Financial Report
UNIVERSITY OF PENNSYLVANIA

For the six months ending December 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) increased $364.4 (4.2%) since June 30, 2007 to $9.1 billion.
- Net assets from operating activities increased $172.1 million, a 4.6% increase over the prior fiscal year results.
- Total operating revenue increased by $156.0 million (+6.7%) to $2.5 billion.
- Total operating expenses increased $148.5 million (+6.9%) to $2.3 billion.
- Net assets from non-operating activities increased $192.3 million as compared to a gain of $531.1 million in the prior fiscal year driven by lower investment performance consistent with market volatility.
- The total endowment value as of December 31, 2007 is $6.78 billion, a $145 million (2.2%) increase over June 30, 2007.
- Plant assets, net of depreciation, increased $142.1 million (+4.6%) since June 30, 2007.
- Cashflow from operating activities equaled $257.9 million, a 9.4% increase from the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets increased $203.9 million (2.8%) to $7.5 billion since June 30, 2007 led by increases in non-operating contributions.
- The increase in net assets from operations was $35.0 million, a 53.5% increase over $22.8 million last year.
- Total operating revenue increased $58.4 million (+5.7%) to a total of $1.09 billion led by a 7.3% increase in net tuition and fees.
- Total operating expenses increased $46.2 million (+4.6%) to a total of $1.05 billion, primarily due to increases in compensation and current expense.
• Net assets from non-operating activities decreased by 62.9% from $455.3 million to $168.9 million, driven by lower investment gains.

• Total contributions (operating and non-operating) of $202.1 million increased $87.4 million (+76.2%) year-over-year led by growth in endowment gifts.

• The total endowment value (University only) increased $125.3 million (+2.3%) since June 30, 2007 to $5.7 billion.

• Plant assets, net of depreciation, of $2.3 billion were $44.7 million higher than as of June 30, 2007 due in part to the acquisition of the Postal Lands in July.

• Cash flow from operating activities totaled $74.4 million, an increase of $20.4 million from the prior year.

• Cash and equivalents decreased $25.4 million (-7.4%) from June 30, 2007 levels to $319.3 million.

HEALTH SYSTEM COMPONENT:

• Year-over-year adjusted admissions increased 2,445 (+4.5%) to 56,610.

• Total unrestricted net assets were $1.2 billion as of December 31, 2007, an increase of $30.2 million since June 30, 2007, driven by operating and non-operating performance.

• Total operating revenue of $1.4 billion was 7.9% higher (+$102.3 million) than the comparable prior-year period driven by higher year to date admissions and patient days.

• Total operating expense of $1.3 billion was 8.7% higher (+$100.9 million) than the prior-year primarily due to higher compensation and supply expense.

• Excess of revenues over expenses from operations (net of SOM support) of $129.2 million is $1.4 million (1.1%) higher than the prior year.

• Income from non-operating activities, due to lower investment gains, totaled $27.5 million, a $25.7 million (-48.3%) decrease over the prior-year.

• The unrestricted excess of revenue over expenses (before transfers) totaled $156.7 million which was lower than the prior year by $24.3 million (13.4%).

• Plant assets, net of depreciation, increased $97.5 million since June 30, 2007 to $915.2 million.

• Overall unrestricted liquidity declined slightly as days-cash-on-hand as of December 31, 2007 equaled 185.9 days (189.6 days as of June 30, 2007).

• Days-in-accounts-receivable of 38.4 days for the period ending December 31, 2007 is slightly higher than the June 30, 2007 results of 36.4 days.