This Annual Report (this "Annual Report") is prepared by Loyola University of Chicago, an Illinois not for profit corporation (the "University"), in compliance with (a) the Continuing Disclosure Agreement (the "2012B Continuing Disclosure Agreement") dated as of May 31, 2012, entered into in connection with the Illinois Finance Authority (the "Authority") Revenue Bonds, Loyola University of Chicago, Series 2012B (the "Series 2012B Bonds"); (b) the Voluntary Continuing Disclosure Undertaking Agreement (the "2011 Voluntary Continuing Disclosure Agreement") dated as of August 15, 2011, entered into in connection with the Authority Commercial Paper Revenue Notes (Loyola University of Chicago Financing Program) (the "2008 Commercial Paper Revenue Notes"); (c) the Continuing Disclosure Agreement (the "2007 Continuing Disclosure Agreement") dated as of April 12, 2007, entered into in connection with the Authority Revenue Bonds, Loyola University of Chicago, Series 2007 (the "Series 2007 Bonds"); (d) the Continuing Disclosure Agreement (the "2003 Continuing Disclosure Agreement") dated as of July 16, 2003, entered into in connection with the Authority (as successor to the Illinois Educational Facilities Authority) Revenue Bonds, Loyola University of Chicago, Series 2003A (the "Series 2003A Bonds") and Series 2003B (the "Series 2003B Bonds"); and (e) the Continuing Disclosure Agreement (the "1997C Continuing Disclosure Agreement") dated as of July 9, 1997

The University's historical audited consolidated financial statements provided in previous years' annual

Selected Consolidated Financial Information
($000's)

	Fiscal Year Ended June 30	
	2012	**2011**
Cash Equivalents and Short-Term Investments	$370,806	$80,354
Endowment and Other Long-Term Investments	444,047	400,304
Land, Building and Equipment (net of depreciation)	912,629	788,048
Receivable from Trinity Health	75,000	212,003
Other Assets		

related to a reduction in the post-closing reconciliation payment, and a $3.7 million loss related to the net impact of property transfers on the Health Sciences/Medical Center Campus a decreased cash flow requirement of $4.3 million. Debt service of $23.4 million in fiscal year 2012 was 5.2% of operating expenses.

Fiscal year 2012 capital expenditures totaled $157.7 million. Significant capital expenditures were related to academic and student life buildings. Cuneo Hall, which was completed in May 2012, is a four-story academic center that uses vanguard technology to reduce its carbon footprint and increase energy efficiency. The Center for Collaborative Studies/School of Nursing building was substantially completed in fiscal year 2012 and is home to new nursing classrooms and administrative offices, a state-of-the art clinical simulation center, and the health sciences library. The University also focused on various residence facilities' construction and revolving loan basis. Borrowings under the line of credit may bear interest at rates based on LIBOR, PNC's Prime Rate, or other negotiated rates. During the fiscal year ended June 30, 2011, there was no balance outstanding nor any interest paid on any line of credit.

Fiscal year 2011 capital expenditures totaled $113.4 million. Significant improvements were made to the

Financial Aid. During the 2011-12 academic year, approximately 14,040 students of the University received approximately $377 million in financial aid. The sources of these funds were: the State of Illinois (3%), federal programs (57%), University funds which include scholarships and grants (34%) and direct awards to students from various sources (6%). Approximately 88% of the University's full-time students received some form of financial aid. Financial aid information for the 2012-13 academic year is not yet available. The following table presents total student financial aid by source.

Total Student Financial Aid
($000's)

Academic Year	Federal	Illinois	University	Other	Total
2007-08..................................					

Cash and Investments

The market value of the University's cash and investments (collectively, "Total Investments") at June 30, 2008 through June 30, 2012 and the total return on Total Investments for the fiscal years then ended are set forth in the table below. The University records investment results net of management fees.

Outstanding Long-Term Indebtedness

The following table sets forth the total outstanding long-term indebtedness of the University as of June 30, 2012. No indebtedness of any University affiliate is included, and short-term indebtedness, including a 364-day Credit Agreement with PNC Bank, National Association, under which the University may borrow up to $20 million on a revolving loan basis, is excluded. The University routinely assesses its capital needs and borrowing plans on a regular basis.

Long-Term Indebtedness

	Year of Final Maturity	Interest Rates	Amount Outstanding (June 30, 2012) ($000's)
Installment Note, 6542-48 N. Sheridan	2015	9.50%	$ 298
City of Chicago Loan[(2)]	2012	0.00%	62
Series 1997C Bonds[(3)]	2012	7.10%	5,380
Fixed-Rate Medium-Term Notes	2017	7.52%	21,100
Series 2003B Bonds	2021	5.60%	37,520
Series 2003C Bonds	2018	4.80%-5.30%	40,805
Series 2007 Bonds[(4)]	2024	4.00%-5.00%	26,670
2008 Commercial Paper Revenue Notes[(5)]	2038	0.20%	74,040
Installment Note, Rome Center[(6)]	2029	1.51%	11,925
2011 Term Loan	2018	2.36%	113,500
Series 2012A Bonds[(7)]	2042	3.199-4.626%	157,220
Series 2012B Bonds[(8)]	2042	2.00-5.00%	92,215
Total			$580,735

2012 between the University and the Authority (the “Loan Agreement”) for the Series 2012B Bonds to comply with the Additional Indebtedness test in the Master Indenture (as amended solely through the Sixth Supplemental Master Indenture), but only for such period that Obligations remain outstanding under the Master Indenture. In the event that the Master Indenture is discharged in full and no Obligations remain outstanding thereunder in accordance with its terms, the provisions of the Indenture and the Loan Agreement applying the Additional Indebtedness test will terminate and be of no further force and effect.

Under the first alternative, a capitalization test, the University must demonstrate that Funded Indebtedness, including any contemplated new debt, does not exceed 50% of total University capitalization (defined as the sum of indebtedness plus net assets). Under the second alternative, a debt service coverage test, the Maximum Annual Long-Term Debt Service on all Funded Indebtedness of the University, including the debt to be issued, may not exceed 10% of (a) the average of University operating Revenues (as defined under the Master Indenture) for the two most recent Fiscal Years or (b) if the University elects, and the new debt is to finance capital improvements, the

In addition, so long as (a) the 364-day revolving credit agreement dated February 28, 2011 between the University and PNC Bank, National Association remains in effect; or (b) the Term Loan Agreement dated November 17, 2011 between the University and PNC Bank, National Association (the "Term Loan Agreement"), in connection with the 2011 Term Loan, remains in effect; or (c) any 2008 Commercial Paper Revenue Notes remain outstanding that are secured by the PNC Commercial Paper Facility, the University is required to meet the same tests for the incurrence of Additional Indebtedness as those required under the Master Indenture, including that the University may not issue Additional Indebtedness unless the University satisfies either of the following:

if the University elects to satisfy the capitalization test described above, then it must also comply with either the maximum annual long-term debt service coverage test described above, or one of the following two tests:

the Maximum Annual Debt Service Coverage Ratio of the University for the most recent Fiscal Year on all Funded Indebtedness, including the debt to be issued, must be not less than 1.20 to 1, or

the Debt Service Coverage Ratio of the University for the most recent Fiscal Year on all Funded Indebtedness, but not the debt to be incurred, is not less than 1.20 to 1 and a consultant's report shows that taking the proposed debt into account, the Projected Debt Service Coverage Ratio for the two full Fiscal Years following the issuance (or, for a capital project, the two full Fiscal Years following completion) is not less than 1.20 to 1. If the Projected Debt Service Coverage Ratio is at least 1.30 to 1, the University may deliver an officer's certificate in lieu of such consultant's report;

or

if the University elects to satisfy the Maximum Annual Long-Term Debt Service Coverage test first described above, then it must also comply with either the capitalization test or the University's unrestricted net assets plus temporarily restricted net assets minus net investment in plant must be at least 65% of all long-term debt, including the debt to be issued.

In addition, so long as the Term Loan Agreement remains in effect, the University must maintain a Debt Service Coverage Ratio at the end of each Fiscal Year, for the Fiscal Year then ended, of at least 1.20 to 1.0. The Debt Service Coverage Ratio of the University at June 30, 2012 is 5.42 to 1.00.

The maximum annual debt service coverage of the University at June 30, 2012 is 2.65 to 1.00 and the unrestricted plus temporarily restricted net assets minus investment in plant at that date is 120% of long-term debt, each calculated as required by the Master Indenture.

While the Series 1997C Bonds were outstanding (as of J

Center for Health and Fitness, the Cardinal Bernardin Cancer Center (subject to a 99-year leasehold interest for the portion of the building currently used by LUMC) and the space for the new research facility. The north end of the campus is owned by LUMC, and includes the primary hospital building and other inpatient facilities and related infrastructure. The south end of the campus is also owned by LUMC and includes outpatient/ambulatory facilities.

Trinity, including the Health System and LUMC, derives a significant portion of its revenues from Medicare, Medicaid and other third-party payor programs. The receipt of future revenues by Trinity and the Health System, including LUMC, is subject to, among other factors, federal and state policies and procedures affecting the healthcare industry, increased competition and other conditions that are not possible to predict. Developments in the healthcare industry, including increases in managed care arrangements, have significantly increased competitive pressures and seek to restrain the growth in healthcare spending by employers, insurers, health maintenance organizations and other payors. No assurance can be given that Trinity, including the Health System and LUMC,