Agenda

• FY14 Financial Results

• Presidential Initiatives

• University Financial Planning and Review Committee Initiatives

• Finance Strategic Planning
Financial Results
FY14 Key Financial Results

• Operating Budget
  • Net Operating income of $7.5 million
  • Key variances from budget –
    ▪ Net Tuition revenue increase of $500 thousand
    ▪ Other Revenue decrease of ($3.8) million
    ▪ Decrease in compensation costs of $4.5 million
    ▪ Decrease in discretionary and non-discretionary expenses of $2.2 million
    ▪ Available Contingency Funds of $4.1 million

• Capital Budget
  ▪ Expensed $33.9 million for the following projects: Engineering Hall $1.6 million, Historic Core $19.2 million, Dental School expansion $4.9 million, technology upgrades $4.4 million and major facility projects $3.8 million

• Endowment
  ▪ $507 million at June 30th
  ▪ FY Returns outperformed the Broad Policy Index (BPI) by 3 basis points (15.1% vs. 14.8%)

• Cash
  ▪ $86.6 million at June 30th
  ▪ FY Returns outperformed the Broad Policy Index (BPI) by 41bps: (.50% vs. .09%)

• Debt
  ▪ $235 million at June 30th
Financial Profile

External Benchmark

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2010</th>
<th>2012</th>
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</thead>
<tbody>
<tr>
<td>Moody’s Credit Rating of A2</td>
<td>A2</td>
<td>A2</td>
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</tbody>
</table>

• Strengths: faith based comprehensive institution, strong philanthropic support, conservative debt profile and balanced operating performance
• Weaknesses: strong competition from low cost public universities, limited revenue diversity, competitive challenges in a regional market and low matriculation rates

Internal Benchmark

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
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<tbody>
<tr>
<td>Composite Financial Index</td>
<td>4.02</td>
<td>2.64</td>
<td>2.80</td>
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</tbody>
</table>

• Strengths: stable and conservative debt management
• Weaknesses: Resource sufficiency (endowment size and operating results are below average)
Budget Decisions

• FY13 Decisions –
  ▪ Froze personnel lines
  ▪ Limited year-end discretionary expenses

• FY14 Decisions –
  ▪ Reduced operating budgets by $2.0 million
  ▪ Increased operating contingency by $2.0
  ▪ Budget reductions resulted in salary savings

• FY15 Decisions –
  ▪ Includes total budget reductions of $8.0 million
  ▪ Increased operating contingency by $4.0 million to $8.0 million
  ▪ Established merit pool at $2.5 million including $500 thousand for promotion, tenure, and part-time pools
  ▪ Froze graduate, summer and part-time rates
  ▪ Slowed the rate of increase for undergraduate tuition from 4.25% to 3.75%

• FY16, FY17 and FY18 Considerations –
  ▪ Review enrollment, tuition rate, discount, and other revenue assumptions
  ▪ Review headcount, compensation and other expense assumptions
Operating Budget Fiscal Year 2015

MARQUETTE UNIVERSITY
Budgeted Operations
(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Fiscal Year 2014</th>
<th>Expenditures</th>
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<tbody>
<tr>
<td>Revenues</td>
<td>Expenditures</td>
</tr>
<tr>
<td>Net Tuition &amp; Fees</td>
<td>$237,830</td>
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<tr>
<td>Room &amp; Board</td>
<td>42,260</td>
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<tr>
<td>Grants</td>
<td>39,375</td>
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<td>Contributions</td>
<td>17,400</td>
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<td>Investment Income</td>
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<td>Endowment Income</td>
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<td>Other Income</td>
<td>32,310</td>
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<tr>
<td>Total</td>
<td>$385,175</td>
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<table>
<thead>
<tr>
<th>Approved Fiscal Year 2015</th>
<th>Expenditures</th>
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<tbody>
<tr>
<td>Revenues</td>
<td>Expenditures</td>
</tr>
<tr>
<td>Net Tuition &amp; Fees</td>
<td>$243,880</td>
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<tr>
<td>Room &amp; Board</td>
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<tr>
<td>Grants</td>
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<td>Contributions</td>
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<td>Investment Income</td>
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<tr>
<td>Endowment Income</td>
<td>15,360</td>
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<td>Other Income</td>
<td>38,570</td>
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<td>Total</td>
<td>$398,605</td>
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Capital Budget Fiscal Year 2015

- Prior Commitments: $5.6
- Books & Periodicals: $9.4
- Equipment: $4.4
- Technology & Enhancements: $1.6
- Strategic Initiative Pool: $1.0
- Major Projects: $3.2
- Renewal Projects: $25.2
University Initiatives
University Initiatives

• President
  ❖ Center for Humanities
  ❖ Avenues West
  ❖ Fund for Innovation and Entrepreneurship
  ❖ Global Water Center and Innovation Park
  ❖ Land Purchase

• University Financial Planning and Review Committee
  ❖ Building Financial Stewardship
  ❖ Financial Resources Task Force Recommendations
  ❖ Innovation and Entrepreneurship funding process
  ❖ Growth Incentives Program