Financial Report

UNIVERSITY OF PENNSYLVANIA

For the three months ended September 30, 2013.

(The following information represents the unaudited results for the period)

Consolidated University

- Total net assets were $11.8 billion as of September 30, 2013, an increase of $1.8 billion over September 30, 2012 and $842 million above budget, driven largely by strong investment performance and pension valuations.

- Net operating income for September 30, 2013, was $28 million, $4 million higher than September 30, 2012, and $56 million above budgeted net income. Total revenue was $63 million above budget and expenses were $7 million above budget.

- Cash and invested cash totaled $3.78 billion as of September 30, 2013, compared to a budget of $3.49 billion and $3.26 billion at September 30, 2012. Cash alone was $1.21 billion, compared to a budget of $1.13 billion and $1.09 billion at September 30, 2012.

Academic Component

- Net operating income for the University (Academic Component) reflected a decrease of $41 million, $39 million below the prior year but $7 million above budget. Revenue was $15 million (1.7%) above budget, while expenditures were $8 million above budget.

- Total contributions – pledges and new gifts, both operating and non-operating – totaled $59 million, a decrease of $16 million (21.6%) over the prior fiscal year’s first quarter.

- Year-to-date capital expenditures decreased from $86 million as of September 30, 2012, to $61 million for September 30, 2013. Capital expenditures were $23 million below budget.

Health System

- Year-to-date net operating income (“operating margin”) for UPHS totaled $79 million, $43 million above both the budget and prior year-to-date results. Operating revenue increased by $65 million (7.5%) from $860 million as of September 30, 2012 to $925 million as of September 30, 2013. Expenses increased by $21 million (2.4%) from $825 million as of September 30, 2012 to $846 million as of September 30, 2013.

- Adjusted admissions of 33,384 in the first quarter were higher than budget and the prior year by 2.3% and 6.3%, respectively. Inpatient admissions were consistent with the budget, while outpatient activity in high intensity services was mixed. Unbudgeted Chester County Hospital activity of 1,925 adjusted admissions and 1,005 inpatient admissions was included in the first quarter balances.

- Capital expenditures increased from $50 million as of September 30, 2012 to $59 million as of September 30, 2013, a $9 million increase (18%). In addition, the Chester County Health System transaction resulted in a contribution of $123 million in property & equipment.