Financial Report

UNIVERSITY OF PENNSYLVANIA

For the seven months ending January 31, 2005

(with comparison to the prior seven month fiscal period, unless otherwise noted)

(The following information represents the unaudited results for the period.)

CONSOLIDATED UNIVERSITY - (ACADEMIC & HEALTH SYSTEM):

- Total net assets (unrestricted, temporarily restricted and permanently restricted) increased $346.0 million (+5.9%) to $6.234 billion since June 30, 2004.
- Net assets from operating activities increased $37.6 million compared to an decrease of $4.2 million for the prior fiscal year.
- Total operating revenue increased by $171.2 million (+8.0%) to $2.303 billion.
- Total expenses increased $129.5 million (+6.1%) to $2.266 billion.
- Net assets from non-operating activities increased $308.4 million, as compared to a gain of $406.1 million in the prior fiscal year.
- The total endowment value as of January 31, 2005 is $4.236 billion, an increase of $217 million since June 30, 2004.
- Plant assets, net of depreciation, increased $36.2 million (+1.4%) since June 30, 2004.
- Cashflow from operating activities increased $154.9 million compared to the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets increased $252.5 million (+4.8%) to $5.559 billion driven by investment performance, non-operating contributions and increased operating revenues.
- Net assets from operations increased $9.7 million compared to a $25.1 million decrease for the prior fiscal year.
- Total revenue and other support increased $62.8 million (+6.1%) over FY 2004 to a total of $1.092 billion led by increased contributions, sponsored program revenue (including indirect cost recoveries) and tuition and fees (net of student aid).
• Total expenses increased $28.0 million (+2.7%) over FY 2004 to a total of $1.082 billion primarily due to an increase in salaries and wages (including grant and non-grant funded).

• Net assets from non-operating activities increased $242.8 million, as compared to a gain of $364.8 million in the prior fiscal year.

• Total contributions (operating and non-operating) increased $80.0 million (+75.8%) led by gifts to endowment.

• The total endowment value (University only) increased $206.4 million (+6.0%) to $3.655 billion since June 30, 2004.

• Plant assets, net of depreciation, increased $36.6 million (+1.8%) since June 30, 2004.

• Cashflow from operating activities increased by $36.2 million (+15.5%) as compared to the prior fiscal year.

• Cash and investments held for current operations increased $183.1 million (+36.1%) compared to the levels held on June 30, 2004.

HEALTH SYSTEM COMPONENT:

• Compared to the prior year, adult admissions were 2.3% higher (+883); surgical admissions were 8.9% higher (+1,251); and outpatient activity, which includes outpatient visits, ER visits and ambulatory surgeries, was 0.6% higher (+7,327).

• Total unrestricted net assets increased $75.2 million (+38.8%) since June 30, 2004 to $269.2 million due to positive operating performance and the gain recognized on the sale of the Phoenixville Hospital.

• Operating revenue of $1.231 billion was higher than the comparable prior-year period by $108.5 million (+9.7%).

• Total operating expense of $1.192 billion was higher than the comparable prior-year period by $101.9 million (+9.3%).

• Excess of revenues over expenses from operations totaled $38.4 million which was $6.6 million (+20.9%) higher than the prior year results.

• Non-operating revenue totaled $14.5 million which was consistent with the comparable prior-year period.

• Excess of revenue over expenses (before transfers) totaled $90.9 million and was higher than the prior year by $44.1 million (+94.3%).

• Plant assets, net of depreciation, decreased $0.4 million to $587.9 million since June 30, 2004.
• Overall unrestricted liquidity improved from the period ended June 30, 2004, as days-cash-on-hand increased from 94.5 to 81.4 days.

• The inter-company liability due the University totaled $4.3 million which compares favorably to the $6.8 million balance of June 30, 2004.

• Days-in-accounts-receivable decreased from 71.2 days to 59.7 days for the period ending June 30, 2004.