Financial Report
UNIVERSITY OF PENNSYLVANIA
For the three months ending September 30, 2006
(with comparison to the prior fiscal year, unless otherwise noted)
(The following information represents the preliminary, unaudited results for the period.)

CONSOLIDATED UNIVERSITY - (ACADEMIC & HEALTH SYSTEM):

- Total net assets (unrestricted, temporarily restricted and permanently restricted) increased $243.1 million (+3.3%) since June 30, 2006 to $7.566 billion.
- Net assets from operating activities increased $87.9 million, an 83.9% improvement over the prior fiscal year’s first quarter results.
- Total operating revenue increased by $98.9 million (+9.3%) to $1.165 billion.
- Total expenses increased $58.8 million (+5.8%) to $1.077 billion.
- Net assets from non-operating activities increased $155.2 million as compared to a gain of $185.5 million in the prior fiscal year.
- The total endowment value as of September 30, 2006, is $5.506 billion, a $193 million (+3.6%) increase over June 30, 2006.
- Plant assets, net of depreciation, increased $47.1 million (+1.6%) since June 30, 2006.
- Cashflow from operating activities equaled $181.7 million compared to $137.9 million in the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets increased $151.2 million to $6.504 billion since June 30, 2006 led by investment performance, contributions and operating performance.
- Net assets from operations increased $6.3 million compared to a $4.9 million increase for the prior fiscal year.
- Total revenue and other support increased $21.7 million (+4.4%) over FY06 to a total of $514.7 million led by tuition and fees (net of student aid), operating investment income and contributions.
- Total expenses increased $20.2 million (+4.1%) over FY06 to a total of $508.4 million primarily due to an increase in compensation and depreciation.
• Net assets from non-operating activities increased $144.9 million, consistent with an increase in net assets of $148.5 million in the prior fiscal year.

• Total contributions (operating and non-operating) during the quarter declined $6.8 million (-15.2%) compared to the prior year.

• The total endowment value (University only) increased $166.4 million (+3.8%) since June 30, 2006 to $4.582 billion.

• Plant assets, net of depreciation, of $2.255 billion were consistent with June 30, 2006 results.

• Cashflow from operating activities totaled $91.5 million during the first quarter of FY07 which compares favorably to the prior period results ($75.9 million).

• Cash and investments held for current operations increased $24.5 million over June 30, 2006 levels to $510.1 million.

HEALTH SYSTEM COMPONENT:

• Adjusted admissions increased 5.0% (+1,290) over the comparable quarter in FY06.

• Total unrestricted net assets increased $89.7 million since June 30, 2006 to $611.7 million primarily due to strong operating performance and investment performance.

• Total operating revenue of $648.7 million was 13.0% higher (+$74.7 million) than the comparable prior-year period driven by higher net patient service revenue.

• Total operating expense of $566.8 million was 7.2% higher (+$38.1 million) than the prior-year primarily due to higher compensation and supply expense.

• Excess of revenues over expenses from operations (net of SOM support) totaled $76.1 million which is $30.9 million (+68.2%) higher than the prior year results.

• Unrestricted non-operating revenue totaled $14.5 million which is $3.3 million (+28.9%) higher than the comparable prior-year period.

• Unrestricted excess of revenue over expenses (before transfers) totaled $98.4 million and was higher than the prior year by $31.8 million (+47.6%).

• Plant assets, net of depreciation, increased $47.1 million since June 30, 2006 to $701.0 million.

• Overall unrestricted liquidity improved from the period ended June 30, 2006, as days-cash-on-hand increased from 159.2 days to 166.6 days.

• Days-in-accounts-receivable increased to 38.9 days from 37.1 days for the period ending June 30, 2006.