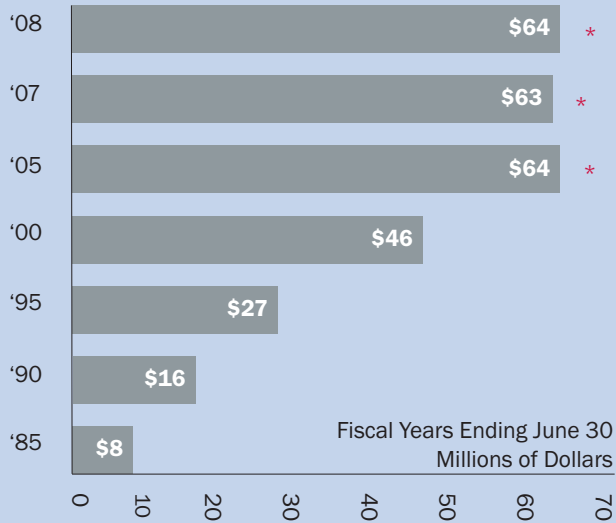
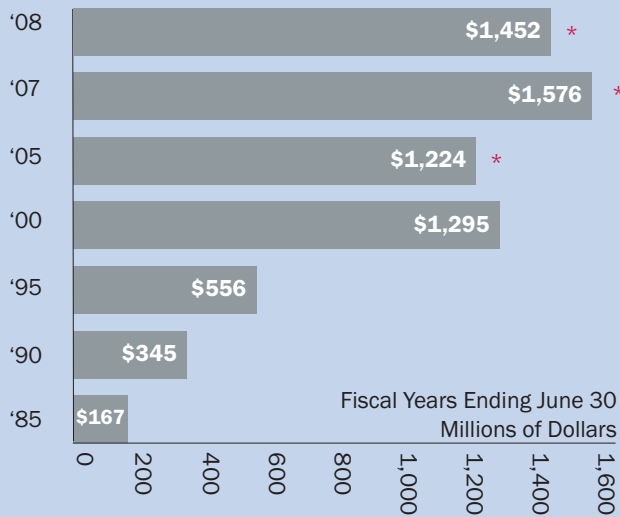


Historical Gifted Endowment Pool Distribution



* These figures do not include distributions to the Long-Term Operating Pool funds invested in the Long-Term Investment Pool of \$27 million in 2008, \$27 million in 2007, and \$14 million in 2005.

Historical Gifted Endowment Pool Market Value



* These figures do not include Long-Term Operating Pool funds invested in the Long-Term Investment Pool of \$624 million in 2008, \$762 million in 2007, and \$502 million in 2005.

For questions regarding expenditures from an individual named fund, or if you are interested in establishing an endowed fund, please contact

University Development Office of Donor Relations & Stewardship

1480 West Lane Avenue
Columbus, OH 43221

www.giveto.osu.edu

Call: (614) 688-4501

Toll Free: (800) 327-7907

For questions on how the Endowment Fund is invested, please contact

Office of Investments

Riverwatch Tower - Suite B
364 West Lane Avenue
Columbus OH 43201-4340
Call: (614) 292-7887

For details about your individual endowment fund or for the latest information on available funds, please contact

**Office of the Treasurer
Endowment Fund Accounting & Reporting**

Riverwatch Tower - Suite B
364 West Lane Avenue
Columbus, OH 43201-4340

www.treasurer.ohio-state.edu
(click on the Endowment link)

Call: (614) 292-6261

Toll Free: (800) 678-6009



Endowed Funds
Management
Accounting & Reporting

Office of Investments
Office of the Treasurer
The Ohio State University

What is the Endowment?

The Ohio State University requires substantial, consistent and permanent funding and, by receiving such funds, the University can continue to provide strong academic programs and innovative technology. Endowment funds embody such a need.

An important objective that guides the investment of the University Endowment Fund is to preserve and maintain the real purchasing power of the fund's principal.

Gifts are invested in perpetuity, and distribution from the invested contributions is used to fund important programs and activities. A portion of the income may be reinvested in the fund at the request of the donor or department to further enhance the fund's buying power over time. All endowed fund gifts at Ohio State are pooled together with other long-term university assets to form the "Long-Term Investment Pool". Within this pool are well-diversified U.S. and International investments that include:

- Equities
- Fixed Income
- Real Estate/Natural Resources
- Private Equity
- Absolute Return/Hedge Funds

Who Manages the Endowment?

The University strives to earn the highest possible return from interest, dividends, realized gains and market value increases while maintaining an appropriate level of risk. To do this, the services of external investment managers are utilized. Both the Office of Investments and the Investment Committee of the Board of Trustees closely monitor the performance of the endowment portfolio with re-allocation occurring as needed.

How is a Fund Established?

New named funds are established by the Board of Trustees upon receipt of a gift of \$25,000 or more for an unrestricted endowed fund and \$50,000 for a restricted endowed fund. Endowment descriptions are approved by the donor, the University department that is proposed to administer the fund, and the Board itself.

The endowment operates similar to a mutual fund. Each named fund is assigned a number of shares in the University Endowment Fund based on the value of gifts to that fund. Representing a uniform portion of the fund, each share is used to calculate the distribution to each named fund.

Determining the Value of a Share

The value of a share is determined by dividing the total current market value of the assets in the University Endowment Fund by the number of shares outstanding. Example: If the Fund was worth \$1,500,000,000 on a given date and there were 250,000 total shares, each share would be worth \$6,000. Note: This value is determined monthly by the Office of the Treasurer and will increase or decrease in direct relation to the investment performance. New shares are issued monthly when gifts to new or existing endowed funds are received from University Development. Example: If a donor gave \$60,000 to start a new named fund, the fund would be represented by ten shares ($\$60,000 / \$6,000$), and the total number of shares would increase to 250,010.

Named Fund Administration

The endowment description, authorized by the University Board of Trustees when the fund is established, states each named fund's purpose. Each fund is administered by the College or University department designated by the donor(s) and the Board of Trustees, and it is the College dean's or the department chair's responsibility to make expenditures from the fund under directions set forth in the endowment description.

If distributions are not used in a given fiscal year, the College or department may carry the balance forward into the next fiscal year for purposes specified in the endowment description; or the unused distribution may be reinvested to principal, thereby securing additional shares. To obtain additional shares, some endowment descriptions automatically require unused distribution or a portion of annual distribution to be returned to principal.

Distribution

It is the University's policy to annually distribute, at the beginning of each fiscal year (in advance), to each fund income equal to 4% of the average market value per share of the endowment during the past five years. Example: If over the last five years, the University Endowment averaged a market value of \$6,750 per share, the spendable distribution for the upcoming year would equal \$270 per share ($\$6,750 \times 4\%$). A fund with ten shares would thus receive \$2,700 ($\270×10 shares) in distributions. Note: All endowments started before June 30, 2004 earn a 4.5% distribution.

Built-In Growth

If annual Endowment earnings exceed annual income distribution, the excess is retained in the Endowment pool. This increases the Fund's market value, increasing the base that the distribution is based upon which, in turn, enhances future income distributions for each individual endowment account and helps compensate for inflation. Therefore, an individual endowment fund's principal and number of shares do not increase. While there is no guarantee this method will keep the Fund ahead of inflation, the strategy is intended to help preserve the purchasing power of the Endowment and, thereby, ensures that the purposes for which any named fund was established are carried out indefinitely.

