FINANCIAL INDICATORS

UNIVERSITY OF ILLINOIS

BOARD OF TRUSTEES

January 24, 2013
Federal Update

• Budget sequestration postponed for two months; dependent on decision rules, the University exposure is an estimated $65 million next year

• Medicare reimbursement sustainable growth rate formula extended for 1 year

• PELL – currently excluded from budget reductions

• Farm Bill extended through September

• American Opportunity Tax Credit extended for 5 years

• Charitable gift deduction remains
State of Illinois Update

• State backlog of unpaid bills continues undiminished

• The University received all FY 2012 appropriation

• The University received all Fall 2012 MAP funds

• The University has billed the state for 85% of the FY 2013 appropriation and has received 11% of what has been billed

• Medicaid reforms in progress but rules not fully implemented

• No pension reforms enacted – The state’s 5 pension systems in FY 2014 will require a projected increase of over $900 million
State Appropriation Revenue
Unrestricted Funds
Billings and Collections through January 22, 2013

Dollars in Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Appropriation</th>
<th>Billed</th>
<th>Collected</th>
<th>Stimulus</th>
<th>State Surveys</th>
<th>Receivable</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$724</td>
<td>$595</td>
<td>$340</td>
<td></td>
<td></td>
<td>$255</td>
</tr>
<tr>
<td>2010</td>
<td>$697</td>
<td>$563</td>
<td>$452</td>
<td></td>
<td></td>
<td>$411</td>
</tr>
<tr>
<td>2011</td>
<td>$697</td>
<td>$544</td>
<td>$133</td>
<td></td>
<td></td>
<td>$241</td>
</tr>
<tr>
<td>2012</td>
<td>$689</td>
<td>$571</td>
<td>$330</td>
<td>$15.8</td>
<td></td>
<td>$62</td>
</tr>
<tr>
<td>2013</td>
<td>$689</td>
<td>$564</td>
<td>$502</td>
<td></td>
<td></td>
<td>$62</td>
</tr>
</tbody>
</table>

FY09 appropriation includes $18.6 million rescission. FY09 as of Jan 31st.
FY10 appropriation includes $45.5 million of federal stimulus funding and restoration of FY09 rescission.
Receivables as of June 30th for each of the following fiscal years were: 2009 ($125.9M), 2010 ($278.5M), 2011 ($312.7M), 2012 ($206.7M).
Income Fund (Tuition) Revenue
Unrestricted Funds
Fiscal Years 2009 – 2013
Collections and Billed through December 31th of Fiscal Years 2012 & 2013

Dollars in Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget</th>
<th>Billed</th>
<th>Collected</th>
<th>MAP</th>
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</thead>
<tbody>
<tr>
<td>FY 2009</td>
<td>$648</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2010</td>
<td>$730</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2011</td>
<td>$834</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2012</td>
<td>$939</td>
<td>$465</td>
<td>$434</td>
<td>$31</td>
</tr>
<tr>
<td>FY 2013</td>
<td>$1,012</td>
<td>$519</td>
<td>$490</td>
<td>$29</td>
</tr>
</tbody>
</table>
University of Illinois
State Tax Appropriations per Student FTE
FY 2000 – FY 2013

FY 2009 – FY 2013 does not include $15.8 million transferred for the State Surveys.
Hospital Revenue/Expense/Net Income
Fiscal Year 2012 vs. Fiscal Year 2013 through December 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$361.9</td>
<td>$368.2</td>
</tr>
<tr>
<td>Expense</td>
<td>$359.4</td>
<td>$366.1</td>
</tr>
<tr>
<td>Net Income plus Depreciation</td>
<td>$12.4</td>
<td>$12.6</td>
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</table>
Federal Grants & Contracts Expenditures
All Functions – Total University

(Dollars in Millions)


HHS NSF USDA Energy Defense Education Other

Does not include federal funds passed through to the University from non-federal entities.
Big Ten Universities Total Systems
Institutional Support as a % of Total Expenditures FY 2011

Note: Total Expenditures are Operating Expenditures less Depreciation
Source: FY 2011 Annual Financial Reports
Debt Capacity

- Revenue Diversity
- State Relationship / State Rating
- Management / Governance
- Capital Plans / Facility Needs
- Market Position

DEBT at 6/30/2012 - $1.6 billion

Aaa
- A1 rating – 4.5%*
- Health Services Facility System

Aa1
- A1 rating – 4.20% - 4.35%*
- Auxiliary Facilities System
- Certificates of Participation

Aa2
- UIC South Campus

Aa3

A1
- A2 rating – 4.30% - 4.35%*

A2

A3

*Interest rates depend on market conditions. Interest rates (yield to maturity) for 30 year bonds at January 9, 2013.

Source: Public Financial Management.
Endowment Pool Policy Implementation

Current Asset Allocation 9/30/2012
- Farmland: 10%
- Cash: 3%
- BlackRock US Equity Index: 27%
- Private Equity: 5%
- JPMorgan Core Bond: 9%
- WAMCO Core Plus: 9%
- BlackRock ACWI Equity Index Fd: 6%
- Templeton: 13%
- Ariel: 7%
- GMO: 11%

Asset Allocation Long Term Implementation
- Core Real Estate: 7%
- BlackRock US Equity Index: 14%
- Hedge Funds: 10%
- Farmland: 7%
- Private Equity: 8%
- JPMorgan Core Bond: 10%
- WAMCO Core Plus: 10%
- GMO Global Equity: 11%
- BlackRock Non-US Equity Index: 10%
- BlackRock ACWI Equity Index Fd: 13%