-Financial Report

UNIVERSITY OF PENNSYLVANIA

For the two months ending August 31, 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) decreased $22.3 million (-0.3%) since June 30, 2007 to $8.690 billion.
- Net assets from operating activities increased $48.6 million, an 18.2% increase over the prior fiscal year results ($41.1 million).
- Total operating revenue increased by $55.5 million (+7.2%) to $824.3 million.
- Total expenses increased $48.0 million (+6.6%) to $775.8 million.
- Net assets from non-operating activities decreased $70.9 million as compared to a gain of $103.4 million in the prior fiscal year driven by lower performance consistent with market volatility.
- The total endowment value as of August 31, 2007 is $6.575 billion, a $ 60.3 million (-.09%) decrease over June 30, 2007.
- Plant assets, net of depreciation, increased $66.2 million (+2.2%) since June 30, 2007.
- Cashflow from operating activities equaled $178.9 million, a 9.1% increase from the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets decreased $50.8 million (-0.7%) to $7.259 billion since June 30, 2007 led by lower non-operating performance.
- Net assets from operations increased $0.5 million compared to a $19.6 million decrease for the prior fiscal year.
- Total operating revenue and other support increased $25.9 million (+7.9%) to a total of $355.4 million led by tuition and fees (net of student aid) and other income.
- Total operating expenses increased $5.9 million (+1.7%) to a total of $355.0 million, primarily due to an increase in compensation, partially offset by a decline in current expense.
• Net assets from non-operating activities decreased by $51.3 million, $147.6 million lower than the prior year, driven primarily by lower investment performance.

• Total contributions (operating and non-operating) of $46.8 million increased $27.4 million (+141.5%) year-over-year led by growth in capital and endowment gifts.

• The total endowment value (University only) decreased $74.5 million (-1.3%) since June 30, 2007 to $5.479 billion.

• Plant assets, net of depreciation, of $2.291 billion were $40.8 million higher than the June 30, 2007 results primarily due to the acquisition of the Postal Lands in July.

• Cashflow from operating activities totaled $129.2 million, an increase of $47.2 million from the prior year.

• Cash and investments held for current operations increased $88.0 million (+25.3%) over June 30, 2007 levels to $435.8 million.

HEALTH SYSTEM COMPONENT:

• Year-over-year adjusted admissions increased 925 (+5.0%) to 19,251.

• Total unrestricted net assets increased $34.3 million, a $34.7 million decline from the prior year, driven by operating performance and unrealized losses on investments.

• Total operating revenue of $466.2 million was 6.5% higher (+$28.5 million) than the comparable prior-year period driven by higher inpatient and outpatient activity and outpatient rate improvements (impact of acuity and contract negotiations).

• Total operating expense of $417.3 million was 10.7% higher (+$40.2 million) than the prior-year primarily due to higher compensation, malpractice and supply expense.

• Excess of revenues over expenses from operations (net of SOM support) of $43.6 million is $13.3 million (-23.4%) lower than the prior year.

• Unrestricted non-operating revenue totaled $9.8 million, a $0.5 million (-5.0%) decrease over the prior-year.

• The unrestricted excess of revenue over expenses (before transfers) totaled $44.5 million which was lower than the prior year by $28.9 million (-39.4%).

• Plant assets, net of depreciation, increased $25.5 million since June 30, 2007 to $843.3 million.

• Overall unrestricted liquidity declined slightly as days-cash-on-hand as of August 31, 2007 equaled 182.3 days (189.6 days as of June 30, 2007).

• Days-in-accounts-receivable of 38.5 days for the period ending August 31, 2007 is slightly higher than the June 30, 2007 results of 36.4 days.