Financial Indicators

UNIVERSITY OF ILLINOIS
URBANA-CHAMPAIGN • CHICAGO • SPRINGFIELD

Presented to the Board of Trustees
January 21, 2010
Where Does the Money Come From?  
FY 2010

<table>
<thead>
<tr>
<th>Source</th>
<th>Unrestricted</th>
<th>Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
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<td>Tuition</td>
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<td><strong>$4,662.5M</strong></td>
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Where Do the Dollars Go?  
FY 2010

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Unrestricted $1,853.3M  39.7%  
Restricted $2,809.2M  60.3%  
Total $4,662.5M  100%
State Appropriation Revenue
Unrestricted Funds
Fiscal Year 2006 through Fiscal Year 2010

In Millions

GRF revenue increased 6.1% in total from FY2006 – FY2010

2006: $700, 1.9% increase
2007: $713, 1.8% increase
2008: $726, 2.3% increase
2009: $743, 0% increase
2010: $743

FY09 appropriation includes $19 million rescission.
FY10 appropriation includes $45.5 million of federal stimulus funding and assumes restoration of FY09 rescission.
State Appropriation Revenue
Unrestricted Funds
Billings and Collections through December 31, 2010

In Millions

FY09 appropriation includes $19 million rescission.
FY10 appropriation includes $45.5 million of federal stimulus funding and assumes restoration of FY09 rescission.
UI Month End GRF Receivable
Fiscal Year 2007 through Fiscal Year 2010

In Millions

July 06 Dec 06 June 07 Dec 07 June 08 Dec 08 June 09 Dec 09

Month End General Revenue Fund Receivable
UI Direct State Tax Appropriations (GRF)
Fiscal Year 2000 – Fiscal Year 2010

Spending Authority: FY02 – FY10 adjusted for Health Insurance obligation of $24.9 million.
FY09 & FY10 state appropriation adjusted to include $15.8 million transferred for the State Surveys.
Annual tuition revenue increased by 50.2% in total from FY06-FY10
Sources: Budget Summary for Operations, state payments on behalf, and RAMP. Waivers excluded. GRF for FY02 – FY10 exclude $24.9 million for Health Insurance. State Surveys are included in State (not IF) in FY09-FY10.
Sponsored Projects Revenue
Restricted Funds
Budget Fiscal Year 2006-2010; Actual through December Fiscal Year 2009-2010

In Millions

Sponsored project revenue increased by 12.7% in total from FY06-FY10
Utility Budget versus Actual Expenditures
Fiscal Year 2005 through Fiscal Year 2010

In Millions

FY10 Actual is through 11/30/09
Natural Gas Hedging Program

In accordance with Board established fuel procurement policy, Fiscal Year 2010 and 2011 core gas supply has been secured via physical contract. Market price risk has been essentially eliminated for these years. Purchases for FY12 and FY13 are underway.

Summary of Gas Procurement Program

Volume Requirement = Must Run Gas Requirement to produce only steam load
Landed Price = field price + basis + Nicor Enerchange fee + NGPL fees
University Debt
Fiscal Year 2010 through Fiscal Year 2020

$1,686.9 Million Total Outstanding at June 30, 2009

Outstanding Annual Net Debt Service Requirements by Issue Type

- Auxiliary System 55.7%
- COPs 33.8%
- Health System 3.6%
- Internal/Other 2.6%
- UIC South Campus 4.3%

$1,686.9 Million Total Outstanding at June 30, 2009

Fiscal Year 2010 debt service represents 2.5% of overall UI budget
Debt Capacity

- Revenue Diversity
- State Relationship
- Management & Governance
- Enrollment & Student Demand
- Market Position

**Quantitative Attributes**

- Leverage and Debt Service Coverage
- Capital Plans / Facility Needs
- Operating Margins
- Financial Resources
- Comparison to Peer Universe

**Qualitative Attributes**

- Revenue Diversity
- State Relationship
- Management & Governance
- Enrollment & Student Demand
- Market Position

- $1.7 billion debt outstanding as of 6/30/09
- $250 million recaptured capacity in 5 years
- $600 million recaptured capacity in 10 years

- Health Services Facilities System
  (Moody’s rating A2 one notch upgrade in 2007)

- UIC South Campus
  (Moody’s rating A1 since 1999)

- Auxiliary Facilities System
  (Moody’s ratings Aa3 since 2000)

- More Debt

- Less Debt
University of Illinois Credit Position
Moody’s Commentary

Positives

• Premier public university in Illinois: multiple campuses and strong student demand
• Nationally prominent reputation in research with diversified sources of research funding
• Essentially balanced operating performance despite recent cuts in state appropriations
• Expected growth in resource base through Brilliant Futures Campaign
• Limited additional debt and capital plans

Challenges

• Significant ongoing capital needs
• Highly leveraged balance sheet relative to peers
• Exposure to healthcare sector challenges
• Declines and delays in State operating support