Financial Report

UNIVERSITY OF PENNSYLVANIA

For the four months ending October 31, 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 $411.5 million (+5.6%) since June 30, 2006 to $7.735 billion.
- Net assets from operating activities increased $119.2 million, a 73% improvement over the prior fiscal year’s results for the first four months of FY06.
- Total operating revenue increased by $135.7 million (+9.5%) to $1.564 billion.
- Total expenses increased $85.4 million (+6.3%) to $1.444 billion.
- Net assets from non-operating activities increased $292.3 million as compared to a gain of $128.4 million in the prior fiscal year.
- The total endowment value as of October 31, 2006 is $5.71 billion, a $544 million (+10.5%) increase over June 30, 2006.
- Plant assets, net of depreciation, increased $63.6 million (+2.2%) since June 30, 2006.
- Cashflow from operating activities equaled $168.6 million compared to $177.9 million in the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets increased $276.6 million (4.4%) to $6.630 billion since June 30, 2006 led by non-operating investment gains and contributions, higher tuition and fees and sponsored program revenues.
- Net assets from operations increased $14.5 million compared to a $9.8 million increase for the prior fiscal year.
- Total revenue and other support increased $33.5 million (+5.1%) over FY06 to a total of $691.2 million led by tuition and fees (net of student aid), operating investment income and contributions.
- Total expenses increased $28.8 million (+4.4%) over FY06 to a total of $676.7 million primarily due to an increase in compensation and current expenses.
• Net assets from non-operating activities of $262.1 million represent a $153.6 million increase over prior period results led by investment gains.

• Total contributions (operating and non-operating) of $52.5 million represent a $5.4 million (-9.3%) decrease from the prior year.

• The total endowment value (University only) increased $353.1 million (+8.0%) since June 30, 2006 to $4.768 billion.

• Plant assets, net of depreciation, of $2.252 billion were $13.5 million (+0.6%) higher than June 30, 2006.

• Cashflow from operating activities totaled $85.3 million for the first four months of FY07, an increase of $9.9 million over FY06 results.

• Cash and investments held for current operations decreased $21.1 million (-4.5%) over June 30, 2006 levels to $450.2 million.

HEALTH SYSTEM COMPONENT:

• Adjusted admissions increased 5.2% for the four months ending October 31, 2006 to 36,295.

• Total unrestricted net assets increased $122.7 million since June 30, 2006 to $644.7 million primarily due to strong operating performance and investment performance and the recording of a non-recurring gain.

• Total operating revenue of $868.9 million was 12.7% higher (+$97.7 million) than the comparable prior-year period driven by higher net patient service revenue.

• Total operating expense of $764.6 million was 7.8% higher (+$55.5 million) than the prior-year primarily due to higher compensation, supply and provision for bad debt expense.

• Excess of revenues over expenses from operations (net of SOM support) of $96.7 million is $34.5 million (+55.5%) higher than the prior year results.

• Unrestricted non-operating revenue totaled $22.6 million which is $7.2 million (+47.0%) higher than the comparable prior-year period.

• Unrestricted excess of revenue over expenses (before transfers) totaled $135.3 million and was higher than the prior year by $53.1 million (+39.2%).

• Plant assets, net of depreciation, increased $50.1 million since June 30, 2006 to $704.0 million.

• Overall unrestricted liquidity improved as days-cash-on-hand increased from 159.2 days (for the period ending June 30, 2006) to 164.2 days at the end of October.

• Days-in-accounts-receivable increased slightly from 37.1 days (for the period ending June 30, 2006) to 38.3 days at the end of October.