

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 13, 2026

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:

See "RATINGS" herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to The Regents, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2026 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2026 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2026 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2026 Bonds. See "TAX MATTERS" herein.



\$2,000,000,000*

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
GENERAL REVENUE BONDS,
\$950,000,000* 2026 SERIES CE
\$1,050,000,000* 2026 SERIES CF

Dated: Date of Delivery

Due: As shown on inside cover

The Regents of the University of California General Revenue Bonds, 2026 Series CE (the "2026 Series CE Bonds"), and The Regents of the University of California General Revenue Bonds, 2026 Series CF (the "2026 Series CF Bonds" and, together with the 2026 Series CE Bonds, the "2026 Bonds"), will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the 2026 Bonds. Individual purchases will be made in book-entry form only. Purchasers will not receive certificates representing their interests in the 2026 Bonds purchased.

The Regents of the University of California ("The Regents") will use the proceeds of the sale of the 2026 Bonds to finance or refinance all or a portion of certain projects of the University of California (the "University"), including the refunding of the Refunded Bonds (as defined herein).

The 2026 Bonds will be issued in denominations of \$5,000 each or any integral multiple thereof. Interest on the 2026 Bonds is payable on May 15, 2026 and semiannually thereafter on November 15 and May 15 of each year.

The interest, principal or redemption price of the 2026 Bonds are payable by The Bank of New York Mellon Trust Company, N.A. as successor trustee, to DTC. DTC is required to remit such principal or redemption price and interest to its Participants for subsequent disbursement to the Beneficial Owners of the 2026 Bonds, as described herein. The 2026 Bonds are subject to redemption prior to their stated maturities, as described herein.

This cover page contains information for quick reference only. It is not a summary of this issue. Potential investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

MATURITIES, AMOUNTS, INTEREST RATES, AND PRICES OR YIELDS
SEE INSIDE COVER

The 2026 Bonds are limited obligations of The Regents, payable solely from General Revenues, the proceeds of the Bonds and any other amounts held in any fund or account established pursuant to the Indenture (excluding the Rebate Fund), as described herein. The 2026 Bonds and all other Bonds issued pursuant to the Indenture are entitled to the equal benefit, protection and security of the pledge and covenants and agreements of the Indenture, as hereinafter described. The Indenture permits The Regents to incur additional Indebtedness secured by a pledge and lien on General Revenues senior in priority, or on a parity, or subordinate in priority with the pledge and lien of the Indenture, as described herein. The 2026 Bonds will not constitute a liability of or a lien upon the funds or property of the State of California or of The Regents, except to the extent of the aforementioned pledge and lien of the Indenture. The Regents has no taxing power.

The 2026 Bonds are offered when, as and if issued, subject to the approval of certain legal matters by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to The Regents. Certain legal matters will be passed upon for The Regents by its Office of General Counsel and certain legal matters will be passed upon for the Underwriters by O'Melveny & Myers LLP, counsel to the Underwriters, and by Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel to The Regents. It is anticipated that the 2026 Bonds will be available for delivery to DTC, on or about March __, 2026.

J.P. Morgan

Barclays

Siebert Williams Shank

Wells Fargo Corporate
& Investment Banking

Academy Securities

Blaylock Van, LLC

Fidelity Capital Markets

Jefferies

Morgan Stanley

Ramirez & Co., Inc.

Stifel

American Veterans Group, PBC

BofA Securities

Goldman Sachs & Co. LLC

Loop Capital Markets

Piper Sandler & Co.

Raymond James

TD Financial Products

Bancroft Capital

Cabrera Capital Markets LLC

HilltopSecurities

Mischler Financial Group, Inc.

PNC Capital Markets LLC

RBC Capital Markets

Truist Securities

Dated: February __, 2026

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE

2026 SERIES CE BONDS

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> [†]
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2026 SERIES CF BONDS

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> [†]
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[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of The Regents, the Underwriters or their agents or counsel assume responsibility for the use or accuracy of such numbers.

Summaries of provisions of the Indenture relating to the 2026 Bonds and the Continuing Disclosure Agreement contained herein do not purport to be complete descriptions of the provisions thereof, and such summaries are qualified by reference to the Indenture and the Continuing Disclosure Agreement for full particulars of the 2026 Bonds, the Indenture and the Continuing Disclosure Agreement, respectively. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of The Regents since the date hereof.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by The Regents.

This Official Statement contains statements which, to the extent they are not recitations of historical facts, constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe,” and similar expressions are intended to identify forward-looking statements. A number of important factors, including factors affecting The Regents’ financial condition and factors which are otherwise unrelated thereto, could cause actual results to differ materially from those stated in such forward-looking statements.

The references to internet websites shown in this Official Statement are shown for reference and convenience only; the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information contained on any website mentioned in this Official Statement is not a part of this Official Statement and is not incorporated in this Official Statement, whether or not the web address for such website appears as an active hyperlink. No website mentioned in this Official Statement is intended to be an active hyperlink. Readers should not rely upon information other than that provided in this Official Statement, including information presented on any such website, in determining whether to purchase the 2026 Bonds.

THE 2026 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH LAWS. THE 2026 BONDS WILL NOT HAVE BEEN RECOMMENDED BY THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR ANY OTHER FEDERAL, STATE OR FOREIGN SECURITIES COMMISSION OR REGULATORY AUTHORITY, AND NO SUCH COMMISSIONS OR REGULATORY

AUTHORITIES WILL HAVE REVIEWED OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

NO ACTION HAS BEEN TAKEN BY THE REGENTS THAT WOULD PERMIT A PUBLIC OFFERING OF THE 2026 BONDS OR POSSESSION OR DISTRIBUTION OF THE OFFICIAL STATEMENT OR ANY OTHER OFFERING MATERIAL IN ANY FOREIGN JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, EACH OF THE UNDERWRITERS HAS AGREED THAT IT WILL COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY FOREIGN JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS THE 2026 BONDS OR POSSESSES OR DISTRIBUTES THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING MATERIAL AND WILL OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED BY IT FOR THE PURCHASE, OFFER OR SALE BY IT OF THE 2026 BONDS UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY FOREIGN JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES AND THE REGENTS SHALL HAVE NO RESPONSIBILITY THEREFOR.

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OFFICIAL STATEMENT

\$2,000,000,000*
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
GENERAL REVENUE BONDS,
\$950,000,000* 2026 SERIES CE
\$1,050,000,000* 2026 SERIES CF

INTRODUCTION

The purpose of this Official Statement (the “Official Statement”) is to set forth certain information concerning The Regents of the University of California General Revenue Bonds, 2026 Series CE, issued in the aggregate principal amount of \$950,000,000* (the “2026 Series CE Bonds”), and The Regents of the University of California General Revenue Bonds, 2026 Series CF, issued in the aggregate principal amount of \$1,050,000,000* (the “2026 Series CF Bonds” and, together with the 2026 Series CE Bonds, the “2026 Bonds”). The 2026 Bonds are authorized to be issued pursuant to the powers and authority of The Regents of the University of California (“The Regents”) contained in Article IX, Section 9 of the Constitution of the State of California. The 2026 Series CE Bonds are issued in accordance with the provisions of an indenture dated as of September 1, 2003 (the “General Revenue Bond Indenture”) as previously amended and supplemented and as further supplemented by the Eighty-Fourth Supplemental Indenture, dated as of March 1, 2026, and the 2026 Series CF Bonds are issued in accordance with the provisions of the General Revenue Bond Indenture as previously amended and supplemented and as further supplemented by the Eighty-Fifth Supplemental Indenture, dated as of March 1, 2026 (as so amended and supplemented, the “Indenture”), by and between The Regents and The Bank of New York Mellon Trust Company, N.A. as successor trustee (the “Trustee”).

Prior to the issuance of the 2026 Bonds, The Regents has issued under the Indenture, and there remain Outstanding, Bonds (as defined below) as shown in Table 1 below:

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* Preliminary, subject to change.

Table 1
General Revenue Bonds as of January 31, 2026
(dollars in thousands)

Series	Amount Outstanding
2011 Series W	\$ 285
2010 Series X	39,970
2011 Series Z	150,000
2012 Series AD	860,000
2013 Series AG	68,895
2013 Series AL	600,000
2015 Series AP	285,560
2015 Series AQ	500,000
2016 Series AR*	396,720
2016 Series AS	77,495
2017 Series AV	419,885
2017 Series AW	121,135
2017 Series AY	543,835
2018 Series AZ	911,745
2018 Series BA	89,210
2019 Series BB	111,925
2019 Series BC	18,195
2019 Series BD	500,000
2020 Series BE	775,920
2020 Series BF	220,130
2020 Series BG	1,100,000
2021 Series BH	236,150
2021 Series BI	525,470
2021 Series BJ	475,000
2022 Series BK	702,300
2022 Series BL	65,240
2023 Series BM	275,035
2023 Series BN	1,556,020
2023 Series BO	52,350
2023 Series BP	336,265
2023 Series BQ	586,545
2023 Series BR	120,050
2024 Series BS	993,055
2024 Series BT*	200,430
2024 Series BU	143,970
2024 Series BV	1,055,985
2024 Series BW	916,785
2024 Series BX*	498,700
2024 Series BY	250,000
2025 Series BZ	1,461,790
2025 Series CA	500,000
2025 Series CB	325,905
2025 Series CC	885,675
2025 Series CD	<u>2,200,000</u>
Total	\$22,153,625

* A portion of the proceeds of the 2026 Bonds will be used to current refund all or a portion of the outstanding principal of the General Revenue Bonds, 2016 Series AR, 2024 Series BT, and 2024 Series BX as described under "PLAN OF FINANCE – Refunding the Refunded Bonds".

The 2011 Series W Bonds, the 2010 Series X Bonds, the 2011 Series Z Bonds, the 2012 Series AD Bonds, the 2013 Series AG Bonds, the 2013 Series AL Bonds, the 2015 Series AP Bonds, the 2015 Series AQ Bonds, the 2016 Series AR Bonds, the 2016 Series AS Bonds, the 2017 Series AV Bonds, the 2017 Series AW Bonds, the 2017 Series AY Bonds, the 2018 Series AZ Bonds, the 2018 Series BA Bonds, the 2019 Series BB Bonds, the 2019 Series BC Bonds, the 2019 Series BD Bonds, the 2020 Series BE Bonds, the 2020 Series BF Bonds, the 2020 Series BG Bonds, the 2021 Series BH Bonds, the 2021 Series BI Bonds, the 2021 Series BJ Bonds, the 2022 Series BK Bonds, the 2022 Series BL Bonds, the 2023 Series BM Bonds, the 2023 Series BN Bonds, the 2023 Series BO Bonds, the 2023 Series BP Bonds, the 2023 Series BQ Bonds, the 2023 Series BR Bonds, the 2024 Series BS Bonds, the 2024 Series BT Bonds, the 2024 Series BU Bonds, the 2024 Series BV Bonds, the 2024 Series BW Bonds, the 2024 Series BX Bonds, the 2024 Series BY Bonds, the 2025 Series BZ Bonds, the 2025 Series CA Bonds, the 2025 Series CB Bonds, the 2025 Series CC Bonds, the 2025 Series CD Bonds, the 2026 Series CE Bonds, the 2026 Series CF Bonds and any additional Bonds to be issued under the Indenture from time to time are collectively referred to herein as the “Bonds.”

The University of California (the “University”), established in 1868, is the public institution of higher education designated by the State of California in its master plan for higher education for the training of individuals for the professions, for the awarding of doctoral degrees in all fields of human knowledge, and for the conduct of research. The Constitution of the State of California provides that the University shall be a public trust administered by the corporation, “The Regents of the University of California,” which is vested with full powers of organization and government, subject only to such legislative control as may be necessary to ensure the security of its funds and compliance with the terms of the endowments of the University and such competitive bidding procedures as may be made applicable to the University by statute for the letting of construction contracts, sales of real property, and purchasing of materials, goods and services. See “APPENDIX A – THE UNIVERSITY OF CALIFORNIA.”

Proceeds of the 2026 Bonds will be used to finance or refinance all or a portion of certain projects of the University, including the refunding of the Refunded Bonds (as defined herein). See “PLAN OF FINANCE.”

The 2026 Bonds are limited obligations of The Regents, payable solely from General Revenues, the proceeds of the Bonds and any other amounts held in any fund or account established pursuant to the Indenture (excluding the Rebate Fund), as hereinafter described. The 2026 Bonds and all other Bonds issued pursuant to the Indenture are entitled to the equal benefit, protection and security of the pledge and covenants and agreements of the Indenture, as hereinafter described. The Indenture permits The Regents to incur additional Indebtedness secured by a pledge and lien on General Revenues senior in priority, on a parity, or subordinate in priority with the pledge and lien of the Indenture, as described herein. See “SECURITY FOR THE BONDS” and “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE CONTINUING DISCLOSURE AGREEMENT – THE INDENTURE – Pledge.” The Bonds do not constitute a liability of or a lien or charge upon the funds or property of the State of California or of The Regents, except to the extent of the aforementioned pledge and lien of the Indenture. The Regents has no taxing power.

The Regents has covenanted for the benefit of the registered owners and Beneficial Holders of the 2026 Bonds to provide certain financial information and operating data relating to

the 2026 Bonds (the “Annual Report”) not later than seven (7) months after the end of The Regents’ Fiscal Year (which Fiscal Year currently ends June 30), commencing with the report for the Fiscal Year ending June 30, 2026, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of events will be filed with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (EMMA) System. The specific nature of the information to be contained in the Annual Report and in the notices of events is summarized in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE CONTINUING DISCLOSURE AGREEMENT – THE CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the underwriters of the 2026 Bonds listed on the cover of this Official Statement (collectively, the “Underwriters”) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

This Official Statement contains brief descriptions of the 2026 Bonds, security for the Bonds, The Regents, the Continuing Disclosure Agreement and the Indenture. General information concerning the University is contained in Appendix A. The audited Annual Financial Report of the University for the Fiscal Year ended June 30, 2025 is contained in Appendix B. The information contained in Appendix B describes funds and other assets of The Regents that are not pledged as security for the Bonds.

Unless otherwise expressly stated, all financial and other data included herein have been provided by The Regents. The summaries of the Indenture and the Continuing Disclosure Agreement contained herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the Indenture and the Continuing Disclosure Agreement. Copies of the Indenture and the Continuing Disclosure Agreement may be obtained from the Trustee or The Regents. See “MISCELLANEOUS.”

Capitalized terms used herein which are not otherwise defined have the meanings set forth under the heading “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE CONTINUING DISCLOSURE AGREEMENT – THE INDENTURE – Definitions.”

THE 2026 BONDS

General

The 2026 Bonds are issued in fully registered form in Authorized Denominations. “Authorized Denominations” means denominations of \$5,000 or any integral multiple thereof. The principal or redemption price of the 2026 Bonds is payable at the corporate trust office of the Trustee in Los Angeles, California. See “ — Book-Entry Only System.”

The 2026 Bonds shall bear interest from the Interest Payment Date next preceding the date of registration thereof unless such date of registration is an Interest Payment Date, in which event it shall bear interest from the date of registration thereof, or unless it is registered on or before the first Interest Payment Date, in which event it shall bear interest from the date of original delivery, and the 2026 Bonds shall mature on the dates and in the principal amounts set forth on the inside cover page hereof, subject to the rights of prior redemption described hereinafter.

Interest on the 2026 Bonds is payable on May 15, 2026 and semiannually thereafter on November 15 and May 15 (each an “Interest Payment Date”) of each year to each registered owner of the 2026 Bonds as of the close of business on the first day of the month in which an Interest Payment Date occurs (the “Record Date”), whether or not such day is a Business Day. Interest on the 2026 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Redemption *

Optional Redemption. The 2026 Bonds of each Series maturing on or before November 15, 20__ are not subject to redemption prior to their respective stated maturities. The 2026 Bonds of each Series maturing on or after November 15, 20__ are subject to redemption prior to their respective stated maturities, at the option of The Regents from lawfully available funds deposited in the 2026 Series CE Optional Redemption Subaccount or the 2026 Series CF Optional Redemption Subaccount, as applicable, of the Optional Redemption Account as a whole or in part on any date on or after May 15, 20__ (with respect to each Series, in such order of maturity as shall be selected by the Trustee upon direction by The Regents and by lot within a maturity), at a redemption price equal to the principal amount of the Series of 2026 Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Notice of Redemption. Notice of any redemption shall be mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each 2026 Bond to be redeemed, in whole or in part, at the address shown on the registration books maintained by the Trustee. Failure to give such notice by mail or any defect in such notice to any Bondholder shall not affect the validity of any proceedings for the redemption of any other 2026 Bond.

If DTC or its nominee is the registered owner of any 2026 Bond to be redeemed, notice of redemption will be given to DTC or its nominee as the registered owner of such 2026 Bond. Any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner of any 2026 Bond to be redeemed shall not affect the validity of the redemption of such 2026 Bond.

Partial Redemption. Upon surrender of any 2026 Bond redeemed in part only, The Regents shall execute and the Trustee shall authenticate and deliver to the registered owner thereof, at the expense of The Regents, a new 2026 Bond of Authorized Denominations and of the same series and maturity, equal in aggregate principal amount to the unredeemed portion of the 2026 Bond surrendered. Each Series of 2026 Bonds shall be redeemed only in Authorized Denominations.

Effect of Redemption. The Indenture provides that if notice of redemption has been duly given and money for payment of the principal, premium, if any, and interest accrued to the redemption date of the 2026 Bonds (or portions thereof) called for redemption has been transferred to the Trustee, then on the redemption date designated in such notice, the 2026 Bonds so called for redemption will become due and payable and from and after the redemption date,

* Preliminary, subject to change.

interest on the 2026 Bonds (or portions thereof) so called for redemption will cease to accrue and the Holders of such 2026 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Rescission or Cancellation of Redemption. The Indenture provides that the Trustee shall rescind any redemption by notice of rescission if directed to do so by The Regents prior to the date of redemption, and that the Trustee shall give notice of rescission by the same means as for the giving of a notice of redemption. The redemption shall be deemed canceled once the Trustee has given notice of rescission. Under the Indenture neither the rescission nor the failure of funds being made available in part or in whole on or before a redemption date shall constitute an Event of Default.

Purchase of Bonds. The Indenture provides that at any time prior to giving notice of any redemption, the Trustee shall apply amounts in the applicable Optional Redemption Account, Special Redemption Account, or Sinking Account to the purchase of 2026 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as may be directed by The Regents.

Book-Entry Only System

The Depository Trust Company (“DTC”), will act as securities depository for the 2026 Bonds. The ownership of one fully registered 2026 Bond for each maturity of each Series set forth on the inside cover page hereof, in the aggregate principal amount of the 2026 Bonds of such Series maturing on that date, will be registered in the name of Cede & Co., as nominee of DTC. See “APPENDIX E – BOOK-ENTRY ONLY SYSTEM” for a description of DTC and the Book-Entry Only System.

Additional Bonds

Additional bonds secured equally and ratably by the lien of the Indenture on General Revenues (“Additional Bonds”) may be issued by The Regents under and pursuant to the Indenture and subject to the conditions set forth therein. In addition, The Regents may incur other additional Indebtedness secured by a Senior Lien or a Parity Lien or a Subordinate Lien on General Revenues subject to the conditions set forth in the Indenture. See “SECURITY FOR THE BONDS.”

PLAN OF FINANCE

Financing for New Projects

A portion of the proceeds of the 2026 Series CE Bonds will be used to finance or refinance all or a portion of certain projects of the University of California. Pursuant to the Indenture, The Regents may use such portion of the proceeds of the 2026 Series CE Bonds to finance or refinance all or a portion of additional projects authorized at any time by The Regents.

Refunding the Refunded Bonds*

Subject to market conditions, upon the issuance and delivery of the 2026 Bonds, a portion of the proceeds of the 2026 Bonds will be used to current refund and/or defease all or a portion of (1) The Regents of the University of California General Revenue Bonds, 2016 Series AR, in the aggregate principal amount of \$393,665,000* (the “Refunded 2016 Series AR Bonds”), (2) The Regents of the University of California Limited Project Revenue Bonds, 2016 Series K, in the aggregate principal amount of \$334,230,000* (the “Refunded 2016 Series K Bonds”), (3) The Regents of the University of California Medical Center Pooled Revenue Bonds, 2016 Series L, in the aggregate principal amount of \$568,000,000* (the “Refunded 2016 Series L Bonds”), (4) The Regents of the University of California General Revenue Bonds, 2024 Series BT, in the aggregate principal amount of \$200,430,000* (the “Refunded 2024 Series BT Bonds”), (5) The Regents of the University of California General Revenue Bonds, 2024 Series BX, in the aggregate principal amount of \$156,970,000* (the “Refunded 2024 Series BX Bonds”), (6) The Regents of the University of California Medical Center Pooled Revenue Bonds, 2009 Series F (Taxable – Build America Bonds), in the aggregate principal amount of \$36,570,000* (the “Refunded 2009 Series F Bonds”), (7) The Regents of the University of California Medical Center Pooled Revenue Bonds, 2010 Series H (Taxable – Build America Bonds), in the aggregate principal amount of \$100,000,000* (the “Refunded 2010 Series H Bonds”), and (8) The Regents of the University of California Limited Project Revenue Bonds, 2012 Series H (Taxable), in the aggregate principal amount of \$83,050,000* (the “Refunded 2012 Series H Bonds”).

The portion of the proceeds of the 2026 Bonds to be applied to refund the Refunded 2016 Series AR Bonds, the Refunded 2016 Series K Bonds, the Refunded 2016 Series L Bonds, the Refunded 2024 Series BT Bonds and the Refunded 2024 Series BX Bonds (collectively, the “Defeased Bonds”) will be used to purchase certain direct obligations of, or guaranteed by, the United States of America or obligations of certain federal agencies (the “Escrow Securities”). The Escrow Securities, together with any initial cash deposit, will be deposited into one or more irrevocable escrow accounts (each, an “Escrow Account”) held by the trustee of the Defeased Bonds as escrow agent (the “Escrow Agent”) pursuant to one or more escrow agreements, dated as of March 1, 2026, by and between The Regents and the Escrow Agent (collectively, the “Escrow Agreement”). The Escrow Agreement will require that the Escrow Agent apply the principal of, premium, if any, and interest on the Escrow Securities or cash to pay the redemption price of the Defeased Bonds on their respective dates of redemption and to pay the principal of and interest on the Defeased Bonds to and including such date of redemption. See “VERIFICATION OF MATHEMATICAL ACCURACY.”

A portion of the proceeds of the 2026 Bonds will be applied to redeem the Refunded 2012 Series H Bonds on the date of delivery of the 2026 Bonds pursuant to the optional make-whole redemption provisions relating to such Refunded 2012 Series H Bonds.

A portion of the proceeds of the 2026 Bonds will be applied to redeem the Refunded 2009 Series F Bonds and the Refunded 2010 Series H Bonds (together, the “Refunded 2009/2010 Bonds”) on the date of delivery of the 2026 Bonds pursuant to the extraordinary optional redemption provisions relating to such Refunded 2009/2010 Bonds. Pursuant to each of

* Preliminary, subject to change.

the applicable indentures, (i) The Regents' option to use the extraordinary optional redemption for each series of the Refunded 2009/2010 Bonds is triggered upon the occurrence of an "Extraordinary Event" and (ii) an Extraordinary Event will have occurred if a material adverse change has occurred to Section 54AA or 6431 of the Internal Revenue Code of 1986, as amended (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009 signed into law on February 17, 2009, pertaining to "Build America Bonds") pursuant to which The Regents' 35% cash subsidy payment from the United States Treasury is reduced or eliminated.

SECURITY FOR THE BONDS

General Revenues

Pledge; Definition of General Revenues. The Bonds are secured by a pledge of General Revenues, the proceeds of the Bonds and any other amounts held in any fund or account (excluding the Rebate Fund) established pursuant to the Indenture. As defined in the Indenture, General Revenues consist of certain operating and non-operating revenues of the University as reported in the University's Annual Financial Report, including (i) gross student tuition and fees; (ii) facilities and administrative cost recovery from contracts and grants; (iii) net sales and service revenues from educational and auxiliary enterprise activities; (iv) other net operating revenues; (v) certain other non-operating revenues, including unrestricted investment income; and (vi) any other revenues as may be designated as General Revenues from time to time by a Certificate of The Regents delivered to the Trustee, but excluding (a) appropriations from the State of California (except as permitted under Section 28 of the State Budget Act or other legislative action); (b) moneys which are restricted as to expenditure by a granting agency or donor; (c) gross revenues of the University Medical Centers; (d) management fees resulting from the contracts for management of the United States Department of Energy Laboratories; and (e) any revenues which may be excluded from General Revenues from time to time by a Certificate of The Regents delivered to the Trustee. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE CONTINUING DISCLOSURE AGREEMENT – THE INDENTURE – Definitions."

Pursuant to provisions of the 2013-14 State Budget and related legislation (the "2013-14 State Budget Legislation"), and clause (vi) of the definition of General Revenues, The Regents designated as General Revenues a portion of the annual General Fund support appropriation, when, as and if received from the State, less (a) the amount of that appropriation that is required to fund general obligation bond payments for general obligation bonds issued by the State for the benefit of The Regents, and (b) the State Public Works Board rental payments made for the benefit of The Regents (the "Pledged General Fund Support Appropriations").

Pursuant to the 2013-14 State Budget Legislation, the State covenanted with the Holders of the Bonds that, so long as any of Bonds remain Outstanding, the State will not impair or restrict the ability of The Regents to pledge any Pledged General Fund Support Appropriations. However, the State is not required to, and there can be no assurance that the State will in the future, appropriate the Pledged General Fund Support Appropriations. As a result, there can be no assurance that the Pledged General Fund Support Appropriations will be available as General Revenues to secure the Bonds in any given year.

Amount of General Revenues. The following table sets forth the approximate amount of General Revenues pledged under the Indenture as security for the Bonds for each of the indicated Fiscal Years:

**Table 2
General Revenues**

<u>Fiscal Year</u>	<u>General Revenues (dollars in billions)</u>
2020-2021	\$16.8
2021-2022	19.5
2022-2023	21.2
2023-2024	21.7
2024-2025	23.4

The amount of General Revenues in each Fiscal Year will change based upon various factors affecting the operations of the University, including but not limited to its enrollment, research grants and contracts, auxiliary enterprises, gifts and fundraising, investment results and certain State support for capital projects. For a discussion of the University’s financial performance, see “APPENDIX B – THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2024-2025 – Management’s Discussion and Analysis.”

Pursuant to the Indenture, the amounts that constitute General Revenues may be changed from time to time by The Regents to include other revenues or exclude portions of the General Revenues. Any amounts that are so excluded would no longer be pledged under the Indenture as security for the Bonds.

General Revenue Fund; No Reserve Account

General Revenue Covenant. Under the Indenture, so long as the Bonds are Outstanding, The Regents shall set rates, charges, and fees in each Fiscal Year so as to cause General Revenues deposited in the General Revenue Fund to be in an amount sufficient to pay the principal of and interest on the Bonds and amounts due and payable on Ancillary Obligations for the then-current Fiscal Year (the “General Revenue Covenant”).

Unless an Event of Default has occurred and is continuing, however, The Regents may withdraw and use any or all amounts deposited in the General Revenue Fund pursuant to the General Revenue Covenant at any time for any lawful purpose, including for purposes other than paying debt service on the Bonds. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE CONTINUING DISCLOSURE AGREEMENT – THE INDENTURE – Flow of Funds – General Revenues.”

No Reserve Account. There is no debt service reserve account established under the Indenture.

Indebtedness

Additional Indebtedness. The Regents may issue Additional Bonds, upon certain terms and conditions set forth in the Indenture, to provide moneys for any lawful purpose of The Regents, and may issue taxable or tax-exempt, fixed or variable interest rate or other types of Additional Bonds. See Table 1 in “INTRODUCTION” for a listing of Bonds issued under and secured by the lien of the Indenture.

In addition, the Indenture provides that, so long as an Event of Default has not occurred and is continuing, The Regents may at any time incur any Indebtedness or other obligations payable from General Revenues, including, but not limited to, Indebtedness or other obligations secured by a Senior Lien, Parity Lien or Subordinate Lien.

Senior Lien Indebtedness. At the time of issuance of the 2026 Bonds, no Indebtedness secured by a Senior Lien will be outstanding.

Parity Lien Indebtedness. As of January 31, 2026, Indebtedness of The Regents secured by a Parity Lien consists of loan agreements, including revolving credit facilities, with various financial institutions with commitments totaling \$1.2 billion and outstanding advances totaling approximately \$117 million. Payments due under such credit facilities (including, without limitation, regularly scheduled payments and payments due upon early termination) are secured by a Parity Lien. The credit facilities include events of default by The Regents which may result in the acceleration of the repayment of outstanding advances.

Bonds issued under and secured by the lien of the Indenture that will be Outstanding at the time of issuance of the 2026 Bonds are described in Table 1 under “INTRODUCTION” above.

Subordinate Lien Indebtedness. As of January 31, 2026, Indebtedness of The Regents secured by a Subordinate Lien consists of (i) Indebtedness outstanding under the Indenture, dated as of October 1, 2004, as supplemented, by and between The Regents and The Bank of New York Mellon Trust Company, N.A., as successor trustee to J.P. Morgan Trust Company, National Association, securing The Regents of the University of California Limited Project Revenue Bonds 2012 Series H, 2015 Series J, 2016 Series K, 2016 Series L, 2017 Series M, 2017 Series N, 2018 Series O, 2018 Series P, 2021 Series Q, 2021 Series R, and 2022 Series S, and (ii) Indebtedness outstanding under the Indenture, dated as of November 1, 2008, as supplemented, by and between The Regents and U.S. Bank, National Association, securing The Regents of the University of California Commercial Paper Notes, Series A (Tax Exempt) and Series B (Taxable).

Other Indebtedness. For a description of other indebtedness of The Regents, see “APPENDIX A – THE UNIVERSITY OF CALIFORNIA – Indebtedness of The Regents.”

Limited Obligations

The 2026 Bonds are limited obligations of The Regents, payable solely from General Revenues, the proceeds of the Bonds and any other amounts held in any fund or account (excluding the Rebate Fund) established pursuant to the Indenture. The 2026 Bonds and

all other Bonds issued pursuant to the Indenture are entitled to the equal benefit, protection and security of the pledge and covenants and agreements of the Indenture, as hereinafter described. The Indenture permits The Regents to incur additional Indebtedness secured by a pledge and lien on General Revenues senior in priority, on a parity, or subordinate in priority with the pledge and lien of the Indenture. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE CONTINUING DISCLOSURE AGREEMENT – The Indenture – Pledge.” The 2026 Bonds will not constitute a liability of or a lien upon the funds or property of the State of California or of The Regents, except to the extent of the aforementioned pledge and lien of the Indenture. The Regents has no taxing power.

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ESTIMATED SOURCES AND USES OF FUNDS

The following are the estimated sources and uses of funds in connection with the 2026 Bonds:

SOURCES

	<u>2026 Series CE</u>	<u>2026 Series CF</u>	<u>Total</u>
Principal Amount			
[Original Issue Premium]			
Total Sources of Funds			

USES

	<u>2026 Series CE</u>	<u>2026 Series CF</u>	<u>Total</u>
Project Costs			
Refunding of Refunded Bonds.....			
Costs of Issuance ⁽¹⁾			
Total Use of Funds			

⁽¹⁾ Includes underwriters’ discount and other costs of issuance.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to The Regents (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2026 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2026 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2026 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D – “PROPOSED FORM OF BOND COUNSEL OPINION FOR 2026 BONDS.”

2026 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a purchaser’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial

owners. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2026 Bonds. The Regents has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2026 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2026 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2026 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2026 Bonds may adversely affect the value of, or the tax status of interest on, the 2026 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2026 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2026 Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2026 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2026 Bonds. Prospective purchasers of the 2026 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2026 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of The Regents, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Regents has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2026 Bonds ends with the issuance of the 2026 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend The Regents or the beneficial owners regarding the tax-exempt status of the 2026 Bonds in the event

of an audit examination by the IRS. Under current procedures, beneficial owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which The Regents legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2026 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the 2026 Bonds, and may cause The Regents or the beneficial owners to incur significant expense.

Payments on the 2026 Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate beneficial owner of 2026 Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the 2026 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2026 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a beneficial owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain beneficial owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery by The Regents of the 2026 Bonds and with regard to the tax-exempt status of interest on the 2026 Bonds under existing laws are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to The Regents. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. The forms of opinions Bond Counsel proposes to render are attached as Appendix D hereto. In addition, certain legal matters will be passed upon for The Regents by its Office of General Counsel and certain legal matters will be passed upon for the Underwriters by O’Melveny & Myers LLP, counsel to the Underwriters, and by Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel to The Regents.

LITIGATION

There is no litigation of any nature pending or, to the knowledge of the Office of General Counsel, threatened, against The Regents as of the date of this Official Statement to restrain or enjoin the issuance, sale, execution or delivery of the 2026 Bonds or in any way contesting or affecting the validity of the 2026 Bonds or the security thereof, or any proceedings of The Regents taken with respect to the issuance or sale thereof. At the time of delivery of the 2026 Bonds, The Regents will furnish a certificate to the effect that no such litigation is then pending.

At all times, including the date of this Official Statement, there are certain other claims and disputes, including those currently in litigation, that arise in the normal course of the University's activities. Such matters could, if determined adversely to The Regents, affect expenditures by The Regents, and in some cases, its revenues. For a discussion of certain litigation, see the following paragraphs. University management and the Office of General Counsel are of the opinion that no pending actions, including the litigation described below, are likely to have a material adverse effect on The Regents' ability to pay the principal of, premium, if any, and interest on the 2026 Bonds when due.

University students have filed multiple State and federal putative class action lawsuits alleging that the University has unlawfully withheld tuition and fee refunds in the wake of COVID-19-related campus actions. The putative classes include not only students, but also anyone else who paid tuition or other fees on their behalf. In response to The Regents' motion to dismiss, all federal lawsuits were dismissed and the plaintiffs never appealed that decision. The State actions were consolidated in Los Angeles County Superior Court for pre-trial coordinated proceedings. On March 29, 2022, The Regents successfully moved to dismiss the amended complaint and the plaintiffs were not given leave to amend. The plaintiffs appealed and, on June 25, 2024, the Court of Appeal vacated the Superior Court's judgment dismissing the plaintiffs' operative complaint and remanded the case to Los Angeles Superior Court for further proceedings. The Regents intends to continue to vigorously defend itself against the lawsuits. The Regents continues to assess the potential impact of the lawsuits and cannot predict the outcome of the cases. In the event that a judgment is rendered against The Regents, the resulting liability could have a material and adverse impact on The Regents' financial position.

On October 29, 2025, plaintiffs, the City of Pasadena and the Rose Bowl Operating Company, filed a complaint in Los Angeles Superior Court, alleging that The Regents is attempting to breach a long-standing lease agreement by relocating UCLA's home football games from the Rose Bowl Stadium to SoFi Stadium in Inglewood. The plaintiffs claim that UCLA's lease, originally signed in 2010 and amended in 2014, requires UCLA to play its home games at the Rose Bowl through June 30, 2044 and that The Regents has not established any legal basis for refusing to comply with the lease terms and move the games to another stadium. The complaint alleges that the City of Pasadena issued bonds and invested over \$150 million in stadium renovations in reliance on the lease agreement, and that it will potentially suffer up to \$1 billion in damages if The Regents fails to comply with its obligations under the lease agreement. The Regents was served with the complaint on November 4, 2025. The court denied the plaintiffs' request for a temporary restraining order on November 12, 2025. The dispute is still in preliminary stages, and The Regents cannot determine that either a favorable or an unfavorable outcome is either probable or remote and cannot currently estimate the amount of potential recovery or loss in the event of a favorable or unfavorable outcome.

FEDERAL ACTIONS

The Regents continues to monitor the federal government's actions with respect to the higher education sector and, in particular, the University. Such actions may have the direct or indirect effect of, among other things, reducing federal support for the University's research or other operations, reducing the University's fundraising or other revenue sources, or increasing costs borne by the University, and include or could possibly include, but are not limited to: investigations by governmental agencies, Congress or others into allegations of discrimination

and harassment on the basis of protected categories and related corrective or enforcement actions; regulatory changes to programs administered by federal agencies; and suspensions, terminations, funding draw rejections and stop-work orders of various federal grants and contracts pursuant to certain executive orders, departmental memos, and other governmental actions.

The University was notified at the end of July 2025 and beginning of August 2025 through a series of letters from the federal government that (i) the federal government was suspending more than 800 grant awards to UCLA, which places at risk approximately \$584 million in funding over the remaining life of those grants, in relation to claims that UCLA engages in race and sex discrimination and fails to promote a research environment free of antisemitism and bias and (ii) that, unless there is reasonable certainty that certain antisemitism-related investigations by the U.S. Department of Justice (the “DOJ”) can be resolved outside of litigation, the United States was prepared to file a complaint in federal district court by September 2, 2025 regarding allegations by the DOJ that the University violated the Equal Protection Clause of the Fourteenth Amendment and the Civil Rights Act of 1964 with respect to Jewish and Israeli individuals.

On August 8, 2025, the DOJ sent a proposed resolution agreement to the University. The proposed resolution agreement provides that the United States would restore a specified set of the suspended UCLA grants (but did not specify which or how many), treat UCLA as eligible for further awards in the ordinary course, and close pending civil rights investigations and compliance reviews of UCLA and release related claims. In exchange, the proposed resolution agreement seeks a payment from UCLA to the United States of \$1 billion payable in three equal annual installments beginning five business days from the effective date of the agreement, a \$172 million payment into a claims fund in connection with resolution of the DOJ and the U.S. Equal Employment Opportunity Commission investigations, and a set of changes to UCLA policies and procedures.

The University has not accepted this proposed resolution. However, the University has offered to engage in a dialogue with the federal administration about these matters. Thus far, the University is not aware of the federal government initiating litigation against the University on or after its stated September 2, 2025 deadline. Further, court decisions in two separate lawsuits, one brought by a class of University researchers and another brought by a group of associations and labor unions representing University employees, faculty and students, have preliminarily ordered that the federal government reinstate the suspended \$584 million in grant funding and restricted the federal government’s ability to seek payments or impose penalties or fines in connection with civil rights investigations or violations, or to withhold funding from the University without meeting certain conditions, subject to further proceedings and appeals. The federal government has appealed the preliminary injunction orders from the lower courts in both lawsuits.

It is unclear how the matters described herein (and other or future federal actions) will ultimately impact the University, including its operations, financial condition and reputation. The University cannot predict if any of the federal actions will continue or for how long, if any potential resolutions may arise, the consequences and impacts of such actions, or whether any new federal actions may be proposed or pursued by the current or future administration or Congress. No assurance can be given that these or future actions or changes or interpretations in

laws, regulations or policies by the federal government will not materially adversely affect the University's financial condition, operations or reputation.

VERIFICATION OF MATHEMATICAL ACCURACY

Upon delivery of the 2026 Bonds, Causey Demgen & Moore P.C. (the “Verification Agent”) will deliver a report stating that it has reviewed and confirmed the mathematical accuracy of certain computations relating to the receipts of principal and interest on the applicable Escrow Securities to pay when due the payments of principal and interest to redeem or pay at maturity the respective Defeased Bonds. Such examination will be based solely upon the assumptions and the information supplied by the underwriters on behalf of The Regents. The Verification Agent will restrict its procedures to examining the arithmetical accuracy of certain computations and will not make any study or evaluation of the assumptions and information upon which the computations are based, and accordingly, will not express an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

RATINGS

The 2026 Bonds have been assigned ratings of “Aa2” by Moody’s Investors Service (“Moody’s”), “AA” by S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC business (“S&P”), and “AA” by Fitch Ratings (“Fitch”). The rating reflects only the view of the respective rating agency. An explanation of the significance of the rating must be obtained from the respective rating agency. There is no assurance that such ratings will continue for any given period of time or will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of the rating agencies circumstances so warrant. A downward revision or withdrawal of any such credit ratings may have an adverse effect on the market price of the 2026 Bonds.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC is serving as Municipal Advisor to The Regents in connection with the sale of the 2026 Bonds.

UNDERWRITING

Pursuant to the bond purchase contract for the 2026 Bonds dated February __, 2026 (the Purchase Contract”), among J.P. Morgan Securities LLC and Siebert Williams Shank & Co., LLC, as representatives of the Underwriters of the 2026 Bonds, The Regents and the State Treasurer, such Underwriters have agreed to purchase the 2026 Bonds at a purchase price of \$_____ (representing the sum of (i) the aggregate principal amount of the 2026 Series CE Bonds, [plus an original issue premium of \$_____,] less an underwriters’ discount of \$_____ and (ii) the aggregate principal amount of the 2026 Series CF Bonds, [plus an original issue premium of \$_____,] less an underwriters’ discount of \$_____).

The public offering prices of the 2026 Bonds may be changed from time to time by the Underwriters. The Purchase Contract provides that the Underwriters will purchase all the 2026 Bonds if any are purchased and that the obligation to make such purchase is subject to certain

terms and conditions set forth in the Purchase Contract including, among other things, the approval of certain legal matters by their counsel.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of The Regents. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of The Regents.

Several of the Underwriters have provided letters to The Regents and the State Treasurer's Office relating to their distribution practices or other affiliations for inclusion in this Official Statement, which are set forth in Appendix F. Neither The Regents nor the State Treasurer's Office guarantee the accuracy or completeness of the information contained in such letters and the information therein is not to be construed as a representation of The Regents, the State Treasurer's Office, or any Underwriter other than the Underwriter providing such representation.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof and which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Indenture and the Continuing Disclosure Agreement are available upon request from the Trustee or The Regents, Attention: Office of Capital Markets Finance, 1111 Franklin Street, 7th Floor, Oakland, California 94607-9828.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between The Regents and the purchasers or holders of any of the 2026 Bonds.

The execution and delivery of this Official Statement has been duly authorized by The Regents.

THE REGENTS OF THE UNIVERSITY
OF CALIFORNIA

EXECUTIVE VICE PRESIDENT – CHIEF FINANCIAL OFFICER,
UNIVERSITY OF CALIFORNIA

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APPENDIX A

THE UNIVERSITY OF CALIFORNIA

GENERAL

The University of California (the “University”) is the public institution of higher education designated by the State of California (the “State”) in its Master Plan for Higher Education for the training of individuals for the professions, for the awarding of doctoral degrees in all fields of human knowledge, and for the conduct of research. Since it was chartered in 1868, the University has conferred approximately 3,034,000 higher education degrees, as of academic year 2023-24. The University’s administrative offices are located in Oakland, California.

The University is governed by a 26-member Board of Regents, 18 of whom are appointed by the Governor and approved by a majority vote of the State Senate (currently for a 12-year term), one student Regent, who is appointed by the Board to a one-year term, and seven ex officio Regents who are members of the board by virtue of their elective or appointed positions. The ex officio Regents are the Governor of the State, Lieutenant Governor of the State, Speaker of the Assembly, State Superintendent of Public Instruction, President of the Alumni Associations of the University, Vice President of the Alumni Associations of the University, and the President of the University.

Classes began at Berkeley in 1873 and the University currently operates general campuses located in Berkeley, Davis, Irvine, Los Angeles, Merced, Riverside, San Diego, Santa Barbara, and Santa Cruz; a health science campus located in San Francisco; and laboratories, research stations and institutes, affiliated schools, activity locations, and a statewide Division of Agriculture and Natural Resources. The University operates a cooperative extension program and numerous public service programs. The Education Abroad Program of the University is offered at many different host institutions around the world.

The University is engaged in numerous sponsored research projects, in addition to operating one major national laboratory and being a member in two joint ventures that manage two other national laboratories for the United States Department of Energy, which conduct broad and diverse basic and applied research in nuclear science, energy production, and national defense, and in environmental and health areas. The University has six medical schools. In connection with five of the University’s medical schools and other health science disciplines, the University operates five academic medical centers as well as affiliated hospitals with a total of 5,991 licensed beds and 5,475 available beds as of December 31, 2025.

The University has a pre-eminent ladder-rank and equivalent faculty⁽¹⁾ of approximately 12,000 members as of October 2025. Seventy-four researchers affiliated with the University have been awarded 75 Nobel Prizes, the pinnacle of achievement for groundbreaking research. The University’s faculty and affiliated researchers also include MacArthur “Genius” grant winners, Pulitzer Prize winners, Fulbright award recipients, National Medal of Science winners, and Guggenheim fellowship recipients.

⁽¹⁾ Does not include lecturers and other faculty who are counted here as “other academic personnel.” These “other academic personnel” include clinical faculty, in-residence faculty, adjunct faculty, lecturers, other academic employees, postdoctoral scholars, medical interns/residents, and student teaching/research assistants.

As of October 2025, in addition to the teaching faculty, the University employed, on a full-time and part-time basis, approximately 60,000 other academic personnel and approximately 194,800 staff and management personnel.

During the year ended June 30, 2025, the University provided instruction to approximately 300,000 full-time equivalent undergraduate and graduate students. The following table shows full year (including summer) full-time equivalent enrollments by campus for general campus and health sciences students for Fiscal Years 2021 to 2025. Further information on the University enrollment can be found at <http://www.ucop.edu/operating-budget/fees-and-enrollments/fte-student-enrollments/index.html>. The information contained in such website is not incorporated by reference herein.

**UNIVERSITY OF CALIFORNIA
FULL-TIME EQUIVALENT ENROLLMENTS⁽¹⁾ FOR FISCAL YEARS 2021 TO 2025**

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Berkeley	41,597	42,348	42,105	42,608	42,968
Davis	39,424	39,416	39,031	39,348	40,107
Irvine	36,828	35,783	35,449	36,472	37,897
Los Angeles	44,391	44,313	44,637	45,311	45,867
Merced	9,288	9,388	9,116	9,262	9,283
Riverside	25,874	25,401	25,670	25,844	26,167
San Diego	40,778	42,438	42,855	43,160	44,914
San Francisco	4,711	4,544	4,579	4,588	4,523
Santa Barbara	26,676	25,796	25,973	26,117	27,198
Santa Cruz	19,747	20,486	20,281	20,772	21,102
Total University	289,314	289,913	289,696	293,482	300,026

⁽¹⁾ Does not include students in self-supporting programs. Includes undergraduate, graduate and health sciences students, and summer enrollment. (Summer enrollment in 2024-25 was 20,386.)

INDEBTEDNESS OF THE REGENTS

The Regents of the University of California (“The Regents”) has outstanding various revenue bonds, as listed in the following table, maturing from 2026 through 2060 (excluding the final maturity of 2112 for the General Revenue Bonds, 2012 Series AD, the final maturity of 2115 for the General Revenue Bonds, 2015 Series AQ, and the final maturity of 2120 for the Medical Center Pooled Revenue Bonds, 2020 Series N). The following table lists the revenue bonds issued by The Regents outstanding as of January 31, 2026.

REVENUE BONDS ISSUED AND OUTSTANDING⁽¹⁾
As of January 31, 2026 (dollars in thousands)

<u>General Revenue Bonds</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2011 Series W	\$ 3,725	\$ 285
2010 Series X	48,700	39,970
2011 Series Z ⁽²⁾	150,000	150,000
2012 Series AD	860,000	860,000
2013 Series AG	501,170	68,895
2013 Series AL ⁽²⁾	600,000	600,000
2015 Series AP	381,785	285,560
2015 Series AQ	500,000	500,000
2016 Series AR ⁽³⁾	410,255	396,720
2016 Series AS	182,330	77,495
2017 Series AV	449,685	419,885
2017 Series AW	185,915	121,135
2017 Series AY	625,500	543,835
2018 Series AZ	945,810	911,745
2018 Series BA	281,895	89,210
2019 Series BB	114,410	111,925
2019 Series BC	38,650	18,195
2019 Series BD	500,000	500,000
2020 Series BE	826,195	775,920
2020 Series BF	323,335	220,130
2020 Series BG	1,500,000	1,100,000
2021 Series BH	290,230	236,150
2021 Series BI	614,330	525,470
2021 Series BJ	475,000	475,000
2022 Series BK	702,300	702,300
2022 Series BL	65,240	65,240
2023 Series BM	317,960	275,035
2023 Series BN	1,771,690	1,556,020
2023 Series BO	52,350	52,350
2023 Series BP ⁽²⁾	344,380	336,265
2023 Series BQ	586,545	586,545
2023 Series BR	120,050	120,050
2024 Series BS	1,051,495	993,055
2024 Series BT ⁽³⁾	200,430	200,430
2024 Series BU	143,970	143,970
2024 Series BV	1,092,295	1,055,985
2024 Series BW	934,490	916,785
2024 Series BX ⁽³⁾	498,700	498,700
2024 Series BY ⁽²⁾	250,000	250,000
2025 Series BZ	1,500,000	1,461,790
2025 Series CA	500,000	500,000
2025 Series CB	325,905	325,905
2025 Series CC	885,675	885,675
2025 Series CD	<u>2,200,000</u>	<u>2,200,000</u>
SUBTOTAL	\$24,352,395	\$22,153,625

Limited Project Revenue Bonds

2012 Series H ⁽³⁾	\$ 100,420	\$ 83,050
2015 Series J	436,455	376,890
2016 Series K ⁽³⁾	434,165	398,810
2016 Series L	97,905	41,360
2017 Series M	733,450	713,055
2017 Series N	126,935	55,075
2018 Series O	736,215	703,355
2018 Series P	95,080	60,605
2021 Series Q	739,045	720,625
2021 Series R	392,945	301,845
2022 Series S	411,710	348,005
SUBTOTAL	\$ 4,304,325	\$ 3,802,675

Medical Center Pooled Revenue Bonds

2007 Series B ⁽⁴⁾	\$ 96,155	\$ 36,020
2009 Series F ⁽³⁾	429,150	405,500
2010 Series H ⁽³⁾	700,000	624,950
2013 Series K ⁽⁴⁾	31,300	31,300
2016 Series L ⁽³⁾	872,795	648,850
2016 Series M	173,360	103,740
2020 Series N	1,800,000	1,800,000
2020 Series O ⁽⁴⁾	149,210	138,645
2022 Series P	1,900,000	1,900,000
2022 Series Q	1,100,000	1,100,000
SUBTOTAL	\$7,251,970	\$6,789,005

Total**\$35,908,690****\$32,745,305**

- (1) Does not include commercial paper notes, leases, bank loans, and indebtedness issued by conduit public entities.
- (2) The 2011 Series Z Bonds bear interest at a Weekly Rate and mature on July 1, 2041. The 2013 Series AL Bonds bear interest at a Daily Rate and mature on May 15, 2048. The 2023 Series BP Bonds bear interest at a Weekly Rate and mature on May 15, 2048. The 2024 Series BY Bonds bear interest at a Weekly Rate and mature on May 15, 2054. In connection with the issuance of the 2023 Series BP Bonds, The Regents entered into two interest rate swaps in a total notional amount equal to the outstanding principal amount of the 2023 Series BP Bonds. For additional information concerning interest rate swaps, see "APPENDIX B - THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2024-2025—Note 5."
- (3) A portion of the proceeds of the 2026 Bonds will be used to current refund all or a portion of the outstanding principal of The Regents of the University of California General Revenue Bonds, 2016 Series AR, 2024 Series BT, and 2024 Series BX; Limited Project Revenue Bonds 2012 Series H (Taxable) and 2016 Series K; and Medical Center Pooled Revenue Bonds 2009 Series F (Taxable – Build America Bonds), 2010 Series H (Taxable - Build America Bonds), and 2016 Series L as described under "PLAN OF FINANCE – Refunding the Refunded Bonds" in the forepart of this Official Statement.
- (4) The 2007 Series B Bonds bear interest at a Daily Rate and mature on May 15, 2032. The 2013 Series K Bonds bear interest at a Daily Rate and mature on May 15, 2047. The 2020 Series O Bonds bear interest at a Daily Rate and mature on May 15, 2045. In connection with the issuance of the 2007 Series B Bonds, the 2013 Series K Bonds, and the 2020 Series O Bonds, The Regents entered into interest rate swaps in notional amounts equal to all of the outstanding principal amount of the 2007 Series B Bonds and a portion of the outstanding principal amount of the 2013 Series K Bonds and the 2020 Series O Bonds. For additional information concerning interest rate swaps, see "APPENDIX B - THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2024-2025—Note 5."

Source: UCOP, Capital Markets Finance.

In addition to revenue bonds, there are also outstanding commercial paper notes, leases, bank loans, and indebtedness issued by conduit public entities. Certain of these other obligations are described below.

Commercial Paper. The Regents has established a commercial paper program in an authorized amount of up to \$4,000,000,000. As of January 31, 2026, \$1,453,000,000 of commercial paper was outstanding.

Bank Loans and Credit Agreements. The Regents has entered into loan agreements, including revolving credit agreements, with various financial institutions. As of January 31, 2026, commitments under the agreements totaled \$1,200,000,000 (all of which is secured by a pledge of General Revenues on a parity with the pledge securing The Regents' General Revenue Bonds, including \$1,000,000,000 providing hybrid liquidity for obligations of The Regents) and outstanding principal amounts, including advances under the revolving credit agreements, totaled \$117,000,000 (all of which are secured by a pledge of General Revenues on a parity with the pledge securing The Regents' General Revenue Bonds). From time to time, The Regents may enter into additional loan and revolving credit agreements.

Conduit Issuer Bonds. The California Infrastructure and Economic Development Bank (the "Infrastructure Bank") has issued bonds to finance capital improvements for the University. These bonds include revenue bonds issued in the aggregate principal amount of \$207,670,000 (of which \$188,000,000 was outstanding as of January 31, 2026) to finance the costs of Neurosciences Building 19A, revenue bonds issued in the aggregate principal amount of \$170,980,000 (of which \$158,430,000 was outstanding as of January 31, 2026) to finance the costs of a facility for psychiatry services at 2130 Third Street, and revenue bonds issued in the aggregate principal amount of \$489,725,000 (of which \$489,725,000 was outstanding as of January 31, 2026) to finance the costs of the UCSF Clinical and Life Sciences Building, all for the San Francisco campus. Through leases, The Regents is required to make base rent payments that equal the debt service on those bonds. In addition, the Infrastructure Bank issued revenue bonds in the aggregate principal amount of \$62,000,000 to finance the costs of a stem cell research facility for a consortium of institutions conducting stem cell research. The San Diego campus is one of the three institutions in the consortium. These bonds were subsequently refunded in their entirety by refunding bonds, and \$41,010,000 of aggregate principal amount of such refunding bonds was outstanding as of January 31, 2026. Through a debt service payment agreement, The Regents is required to pay any debt service shortfall on these bonds.

The California Statewide Communities Development Authority has issued bonds to finance and refinance the costs of certain student housing projects for the Irvine campus. Such bonds were outstanding in the aggregate principal amount of \$524,035,000 as of January 31, 2026. The Regents leased the sites on which the student housing projects are situated to a special purpose, limited liability company that owns the projects and applies project revenues to repay these revenue bonds.

The California Municipal Finance Authority ("CMFA") has issued bonds to finance the cost of a student housing project for the Davis campus. Such bonds were outstanding as of January 31, 2026 in the aggregate principal amount of \$499,630,000. The Regents leased the site on which the student housing project is situated to a special purpose, limited liability company that owns the project and applies project revenues to repay these revenue bonds.

CMFA has also issued bonds to finance the cost of another student housing project for the Davis campus. Such bonds were outstanding as of January 31, 2026 in the aggregate principal amount of \$268,545,000. The Regents leased the site on which the student housing project is situated to a special purpose, limited liability company that owns the project and applies project revenues to repay these revenue bonds.

CMFA has issued bonds to finance the cost of a student housing and dining project for the Riverside campus. Such bonds were outstanding as of January 31, 2026 in the aggregate principal amount of \$137,000,000. The Regents leased the site on which the project is situated to a special

purpose, limited liability company that owns the project. The limited liability company repays these revenue bonds with project revenues and dining facility usage fee payments that The Regents is obligated to pay equal to approximately 38% of total debt service on the project.

CMFA has also issued bonds to finance the cost of another student housing project for the Riverside campus. Such bonds were outstanding as of January 31, 2026 in the aggregate principal amount of \$167,900,000. The Regents leased the site on which the student housing project is situated to a special purpose, limited liability company that owns the project and applies project revenues to repay these revenue bonds.

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

The Constitution of the State of California provides that the University shall be a public trust administered by the corporation, “The Regents of the University of California,” which is vested with full powers of organization and government subject only to such legislative control as may be necessary to ensure compliance with the terms of the endowments of the University and the security of its funds and such competitive bidding procedures as may be applicable to the University by statute for the letting of construction contracts, sales of real property, and purchasing of materials, goods and services. The Regents has a board composed of seven ex officio members, 18 members appointed by the Governor and confirmed by the Senate, and one student Regent appointed by the board, all of whom are voting members of the board.

The members of the Board of Regents and the Officers of The Regents as of January 31, 2026 are listed below. Under the Bylaws of The Regents, nine Regents constitute a quorum for transaction of business at regular meetings of the Board, twelve Regents constitute a quorum for the transaction of business at special meetings of the Board, and a simple majority of such quorums is sufficient to approve most actions. As of January 31, 2026, there were two vacancies on the Board. Vacancies with respect to such appointed members must be filled by appointment by the Governor and approved by a majority vote of the State Senate, but such appointed members may serve for up to 365 days prior to Senate confirmation. Additional information and a current list of Regents can be obtained at <http://regents.universityofcalifornia.edu/index.html>. The foregoing website is not incorporated by reference herein.

Appointed Regents:

Maria Anguiano

Ana Matosantos

Elaine E. Batchlor

Robert Myers

Carmen Chu

Lark Park

Michael Cohen

Janet Reilly

Gareth Elliott

Mark Robinson

Jose M. Hernandez

Gregory Sarris⁽¹⁾

Nancy Lee

Jonathan “Jay” Sures

Richard Leib⁽¹⁾

Sonya Brooks⁽²⁾

Hadi Makarechian

⁽¹⁾ Term expires on March 1, 2026.

⁽²⁾ Student Regent appointed by the Board.

Ex Officio Regents:

Gavin Newsom
Governor of California

Eleni Kounalakis
Lieutenant Governor

Robert Rivas
Speaker of the Assembly

Tony Thurmond
State Superintendent of
Public Instruction

James B. Milliken
President of the
University of California

Brian Komoto
Alumni Regent
(President of the
Alumni Associations of the
University of California)

Ann Wang
Alumni Regent
(Vice President of the
Alumni Associations of the
University of California)

Board Leadership:

President
Gavin Newsom
Governor of California

Chair
Janet Reilly

Vice Chair
Maria Anguiano

Officers of The Regents:

Chief Investment Officer
Jagdeep Bachher

General Counsel
Charles F. Robinson

Secretary and Chief of Staff
Tricia Lyall

Chief Compliance and Audit Officer
Alexander Bustamante

FINANCIAL INFORMATION

Financial information for the University is set forth in the University’s Annual Financial Report for the fiscal year ended June 30, 2025. See “APPENDIX B – THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2024-2025.”

INVESTMENTS

As of December 31, 2025, the market values and investment returns for the University's investment pools for the fiscal year beginning July 1, 2025 were as follows:

	Market Value (in 000's)	Investment Return
Short Term Investment Pool ⁽¹⁾	\$4,200,321	2.33%
Blue and Gold Pool	7,674,019	10.64%
Total Return Investment Pool ⁽²⁾	9,991,021	6.24%
General Endowment Pool ⁽²⁾	25,381,729	7.29%
University of California Retirement Plan ⁽²⁾	119,288,425	8.70%

⁽¹⁾ (a) Excludes approximately \$6.7 billion internal receivable from campuses and medical centers for funds transferred to the Retirement Plan, (b) includes funds held on behalf of the Retirement Plan, General Endowment Pool, and Total Return Investment Pool.

⁽²⁾ Includes funds invested in the Short Term Investment Pool.

Source: UCOP.

For additional information concerning the investments of the University, including the pools listed above, see "APPENDIX B – THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2024-2025—Note 3."

BUDGETARY PROCESS

The following is a description of the budgetary process for the University. Because the process for developing, negotiating and allocating the capital budget differs from the operating budget, the capital budget is described below under "—Capital Budget."

Budget Consultation: Administrators from the Office of the President meet regularly with faculty and student groups to keep them informed of budget developments and seek their input on budget issues. Further, there are budget discussions at meetings of the Council of Chancellors, meetings of the Council of Executive Vice Chancellors, meetings of campus Vice Chancellors for Planning and Budget, and with various other groups within the University.

The Regents' Budget: The Regents' Budget is the annual budget statement for the ten-campus system. It provides a description of the existing budget, including income and expenditures from all fund sources, and serves as the budget request to the State for the next fiscal year, describing in some detail the need for additional funds from State appropriations. The budget is presented to the Board of Regents each year for approval.

State Budget: The Governor's proposed budget is released each year around the January 10 and then revised in early May. Each February, the Legislative Analyst's Office publishes an analysis of, and recommendations for legislative actions on, the Governor's proposed budget. The Governor's proposed budget is debated during legislative hearings and subsequently the Legislature sends its own recommended budget back to the Governor. Following the Governor's approval of the Legislature's recommended budget, it becomes final as the "State Budget Act."

For the most part, the State Budget Act appropriates funds each year for the operating budget of the University in a lump sum. Operating funds received from the State are allocated by the President of the University to the campuses according to a formula intended to achieve equitable State dollars provided per weighted student.

Capital Budget: Annually, the University prepares a multi-year State and non-State funded capital plan titled, “Capital Financial Plan.” After compilation and review of campus submittals by the Office of the President, discussions are held with campus representatives regarding project need, justification, priority, and likelihood of funding. With regard to non-State funds, the University uses external financing, gift funds, certain fees and reserves, and other funds available to The Regents for capital projects. State funds for capital projects may take the form of (1) proceeds of State-issued general obligation bonds, (2) the pledge or use of a portion of the University’s annual State general fund support appropriation to (A) secure or make debt service payments for capital expenditures funded by the University’s General Revenue Bonds or commercial paper associated with the University’s General Revenue Bond program or (B) secure or make availability payments, lease payments, installment payments, and other similar or related payments for capital expenditures, and (3) the use of a portion of the University’s annual State general fund support appropriation to fund pay-as-you-go capital outlay projects. With respect to State funds for capital projects that take the form of proceeds of State-issued general obligation bonds, a line-item capital budget request is submitted annually to the State for approval, along with the Capital Financial Plan for context. Major capital projects that are State funded are approved by the State on a line-item basis; any funds requested for minor capital projects are approved on a lump-sum basis.

The process with respect to the use of a portion of the University’s annual State general fund support appropriation to (1) make debt service payments for capital expenditures funded by the University’s General Revenue Bonds or commercial paper associated with the University’s General Revenue Bond program, (2) make availability payments, lease payments, installment payments, and other similar or related payments for capital expenditures, and (3) fund pay-as-you-go capital outlay projects is as follows. The University may apply a portion of its annual State general fund support appropriation so long as it, among other things, receives approval under the following process: 1) the University submits on or before September 1 prior to such subsequent fiscal year, a report detailing, among other things, the scope and funding plan for the proposed capital expenditures and capital outlay projects to the committees in each house of the Legislature that consider the annual State budget, the budget subcommittees in each house of the Legislature that consider appropriations for the University, and the Department of Finance, 2) the Department of Finance reviews the report and submits, by February 1, a list of preliminarily approved capital expenditures and capital outlay projects to the committees in each house of the Legislature that consider the annual State budget and the budget subcommittees in each house of the Legislature that consider appropriations for the University, and 3) the Department of Finance submits a final list of approved projects to the University no earlier than the following April 1.

Recent State Support for the University: The following table sets forth State appropriations for Fiscal Year 2021-22 through Fiscal Year 2025-26.

STATE APPROPRIATIONS

<u>Fiscal Year</u>	<u>State Appropriations To University⁽¹⁾</u>
2021-22	\$4.748 billion ⁽²⁾
2022-23	4.917 billion ⁽³⁾
2023-24	4.864 billion ⁽⁴⁾
2024-25	4.863 billion ⁽⁵⁾
2025-26	4.902 billion ⁽⁶⁾

⁽¹⁾ Includes appropriations for lease purchase payments, general obligation debt service, State grants and direct payments to the Retirement Plan for pledges from 1990.

⁽²⁾ Includes \$545.7 million in new ongoing support, with \$302.4 million provided to restore cuts to the University's budget made in 2020-21. Also includes one-time funds of \$741.8 million, including \$325 million intended to address deferred maintenance across the system. Also includes \$189.5 million used for debt service on previously issued State general obligation bonds that benefited the University. The Budget Act no longer funded the University of California Office of the President and UCPath as separate line items for General Fund support. The 2025-26 budget pulled back \$5 million of one-time funds.

⁽³⁾ Includes \$358.0 million in additional ongoing support, \$550.2 million in one-time funding, including \$125 million intended to address deferred maintenance across the system and \$185 million to support climate research, and \$184.4 million for debt service on previously issued State general obligation bonds that benefited the University. Funding of \$166 million previously appropriated for the Berkeley clean energy project and for expansion projects at UC Merced and UC Riverside reverted to the State in the Budget Act of 2023 and was replaced with ongoing funding to cover debt service on an amount estimated to be equivalent to the funds needed to finance these projects. Funding of \$100 million previously appropriated for the California Institute for Immunology and Immunotherapy at UCLA reverted to the State in the Budget Act of 2023 and was replaced with one-time funding in the following fiscal year.

⁽⁴⁾ Includes \$346.4 million in additional ongoing support, \$142.5 million in one-time funding, including \$100 million for the California Institute for Immunology and Immunotherapy at UCLA, and \$155.4 million for debt service on previously issued State general obligation bonds that benefited the University.

⁽⁵⁾ Includes \$134.8 million in additional ongoing support and \$158.0 million for debt service on previously issued State general obligation bonds that benefited the University.

⁽⁶⁾ Includes the restoration of the \$125 million that was cut on a one-time basis in 2024-25, a 3% reduction to the University's base support (\$129.7 million) and \$48 million in one-time funding.

State Budget for the University for 2023-24. The Governor signed SB-101 on June 27, 2023, and AB-102 on July 10, 2023. The Governor signed SB 104, a budget trailer bill amending the Budget Act of 2022 and Budget Act of 2023, on September 13, 2023, overriding most previous State General Fund appropriations in SB-101 and AB-102 for the University of California. Together with issue-specific budget trailer bills, these bills constituted the Budget Act of 2023-24.

For 2023-24, State funds allocated to the University totaled \$4.864 billion, including \$346.4 million in new, ongoing funding (an increase of 7.9% over 2022-23) and \$142.5 million in one-time support. The Governor's budget reflected the second year of a multi-year compact with the University for sustained ongoing funding. The multi-year compact provides for the University to receive annual 5% base budget adjustments through 2026-27, as long as progress is made towards specified policy goals related to access, student success and equity, affordability, intersegmental collaboration, workforce preparedness, and access to online offerings.

The budget provided \$50.7 million in annual ongoing funding to move the Higher Education Student Housing Grant Program projects from grant funding to the University-issued bond programs. Similarly, campus expansion projects at the Merced and Riverside campuses are

being funded with University-issued bonds equal to the originally-intended State appropriations, and the UC Berkeley clean energy campus project will also be funded with University-issued bonds. The University receives \$33.3 million in annual ongoing support funding that will be used to cover the debt service for these campus expansion and clean energy projects.

State Budget for the University for 2024-25. The Governor signed SB-108 on June 29, 2024. This bill, together with AB-107, which the Governor signed on June 26, 2024, constituted the Budget Act of 2024. For 2024-25, State funding allocated to the University totaled \$4.863 billion, including \$134.8 million in new, ongoing funding (an increase of 2.9% over 2023-24).

The budget provided the University with an increase of \$227.8 million, consistent with the multi-year compact, \$31.0 million for the replacement of nonresident students with resident undergraduates at the Berkeley, Los Angeles, and San Diego campuses, and \$14.5 million to cover debt service costs for a medical educational building at the Merced campus. However, the budget also reflected a reduction of \$125.0 million to the University's base budget and reduced support for Graduate Medical Education programming by \$13.5 million.

State Budget for the University for 2025-26. The Governor signed SB-101 and AB-102 on June 27, 2025. These bills, together with SB-105, which the Governor signed on September 17, 2025, and issue-specific budget trailer bills, constitute the Budget Act of 2025. In 2025-26, State funding to the University totals \$4.902 billion. The State budget defers \$129.7 million from the University's ongoing budget to 2026-27. To help the University cover expenditures in 2025-26, the Budget Act includes language providing the University, upon approval of the Director of the Department of Finance, with a short-term, zero-interest loan. The Department of Finance approved the University's request for such a loan on November 13, 2025. In November 2025, the Joint Legislative Budget Committee granted the University a no-interest, short-term cash-flow loan of \$129.7 million from the State's General Fund for fiscal year 2025–26. The funding will be used for one-time student support services that are critical to ensuring student success and timely degree completion and must be repaid by July 1, 2026.

The budget restored \$125.0 million that had been reduced on a one-time basis in the 2024-25 budget. Additionally, it includes \$48 million in one-time funding to the University. The budget also reflects a \$1.0 million reduction in debt service support for affordable student housing projects funded through the Higher Education Student Housing Grant Program to account for the actual cost of capital that was lower than projected. The net impact of the adjustments made to the University's base budget is a \$5.3 million reduction in ongoing State General Fund support compared to the prior year.

Proposed State Budget for the University for 2026-27. The Governor introduced the State budget proposal for 2026-27 on January 9, 2026. The proposed budget includes approximately \$5.2 billion in State General Fund support for the University. This represents an increase of \$342.6 million, or 7%, in ongoing funding. Of this amount, \$254.3 million is provided in accordance with the multi-year compact agreement for 2026-27. The proposal also provides \$96.3 million of compact-related funding that was deferred in 2025-26. This is a partial payment, or 2% of the agreed-upon 5% adjustment for 2025-26, identified in the compact. The proposed budget also restores a deferral of \$129.7 million from 2025-26. Lastly, it provides the option for a new short-term, zero-interest loan to repay the \$129.7 million loan that was granted to the University in November 2025.

The final State budget is expected to be signed in June 2026 and may vary in material respects from this proposed State budget.

EMPLOYER–EMPLOYEE RELATIONS

The Higher Education Employee Relations Act (HEERA), the law that provides for collective bargaining in higher education, became effective July 1, 1979. The following table shows the membership of each systemwide employee bargaining unit and the expiration dates of the applicable current labor contracts as of January 2026:

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**University of California
Systemwide Employee Organizations⁽¹⁾**

Union	Bargaining Unit	Head Count	Contract Expiration
UAW 4811 United Auto Workers, Local 4811	BR – Graduate Student Researchers ⁽²⁾	12,414	2/28/26
UAW 4811 United Auto Workers, Local 4811	BX – Academic Student Employees ⁽²⁾	18,489	2/28/26
International Brotherhood of Teamsters 2010	CX – Clerical & Allied Services	20,427	3/31/26
UAPD Union of American Physicians & Dentists	DX – Student Health Center Physicians and Dentists	122	6/30/27
AFSCME American Federation of State, County and Municipal Employees, AFL-CIO Local 3299	EX – Patient Care Technical	26,897	7/31/24 ⁽³⁾
UPTE University Professional & Technical Employees, CWA, Local 9119	HX – Residual Health Care Professionals	9,974	9/30/28
UC – AFT American Federation of Teachers	IX – Non-Senate Instructional	5,253	6/30/26
UC – AFT American Federation of Teachers	LX – Professional Librarians	345	1/1/29
CIR-SEIU Committee of Interns and Residents – Service Employees International Union	MX – Medical Residents	6,480	6/30/26 ⁽⁴⁾
CNA California Nurses Association	NX – Registered Nurses	25,265	1/2/30
FUPOA Federated University Police Officers Association	PA – Police Officers	272	6/30/26
UAW 4811 United Auto Workers, Local 4811	PX – Post Doctoral Scholars	6,549	9/30/27
UAW 4811 United Auto Workers, Local 4811	RA – Academic Researchers	4,800	9/30/27
RPSU-UAW Research and Public Service Professionals – United Auto Workers	RP – Research and Public Service Professionals	6,302	N/A ⁽⁵⁾
UPTE University Professional & Technical Employees, CWA, Local 9119	RX – Research Support Professionals	6,016	9/30/28
FUPOA Federated University Police Officers Association	SA – Police Sergeants	81	N/A ⁽⁶⁾
SSAP-UAW Student Services & Advising Professionals – United Auto Workers	SV – Student Services & Advising Professionals	4,313	N/A ⁽⁷⁾
AFSCME American Federation of State, County and Municipal Employees, AFL-CIO Local 3299	SX – Service	12,470	10/31/24 ⁽³⁾
UPTE University Professional & Technical Employees, CWA, Local 9119	TX – Technical	5,436	9/30/28

(1) As of January 1, 2026. Table does not include employees represented by local bargaining units.

(2) Bargaining units merged as of January 1, 2024. The existing contracts will remain unchanged until a new contract is negotiated and ratified, which is expected on or around expiration of the current contracts on February 28, 2026.

(3) This contract is in status quo. The University has implemented some terms and conditions of employment including wages and healthcare for a period of one year from July 1, 2025 to June 30, 2026.

- (4) Newly consolidated systemwide bargaining unit under CIR-SEIU that was formerly multiple local bargaining units. Existing contracts expired on June 30, 2025. First contract negotiations are in progress. Agreed to one-year extension of current contracts until June 30, 2026.
- (5) Newly recognized bargaining unit under UAW as of September 15, 2025. First contract negotiations are in progress.
- (6) Newly recognized supervisory bargaining unit under FUPOA. Terms and conditions of employment are under discussion.
- (7) Newly recognized bargaining unit under UAW. In status quo with one-year agreement on wages from July 1, 2025 to June 30, 2026.

It is always difficult to determine with assurance the future course of employer–employee relations. Nevertheless, at the current time, The Regents does not anticipate that the future labor relations climate within the University will have a material adverse impact upon the ability of The Regents to pay debt service on its General Revenue Bonds when due.

RETIREMENT PLAN FUNDS

Administration: The Regents maintains the University of California Retirement Plan (“UCRP” or the “Retirement Plan”), a governmental defined benefit pension plan, which provides lifetime retirement income, disability protection, death benefits, and pre-retirement survivor benefits to eligible employees of the University. The four Retirement Plan benefit tiers that employees participate in are: the 1976 Tier, the 2013 Tier, the Modified 2013 Tier, and the 2016 Tier. Each tier bases benefits on the same components: age factor, service credit, and highest average plan compensation, although the formulas relating to benefits differ.

The Regents is the trustee of the Retirement Plan, and the President of the University is the Administrator of the Retirement Plan. The University of California Systemwide Human Resources is responsible for the day-to-day management and operation of the Retirement Plan.

Membership: The following table shows membership in the Retirement Plan for each Fiscal Year from the Fiscal Year beginning July 1, 2021 through the Fiscal Year beginning July 1, 2025:

RETIREMENT PLAN MEMBERSHIP

Fiscal Year Beginning July 1	Active Vested Members	Active Nonvested Members	Inactive Members ⁽¹⁾	Retired Members ⁽²⁾	Ratio of Retirees to Actives
2021	82,376	48,722	106,291	83,012	0.63
2022	83,619	51,281	112,927	85,466	0.63
2023	85,487	55,929	120,556	87,282	0.62
2024	88,197	63,363	125,098	89,186	0.59
2025	90,661	66,052	130,094	91,424	0.58

The 2013 Tier of pension benefits was created for employees hired on or after July 1, 2013, which increased the earliest retirement age from 50 to 55, with a corresponding shift in the age factors by five years, while retaining many of the prior features of the Retirement Plan (henceforth known as the “1976 Tier”). The 2013 Tier does not offer lump sum cash outs, inactive member cost-of-living adjustments, or subsidized survivor annuities for spouses, domestic partners, children, and dependent parents. These changes were subject to collective bargaining for union-

⁽¹⁾ Inactive members entitled to, but not yet receiving, benefits.

⁽²⁾ Includes beneficiaries receiving benefits and deferred retirees and deferred beneficiaries who are entitled to future benefits.

represented employees and the University agreed to some variations in the 2013 Tier (the Modified 2013 Tier⁽³⁾) for certain unions that did not adopt the provisions of the 2013 Tier.

Under the Retirement Choice Program, effective July 1, 2016, the Retirement Plan was amended to provide another new tier of pension benefits. The new program provides eligible University employees hired (or becoming eligible) on or after July 1, 2016 (and certain eligible rehires who return to work after a tier break in service) a choice between two primary retirement benefit options: (1) “Pension Choice” also known as the “2016 Tier,” which is the UCRP pension benefit with covered compensation for new hires capped at the California Public Employees’ Pension Reform Act of 2013 (PEPRA) covered compensation limit, referred to below as the (“PEPRA Cap”) (\$155,081 for the fiscal year beginning July 1, 2025), or (2) “Savings Choice,” which is a defined contribution plan-only option for any pension eligible earnings up to the Internal Revenue Code (“IRC”) limit (\$350,000 for the fiscal year beginning July 1, 2025), with the University contribution rate set at 8.0% for all employees (whether they are faculty or staff) to the University of California Defined Contribution Plan (“DC Plan”).

In addition, under the 2016 Tier, the University makes a supplemental contribution of 5.0% to the DC Plan for eligible faculty on all pension eligible earnings up to such IRC annual compensation limit. For staff subject to the PEPRA Cap, the University makes a supplemental contribution of 3.0% to the DC Plan for pension eligible earnings between the PEPRA Cap up to the above referenced IRC limit. Retirement benefit changes for union-represented employees will be effective upon completion of the collective bargaining process.

Funding Policy: The Retirement Plan’s independent actuary prepares an annual actuarial valuation of the Retirement Plan. The purpose of the annual actuarial valuation is to disclose the Retirement Plan’s funded position as of the beginning of the current fiscal year, analyze the preceding fiscal years’ experience and determine the total funding policy contribution rate for the following fiscal year. The actuarial valuation includes economic assumptions based on the experience of the Retirement Plan. As of July 1, 2025, these economic assumptions include a long-term investment earnings assumption of 6.75% per year, projected salary increases ranging from 3.65 to 5.95% per year, cost-of-living adjustments of 2.00% per year and inflation of 2.50% per year.

The total funding policy contribution rate is calculated based upon applying the following methodology, approved by The Regents:

First, the “Normal Cost” is calculated for the Retirement Plan. The Normal Cost represents the portion of the actuarial present value of Retirement Plan benefits that the Retirement Plan will be expected to fund that is attributable to the current year of employment. The Retirement Plan uses the entry age actuarial cost method, which is an actuarial method of calculating the anticipated cost of pension liabilities, designed to fund benefits as a level percentage of compensation over the working lifetime of the Retirement Plan’s active members.

Second, the contribution calculation includes an amortization of the amount by which the Retirement Plan actuarial accrued liability exceeds the actuarial value of the Retirement Plan assets (the “unfunded actuarial accrued liability” or “UAAL”).

⁽³⁾ Generally, these pension benefit tiers use the same age factors as the current 1976 Tier and allow lump sum cash outs but have higher member contribution rates for all active members in those bargaining units.

There are many factors that impact the UAAL. Any changes in UAAL due to actuarial experience gains or losses or a change in actuarial assumptions that occur after July 1, 2014, are separately amortized over a fixed (closed) 20-year period. The market value of assets less unrecognized returns in each of the last five years is used to calculate the actuarial value of the Retirement Plan assets. Unrecognized returns are equal to the difference between the actual and the expected returns on a market value basis and are recognized over a five-year period.

While the independent actuary annually determines the total funding policy contribution rate, the University is not required to contribute an amount equal to its total funding policy contribution. The actual contribution rates of the University and members are based on numerous factors, including the availability of funds to the University, the impact of member contributions on the competitiveness of the University's total remuneration package, and collective bargaining agreements.

Funded Status: The UAAL for the campus and medical centers segment as of the July 1, 2025 and July 1, 2024 actuarial valuation was \$17.6 billion and \$19.9 billion, respectively, or 84.4% and 81.3% funded, respectively, on an actuarial value of assets basis. These results are based on the "smoothed" or Actuarial Value of Assets, which had a return of 9.89% during Fiscal Year 2024-25, higher than the 6.75% investment earnings assumption.

The "actuarially-determined" contributions for UCRP in total for Fiscal Year 2024-25 and Fiscal Year 2023-24 were \$4.66 billion and \$4.22 billion, respectively. In Fiscal Year 2024-25, University contributions were approximately \$3.69 billion, and member contributions were approximately \$1.48 billion. In Fiscal Year 2023-24, University contributions were approximately \$3.00 billion, and member contributions were approximately \$1.33 billion. The total funding policy contribution rates for the campus and medical centers segment for Fiscal Years 2024-25 and 2023-24 represented 32.9% and 32.9% of covered compensation, respectively.

The member contribution rate for the 1976 Tier is approximately 8.0%. The member contribution rate is 7.0% for both the 2013 and 2016 Tiers and 9.0% for the Modified 2013 Tier. The University pays a uniform contribution rate on behalf of all active members in the campus and medical centers segment, which is 14.5% for the Fiscal Year 2025-26. In November 2023, The Regents approved a new schedule of the University contribution levels, pursuant to which the rate will increase by 0.5% each July 1 until reaching a maximum of 18.0%. The University reevaluates and adjusts contribution rates from time to time. On May 14, 2025, The Regents approved maintaining the University contribution rate at 14.5% for Fiscal Year 2025-26, with 0.5% increases expected each subsequent July 1 until reaching a maximum of 18.0%.

The Regents granted the President of the University the authority and discretion to fund additional contributions with respect to the Retirement Plan through a combination of transfers from the Short-Term Investment Pool ("STIP") and external financing as provided in the following table.

Regents' Approvals

<u>Regents' Authorizations</u>		<u>Transfers to Retirement Plan</u>	
<u>Date</u>	<u>Approval</u>	<u>Date</u>	<u>Action</u>
March 2011	\$2.1 billion from STIP and/or external borrowing, with external borrowing not to exceed \$1 billion, in Fiscal Years 2010-11 and 2011-12	April 2011	\$1.1 billion from STIP
		July 2011	\$935 million from proceeds of General Revenue Bonds ⁽¹⁾
July 2014	\$700 million from STIP in Fiscal Year 2014-15	August 2014	\$700 million from STIP
November 2015	\$563.6 million from STIP in Fiscal Year 2015-16, \$481 million from STIP in Fiscal Year 2016-17, and \$391.8 million from STIP in Fiscal Year 2017-18	December 2015	\$563.5 million from STIP
		Between July 2016 and December 2016	\$481 million from STIP
		Between July 2017 and January 2018	\$391.8 million from STIP
July 2017	\$500 million from STIP and/or external borrowing in Fiscal Year 2018-19, \$500 million from STIP and/or external borrowing in Fiscal Year 2019-20, \$600 million from STIP and/or external borrowing in Fiscal Year 2020-21, and \$700 million from STIP and/or external borrowing in Fiscal Year 2021-22	Between July 2018 and December 2018	\$500 million from STIP
		Between July 2019 and December 2019	\$500 million from STIP
		Between July 2020 and December 2020	\$213 million from proceeds of General Revenue Bonds and \$387 million from STIP ⁽²⁾
		July 2021	\$700 million from STIP
November 2021	\$500 million from STIP and/or external borrowing in Fiscal Year 2022-23, \$500 million from STIP and/or external borrowing in Fiscal Year 2023-24	July 2022	\$500 million from STIP
		July 2023	\$500 million from STIP

⁽¹⁾ The Regents issued \$1.2 billion of General Revenue Bonds 2011 Series Y, 2011 Series Z, and 2011 Series AA and approximately \$935 million of the proceeds of those bonds were applied to fund a portion of the annual required contribution ("ARC").

⁽²⁾ Financed with General Revenue Bond, 2019 Series BD proceeds.

Regents' Approval (continued)

<u>Regents' Authorizations</u>		<u>Transfers to Retirement Plan⁽³⁾</u>	
<u>Date</u>	<u>Approval</u>	<u>Date</u>	<u>Action</u>
November 2023	\$800 million from STIP in Fiscal Year 2024-2025	July 2024	\$200 million from STIP
	\$550 million from STIP in Fiscal Year 2026-2027	August 2024	\$400 million from STIP
	\$550 million from STIP in Fiscal Year 2027-2028	June 2025	\$200 million from STIP
	\$400 million from STIP in Fiscal Year 2028-2029		

⁽³⁾ Timing of remaining transfers is to be determined. In May 2025, The Regents approved not transferring \$700 million during the Fiscal Year 2025-26. This action amended the November 2023 approval.

The national laboratory “segments” of the Retirement Plan are accounted for and evaluated separately from those of the campus and medical centers segment.⁽¹⁾ The Lawrence Berkeley National Laboratory (“LBNL”) segment employer contribution rate is based on contractual agreements between The Regents and the U.S. Department of Energy (“DOE”). Currently, this rate is the same as the University contribution rate for the campus and medical centers segment (also referred to as the “non-laboratory segment”). The DOE is contractually required to make actuarially-determined contributions to the Retirement Plan for the Los Alamos National Laboratory and Lawrence Livermore National Laboratory Retained Segments, based on the provisions in each contract.

The table below shows the fair market value of assets held in trust for payment of pension benefits; the actuarial value of assets adjusted according to the Retirement Plan’s actuarial methods as summarized above; the actuarial accrued liability of the Retirement Plan; the actuarial deficit, the funded ratio on an actuarial and market value basis; the annual covered payroll; and the actuarial deficit as a percentage of annual covered payroll for the total Retirement Plan as of July 1, in each of years 2021 through 2025.

⁽¹⁾ There are four separate and distinct “segments” that comprise the Retirement Plan as a whole: the campus/medical centers segment, the Lawrence Berkeley National Laboratory segment, the Lawrence Livermore National Laboratory retained segment, and the Los Alamos National Laboratory retained segment.

Retirement Plan Funding⁽¹⁾
(dollars in millions)

Actuarial Valuation Date	Market Value of Assets	Actuarial Value of Assets	Actuarial Accrued Liability	Actuarial Deficit (Actuarial Basis)	Funded Ratio (Actuarial Basis)	Funded Ratio (Market Basis)	Annual Covered Payroll	Actuarial Deficit as a Percentage of Annual Covered Payroll
July 1, 2021	91,749.8	80,812.1	97,243.8	(16,431.8)	83.1%	94.4%	13,283.0	(123.7%)
July 1, 2022	81,363.0	85,720.2	102,715.8	(16,995.6)	83.5%	79.2%	14,028.5	(121.1%)
July 1, 2023	88,194.8	90,045.0	110,057.2	(20,012.3)	81.8%	80.1%	15,871.7	(126.1%)
July 1, 2024	98,689.6	96,053.5	116,497.2	(20,443.7)	82.5%	84.7%	17,708.1	(115.4%)
July 1, 2025	110,727.0	105,105.1	123,021.6	(17,916.5)	85.4%	90.0%	19,225.7	(93.2%)

⁽¹⁾ Includes campuses, medical centers, and laboratories.

Asset Management Plan: The Regents, as the governing board and as trustee, is responsible for the oversight of the Retirement Plan’s investments and establishes investment policy, which is carried out by UC Investments. UC Investments has primary responsibility for investing the Retirement Plan’s assets consistent with the policies established by The Regents.

Over the past ten years, the Retirement Plan’s asset allocation targets have been adjusted periodically to diversify the assets over multiple asset classes, investment styles, and strategies. The result has been a movement away from a single, concentrated source of risk (primarily U.S. equities) toward a balanced and diversified portfolio across global assets and risk factors that are less correlated with markets. Currently, the assets of the Retirement Plan are invested across the institutional global capital markets. In addition to U.S. equities and fixed income securities, the Retirement Plan also holds international equities, global sovereign and corporate debt, global public and private real estate, and an array of alternative investments including private equity, venture capital, real estate, and real assets.

Net Pension Liability: The University follows Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires recognition of a liability equal to the net pension liability, which is measured as the total pension liability, less the amount of the pension plan’s fiduciary net position. As of June 30, 2025, the University reported a net pension liability for the Retirement Plan of \$12.2 billion. As of June 30, 2024, the University reported a net pension liability for the Retirement Plan of \$17.5 billion. The change in net pension liability for Fiscal Year 2024-25 was primarily driven by investment returns for the UCRP portfolio. The total investment rate of return for UCRP was 12.7% in Fiscal Year 2024-25, which was higher than the discount rate of 6.75% used to estimate the net pension liability. For a further description of the University’s pension accounting practices and the University’s pension plan funds, see “APPENDIX B - THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2024-2025”, including Note 15 and Required Supplementary Information.

RETIREE HEALTH PROGRAM FUNDS

The University administers the Retiree Health Benefit Program (the “Retiree Health Program”). The Retiree Health Program is a single-employer health and welfare plan that provides health and welfare benefits (primarily medical, dental and vision) to eligible retirees and their families and survivors of the University and its affiliates. Membership in the Retirement Plan, DC Plan (Savings Choice described above), or another retirement plan to which the University contributes, is required to become eligible for retiree health benefits. Retirees employed by the University prior to January 1, 1990 and who have not had a break in covered service of more than 120 days following that date are eligible for the University’s maximum contribution if they retire before age 55 and have at least 10 years of UCRP service credit, if they retire at age 55 or later and have at least five years of UCRP service credit, or if they retire on disability and have at least 5 years of UCRP service credit. Retirees employed by the University after January 1, 1990, and prior to July 1, 2013 are subject to graduated eligibility provisions that generally require 10 years of service before becoming eligible for 50% of the maximum University contribution, increasing to 100% after 20 years of service. Retirees employed by the University on or after July 1, 2013 are subject to graduated eligibility provisions based on both a member’s age and years of UCRP or equivalent DC Plan service credit upon retirement⁽¹⁾. Active employees do not make any contributions toward the Retiree Health Program. Retirees pay the excess, if any, of the premium over the applicable portion of the University’s maximum contribution.

Funding Policy: The contribution requirements of the University and eligible retirees are established and may be amended by the University. The contribution requirements are based upon projected pay-as-you-go financing. Contributions toward medical and dental benefits are shared between the University and the retiree. The University does not contribute toward the cost of other benefits available to retirees.

On July 1, 2007, The Regents established the University of California Retiree Health Benefit Trust (the “Trust”) to allow certain University locations (primarily campuses and medical centers (LBNL does not participate in the Trust)), that share the risks, rewards and costs of providing for retiree health benefits, to fund such benefits on a cost-sharing basis and accumulate funds on a tax-exempt basis under an arrangement segregated from University assets. While the University does not currently pre-fund retiree health benefits, if pre-funding occurs in the future, the Trust will be used as the funding vehicle. As of June 30, 2025, the balance in the Trust was \$270.2 million.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“the Statement”), which the University implemented in Fiscal Year 2016-17, requires recognition of a liability equal to the net retiree health benefit liability, which is measured as the total retiree health benefit liability, less the amount of the Trust’s fiduciary net position. The total retiree health benefit liability is determined based upon discounting projected benefit payments based on claims costs, the benefit terms and legal agreements existing at the Trust’s fiscal year end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are

⁽¹⁾In addition, members of the HA, HX, K7, NX, RX, EX, SX and TX bargaining units negotiated the effective date of revised eligibility rules for Retiree Health Program benefits as part of contract negotiations. Generally, new employees hired after the negotiated effective date of revised eligibility rules must retire at 65 and have worked at least 20 years in order to receive the maximum employer contribution to the retiree health premium.

not available. The Statement requires that most changes in the net retiree health benefit liability be included in retiree health benefit expense in the period of change.

The actuarial methods and assumptions used in determining the Retiree Health Program liability as of June 30, 2025 include the entry age normal level percentage of pay actuarial cost method; a 5.20% discount rate (index rate for 20-year tax-exempt general obligation municipal bond index rate with an average rating of AA/Aa or higher); and health care cost trend rate ranging from 4.87% to 10.62% for non-Medicare and 1.01% to 20.68% for Medicare initially, depending on the type of plan, gradually adjusted to an ultimate rate of 3.94% for 2075 and later years.

The following table shows the fair market value of assets held in the Trust; the total OPEB (other post-employment benefits) liability; the net OPEB liability; the funded ratio on market value of assets basis; the annual covered payroll; and the net OPEB liability as a percentage of annual covered payroll as of June 30, 2021, through June 30, 2025. The net OPEB liability as of the June 30, 2025, and 2024 actuarial valuations was \$19.2 billion and \$20.3 billion, respectively, or 1.4% and 1.1% funded, respectively, on a market value of assets basis. The decrease in net OPEB liability as of June 30, 2025 was primarily driven by changes in assumptions around plan participation and healthcare cost trends and by the increase in the applied discount rate from 3.93% to 5.20%.

Measurement Date	Market Value of Assets (in millions of dollars)	Total OPEB Liability (in millions of dollars)	Net OPEB Liability (in millions of dollars)	Funded Ratio	Annual Covered Payroll (in millions of dollars)	Net OPEB Liability as a Percentage of Annual Covered Payroll
June 30, 2021	171.6	24,380.4	24,208.8	0.7%	13,595.9	178.1%
June 30, 2022	179.5	19,751.0	19,571.5	0.9%	15,048.2	130.1%
June 30, 2023	192.8	21,860.7	21,667.8	0.9%	16,665.1	130.0%
June 30, 2024	225.9	20,515.1	20,289.3	1.1%	18,599.8	109.1%
June 30, 2025	270.2	19,503.4	19,233.2	1.4%	20,757.4	92.7%

For more information on the Retiree Health Program and Trust, see “APPENDIX B - THE UNIVERSITY OF CALIFORNIA ANNUAL FINANCIAL REPORT 2024-25” including Note 16 and Required Supplementary Information.

CYBERSECURITY RISKS

Like many other large public entities, the University relies on a large and complex technological environment to conduct its operations, including at its campuses and medical centers. The University handles a significant amount of sensitive information, like student financial aid data, patient health information, and personnel records for hundreds of thousands of employees and contractors. Moreover, the University oversees other highly sensitive information, such as world-class research, valuable intellectual property, financial trade secrets, and “big data” health information. The University faces a variety of risks to its networks and systems, including but not limited to hacking malware and other attempted intrusions on its networks and systems. In addition, the University’s information technology (“IT”) systems are designed to be open, collaborative, permissive, and distributed, and all of these features increase cybersecurity risk. Moreover, there is an enormous number of users of such systems, the users are constantly

changing, and training and proper protocol are difficult to enforce. As a public university, the University also faces financial challenges as compared to a for-profit corporation and it is more challenging to maintain and update IT security with limited resources. Moreover, demand for remote work and learning has increased reliance on IT systems, which further heightens the risk and impact of a cyberattack. Potential consequences of inadequate cybersecurity controls and cyberattacks include government administrative, civil, or criminal enforcement actions; class-action litigation; complicated remediation; interruption of medical center or academic/research functionality; delayed or destroyed research; violation of security obligations in government contracts and grants including federally funded research awards; disclosure of protected faculty, student, patient, research participant, or other individually identifiable information; and reputational risk related to the University's commitment to protecting information.

In the past several years, a number of threat actors have sought to gain unauthorized access to digital systems of large organizations such as the University for the purpose of misappropriating assets or information, causing operational disruptions, or demanding payment for the return of system data or control of a system. These attempts have included highly-sophisticated efforts to electronically circumvent network security, as well as more traditional intelligence gathering, and social engineering aimed at obtaining information necessary to gain access.

As to cybersecurity claims, the University maintains a large self-insured retention and commercial insurance coverage for liabilities in excess of its self-insured retention. The commercial insurance coverage consists of a comprehensive cybersecurity insurance policy, which covers, among other things, wrongful acts or breaches; defense costs, regulatory fines and penalties or compensatory awards; privacy breach response costs; and loss of digital assets and business protection. However, some risks such as betterment (i.e., the cost of improving internal technology systems post-event) are not covered by the policy.

The University has taken, and continues to take, measures to protect its IT systems against cyberattacks. Such measures include, but are not limited to, improved technical security controls; improved vendor management processes; audits conducted by The Office of Ethics Compliance & Audits Services to identify and remediate gaps and vulnerabilities; corrective actions in response to findings related to recent incidents; centralization of the information security function at locations; expanded scope of cybersecurity tools across the system; improvements in security governance, policies, and procedures; more formalized and comprehensive risk assessment processes; improvements in implementing systemwide minimum security standards contained in the University's IS-3 policy; improvements in assessing the value of different types of information stored in University systems and the security protections that it implements with respect to each category of information; and increased scope of work of the Cyber-Risk Coordination Center, a systemwide group which issues guidance and directives to improve security systems and assure escalation and remediation of security incidents and other problems. However, despite these efforts, there can be no assurance that the University will not experience future significant breaches. Such breaches could have a material adverse impact on the University.

CLIMATE CHANGE AND SUSTAINABILITY

General. The University, like many other institutions in California, has recently experienced the impact of unpredictable changes in environmental conditions and climate change-induced events that include wildfires, heat waves, and extreme storm events. Because University campuses are located throughout the State, campuses may face differing challenges as a result of

climate change, and such challenges may include soil erosion, fires, reduced air quality, sea-level rise, drought and/or flood conditions.

University Policies. The University is committed to adapting campuses and building systemwide resiliency to mitigate these risks and to ensure the continuity of operations and long-term viability at its campuses and medical centers. The University has adopted policies and initiatives intended to ensure that it meets this commitment, including the University of California – Policy for Sustainable Practices, which focuses on, among other things: climate protection, clean energy, green building design, and sustainable transportation, building and laboratory operations. The Policy for Sustainable Practices can be found at the following website: <https://policy.ucop.edu/doc/3100155/SustainablePractices>. On an annual basis, the President of the University reports to the Board of Regents on the University’s sustainability efforts in each area of the Policy for Sustainable Practices. Such reports can be found at the following website: <https://www.ucop.edu/sustainability/policy-areas/annual-reports.html>.

The information contained in such websites is not incorporated by reference herein and is not necessarily updated in a regular manner.

The events referenced above under “General” have not thus far had a material adverse impact on the University generally or the ability of The Regents to pay debt service on General Revenue Bonds when due; however, the future fiscal and operational impacts of climate change on the University are difficult to predict and could be significant.

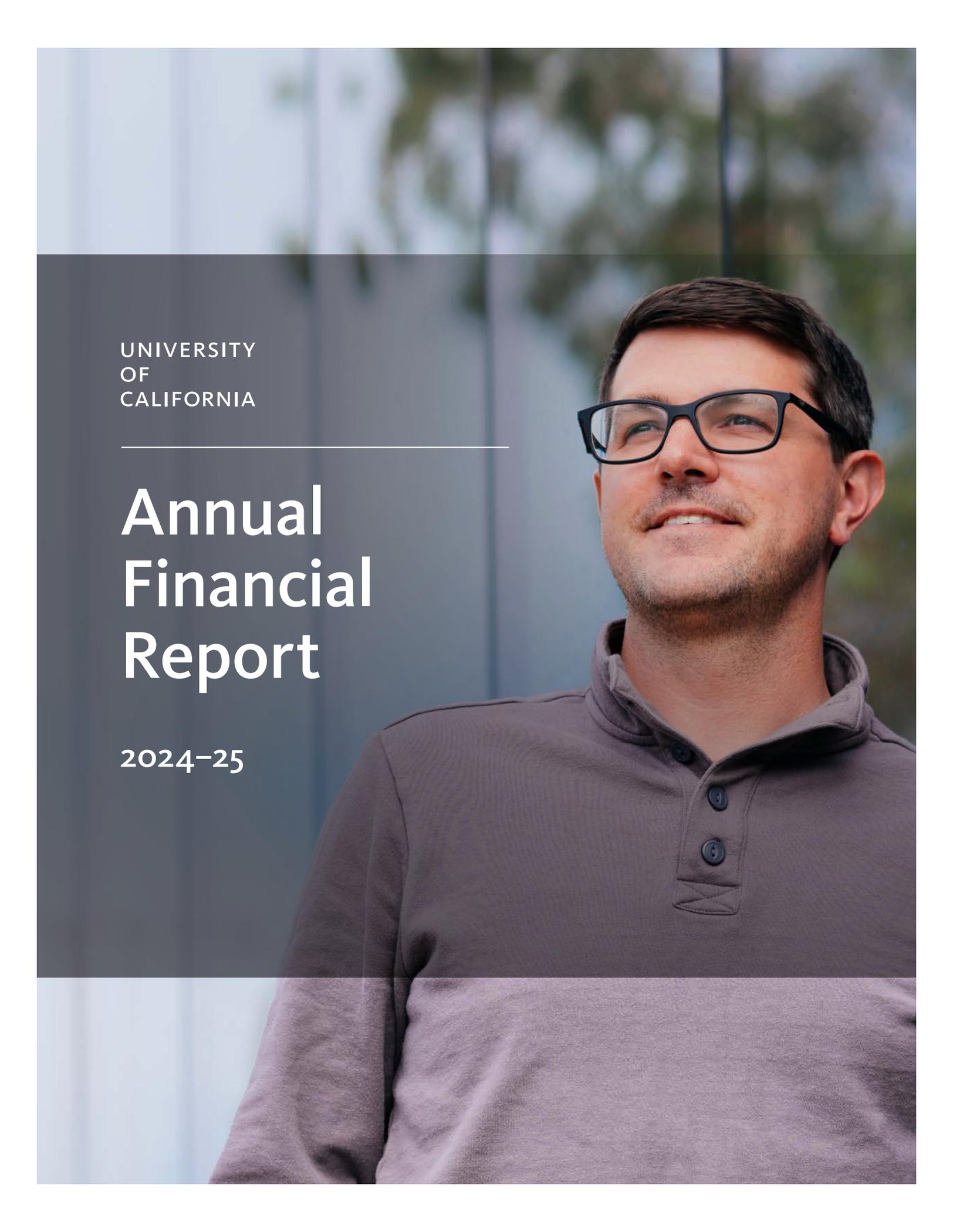
AUDITS, COMPLIANCE REVIEWS AND OTHER INQUIRIES

At all times, there are audits, compliance reviews and other inquiries that arise in the normal course of the University’s activities. Such audits, compliance reviews and other inquiries may relate to any activity at the University, and may be conducted by persons or entities within or outside the University, including but not limited to the University’s internal audit, investigations and compliance units, the California State Auditor and a variety of other federal and State governmental agencies. Such audits, compliance reviews and other inquiries could identify improper actions by University personnel or others affecting expenditures by The Regents, and in some cases, its revenues. University management is not aware of any pending audit, compliance review or other inquiry concerning matters that are likely to have a material adverse effect on The Regents’ ability to pay debt service on General Revenue Bonds when due. For a description of certain actions taken by the federal government with respect to the University, see “FEDERAL ACTIONS” in the forepart of this Official Statement.

APPENDIX B

**THE UNIVERSITY OF CALIFORNIA
ANNUAL FINANCIAL REPORT 2024-2025**

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UNIVERSITY
OF
CALIFORNIA

Annual Financial Report

2024-25

The University of California was founded on a revolutionary idea: That the state deserved a great public research university, open to all. Today, UC is essential to California's success, creating social mobility for its people and developing solutions to our most urgent societal challenges.

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Annual Report URL

<https://www.ucop.edu/uc-controller/financial-reports/annual-financial-reports.html>

All images included in this report are from the University of California Office of the President's digital repository of photographs taken at various UC campuses, showing the depth and breadth of research, education and public service occurring at the University of California.





Letter from the Executive Vice President and CFO

It is an honor to present the University of California's annual financial report for the fiscal year ended June 30, 2025. These financial statements reflect the University's ongoing commitment to transparency, accountability and stewardship of resources through our mission of academic excellence, research, medical care and public service, entrusted to us by the State, our partners and the public. We are facing uncertain times, with serious challenges facing higher education. Despite these challenges, I remain optimistic about the University of California's enduring financial resilience.

The 2024–25 Budget Act provides \$4.86 billion in State support to UC, a 2.9 percent increase over the prior year. This funding demonstrates that our State partners recognize the value of the University of California to all Californians, and it advances our shared goals toward increasing access to higher education, ensuring affordability and making sure that all students have the support that they need to achieve their educational goals. In the four years since we entered into a new funding compact with the State the University has added nearly 15,000 California undergraduates and our total enrollment now exceeds 300,000. At the same time, we must continue to navigate challenges associated with rising costs, particularly in salaries and employee health benefits, and ensure sustainable growth for our campuses and medical centers.

This fiscal year also marked a historically high level of financing activity. The University successfully executed \$8.4 billion in short- and long-term transactions, supporting strategic acquisitions, medical center expansions and improved liquidity. These financings exceeded any prior year and are not expected to recur at this scale in the near term. Importantly, they demonstrate our proactive approach to ensuring liquidity, strengthening our capital structure and positioning the University to meet future challenges in a changing environment.

Looking ahead, the University remains vigilant to federal funding uncertainties and broader economic risks. By maintaining disciplined financial management, we are better prepared to navigate volatility while continuing to deliver on our core values of excellence, access and affordability in all components of our mission.

Nathan Brostrom

Executive Vice President, CFO
University of California

Facts in Brief (Unaudited)

University of California Population

Population segment	2025	2024	2023	2022	2021
Students					
Undergraduate fall enrollment	236,070	233,272	230,407	230,529	226,595
Graduate fall enrollment	69,692	68,607	70,098	70,327	65,274
Total fall enrollment	305,762	301,879	300,505	300,856	291,869
University Extension course enrollments	360,960	332,211	349,189	300,583	334,329
Faculty and staff (full-time equivalents)	204,292	197,402	189,743	180,193	168,446

University of California: Summary Financial Information

(in thousands of dollars)

Description	2025	2024	2023	2022	2021
Primary revenue sources					
Student tuition and fees, net ^[1]	\$5,962,205	\$5,663,450	\$5,514,899	\$5,440,530	\$5,100,747
Grants and contracts, net	8,654,256	8,403,406	7,614,917	7,055,009	6,234,370
Medical centers, educational activities and auxiliary enterprises, net	34,851,512	29,950,404	26,901,261	24,463,503	21,006,438
State educational appropriations	4,821,601	4,713,643	4,387,338	4,296,909	3,260,441
Federal Pell Grants	600,053	441,616	447,641	443,777	607,356
Private gifts, net	2,171,959	2,023,566	1,825,635	1,736,613	1,572,402
Capital gifts and grants, net	213,375	647,560	339,658	311,160	228,422
Department of Energy laboratories	1,239,849	1,190,174	1,147,115	1,031,233	1,081,254
Total primary revenue sources	58,514,810	53,033,819	48,178,464	44,778,734	39,091,430
Operating expenses by function					
Instruction	10,050,051	10,345,611	10,078,087	9,247,472	8,126,839
Research	6,652,607	6,989,811	6,372,538	6,011,775	5,194,750
Public service	1,186,030	1,199,486	1,029,124	915,903	787,475
Academic support	4,855,968	4,631,312	3,901,644	3,644,864	3,396,245
Student services	1,773,051	1,774,003	1,598,149	1,404,110	1,205,324
Institutional support	2,593,382	2,365,445	2,013,577	2,530,862	1,897,211
Operation and maintenance of plant	1,018,540	1,028,357	1,141,966	897,983	382,519
Student financial aid ^[2]	1,083,133	928,403	864,179	1,161,776	1,097,227
Medical centers	22,304,432	19,486,435	18,218,096	16,337,439	14,318,946
Auxiliary enterprises	1,819,469	1,674,316	1,792,990	1,458,613	1,044,381
Depreciation and amortization	3,124,013	3,001,265	2,829,698	2,694,875	2,623,858
Department of Energy laboratories	1,194,419	1,146,576	1,104,266	990,713	1,042,258
Other	112,232	(54,366)	224,630	111,500	78,729
Total operating expenses by function	57,767,327	54,516,654	51,168,944	47,407,885	41,195,762
Change in net position	5,716,821	4,567,302	(491,112)	(4,387,783)	4,993,885
Financial position					
Investments, at fair value	41,545,022	39,914,453	37,609,407	37,340,881	38,448,400
Capital assets, at net book value	52,699,300	48,572,417	43,803,907	41,893,424	40,335,142
Other assets and deferred outflows	23,126,858	22,794,780	21,656,991	25,321,911	21,558,026
Outstanding debt, including financing obligations	(40,827,782)	(37,909,348)	(36,340,775)	(35,929,881)	(32,667,856)
Obligations for pension and retiree health benefits	(31,749,742)	(38,406,068)	(42,712,748)	(41,574,932)	(30,811,391)
Other liabilities and deferred inflows	(33,729,440)	(29,618,839)	(24,046,071)	(26,589,580)	(32,012,715)
Net position	11,064,216	5,347,395	(29,289)	461,823	4,849,606

[1] Scholarship allowances, including both financial aid and fee waivers that are not paid directly to students, are recorded primarily as a reduction of student tuition and fees in the statement of revenues, expenses and changes in net position.

[2] Includes only financial aid paid directly to students. The state-administered California grant awards are not included as expenses since the government determines grantees. Work-study expenses are shown in the programs in which the student worked.

University of California Campus Foundations: Summary of Financial Information

(in thousands of dollars)

Description	2025	2024	2023	2022	2021
Primary revenue sources					
Private gifts	\$1,372,004	\$1,298,412	\$2,241,726	\$1,980,697	\$1,310,945
Primary expenses					
Grants to campuses	1,930,367	1,903,810	1,846,139	1,528,788	1,350,578
Change in net position	1,462,612	1,170,005	1,695,516	(150,838)	3,670,980
Financial position					
Investments, at fair value	17,689,924	16,003,395	14,824,345	13,274,035	13,910,200
Pledges receivable, net	1,414,218	1,572,120	1,650,698	1,228,442	927,869
Net position	18,937,586	17,474,974	16,304,969	14,609,453	14,760,291

University of California Retirement System: Summary of Financial Information

(in thousands of dollars, except for retirement plan participation information)

Description	2025	2024	2023	2022	2021
Plan participation					
Plan membership	378,231	365,844	349,254	333,293	320,401
Retirees and beneficiaries currently receiving payments	91,424	89,186	87,282	85,466	83,012
Primary revenue sources					
Contributions*	\$7,924,492	\$6,685,653	\$6,123,368	\$6,009,511	\$5,615,851
Interest, dividends and other investment income, net	2,691,567	2,962,318	5,572,589	1,778,104	3,023,265
Net appreciation (depreciation) in the fair value of investments	14,914,659	13,883,079	5,808,449	(16,450,328)	25,738,318
Primary expenses					
Benefit payments	5,362,742	4,981,862	4,626,420	4,363,593	4,144,612
Participant and member withdrawals	2,992,469	2,425,490	2,315,919	2,097,185	1,834,962
Change in net position	17,068,178	16,017,840	10,482,009	(15,212,142)	28,328,964
Financial position					
Investments, at fair value	151,383,843	134,618,075	118,799,215	109,139,801	124,576,493
Members' defined pension plan benefits	110,808,448	98,764,294	88,262,774	81,428,052	91,826,002
Participants' defined contribution plan benefits	44,121,337	39,097,313	33,580,993	29,933,706	34,747,898
Actuarial information (as of the beginning of the year)					
Actuarial value of assets	96,053,525	90,044,950	85,720,233	80,812,073	73,318,652
Actuarial accrued liability	116,497,210	110,057,241	102,715,788	97,243,831	93,088,224

*Total contributions to the University of California Retirement Plan and the University of California Retirement Savings Plan.

University of California Retiree Health Benefit Trust: Summary of Financial Information

(in thousands of dollars, except for retirement plan participation information)

Description	2025	2024	2023	2022	2021
Plan participation					
Plan membership	220,362	205,652	195,669	190,380	186,726
Retirees and beneficiaries currently receiving payments	51,740	50,291	49,252	47,765	46,751
Primary revenue sources					
Contributions	\$462,890	\$414,775	\$371,631	\$355,137	\$350,774
Interest, dividends and other investment income, net	10,455	9,987	7,345	345	208
Primary expenses					
Insurance premiums	421,858	386,180	360,771	343,198	331,810
Change in net position	44,345	33,062	13,350	7,853	14,803
Financial position					
Investments, at fair value	228,719	196,916	176,766	164,240	148,451
Net position for retiree health benefits	270,231	225,886	192,824	179,474	171,621
Actuarial information (as of the beginning of the year)					
Actuarial value of assets	225,886	192,824	179,474	171,621	156,818
Actuarial accrued liability	20,515,149	21,860,662	19,750,973	24,380,432	23,303,096

Campus Facts in Brief (Unaudited)

University of California Population: Berkeley through Merced campuses

Population segment	Berkeley	Davis	Irvine	Los Angeles	Merced
Students					
Undergraduate fall enrollment	33,070	32,273	30,204	33,475	8,372
Graduate fall enrollment	12,812	8,966	7,878	15,185	738
Total fall enrollment	45,882	41,239	38,082	48,660	9,110
University Extension course enrollments ^[1]	29,965	81,952	18,586	81,201	3,928
Degrees conferred ^[2]					
Bachelor	9,207	8,157	8,219	9,609	1,632
Advanced	5,178	2,509	2,839	5,307	206
Cumulative	745,003	362,070	277,710	677,483	20,197
Faculty and staff (full-time equivalents) ^[3]	15,973	29,488	22,809	46,326	2,839
Library collection (volumes) ^[4]	10,437,351	4,269,590	3,415,438	10,460,084	1,815,743
Campus land area (in acres)	8,179	7,209	1,582	721	7,658

[1] Total courses enrolled in by University Extension students for academic year 2024–2025.

[2] As of academic year 2023–2024.

[3] As of April 30, 2025.

[4] As of June 30, 2024.

Campus Financial Facts: Berkeley through Merced campuses (in thousands of dollars)

Description	Berkeley	Davis	Irvine	Los Angeles	Merced
Operating expenses by function					
Instruction	\$1,143,942	\$1,496,638	\$1,311,483	\$3,965,187	\$104,423
Research	835,813	794,041	415,052	1,233,915	67,065
Public service	120,049	199,920	17,017	274,991	18,190
Academic support	155,467	368,069	421,231	1,729,590	46,850
Student services	391,408	262,521	147,757	264,500	53,192
Institutional support	501,969	263,152	139,662	466,915	78,423
Operation and maintenance of plant	144,621	132,444	91,336	165,354	35,047
Student financial aid	226,981	163,696	135,276	185,365	17,209
Medical centers		3,614,812	3,461,964	3,867,029	
Auxiliary enterprises	213,046	130,519	191,529	562,601	70,549
Depreciation and amortization	298,947	418,258	371,361	585,389	87,550
Other*	7,252	6,439	3,732	80,684	
Total	\$4,039,495	\$7,850,509	\$6,707,400	\$13,381,520	\$578,498
Grants and contracts revenue					
Federal government	\$490,025	\$561,609	\$373,368	\$872,609	\$47,855
State government	109,957	246,040	34,706	169,985	17,693
Local government	10,440	17,310	5,987	119,218	65
Private	291,633	228,723	154,050	470,896	8,160
Total	\$902,055	\$1,053,682	\$568,111	\$1,632,708	\$73,773
University endowments					
Nonspendable endowments	\$455,564	\$143,223	\$14,193	\$342,362	\$27,307
Other endowments	4,647,867	1,651,693	636,134	3,674,258	65,526
Annual income distribution	181,337	63,245	23,352	104,650	4,120
Campus foundations' endowments					
Nonspendable endowments and gifts	1,997,961	466,517	600,336	2,215,726	17,835
Other endowments	1,469,420	400,136	427,752	1,704,874	18,849
Capital assets					
Capital assets, at net book value	5,190,126	7,480,906	5,798,672	8,921,390	1,683,456
Capital expenditures	925,221	1,346,827	583,231	924,686	122,237

*Includes impairment of capital assets, noncapitalized expenses associated with capital projects and write-off, cancellation and bad debt expenses for loans.

University of California Population: Riverside through Santa Cruz campuses, with Systemwide

Population segment	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Systemwide ^[1]
Students						
Undergraduate fall enrollment	22,600	34,955		23,181	17,940	
Graduate fall enrollment	3,906	10,254	5,003	2,952	1,998	
Total fall enrollment	26,506	45,209	5,003	26,133	19,938	
University Extension course enrollments ^[2]	11,456	88,158		6,745	38,969	
Degrees conferred ^[3]						
Bachelor	5,399	8,923		6,429	4,677	
Advanced	1,409	3,265	898	954	590	
Cumulative	165,079	282,850	60,897	286,710	155,680	
Faculty and staff (full-time equivalents) ^[4]	6,435	32,465	31,665	7,213	5,752	3,327
Library collection (volumes) ^[5]	3,546,096	4,212,889	1,447,872	5,109,871	3,239,940	
Campus land area (in acres)	1,917	2,205	227	1,129	8,477	67,022

[1] Full-time equivalents count includes employees at all campuses involved in systemwide activities, including Agriculture and Natural Resources.

[2] Total courses enrolled in by University Extension students for academic year 2024–2025.

[3] As of academic year 2023–2024.

[4] As of April 30, 2025.

[5] As of June 30, 2024.

Campus Financial Facts: Riverside through Santa Cruz campuses, with Systemwide (in thousands of dollars)

Description	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Systemwide ^[1]
Operating expenses by function						
Instruction	\$445,369	\$1,192,388	\$353,975	\$498,524	\$304,624	(\$766,502)
Research	238,912	1,372,605	1,371,236	288,072	218,332	(182,436)
Public service	15,123	33,797	296,776	18,396	60,995	130,776
Academic support	107,056	1,488,779	589,267	121,920	79,208	(251,469)
Student services	142,008	292,853	33,539	127,365	134,388	(76,480)
Institutional support	85,983	228,670	442,406	24,439	66,848	294,915
Operation and maintenance of plant	84,247	111,958	144,797	79,285	69,669	(40,218)
Student financial aid	108,705	57,950	18,915	138,923	44,728	(14,615)
Medical centers		3,745,290	8,207,318			(591,981)
Auxiliary enterprises	131,328	260,440	49,714	151,587	127,038	(68,882)
Depreciation and amortization	128,076	501,338	485,332	97,887	83,800	66,075
Department of Energy laboratories						1,194,419
Other ^[2]		9,584	3,150		1,864	(473)
Total	\$1,486,807	\$9,295,652	\$11,996,425	\$1,546,398	\$1,191,494	(\$306,871)
Grants and contracts revenue						
Federal government	\$140,383	\$995,325	\$999,462	\$165,795	\$109,131	\$3,445
State government	19,407	69,718	162,193	18,823	12,452	147,068
Local government	5,785	21,922	340,402	3,387	2,202	45
Private	49,874	459,618	573,943	76,592	44,703	2,252
Total	\$215,449	\$1,546,583	\$2,076,000	\$264,597	\$168,488	\$152,810
University endowments						
Nonspendable endowments	\$17,132	\$63,815	\$168,417	\$63,051	\$12,456	\$80,382
Other endowments	535,695	1,432,211	4,141,939	222,253	161,000	1,747,421
Annual income distribution	20,760	53,336	118,734	8,950	5,069	36,821
Campus foundations' endowments						
Nonspendable endowments and gifts	161,343	835,687	1,295,553	254,953	68,108	
Other endowments	143,162	911,801	1,611,629	301,524	111,131	
Capital assets						
Capital assets, at net book value	1,930,985	9,116,758	8,671,008	1,736,852	1,611,491	557,656
Capital expenditures	321,324	1,229,015	1,454,542	255,097	240,441	78,306

[1] Includes expenses for systemwide and research programs, systemwide support services and administration.

[2] Includes impairment of capital assets, noncapitalized expenses associated with capital projects and write-off, cancellation and bad debt expenses for loans.





University of California Management's Discussion and Analysis *(Unaudited)*

The objective of this Management's Discussion and Analysis is to help readers of the University of California's financial statements better understand the financial position and operating activities for the year ended June 30, 2025, with selected comparative information for the years ended June 30, 2024 and 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes to the financial statements. Unless otherwise indicated, years (2023, 2024 and 2025, etc.) in this discussion refer to the fiscal years ended June 30.

The University of California's financial report communicates financial information for the University of California (the University), the University of California campus foundations (campus foundations), the University of California Retirement System (UCRS), the University of California Retiree Health Benefit Trust (UCRHBT) and custodial external investment pool funds, through five primary financial statements and notes to the financial statements. Three of the primary statements, the statements of net position, the statements of revenues, expenses, and changes in net position, and the statements of cash flows, present the financial position, changes in financial position and cash flows for the University and the affiliated campus foundations. The financial statements for the campus foundations are presented discretely from the University. Two of the primary statements, the statements of fiduciary net position and the statements of changes in fiduciary net position, present the financial position and operating activities for UCRS, UCRHBT and the custodial external investment pool funds. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

The University of California

The University of California, one of the largest and most acclaimed institutions of higher learning in the world, is dedicated to excellence in teaching, research, health care and public service. The University encompasses 10 campuses, five medical centers, four law schools and a statewide Division of Agriculture and Natural Resources. The University is also involved in the operation and management of three national laboratories for the U.S. Department of Energy (DOE).

Campuses. The 10 campuses are located in Berkeley, Davis, Irvine, Los Angeles, Merced, Riverside, San Diego, San Francisco, Santa Barbara and Santa Cruz. All of the campuses, except San Francisco, offer undergraduate, graduate and professional education; the San Francisco campus is devoted exclusively to graduate and professional education in health sciences.

Health sciences. The University operates one of the nation's largest health science and medical training programs. The instructional program is conducted in 21 health professional schools on seven campuses. The University's health programs include six academic health centers, two dental schools, four nursing schools, four public health schools and two pharmacy schools, in addition to a school of optometry and a school of veterinary medicine. The University's medical schools play a leading role in the development of health services and the advancement of medical science and research.

Law schools. The University has law schools at Berkeley, Davis, Irvine and Los Angeles. Also, UC College of the Law, San Francisco (UC Law SF) is affiliated with the University, although not included in the financial reporting entity.

Agriculture and Natural Resources. The Division of Agriculture and Natural Resources is a statewide research and public service organization that serves a large and diverse agricultural community. The division collaborates on research with all campuses and conducts studies at nine research and extension centers and on private land in cooperation with California producers. In addition, research and educational programs are conducted in each of the state’s 58 counties.

University Extension. The foremost continuing education program of its kind in size, scope and quality of instruction, University Extension offers almost 20,000 self-supporting courses statewide and in several foreign countries.

National laboratories. Under contract with the DOE, the University operates and manages the Lawrence Berkeley National Laboratory (LBNL) in California. The University is also a member in two separate joint ventures, Triad National Security, LLC (Triad) and Lawrence Livermore National Security, LLC (LLNS) that operate and manage the Los Alamos National Laboratory (LANL) and Lawrence Livermore National Laboratory (LLNL), respectively, under contracts directly with the DOE. The laboratories conduct broad and diverse basic and applied research in nuclear science, energy production, national defense and environmental and health areas.

The University’s Financial Position

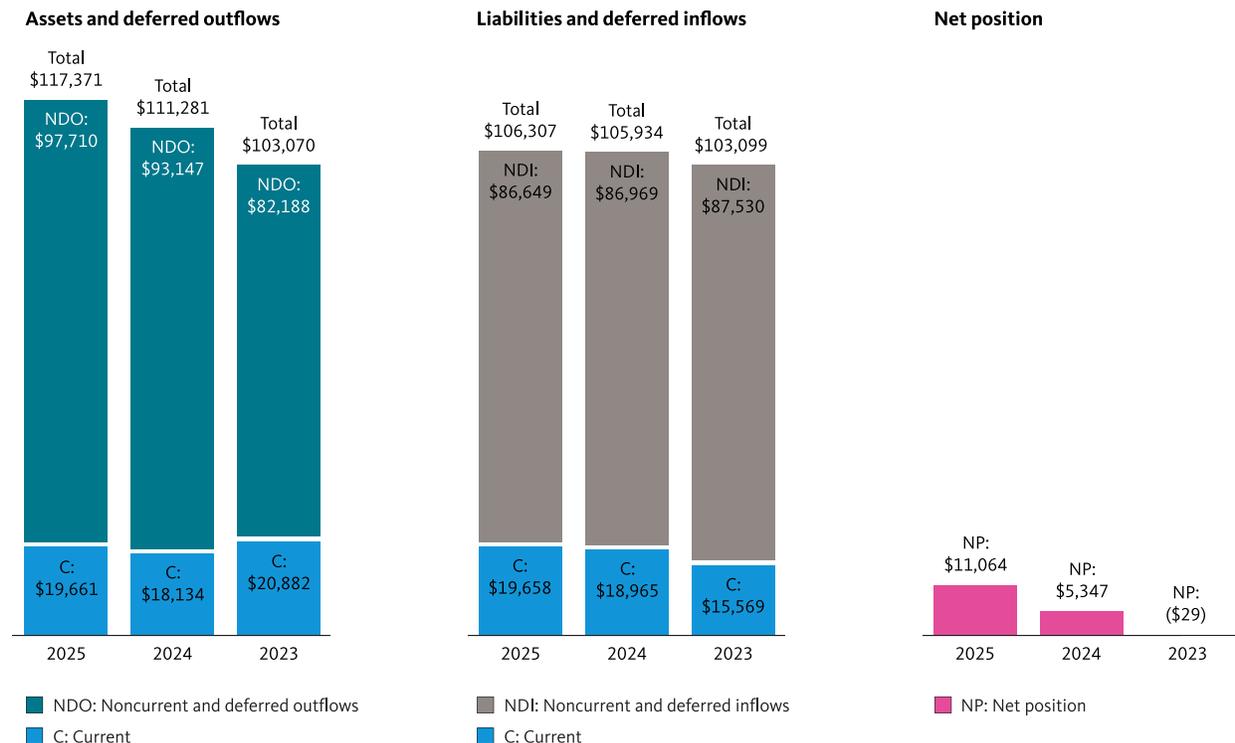
The University implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* (GASB 101), effective with the fiscal year starting July 1, 2024. Under this new standard, the University recognized liabilities for compensated absences for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Additionally, GASB 101 established guidance for measuring a liability for leave that has not been used. As a result, the University has restated its financial information for 2024 to retroactively apply the new accounting standard.

Certain amounts in the 2024 financial information have been restated to reflect a change in the revenue recognition principle for Medi-Cal reimbursement programs. The change has been applied retroactively to 2024 for comparability.

The University’s financial position as of June 30, 2025, 2024 and 2023 is illustrated in **Display 1**.

Display 1: The University’s financial position *(in millions of dollars)*

Table data for Display 1 is on page 126



The statements of net position present the financial position of the University at the end of each fiscal year. They display all of the University's assets, deferred outflows, liabilities, deferred inflows and net position. The difference between assets, deferred outflows, liabilities and deferred inflows is net position. The major components of the statements of net position as of June 30, 2025, 2024 and 2023 are presented in **Table MDA.1**.

The University's Assets and Deferred Outflows

The University's total assets and deferred outflows of resources were \$117.4 billion in 2025, compared to \$111.3 billion in 2024 and \$103.1 billion in 2023. Capital assets have increased due to continued investments in facilities in excess of depreciation. Investments increased in 2025 due to positive financial market returns. Deferred outflows have fluctuated primarily due to changes in the University's net pension and retiree health benefits liabilities.

Investments

Investments held by the University are principally carried in the following investment pools: the Short Term Investment Pool (STIP), the Total Return Investment Pool (TRIP), the Blue and Gold Pool (BGP) and the General Endowment Pool (GEP). Cash for operations and bond proceeds for construction expenditures are invested in STIP. The University uses STIP to meet operational liquidity needs. TRIP provides the opportunity to enhance returns on long-term capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. The University maximizes its use of TRIP while still maintaining sufficient funds in STIP to meet operational and liquidity needs. BGP was created to enhance returns by passively investing funds in the equity and fixed-income markets while still maintaining liquidity. The investment policy for TRIP is balanced between equities and fixed income while the investment policy for BGP is more heavily weighted toward equities. GEP is a balanced portfolio and the primary investment vehicle for individual endowments and funds functioning as endowments.

Table MDA.1: The University's net position (in millions of dollars)

Net position	2025	2024	2023*
Assets			
Investments	\$41,545	\$39,914	\$37,609
Investment of cash collateral	2,423	2,299	1,914
Accounts receivable, net	9,718	8,825	6,930
Capital assets, net	52,699	48,572	43,804
Other assets	5,679	5,100	5,119
Total assets	112,064	104,710	95,376
Deferred outflows of resources	5,307	6,571	7,694
Liabilities			
Debt, including commercial paper	40,828	37,909	36,341
Securities lending collateral	2,423	2,299	1,914
Net pension liability	11,939	17,495	20,385
Net retiree health benefits liability	19,811	20,911	22,328
Other liabilities	15,673	14,704	12,637
Total liabilities	90,674	93,318	93,605
Deferred inflows of resources	15,634	12,616	9,495
Net position			
Net investment in capital assets	21,093	19,002	13,778
Restricted: Nonexpendable	1,420	1,349	1,336
Restricted: Expendable	15,638	12,994	11,639
Unrestricted	(27,087)	(27,998)	(26,782)
Total net position	\$11,064	\$5,347	(\$29)

*Does not reflect adoption of GASB 101 and change in accounting principle

The University utilizes asset allocation strategies that are intended to optimize investment returns over time in accordance with investment objectives and at acceptable levels of risk. GEP had returns of 12.2 percent in 2025, 11.7 percent in 2024 and 8.2 percent in 2023. BGP had returns of 15.8 percent in 2025, 15.7 percent in 2024 and 13.3 percent in 2023. TRIP had returns of 12.0 percent, 12.1 percent and 8.6 percent in 2025, 2024 and 2023, respectively. STIP had returns of 4.5 percent, 4.2 percent and 2.8 percent in 2025, 2024 and 2023, respectively.

Capital assets, net

The University's enrollment growth, the enhancement and expansion of health care services and the ongoing need for renewal, modernization and seismic upgrades of existing facilities are the primary drivers of capital investments. Capital spending continued at a brisk pace to provide the facilities necessary to support the University's teaching, research and public service mission and for patient care. Capital spending includes constructing and renovating academic buildings, research laboratories, medical center facilities, libraries, student services, parking structures and infrastructure projects at all 10 campuses and five medical centers. The University has a goal to increase affordable campus housing for more students, given escalating living costs in many of the surrounding campus communities. The largest capital asset additions in 2025 were related to the construction of housing, instruction and research facilities at various campuses and expansion of medical center facilities. The largest capital asset additions in 2024 were related to the medical center acquisitions and construction of housing and research facilities at various campuses. The largest capital asset additions in 2023 were related to the construction of

housing, classroom, parking and research facilities at various campuses and expansion of medical center facilities. Total additions of capital assets were \$7.5 billion in 2025 as compared to \$7.9 billion in 2024 and \$5.0 billion in 2023.

Other assets

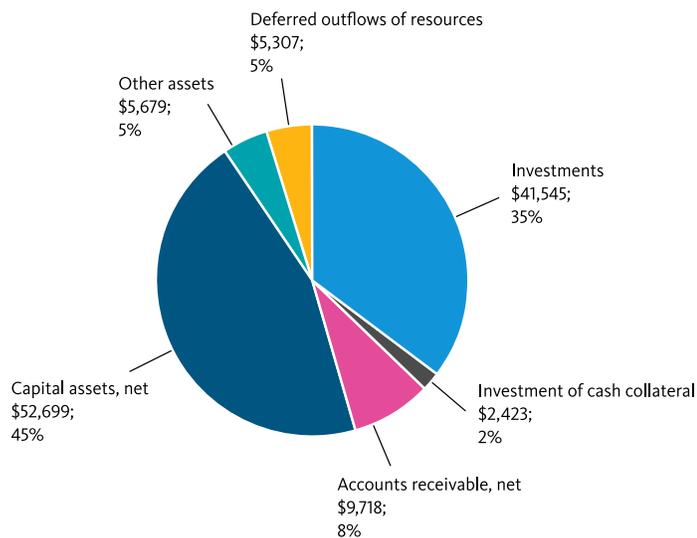
Other assets include cash, investments held by trustees, pledges receivable, notes and mortgages receivable, inventories and receivables from the DOE. The noncurrent receivable from the DOE fluctuates with the net pension and retiree health benefits liabilities due to the DOE's continuing responsibility to contribute for retired and terminated vested members of LLNL and LANL. This amount decreased by \$293.5 million in 2025 and decreased by \$122.7 million in 2024.

Deferred outflows of resources

Changes in the fair value of the University's interest rate swaps that are determined to be hedging derivatives, losses on debt refunding, asset retirement obligations, excess of consideration from acquisitions and certain changes in the net pension and net retiree health benefits liabilities are reported as deferred outflows of resources. In 2025, deferred outflows decreased due to changes in the pension obligations as a result of actual earnings exceeding expectations and changes in assumptions for retiree health benefits. In 2024, deferred outflows decreased due to changes in the pension obligations as a result of actual earnings exceeding expectations and changes in assumptions for retiree health benefits, partially offset by increases due to acquisitions for the Irvine and Los Angeles medical centers. The major components of the University's assets and deferred outflows for 2025 are illustrated in **Display 2**.

Display 2: The University's assets and deferred outflows for 2025 *(in millions of dollars)*

[Table data for Display 2 is on page 126](#)



The University's Liabilities and Deferred Inflows

The University's liabilities and deferred inflows of resources decreased to \$106.3 billion in 2025 as compared to \$105.9 billion in 2024, and \$103.1 billion in 2023.

The major components of the University's liabilities and deferred inflows for 2025 are illustrated in **Display 3**.

Debt, including commercial paper

Capital assets are financed from a variety of sources, including state support, gifts, revenue bonds, bank loans and leases or structures that involve separate legal entities.

Commercial paper and bank loans provide interim financing for capital assets during the construction period. Outstanding debt increased by \$2.9 billion and \$1.6 billion in 2025 and 2024, respectively. A summary of the debt activity in 2025 and 2024 is displayed on [page 15](#) in **Table MDA.2**.

The University's debt, which is used primarily to finance capital assets, includes \$1.3 billion, \$1.6 billion and \$0.9 billion of commercial paper outstanding at the end of 2025, 2024 and 2023, respectively. Total debt outstanding was \$40.8 billion at the end of 2025 compared to \$37.9 billion and \$36.3 billion at the end of 2024 and 2023, respectively.

In 2025, General Revenue Bonds totaling \$4.9 billion were issued to finance the acquisition, construction, improvement and renovation of certain facilities of the University and refund general revenue bonds totaling \$0.6 billion and limited project revenue bonds totaling \$0.9 billion.

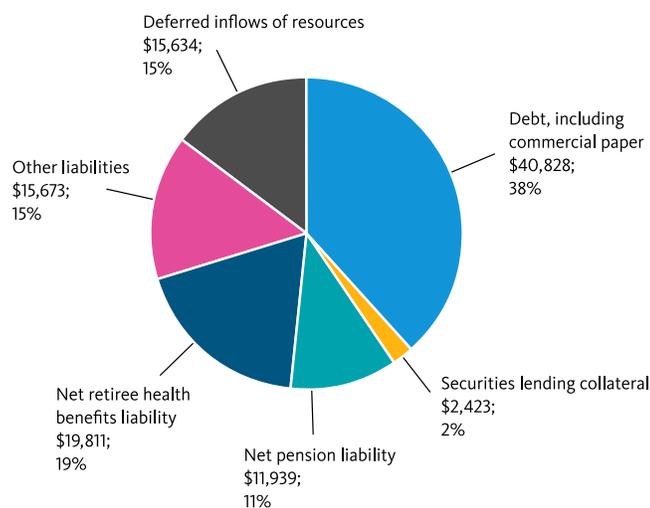
In 2024, General Revenue Bonds totaling \$3.2 billion were issued to finance the acquisition, construction, improvement and renovation of certain facilities of the University and refund general revenue bonds totaling \$1.6 billion and limited project revenue bonds totaling \$0.5 billion.

The University's General Revenue Bond ratings are currently rated at Aa2, AA and AA by Moody's Investors Service, Standard & Poor's and Fitch, respectively, all with stable outlooks. The University's Limited Project Revenue Bonds and Medical Center Pooled Revenue Bonds are currently rated at Aa3, AA- and AA- by Moody's Investors Service, Standard & Poor's and Fitch, respectively, all with stable outlooks.

Commercial paper borrowings decreased by \$267.5 million in 2025 as compared to 2024 and increased by \$702.5 million in 2024 compared to 2023. Commercial paper is primarily used as interim financing for construction projects and short-term financing for other needs. Commercial paper fluctuates based upon the timing of refinancing construction projects with the issuance of long-term revenue bonds. The University has various

Display 3: The University's liabilities and deferred inflows for 2025 (in millions of dollars)

[Table data for Display 3 is on page 126](#)



revolving credit agreements totaling \$1.0 billion with major financial institutions for the purpose of providing additional liquidity for certain variable-rate demand bonds, commercial paper and other liquidity needs. The University has revolving line of credit totaling \$200 million for the purpose of financing capital projects.

Net pension liability and retiree health benefits

The University has financial responsibility for pension benefits associated with its defined benefit plans and for retiree health benefits. The University's net pension liability was \$11.9 billion, \$17.5 billion and \$20.4 billion in 2025, 2024 and 2023, respectively. The changes were driven primarily by investment returns for the UCRP portfolio. In both 2025 and 2024 market performance was favorable compared to expected returns. The total investment rate of return for UCRP was 12.7 percent in 2025, 12.2 percent in 2024 and 10.1 percent in 2023. The discount rate used to estimate the net pension liability was 6.75 percent for 2025, 2024 and 2023, respectively.

LBNL participates in the University's defined benefit pension plan, although the DOE has ongoing financial responsibility to reimburse the University for LBNL's share of the obligation to UCRP. In addition, under certain circumstances, the University makes contributions to UCRP for LANL and LLNL retirees and, based upon contractual arrangements with the DOE, is reimbursed by the DOE. The University recorded receivables

from the DOE of \$236.9 million, \$517.7 million, \$645.4 million for each of 2025, 2024 and 2023, respectively, representing the DOE's share of the net pension liability.

The University's net retiree health benefits liability was \$19.8 billion, \$20.9 billion and \$22.3 billion in 2025, 2024 and 2023, respectively. While retiree health benefits are not a legal obligation of the University and can be canceled or modified at any time, accounting standards require the University to recognize a net retiree health benefits liability based on the current practices of providing such benefits. The University funds the retiree health benefits through UCRHBT on a pay-as-you-go basis. Since the assets in the trust are not currently sufficient to fund retiree health benefits, the Bond Buyer 20-year tax-exempt general obligation municipal bond index rate is used to discount the retiree health benefits liability. The decrease in the net retiree health benefits liabilities in 2025 was primarily driven by changes in actuarial assumptions including an increase in the discount rate and health care cost trend assumptions. The changes in the net retiree health benefits liabilities in 2024 were primarily driven by changes in actuarial assumptions including an increase in the discount rate and a decrease in plan participation and health care cost trend assumptions. The discount rates as of June 30, 2025, 2024 and 2023 were 5.20 percent, 3.93 percent and 3.65 percent, respectively.

Table MDA.2: Summary of debt activity (in millions of dollars)

Debt activity	2025	2024
Additions to outstanding debt		
General Revenue Bonds	\$4,895	\$3,195
Blended Component Unit Revenue Bonds	490	
Financing obligations, leases and SBITAs	1,018	450
Commercial paper, net		703
Other borrowings	268	132
Bond premium, net	445	443
Total additions to outstanding debt	7,116	4,923
Reductions from outstanding debt		
Refinancing and prepayments	(1,505)	(2,082)
Scheduled principal payments	(1,911)	(1,036)
Payments on other borrowings	(321)	(75)
Commercial paper, net	(268)	
Amortization of bond premium	(191)	(161)
Total reductions from outstanding debt	(4,196)	(3,354)
Net increase in outstanding debt	\$2,920	\$1,569

LBNL participates in the University's retiree health benefits plans and, based on contractual arrangements with the DOE, the University is reimbursed for retiree health benefits costs associated with LBNL retirees. The University recorded receivables from the DOE of \$702.3 million, \$715.1 million and \$710.0 million for 2025, 2024 and 2023, respectively, representing the DOE's share of the net retiree health benefits liability.

Other liabilities

Other liabilities consist of accounts payable, accrued salaries, other employee benefits, unearned revenue, DOE laboratories' liabilities, federal refundable loans, self-insurance liabilities and obligations under split-interest agreements held by the University. Accrued salaries changes were due to the timing of payroll and benefit payments. Self-insurance liabilities increased by \$553.3 million and increased by \$451.6 million in 2025 and 2024, respectively, due to changes in claims and changes in estimates.

Deferred inflows of resources

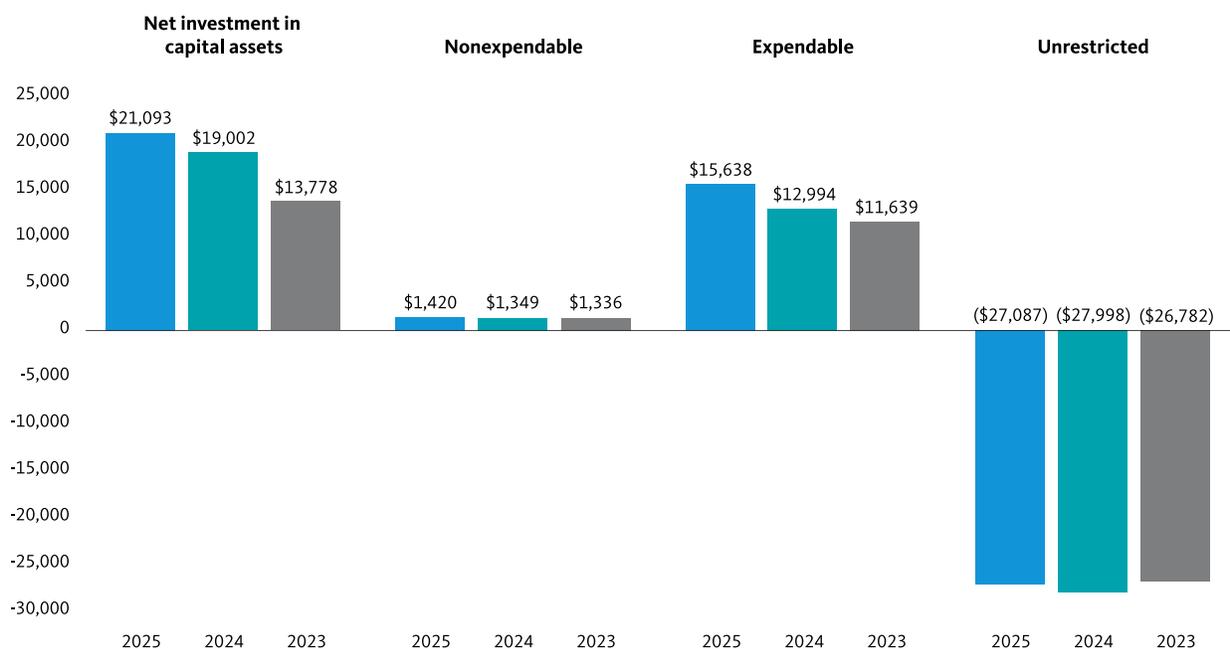
Deferred inflows of resources are related to the University's service concession arrangements, gains on debt refunding, sales of certain future patent royalty revenues, changes in the estimated future value of irrevocable split-interest agreements and certain changes in the net pension and net retiree health benefits liabilities. Changes in deferred inflows of resources were primarily due to fluctuations in the net pension liability related to investment market performance and the retiree health liability as a result of changes in the discount rate.

The University's Net Position

Net position represents the residual interest in the University's assets and deferred outflows after all liabilities and deferred inflows are deducted. The University's net position was \$11.1 billion in 2025 compared to \$5.3 billion in 2024 and \$(29.3) million in 2023. Net position is reported in the following categories: net investment in capital assets, restricted nonexpendable, restricted expendable and unrestricted, which are illustrated in **Display 4**.

Display 4: The University's net position (in millions of dollars)

Table data for Display 4 is on page 126



Net investment in capital assets

The portion of net position invested in capital assets, net of accumulated depreciation and the related outstanding debt used to finance the acquisition, construction or improvement of these capital assets, was \$21.1 billion in 2025 compared to \$19.0 billion in 2024 and \$13.8 billion in 2023. To support its growth, the University continues to invest in its physical facilities, and financing with debt is used for a significant portion of the investments. Net investment in capital assets increased by \$2.1 billion and \$5.2 billion in 2025 and 2024, respectively, as the University continues to invest in its physical facilities.

Restricted nonexpendable

Restricted nonexpendable net position includes the corpus of the University's permanent endowments as well as minority interests. In 2025 and 2024, the increase in restricted nonexpendable net position was principally due to the receipt of new gifts.

Restricted expendable

Restricted expendable net position is subject to externally imposed restrictions governing its use. Restricted expendable net position may be spent only in accordance with the restrictions placed upon it and may include endowment income and gains, subject to the University's spending policy; support received from gifts, state or federal appropriations; and trustee-held investments. The increases or decreases in restricted expendable funds are principally due to the timing of spending restricted gifts and endowment income and gains.

Unrestricted

Net position that is not subject to externally imposed restrictions governing its use is classified as unrestricted for financial reporting purposes. Unrestricted net position is negative due primarily to obligations for pension and retiree health benefits exceeding University assets available to pay such obligations. Although unrestricted net position is not subject to externally imposed restrictions, substantially all of the University's unrestricted net position is allocated for academic and research initiatives or programs, for capital projects or for other purposes.

The University's Results of Operations

The statements of revenues, expenses and changes in net position present the University's operating results and indicate whether the financial condition has improved or deteriorated. In accordance with GASB requirements, certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of the University are required to be recorded as nonoperating revenues, including state educational appropriations, private gifts and investment income. A summarized comparison of the operating results for 2025, 2024 and 2023, arranged in a format that matches the revenue supporting the primary activities of the University with the expenses associated with these primary activities, is presented on [page 18](#) in **Table MDA.3**.

Table MDA. 3: The University's results of operations (in millions of dollars)

Primary activities	2025 Operating	2025 Non- operating	2025 Total	2024 Operating	2024 Non- operating	2024 Total	2023* Operating	2023* Non- operating	2023* Total
Revenues									
Student tuition and fees, net	\$5,962		\$5,962	\$5,663		\$5,663	\$5,515		\$5,515
State educational appropriations		\$4,822	4,822		\$4,714	4,714		\$4,387	4,387
Direct government grants		207	207		5	5		128	128
Federal Pell Grants		600	600		442	442		448	448
Grants and contracts, net	8,654		8,654	8,403		8,403	7,615		7,615
Medical centers, net	25,298	24	25,322	21,395	72	21,467	19,160	42	19,202
Educational activities, net	7,323		7,323	6,537		6,537	5,890		5,890
Auxiliary enterprises, net	2,231		2,231	2,018		2,018	1,851		1,851
Department of Energy laboratories	1,240		1,240	1,190		1,190	1,147		1,147
Private gifts, net		2,172	2,172		2,024	2,024		1,826	1,826
Other revenues	1,150	999	2,149	1,045	1,718	2,763	1,024	1,168	2,192
Revenues supporting primary activities	51,858	8,824	60,682	46,251	8,975	55,226	42,202	7,999	50,201
Expenses									
Salaries and wages	27,366		27,366	24,444		24,444	21,880		21,880
Pension benefits	1,723		1,723	3,375		3,375	4,892		4,892
Retiree health benefits	279		279	994		994	1,108		1,108
Other employee benefits	6,069		6,069	5,819		5,819	5,213		5,213
Scholarships and fellowships	1,098		1,098	964		964	893		893
Supplies and materials	7,612		7,612	6,410		6,410	5,922		5,922
Depreciation and amortization	3,124		3,124	3,001		3,001	2,830		2,830
Department of Energy laboratories	1,194		1,194	1,147		1,147	1,104		1,104
Interest expense		1,318	1,318		1,226	1,226		1,158	1,158
Other expenses	9,302	7	9,309	8,362	(16)	8,346	7,327	58	7,385
Expenses associated with primary activities	57,767	1,325	59,092	54,517	1,210	55,727	51,169	1,216	52,385
Income (loss) from primary activities	(\$5,909)	\$7,499	\$1,590	(\$8,266)	\$7,765	(\$501)	(\$8,967)	\$6,783	(\$2,184)
Other nonoperating activities									
Net appreciation (depreciation) in fair value of investments			3,912			4,294			1,218
(Loss) before other changes in net position			5,502			3,793			(966)
Other changes in net position									
State capital appropriations			2			106			105
Capital gifts and grants, net			213			648			340
Additions to permanent endowments						20			30
Change in net position			5,717			4,567			(491)
Net position									
Beginning of year, as previously reported			5,347			(41)			462
Cumulative effect of accounting changes						821			
Beginning of year, as restated			5,347			780			462
End of year			\$11,064			\$5,347			(\$29)

*Does not reflect adoption of GASB 101 and change in accounting principle

Revenues Supporting Primary Activities

Revenues to support the University's primary activities, including those classified as nonoperating revenues, were \$60.7 billion, \$55.2 billion and \$50.2 billion in 2025, 2024 and 2023, respectively. These diversified sources of revenue increased by \$5.5 billion in 2025 and \$5.0 billion in 2024.

The state of California's educational appropriations, in conjunction with student tuition and fees, are the main components that support the instructional mission of the University. Grants and contracts provide opportunities for undergraduate and graduate students to participate in basic research alongside some of the most prominent researchers in the country.

Gifts to the University allow crucial flexibility to faculty for support of their fundamental activities or new academic initiatives. Other significant revenues are from medical centers, educational activities and auxiliary enterprises such as student housing, food service operations and parking.

Revenues by category for 2025, 2024 and 2023 are illustrated in **Display 5**.

A major financial strength of the University is its diverse source of revenues, including those from student fees, federally sponsored grants and contracts, medical centers, the state of California, private support and auxiliary enterprises. The variety of fund sources has become increasingly important over the past several years.

Display 5: The University's revenues by category *(in millions of dollars)*

[Table data for Display 5 is on page 127.](#)

Student tuition and fees, net

2025	\$5,962	
2024	\$5,663	
2023	\$5,515	

State educational appropriations

2025	\$4,822	
2024	\$4,714	
2023	\$4,387	

Grants and contracts, net

2025	\$8,654	
2024	\$8,403	
2023	\$7,615	

Medical Centers, net

2025	\$25,322	
2024	\$21,467	
2023	\$19,202	

Educational activities and auxiliary enterprises, net

2025	\$9,554	
2024	\$8,555	
2023	\$7,741	

DOE laboratories and other operating revenues

2025	\$2,390	
2024	\$2,236	
2023	\$2,171	

Other nonoperating revenues (Pell Grants, private gifts, net investment income and other)

2025	\$3,978	
2024	\$4,188	
2023	\$3,569	

Categories of both operating and nonoperating revenue that supported the University's primary activities in 2025 are illustrated in **Display 6**.

Student tuition and fees, net

Net student tuition and fees were \$6.0 billion, \$5.7 billion and \$5.5 billion in 2025, 2024 and 2023, respectively. Scholarship allowances, or financial aid, are the difference between the stated charge for tuition and fees and the amount that is paid by the student and third parties on behalf of the student. Scholarship allowances, netted against student tuition and fees, were \$1.6 billion, \$1.5 billion, \$1.4 billion in each of 2025, 2024 and 2023, respectively. Student tuition and fees, net of scholarship allowances, increased by \$298.8 million in 2025 and by \$148.6 million in 2024, respectively.

In 2024–25, the University enrolled its largest-ever incoming class of California resident students for the second year in a row, contributing to an increase of 6,986 full-time equivalent (FTE) resident undergraduates compared to the previous year, exceeding the total enrollment target included in the Budget Act of 2024 by 4,047 FTE. Consistent with the Tuition Stability Plan approved by the Regents in July 2021, which authorizes increases to mandatory systemwide fees applicable to the incoming cohort of undergraduate students, undergraduates who first enrolled in 2025–26 are assessed a mandatory tuition level that is 3.47% higher than the prior cohort. For graduate students in state-supported programs, adjustments to mandatory tuition and fees are pegged to the rate of inflation beginning with the 2022–23

academic year. Professional Degree Supplemental Tuition varies by discipline, with fee levels approved on a regular interval as existing plans expire; the latest increases for certain programs were approved by the Regents for 2025.

State educational appropriations

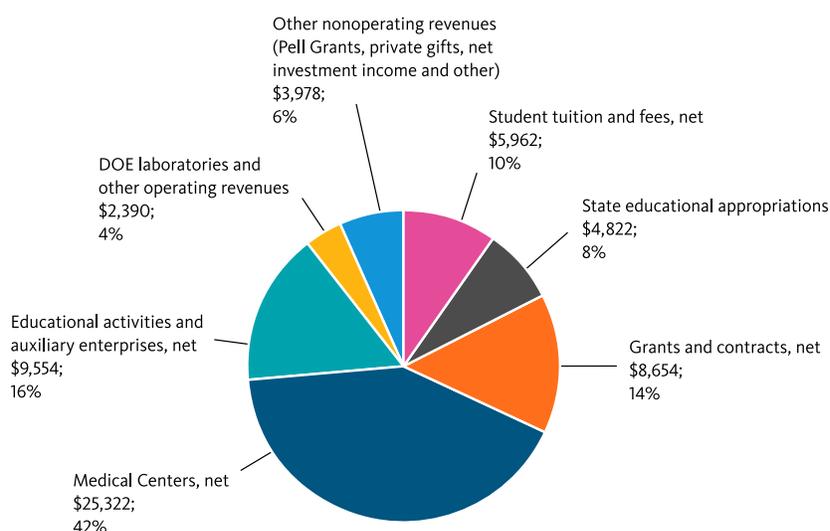
Educational appropriations from the state of California (both ongoing and one-time) were \$4.8 billion, \$4.7 billion and \$4.4 billion in 2025, 2024 and 2023, respectively. State educational appropriations increased by \$0.1 billion and \$0.3 billion in 2025 and 2024 due to a restoration of state support cut in 2024–25, a base budget deferral to 2026–27 and new one-time funds for various purposes.

Direct government grants

The medical centers received funds under certain provision from the Federal Emergency Management Agency (FEMA) to aid in disaster response and recovery related to COVID-19. In 2025, UCSF medical center received \$129.3 million in Measure C funds with the intent to ensure that Alameda County children receive high-quality early education and health care services. The medical centers received Employee Retention Credits (ERC) which are refundable tax credits for eligible tax-exempt organizations that had employees that were affected during the COVID-19 pandemic. Revenues from direct government grants were \$207.3 million, \$5.1 million, \$127.9 million in 2025, 2024 and 2023, respectively.

Display 6: The University's operating and nonoperating revenues in 2025 *(in millions of dollars)*

[Table data for Display 6 is on page 127.](#)



Grants and contracts, net

Revenue from federal, state, private and local government grants and contracts (net of any allowances), including facilities and administration cost recovery of \$1.8 billion, \$1.7 billion and \$1.6 billion in 2025, 2024 and 2023, respectively, were \$8.7 billion, \$8.4 billion and \$7.6 billion in 2025, 2024 and 2023, respectively.

In 2025, federal grants and contracts revenue remained flat, compared to 2024. In 2024, federal grants and contracts revenue increased \$374.0 million, or 8.5 percent, compared to 2023. Federal grants and contracts include federal facilities and administrative cost recovery of \$1.2 billion, \$1.1 billion and \$1.1 billion in 2025, 2024 and 2023, respectively. Changes in the federal budget impact the University's revenue from federal grants and contracts. Federal grants and contracts revenue in 2025, 2024 and 2023, is from a variety of federal agencies as indicated in **Table MDA.4**.

Medical centers, net

Medical center revenue, net of allowances, increased \$3.9 billion, or 18.0 percent, in 2025 and \$2.3 billion, or 11.8 percent, in 2024. Revenue growth in 2025 and 2024 was the result of increases in both inpatient and outpatient volumes, including the activities from acquired facilities.

Educational activities and auxiliary enterprises, net

Revenue from educational activities, primarily medical professional fees, net of allowances, increased by \$0.8 billion, or 12.0 percent, in 2025 and \$647.2 million, or 11.0 percent, in 2024, due to higher patient volumes.

Auxiliary enterprises include housing, food service, parking, bookstores, student centers and child care centers. Revenue from auxiliary enterprises, net of allowances, increased by \$212.4 million, or 10.5 percent, in 2025 and by \$167.2 million, or 9.0 percent, in 2024 in line with the University's initiative to expand campus housing while minimizing increases in housing costs for students.

Table MDA.4: Grants and contracts revenue sources (in millions of dollars)

Sources	2025	2024	2023
Department of Health and Human Services	\$2,984	\$2,962	\$2,808
National Science Foundation	600	568	566
Department of Education	122	142	92
Department of Defense	317	320	306
National Aeronautics and Space Administration	147	141	142
Department of Energy (excluding national laboratories)	191	187	175
Other federal agencies	398	441	298
Federal grants and contracts net revenue	\$4,759	\$4,761	\$4,387

Expenses Associated with Primary Activities

Expenses associated with the University's primary activities, including those classified as nonoperating expenses, were \$59.1 billion, \$55.7 billion and \$52.4 billion in 2025, 2024 and 2023, respectively. These expenses increased in 2025 by \$3.4 billion and in 2024 by \$3.3 billion. The University's operations continued to grow, principally at the medical centers, and expenses increased

consistent with the overall growth in operations. Pension expenses have caused significant fluctuations in total expenses due to the performance of the financial markets. Retiree health benefits expenses decreased in 2025 and 2024 due to changes in the discount rate. Expenses in the various categories are presented in **Display 7**. Categories of both operating and nonoperating expenses related to the University's primary activities in 2025 are illustrated on [page 23](#) in **Display 8**.

Display 7: The University's expenses by category (in millions of dollars)

[Table data for Display 7 is on page 127.](#)

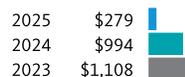
Salaries and wages



Pension benefits



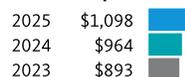
Retiree health benefits



Other employee benefits



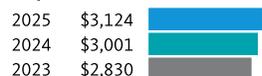
Scholarships and fellowships



Supplies and materials



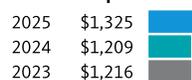
Depreciation and amortization



DOE laboratories, utilities and other operating expenses



Interest expense and other nonoperating expenses



Salaries and benefits

Approximately two-thirds of the University's expenses are related to salaries and benefits. There were 204,300 full-time equivalent (FTE) employees in 2025, excluding employees who were associated with LBNL, whose salaries and benefits were included as laboratory expenses, as compared to 197,400 FTEs in 2024. Total salaries and benefits expense decreased by 2.3 percent in 2025, with the increase in salaries and wages of \$2.9 billion offset by the decrease in pension expense and retiree health benefits expense of \$1.7 billion and \$0.7 billion, respectively. Total salaries and benefits expense increased by 4.7 percent in 2024, primarily driven by the increase in salaries and wages of \$2.6 billion offset by a decrease in pension expense of \$1.5 billion.

In 2025, salaries increased by 12.0 percent, primarily comprised of an increase of 3.5 percent in the number of FTEs and a 4.2 percent salary increase for policy-covered staff and academic appointees. Salary increases for union-represented employees and academic appointees are governed separately by the relevant collective bargaining agreements. In 2025, employee benefits, excluding pension and retiree health benefits, decreased by \$250.4 million, or 4.3 percent. Pension expenses decreased in 2025 primarily due to higher than expected investment returns. Retiree health benefits expenses decreased in 2025 primarily due to increases in the discount rate.

In 2024, salaries increased by 11.7 percent, primarily comprised of an increase of 4.1 percent in the number of FTEs and a 4.6

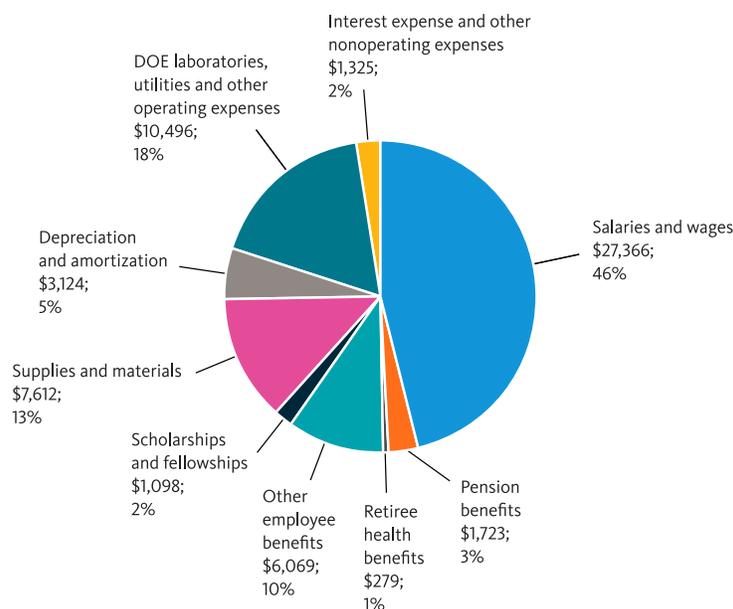
percent salary increase for policy-covered staff and academic appointees. Salary increases for union-represented employees and academic appointees are governed separately by the relevant collective bargaining agreements. In 2024, employee benefits, excluding pension and retiree health benefits, increased by \$605.9 million, or 11.6 percent. Pension expense decreased by \$1.5 billion due to changes in actuarial assumptions related to the experience study. Retiree health benefits expense decreased by \$114.0 million or 10.3 percent due to an increase in the discount rate.

Scholarships and fellowships

The University places a high priority on student financial aid as part of its commitment to affordability. The University's practice is to minimize the impact of cost increases on first-generation and low-income students. Financial aid in all forms awarded by the University was \$3.1 billion, \$2.8 billion and \$2.7 billion in 2025, 2024 and 2023, respectively. Scholarship allowances which are netted against student tuition and fees were \$2.0 billion, \$1.8 billion and \$1.8 billion in 2025, 2024 and 2023, respectively. Scholarships and fellowships expense, representing payments of financial aid made directly to students and reported as an operating expense were \$1.1 billion, \$1.0 billion and \$0.9 billion in 2025, 2024 and 2023, respectively. On a combined basis, as the University continues its commitment to provide financial support for students in need, financial aid in all forms increased by \$0.3 million, or 10.6 percent, in 2025 as compared to 2024, and by \$0.1 million, or 3.1 percent, in 2024 as compared to

Display 8: Expenses related to primary activities in 2025 (in millions of dollars)

Table data for Display 8 is on page 127.



2023. Increases in financial aid, scholarships and fellowships are consistent with increases in enrollment, tuition, fees and housing costs.

Supplies and materials

In recent years, there has been inflationary pressure on the costs for medical supplies and laboratory instruments and higher costs for general supplies necessary to support expanded medical patient volumes. The University continues to find opportunities to manage the costs of supplies and materials. During 2025 and 2024, supplies and materials costs increased by \$1.2 billion, or 18.7 percent and \$487.9 million, or 8.2 percent, respectively. The largest increases occurred at the medical centers due to increased patient volumes. In 2025 and 2024, supplies costs increased for research activities related to increased federal contract and grant activities.

Other expenses

Other expenses consist of a variety of expense categories, including travel, rent, insurance, legal settlements and repairs and maintenance, plus any gain or loss on disposals of capital assets and other nonoperating expenses.

Operating gains and losses

In accordance with GASB's reporting standards, operating losses were \$5.9 billion, \$8.3 billion and \$9.0 billion in 2025, 2024 and 2023, respectively. The operating losses in 2025, 2024 and 2023 were offset by \$7.5 billion, \$7.8 billion and \$6.8 billion, respectively, of net nonoperating revenue that supports primary operating activities of the University. Revenues associated with primary activities exceeded expenses by \$1.6 billion in 2025 primarily due to the decrease in pension expense and retiree health benefits expense. In 2024 and 2023, expenses exceeded revenues associated with primary activities by \$0.5 billion and 2.2 billion, respectively. These fluctuations have been primarily driven by changes in pension and retiree health benefits expenses.

Other nonoperating activities

The University's other nonoperating activities, consisting of net appreciation or depreciation in the fair value of investments, are noncash transactions and, therefore, are not available to support operating expenses. In 2025 and 2024, the University recognized net appreciation in the fair value of investments of \$3.9 billion and \$4.3 billion, respectively. In 2023, the University recognized net depreciation in the fair value of investments of \$1.2 billion. The University's portfolio returns fluctuate with the overall performance in the investment markets.

Other changes in net position

Similar to other nonoperating activities discussed above, other changes in net position are also not available to support the University's operating expenses in the current year. State capital appropriations and capital gifts and grants may only be used for the purchase or construction of the specified capital assets. Only income earned from gifts of permanent endowments is available in future years to support the specified program.

Research Enterprise at University of California

The University of California's research enterprise represents a vital and expansive component of its academic mission, involving a diverse community of faculty, postdoctoral scholars and students engaged in cutting-edge research across multiple disciplines. This vibrant ecosystem supports innovation, education and economic growth through a broad range of active research awards and groundbreaking discoveries.

Scale and Scope of the Research Enterprise

The University's research community includes approximately 26,000 faculty members, 7,000 postdoctoral scholars and nearly 86,000 students, with over six thousand students actively participating in research as part of their academic training. As of June 2025, there are nearly 50,000 active research awards spanning fields such as life and health sciences, engineering, physical and environmental sciences, social and behavioral sciences, arts, humanities and interdisciplinary innovation centers. These efforts have yielded significant breakthroughs including universal vaccine approaches, brain implants for Parkinson's disease, climate-friendly AI and advances in cancer research that contributed to a 33 percent reduction in cancer deaths over a generation. Additionally, UC research has catalyzed the creation of hundreds of companies that address societal needs and economic development, such as wave energy turbines, enhanced nutrition in garbanzo beans and infection control in hospitals.

Research infrastructure and support systems

The University's research endeavors are supported by a dedicated team of faculty, research staff and administrative personnel who maintain high-tech laboratories and ensure smooth experimental operations. A robust administrative framework manages grant processes, regulatory compliance, intellectual property and procurement of essential materials. Advanced information technology infrastructure underpins data storage, computational resources, software licensing and network security — critical for modern research activities including high-performance computing and secure data management.

Compliance and regulatory services oversee adherence to legal and ethical standards through institutional review boards, animal care committees, and environmental health and safety protocols. Utilities such as electricity, water, heating and cooling are crucial for maintaining laboratory environments, while facilities management coordinates shared core laboratories and specialized equipment access. Administrative support encompasses pre- and post-award management, human resources, finance, procurement and library resources that provide access to academic materials. Training and professional

development programs further enhance researcher skills and foster a community prepared to address future challenges.

Financial aspects and sustainability challenges

While the University meticulously allocates costs related to research in compliance with federal regulations (2 CFR Part 200, Uniform Guidance), some expenses support multiple mission areas and are carefully distributed to avoid overcharging sponsored awards. Despite these measures, the University is not fully reimbursed for the true costs of conducting research due to regulatory caps and other limitations, necessitating institutional subsidies. **Table MDA.5** reflects rates associated with Modified Total Direct Costs (as defined in 2 CFR Part 200, Uniform Guidance) at each campus from the proposed capped research rate (what the university spends in support of research, net of any expenses over the 26% administrative cap applicable to Institutions of Higher Education) to the effective rate (amount of recovery actually received).

Increasing expenses for advanced equipment, regulatory compliance, utilities and skilled personnel place strain on the University's financial resources. This pressure may force difficult decisions between maintaining research excellence and funding other core missions. Moreover, fluctuations in public and private funding sources, influenced by economic conditions or policy changes, add uncertainty to the stability of research activities.

Impact and importance of sustained research

A reduction in research scale or quality would have profound consequences. The pace of scientific and technological innovation would slow, diminishing the University's ability to contribute solutions to global challenges like climate change and public health crises. Students and postdoctoral fellows would lose critical opportunities for practical training and professional development, weakening the future pipeline of innovators and leaders. The regional and broader economy, which benefits from research-driven startups, patents and workforce development, could also experience setbacks in growth and job creation.

Despite these challenges, the university's strong foundation and partnership with government entities enable continued groundbreaking discoveries and nurture the next generation of innovators. Continued investment in research and support systems is essential not only for advancing science and technology but also for driving economic growth and maintaining the university's position as a vibrant hub of knowledge and opportunity.

Table MDA.5: Rates associated with Modified Total Direct Costs for 2025 (in millions of dollars)

Sources	Proposed capped on campus research rate ^[1]	Negotiated / provisional on campus research rate	Research effective rate	Effective Rate — All Functions (excluding Student Financial Aid) ^[2]
Berkeley	70.0%	60.5%	47.4%	\$28.8%
Davis	67.8	61.0	51.0	32.8
Irvine	62.3	57.0	54.5	31.2
Los Angeles	62.6	57.5	50.3	29.5
Merced	63.8	58.5	52.1	30.9
Riverside	64.5	57.5	49.1	32.1
San Diego	66.1	59.0	48.0	34.0
San Francisco	68.3	64.0	56.5	38.9
Santa Barbara	59.9	55.5	43.4	28.7
Santa Cruz	68.3	56.0	44.9	30.8

[1] Includes regulatory cap on administration components at 26%.

[2] Overall effective rate including student financial aid is 27.7%.

Looking Forward: Factors Impacting Future Periods

Governor Newsom signed SB 101 and AB 102 on June 27, 2025. These bills, along with issue-specific budget trailer bills, comprise the 2025 Budget Act. For 2025–26, State funding allocated to the University of California (UC) totals \$4.9 billion. Of this amount, \$46.8 million is appropriated on a one-time basis for a variety of programs.

The 2025 Budget Act defers \$129.7 million from the University's budget to 2026–27. To help the University cover expenditures in 2025–26, the Budget Act includes language providing the University, upon approval of the Director of the Department of Finance, with an optional, zero-interest loan for cash management to remediate this deferral. In addition, the budget restores \$125.0 million that was reduced on a one-time basis in the 2024–25 fiscal year. The budget also includes \$430,000 in new, ongoing support for the California Newspaper Projects at the Riverside campus, as well as a \$1.0 million reduction in savings for affordable student housing projects. The net impact of these adjustments is a reduction of \$5.3 million in ongoing State General Fund support compared to last year.

The Governor's multi-year Compact with the University, which took effect in 2022–23, includes annual base budget increases of five percent for the University through 2026–27. The University, in turn, has committed to specific and ambitious goals related to increasing access to UC, improving student success and advancing equity, increasing the affordability of a UC education, increasing intersegmental collaboration, supporting workforce preparedness and providing access to online course offerings.

The 2025 Budget Act defers the 2025–26 Compact-related base budget increase of \$240.8 million, noting that a partial payment of \$96.3 million (two percentage points of the five percent increase) is intended for 2026–27, and that the remaining \$144.5 million is intended for 2028–29 (two years later). An appropriation of \$31.0 million for the replacement of nonresident students with resident undergraduates at the Berkeley, Los Angeles and San Diego campuses is also deferred to 2026–27.

The University's medical centers, which are self-funding and without support from the State's general fund, continue to face financial and competitive challenges in their regional markets, along with the added costs and responsibilities related to their function as academic institutions. The demand for health care services, especially at the level of complexity provided by the medical centers and the cost of providing them continue to increase significantly. In addition to the rising costs of salaries, benefits and supplies faced by hospitals across the state, the University's medical centers face other costs associated with maintaining and upgrading facilities, seismic retrofitting, new technologies, biomedical research and the education and training of health care professionals. Another financial pressure is caused by care delivered for a significant share of patients who are covered by Medicare or Medi-Cal (California's Medicaid program), which are programs whose reimbursements do not fully compensate the medical centers for care delivered. Other than Medicare and

Medi-Cal, health insurance payments do not recognize the added cost of teaching in academic medical centers. Possible changes to government sponsored health insurance programs and potentially rising rates of uninsured, if they occur, would place downward pressure on operating results for the medical centers.

The University must have a wide range of facilities to meet its education, research and public service goals and continues to assess its long-term capital requirements. Support for the University's capital program is expected to be provided from a combination of sources, including the state of California, external financing, gifts and other sources.

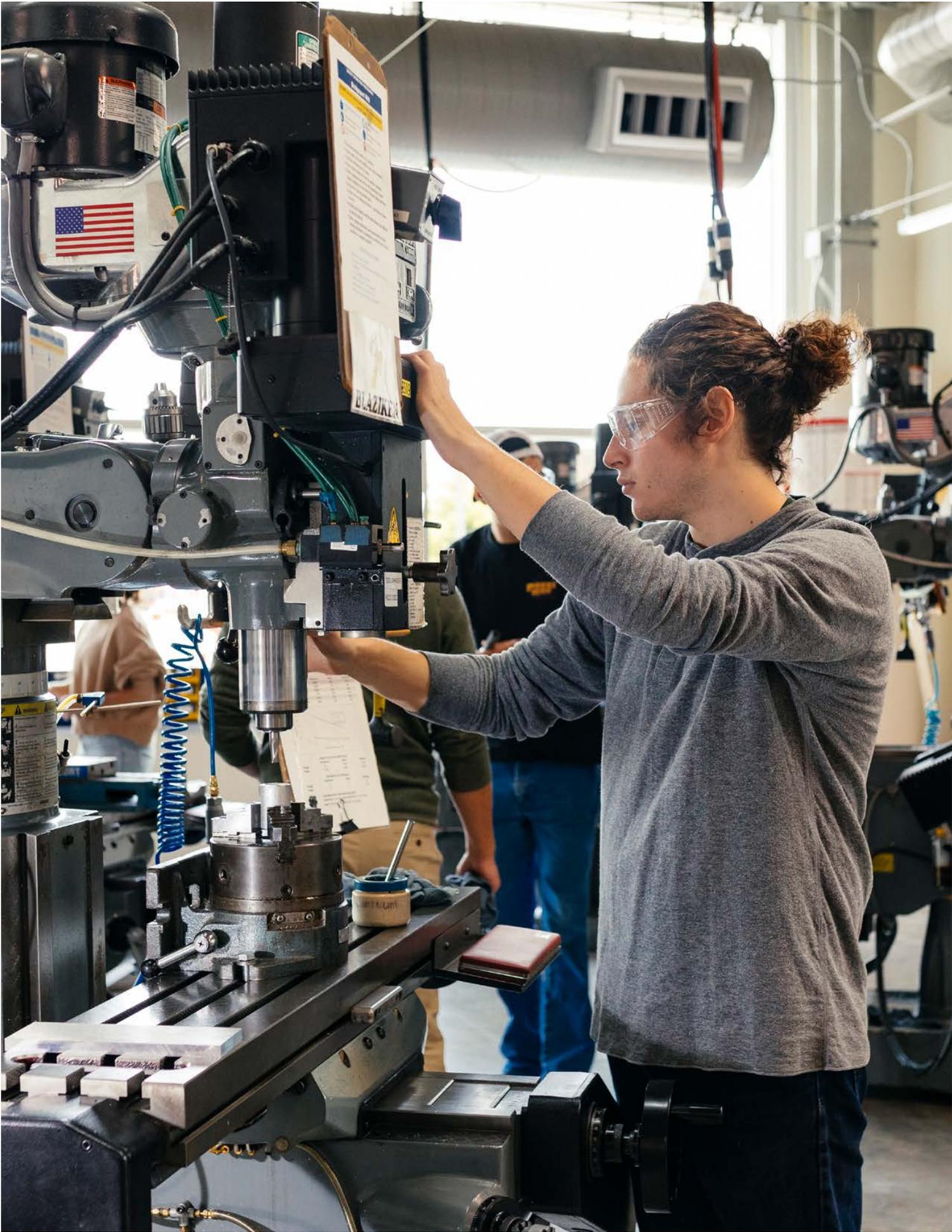
The Regents continues to monitor the federal government's actions with respect to the higher education sector and, in particular, the University. Such actions may have the direct or indirect effect of, among other things, reducing federal support for the University's research or other operations, reducing the University's fundraising or other revenue sources, and/or increasing costs borne by the University, and include or could possibly include, but are not limited to: investigations by governmental agencies, Congress or others into allegations of discrimination and harassment and related corrective or enforcement actions; regulatory changes to programs administered by federal agencies; suspensions, terminations, funding draw rejections and stop-work orders of various federal grants and contracts pursuant to certain executive orders, departmental memos and other governmental actions.

It is unclear how the matters described herein (and other or future federal actions) will ultimately impact the University, including its operations, financial condition and reputation. The University cannot predict if any of the federal actions will continue and for how long, if any potential resolutions may arise, the consequences and impacts of such actions, or whether any new federal actions may be proposed or pursued by the current or future administration or legislature.

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the University, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, which address activities, events or developments that the University expects or anticipates will or may occur in the future contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The University does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.





Report of Independent Auditors

To The Regents of the University of California

Opinions

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the University of California (the “University”), a component unit of the State of California, as of and for the years ended June 30, 2025 and 2024, including the related notes, which collectively comprise the University’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the University as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 26 and the required supplementary information on pages 110 through 125 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises pages 4 through 7, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

San Francisco, California
November 21, 2025

Financial Statements

Statements of Net Position

At June 30, 2025 and 2024 (in thousands of dollars)

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024
Assets				
Cash and cash equivalents	\$626,001	\$510,362	\$260,157	\$255,142
Short-term investments	4,774,768	5,105,163	1,542,257	1,562,469
Investment of cash collateral	2,276,110	2,203,923		
Investments held by trustees	706,869	179,524		
Accounts receivable, net	9,717,871	8,825,210	66,356	30,332
Pledges receivable, net	32,735	29,061	385,043	311,690
Current portion of notes and mortgages receivable, net	93,091	31,000		
Inventories	522,598	438,656		
Department of Energy receivable	223,075	222,359		
Other current assets	687,896	588,283	4,239	11,972
Current assets	19,661,014	18,133,541	2,258,052	2,171,605
Investments	36,770,254	34,809,290	16,147,667	14,440,926
Investment of cash collateral	146,534	95,416		
Investments held by trustees	187,368	164,374		
Pledges receivable, net	38,949	41,250	1,029,175	1,260,430
Notes and mortgages receivable, net	245,406	448,105	250	250
Department of Energy receivable	939,191	1,232,727		
Capital assets, net	52,699,300	48,572,417		
Other noncurrent assets	1,376,261	1,213,812	149,042	171,717
Noncurrent assets	92,403,263	86,577,391	17,326,134	15,873,323
Total assets	112,064,277	104,710,932	19,584,186	18,044,928
Deferred outflows of resources	5,306,903	6,570,718		
Liabilities				
Accounts payable	3,983,992	3,242,388	26,799	16,669
Accrued salaries	1,962,654	1,817,454		
Employee benefits	2,804,732	2,574,140		
Unearned revenue	1,804,482	2,162,184	11,178	20,279
Collateral held for securities lending	2,422,644	2,299,343		
Commercial paper	1,320,000	1,587,500		
Current portion of long-term debt	3,298,866	3,113,605		
Department of Energy laboratories' liabilities	234,161	233,294		
Other current liabilities	1,826,135	1,935,466	145,455	100,363
Current liabilities	19,657,666	18,965,374	183,432	137,311
Federal refundable loans	169,696	174,486		
Self-insurance	1,943,331	1,632,855		
Obligations under life income agreements	33,642	32,491	141,930	136,581
Long-term debt	36,208,916	33,208,243		
Net pension liability	11,939,036	17,494,965		
Net retiree health benefits liability	19,810,706	20,911,103		
Other noncurrent liabilities	910,000	898,855	45,453	45,319
Noncurrent liabilities	71,015,327	74,352,998	187,383	181,900
Total liabilities	90,672,993	93,318,372	370,815	319,211
Deferred inflows of resources	15,633,971	12,615,883	275,785	250,743
Net position				
Net investment in capital assets	21,092,930	19,001,613		
Restricted: Nonexpendable endowments and gifts	1,387,902	1,316,568	7,935,552	7,424,469
Restricted: Nonexpendable, reserved for minority interests	31,909	32,591		
Restricted: Expendable	15,637,984	12,994,201	9,567,548	8,616,153
Unrestricted	(27,086,509)	(27,997,578)	1,434,486	1,434,352
Total net position	\$11,064,216	\$5,347,395	\$18,937,586	\$17,474,974

See accompanying notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Position

Years ended June 30, 2025 and 2024 (in thousands of dollars)

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024
Operating revenues				
Student tuition and fees, net	\$5,962,205	\$5,663,450		
Grants and contracts, net: Federal	4,759,007	4,760,611		
Grants and contracts, net: State	1,008,042	857,440		
Grants and contracts, net: Private	2,360,444	2,312,299		
Grants and contracts, net: Local	526,763	473,056		
Medical centers, net	25,297,351	21,395,180		
Educational activities, net	7,323,237	6,537,041		
Auxiliary enterprises, net	2,230,624	2,018,183		
Department of Energy laboratories	1,239,849	1,190,174		
Campus foundation private gifts			\$1,372,004	\$1,298,412
Other operating revenues, net	1,150,216	1,045,359	1,643	745
Total operating revenues	51,857,738	46,252,793	1,373,647	1,299,157
Operating expenses				
Salaries and wages	27,366,099	24,444,384		
Pension benefits	1,722,779	3,375,398		
Retiree health benefits	279,012	994,256		
Other employee benefits	6,069,355	5,818,947		
Supplies and materials	7,612,143	6,410,253		
Depreciation and amortization	3,124,013	3,001,265		
Department of Energy laboratories	1,194,419	1,146,576		
Scholarships and fellowships	1,097,826	963,827		
Utilities	470,773	422,983		
Campus foundation grants			1,930,367	1,903,810
Other operating expenses	8,830,908	7,938,765	87,554	46,961
Total operating expenses	57,767,327	54,516,654	2,017,921	1,950,771
Operating loss	(5,909,589)	(8,263,861)	(644,274)	(651,614)
Nonoperating revenues (expenses)				
State educational appropriations	4,821,601	4,713,643		
State hospital fee grants	24,419	71,774		
Direct government grants	207,338	5,141		
Build America Bonds federal interest subsidies	31,256	48,085		
Federal Pell Grants	600,053	441,616		
Private gifts, net	2,171,959	2,023,566		
Investment income: Short term investment pool and other, net	525,625	678,208		
Investment income: Endowment, net	196,396	149,340		
Investment income: Securities lending, net	7,936	(14,154)		
Investment income: Campus foundations			202,610	183,114
Net appreciation in fair value of investments	3,912,530	4,293,507	1,429,740	1,180,425
Interest expense	(1,318,340)	(1,225,704)		
Gain (loss) on disposal of capital assets	(6,706)	16,242		
Other nonoperating revenues (expenses)	237,332	856,197		61
Net nonoperating revenues	11,411,399	12,057,461	1,632,350	1,363,600
Income before other changes in net position	5,501,810	3,793,600	988,076	711,986
Other changes in net position				
Capital gifts and grants	213,375	647,560		
State capital appropriations	1,636	105,714		
Additions to permanent endowments		20,428	474,536	458,019
Change in net position	5,716,821	4,567,302	1,462,612	1,170,005
Net position				
Beginning of year	5,347,395	(40,570)	17,474,974	16,304,969
Cumulative effect of accounting changes		820,663		
Beginning of year, restated	5,347,395	780,093	17,474,974	16,304,969
End of year	\$11,064,216	\$5,347,395	\$18,937,586	\$17,474,974

See accompanying notes to financial statements.

Statements of Cash Flows

Years ended June 30, 2025 and 2024 (in thousands of dollars)

Description	University of California 2025	University of California 2024
Cash flows from operating activities		
Student tuition and fees	\$5,957,992	\$5,789,726
Grants and contracts	8,375,821	7,290,492
Medical centers	24,390,387	21,364,069
Educational activities	7,590,837	6,077,254
Auxiliary enterprises	2,221,788	1,996,689
Collection of loans from students and employees	44,203	158,809
Payments to employees	(26,741,906)	(23,624,242)
Payments to suppliers and utilities	(16,951,896)	(14,175,643)
Payments for pension benefits	(3,610,265)	(3,047,569)
Payments for retiree health benefits	(613,771)	(518,495)
Payments for other employee benefits	(5,938,061)	(4,914,804)
Payments for scholarships and fellowships	(1,097,826)	(963,827)
Loans issued to students and employees	(57,331)	(241,189)
Other receipts	517,060	809,031
Net cash used by operating activities	(5,912,968)	(3,999,699)
Cash flows from noncapital financing activities		
State educational appropriations	4,766,405	4,712,940
Federal Pell Grants	596,270	437,644
Direct government grants	207,338	5,141
State hospital fee grants	24,419	71,774
Gifts received for other than capital purposes: Private gifts for endowment purposes	33,489	90,745
Gifts received for other than capital purposes: Other private gifts	2,155,684	1,975,417
Receipt of retiree health contributions from UCRP	144,198	130,407
Payment of retiree health contributions to UCRHBT	(157,990)	(133,042)
Receipts from UCRHBT	475,808	442,314
Payments for retiree health benefits made on behalf of UCRHBT	(524,870)	(471,928)
Student direct lending receipts	592,035	529,656
Student direct lending payments	(591,515)	(446,260)
Repayment of debt	(900,000)	
Commercial paper financing: Proceeds from issuance	54,170	786
Commercial paper financing: Payments of principal		(24,351)
Interest paid on debt	(80,617)	(37,990)
Other receipts	186,121	557,560
Net cash provided by noncapital financing activities	6,980,945	7,840,813
Cash flows from capital and related financing activities		
Commercial paper financing: Proceeds from issuance	6,841,860	1,567,884
Commercial paper financing: Payments of principal	(7,163,530)	(841,819)
Commercial paper financing: Interest paid	(39,032)	(34,703)
State capital appropriations	3,046	105,651
Build America Bonds federal interest subsidies	25,435	52,835
Capital gifts and grants	101,462	82,846
Proceeds from debt issuance	6,177,114	3,771,001
Proceeds from the sale of capital assets	6,926	28,210
Purchase of capital assets	(6,440,233)	(6,030,397)
Cash paid for acquisitions, net of cash acquired	(69,396)	(1,477,462)
Refinancing or prepayment of outstanding debt	(1,504,809)	(2,081,989)
Scheduled principal paid on debt	(1,329,674)	(1,110,538)
Interest paid on debt	(839,395)	(885,727)
Other receipts	97,875	376,865
Net cash used by capital and related financing activities	(4,132,351)	(6,477,343)

See accompanying notes to financial statements.

Statements of Cash Flows

Years ended June 30, 2025 and 2024 (in thousands of dollars) continued

Description	University of California 2025	University of California 2024
Cash flows from investing activities		
Proceeds from sales and maturities of investments	\$163,418,596	\$152,848,128
Purchase of investments	(160,777,244)	(151,346,808)
Investment income, net of investment expenses	538,661	1,095,283
Net cash provided by investing activities	3,180,013	2,596,603
Net change in cash and cash equivalents	115,639	(39,626)
Cash and cash equivalents, beginning of year	510,362	549,988
Cash and cash equivalents, end of year	\$626,001	\$510,362
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	(\$5,909,589)	(\$8,263,861)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization expense	3,124,013	3,001,265
Allowance for uncollectible accounts	489,876	852,879
Loss on impairment of capital assets	112,312	48,675
Changes in assets and liabilities:		
Investments held by trustees	(32,951)	(26,604)
Accounts receivable	(1,231,871)	(2,236,997)
Inventories	(83,942)	(41,249)
Other assets	(138,465)	(136,655)
Accounts payable	(100,801)	628,494
Accrued salaries	145,200	1,011,905
Employee benefits	399,887	492,433
Unearned revenue	(357,703)	(32,572)
Department of Energy	293,687	122,840
Self-insurance	553,287	451,555
Net pension liability	(2,300,471)	252,614
Net retiree health benefits liability	(334,758)	306,646
Other liabilities	(540,679)	(431,067)
Net cash used by operating activities	(\$5,912,968)	(\$3,999,699)
Supplemental noncash activities information		
Capital assets acquired through leases	\$776,139	\$281,952
Capital assets acquired through SBITAs	233,567	194,072
Capital assets acquired with a liability at year end	191,073	112,725
Change in fair value of investments	3,912,530	4,293,507
Change in fair value of interest rate swaps classified as hedging derivatives	3,221	8,693
Gifts of capital assets	78,763	496,076
Other noncash gifts	14,451	22,221
Proceeds from issuance of blended component unit revenue bonds deposited with trustees	489,725	
Beneficial interests in irrevocable split-interest agreements administered by third parties	1,354	12

See accompanying notes to financial statements.

Fiduciary Financial Statements

Statements of Fiduciary Net Position

At June 30, 2025 and 2024 (in thousands of dollars)

Description	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024	University of California Retiree Health Benefit Trust (UCRHBT) 2025	University of California Retiree Health Benefit Trust (UCRHBT) 2024	Total UCRS and UCRHBT 2025	Total UCRS and UCRHBT 2024	Custodial External Investment Pool Funds 2025	Custodial External Investment Pool Funds 2024
Assets								
Investments	\$151,383,843	\$134,618,075	\$228,719	\$196,916	\$151,612,562	\$134,814,991	\$478,489	\$630,465
Participants' interests in mutual funds	3,329,248	2,921,181			3,329,248	2,921,181		
Investment of cash collateral	13,178,002	13,310,868			13,178,002	13,310,868		
Participant 403(b) loans	243,048	225,426			243,048	225,426		
Accounts receivable:								
Contributions from University and affiliates	246,463	224,866	47,037	37,249	293,500	262,115		
Investment income	95,024	116,650			95,024	116,650		
Security sales and other	538,033	614,202	868	888	538,901	615,090		
Prepaid insurance premiums			2,362	1,847	2,362	1,847		
Total assets	169,013,661	152,031,268	278,986	236,900	169,292,647	152,268,168	478,489	630,465
Liabilities								
Payable to University			8,755	11,014	8,755	11,014		
Payable for securities purchased	340,386	323,960			340,386	323,960		
Member withdrawals, refunds and other payables	565,488	534,850			565,488	534,850		
Collateral held for securities lending	13,178,002	13,310,851			13,178,002	13,310,851		
Total liabilities	14,083,876	14,169,661	8,755	11,014	14,092,631	14,180,675		
Net position held in trust								
Members' defined benefit plan benefits	110,808,448	98,764,294			110,808,448	98,764,294		
Participants' defined contribution plan benefits	44,121,337	39,097,313			44,121,337	39,097,313		
Retiree health benefits			270,231	225,886	270,231	225,886		
Custodial external investment pool funds							478,489	630,465
Total net position held in trust	\$154,929,785	\$137,861,607	\$270,231	\$225,886	\$155,200,016	\$138,087,493	\$478,489	\$630,465

See accompanying Notes to Financial Statements.

Statement of Changes in Fiduciary Net Position

Years ended June 30, 2025 and 2024 (in thousands of dollars)

Description	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024	University of California Retiree Health Benefit Trust (UCRHBT) 2025	University of California Retiree Health Benefit Trust (UCRHBT) 2024	Total UCRS and UCRHBT 2025	Total UCRS and UCRHBT 2024	Custodial External Investment Pool Funds 2025	Custodial External Investment Pool Funds 2024
Additions								
Contributions:								
Members and employees	\$4,017,870	\$3,516,891			\$4,017,870	\$3,516,891		
University	3,906,622	3,168,762	\$462,890	\$414,775	4,369,512	3,583,537		
Other							\$233,671	\$353,895
Total contributions	7,924,492	6,685,653	462,890	414,775	8,387,382	7,100,428	233,671	353,895
Investment income (loss), net:								
Net appreciation in fair value of investments	14,914,659	13,883,079			14,914,659	13,883,079	22,961	267,343
Interest, dividends and other investment income	2,645,524	2,958,517	10,455	9,987	2,655,979	2,968,504	12,593	11,966
Securities lending income	647,166	197,750			647,166	197,750		
Securities lending fees and rebates	(601,123)	(193,949)			(601,123)	(193,949)		
Net investment income (loss)	17,606,226	16,845,397	10,455	9,987	17,616,681	16,855,384	35,554	279,309
Total additions, net	25,530,718	23,531,050	473,345	424,762	26,004,063	23,955,812	269,225	633,204
Deductions								
Benefit payments:								
Retirement payments	3,716,775	3,538,126			3,716,775	3,538,126		
Member withdrawals	149,701	145,122			149,701	145,122		
Cost-of-living adjustments	920,704	875,875			920,704	875,875		
Lump sum cash-outs	626,580	469,517			626,580	469,517		
Preretirement survivor payments	62,977	61,540			62,977	61,540		
Disability payments	24,636	25,070			24,636	25,070		
Death payments	11,070	11,734			11,070	11,734		
Participant withdrawals	2,842,768	2,280,368			2,842,768	2,280,368		
Total benefit payments	8,355,211	7,407,352			8,355,211	7,407,352		
Insurance premiums:								
Insured plans			189,165	158,992	189,165	158,992		
Self-insured plans			197,295	187,295	197,295	187,295		
Medicare Part B reimbursements			35,398	39,893	35,398	39,893		
Total insurance premiums, net			421,858	386,180	421,858	386,180		
Other deductions:								
Plan administration and other expenses	107,329	105,858	7,142	5,520	114,471	111,378		
External investment withdrawals							421,201	597,841
Total other deductions	107,329	105,858	7,142	5,520	114,471	111,378	421,201	597,841
Total deductions	8,462,540	7,513,210	429,000	391,700	8,891,540	7,904,910	421,201	597,841
Change in net position held in trust	17,068,178	16,017,840	44,345	33,062	17,112,523	16,050,902	(151,976)	35,363
Net position held in trust								
Beginning of year	137,861,607	121,843,767	225,886	192,824	138,087,493	122,036,591	630,465	595,102
End of year	\$154,929,785	\$137,861,607	\$270,231	\$225,886	\$155,200,016	\$138,087,493	\$478,489	\$630,465

See accompanying Notes to Financial Statements.





Notes to Financial Statements

Years ended June 30, 2025 and 2024

1. Organization and Summary of Significant Accounting Policies

Organization

The University of California (the University) was founded in 1868 as a public, state-supported institution. The California State Constitution provides that the University shall be a public trust administered by the corporation, “The Regents of the University of California,” which is vested with full powers of organization and government, subject only to such legislative control necessary to ensure the security of its funds and compliance with certain statutory and administrative requirements. The majority of the 26-member independent governing board (The Regents) are appointed by the governor and approved by the state Senate. Various University programs and capital outlay projects are funded through appropriations from the state’s annual Budget Act. The University’s financial statements are discretely presented in the state’s basic financial statements as a component unit.

Financial Reporting Entity

The University’s financial statements include the 10 campuses, five medical centers, a statewide agricultural extension program and the operations of most student government or associated student organizations as part of the primary financial reporting entity because The Regents has certain oversight responsibilities for these organizations. Organizations that are not significant or for which the University is not financially accountable, such as booster and alumni organizations, are not included in the reporting entity.

Fiat Lux Risk and Insurance Company (Fiat Lux), the University’s wholly owned captive insurance company, is a blended component unit of the University. New Century Health Plan, Inc. (NCHP), a for-profit corporation wholly owned by The Regents, is a blended component unit of the University. The Regents is the sole corporate and voting member of UCSF Health Community Hospitals and Children’s Hospital & Research Center at Oakland (CHRCO), which are both private, not-for-profit Internal Revenue Code section 501(c)(3) corporations. Children’s Hospital & Research Center Foundation, a not-for-profit public benefit corporation, is organized and operated for the purpose of supporting CHRCO. CHRCO, combined with its foundation, and UCSF Health Community Hospitals are blended component units of the University. In addition, the financial position and operating results of certain other legally separate organizations are included in the University’s financial reporting entity on a blended basis if The Regents is determined to be financially accountable for the organization. These include legally separate organizations that provide research and housing services entirely, or almost entirely, to the University or otherwise exclusively, or almost exclusively, to benefit the University.

The University has 12 legally separate, tax-exempt, affiliated foundations, one for each campus, with one additional associated with UCLA, and one supporting the Lawrence Berkeley National Laboratory (LBNL). The economic resources received or held by the foundations are entirely for the benefit of the campuses. Because of the nature and significance of their relationship with the University, including their ongoing financial support, the campus foundations are reported under GASB requirements as discretely presented component units of the University.

Specific assets and liabilities and all revenues and expenses associated with LBNL, a major United States Department of Energy (DOE) national laboratory operated and managed by the University under contract directly with the DOE, are included in the accompanying financial statements.

The Regents has fiduciary responsibility for the University of California Retirement System (UCRS), which includes two defined benefit plans, the University of California Retirement Plan (UCRP) and the University of California Voluntary Early Retirement Incentive Plan (UC-VERIP), and four defined contribution plans in the University of California Retirement Savings Program (UCRSP): the Defined Contribution Plan (DC Plan), the Supplemental Defined Contribution Plan (SDC Plan), the Tax-Deferred 403(b) Plan (403(b) Plan) and the 457(b) Deferred Compensation Plan (457(b) Plan). As a result, the UCRS statements of fiduciary net position and changes in fiduciary net position are shown as a fiduciary activity in the University’s financial statements.

The Regents also has fiduciary responsibility for the University of California Retiree Health Benefit Trust (UCRHBT). As a result, UCRHBT’s statements of fiduciary net position and changes in fiduciary net position are shown as a fiduciary activity in the University’s financial statements. UCRHBT allows certain University locations and affiliates, primarily campuses and medical centers that share the risks, rewards and costs of providing for retiree health benefits, the opportunity to fund such benefits on a cost-sharing basis and

to accumulate funds on a tax-exempt basis under an arrangement segregated from University assets. The Regents serves as Trustee of UCRHBT and has the authority to amend or terminate the trust.

Acquisitions

In August 2024, the Regents, representing UCSF Health, acquired two hospitals for the preliminary cash consideration of \$69.5 million. The purpose of the acquisition was to address hospital inpatient capacity needs and to continue to better serve the local community with safe, timely and equitable access to high-quality health care.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, using the economic resources measurement focus and the accrual basis of accounting. The University follows accounting principles issued by the Governmental Accounting Standards Board (GASB).

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. As a public institution, the University is considered a special-purpose government engaged primarily in a business-type activity under the provisions of GASB Statements Nos. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34*. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Change in Accounting Principle

Certain amounts in the 2024 financial statements have been restated to reflect a change in the revenue recognition principle for Medi-Cal reimbursement programs, previously recognized upon final Centers for Medicare & Medicaid Services (CMS) approval, now recognized when preprint approval* is obtained, services are rendered and amounts are reasonably estimable. This approach is preferable as it aligns revenue with the period of service, avoids timing mismatches, is supported by consistent funding patterns, reliable historical estimates and CMS preprint approvals. The change has been applied retroactively to prior periods for comparability.

*Preprint approval refers to CMS's review and acceptance of an application form (preprint) that states, including California under its Medi-Cal program, must submit for Medicaid managed care contracts and rate certifications. This approval authorizes states to implement specific directed payment arrangements and related payment terms under the Medicaid (or Medi-Cal) program.

Adoption of Accounting Pronouncement

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* (GASB 101), effective for the University's fiscal year beginning July 1, 2024. The Statement replaces Statement No. 16, *Accounting for Compensated Absences*, to align recognition and measurement guidance for all types of compensated absences under a unified model. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Statement also establishes guidance for measuring a liability for leave that has not been used.

The adoption of GASB 101 did not result in any adjustments to the financial statements of the campus foundations, UCRS, UCRHBT or the custodial external investment pool funds as these entities do not have employees.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures* (GASB 102), effective for the University's fiscal year beginning July 1, 2024. GASB 102 requires the University to assess whether a concentration or constraint makes the University vulnerable to the risk of a substantial impact and whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. See Note 23. Subsequent Events for additional discussion.

Table 1.1 presents the effect of adopting GASB 101 and the change in accounting principle on beginning net position for July 1, 2023.

Table 1.1: Effects of adopting GASB 101 and the change in accounting principle on beginning net position for July 1, 2023
(in thousands of dollars)

Description	Total
Beginning net position, as previously reported	(\$40,570)
Effect of adoption of GASB 101	(89,565)
Effect of change in accounting principle	910,228
Beginning net position, as restated	\$780,093

Tables 1.2a, 1.2b and 1.2c present the effects of adopting GASB 101 and the change in accounting principle in the University's financial statements for the year ended June 30, 2024.

Table 1.2a: Restated statement of net position at June 30, 2024 (in thousands of dollars)

Statement of net position	As previously reported and revised	Effect of adoption of GASB 101	Effect of change in accounting principle	As restated
Accounts receivable, net	\$8,226,291		\$598,919	\$8,825,210
Accounts payable	3,218,340		24,048	3,242,388
Employee benefits	1,470,455	\$1,103,685		2,574,140
Other current liabilities	3,041,403	(1,082,242)	(23,695)	1,935,466
Other noncurrent liabilities	822,166	76,689		898,855
Unrestricted net position	(28,498,012)	(98,132)	598,566	(27,997,578)

Table 1.2b: Restated statement of revenues, expenses and changes in net position for the year ended June 30, 2024
(in thousands of dollars)

Statement of revenues, expenses and changes in net position	As previously reported	Effect of adoption of GASB 101	Effect of change in accounting principle	As restated
Medical centers, net	\$22,050,727		(\$256,223)	\$21,794,504
Educational activities, net	6,187,696		(49,979)	6,137,717
Other employee benefits	5,810,379	\$8,568		5,818,947
Other operating expenses	7,933,306		5,459	7,938,765

Table 1.2c: Restated statement of cash flows for the year ended June 30, 2024 (in thousands of dollars)

Statement of cash flows	As previously reported and revised	Effect of adoption of GASB 101	Effect of change in accounting principle	As restated
Reconciliation of operating loss to net cash used by operating activities				
Operating loss	(\$8,144,433)	(\$8,568)	(\$311,661)	(\$8,464,662)
Accounts receivable	(2,543,199)		306,202	(2,236,997)
Accounts payable	623,035		5,459	628,494
Employee benefits	483,865	8,568		492,433

Revision

During fiscal year 2025, the University identified a prior period misclassification in which bond proceeds were reported as net investment in capital assets rather than unrestricted net position. Accordingly, the June 30, 2024, Statement of Net Position was revised to increase the net investment in capital assets by \$400.0 million and decrease unrestricted net position by the same amount, with no impact on total net position or the 2024 Statements of Revenues, Expenses, Changes in Net Position or cash flows.

Reclassification

Reclassifications have been made to the 2024 financial information to conform to the 2025 financial statement presentation. In Note 12, certain reclassifications have been made to the 2024 amounts to categorize the short-term portion of compensated absences as part of employee benefits on the statements of net position. Such amounts were previously included in other current liabilities. In the Statement of Net Position and Note 12, certain reclassifications have been made to the 2024 amounts to categorize the long-term portion of compensated absences as part of other noncurrent liabilities. Such amounts were previously included in other current liabilities.

Significant Accounting Policies

The significant accounting policies of the University are as follows:

Cash and cash equivalents

The University and campus foundations consider all balances in demand deposit accounts to be cash. The University classifies all other highly liquid cash equivalents with original maturities of less than one year as short-term investments. Certain campus foundations classify their deposits in the University's Short Term Investment Pool (STIP) as cash equivalents.

Investments

Investments are measured and reported at fair value. Securities are generally valued at the last sale price on the last business day of the fiscal year, as quoted on a recognized exchange or by utilizing an industry-standard pricing service, when available. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued at the quoted bid price of a dealer who regularly trades in the security being valued. Investment in non-exchange traded debt and equity investments are valued using inputs provided by independent pricing services or by brokers/dealers who actively trade in these markets. Certain securities may be valued on a basis of the price provided by a single source.

Investments also include private equities, private credit, absolute return funds, real estate, real asset and certain corporate asset-backed securities. Private equities include venture capital partnerships, buyouts, real assets and international funds. Fair values for interests in private equity, absolute return partnerships and real estate partnerships are based on valuations provided by the general partners of the respective partnerships. The valuations are primarily based on the most recent net asset value (NAV) of the underlying investments. The NAV is reported by the external investment managers, including general partners, in accordance with their policies as described in their respective financial statements and offering memoranda. The most recent NAV is adjusted for capital calls, distributions and significant known valuation changes, if any, of its related portfolio through June 30, 2025 and 2024.

Interests in certain direct investments in real estate and private credit are estimated based upon independent appraisals. Because the private equity, real estate, real assets and absolute return partnerships, along with direct investments in real estate, are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would be used had a ready market for such investments existed. These investments are generally less liquid than other investments.

For other investments, the University considers various factors to estimate fair value, such as the timing of the transaction, the market in which the company operates, comparable transactions, company performance and projections as well as discounted cash flow analysis. The selection of an appropriate technique may be affected by the availability and general reliability of relevant inputs. In some cases, one valuation technique may provide the best indication of fair value, while in other circumstances, multiple valuation techniques may be appropriate. Furthermore, the University may review the investment's underlying portfolio as well as engage external appraisers, depending on the nature of the investment.

The University exercises due diligence in assessing the external managers' use of and adherence to fair value principles. In conjunction with these procedures, estimated fair value is determined by consideration of a wide range of factors, including market conditions, redemption terms and restrictions and risks inherent to the inputs of the external investment managers' valuation. In situations where the information provided by the external manager is deemed to not be representative of the fair value as of the measurement date, management evaluates specific features of the investment and utilizes supplemental fair value information provided by the external manager along with any relevant market data to measure the investment's fair value.

Investments in registered investment companies are valued based upon the reported NAV of those companies. Mortgage loans held as investments are valued on the basis of their future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Insurance contracts are valued at contract value, plus reinvested interest, which approximates fair value.

Investments denominated in foreign currencies are translated into U.S. dollar equivalents using year-end spot foreign currency exchange rates. Purchases and sales of investments and their related income are translated at the rate of exchange on the respective transaction dates. Realized and unrealized gains and losses resulting from foreign currency changes are included in the University's statements of revenues, expenses and changes in net position as part of net appreciation in fair value of investments.

Investment transactions are recorded on the date the securities are purchased or sold (trade date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned. Gifts of securities are recorded based on fair value at the date of donation.

Campus foundations may invest all or a portion of their investments in University-managed investment pools.

Derivative financial instruments

Derivative instruments are recorded at fair value. Futures contracts, foreign currency exchange contracts, stock rights and warrants, options and swaptions are valued at the settlement price on the last day of the fiscal year, as quoted on a recognized exchange or by utilizing an industry-standard pricing service, when available. Financial institutions or independent advisors have estimated the fair value of the interest rate swaps and total return swaps using quoted market prices when available or discounted expected future net cash flows.

The University has entered into interest rate swap agreements to limit the exposure of its variable-rate debt to changes in market interest rates. Interest rate swap agreements involve the exchange with a counterparty of fixed- and variable-rate interest payments periodically over the life of the agreement without exchange of the underlying notional principal amounts. The net differential to be paid or received is recognized over the life of the agreements as an adjustment to interest expense. The University's counterparties are major financial institutions.

Derivatives are recorded at estimated fair value as either assets or liabilities in the statements of net position. Certain derivatives are determined to be hedging derivatives and designated as either a fair value or cash flow hedge. Under hedge accounting, changes in the fair value of hedging derivatives are considered to be deferred inflows (for hedging derivatives with positive fair values) or deferred outflows (for hedging derivatives with negative fair values).

Changes in the fair value of derivatives that are not hedging derivatives are recorded as net appreciation or depreciation in fair value of investments in the statements of revenues, expenses and changes in net position.

Accounts receivable, net

Accounts receivable, net of allowance for uncollectible amounts, include reimbursements due from state and federal sponsors of externally funded research, patient billings, accrued income on investments and other receivables. Other receivables include local government and private grants and contracts, educational activities and amounts due from lessees, students, employees and faculty.

Pledges receivable, net

Unconditional pledges of private gifts to the University or campus foundations, net of allowance for uncollectible amounts, are recorded as pledges receivable and revenue in the year promised at the net present value of expected cash flows. Conditional pledges, including all pledges of endowments and intentions to pledge, are recognized as receivables and revenues when the specified conditions are met.

Beneficial interests in irrevocable split-interest agreements

The beneficial interests in irrevocable split-interest agreements represent the University's and the campus foundations' right to the portion of the benefits from the irrevocable split-interest agreements that are administered by third parties and are recognized as assets and deferred inflows of resources. These beneficial interests are measured at fair value and are reported as other noncurrent assets in the statements of net position. Changes in the fair value of the beneficial interest assets are recognized as an increase or decrease in the related deferred inflows of resources. At the termination of the agreement, net assets received from the beneficial interests are recognized as revenues.

Notes and mortgages receivable, net

Loans to students, net of allowance for uncollectible amounts, are provided from federal student loan programs and from other University sources. Home mortgage loans, primarily to faculty, are funded from the University's STIP and from other University sources. Mortgage loans funded by STIP are classified as investments, and loans provided by other sources are classified as mortgages receivable in the statements of net position.

Inventories

Inventories for the campuses, consisting primarily of supplies and merchandise for resale, are valued at cost, typically determined under the weighted average method, which is not in excess of estimated net realizable value. Inventories for the medical centers consist primarily of pharmaceuticals and medical supplies which are stated on a first-in, first-out basis at the lower of cost or market.

DOE national laboratories

The University operates and manages LBNL under a contract directly with the DOE. Specific assets and liabilities and all revenues and expenses associated with LBNL are included in the financial statements. Other assets, such as cash, property and equipment and other

liabilities of LBNL are owned by the United States government rather than the University and, therefore, are not included in the statements of net position. The statements of cash flows exclude the cash flows associated with LBNL other than reimbursements, primarily related to pension and retiree health benefits, since all other cash transactions are recorded in bank accounts owned by the DOE.

The University is a member in two separate joint ventures that operate and manage two other DOE laboratories under contracts directly with the DOE. Lawrence Livermore National Security, LLC (LLNS) operates and manages Lawrence Livermore National Laboratory (LLNL). Triad National Security, LLC (Triad) operates and manages Los Alamos National Laboratory (LANL). The University's investments in Triad and LLNS are accounted for using the equity method. Accordingly, the University's statements of net position include its equity interest in Triad and LLNS, adjusted for the equity in undistributed earnings or losses and the statements of revenues, expenses and changes in net position include its equity in the current earnings or losses of Triad and LLNS.

The DOE is financially responsible for substantially all of the current and future costs incurred at any of the national laboratories, including pension and retiree health benefit costs. Accordingly, to the extent there are liabilities on the University's statements of net position for pension or retiree health obligations related to these laboratories, the University also records a receivable from the DOE.

Capital assets, net

Land, infrastructure, buildings and improvements, intangible assets, equipment, libraries, collections and special collections are recorded at cost at the date of acquisition or estimated acquisition value at the date of donation in the case of gifts. Estimates of acquisition value involve assumptions and estimation methods that are uncertain and, therefore, the estimates could differ from actual value. Intangible assets include easements, land rights, trademarks, patents, right-to-use lease assets, right-to-use subscription-based information technology arrangement (SBITA) assets and other similar arrangements. Leases and SBITAs are recorded at the estimated present value of future payments, net of amounts paid in advance and capitalizable implementation costs. Significant additions, replacements, major repairs and renovations to infrastructure and buildings are generally capitalized if the cost equals or exceeds \$35,000 and if they have a useful life of more than one year. Minor renovations are considered operating expenses. Equipment with a cost equal to or in excess of \$5,000 and a useful life of more than one year is capitalized. Incremental costs, including salaries and employee benefits, directly related to the acquisition, development and installation of major software projects are included in the cost of the capital assets. All costs of land, library collections and special collections are capitalized.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Assets under leases and SBITAs are amortized over the shorter of the lease or subscription term or the estimated useful life of the asset. Leasehold improvements are amortized using the straight-line method over the shorter of the life of the applicable lease or the useful life of the asset.

Estimated useful lives are presented in **Table 1.3**.

Table 1.3: Estimated useful lives

Description	Years
Infrastructure	25
Buildings and improvements	15 to 33
Equipment	2 to 20
Computer software	3 to 7
Intangible assets	2 to indefinite
Library books and collections	15

Capital assets acquired through federal grants and contracts where the federal government retains a reversionary interest are also capitalized and depreciated.

Inexhaustible capital assets, such as land or special collections that are protected, preserved and held for public exhibition, education or research, including art, museum, scientific and rare book collections are not depreciated.

Service concession arrangements

The University has entered into service concession arrangements with third parties for parking, student housing and certain other faculty and student services. Under these arrangements, the University enters into ground leases with third parties at minimal or no cost and gives the third party the right to construct, operate and maintain a facility, primarily for the benefit of students and faculty at competitive rates. Rate increases for use of the facilities are subject to certain constraints, and ownership of the facilities reverts to the University upon expiration of the ground leases. The facilities are reported as capital assets by the University when placed in service and a corresponding deferred inflow of resources is reported. The University has not provided guarantees on financing obtained by the third parties under these arrangements.

Unearned revenue

Unearned revenue primarily includes amounts received from grant and contract sponsors that have not been earned under the terms of the agreement and other revenue billed in advance of the event, such as student tuition and fees for housing and dining services.

Federal refundable loans

Certain loans to students are administered by the University with funding primarily supported by the federal government. The University's statements of net position include both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed.

Bond premium

The bond premium received in the issuance of long-term debt is amortized as a reduction to interest expense over the term of the related long-term debt.

Self-insurance programs

The University is self-insured or insured through Fiat Lux for medical malpractice, workers' compensation, employee health care and general liability claims. These risks are subject to various claim and aggregate limits, with excess liability coverage provided by independent insurers. Liabilities are recorded when it is probable a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred but not reported. The estimated liabilities are based upon an independent actuarial determination of the present value of the anticipated future payments. Settlements did not exceed self-insured or supplemental insured coverage for any program in the past three fiscal years.

Obligations under life income agreements

Obligations under life income agreements represent trusts with living income beneficiaries where the University has a residual interest. The investments associated with these agreements are recorded at fair value. The discounted present value of the income beneficiary interest is reported as a liability in the statements of net position. Gifts subject to such agreements administered by the University are recorded as deferred inflows of resources, net of the income beneficiary share, at the date of the gift. At the termination of the agreement, the University's residual interest is recorded as gift revenue in the statements of revenues, expenses and changes in net position.

Pollution remediation obligations

Upon an obligating event, the University estimates the components of any expected pollution remediation costs and recoveries from third parties. The costs, estimated using the expected cash flow technique, are accrued as a liability. Pollution remediation liabilities generally involve groundwater, soil and sediment contamination at certain sites where state and other regulatory agencies have indicated that the University is among the responsible parties. The liabilities are reviewed annually and may increase or decrease the cost of recovery from third parties, if any, as a result of additional information that refines the estimates, or from payments made from revenue sources that support the activity. There were no expected recoveries at June 30, 2025 and 2024 reducing the pollution remediation liability.

Asset retirement obligations

Upon an obligating event, the University records the costs of any expected tangible capital asset retirement obligations using the best estimate of the current value of outlays expected to be incurred. The liabilities are reviewed annually and may change as a result of additional information that refines the estimates. Actual asset retirement obligation costs may vary from these estimates as a result of changes in assumptions such as asset retirement dates, regulatory requirements, technology and costs of labor, materials and equipment. The estimated remaining useful lives of these assets range from 1 to 26 years.

Deferred outflows of resources and deferred inflows of resources

Deferred outflows of resources and deferred inflows of resources represent a consumption and acquisition of net position that apply to a future period, respectively. The University classifies gains on refunding of debt, increases in the fair value of hedging derivatives, payments received or to be received from service concession arrangements, changes in irrevocable split-interest agreements and certain lease payments to be received as deferred inflows of resources. The University classifies losses on refunding of debt, decreases in the fair value of hedging derivatives and certain asset retirement obligations as deferred outflows of resources. The difference between the net position acquired and consideration provided for acquisitions are reported as deferred outflow of resources and are recognized over the expected remaining service life of capital assets acquired when acquisitions are largely based on the expected use of those capital assets. Gains or losses on refunding of debt are amortized as a component of interest expense over the remaining life of the old debt, or the new debt, whichever is shorter. Asset retirement obligations are recognized over the remaining useful life of the related asset. Revenues from split interest agreements are recognized when the resources become available to spend. Lease revenues are recognized over the lease term.

Changes in the net pension and net retiree health liabilities not included in expenses are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension and retiree health liabilities are reported as deferred outflows of resources.

Net position

Net position is required to be classified for accounting and reporting purposes into the following categories:

- **Net investment in capital assets.** This category includes all of the University's capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted.** The University and campus foundations classify the net position resulting from transactions with purpose or time restrictions as restricted net position until the specific resources are used for the required purpose or for as long as the provider requires the resources to remain intact.

- **Nonexpendable.** The net position subject to externally imposed restrictions, which must be retained in perpetuity by the University or campus foundations, is classified as restricted nonexpendable. This includes the University and campus foundation permanent endowment funds.

Also included in restricted nonexpendable net position are minority interests, which include the net position of legally separate organizations attributable to other participants.

- **Expendable.** The net position whose use by the University or campus foundations is subject to externally imposed restrictions that can be fulfilled by actions of the University or campus foundations pursuant to those restrictions or that expire by the passage of time is classified as restricted expendable.

- **Unrestricted.** The net position that is not subject to externally imposed restrictions governing its use is classified as unrestricted. The University's unrestricted net position may be designated for specific purposes by management or The Regents. The campus foundations' unrestricted net position may be designated for specific purposes by their Boards of Trustees. Substantially all of the University's unrestricted net position is allocated for academic and research initiatives or programs, for capital programs or for other purposes.

Restricted or unrestricted resources are spent based upon a variety of factors, including funding restrictions, consideration of prior and future revenue sources, the type of expense incurred, the University's budgetary policies surrounding the various revenue sources or whether the expense is a recurring cost. Unrestricted net position is negative due primarily to liabilities for pension and retiree health benefits exceeding University assets available to pay such obligations.

Revenues and expenses

Operating revenues of the University include receipts from student tuition and fees, grants and contracts for specific operating activities and sales and services from medical centers, educational activities and auxiliary enterprises. Expenses incurred in conducting the programs and services of the University are presented in the statements of revenues, expenses and changes in net position as operating activities. The University's equity in current earnings or losses of Triad and LLNS is also considered operating.

Certain significant revenues relied upon and budgeted for fundamental operational support of the primary mission of the University are mandated by GASB to be recorded as nonoperating revenues, including state educational appropriations, certain federal grants for student financial aid, private gifts and investment income, since GASB does not consider them to be related to the principal operating activities of the University.

Nonoperating revenues and expenses also include state financing appropriations, state hospital fee grants, direct government grants, Build America Bond federal interest subsidies, net appreciation (depreciation) in the fair value of investments, interest expense and the gain (loss) on the disposal of capital assets.

Campus foundations are established to financially support the University. Private gifts to campus foundations are recognized as operating revenues since, in contrast to the University, such contributions are fundamental to the primary mission of the campus foundations. Foundation grants to the University are recognized as operating expenses by the foundations. Private gift or capital gift revenues associated with campus foundation grants to the University are recorded by the University as gifts when the foundations transfer the gifts to the University.

State capital appropriations, capital gifts and grants and gifts for permanent endowment purposes are classified as other changes in net position.

Student tuition and fees

Substantially all student tuition and fees provide for the current operations of the University. A small portion of the student fees, reported as capital gifts and grants, is required for debt service associated with student unions and recreational centers.

The University recognizes scholarship allowances as the difference between the stated charge for tuition and fees, housing and dining charges, recreational center and other fees, and the amount that is paid by the student and third parties on behalf of the student. Payments of financial aid made directly to students are classified as scholarship and fellowship expenses.

Scholarship allowances are netted against student tuition and fees in the statements of revenues, expenses and changes in net position for the years ended June 30 as presented in **Table 1.4**.

Table 1.4: Scholarship allowances (in thousands of dollars)

Description	2025	2024
Student tuition and fees	\$1,582,167	\$1,531,090
Auxiliary enterprises	358,980	245,909
Other operating revenues	11,836	18,517
Scholarship allowances	\$1,952,983	\$1,795,516

State appropriations

The state of California provides appropriations to the University on an annual basis. State educational appropriations are recognized as nonoperating revenue as required by GASB; however, the related expenses for educational, retirement or other specific operating purposes are reported as operating expenses. State appropriations for capital projects are recorded as revenue under other changes in net position when the related expenditures are incurred. Special state appropriations such as those for research related to AIDS, tobacco and breast cancer are reported as state grants and contracts operating revenue.

Grant and contract revenue

The University receives grant and contract revenue from governmental and private sources. The University recognizes revenue associated with the direct costs of sponsored programs as the related expenditures are incurred. Direct costs are comprised of directly assignable programmatic expenses. Indirect shared essential research support costs (otherwise known as facilities and administrative costs, or F&A) are comprised of essential research support expenses for facilities, regulatory compliance and administrative services. Recovery of F&A costs of federally sponsored programs is at cost reimbursement rates negotiated with the University's federal cognizant agency, the U.S. Department of Health and Human Services. For the year ended June 30, 2025, the F&A cost recovery totaled \$1.8 billion, which consisted of \$1.2 billion from federally sponsored programs and \$599.2 million from other sponsors. For the year ended June 30, 2024, the F&A cost recovery totaled \$1.7 billion, which consisted of \$1.1 billion from federally sponsored programs and \$561.6 million from other sponsors.

Medical center revenue

Medical center revenue is reported at the estimated net realizable amounts from patients and third-party payors, including Medicare, Medi-Cal and others, for services rendered, as well as estimated retroactive adjustments under reimbursement agreements with third-party payors. Laws and regulations governing Medicare and Medi-Cal are complex and subject to interpretation. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. It is reasonably possible that estimated amounts accrued could change significantly based upon settlements, or as additional information becomes available.

Net pension liability

The University records a net pension liability for its defined benefit plans. The net pension liability is measured as the total pension liability, less the amount of the pension plans' fiduciary net positions. The fiduciary net position and changes in net position of the defined benefit plans have been measured consistent with the accounting policies used by the plans. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available.

Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors

are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual investment returns are reported as deferred inflows or outflows and are recognized over five years.

Both current employees and retirees at LBNL participate in UCRP. The University makes contributions to UCRP for LBNL employees based upon rates authorized by The Regents and is reimbursed by the DOE. The University also makes contributions to UCRP for LANL and LLNL retirees and terminated vested members, whose benefits were retained in UCRP at the time the joint ventures were formed. The University records a receivable for the net pension liability that is expected to be collected from the DOE. The University deposits funds in UCRP when the DOE makes payments for these contributions. Pension expense for LBNL is included within the DOE laboratory expense, and the contributions from the DOE and deposits into UCRP on behalf of DOE are included as DOE laboratory revenue in the statements of revenues, expenses and changes in net position.

Retiree health benefits and liability

The University's net retiree health benefits liability is measured as the total retiree health benefits liability, less the amount of the UCRHBT's fiduciary net position. The fiduciary net position and changes in net position of UCRHBT have been measured consistent with the accounting policies used by the trust. The total retiree health benefits liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the health benefit trust's fiscal year end. Projected benefit payments are discounted using tax-exempt, high-quality municipal bond rate.

Expense for retiree health benefits is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for retiree health benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

LBNL participates in the University's retiree health plans. The net retiree health benefits liability for LBNL is determined independently from the University's campuses and medical centers. Retiree health benefits expense for LBNL is included within the DOE laboratory expense, and the contributions from the DOE are included as DOE laboratory revenue in the statements of revenues, expenses and changes in net position.

The University records a receivable from the DOE for the DOE's portion of the University's net retiree health benefits liability attributable to LBNL. The University does not have any retiree health benefits liability for LANL or LLNL retiree health benefit costs since their current or former employees do not participate in the University's retiree health plans.

Campus and medical center contributions toward retiree health costs made to UCRHBT, the University's LBNL-related payments made directly to health care insurers and administrators and the corresponding reimbursements from the DOE are shown as operating activities in the statements of cash flows. Cash flows resulting from retiree health contributions from retirees are shown as noncapital financing activities in the statements of cash flows.

University of California Retiree Health Benefit Trust

UCRHBT receives the University's contributions toward retiree health benefits from campuses, medical centers and University affiliates. The University receives retiree health contributions from University affiliates and campus and medical center retirees that are deducted from their UCRP benefit payments or are received from the retirees through direct pay and then remitted to UCRHBT.

The University acts as a third-party administrator on behalf of UCRHBT and pays health care insurers and administrators amounts currently due under the University's retiree health benefit plans for retirees. UCRHBT reimburses the University for these amounts.

Since LBNL does not participate in UCRHBT, the DOE has no interest in its assets.

Compensated absences

The University accrues various types of compensated absences, including vacation, sick leave and other employer-related costs, for employees at rates based on factors such as length of service and job classification. Compensatory time is accrued based on job classification and hours worked. When accumulated compensated absence balances are utilized by employees for time off, it is assumed that those balances are used chronologically from those recently earned to those earned in prior fiscal years.

Endowment spending

Under provisions of California law, the Uniform Prudent Management of Institutional Funds Act allows for investment income, as well as a portion of realized and unrealized gains, to be expended for the operational requirements of University programs.

Custodial external investment pool funds

Custodial funds represent assets held in the University's investment pools on behalf of associated organizations that are not part of the University's financial reporting entity. As a result, these funds are reported as fiduciary activities in the University's financial statements.

Tax exemption

The University is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), except for tax on unrelated business income under IRC Section 511. The University is also exempt from federal income tax under IRC Section 115(a) as a state institution. In addition, the University is exempt from state income taxes imposed under the California Revenue and Taxation Code. UCRS plans are qualified under IRC Section 401(a) and the related trusts are tax-exempt under Section 501(c)(3). The campus foundations are also qualified for tax exemption under IRC Section 501(c)(3). CHRCO and its component unit, the Children's Hospital and Research Center Foundation, are qualified for exemption under IRC Section 501(c)(3). Income received by UCRHBT is tax-exempt under IRC Section 115(a).

Use of estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenditures during the reporting period. Although management believes the estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made and actual amounts could differ from those estimates.

New Accounting Pronouncements

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), effective for the University's fiscal year beginning July 1, 2025. GASB 103 changes some of the reporting requirements issued in Statements 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and Statement 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*. GASB 103 adds a section for noncapital subsidies in the Statement of Revenues, Expenses, and Changes in Net Position (SRECNP). This means state educational appropriations will move from nonoperating revenue to the new noncapital subsidies section, with a required subtotal described as "Operating income (loss) and noncapital subsidies." Other provisions of GASB 103 (1) clarify guidance for management's discussion and analysis, (2) define operating and nonoperating revenues and expenses, (3) move items from other changes in net position into the other nonoperating revenues and expenses section, (4) replace extraordinary items and special items into a new "unusual or infrequent items" category. The University is evaluating the full effect that GASB 103 will have on its financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104), effective for the University's fiscal year beginning July 1, 2025. GASB 104 requires certain types of capital assets to be disclosed separately. The Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if the University has decided to pursue the sale of the capital asset and it is probable that the sale will be finalized within one year of the financial statement date. The University is evaluating the full effect that GASB 104 will have on its financial statements.

2. Cash and Cash Equivalents

The University maintains centralized management for substantially all of its cash and cash equivalents. Cash in demand deposit accounts is minimized by sweeping available cash balances into investment accounts on a daily basis.

Under University policy, deposits are only held at financial institutions that maintain an issuer rating on long-term debt of A3 or higher by Moody's Investors Service (Moody's), A- or higher by Standard & Poor's (S&P) or an Asset Peer Group rating of 65 or higher as defined by Sheshunoff Bank Rating Reports. At June 30, 2025 and 2024, the carrying amount of the University's cash and cash equivalents, generally held in five nationally recognized banking institutions, was \$0.6 billion and \$0.5 billion, respectively, compared to bank balances of \$162.8 million and \$277.9 million, respectively. Deposits in transit and cash awaiting investment are the primary differences. The University's deposits are uninsured and uncollateralized except for bank balances insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable statutory limits.

The University does not have significant exposure to foreign currency risk in demand deposit accounts. Accounts held in foreign countries maintain minimum operating balances with the intent to reduce potential foreign exchange risk while providing an adequate level of liquidity to meet the obligations of the academic programs established abroad. The equivalent U.S. dollar balances required to support research groups and education abroad programs in foreign countries was \$3.7 million at June 30, 2025 and \$2.9 million at June 30, 2024.

The carrying amount of the campus foundations' cash and cash equivalents at June 30, 2025 and 2024 was \$260.2 million and \$255.1 million, respectively, compared to bank balances of \$121.3 million and \$103.1 million, respectively. Deposits in transit and cash awaiting investment are the primary differences. Included in cash and cash equivalents are deposits in the University's Short Term Investment Pool (STIP) of \$136.1 million at June 30, 2025 and \$150.5 million at June 30, 2024, with the remaining uncollateralized bank balances insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable statutory limits. Uncollateralized bank balances include \$28.8 million and \$7.8 million in excess of the FDIC limits at June 30, 2025 and 2024, respectively. The campus foundations do not have exposure to foreign currency risk in their cash and cash equivalents.

3. Investments

The Regents, as the governing board of the University, is responsible for the oversight of the University's, UCRS' and UCRHBT's investments and establishes an investment policy, which is carried out by the Office of the Chief Investment Officer (UC Investments). These investments are associated with STIP, Total Return Investment Pool (TRIP), Blue and Gold Pool (BGP), General Endowment Pool (GEP), UCRS, UCRHBT and other investment pools managed by UC Investments, or are separately invested. Pursuant to The Regents' policies on campus foundations, the Board of Trustees for each campus foundation may determine that all or a portion of their investments will be managed by UC Investments. Asset and Risk Allocation Policy guidelines are provided to the campus foundations by the Investments Committee of The Regents.

Short Term Investment Pool (STIP)

STIP allows participants to maximize the returns on their short-term cash balances by taking advantage of the economies of scale of investing in a large pool with a broad range of maturities and is managed to maximize current earned income. Cash to provide for payroll, construction expenditures and other operating expenses for campuses and medical centers is invested in STIP. The available cash in UCRS or endowment investment pools awaiting investment, or cash for administrative expenses, is also invested in STIP.

Investments authorized by The Regents for STIP include fixed-income securities with a maximum maturity of three years. In addition, for STIP, The Regents has also authorized loans, primarily to faculty members residing in California, under the University's Mortgage Origination Program with terms of up to 40 years.

Total Return Investment Pool (TRIP)

TRIP allows participants the opportunity to maximize the return on their intermediate-term working capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. TRIP is managed to a total return objective and is intended to supplement STIP. Investments authorized by The Regents for TRIP include a diversified portfolio of equity, fixed-income and alternative investments.

Blue and Gold Pool (BGP)

BGP is an investment pool whose objective is to provide a low-cost, liquid, diversified investment vehicle to invest long-term excess reserves to earn a higher return than would otherwise be expected from STIP and TRIP. To achieve liquidity, transparency and minimal expense, a passive investment strategy in equities and bonds is used.

General Endowment Pool (GEP)

GEP is an investment pool in which a large number of individual endowments participate in order to benefit from diversification and economies of scale. GEP is a balanced portfolio and the primary investment vehicle for endowed gift funds. Where donor agreements place constraints on allowable investments, assets associated with endowments are invested in accordance with the terms of the agreements.

Other

Other investment pools primarily facilitate annuity and life income arrangements. Separate investments are those that cannot be pooled due to investment restrictions or income requirements.

Investments authorized by The Regents for BGP, GEP, UCRS, other investment pools and separate investments include equity securities, fixed-income securities and certain other asset classes. The equity portion of the investment portfolios include both domestic and foreign common and preferred stocks which may be included in actively or passively managed strategies, along with exposure to private equities. The University's investment portfolios may include foreign currency-denominated equity securities. The fixed-income portion of the investment portfolios may include both domestic and foreign securities, along with certain securitized investments, including mortgage-backed and asset-backed securities. Fixed-income investment guidelines permit the use of futures and options on fixed-income instruments in the ongoing management of the portfolios. Real estate investments are authorized for all pools except STIP. Absolute return strategies, which may incorporate short sales, plus derivative positions to implement or hedge an investment position, are also authorized for all pools except STIP.

Derivative instruments, including futures, forward contracts, options and swap contracts are authorized for portfolio rebalancing in accordance with The Regents' asset allocation policy and as substitutes for physical securities. Derivatives are not used for speculative purposes.

The Regents has also authorized certain employee account balances in defined contribution plans included as part of UCRS' investments to be invested in mutual funds. The participants' interests in mutual funds are not managed by UC Investments and totaled \$3.3 billion and \$2.9 billion at June 30, 2025 and 2024, respectively.

Investments authorized by The Regents for the UCRHBT are restricted to a portfolio of high-quality money market instruments in a commingled fund that is managed externally. The average credit quality of the portfolio is A-1/P-1 with an average maturity of 49 days and 14 days at June 30, 2025 and 2024, respectively. The fair values of UCRHBT's investment in this portfolio were \$228.7 million and \$196.9 million at June 30, 2025 and 2024, respectively. These are measured at net asset value as of June 30, 2025 and 2024, respectively.

The composition of investments, by investment type at June 30 is presented in **Table 3.1**.

Table 3.1: Composition of investments by investment type (in thousands of dollars)

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Equity securities	\$22,220,069	\$20,272,963	\$77,741	\$207,303	\$90,912,582	\$72,487,939
U.S. government-guaranteed						
U.S. Treasury bills, notes and bonds	3,197,230	4,678,906	557,849	459,894	7,505,988	7,425,508
U.S. Treasury strips		414,381	4,301	4,120		72,438
U.S. TIPS				13,029	1,649,662	1,380,675
U.S. government-backed securities	171		12,142	8,813	4,133	
U.S. government-backed asset-backed securities			6,627	6,398	134,018	121,898
Total U.S. government-guaranteed	3,197,401	5,093,287	580,919	492,254	9,293,801	9,000,519
Other U.S. dollar-denominated						
Corporate bonds	1,030,629	1,516,702	298,115	230,668	4,583,715	5,257,199
Commercial paper	3,806,416	4,240,634				338,980
Repurchase agreements*					784,000	
U.S. agencies	630,275	114,979	6,040	7,576	2,055,107	2,742,743
U.S. agencies asset-backed securities	724	887	91,596	75,290	465,643	441,136
Corporate asset-backed securities			33,892	36,378	28,706	32,017
Supranational/foreign	497,127	791,323	4,254		1,424,635	2,065,615
Other	3,318	4,843	107,049	61,741	11,718	13,746
Total other U.S. dollar-denominated	5,968,489	6,669,368	540,946	411,653	9,353,524	10,891,436
Commingled funds						
Absolute return funds	345,979	904,680	4,032,169	3,344,044	860,943	1,845,464
Non-U.S. equity funds	1,430,036	1,303,338	971,434	855,618	3,847,482	3,296,006
Private equity	6,818,267	4,866,898	3,560,935	3,161,609	10,171,815	9,743,822
Private credit	875,348	939,761			2,100,137	2,278,817
Money market funds	989,844	1,202,918	1,511,348	1,811,420	4,135,762	5,323,090
U.S. equity funds	410	3,447	2,263,782	2,103,962	5,694,162	5,213,097
Real estate investment trusts	3,141,016	2,705,633	304,073	245,774	6,331,452	6,078,038
Real assets	563,842	593,136	33,542	59,314	2,831,386	3,154,240
U.S. bond funds	171,245	157,865	133,543	122,573	1,923,696	1,555,295
Non-U.S. bond funds	148	119	35,271	31,247		
Balanced funds	348,375	321,842	3,661,199	3,197,494		
Total commingled funds	14,684,510	12,999,637	16,507,296	14,933,055	37,896,835	38,487,869
Other investments						
Investment derivatives	3,940	495	36,558	10,279	7,400	4,012
Publicly traded real estate investment trusts	437,021	431,333			2,651,349	2,295,247
Mortgage loans	1,666,697	1,408,454				
Real estate	152,864	127,343	337,224	324,795	852,997	875,979
Other investments	73,480	169,554	362,663	352,312	415,355	575,074
Campus foundations' investments with the University	(4,128,780)	(3,673,607)				
UCRS investment in STIP	(2,252,180)	(2,953,909)				
Custodial investment funds	(478,489)	(630,465)	(753,423)	(728,256)		
Total other investments	(4,525,447)	(5,120,802)	(16,978)	(40,870)	3,927,101	3,750,312
Total investments	41,545,022	39,914,453	17,689,924	16,003,395	\$151,383,843	\$134,618,075
Less: Current portion	(4,774,768)	(5,105,163)	(1,542,257)	(1,562,469)		
Noncurrent portion	\$36,770,254	\$34,809,290	\$16,147,667	\$14,440,926		

*The Regents is invested in repurchase agreements held directly between SSGA Trust Company and various counterparties. As of June 30, 2025, the Regents recorded repurchase agreements of \$784.0 million, with investments of \$802.7 million in carrying value pledged as collateral. The repurchase agreement positions held have overnight maturities.

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk and foreign currency risk, may affect both equity and fixed-income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed-income securities are particularly sensitive to credit risks and changes in interest rates. Alternative investment strategies and their underlying assets and rights are subject to an array of economic and market vagaries that can limit or erode value.

Credit risk

Fixed-income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or the possibility that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments.

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond and, ultimately, to pay the principal. Credit quality is evaluated by independent bond rating agencies, like Moody's or S&P. The lower the rating, the greater the chance, in the rating agency's opinion, that the bond issuer will default, or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

Certain fixed-income securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are considered to have minimal credit risk. Asset-backed securities are debt obligations that represent claims to the cash flows from pools of commercial, mortgage, credit card or student loans. Mortgage-backed securities issued by Ginnie Mae are backed by the full faith and credit of the U.S. government.

The investment guidelines for STIP recognize that a limited amount of credit risk, properly managed and monitored, is prudent and provides incremental risk-adjusted return over its benchmark. The combined benchmark for STIP is a 50/50 weighted average of the yield on a constant maturity one-year U.S. Treasury Note and U.S. 30-day Treasury Bills.

The University recognizes that credit risk is appropriate in balanced investment pools such as TRIP, BGP, UCRS and GEP by virtue of the benchmarks chosen for the fixed-income portion of those pools.

The core fixed-income benchmark for UCRSP is the Bloomberg MSCI US Aggregate ex-Tobacco ex-Fossil Fuels Index, comprised of 24.0 percent corporate bonds, 3.7 percent non-corporate bonds and 26.4 percent mortgage/asset-backed bonds, all of which carry some degree of credit risk. The remaining 45.9 percent is government-issued bonds. The core fixed-income benchmark for TRIP, BGP, UCRP and GEP is the Bloomberg 1-5 Year US Government/Credit Index, comprised of 25.6 percent corporate bonds and 4.9 percent non-corporate bonds, all of which carry some degree of credit risk. The remaining 69.5 percent is government-issued bonds.

Credit risk is managed primarily by diversifying across issuers. The University monitors and reviews its exposures on an ongoing basis and will maintain a high-quality portfolio within its investment guidelines.

The credit risk profile at June 30 is presented in **Table 3.2**.

Table 3.2: Credit risk profile (in thousands of dollars)

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Fixed- or variable-income securities						
U.S. government-guaranteed	\$3,197,401	\$5,093,287	\$580,919	\$492,254	\$9,293,801	\$9,000,519
Other U.S. dollar-denominated: AAA	167,181	268,379	86,735	97,827	302,619	1,215,657
Other U.S. dollar-denominated: AA	258,757	293,487	38,456	12,239	2,216,639	2,506,535
Other U.S. dollar-denominated: A	577,074	855,677	12,139	13,315	1,008,921	1,839,179
Other U.S. dollar-denominated: BBB	663,938	999,773	39,078	36,470	1,261,718	2,320,142
Other U.S. dollar-denominated: BB	8,291	7,862	125,589	99,963	1,567,357	1,039,782
Other U.S. dollar-denominated: B			93,609	62,946	1,201,525	798,524
Other U.S. dollar-denominated: CCC or below			7,342	2,848	360,559	240,890
Other U.S. dollar-denominated: Not rated	4,293,248	4,244,190	137,998	86,045	1,434,186	930,727
Commingled funds						
U.S. bond funds: Not rated	171,245	157,865	133,543	122,573	1,923,696	1,555,295
Non-U.S. bond funds: Not rated	148	119	35,271	31,247		
Money market funds: Not rated	989,844	1,202,918	1,511,348	1,811,420	4,135,762	5,323,090
Other investments						
Mortgage loans: Not rated	1,666,697	1,408,454				

Custodial credit risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned.

Substantially all of the University's, campus foundations' and UCRS' securities are registered in the University's name by the custodial bank as an agent for the University. Other types of investments such as private investments, real estate, commingled funds and derivatives represent ownership interests that do not exist in physical or book-entry form. As a result, custodial credit risk for such investments is remote.

Concentration of credit risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

The U.S. and non-U.S. equity portions of the University and UCRS portfolios may be managed either passively or actively. For the portions managed passively, the concentration of individual securities is similar to their concentration in the benchmark. While some securities have a larger representation in the benchmark than others, the University considers passive management results in an absence of concentration of credit risk. For the portions managed actively, asset class guidelines do not specifically address concentration risk, but do state that the equity asset class, in the aggregate, will be appropriately diversified to control overall risk and will exhibit portfolio characteristics similar to the asset class benchmark (including concentration of credit risk). Concentration risk for individual portfolios is monitored relative to their individual benchmarks and agreed-upon risk parameters in their guidelines.

Each campus foundation may have its own individual investment policy designed to limit exposure to a concentration of credit risk. Securities issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, other investment pools or investments that are invested by the University for the campus foundations are not subject to concentration of credit risk. Most of the campus foundations that hold other types of investments have policies to limit the exposure to an individual issuer.

At June 30, 2025 and 2024, no single issuer comprised more than 5 percent of investments held by the University, campus foundations or UCRS, excluding US government securities.

Interest rate risk

Interest rate risk is the risk that the value of fixed-income securities will decline because of changing interest rates. The prices of fixed-income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Effective duration is the approximate change in price of a security resulting from a 1-percentage-point change in the level of interest rates. Interest rate risk for STIP is managed by constraining the maturity of all individual securities to be less than or equal to three years. There is no restriction on weighted average maturity of the portfolio as it is managed relative to the liquidity demands of the investors. The nature and maturity of individual securities in STIP allow for the use of weighted average maturity as an effective risk management tool, rather than the more complex measure, effective duration.

The portfolio guidelines constrain the potential price movement due to interest rate changes of the portfolio being similar to that of the benchmark. There are similar restrictions for the high-yield and emerging market debt portfolios relative to their benchmarks.

The effective durations at June 30 are presented in **Table 3.3**.

Table 3.3: Effective durations for securities (in years)

Securities	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Fixed- or variable-income securities						
U.S. government-guaranteed						
U.S. Treasury bills, notes and bonds	2.4	2.5	2.4	2.2	4.7	4.8
U.S. Treasury strips		1.6	0.5	12.4		1.1
U.S. TIPS				4.0	4.6	4.8
U.S. government-backed securities	2.6				13.5	
U.S. government-backed asset-backed securities					5.0	5.1
Other U.S. dollar-denominated						
Corporate bonds	2.7	2.7	1.3	1.7	3.2	3.2
U.S. agencies	0.2	0.5	4.4	4.1	0.5	1.1
U.S. agencies asset-backed securities	2.9	3.1			4.8	5.1
Corporate asset-backed securities					2.2	2.7
Supranational/foreign	2.7	2.7			3.1	2.9
Other	2.7	2.0	3.8	3.5	5.8	5.8
Commingled funds						
U.S. bond funds	4.0	3.8	5.7	5.6	4.3	3.0
Non-U.S. bond funds			6.9	7.5		
Money market funds*			0.2	0.2		

*Foundation investment in STIP

The University considers the effective durations for commercial paper, mortgage loans, insurance contracts and money market funds to be zero. The terms of the mortgage loans include variable interest rates. Insurance contracts can be liquidated without loss of principal, and money market funds consist of underlying securities that are of a short-term, liquid nature.

Investments also include various mortgage-backed securities, collateralized mortgage obligations, structured notes, variable-rate securities and callable bonds that may be considered to be highly sensitive to changes in interest rates due to the existence of prepayment or conversion features. The effective durations of these securities, however, may be low.

At June 30, the fair values of such investments are presented in **Table 3.4**.

Table 3.4: Fair value of certain investments highly sensitive to interest rate changes (in thousands of dollars)

Investments	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Mortgage-backed securities	\$724	\$887	\$21,524	\$19,615	\$580,055	\$551,656
Collateralized mortgage obligations			68,829	61,854	37,201	39,592
Other asset-backed securities			28,566	20,293	338,525	320,917
Variable-rate securities	1,330,599	1,486,920			2,581,225	3,274,876
Callable bonds	1,276,899	1,493,945			7,198,363	8,552,739
Structured notes	340,604	189,820			2,517,414	517,812
Convertible bonds					2,282	9,265
Total	\$2,948,826	\$3,171,572	\$118,919	\$101,762	\$13,255,065	\$13,266,857

Mortgage-backed securities

These securities are issued primarily by Fannie Mae, Ginnie Mae and Freddie Mac and various commercial entities and include short embedded prepayment options. Unanticipated prepayments by the obligees of the underlying assets reduce the total expected rate of return.

Collateralized mortgage obligations

Collateralized mortgage obligations (CMOs) generate a return based upon either the payment of interest or principal on mortgages in an underlying pool. The relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates. In falling interest rate environments, the underlying mortgages are subject to a higher propensity of prepayments. In rising interest rate environments, the opposite is true.

Other asset-backed securities

Other asset-backed securities also generate a return based upon either the payment of interest or principal on obligations in an underlying pool, generally associated with auto loans or credit cards. As with CMOs, the relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates.

Variable-rate securities

These securities are investments with terms that provide for the adjustment of their interest rates on set dates and are expected to have fair values that will be relatively unaffected by interest rate changes. Variable-rate securities may have limits on how high or low the interest rate may change. These constraints may affect the market value of the security.

Callable bonds

Although bonds are issued with clearly defined maturities, an issuer may be able to redeem, or call, a bond earlier than its maturity date. The University must then replace the called bond with a bond that may have a lower yield than the original. The call feature causes the fair value to be highly sensitive to changes in interest rates.

Structured notes

Structured notes are investments whose interest payments or principal values are linked to changes in interest rates through embedded formulas or derivative features. The terms of these securities cause their fair values to be more sensitive to interest rate movements than traditional fixed-rate bonds. Depending on the structure, changes in interest rates may have a disproportionate effect on the note's market value or yield characteristics.

At June 30, the effective durations for these securities are presented in **Table 3.5**.

Table 3.5: Effective durations for certain securities (in years)

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Mortgage-backed securities	2.9	3.1	3.6	3.9	4.9	5.0
Collateralized mortgage obligations			2.9	2.5	3.4	3.7
Other asset-backed securities			1.6	1.2	6.2	0.1
Structured notes	2.6	2.7			3.8	3.0
Variable-rate securities	0.7	0.7			1.6	0.9
Callable bonds	2.5	2.6			2.5	2.6
Convertible bonds					1.2	1.5

Foreign currency risk

The University's strategic asset allocation policy for TRIP, UCRS and GEP includes allocations to non-U.S. equities and non-dollar-denominated bonds. The benchmarks for these investments are not hedged; therefore, foreign currency risk is part of the investment strategy. Portfolio guidelines for U.S. investment-grade fixed-income securities also allow exposure to non-U.S. dollar-denominated bonds up to 10 percent of the total portfolio market value. Exposure to foreign currency risk from these securities is permitted, and it may be fully or partially hedged using forward foreign currency exchange contracts. Under the University's investment policies, such instruments are not permitted for speculative use or to create leverage. Similar limits on foreign exchange exposure apply to the high-yield debt and emerging market debt portfolios.

At June 30, the foreign currency risk expressed in U.S. dollars, organized by currency denomination and investment type, is presented in **Table 3.6**.

Table 3.6: Foreign currency risk (in thousands of dollars)

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Equity securities						
Euro	\$1,483,137	\$1,296,877			\$6,325,805	\$4,819,475
British Pound	573,751	537,197			2,387,584	1,959,161
Japanese Yen	1,009,592	969,169			4,269,674	3,594,100
Canadian Dollar	505,454	430,449			2,117,632	1,589,364
Swiss Franc	392,423	382,550			1,665,437	1,386,611
Australian Dollar	267,251	258,231			1,129,256	952,003
Hong Kong Dollar	520,500	393,814			2,021,505	1,394,759
Swedish Krona	160,821	162,393			666,172	605,268
Singapore Dollar	56,431	46,951			239,014	176,521
Danish Krone	104,708	166,110			447,891	618,245
Norwegian Krone	31,215	30,447			135,651	109,119
South Korean Won	234,352	238,104			901,151	831,154
Brazilian Real	68,556	70,473			266,131	236,433
Indian Rupee	1,051,824	576,251	\$20,986	\$21,584	1,850,934	1,809,608
Taiwan New Dollar	410,291	399,717			1,587,451	1,398,843
South African Rand	68,887	56,109			260,474	196,222
Thai Baht	21,163	26,980			84,352	96,127
Mexican Peso	36,355	38,922			145,174	135,152
Chinese Yuan Renminbi	53,866	55,489			241,732	198,567
Other	278,485	265,263	50	64	1,092,806	902,388
Subtotal	7,329,062	6,401,496	21,036	21,648	27,835,826	23,009,120
Commingled funds (various currency denominations)						
Absolute return funds	3,174	2,960	1,733,252	1,560,254	279,605	260,692
Non-U.S. equity funds	1,430,036	1,303,338	971,434	855,618	3,847,482	3,296,006
Private equity	56,580	34,688	546,094	549,599	295,055	273,072
Real estate investment trusts			5,290	10,215		
Real assets	11,515	9,661	108,150	120,886	65,250	54,744
Non-U.S. bond funds	148	119	35,271	31,247		
Balanced funds			290,401	239,379		
Real estate			45,666			
Subtotal	1,501,453	1,350,766	3,735,558	3,367,198	4,487,392	3,884,514
Investment derivatives						
Canadian Dollar	5	9			35	66
Hong Kong Dollar		17				38
Euro	25	30			41	49
Other	127	18			558	59
Subtotal	157	74			634	212
Publicly traded real estate investment trusts						
Australian Dollar	23,995	22,005			99,978	82,744
Euro	13,622	10,674			50,581	38,830
British Pound	13,534	14,174			53,650	49,692
Japanese Yen	20,388	21,104			80,790	65,544
Singapore Dollar	9,698	9,202			40,001	33,691
Canadian Dollar	4,128	4,233			16,907	13,737
Other	10,484	8,506			35,864	28,315
Subtotal	95,849	89,898			377,771	312,553
Total exposure to foreign currency risk	\$8,926,521	\$7,842,234	\$3,756,594	\$3,388,846	\$32,701,623	\$27,206,399

The University's Investment Pools

The composition of the University's investments at June 30, 2025, by investment pool, is presented in **Table 3.7a**.

Table 3.7a: Composition of University's investments by investment pool at June 30, 2025 (in thousands of dollars)

Description	STIP	TRIP	BGP	GEP	Other	Total
Equity securities		\$4,630,920	\$6,189,772	\$11,170,757	\$228,620	\$22,220,069
U.S. government-guaranteed	\$324,034	2,279,975	394,697	196,705	1,990	3,197,401
Other U.S. dollar-denominated	4,385,627	1,269,885	191,300	115,827	5,850	5,968,489
Commingled funds	694,208	1,308,691	69,770	11,986,584	625,257	14,684,510
Investment derivatives		1,112	1,241	1,708	(121)	3,940
Publicly traded real estate investment trusts		85,162	128,522	221,568	1,769	437,021
Mortgage loans	1,666,697					1,666,697
Real estate		24,863		91,258	36,743	152,864
Other investments				63,076	10,404	73,480
Subtotal	7,070,566	9,600,608	6,975,302	23,847,483	910,512	48,404,471
Campus foundations' investments with the University	(435,963)	(16,113)	(8,978)	(3,454,148)	(213,578)	(4,128,780)
UCRS investment in STIP	(2,252,180)					(2,252,180)
Custodial investment funds	(232,128)			(246,361)		(478,489)
Total investments	\$4,150,295	\$9,584,495	\$6,966,324	\$20,146,974	\$696,934	\$41,545,022

The composition of the University's investments at June 30, 2024, by investment pool, is presented in **Table 3.7b**.

Table 3.7b: Composition of University's investments by investment pool at June 30, 2024 (in thousands of dollars)

Description	STIP	TRIP	BGP	GEP	Other	Total
Equity securities		\$5,090,829	\$5,750,667	\$9,326,642	\$104,825	\$20,272,963
U.S. government-guaranteed	\$652,573	2,921,264	636,037	860,679	22,734	5,093,287
Other U.S. dollar-denominated	4,336,402	1,500,215	315,036	511,768	5,947	6,669,368
Commingled funds	940,531	121,747	62,774	11,254,593	\$619,992	12,999,637
Investment derivatives		160	134	173	28	495
Publicly traded real estate investment trusts		111,894	126,551	191,143	1,745	431,333
Mortgage loans	1,408,454					1,408,454
Real estate				95,163	32,180	127,343
Other investments				159,359	10,195	169,554
Subtotal	7,337,960	9,746,109	6,891,199	22,399,520	797,646	47,172,434
Campus foundations' investments with the University	(406,261)			(3,024,147)	(243,199)	(3,673,607)
UCRS investment in STIP	(2,953,909)					(2,953,909)
Custodial investment funds	(353,602)	(50,852)		(226,011)		(630,465)
Total investments	\$3,624,188	\$9,695,257	\$6,891,199	\$19,149,362	\$554,447	\$39,914,453

The total investment returns based upon unit values, representing the combined income plus net appreciation or depreciation in the fair value of investments, for the year ended June 30, 2025 were 12.0 percent for TRIP, 15.8 percent for BGP, 12.2 percent for GEP and 12.7 percent for UCRP. The total investment returns based upon unit values, representing the combined income plus net appreciation or depreciation in the fair value of investments, for the year ended June 30, 2024, were 12.1 percent for TRIP, 15.7 percent for BGP, 11.7 percent for GEP and 12.2 percent for UCRP. The investment return for STIP distributed to participants, representing combined income and realized gains or losses, during the same periods, was 4.5 percent and 4.2 percent, respectively. Other investments consist of numerous small portfolios of investments or individual securities, each with its own individual rate of return.

Related Party Relationships with the University

UCRS and campus foundations may invest available cash in STIP. Shares are purchased or redeemed at a constant value of \$1 per share. Actual income earned, including any realized gains or losses on the sale of STIP investments, is allocated to UCRS and campus foundations based upon the number of shares held. Unrealized gains and losses associated with the fluctuation in the fair value of investments included in STIP are recorded by the University as the manager of the pool. The net asset value for STIP is held at a constant value of \$1 and is not adjusted for unrealized gains and losses associated with the fluctuation in the fair value of investments included in STIP.

The campus foundations may also purchase or redeem shares in GEP, BGP, TRIP or other investment pools at the unitized value of the portfolio at the time of purchase or redemption. Actual income earned is allocated to the campus foundations based upon the number of shares held.

Campus Foundations

The campus foundations' cash and cash equivalents and investments that are invested with the University are excluded from the University's statements of net position and included in the campus foundations' statements of net position. Under the accounting policies elected by each campus foundation, certain foundations classify all or a portion of their investment in STIP as cash and cash equivalents, rather than investments. Substantially all of the campus foundations' investments managed by the University are categorized as commingled funds or commingled money market funds by the campus foundations in the composition of investments.

The fair value of the campus foundations' cash and cash equivalents and investments that are invested with the University, by investment pool, at June 30 are presented in **Table 3.8**.

Table 3.8: Fair value of the Foundations' cash, cash equivalents, investments (in thousands of dollars)

Description	Campus Foundations 2025	Campus Foundations 2024
STIP	\$435,963	\$406,261
TRIP	16,113	
BGP	8,978	
GEP	3,454,148	3,024,147
Other investment pools	213,578	243,199
Total investments with the University	4,128,780	3,673,607
Classified as cash and cash equivalents by campus foundations	(137,048)	(147,742)
Classified as investments by campus foundations	\$3,991,732	\$3,525,865

Investment income in the University's statements of revenues, expenses and changes in net position is net of income earned by, and distributed to, the campus foundations totaling \$41.4 million and \$49.9 million for the years ended June 30, 2025 and 2024, respectively.

UCRS

UCRS had \$2.3 billion and \$3.0 billion invested in STIP at June 30, 2025 and 2024, respectively. These investments are excluded from the University's statements of net position and are included in UCRS' statements of fiduciary net position. They are categorized as commingled money market funds in the composition of investments for UCRS. STIP investment income in the University's statements of revenues, expenses and changes in net position is net of income earned by, and distributed to, UCRS totaling \$58.1 million and \$136.8 million for the years ended June 30, 2025 and 2024, respectively.

External Investment Pools

STIP and GEP are external investment pools. The composition of their net position at June 30 is presented in **Table 3.9**.

Table 3.9: Composition of net position for STIP and GEP (in thousands of dollars)

Description	STIP 2025	STIP 2024	GEP 2025	GEP 2024
Investments	\$7,070,566	\$7,337,960	\$23,847,483	\$22,399,520
Investment of cash collateral			1,038,098	810,073
Securities lending collateral			(1,038,098)	(810,073)
Other assets, net	6,831,379	5,843,743	275,800	201,180
Net position	\$13,901,945	\$13,181,703	\$24,123,283	\$22,600,700

Participants purchase or redeem shares in STIP at a constant value of \$1 per share and purchase or redeem shares in GEP at the unitized value of the portfolio at the time of purchase or redemption. Actual income earned is allocated to participants based upon the number of shares held.

Other assets include amounts receivable for pension benefits from the campuses and medical centers of \$7.2 billion and \$5.9 billion at June 30, 2025 and 2024, respectively.

The changes in net position for STIP and GEP for the year ended June 30 are presented in **Table 3.10**.

Table 3.10: Changes in net position for STIP and GEP (in thousands of dollars)

Description	STIP 2025	STIP 2024	GEP 2025	GEP 2024
Net position, beginning of year	\$13,181,703	\$16,350,213	\$22,600,700	\$20,581,840
Investment income	424,517	576,010	251,138	179,409
Net appreciation in fair value of investments	4,290	12,175	13,131,551	2,130,895
Net transfer to BGP		(2,987,621)		
Participant contributions (withdrawals)	291,435	(769,074)	(11,860,106)	(291,444)
Net position, end of year	\$13,901,945	\$13,181,703	\$24,123,283	\$22,600,700

4. Securities Lending

The University and UCRS jointly participate in a securities lending program as a means to augment income. Securities are lent to selected brokerage firms for which collateral received equals or exceeds the fair value of such investments lent during the period of the loan. Securities loans immediately terminate upon notice by either the University or the borrower. Collateral may be cash or securities issued by the U.S. government or its agencies, or the sovereign or provincial debt of foreign countries. Securities collateral cannot be pledged or sold by the University unless the borrower defaults.

Loans of domestic equities and all fixed-income securities are initially collateralized at 102 percent of the fair value of securities lent. Loans of foreign equities are initially collateralized at 105 percent. All borrowers are required to provide additional collateral by the next business day if the value of the collateral falls to less than 100 percent of the fair value of securities lent.

Cash collateral received from the borrower is invested by lending agents, as agents for the University, in investment pools in the name of the University, with guidelines approved by the University. These investments are shown as investment of cash collateral in the statements of net position. At June 30, 2025 and 2024, the securities in these pools had a weighted average maturity of 3 days and 11 days, respectively. The University records a liability for the return of the cash collateral shown as collateral held for securities lending in the statements of net position. Securities collateral received from the borrower is held in investment pools by the University's custodial bank.

At June 30, 2025 and 2024, the University had insignificant exposure to borrowers because the amounts the University owed the borrowers were substantially the same as the amounts the borrowers owed the University. The University is indemnified by its lending agents against any losses incurred as a result of borrower default.

The composition of the securities lending program at June 30 is presented in **Table 4.1**.

Table 4.1: Composition of the securities lending program (in thousands of dollars)

Description	University of California 2025	University of California 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Securities lent				
For cash collateral:				
Equity securities:				
Domestic	\$1,634,356	\$1,349,360	\$8,812,667	\$8,002,493
Foreign	419,472	429,580	1,505,216	1,302,812
Fixed-income securities:				
U.S. government-guaranteed	7,292	9,404	390,617	773,870
U.S. agency	68,603	118,604	1,344,362	1,590,843
Other U.S. dollar-denominated	235,887	327,079	827,250	1,308,722
Total securities lent for cash collateral	2,365,610	2,234,027	12,880,112	12,978,740
For securities collateral:				
Equity securities:				
Domestic		299	9	
Foreign	2,051	2,168	3,849	2,161
Publicly traded real estate investment trusts:				
Publicly traded real estate investment trust	343		1,150	
Fixed-income securities:				
U.S. government-guaranteed	7,899	46,481	2,225,754	3,583,205
U.S. agency			1,051,704	
Total securities lent for securities collateral	10,293	48,948	3,282,466	3,585,366
Total securities lent	\$2,375,903	\$2,282,975	\$16,162,578	\$16,564,106
Collateral received				
Cash	\$2,422,644	\$2,299,343	\$13,178,002	\$13,310,851
Total cash collateral received	2,422,644	2,299,343	13,178,002	13,310,851
Securities	10,294	53,841	3,282,467	3,943,813
Total collateral received	\$2,432,938	\$2,353,184	\$16,460,469	\$17,254,664
Investment of cash collateral				
Fixed-income securities:				
Other U.S. dollar-denominated:				
Corporate bonds		25,777		149,223
Commercial paper	71,075	194,918	386,615	1,128,376
Repurchase agreements	1,539,301	1,645,503	8,373,043	9,525,781
Corporate asset-backed securities	99,681		542,217	
Certificates of deposit/time deposits	247,819	369,251	1,348,016	2,137,588
Supranational/foreign	468,669	64,494	2,549,331	373,357
Other liabilities, net*	(3,901)	(604)	(21,220)	(3,457)
Total investment of cash collateral	2,422,644	2,299,339	\$13,178,002	\$13,310,868
Less: Current portion	(2,276,110)	(2,203,923)		
Noncurrent portion	\$146,534	\$95,416		

*Other liabilities, net is comprised of pending settlements of cash collateral investments.

Investment Risk Factors

There are a variety of potential risk factors involved in a securities lending program. Risks associated with the investment of cash collateral may include the credit risk from fixed-income securities, concentration of credit risk, interest rate risk and foreign currency risk. In addition, there may be custodial credit risk associated with both cash and securities received as collateral for securities lent.

Credit risk

The University's and UCRS' investment guidelines for the investment of cash collateral maintained in separately managed collateral pools restrict the credit rating of issuers at the time of purchase to no less than A-1, P-1 or F-1 for short-term securities and no less than A2/A for long-term securities. Asset-backed securities must have a rating of AAA at the time of purchase.

The credit risk profile for fixed- or variable-income securities associated with the investment of cash collateral at June 30 is presented in **Table 4.2**.

Table 4.2: Credit risk profile (in thousands of dollars)

Description	University of California 2025	University of California 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Fixed- or variable-income securities:				
Other U.S. dollar-denominated:				
AAA	\$61,508	\$35,298	\$334,571	\$204,340
AA-	204,205	128,959	1,110,777	746,540
A+	224,753	203,583	1,222,549	1,178,536
A	119,730	98,395	651,272	569,604
A-1+		27,176		
A-1 / A-2 / P-1 / F-1	238,876	131,384	1,299,366	920,506
Not rated	38,173	29,196	207,645	169,017
Other liabilities, net:* not rated	(3,901)	(604)	(21,220)	(3,457)

*Other liabilities, net is comprised of pending settlements of cash collateral investments.

Custodial credit risk

Cash collateral received for securities lent is invested in pools by the University's lending agents. The University's and UCRS' securities related to the investment of cash collateral are registered in the University's name by the lending agents. Securities collateral received for securities lent are held in investment pools by the University's lending agents. As a result, custodial credit risk is remote.

Concentration of credit risk

The University's and UCRS' investment guidelines with respect to the concentration of credit risk associated with the investment of cash collateral in the separately managed collateral pools restricts investments in any single issuer of corporate debt securities, time deposits, certificates of deposit, banker's acceptances and money market funds to no more than 5 percent of the portfolio value at the time of purchase. Campus foundations that directly participate in a securities lending program do not have specific investment policies related to concentration of credit risk, although the lending agreements with the agents establish restrictions for the type of investments, as well as minimum credit ratings.

Investments in issuers other than U.S. government-guaranteed securities that represent 5 percent or more of the total investment of cash collateral at June 30 are presented in **Table 4.3**.

Table 4.3: Investment in issuers other than U.S. government-guaranteed securities that represent 5 percent or more of the total investment of cash collateral (in thousands of dollars)

Description	University of California 2025	University of California 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Goldman Sachs & Co.	\$210,420	\$181,176	\$1,144,580	\$1,048,823
Citigroup Global Markets Inc.	162,572	337,352	884,314	1,952,931
Bank of America Corporation		138,460		801,541
JP Morgan Securities LLC	132,463	125,203	720,537	724,799
BNP Paribas Prime Brokerage	248,466		1,351,533	
Barclays Bank PLC	223,464	142,437	1,215,536	824,564

Interest rate risk

The nature of individual securities in the collateral pools allows for the use of weighted average maturity as an effective risk management measure. The University's and UCRS' investment guidelines with respect to the interest rate risk associated with the investment of cash collateral in the separately managed collateral pools require the weighted average maturity of the entire collateral pool to be less than 120 days. The maturity of securities issued by the U.S. government and asset-backed securities must be less than five years, corporate debt obligations must be less than two years and time deposits must be less than 190 days.

The weighted average maturity expressed in days for fixed- or variable-income securities associated with the investment of cash collateral at June 30 is presented in **Table 4.4**.

Table 4.4: Weighted average maturity (in days)

Description	University of California 2025	University of California 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Fixed- or variable-income securities:				
Other U.S. dollar-denominated:				
Corporate bonds		150		150
Commercial paper	1	38	1	38
Repurchase agreements	1	2	1	2
Corporate asset-backed securities	12		12	
Certificates of deposit/time deposits	9	25	9	26
Supranational/foreign	4	43	4	43

Investment of cash collateral may include various asset-backed securities, structured notes and variable-rate securities that may be considered to be highly sensitive to changes in interest rates due to the existence of prepayment or conversion features, although the weighted average maturity may be short.

At June 30, the fair value of investments that are considered to be highly sensitive to changes in interest rates is presented in **Table 4.5**.

Table 4.5: Fair value of investments highly sensitive to interest rate changes (in thousands of dollars)

Description	University of California 2025	University of California 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Other asset-backed securities	\$98,572	\$60,812	\$536,183	\$352,039
Variable-rate investments	2,060,072	1,519,212	11,205,785	8,794,688
Total	\$2,158,644	\$1,580,024	\$11,741,968	\$9,146,727

At June 30, 2025, the weighted average maturity expressed in days for asset-backed securities and variable-rate investments was 1 day. At June 30, 2024, the weighted average maturity expressed in days for asset-backed securities was 2 days and 1 day for variable-rate investments.

Foreign currency risk

The University's and UCRS' investment policy with respect to the foreign currency risk associated with the investment of cash collateral maintained in separate collateral pools restricts investments to U.S. dollar-denominated securities. Therefore, there is no foreign currency risk.

5. Derivative Financial Instruments

The University may use derivatives including futures, forward contracts, options and interest rate swap contracts as a substitute for investing in equity and fixed-income securities to reduce the effect of fluctuating foreign currencies on foreign currency-denominated investments, or to limit its exposure of variable-rate bonds to changes in market interest rates. The Board of Trustees for each campus foundation may also authorize derivatives in its investment policy.

The University enters into futures contracts for the purpose of acting as a substitute for investing in equity and fixed-income securities. A futures contract is an agreement between two parties to buy and sell a security or financial index, interest rate or foreign currency at a set price on a future date. They are standardized contracts that can be easily bought and sold and are exchange-traded. Upon entering into such a contract, the University is required to pledge to the broker an amount of cash or securities equal to the minimum initial margin requirements of the exchange on which the contract is traded. Pursuant to the contract, the University agrees to receive from, or pay to, the counterparty an amount of cash equal to the daily fluctuation in the value of the contract. These contracts are settled on a daily basis, with the resulting realized gain or loss included in the statements of revenues, expenses and changes in net position. The settlement amount at the end of each day for each of the contracts, or variation margin, is included in investments and represents the fair value of the contracts.

Forward contracts are similar to futures contracts, although they are not exchange-traded. Foreign currency exchange contracts are forward contracts used to hedge against foreign currency exchange rate risks on non-U.S. dollar-denominated investment securities and to increase or decrease exposure to various foreign currencies.

An options contract gives the University the right to buy or sell a specified security or index at a fixed price during a specified period for a nonrefundable fee (the "premium"). The maximum loss to the University is limited to the premium originally paid for covered options. The University initially records premiums paid for the purchase of these options in the statements of net position as an investment which is subsequently adjusted to reflect the fair value of the options, with unrealized gains and losses included in the statements of revenues, expenses and changes in net position.

Rights and warrants provide the holder the right to buy a stock at a predetermined price for a finite period of time. Warrants usually have a longer time period to expiration. The holder of a right or warrant is permitted to buy at a price that may be below the actual market price for that stock. Warrants and rights cease to exist and become worthless if not used by their expiration date.

An interest rate swap is a contractual agreement between the University and a counterparty under which each agrees to exchange periodic fixed or variable payments for an agreed period of time based upon a notional amount of principal or value of the underlying

contract. The payments correspond to an equity index, an interest rate or currency. A credit default swap is an agreement whereby the seller will compensate the buyer in the event of a loan default. A swaption is an option granting its owner the right to enter into an underlying swap. The University considers its futures, forward contracts, options, credit default swaps, swaptions, rights, warrants and certain interest rate swaps to be investment derivatives.

As a means to lower the University's borrowing costs, when compared against fixed-rate bonds at the time of issuance, the University entered into interest rate swap agreements in connection with certain of its variable-rate Medical Center Pooled Revenue Bonds and General Revenue Bonds. The University determined that certain of its interest rate swaps are derivative instruments that meet the criteria for an effective hedge. Certain of the interest rate swaps are considered hybrid instruments since, at the time of execution, the fixed rate on each of the swaps was off-market and the University received an upfront payment. As such, these swaps are each comprised of a derivative instrument, an at-the-market swap that is an effective hedge and a companion borrowing represented by the upfront payment. The unamortized amount of the borrowing under the companion instruments was \$60.2 million and \$63.2 million at June 30, 2025 and 2024, respectively.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, categorized by type, and the changes in fair value of such derivatives are presented in Tables 5.1a, 5.1b and 5.1c.

University

Table 5.1a: Fair value balances and notional amounts of derivative instruments outstanding for the University (in thousands of dollars)

Category	Notional amount 2025	Notional amount 2024	Fair value classification	Fair value 2025	Fair value 2024	Changes in fair value classification	Changes in fair value 2025	Changes in fair value 2024
Investment derivatives								
Domestic equity futures: Long positions	\$160,631	\$125,036	Investments	\$3,873	\$378	Net appreciation	\$13,060	\$14,575
Foreign equity futures: Long positions	3,067	1,970	Investments	40	15	Net appreciation	43	10
Total futures contracts	163,698	127,006		3,913	393		13,103	14,585
Foreign currency exchange contracts: Long positions	2,656	22	Investments	(135)		Net appreciation (depreciation)	(77)	(18)
Foreign currency exchange contracts: Short positions		3,052	Investments		20	Net appreciation (depreciation)	(144)	127
Total foreign currency exchange contracts	2,656	3,074		(135)	20		(221)	109
Other: Stock rights/warrants			Investments	162	82	Net appreciation (depreciation)	45	(167)
Total investment derivatives	\$166,354	\$130,080		\$3,940	\$495		\$12,927	\$14,527
Cash flow hedges								
Effective interest rate swaps								
Pay fixed, receive variable	\$1,136,505	\$1,148,715	Other assets	\$84,377	\$97,416	Deferred (inflows)/outflows	(\$13,039)	\$34,264

Campus Foundations

Table 5.1b: Fair value balances and notional amounts of derivative instruments outstanding for campus foundations

(in thousands of dollars)

Category	Notional amount 2025	Notional amount 2024	Fair value classification	Fair value 2025	Fair value 2024	Changes in fair value classification	Changes in fair value 2025	Changes in fair value 2024
Investment derivatives								
Foreign equity futures: Long positions								\$947
Domestic fixed income futures: Long positions	\$79,839	\$30,129	Investments	\$1,507	\$64	Net appreciation	(\$56)	(2,434)
Domestic fixed income futures: Options/swaptions			Investments	25,307	10,215	Net appreciation	93	(14,845)
Other: Swaps	323,046	205,848	Investments	9,744		Net depreciation	31,584	27,747
Total investment derivatives	\$402,885	\$235,977		\$36,558	\$10,279		\$31,621	\$11,415

UCRS

Table 5.1c: Fair value balances and notional amounts of derivative instruments outstanding for UCRS (in thousands of dollars)

Category	Notional amount 2025	Notional amount 2024	Fair value classification	Fair value 2025	Fair value 2024	Changes in fair value classification	Changes in fair value 2025	Changes in fair value 2024
Investment derivatives								
Domestic equity futures: Long positions	\$845,257	\$737,499	Investments	\$18,378	\$1,951	Net appreciation	\$61,325	\$76,873
Foreign equity futures: Long positions	18,978	33,386	Investments	226	226	Net appreciation	3,882	4,828
Total futures contracts	864,235	770,885		18,604	2,177		65,207	81,701
Foreign currency exchange contracts: Long positions	233,925	10,125	Investments	(11,889)	(161)	Net depreciation	(6,506)	(2,481)
Foreign currency exchange contracts: Short position		268,869	Investments		1,740	Net appreciation (depreciation)	(12,496)	11,140
Total foreign currency exchange contracts	233,925	278,994		(11,889)	1,579		(19,002)	8,659
Other: Stock rights/warrants			Investments	685	256	Net appreciation (depreciation)	371	(1,402)
Total investment derivatives	\$1,098,160	\$1,049,879		\$7,400	\$4,012		\$46,576	\$88,958

Objectives and Terms of Hedging Derivative Instruments

The objectives and terms of the hedging derivative instruments outstanding at June 30, along with the credit rating of the associated counterparty, are presented in **Table 5.2**.

Table 5.2: Objectives and terms of the hedging derivative instruments outstanding for the University (in thousands of dollars)

Type	Objective	Notional amounts 2025	Notional amount 2024	Effective date	Maturity date	Cash paid or received	Terms	Counterparty credit rating	Fair value 2025	Fair value 2024
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	\$36,020	\$40,470	2020	2032	None	Pay fixed 3.5897%; receive 58% of Federal Funds Rate +0.564%	Aa2/A+	(\$1,345)	(\$1,022)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	21,055	24,730	2020	2030	None	Pay fixed 4.55%; receive 67% of Federal Funds Rate +0.76%	Aa2/A+	(916)	(818)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	38,670	38,670	2020	2037	None	Pay fixed 4.625%; receive 67% of Federal Funds Rate +0.797%	Aa2/A+	(4,334)	(3,928)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	54,495	54,495	2020	2043	None	Pay fixed 4.6935%; receive 67% of Federal Funds Rate +0.861%	Aa2/A+	(8,363)	(6,045)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	50,000	50,000	2020	2045–2047	None	Pay fixed 4.741%; receive 67% of Federal Funds Rate +0.902%	Aa2/A+	(8,765)	(9,041)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Revenue Bonds	500,000	500,000	2023	2039	None	Pay fixed 1.9817%; receive 70% of Federal Funds Rate	Aa2/AA-	34,779	40,816
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Revenue Bonds	100,000	100,000	2023	2039	None	Pay fixed 1.899%; receive 70% of Federal Funds Rate	Aa2/A+	7,697	8,981
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Revenue Bonds	336,265	340,350	2023	2048	None	Pay fixed 0.926% to 1.238%; receive 70% of Federal Funds Rate	A2/A, A2/A+	65,624	68,473
Interest rate swaps, net		\$1,136,505	\$1,148,715						\$84,377	\$97,416

Hedging Derivative Instrument Risk Factors

Credit risk

The University could be exposed to credit risk if the interest rate swap counterparties to the contracts are unable to meet the terms of the contracts. Contracts with positive fair values are exposed to credit risk. The University faces a maximum possible loss equivalent to the amount of the derivative's fair value, less any collateral held by the University provided by the counterparty. Contracts with negative fair values are not exposed to credit risk.

Although the University has entered into interest rate swaps with creditworthy financial institutions to hedge its variable-rate debt, there is credit risk for losses in the event of nonperformance by counterparties or unfavorable interest rate movements.

There are no collateral requirements related to the interest rate swap with the \$36.0 million notional amount. Depending on the fair value and the counterparty credit rating for the swaps related to the Medical Center Pooled Revenue Bonds with the counterparty that is currently rated Aa2/A+ with a combined notional amount of \$164.2 million, the University may be entitled to receive collateral to the extent the positive fair value exceeds \$20.0 million. At June 30, 2025 and 2024, there was no collateral received.

Depending on the fair value and the counterparty credit rating for the swaps related to the General Revenue Bonds with a combined notional amount of \$336.3 million, the University may be entitled to receive collateral. At June 30, 2025 and 2024, there was no collateral received.

Depending on the fair value and the counterparty credit rating for the swap related to the General Revenue Bonds with the counterparty that is currently rated Aa2/A+ with a notional amount of \$100.0 million, the University may be entitled to receive collateral to the extent the positive fair value with the counterparty exceeds \$20.0 million. At June 30, 2025 and 2024, there was no collateral required.

Interest rate risk

There is a risk that the value of the interest rate swaps will decline because of changing interest rates. The values of the interest rate swaps with longer maturities tend to be more sensitive to changing interest rates and, therefore, more volatile than those with shorter maturities.

Basis risk

There is a risk that the basis for the variable payment received on interest rate swaps will not match the variable payment on the bonds. This exposes the University to basis risk whenever the interest rates on the bonds are reset. The interest rate on the bonds is a tax-exempt interest rate, while the basis of the variable receipt on the interest rate swaps is taxable. Tax-exempt interest rates can change without a corresponding change in the Federal Funds Rate due to factors affecting the tax-exempt market which do not have a similar effect on the taxable market.

Termination risk

There is termination risk for interest rate swaps associated with variable-rate bonds in the event of nonperformance by counterparties in an adverse market, resulting in cancellation of the synthetic interest rate and returning the interest rate payments to the variable interest rates on the bonds. In addition, depending on the agreement, certain interest rate swaps may be terminated if a counterparty's credit quality rating, as issued by Moody's or S&P, falls below certain thresholds. For the interest rate swap with the \$36.0 million notional amount, the termination threshold is reached when the credit quality rating for either the underlying Medical Center Pooled Revenue Bonds or swap counterparty falls below Baa2 or BBB. For the swaps with the combined \$164.2 million notional amount, the termination threshold is reached when the credit quality rating for the underlying Medical Center Pooled Revenue Bonds falls below Baa3/BBB-, or the interest rate swap counterparty's rating falls below Baa2 or BBB. For the swaps with a combined notional amount of \$336.3 million with counterparties that are currently rated A2/A+ and A2/A, the termination threshold is reached when either the credit quality rating for the Medical Center Pooled Revenue Bonds or the swap counterparty's rating falls below Baa2 or BBB. Upon termination, the University may also owe a termination payment if there is a realized loss based on the fair value of each interest rate swap.

For the swap with notional amounts of \$500.0 million with a counterparty that is currently rated Aa2/AA-, the termination threshold is reached when the credit quality rating for the underlying General Revenue Bonds falls below Baa2 or BBB, or the swap counterparty's rating falls below A3 or A-. For the swap with a notional amount of \$100.0 million with a counterparty that is currently rated Aa2/A+, the termination threshold is reached when the credit quality rating for the underlying General Revenue Bonds falls below Baa2 or BBB, or the swap counterparty's rating falls below A3 or A-. Upon termination, the University may also owe a termination payment if there is a realized loss based on the fair value of each interest rate swap.

Rollover risk

The University is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, the University will be re-exposed to the risks being hedged by the hedging derivative instruments. The University is exposed to rollover risk on the interest rate swaps that mature in March 2039 and June 2039 because the hedged debt is scheduled to mature in May 2048.

6. Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- **Level 1.** Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1. Level 1 investments include equity securities, commingled funds (exchange traded funds and mutual funds) and other publicly traded securities.
- **Level 2.** Quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly, are classified as Level 2. Level 2 investments include fixed- or variable-income securities, commingled funds, certain derivatives and other assets that are valued using market information. Swaps are classified as level 2 on the fair value hierarchy.
- **Level 3.** Investments, variable rate investment contracts and other assets classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these financial instruments are based upon the best information in the circumstance and may require significant management judgment. Level 3 financial instruments include mortgage loans, private equity investments, private credit, real assets, real estate and beneficial interests in irrevocable split-interest agreements.
- **Net Asset Value (NAV).** Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in nongovernmental entities that do not have a readily determinable fair value may be valued at NAV. Investments measured at NAV include hedge funds, private equity investments and commingled funds.
- **Not Leveled.** Cash and cash equivalents including pending trades and settlements within various pools are not measured at fair value and, thus, are not subject to the fair value disclosure requirements.

Tables 6.1a, 6.1b and 6.1c summarize the investments and other assets reported at fair value within the fair value hierarchy as of June 30, 2025.

Table 6.1a: Investments and other assets reported at fair value for the University as of June 30, 2025 (in thousands of dollars)

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net Asset Value (NAV)	Not leveled
Equity securities	\$22,220,069	\$22,102,426	\$26	\$117,601		\$16
Fixed- or variable-income securities: U.S. government-guaranteed	3,197,401		3,197,401			
Fixed- or variable-income securities: Other U.S. dollar-denominated	5,968,489		5,968,489			
Commingled funds	14,684,510	1,164,857		3,033,929	\$10,489,344	(3,620)
Investment derivatives	3,940	3,940				
Publicly traded real estate investment trusts	437,021	437,021				
Mortgage loans	1,666,697			1,666,697		
Real estate	152,864			152,864		
Other investments	73,480			73,480		
Campus foundations' investments with the University	(4,128,780)					(4,128,780)
UCRS investment in STIP	(2,252,180)					(2,252,180)
Custodial investment funds	(478,489)					(478,489)
Total investments	\$41,545,022	\$23,708,244	\$9,165,916	\$5,044,571	\$10,489,344	(\$6,863,053)
Securities lending investments of cash collateral	\$2,422,644	\$8,696	\$2,417,849			(\$3,901)
Investments held by trustees	\$894,237	\$175,263	\$527,543		\$2,090	\$189,341
Beneficial interests included in other noncurrent assets	\$53,414			\$53,414		

Table 6.1b: Investments and other assets reported at fair value for the Foundations as of June 30, 2025 (in thousands of dollars)

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net Asset Value (NAV)	Not leveled
Equity securities	\$77,741	\$50,938		\$26,803		
Fixed- or variable-income securities: U.S. government-guaranteed	580,919		\$580,919			
Fixed- or variable-income securities: Other U.S. dollar-denominated	540,946		540,892	54		
Commingled funds	16,507,296	2,193,298	416	163,573	\$14,061,841	\$88,168
Investment derivatives	36,558	1,507	35,051			
Real estate	337,224			36,825	300,399	
Other investments	362,663	4,669		2,034	353,952	2,008
Custodial investment funds	(753,423)	(89,850)	(20,631)	(1,292)	(272,159)	(369,491)
Total investments	\$17,689,924	\$2,160,562	\$1,136,647	\$227,997	\$14,444,033	(\$279,315)
Beneficial interests included in other noncurrent assets	\$95,843			\$95,843		

Table 6.1c: Investments and other assets reported at fair value for UCRS as of June 30, 2025 (in thousands of dollars)

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net Asset Value (NAV)	Not leveled
Equity securities	\$90,912,582	\$90,911,697		\$885		
Fixed- or variable-income securities: U.S. government-guaranteed	9,293,801		\$9,293,801			
Fixed- or variable-income securities, Other U.S. dollar-denominated	9,353,524		9,353,524			
Commingled funds	37,896,835	2,999,150		5,374,190	\$29,042,781	\$480,714
Investment derivatives	7,400	7,400				
Publicly traded real estate investment trusts	2,651,349	2,651,349				
Other investments	415,355			253,600	161,755	
Real estate	852,997			543,319	309,678	
Total investments	\$151,383,843	\$96,569,596	\$18,647,325	\$6,171,994	\$29,514,214	\$480,714
Securities lending investments of cash collateral	\$13,178,002	\$47,304	\$13,151,918			(\$21,220)

Tables 6.2a, 6.2b and 6.2c summarize the investments and other assets reported at fair value within the fair value hierarchy as of June 30, 2024.

Table 6.2a: Investments and other assets reported at fair value for the University as of June 30, 2024 (in thousands of dollars)

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net Asset Value (NAV)	Not leveled
Equity securities	\$20,272,963	\$20,272,737	\$26	\$200		
Fixed- or variable-income securities: U.S. government-guaranteed	5,093,287		5,093,287			
Fixed- or variable-income securities: Other U.S. dollar-denominated	6,669,368		6,669,368			
Commingled funds	12,999,637	1,148,539	152,905	2,452,000	\$9,167,205	\$78,988
Investment derivatives	495	82	413			
Publicly traded real estate investment trusts	431,333	431,333				
Mortgage loans	1,408,454			1,408,454		
Real estate	127,343			127,343		
Other investments	169,554			169,554		
Campus foundations' investments with the University	(3,673,607)					(3,673,607)
UCRS investment in STIP	(2,953,909)					(2,953,909)
Custodial investment funds	(630,465)					(630,465)
Total investments	\$39,914,453	\$21,852,691	\$11,915,999	\$4,157,551	\$9,167,205	(\$7,178,993)
Securities lending investments of cash collateral	\$2,299,339		\$2,299,943			(\$604)
Investments held by trustees	\$343,898	\$114,473	\$101,386		\$2,197	\$125,842
Beneficial interests included in other noncurrent assets	\$54,768			\$54,768		

Table 6.2b: Investments and other assets reported at fair value for the Foundations as of June 30, 2024 (in thousands of dollars)

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net Asset Value (NAV)	Not leveled
Equity securities	\$207,303	\$175,044	\$1,425	\$30,834		
Fixed- or variable-income securities: U.S. government-guaranteed	492,254		492,254			
Fixed- or variable-income securities: Other U.S. dollar-denominated	411,653		411,599	54		
Commingled funds	14,933,055	1,228,769	410	163,813	\$13,467,951	\$72,112
Investment derivatives	10,279	64	10,215			
Real estate	324,795			42,403	282,392	
Other investments	352,312	4,266		1,780	343,673	2,593
Custodial investment funds	(728,256)	(24,863)	(13,265)	(1,655)	(346,362)	(342,111)
Total investments	\$16,003,395	\$1,383,280	\$902,638	\$237,229	\$13,747,654	(\$267,406)
Beneficial interests included in other noncurrent assets	\$99,698			\$99,698		

Table 6.2c: Investments and other assets reported at fair value for UCRS as of June 30, 2024 (in thousands of dollars)

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net Asset Value (NAV)	Not leveled
Equity securities	\$72,487,939	\$72,483,258		\$4,681		
Fixed- or variable-income securities: U.S. government-guaranteed	9,000,519		\$9,000,519			
Fixed- or variable-income securities: Other U.S. dollar-denominated	10,891,436	3,679	10,887,757			
Commingled funds	38,487,869	3,283,462		4,883,383	\$29,921,317	\$399,707
Investment derivatives	4,012	256	3,756			
Publicly traded real estate investment trusts	2,295,247	2,295,247				
Other investments	575,074			399,912	175,162	
Real estate	875,979			477,150	398,829	
Total investments	\$134,618,075	\$78,065,902	\$19,892,032	\$5,765,126	\$30,495,308	\$399,707
Securities lending investments of cash collateral	\$13,310,868		\$13,314,325			(\$3,457)

Tables 6.3a, 6.3b and 6.3c present significant terms of certain investments at June 30, 2025.

Table 6.3a: Significant terms of investments for the University (in thousands of dollars)

Investment type	Fair value	Unfunded commitments	Remaining life (years)	Redemption terms and restrictions
Absolute return	\$345,979			Not eligible for redemption and lock-up provisions ranging from zero to three years. For securities not eligible for redemption, the underlying assets are estimated to be liquidated within three to five years. For securities eligible for redemption, after initial lock-up expires, the redemption is available on a rolling basis and requires 30 to 365 days' prior notification.
Private equity	6,818,267	\$1,111,096	0 to 15	Not eligible for redemption.
Private credit	875,348	132,427	0 to 10	Not eligible for redemption and lock-up provisions ranging from zero to 10 years. For securities not eligible for redemption, the underlying assets are estimated to be liquidated within three to seven years. For securities eligible for redemption, after initial lock-up expires, the redemption is available on a rolling basis and requires 30 to 365 days' prior notification before winding down.
Real assets	563,842	193,673	0 to 15	Not eligible for redemption.
Real estate and real estate investment trusts	3,293,880	156,972	0 to 10	Closed-end funds are not eligible for redemption. For open-end funds, redemptions are generally on a quarterly basis where the redemption date is the last day of each quarter. Payments of withdrawal requests are generally made within four quarters.
U.S. equity funds	410			Redemption generally requires at least zero to 90 days' written notice of intention to terminate as of a date specified in the notice. Payments of withdrawal requests are generally made within zero to 120 days.
Non-U.S. equity funds	1,430,036			Redemption requires at least zero to 180 days' written notice of intention to terminate as of a date determined by the legal agreement between the investment manager and The Regents. Withdrawals may occur on the last business day of the month and are subject to certain withdrawal guidelines.
Balanced funds	348,375			Redemption requires at least 12 months' prior written notice of intention to terminate as of a date specified in the notice. Withdrawals will occur on the last business day of the month and are subject to certain withdrawal guidelines.

Table 6.3b: Significant terms of investments for the Foundations (in thousands of dollars)

Investment type	Fair value	Unfunded commitments	Remaining life (years)	Redemption terms and restrictions
Absolute return	\$4,032,169	\$324,919	0 to 1	Generally, lock-up provisions ranging from 0 to 3 years. After initial lock-up expires, redemptions are available and require 30 to 180 days' prior notification.
Private equity	3,560,935	1,491,284	0 to 15	Generally, lock-up provisions ranging from 0 to 16 years. After initial lock-up expires, redemptions are available and require 30 to 180 days' prior notification.
Real assets	33,542	68,072	0 to 12	Not eligible for redemption.
Real estate and real estate investment trusts	641,297	318,286	0 to 12	Not eligible for redemption.
U.S. equity and non-U.S. equity funds	3,235,216	47,600	0 to 15	Generally, lock-up provisions ranging from 0 to 4 years. After initial lock-up expires, redemptions are available and require 0 to 365 days' prior notification.

Table 6.3c: Significant terms of investments for UCRS (in thousands of dollars)

Investment Type	Fair value	Unfunded commitments	Remaining life (years)	Redemption terms and restrictions
Absolute return	\$860,943			Not eligible for redemption and lock-up provisions ranging from zero to three years. For securities not eligible for redemption, the underlying assets are estimated to be liquidated within three to five years. For securities eligible for redemption, after initial lock-up expires, the redemption is available on a rolling basis and requires 30 to 365 days' prior notification.
Private equity	10,171,815	\$2,391,408	0 to 15	Not eligible for redemption.
Private credit	2,100,137	675,216	0 to 10	Not eligible for redemption and lock-up provisions ranging from zero to 10 years. For securities not eligible for redemptions the underlying assets are estimated to be liquidated within three to seven years. For securities eligible for redemptions, after initial lock-up expires, redemptions are available on a rolling basis and require 30 to 365 days' prior notification before winding down.
Real assets	2,831,386	633,191	0 to 15	Not eligible for redemption.
U.S. equity funds	5,694,162			Redemption generally requires at least zero to 90 days' written notice of intention to terminate as of a date specified in the notice. Payments of withdrawal requests are generally made within 0 to 120 days.
Non-U.S. equity funds	3,847,482			Redemption requires at least zero to 180 days' written notice of intention to terminate as of a date determined by the legal agreement between the investment manager and The Regents. Withdrawals may occur on the last business day of the month and are subject to certain withdrawal guidelines.
Real estate and real estate investment trusts	7,184,449	296,943	0 to 10	Closed-end funds are not eligible for redemption. For open-end funds, redemptions are generally on a quarterly basis where the redemption date is the last day of each quarter. Payments of withdrawal requests are generally made within four quarters.

7. Investments Held by Trustees

The University has entered into agreements with trustees to maintain trusts for compliance with the University's long-term debt requirements, capital projects and certain other requirements.

Capital Projects

Proceeds from the sale of bonds for the design and construction of third-party blended component unit housing and research facilities are held by trustees. The fair value of these investments was \$580.8 million and \$78.4 million at June 30, 2025 and 2024, respectively. Substantially all of these investments are of a highly liquid, short-term nature.

8. Accounts Receivable

Accounts receivable and the allowance for uncollectible accounts at June 30, 2025 and 2024 are presented in **Table 8.1a** and **8.1b**, respectively.

Table 8.1a: Accounts receivable and the allowance for uncollectible accounts at June 30, 2025 (in thousands of dollars)

Description	University of California state and federal government	University of California Medical Centers	University of California investment sales	University of California private grants and contracts	University of California Medical professional fees	University of California other	University of California total	Campus Foundations
Accounts receivable	\$1,437,076	\$6,044,179	\$280,302	\$936,739	\$671,214	\$1,712,522	\$11,082,032	\$66,356
Allowance for uncollectible accounts	(17,405)	(1,016,625)		(41,073)	(189,201)	(99,857)	(1,364,161)	
Accounts receivable, net	\$1,419,671	\$5,027,554	\$280,302	\$895,666	\$482,013	\$1,612,665	\$9,717,871	\$66,356

Table 8.1b: Accounts receivable and the allowance for uncollectible accounts at June 30, 2024 (in thousands of dollars)

Description	University of California state and federal government	University of California Medical Centers	University of California investment sales	University of California private grants and contracts	University of California Medical professional fees	University of California other	University of California total	Campus Foundations
Accounts receivable	\$1,442,568	\$5,034,817	\$171,911	\$806,873	\$937,409	\$1,636,707	\$10,030,285	\$30,332
Allowance for uncollectible accounts	(17,319)	(875,745)		(46,180)	(182,686)	(83,145)	(1,205,075)	
Accounts receivable, net	\$1,425,249	\$4,159,072	\$171,911	\$760,693	\$754,723	\$1,553,562	\$8,825,210	\$30,332

The University's other accounts receivable are primarily related to investment income, tuition and fees, auxiliary enterprises, insurance rebates and legal settlements.

The campus foundations' accounts receivable are primarily related to investment income.

The allowance for uncollectible accounts has changed the following revenues for the University for the years ended June 30 as presented in **Table 8.2**.

Table 8.2: Revenues decreased by the allowance for uncollectible accounts (in thousands of dollars)

Description	2025	2024
Student tuition and fees	(\$8,562)	(\$7,506)
Grants and contracts: Federal	(511)	2,434
Grants and contracts: State	418	(1,391)
Grants and contracts: Private	(1,859)	3,150
Grants and contracts: Local	135	(726)
Medical centers	(459,680)	(817,446)
Educational activities	(17,122)	(24,899)
Auxiliary enterprises	2,758	(1,276)
Other operating revenues	(5,453)	(5,219)
Expense for uncollectible accounts	(\$489,876)	(\$852,879)

9. Pledges Receivable

The composition of pledges receivable at June 30 is summarized in **Table 9.1**.

Table 9.1: Composition of pledges receivable (in thousands of dollars)

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024
Total pledges receivable outstanding	\$82,409	\$82,561	\$1,621,820	\$1,809,303
Unamortized discount to present value	(1,530)	(1,422)	(135,052)	(156,048)
Allowance for uncollectible pledges	(9,195)	(10,828)	(72,550)	(81,135)
Total pledges receivable, net	71,684	70,311	1,414,218	1,572,120
Current portion of pledges receivable	(32,735)	(29,061)	(385,043)	(311,690)
Noncurrent portion of pledges receivable	\$38,949	\$41,250	\$1,029,175	\$1,260,430

Future receipts under pledge agreements for each of the five fiscal years subsequent to June 30, 2025 and thereafter are presented in **Table 9.2**.

Table 9.2: Future receipts under pledge agreements (in thousands of dollars)

Year ending June 30	University of California	Campus Foundations
2026	\$41,097	\$437,902
2027	13,509	302,263
2028	8,906	256,350
2029	8,060	206,594
2030	3,527	112,422
2031–2035	7,060	206,167
Beyond 2035	250	100,122
Total future receipts under pledge agreements	\$82,409	\$1,621,820

10. Notes and Mortgages Receivable

The University's notes and mortgages receivable at June 30, 2025 and 2024 are presented in **Table 10.1a** and **10.1b**, respectively.

Table 10.1a: Notes and mortgage receivable at June 30, 2025 (in thousands of dollars)

Description	Current	Noncurrent notes	Noncurrent mortgages	Noncurrent total
Notes and mortgages receivable	\$98,406	\$212,016	\$44,878	\$256,894
Allowance for uncollectible amounts	(5,315)	(11,309)	(179)	(11,488)
Notes and mortgages receivable, net	\$93,091	\$200,707	\$44,699	\$245,406

Table 10.1b: Notes and mortgage receivable at June 30, 2024 (in thousands of dollars)

Description	Current	Noncurrent notes	Noncurrent mortgages	Noncurrent total
Notes and mortgages receivable	\$34,923	\$417,624	\$37,409	\$455,033
Allowance for uncollectible amounts	(3,923)	(6,742)	(186)	(6,928)
Notes and mortgages receivable, net	\$31,000	\$410,882	\$37,223	\$448,105

11. Capital Assets

The University's capital asset activity for the years ended June 30 is presented in **Table 11.1**.

Table 11a: University's capital asset activity at original cost (in thousands of dollars)

Capital assets, at original cost	2023	Additions/ transfers	Disposals	2024	Additions/ transfers	Disposals	2025
Land	\$1,719,374	\$408,323	(\$12,201)	\$2,115,496	\$223,501	(\$4,782)	\$2,334,215
Infrastructure	1,059,741	27,500		1,087,241	62,109		1,149,350
Buildings and improvements	51,314,709	3,894,835	(120,176)	55,089,368	3,335,533	(60,107)	58,364,794
Equipment, software and intangibles	10,195,351	964,614	(442,173)	10,717,792	1,029,748	(343,224)	11,404,316
Leases	3,295,799	281,952	(134,417)	3,443,334	776,139	(271,403)	3,948,070
Subscription-based IT arrangements	396,120	194,072	(60,879)	529,313	233,567	(70,085)	692,795
Libraries and collections	4,914,342	185,196	(63,568)	5,035,970	165,229	(88,580)	5,112,619
Special collections	647,193	10,803	(14)	657,982	46,516	(2,289)	702,209
Construction in progress	6,264,963	1,906,627	(7,784)	8,163,806	1,599,424	(72,004)	9,691,226
Total	\$79,807,592	\$7,873,922	(\$841,212)	\$86,840,302	\$7,471,766	(\$912,474)	\$93,399,594

Table 11b: University's net capital assets and accumulated depreciation and amortization (in thousands of dollars)

Accumulated depreciation and amortization	2023	Depreciation and amortization	Disposals	2024	Depreciation and amortization	Disposals	2025
Infrastructure	\$541,700	\$35,497		\$577,197	\$35,363		\$612,560
Buildings and improvements	23,326,475	1,618,732	(\$107,949)	24,837,258	1,744,049	(\$48,366)	26,532,941
Equipment, software and intangibles	7,304,810	787,450	(455,835)	7,636,425	758,156	(294,692)	8,099,889
Leases	958,161	293,915	(61,664)	1,190,412	285,146	(185,525)	1,290,033
Subscription-based IT arrangements	156,168	123,653	(60,981)	218,840	159,984	(71,189)	307,635
Libraries and collections	3,716,371	142,018	(50,636)	3,807,753	141,315	(91,832)	3,857,236
Total	\$36,003,685	\$3,001,265	(\$737,065)	\$38,267,885	\$3,124,013	(\$691,604)	\$40,700,294
Capital assets, net	\$43,803,907			\$48,572,417			\$52,699,300

Service concession arrangements, reported as buildings and improvements, are \$469.2 million of original cost and \$63.3 million of accumulated depreciation at June 30, 2025, and are \$278.7 million of original cost and \$55.2 million of accumulated depreciation at June 30, 2024.

12. Self-Insurance and Other Liabilities

The University's self-insurance, obligations under life income agreements and other liabilities at June 30, 2025 and 2024 are presented in **Table 12.1**.

Table 12.1: Self-insurance, obligations under life income agreements and other liabilities (in thousands of dollars)

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024
Employee benefits				
Compensated absences	\$1,466,812	\$1,309,727		
Other employee benefits	1,337,920	1,264,413		
Total employee benefits	2,804,732	2,574,140		
Other current liabilities				
Accrued interest	240,455	222,474		
Self-insurance programs	1,050,477	807,666		
Obligations under life income agreements	1,156	1,276	\$18,481	\$16,825
Other current liabilities	534,047	904,050	126,974	83,538
Total other current liabilities	1,826,135	1,935,466	145,455	100,363
Self-insurance programs	1,943,331	1,632,855		
Obligations under life income agreements	33,642	32,491	141,930	136,581
Other noncurrent liabilities				
Compensated absences	685,173	721,786		
Fair value of interest rate swaps	24,997	36,644		
Other long-term liabilities	199,830	140,425	45,453	45,319
Total other noncurrent liabilities	\$910,000	\$898,855	\$45,453	\$45,319

Self-Insurance Programs

Self-insured liabilities changed as presented in **Table 12.2a** and **12.2b** for the years ended June 30, 2025 and 2024, respectively.

Table 12.2a: Self-insured liabilities at June 30, 2025 (in thousands of dollars)

Description	Medical malpractice	Workers' compensation	Employee & student health care	General liability and other	Total
Liabilities at June 30, 2024	\$409,406	\$1,335,275	\$312,627	\$383,213	\$2,440,521
Claims incurred and changes in estimates	185,164	466,169	2,663,518	230,599	3,545,450
Claim payments	(94,707)	(103,492)	(2,673,319)	(120,645)	(2,992,163)
Liabilities at June 30, 2025	\$499,863	\$1,697,952	\$302,826	\$493,167	\$2,993,808
Discount rate	3.0%	3.0%	Undiscounted	3.0%	

Table 12.2b: Self-insured liabilities at June 30, 2024 (in thousands of dollars)

Description	Medical malpractice	Workers' compensation	Employee & student health care	General liability and other	Total
Liabilities at June 30, 2023	\$276,714	\$1,058,806	\$312,756	\$340,689	\$1,988,965
Claims incurred and changes in estimates	202,197	369,416	2,377,879	164,587	3,114,079
Claim payments	(69,505)	(92,947)	(2,378,008)	(122,063)	(2,662,523)
Liabilities at June 30, 2024	\$409,406	\$1,335,275	\$312,627	\$383,213	\$2,440,521
Discount rate	3.00%	3.00%	Undiscounted	3.00%	

13. Debt

The University directly finances the construction, renovation and acquisition of facilities and equipment, or such other purposes as authorized by The Regents through the issuance of debt obligations or indirectly through structures that involve legally separate entities reported as blended component units. Commercial paper and bank loans provide interim financing. Long-term financing includes revenue bonds, financing obligations and other borrowings.

The University's outstanding debt at June 30 is presented on **Table 13.1**.

Table 13.1: Outstanding debt (in thousands of dollars)

Description	Weighted average interest rate	Interest rate range	Maturity years	2025	2024
Interim financing: Commercial paper		2.7 to 4.4%	2025	\$1,320,000	\$1,587,500
Long-term financing:					
University of California General Revenue Bonds: Fixed rate	4.70%	0.9 to 7.6%	2026–2115	18,617,360	15,806,875
University of California General Revenue Bonds: Variable rate	2.20%	1.1 to 4.4%	2026–2054	1,336,265	1,086,265
University of California Limited Project Revenue Bonds	4.40%	1.8 to 5.5%	2026–2058	3,802,675	4,767,780
University of California Medical Center Pooled Revenue Bonds: Fixed rate	4.10%	2.5 to 6.6%	2026–2120	6,583,040	6,647,560
University of California Medical Center Pooled Revenue Bonds: Variable rate	2.60%	2.5 to 2.9%	2026–2047	205,965	205,965
Unamortized bond premium				2,215,115	1,967,016
Total revenue bonds	5.00%			32,760,420	30,481,461
Financing obligations		Various	2026–2042	103,080	64,893
Other University borrowings		Various	2026–2091	753,910	807,504
Leases		Various	2026–2120	2,933,842	2,519,174
Subscription-based information technology arrangements		Various	2026–2034	288,672	236,471
Blended component unit revenue bonds, net	4.80%	3.0 to 6.5%	2026–2059	2,667,858	2,212,345
Total outstanding debt				40,827,782	37,909,348
Less: Commercial paper				(1,320,000)	(1,587,500)
Current portion of outstanding debt				(3,298,866)	(3,113,605)
Noncurrent portion of outstanding debt				\$36,208,916	\$33,208,243

The activity with respect to the University's current and noncurrent debt, including the revenue bonds associated with blended component units, for the years ended June 30 is presented in **Tables 13.2a** and **13.2b**.

Table 13.2a: Current and noncurrent debt activity for the year ended June 30, 2025 (in thousands of dollars)

Description	University revenue bonds	Financing obligations, leases and subscription-based IT arrangements	Other university borrowings	Blended component unit revenue bonds	Total
Long-term debt at June 30, 2024	\$30,481,477	\$2,820,522	\$807,504	\$2,212,345	\$36,321,848
New obligations	4,894,770	1,017,705	267,663	489,725	6,669,863
Bond premium, net	424,804			20,243	445,047
Refinancing or prepayment of outstanding debt	(1,409,015)	(95,794)			(1,504,809)
Scheduled principal payments	(1,454,895)	(416,839)	(321,257)	(39,690)	(2,232,681)
Amortization of bond premium	(176,721)			(14,765)	(191,486)
Long-term debt at June 30, 2025	32,760,420	3,325,594	753,910	2,667,858	39,507,782
Less: Current portion	(2,670,225)	(399,968)	(170,748)	(57,925)	(3,298,866)
Noncurrent portion at June 30, 2025	\$30,090,195	\$2,925,626	\$583,162	\$2,609,933	\$36,208,916

Table 13.2b: Current and noncurrent debt activity for the year ended June 30, 2024 (in thousands of dollars)

Description	University revenue bonds	Financing obligations, leases and subscription-based IT arrangements	Other university borrowings	Blended component unit revenue bonds	Total
Long-term debt at June 30, 2023	\$29,624,896	\$2,812,011	\$750,220	\$2,268,648	\$35,455,775
New obligations	3,194,785	449,802	132,075		3,776,662
Bond premium, net	443,120				443,120
Refinancing or prepayment of outstanding debt	(2,030,205)	(51,784)			(2,081,989)
Scheduled principal payments	(605,200)	(389,507)	(74,791)	(41,040)	(1,110,538)
Amortization of bond premium	(145,919)			(15,263)	(161,182)
Long-term debt at June 30, 2024	30,481,477	2,820,522	807,504	2,212,345	36,321,848
Less: Current portion	(2,485,980)	(364,244)	(212,224)	(51,157)	(3,113,605)
Noncurrent portion at June 30, 2024	\$27,995,497	\$2,456,278	\$595,280	\$2,161,188	\$33,208,243

Commercial Paper

As of June 30, 2025 and 2024, the University has available \$4.0 billion and \$2.0 billion, respectively, in its commercial paper program, issued in two series, with tax-exempt and taxable components. Commercial paper may be issued for interim financing for capital projects or equipment, financing for working capital for the medical centers, standby or interim financing for gift-financed projects and working capital for the University.

The program's liquidity is primarily supported by available investments in STIP, BGP and TRIP. Commercial paper is collateralized by a pledge of the revenues derived from the ownership or operation of the projects financed and constitutes limited obligations of the University. There is no encumbrance, mortgage or other pledge of property securing commercial paper and the paper does not constitute general obligations of the University.

Commercial paper outstanding, including interest rates, at June 30 is presented in **Table 13.3**.

Table 13.3: Commercial paper (in thousands of dollars)

Description	Interest rates 2025	Outstanding 2025	Interest rates 2024	Outstanding 2024
Tax-exempt	2.8 to 3.3%	\$1,105,000	3.5 to 3.9%	\$1,401,000
Taxable	4.2 to 4.5%	215,000	5.3 to 5.5%	186,500
Total outstanding		\$1,320,000		\$1,587,500

The expectation is that the University will continue to utilize available investments for liquidity support of the commercial paper program. Alternatively, the University may utilize lines of credit from external banks for the purpose of providing additional liquidity support for the commercial paper program. As of June 30, 2025, the University has three revolving credit agreements totaling \$1.0 billion. There were no borrowings against the revolving credit lines as of June 30, 2025.

University of California Revenue Bonds

Revenue bonds have financed various auxiliary, administrative, academic, medical center and research facilities of the University. The bonds generally have annual principal and semiannual or monthly interest payments, serial and term maturities, contain sinking fund requirements and may have optional redemption provisions. Revenue bonds are not collateralized by any encumbrance, mortgage or other pledge of property, except pledged revenues, and do not constitute general obligations of The Regents. Revenue bond indentures require the University to use the facilities in a way which will not cause the interest on the tax-exempt bonds to be included in the gross income of the bondholders for federal tax purposes. The indentures permit the University to issue additional bonds as long as certain conditions are met.

General revenue bonds are collateralized solely by general revenues as defined in the general revenue bond indenture. General revenues are certain operating and nonoperating revenues of the University consisting of gross student tuition and fees; a portion of state appropriations; facilities and administrative cost recovery from contracts and grants; revenues from educational, auxiliary and other activities; and other revenues, including unrestricted investment income. The General revenue bond indenture requires the University to set rates, charges and fees each year sufficient for general revenues to pay for the annual principal and interest on the bonds and certain other covenants. The pledge of general revenues for interest rate swap agreements is on a parity basis with the University's general revenue bonds. General revenues for the years ended June 30, 2025 and 2024 were \$23.4 billion and \$21.7 billion, respectively.

Limited project revenue bonds have been issued to finance auxiliary enterprises and are collateralized by a pledge consisting of the sum of the gross revenues of specific projects. The limited project revenue bond indenture requires the University to achieve the sum of revenues equal to 1.1 times debt service and to maintain certain other covenants. The pledge of revenues for limited project revenue bonds is subordinate to the pledge of revenues for general revenue bonds, but senior to pledges for commercial paper notes. Pledged revenues for the years ended June 30, 2025 and 2024 were \$2.0 billion and \$1.9 billion, respectively.

Medical center pooled revenue bonds have been issued to finance the University's medical center facilities and are collateralized by joint and several pledges of the gross revenues of all five of the University's medical centers. Medical center gross revenues are excluded from general revenues. The medical center pooled revenue bond indenture requires the medical centers to set rates, charges and fees each year sufficient for the medical centers' total operating and nonoperating revenues to pay for the annual principal and interest on the bonds and certain other covenants. The pledge of medical center revenues for interest rate swap agreements may be at parity with, or subordinate to, medical center pooled revenue bonds. Pledged revenues of the medical centers for the years ended June 30, 2025 and 2024 were \$26.2 billion and \$21.9 billion, respectively.

2025 Activity

In August 2024, general revenue bonds totaling \$1.7 billion, including \$250.0 million in variable-rate demand bonds, were issued to finance or refinance the acquisition, construction, improvement and renovation of certain facilities of the University. The bonds mature at various dates through 2054. The fixed rate-tax exempt bonds have a stated weighted average interest rate of 5.0 percent. The interest rate resets weekly for the variable rate demand bonds. The deferred premium of \$168.1 million will be amortized as a reduction to interest expense over the term of the bonds. The refinancing and refunding of previously outstanding bonds resulted in cash flow savings of \$16.8 million and an economic gain of \$12.9 million.

In February 2025, general revenue bonds totaling \$2.0 billion were issued to finance or refinance the acquisition, construction, improvement and renovation of certain facilities of the University. The bonds mature at various dates through 2050. The fixed-rate tax-exempt bonds have a stated weighted average interest rate of 5.0 percent. The deferred premium of \$238.9 million will be amortized as a reduction to interest expense over the term of the bonds. The refinancing and refunding of previously outstanding bonds resulted in cash flow savings of \$86.5 million and an economic gain of \$85.4 million.

In March 2025, general revenue bonds totaling \$1.2 billion were issued to finance the acquisition, construction, improvement and renovation of certain facilities of the University. The bonds mature at various dates through 2055. The fixed-rate tax-exempt bonds have a stated weighted average interest rate of 4.9 percent. The deferred premium of \$134.0 million will be amortized as a reduction to interest expense over the term of the bonds.

2024 Activity

In March 2024, general revenue bonds totaling \$1.1 billion were issued to refund certain outstanding general revenue bonds and limited project revenue bonds of the University. The bonds mature at various dates through 2045. The fixed-rate tax-exempt bonds have a stated weighted average interest rate of 5.0 percent. The deferred premium of \$199.6 million will be amortized as a reduction to interest expense over the term of the bonds. The refinancing and refunding of previously outstanding bonds resulted in cash flow savings of \$103.1 million and an economic gain of \$46.8 million.

In February 2024, general revenue bonds totaling \$1.4 billion, including \$144.0 million in taxable bonds, were issued to finance or refinance the acquisition, construction, improvement and renovation of certain facilities of the University. The bonds mature at various dates through 2044. The fixed-rate tax-exempt bonds have a stated weighted average interest rate of 5.0 percent. The taxable bonds have a stated weighted average interest rate of 4.9 percent. The deferred premium of \$174.4 million will be amortized as a reduction to interest expense over the term of the bonds. The refinancing and refunding of previously outstanding bonds resulted in cash flow savings of \$149.1 million and an economic gain of \$100.4 million.

In September 2023, general revenue bonds totaling \$706.6 million, including \$586.5 million in tax-exempt bonds, were issued to finance the acquisition, construction, improvement and renovation of certain facilities of the University. The bonds mature at various dates through 2035. Proceeds of the bonds, including a bond premium of \$93.0 million, were used to pay for project construction and issuance costs. The fixed-rate tax-exempt bonds have a stated weighted average interest rate of 5.0 percent. The taxable bonds have a stated weighted average interest rate of 5.1 percent. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds.

Leases

The University has leases for land, buildings and equipment under agreements that extend through 2120. Some leases include one or more options to renew, with renewal terms that can extend the lease term from 1 to 40 years. Leases may also include options to terminate the leases.

Certain of the University's lease agreements include rental payments adjusted periodically primarily for inflation. The lease agreements do not contain any material lease incentive received, residual value guarantees, material restrictive covenants or material termination penalties. The University also subleases certain real estate to third parties.

The University measures the lease liability at the present value of payments expected to be made during the lease term. Leases with a term of 12 months or less, real estate leases with cumulative undiscounted payments of less than \$300,000 (including option periods) or equipment leases with cumulative undiscounted payments of less than \$100,000 (including option periods) are recognized as operating expense on a straight-line basis over the lease term. If the interest rate implicit in the lease cannot be readily determined, the University uses an incremental borrowing rate to discount the lease payments, which is an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

Future minimum payments on the University's leases with an initial or remaining non-cancelable term in excess of one year are presented in **Table 13.4**.

Table 13.4: Future minimum payments on leases (in thousands of dollars)

Year ending June 30	Principal	Interest	Total payments
2026	\$248,230	\$110,117	\$358,347
2027	237,319	101,409	338,728
2028	230,516	98,879	329,395
2029	216,694	89,876	306,570
2030	197,072	81,846	278,918
2031–2035	766,679	295,405	1,062,084
2036–2040	518,644	156,138	674,782
2041–2045	240,669	78,789	319,458
2046–2050	153,839	37,259	191,098
2051–2055	33,869	19,724	53,593
2056–2060	25,860	16,305	42,165
2061–2065	13,742	13,415	27,157
2066–2070	2,911	15,087	17,998
2071–2075	3,690	14,799	18,489
2076–2080	4,677	14,298	18,975
2081–2085	5,928	16,556	22,484
2086–2090	6,816	15,651	22,467
2091–2095		15,582	15,582
2096–2100		16,260	16,260
2101–2105		16,989	16,989
2106–2110		17,772	17,772
2111–2115	10,814	7,799	18,613
2116–2120	15,278	1,579	16,857
Total	\$2,933,247	\$1,251,534	\$4,184,781

Subscription-based Information Technology Arrangements

The University has subscription-based information technology arrangements (SBITAs) under agreements that extend through 2037. Some SBITAs include one or more options to renew, with renewal terms that can extend the subscription term from 1 to 10 years. SBITAs may also include options to terminate the subscription. SBITAs do not contain any material incentive received, material restrictive covenants or material termination penalties.

The University measures the SBITA liability at the present value of payments expected to be made during the subscription term. SBITAs with a term of 12 months or less or those with cumulative undiscounted payments of less than \$500,000 (including option periods) are recognized as operating expense on a straight-line basis over the subscription term. If the interest rate implicit in the SBITA cannot be readily determined, the University uses an incremental borrowing rate to discount the SBITA payments, which is an estimate of the interest rate that would be charged for borrowing the SBITA payment amounts during the subscription term.

Future minimum payments on the University's SBITAs with an initial or remaining non-cancelable term in excess of one year are presented in **Table 13.5**.

Table 13.5: Future minimum payments on SBITAs (in thousands of dollars)

Year ending June 30	Principal	Interest	Total payments
2026	\$122,975	\$10,074	\$133,049
2027	86,337	5,909	92,246
2028	42,743	2,844	45,587
2029	21,120	1,454	22,574
2030	7,837	586	8,423
2031–2035	6,952	821	7,773
2036–2037	708	31	739
Total	\$288,672	\$21,719	\$310,391

Other University Borrowings

Other University borrowings consist of contractual obligations resulting from the acquisition of land or buildings and the construction and renovation of certain facilities, along with the borrowing component associated with hybrid derivative instruments.

The University may use uncollateralized revolving lines of credit with commercial banks for capital purposes and to provide interim financing for buildings and equipment. Lines of credit commitments for general corporate purposes totaled \$200.0 million at June 30, 2025 and 2024. Outstanding borrowings under these bank lines totaled \$117.0 million and \$167.0 million at June 30, 2025 and 2024, respectively.

Certain of the interest rate swaps are considered hybrid instruments. As such, the interest rate swaps are comprised of a derivative instrument and a companion instrument recorded as a borrowing. The unamortized amount of the borrowing was \$60.2 million and \$63.2 million at June 30, 2025 and 2024, respectively.

In August 2016, the University entered into an agreement with a developer to design, construct, finance, operate and maintain certain auxiliary, administrative, academic and research facilities of one of its campuses through 2055. Construction of all of the facilities was completed in the summer of 2020. Payments under this agreement have two components: the first component of the agreement is related to the operations and maintenance of the facilities; the second component is to service the private debt incurred by the developer. The payments for servicing the private debt are recorded as other borrowings by the University. The operations and maintenance component of the payments are expensed as incurred. In the event that the operations and maintenance agreement with the developer is terminated, the outstanding portion of the private debt incurred by the developer would become an obligation of the University. The outstanding amount of the borrowing was \$475.1 million and \$515.0 million at June 30, 2025 and 2024, respectively.

Blended Component Unit Revenue Bonds

Student housing

The University has entered into ground leases with legally separate nonprofit corporations that develop and own student housing projects and related amenities and improvements on three University campuses through the use of project limited liability corporations (LLC). Each LLC, through a conduit issuer, has outstanding Student Housing LLC Revenue Bonds to finance the construction of the student housing facilities. Each LLC manages the premises. The University's reversionary interest in the land is not subordinated. All costs associated with the ownership, operation and management of the improvements are the obligation of each LLC. Student rental rates are established in order to provide for operating expenses and to maintain the required debt service coverage ratios. The bonds generally have annual principal and semiannual interest payments, serial and term maturities, certain sinking fund requirements and optional redemption provisions. They are not collateralized by any encumbrance, mortgage or other pledge of property, except pledged revenues of the student housing projects, and do not constitute general obligations of The Regents.

The LLCs, through a conduit issuer, have outstanding Student Housing LLC Revenue Bonds totaling \$1.6 billion at June 30, 2025 and 2024. The bonds mature at various dates through 2054 and have a weighted average interest rate of 4.5 percent.

Research facilities

The University has a public/private partnership for the purpose of developing, constructing and managing a neuroscience research and laboratory building, a psychiatry youth and family center and a clinical and life sciences building, with a legally separate, nonprofit corporation (the Corporation). In connection with these facilities, the University entered into ground leases with the Corporation. The Corporation has entered into a sub-ground lease with a developer to construct, own and manage the facilities. The University agreed to lease all of the space in the building from the developer. The University's base rent payments are equal to the principal and interest payments on the bonds that are issued by a conduit issuer and loaned to the nonprofit corporation to finance the construction of the building. As security on the bonds, the developer has assigned all payments received from the University for the space lease to the bond trustee.

At June 30, 2025, the Corporation, through a conduit issuer, has outstanding tax-exempt revenue bonds totaling \$648.2 million and taxable revenue bonds totaling \$188.0 million. At June 30, 2024, the Corporation, through a conduit issuer, had outstanding tax-exempt revenue bonds totaling \$165.5 million and taxable revenue bonds totaling \$188.0 million. The tax-exempt revenue bonds mature at various dates through 2059 and have a weighted average interest rate of 5.0 percent. The tax-exempt revenue bonds have annual serial maturities, certain sinking fund requirements, semiannual interest payments and optional redemption provisions. The taxable bonds mature through 2049 and have an interest rate of 6.5 percent. The taxable bonds were issued as Build America Bonds, under which the U.S. Treasury was expected at the time of issuance to send the conduit issuer 35.0 percent of the semiannual interest cost on the taxable bonds. As of June 30, 2025, the U.S. Treasury had reduced the subsidy by 5.7 percent for a net subsidy of 33.0 percent and has published its intention to do so through Federal Fiscal Year 2030, making the net interest rate 4.3 percent post-subsidy. The taxable bonds have a term maturity with various certain annual sinking fund requirements, semiannual interest payments and optional redemption provisions.

In addition, the University entered into a ground lease with another legally separate, nonprofit corporation (the Consortium). The Consortium entered into an agreement with a developer to develop and own a research laboratory facility designed to expand collaborative work in stem cell research and facilitate its translation into tools and techniques to diagnose and treat degenerative diseases and other ailments. The developer constructed the research laboratory facility. All costs associated with the ownership, operation and management of the laboratory research facility are the obligation of the Consortium. The University, along with the other collaborative research partners, will lease space in the building.

The Consortium, through a conduit issuer, has outstanding revenue bonds totaling \$41.0 million and \$42.8 million at June 30, 2025 and 2024, respectively. The bonds mature at various dates through 2040 and have a weighted average interest rate of 4.3 percent. The bonds generally have annual principal and semiannual interest payments, serial and term maturities, certain sinking fund requirements and optional redemption provisions. Lease payments from the occupants of the building are pledged as collateral on the bonds. To the extent the lease payments are not sufficient to pay the debt service, the University is obligated to pay the shortfall.

Future Debt Service and Hedging Derivative Interest Rate Swaps

Future debt service payments for the University's fixed- and variable-rate debt, excluding leases and SBITAs, for each of the five fiscal years subsequent to June 30, 2025, and thereafter are presented in **Table 13.6a**. Although not a prediction by the University of the future interest cost of the variable-rate bonds, these amounts assume that current interest rates on variable-rate bonds will not change. As these rates vary, variable-rate bond interest payments will vary.

Table 13.6a: Future debt service payments (in thousands of dollars)

Years ending June 30	Commercial paper	Medical Center revenue bonds	University revenue bonds	Financing obligations	Other university borrowings	Blended component unit revenue bonds	Total payments	Principal	Interest
2026	\$1,330,513	\$364,717	\$1,917,702	\$31,753	\$175,884	\$161,569	\$3,982,138	\$2,509,811	\$1,472,327
2027		366,020	2,075,786	24,763	62,372	164,172	2,693,113	1,282,127	1,410,986
2028		351,080	1,616,904	20,983	62,745	166,241	2,217,953	845,718	1,372,235
2029		350,522	2,026,686	17,942	63,040	166,992	2,625,182	1,288,691	1,336,491
2030		350,008	2,588,965	13,118	61,523	167,535	3,181,149	1,910,309	1,270,840
2031-2035		2,250,545	8,989,948	3,770	276,829	881,424	12,402,516	6,916,189	5,486,327
2036-2040		1,924,944	7,163,442		72,980	851,625	10,012,991	6,066,112	3,946,879
2041-2045		1,935,273	4,527,302		23,717	718,346	7,204,638	4,578,330	2,626,308
2046-2050		2,185,077	2,868,346		3,019	699,890	5,756,332	4,102,748	1,653,584
2051-2055		1,259,046	2,245,277		125	345,276	3,849,724	3,010,265	839,459
2056-2060		1,043,970	397,833			128,432	1,570,235	1,026,270	543,965
Thereafter		967,080	4,843,423				5,810,503	1,660,000	4,150,503
Total future debt service	1,330,513	13,348,282	41,261,614	112,329	802,234	4,451,502	61,306,474	\$35,196,570	\$26,109,904
Less: Interest component of future payments	(10,513)	(6,559,277)	(17,505,314)	(9,249)	(48,324)	(1,977,227)	(26,109,904)		
Principal portion of future payments	1,320,000	6,789,005	23,756,300	103,080	753,910	2,474,275	35,196,570		
Adjusted by: unamortized bond premium		172,260	2,042,855			193,583	2,408,698		
Total debt	\$1,320,000	\$6,961,265	\$25,799,155	\$103,080	\$753,910	\$2,667,858	\$37,605,268		

Long-term debt does not include \$500.0 million of defeased liabilities at June 30, 2025. Investments that have maturities and interest rates sufficient to fund retirement of these liabilities are being held in irrevocable trusts for the debt service payments. Neither the assets of the trusts nor the outstanding obligations are included in the University's statement of net position.

General revenue bonds of \$1.3 billion are variable-rate demand bonds which reset daily or weekly and, in the event of a failed remarketing, can be put back to The Regents for tender. The University has classified these bonds as current liabilities as of June 30, 2025.

Medical center pooled revenue bonds of \$206.0 million are variable-rate demand bonds which give the debt holders the ability to put the bonds back to The Regents upon demand. The University has classified these bonds as current liabilities as of June 30, 2025.

For the University's cash flow hedges, future debt service payments for the University's variable-rate debt and net receipts or payments on the associated hedging derivative instruments for each of the five fiscal years subsequent to June 30, 2025, and thereafter are as presented in **Table 13.6b**. Although not a prediction by the University of the future interest cost of the variable-rate bonds or the impact of the interest rate swaps, using rates as of June 30, 2025, combined debt service requirements of the variable-rate debt and net swap payments are presented in **Table 13.6b**.

Table 13.6b: Future debt service payments — hedging derivative instruments *(in thousands of dollars)*

Years ending June 30	Variable-rate bonds: Principal	Variable-rate bonds: Interest	Interest rate swap, net	Total payments
2026	\$12,595	\$26,709	(\$11,549)	\$27,755
2027	12,990	26,954	(11,576)	28,368
2028	13,420	26,702	(11,595)	28,527
2029	13,830	26,294	(11,475)	28,649
2030	14,285	26,118	(11,602)	28,801
2031–2035	52,470	125,500	(57,284)	120,686
2036–2040	118,080	119,224	(49,401)	187,903
2041–2045	416,185	100,763	(14,547)	502,401
2046–2050	488,375	24,317	(3,350)	509,342
Total	\$1,142,230	\$502,581	(\$182,379)	\$1,462,432

14. Deferred Outflows of Resources and Deferred Inflows of Resources

The University's composition of deferred outflows of resources at June 30 are summarized in **Table 14.1**.

Table 14.1: Deferred outflows of resources (in thousands of dollars)

Description	2025	2024
Net pension liability	\$2,167,271	\$2,419,904
Net retiree health benefits liability	2,360,833	3,323,514
Debt refunding	175,043	216,839
Interest rate swap agreements	17,479	14,054
Asset retirement obligations	73,860	59,087
Acquisitions	512,417	537,320
Total	\$5,306,903	\$6,570,718

The University's composition of deferred inflows of resources at June 30 are summarized in **Table 14.2**.

Table 14.2: Deferred inflows of resources (in thousands of dollars)

Description	2025	2024
Service concession arrangements	\$407,630	\$223,504
Net pension liability	5,700,041	2,697,214
Net retiree health benefits liability	8,420,065	8,617,107
Debt refunding	122,510	71,661
Interest rate swap agreements	101,856	111,470
Royalty sales	144,430	191,285
Irrevocable split-interest agreements	67,672	68,817
Leases	669,767	634,825
Total	\$15,633,971	\$12,615,883

The campus foundations' deferred inflows of resources are primarily related to irrevocable split-interest agreements.

15. Retirement Plans

Most University employees participate in UCRS. UCRS consists of UCRP, a governmental defined benefit plan funded with University and employee contributions; UCRSP, which includes defined contribution plans with options to participate in internally or externally managed investment portfolios generally funded with employee nonelective and elective contributions; and UC-VERIP, a defined benefit plan for University employees who were members of the California Public Employees' Retirement System (CalPERS) who elected early retirement. Other retirement plans include the Children's Hospital and Research Center at Oakland (CHRCO) Pension Plan, a defined benefit plan fully funded with CHRCO contributions and the Orange County Employees' Retirement System (OCERS) retirement plan, a cost-sharing multiemployer defined benefit pension plan for former employees of an Orange County hospital center who chose to remain with OCERS at the time the hospital was acquired by the University. The Regents has the authority to establish and amend UCRS, and administration authority with respect to the UCRS plans is vested with the President of the University as plan administrator. CHRCO administers the CHRCO Pension Plan as the Sponsor and plan assets are held by State Street Bank and Trust Company (Trustee).

Condensed financial information related to each plan in UCRS and CHRCO Pension Plan and the changes in pension liability for UCRP, UC-VERIP and the CHRCO Pension Plan for the year ended June 30, 2025 are presented in **Table 15.1**.

Table 15.1: Condensed financial information for retirement plans (in thousands of dollars)

Description	University of California Retirement Plan	University of California UC-VERIP	Subtotal	University of California Retirement Savings Program	Total	Children's Hospital & Research Center at Oakland Pension Plan
Condensed Statement of Fiduciary Net Position						
Investments at fair value	\$110,560,138	\$81,523	\$110,641,661	\$40,742,182	\$151,383,843	\$789,306
Participants' interests in mutual funds				3,329,248	3,329,248	
Investment of cash collateral	8,263,620	6,091	8,269,711	4,908,291	13,178,002	
Other assets	832,911	355	833,266	289,302	1,122,568	
Total assets	119,656,669	87,969	119,744,638	49,269,023	169,013,661	789,306
Collateral held for securities lending	8,263,620	6,092	8,269,712	4,908,290	13,178,002	
Other liabilities	666,080	398	666,478	239,396	905,874	
Total liabilities	8,929,700	6,490	8,936,190	5,147,686	14,083,876	
Net position held in trust	\$110,726,969	\$81,479	\$110,808,448	\$44,121,337	\$154,929,785	\$789,306
Condensed Statement of Changes in Fiduciary Net Position						
Contributions	\$5,174,807		\$5,174,807	\$2,749,685	\$7,924,492	\$41,800
Net appreciation in fair value of investments	10,693,740	\$7,917	10,701,657	4,213,002	14,914,659	
Investment and other income, net	1,783,507	1,357	1,784,864	906,703	2,691,567	89,585
Total additions, net	17,652,054	9,274	17,661,328	7,869,390	25,530,718	131,385
Benefit payment and participant withdrawals	5,509,922	2,521	5,512,443	2,842,768	8,355,211	29,566
Other deductions	104,729	2	104,731	2,598	107,329	3,102
Total deductions	5,614,651	2,523	5,617,174	2,845,366	8,462,540	32,668
Change in net position held in trust	12,037,403	6,751	12,044,154	5,024,024	17,068,178	98,717
Net position held in trust						
Beginning of year	98,689,566	74,728	98,764,294	39,097,313	137,861,607	690,589
End of year	\$110,726,969	\$81,479	\$110,808,448	\$44,121,337	\$154,929,785	\$789,306
Changes in total pension liability						
Service cost	\$3,443,672		\$3,443,672			\$14,263
Interest	7,945,333	\$879	7,946,212			48,326
Difference between expected and actual experience	788,362	(101)	788,261			4,631
Changes of benefit terms						(135,792)
Changes of assumptions or other inputs						21,940
Benefits paid, including refunds of employee contributions	(5,509,922)	(2,521)	(5,512,443)			(29,566)
Net change in total pension liability	6,667,445	(1,743)	6,665,702			(76,198)
Total pension liability						
Beginning of year	116,231,549	14,385	116,245,934			690,636
End of year	\$122,898,994	\$12,642	\$122,911,636			\$614,438
Net pension liability (asset), end of year	\$12,172,025	(\$68,837)	\$12,103,188			(\$174,868)

Additional information on the retirement plans can be obtained from the 2024–2025 annual reports of the UCRS which can be found at <https://ucop.edu/uc-controller/financial-reports/retirement-system-annual-reports.html>.

University of California Retirement Plan

UCRP provides lifetime retirement income, disability protection, death benefits and postretirement and preretirement survivor benefits to eligible employees of the University, its affiliates and their survivors and beneficiaries.

The University's membership in UCRP consisted of the following as presented in **Table 15.2** at June 30, 2025.

Table 15.2: Membership in UCRP

Membership	Campuses and Medical Centers	DOE National Laboratories	Total University of California
Retirees and beneficiaries receiving benefits	79,065	12,359	91,424
Inactive members entitled to, but not receiving benefits	123,247	6,847	130,094
Active members:			
Vested	88,886	1,775	90,661
Nonvested	65,363	689	66,052
Total active members	154,249	2,464	156,713
Total membership	356,561	21,670	378,231

Contributions

Contributions to UCRP are based upon rates determined by The Regents. The Regents' funding policy provides for contributions at rates to maintain UCRP on an actuarially sound basis. While the University's independent actuary annually determines the total funding policy contributions, the University is not required to contribute an amount equal to the total funding contribution. The actual contributions and the contribution rates of the University and employees are based on numerous factors, including the availability of funds to the University, the impact of employee contributions on the competitiveness of the University's total remuneration package and collective bargaining agreements.

The Regents determines the portion of the total contribution to be made by the employer and by the employees, and employee contribution rates for represented employees are subject to collective bargaining. Additional information on UCRP contributions can be obtained from the 2024-2025 annual report of the UCRS.

As of June 30, 2025 and 2024, the University reported \$236.9 million and \$517.7 million, respectively, as other noncurrent Department of Energy receivables for pension liabilities. Contributions of \$105.3 million and \$108.3 million were deposited into UCRP on behalf of the DOE for the years ended June 30, 2025 and 2024, respectively.

Net pension liability

All UCRP assets are available to pay any member's benefit. However, assets and liabilities for the campus and medical center segment of UCRP are internally tracked separately from the DOE national laboratory segments of UCRP. The net pension liability for UCRP at June 30, 2025 and 2024 are presented in **Table 15.3a** and **Table 15.3b**, respectively.

Table 15.3a: Net pension liability for UCRP at June 30, 2025 (in thousands of dollars)

Description	Campuses and Medical Centers	DOE National Laboratories	Total University of California
UCRP net position	\$100,372,652	\$10,354,317	\$110,726,969
Total pension liability	112,810,920	10,088,074	122,898,994
Net pension liability (asset)	\$12,438,268	(\$266,243)	\$12,172,025

Table 15.3b: Net pension liability for UCRP at June 30, 2024 (in thousands of dollars)

Description	Campuses and Medical Centers	DOE National Laboratories	Total University of California
UCRP net position	\$88,857,638	\$9,831,928	\$98,689,566
Total pension liability	106,158,524	10,073,025	116,231,549
Net pension liability	\$17,300,886	\$241,097	\$17,541,983

The University's net pension liability was measured as of June 30 and was calculated using the plan net position valued as of the measurement date and total pension liability determined by rolling forward the total pension liability from the results of the actuarial valuations as of July 1, one year prior to the measurement date. Actuarial assumptions were based upon the results of an experience study conducted for the period July 1, 2018 through June 30, 2022. The University's net pension liability was calculated using the following methods and assumptions as presented in **Table 15.4**.

Table 15.4: Actuarial assumptions used to calculate net pension liability (as percentage)

Description	2025	2024
Inflation	2.50%	2.50%
Investment rate of return	6.75	6.75
Projected salary increases	3.65 to 5.95	3.65 to 5.95
Cost-of-living adjustments	2.00	2.00

Mortality rates used to calculate the net pension liability are presented in **Table 15.5**.

Table 15.5: Mortality rates used to calculate the net pension liability

Description	Actuarial valuation basis
Preretirement	Pub-2010 Teacher Employee Amount-Weighted Above-Median Mortality Table multiplied by 90 percent for males and 95 percent for females
Postretirement: Healthy Members	Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table multiplied by 85 percent for male faculty members, 95 percent for female faculty members, 100 percent for other male members and 105 percent for other female members
Postretirement: Disabled Members	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table multiplied by 100 percent for males and 95 percent for females
Beneficiaries of Retired Members	In Pay Status as of Valuation: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) unadjusted for males and decreased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021 Not in Pay Status as of Valuation: Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), unadjusted for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021
Projection scale for all mortality tables	Generationally with the two-dimensional mortality improvement scale MP-2021.

The long-term expected investment rate of return assumption for UCRP was determined based on the aforementioned experience study, using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in **Table 15.6**.

Table 15.6: Target allocation and projected real rates of return *(as percentage)*

Asset Class	Target allocation	Projected real rate of return
U.S. equity	33.0%	6.0%
Developed international equity	13.0	6.8
Emerging market equity	7.0	8.5
Core bonds	13.0	1.8
High-yield bonds	2.5	4.6
Emerging market debt	1.5	4.6
Private equity	12.0	9.6
Private credit	3.5	2.9
Real estate	7.0	3.9
Absolute return	3.5	1.1
Real assets	4.0	4.0
Total	100.0%	5.6%

Discount rate

The discount rate used to estimate the net pension liability was 6.75 percent as of June 30, 2025 and 2024. To calculate the discount rate, cash flows into and out of UCRP were projected in order to determine whether UCRP has sufficient cash in future periods for projected benefit payments for current members. For this purpose, University, state and member contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected University contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are not included. UCRP was projected to have assets sufficient to make projected benefit payments for current members for all future years as of June 30, 2025 and 2024.

Sensitivity of the net pension liability to the discount rate assumption

Table 15.7 presents the June 30, 2025 net pension liability of the University as well as what the net pension liability would be if it were calculated using a discount rate 1% lower and 1% higher than the current assumption.

Table 15.7: Sensitivity of net pension liability to changes in the discount rate *(in thousands of dollars)*

Description	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
UCRP	\$28,936,331	\$12,172,025	(\$1,560,317)
UC-VERIP	(68,258)	(68,837)	(69,360)

Deferred outflows of resources and deferred inflows of resources

The University's composition of deferred outflows of resources and deferred inflows of resources for pensions are summarized in **Tables 15.8a** and **15.8b**.

Table 15.8a: Deferred outflows and deferred inflows for pensions at June 30, 2025 (in thousands of dollars)

Description	Campuses and Medical Centers	DOE National Laboratories	Total UCRP	UC-VERIP	Total
Deferred outflows of resources					
Difference between expected and actual experience	\$1,924,366	\$5,689	\$1,930,055		\$1,930,055
Changes of assumptions or other inputs	190,647		190,647		190,647
Total	\$2,115,013	\$5,689	\$2,120,702		\$2,120,702
Deferred inflows of resources					
Net difference between projected and actual earnings on pension plan investments	\$5,113,053	\$508,801	\$5,621,854	\$4,539	\$5,626,393
Total	\$5,113,053	\$508,801	\$5,621,854	\$4,539	\$5,626,393

Table 15.8b: Deferred outflows and deferred inflows for pensions at June 30, 2024 (in thousands of dollars)

Description	Campuses and Medical Centers	DOE National Laboratories	Total UCRP	UC-VERIP	Total
Deferred outflows of resources					
Difference between expected and actual experience	\$2,071,355		\$2,071,355		\$2,071,355
Changes of assumptions or other inputs	303,457		303,457		303,457
Total	\$2,374,812		\$2,374,812		\$2,374,812
Deferred inflows of resources					
Difference between expected and actual experience		\$1,876	\$1,876		\$1,876
Net difference between projected and actual earnings on pension plan investments	\$2,361,358	274,683	2,636,041	\$4,480	2,640,521
Total	\$2,361,358	\$276,559	\$2,637,917	\$4,480	\$2,642,397

Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ended June 30 as presented in **Table 15.9**.

Table 15.9: Net deferred outflows and deferred inflows of resources (in thousands of dollars)

Year Ended June 30	Campuses and Medical Centers	DOE National Laboratories	Total UCRP	UC-VERIP	Total
2026	\$1,272,355	\$99,710	\$1,372,065	\$382	\$1,372,447
2027	(1,707,936)	(271,173)	(1,979,109)	(2,196)	(1,981,305)
2028	(1,633,864)	(221,709)	(1,855,573)	(1,862)	(1,857,435)
2029	(928,595)	(109,940)	(1,038,535)	(863)	(1,039,398)
Total	(\$2,998,040)	(\$503,112)	(\$3,501,152)	(\$4,539)	(\$3,505,691)

Defined Contribution Plan (DC Plan) / Supplemental Defined Contribution Plan (SDC Plan)

The DC Plan was established by resolution of The Regents to accept after-tax contributions and pretax contributions. The Regents established the SDC Plan to provide retirement benefits to certain designated employees of the University and their beneficiaries.

Additional information on the DC Plan and SDC Plan can be obtained from the 2024–2025 annual report of the UCRS.

Tax Deferred 403(b) Plan

The University's Tax-Deferred 403(b) Plan (403(b) Plan) accepts pretax employee contributions.

Employer contributions to the 403(b) Plan were \$11.0 million and \$8.9 million for the years ended June 30, 2025 and 2024.

Additional information on the 403(b) Plan can be obtained from the 2024–2025 annual report of the UCRS.

457(b) Deferred Compensation Plan

The University's 457(b) Deferred Compensation Plan (457(b) Plan) accepts pretax employee contributions.

There were no employer contributions to the 457(b) Plan for the years ended June 30, 2025 and 2024.

Participants in the DC Plan, the SDC Plan, the 403(b) Plan and the 457(b) Plan may direct their elective and nonelective contributions to investment funds managed by the University. They may also invest account balances in certain mutual funds. The participants' interests in mutual funds is shown separately in the plans' statements of fiduciary net position.

Additional information on the 457(b) Plan can be obtained from the 2024–2025 annual report of the UCRS.

University of California Voluntary Early Retirement Incentive Program (UC-VERIP)

UC-VERIP is a defined benefit pension plan providing lifetime supplemental retirement income and survivor benefits to UC-VERIP members who elected early retirement under CalPERS.

As of June 30, 2025, there are 243 retirees or beneficiaries receiving benefits under this voluntary early retirement program.

The University and the DOE laboratories previously made contributions to the UC-VERIP sufficient to maintain the promised benefits. The actuarially determined contributions are zero for the years ended June 30, 2025 and 2024.

Additional information on UC-VERIP can be obtained from the UCRS 2024–2025 annual report.

Children's Hospital and Research Center at Oakland Pension Plan (CHRCO Pension Plan)

CHRCO administers the CHRCO Pension Plan as the sponsor and plan assets are held by State Street Bank and Trust Company (the Trustee). The CHRCO Pension Plan is a noncontributory defined benefit plan subject to the single employer defined benefit under ERISA rules that covers active and retired employees. The CHRCO Pension Plan was amended effective January 1, 2012 to exclude unrepresented employees hired or rehired on or after January 1, 2012. The CHRCO Pension Plan provides retirement, disability and death benefits to plan participants. Benefits are based on a participant's length of service, age at retirement and average compensation as defined by the CHRCO Pension Plan.

The CHRCO Pension Plan was amended during the fiscal year ended June 30, 2025 to close the CHRCO Pension Plan to new participants effective July 6, 2025, freeze credited service for benefit accrual purposes as of July 5, 2025, freeze pay for benefit accrual purposes after June 30, 2030 for unrepresented employees and December 31, 2030 for represented employees and provide partial benefit service for represented employee participants working between 500 and 999 hours during 2025.

Table 15.10 presents assumptions used to calculate the net pension liability for the CHRCO Pension Plan.

Table 15.10: CHRCO actuarial assumptions

Description	2025	2024
Inflation	3.00%	3.00%
Investment rate of return	6.75%	7.00%
Projected salary increases: Represented employees	4.50% for FYE 2025, 4.20% for FYE 2026 and 3.50% for FYE 2027 annually thereafter	4.50% for FYE 2024, 4.50% for FYE 2025, 4.20% for FYE 2026 and 3.50% for FYE 2027 annually thereafter
Projected salary increases: Unrepresented employees	4.20% for FYE 2025 and 3.50% for FYE 2026 annually thereafter	4.20% for FYE 2024, 4.20% for FYE 2025 and 3.50% for FYE 2026 annually thereafter
Cost-of-living adjustments	None	None

CHRCO recognized pension expense of \$(119.4) million and \$36.1 million at June 30, 2025 and 2024, respectively.

The actuarial assumptions used in the June 30, 2025 and 2024 valuations were based on the results of an experience study conducted during 2024. In 2025 and 2024, the mortality rates were based on Pri-2012 Private Retirement Plans Mortality Table with fully generational projected mortality improvements using Scale MP-2021.

Additional information on the CHRCO Pension Plan can be found in the annual reports, which can be obtained by writing to Children's Hospital Oakland, Finance Department, 747 52nd Street, Oakland, California 94609.

Table 15.11 presents membership in the CHRCO Pension Plan at June 30, 2025.

Table 15.11: CHRCO pension plan membership

Description	Total
Retirees and beneficiaries receiving benefits	1,501
Inactive members entitled to, but not yet receiving benefits	626
Active members	2,104
Total membership	4,231

Contributions

Employer contributions are determined under IRC Section 430. Employees are not required or permitted to contribute to the CHRCO Pension Plan.

Net pension liability

The net pension liability for the CHRCO Pension Plan was measured as of June 30 and the total pension liability was determined by an actuarial valuation as of January 1, rolled forward to June 30.

Discount rate

The discount rate used to estimate the net pension liability was 6.75 percent and 7.0 percent for June 30, 2025 and 2024, respectively. The projection of cash flows used to determine the discount rate assumes that CHRCO will make contributions to the CHRCO Pension Plan under IRC Section 430's minimum requirements for a period of three and six years for its unrepresented and represented employees, respectively, and that all future assumptions are met. Based on these assumptions, the CHRCO Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments for current active and inactive employees.

Investment rate of return

The target allocation and projected arithmetic real rates of return, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class for the CHRCO Pension Plan are presented in Table 15.12.

Table 15.12: CHRCO pension plan target allocation and real rates of return (as percentage)

Asset class	Target allocation	Projected real rate of return
Global Equity	70.0%	4.0%
Core Fixed Income	30.0%	2.2%
Total	100.0%	

16. Retiree Health Benefit Costs and Obligations

The University administers single-employer health and welfare plans to provide health and welfare benefits, primarily medical, dental and vision, to eligible retirees (and their eligible family members) of the University and its affiliates through the University of California Retiree Health Benefit Program (the Program). The Regents has the authority to establish and amend the program. While retiree health benefits are not a legal obligation of the University and can be canceled or modified at any time, accounting standards require the University to recognize a net retiree health liability based on the current practices of providing retiree health benefits.

The University established the UCRHBT in order to allow certain University locations and affiliates (primarily campuses and medical centers) that share the risks, rewards and costs of providing for retiree health benefits to fund such benefits on a cost-sharing basis and accumulate funds on a tax-exempt basis under an arrangement segregated from University assets. Campus and medical center contributions toward retiree health benefits are made to UCRHBT at rates determined by the University. The University receives retiree health contributions from retirees that are deducted from their UCRP benefit payments or are received from the retiree through direct pay. The University acts as a third-party administrator on behalf of UCRHBT and pays health care insurers and administrators amounts currently due under the Program for retirees. UCRHBT reimburses the University for these amounts.

LBNL participates in the Program. LBNL does not participate in UCRHBT; therefore, the DOE has no interest in UCRHBT's assets. The University directly pays health care insurers and administrators amounts currently due under the University's retiree health benefit plans for retirees who previously worked at LBNL and is reimbursed by the DOE. To the extent the University has recorded a net retiree health benefits liability (and related deferred outflows and inflows of resources) that will be reimbursed under DOE contracts, a receivable from the DOE is recorded. The University recorded receivables from the DOE of \$702.3 million and \$715.1 million for 2025 and 2024, respectively, representing the DOE's share of the net retiree health benefits liability.

Condensed financial information related to UCRHBT and the changes in retiree health benefits liability for the year ended June 30, 2025 is presented in **Table 16.1a** and **Table 16.1b**, respectively.

Table 16.1a: Condensed financial information related to UCRHBT at June 30, 2025 (in thousands of dollars)

Description	Campuses and Medical Centers	LBNL	Total University of California
Contributions	\$705,131	\$23,785	\$728,916
Investment income, net	10,455		10,455
Total additions	715,586	23,785	739,371
Insurance premiums, net	(664,099)	(23,785)	(687,884)
Other deductions	(7,142)		(7,142)
Total deductions	(671,241)	(\$23,785)	(695,026)
Change in net position held in UCRHBT	44,345		44,345
Net position held in UCRHBT, beginning of year	225,886		225,886
Net position held in UCRHBT, end of year	\$270,231		\$270,231

Table 16.1b: Changes in total retiree health benefits liability at June 30, 2025 (in thousands of dollars)

Description	Campuses and Medical Centers	LBNL	Total University of California
Service cost	\$821,764	\$18,646	\$840,410
Interest	827,643	24,769	852,412
Difference between expected and actual experience	(264,182)	(17,423)	(281,605)
Changes in assumptions and other inputs	(1,836,938)	(49,658)	(1,886,596)
Benefits paid	(664,099)	(23,785)	(687,884)
Retiree contributions	104,110	3,101	107,211
Net change in total retiree health benefits liability	(1,011,702)	(44,350)	(1,056,052)
Total retiree health benefits liability			
Beginning of year	20,515,149	621,840	21,136,989
End of year	\$19,503,447	\$577,490	\$20,080,937
Net retiree health benefits liability, end of year	\$19,233,216	\$577,490	\$19,810,706

Benefits

Retirees are eligible for medical and dental benefits. The costs of the medical and dental benefits are shared between the University and the retiree. The University does not contribute toward the cost of other benefits available to retirees. Retirees employed by the University prior to 1990 and not rehired after that date are eligible for the University's maximum contribution if they retire before age 55 and have at least 10 years of service, or if they retire at age 55 or later and have at least five years of service. Retirees employed by the University after 1989 and prior to July 1, 2013 become eligible for a percentage of the University's contribution starting at 50 percent of the maximum University contribution with 10 years of service or if age plus years of service equal at least 75, and increasing to 100 percent after 20 years of service. Retirees who are employed by the University after July 1, 2013, and retire at the age of 56 or older, become eligible for a percentage of the University's contribution based on age and years of service. These retirees are eligible for the maximum University contribution at age 65 with 20 or more years of service. Retirees pay the excess, if any, of the premium over the applicable portion of the University's contribution.

Membership in a defined benefit plan to which the University contributes or participates in the DC Plan is required to become eligible for retiree health benefits. Participation in the Retiree Health Benefit Program plans consisted of the following at July 1, 2025 as presented in **Table 16.2**.

Table 16.2: Participation in the retiree health benefit program plans

Description	Campuses and Medical Centers	LBNL	Total University of California
Retirees and beneficiaries receiving benefits	51,740	1,848	53,588
Active members	168,622	3,212	171,834
Total membership	220,362	5,060	225,422

Contributions

The University does not pre-fund retiree health benefits and instead provides for benefits based upon projected pay-as-you-go financing. University and retiree contributions toward premiums made under purchased plan arrangements are determined by applying the health plan contract rates across the number of participants in the respective plans. Premium rates for the self-insured plan contributions are set by the University based upon a trend analysis of the historic cost, utilization, demographics and administrative expenses to provide for the claims incurred and the actuarially determined level of incurred but not reported liability. The retiree health benefits assessment rate was \$2.23 per \$100 of UCRP covered payroll effective July 1, 2024 and 2023.

In addition to the explicit University contribution provided to retirees, there is an "implicit subsidy." The gross premiums for members that are not currently eligible for Medicare benefits are the same for active employees and retirees, based on a blend of their health costs. Retirees, on average, are expected to have higher health care costs than active employees. This is primarily due to the older average age of retirees. Since the same gross premiums apply to both groups, the premiums paid for active employees by the University are subsidizing the premiums for retirees. This effect is called the implicit subsidy. The implicit subsidy associated with retiree health costs paid during the past year is also considered to be a contribution from the University.

Net Retiree Health Benefits Liability

The University's net retiree health benefits liability was measured as of June 30 based on rolling forward the results of the actuarial valuations as of June 30, one year prior to the measurement date. Actuarial valuations represent a long-term perspective and involve estimates of the value of reported benefits and assumptions about the probability of occurrence of events far into the future. Significant actuarial methods and assumptions used to calculate the University's net retiree health benefits liability are presented in **Table 16.3**.

Table 16.3: Net retiree health benefits actuarial assumptions

Description	2025	2024
Discount rate*	5.20%	3.93%
Inflation	2.50	2.50
Investment rate of return	2.50	2.50
Initial medical trend rate	1.01% to 20.68%	0.20% to 20.46%
Ultimate medical trend rate	3.94%	3.94%
Year ultimate trend rate reached	2075	2075

*The discount rate was based on the Bond Buyer 20-year tax-exempt general obligation municipal bond index rate since UCRHBT assets are not sufficient to make projected benefit payments.

Mortality Rates

Mortality rates used to calculate the University's net retiree health benefits liability are presented in **Table 16.4**.

Table 16.4: Mortality rates valuation basis

Description	Mortality rate valuation basis
Preretirement	Pub-2010 Teacher Employee Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Postretirement: Healthy Participants	Pub-2010 Healthy Teacher Retiree Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021. Base Mortality Tables are adjusted as follows: <ul style="list-style-type: none"> • Faculty: 90% for Males and Females • Staff and Safety: 110% for Males and 105% for Females
Postretirement: Spouses/Domestic Partners	Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021 with no adjustment for Males and 95% for Females, applied after the expected (and actual) death of the retiree. While retiree is still alive, rates for Healthy Participants are applied.
Postretirement: Disabled Participants	Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021, adjusted 85% for Males and Females.

Actuarial assumptions are subject to periodic revisions as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used at June 30, 2025 were based upon the results of the most recent experience study covering the period of July 1, 2018 through June 30, 2022.

Sensitivity of Net Retiree Health Benefits Liability to the Health Care Cost Trend Rate

Table 16.5 presents the June 30, 2025 net retiree health benefits liability of the University as well as what the net retiree health benefits liability would be if it were calculated using a health care cost trend rate 1% higher and 1% lower than the current assumption.

Table 16.5: Sensitivity of net retiree health benefits liability to health care cost trend rate (in thousands of dollars)

Description	1% Decrease (0.01% to 19.68%) decreasing to (2.94%)	Current trend (1.01% to 20.68%) decreasing to (3.94%)	1% Increase (2.01% to 21.68%) decreasing to (4.94%)
Net retiree health benefits liability	\$16,946,818	\$19,810,706	\$23,454,428

Discount Rate

The discount rates used to estimate the net retiree health benefits liability as of June 30, 2025 and 2024 were 5.20 percent and 3.93 percent, respectively.

Sensitivity of Net Retiree Health Benefits Liability to the Discount Rate Assumption

Table 16.6 presents the June 30, 2025 net retiree health benefits liability of the University as well as what the net retiree health benefits liability would be if it were calculated using a discount rate 1% higher and 1% lower than the current assumption.

Table 16.6: Sensitivity of net retiree health benefits liability to discount rate assumption (in thousands of dollars)

Description	1% Decrease (4.20%)	Current discount (5.20%)	1% Increase (6.20%)
Net retiree health benefits liability	\$22,982,017	\$19,810,706	\$17,234,049

Deferred Outflows of Resources and Deferred Inflows of Resources

Tables 16.7a and 16.7b present the composition of deferred outflows of resources and deferred inflows of resources for retiree health benefits at June 30, 2025 and 2024.

Table 16.7a: Composition of deferred outflows and deferred inflows of resources for retiree health benefits in 2025

(in thousands of dollars)

Description	Campuses and Medical Centers	LBNL	Total University of California
Deferred outflows of resources			
Difference between expected and actual experience	\$775,142	\$33,841	\$808,983
Changes in assumptions or other inputs	1,547,677	4,173	1,551,850
Total	\$2,322,819	\$38,014	\$2,360,833
Deferred inflows of resources			
Difference between expected and actual experience	\$1,074,142	\$18,491	\$1,092,633
Changes in assumptions or other inputs	7,176,333	144,355	7,320,688
Net difference between projected and actual earnings on plan investments	6,744		6,744
Total	\$8,257,219	\$162,846	\$8,420,065

Table 16.7b: Composition of deferred outflows and deferred inflows of resources for retiree health benefits in 2024

(in thousands of dollars)

Description	Campuses and Medical Centers	LBNL	Total University of California
Deferred outflows of resources			
Difference between expected and actual experience	\$919,741	\$47,013	\$966,754
Changes in assumptions or other inputs	2,334,387	22,373	2,356,760
Total	\$3,254,128	\$69,386	\$3,323,514
Deferred inflows of resources			
Difference between expected and actual experience	\$1,415,134	\$16,647	\$1,431,781
Changes in assumptions or other inputs	7,036,175	145,970	7,182,145
Net difference between projected and actual earnings on plan investments	3,181		3,181
Total	\$8,454,490	\$162,617	\$8,617,107

The net amount of deferred outflows and deferred inflows of resources as of June 30, 2025 related to retiree health benefits that will be recognized in retiree health benefit expense during the next five years and thereafter is presented in **Table 16.8**.

Table 16.8: Net deferred outflows and deferred inflows of resources for retiree health benefits (in thousands of dollars)

Year	Campuses and Medical Centers	LBNL	Total University of California
2026	(\$1,015,770)	(\$42,936)	(\$1,058,706)
2027	(855,235)	(32,765)	(888,000)
2028	(1,014,285)	(16,113)	(1,030,398)
2029	(1,161,613)	(20,032)	(1,181,645)
2030	(860,317)	(10,819)	(871,136)
Thereafter	(1,027,180)	(2,167)	(1,029,347)
Total	(\$5,934,400)	(\$124,832)	(\$6,059,232)

17. Endowments and Gifts

Endowments and gifts are held and administered either by the University or by the campus foundations.

University

The value of endowments and gifts held and administered by the University, excluding income distributed to be used for operating purposes, at June 30, 2025 and 2024 is presented in **Table 17.1a** and **Table 17.1b**, respectively.

Table 17.1a: Endowments and gifts held and administered by the University at June 30, 2025 (in thousands of dollars)

Description	Restricted nonexpendable	Restricted expendable	Unrestricted	Total
Endowments	\$1,387,902	\$5,487,681	\$8,313	\$6,883,896
Funds functioning as endowments		4,126,627	10,474,905	14,601,532
Gifts		3,285,326	193,405	3,478,731
Total	\$1,387,902	\$12,899,634	\$10,676,623	\$24,964,159

Table 17.1b: Endowments and gifts held and administered by the University at June 30, 2024 (in thousands of dollars)

Description	Restricted nonexpendable	Restricted expendable	Unrestricted	Total
Endowments	\$1,316,568	\$4,983,530	\$6,269	\$6,306,367
Funds functioning as endowments		3,793,654	10,206,461	14,000,115
Gifts		3,318,517	195,573	3,514,090
Total	\$1,316,568	\$12,095,701	\$10,408,303	\$23,820,572

The University's endowment income distribution policies are designed to preserve the value of the endowment in real terms (after inflation) and to generate a predictable stream of spendable income. Endowment investments are managed to achieve the maximum long-term total return. As a result of this emphasis on total return, the proportion of the annual income distribution provided by dividend and interest income and by capital gains may vary significantly from year to year. The University's policy is to retain the realized and unrealized appreciation with the endowment after the annual income distribution has been made. The net appreciation available to meet future spending needs is subject to the approval of The Regents and amounted to \$4.3 billion and \$3.9 billion at June 30, 2025 and 2024, respectively.

The portion of investment returns earned on endowments held by the University and distributed at the end of each year to support current operations for the following year is based upon a rate that is approved by The Regents. The annual income distribution

transferred to the campuses from endowments held by the University was \$620.4 million and \$600.6 million for the years ended June 30, 2025 and 2024, respectively. The portion of this annual income distribution from accumulated capital gains, in addition to the dividend and interest income earned during the year, was \$284.3 million and \$297.3 million for the years ended June 30, 2025 and 2024, respectively. Accumulated endowment income available for spending in the future, including the annual income distribution, was \$1.7 billion and \$1.3 billion at June 30, 2025 and 2024, respectively.

Campus Foundations

The value of endowments and gifts held by the campus foundations and administered by each of their independent Boards of Trustees at June 30, 2025 and 2024 is presented in **Table 17.2a** and **Table 17.2b**, respectively.

Table 17.2a: Endowments and gifts held and administered by campus foundations at June 30, 2025 (in thousands of dollars)

Description	Restricted nonexpendable	Restricted expendable	Unrestricted	Total
Endowments	\$7,935,552	\$3,609,578		\$11,545,130
Funds functioning as endowments		3,491,769		3,491,769
Gifts		2,466,201	\$1,434,486	3,900,687
Total	\$7,935,552	\$9,567,548	\$1,434,486	\$18,937,586

Table 17.1b: Endowments and gifts held and administered by the University at June 30, 2024 (in thousands of dollars)

Description	Restricted nonexpendable	Restricted expendable	Unrestricted	Total
Endowments	\$7,424,469	\$2,969,942		\$10,394,411
Funds functioning as endowments		3,084,513		3,084,513
Gifts		2,561,698	\$1,434,352	3,996,050
Total	\$7,424,469	\$8,616,153	\$1,434,352	\$17,474,974

18. Leases

The University is a lessor of land, buildings and equipment under agreements that extend through 2112. Some leases include one or more lessee options to renew, with renewal terms that can extend the lease term from one to 40 years. These leases may also include lessee options to terminate the leases.

Certain of the University's lease agreements include rental payments that are adjusted periodically, primarily for inflation. The lease agreements do not contain any material lease incentives paid, residual value guarantees, material restrictive covenants or material termination penalties.

The University measures the deferred inflow of resources at the present value of payments expected to be received including any advance lease payments or lease incentives during the lease term.

During the years ended June 30, 2025 and 2024, the University recorded \$94.7 million and \$70.6 million, respectively, in lease revenues.

19. Segment Information

The University's medical centers and CHRCO's revenues are pledged in support of the outstanding University of California Medical Center Pooled Revenue Bonds. The medical centers' operating revenues and expenses consist primarily of revenues associated with patient care and the related costs of providing that care.

Table 19.1 presents condensed financial statement information related to the University's medical centers for the years ended June 30, 2025 and 2024.

Table 19.1: Condensed financial statement information related to the medical centers (in thousands of dollars)

Description	2025	2024
Revenue bonds outstanding	\$9,155,481	\$7,602,026
Related debt service payments	385,596	393,682
Bonds due serially through	2120	2120
Condensed Statement of Net Position		
Current assets	12,715,029	11,853,702
Capital assets, net	14,826,746	13,141,424
Other assets	2,545,226	2,438,463
Total assets	30,087,001	27,433,589
Deferred outflows of resources	4,320,893	4,118,152
Current liabilities	5,530,728	5,214,449
Long-term debt, net of current portion	10,402,026	8,951,739
Other noncurrent liabilities	15,218,079	16,360,157
Total liabilities	31,150,833	30,526,345
Deferred inflows of resources	5,904,895	4,513,134
Net investment in capital assets	5,405,915	5,078,852
Restricted	151,017	155,847
Unrestricted	(8,204,766)	(8,722,437)
Total net position	(\$2,647,834)	(\$3,487,738)
Condensed Statement of Revenues, Expenses and Changes in Net Position		
Operating revenues	25,860,940	21,582,000
Operating expenses before depreciation and amortization	(23,008,888)	(19,873,456)
Depreciation and amortization	(905,143)	(802,605)
Operating income	1,946,909	905,939
Nonoperating revenues, net	272,869	208,596
Income before other changes in net position	2,219,778	1,114,535
Health systems support	(1,281,570)	(1,200,119)
Transfers from University, net	19,076	32,031
Changes in allocation for pension payable to University	(140,338)	(90,173)
Other, including donated assets	22,958	32,704
Change in net position	839,904	(111,022)
Net position, beginning of year, as previously reported	(3,487,738)	(4,011,872)
Cumulative effect of accounting change		635,156
Beginning of year, as restated	(3,487,738)	(3,376,716)
Net position, end of year	(\$2,647,834)	(\$3,487,738)
Condensed Statement of Cash Flows		
Net cash provided (used) by:		
Operating activities	2,098,087	2,461,337
Noncapital financing activities	(941,393)	(1,000,526)
Capital and related financing activities	(1,623,777)	(3,217,231)
Investing activities	483,738	2,348,608
Net change in cash and cash equivalents	16,655	592,188
Cash and cash equivalents,* beginning of year	6,526,013	5,933,825
Cash and cash equivalents,* end of year	\$6,542,668	\$6,526,013

*Cash and cash equivalents in the medical centers' financial statements are included in the University's Short Term Investment Pool.

Summarized financial information in these tables is from the medical centers' audited financial statements. Certain revenue, such as financial support from the state for clinical teaching programs, is classified as state educational appropriations rather than medical center revenue in the University's statements of revenues, expenses and changes in net position. However, in the medical centers' audited financial statements and for segment reporting purposes, these revenues are classified as operating revenue. Additional information on the individual University of California medical centers can be obtained from their audited financial statements which are available at <https://www.ucop.edu/uc-controller/financial-reports/medical-center-financial-reports.html>.

Certain revenue generating projects (including student and faculty housing, parking facilities, student centers, recreation and events facilities, student health facilities and athletics facilities) are also financed by Limited Project Revenue Bonds; however, assets and liabilities are not required to be accounted for separately.

20. Blended Component Unit Information

Condensed financial statement information related to certain of the University's blended component units for the year ended June 30, 2025 is presented in **Table 20.1a**.

Table 20.1a: Condensed financial statement information related to blended component units for 2025 (in thousands of dollars)

Description	Fiat Lux	New Century Health Plan	CHRCO	UCSF Health Community Hospitals	Research	Housing
Condensed Statements of Net Position						
Current assets	\$2,400,923	\$28,465	\$458,994	\$157,079	\$7,190	\$118,504
Capital assets, net			595,183	124,638	146,186	1,359,670
Other assets	164,345	308	577,074	35,762	860,125	265,282
Total assets	2,565,268	28,773	1,631,251	317,479	1,013,501	1,743,456
Total deferred outflows of resources			45,791	7,167	4,144	10,943
Current liabilities	483,944	12,052	258,091	61,728	49,296	121,137
Noncurrent liabilities	1,210,546		153,001	12,471	951,312	1,729,121
Total liabilities	1,694,490	12,052	411,092	74,199	1,000,608	1,850,258
Total deferred inflows of resources			92,046	39,522		26,659
Net investment in capital assets			466,223	120,652	37,127	(273,505)
Restricted		308	113,821	878		256,203
Unrestricted	870,778	16,413	593,860	89,395	(20,090)	(105,216)
Total net position	\$870,778	\$16,721	\$1,173,904	\$210,925	\$17,037	(\$122,518)
Condensed Statement of Revenues, Expenses and Changes in Net Position						
Operating revenues	807,357	65,741	745,397	358,576	37,768	226,538
Operating expenses	(705,346)	(71,329)	(655,949)	(477,572)	(6,772)	(91,595)
Depreciation and amortization expense			(36,173)	(642)	(4,968)	(70,781)
Operating income (loss)	102,011	(5,588)	53,275	(119,638)	26,028	64,162
Nonoperating revenues (expenses), net	205,774	(1)	185,031	(14,305)	(20,640)	(79,410)
Income before other changes in net position	307,785	(5,589)	238,306	(133,943)	5,388	(15,248)
Transfers from University		22,310			(7,090)	0
Other, including donated assets			15,903	344,868		12,076
Change in net position	307,785	16,721	254,209	210,925	(1,702)	(3,172)
Net position, beginning of year	562,993		919,695		18,739	(119,346)
Net position, end of year	\$870,778	\$16,721	\$1,173,904	\$210,925	\$17,037	(\$122,518)
Condensed Statement of Cash Flows						
Net cash provided (used) by:						
Operating activities	333,454	(17,840)	4,614	(250,220)	60,294	77,668
Noncapital financing activities	6,475	22,309	145,012	343,653	(2,477)	(13,237)
Capital and related financing activities			(84,797)	(93,411)	449,500	(75,391)
Investing activities	(259,483)	(308)	10,503		(80)	8,066
Net change in cash and cash equivalents	80,446	4,161	75,332	22	507,237	(2,894)
Cash and cash equivalents, beginning of year	157,268		196,542		7,230	58,367
Cash and cash equivalents, end of year	\$237,714	\$4,161	\$271,874	\$22	\$514,467	\$55,473

Condensed financial statement information related to certain of the University's blended component units for the year ended June 30, 2024 is presented in **Table 20.1b**.

Table 20.1b: Condensed financial statement information related to blended component units for 2024 (in thousands of dollars)

Description	Fiat Lux	CHRCO	Research	Housing
Condensed Statements of Net Position				
Current assets	\$1,799,697	\$392,181	\$5,802	\$209,498
Capital assets, net		501,454	122,861	1,423,017
Other assets	218,267	375,985	360,117	158,046
Total assets	2,017,964	1,269,620	488,780	1,790,561
Total deferred outflows of resources		42,984	4,420	166
Current liabilities	408,569	220,749	18,163	83,616
Noncurrent liabilities	1,046,402	147,030	456,298	1,798,572
Total liabilities	1,454,971	367,779	474,461	1,882,188
Total deferred inflows of resources		76,430		27,885
Net investment in capital assets		382,942	37,253	
Restricted		114,394		
Unrestricted	562,993	371,059	(18,514)	(119,346)
Total net position	\$562,993	\$868,395	\$18,739	(\$119,346)
Condensed Statement of Revenues, Expenses and Changes in Net Position				
Operating revenues	570,137	866,088	29,571	214,602
Operating expenses	(642,682)	(777,876)	1,456	(64,837)
Depreciation expense		(32,990)	(4,817)	(66,346)
Operating income (loss)	(72,545)	55,222	26,210	83,419
Nonoperating revenues (expenses), net	169,888	51,101	(16,329)	(73,624)
Income before other changes in net position	97,343	106,323	9,881	9,795
Transfers from University			(9,255)	
Other, including donated assets		(5,967)		
Change in net position	97,343	100,356	626	9,795
Net position, beginning of year	465,650	768,039	18,113	(129,141)
Net position, end of year	\$562,993	\$868,395	\$18,739	(\$119,346)
Condensed Statement of Cash Flows				
Net cash provided (used) by:				
Operating activities	143,454	35,181	29,169	29,879
Noncapital financing activities	587	16,797	14	
Capital and related financing activities		(73,462)	(27,431)	(22,234)
Investing activities	(391,055)	21,410	(493)	14,050
Net change in cash and cash equivalents	(247,014)	(74)	1,259	21,695
Cash and cash equivalents, beginning of year	404,282	196,616	5,971	36,672
Cash and cash equivalents, end of year	\$157,268	\$196,542	\$7,230	\$58,367

CHRCO's other assets include investments in the UCSF Foundation's Endowed Investment Pool of \$348.4 million and \$321.8 million at June 30, 2025 and 2024.

21. Discretely Presented Component Unit Information — Campus Foundations

Under University policies, each individual campus may establish a separate foundation to provide valuable assistance in fundraising, public outreach and other support for the missions of the campus and the University. Although independent boards govern these foundations, their assets are dedicated for the benefit of the University of California.

Condensed financial statement information related to the University's campus foundations, including their allocated share of the assets and liabilities associated with securities lending transactions in the University's investment pools, for the year ended June 30, 2025 is presented in **Table 21.1a** and **Table 21.2a**.

Table 21.1a: Condensed statements of net position at June 30, 2025 (in thousands of dollars)

Description	Berkeley	San Francisco	Los Angeles	San Diego	All other	Total
Current assets	\$268,032	\$510,276	\$1,129,005	\$55,029	\$295,710	\$2,258,052
Noncurrent assets	3,723,890	3,718,579	4,858,255	1,960,640	3,064,770	17,326,134
Total assets	3,991,922	4,228,855	5,987,260	2,015,669	3,360,480	19,584,186
Current liabilities	11,907	114,542	25,988	8,048	22,947	183,432
Noncurrent liabilities	78,899	47,529	32,005	7,532	21,418	187,383
Total liabilities	90,806	162,071	57,993	15,580	44,365	370,815
Total deferred inflows of resources	81,040	32,971	63,485	73,287	25,002	275,785
Restricted	3,807,598	4,033,574	4,530,455	1,868,888	3,262,585	17,503,100
Unrestricted	12,478	239	1,335,327	57,914	28,528	1,434,486
Total net position	\$3,820,076	\$4,033,813	\$5,865,782	\$1,926,802	\$3,291,113	\$18,937,586

Table 21.2a: Condensed statements of revenues, expenses and changes in net position for the year ended June 30, 2025

(in thousands of dollars)

Description	Berkeley	San Francisco	Los Angeles	San Diego	All other	Total
Operating revenues	\$281,511	\$393,276	\$264,605	\$182,514	\$251,741	\$1,373,647
Operating expenses	(431,158)	(507,131)	(561,715)	(230,378)	(287,539)	(2,017,921)
Operating loss	(149,647)	(113,855)	(297,110)	(47,864)	(35,798)	(644,274)
Nonoperating revenues	306,574	275,121	523,560	219,468	307,627	1,632,350
Income before other changes in net position	156,927	161,266	226,450	171,604	271,829	988,076
Additions to permanent endowments	116,129	58,758	101,555	50,005	148,089	474,536
Change in net position	273,056	220,024	328,005	221,609	419,918	1,462,612
Net position, beginning of year	3,547,020	3,813,789	5,537,777	1,705,193	2,871,195	17,474,974
Net position, end of year	\$3,820,076	\$4,033,813	\$5,865,782	\$1,926,802	\$3,291,113	\$18,937,586

Condensed financial statement information related to the University's campus foundations, including their allocated share of the assets and liabilities associated with securities lending transactions in the University's investment pools, for the year ended June 30, 2024 is presented in **Table 21.1b** and **Table 21.2b**.

Table 21.1b: Condensed statements of net position at June 30, 2024 (in thousands of dollars)

Description	Berkeley	San Francisco	Los Angeles	San Diego	All other	Total
Current assets	\$254,040	\$503,114	\$1,174,544	\$41,031	\$198,876	\$2,171,605
Noncurrent assets	3,439,326	3,454,814	4,481,685	1,764,133	2,733,365	15,873,323
Total assets	3,693,366	3,957,928	5,656,229	1,805,164	2,932,241	18,044,928
Current liabilities	10,694	65,260	24,866	21,548	14,943	137,311
Noncurrent liabilities	74,113	47,157	29,659	7,750	23,221	181,900
Total liabilities	84,807	112,417	54,525	29,298	38,164	319,211
Total deferred inflows of resources	61,539	31,722	63,927	70,673	22,882	250,743
Restricted	3,538,949	3,813,417	4,178,513	1,667,555	2,842,188	16,040,622
Unrestricted	8,071	372	1,359,264	37,638	29,007	1,434,352
Total net position	\$3,547,020	\$3,813,789	\$5,537,777	\$1,705,193	\$2,871,195	\$17,474,974

Table 21.2b: Condensed statements of revenues, expenses and changes in net position for the year ended June 30, 2024 (in thousands of dollars)

Description	Berkeley	San Francisco	Los Angeles	San Diego	All other	Total
Operating revenues	\$260,809	\$386,128	\$319,253	\$137,356	\$195,611	\$1,299,157
Operating expenses	(441,553)	(443,490)	(463,410)	(360,117)	(242,201)	(1,950,771)
Operating loss	(180,744)	(57,362)	(144,157)	(222,761)	(46,590)	(651,614)
Nonoperating revenues	224,885	202,364	415,019	236,334	284,998	1,363,600
Income before other changes in net position	44,141	145,002	270,862	13,573	238,408	711,986
Additions to permanent endowments	103,408	58,841	165,916	61,153	68,701	458,019
Change in net position	147,549	203,843	436,778	74,726	307,109	1,170,005
Net position, beginning of year	3,399,471	3,609,946	5,100,999	1,630,467	2,564,086	16,304,969
Net position, end of year	\$3,547,020	\$3,813,789	\$5,537,777	\$1,705,193	\$2,871,195	\$17,474,974

Additional information on the foundations can be found in the foundations' separately issued annual reports, which can be obtained by contacting each individual foundation.

22. Commitments and Contingencies

Contractual Commitments

Amounts committed but unexpended for construction projects totaled \$17.6 billion at June 30, 2025. The University has a remaining commitment to contribute \$60.0 million for investments in joint ventures at June 30, 2025. The University has a remaining commitment for one of its campuses through 2036 to provide \$65.5 million for fire and other city-related services at June 30, 2025.

Contingencies

Substantial amounts are received and expended by the University, including its medical centers, under federal and state programs, and are subject to audit and other inquiries by cognizant governmental agencies and other parties. This funding relates to research, student

aid, medical center operations and other programs. University management believes that any liabilities arising from such audits and other inquiries will not have a material effect on the University's financial position.

The University and the campus foundations are contingently liable in connection with certain other claims and contracts, including those currently in litigation, arising in the normal course of its activities. Although there are inherent uncertainties in any litigation, University management and general counsel are of the opinion that the outcome of such matters will not have a material effect on the University's financial position.

The Regents continues to monitor the federal government's actions with respect to the higher education sector and, in particular, the University. Such actions may have the direct or indirect effect of, among other things, reducing federal support for the University's research or other operations, reducing the University's fundraising or other revenue sources, and/or increasing costs borne by the University, and include or could possibly include, but are not limited to: investigations by governmental agencies, Congress or others into allegations of discrimination and harassment and related corrective or enforcement actions; regulatory changes to programs administered by federal agencies; suspensions, terminations, funding draw rejections and stop-work orders of various federal grants and contracts pursuant to certain executive orders, departmental memos and other governmental actions.

It is unclear how the matters described herein (and other or future federal actions) will ultimately impact the University, including its operations, financial condition and reputation. The University cannot predict if any of the federal actions will continue and for how long, if any potential resolutions may arise, the consequences and impacts of such actions, or whether any new federal actions may be proposed or pursued by the current or future administration or legislature.

23. Subsequent Events

The University was notified at the end of July 2025 and beginning of August 2025 through a series of letters from the federal government that (i) the federal government was suspending more than 800 grant awards to one of its campuses (UCLA), which places at risk approximately \$584.0 million in funding over the remaining life of those grants, in relation to claims that UCLA engages in race and sex discrimination and fails to promote a research environment free of antisemitism and bias and (ii) that, unless there is reasonable certainty that certain antisemitism-related investigations by the U.S. Department of Justice ("DOJ") can be resolved outside of litigation, the United States was prepared to file a complaint in federal district court by September 2, 2025 regarding allegations by DOJ that the University violated the Equal Protection Clause of the Fourteenth Amendment and the Civil Rights Act of 1964 with respect to Jewish and Israeli individuals.

On August 8, 2025, the DOJ sent a proposed resolution agreement to the University. The proposed resolution agreement provides that the United States would restore a specified set of the suspended UCLA grants (but did not specify which or how many), treat UCLA as eligible for further awards in the ordinary course, and close pending civil rights investigations and compliance reviews of UCLA and release related claims. In exchange, the proposed resolution agreement seeks a payment from UCLA to the United States of \$1.0 billion payable in three equal annual installments beginning five business days from the effective date of the agreement, a \$172.0 million payment into a claims fund in connection with resolution of the DOJ and the U.S. Equal Employment Opportunity Commission investigations, and a set of changes to UCLA policies and procedures.

The University has not accepted this proposed resolution. However, the University has offered to engage in a dialogue with the federal administration about these matters. Thus far, the University is not aware of the federal government initiating litigation against the University on or after its stated September 2, 2025 deadline. Further, court decisions in two separate lawsuits, one brought by a class of University researchers and another brought by a group of associations and labor unions representing University employees, faculty and students, have preliminarily ordered that the federal government reinstate the suspended \$584.0 million in grant funding, restricted the federal government's ability to seek payments or impose penalties or fines in connection with civil rights investigations or violations, or to withhold funding from the University without meeting certain conditions. Those decisions remain subject to further proceedings and/or appeals.

In November 2025, the Joint Legislative Budget Committee granted the University a no-interest, short-term cash flow loan of \$129.7 million from the State's General Fund for fiscal year 2025–26. The funding will be used for one-time student support services that are critical to ensuring student success and timely degree completion and must be repaid by July 1, 2026.



Required Supplementary Information

(Unaudited)

UCRP

The schedule of changes in net pension liability includes multiyear trend information about whether the pension assets are increasing or decreasing over time relative to the pension liabilities. **UCRP RSI Tables 1a** and **1b** present the schedule of changes in the net pension liability for UCRP as of June 30 for the past 10 years.

UCRP RSI Table 1a: Changes in net pension liability, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$3,443,672	\$3,007,048	\$2,753,510	\$2,588,194	\$2,564,134
Interest on the total pension liability	7,945,333	7,458,897	6,985,737	6,633,210	6,311,412
Changes in benefit terms			33,303		
Difference between expected and actual experience	788,362	2,324,145	451,908	284,807	462,839
Changes of assumptions or other inputs			469,788		
Benefits paid, including refunds of employee contributions	(5,509,922)	(5,124,238)	(4,764,459)	(4,534,161)	(4,299,910)
Net change in total pension liability	6,667,445	7,665,852	5,929,787	4,972,050	5,038,475
Total pension liability, beginning of year	116,231,549	108,565,697	102,635,910	97,663,860	92,625,385
Total pension liability, end of year	122,898,994	116,231,549	108,565,697	102,635,910	97,663,860
Plan net position					
Contributions: Employer	3,690,291	3,001,069	2,770,474	2,892,621	2,705,058
Contributions: Member	1,484,516	1,332,768	1,206,097	1,105,405	1,053,939
Net investment income	12,477,247	11,387,694	7,696,274	(9,765,875)	21,439,296
Benefits paid, including refunds of employee contributions	(5,509,922)	(5,124,238)	(4,764,459)	(4,534,161)	(4,299,910)
Administrative expense	(104,729)	(102,512)	(76,629)	(84,760)	(64,826)
Net change in plan net position	12,037,403	10,494,781	6,831,757	(10,386,770)	20,833,557
Plan net position, beginning of year	98,689,566	88,194,785	81,363,028	91,749,798	70,916,241
Plan net position, end of year	110,726,969	98,689,566	88,194,785	81,363,028	91,749,798
Net pension liability, end of year	\$12,172,025	\$17,541,983	\$20,370,912	\$21,272,882	\$5,914,062

UCRP RSI Table 1b: Changes in net pension liability, 2016–2020 (in thousands of dollars)

Description	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$2,466,497	\$1,946,612	\$1,873,004	\$1,807,143	\$1,710,241
Interest on the total pension liability	5,981,599	5,576,660	5,295,733	5,035,267	4,784,904
Difference between expected and actual experience	(282,321)	334,605	138,419	74,664	136,167
Changes of assumptions or other inputs		7,816,717			
Benefits paid, including refunds of employee contributions	(3,944,998)	(3,816,434)	(3,587,554)	(3,320,990)	(3,105,641)
Net change in total pension liability	4,220,777	11,858,160	3,719,602	3,596,084	3,525,671
Total pension liability, beginning of year	88,404,608	76,546,448	72,826,846	69,230,762	65,705,091
Total pension liability, end of year	92,625,385	88,404,608	76,546,448	72,826,846	69,230,762
Plan net position					
Contributions: Employer	2,444,025	2,408,650	2,335,874	2,385,576	2,426,683
Contributions: Member	1,019,302	956,543	941,144	891,987	845,036
Contributions: State			169,000	171,000	96,000
Net investment income	1,184,938	4,018,595	4,837,552	7,866,281	(1,104,655)
Benefits paid, including refunds of employee contributions	(3,944,998)	(3,816,434)	(3,587,554)	(3,320,990)	(3,105,642)
Administrative expense	(65,989)	(61,981)	(36,684)	(44,128)	(48,340)
Net change in plan net position	637,278	3,505,373	4,659,332	7,949,726	(890,918)
Plan net position, beginning of year	70,278,963	66,773,590	62,114,258	54,164,532	55,055,450
Plan net position, end of year	70,916,241	70,278,963	66,773,590	62,114,258	54,164,532
Net pension liability, end of year	\$21,709,144	\$18,125,645	\$9,772,858	\$10,712,588	\$15,066,230

Notes to Required Supplementary Information: UCRP

Changes of benefit terms

UCRP was amended during the plan year ended June 30, 2023 to provide an ad-hoc cost-of-living adjustment (ad-hoc COLA) to a cohort of retirees. There were no changes to the size or composition of the covered population in any of the fiscal years in the 10-year period which ended June 30, 2025, that significantly affected the total pension liability.

Changes of assumptions

Actuarial assumptions were changed three times during the 10-year period which ended June 30, 2025, each time coinciding with an experience study. Amounts reported in 2023 include an adjustment to the mortality assumption reflecting longer life expectancy. Amounts reported in 2019 include an adjustment to the mortality assumption reflecting longer life expectancy and a decrease in the investment rate of return from 7.25 percent to 6.75 percent.

UCRP RSI Tables 2a and 2b present a 10-year history of the ratio of plan net position to total pension liability and the net pension liability as a percentage of covered payroll.

UCRP RSI Table 2a: Schedule of net pension liability, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Total pension liability	\$122,898,994	\$116,231,549	\$108,565,697	\$102,635,910	\$97,663,860
Plan net position	110,726,969	98,689,566	88,194,785	81,363,028	91,749,798
Net pension liability	\$12,172,025	\$17,541,983	\$20,370,912	\$21,272,882	\$5,914,062
Ratio of plan net position to total pension liability	90.1%	84.9%	81.2%	79.3%	93.9%
Covered payroll	\$18,568,742	\$16,749,455	\$15,191,170	\$13,921,086	\$13,215,494
Net pension liability as a percentage of covered payroll	65.6%	104.7%	134.1%	152.8%	44.8%

UCRP RSI Table 2b: Schedule of net pension liability, 2016–2020 (in thousands of dollars)

Description	2020	2019	2018	2017	2016
Total pension liability	\$92,625,385	\$88,404,608	\$76,546,448	\$72,826,846	\$69,230,762
Plan net position	70,916,241	70,278,963	66,773,590	62,114,258	54,164,532
Net pension liability	\$21,709,144	\$18,125,645	\$9,772,858	\$10,712,588	\$15,066,230
Ratio of plan net position to total pension liability	76.6%	79.5%	87.2%	85.3%	78.2%
Covered payroll	\$13,056,696	\$12,168,209	\$11,923,489	\$11,301,506	\$10,689,424
Net pension liability as a percentage of covered payroll	166.3%	149.0%	82.0%	94.8%	140.9%

The Regents' funding policy provides for actuarially determined contributions at rates reasonably expected to maintain UCRP on an actuarially sound basis. LBNL is required to make employer and employee contributions in conformity with The Regents' contract with the DOE. The annual contribution deficiency as of June 30 is presented in **UCRP RSI Table 3**.

UCRP RSI Table 3: Annual contribution deficiency (in thousands of dollars)

Year ended June 30	Actuarially determined contributions	Contributions in relation to actuarial contributions	Contribution deficiency	Covered payroll	Contributions as a percentage of covered payroll
2025	\$4,661,188	\$3,690,291	\$970,897	\$18,568,742	20%
2024	4,221,586	3,001,069	1,220,517	16,749,455	18
2023	3,814,606	2,770,474	1,044,132	15,191,170	18
2022	3,712,774	2,892,621	820,153	13,921,086	21
2021	3,523,568	2,705,058	818,510	13,215,494	20
2020	2,516,234	2,444,025	72,209	13,056,696	19
2019	2,742,671	2,408,650	334,021	12,168,209	20
2018	2,669,169	2,504,874	164,295	11,923,489	21
2017	2,654,710	2,556,576	98,134	11,301,506	23
2016	2,610,953	2,522,683	88,270	10,689,424	24

UCRP RSI Table 4 presents the methods and assumptions used to determine contribution rates for UCRP.

UCRP RSI Table 4: Methods and assumptions used to determine contribution rates

Methods and assumptions	Description
Valuation date	Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age actuarial cost method.
Amortization method	Level dollar, closed periods.
Remaining amortization period	15.55 years as of July 1, 2023. The July 1, 2010 amortization bases were combined into a single amortization base and amortized over 30 years. Any changes in Unfunded Actuarial Accrued Liability (UAAL) due to actuarial experience gains or losses after July 1, 2010, are separately amortized over a fixed (closed) 30-year period effective with that valuation. Any changes in UAAL due to a change in actuarial assumptions or plan provisions are separately amortized over a fixed (closed) 15-year period. Any changes in UAAL due to actuarial experience gains or losses or a change in actuarial assumptions after July 1, 2014, are separately amortized over a fixed (closed) 20-year period. Any changes in UAAL due to a change in plan provisions are separately amortized over a fixed (closed) 15-year period. Any changes in UAAL due to plan amendments after July 1, 2014 affecting non-active members are separately amortized over a fixed (closed) 10-year period.
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. An unrecognized return is equal to the difference between the actual and the expected return on a market value basis and is recognized over a five-year period.
Inflation	2.50%.
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation.
Projected salary increases	3.65 to 5.95%, varying by service, including inflation.
Cost-of-living adjustments	2.00%
Mortality	Actives and inactive: Pub-2010 Teacher Employee Amount-Weighted Above-Median Mortality Table multiplied by 90 percent for males and 95 percent for females. Healthy retired members: Pub-2010 Healthy Teacher Amount-Weighted Above-Median Mortality Table, multiplied by 85 percent for male faculty members, 95 percent for female faculty members, 100 percent for other male members and 105 percent for other female members. Beneficiaries of retired members - in pay status as of valuation: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table multiplied by 100 percent for males and 90 percent for females. Beneficiaries of retired members - not in pay status as of valuation: Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table multiplied by 100 percent for males and 105 percent for females. Disabled members: Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table multiplied by 100 percent for males and 95 percent for females. All mortality tables listed above are projected generationally with the two-dimensional mortality improvement scale MP-2021.

UC-VERIP

The schedule of changes in net pension liability includes multiyear trend information about whether the pension assets are increasing or decreasing over time relative to the pension liabilities. UC-VERIP RSI Tables 1a and 1b present the schedule of changes in the net pension liability for the UC-VERIP as of June 30 for the past 10 years.

UC-VERIP RSI Table 1a: Changes in net pension liability, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Total pension liability					
Interest on the total pension liability	\$879	\$996	\$1,181	\$1,384	\$1,513
Difference between expected and actual experience	(101)	(604)	(1,242)	108	179
Changes of assumptions or other inputs			(440)		
Benefits paid, including refunds of employee contributions	(2,521)	(2,746)	(2,987)	(3,324)	(3,750)
Net change in total pension liability	(1,743)	(2,354)	(3,488)	(1,832)	(2,058)
Total pension liability, beginning of year	14,385	16,739	20,227	22,059	24,117
Total pension liability, end of year	12,642	14,385	16,739	20,227	22,059
Plan net position					
Net investment income	9,274	9,488	5,955	(7,853)	18,277
Benefits paid, including refunds of employee contributions	(2,521)	(2,746)	(2,987)	(3,324)	(3,750)
Administrative expense	(2)	(3)	(3)	(3)	(4)
Net change in plan net position	6,751	6,739	2,965	(11,180)	14,523
Plan net position, beginning of year	74,728	67,989	65,024	76,204	61,681
Plan net position, end of year	81,479	74,728	67,989	65,024	76,204
Net pension surplus, end of year	(\$68,837)	(\$60,343)	(\$51,250)	(\$44,797)	(\$54,145)

UC-VERIP RSI Table 1b: Changes in net pension liability, 2016–2020 (in thousands of dollars)

Description	2020	2019	2018	2017	2016
Total pension liability					
Interest on the total pension liability	\$1,656	\$1,983	\$2,042	\$2,463	\$2,533
Difference between expected and actual experience	(1,342)	(79)	(436)	(189)	(650)
Changes of assumptions or other inputs		714			
Benefits paid, including refunds of employee contributions	(4,142)	(4,213)	(4,610)	(4,738)	(4,937)
Net change in total pension liability	(3,828)	(1,595)	(3,004)	(2,464)	(3,054)
Total pension liability, beginning of year	27,945	29,540	32,544	35,008	38,062
Total pension liability, end of year	24,117	27,945	29,540	32,544	35,008
Plan net position					
Net investment income	1,049	3,748	4,885	8,666	(1,425)
Benefits paid, including refunds of employee contributions	(4,142)	(4,213)	(4,610)	(4,738)	(4,937)
Administrative expense	(4)	(5)	(5)	(6)	(7)
Net change in plan net position	(3,097)	(470)	270	3,922	(6,369)
Plan net position, beginning of year	64,778	65,248	64,978	61,056	67,425
Plan net position, end of year	61,681	64,778	65,248	64,978	61,056
Net pension surplus, end of year	(\$37,564)	(\$36,833)	(\$35,708)	(\$32,434)	(\$26,048)

Notes to Required Supplementary Information: UC-VERIP

Plan fiduciary net position (plan assets) is valued as of the measurement date, while the total pension liability is determined by rolling forward the total pension liability from the July 1 actuarial valuations.

Changes of benefit terms

There were no changes in benefit terms or the size or composition of the covered population in any of the fiscal years in the 10-year period which ended June 30, 2025, that significantly affected the total pension liability.

Changes of assumptions

Actuarial assumptions were changed three times during the 10-year period which ended June 30, 2025, each time coinciding with an experience study. Amounts reported in 2023 include an adjustment to the mortality assumption reflecting longer life expectancy. Amounts reported in 2019 include an adjustment to the mortality assumption reflecting longer life expectancy and a decrease in the investment rate of return from 7.25 percent to 6.75 percent.

UC-VERIP RSI Tables 2a and 2b present a 10-year history of the ratio of plan net position to total pension liability.

UC-VERIP RSI Table 2a: Ratio of plan net position to total pension liability, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Total pension liability	\$12,642	\$14,385	\$16,739	\$20,227	\$22,059
Plan net position	81,479	74,728	67,989	65,024	76,204
Net pension surplus	(\$68,837)	(\$60,343)	(\$51,250)	(\$44,797)	(\$54,145)
Ratio of plan net position to total pension liability	644.5%	519.5%	406.2%	321.5%	345.5%

UC-VERIP RSI Table 2b: Ratio of plan net position to total pension liability, 2016–2020 (in thousands of dollars)

Description	2020	2019	2018	2017	2016
Total pension liability	\$24,117	\$27,945	\$29,540	\$32,544	\$35,008
Plan net position	61,681	64,778	65,248	64,978	61,056
Net pension surplus	(\$37,564)	(\$36,833)	(\$35,708)	(\$32,434)	(\$26,048)
Ratio of plan net position to total pension liability	255.8%	231.8%	220.9%	199.7%	174.4%

The University is not required to make contributions to the UC-VERIP due to its fully funded status.

CHRCO Pension Plan

The schedule of changes in net pension liability includes multiyear trend information about whether the pension assets are increasing or decreasing over time relative to the pension liabilities. **CHRCO RSI Tables 1a** and **1b** present the schedule of changes in the net pension liability for the CHRCO Pension Plan as of June 30 for the past 10 years.

CHRCO RSI Table 1a: Changes in net pension liability, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$14,263	\$14,012	\$14,159	\$15,775	\$14,873
Interest on the total pension liability	48,326	45,927	44,522	42,159	38,932
Changes of benefit terms	(135,792)	3,805			
Difference between expected and actual experience	4,631	23,722	6,851	1,058	18,527
Changes of assumptions or other inputs	21,940	(6,149)	(23,590)	(22,525)	(2,413)
Benefits paid, including refunds of employee contributions	(29,566)	(65,531)	(25,027)	(22,683)	(19,684)
Net change in total pension (asset) liability	(76,198)	15,786	16,915	13,784	50,235
Total pension liability, beginning of year	690,636	674,850	657,935	644,151	593,916
Total pension liability, end of year	614,438	690,636	674,850	657,935	644,151
Plan net position					
Contributions: Employer	41,800	46,500	41,400	37,452	31,752
Net investment income (loss)	89,585	90,743	73,339	(94,275)	111,835
Benefits paid, including refunds of employee contributions	(29,566)	(65,531)	(25,027)	(22,683)	(19,684)
Administrative expense	(3,102)	(4,979)	(4,073)	(4,062)	(3,600)
Net change in plan net position	98,717	66,733	85,639	(83,568)	120,303
Total plan net position, beginning of year	690,589	623,856	538,217	621,785	501,482
Total plan net position, end of year	789,306	690,589	623,856	538,217	621,785
Net pension (asset) liability, end of year	(\$174,868)	\$47	\$50,994	\$119,718	\$22,366

CHRCO RSI Table 1b: Changes in net pension liability, 2016–2020 (in thousands of dollars)

Description	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$12,648	\$11,430	\$11,304	\$9,910	\$10,410
Interest on the total pension liability	36,005	34,165	31,854	29,672	27,782
Changes of benefit terms			92	33	24
Difference between expected and actual experience	23,581	5,214	3,609	2,442	(3,690)
Changes of assumptions or other inputs	28,609	(9,540)			3,613
Benefits paid, including refunds of employee contributions	(17,262)	(15,143)	(12,802)	(11,767)	(9,509)
Net change in total pension liability	83,581	26,126	34,057	30,290	28,630
Total pension liability, beginning of year	510,335	484,209	450,152	419,862	391,232
Total pension liability, end of year	593,916	510,335	484,209	450,152	419,862
Plan net position					
Contributions: Employer	31,200	31,200	33,600	28,800	24,000
Net investment income	(7,468)	25,203	33,269	41,256	214
Benefits paid, including refunds of employee contributions	(17,262)	(15,143)	(12,802)	(11,767)	(9,509)
Administrative expense	(3,598)	(2,711)	(3,014)	(2,727)	(1,816)
Net change in plan net position	2,872	38,549	51,053	55,562	12,889
Total plan net position, beginning of year	498,610	460,061	409,008	353,446	340,557
Total plan net position, end of year	501,482	498,610	460,061	409,008	353,446
Net pension liability, end of year	\$92,434	\$11,725	\$24,148	\$41,144	\$66,416

CHRCO RSI Tables 2a and 2b present a 10-year history of the ratio of plan net position to total pension liability and net pension liability as a percentage of covered payroll.

CHRCO RSI Table 2a: Schedule of net pension (asset) liability, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Total pension liability	\$614,438	\$690,636	\$674,850	\$657,935	\$644,151
Plan net position	789,306	690,589	623,856	538,217	621,785
Net pension (asset) liability	(\$174,868)	\$47	\$50,994	\$119,718	\$22,366
Ratio of plan net position to total pension liability	128.5%	100.0%	92.4%	81.8%	96.5%
Covered payroll	\$285,119	\$245,944	\$224,898	\$214,184	\$220,208
Net pension liability as a percentage of covered payroll	N/A	0%	22.7%	55.9%	10.2%

CHRCO RSI Table 2b: Schedule of net pension (asset) liability, 2016–2020 (in thousands of dollars)

Description	2020	2019	2018	2017	2016
Total pension liability	\$593,916	\$510,335	\$484,209	\$450,152	\$419,862
Plan net position	501,482	498,610	460,061	409,008	353,446
Net pension liability	\$92,434	\$11,725	\$24,148	\$41,144	\$66,416
Ratio of plan net position to total pension liability	84.4%	97.7%	95.0%	90.9%	84.2%
Covered payroll	\$209,596	\$190,599	\$187,639	\$184,083	\$165,672
Net pension liability as a percentage of covered payroll	44.1%	6.2%	12.9%	22.4%	40.1%

CHRCO RSI Tables 3a and 3b present the schedule of employer contributions for the CHRCO Pension Plan as of June 30 for the past 10 years.

CHRCO RSI Table 3a: Schedule of employer contributions, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Actuarially calculated employer contributions	\$33,030	\$34,660	\$17,990	\$11,050	\$15,270
Contributions in relation to the actuarially calculated employer contribution	41,800	46,500	41,400	37,452	31,752
Annual contribution deficiency (excess)	(\$8,770)	(\$11,840)	(\$23,410)	(\$26,402)	(\$16,482)
Covered payroll	\$285,119	\$245,944	\$224,898	\$214,184	\$220,208
Actual contributions as a percentage of covered payroll	14.7%	18.9%	18.4%	17.5%	14.4%

CHRCO RSI Table 3b: Schedule of employer contributions, 2016–2020 (in thousands of dollars)

Description	2020	2019	2018	2017	2016
Actuarially calculated employer contributions	\$22,070	\$17,870	\$7,710	\$5,642	\$7,823
Contributions in relation to the actuarially calculated employer contribution	31,200	31,200	33,600	28,800	24,000
Annual contribution deficiency (excess)	(\$9,130)	(\$13,330)	(\$25,890)	(\$23,158)	(\$16,177)
Covered payroll	\$209,596	\$190,599	\$187,639	\$184,083	\$165,672
Actual contributions as a percentage of covered payroll	14.9%	16.4%	17.9%	15.6%	14.5%

HRCO RSI Table 4 presents the methods and assumptions used to determine contribution rates for the CHRCO Pension Plan.

CHRCO RSI Table 4: Methods and assumptions used to determine contribution rates

Methods and assumptions	Description
Valuation date	Actuarially calculated contributions are calculated as of January 1 of the fiscal year (for the Represented Plan) and as of July 1 of the beginning of the fiscal year (for the Unrepresented Plan) in which contributions are reported.
Actuarially determined contribution	The Plan is subject to funding requirements under ERISA. The contribution shown is the IRC Section 430 minimum contribution prior to offset by credit balances prorated for the number of months in the fiscal year. The contributions reflect the Highway and Transportation Funding Act of 2014 (HATFA). The contribution for July 1, 2020 and after reflects the American Rescue Plan Act of 2021 (ARPA).
Contributions in relation to the actuarially determined contribution	The amount shown is equal to the contributions contributed to the plan during the fiscal year shown.
Actuarial cost method	Unit Credit Actuarial Cost Method
Amortization method	Level dollar, closed amortization over a 15-year period from the valuation date as specified under the Pension Protection Act (PPA) of 2006
Remaining amortization period	15 years for changes in unfunded liabilities that occur each valuation date
Asset valuation method	The actuarial value of assets is equal to the two-year average of Plan asset values as of the valuation date. The two-year average is the average of the two prior years' adjusted market value of assets and the current year's market value of assets. For this purpose, the prior years' market value of assets is adjusted to reflect benefit payments, administrative expenses, contributions and expected returns for the prior years. The resulting actuarial value of assets is adjusted to be within 10% of the market value of assets at the valuation date, as required by IRC Section 430.
Inflation	3.0%
Investment rate of return	7.00% (limited to the 3rd segment rate applicable for each year) for the Represented Plan 7.00% (limited to the 3rd segment rate applicable for each year) for the Unrepresented Plan
Projected salary increases	Represented employees: 4.50% for FYE 2025, 4.2% for FYE 2026 and 3.5% for FYE 2027 annually thereafter Unrepresented employees: 4.20% for FYE 2025 and 3.5% for FYE 2026 annually thereafter Salary increase assumption includes inflation
Cost-of-living adjustments	None
Mortality	IRS generational mortality table prescribed for the valuation year

Notes to Required Supplementary Information: CHRCO Pension Plan

Changes of benefit terms

The CHRCO Pension Plan was amended during the fiscal year ended June 30, 2025 to close the CHRCO Pension Plan to new participants effective July 6, 2025, freeze credited service for benefit accrual purposes as of July 5, 2025, freeze pay for benefit accrual purposes after June 30, 2030 for unrepresented employees and December 31, 2030 for represented employees and provide partial benefit service for participants working between 500 and 999 hours during 2025 for represented employees. Certain employees also transferred out of the CHRCO Pension plan due to a change in employment status.

Change in assumption

The long-term expected return on plan assets (which is also used to discount plan liabilities) was revised from 7.0% as of June 30, 2024 to 6.75% as of June 30, 2025 to better reflect the expected future anticipated experience.

University Retiree Health Benefits Program

The schedule of changes in the net retiree health benefits liability includes multiyear trend information about whether the net retiree health benefits liability is increasing or decreasing over time relative to the pension liabilities. The University's net retiree health benefits liability includes liabilities for campuses, medical centers and LBNL.

Retiree Health Benefits RSI Tables 1a and 1b present the schedule of changes in the net retiree health benefits liability as of June 30 for the past 10 years.

Retiree Health Benefits RSI Table 1a: Changes in net retiree health benefits liability, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Total retiree health benefits liability					
Service cost	\$840,410	\$1,001,187	\$912,741	\$1,336,924	\$1,296,146
Interest on the total retiree health benefits liability	852,412	848,800	743,948	565,679	554,169
Difference between expected and actual experience	(281,605)	157,808	917,259	177,238	(521,647)
Changes of assumptions or other inputs	(1,886,596)	(2,852,917)	96,545	(6,341,718)	212,837
Retiree contributions	107,211	95,032	89,525	90,710	88,625
Benefits paid	(687,884)	(633,176)	(591,124)	(565,532)	(551,760)
Net change in total retiree health benefits liability	(1,056,052)	(1,383,266)	2,168,894	(4,736,699)	1,078,370
Total retiree health benefits liability, beginning of year	21,136,989	22,520,255	20,351,361	25,088,060	24,009,690
Total retiree health benefits liability, end of year	20,080,937	21,136,989	22,520,255	20,351,361	25,088,060
Plan net position					
University contributions	621,705	566,739	512,458	486,761	482,099
Retiree contributions	107,211	95,032	89,525	90,710	88,625
Net investment income	10,455	9,987	7,345	345	208
Insurance premiums	(687,884)	(633,176)	(591,124)	(565,532)	(551,760)
Other deductions	(7,142)	(5,520)	(4,854)	(4,431)	(4,369)
Net change in retiree health benefits net position	44,345	33,062	13,350	7,853	14,803
Retiree health benefits net position, beginning of year	225,886	192,824	179,474	171,621	156,818
Retiree health benefits net position, end of year	270,231	225,886	192,824	179,474	171,621
Net retiree health benefits liability, end of year	\$19,810,706	\$20,911,103	\$22,327,431	\$20,171,887	\$24,916,439

Retiree Health Benefits RSI Table 1b: Changes in net retiree health benefits liability, 2016–2020 (in thousands of dollars)

Description	2020	2019	2018	2017	2016
Total retiree health benefits liability					
Service cost	\$912,067	\$815,654	\$835,154	\$1,004,644	\$830,041
Interest on the total retiree health benefits liability	724,584	758,521	716,777	646,279	735,294
Changes of benefit terms		(29,315)			
Difference between expected and actual experience	(1,539,139)	(1,219,146)	(1,173,742)	101,280	(1,948,111)
Changes of assumptions or other inputs	4,354,033	1,124,039	(354,585)	(3,827,924)	3,925,503
Retiree contributions	86,166	85,820	79,849	72,716	65,705
Benefits paid	(546,616)	(512,824)	(504,745)	(467,846)	(451,166)
Net change in total retiree health benefits liability	3,991,095	1,022,749	(401,292)	(2,470,851)	3,157,266
Total retiree health benefits liability, beginning of year	20,018,595	18,995,846	19,397,138	21,867,989	18,710,723
Total retiree health benefits liability, end of year	24,009,690	20,018,595	18,995,846	19,397,138	21,867,989
Plan net position					
University contributions	462,609	451,437	453,988	432,953	410,945
Retiree contributions	86,166	85,820	79,849	72,716	65,705
Net investment income	2,281	3,195	1,634	606	155
Insurance premiums	(546,616)	(512,824)	(504,745)	(467,846)	(451,166)
Other deductions	(4,531)	(4,300)	(3,859)	(4,256)	(3,743)
Net change in retiree health benefits net position	(91)	23,328	26,867	34,173	21,896
Retiree health benefits net position, beginning of year	156,909	133,581	106,714	72,541	50,645
Retiree health benefits net position, end of year	156,818	156,909	133,581	106,714	72,541
Net retiree health benefits liability, end of year	\$23,852,872	\$19,861,686	\$18,862,265	\$19,290,424	\$21,795,448

Retiree Health Benefits RSI Tables 2a and 2b present a 10-year history of the ratio of net retiree health benefits liability to total retiree health benefits liability and the net retiree health benefits liability as a percentage of covered payroll.

Retiree Health Benefits RSI Table 2a: Schedule of net retiree health benefits liability, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Total retiree health benefits liability	\$20,080,937	\$21,136,989	\$22,520,255	\$20,351,361	\$25,088,060
Retiree health benefits net position	270,231	225,886	192,824	179,474	171,621
Net retiree health benefits liability	\$19,810,706	\$20,911,103	\$22,327,431	\$20,171,887	\$24,916,439
Ratio of retiree health benefits net position to total retiree health benefits liability	1.3%	1.1%	0.9%	0.9%	0.7%
Covered payroll	\$21,268,689	\$19,083,502	\$17,108,454	\$15,453,288	\$13,975,566
Net retiree health benefits liability as a percentage of covered payroll	93.1%	109.6%	130.5%	130.5%	178.3%
Discount rate	5.20%	3.93%	3.65%	3.54%	2.16%

Retiree Health Benefits RSI Table 2b: Schedule of net retiree health benefits liability, 2016–2020 (in thousands of dollars)

Description	2020	2019	2018	2017	2016
Total retiree health benefits liability	\$24,009,690	\$20,018,595	\$18,995,846	\$19,397,138	\$21,867,989
Retiree health benefits net position	156,818	156,909	133,581	106,714	72,541
Net retiree health benefits liability	\$23,852,872	\$19,861,686	\$18,862,265	\$19,290,424	\$21,795,448
Ratio of retiree health benefits net position to total retiree health benefits liability	0.7%	0.8%	0.7%	0.6%	0.3%
Covered payroll	\$13,461,790	\$12,717,122	\$12,391,018	\$11,495,997	\$10,689,424
Net retiree health benefits liability as a percentage of covered payroll	177.2%	156.2%	152.2%	167.8%	203.9%
Discount rate	2.21%	3.50%	3.87%	3.58%	2.85%

Retiree Health Benefits RSI Table 3 presents additional information related to the University Retiree Health Benefits Program.

Retiree Health Benefits RSI Table 3: Notes to schedule

Notes to schedule	Description																						
Mortality	<p>Preretirement</p> <p>Pub-2010 Teacher Employee Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021.</p> <p>Postretirement</p> <p>Healthy: Pub-2010 Healthy Teacher Retiree Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021. Base Mortality Tables are adjusted as follows:</p> <ul style="list-style-type: none"> • Faculty: 90% for Males and Females • Staff and Safety: 110% for Males and 105% for Females <p>Spouses/Domestic Partners: Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021 with no adjustment for Males and 95% for Females, applied after the expected (and actual) death of the retiree. While retiree is still alive, rates for Healthy Participants are applied.</p> <p>Disabled: Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021, adjusted 85% for Males and Females.</p>																						
Changes of benefit terms	In 2019, University contributions for retirees age 65 and older not eligible for Medicare were reduced to levels comparable to Medicare-eligible retirees over a three-year period.																						
Changes of assumptions or other inputs	<p>Changes in assumptions or other inputs primarily reflect the effects of changes in the discount rate and health care cost trend rate in each period. The following are the health care cost trend assumptions used in each period:</p> <table border="1"> <thead> <tr> <th>As of June 30</th> <th>Health care cost trend rate</th> </tr> </thead> <tbody> <tr> <td>2025</td> <td>1.01% to 20.7% decreasing to 3.9% in 2075</td> </tr> <tr> <td>2024</td> <td>0.2% to 20.5% decreasing to 3.9% in 2076</td> </tr> <tr> <td>2023</td> <td>(3.1%) to 29.1% decreasing to 3.9% in 2075</td> </tr> <tr> <td>2022</td> <td>1.4% to 14.6% decreasing to 3.9% in 2075</td> </tr> <tr> <td>2021</td> <td>2.7% to 7.5% decreasing to 4.0% in 2075</td> </tr> <tr> <td>2020</td> <td>2.7% to 9.0% decreasing to 4.0% in 2076</td> </tr> <tr> <td>2019</td> <td>4.4% to 9.4% decreasing to 4.0% in 2077</td> </tr> <tr> <td>2018</td> <td>5.0% to 9.3% decreasing to 5.0% in 2033</td> </tr> <tr> <td>2017</td> <td>5.0% to 9.5% decreasing to 5.0% in 2032</td> </tr> <tr> <td>2016</td> <td>6.3% to 9.0% decreasing to 5.0% in 2031</td> </tr> </tbody> </table>	As of June 30	Health care cost trend rate	2025	1.01% to 20.7% decreasing to 3.9% in 2075	2024	0.2% to 20.5% decreasing to 3.9% in 2076	2023	(3.1%) to 29.1% decreasing to 3.9% in 2075	2022	1.4% to 14.6% decreasing to 3.9% in 2075	2021	2.7% to 7.5% decreasing to 4.0% in 2075	2020	2.7% to 9.0% decreasing to 4.0% in 2076	2019	4.4% to 9.4% decreasing to 4.0% in 2077	2018	5.0% to 9.3% decreasing to 5.0% in 2033	2017	5.0% to 9.5% decreasing to 5.0% in 2032	2016	6.3% to 9.0% decreasing to 5.0% in 2031
As of June 30	Health care cost trend rate																						
2025	1.01% to 20.7% decreasing to 3.9% in 2075																						
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University of California Retiree Health Benefit Trust

The schedule of changes in the net retiree health benefits liability includes multiyear trend information about whether the trust assets are increasing or decreasing over time relative to the total retiree health benefits liability for the campuses and medical centers.

UCRHBT RSI Tables 1a and 1b present the schedule of changes in net retiree health benefits liability as of, and for, the year ending June 30 for the past 10 years.

UCRHBT RSI Table 1a: Schedule of changes in net retiree health benefits liability, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Total retiree health benefit liability					
Service cost	\$821,764	\$978,585	\$891,714	\$1,305,803	\$1,270,153
Interest on the total retiree health benefits liability	827,643	824,253	722,279	549,921	538,187
Difference between expected and actual experience	(264,182)	147,103	888,337	138,495	(493,529)
Changes of assumptions or other inputs	(1,836,938)	(2,776,854)	90,193	(6,167,373)	206,722
Retiree contributions	104,110	92,194	86,800	87,861	85,607
Benefits paid	(664,099)	(610,794)	(569,634)	(544,166)	(529,804)
Net change in total retiree health benefits liability	(1,011,702)	(1,345,513)	2,109,689	(4,629,459)	1,077,336
Total retiree health benefits liability, beginning of year	20,515,149	21,860,662	19,750,973	24,380,432	23,303,096
Total retiree health benefits liability, end of year	19,503,447	20,515,149	21,860,662	19,750,973	24,380,432
Plan net position					
University contributions	601,021	547,195	493,693	468,244	463,161
Retiree contributions	104,110	92,194	86,800	87,861	85,607
Net investment income	10,455	9,987	7,345	345	208
Insurance premiums	(664,099)	(610,794)	(569,634)	(544,166)	(529,804)
Other deductions	(7,142)	(5,520)	(4,854)	(4,431)	(4,369)
Net change in UCRHBT net position	44,345	33,062	13,350	7,853	14,803
UCRHBT net position, beginning of year	225,886	192,824	179,474	171,621	156,818
UCRHBT net position, end of year	270,231	225,886	192,824	179,474	171,621
Net retiree health benefits liability, end of year	\$19,233,216	\$20,289,263	\$21,667,838	\$19,571,499	\$24,208,811

UCRHBT RSI Table 1b: Schedule of changes in net retiree health benefits liability, 2016–2020 (in thousands of dollars)

Description	2020	2019	2018	2017	2016
Total retiree health benefit liability					
Service cost	\$893,557	\$798,249	\$816,483	\$981,745	806,817
Interest on the total retiree health benefits liability	702,640	734,693	694,562	625,947	711,365
Changes of benefit terms		(28,401)			
Difference between expected and actual experience	(1,474,623)	(1,175,284)	(1,149,032)	95,254	(1,875,009)
Changes of assumptions or other inputs	4,222,620	1,091,609	(353,516)	(3,707,921)	3,798,113
Retiree contributions	83,111	82,710	76,873	69,968	65,705
Benefits paid	(525,262)	(490,615)	(483,479)	(447,604)	(433,849)
Net change in total retiree health benefits liability	3,902,043	1,012,961	(398,109)	(2,382,611)	3,073,142
Total retiree health benefits liability, beginning of year	19,401,053	18,388,092	18,786,201	21,168,812	18,095,670
Total retiree health benefits liability, end of year	23,303,096	19,401,053	18,388,092	18,786,201	21,168,812
Plan net position					
University contributions	444,310	432,338	435,698	415,459	393,628
Retiree contributions	83,111	82,710	76,873	69,968	65,705
Net investment income	2,281	3,195	1,634	606	155
Insurance premiums	(525,262)	(490,615)	(483,479)	(447,604)	(433,849)
Other deductions	(4,531)	(4,300)	(3,859)	(4,256)	(3,743)
Net change in UCRHBT net position	(91)	23,328	26,867	34,173	21,896
UCRHBT net position, beginning of year	156,909	133,581	106,714	72,541	50,645
UCRHBT net position, end of year	156,818	156,909	133,581	106,714	72,541
Net retiree health benefits liability, end of year	\$23,146,278	\$19,244,144	\$18,254,511	\$18,679,487	\$21,096,271

UCRHBT RSI Tables 2a and 2b present the schedule of net retiree health benefits liability for campuses and medical centers as of June 30 for the past 10 years.

UCRHBT RSI Table 2a: Schedule of net retiree health benefits liability, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Total retiree health benefits liability	\$19,503,447	\$20,515,149	\$21,860,662	\$19,750,973	\$24,380,432
UCRHBT net position	270,231	225,886	192,824	179,474	171,621
Net retiree health benefits liability	\$19,233,216	\$20,289,263	\$21,667,838	\$19,571,499	\$24,208,811
Ratio of UCRHBT net position to total retiree health benefits liability	1.4%	1.1%	0.9%	0.9%	0.7%
Covered payroll	\$20,757,399	\$18,599,776	\$16,665,067	\$15,048,178	\$13,595,891
Net retiree health benefits liability as a percentage of covered payroll	92.7%	109.1%	130.0%	130.1%	178.1%
Discount rate	5.20%	3.93%	3.65%	3.54%	2.16%

UCRHBT RSI Table 2b: Schedule of net retiree health benefits liability, 2016–2020 (in thousands of dollars)

Description	2020	2019	2018	2017	2016
Total retiree health benefits liability	\$23,303,096	\$19,401,053	\$18,388,092	\$18,786,201	21,168,812
UCRHBT net position	156,818	156,909	133,581	106,714	72,541
Net retiree health benefits liability	\$23,146,278	\$19,244,144	\$18,254,511	\$18,679,487	\$21,096,271
Ratio of UCRHBT net position to total retiree health benefits liability	0.7%	0.8%	0.7%	0.6%	0.3%
Covered payroll	\$13,104,846	\$12,381,741	\$12,087,000	\$11,196,485	\$10,396,827
Net retiree health benefits liability as a percentage of covered payroll	176.6%	155.4%	151.0%	166.8%	202.9%
Discount rate	2.21%	3.50%	3.87%	3.58%	2.85%

UCRHBT RSI Table 3 presents additional information related to the University of California Retiree Health Benefit Trust.

UCRHBT RSI Table 3: Notes to schedule

Notes to schedule	Description																						
Mortality	<p>Preretirement Pub-2010 Teacher Employee Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021.</p> <p>Postretirement Healthy: Pub-2010 Healthy Teacher Retiree Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021. Base Mortality Tables are adjusted as follows:</p> <ul style="list-style-type: none"> • Faculty: 90% for Males and Females • Staff and Safety: 110% for Males and 105% for Females <p>Spouses/Domestic Partners: Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021 with no adjustment for Males and 95% for Females, applied after the expected (and actual) death of the retiree. While retiree is still alive, rates for Healthy Participants are applied.</p> <p>Disabled: Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021, adjusted 85% for Males and Females.</p>																						
Changes of benefit terms	<p>In 2019, University contributions for retirees age 65 and older not eligible for Medicare were reduced to levels comparable to Medicare-eligible retirees over a three-year period.</p>																						
Changes in assumptions or other inputs	<p>Changes in assumptions or other inputs primarily reflect the effects of changes in the discount rate and health care cost trend rate in each period. The following are the health care cost trend assumptions used in each period:</p> <table border="1" data-bbox="516 898 1023 1239"> <thead> <tr> <th data-bbox="516 898 634 919">As of June 30</th> <th data-bbox="662 898 894 919">Health care cost trend rate</th> </tr> </thead> <tbody> <tr> <td data-bbox="548 930 594 951">2025</td> <td data-bbox="662 930 1019 951">1.01% to 20.7% decreasing to 3.9% in 2075</td> </tr> <tr> <td data-bbox="548 961 594 982">2024</td> <td data-bbox="662 961 1013 982">0.2% to 20.5% decreasing to 3.9% in 2076</td> </tr> <tr> <td data-bbox="548 993 594 1014">2023</td> <td data-bbox="662 993 1019 1014">(3.1%) to 29.1% decreasing to 3.9% in 2075</td> </tr> <tr> <td data-bbox="548 1024 594 1045">2022</td> <td data-bbox="662 1024 1013 1045">1.4% to 14.6% decreasing to 3.9% in 2075</td> </tr> <tr> <td data-bbox="548 1056 594 1077">2021</td> <td data-bbox="662 1056 1000 1077">2.7% to 7.5% decreasing to 4.0% in 2075</td> </tr> <tr> <td data-bbox="548 1087 594 1108">2020</td> <td data-bbox="662 1087 1000 1108">2.7% to 9.0% decreasing to 4.0% in 2076</td> </tr> <tr> <td data-bbox="548 1119 594 1140">2019</td> <td data-bbox="662 1119 1000 1140">4.4% to 9.4% decreasing to 4.0% in 2077</td> </tr> <tr> <td data-bbox="548 1150 594 1171">2018</td> <td data-bbox="662 1150 1000 1171">5.0% to 9.3% decreasing to 5.0% in 2033</td> </tr> <tr> <td data-bbox="548 1182 594 1203">2017</td> <td data-bbox="662 1182 1000 1203">5.0% to 9.5% decreasing to 5.0% in 2032</td> </tr> <tr> <td data-bbox="548 1213 594 1234">2016</td> <td data-bbox="662 1213 1000 1234">6.3% to 9.0% decreasing to 5.0% in 2031</td> </tr> </tbody> </table>	As of June 30	Health care cost trend rate	2025	1.01% to 20.7% decreasing to 3.9% in 2075	2024	0.2% to 20.5% decreasing to 3.9% in 2076	2023	(3.1%) to 29.1% decreasing to 3.9% in 2075	2022	1.4% to 14.6% decreasing to 3.9% in 2075	2021	2.7% to 7.5% decreasing to 4.0% in 2075	2020	2.7% to 9.0% decreasing to 4.0% in 2076	2019	4.4% to 9.4% decreasing to 4.0% in 2077	2018	5.0% to 9.3% decreasing to 5.0% in 2033	2017	5.0% to 9.5% decreasing to 5.0% in 2032	2016	6.3% to 9.0% decreasing to 5.0% in 2031
As of June 30	Health care cost trend rate																						
2025	1.01% to 20.7% decreasing to 3.9% in 2075																						
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2018	5.0% to 9.3% decreasing to 5.0% in 2033																						
2017	5.0% to 9.5% decreasing to 5.0% in 2032																						
2016	6.3% to 9.0% decreasing to 5.0% in 2031																						

Accessible Appendix

Display 1: The University's financial position (in millions of dollars)

Description	2025	2024	2023
Assets and deferred outflows			
Current	\$19,661	\$18,134	\$20,822
Noncurrent and deferred	97,710	\$93,147	82,188
Total assets and deferred outflows	117,371	\$111,281	103,070
Liabilities and deferred inflows			
Current	19,658	18,965	15,569
Noncurrent and deferred	86,649	86,969	87,530
Total liabilities and deferred inflows	106,307	105,934	103,099
Net position	11,064	5,347	(29)
Total net position	\$11,064	\$5,347	(29)

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Display 2: The University's assets and deferred outflows for 2025 (in millions of dollars and by percentage)

Description	Allocation	Percentage
Investments	\$41,545	35%
Investment of cash collateral	2,423	2
Accounts receivable, net	9,718	8
Capital assets, net	52,699	45
Other assets	5,679	5
Deferred outflows of resources	5,307	5

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Display 3: The University's liabilities and deferred inflows for 2025 (in millions of dollars and by percentage)

Description	Allocation	Percentage
Debt, including commercial paper	\$40,828	38%
Securities lending collateral	2,423	2
Net pension liability	11,939	11
Net retiree health benefits liability	19,811	19
Other liabilities	15,673	15
Deferred inflows of resources	15,634	15

[Go back to page 14.](#)

Display 4: The University's net position (in millions of dollars)

Year	Net investment in capital assets	Nonexpendable	Expendable	Unrestricted
2025	\$21,093	\$1,420	\$15,638	(27,087)
2024	19,002	1,349	12,994	(27,998)
2023	13,778	1,336	11,639	(26,782)

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Display 5: The University's revenues by category *(in millions of dollars)*

Category	2025	2024	2023
Student tuition and fees, net	\$5,962	\$5,663	\$5,515
State educational appropriations	4,822	4,714	4,387
Grants and contracts, net	8,654	8,403	7,615
Medical Centers, net	25,322	21,467	19,202
Educational activities and auxiliary enterprises, net	9,554	8,555	7,741
DOE laboratories and other operating revenues	2,390	2,236	2,171
Other nonoperating revenues (Pell Grants, private gifts, net investment income and other)	3,978	4,188	3,569

[Go back to page 19](#)**Display 6: The University's operating and nonoperating revenues in 2025** *(in millions of dollars and by percentage)*

Category	Revenue	Percentage
Student tuition and fees, net	\$5,962	10%
State educational appropriations	4,822	8
Grants and contracts, net	8,654	14
Medical Centers, net	25,322	42
Educational activities and auxiliary enterprises, net	9,554	16
DOE laboratories and other operating revenues	2,390	4
Other nonoperating revenues (Pell Grants, private gifts, net investment income and other)	3,978	6

[Go back to page 20](#)**Display 7: The University's expenses by category** *(in millions of dollars)*

Category	2025	2024	2023
Salaries and wages	\$27,366	\$24,444	\$21,880
Pension benefits	1,723	3,375	4,892
Retiree health benefits	279	994	1,108
Other employee benefits	6,069	5,819	5,213
Scholarships and fellowships	1,098	964	893
Supplies and materials	7,612	6,410	5,922
Depreciation and amortization	3,124	3,001	2,830
DOE laboratories, utilities and other operating expenses	10,496	9,508	8,431
Interest expense and other nonoperating expenses	1,325	1,209	1,216

[Go back to page 22](#)**Display 8: Expenses related to primary activities in 2025** *(in millions of dollars and by percentage)*

Category	Revenue	Percentage
Salaries and wages	\$27,366	46%
Pension benefits	1,723	3
Retiree health benefits	279	1
Other employee benefits	6,069	10
Scholarships and fellowships	1,098	2
Supplies and materials	7,612	13
Depreciation and amortization	3,124	5
DOE laboratories, utilities and other operating expenses	10,496	18
Interest expense and other nonoperating expenses	1,325	2

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University of California Regents and Officers

As of November 2025

Appointed Regents

(In alphabetical order by last name)

Maria Anguiano
Elaine E. Batchlor
Sonya Brooks
Carmen Chu
Michael Cohen
Gareth Elliott
Jose M. Hernandez
Brian Komoto
Nancy Lee
Richard Leib
Hadi Makarechian
Ana Matosantos
Robert Myers
Lark Park
Janet Reilly
Mark Robinson
Gregory Sarris
Jonathan “Jay” Sures
Ann Wang

Ex Officio Regents

Gavin Newsom, *Governor of California*
Eleni Kounalakis, *Lieutenant Governor*
Robert Rivas, *Speaker of the Assembly*
Tony Thurmond, *State Superintendent of Public Instruction*
James B. Milliken, *President of the University*

Regents-Designate

Charles Melton, *Alumni Regent-Designate*
Karl Tokita, *Alumni Regent-Designate*
Miguel Craven, *Student Regent-Designate*

Faculty Representatives (non-voting)

Ahmet Palazoglu, *Chair, Universitywide Academic Senate*
Susannah Scott, *Vice Chair, Universitywide Academic Senate*

Officers of the Regents

Tricia Lyall, *Secretary and Chief of Staff*
Charles F. Robinson, *General Counsel and Senior Vice President of Legal Affairs*
Jagdeep Singh Bachher, *Chief Investment Officer, Senior Vice President of Investments*
Alexander Bustamante, *Chief Compliance and Audit Officer and Senior Vice President*

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APPENDIX-C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE CONTINUING DISCLOSURE AGREEMENT

THE INDENTURE

The following is a brief summary of certain provisions of the Indenture. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Indenture in its entirety to which reference is made for the detailed provisions thereof.

Definitions

Ancillary Obligations means any Credit Facility, Liquidity Facility or Financial Products Agreement designated in a Supplemental Indenture as an Ancillary Obligation for purposes of the Indenture.

Annex means the Amended and Restated Multi-Modal Annex attached to the Sixty-Ninth Supplemental Indenture as Exhibit B.

Beneficial Holder or Beneficial Owner means any Person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond, including, without limitation, any Persons holding bonds through nominees or depositories.

Bond Counsel means any attorney at law or firm of attorneys selected by The Regents, of nationally recognized standing in matters pertaining to the validity of and federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

Bonds means any or all of The Regents of the University of California General Revenue Bonds authorized under and secured by the Indenture. Serial Bonds shall mean the Bonds, falling due by their terms in specified years, for which no Mandatory Sinking Account Payments are provided. Term Bonds shall mean the Bonds, if any, payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

Business Day means any day other than Saturday, Sunday or a day on which banking institutions in Los Angeles or San Francisco, California, or New York, New York, are authorized or required to be closed or a day on which the New York Stock Exchange is closed.

Certificate, Request, Requisition, Statement and Written Order mean, respectively, a written certificate, request, requisition, statement or order signed, in the case of The Regents, in the name of The Regents by the Chairman, the Treasurer or the Associate Treasurer of the Board of Regents, or the President, the Executive Vice President - Chief Financial Officer, the Vice President-Finance or the Executive Director-External Finance of the University of California or such other person as may be designated and authorized to sign for The Regents. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in

a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by the provisions of the Indenture, each Certificate shall include the statements provided for in the Indenture.

Code means the Internal Revenue Code of 1986.

Continuing Disclosure Agreement means, with respect to each Series of Bonds requiring an undertaking regarding disclosure under Rule 15c2-12, the Continuing Disclosure Agreement, dated the date of issuance and delivery of such Series of Bonds, by and between The Regents and the Trustee and Dissemination Agent named therein, as originally executed and as the same may from time to time be amended or supplemented pursuant to its terms.

Costs of Issuance means the costs and expenses incurred by The Regents to effect the authorization, preparation, issuance, sale and delivery of the Bonds, including but not limited to any printing costs, rating agency fees, fees and disbursements of Bond Counsel, fees and expenses of The Regents incurred in connection with issuance of the Bonds, and initial fees and expenses of the Trustee, Liquidity Providers and Credit Providers.

CP Indenture means the Indenture, dated as of November 1, 2008, between The Regents and U.S. Bank, National Association, as it may be from time to time amended or supplemented in accordance with the terms thereof.

Credit Facility means a financial guaranty or municipal bond insurance policy, an irrevocable direct-pay letter of credit, a line of credit, a standby bond purchase agreement, a revolving credit agreement or other credit arrangement obtained by The Regents pursuant to which a Credit Provider provides credit support for all or a portion of a Series of Bonds, as the same may be amended from time to time pursuant to its terms, or any replacement therefor.

Credit Provider means the issuer or provider of a Credit Facility and any successor or successors to such issuer or provider.

Current Subordinate Lien Indebtedness means Indebtedness issued and secured pursuant to the Limited Project Indenture or CP Indenture.

Debt Service Fund means the fund by that name established pursuant to the Indenture.

Defeasance Obligations means (i) non-callable Investment Securities described in clause (1), (2) or (5) of the definition thereof, (ii) for a particular Series of Bonds, any Investment Securities approved as Defeasance Obligations by the Credit Provider for such Series of Bonds, or (iii) any other investment designated in a Supplemental Indenture as a Defeasance Obligation for purposes of defeasing a Series of Bonds authorized by such Supplemental Indenture.

DTC means The Depository Trust Company.

Eighty-Fifth Supplemental Indenture means the Eighty-Fifth Supplemental Indenture, dated as of March 1, 2026, by and between The Regents and The Bank of New York Mellon

Trust Company, N.A. as successor trustee, providing for the issuance of The Regents of the University of California General Revenue Bonds, 2026 Series CF.

Eighty-Fourth Supplemental Indenture means the Eighty-Fourth Supplemental Indenture, dated as of March 1, 2026, by and between The Regents and The Bank of New York Mellon Trust Company, N.A. as successor trustee, providing for the issuance of The Regents of the University of California General Revenue Bonds, 2026 Series CE.

Event of Default means any of the events specified under the heading “Events of Default” below.

Financial Newspaper or Journal means The Wall Street Journal or The Bond Buyer or any other newspaper or journal containing financial news, printed in the English language, customarily published on each business day and circulated in Los Angeles or San Francisco, California, and selected by the Trustee, in its sole discretion whose decision shall be final and conclusive.

Financial Products Agreement means an interest rate swap, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, however denominated, identified to the Trustee in a Certificate of The Regents as having been entered into with a Qualified Provider not for investment purposes but with respect to Indebtedness (which Indebtedness shall be specifically identified in the Certificate of The Regents) for the purpose of (1) reducing or otherwise managing the risk of interest rate changes or (2) effectively converting interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure, or from a variable rate exposure to a fixed rate exposure.

Fiscal Year means the period beginning on July 1 of each year and ending on the succeeding June 30, or any other twelve-month period thereafter selected and designated as the official fiscal year of The Regents.

Floating Rate Notes Annex means the Amended and Restated Floating Rate Notes Annex attached to the Twenty-Fifth Supplemental Indenture as Exhibit B.

General Revenue Fund means the fund by that name established pursuant to the Indenture.

General Revenues means certain operating and non-operating revenues of the University of California as reported in the University’s Financial Report, including (i) gross student tuition and fees; (ii) facilities and administrative cost recovery from contracts and grants; (iii) net sales and service revenues from educational and auxiliary enterprise activities; (iv) other net operating revenues (v) certain other non-operating revenues, including unrestricted investment income; and (vi) any other revenues as may be designated as General Revenues from time to time by a Certificate of The Regents delivered to the Trustee, but excluding (a) appropriations from the State of California (except as permitted under Section 28 of the State Budget Act or other legislative action); (b) moneys which are restricted as to expenditure by a granting agency or donor; (c) gross revenues of the University of California Medical Centers; (d) management fees resulting from the contracts for management of the United States Department of Energy

Laboratories; and (e) any revenues which may be excluded from General Revenues from time to time by a Certificate of The Regents delivered to the Trustee.

Holder or Bondholder means the person in whose name a Bond is registered.

Indebtedness means any indebtedness or obligation of The Regents which, in accordance with generally accepted accounting principles for colleges and universities, is classified as a liability on a balance sheet.

Indenture means the Indenture, dated as of September 1, 2003, by and between The Regents and The Bank of New York Mellon Trust Company, N.A., as successor trustee, as originally executed or as it may from time to time thereafter be supplemented, modified or amended by any Supplemental Indenture entered into pursuant to the provisions thereof.

Independent Certified Public Accountant means any certified public accountant or firm of such accountants appointed and paid by The Regents, and who, or each of whom –

- (1) is in fact independent, and not under control of The Regents;
- (2) does not have any substantial interest, direct or indirect, with The Regents; and
- (3) is not connected with The Regents as a member of The Regents, or as an official or employee of The Regents or of the University of California, but who may be regularly retained to make annual or similar audits of any of the books of The Regents.

Information Services means Financial Information, Inc., Daily Called Bond Service; Kenny Information Systems, Called Bond Department; Moody's Investors Service, Information Center; Standard & Poor's Rating Services, Called Bond Record; and any other information service providing information with respect to called bonds as The Regents may designate to the Trustee.

Interest Fund means the fund by that name established pursuant to the Indenture.

Interest Payment Date means with respect to any Series of Bonds the meaning set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

Investment Securities means any of the following which at the time are legal investments under the laws of the State of California and the policies of The Regents as filed with the Trustee from time to time for moneys held under the Indenture and then proposed to be invested therein: (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America or any Federal Reserve Bank) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America or tax-exempt obligations which are rated in the highest rating category of each Rating Agency; (2) obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Home Loan Bank System, the Farm Credit System, or any other agency or instrumentality of the United States of America; (3) bonds of the State of California or of any

county or city of the State of California for which each Rating Agency is maintaining a rating at least equal to the higher of “A” (or equivalent) or such Rating Agency’s then current rating on the Bonds; (4) obligations the interest on which is excluded from gross income for federal income taxation pursuant to the Code and which are rated by each Rating Agency in a rating category at least equal to the higher of “A” (or equivalent) or such Rating Agency’s then current rating on the Bonds, or in the highest short term rating category of each Rating Agency; (5) receipts representing direct interests in Investment Securities described in Clause (1) and (2) of this definition; (6) repurchase agreements with any financial institution which is rated by each Rating Agency in a rating category at least equal to the higher of “A” (or equivalent) or such Rating Agency’s then current rating on the Bonds, or repurchase agreements fully secured by collateral security described in clauses (1) or (2) of this definition continuously having a market value at least equal to the amount so invested so long as such underlying obligations or securities are in the possession of the Trustee or the Securities Investors Protection Corporation; (7) interest bearing bankers acceptances and demand or time deposits (including certificates of deposit) in banks (including the Trustee), provided such deposits are either (a) secured at all times, in the manner and to the extent provided by law, by collateral security described in clauses (1) or (2) of this definition of a market value no less than the amount of moneys so invested; or (b) in banks (including the Trustee) having a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000) and whose rating by each Rating Agency, or the rating of its parent holding company, is at least equal to the higher of “A” (or equivalent) or such Rating Agency’s then current rating on the Bonds or (c) fully insured by the Federal Deposit Insurance Corporation; (8) commercial paper rated in the highest rating category of each Rating Agency, and issued by corporations organized and operating within the United States and having total assets in excess of Five Hundred Million Dollars (\$500,000,000); (9) collateralized investment agreements or other collateralized contractual arrangements with corporations, financial institutions or national associations within the United States fully secured by collateral security described in Clause (1) or (2) of this definition; or investment agreements or other contractual arrangements with corporations, financial institutions or national associations within the United States, provided that the senior long-term debt of such corporations, institutions or associations is rated in a rating category at least equal to the higher of “A” (or equivalent) or such Rating Agency’s then current rating on the Bonds; (10) any money market fund or mutual fund that is comprised of investments described in clauses (1) through (9) of this definition and which fund or investments are continuously rated by each Rating Agency in a rating category at least equal to the higher of “A” (or equivalent) or such Rating Agency’s then current rating on the Bonds; and (11) the Short Term Investment Pool of The Regents.

Limited Project Indenture means the Indenture dated as of October 1, 2004 as amended and supplemented, by and between The Regents and The Bank of New York Mellon Trust Company, N.A. as successor trustee to J.P. Morgan Trust Company, National Association, providing for the issuance of The Regents of the University of California Limited Project Revenue Bonds.

Liquidity Facility means an irrevocable direct-pay letter of credit, a line of credit, a standby bond purchase agreement, a revolving credit agreement or other liquidity arrangement obtained by The Regents pursuant to which a Liquidity Provider provides liquidity support with respect to all or a portion of a Series of Bonds, as the same may be amended from time to time pursuant to its terms, or any replacement therefor.

Liquidity Provider means the issuer or provider of a Liquidity Facility and any successor or successors to such issuer or provider.

Mandatory Sinking Account Payment shall mean, with respect to Bonds of any Series and maturity, the amount required by the Indenture or any Supplemental Indenture to be paid by The Regents on any single date for the retirement of Term Bonds of such Series and maturity.

Opinion of Counsel means a written opinion of counsel who is selected by The Regents (including counsel to The Regents) and who is acceptable to the Trustee. If and to the extent required by the provisions of the Indenture, each Opinion of Counsel shall include the statements provided for in the Indenture.

Optional Redemption Account means the account by that name established pursuant to the Indenture.

Outstanding when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of The Regents shall have been discharged in accordance with the Indenture; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

Parity Lien means any pledge, lien, security interest, encumbrance or charge of any kind on or in any General Revenues which is equal and ratable to the lien of the Indenture on or in such General Revenues.

Person shall mean an individual, a corporation, a partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

Principal Fund means the fund by that name established pursuant to the Indenture.

Qualified Provider means any financial institution or insurance company which is a party to a Financial Products Agreement.

Rating Agency means, on any given date, any nationally recognized rating agency designated by The Regents which then has outstanding a credit rating on the Bonds (or other obligations to which reference is made by the Indenture).

Rebate Fund means the fund by that name established pursuant to the Indenture.

Record Date means with respect to a Series of Bonds the meaning set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

Redemption Fund means the fund by that name established pursuant to the Indenture.

Representation Letter means, with respect to any Series of Bonds, the Letter of Representations to The Depository Trust Company, from The Regents and the Trustee.

Responsible Officer of the Trustee means and includes the president, every vice president, every assistant vice president, every trust officer, and every officer and assistant officer of the Trustee other than those specifically above mentioned, to whom any corporate trust matter is referred because of his knowledge of, and familiarity with, a particular subject.

Securities Depositories means: The Depository Trust Company; Midwest Securities Trust Company, Capital Structures Call Notification; Philadelphia Depository Trust Company, Reorganization Division; or such other securities depositories as The Regents may designate.

Security Documents means all of the instruments, documents and agreements which, as of any date, have been executed and are then binding upon The Regents in connection with any Senior Lien, Parity Lien or Subordinate Lien, including without limitation any indenture, trust agreement, loan agreement, credit agreement or security agreement.

Senior Lien means any pledge, lien, security interest, encumbrance or charge of any kind on or in any General Revenues which is senior in priority and superior to the lien of the Indenture on or in such General Revenues.

Series whenever used in the Indenture with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction pursuant to the Indenture or a Supplemental Indenture, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as therein provided.

Sinking Accounts means the accounts in the Principal Fund so designated and established pursuant to the Indenture.

Special Redemption Account means the account by that name established pursuant to the Indenture.

State means the State of California.

Subordinate Lien means any pledge, lien, security interest, encumbrance or charge of any kind on or in any General Revenues which is subordinate to the lien of the Indenture on or in such General Revenues.

Supplemental Indenture or Indenture supplemental thereto means any indenture thereafter duly authorized and entered into between The Regents and the Trustee in accordance with the provisions of the Indenture.

Tax Certificate means the certificate signed by The Regents on the date any Series of Bonds are issued relating to the requirements of the Code.

Tender Agent means the Trustee or such other tender agent appointed in accordance with the provisions of the Annex.

The Regents means The Regents of the University of California, a corporation organized and existing under and by virtue of Article IX, Section 9, of the Constitution of the State of California.

Trustee means The Bank of New York Mellon Trust Company, N.A. as successor in interest to BNY Western Trust Company, as trustee, in Los Angeles, California, as trustee or as authenticating agent or its successor as Trustee as provided in the Indenture.

2026 Bonds means, collectively, the 2026 Series CE Bonds and the 2026 Series CF Bonds.

2026 Series CE Bonds means The Regents of the University of California General Revenue Bonds, 2026 Series CE authorized under and secured by the Indenture and the Eighty-Fourth Supplemental Indenture.

2026 Series CF Bonds means The Regents of the University of California General Revenue Bonds, 2026 Series CF authorized under and secured by the Indenture and the Eighty-Fifth Supplemental Indenture.

Authorization of Bonds

Bonds may be issued under the Indenture from time to time in order to obtain moneys to carry out any lawful purpose of The Regents. The maximum principal amount of Bonds which may be issued under the Indenture is not limited. The Bonds are designated generally as “The Regents of the University of California General Revenue Bonds” with such variations or additions as The Regents may deem appropriate with respect to any Series of Bonds. The Bonds may be issued in such Series as from time to time shall be established and authorized by The Regents, and the Indenture constitutes a continuing agreement with the owners of all the Bonds issued or to be issued and at any time outstanding to secure the full and final payment of the principal of and premium, if any, and the interest on all Bonds which may from time to time be executed and delivered thereunder; subject to the covenants, agreements, provisions and conditions therein contained.

Payment of the Bonds

Payment of the interest on any Bond shall be made to the person whose name appears on the bond registration books of the Trustee as the Holder thereof as of the Record Date preceding each Interest Payment Date, such interest to be paid by check mailed by first class mail on the applicable Interest Payment Date to the Holder at his address as it appears on such registration books; provided that such interest shall be paid by wire transfer to an account in the United States for any Holder of at least \$1,000,000 in aggregate principal amount of Bonds of any Series if the Holder makes a written request to the Trustee on or prior to the close of business on the Record Date preceding any Interest Payment Date specifying the account address; provided further that with respect to the 2026 Bonds, written wire instructions for the payment of interest must be furnished to the Trustee at least five (5) days before the applicable Record Date.

Any such interest not so punctually paid or duly provided for with respect to any Bond shall forthwith cease to be payable to the Bondholder on such Record Date and shall be paid to

the Person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof to be given to the Holders of such Bonds as set forth in the Supplemental Indenture establishing the terms and provisions of such Bonds or, if not provided therein, notice whereof to be given to the Holders of such Bonds not less than ten (10) days prior to such special record date.

Conditions Precedent to Issuance of Bonds

The Regents may by Supplemental Indenture establish one or more Series of Bonds, payable from General Revenues and secured by the pledge made under the Indenture. The Bonds shall be executed by The Regents for issuance and delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to The Regents upon its order, but only upon receipt by the Trustee of the following:

- (a) An original executed copy of the Supplemental Indenture authorizing such Bonds, which Supplemental Indenture shall specify:
 - (i) the purpose for which such Series of Bonds is being issued;
 - (ii) whether such Bonds shall bear interest at a fixed or variable rate, including, but not limited to, an interest rate determined pursuant to an auction procedure;
 - (iii) whether the interest on such Bonds shall be federally taxable or tax-exempt;
 - (iv) the Series of such Bonds, the date or dates, the Interest Payment Dates, the principal payment dates and the maturity date or dates of such Bonds;
 - (v) the manner of dating and numbering such Bonds;
 - (vi) the place or places of payment of the principal or redemption, tender or purchase price, and the manner of payment of interest on, such Bonds;
 - (vii) any redemption, tender or purchase provisions for such Bonds;
 - (viii) the amount and due date of each sinking fund payment, if any, for such Bonds;
 - (ix) the amounts to be deposited in the funds and accounts created and established by the Indenture and the Supplemental Indenture authorizing such Bonds;
 - (x) any other provisions deemed advisable by The Regents that are not in conflict with the provisions of the Indenture;
- (b) An opinion of Bond Counsel, dated the date of delivery thereof, to the effect that:
 - (i) such Supplemental Indenture is a valid and binding obligation of The Regents

and (ii) upon the execution, authentication and delivery thereof, such Bonds will be valid and binding obligations of The Regents;

- (c) A Written Order of The Regents as to the delivery of such Bonds; and
- (d) A Certificate of The Regents stating that The Regents is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture.

Notice of Redemption

Except as otherwise provided in a Supplemental Indenture, notice of redemption shall be given by mail not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, to the respective registered owners of any Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee. Each notice of redemption shall state the redemption date, the place or places of redemption, the maturities, and, if less than all of any such maturity, the distinctive numbers of the Bonds of such maturity, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall also state that on said date there will become due and payable on each of said Bonds the principal thereof or of said specified portion of the principal thereof, in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered.

Pledge

Subject only to the provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth therein, The Regents pledges to the Trustee to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Indenture and the payment of all amounts due pursuant to Ancillary Obligations, all of the General Revenues, all of the proceeds of the Bonds and any other amounts held in any fund or account established pursuant to the Indenture, excluding the Rebate Fund. Said pledge shall constitute a lien on and security interest in all of the General Revenues, all of the proceeds of the Bonds and any other amounts held in any fund or account established pursuant to the Indenture, excluding the Rebate Fund, and shall attach and be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act, against all parties having claims of any kind in tort, contract or otherwise against The Regents or the Trustee, irrespective of whether the parties have notice thereof; provided, however, that the pledge of General Revenues set forth in this Section shall in all respects be (i) junior to any future Indebtedness or other obligations secured by a Senior Lien, (ii) on a parity with any future Indebtedness or other obligations secured by a Parity Lien, and (iii) senior to any Current Subordinate Lien Indebtedness or any future Indebtedness or other obligations secured by a Subordinate Lien.

Funds and Accounts

The Indenture creates the following funds and accounts of The Regents which will be held by the Trustee, except for the General Revenue Fund, Cost of Issuance Funds and

Construction Accounts and Program Accounts which will be held by The Regents: (a) the Debt Service Fund; (b) the Interest Fund; (c) the Principal Fund; (d) the Redemption Fund (including a separate Optional Redemption Account and a separate Special Redemption Account); (e) the General Revenue Fund; (f) the Rebate Fund; (g) the 2026 Series CE Costs of Issuance Fund; (h) the 2026 Series CF Costs of Issuance Fund; and (i) the 2026 Series CE Construction Account.

Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture), and otherwise as provided in the Indenture.

Principal Fund. All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely for the purposes of purchasing or redeeming or paying at maturity the Bonds as provided in this Section, and otherwise as provided in the Indenture.

The Trustee shall establish and maintain within the Principal Fund a separate account for the Term Bonds, if any, of each Series and maturity, (the "Sinking Account"). On or before each date specified in a Supplemental Indenture, the Trustee shall transfer the amount deposited in the Principal Fund pursuant to the Indenture for the purpose of making a Mandatory Sinking Account Payment (if such deposit is required in such month) from the Principal Fund to the applicable Sinking Account. With respect to each Sinking Account, on each Mandatory Sinking Account Payment date established for such Sinking Account, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of the Series and maturity for which such Sinking Account was established, upon the notice and in the manner provided in the Indenture; provided that, at any time prior to giving such notice of such redemption, the Trustee shall apply moneys in such Sinking Account to the purchase of Term Bonds of such Series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as may be directed by The Regents. All Bonds purchased or deposited pursuant to this subsection shall be cancelled and delivered by the Trustee to or upon the Written Request of The Regents. Any amounts remaining in a Sinking Account when all of the Term Bonds for which such account was established are no longer Outstanding shall be withdrawn by the Trustee and transferred to the Debt Service Fund. Subject to a different allocation provided in a Supplemental Indenture for a Series of Bonds issued pursuant to such Supplemental Indenture, all Term Bonds purchased from a Sinking Account or deposited by The Regents with the Trustee shall be applied, to the extent of the full principal amount thereof, to reduce Mandatory Sinking Account Payments as follows: first to the next succeeding Mandatory Sinking Account Payment for such Series and maturity of Bonds, then pro rata to the remaining Mandatory Sinking Account Payments required for such Series and maturity of Bonds in proportion to the amount of such Mandatory Sinking Account Payments.

Redemption Fund. All amounts deposited in the Optional Redemption Account and in the Special Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds outstanding, in the manner and upon the terms and conditions specified in the Indenture, at the next succeeding date of redemption for which notice has not been given and at the redemption prices then applicable to redemptions from the Optional

Redemption Account and the Special Redemption Account, respectively; provided that, at any time prior to giving such notice of redemption, the Trustee shall apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as may be directed by The Regents. Each Supplemental Indenture shall provide for the establishment of subaccounts within the Optional Redemption Account or the Special Redemption Account for the redemption or purchase of Bonds of particular Series from moneys allocable to such Series and required by a Supplemental Indenture to be deposited into such subaccount. Subject to a different allocation provided for such subaccounts by Supplemental Indentures, all Term Bonds of any Series purchased or redeemed from the Redemption Fund shall be allocated to applicable Mandatory Sinking Account Payments pro rata to the Mandatory Sinking Account Payments required for such Series and maturity of Bonds in proportion to the amount of such Mandatory Sinking Account Payments.

Rebate Fund. The Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated the Rebate Fund. The Regents shall cause to be deposited in the Rebate Fund the rebate requirement as provided in the Tax Certificate for each Series of Bonds the interest on which is excluded from gross income for federal income tax purposes. Subject to the provisions of this section, moneys held in the Rebate Fund are pledged to secure payments to the United States government, and The Regents and the owners shall have no rights in or claim to such moneys. The Trustee shall invest all amounts held in the Rebate Fund in accordance with directions from The Regents.

Upon receipt of the rebate instructions required to be delivered to the Trustee by the Tax Certificate, the Trustee shall remit part or all of the balance held in the Rebate Fund to the United States government as so directed. In addition, if the rebate instructions so direct, the Trustee shall deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as the rebate instructions direct.

The Trustee shall conclusively be deemed to have complied with the provisions of this section if it follows the directions of The Regents set forth in the rebate instructions and shall not be required to take any actions thereunder in the absence of rebate instructions from The Regents.

Notwithstanding any provisions of this section, if The Regents shall provide to the Trustee any Opinion of Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion of interest on the Series of Bonds from gross income for federal income tax purposes, the Trustee and The Regents may conclusively rely on such opinion in complying with the requirements of this section, and the covenants under the Indenture shall be deemed to be modified to that extent.

2026 Series CE Construction Account. Moneys in the 2026 Series CE Construction Account shall be used and withdrawn by The Regents to pay the cost of the acquisition, construction, improvement and/or renovation of all or a portion of the 2026 Series CE Projects, including reimbursements of any sums advanced by The Regents for such purposes and refunding borrowings of The Regents incurred for such purposes, and to pay interest on the 2026 Series CE Bonds in such amounts and on such dates as determined by The Regents. Upon

completion of the 2026 Series CE Projects, any amounts remaining in the 2026 Series CE Construction Account shall be applied to pay the interest on the 2026 Series CE Bonds or to pay other capital expenditures of The Regents or for any other lawful purpose of The Regents.

2026 Series CE Costs of Issuance Fund. Moneys in the 2026 Series CE Costs of Issuance Fund shall be used to pay Costs of Issuance with respect to the 2026 Series CE Bonds, and at the end of six months from the date of issuance of the 2026 Series CE Bonds, or upon earlier determination by The Regents that the amounts in said fund are no longer required for payment of Costs of Issuance, said fund shall be terminated and any amounts then remaining in said fund shall be transferred to the Trustee for deposit in the Debt Service Fund or for any other lawful purpose of The Regents.

2026 Series CF Costs of Issuance Fund. Moneys in the 2026 Series CF Costs of Issuance Fund shall be used to pay Costs of Issuance with respect to the 2026 Series CF Bonds, and at the end of six months from the date of issuance of the 2026 Series CF Bonds, or upon earlier determination by The Regents that the amounts in said fund are no longer required for payment of Costs of Issuance, said fund shall be terminated and any amounts then remaining in said fund shall be transferred to the Trustee for deposit in the Debt Service Fund or for any other lawful purpose of The Regents.

Flow of Funds

General Revenues. The Regents agrees that, so long as any of the Bonds remain Outstanding (i) all of the General Revenues not encumbered by any Senior Lien or Parity Lien shall be deposited as soon as practicable upon receipt in a fund designated as “The Regents of the University of California General Revenue Fund” (the “General Revenue Fund”) which The Regents shall establish and maintain at such banking institution or institutions (which may include the Trustee) as The Regents shall from time to time designate for such purpose (the “Depository Banks”) and (ii) funds equal to General Revenues encumbered by any Senior Lien (but not encumbered by any Parity Lien) shall be deposited in the General Revenue Fund at the earliest practicable time and to the extent such funds are available pursuant to the terms of the Security Documents evidencing such Senior Lien. To the extent General Revenues are encumbered by Indebtedness (other than a Series of Bonds) or other obligations secured by a Parity Lien, The Regents agrees to allocate in a fair and equitable manner (i) amounts to be deposited in the General Revenue Fund and (ii) amounts to be transferred to the funds and accounts established pursuant to the Security Documents securing the Indebtedness or other obligations secured by a Parity Lien. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, The Regents grants a security interest to the Trustee in the General Revenue Fund to secure the payment of the principal of and interest on the Bonds Outstanding and the payment of all amounts due pursuant to Ancillary Obligations and the pledge of General Revenues under the Indenture.

Amounts in the General Revenue Fund may be used and withdrawn by The Regents at any time for any lawful purpose (including any use required by a Security Document), except as restricted in the Indenture. In the event of the occurrence of an Event of Default of which the Trustee has actual knowledge or has received written notice, the Trustee shall notify The Regents

and the Depository Banks of such delinquency, and The Regents shall cause the Depository Banks to, and the Depository Banks shall, transfer the General Revenue Fund to the name and credit of the Trustee. All General Revenues shall continue to be deposited by The Regents in the General Revenue Fund as provided by the Indenture until all Events of Default known to the Trustee shall have been made good or cured or provision deemed by the Trustee to be adequate shall have been made therefor, whereupon the General Revenue Fund shall be returned to the name and credit of The Regents. During any period that the General Revenue Fund is held in the name and to the credit of the Trustee, the Trustee shall use and withdraw amounts in said fund first to pay fees, expenses and disbursements of the Trustee and its agents in the event such fees, disbursements or expenses have not otherwise been paid by The Regents, and second to make the transfers and deposits required by the Indenture. The Regents agrees to execute and deliver all instruments as may be required to implement this section. The Regents further agrees that a failure to comply with the terms of this section shall cause irreparable harm to the owners from time to time of the Bonds and shall entitle the Trustee, with or without notice, to take immediate action to compel the specific performance of the obligations of The Regents as provided in this section.

On or before any Interest Payment Date, and as long as any of the Bonds remain Outstanding, The Regents shall transfer from the General Revenue Fund to the Trustee for deposit in a special fund designated as “The Regents of the University of California General Revenue Debt Service Fund” (the “Debt Service Fund”), which the Trustee shall establish, maintain and hold in trust, such amount as is required by the Indenture to make the transfers and deposits required on such Interest Payment Date (or to replenish the amounts required to be on deposit in any fund under the Indenture). In addition, The Regents shall, pursuant to the terms and provisions of a Supplemental Indenture providing for Ancillary Obligations, transfer from the General Revenue Fund the amounts due and payable pursuant to such Ancillary Obligations. Each transfer by The Regents to the Trustee under the Indenture shall be in lawful money of the United States of America and paid to the Trustee at its corporate trust office in Los Angeles, California. All such moneys shall be promptly deposited by the Trustee upon receipt thereof in the Debt Service Fund. All moneys deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. If The Regents fails to make timely payment of all amounts required to be made pursuant to this paragraph, The Regents shall promptly make such payments in full as soon as possible.

The Trustee shall transfer from the Debt Service Fund, and deposit into one or more of the following respective funds (each of which the Trustee shall establish and maintain and hold in trust, and each of which shall be disbursed and applied only as authorized by the Indenture), on or before each Interest Payment Date, the following amounts, in the following order of priority, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of General Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any fund subsequent in priority:

First: Into the Interest Fund, the amount, if any, needed to increase the amount in the Interest Fund to the aggregate amount of interest becoming due and payable on such Interest Payment Date upon all Bonds then Outstanding.

Second: Into the Principal Fund, the amount, if any, needed to increase the amount in the Principal Fund to the aggregate amount of principal and Mandatory Sinking Account Payments becoming due and payable on the Outstanding Bonds on such Interest Payment Date.

Any moneys remaining in the Debt Service Fund on each Interest Payment Date shall be transferred, free and clear of the lien of the Indenture, to, or upon the order of, The Regents to be applied for any lawful purpose of The Regents, and the Trustee shall have no obligation or duty to inquire or investigate how such moneys are being used.

Investment of Moneys in Funds

All moneys in any of the funds and accounts established pursuant to the Indenture and held by the Trustee shall be invested by the Trustee in Investment Securities as directed by The Regents.

Particular Covenants

Punctual Payments. The Regents shall pay or cause to be paid punctually the principal of, premium, if any, and interest due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of General Revenues and other assets pledged for such payment as provided in the Indenture.

No Extension of Payment of Principal and Interest on the Bonds. Except as otherwise expressly permitted under the Indenture with respect to Bonds issued pursuant to the Annex or the Floating Rate Notes Annex, The Regents shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and claims for interest thereon which shall not have been so extended. Nothing in this section shall be deemed to limit the right of The Regents to issue obligations for the purpose of refunding any outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Permitted Indebtedness, Obligations and Encumbrances. So long as an Event of Default has not occurred and is continuing under the Indenture, The Regents may incur any Indebtedness or other obligations payable from General Revenues, including, but not limited to, Indebtedness or other obligations secured by a Senior Lien, Parity Lien or Subordinate Lien.

Power to Issue Bonds and Make Pledge and Assignment. The Regents is duly authorized pursuant to law to issue the Bonds and to execute and deliver the Indenture and to pledge and assign the General Revenues and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent provided in the Indenture. The Bonds and the provisions of the Indenture are and will be the legal, valid and binding limited obligations of The Regents in accordance with their terms, and The Regents shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of General

Revenues and other assets and all the rights of the Bondholders under the Indenture against all claims and demands of all persons whomsoever.

Payment of Taxes and Claims. The Regents or the Trustee shall, from time to time, but solely from General Revenues, duly pay and discharge, or cause to be paid and discharged, any property taxes, assessments or other governmental charges that may be lawfully imposed upon the General Revenues or other assets pledged or assigned under the Indenture, when the same shall become due, as well as any lawful claim which, if unpaid, might by law become a lien or charge upon the General Revenues or such other assets or which might impair the security of the Bonds.

Accounting Records and Financial Statements. The Regents shall cause the Trustee to keep proper books of record and account in which complete and accurate entries shall be made in accordance with industry standards of all transactions relating to the proceeds of Bonds, the General Revenues, and all funds and accounts established pursuant to the Indenture. Such books of record and account shall be available for inspection by The Regents and by any Bondholder, or its agent or representative duly authorized in writing, during any Business Day at reasonable hours and under reasonable circumstances, including at least 24 hours notice.

Not later than seven months after the end of each Fiscal Year of The Regents, The Regents shall also furnish to the Trustee a certified report of audit, prepared by an Independent Certified Public Accountant, reflecting the financial condition and results of operation of The Regents.

Compliance with Indenture, Contracts, Laws and Regulations. The Regents shall faithfully observe and perform all the covenants, conditions and requirements of the Indenture, shall not issue any Bonds in any manner other than in accordance with the Indenture, and shall not suffer or permit any default to occur under the Indenture, or do or permit to be done, anything that might in any way weaken, diminish or impair the security intended to be given pursuant to the Indenture. Subject to the limitations and consistent with the covenants, conditions and requirements contained in the Indenture, The Regents and the Trustee shall comply with the terms, covenants and provisions of all contracts concerning or affecting the application of proceeds of Bonds or the General Revenues.

General Revenue Covenant. So long as the Bonds are Outstanding, The Regents shall set rates, charges, and fees in each Fiscal Year so as to cause General Revenues deposited in the General Revenue Fund to be in an amount sufficient to pay principal of and interest on the Bonds and amounts due and payable on Ancillary Obligations for the then-current Fiscal Year.

Waiver of Laws. The Regents shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time thereafter in force that may affect the covenants and agreements contained in the Indenture or in the Bonds, and all benefit or advantage of any such law or laws is expressly waived by The Regents to the extent permitted by law (but only with respect to the application of General Revenues to pay the principal of and interest on the Bonds).

Further Assurances. The Regents will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Holders of the Bonds of the rights and benefits provided in the Indenture.

Continuing Disclosure. Upon the issuance of any Series of Bonds requiring an undertaking regarding continuing disclosure under Rule 15c2-12, The Regents and the Trustee covenant and agree that The Regents will comply with and carry out all of the provisions of the Continuing Disclosure Agreement executed and delivered in connection with such Series of Bonds and applicable to them. Notwithstanding any other provision of the Indenture, failure of The Regents or the Trustee to comply with the provisions of any Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee at the written request of any Participating Underwriter or the Holders of at least 50% aggregate principal amount of any Series of Bonds then Outstanding, shall, but only to the extent it has been indemnified to its satisfaction from any loss, liability, cost, claim or expense whatsoever, including, without limitation, fees and expenses of its attorneys, or any Holder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause The Regents or the Trustee, as the case may be, to comply with its obligations under this section.

Additional Bonds

The Regents may by Supplemental Indenture establish one or more Series of Bonds, payable from General Revenues and secured by the pledge made under the Indenture.

See “Conditions Precedent to Issuance of Bonds.”

Events of Default

Pursuant to the Indenture, the following events shall be Events of Default:

(a) default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) if variable rate bonds of any Series have been remarketed without a Liquidity Facility in effect, failure to pay the purchase price of any variable rate bond required to be purchased pursuant to the Annex when due and payable;

(d) default by The Regents in the observance of any of the covenants, agreements or conditions on its part of the Indenture or in the Bonds contained, other than a default described in (a), (b) or (c) above, and continuance of such default for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to The Regents by the Trustee, or to The Regents and the Trustee by the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding;

(e) if The Regents files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

(f) if a court of competent jurisdiction shall enter an order, judgment or decree declaring The Regents an insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of The Regents, or approving a petition filed against The Regents seeking reorganization of The Regents under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof; or

(g) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of The Regents, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control.

Acceleration. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and at the request of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding shall, upon notice in writing to The Regents, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding. The Trustee shall immediately give notice of such declaration to Bondholders, in the same manner that notices of redemption are given, specifying the date of such declaration, that as of the Business Day immediately following such declaration the Bonds shall cease to bear interest; and that all principal of and interest on the Bonds to the Business Day immediately following such declaration of acceleration shall be payable upon the surrender thereof at the principal office of the Trustee.

Application of General Revenues and Other Funds After Default. If an Event of Default shall occur, then, and in every such case during the continuance of such Event of Default, all General Revenues and any other moneys then held or thereafter received by the Trustee under any of the provisions of the Indenture, shall be applied by the Trustee as follows and in the following order:

1. To the payment of any compensation and expenses as due to the Trustee under the Indenture;
2. To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, any stamping thereon of the payment if only partially paid or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

- (i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

- (ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over the principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Trustee to Represent Bondholders. The Trustee is irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds and the Indenture, as well as under applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its sole satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Holders by such appropriate suit, action, mandamus or other proceedings as it shall deem most effectual to protect or enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under the Indenture, or any law; and upon instituting such proceeding, the Trustee shall be entitled as a matter of right to the appointment of a receiver of the General Revenues and other

assets pledged or assigned under the Indenture. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of the Indenture. Nothing therein contained shall be deemed to require the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Bondholders' Direction of Proceedings. The Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction and the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Holders pursuant to the Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Limitation on Bondholders' Right to Sue. No Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture or any applicable law with respect to such Bond, unless: (1) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted by the Indenture or to institute such suit, action or proceeding in its own name; (3) such Holder or said Holders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (5) the Trustee shall not have received contrary directions from the Holders of a majority of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy under the Indenture or under any law; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of the Indenture on the rights of any other Holder of Bonds, or to enforce any right under the Indenture or applicable law with respect to the Bonds, except in the manner therein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner therein provided and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of the Indenture.

Modification without Consent of Bondholders

The Regents and the Trustee from time to time and at any time, subject to the conditions and restrictions contained in the Indenture, may enter into an indenture or indentures supplemental thereto, which indenture or indentures thereafter shall form a part thereof, for any one or more or all of the following purposes --

(a) to add to the covenants and agreements of The Regents in the Indenture contained, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon The Regents by the Indenture;

(b) to evidence the succession of another corporation, whether public or private, to The Regents, or successive successions, and the assumption by a successor corporation of the covenants and obligations of The Regents in the Bonds and in the Indenture contained;

(c) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to any matters or any questions arising under the Indenture, as The Regents may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interests of the owners of the Bonds;

(d) to conform to the terms and conditions of the Security Documents evidencing a Senior Lien or Parity Lien, provided such modification shall not materially adversely affect the interests of the owners of the Bonds;

(e) to make any changes necessary or convenient to provide for the issuance of a Series of Bonds pursuant to the Indenture including any changes necessary or convenient in connection with the establishment of an interest rate mode, tender and purchase provisions;

(f) to permit, provide for or accommodate the delivery of a Credit Facility, Liquidity Facility or Financial Products Agreement for any Series of Bonds;

(g) to make any changes required by a Rating Agency in order to obtain or maintain a rating for any Series of Bonds;

(h) to modify, alter, amend or supplement the Indenture in any other respect desired by The Regents which is not materially adverse to the Holders.

Any Supplemental Indenture authorized by the provisions of this section may be executed by The Regents and the Trustee without the consent of the owners of any of the Bonds at the time outstanding but the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

Modification with Consent of Bondholders

With the consent (evidenced as provided in the Indenture) of the owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, The Regents and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental thereto for the purpose of adding any provisions to, or changing in any manner, or eliminating any of the provisions of, the Indenture or of any Supplemental Indenture; provided, however, that no such Supplemental Indenture shall (1) extend the stated maturity of the Bonds or reduce the rate of interest thereon, or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the owner of each Bond so affected, or (2) reduce the aforesaid percentage of owners of Bonds required to approve any such Supplemental Indenture, without the consent of the owners of all Bonds then outstanding.

Defeasance

Bonds may be paid by The Regents in any of the following ways: (1) by paying or causing to be paid the principal, and interest on Outstanding Bonds, as and when the same become due and payable; (2) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Indenture) to pay or redeem Outstanding Bonds; or (3) by delivering to the Trustee, for cancellation by it, Outstanding Bonds. If The Regents shall also pay or cause to be paid all other sums payable under the Indenture by The Regents, then and in that case, at the election of The Regents (evidenced by a Certificate of The Regents, filed with the Trustee, signifying the intention of The Regents to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of General Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of The Regents under the Indenture shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in the Indenture and except for the obligation of The Regents to pay any amounts under and to otherwise satisfy all of its obligations to the Trustee under the Indenture. In such event, upon Request of The Regents, the Trustee shall cause an accounting for such period or periods as may be requested by The Regents to be prepared and filed with The Regents and shall execute and deliver to The Regents all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee and any paying agent shall pay over, transfer, assign or deliver to The Regents all moneys or securities or other property held by them pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as described below) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture then all liability of The Regents in respect of such Bond shall cease, terminate and be completely discharged, except only that thereafter the owner thereof shall be entitled only to payment of the principal of and interest on such Bond by The Regents.

Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds, premium, if any, and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article IV of the Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal, premium, if any, and all unpaid interest thereon to the redemption date; or

(b) Defeasance Obligations the principal of and interest on which when due will provide money sufficient to pay the principal, premium, if any, and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal, premium, if any, and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV of the Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Request of The Regents) to apply such money to the payment of such principal and interest with respect to such Bonds.

Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal or interest on any Bonds and remaining unclaimed for two years after such principal or interest on the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys deposited after said date when such principal or interest on the Bonds became due and payable, shall, upon Request of The Regents, be repaid to The Regents free from the trusts created by the Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to The Regents as aforesaid, the Trustee, as the case may be, shall at the request of The Regents (at the cost of The Regents) first mail a notice, in such form as may be deemed appropriate by the Trustee, to the owners of the Bonds so payable and not presented and with respect to the provisions relating to the repayment to The Regents of the moneys held for the payment thereof.

THE CONTINUING DISCLOSURE AGREEMENT

The Continuing Disclosure Agreement sets forth the covenants of The Regents to provide certain financial information and operating data with respect to the related 2026 Bonds. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Continuing Disclosure Agreement.

The Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) is being executed and delivered by The Regents of the University of California (“The Regents”), BLX Group LLC, as dissemination agent (the “Dissemination Agent”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), in connection with, and at the time of, the issuance of the 2026 Bonds to be issued pursuant to the Indenture. Pursuant to the provisions of the Indenture, The Regents and the Trustee covenant and agree as follows:

Purpose of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement is being executed and delivered at the time of issuance of the 2026 Bonds by The Regents, the Dissemination Agent and the Trustee for the benefit of the Holders and Beneficial Holders (as such terms are defined in the Indenture) of the 2026 Bonds and in order to assist the Participating Underwriters (as hereinafter defined) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Definitions. In addition to the definitions set forth in the Indenture (see “Definitions” above), which apply to any capitalized term used in the Continuing Disclosure Agreement unless otherwise defined in this section, the following capitalized terms shall have the following meanings:

Annual Report shall mean any Annual Report provided by The Regents pursuant to, and as described in, Sections 3 and 4 of the Continuing Disclosure Agreement.

Disclosure Representative shall mean the Executive Vice President - Chief Financial Officer of the University of California or his or her designee, or such other officer or employee as The Regents shall designate in writing to the Trustee from time to time.

Dissemination Agent shall mean BLX Group LLC or any successor Dissemination Agent designated in writing by The Regents and which has filed with the Trustee a written acceptance of such designation.

Financial Obligation shall mean, for purposes of the Listed Events set out in Section 5(A)(10) and Section (5)(B)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

Listed Events shall mean any of the events listed in Section 5(A) or (B) of the Continuing Disclosure Agreement.

Official Statement shall mean the final official statement dated February __, 2026 relating to the 2026 Bonds.

Participating Underwriter shall mean any of the original underwriters of the 2026 Bonds required to comply with the Rule in connection with offering of the 2026 Bonds.

Repository shall mean the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

Rule shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SEC shall mean the Securities and Exchange Commission and any successor agency thereto.

State shall mean the State of California.

Provision of Annual Reports. (A) The Regents shall, or shall cause the Dissemination Agent to, not later than seven (7) months after the end of the Fiscal Year of The Regents (presently June 30), commencing with the Annual Report for the Fiscal Year ending June 30, 2026, provide to the Repository an Annual Report which is consistent with the requirements of the Continuing Disclosure Agreement. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Repository, and may include by reference other information as provided in the Continuing Disclosure Agreement; provided that the audited financial statements relating to the 2026 Bonds may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if such audited financial statements are not available by that date. If the Fiscal Year of The Regents changes, The Regents shall give notice of such change in the same manner as for a Listed Event under Section 5(E) of the Continuing Disclosure Agreement. If The Regents provides the Annual Report to the Repository, it shall notify the Dissemination Agent that it has done so.

(B) Not later than fifteen (15) Business Days prior to the date specified in subsection (A) for providing the Annual Report to the Repository, The Regents shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact The Regents and the Dissemination Agent to determine if The Regents is in compliance with the first sentence of this subsection (B).

(C) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (A), the Dissemination Agent shall send a notice, in electronic format unless otherwise designated by the SEC, to the Repository in substantially the form attached as Exhibit A to the Continuing Disclosure Agreement.

(D) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Repository; and

(ii) file a report with The Regents and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to the Continuing Disclosure Agreement, stating the date it was provided to the Repository.

Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(A) The audited financial statements of The Regents for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles applicable to public colleges and universities. If such audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format that complies with current generally accepted accounting principles, and the audited financial statements shall be filed in the same manner as the Annual Report when such financial statements become available.

(B) The amount of General Revenues as of the end of the prior Fiscal Year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of The Regents, which have been filed with the Repository or the SEC. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Regents shall clearly identify each such other document so included by reference.

Reporting of Significant Events.

(A) Pursuant to the provisions of Section 5 of the Continuing Disclosure Agreement, The Regents shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2026 Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of The Regents, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(B) The Regents shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2026 Bonds, as applicable, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph (A)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of such 2026 Bonds or other material events affecting the tax status of such 2026 Bonds;
2. Modifications to rights of Holders;
3. Optional, contingent or unscheduled 2026 Bond calls;
4. Release, substitution, or sale of property securing repayment of such 2026 Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. Appointment of a successor or additional trustee or the change of name of a trustee; or
8. Incurrence of a Financial Obligation of The Regents, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of The Regents, any of which affect security holders.

(C) The Trustee shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that The Regents promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (E).

(D) Whenever The Regents obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (C) or otherwise, The Regents shall as soon as possible determine if such event would be material under applicable federal securities laws.

(E) If The Regents learns of the occurrence of a Listed Event described in Section 5(A) of the Continuing Disclosure Agreement, or determines that knowledge of a Listed Event described in Section 5(B) of the Continuing Disclosure Agreement would be material under applicable federal securities laws, The Regents shall provide or cause to be provided a form of notice of such occurrence to the Dissemination Agent and shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB within ten business days of occurrence. If the Dissemination Agent has been instructed by The Regents to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Repository in electronic format, accompanied by such identifying information as is prescribed by the Repository, with a copy to The Regents. Notwithstanding the foregoing, notice of Listed Events described in subsections (A)(7) and (B)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected 2026 Bonds pursuant to the Indenture.

(F) The Regents intends to comply with the Listed Events described in Section 5(A)(10) and Section 5(B)(8), and the definition of “Financial Obligation” in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the SEC or its staff with respect the amendments to the Rule effected by the 2018 Release.

Termination of Reporting Obligation. The Regents’ obligations under the Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2026 Bonds.

Dissemination Agent. The Regents may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by The Regents pursuant to the Continuing Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

Amendment; Waiver. Notwithstanding any other provision of the Continuing Disclosure Agreement, The Regents, the Dissemination Agent and the Trustee may amend the Continuing Disclosure Agreement (and the Dissemination Agent and the Trustee each shall agree

to any amendment so requested by The Regents that does not adversely affect its rights or increase its duties under the Continuing Disclosure Agreement), and any provision of the Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(A) If the amendment or waiver relates to certain portions of the sections relating to the provision of annual reports, or the content of annual reports or the list of significant events, such amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the applicable 2026 Bonds, or the type of business conducted;

(B) The Continuing Disclosure Agreement, as amended or taking into account the waiver proposed, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2026 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(C) The amendment or waiver either (i) is approved by the Holders of the 2026 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Holders of the 2026 Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Agreement, The Regents shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by The Regents. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(E) of the Continuing Disclosure Agreement, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Additional Information. Nothing in the Continuing Disclosure Agreement shall be deemed to prevent The Regents from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Agreement. If The Regents chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Continuing Disclosure Agreement, The Regents shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Default. In the event of a failure of The Regents or the Dissemination Agent to comply with any provision of the Continuing Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 50% aggregate principal amount of Outstanding 2026 Bonds, as applicable, and upon receipt of indemnity satisfactory to it, shall), or any Holder or Beneficial Holder of such 2026 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause The Regents or Dissemination Agent, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of The Regents or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is made applicable to the Continuing Disclosure Agreement as if the Continuing Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in the Continuing Disclosure Agreement, and The Regents agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties under the Continuing Disclosure Agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of The Regents under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2026 Bonds.

Beneficiaries. The Continuing Disclosure Agreement shall inure solely to the benefit of The Regents, the Trustee, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Holders from time to time of the 2026 Bonds, and shall create no rights in any other person or entity.

Notices. All notices or communications to or among any of the parties to the Continuing Disclosure Agreement shall be given as provided in the Continuing Disclosure Agreement. Any person may, by written notice to the other persons listed in the Continuing Disclosure Agreement, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

APPENDIX-D

PROPOSED FORM OF BOND COUNSEL OPINION FOR 2026 BONDS

[Closing Date]

The Regents of the University of California
Oakland, California

The Regents of the University of California
General Revenue Bonds,
2026 Series CE & 2026 Series CF
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to The Regents of the University of California (“The Regents”) in connection with the issuance by The Regents of \$_____ aggregate principal amount of The Regents of the University of California General Revenue Bonds, 2026 Series CE (the “2026 Series CE Bonds”), and \$_____ aggregate principal amount of The Regents of the University of California General Revenue Bonds, 2026 Series CF (the “2026 Series CF Bonds” and, together with the 2026 Series CE Bonds, the “Bonds”), pursuant to an Indenture, dated as of September 1, 2003, by and between The Regents and The Bank of New York Mellon Trust Company, N.A. as successor in interest to BNY Western Trust Company, as trustee (the “Trustee”), as heretofore supplemented and as supplemented by the Eighty-Fourth Supplemental Indenture and the Eighty-Fifth Supplemental Indenture, respectively, each dated as of March 1, 2026, by and between The Regents and the Trustee (as so supplemented, the “Indenture”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate with respect to the Bonds, dated the date hereof (the “Tax Certificate”), opinions of counsel to The Regents and the Trustee, certificates of The Regents, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than The Regents and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual

matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as The Regents in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of The Regents.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding agreement of, The Regents. To the extent set forth in the Indenture, the Indenture creates a valid pledge to secure the payment of the principal of, and interest on, the Bonds, of the General Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture, except the Rebate Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture; provided, however, that the pledge of the General Revenues shall in all respects be junior to any future Indebtedness secured by a Senior Lien, as and to the extent provided in the Indenture.
3. The Bonds are not a lien or charge upon the funds or property of The Regents except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of California, and said State is not liable for the payment thereof.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for

purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

Introduction. The information in this Appendix E concerning The Depository Trust Company (“DTC”), and DTC’s book-entry-only system has been provided by DTC for use in disclosure documents such as this Official Statement. Neither The Regents of the University of California (“The Regents”) nor the Underwriters of the 2026 Bonds make any representation as to its accuracy or completeness. Capitalized terms used herein which are not otherwise defined herein shall have the meaning set forth in the front portion of the Official Statement or in APPENDIX A under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE CONTINUING DISCLOSURE AGREEMENT – THE INDENTURE - Definitions.”

DTC will act as the initial securities depository for the 2026 Bonds.

The information set forth below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC currently in effect and The Regents expressly disclaims any responsibility to update this Official Statement to reflect any such changes. The information herein concerning DTC has been obtained from sources that The Regents believes to be reliable, but neither The Regents nor the Underwriters take any responsibility for the accuracy or completeness of the information set forth herein. Investors wishing to use the facilities of DTC are advised to confirm the continued applicability of the rules, regulations and procedures of DTC. The Regents will have no responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the 2026 Bonds held through the facilities of DTC or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The Beneficial Owners should confirm the following information with DTC or the DTC Participants.

So long as Cede & Co. is the registered holder of the 2026 Bonds, as nominee of DTC, references in the Official Statement, including the Appendices thereto, to the Holders of the 2026 Bonds (other than as set forth under “Tax Matters”) shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2026 Bonds.

THE REGENTS AND THE TRUSTEE SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR ANY BENEFICIAL OWNER, WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL AND INTEREST DUE ON THE 2026 BONDS; (III) THE DELIVERY OF ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE HOLDERS OF THE 2026 BONDS UNDER THE INDENTURE; (IV) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2026 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER OF THE 2026 BONDS; OR (VI) ANY OTHER MATTER.

THE TRUSTEE, AS LONG AS THE BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 2026 BONDS, WILL SEND ANY NOTICE OF REDEMPTION AND ANY OTHER NOTICES ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF 2026 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

Book Entry-Only System. The Depository Trust Company (“DTC”), will act as initial securities depository for The Regents of the University of California General Revenue Bonds, 2026 Series CE (the “2026 Series CE Bonds”) and The Regents of the University of California General Revenue Bonds, 2026 Series CF (the “2026 Series CF Bonds” and, together with the 2026 Series CE Bonds, the “2026 Bonds”). The 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate for each maturity will be issued for each Series of the 2026 Bonds, in the aggregate principal amount of such Series, and will be deposited with DTC. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the front portion of the Official Statement or in APPENDIX C - “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE CONTINUING DISCLOSURE AGREEMENT.”

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information contained in such websites is not incorporated by reference herein.

Purchases of 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2026 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2026 Bonds, except in the event that use of the book-entry system for the 2026 Bonds is discontinued.

To facilitate subsequent transfers, all 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026 Bonds, such as redemptions, tenders, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of 2026 Bonds may wish to ascertain that the nominee holding 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. Subject to the provisions described in the forepart under the heading "THE 2026 BONDS – Redemption – Partial Redemption," if less than all of the 2026 Bonds within a maturity are being redeemed, the amount of interest of each Direct Participant in such maturity to be redeemed shall be determined in accordance with DTC's practices.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to The Regents as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from The Regents or the Trustee, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or The Regents, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of The Regents or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2026 Bonds at any time by giving reasonable notice to The Regents or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered in accordance with the provisions set forth in the Indenture.

The Regents may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered in accordance with the provisions set forth in the Indenture.

Limitations

For so long as the 2026 Bonds are registered in the name of DTC or its nominee, Cede & Co., The Regents and the Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of the 2026 Bonds for all purposes, including payments, notices and voting. So long as Cede & Co. is the registered owner of the 2026 Bonds, references in this Official Statement to registered owners of the 2026 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2026 Bonds.

Because DTC is treated as the owner of the 2026 Bonds for substantially all purposes, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to The Regents or DTC, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the 2026 Bonds that may be transmitted by or through DTC.

The Regents will have no responsibility or obligation with respect to:

- the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any Beneficial Ownership interest in any 2026 Bonds;

- the delivery to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Trustee, of any notice with respect to any 2026 Bonds including, without limitation, any notice of redemption with respect to any 2026 Bonds;
- the payment to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Trustee, of any amount with respect to the principal of, premium, if any, or interest on, any 2026 Bonds; or
- any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book entry only system hereinabove described, The Regents and the Trustee may treat Cede & Co. (or such other nominee of DTC) as, and deem Cede & Co. (or such other nominee) to be, the absolute registered owner of the 2026 Bonds for all purposes whatsoever, including, without limitation:

- the payment of principal, premium, if any, and interest on the 2026 Bonds;
- giving notices of redemption and other matters with respect to the 2026 Bonds;
- registering transfers with respect to the 2026 Bonds; and
- the selection of 2026 Bonds for redemption.

General

DTC is under no obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither The Regents, the Underwriters nor any of their agents will have any responsibility for the performance DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

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APPENDIX-F

LETTERS FROM UNDERWRITERS

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February 10, 2026

Mr. Blake Fowler
Director, Public Finance Division
Office of the Treasurer of the State of California
901 P Street, Suite 313-A
Sacramento, CA 95814

CC: Ms. Meghan Gutekunst
Associate Vice President
The Regents of the University of California
1111 Franklin Street
Oakland, CA 94607

Re: The Regents of the University of California
General Revenue Bonds
2026 Series CE and 2026 Series CF (the "Bonds")

Dear Mr. Fowler & Ms. Gutekunst,

Academy Securities, Inc., a Co-Managing Underwriter of the Bonds, intends to enter into Third-Party Distribution Agreements with InspereX LLC and Essex Securities LLC for the retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to these Third-Party Distribution Agreements (if applicable for this transaction), Academy Securities, Inc. may share a portion of its underwriting compensation with these firms.

ACADEMY SECURITIES, INC.

January 30, 2026

State of California
State Treasurer's Office

Attn: Blake Fowler

Re: The Regents of the University of California
General Revenue Bonds 2026 Series CE and 2026 Series CF (the "Bonds")

Dear Mr. Fowler:

BofA Securities, Inc. is providing the following language for inclusion in the Official Statement:

BofA Securities, Inc., one of the Underwriters of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

Sincerely,

BofA Securities, Inc.

CC: Capital Markets Finance, University of California

J.P.Morgan

February 2, 2026

Blake Fowler
Director, Public Finance Division
Office of the Treasurer of the State of California

Re: The Regents of the University of California,
General Revenue Bonds 2026 Series CE and 2026 Series CF

Dear Mr. Fowler:

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into a negotiated dealer agreement (the "Dealer Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Dealer Agreement, CS&Co. will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

J.P. MORGAN SECURITIES LLC

CC: Meghan Gutekunst, *The Regents of the University of California*

Morgan Stanley

February 2, 2026

Mr. Blake Fowler
Director, Public Finance Division
Office of the Treasurer of the State of California

Re: The Regents of the University of California
General Revenue Bonds 2026 Series CE, 2026 Series CF

Dear Mr. Fowler:

Morgan Stanley & Co. LLC is providing the following language for inclusion in the Official Statement:

Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Morgan Stanley & Co. LLC

CC: Meghan Gutekunst, *Associate Vice President*, The Regents of the University of California

February 5, 2026

Mr. Blake Fowler
Director of Public Finance
Office of the Treasurer of the State of California

**RE: THE REGENTS OF THE UNIVERSITY OF CALIFORNIA GENERAL REVENUE BONDS
2026 SERIES CE AND 2026 SERIES CF**

Dear Blake,

Piper Sandler & Co. is providing the following language for inclusion in the Official Statement.

Piper Sandler & Co., one of the Underwriters of the Bonds, has entered into a distribution agreement (“Distribution Agreement”) with U.S. Bancorp Advisors, LLC (“U.S. Bancorp”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, U.S. Bancorp will purchase Bonds from Piper Sandler at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that U.S. Bancorp sells.

Sincerely,

Piper Sandler & Co.

cc: Meghan Gutekunst
Associate Vice President
University of California Office of the President



Capital
Markets

RBC Capital Markets, LLC
555 South Flower Street, Suite 820
Los Angeles, California 90071
Phone: 213.362.4126
Fax: 213.362.4110

February 2, 2026

Attn:

Mr. Blake Fowler, Director of Public Finance
Office of the Treasurer of the State of California
901 P Street, 3rd Floor
Sacramento, CA 95814

CC:

Ms. Meghan Gutekunst, Associate Vice President
The Regents of the University of California
Capital Asset Strategies and Finance
1111 Franklin Street
Oakland, CA 94607

Re: The Regents of the University of California, General Revenue Bonds, 2026 Series CE, CF (Bonds)

Dear Mr. Fowler and Ms. Gutekunst:

RBC Capital Markets is providing the following language for inclusion in the Official Statement.

RBC Capital Markets, LLC (RBCCM), an underwriter of the Bonds, has entered into a distribution arrangement with its affiliate City National Securities, Inc. (CNS). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of CNS. As part of this arrangement, RBCCM may compensate CNS for its selling efforts with respect to the Bonds.

Sincerely,

RBC Capital Markets, LLC



February 12, 2026

Mr. Blake Fowler
Director, Public Finance Division
Office of the Treasurer of the State of California
901 P Street, Suite 313-A
Sacramento, CA 95814

Re: The Regents of the University of California
General Revenue Bonds
2026 Series CE and 2026 Series CF (the "Bonds")

Dear Mr. Fowler (cc Ms. Gutekunst):

Wells Fargo Corporate & Investment Banking is providing the following language for inclusion in the Official Statement.

Wells Fargo Bank, National Association ("WFBNA"), acting through its Municipal Finance Group, an Underwriter of the Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Corporate & Investment Banking (which may be referred to elsewhere as "CIB," "Wells Fargo Securities" or "WFS") is the trade name used for the corporate banking, capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association ("WFBNA"), a member of the National Futures Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, N.A. Municipal Finance Group, a separately identifiable department of WFBNA, registered with the U.S. Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

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