Financial Report

UNIVERSITY OF PENNSYLVANIA

For the twelve months ending June 30, 2007

(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 $1.390 billion (+19.0%) since June 30, 2006 to $8.714 billion.
- Net assets from operating activities increased $334.2 million, a 42.1% increase over the prior fiscal year results ($235.1 million).
- Total operating revenue increased by $324.2 million (+7.3%) to $4.757 billion.
- Total expenses increased $225.1 million (+5.4%) to $4.423 billion.
- Net assets from non-operating activities increased $1.056 billion as compared to a gain of $700.4 million in the prior fiscal year.
- The total endowment value as of June 30, 2007 is $6.635 billion, a $1.322 billion (+24.9%) increase over June 30, 2006.
- Plant assets, net of depreciation, increased $158.7 million (+5.5%) since June 30, 2006.
- Cashflow from operating activities equaled $574.6 million, a 19.5% decline from the prior fiscal year, principally due to the impact of the one-time loan sale in FY06.

ACADEMIC COMPONENT:

- Total net assets increased $957.6 million (+15.1%) to $7.311 billion since June 30, 2006 led by non-operating investment gains, higher tuition and fees and contributions.
- Net assets from operations increased $53.2 million compared to a $69.1 million increase for the prior fiscal year, primarily due to higher depreciation expense.
- Total operating revenue and other support increased $73.7 million (+3.6%) to a total of $2.115 billion, led by tuition and fees (net of student aid), operating investment income and other income.
- Total operating expenses increased $89.6 million (+4.5%) to a total of $2.062 billion, primarily due to an increase in compensation, current expense and depreciation.
• Net assets from non-operating activities totaled $904.4 million, $349.8 million higher than the prior year, driven primarily by strong investment gains.

• Total contributions (operating and non-operating) of $337.3 million declined $22.3 million (-6.2%) year-over-year.

• The total endowment value (University only) increased $1.138 billion (+25.8%) since June 30, 2006 to $5.553 billion.

• Plant assets, net of depreciation, of $2.250 billion were consistent with June 30, 2006 results.

• Cashflow from operating activities totaled $183.9 million, a decrease of $148.7 million from the prior year as the FY06 results include the benefits of the Stafford Loan sale.

• Cash and investments held for current operations decreased $137.8 million (-28.4%) from June 30, 2006 levels to $347.8 million.

HEALTH SYSTEM COMPONENT:

• Year-over-year adjusted admissions increased 6,531 (+6.3%) to 110,831.

• Total unrestricted net assets increased $351.5 million in FY07 primarily due to strong operating performance and investment performance.

• Total operating revenue of $2.633 billion was 9.8% higher (+$235.2 million) than the comparable prior-year period driven by higher inpatient and outpatient activity and outpatient rate improvements.

• Total operating expense of $2.347 billion was 5.7% higher (+$125.6 million) than the prior-year, primarily due to higher salaries and wages and supply expense.

• Excess of revenues over expenses from operations (net of SOM support) of $258.5 million is $100.1 million (+63.2%) higher than the prior year results.

• Unrestricted non-operating revenue totaled $84.0 million, a $26.5 million (+46.0%) increase over the prior-year.

• The unrestricted excess of revenue over expenses (before transfers) totaled $399.5 million, which was higher than the prior year by $177.0 million (+79.5%).

• Plant assets, net of depreciation, increased $163.9 million since June 30, 2006 to $817.8 million.

• Overall unrestricted liquidity improved as days-cash-on-hand as of June 30, 2007 equaled 189.6 days (157.9 days as of June 30, 2006).

• Days-in-accounts-receivable of 36.4 days for the period ending June 30, 2007 is consistent with the prior year end results of 37.1 days.