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William Marsh Rice University

Consolidated Financial Statements
June 30, 2003 and 2002

William Marsh Rice University
Index
June 30, 2003 and 2002

PRICEWATERHOUSECOOPERS

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Report of Independent Auditors

To the Board of Trustees of
William Marsh Rice University

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of activities and cash flows present fairly, in all material respects, the financial position of William Marsh Rice University (the "University") at June 30, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management; our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the University's 2002 financial statements, and in our report dated October 18, 2002, we expressed an unqualified opinion on those financial statements. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the University changed its policy of accounting for certain investments. The cumulative effect of changing the policy on the amount of net assets as of the beginning of the year ended June 30, 2003, the year of adoption, is presented in the Statement of Activities as a cumulative effect of change in accounting principle.

PricewaterhouseCoopers LLP

October 3, 2003

William Marsh Rice University
Consolidated Statements of Financial Position
As of June 30, 2003 and 2002

(in thousands of dollars)	2003	2002
Assets		
Cash and cash equivalents	$ 2,065	$ 1,708
Accounts receivable and other assets	63,193	50,494
Pledges receivable, net	68,133	74,952
Investments	3,171,471	3,002,989
Property and equipment, net	569,966	539,643
Total assets	$ 3,874,828	$ 3,669,786
Liabilities		
Accounts payable and accrued liabilities	$ 54,655	$ 54,847
Liabilities due under life-income agreements	78,507	86,797
Refundable advances and amounts held in trust for others	8,512	6,452
Notes and bonds payable	203,000	189,200
Total liabilities	344,674	337,296
Net assets		
Unrestricted net assets	2,603,347	2,533,330
Temporarily restricted net assets	203,323	202,704
Permanently restricted net assets	723,484	596,456
Total net assets	3,530,154	3,332,490
Total liabilities and net assets	$ 3,874,828	$ 3,669,786

The accompanying notes are an integral part of these consolidated financial statements.

William Marsh Rice University
Consolidated Statements of Activities
For the Year Ended June 30, 2003 with Summarized Financial Information for the Year Ended June 30, 2002

(in thousands of dollars)	2003				2002
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Operating revenues					
Investment returns distributed for operations	$ 145,075	$ 8,312	$ -	$ 153,387	$ 145,137
Student tuition and fees, net	59,168	-	-	59,168	50,070
Grants and contracts	58,674	776	-	59,450	54,497
Gifts and pledges	16,353	6,414	-	22,767	20,189
Gifts and trusts released from restrictions	14,758	(14,758)	-	-	-
Auxiliary enterprises	26,612	-	-	26,612	22,792
Other revenues	4,069	-	-	4,069	7,146
Total operating revenues	324,709	744	-	325,453	299,831
Operating expenses					
Educational and general activities	270,221	-	-	270,221	249,119
Auxiliary enterprises expenditures	45,482	-	-	45,482	38,670
Total operating expenses	315,703	-	-	315,703	287,789
Net operating income	9,006	744	-	9,750	12,042
Nonoperating changes					
Gifts and pledges for property and endowment	-	9,332	15,085	24,417	33,252
Investment returns, reduced by operating distribution above	(24,417)	(1,432)	4,172	(21,677)	(317,909)
Net assets released from restrictions	22,954	(22,134)	(820)	-	-
Change in liabilities due under life-income agreements	-	14,109	(7,458)	6,651	3,477
Other nonoperating changes	(2,426)	-	59	(2,367)	(2,556)
Net nonoperating changes	(3,889)	(125)	11,038	7,024	(283,736)
Net increase (decrease) in net assets before cumulative effect of change in accounting principle	5,117	619	11,038	16,774	(271,694)
Cumulative effect of change in accounting principle (Note 1)	64,900	-	115,990	180,890	-
Net increase (decrease) in net assets	70,017	619	127,028	197,664	(271,694)
Net assets, beginning of year	2,533,330	202,704	596,456	3,332,490	3,604,184
Net assets, end of year	$ 2,603,347	$ 203,323	$ 723,484	$ 3,530,154	$ 3,332,490

The accompanying notes are an integral part of these consolidated financial statements.

William Marsh Rice University
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2003 and 2002

(in thousands of dollars)	2003	2002
Cash flows from operating activities		
Increase (decrease) in net assets	$ 197,664	$ (271,694)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	31,810	27,360
Loss on disposal of property and equipment	2,276	3,457
Net realized and unrealized investment (gains) losses	(77,689)	222,036
Equipment gifts in-kind	(1,444)	(5,071)
Contributions restricted for long-term purposes	(23,913)	(28,181)
Actuarial increase in life-income agreements	(6,651)	(3,477)
Cumulative effect of change in accounting principle	(180,890)	-
Changes in:		
Accounts receivable and other assets	4,119	617
Pledges receivable for current purposes	366	(421)
Accounts payable and accrued liabilities	(7,765)	(1,747)
Net cash used in operating activities	(62,117)	(57,121)
Cash flows from investing activities		
Proceeds from sales of investments	889,614	1,268,187
Purchases of investments	(801,172)	(1,141,460)
Purchases of property and equipment	(64,498)	(116,495)
Net cash provided by investing activities	23,944	10,232
Cash flows from financing activities		
Contributions restricted for long-term purposes:		
Endowment	13,993	14,964
Trusts and other	257	564
Property	8,420	2,101
Proceeds from commercial paper issuance	13,800	25,000
Net change in amounts held for others	2,060	(458)
Net cash provided by financing activities	38,530	42,171
Net increase (decrease) in cash and cash equivalents	357	(4,718)
Cash and cash equivalents		
Beginning of year	1,708	6,426
End of year	$ 2,065	$ 1,708

The accompanying notes are an integral part of these consolidated financial statements.

1. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

William Marsh Rice University (the "University") is a Texas not-for-profit corporation that operates a private research university in Houston, Texas. The University is exempt from federal income tax to the extent provided under Section 501(c)(3) of the Internal Revenue Code. The consolidated financial statements of the University as of June 30, 2003, and for the year then ended, have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of the University and all wholly-owned subsidiaries. All material transactions between the University and its subsidiaries have been eliminated. The financial statements include certain summarized prior year comparative information, presented in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2002, from which the summarized information was derived.

Change in Accounting Principle

As of July 1, 2002, the University changed its method of accounting for other investments, including primarily real estate, timber, and oil and gas properties, from cost to fair value to more accurately reflect the University's financial position. This change is shown as a cumulative effect of change in accounting principle on the statement of activities and resulted in an increase in unrestricted net assets of $64,900,000 and in permanently restricted net assets of $115,990,000.

Net Asset Categories

Standards for external financial reporting by not-for-profit organizations require that resources be classified for reporting purposes into three net asset categories according to donor-imposed restrictions. A description of the University's three net asset categories follows:

a. Unrestricted net assets and related activity include the following:
   (1) All revenues traditionally classified as unrestricted resources of the University, including tuition and fees, unrestricted gifts and income on unrestricted endowments, recovery of facility and administrative costs from grants and contracts, and auxiliary enterprise revenues.
   (2) Revenues related to sponsored research agreements, which are considered exchange transactions.
   (3) Gifts and endowment income with donor-imposed restrictions if the restriction is anticipated to be met within the current fiscal year of the University.
   (4) Investments in plant assets stated at cost or fair value at the date of gift, less accumulated depreciation, computed on a straight-line basis over the estimated useful lives of the assets. Equipment is removed from the records at the time of disposal.
   (5) All expenses of the University.

b. Temporarily restricted net assets include income from restricted endowments and gifts for which donor-imposed restrictions have not been met. The category also includes pledges receivable and life-income gifts for which the ultimate purpose of the proceeds is not permanently restricted.

c. Permanently restricted net assets include gifts, trusts and pledges on which donors have imposed the restriction that the corpus be maintained in perpetuity and only the investment return be made available for program operations. Those gifts specified by donors to provide loans to students are also included in permanently restricted net assets.

Expirations of temporary restrictions on net assets or subsequent donor release of restrictions are reported as reclassifications between the applicable classes of net assets.

Contributions
Contributions, including unconditional promises to give and irrevocable trusts held by others under which the University is the beneficiary, are recognized as revenues in the period received or promised. Contributions restricted for the acquisition of land, buildings and equipment are reported as temporarily restricted revenues. These contributions are reclassified to unrestricted net assets when the assets are placed in service. Promises to give that are subject to donor-imposed stipulations that the corpus be maintained in perpetuity are recognized as increases in permanently restricted net assets.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value at the date of gift. Contributions scheduled to be received after one year are discounted at a rate commensurate with the risk. Amortization of the discount is recorded as contribution revenue.

Operating and Nonoperating Activities
The consolidated statement of activities reports the change in net assets from the University's operating and nonoperating activities. Operating activities exclude (a) gifts and pledges for property and endowment (including annuity and life-income trusts), (b) release from restrictions of contributions restricted for the acquisition of property and equipment, (c) donor release of restrictions from permanently restricted net assets, (d) endowment return net of the University's operating needs as defined by the University's endowment earnings distribution policy (Note 4) and (e) actuarial adjustments of annuities payable.

Cash and Cash Equivalents
The University considers all highly liquid financial instruments with an original maturity of 90 days or less to be cash and cash equivalents, except those amounts assigned to its investment managers and unspent commercial paper proceeds, which are classified as investments.

Investments
Investments are made within guidelines authorized by the University's Board of Trustees. Investments are initially recorded at cost at date of acquisition or fair market value at date of donation in the case of gifts. Investments are stated at market value. Ownership of marketable securities is recognized as of the trade date. Marketable securities transactions that have not settled are recognized as accounts receivable or accounts payable until the settlement date. Endowment return is calculated net of investment management expenses.

Limited Partnership Investments
Diversified limited partnership interests are invested in both publicly and privately owned securities. The fair values of private investments are based on estimates and assumptions of the general partners or partnership valuation committees in the absence of readily determinable market values. Such valuations generally reflect discounts for illiquidity and consider variables such as financial performance of investments, recent sale prices of similar investments and other pertinent information. The private investments have a high concentration of pre-initial public offering securities, subjecting these investments to market value volatility.

Other Investments
Real estate, timber, oil and gas and other investments are valued at fair value. The fair value is estimated by professional appraisers or University management.

The terms of certain gifts of real property by the founder of the University provided that all returns realized from these properties were to be invested to generate income to be used for University purposes. Changes in the market value of these specific properties are recorded as permanently restricted as required by the donor.

Property and Equipment
Educational property is stated at cost for purchased assets and fair market value at the date of donation in the case of gifts. The University depreciates its educational property assets (excluding works of art) using the straight-line method over their estimated useful lives. Repairs and maintenance of property and equipment are expensed as incurred.

Life-Income Agreements and Agency Arrangements
Life-income agreements include charitable remainder trusts and gift annuities. Charitable remainder trusts hold donated assets for which the University's subsidiary generally acts as trustee and periodically pays specified amounts to the designated beneficiaries. Generally, beneficiary payments are a fixed amount for annuity trusts. For other charitable remainder trusts, payments are based on a fixed percentage of the fair market value of the trust assets or income earned. At a date specified in each gift instrument, usually the beneficiary's date of death, ownership of the trust assets will transfer to the University and the beneficiary payments will cease. The University also enters into gift annuity agreements, which require that the University take ownership of the assets at the date of gift with an obligation to periodically pay specified amounts to designated beneficiaries for their lifetimes. Assets held in life-income trusts and those assets associated with gift annuities are included in investments. Contribution revenues are recognized at the date the trusts or gift annuities are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are calculated in accordance with actuarial tables established by the Internal Revenue Service and discounted according to the risk-free rate at the time of the gift. The liabilities are adjusted annually for changes in the value of the assets and actuarial changes that impact the estimates of future payments.

The University has also received certain agency funds for which the University serves as custodian. Agency funds are recorded as investments with a corresponding liability (amounts held in trust for others) in the accompanying consolidated financial statements.

Use of Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. Accounts Receivable and Other Assets

Accounts receivable and other assets of the University at June 30, 2003 and 2002, were as follows:

(in thousands of dollars)	2003	2002
Receivable under repurchase agreement	$ -	$ 6,090
Unsettled investment sales	26,046	3,138
Investment income receivable	7,397	9,717
Loans receivable	6,672	6,776
Other accounts receivable	15,855	14,645
Inventory, deposits, and prepaid expenses	5,874	6,036
Other assets	1,349	4,092
Total accounts receivable and other assets	$ 63,193	$ 50,494

3. Pledges Receivable

Unconditional promises to give are included in the consolidated financial statements as pledges receivable and revenue of the appropriate net asset category. Multi-year pledges are recorded after discounting to the present value of expected future cash flows. Unconditional promises to give at June 30, 2003 and 2002, are expected to be realized in the following periods:

(in thousands of dollars)	2003	2002
In one year or less	$ 23,542	$ 23,926
Between one year and five years	31,934	40,393
More than five years	19,508	22,672
Less:		
Discount to net present value	(5,421)	(10,440)
Allowance for uncollectible pledges	(1,430)	(1,599)
Total pledges receivable	$ 68,133	$ 74,952

Pledges receivable at June 30, 2003 and 2002, had the following restrictions:

(in thousands of dollars)	2003	2002
Permanently invested	$ 25,064	$ 27,406
Buildings	21,141	29,056
Support of University programs and activities	28,779	30,529
Less:		
Discount to net present value	(5,421)	(10,440)
Allowance for uncollectible pledges	(1,430)	(1,599)
Total pledges receivable	$ 68,133	$ 74,952

A discount rate of 3 percent was applied to pledges made in the years ended June 30, 2003 and 2002, and a discount rate of 6 percent was applied to pledges made prior to June 30, 2001.

4. Investments

Investments at June 30, 2003 and 2002, were as follows:

(in thousands of dollars)	2003	2002
Fixed income securities	$ 597,370	$ 631,153
Equity securities	1,614,401	1,666,775
Limited partnerships	719,773	662,605
Other investments*	239,927	42,456
Total investments	$ 3,171,471	$ 3,002,989

* Other investments primarily consist of real estate, timber and oil and gas. The change in value in other investments from 2002 to 2003 includes the impact of the cumulative effect of change in accounting principle of $180,890,000 (Note 1). Other investments were stated at cost net of accumulated amortization in 2002.

The table above includes annuity and life income fund assets of $117,926,000 and $133,705,000 as of June 30, 2003 and 2002, respectively.

Included in fixed income as of June 30, 2002, were securities held as collateral under a repurchase agreement with a market value of $6,712,000. There were no securities held as collateral under repurchase agreements as of June 30, 2003.

The following table summarizes investment income and net gains (losses) for the year ended June 30, 2003 and 2002, by net asset classification:

	2003				2002
(in thousands of dollars)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Investment earnings	$ 48,439	$ 2,192	$ 3,390	$ 54,021	$ 49,264
Net gains (losses) on investments	72,219	4,688	782	77,689	(222,036)
Total investment gains (losses) and earnings	120,658	6,880	4,172	131,710	(172,772)
Less: Investment returns distributed for operations	(145,075)	(8,312)	-	(153,387)	(145,137)
Investment return, reduced by operating distribution	$ (24,417)	$ (1,432)	$ 4,172	$ (21,677)	$ (317,909)

The University has adopted an endowment earnings distribution policy based on total investment returns, as permitted by the Texas Uniform Management of Institutional Funds Act. Under this policy, the Board of Trustees approves an endowment earnings distribution, which is based on the earnings distribution of the preceding year and the market value of the endowment assets. Sources of this distribution for each restricted endowment, in the order utilized, are (a) earned income as traditionally defined (interest, dividends and rents), (b) reinvested earned income from prior years and (c) capital gains where not prohibited by the gift document. Sources of this distribution for the unrestricted general endowment, in the order utilized, are (a) earned income as traditionally defined (interest, dividends and rents) and (b) capital gains. Endowment return, net of operating distributions, is reinvested under the University's endowment earnings distribution policy in the investment pool as net assets functioning as endowment.

5. Property and Equipment

Property and equipment of educational plant at June 30, 2003 and 2002, were as follows:

(in thousands of dollars)	Estimated Useful Lives (Years)	2003	2002
Land	—	$ 17,597	$ 15,542
Buildings and improvements	20 - 50	526,229	426,939
Equipment, furniture and library books	2 - 20	250,894	237,922
Construction in progress	—	9,640	72,843
Less: Accumulated depreciation	—	(234,394)	(213,603)
Total property and equipment		$ 569,966	$ 539,643

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of the University at June 30, 2003 and 2002, were as follows:

(in thousands of dollars)	2003	2002
Liability for collateral held under repurchase agreement	$ -	$ 6,712
Unsettled investment purchases	20,603	4,785
Accounts payable	17,301	23,524
Unearned income	10,611	9,861
Other	6,140	9,965
Total accounts payable and accrued liabilities	$ 54,655	$ 54,847

7. Notes and Bonds Payable

Notes and bonds payable of the University at June 30, 2003 and 2002, were as follows:

(in thousands of dollars)	2003	2002
City of Houston Higher Education Finance Corporation (CHHEFC)		
Tax-exempt revenue bonds, Series 1999A, maturing 2023 through 2029, with fixed interest at 5.375% per annum payable semiannually	$ 120,000	$ 120,000
Tax-exempt commercial paper notes, Series A, with interest ranging from 1.05% to 1.10% at June 30, 2003 (1.4% to 1.75% at June 30, 2002), per annum payable upon maturity	83,000	69,200
Total notes and bonds payable	$ 203,000	$ 189,200

The University incurred interest expense of approximately $7,403,000 and $7,457,000 in 2003 and 2002, respectively, and paid interest expense of $7,281,000 and $7,545,000 in 2003 and 2002, respectively. Interest expense of $7,201,000 and $2,992,000 was charged to operations in 2003 and 2002, respectively. During 2003 and 2002, $65,000 and $2,186,000, respectively, net of interest earned on unspent proceeds, was capitalized as a cost of construction.

Tax-Exempt Revenue Bonds

Scheduled interest payments on the bonds are $6,450,000 per year. Principal payments commence on November 15, 2023. No collateral is pledged on these bonds.

Unspent bond proceeds amounting to $6,090,000 at June 30, 2002, were invested in a flexible repurchase agreement under which the University loaned cash to a financial institution and received investment securities as collateral. The bond proceeds were exhausted on November 19, 2002, and all collateral was released.

The estimated fair value of the CHHEFC Series 1999A bonds is 109.9 percent and 102.4 percent of face value at June 30, 2003 and 2002. The fair value is estimated based on quoted market prices for the same or similar issues at June 30, 2003 and 2002.

Tax-Exempt Commercial Paper Notes

The University has a tax-exempt commercial paper credit facility that provides for borrowings in the form of individual notes up to an aggregate of $100,000,000. The notes bear a fixed rate of interest, established on the borrowing date, over their individual terms, not to exceed 270 days. The outstanding balance under the facility was $83,000,000 and $69,200,000 with an average interest rate of 1.07 percent and 1.46 percent and an average maturity of 55 days and 63 days as of June 30, 2003 and 2002, respectively. In July 2003, the University issued an additional $8,000,000 of commercial paper at an average interest rate of 0.9 percent and average days to maturity of 141 days.

The estimated fair value of the Series A Notes is considered to be the same as the face value in view of their maturity dates.

8. Net Assets

The University's unrestricted, temporarily restricted and permanently restricted net assets for the years ended June 30, 2003 and 2002, are summarized as follows:

	2003				2002
(in thousands of dollars)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Undesignated	$ 7,809	$ -	$ -	$ 7,809	$ 7,716
Designated or restricted by donor, including pledges	40,602	68,826	-	109,428	96,578
Internally designated for specific programs	48,885	-	-	48,885	44,890
Net investment in plant	356,274	6,301	-	362,575	347,268
Endowment and designated for long-term investment including pledges	2,147,205	116,984	700,605	2,964,794	2,785,286
Life-income trusts	-	11,212	20,841	32,053	46,597
Loans	2,572	-	2,038	4,610	4,155
Total net assets	$ 2,603,347	$ 203,323	$ 723,484	$ 3,530,154	$ 3,332,490

The Board of Trustees has designated certain unrestricted and temporarily restricted net assets for long-term investment. Most net assets designated for long-term investment and endowment assets participate in one common investment pool of marketable securities (Note 4).

9. Student Financial Aid

Gross student tuition and fees of $88,128,000 and $74,954,000 in 2003 and 2002, respectively, are presented in the consolidated financial statements net of scholarship and fellowship awards of $28,960,000 and $24,884,000, respectively. Auxiliary enterprises revenue was reduced by scholarship awards applied to room and board charges of $1,772,000 and $904,000 in 2003 and 2002, respectively. In addition, stipends and other direct payments to students totaled $9,036,000 and $9,035,000 in 2003 and 2002, respectively.

10. Functional Expenses

Educational and general expenses of the University by major functional category for the year ended June 30, 2003 and 2002, were as follows:

(in thousands of dollars)	2003	2002
Instruction and department research	$ 142,136	$ 131,076
Sponsored research	50,639	45,637
Library	20,398	18,238
Scholarships and fellowships	9,036	9,035
Student services	12,476	11,505
General administration	21,241	19,606
Institutional development and other activities	14,295	14,022
Total educational and general	$ 270,221	$ 249,119

The above table includes depreciation expense of $16,865,000 and $14,154,000 and operations and maintenance expense of $26,002,000 and $22,456,000 for the years ended June 30, 2003 and 2002, respectively, which were allocated to the major functional categories based on space usage. Depreciation of library books of $5,991,000 and $5,691,000 was recognized as library expense in 2003 and 2002, respectively. In addition, depreciation expense of $8,954,000 and $7,515,000 was allocated to auxiliary enterprises in 2003 and 2002, respectively.

11. Retirement Plans

Substantially all employees are eligible to participate in a defined contribution retirement plan, which is administered by an outside agency. The plan operates in accordance with Section 401(a) of the Internal Revenue Code. All University contributions are made to this plan. In addition, employees may elect to participate in plans created under Section 403(b) of the Internal Revenue Code. The contributions of the University and the employees are applied to annuity contracts. The University's contributions to the plan of $11,958,000 and $10,913,000 were recorded as expenses in the appropriate functional categories in 2003 and 2002, respectively.

12. Commitments and Contingencies

There are several suits and claims pending against the University, the effect of which cannot be estimated at this time. However, officials of the University and legal counsel believe that the ultimate uninsured liability, if any, will not be material to the University's financial position and activities.

The University receives funding from federal government agencies for research conducted under government grants and contracts. The grants and contracts provide for reimbursement of direct and indirect costs. The costs recovered by the University in support of sponsored research are subject to audit and adjustment.

In connection with its private equity investment program (Note 4), the University is obligated under certain limited partnership agreements to advance additional funding up to specified levels upon the request of the general partner. At June 30, 2003 and 2002, the University had unfunded commitments of $269,526,000 and $288,188,000, respectively, which are expected to be called primarily over the next five to seven years.

Additionally, the University was committed under contracts at June 30, 2003 and 2002, for capital construction and improvements and major maintenance of approximately \$17,954,000 and \$27,223,000, respectively, to be financed primarily from gifts and net assets designated for long-term investments. Other commitments of \$5,396,000 and \$5,228,000 were also outstanding at June 30, 2003 and 2002, respectively.