series 2009B Bonds (including any original issue discount properly allocable to an owner thereof) is exempt from income taxes imposed by the State of Missouri under Chapter 143 of the Revised Statutes of Missouri, as amended. No opinion is expressed regarding the applicability with respect to the Series 2009B Bonds or the interest on the Series 2009B Bonds (including any original issue discount properly allocable to an owner thereof) of the taxes imposed by the State of Missouri on financial institutions under Chapter 148 of the Revised Statutes of Missouri, as amended.

We express no opinion regarding federal, state or local tax consequences arising with respect to the Series 2009B Bonds, other than as expressly set forth herein.

This letter is furnished by us solely for your benefit and may not be relied upon by any other person or entity or in connection with any other transaction without our prior consent. The opinions set forth in this letter are given as of the date hereof, and we disclaim any obligation to advise the addressees or to revise or supplement this letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. Other than as expressly set forth herein, we express no opinion herein relative to compliance with federal or state securities laws.

Very truly yours,

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THE CURATORS OF THE UNIVERSITY OF MISSOURI • SYSTEM FACILITIES REVENUE BONDS, SERIES 2009B

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