Financial Report

UNIVERSITY OF PENNSYLVANIA

For the ten months ending April 30, 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 $298.5 million (3.4%) since June 30, 2007 to $9.0 billion.
- Net assets from operating activities increased $260.4 million, an $11.3 million (+4.5%) increase over the prior year.
- Total operating revenue increased by $266.3 million (+6.9%) to $4.2 billion.
- Total operating expenses increased $255.1 million (+7.0%) to $3.9 billion.
- Net assets from non-operating activities increased $38.1 million as compared to a gain of $880.3 million in the prior fiscal year, a result of lower investment performance consistent with recent market volatility.
- The total endowment value as of April 30, 2008 is $6.51 billion, a $130 million (2.0%) decrease since the value of $6.64 billion as of June 30, 2007.
- Plant assets, net of depreciation, increased $287.0 million (+9.4%) since June 30, 2007.
- Cashflow from operating activities equaled $474.6 million, an 18.4% increase from the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets increased $122.2 million (1.7%) to $7.4 billion since June 30, 2007 led by higher tuition and fee income and contributions, offset by both realized and unrealized losses on investments.
- The increase in net assets from operations was $54.7 million, a 215% increase over $17.4 million last year.
- Total operating revenue increased $110.6 million (+6.5%) to a total of $1.82 billion. There was a 7.0% increase in net tuition and fees and a 0.8% increase in sponsored program revenue and indirect cost recovery.
- Total operating expenses increased $73.3 million (+4.3%) to a total of $1.77 billion, primarily due to increases in compensation and current expense.
• Net assets from non-operating activities were $67.5 million, a $672 million (-90.9%) decrease from last year, driven by realized and unrealized investment losses which were somewhat offset by higher contributions.

• Total contributions (operating and non-operating) of $308.7 million increased $124.2 million (+67.3%) year-over-year, driven by growth in both endowment and capital gifts.

• The total endowment value (University only) decreased $4.7 million (-0.1%) since June 30, 2007 to $5.5 billion.

• Plant assets, net of depreciation, of $2.3 billion were $87.7 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 $153.2 million, an increase of $48.0 million from the prior year.

• Cash and equivalents decreased $3.0 million (-0.9%) from June 30, 2007 levels to $341.7 million.

**HEALTH SYSTEM COMPONENT:**

• Year-over-year adjusted admissions increased 4,378 (+4.8%) to 96,371.

• Total unrestricted net assets were $1.2 billion as of April 30, 2008, an increase from $873.6 million as of June 30, 2007. The increase is a result of favorable operating performance.

• Total operating revenue of $2.3 billion was 8.1% higher (+$175.6 million) than the comparable prior-year period driven by higher year to date admissions and patient days.

• Total operating expense of $1.9 billion was 9.8% higher (+$188.7 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 $207.7 million is $4.3 million (-2.0%) less than prior year.

• Non-operating losses, due to investment losses and inter-entity transfers, totaled $17.5 million, as compared to non-operating income of $115.8 million in the prior year.

• Plant assets, net of depreciation, increased $199.3 million since June 30, 2007 to $1.0 billion.

• Overall unrestricted liquidity decreased slightly as days-cash-on-hand as of April 30, 2008, equaled 187.0 days (189.6 days as of June 30, 2007).

• Days-in-accounts-receivable of 41.4 days for the ten months ended April 30, 2008 is slightly higher than the June 30, 2007 level of 36.4 days.