

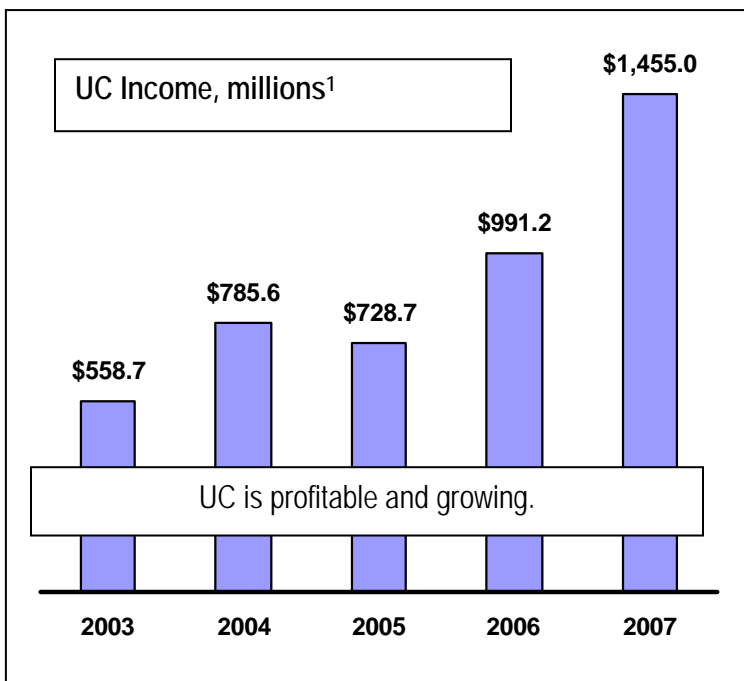
UC Financial Fact Sheet

The University of California is financially healthy, with a strong balance sheet, and a diverse and growing revenue base.

October 8, 2007, Moody's Investors Service upgraded UC bond ratings, citing the following strengths:

- "UC is one of the premier higher education systems in the world, serving over 200,000 students, conducting over \$3 billion of research annually (excluding its role managing several national laboratories), and generating in excess of \$4 billion of net patient revenues at its five academic medical centers
- "Healthy and consistent operating performance, with operating cash flow in excess of \$2 billion driven by a highly diversified revenue stream with no single revenue source exceeding 26% of total revenues
- "Sizeable balance sheet that remains highly liquid, with \$5.9 billion of unrestricted financial resources"

The University of California is one of the nation's wealthiest institutions.



UC's \$463 million increase in income 2007 over 2006 – more than the Governor's entire proposed \$332m state funding reduction for 2008.

- In 2007 UC had \$22.4 billion in net assets (assets minus liabilities), up 18% from 2005.
- UC Medical Center operations are profitable, earning income of hundreds of millions of dollars per year (revenues minus expenses) -- \$371 million in 2006, up from \$243 million in 2005.
- UC is the largest university recipient of Federal R&D funding – more than \$4 billion in 2007.
- Wages for UC's 20,000 AFSCME-represented patient care and service workers are only 8.6% funded with state resources.

1. Income before other changes in net assets, ie, excluding state capital appropriations, net capital gifts and grants, and permanent endowments.

Sources: UC & UC Medical Center audited annual financial statements; Moody's Investor Service Global Credit Research, October 8, 2007; UC Office of the President Fund Source Distribution data, October 2005.

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In March 2005, Carol A. Vendrillo, the state's neutral fact finder in the Higher Education Employee Relations Act fact finding process, confirmed that UC service worker funding is not dependent on state funds:

"Indeed, perhaps the most important point the panel wishes to make is that wage increases for service employees under the successor agreement should not be dependent on state funding or any other particular funding source."

Wages for UC's lowest paid workers are paid from a diverse mix of fund sources, primarily UC hospital revenues.

