

# **The Pennsylvania State University**

## **Right-to-Know Law Report**

**May 29, 2009**

**This Report is filed in accordance with the provisions of Chapter 15 of the Right-to-Know Law for the Fiscal Year commencing July 1, 2007 and ending June 30, 2008. This Report includes the following information as required by the Right-to-Know Law:**

- 1. Section 1 -- All information required by Form 990 or an equivalent form, of the United States Department of the Treasury, Internal Revenue Service, entitled the Return of Organization Exempt From Income Tax, regardless of whether the State-related institution is required to file the form by the Federal Government.**
- 2. Section 2 -- The salaries of all officers and directors of the State-related institution.**
- 3. Section 3 -- The highest 25 salaries paid to employees of the institution that are not included under Section 2.**

## **Section 1:**

**All information required by Form 990 or an equivalent form, of the United States Department of the Treasury, Internal Revenue Service, entitled the Return of Organization Exempt From Income Tax, regardless of whether the State-related institution is required to file the form by the Federal Government.**

A For the 2007 calendar year, or tax year beginning **July 1**, 2007, and ending **June 30**, 20 **08**

- B Check if applicable:
- Address change
  - Name change
  - Initial return
  - Termination
  - Amended return
  - Application pending

Please use IRS label or print or type. See Specific Instructions.	C Name of organization <b>The Pennsylvania State University</b>	
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite
	<b>408 Old Main</b>	
City or town, state or country, and ZIP + 4 <b>University Park, PA 16802</b>		

D Employer identification number <b>24 6000376</b>
E Telephone number <b>( 814 ) 865-1355</b>
F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) ▶

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations.

- H(a) Is this a group return for affiliates?  Yes  No
- H(b) If "Yes," enter number of affiliates ▶
- H(c) Are all affiliates included?  Yes  No  
(If "No," attach a list. See instructions.)
- H(d) Is this a separate return filed by an organization covered by a group ruling?  Yes  No

G Website: ▶ **PSU.EDU**

J Organization type (check only one) ▶  501(c) ( ) ◀ (insert no.)  4947(a)(1) or  527

K Check here ▶  if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

I Group Exemption Number ▶

M Check ▶  if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **8768176000**

**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances** (See the instructions.)

Revenue	1	Contributions, gifts, grants, and similar amounts received:				
	a	Contributions to donor advised funds	1a			
	b	Direct public support (not included on line 1a)	1b	<b>153485000</b>		
	c	Indirect public support (not included on line 1a)	1c			
	d	Government contributions (grants) (not included on line 1a)	1d	<b>334230000</b>		
	e	<b>Total</b> (add lines 1a through 1d) (cash \$ <b>487715000</b> noncash \$ )	1e			<b>487715000</b>
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2			<b>3203094000</b>
	3	Membership dues and assessments	3			
	4	Interest on savings and temporary cash investments	4			
	5	Dividends and interest from securities	5			<b>114885000</b>
	6a	Gross rents	6a	<b>5131000</b>		
	b	Less: rental expenses	6b	<b>3695000</b>		
c	Net rental income or (loss). Subtract line 6b from line 6a	6c			<b>1436000</b>	
7	Other investment income (describe )	7				
8a	Gross amount from sales of assets other than inventory	(A) Securities		(B) Other		
		<b>4917285000</b>	8a			
		<b>4838829000</b>	8b			
		<b>78456000</b>	8c			
d	Net gain or (loss). Combine line 8c, columns (A) and (B)	8d			<b>78456000</b>	
9	Special events and activities (attach schedule). If any amount is from gaming, check here ▶ <input type="checkbox"/>					
a	Gross revenue (not including \$ of contributions reported on line 1b)	9a				
b	Less: direct expenses other than fundraising expenses	9b				
c	Net income or (loss) from special events. Subtract line 9b from line 9a	9c				
10a	Gross sales of inventory, less returns and allowances	10a	<b>22686000</b>			
b	Less: cost of goods sold	10b	<b>16377000</b>			
c	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a	10c			<b>6309000</b>	
11	Other revenue (from Part VII, line 103)	11			<b>17380000</b>	
12	<b>Total revenue.</b> Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12			<b>3909275000</b>	
Expenses	13	Program services (from line 44, column (B))	13		<b>2819229869</b>	
	14	Management and general (from line 44, column (C))	14		<b>643769097</b>	
	15	Fundraising (from line 44, column (D))	15		<b>46867034</b>	
	16	Payments to affiliates (attach schedule)	16			
	17	<b>Total expenses.</b> Add lines 16 and 44, column (A)	17		<b>3509866000</b>	
Net Assets	18	Excess or (deficit) for the year. Subtract line 17 from line 12	18		<b>399409000</b>	
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		<b>4404363000</b>	
	20	Other changes in net assets or fund balances (attach explanation)	20		<b>(214318000)</b>	
	21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21		<b>4589454000</b>	

**Part II Statement of Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a	Grants paid from donor advised funds (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22a			
22b	Other grants and allocations (attach schedule) (cash \$ <b>119465776</b> noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22b	119465776	119465776	
23	Specific assistance to individuals (attach schedule)	23			
24	Benefits paid to or for members (attach schedule)	24			
25a	Compensation of current officers, directors, key employees, etc. listed in Part V-A	25a	3388614	1154858	1597991
b	Compensation of former officers, directors, key employees, etc. listed in Part V-B	25b			
c	Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	25c			
26	Salaries and wages of employees not included on lines 25a, b, and c	26	1664602834	1386614027	253604701
27	Pension plan contributions not included on lines 25a, b, and c	27	102486988	85269174	15680509
28	Employee benefits not included on lines 25a - 27	28	257358635	214122384	39375871
29	Payroll taxes	29	100739916	83815610	15413207
30	Professional fundraising fees	30			
31	Accounting fees	31	633500		633500
32	Legal fees	32	3453007		3453007
33	Supplies	33	192189708	85544731	105921387
34	Telephone	34	18063555	6832317	11025833
35	Postage and shipping	35	8804176	6424163	1260422
36	Occupancy	36	91291536	23373738	67915921
37	Equipment rental and maintenance	37			
38	Printing and publications	38	13724766	10326296	1861971
39	Travel	39	58820806	52392458	4909206
40	Conferences, conventions, and meetings	40	31025000	26744120	3160080
41	Interest	41	41175000	34257600	6299775
42	Depreciation, depletion, etc. (attach schedule)	42	193014000	160587648	29531142
43	Other expenses not covered above (itemize):				
a	Miscellaneous Hospital Expenses	43a	309568000	257560576	47363904
b	Other miscellaneous	43b	195533316	190718316	4815000
c	Misc. purchased services	43c	94362716	65882388	28086376
d	Advertising	43d	10164150	8143689	1859293
e		43e			
f		43f			
g		43g			
44	<b>Total functional expenses.</b> Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	3509866000	2819229869	643769097
					46867034

**Joint Costs.** Check  if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No  
 If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_; (ii) the amount allocated to Program services \$ \_\_\_\_\_; (iii) the amount allocated to Management and general \$ \_\_\_\_\_; and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

**Part III Statement of Program Service Accomplishments** (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ► <b>Education</b> All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	<b>Program Service Expenses</b> (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
<b>a Instruction - Penn State's instructional mission includes undergraduate, graduate, professional, and continuing and distance education.</b> ----- ----- ----- ----- ----- (Grants and allocations \$ <b>119465776</b> ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	<b>1350427321</b>
<b>b Hospital - Penn State is committed to enhancing quality of life through improved health, the professional preparation of those who will serve the health needs of others, and the discovery of knowledge that will benefit all.</b> ----- ----- ----- ----- ----- (Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	<b>693379512</b>
<b>c Research - Penn State's research mission is to create new knowledge that improves individual lives. University research has positively impacted our region, state, nation, and beyond.</b> ----- ----- ----- ----- ----- (Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	<b>540769817</b>
<b>d Auxiliary Enterprises - Includes income derived from services operated primarily to serve students, faculty, and staff. These services include residence halls, food services, bookstores, and intercollegiate athletics.</b> ----- ----- ----- ----- ----- (Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	<b>226363885</b>
<b>e Other program services (attach schedule)</b> (Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>	<b>8289334</b>
<b>f Total of Program Service Expenses</b> (should equal line 44, column (B), Program services). . . . ►	<b>2819229869</b>

**Part IV Balance Sheets** (See the instructions.)

**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year	
Assets	45 Cash—non-interest-bearing . . . . .		45		
	46 Savings and temporary cash investments . . . . .	485928000	46	628063000	
	47a Accounts receivable . . . . .	47a 396176000	333058000	47c	373950000
	b Less: allowance for doubtful accounts . . . . .	47b 22226000			
	48a Pledges receivable . . . . .	48a 209235000	134319000	48c	145699000
	b Less: allowance for doubtful accounts . . . . .	48b 63536000			
	49 Grants receivable . . . . .			49	
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule) . . . . .			50a	
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule) . . . . .			50b	
	51a Other notes and loans receivable (attach schedule) . . . . .	51a 62785000	40098000	51c	43614000
	b Less: allowance for doubtful accounts . . . . .	51b 19171000			
	52 Inventories for sale or use . . . . .		27916000	52	29916000
	53 Prepaid expenses and deferred charges . . . . .		48857000	53	53096000
	54a Investments—publicly-traded securities . . . . .	▶ <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	3061871000	54a	3099657000
	b Investments—other securities (attach schedule) . . . . .	▶ <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	550273000	54b	530714000
	55a Investments—land, buildings, and equipment: basis . . . . .	55a			
	b Less: accumulated depreciation (attach schedule) . . . . .	55b		55c	
	56 Investments—other (attach schedule) . . . . .			56	
	57a Land, buildings, and equipment: basis . . . . .	57a 4853764000	2552935000	57c	2732744000
b Less: accumulated depreciation (attach schedule) . . . . .	57b 2121020000				
58 Other assets, including program-related investments (describe ▶ . . . . .)		22184000	58	19941000	
59 <b>Total assets</b> (must equal line 74). Add lines 45 through 58 . . . . .		7257439000	59	7657394000	
Liabilities	60 Accounts payable and accrued expenses . . . . .	348112000	60	383612000	
	61 Grants payable . . . . .		61		
	62 Deferred revenue . . . . .	215544000	62	226075000	
	63 Loans from officers, directors, trustees, and key employees (attach schedule) . . . . .			63	
	64a Tax-exempt bond liabilities (attach schedule) . . . . .		911506000	64a	1022862000
	b Mortgages and other notes payable (attach schedule) . . . . .			64b	
	65 Other liabilities (describe ▶ . . . . .)		1377914000	65	1435391000
66 <b>Total liabilities.</b> Add lines 60 through 65 . . . . .		2853076000	66	3067940000	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.				
	67 Unrestricted . . . . .	2978050000	67	3180451000	
	68 Temporarily restricted . . . . .	587469000	68	514094000	
	69 Permanently restricted . . . . .	838844000	69	894909000	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.				
	70 Capital stock, trust principal, or current funds . . . . .			70	
	71 Paid-in or capital surplus, or land, building, and equipment fund . . . . .			71	
	72 Retained earnings, endowment, accumulated income, or other funds . . . . .			72	
73 <b>Total net assets or fund balances.</b> Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21) . . . . .		4404363000	73	4589454000	
74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73 . . . . .		7257439000	74	7657394000	



<b>Part V-A Current Officers, Directors, Trustees, and Key Employees</b> (continued)		Yes	No
<b>75a</b>	Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings . . . . . <b>32</b>		
<b>b</b>	Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s) . . .	<b>75b</b>	✓
<b>c</b>	Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization." . . . . . <b>▶</b> If "Yes," attach a statement that includes the information described in the instructions.	<b>75c</b>	✓
<b>d</b>	Does the organization have a written conflict of interest policy? . . . . .	<b>75d</b>	✓

**Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits** (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	(B) Loans and Advances	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
John Brighton Columbus, OH 43221			8546	
C. McCollister Evarts Rochester, NY 14617			2330	
Steve Garban State College, PA 16801			9368	
Carol Hermann State College, PA 16801			964	
Charles Hosler State College, PA 16801			9721	
Bryce Jordan Austin, TX 78731			35888	
Darrell Kirch Washington, DC 20037			8376	
Joab Thomas Tuscaloosa, AL 35405			5311	

<b>Part VI Other Information</b> (See the instructions.)		Yes	No
<b>76</b>	Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change . . . . .	<b>76</b>	✓
<b>77</b>	Were any changes made in the organizing or governing documents but not reported to the IRS? . . . . . If "Yes," attach a conformed copy of the changes.	<b>77</b>	✓
<b>78a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? . . . . .	<b>78a</b>	✓
<b>b</b>	If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year? . . . . .	<b>78b</b>	✓
<b>79</b>	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement . . . . .	<b>79</b>	✓
<b>80a</b>	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? . . . . .	<b>80a</b>	✓
<b>b</b>	If "Yes," enter the name of the organization <b>▶ See attached.</b>		
<b>81a</b>	Enter direct and indirect political expenditures. (See line 81 instructions.) . . . . . <b>81a</b> 0		
<b>b</b>	Did the organization file <b>Form 1120-POL</b> for this year? . . . . .	<b>81b</b>	✓



**Part VI Other Information** (continued)

		Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	✓	
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		
	82b		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	✓	
b	Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	✓	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		✓
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
85a	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, <b>do not</b> complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
c	Dues, assessments, and similar amounts from members		
d	Section 162(e) lobbying and political expenditures		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12		
b	Gross receipts, included on line 12, for public use of club facilities		
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders		
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		
88a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX.	✓	
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI	✓	
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0 ; section 4912 ▶ 0 ; section 4955 ▶ 0		
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ 0		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization ▶ 0		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		✓
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?		✓
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
90a	List the states with which a copy of this return is filed ▶ Pennsylvania		
b	Number of employees employed in the pay period that includes March 12, 2007 (See instructions.)		41346
91a	The books are in care of ▶ Corporate Controller Telephone no. ▶ ( 814 ) 865-1355 Located at ▶ 408 Old Main, University Park, PA 16802 ZIP + 4 ▶ 16802		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country ▶ Italy		
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		

**Part VI Other Information** (continued)

Yes No

c At any time during the calendar year, did the organization maintain an office outside of the United States? **91c**  Yes  No  
 if "Yes," enter the name of the foreign country **▶ Italy**

**92** Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here   
 and enter the amount of tax-exempt interest received or accrued during the tax year **▶ 92**

**Part VII Analysis of Income-Producing Activities** (See the instructions.)

**Note:** Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
<b>93</b> Program service revenue:					
<b>a</b> Tuition					1143041000
<b>b</b> Grants & contracts			21	702826000	
<b>c</b> Sales - educational					49726000
<b>d</b> Sales - auxilliary, etc.	900004	11351421	03	421172579	
<b>e</b> Hospital operations					874977000
<b>f</b> Medicare/Medicaid payments . . . . .					
<b>g</b> Fees and contracts from government agencies					
<b>94</b> Membership dues and assessments . . . . .					
<b>95</b> Interest on savings and temporary cash investments			14	114885000	
<b>96</b> Dividends and interest from securities . . . . .					
<b>97</b> Net rental income or (loss) from real estate:					
<b>a</b> debt-financed property . . . . .					
<b>b</b> not debt-financed property . . . . .			16	1436000	
<b>98</b> Net rental income or (loss) from personal property					
<b>99</b> Other investment income . . . . .					
<b>100</b> Gain or (loss) from sales of assets other than inventory			18	78456000	
<b>101</b> Net income or (loss) from special events . . . . .					
<b>102</b> Gross profit or (loss) from sales of inventory					
<b>103</b> Other revenue: <b>a</b> Royalties			15	3815000	
<b>b</b> UBI investments	525990	926051			
<b>c</b> Inventory sales	453000	68932	03	6240068	
<b>d</b> Miscellaneous income			various	12234019	
<b>e</b>					
<b>104</b> Subtotal (add columns (B), (D), and (E)) . . . . .		12346404		1341469596	2067744000
<b>105</b> Total (add line 104, columns (B), (D), and (E)) . . . . . <b>▶</b>					3421560000

**Note:** Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See the instructions.)

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
93a	Tuition revenue is directly related to the University's primary mission of teaching.
93c	Sales and services of educational activities represents revenue related to providing education services.
93e	Revenue from hospital operations includes both clinical and educational activities supporting the University's mission.

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

**Note:** If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

**Part XI** Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13).

106 Did the reporting organization **make** any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

				Yes	No
				✓	
	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer	
a	Nittany Insurance Corporation	25-1718998	Interest	368583	
b					
c					
Totals					

107 Did the reporting organization **receive** any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

				Yes	No
				✓	
	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer	
a	Research Park Hotel Corporation University Park, PA 16802	25-1673018	Interest	1992369	
b	Research Park Management Corp. University Park, PA 16802	25-1625696	Interest	115596	
c	Nittany Health Systems University Park, PA 16802	25-1769611	Interest	62498	
Totals					

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

		Yes	No
			✓

**SCHEDULE A**

Name of the organization <b>The Pennsylvania State University</b>	Employer identification number <b>24 : 6000376</b>
--	---

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
See Attached.				
Total number of other employees paid over \$50,000 . ▶	<b>8842</b>			

**Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
See Attached.		
Total number of others receiving over \$50,000 for professional services . . . . . ▶	<b>130</b>	

**Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services**  
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
See Attached.		
Total number of other contractors receiving over \$50,000 for other services . . . . . ▶	<b>1854</b>	

**Part III Statements About Activities** (See page 2 of the instructions.)

**1** During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ 724332 (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)

Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.

**2** During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)

**a** Sale, exchange, or leasing of property?

**b** Lending of money or other extension of credit?

**c** Furnishing of goods, services, or facilities?

**d** Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?

**e** Transfer of any part of its income or assets?

**3a** Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)

**b** Did the organization have a section 403(b) annuity plan for its employees?

**c** Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement

**d** Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?

**4a** Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g

**b** Did the organization make any taxable distributions under section 4966?

**c** Did the organization make a distribution to a donor, donor advisor, or related person?

**d** Enter the total number of donor advised funds owned at the end of the tax year ▶ \_\_\_\_\_

**e** Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶ \_\_\_\_\_

**f** Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶ \_\_\_\_\_

**g** Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶ \_\_\_\_\_

	Yes	No
<b>1</b>	✓	
<b>2a</b>		✓
<b>2b</b>		✓
<b>2c</b>		✓
<b>2d</b>	✓	
<b>2e</b>		✓
<b>3a</b>	✓	
<b>3b</b>	✓	
<b>3c</b>		✓
<b>3d</b>		✓
<b>4a</b>		✓
<b>4b</b>		
<b>4c</b>		

**Part IV Reason for Non-Private Foundation Status** (See pages 4 through 8 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5  A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6  A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7  A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8  A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9  A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state** ▶ .....
- 10  An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a  An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b  A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12  An organization that normally receives: **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13  An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:  
 Type I       Type II       Type III-Functionally Integrated       Type III-Other

**Provide the following information about the supported organizations.** (See page 8 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
<b>Total</b> . . . . .					

- 14  An organization organized and operated to test for public safety. Section 509(a)(4). (See page 8 of the instructions.)

**Part IV-A Support Schedule** (Complete only if you checked a box on line 10, 11, or 12.) **Use cash method of accounting.**

**Note:** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.) . . . . .					
16 Membership fees received . . . . .					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose . . . . .					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975 . . . . .					
19 Net income from unrelated business activities not included in line 18. . . . .					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf . . . . .					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge . . . . .					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets . . . . .					
23 Total of lines 15 through 22 . . . . .					
24 Line 23 minus line 17 . . . . .					
25 Enter 1% of line 23 . . . . .					
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 . . . . . ▶					26a
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2003 through 2006 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts ▶					26b
c Total support for section 509(a)(1) test: Enter line 24, column (e) . . . . . ▶					26c
d Add: Amounts from column (e) for lines: 18 _____ 19 _____					26d
22 _____ 26b _____ . . . . . ▶					26e
e Public support (line 26c minus line 26d total) . . . . . ▶					26e
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) . . . . . ▶					26f %
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year:					
(2006) _____ (2005) _____ (2004) _____ (2003) _____					
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:					
(2006) _____ (2005) _____ (2004) _____ (2003) _____					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____					27c
17 _____ 20 _____ 21 _____ . . . . . ▶					27d
d Add: Line 27a total _____ and line 27b total _____ . . . . . ▶					27e
e Public support (line 27c total minus line 27d total) . . . . . ▶					27e
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e) . . . . . ▶					27f
g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) . . . . . ▶					27g %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)). ▶					27h %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.					

**Part V Private School Questionnaire** (See page 9 of the instructions.)  
**(To be completed ONLY by schools that checked the box on line 6 in Part IV)**

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body? . . . . .	29	
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships? . . . . .	30	
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? . . . . . If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.) ----- ----- -----	31	
32	Does the organization maintain the following:	32a	
a	Records indicating the racial composition of the student body, faculty, and administrative staff? . . . . .	32b	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? . . . . .	32c	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? . . . . .	32d	
d	Copies of all material used by the organization or on its behalf to solicit contributions? . . . . .  If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.) ----- -----		
33	Does the organization discriminate by race in any way with respect to:	33a	
a	Students' rights or privileges? . . . . .	33b	
b	Admissions policies? . . . . .	33c	
c	Employment of faculty or administrative staff? . . . . .	33d	
d	Scholarships or other financial assistance? . . . . .	33e	
e	Educational policies? . . . . .	33f	
f	Use of facilities? . . . . .	33g	
g	Athletic programs? . . . . .	33h	
h	Other extracurricular activities? . . . . .  If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.) ----- -----		
34a	Does the organization receive any financial aid or assistance from a governmental agency? . . . . .	34a	
b	Has the organization's right to such aid ever been revoked or suspended? . . . . . If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b	
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation . . . . .	35	



**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 11 of the instructions.)  
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

Check **a**  if the organization belongs to an affiliated group. Check **b**  if you checked "a" and "limited control" provisions apply.

**Limits on Lobbying Expenditures**

(The term "expenditures" means amounts paid or incurred.)

		(a) Affiliated group totals	(b) To be completed for all electing organizations
36	Total lobbying expenditures to influence public opinion (grassroots lobbying) . . . . .	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .	37	
38	Total lobbying expenditures (add lines 36 and 37) . . . . .	38	
39	Other exempt purpose expenditures . . . . .	39	
40	Total exempt purpose expenditures (add lines 38 and 39) . . . . .	40	
41	Lobbying nontaxable amount. Enter the amount from the following table—		
	<b>If the amount on line 40 is—</b>		
	<b>The lobbying nontaxable amount is—</b>		
	Not over \$500,000 . . . . .	20% of the amount on line 40 . . . . .	
	Over \$500,000 but not over \$1,000,000 . . . . .	\$100,000 plus 15% of the excess over \$500,000 . . . . .	
	Over \$1,000,000 but not over \$1,500,000 . . . . .	\$175,000 plus 10% of the excess over \$1,000,000 . . . . .	41
	Over \$1,500,000 but not over \$17,000,000 . . . . .	\$225,000 plus 5% of the excess over \$1,500,000 . . . . .	
	Over \$17,000,000 . . . . .	\$1,000,000 . . . . .	
42	Grassroots nontaxable amount (enter 25% of line 41) . . . . .	42	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36. . . . .	43	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38. . . . .	44	

**Caution:** If there is an amount on either line 43 or line 44, you must file Form 4720.

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.  
 See the instructions for lines 45 through 50 on page 13 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
45	Lobbying nontaxable amount . . . . .				
46	Lobbying ceiling amount (150% of line 45(e))				
47	Total lobbying expenditures . . . . .				
48	Grassroots nontaxable amount . . . . .				
49	Grassroots ceiling amount (150% of line 48(e))				
50	Grassroots lobbying expenditures . . . . .				

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See page 14 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

- a Volunteers . . . . .
- b Paid staff or management (Include compensation in expenses reported on lines c through h.) . . . . .
- c Media advertisements . . . . .
- d Mailings to members, legislators, or the public . . . . .
- e Publications, or published or broadcast statements . . . . .
- f Grants to other organizations for lobbying purposes . . . . .
- g Direct contact with legislators, their staffs, government officials, or a legislative body. . . . .
- h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means . . . . .
- i Total lobbying expenditures (Add lines c through h.) . . . . .

Yes	No	Amount
✓		
✓		
	✓	
✓		
	✓	
✓		
✓		
✓		
		<b>830085</b>

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.



**Penn State University  
Form 990 Schedules  
2007**

**Part II, Line 22b - Other grants and allocations**

Educational grants 119,465,776

**Part IV, Line 51a - Other Notes and Loans Receivable**

Loans to Students 62,785,000  
Allowance for doubtful accounts (19,171,000)  
43,614,000

**Part IV, Line 54b - Investments - other securities**

Private capital (at fair market value) 530,714,000

**Part IV, Line 57 - Land, buildings & equipment**

Land 91,506,000  
Buildings 3,472,408,000  
Improvements (other than buildings) 445,576,000  
Equipment 844,274,000  
Less accumulated depreciation (2,121,020,000)  
2,732,744,000

**Part IV, Line 58 - Other assets**

Deferred bond costs 6,268,000  
Beneficial interests in perpetual trusts 13,673,000  
19,941,000

**Part IV, Line 64a - Tax-exempt bond liability**

See Long-Term Debt note from financial statements that follows.

**Part IV, Line 65 - Other liabilities**

Present value of annuities payable 41,538,000  
Accrued postretirement benefits 924,337,000  
Liability under securities lending program 265,725,000  
Deposits held in custody for others 37,750,000  
Refundable US Government student loans 35,442,000  
Other liabilities 130,599,000  
1,435,391,000

**Part VI, Line 80 - Related Organizations**

The Corporation for Penn State  
The Milton S. Hershey Medical Center  
Pennsylvania College of Technology  
Research Park Management Corporation  
Research Park Hotel Corporation  
Nittany Healthcare Systems  
Ben Franklin Tech. Ctr of Central and Northern PA  
Nittany Title Corporation  
Recycling Markets Center  
Penn State Research Foundation  
Nittany Insurance Company  
PS Research Park Tech Center Condo Assoc.

**Part IX, Taxable Subsidiaries**

	E.I.N.	Ownership	Activity	Total Income	End of year assets
Research Park Management Corporation	25-1625696	100%	Real Estate	275,933	1,270,793
Research Park Hotel Corporation	25-1673018	100%	Hotel/ conf. center	3,356,975	32,121,806
Nittany Healthcare Systems	25-1769611	100%	Healthcare integration	(194,842)	2,149,128
Nittany Insurance Company	25-17189980	100%	Insurance	536,833	19,214,295
PS Research Park Tech Center Condo Assoc.	25-1723275	100%	Condo Mgmt.	-	-

## LONG-TERM DEBT

The various bond issues, note payable and capital lease obligations that are included in long-term debt in the statements of financial position consist of the following:

	<u>2008</u>	<u>2007</u>
<u>The Pennsylvania State University Bonds</u>		
Series 2008A	\$ 77,670,000	\$ -
Series 2008B	8,310,000	-
Series 2007A	90,570,000	90,570,000
Series 2007B	76,120,000	80,025,000
Series 2005	94,885,000	96,555,000
Series 2004A	58,845,000	59,930,000
Refunding Series 2003	24,350,000	26,260,000
Series of 2002	100,000,000	100,000,000
Refunding Series 2002	112,240,000	126,835,000
Refunding Series 2001	26,565,000	34,590,000
Series A of 2001	75,000,000	75,000,000
Series B of 1997	-	8,805,000
 <u>Pennsylvania Higher Educational Facilities</u>		
<u>Authority University Revenue Bonds</u>		
<u>(issued for The Pennsylvania State</u>		
<u>University)</u>		
Series 2006	4,480,000	4,650,000
Series 2004	5,015,000	5,215,000
Series 2002	5,670,000	5,965,000
 <u>Lycoming County Authority College</u>		
<u>Revenue Bonds (issued for Penn College)</u>		
Series 2008	55,000,000	-
Series 2005	14,645,000	15,225,000
Series 2003	3,315,000	6,495,000
Series 2002	29,650,000	29,995,000
Series 2000	39,370,000	39,370,000
Series 1997	-	11,300,000
Series 1993	<u>12,519,000</u>	<u>11,954,000</u>
 Total bonds payable	 <u>914,219,000</u>	 <u>828,739,000</u>
 Unamortized bond premiums	 <u>27,231,000</u>	 <u>24,704,000</u>
 <u>Note payable and capital leases</u>		
Demand note payable	10,000,000	10,000,000
Capital lease obligations	71,412,000	16,739,000
Deferred lease obligation	-	<u>31,324,000</u>
Total note payable and capital leases	<u>81,412,000</u>	<u>58,063,000</u>
 Total long-term debt	 <u>\$1,022,862,000</u>	 <u>\$ 911,506,000</u>

## The Pennsylvania State University Bonds

- Series 2008A and 2008B – general obligation bonds issued in April 2008 for the purpose of funding various construction and renovation projects and for the current refunding of the Series 1997B Bonds, which previously refunded the Series 1992B Bonds. The University, in conjunction with the issuance of the Series 2008B bonds, legally defeased the Series B of 1997 Bonds, with an outstanding principal of \$8,105,000, by irrevocably depositing \$8,364,000 in an escrow fund to be used to pay the interest accrued, maturing principal on and the redemption price of the refunded bonds. As a result of the current refunding transaction, amounts related to the Series 1997B Bonds have been removed from the University's June 30, 2008 statement of financial position. Principal payments on the Series 2008A and 2008B bonds are due annually, in amounts ranging from \$830,000 to \$7,695,000 through August 2029. The bonds pay interest at rates ranging from 3.00% to 5.00%. The 2008A Bonds are subject to early redemption provisions, at the option of the University, beginning February 2018.
- Series 2007A and 2007B – general obligation bonds issued in January 2007 for the purpose of funding various construction and renovation projects and for the advance refunding of the Series 1997A Bonds. The University, in conjunction with the issuance of the Series 2007B bonds, legally defeased the Series A of 1997 Bonds, with an outstanding principal of \$84,540,000, by irrevocably depositing \$88,341,000 in an escrow fund to be used to pay the interest accrued, maturing principal on and the redemption price of the refunded bonds. As a result of the advance refunding transaction, amounts related to the Series 1997A Bonds were removed from the University's June 30, 2007 statement of financial position. Principal payments on the Series 2007A and 2007B bonds are due annually, in amounts ranging from \$2,770,000 to \$5,955,000 through August 2027, with additional payments of \$11,115,000 due August 2028 and \$70,905,000 due August 2036. The bonds pay interest at rates ranging from 3.55% to 5.25% and are subject to sinking fund redemption beginning August 2023 and early redemption provisions, at the option of the University, beginning August 2016.
- Series 2005 – general obligation bonds issued in January 2005 for the purpose of funding various construction projects. Principal payments are due annually in amounts ranging from \$1,720,000 to \$2,745,000 through September 2019, with additional payments of \$15,990,000, \$20,550,000 and \$32,485,000 due September 2024, 2029 and 2034, respectively. The bonds pay interest at rates ranging from 3.00% to 5.00% and are subject to sinking fund redemption beginning September 2020 and early redemption provisions, at the option of the University, beginning September 2015.
- Series 2004A – general obligation bonds issued in April 2004 for the purpose of funding various construction projects. Principal payments are due annually in amounts ranging from \$1,115,000 to \$1,825,000 through September 2019, with additional payments of \$10,625,000, \$13,635,000 and \$17,515,000 due September 2024, 2029 and 2034, respectively. The bonds pay interest at rates ranging from 3.00% to 5.00% and are subject to sinking fund redemption beginning September 2020 and early redemption provisions, at the option of the University, beginning September 2014.
- Refunding Series 2003 – general obligation bonds issued in March 2003 for the purpose of refunding the Refunding Series 1993A and to pay costs associated with issuing the 2003 Refunding Bonds. Principal payments are due annually in amounts ranging from \$1,995,000 to \$2,970,000 through March 2018. The bonds pay interest at rates ranging from 3.25% to 5.25% and are subject to early redemption provisions, at the option of the University, beginning March 2013.
- Series of 2002 and Series A of 2001 – general obligation bonds issued in May 2002 for the purpose of funding a portion of the costs of the acquisition, construction, equipping, renovation and improvement of certain facilities of the University and April 2001 for the purpose of funding various construction projects, respectively. The bonds are currently paying interest on a variable rate basis; however, the University has the option to convert to another variable rate or to a fixed rate basis (such rates are generally determined on a market basis). The bonds currently pay interest at 1.51% with adjustment on a weekly basis to the rate the remarketing agent believes will cause the bonds to have a market value equal to the principal amount up to a maximum of 12%. The bondholders have the right to tender bonds at interest rate reset dates. The University, therefore, entered into standby bond purchase agreements with banks to provide liquidity in case of tender. The principal amount of the Series of 2002 bonds is due March 2032; and the principal amount of the Series A of 2001 is due

April 2031. The bonds are not subject to sinking fund redemption; however, the University has the option to redeem the bonds prior to their scheduled maturity.

- Refunding Series 2002 – general obligation bonds issued in May 2002 for the purpose of refunding the Second Refunding 1992A Series (such bonds were previously issued to refund the Second Refunding 1988 Series, 1989 Series and 1991 Series Bonds). Principal payments are due annually, in amounts ranging from \$4,585,000 to \$16,540,000 through August 2016. The bonds pay interest at rates ranging from 4.79% to 5.25%. The bonds are not subject to redemption prior to maturity.
- Refunding Series 2001 – general obligation bonds issued in December 2001 for the purpose of refunding the Refunding Series 1992 Bonds (such bonds were previously issued to refund the 1986 Series and the First Refunding Series of 1988 Bonds). Principal payments are due annually, in amounts ranging from \$8,425,000 to \$9,290,000 through March 2011. The bonds pay interest at rates ranging from 5.00% to 5.25%. The bonds are not subject to redemption prior to maturity.

Pennsylvania Higher Educational Facilities Authority University Revenue Bonds (issued for The Pennsylvania State University)

- Series 2006 – Pennsylvania Higher Educational Facilities Authority (PHEFA) University Revenue Bonds issued by the Pennsylvania State University in April 2006 for the purpose of funding the costs of sprinkler system installation and repairs in certain of the University's dormitories during the period 2006-2008, related design costs and payment of issuance costs. Principal payments are due annually in amounts ranging from \$175,000 to \$280,000 through September 2020, with an additional payment of \$1,610,000 due September 2025. The bonds pay interest at rates ranging from 3.65% to 5.125%, with PHEFA subsidizing the annual interest cost to the University for interest rates greater than 3.00%. The bonds are subject to sinking fund redemption beginning September 2021 and early redemption provisions, at the option of the University, beginning September 2016.
- Series 2004 – Pennsylvania Higher Educational Facilities Authority University Revenue Bonds issued by the Pennsylvania State University in May 2004 for the purpose of funding the costs of sprinkler system installation and repairs in certain of the University's dormitories during 2004-2005. Principal payments are due annually in amounts ranging from \$205,000 to \$325,000 through September 2019, with an additional payment of \$1,905,000 due September 2024. The bonds pay interest at rates ranging from 3.10% to 5.00%, with PHEFA subsidizing the annual interest cost to the University for interest rates greater than 3.00%. The bonds are subject to sinking fund redemption beginning September 2020 and early redemption provisions, at the option of the University, beginning September 2014.
- Series 2002 – Pennsylvania Higher Educational Facilities Authority University Revenue Bonds issued by the Pennsylvania State University in June 2002 for the purpose of funding the costs of sprinkler system installation and repairs in certain of the University's dormitories during the period 2002 through 2004. Principal payments are due annually in amounts ranging from \$305,000 to \$425,000 through March 2017, with an additional payment of \$2,435,000 due March 2022. The bonds pay interest at rates ranging from 3.75% to 5.00%, with PHEFA subsidizing the annual interest cost to the University for interest rates greater than 3.00%. The bonds are subject to sinking fund redemption beginning March 2018 and early redemption provisions, at the option of the University, beginning March 2011.

Lycoming County Authority College Revenue Bonds (issued for Penn College)

- Series 2008 – Lycoming County Authority College Revenue Bonds issued by Penn College in February 2008 for the purpose of funding various construction projects at the Penn College campus. Principal payments are due annually in amounts ranging from \$1,455,000 to \$4,140,000 through October 2037. The bonds pay interest at rates ranging from 3.50% to 5.50%.

- Series 2005 – Lycoming County Authority College Revenue Bonds issued by Penn College in February 2005 for the purpose of refunding \$7,765,000 of the Authority's College Bonds, Series of 1997, funding a deposit into the debt service reserve account, funding various construction and renovation projects and payment of costs of issuance of 2005 Bonds. Principal payments are due annually in amounts ranging from \$500,000 to \$1,855,000 through January 2025. The bonds pay interest at rates ranging from 3.00% to 5.00%.
- Series 2003 – Lycoming County Authority College Revenue Bonds issued by Penn College in February 2003 for the purpose of refunding \$17,385,000 of the Authority's College Revenue Bonds, Series of 1993 and the payment of costs of issuance of 2003 Bonds. Principal payment is due in the amount of \$3,315,000 in November 2008. The bonds pay interest at rates ranging from 4.00% to 4.625%.
- Series 2002 – Lycoming County Authority College Revenue Bonds issued by Penn College in May 2002 for the purpose of funding various construction projects at the Penn College campus. Principal payments are due annually in amounts ranging from \$350,000 to \$2,775,000 through May 2032. The bonds pay interest at rates ranging from 4.00% to 5.25%.
- Series 2000 – Lycoming County Authority College Revenue Bonds issued by Penn College in December 2000 for the purpose of funding various construction projects, refunding the 1996 Lycoming County Authority College Revenue Bonds, advance refunding \$4,235,000 of the 1997 Lycoming County Authority College Revenue Bonds (1997 Series Bonds), funding of a deposit to the debt service fund reserve account established under the indenture and payment of the costs of issuance of the Series 2000 Bonds. Principal payments are due annually in amounts ranging from \$30,000 to \$5,225,000 through July 2030. The bonds pay interest at rates ranging from 4.75% to 5.50%.
- Series 1997 – Lycoming County Authority College Revenue Bonds issued by Penn College in September 1997 for the purpose of funding various construction projects at the Penn College campus. Principal payments are due annually in amounts ranging from \$275,000 to \$5,010,000 through July 2018. The bonds pay interest at rates ranging from 4.90% to 5.25%. The 1997 Series Bonds were refunded by the 2000 Series Bonds at par amounting to \$4,235,000. These bonds were paid in full during 2008.
- Series 1993 – Lycoming County Authority College Revenue Bonds issued by Penn College in 1993 for the purpose of undertaking a series of capital improvement projects. Principal payments are due annually in amounts ranging from \$450,000 to \$1,302,000 through November 2015. The bonds pay interest at rates ranging from 6.00% to 6.15%.

Maturities and sinking fund requirements on bonds payable for each of the next five fiscal years and thereafter are summarized as follows:

<u>Year</u>	<u>Annual Installments</u>
2009	\$ 37,130,000
2010	35,460,000
2011	35,335,000
2012	27,630,000
2013	29,035,000
Thereafter	749,629,000

The fair value of the University's bonds payable is estimated based on current rates offered for similar issues with similar security, terms and maturities using available market information as supplied by the various financial institutions who act as trustees or custodians for the University. At June 30, 2008, the carrying value and estimated fair value of the University's bonds payable, including issuance premiums, are \$941,450,000 and \$934,952,000, respectively. At June 30, 2007, the carrying value and estimated fair value of the University's bonds payable, including issuance premiums, were \$853,443,000 and \$845,086,000, respectively. Certain bond issues have associated issuance premiums, these issuance premiums total \$27,231,000 and \$24,704,000 at June 30, 2008 and 2007, respectively and are presented within the statement of financial position as long-term debt. These issuance premiums will be amortized over the term of the respective outstanding bonds.

Note payable and capital leases

A \$10,000,000 demand note payable bearing interest at a variable rate (3.00% at June 30, 2008) is included in the current portion of long-term debt within the statements of financial position.

The University has certain lease agreements in effect which are considered capital leases that are included as long-term debt in the statements of financial position. These leases have been capitalized at the net present value of the minimum lease payments. The University has recorded fixed assets in the amount of \$82,870,000 and \$26,946,000 at June 30, 2008 and 2007, respectively, representing capitalized leases. Future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2008 are as follows:

<u>Year</u>	
2009	\$ 8,378,000
2010	8,279,000
2011	8,210,000
2012	7,796,000
2013	6,905,000
Thereafter	<u>162,337,000</u>
Total minimum lease payments	201,905,000
Less imputed interest	<u>(130,493,000)</u>
Capital lease obligation	71,412,000
Current portion	<u>4,030,000</u>
Long-term portion	<u>\$ 67,382,000</u>

The University has entered into a Master Building Sublease with ADG - Hospital Drive Associates ("ADG-HDA"), a limited partnership (of which the University maintains a 75% interest, carried at \$1,489,000 and \$1,329,000 in investments at June 30, 2008 and 2007, respectively), which required ADG-HDA to construct the Centre Medical Sciences Building ("Building") and lease it to the University for an initial term of twenty-five years. The Building was constructed on land jointly owned by the University and Mount Nittany Medical Center, which has been leased by ADG-HDA for a term of sixty years. The University has subleased portions of the Building to the Mount Nittany Medical Center and other healthcare related entities.

During 2007, TMSHMC entered into a lease agreement for a facility currently under construction located on the Medical Center's campus. As a result of certain provisions contained within the lease and related agreements, the Medical Center accounted for the facility as an owned facility and therefore recognized non-cash construction costs incurred as of June 30, 2007 (included as construction in progress), together with a corresponding deferred lease obligation, as of June 30, 2007, in the amount of \$31,324,000. During 2008, TMSHMC capitalized additional costs related to the facility in the amount of \$17,276,000. In March 2008, the facility was opened and the deferred obligation in the amount of \$48,600,000 was reclassified to a capital lease obligation.



MAILING LIST OF THE BOARD OF TRUSTEES

THE PENNSYLVANIA STATE UNIVERSITY

April 13, 2009

(The addresses shown are the preferred mailing addresses of the members of the Board of Trustees.)

**MEMBERS EX OFFICIO**

**THE HONORABLE EDWARD G. RENDELL**

Governor of the Commonwealth  
225 Main Capitol Building  
Harrisburg, PA 17120-0020  
(717-787-2500)

**DR. GRAHAM B. SPANIER**

President  
The Pennsylvania State University  
201 Old Main Building  
University Park, PA 16802-1589  
(814-865-7611)

**THE HONORABLE GERALD L. ZAHORCHAK**

Secretary  
Department of Education  
333 Market Street, 10<sup>th</sup> Floor  
Harrisburg, PA 17126-0333  
(717-787-5820)

**THE HONORABLE DENNIS C WOLFF**

Secretary  
Department of Agriculture  
Room 211 Agriculture Office Building & Laboratories  
2301 North Cameron Street  
Harrisburg, PA 17110-9408  
(717-772-2853)

**THE HONORABLE JOHN QUIGLEY**

Acting Secretary  
Department of Conservation and Natural Resources  
Rachel Carson State Office Building  
400 Market Street, 7<sup>th</sup> Floor  
Harrisburg, PA 17105  
(717-772-9084)

**MR. ROBERT J. LEWIS**

*\*(Governor's Non-Voting Representative)*  
CEO, Orbital Engineering, Inc.  
1344 Fifth Avenue  
Pittsburgh, PA 15219  
(412-261-9100)

NOTE: The date in parentheses following each name indicates the year in which the term will expire. Trustees appointed by the Governor serve until their successors have been appointed and confirmed.

**APPOINTED BY THE GOVERNOR**

**CYNTHIA A. BALDWIN (2006)**

Partner  
Duane Morris LLP  
600 Grant Street, Suite 5010  
Pittsburgh, PA 15219  
(412-497-1000)

**MR. RODNEY P. HUGHES (2011)**

201D Dunham Hall  
University Park, PA 16802  
(570-876-4086)

**MR. EUGENE B. CHAIKEN (2007)**

Chairman/CEO  
Almo Corporation  
2709 Commerce Way  
Philadelphia, PA 19154  
(215-698-4000)

**IRA M. LUBERT (2010)**

Independence Capital Partners and  
Lubert Adler Partners, L.P.  
The Cira Centre  
2929 Arch Street, 29<sup>th</sup> Floor  
Philadelphia, PA 19104-2868  
(215-972-2200)

**MR. ALVIN H. CLEMENS (2009)**

Honestone  
500 Huston Road  
St. Davids, PA 19087  
(610-964-7645)

**MS. PATRICIA K. POPRIK (2005)**

President, First American Municipals, Inc.  
606 Corporate Drive  
Langhorne, PA 19047  
(215-504-9300)

-No member of the Board of Trustees received a salary for services as a Trustee.

### ELECTED BY ALUMNI

**DR. MARIANNE E. ALEXANDER (2011)**  
President Emerita  
Public Leadership Education Network  
4713 Manor Lane  
Ellicott City, MD 21042-6117  
(410-730-6776)

**MR. H. JESSE ARNELLE (2011)**  
Attorney  
400 Urbano Drive  
San Francisco, CA 94127  
(415-239-4744)

**MR. STEVE A. GARBAN (2010)**  
Senior Vice President for Finance and  
Operations/Treasurer Emeritus  
The Pennsylvania State University  
226 Harris Drive  
State College, PA 16801  
(814-466-3495)

*(Vice Chairman of the Board of Trustees)*

**MR. GEORGE T. HENNING, JR. (2010)**  
1415 Circleville Road  
State College, PA 16803-3115  
(814-867-7081)

**MR. DAVID R. JONES (2009)**  
Assistant Managing Editor (Retired)  
*New York Times*  
217 North Mountain Avenue  
Montclair, NJ 07042  
(973-783-5526) - Home  
(973-783-9632) - Office

**DR. DAVID M. JOYNER (2009)**  
Orthopedic Physician  
591 Cook Court  
Hummelstown, PA 17036  
(717-566-5839)

**DR. JOEL N. MYERS (2011)**  
President, AccuWeather, Inc.  
385 Science Park Road  
State College, PA 16803  
(814-235-8510)

**MS. ANNE RILEY (2009)**  
P.O. Box 520  
Boalsburg, PA 16827-0520  
(814-466-6574)

**DR. PAUL V. SUHEY (2010)**  
Orthopedic Surgeon  
374 West Crestview Avenue  
Boalsburg, PA 16827  
(814-466-0558)

### ELECTED BY DELEGATES FROM AGRICULTURAL SOCIETIES

**MR. KEITH W. ECKEL (2010)**  
1647 Falls Road  
Clarks Summit, PA 18411  
(570-587-1725)

**THE HONORABLE SAMUEL E. HAYES, JR. (2010)**  
P.O. Box 120  
Warriors Mark, PA 16877  
(814-632-6390)

**MR. BARRON L. HETHERINGTON (2009)**  
129 Strawberry Lane  
Ringtown, PA 17967-9602  
(570-889-3197)

**MRS. BETSY E. HUBER (2011)**  
Master  
Pennsylvania State Grange  
20 Erford Road, Suite 310  
Lemoyne, PA 17043  
(717-737-8855)

**MR. KEITH E. MASSER (2011)**  
President, Serman Masser, Inc.  
P.O. Box 210  
Sacramento, PA 17968  
(570-682-9304)

**MR. CARL T. SHAFFER (2009)**  
P.O. Box 2  
Mifflinville, PA 18631  
(570-752-2323)

-No member of the Board of Trustees received a salary for services as a Trustee.

**ELECTED BY BOARD REPRESENTING BUSINESS AND INDUSTRY**

**MR. JAMES S. BROADHURST (2011)**

Chairman of the Board of Trustees  
The Pennsylvania State University  
205 Old Main  
University Park, PA 16802-1571  
(814-865-2521)

Chairman

Eat'n Park Hospitality Group, Inc.  
285 E. Waterfront Drive  
P.O. Box 3000  
Pittsburgh, PA 15230  
(412-461-2000)

**MR. EDWARD R. HINTZ, JR. (2009)**

President  
HHR Asset Management, LLC  
Connell Corporate Center IV  
400 Connell Drive, Suite 5100  
Berkeley Heights, NJ 07922  
(908-771-3900)

**MR. EDWARD P. JUNKER III (2010)**

Retired Vice Chairman  
PNC Bank Corp.  
May 1 to November 30  
One Niagara Pier  
Erie, PA 16507  
(814-459-5990)

December 1 to April 30

1791 Devon Court  
Marco Island, FL 34145  
(239-642-7406)

**MR. ROBERT D. METZGAR (2009)**

3796 Cobham Park Road  
Warren, PA 16365  
(814-723-3820)

**MRS. LINDA B. STRUMPF (2011)**

Vice President and Chief Investment Officer  
The Ford Foundation  
320 East 43rd Street  
New York, NY 10017  
(212-573-5052)

**MR. JOHN P. SURMA (2010)**

Chairman and Chief Executive Officer  
United States Steel Corporation  
600 Grant Street, Suite 6100  
Pittsburgh, PA 15219  
(412-433-1146)

**BOARD OF TRUSTEES OFFICE**

**MRS. PAULA R. AMMERMAN**

Director, Office of the Board of Trustees/  
Associate Secretary  
The Pennsylvania State University  
205 Old Main Building  
University Park, PA 16802-1571  
(814-865-2521)

-No member of the Board of Trustees received a salary for services as a Trustee.

# Penn State University

## Part V-A: Current Officers, Directors, Trustees and Key Employees

<u>Name</u>		<u>Compensation</u>	<u>Contributions to employee benefit &amp; deferred comp. plans</u>	<u>Expense account &amp; other allowances</u>
Graham Spanier	President	590,004	206,035	32,640
Rodney Erickson	Exec. VP & Provost	400,008	33,731	7,381
Rod Kirsch	Sr. VP - Development	320,004	32,752	6,783
Harold Paz	CEO - Hershey Med. Ctr.	755,996	126,808	125,149
Eva Pell	Sr. VP - Research	257,400	40,381	10,409
Gary Schultz	Sr. VP - Finance & Bus.	400,008	31,931	11,195

### Notes:

- Average work week for officers is 40+ hours, as needed.
- Amounts listed above as contributions to employee benefit & deferred comp. plans for Dr. Spanier and Dr. Paz include allocations or contributions to individual retirement plans.
- No member of the Board of Trustees received a salary for services rendered as a Trustee.
- Board of Trustee member hours vary as needed.

## Penn State University

### Schedule A, Part I: Compensation of Five Highest Paid Employees Other Than Officers and Trustees

<u>Name</u>		<u>Compensation</u>	<u>Contributions to employee benefit &amp; deferred comp. plans</u>	<u>Expense account &amp; other allowances</u>
Joseph Paterno	Head Football Coach	1,037,322	26,107	34,338
Robert Harbaugh	Chair Dept of Neurosurgery	789,492	36,129	-
Alan Brechbill	Executive Director - MSHMC	668,448	31,399	80,263
Ed Dechellis	Head Basketball Coach	642,366	28,341	5,495
Peter Dillon	Chair Dept. of Surgery	623,283	30,931	-

Note:

- Average work week for employees is 40+ hours, as needed.

### Schedule A, Part II-A: Compensation of Five Highest Paid Independent Contractors for Professional Services

<u>Name</u>	<u>Type of Service</u>	<u>Compensation</u>
Polshek Partnership Architects New York, NY 10014	Architectural	4,761,314
RV Architects New York, NY 10013	Architectural	4,483,502
Payette Associates, Inc. Washington, D.C. 20036	Architectural	3,892,481
McQuaide Blasko State College, PA 16801	Legal	3,808,784
Quest Diagnostics Collegeville, PA 19426	Lab Testing	2,200,000

### Schedule A, Part II-B: Compensation of Five Highest Paid Independent Contractors for Other Services

<u>Name</u>	<u>Type of Service</u>	<u>Compensation</u>
Gilbane Building Company Providence, RI 02903	Construction	45,723,918
Whiting Turner Contracting Co Baltimore, MD 21286	Construction	12,506,997
Leonard S. Fiore, Inc. Altoona, PA 16602	Construction	12,494,514
Wohlsen Construction Lancaster, PA 17604	Construction	8,468,893
Lobar Associates Pittsburgh, PA 17019	Construction	8,286,245

## **Penn State University**

### **Schedule A, Part III, Line 2d: Payment of Compensation**

As reported in Part V-A of the Form 990, the University compensates its officers. Other than the reasonable payment of compensation to officers and the reimbursement of reasonable University business expenses to officers and Trustees, the University knows of no significant transactions between it and any person described in the question other than transactions in the normal course of its activities. All such transactions are conducted at arm's length for good and sufficient consideration, and the University believes that the terms and conditions of any such transactions have been fair and reasonable.

### **Schedule A, Part III, Line 3a: Scholarship and Other Awards**

Disbursements are made in furtherance of the University's exempt programs in accordance with policy and procedures, subject to conditions established by the University's Trustees designed to insure that individuals and organizations receiving disbursements are deserving and qualify for receipt.

### **Schedule A, Part VI-B: Lobbying**

An insubstantial portion of the University's activities was concerned with legislative matters not directly affecting the University's existence, its tax exempt status, or the deductibility of contributions to the organization.

The total lobbying expenditures set forth in line "i" of Part VI-B include all amounts disclosed by Penn State in publicly available lobbying disclosure reports filed during the 2007-2008 fiscal year in accordance with state and federal lobbying disclosure laws and regulations.

### **Schedule A, Part VII: Transfers to and Transactions with Non-charitable Exempt Organizations**

Transactions with non-charitable exempt entities occur in the normal course of the University's business and are subject to general University policy and procedures. While the University does not track dealings with non-charitable exempt organizations separately from those with charities or other entities, such transactions are made with fair market value consideration or otherwise fulfill the university's exempt mission.

## Section 2:

### The salaries of all officers and directors of the State-related institution.

\*No member of the Board of Trustees received a salary for services rendered as a Trustee.

<u>Name</u>		<u>Salary</u>
<b>Graham Spanier</b>	President of the University	590,004
<b>Rodney Erickson</b>	Executive VP & Provost	400,008
<b>Rod Kirsch</b>	Sr. VP - Development	320,004
<b>Harold Paz</b>	CEO - Hershey Medical Center	630,000
<b>Eva Pell</b>	Sr. VP - Research	257,400
<b>Gary Schultz</b>	Sr. VP - Finance and Business	400,008

## Section 3:

### The highest 25 salaries paid to employees of the institution that are not included under Section 2.

<u>Employee</u>		<u>Salary</u>
Robert Harbaugh, M.D.	Chair Department of Neurosurgery	672,386
John Myers, M.D.	Staff Physician - Pediatric Surgery	578,928
Joseph Paterno	Head Football Coach	527,748
Peter Dillon, M.D.	Chair Department of Surgery	527,284
Jonas Sheehan, M.D.	Staff Physician - Neurosurgery	525,012
Carlo de Luna, M.D.	Staff Physician - Neurosurgery	525,012
Kevin Black, M.D.	Chair Orthopaedics/Rehabilitation	520,478
Alan Brechbill	Executive Director - MSHMC	514,964
John Reid, M.D.	Staff Physician - Orthopaedics	510,015
Kathleen Eggli, M.D.	Chair Department of Radiology	478,522
Mario Gonzalez, M.D.	Staff Physician - Electrophysiology	460,030
Akash Agarwal, M.D.	Staff Physician - Neurosurgery	458,361
David Goodspeed, M.D.	Staff Physician - Orthopaedics	458,034
Thomas Terndrup, M.D.	Chair Emergency Medicine	457,493
Berend Mets, M.B.	Chair Department of Anesthesiology	446,177
David Quillen, M.D.	Chair Department of Ophthalmology	438,335
Thomas Loughran, M.D.	Director Penn State Cancer Institute	430,743
John Repke, M.D.	Chair Obstetrics/Gynecology	425,917
Kevin Cockroft, M.D.	Staff Physician - Neurosurgery	420,010
Henry Wagner, M.D.	Staff Physician - Radiation Oncology	412,022
Walter Koltun, M.D.	Staff Physician - Colorectal Surgery	410,025
Ross Decter, M.D.	Staff Physician - Urology	400,020
Walter Pae, M.D.	Staff Physician - Surgery	400,020
Robert Aber, M.D.	Chair Department of Medicine	393,447
Lawrence Sinoway, M.D.	Director Penn State Heart & Vascular Institute	382,464