

THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT
(unaudited)

JUNE 2007



201 Seventh Street, ASH 5th Floor
Austin, Texas 78701
512.499.4527
www.utsystem.edu/cont

THE UNIVERSITY OF TEXAS SYSTEM
MONTHLY FINANCIAL REPORT
(Unaudited)
FOR THE TEN MONTHS ENDING
JUNE 30, 2007

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**The University of Texas System
Monthly Financial Report**

Foreword

The Monthly Financial Report (MFR) compares the results of operations between the current year-to-date cumulative amounts and the prior year-to-date cumulative amounts. Explanations are provided for institutions having the largest variances in Adjusted Income (Loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. In addition, although no significant variance may exist, institutions with losses may be discussed.

The data is reported in three sections: (1) Operating Revenues, (2) Operating Expenses and (3) Other Nonoperating Adjustments. Presentation of state appropriation revenues are required under GASB 35 to be reflected as nonoperating revenues, so all institutions will report an Operating Loss prior to this adjustment. The MFR provides an Adjusted Income (Loss), which takes into account the nonoperating adjustments associated with core operating activities. An Adjusted Margin (as a percentage of operating and nonoperating revenue adjustments) is calculated for each period and is intended to reflect relative operating contributions to financial health.

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UNAUDITED
The University of Texas System
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	June Year-to-Date <u>FY 2007</u>	June Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 1,045,910,270	\$ 934,883,947	\$ 111,026,323	11.9%
Sponsored Programs	1,868,433,501	1,783,455,293	84,978,208	4.8%
Net Sales and Services of Educational Activities	227,290,231	201,028,534	26,261,697	13.1%
Net Sales and Services of Hospitals	2,267,336,194	2,121,464,083	145,872,111	6.9%
Net Professional Fees	830,362,833	668,358,135	162,004,698	24.2%
Net Auxiliary Enterprises	290,359,790	264,316,605	26,043,185	9.9%
Other Operating Revenues	154,301,772	128,540,681	25,761,091	20.0%
Total Operating Revenues	<u>6,683,994,591</u>	<u>6,102,047,278</u>	<u>581,947,313</u>	<u>9.5%</u>
Operating Expenses				
Salaries and Wages	4,031,368,407	3,823,363,382	208,005,025	5.4%
Payroll Related Costs	990,664,202	927,508,981	63,155,221	6.8%
Professional Fees and Contracted Services	230,993,246	219,927,869	11,065,377	5.0%
Other Contracted Services	325,800,483	296,010,746	29,789,737	10.1%
Scholarships and Fellowships	464,479,853	415,430,353	49,049,500	11.8%
Travel	91,876,266	86,127,936	5,748,330	6.7%
Materials and Supplies	897,906,646	874,796,435	23,110,211	2.6%
Utilities	208,753,244	215,824,197	(7,070,953)	-3.3%
Telecommunications	53,860,497	53,759,549	100,948	0.2%
Repairs and Maintenance	124,469,462	119,064,909	5,404,553	4.5%
Rentals and Leases	83,454,361	79,653,330	3,801,031	4.8%
Printing and Reproduction	21,901,564	22,333,837	(432,273)	-1.9%
Bad Debt Expense	1,043,755	1,044,112	(357)	0.0%
Claims and Losses	23,748,264	15,277,605	8,470,659	55.4%
Federal Sponsored Programs Pass-Throughs	22,920,149	22,817,890	102,259	0.4%
Depreciation and Amortization	497,871,847	461,363,760	36,508,087	7.9%
Other Operating Expenses	301,096,278	288,656,130	12,440,148	4.3%
Total Operating Expenses	<u>8,372,208,524</u>	<u>7,922,961,021</u>	<u>449,247,503</u>	<u>5.7%</u>
Operating Loss	<u>(1,688,213,933)</u>	<u>(1,820,913,743)</u>	<u>132,699,810</u>	<u>7.3%</u>
Other Nonoperating Adjustments				
State Appropriations	1,465,133,878	1,451,423,403	13,710,475	0.9%
Gift Contributions for Operations	229,975,492	220,763,854	9,211,638	4.2%
Net Investment Income	465,306,669	442,938,255	22,368,414	5.1%
Long Term Fund Distribution	159,427,713	149,261,124	10,166,589	6.8%
Interest Expense on Capital Asset Financings	(152,295,773)	(151,691,517)	(604,256)	-0.4%
Net Other Nonoperating Adjustments	<u>2,167,547,979</u>	<u>2,112,695,119</u>	<u>54,852,860</u>	<u>2.6%</u>
Adjusted Income (Loss) including Depreciation	479,334,046	291,781,376	187,552,670	64.3%
Adjusted Margin (as a percentage) including Depreciation	5.3%	3.5%		
Investment Gains (Losses)	2,525,155,000	994,528,029	1,530,626,971	153.9%
Adj. Inc. (Loss) with Investment Gains (Losses)	\$ 3,004,489,046	\$ 1,286,309,405	\$ 1,718,179,641	133.6%
Adj. Margin % with Investment Gains (Losses)	26.1%	13.7%		
Adjusted Income (Loss) with Investment Gains (Losses) excluding Depreciation	3,502,360,893	1,747,673,165	1,754,687,728	100.4%
Adjusted Margin (as a percentage) with Investment Gains (Losses) excluding Depreciation	30.4%	18.7%		

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The University of Texas System
Comparison of Adjusted Income (Loss)
For the Ten Months Ending June 30, 2007

	Including Depreciation and Amortization Expense			
	June	June	Variance	Fluctuation Percentage
	Year-to-Date FY 2007	Year-to-Date FY 2006		
UT System Administration	\$ 229,362,866	\$ 220,163,125	\$ 9,199,741	4.2%
UT Arlington	16,163,640	9,949,253	6,214,387 (1)	62.5%
UT Austin	62,923,678	71,520,015	(8,596,337)	-12.0%
UT Brownsville	(1,125,464) (2)	(1,727,001)	601,537	34.8%
UT Dallas	(1,375,457) (3)	(3,477,062)	2,101,605	60.4%
UT El Paso	2,854,125	2,532,291	321,834	12.7%
UT Pan American	(4,263,830) (4)	(5,002,223)	738,393	14.8%
UT Permian Basin	(385,097) (5)	(429,955)	44,858	10.4%
UT San Antonio	28,050,420	22,742,364	5,308,056	23.3%
UT Tyler	2,528,655	(855,869)	3,384,524 (6)	395.4%
UT Southwestern Medical Center - Dallas	66,350,648	23,352,801	42,997,847 (7)	184.1%
UT Medical Branch - Galveston	3,770,140	(41,255,414)	45,025,554 (8)	109.1%
UT Health Science Center - Houston	24,724,801	31,731,244	(7,006,443)	-22.1%
UT Health Science Center - San Antonio	14,415,601	(7,301,358)	21,716,959 (9)	297.4%
UT M. D. Anderson Cancer Center	135,400,812	64,487,749	70,913,063 (10)	110.0%
UT Health Center - Tyler	6,238,508	(915,251)	7,153,759 (11)	781.6%
Elimination of AUF Transfer	(106,300,000)	(93,733,333)	(12,566,667)	-13.4%
Total Adjusted Income (Loss)	479,334,046	291,781,376	187,552,670	64.3%
Investment Gains (Losses)	2,525,155,000	994,528,029	1,530,626,971 (12)	153.9%
Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization	\$ 3,004,489,046	\$ 1,286,309,405	\$ 1,718,179,641	133.6%

	Excluding Depreciation and Amortization Expense			
	June	June	Variance	Fluctuation Percentage
	Year-to-Date FY 2007	Year-to-Date FY 2006		
UT System Administration	\$ 234,460,652	\$ 224,593,829	\$ 9,866,823	4.4%
UT Arlington	33,131,134	26,689,774	6,441,360	24.1%
UT Austin	162,358,128	162,301,412	56,716	0.0%
UT Brownsville	3,408,683	2,546,957	861,726	33.8%
UT Dallas	14,848,604	8,613,883	6,234,721	72.4%
UT El Paso	14,166,184	12,432,310	1,733,874	13.9%
UT Pan American	8,771,797	6,931,619	1,840,178	26.5%
UT Permian Basin	2,489,461	2,359,824	129,637	5.5%
UT San Antonio	47,703,345	39,909,511	7,793,834	19.5%
UT Tyler	7,516,798	4,228,292	3,288,506	77.8%
UT Southwestern Medical Center - Dallas	118,150,405	70,812,949	47,337,456	66.8%
UT Medical Branch - Galveston	48,166,932	1,421,253	46,745,679	3,289.0%
UT Health Science Center - Houston	51,195,652	54,625,749	(3,430,097)	-6.3%
UT Health Science Center - San Antonio	35,248,934	11,961,534	23,287,400	194.7%
UT M. D. Anderson Cancer Center	290,396,235	213,543,872	76,852,363	36.0%
UT Health Center - Tyler	11,492,949	3,905,701	7,587,248	194.3%
Elimination of AUF Transfer	(106,300,000)	(93,733,333)	(12,566,667)	-13.4%
Total Adjusted Income (Loss)	977,205,893	753,145,136	224,060,757	29.8%
Investment Gains (Losses)	2,525,155,000	994,528,029	1,530,626,971	153.9%
Total Adjusted Income (Loss) with Investment Gains (Losses) Excluding Depreciation and Amortization	\$ 3,502,360,893	\$ 1,747,673,165	\$ 1,754,687,728	100.4%

THE UNIVERSITY OF TEXAS SYSTEM
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT
For the Ten Months Ending June 30, 2007

Explanations are provided for institutions having the largest variances in adjusted income (loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. Explanations are also provided for institutions with a current year-to-date adjusted loss.

(1) UT Arlington - The \$6.2 million (62.5%) increase in adjusted income over the same period last year was primarily due to an increase in tuition and fees as a result of the new utility fee and new flat rate tuition. Excluding depreciation expense, *UT Arlington's* adjusted income was \$33.1 million or 10.6%.

(2) UT Brownsville - The \$1.1 million year-to-date loss was the result of expenses outpacing revenues. *UT Brownsville* budgeted to utilize \$858,000 of reserves in 2007; however, included in the use of reserves was budgeted enrollment growth of 3% with a corresponding increase in expenses. Although total enrollment growth including dual enrollment high school students is projected to be 5%, enrollment growth for tuition paying students is actually 1%. While dual enrollment students at *UT Brownsville* do not pay tuition and fees, future benefits such as additional student enrollments and decreased time to graduation are anticipated. *UT Brownsville's* adjusted income excluding depreciation expense was \$3.4 million or 2.9%.

In an effort to improve operating margin, *UT Brownsville* has frozen available lapsed salaries and is examining other areas for reductions of expenses. *UT Brownsville* anticipates ending the year with a \$2 million negative margin which represents -1.4% of projected revenues. This forecast includes \$5.5 million of depreciation expense.

(3) UT Dallas - The \$1.4 million year-to-date loss was the result of management's decision to utilize accumulated reserves in lieu of increasing student fees. The reserves are being used to fund increases in academic programs and the related infrastructure. Excluding depreciation expense, *UT Dallas'* adjusted income was \$14.8 million or 6.3%. *UT Dallas* anticipates ending the year with a \$1.4 million negative margin which represents -0.5% of projected revenues. Also contributing to the deficit is the increase in depreciation expense which is projected to be \$19.7 million.

(4) UT Pan American - The \$4.3 million year-to-date loss was primarily due to increased salaries and wages, professional fees and contracted services, and depreciation. Salaries and wages and payroll related costs increased due to new faculty to accommodate enrollment growth and faculty workload reduction, new staff positions primarily in the department of information technology as a result of the Oracle software conversion, merit increases, and the filling

of vacant positions. Professional fees and contracted services increased due to a 64% increase for internet connection services from the *UT Austin* Office of Telecommunication Services, which supports newly implemented software that runs on an internet platform. Depreciation increased as a result of several buildings being placed into service at the end of 2006, including the Education Complex and Unity Hall.

Excluding depreciation expense, *UT Pan American's* adjusted income was \$8.8 million or 4.6%. *UT Pan American* anticipates ending the year with a \$7 million negative margin which represents -3.2% of projected revenues. This forecast includes \$15.8 million of depreciation expense.

(5) UT Permian Basin - *UT Permian Basin* reflects a negative margin of \$385,000 primarily due to gift contributions for the High-Temperature Teaching and Test Reactor (HT³R) which were received in 2006, but expended in 2007. *UT Permian Basin* reported a total of \$3 million for HT³R in 2006, of which only \$1.1 million was expended. *UT Permian Basin* is on target to spend approximately \$600,000 of HT³R funds in 2007 without any corresponding revenues. The remaining \$1.3 million of HT³R gift revenue is expected to be expended in 2008. This gift revenue includes a \$700,000 pledge from Thorium Power that *UT Permian Basin* believes will be collected.

Excluding depreciation expense, *UT Permian Basin's* adjusted income was \$2.5 million or 7.1%. Management projects a year-end loss of approximately \$1.6 million which represents -3.9% of projected revenues. This forecast includes \$3.4 million of depreciation expense.

(6) UT Tyler - The \$3.4 million (395.4%) increase in adjusted income over the same period last year was primarily due to higher tuition and fees as a result of increased rates, headcount and semester credit hours. Headcount increased by 193 students and semester credit hours increased by 4.9% for fall 2006. Headcount also increased by 291 students and semester credit hours increased by 7% for spring 2007. Excluding depreciation expense, *UT Tyler's* adjusted income was \$7.5 million or 11.8%.

(7) UT Southwestern Medical Center at Dallas - The \$43 million (184.1%) increase in adjusted income over the same period last year was primarily due to the receipt of

the first three payments for the Texas Physician Upper Payment Limit (UPL) reimbursement of \$61.5 million. Excluding depreciation expense, *UT Southwestern's* adjusted income was \$118.2 million or 10.5%.

- (8) *UT Medical Branch - Galveston* – The \$45 million (109.1%) increase in adjusted income was primarily due to increases in net professional fees and other operating revenues, and a decrease in operating expenses. Net professional fees increased largely due to the receipt of \$27.7 million for the first three UPL payments. The rise in other operating revenues resulted from increases in revenue related to the growth of the Austin Programs, Correctional Managed Health Care Value Option Pharmacy, and new continuing education programs. The \$2.8 million decrease in operating expenses is the result of cost reductions associated with the financial improvement plan and the elimination of certain one-time costs in the prior year.

UTMB currently reflects a positive margin of \$3.8 million and projects year-end income of approximately \$7.1 million, which represents 0.5% of projected revenues. This forecast includes \$55.9 million of depreciation expense and \$13.1 million of Hurricane *Rita* relief. Excluding depreciation expense, *UTMB's* adjusted income was \$48.2 million or 4%.

- (9) *UT Health Science Center – San Antonio* – The \$21.7 million (297.4%) increase in adjusted income over the same period last year was primarily due to a \$12 million operating gift received from the Greehey Foundation to be used for research, and educational and recruitment efforts, and the receipt of \$11.9 million for the first three UPL payments. Excluding depreciation expense, *UTHSC-San Antonio's* adjusted income was \$35.2 million or 7.4%.

- (10) *UT M. D. Anderson Cancer Center* – The \$70.9 million (110.0%) increase in adjusted income over the same period last year was primarily due to an increase in billed procedures, bone marrow transplants, surgery hours, and billable visits and the first three UPL payments of \$12.3 million. Excluding depreciation expense, *M. D. Anderson's* adjusted income was \$290.4 million or 13.8%.

- (11) *UT Health Center – Tyler* – The \$7.2 million (781.6%) increase in adjusted income over the same period last year was primarily due to decreased salaries and wages as a result of the elimination of over 200 full-time positions and receipt of the first three UPL payments of \$3.7 million. Excluding depreciation expense, *UTHC-Tyler's* adjusted income was \$11.5 million or 11.7%.

UTHC-Tyler's financial statements include the financial structure of NETnet, which is a network of K-12, community colleges, universities, and health institutions linked together allowing the sharing of classrooms, students, teachers, and professors throughout northeast Texas. Since NETnet is a shared network not exclusively for *UTHC-Tyler's* use, the decision was made to exclude NETnet depreciation from the MFR to more accurately reflect the operations of *UTHC-Tyler*. This decision was made because when it is time to replace the NETnet infrastructure, it will not be *UTHC-Tyler's* responsibility. NETnet will lose over \$2.3 million by the end of the current fiscal year due to depreciation expense.

- (12) *Investment Gains (Losses)* – The majority of the \$1.5 billion (153.9%) increase in investment gains relates to the Permanent University Fund of \$776.1 million, the Long Term Fund of \$374.1 million, and the Permanent Health Fund of \$75.3 million.

GLOSSARY OF TERMS

OPERATING REVENUES:

STUDENT TUITION AND FEES – All student tuition and fee revenues earned at the UT institution for educational purposes.

SPONSORED PROGRAMS – Funding received from local, state and federal governments or private agencies, organizations or individuals. Includes amounts received for services performed on grants, contracts, and agreements from these entities for current operations. This also includes indirect cost recoveries and pass-through federal and state grants.

NET SALES AND SERVICES OF EDUCATIONAL ACTIVITIES – Revenues that are related to the conduct of instruction, research, and public service and revenues from activities that exist to provide an instructional and laboratory experience for students that create goods and services that may be sold.

NET SALES AND SERVICES OF HOSPITALS – Revenues (net of discounts, allowances, and bad debt expense) generated from UT health institution's daily patient care, special or other services, as well as revenues from health clinics that are part of a hospital.

NET PROFESSIONAL FEES – Revenues (net of discounts, allowances, and bad debt expense) derived from the fees charged by the professional staffs at UT health institutions as part of the Medical Practice Plans. These revenues are also identified as Practice Plan income. Examples of such fees include doctor's fees for clinic visits, medical and dental procedures, professional opinions, and anatomical procedures, such as analysis of specimens after a surgical procedure, etc.

NET AUXILIARY ENTERPRISES – Revenues derived from a service to students, faculty, or staff in which a fee is charged that is directly related to, although not necessarily equal to the cost of the service (e.g., bookstores, dormitories, dining halls, snack bars, inter-collegiate athletic programs, etc.).

OTHER OPERATING REVENUES – Other revenues generated from sales or services provided to meet current fiscal year operating expenses, which are not included in the preceding categories (e.g., certified non profit healthcare company revenues, donated drugs, interest on student loans, etc.)

OPERATING EXPENSES:

SALARIES AND WAGES – Expenses for all salaries and wages of individuals employed by the institution including full-time, part-time, longevity, hourly, seasonal, etc.

PAYROLL RELATED COSTS – Expenses for all employee benefits paid by the institution or paid by the state on behalf of the institution.

PROFESSIONAL FEES AND CONTRACTED SERVICES – Payments for services rendered on a fee, contract, or other basis by a person, firm, corporation, or company recognized as possessing a high degree of learning and responsibility. Includes such items as services of a consultant, legal counsel, financial or audit fees, medical contracted services, guest lecturers (not employees) and expert witnesses.

OTHER CONTRACTED SERVICES – Payments for services rendered on a contractual basis by a person, firm, corporation or company that possess a lesser degree of learning and responsibility than that required for Professional Fees and Contracted Services. Includes such items as temporary employment expenses, fully insured medical plans expenses, janitorial services, dry cleaning services, etc.

SCHOLARSHIPS AND FELLOWSHIPS – Payments made for scholarship grants to students authorized by law.

TRAVEL – Payments for travel costs incurred during travel by employees, board or commission members and elected/appointed officials on state business.

MATERIALS AND SUPPLIES – Payments for consumable items. Includes, but is not limited to: computer consumables, office supplies, paper products, soap, lights, plants, fuels and lubricants, chemicals and gasses, medical supplies and copier supplies. Also includes postal services, and subscriptions and other publications not for permanent retention.

UTILITIES – Payments for the purchase of electricity, natural gas, water, thermal energy and waste disposal.

TELECOMMUNICATIONS - Electronically transmitted communications services (telephone, internet, computation center services, etc.).

REPAIRS AND MAINTENANCE – Payments for the maintenance and repair of equipment, furnishings, motor vehicles, buildings and other plant facilities. Includes, but is not limited to repair and maintenance to copy machines, furnishings, equipment – including medical and laboratory equipment, office equipment and aircraft.

RENTALS AND LEASES – Payments for rentals or leases of furnishings and equipment, vehicles, land and office buildings (all rental of space).

PRINTING AND REPRODUCTION – Printing and reproduction costs associated with the printing/copying of the institution's documents and publications.

BAD DEBT EXPENSE – Expenses incurred by the university related to nonrevenue receivables such as non-payment of student loans.

CLAIMS AND LOSSES – Payments for claims from self-insurance programs. Other claims for settlements and judgments are considered nonoperating expenses.

FEDERAL SPONSORED PROGRAMS PASS-THROUGHS – Pass-throughs to other Texas state agencies, including other universities, of federal grants and contracts.

STATE SPONSORED PROGRAMS PASS-THROUGHS – Pass-throughs to other Texas state agencies, including Texas universities.

DEPRECIATION AND AMORTIZATION – Depreciation on capital assets and amortization expense on intangible assets.

OTHER OPERATING EXPENSES – Other operating expenses not identified in other line items above (e.g., certified non profit healthcare company expenses, property taxes, insurance premiums, credit card fees, hazardous waste disposal expenses, meetings and conferences, etc.).

OPERATING LOSS – Total operating revenues less total operating expenses before other nonoperating adjustments like state appropriations.

OTHER NONOPERATING ADJUSTMENTS:

STATE APPROPRIATIONS – Appropriations from the State General Revenue fund, which supplement the UT institutional revenue in meeting operating expenses, such as faculty salaries, utilities, and institutional support.

GIFT CONTRIBUTIONS FOR OPERATIONS – Consist of gifts from donors received for use in current operations, excluding gifts for capital acquisition and endowment gifts. Gifts for capital acquisition which can only be used to build or buy capital assets are excluded because they can not be used to support current operations. Endowment gifts must be held in perpetuity and can not be spent. The distributed income from endowment gifts must be spent according to the donor's stipulations.

NET INVESTMENT INCOME (on institutions' sheets) – Interest and dividend income on treasury balances, bank accounts, The Short Term Fund, the Intermediate Term Fund. It also includes distributed earnings from the Permanent Health Fund and patent and royalty income.

NET INVESTMENT INCOME (on the consolidated sheet) – Interest and dividend earnings of the Permanent University Fund, Short Term Fund, Intermediate Term Fund, Long Term Fund and Permanent Health Fund less Long Term Fund transfers so as not to overstate investment income. This line item also includes the Available University Fund surface income, oil and gas royalties, and mineral lease bonus sales.

LONG TERM FUND DISTRIBUTION – At the institutional level, includes Long Term Fund fixed payouts approved by the Board of Regents. Investment income for System Administration and the consolidated sheet has been reduced for the amount of any Long Term Fund distribution so as not to overstate investment income system-wide.

INTEREST EXPENSE ON CAPITAL ASSET FINANCINGS – Interest expenses associated with bond and note borrowings utilized to finance capital improvement projects by an institution. This consists of the interest portion of mandatory debt service transfers under the Revenue Financing System, Tuition Revenue bond and Permanent University Fund (PUF) bond programs. PUF interest expense is reported on System Administration as the debt legally belongs to the Board of Regents.

ADJUSTED INCOME (LOSS) – Total operating revenues less total operating expenses plus net other nonoperating adjustments.

ADJUSTED MARGIN (as a percentage) – Percentage of Adjusted Income (Loss) divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

AVAILABLE UNIVERSITY FUND TRANSFER – Includes Available University Fund (AUF) transfer to System Administration for Educational and General operations and to UT Austin for Excellence Funding. These transfers are funded by investment earnings from the Permanent University Fund (PUF), which are required by law to be reported in the PUF at System Administration. On the MFR, investment income for System Administration has been reduced for the amount of the System Administration transfer so as not to overstate investment income for System Administration. The AUF transfers are eliminated at the consolidated level to avoid overstating System-wide revenues, as the amounts will be reflected as transfers at year-end.

INVESTMENT GAINS (LOSSES) – Realized and unrealized gains and losses on investments.

UNAUDITED
The University of Texas System Administration
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	June Year-to-Date <u>FY 2007</u>	June Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Sponsored Programs	\$ 11,902,886	\$ 9,389,554	\$2,513,332	26.8%
Net Sales and Services of Educational Activities	18,446,321	12,387,228	6,059,093	48.9%
Other Operating Revenues	19,313,145	14,495,280	4,817,865	33.2%
Total Operating Revenues	<u>49,662,352</u>	<u>36,272,062</u>	<u>13,390,290</u>	<u>36.9%</u>
Operating Expenses				
Salaries and Wages	21,836,268	22,215,451	(379,183)	-1.7%
Employee Benefits and Related Costs	4,871,032	5,033,014	(161,982)	-3.2%
Professional Fees and Contracted Services	3,501,862	1,232,549	2,269,313	184.1%
Other Contracted Services	6,114,089	4,735,383	1,378,706	29.1%
Scholarships and Fellowships	176,700	190,000	(13,300)	-7.0%
Travel	1,587,496	1,391,406	196,090	14.1%
Materials and Supplies	2,301,232	2,082,984	218,248	10.5%
Utilities	612,712	350,716	261,996	74.7%
Telecommunications	870,626	1,539,194	(668,568)	-43.4%
Repairs and Maintenance	923,526	846,842	76,684	9.1%
Rentals and Leases	720,044	758,589	(38,545)	-5.1%
Printing and Reproduction	178,423	227,379	(48,956)	-21.5%
Claims and Losses	23,748,264	15,277,605	8,470,659	55.4%
Depreciation and Amortization	5,097,786	4,430,704	667,082	15.1%
Other Operating Expenses	2,642,619	1,771,608	871,011	49.2%
Total Operating Expenses	<u>75,182,679</u>	<u>62,083,424</u>	<u>13,099,255</u>	<u>21.1%</u>
Operating Loss	<u>(25,520,327)</u>	<u>(25,811,362)</u>	<u>291,035</u>	<u>1.1%</u>
Other Nonoperating Adjustments				
State Appropriations	764,796	691,658	73,138	10.6%
Gift Contributions for Operations	627,892	518,908	108,984	21.0%
Net Investment Income	265,478,551	256,610,893	8,867,658	3.5%
Long Term Fund Distribution	1,100,011	3,165,806	(2,065,795)	-65.3%
Interest Expense on Capital Asset Financings	(39,755,835)	(39,758,729)	2,894	0.0%
Net Other Nonoperating Adjustments	<u>228,215,415</u>	<u>221,228,536</u>	<u>6,986,879</u>	<u>3.2%</u>
Adjusted Income (Loss) including Depreciation	202,695,088	195,417,174	7,277,914	3.7%
Adjusted Margin (as a percentage) including Depreciation	63.8%	65.7%		
Available University Fund Transfer	26,667,778	24,745,951	1,921,827	7.8%
Adjusted Income (Loss) with AUF Transfer	229,362,866	220,163,125	9,199,741	4.2%
Adjusted Margin % with AUF Transfer	66.6%	68.4%		
Investment Gains (Losses)	2,186,872,746	964,723,814	1,222,148,932	126.7%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$ 2,416,235,612	\$ 1,184,886,939	\$ 1,231,348,673	103.9%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	95.5%	92.1%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation	234,460,652	224,593,829	9,866,823	4.4%
Adjusted Margin (as a percentage) with AUF Transfer excluding Depreciation	68.1%	69.7%		

UNAUDITED
The University of Texas at Arlington
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	<u>June</u> <u>Year-to-Date</u> <u>FY 2007</u>	<u>June</u> <u>Year-to-Date</u> <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation</u> <u>Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 132,486,263	\$ 118,951,266	\$ 13,534,997	11.4%
Sponsored Programs	44,178,691	41,376,365	2,802,326	6.8%
Net Sales and Services of Educational Activities	10,270,068	6,613,417	3,656,651	55.3%
Net Auxiliary Enterprises	24,282,746	18,413,808	5,868,938	31.9%
Other Operating Revenues	5,548,280	6,148,186	(599,906)	-9.8%
Total Operating Revenues	216,766,048	191,503,042	25,263,006	13.2%
Operating Expenses				
Salaries and Wages	140,635,446	129,832,327	10,803,119	8.3%
Employee Benefits and Related Costs	31,227,645	28,988,199	2,239,446	7.7%
Professional Fees and Contracted Services	4,365,378	5,089,257	(723,879)	-14.2%
Other Contracted Services	7,494,698	6,304,362	1,190,336	18.9%
Scholarships and Fellowships	36,980,605	34,025,274	2,955,331	8.7%
Travel	3,877,647	3,528,690	348,957	9.9%
Materials and Supplies	16,158,622	15,623,258	535,364	3.4%
Utilities	9,521,145	8,863,581	657,564	7.4%
Telecommunications	4,392,021	4,191,916	200,105	4.8%
Repairs and Maintenance	5,089,734	5,625,455	(535,721)	-9.5%
Rentals and Leases	2,181,424	2,273,668	(92,244)	-4.1%
Printing and Reproduction	1,927,818	1,664,725	263,093	15.8%
Federal Sponsored Programs Pass-Thrus	1,836,204	1,444,749	391,455	27.1%
Depreciation and Amortization	16,967,494	16,740,521	226,973	1.4%
Other Operating Expenses	9,177,350	5,906,996	3,270,354	55.4%
Total Operating Expenses	291,833,231	270,102,978	21,730,253	8.0%
Operating Loss	(75,067,183)	(78,599,936)	3,532,753	4.5%
Other Nonoperating Adjustments				
State Appropriations	87,870,948	87,436,977	433,971	0.5%
Gift Contributions for Operations	1,675,128	1,885,901	(210,773)	-11.2%
Net Investment Income	5,557,207	4,231,494	1,325,713	31.3%
Long Term Fund Distribution	1,848,570	1,734,548	114,022	6.6%
Interest Expense on Capital Asset Financings	(5,721,030)	(6,739,731)	1,018,701	15.1%
Net Other Nonoperating Adjustments	91,230,823	88,549,189	2,681,634	3.0%
Adjusted Income (Loss) including Depreciation	16,163,640	9,949,253	6,214,387	62.5%
Adjusted Margin (as a percentage) including Depreciation	5.2%	3.5%		
Investment Gains (Losses)	11,042,244	1,746,963	9,295,281	532.1%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 27,205,884	\$ 11,696,216	\$ 15,509,668	132.6%
Adjusted Margin % with Investment Gains (Losses)	8.4%	4.1%		
Adjusted Income (Loss) excluding Depreciation	33,131,134	26,689,774	6,441,360	24.1%
Adjusted Margin (as a percentage) excluding Depreciation	10.6%	9.3%		

UNAUDITED
The University of Texas at Austin
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	June Year-to-Date FY 2007	June Year-to-Date FY 2006	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$ 421,256,277	\$ 381,110,524	\$ 40,145,753	10.5%
Sponsored Programs	370,463,763	347,560,457	22,903,306	6.6%
Net Sales and Services of Educational Activities	121,897,632	100,094,595	21,803,037	21.8%
Net Auxiliary Enterprises	151,496,550	138,738,453	12,758,097	9.2%
Other Operating Revenues	9,390,153	6,012,927	3,377,226	56.2%
Total Operating Revenues	1,074,504,375	973,516,956	100,987,419	10.4%
Operating Expenses				
Salaries and Wages	729,784,870	692,834,498	36,950,372	5.3%
Employee Benefits and Related Costs	170,569,466	156,297,102	14,272,364	9.1%
Professional Fees and Contracted Services	19,636,373	18,567,773	1,068,600	5.8%
Other Contracted Services	60,984,712	50,356,480	10,628,232	21.1%
Scholarships and Fellowships	165,092,167	141,533,419	23,558,748	16.6%
Travel	29,677,034	27,783,320	1,893,714	6.8%
Materials and Supplies	88,980,365	84,404,066	4,576,299	5.4%
Utilities	54,582,257	61,099,860	(6,517,603)	-10.7%
Telecommunications	11,956,749	11,499,190	457,559	4.0%
Repairs and Maintenance	19,654,212	18,997,902	656,310	3.5%
Rentals and Leases	12,389,806	10,789,571	1,600,235	14.8%
Printing and Reproduction	7,843,088	7,404,143	438,945	5.9%
Federal Sponsored Programs Pass-Thrus	4,588,077	2,132,888	2,455,189	115.1%
Depreciation and Amortization	99,434,450	90,781,397	8,653,053	9.5%
Other Operating Expenses	70,561,868	54,682,702	15,879,166	29.0%
Total Operating Expenses	1,545,735,494	1,429,164,311	116,571,183	8.2%
Operating Loss	(471,231,119)	(455,647,355)	(15,583,764)	-3.4%
Other Nonoperating Adjustments				
State Appropriations	255,795,101	254,815,304	979,797	0.4%
Gift Contributions for Operations	81,576,345	89,544,968	(7,968,623)	-8.9%
Net Investment Income	33,042,655	33,245,318	(202,663)	-0.6%
Long Term Fund Distribution	82,581,945	77,579,823	5,002,122	6.4%
Interest Expense on Capital Asset Financings	(25,141,249)	(21,751,376)	(3,389,873)	-15.6%
Net Other Nonoperating Adjustments	427,854,797	433,434,037	(5,579,240)	-1.3%
Adjusted Income (Loss) including Depreciation	(43,376,322)	(22,213,318)	(21,163,004)	-95.3%
Adjusted Margin (as a percentage) including Depreciation	-2.8%	-1.6%		
Available University Fund Transfer	106,300,000	93,733,333	12,566,667	13.4%
Adjusted Income (Loss) with AUF Transfer	62,923,678	71,520,015	(8,596,337)	-12.0%
Adjusted Margin % with AUF Transfer	3.9%	4.7%		
Investment Gains (Losses)	55,468,786	(3,171,384)	58,640,170	1,849.0%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$ 118,392,464	\$ 68,348,631	\$ 50,043,833	73.2%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	7.0%	4.5%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation	162,358,128	162,301,412	56,716	0.0%
Adjusted Margin (as a percentage) with AUF Transfer excluding Depreciation	9.9%	10.7%		

UNAUDITED
The University of Texas at Brownsville
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	<u>June</u> <u>Year-to-Date</u> <u>FY 2007</u>	<u>June</u> <u>Year-to-Date</u> <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation</u> <u>Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 9,942,450	\$ 9,442,328	\$ 500,122	5.3%
Sponsored Programs	78,605,639	68,625,484	9,980,155	14.5%
Net Sales and Services of Educational Activities	870,706	784,396	86,310	11.0%
Net Auxiliary Enterprises	818,000	737,304	80,696	10.9%
Other Operating Revenues	15,851	20,496	(4,645)	-22.7%
Total Operating Revenues	<u>90,252,646</u>	<u>79,610,008</u>	<u>10,642,638</u>	<u>13.4%</u>
Operating Expenses				
Salaries and Wages	46,805,121	41,995,826	4,809,295	11.5%
Employee Benefits and Related Costs	11,385,932	10,282,074	1,103,858	10.7%
Professional Fees and Contracted Services	1,575,872	1,437,605	138,267	9.6%
Scholarships and Fellowships	34,502,284	29,013,975	5,488,309	18.9%
Travel	1,015,468	960,016	55,452	5.8%
Materials and Supplies	3,472,323	4,014,518	(542,195)	-13.5%
Utilities	2,906,329	3,298,493	(392,164)	-11.9%
Telecommunications	1,332,330	1,317,006	15,324	1.2%
Repairs and Maintenance	696,417	777,647	(81,230)	-10.4%
Rentals and Leases	1,592,238	1,535,575	56,663	3.7%
Printing and Reproduction	325,106	292,406	32,700	11.2%
Bad Debt Expense	21,415	19,403	2,012	10.4%
Federal Sponsored Programs Pass-Thrus	48,552	37,897	10,655	28.1%
Depreciation and Amortization	4,534,147	4,273,958	260,189	6.1%
Other Operating Expenses	5,348,383	5,312,495	35,888	0.7%
Total Operating Expenses	<u>115,561,917</u>	<u>104,568,894</u>	<u>10,993,023</u>	<u>10.5%</u>
Operating Loss	<u>(25,309,271)</u>	<u>(24,958,886)</u>	<u>(350,385)</u>	<u>-1.4%</u>
Other Nonoperating Adjustments				
State Appropriations	24,085,024	23,570,449	514,575	2.2%
Gift Contributions for Operations	266,127	154,101	112,026	72.7%
Net Investment Income	941,155	964,270	(23,115)	-2.4%
Long Term Fund Distribution	240,231	218,648	21,583	9.9%
Interest Expense on Capital Asset Financings	(1,348,730)	(1,675,583)	326,853	19.5%
Net Other Nonoperating Adjustments	<u>24,183,807</u>	<u>23,231,885</u>	<u>951,922</u>	<u>4.1%</u>
Adjusted Income (Loss) including Depreciation	(1,125,464)	(1,727,001)	601,537	34.8%
Adjusted Margin (as a percentage) including Depreciation	-1.0%	-1.7%		
Investment Gains (Losses)	2,375,019	(302,980)	2,677,999	883.9%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 1,249,555	\$ (2,029,981)	\$ 3,279,536	161.6%
Adjusted Margin % with Investment Gains (Losses)	1.1%	-1.9%		
Adjusted Income (Loss) excluding Depreciation	3,408,683	2,546,957	861,726	33.8%
Adjusted Margin (as a percentage) excluding Depreciation	2.9%	2.4%		

UNAUDITED
The University of Texas at Dallas
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	<u>June</u> <u>Year-to-Date</u> <u>FY 2007</u>	<u>June</u> <u>Year-to-Date</u> <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation</u> <u>Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 105,614,847	\$ 90,041,258	\$ 15,573,589	17.3%
Sponsored Programs	34,371,300	36,027,560	(1,656,260)	-4.6%
Net Sales and Services of Educational Activities	5,377,908	5,465,509	(87,601)	-1.6%
Net Auxiliary Enterprises	4,431,446	5,055,664	(624,218)	-12.3%
Other Operating Revenues	4,972,301	4,606,232	366,069	7.9%
Total Operating Revenues	<u>154,767,802</u>	<u>141,196,223</u>	<u>13,571,579</u>	<u>9.6%</u>
Operating Expenses				
Salaries and Wages	112,537,579	104,992,167	7,545,412	7.2%
Employee Benefits and Related Costs	23,152,813	21,098,972	2,053,841	9.7%
Professional Fees and Contracted Services	2,319,893	3,334,772	(1,014,879)	-30.4%
Other Contracted Services	6,345,892	6,739,304	(393,412)	-5.8%
Scholarships and Fellowships	38,349,092	33,592,109	4,756,983	14.2%
Travel	2,594,594	2,584,770	9,824	0.4%
Materials and Supplies	11,585,564	12,933,227	(1,347,663)	-10.4%
Utilities	6,022,511	5,411,172	611,339	11.3%
Telecommunications	1,109,513	1,364,514	(255,001)	-18.7%
Repairs and Maintenance	2,356,554	3,791,135	(1,434,581)	-37.8%
Rentals and Leases	1,106,115	521,940	584,175	111.9%
Printing and Reproduction	1,097,722	1,166,887	(69,165)	-5.9%
Federal Sponsored Programs Pass-Thrus	136,851	214,747	(77,896)	-36.3%
Depreciation and Amortization	16,224,061	12,090,945	4,133,116	34.2%
Other Operating Expenses	7,386,327	6,682,452	703,875	10.5%
Total Operating Expenses	<u>232,325,081</u>	<u>216,519,113</u>	<u>15,805,968</u>	<u>7.3%</u>
Operating Loss	<u>(77,557,279)</u>	<u>(75,322,890)</u>	<u>(2,234,389)</u>	<u>-3.0%</u>
Other Nonoperating Adjustments				
State Appropriations	63,817,466	62,557,260	1,260,206	2.0%
Gift Contributions for Operations	7,609,728	4,330,297	3,279,431	75.7%
Net Investment Income	4,094,308	3,446,912	647,396	18.8%
Long Term Fund Distribution	6,340,750	5,975,833	364,917	6.1%
Interest Expense on Capital Asset Financings	(5,680,430)	(4,464,474)	(1,215,956)	-27.2%
Net Other Nonoperating Adjustments	<u>76,181,822</u>	<u>71,845,828</u>	<u>4,335,994</u>	<u>6.0%</u>
Adjusted Income (Loss) including Depreciation	(1,375,457)	(3,477,062)	2,101,605	60.4%
Adjusted Margin (as a percentage) including Depreciation	-0.6%	-1.6%		
Investment Gains (Losses)	7,253,894	(621,102)	7,874,996	1,267.9%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 5,878,437	\$ (4,098,164)	\$ 9,976,601	243.4%
Adjusted Margin % with Investment Gains (Losses)	2.4%	-1.9%		
Adjusted Income (Loss) excluding Depreciation	14,848,604	8,613,883	6,234,721	72.4%
Adjusted Margin (as a percentage) excluding Depreciation	6.3%	4.0%		

UNAUDITED
The University of Texas at El Paso
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	<u>June</u> <u>Year-to-Date</u> <u>FY 2007</u>	<u>June</u> <u>Year-to-Date</u> <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation</u> <u>Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 73,264,421	\$ 66,756,237	\$ 6,508,184	9.7%
Sponsored Programs	70,335,743	68,706,641	1,629,102	2.4%
Net Sales and Services of Educational Activities	3,546,502	3,411,589	134,913	4.0%
Net Auxiliary Enterprises	24,540,280	22,035,934	2,504,346	11.4%
Other Operating Revenues	17,812	54,730	(36,918)	-67.5%
Total Operating Revenues	<u>171,704,758</u>	<u>160,965,131</u>	<u>10,739,627</u>	<u>6.7%</u>
Operating Expenses				
Salaries and Wages	104,705,669	100,673,970	4,031,699	4.0%
Employee Benefits and Related Costs	25,417,709	23,915,510	1,502,199	6.3%
Professional Fees and Contracted Services	6,669,891	3,719,002	2,950,889	79.3%
Other Contracted Services	10,992,980	9,787,741	1,205,239	12.3%
Scholarships and Fellowships	48,795,756	45,576,034	3,219,722	7.1%
Travel	4,494,391	4,372,545	121,846	2.8%
Materials and Supplies	16,800,171	18,623,151	(1,822,980)	-9.8%
Utilities	6,182,655	6,037,664	144,991	2.4%
Telecommunications	608,724	567,032	41,692	7.4%
Repairs and Maintenance	2,793,098	2,889,734	(96,636)	-3.3%
Rentals and Leases	2,430,566	1,927,694	502,872	26.1%
Printing and Reproduction	513,725	707,739	(194,014)	-27.4%
Federal Sponsored Programs Pass-Thrus	262,323	1,136,264	(873,941)	-76.9%
Depreciation and Amortization	11,312,059	9,900,019	1,412,040	14.3%
Other Operating Expenses	4,709,264	4,373,545	335,719	7.7%
Total Operating Expenses	<u>246,688,981</u>	<u>234,207,644</u>	<u>12,481,337</u>	<u>5.3%</u>
Operating Loss	<u>(74,984,223)</u>	<u>(73,242,513)</u>	<u>(1,741,710)</u>	<u>-2.4%</u>
Other Nonoperating Adjustments				
State Appropriations	67,108,065	67,115,645	(7,580)	0.0%
Gift Contributions for Operations	6,241,917	4,907,503	1,334,414	27.2%
Net Investment Income	4,168,687	3,469,944	698,743	20.1%
Long Term Fund Distribution	3,795,279	3,626,061	169,218	4.7%
Interest Expense on Capital Asset Financings	(3,475,600)	(3,344,349)	(131,251)	-3.9%
Net Other Nonoperating Adjustments	<u>77,838,348</u>	<u>75,774,804</u>	<u>2,063,544</u>	<u>2.7%</u>
Adjusted Income (Loss) including Depreciation	2,854,125	2,532,291	321,834	12.7%
Adjusted Margin (as a percentage) including Depreciation	1.1%	1.1%		
Investment Gains (Losses)	4,919,641	(432,365)	5,352,006	1,237.8%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 7,773,766	\$ 2,099,926	\$ 5,673,840	270.2%
Adjusted Margin % with Investment Gains (Losses)	3.0%	0.9%		
Adjusted Income (Loss) excluding Depreciation	14,166,184	12,432,310	1,733,874	13.9%
Adjusted Margin (as a percentage) excluding Depreciation	5.6%	5.2%		

UNAUDITED
The University of Texas-Pan American
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	June Year-to-Date FY 2007	June Year-to-Date FY 2006	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$ 57,039,270	\$ 49,337,833	\$ 7,701,437	15.6%
Sponsored Programs	64,659,324	59,876,071	4,783,253	8.0%
Net Sales and Services of Educational Activities	4,687,583	5,140,085	(452,502)	-8.8%
Net Auxiliary Enterprises	2,561,285	3,126,700	(565,415)	-18.1%
Other Operating Revenues	740,246	747,754	(7,508)	-1.0%
Total Operating Revenues	129,687,708	118,228,443	11,459,265	9.7%
Operating Expenses				
Salaries and Wages	75,402,027	71,080,952	4,321,075	6.1%
Employee Benefits and Related Costs	17,269,880	17,054,112	215,768	1.3%
Professional Fees and Contracted Services	1,447,583	734,616	712,967	97.1%
Other Contracted Services	4,196,529	4,936,658	(740,129)	-15.0%
Scholarships and Fellowships	56,362,052	51,545,528	4,816,524	9.3%
Travel	2,997,686	2,932,090	65,596	2.2%
Materials and Supplies	10,497,760	9,785,490	712,270	7.3%
Utilities	4,233,519	4,036,329	197,190	4.9%
Telecommunications	607,053	772,623	(165,570)	-21.4%
Repairs and Maintenance	1,652,426	981,389	671,037	68.4%
Rentals and Leases	614,526	646,385	(31,859)	-4.9%
Printing and Reproduction	274,059	544,848	(270,789)	-49.7%
Bad Debt Expense	1,022,340	1,020,780	1,560	0.2%
Federal Sponsored Programs Pass-Thrus	27,671	89,107	(61,436)	-68.9%
Depreciation and Amortization	13,035,627	11,933,842	1,101,785	9.2%
Other Operating Expenses	4,159,978	4,002,032	157,946	3.9%
Total Operating Expenses	193,800,716	182,096,781	11,703,935	6.4%
Operating Loss	(64,113,008)	(63,868,338)	(244,670)	-0.4%
Other Nonoperating Adjustments				
State Appropriations	58,243,127	57,001,384	1,241,743	2.2%
Gift Contributions for Operations	1,958,865	1,298,241	660,624	50.9%
Net Investment Income	1,850,246	1,715,651	134,595	7.8%
Long Term Fund Distribution	900,140	831,433	68,707	8.3%
Interest Expense on Capital Asset Financings	(3,103,200)	(1,980,594)	(1,122,606)	-56.7%
Net Other Nonoperating Adjustments	59,849,178	58,866,115	983,063	1.7%
Adjusted Income (Loss) including Depreciation	(4,263,830)	(5,002,223)	738,393	14.8%
Adjusted Margin (as a percentage) including Depreciation	-2.2%	-2.8%		
Investment Gains (Losses)	2,984,204	(772,402)	3,756,606	486.4%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ (1,279,626)	\$ (5,774,625)	\$ 4,494,999	77.8%
Adjusted Margin % with Investment Gains (Losses)	-0.7%	-3.2%		
Adjusted Income (Loss) excluding Depreciation	8,771,797	6,931,619	1,840,178	26.5%
Adjusted Margin (as a percentage) excluding Depreciation	4.6%	3.9%		

UNAUDITED
The University of Texas of the Permian Basin
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	June Year-to-Date <u>FY 2007</u>	June Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 11,543,387	\$ 10,197,449	\$ 1,345,938	13.2%
Sponsored Programs	5,285,365	4,726,289	559,076	11.8%
Net Sales and Services of Educational Activities	225,392	216,787	8,605	4.0%
Net Auxiliary Enterprises	1,785,193	1,555,208	229,985	14.8%
Other Operating Revenues	125,740	195,822	(70,082)	-35.8%
Total Operating Revenues	<u>18,965,077</u>	<u>16,891,555</u>	<u>2,073,522</u>	<u>12.3%</u>
Operating Expenses				
Salaries and Wages	13,958,919	13,486,487	472,432	3.5%
Employee Benefits and Related Costs	3,321,243	3,124,608	196,635	6.3%
Professional Fees and Contracted Services	714,919	1,776,618	(1,061,699)	-59.8%
Other Contracted Services	1,027,791	735,311	292,480	39.8%
Scholarships and Fellowships	6,355,717	6,140,789	214,928	3.5%
Travel	664,951	715,550	(50,599)	-7.1%
Materials and Supplies	1,643,333	1,845,081	(201,748)	-10.9%
Utilities	1,720,522	1,565,998	154,524	9.9%
Telecommunications	343,542	410,165	(66,623)	-16.2%
Repairs and Maintenance	619,225	498,959	120,266	24.1%
Rentals and Leases	223,654	227,260	(3,606)	-1.6%
Printing and Reproduction	190,612	235,061	(44,449)	-18.9%
Depreciation and Amortization	2,874,558	2,789,779	84,779	3.0%
Other Operating Expenses	714,078	671,493	42,585	6.3%
Total Operating Expenses	<u>34,373,064</u>	<u>34,223,159</u>	<u>149,905</u>	<u>0.4%</u>
Operating Loss	<u>(15,407,987)</u>	<u>(17,331,604)</u>	<u>1,923,617</u>	<u>11.1%</u>
Other Nonoperating Adjustments				
State Appropriations	14,340,427	14,285,350	55,077	0.4%
Gift Contributions for Operations	1,091,781	3,304,153	(2,212,372)	-67.0%
Net Investment Income	354,473	241,357	113,116	46.9%
Long Term Fund Distribution	554,049	528,101	25,948	4.9%
Interest Expense on Capital Asset Financings	(1,317,840)	(1,457,312)	139,472	9.6%
Net Other Nonoperating Adjustments	<u>15,022,890</u>	<u>16,901,649</u>	<u>(1,878,759)</u>	<u>-11.1%</u>
Adjusted Income (Loss) including Depreciation	(385,097)	(429,955)	44,858	10.4%
Adjusted Margin (as a percentage) including Depreciation	-1.1%	-1.2%		
Investment Gains (Losses)	368,798	21,517	347,281	1,614.0%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ (16,299)	\$ (408,438)	\$ 392,139	96.0%
Adjusted Margin % with Investment Gains (Losses)	-0.0%	-1.2%		
Adjusted Income (Loss) excluding Depreciation	2,489,461	2,359,824	129,637	5.5%
Adjusted Margin (as a percentage) excluding Depreciation	7.1%	6.7%		

UNAUDITED
The University of Texas at San Antonio
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	<u>June</u> <u>Year-to-Date</u> <u>FY 2007</u>	<u>June</u> <u>Year-to-Date</u> <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation</u> <u>Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 144,909,494	\$ 128,707,812	\$ 16,201,682	12.6%
Sponsored Programs	63,253,529	62,855,955	397,574	0.6%
Net Sales and Services of Educational Activities	4,977,653	5,027,667	(50,014)	-1.0%
Net Auxiliary Enterprises	12,562,087	11,759,713	802,374	6.8%
Other Operating Revenues	1,620,306	2,213,753	(593,447)	-26.8%
Total Operating Revenues	<u>227,323,069</u>	<u>210,564,900</u>	<u>16,758,169</u>	<u>8.0%</u>
Operating Expenses				
Salaries and Wages	130,056,036	120,739,413	9,316,623	7.7%
Employee Benefits and Related Costs	31,686,444	28,948,045	2,738,399	9.5%
Professional Fees and Contracted Services	2,367,074	2,827,480	(460,406)	-16.3%
Other Contracted Services	3,589,862	2,565,421	1,024,441	39.9%
Scholarships and Fellowships	51,981,356	49,809,469	2,171,887	4.4%
Travel	4,456,613	4,579,544	(122,931)	-2.7%
Materials and Supplies	14,057,274	18,200,695	(4,143,421)	-22.8%
Utilities	7,487,750	8,776,777	(1,289,027)	-14.7%
Telecommunications	2,151,653	2,081,623	70,030	3.4%
Repairs and Maintenance	4,968,977	4,589,444	379,533	8.3%
Rentals and Leases	2,098,257	2,076,083	22,174	1.1%
Printing and Reproduction	916,626	890,799	25,827	2.9%
Federal Sponsored Programs Pass-Thrus	2,213,466	2,367,142	(153,676)	-6.5%
Depreciation and Amortization	19,652,925	17,167,147	2,485,778	14.5%
Other Operating Expenses	4,877,535	4,130,846	746,689	18.1%
Total Operating Expenses	<u>282,561,848</u>	<u>269,749,928</u>	<u>12,811,920</u>	<u>4.7%</u>
Operating Loss	<u>(55,238,779)</u>	<u>(59,185,028)</u>	<u>3,946,249</u>	<u>6.7%</u>
Other Nonoperating Adjustments				
State Appropriations	81,777,882	81,216,041	561,841	0.7%
Gift Contributions for Operations	3,000,359	3,011,647	(11,288)	-0.4%
Net Investment Income	5,135,282	4,822,076	313,206	6.5%
Long Term Fund Distribution	1,568,196	1,362,519	205,677	15.1%
Interest Expense on Capital Asset Financings	(8,192,520)	(8,484,891)	292,371	3.4%
Net Other Nonoperating Adjustments	<u>83,289,199</u>	<u>81,927,392</u>	<u>1,361,807</u>	<u>1.7%</u>
Adjusted Income (Loss) including Depreciation	28,050,420	22,742,364	5,308,056	23.3%
Adjusted Margin (as a percentage) including Depreciation	8.8%	7.6%		
Investment Gains (Losses)	11,666,160	198,573	11,467,587	5,775.0%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 39,716,580	\$ 22,940,937	\$ 16,775,643	73.1%
Adjusted Margin % with Investment Gains (Losses)	12.0%	7.6%		
Adjusted Income (Loss) excluding Depreciation	47,703,345	39,909,511	7,793,834	19.5%
Adjusted Margin (as a percentage) excluding Depreciation	15.0%	13.3%		

UNAUDITED
The University of Texas at Tyler
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	<u>June</u> <u>Year-to-Date</u> <u>FY 2007</u>	<u>June</u> <u>Year-to-Date</u> <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation</u> <u>Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 22,582,850	\$ 18,859,500	\$ 3,723,350	19.7%
Sponsored Programs	7,829,563	6,799,997	1,029,566	15.1%
Net Sales and Services of Educational Activities	866,619	831,112	35,507	4.3%
Net Auxiliary Enterprises	3,310,102	2,570,636	739,466	28.8%
Other Operating Revenues	46,891	97,696	(50,805)	-52.0%
Total Operating Revenues	<u>34,636,025</u>	<u>29,158,941</u>	<u>5,477,084</u>	<u>18.8%</u>
Operating Expenses				
Salaries and Wages	25,908,060	24,370,015	1,538,045	6.3%
Employee Benefits and Related Costs	6,581,749	5,898,348	683,401	11.6%
Professional Fees and Contracted Services	870,933	804,164	66,769	8.3%
Other Contracted Services	2,430,455	2,149,555	280,900	13.1%
Scholarships and Fellowships	9,368,537	9,048,993	319,544	3.5%
Travel	1,026,481	919,732	106,749	11.6%
Materials and Supplies	3,795,500	3,506,488	289,012	8.2%
Utilities	1,276,415	1,349,258	(72,843)	-5.4%
Telecommunications	449,792	386,866	62,926	16.3%
Repairs and Maintenance	760,634	1,266,631	(505,997)	-39.9%
Rentals and Leases	287,592	228,283	59,309	26.0%
Printing and Reproduction	514,047	482,592	31,455	6.5%
Depreciation and Amortization	4,988,143	5,084,161	(96,018)	-1.9%
Other Operating Expenses	1,181,148	1,168,348	12,800	1.1%
Total Operating Expenses	<u>59,439,486</u>	<u>56,663,434</u>	<u>2,776,052</u>	<u>4.9%</u>
Operating Loss	<u>(24,803,461)</u>	<u>(27,504,493)</u>	<u>2,701,032</u>	<u>9.8%</u>
Other Nonoperating Adjustments				
State Appropriations	25,338,156	24,995,113	343,043	1.4%
Gift Contributions for Operations	879,422	766,284	113,138	14.8%
Net Investment Income	971,066	851,043	120,023	14.1%
Long Term Fund Distribution	2,038,892	1,942,648	96,244	5.0%
Interest Expense on Capital Asset Financings	(1,895,420)	(1,906,464)	11,044	0.6%
Net Other Nonoperating Adjustments	<u>27,332,116</u>	<u>26,648,624</u>	<u>683,492</u>	<u>2.6%</u>
Adjusted Income (Loss) including Depreciation	2,528,655	(855,869)	3,384,524	395.4%
Adjusted Margin (as a percentage) including Depreciation	4.0%	-1.5%		
Investment Gains (Losses)	1,739,477	10,073	1,729,404	17,168.7%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 4,268,132	\$ (845,796)	\$ 5,113,928	604.6%
Adjusted Margin % with Investment Gains (Losses)	6.5%	-1.5%		
Adjusted Income (Loss) excluding Depreciation	7,516,798	4,228,292	3,288,506	77.8%
Adjusted Margin (as a percentage) excluding Depreciation	11.8%	7.3%		

UNAUDITED
The University of Texas Southwestern Medical Center at Dallas
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	June Year-to-Date <u>FY 2007</u>	June Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 16,365,744	\$ 15,226,808	\$ 1,138,936	7.5%
Sponsored Programs	330,220,849	322,824,695	7,396,154	2.3%
Net Sales and Services of Educational Activities	5,671,116	11,386,013	(5,714,897)	-50.2%
Net Sales and Services of Hospitals	246,851,913	234,312,223	12,539,690	5.4%
Net Professional Fees	290,124,154	209,487,075	80,637,079	38.5%
Net Auxiliary Enterprises	14,167,021	14,411,967	(244,946)	-1.7%
Other Operating Revenues	5,367,544	5,195,183	172,361	3.3%
Total Operating Revenues	<u>908,768,341</u>	<u>812,843,964</u>	<u>95,924,377</u>	<u>11.8%</u>
Operating Expenses				
Salaries and Wages	524,414,119	487,540,572	36,873,547	7.6%
Employee Benefits and Related Costs	142,127,025	130,746,324	11,380,701	8.7%
Professional Fees and Contracted Services	18,460,898	14,313,098	4,147,800	29.0%
Other Contracted Services	56,286,732	55,887,503	399,229	0.7%
Scholarships and Fellowships	5,798,512	5,840,282	(41,770)	-0.7%
Travel	7,095,298	6,942,648	152,650	2.2%
Materials and Supplies	146,309,765	138,258,305	8,051,460	5.8%
Utilities	23,387,155	20,266,208	3,120,947	15.4%
Telecommunications	5,680,413	5,825,677	(145,264)	-2.5%
Repairs and Maintenance	11,081,963	11,036,915	45,048	0.4%
Rentals and Leases	9,460,323	9,321,473	138,850	1.5%
Printing and Reproduction	1,787,720	2,023,006	(235,286)	-11.6%
Federal Sponsored Programs Pass-Thrus	1,097,966	2,057,002	(959,036)	-46.6%
Depreciation and Amortization	51,799,757	47,460,148	4,339,609	9.1%
Other Operating Expenses	35,190,592	37,508,749	(2,318,157)	-6.2%
Total Operating Expenses	<u>1,039,978,238</u>	<u>975,027,910</u>	<u>64,950,328</u>	<u>6.7%</u>
Operating Loss	<u>(131,209,897)</u>	<u>(162,183,946)</u>	<u>30,974,049</u>	<u>19.1%</u>
Other Nonoperating Adjustments				
State Appropriations	124,791,358	122,226,518	2,564,840	2.1%
Gift Contributions for Operations	34,338,779	27,989,259	6,349,520	22.7%
Net Investment Income	29,143,879	29,855,354	(711,475)	-2.4%
Long Term Fund Distribution	24,745,769	22,954,182	1,791,587	7.8%
Interest Expense on Capital Asset Financings	(15,459,240)	(17,488,566)	2,029,326	11.6%
Net Other Nonoperating Adjustments	<u>197,560,545</u>	<u>185,536,747</u>	<u>12,023,798</u>	<u>6.5%</u>
Adjusted Income (Loss) including Depreciation	66,350,648	23,352,801	42,997,847	184.1%
Adjusted Margin (as a percentage) including Depreciation	5.9%	2.3%		
Investment Gains (Losses)	35,307,437	(3,376,308)	38,683,745	1,145.7%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 101,658,085	\$ 19,976,493	\$ 81,681,592	408.9%
Adjusted Margin % with Investment Gains (Losses)	8.8%	2.0%		
Adjusted Income (Loss) excluding Depreciation	118,150,405	70,812,949	47,337,456	66.8%
Adjusted Margin (as a percentage) excluding Depreciation	10.5%	7.0%		

Note: UT Southwestern Medical Center at Dallas received \$61.5 million of Texas Physician Upper Payment Limit reimbursements in 2007. These funds are only allowed to be used by the Physician Practice Plan to enhance patient services.

UNAUDITED
The University of Texas Medical Branch at Galveston
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	June Year-to-Date <u>FY 2007</u>	June Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 14,351,432	\$ 11,435,357	\$ 2,916,075	25.5%
Sponsored Programs	172,735,029	167,681,516	5,053,513	3.0%
Net Sales and Services of Educational Activities	1,678,106	1,674,834	3,272	0.2%
Net Sales and Services of Hospitals	561,839,138	570,990,901	(9,151,763)	-1.6%
Net Professional Fees	121,949,007	96,687,385	25,261,622	26.1%
Net Auxiliary Enterprises	7,576,998	7,335,099	241,899	3.3%
Other Operating Revenues	29,421,250	21,889,673	7,531,577	34.4%
Total Operating Revenues	<u>909,550,960</u>	<u>877,694,765</u>	<u>31,856,195</u>	<u>3.6%</u>
Operating Expenses				
Salaries and Wages	620,183,648	622,711,357	(2,527,709)	-0.4%
Employee Benefits and Related Costs	145,953,591	144,117,658	1,835,933	1.3%
Professional Fees and Contracted Services	28,960,020	38,974,501	(10,014,481)	-25.7%
Other Contracted Services	49,049,635	45,531,837	3,517,798	7.7%
Scholarships and Fellowships	6,205,511	5,862,625	342,886	5.8%
Travel	5,908,517	5,890,426	18,091	0.3%
Materials and Supplies	148,602,374	140,774,354	7,828,020	5.6%
Utilities	23,107,163	25,577,275	(2,470,112)	-9.7%
Telecommunications	11,421,911	10,303,149	1,118,762	10.9%
Repairs and Maintenance	25,659,851	26,977,619	(1,317,768)	-4.9%
Rentals and Leases	11,934,772	10,642,568	1,292,204	12.1%
Printing and Reproduction	1,873,935	1,799,597	74,338	4.1%
Federal Sponsored Programs Pass-Thrus	6,832,222	6,261,762	570,460	9.1%
Depreciation and Amortization	44,396,792	42,676,667	1,720,125	4.0%
Other Operating Expenses	52,982,905	57,754,509	(4,771,604)	-8.3%
Total Operating Expenses	<u>1,183,072,847</u>	<u>1,185,855,904</u>	<u>(2,783,057)</u>	<u>-0.2%</u>
Operating Loss	<u>(273,521,887)</u>	<u>(308,161,139)</u>	<u>34,639,252</u>	<u>11.2%</u>
Other Nonoperating Adjustments				
State Appropriations	246,163,427	240,407,508	5,755,919	2.4%
Gift Contributions for Operations	6,360,863	4,761,905	1,598,958	33.6%
Net Investment Income	14,843,518	15,955,351	(1,111,833)	-7.0%
Long Term Fund Distribution	13,723,858	10,858,296	2,865,562	26.4%
Interest Expense on Capital Asset Financings	(3,799,639)	(5,077,335)	1,277,696	25.2%
Net Other Nonoperating Adjustments	<u>277,292,027</u>	<u>266,905,725</u>	<u>10,386,302</u>	<u>3.9%</u>
Adjusted Income (Loss) including Depreciation	3,770,140	(41,255,414)	45,025,554	109.1%
Adjusted Margin (as a percentage) including Depreciation	0.3%	-3.6%		
Investment Gains (Losses)	71,879,104	14,249,011	57,630,093	404.4%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 75,649,244	\$ (27,006,403)	\$ 102,655,647	380.1%
Adjusted Margin % with Investment Gains (Losses)	6.0%	-2.3%		
Adjusted Income (Loss) excluding Depreciation	48,166,932	1,421,253	46,745,679	3,289.0%
Adjusted Margin (as a percentage) excluding Depreciation	4.0%	0.1%		

Note: UT Medical Branch at Galveston received \$27.7 million of Texas Physician Upper Payment Limit reimbursements in 2007. These funds are only allowed to be used by the Physician Practice Plan to enhance patient services.

UNAUDITED
The University of Texas Health Science Center at Houston
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	June Year-to-Date <u>FY 2007</u>	June Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 18,476,805	\$ 15,620,786	\$ 2,856,019	18.3%
Sponsored Programs	239,898,865	232,648,391	7,250,474	3.1%
Net Sales and Services of Educational Activities	27,123,018	27,440,874	(317,856)	-1.2%
Net Sales and Services of Hospitals	22,383,446	24,667,815	(2,284,369)	-9.3%
Net Professional Fees	101,470,572	89,362,264	12,108,308	13.5%
Net Auxiliary Enterprises	19,052,503	15,810,365	3,242,138	20.5%
Other Operating Revenues	26,789,711	25,729,403	1,060,308	4.1%
Total Operating Revenues	<u>455,194,920</u>	<u>431,279,898</u>	<u>23,915,022</u>	<u>5.5%</u>
Operating Expenses				
Salaries and Wages	274,989,303	267,729,023	7,260,280	2.7%
Employee Benefits and Related Costs	61,657,123	58,973,823	2,683,300	4.5%
Professional Fees and Contracted Services	47,214,324	48,082,718	(868,394)	-1.8%
Other Contracted Services	35,851,332	32,096,880	3,754,452	11.7%
Scholarships and Fellowships	2,171,518	1,874,888	296,630	15.8%
Travel	5,089,098	5,011,063	78,035	1.6%
Materials and Supplies	44,860,662	43,768,383	1,092,279	2.5%
Utilities	12,903,962	10,667,900	2,236,062	21.0%
Telecommunications	2,247,850	2,295,874	(48,024)	-2.1%
Repairs and Maintenance	4,574,856	3,628,466	946,390	26.1%
Rentals and Leases	9,962,785	10,286,557	(323,772)	-3.1%
Printing and Reproduction	3,055,971	3,225,703	(169,732)	-5.3%
Bad Debt Expense	-	3,929	(3,929)	-100.0%
Federal Sponsored Programs Pass-Thrus	4,390,536	5,038,136	(647,600)	-12.9%
Depreciation and Amortization	26,470,851	22,894,505	3,576,346	15.6%
Other Operating Expenses	44,328,375	40,934,022	3,394,353	8.3%
Total Operating Expenses	<u>579,768,546</u>	<u>556,511,870</u>	<u>23,256,676</u>	<u>4.2%</u>
Operating Loss	<u>(124,573,626)</u>	<u>(125,231,972)</u>	<u>658,346</u>	<u>0.5%</u>
Other Nonoperating Adjustments				
State Appropriations	126,654,243	124,886,593	1,767,650	1.4%
Gift Contributions for Operations	9,220,774	24,017,366	(14,796,592)	-61.6%
Net Investment Income	15,534,052	11,685,499	3,848,553	32.9%
Long Term Fund Distribution	4,126,648	3,745,854	380,794	10.2%
Interest Expense on Capital Asset Financings	(6,237,290)	(7,372,096)	1,134,806	15.4%
Net Other Nonoperating Adjustments	<u>149,298,427</u>	<u>156,963,216</u>	<u>(7,664,789)</u>	<u>-4.9%</u>
Adjusted Income (Loss) including Depreciation	24,724,801	31,731,244	(7,006,443)	-22.1%
Adjusted Margin (as a percentage) including Depreciation	4.0%	5.3%		
Investment Gains (Losses)	12,831,231	(2,810,888)	15,642,119	556.5%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 37,556,032	\$ 28,920,356	\$ 8,635,676	29.9%
Adjusted Margin % with Investment Gains (Losses)	6.0%	4.9%		
Adjusted Income (Loss) excluding Depreciation	51,195,652	54,625,749	(3,430,097)	-6.3%
Adjusted Margin (as a percentage) excluding Depreciation	8.4%	9.2%		

Note: UT Health Science Center at Houston received \$20.1 million of Texas Physician Upper Payment Limit reimbursements in 2007. These funds are only allowed to be used by the Physician Practice Plan to enhance patient services.

UNAUDITED
The University of Texas Health Science Center at San Antonio
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	June Year-to-Date <u>FY 2007</u>	June Year-to-Date <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation Percentage</u>
Operating Revenues				
Student Tuition and Fees	\$ 17,666,667	\$ 18,882,742	\$ (1,216,075)	-6.4%
Sponsored Programs	166,173,601	155,887,161	10,286,440	6.6%
Net Sales and Services of Educational Activities	18,947,916	18,226,548	721,368	4.0%
Net Professional Fees	77,430,045	66,944,618	10,485,427	15.7%
Net Auxiliary Enterprises	2,821,112	3,132,322	(311,210)	-9.9%
Other Operating Revenues	26,753,648	23,643,416	3,110,232	13.2%
Total Operating Revenues	<u>309,792,989</u>	<u>286,716,807</u>	<u>23,076,182</u>	<u>8.0%</u>
Operating Expenses				
Salaries and Wages	239,994,382	230,010,342	9,984,040	4.3%
Employee Benefits and Related Costs	58,953,746	56,461,139	2,492,607	4.4%
Professional Fees and Contracted Services	9,045,871	8,798,801	247,070	2.8%
Other Contracted Services	17,868,495	13,139,085	4,729,410	36.0%
Scholarships and Fellowships	2,340,046	1,376,968	963,078	69.9%
Travel	4,025,997	3,963,854	62,143	1.6%
Materials and Supplies	27,202,834	28,109,486	(906,652)	-3.2%
Utilities	10,833,333	9,921,429	911,904	9.2%
Telecommunications	4,931,395	4,462,263	469,132	10.5%
Repairs and Maintenance	2,376,454	1,994,929	381,525	19.1%
Rentals and Leases	1,835,971	2,155,399	(319,428)	-14.8%
Printing and Reproduction	1,382,907	1,526,002	(143,095)	-9.4%
Federal Sponsored Programs Pass-Thrus	520,833	437,953	82,880	18.9%
Depreciation and Amortization	20,833,333	19,262,892	1,570,441	8.2%
Other Operating Expenses	52,949,417	58,601,590	(5,652,173)	-9.6%
Total Operating Expenses	<u>455,095,014</u>	<u>440,222,132</u>	<u>14,872,882</u>	<u>3.4%</u>
Operating Loss	<u>(145,302,025)</u>	<u>(153,505,325)</u>	<u>8,203,300</u>	<u>5.3%</u>
Other Nonoperating Adjustments				
State Appropriations	124,152,492	126,119,203	(1,966,711)	-1.6%
Gift Contributions for Operations	15,466,275	2,339,316	13,126,959	561.1%
Net Investment Income	20,212,867	19,309,703	903,164	4.7%
Long Term Fund Distribution	3,919,502	3,430,819	488,683	14.2%
Interest Expense on Capital Asset Financings	(4,033,510)	(4,995,074)	961,564	19.3%
Net Other Nonoperating Adjustments	<u>159,717,626</u>	<u>146,203,967</u>	<u>13,513,659</u>	<u>9.2%</u>
Adjusted Income (Loss) including Depreciation	14,415,601	(7,301,358)	21,716,959	297.4%
Adjusted Margin (as a percentage) including Depreciation	3.0%	-1.7%		
Investment Gains (Losses)	11,441,723	(1,417,628)	12,859,351	907.1%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 25,857,324	\$ (8,718,986)	\$ 34,576,310	396.6%
Adjusted Margin % with Investment Gains (Losses)	5.3%	-2.0%		
Adjusted Income (Loss) excluding Depreciation	35,248,934	11,961,534	23,287,400	194.7%
Adjusted Margin (as a percentage) excluding Depreciation	7.4%	2.7%		

Note: UT Health Science Center San Antonio received \$11.9 million of Texas Physician Upper Payment Limit reimbursements in 2007. These funds are only allowed to be used by the Physician Practice Plan to enhance patient services.

UNAUDITED
The University of Texas M. D. Anderson Cancer Center
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	June Year-to-Date FY 2007	June Year-to-Date FY 2006	Variance	Fluctuation Percentage
Operating Revenues				
Student Tuition and Fees	\$ 410,363	\$ 314,047	\$ 96,316	30.7%
Sponsored Programs	196,984,025	186,544,256	10,439,769	5.6%
Net Sales and Services of Educational Activities	1,990,451	1,501,738	488,713	32.5%
Net Sales and Services of Hospitals	1,399,016,670	1,253,015,228	146,001,442	11.7%
Net Professional Fees	226,989,394	196,133,134	30,856,260	15.7%
Net Auxiliary Enterprises	20,800,502	19,414,650	1,385,852	7.1%
Other Operating Revenues	22,709,376	15,274,524	7,434,852	48.7%
Total Operating Revenues	1,868,900,781	1,672,197,577	196,703,204	11.8%
Operating Expenses				
Salaries and Wages	926,982,728	843,716,147	83,266,581	9.9%
Employee Benefits and Related Costs	244,630,843	224,115,738	20,515,105	9.2%
Professional Fees and Contracted Services	79,154,623	66,333,041	12,821,582	19.3%
Other Contracted Services	57,513,131	54,843,283	2,669,848	4.9%
Travel	16,903,373	14,085,980	2,817,393	20.0%
Materials and Supplies	351,008,096	340,350,566	10,657,530	3.1%
Utilities	41,280,251	46,247,278	(4,967,027)	-10.7%
Telecommunications	5,203,507	6,185,406	(981,899)	-15.9%
Repairs and Maintenance	38,657,831	32,945,436	5,712,395	17.3%
Rentals and Leases	25,652,743	25,177,698	475,045	1.9%
Federal Sponsored Programs Pass-Thrus	584,975	1,051,382	(466,407)	-44.4%
Depreciation and Amortization	154,995,423	149,056,123	5,939,300	4.0%
Other Operating Expenses	2,493,566	2,471,473	22,093	0.9%
Total Operating Expenses	1,945,061,090	1,806,579,551	138,481,539	7.7%
Operating Loss	(76,160,309)	(134,381,974)	58,221,665	43.3%
Other Nonoperating Adjustments				
State Appropriations	133,023,363	131,815,307	1,208,056	0.9%
Gift Contributions for Operations	59,185,190	51,457,336	7,727,854	15.0%
Net Investment Income	34,343,670	29,062,178	5,281,492	18.2%
Long Term Fund Distribution	11,620,918	11,001,911	619,007	5.6%
Interest Expense on Capital Asset Financings	(26,612,020)	(24,467,009)	(2,145,011)	-8.8%
Net Other Nonoperating Adjustments	211,561,121	198,869,723	12,691,398	6.4%
Adjusted Income (Loss) including Depreciation	135,400,812	64,487,749	70,913,063	110.0%
Adjusted Margin (as a percentage) including Depreciation	6.4%	3.4%		
Investment Gains (Losses)	109,004,536	26,458,478	82,546,058	312.0%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 244,405,348	\$ 90,946,227	\$ 153,459,121	168.7%
Adjusted Margin % with Investment Gains (Losses)	11.0%	4.7%		
Adjusted Income (Loss) excluding Depreciation	290,396,235	213,543,872	76,852,363	36.0%
Adjusted Margin (as a percentage) excluding Depreciation	13.8%	11.3%		

Note: UT M. D. Anderson Cancer Center received \$12.3 million of Texas Physician Upper Payment Limit reimbursements in 2007. These funds are only allowed to be used by the Physician Practice Plan to enhance patient services.

UNAUDITED
The University of Texas Health Center at Tyler
Comparison of Operating Results and Margin
For the Ten Months Ending June 30, 2007

	<u>June</u> <u>Year-to-Date</u> <u>FY 2007</u>	<u>June</u> <u>Year-to-Date</u> <u>FY 2006</u>	<u>Variance</u>	<u>Fluctuation</u> <u>Percentage</u>
Operating Revenues				
Sponsored Programs	\$ 11,535,329	\$ 11,924,901	\$ (389,572)	-3.3%
Net Sales and Services of Educational Activities	713,240	826,142	(112,902)	-13.7%
Net Sales and Services of Hospitals	37,245,027	38,477,916	(1,232,889)	-3.2%
Net Professional Fees	12,399,661	9,743,659	2,656,002	27.3%
Net Auxiliary Enterprises	153,965	218,782	(64,817)	-29.6%
Other Operating Revenues	1,469,518	2,215,606	(746,088)	-33.7%
Total Operating Revenues	<u>63,516,740</u>	<u>63,407,006</u>	<u>109,734</u>	<u>0.2%</u>
Operating Expenses				
Salaries and Wages	43,174,232	49,434,835	(6,260,603)	-12.7%
Employee Benefits and Related Costs	11,857,961	12,454,315	(596,354)	-4.8%
Professional Fees and Contracted Services	4,687,732	3,901,874	785,858	20.1%
Other Contracted Services	6,054,150	6,201,943	(147,793)	-2.4%
Travel	461,622	466,302	(4,680)	-1.0%
Materials and Supplies	10,630,771	12,516,383	(1,885,612)	-15.1%
Utilities	2,695,565	2,354,259	341,306	14.5%
Telecommunications	553,418	557,051	(3,633)	-0.7%
Repairs and Maintenance	2,603,704	2,216,406	387,298	17.5%
Rentals and Leases	963,545	1,084,587	(121,042)	-11.2%
Printing and Reproduction	19,805	142,950	(123,145)	-86.1%
Federal Sponsored Programs Pass-Thrus	380,473	548,861	(168,388)	-30.7%
Depreciation and Amortization	5,254,441	4,820,952	433,489	9.0%
Other Operating Expenses	2,392,873	2,683,270	(290,397)	-10.8%
Total Operating Expenses	<u>91,730,292</u>	<u>99,383,988</u>	<u>(7,653,696)</u>	<u>-7.7%</u>
Operating Loss	<u>(28,213,552)</u>	<u>(35,976,982)</u>	<u>7,763,430</u>	<u>21.6%</u>
Other Nonoperating Adjustments				
State Appropriations	31,208,003	32,283,093	(1,075,090)	-3.3%
Gift Contributions for Operations	476,047	476,669	(622)	-0.1%
Net Investment Income	2,967,275	2,725,261	242,014	8.9%
Long Term Fund Distribution	322,955	304,642	18,313	6.0%
Interest Expense on Capital Asset Financings	(522,220)	(727,934)	205,714	28.3%
Net Other Nonoperating Adjustments	<u>34,452,060</u>	<u>35,061,731</u>	<u>(609,671)</u>	<u>-1.7%</u>
Adjusted Income (Loss) including Depreciation	6,238,508	(915,251)	7,153,759	781.6%
Adjusted Margin (as a percentage) including Depreciation	6.3%	-0.9%		
Investment Gains (Losses)	-	24,657	(24,657)	-100.0%
Adjusted Income (Loss) with Investment Gains (Losses)	\$ 6,238,508	\$ (890,594)	\$ 7,129,102	800.5%
Adjusted Margin % with Investment Gains (Losses)	6.3%	-0.9%		
Adjusted Income (Loss) excluding Depreciation	11,492,949	3,905,701	7,587,248	194.3%
Adjusted Margin (as a percentage) excluding Depreciation	11.7%	3.9%		

Note: UT Health Center at Tyler received \$3.7 million of Texas Physician Upper Payment Limit reimbursements in 2007. These funds are only allowed to be used by the Physician Practice Plan to enhance patient services.