

**Statement of Activity and Cash Flows***

IN MILLIONS

FOR THE FISCAL YEAR ENDED JUNE 30,

	2008	2007	2006
REVENUES			
MBA Tuition and Fees	\$ 82	\$ 77	\$ 73
Executive Education Tuition	106	91	81
Publishing	139	128	119
Endowment Distribution	94	78	71
Unrestricted Current Use Gifts	14	17	12
Housing, Rents, and Other	9	9	9
Interest Income	7	5	3
TOTAL REVENUES	\$ 451	\$ 405	\$ 368
EXPENSES			
Salaries and Benefits	\$ 206	\$ 179	\$ 167
Publishing and Printing	53	51	42
Space and Occupancy	42	40	38
Supplies and Equipment	11	9	15
Professional Services	29	25	22
Fellowships	26	22	19
University Assessments	12	11	10
Debt Service	7	7	4
Other Expenses	37	31	28
TOTAL EXPENSES	\$ 423	\$ 375	\$ 345
Cash from Operations	\$ 28	\$ 30	\$ 23
Use of Endowment Gifts or Appreciation	41	14	14
CASH BEFORE CAPITAL ACTIVITIES	\$ 69	\$ 44	\$ 37
Capital Expenses	\$ (40)	\$ (20)	\$ (49)
Use of Gifts for Capital Projects	5	3	12
NET CAPITAL EXPENSES	\$ (35)	\$ (17)	\$ (37)
New Borrowings	\$ 22	\$ 7	\$ 38
Debt Principal Payments	(9)	(7)	(4)
Other Activity	(33)	(22)	(26)
NET DEBT AND OTHER	\$ (20)	\$ (22)	\$ 8
Change in Unrestricted Reserves	\$ 14	\$ 5	\$ 8
Beginning Balance, Unrestricted Reserves	\$ 65	\$ 60	\$ 52
Ending Balance, Unrestricted Reserves	\$ 79	\$ 65	\$ 60

* This statement presents a managerial view of Harvard Business School operations focused primarily on cash available for use. It is not intended to present the financial results in accordance with generally accepted accounting principles (GAAP). A presentation in accordance with GAAP would report higher operating revenues for gifts and endowment distribution and would include depreciation expense, yielding income from operations of \$32 million in fiscal 2008. Cash flows, however, would be equivalent under GAAP.