Financial Report

UNIVERSITY OF PENNSYLVANIA

For the seven months ending January 31, 2008
(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 $106.5 million (1.2%) since June 30, 2007 to $8.8 billion.
- Net assets from operating activities increased $185.0 million, flat as compared to the prior fiscal year results.
- Total operating revenue increased by $181.4 million (+6.7%) to $2.9 billion.
- Total operating expenses increased $181.3 million (+7.2%) to $2.7 billion.
- Net assets from non-operating activities decreased $78.5 million as compared to a gain of $614.1 million in the prior fiscal year driven by lower investment performance consistent with recent market volatility.
- The total endowment value as of January 31, 2007 is $6.51 billion, a $130 million (2.0%) decrease since June 30, 2007.
- Plant assets, net of depreciation, increased $174.4 million (+5.7%) since June 30, 2007.
- Cashflow from operating activities equaled $432.2 million, a 0.6% increase from the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets decreased $9.3 million (-0.1%) to $7.3 billion since June 30, 2007 led by both realized and unrealized losses on investments.
- The increase in net assets from operations was $28.9 million, a 47.4% increase over $19.6 million last year.
- Total operating revenue increased $66.5 million (+5.5%) to a total of $1.27 billion. A 7.3% increase in net tuition and fees was somewhat offset by a 1.2% decrease in sponsored program revenue and indirect cost recovery.
Total operating expenses increased $57.2 million (+4.8%) to a total of $1.24 billion, primarily due to increases in compensation and current expense.

Net assets from non-operating activities decreased by 107% from a $530.8 million increase to a $38.2 million loss, driven by realized and unrealized investment losses.

Total contributions (operating and non-operating) of $233.5 million increased $86.2 million (+58.5%) year-over-year led by growth in endowment gifts.

The total endowment value (University only) decreased $101.6 million (-1.8%) since June 30, 2007 to $5.5 billion.

Plant assets, net of depreciation, of $2.3 billion were $61.5 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 $212.0 million, a decrease of $2.6 million from the prior year.

Cash and equivalents increased $111.0 million (32.2%) from June 30, 2007 levels to $455.8 million.

HEALTH SYSTEM COMPONENT:

Year-over-year adjusted admissions increased 2,722 (+4.2%) to 66,866.

Total unrestricted net assets were $1.2 billion as of January 31, 2008, a decrease of $1.8 million since June 30, 2007.

Total operating revenue of $1.6 billion was 7.5% higher (+$114.1 million) than the comparable prior-year period driven by higher year to date admissions and patient days.

Total operating expense of $1.5 billion was 9.1% higher (+$123.4 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 $156 million is $9.3 million lower than the prior year.

Non-operating losses, due to investment losses and inter-entity transfers, totaled $40.4 million, a compared to non-operating income of $83.4 million in the prior year.

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

Overall unrestricted liquidity decreased slightly as days-cash-on-hand as of January 31, 2008 equaled 179.2 days (189.6 days as of June 30, 2007).

Days-in-accounts-receivable of 41.9 days for the period ending January 31, 2008 is slightly higher than the June 30, 2007 results of 36.4 days.