

**The Regents of the University of California
Revenue Bonds (Multiple Purpose Projects)
Special Purpose Statement of Income and Expenses
For the Year Ended June 30, 2009
and Report of Independent Auditors**

Report of Independent Auditors

To The Regents of the University of California:

We have audited the accompanying special purpose statement of income and expenses (the "financial statement") of The Regents of the University of California Revenue Bonds (Multiple Purpose Projects) ("Multiple Purpose Projects") for the year ended June 30, 2009. This financial statement is the responsibility of the University of California's management. This financial statement was prepared pursuant to the provisions of Section 6.06 of The Regents of the University of California Revenue Bonds (Multiple Purpose Projects) Indenture (the "Indenture") between The Bank of New York, N.A. (as successors in interest to BNY Western Trust Company), as successor trustee under the Indenture, and The Regents of the University of California. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Notes 1 and 2, the financial statement is not intended to be a complete presentation of the Multiple Purpose Projects' income and expenses, and is intended to present the income and expenses of only that portion of the business-type activities of the University of California that are attributable to the Multiple Purpose Projects. This financial statement does not purport to, and does not, present fairly the financial position of the University of California (the "University") as of June 30, 2009, and the respective changes in financial position and cash flows of the University for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the excess of income over expenses of the Multiple Purpose Projects pledged under the Indenture as described in Notes 1 and 2 for the year ended June 30, 2009, in conformity with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

October 30, 2009

**The Regents of the University of California Revenue Bonds
(Multiple Purpose Projects)
Special Purpose Statement of Income and Expenses
For the Year Ended June 30, 2009
(in thousands)**

Income

Sales and service	\$ 75,728
Other revenue	<u>396,075</u>
Total income	<u>471,803</u>

Expenses

Administration	
Repairs and maintenance	
Supplies and services	
Telephone	
Utilities	
Other	<u> </u>
Total expenses	<u> -</u>
Excess of income over expenses	<u>\$ 471,803</u>

The accompanying notes are an integral part of this special purpose financial statement.

The Regents of the University of California Revenue Bonds (Multiple Purpose Projects)

Notes to Special Purpose Statement of Income and Expenses For the Year Ended June 30, 2009

1. Organization

The Regents of the University of California Revenue Bonds (Multiple Purpose Projects) ("Multiple Purpose Projects") are contained within The University of California (the "University"), a public, state-supported institution. The accompanying special purpose statement of income and expenses is prepared pursuant to the provisions of Section 6.06 of the Indenture (the "Indenture") relating to The Regents of the University of California Revenue Bonds (Multiple Purpose Projects). Outstanding bonds at June 30, 2009 include all, or a portion, of Series L dated September 1, 2000; Series M dated July 20, 2001; Series N dated October 31, 2001; Series O and P dated July 2, 2002; and Series Q dated May 20, 2003 (collectively, the "Revenue Bonds").

The bond proceeds were used to finance and refinance the acquisition, construction, renovation and improvement of certain facilities of the University, including student housing, faculty housing, parking facilities, student centers, recreation and events facilities, student health service facilities and certain academic and administrative facilities, and to finance certain seismic and life safety and facilities renewal projects of the University.

2. Summary of Significant Accounting Policies

The special purpose financial statement of the Multiple Purpose Projects has been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), including all applicable effective statements of the Governmental Accounting Standards Board ("GASB") and all statements of the Financial Accounting Standards Board issued through November 30, 1989, using the economic resources measurement focus and the accrual basis of accounting. While this special purpose financial statement is presented in accordance with GAAP, it omits a statement of financial position, cash flows and other disclosures and, as such, is not intended to constitute a complete presentation of the financial position, results of operations and cash flows of the Multiple Purpose Projects.

Sales and services represent income from projects that do not have senior lien obligations or a pro rata allocation from projects with parity lien obligations. Other revenue available after senior lien obligations represents gross revenue of projects that have senior lien obligations up to the level of senior lien net revenue after senior lien obligations have been paid, including operations and maintenance of all senior lien projects (including these projects) and senior lien debt service.

Expenses represent the operating expenses of the projects that do not have senior lien obligations. As all Multiple Purpose Projects include senior or parity lien obligations, there are no operating expenses to report.

In accordance with the terms of the Indenture, investment income and interest expenses which are nonoperating items are not reflected in the special purpose statement of income and expenses.

The preparation of the special purpose statement of income and expenses, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of income and expenses at the date of the special purpose financial statement. Actual results could differ from those estimates.

**The Regents of the University of California Revenue Bonds
(Multiple Purpose Projects)
Notes to Special Purpose Statement of Income and Expenses
For the Year Ended June 30, 2009**

3. Refinanced and Retired Revenue Bonds

Outstanding Revenue Bond Series K was defeased in the fiscal year ended June 30, 2009.

In prior years, outstanding Revenue Bonds, Series A, B, C, D, E, F, G, H, I and J were defeased.

4. Revenue Bonds Outstanding

Revenue bonds outstanding are as follows as of June 30, 2009 (in thousands of dollars):

	Annual Interest Rate Range	Dates of Maturity	Annual Principal Payments in Increasing Amounts	Principal Amount Outstanding
Series L	4.2%	9/1/2009	\$4,430	\$ 4,430
Series M	5.1%	9/1/2009	\$2,990	2,990
Series N	4.4%	9/1/2009	\$2,935	2,935
Series O	5.8%	9/1/09 – 9/1/2010	\$6,450 – \$6,820	13,270
Series P	4.0%	9/1/09 – 9/1/2011	\$1,150 – \$1,240	3,585
Series Q	3.0% – 5.0%	9/1/09 – 9/1/2027	\$6,990 – \$15,885	160,295
Total				\$ 187,505

The bonds are collateralized by the excess of income over expenses (net revenues) of the various projects which they finance, subject to senior and/or parity claims. Included in net revenues of certain projects that are generally non-revenue producing facilities are federal indirect cost reimbursement funds.

Scheduled debt service in the amount of \$35,241,107 representing principal of \$23,845,000 and interest of \$11,396,107 was paid for series L, M, N, O, P and Q during the year ended June 30, 2009. In addition, the final scheduled debt service in the amount of \$6,488,250 was paid for the defeased series K bond during the year ended June 30, 2009.

5. Net Revenue Requirement

The Indenture requires that current year net revenues (as defined in Note 4) equal or exceed 1.25 times the aggregate annual debt service less amounts funded from bond proceeds (\$41,729,357 for the year ended June 30, 2009). As of June 30, 2009, the University had met this requirement.