

FISCAL-YEAR 2009 REPORT

Franklin & Marshall College

February 2010

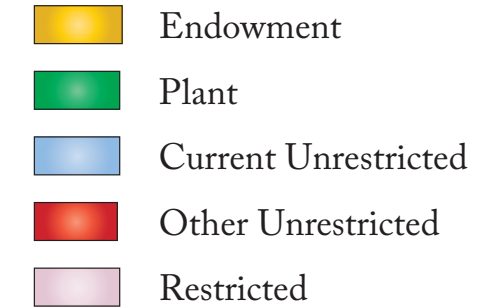
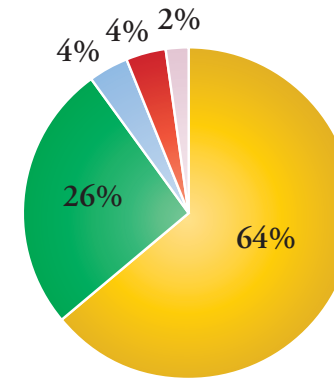
FRANKLIN & MARSHALL FINANCIAL SUMMARY

Franklin & Marshall is financially strong, with an FY09 endowment portfolio of approximately \$273 million, and a physical plant of \$201.6 million. The College is consistently given a strong credit rating by agencies, most recently in July 2009 by Standard & Poor's (A+/Positive), and in June 2008 by Moody's (A1/Positive).

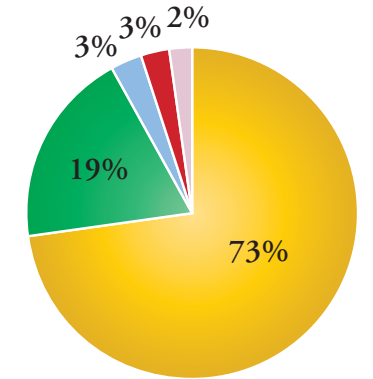
Consolidated Statement of Financial Position

In FY09, the net assets of the College were reported at \$395.7 million, a decrease of \$72 million from the prior fiscal year, or 15.4%. This decrease was primarily due to an \$84.7 million decline in investments, which includes the pooled endowment and other investments. In addition, funds held by bond trustee decreased by \$14 million, primarily due to requisitions from the 2008 bond proceeds. These decreases were partially offset by a \$20.5 million net increase to land, buildings and equipment.

FY09 NET ASSETS:
\$395.7 MILLION



FY08 NET ASSETS:
\$467.7 MILLION

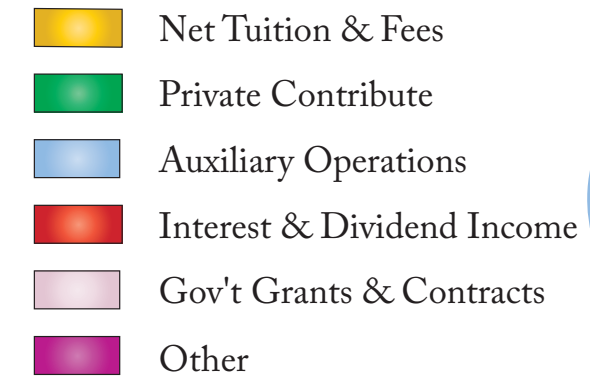
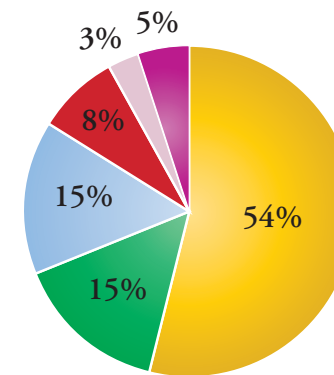


Consolidated Statement of Activities

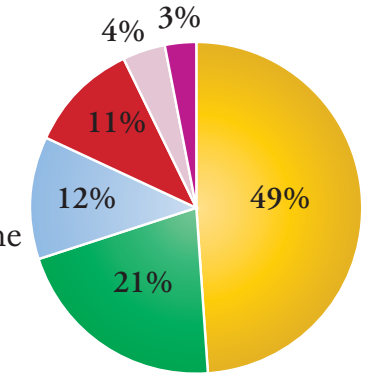
Operations for the year produced positive results and an increase in net assets of \$11 million. Total operating revenues in FY09 were \$116.5 million, a 0.1% decrease from the prior fiscal year's total of \$116.6 million. This modest change included the following:

- a \$5.7 million net increase in tuition and fees and a \$2.6 million increase in auxiliary operations, primarily as a result of an increase in enrollment by 65 students;
- a decrease in interest and dividend income of \$3.4 million due to economic conditions; and
- a reduction in private contributions of \$6.2 million from the prior fiscal year.

FY09 OPERATING REVENUES:
\$116.5 MILLION



FY08 OPERATING REVENUES
\$116.6 MILLION

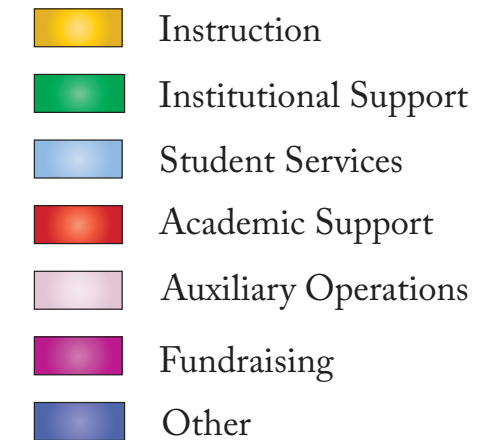
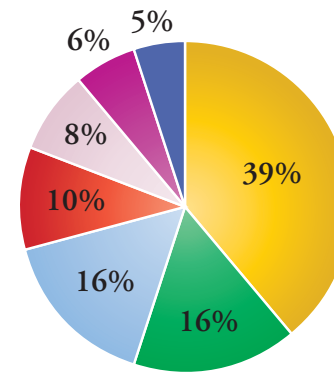


Operating expenses were \$105.5 million, a 9.8% increase over the prior fiscal year's total. The primary drivers of this increase included the following:

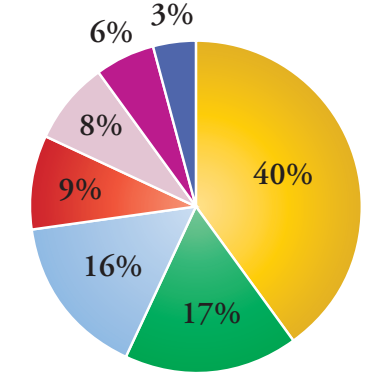
- a \$3 million increase in compensation;
- increases of \$2.1 million from operations and maintenance, \$1.2 million from interest expense and \$0.9 million from depreciation; and
- a \$1 million increase in auxiliary housing expenses.

Historically, Franklin & Marshall has demonstrated fiscal responsibility by operating and planning for future fiscal years under a balanced-budget model.

FY09 OPERATING EXPENSES:
\$105.5 MILLION

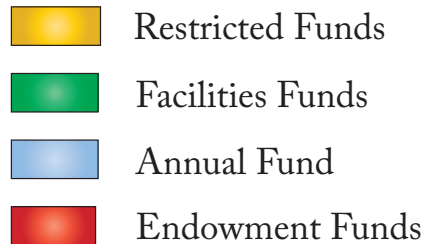
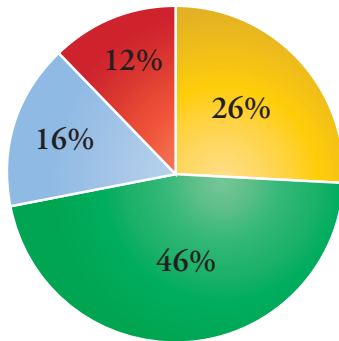


FY08 OPERATING EXPENSES
\$96.1 MILLION

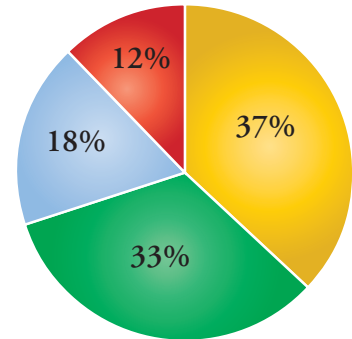


FRANKLIN & MARSHALL FINANCIAL SUMMARY

FY09 DOLLARS RAISED:
\$18.3 MILLION



FY08 DOLLARS RAISED:
\$19.1 MILLION



Gifts to the College

Fiscal year 2009 was by far the most difficult for philanthropy in decades. Yet despite the nearly 30 percent drop in the financial markets, gifts to Franklin & Marshall nearly matched historic totals. These highlights reflect a year of extraordinary response:

- Overall gifts received by the College decreased by just 4 percent over the previous year. The total of \$18.3 million in gifts received is the second-highest in our history.
- New gifts and new pledges to the College exceeded \$19 million, the third-highest total in our history.
- Gifts from individuals accounted for almost 72 percent of our total this year. The deep, lifelong relationships that develop at Franklin & Marshall are reflected in the generosity of families and individuals.

To view Franklin & Marshall's 2009 Honor Roll of Donors, please direct your Web browser to:

<http://web1.fandm.edu/ARG09/fry.php>

This summary has been reviewed and approved by:

Helen Y. Bowman
Vice President for Finance and Treasurer

FRANKLIN & MARSHALL