

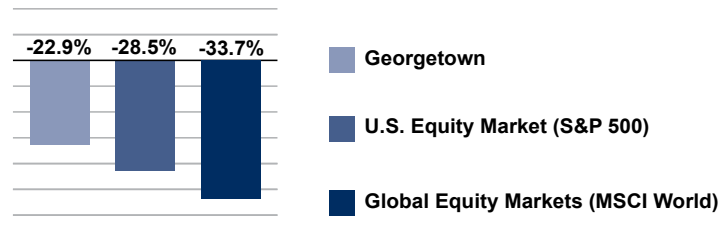
# GEORGETOWN UNIVERSITY ENDOWMENT OVERVIEW

*Georgetown University's endowment is experiencing market volatility and decline not seen since the historic crashes of October 1929 and October 1987. At the close of the fiscal year ending June 30, 2008, Georgetown's endowment stood at a record \$1.06 billion, the second consecutive year of breaking the \$1 billion mark. In December, the estimated net asset value of the endowment was \$833 million.*

## CURRENT POSITION

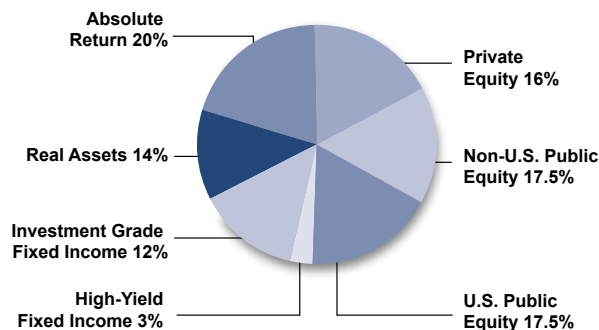
On an absolute basis, Georgetown's pooled endowment has experienced a 22.9 percent loss in fiscal year 2009, which began July 1, through Dec. 31. However, on a relative basis, Georgetown's endowment performance has bettered several notable financial indices.

## FISCAL YEAR-TO-DATE RETURNS COMPARISON TO PUBLIC MARKET INDICES, AS OF DEC. 31, 2008



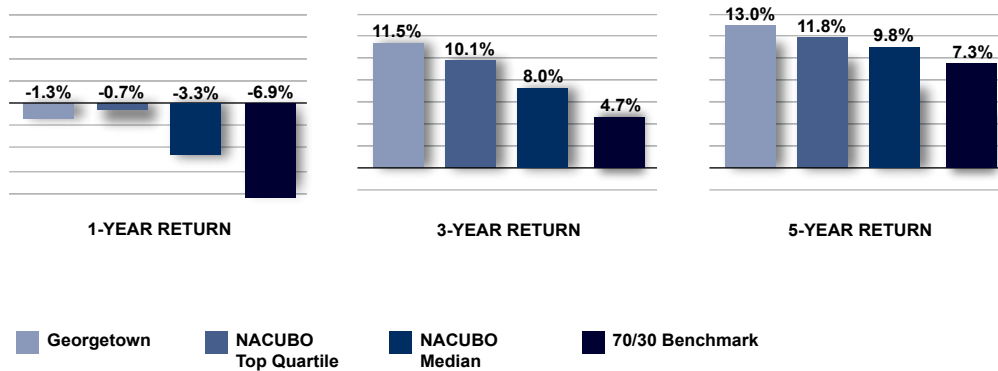
Georgetown's performance compared to indices is a result of a well-diversified portfolio that spans many asset classes. The endowment portfolio is diversified to ensure that no single security or class of securities has a disproportionate impact. Since 2004, Georgetown has reduced its public equity exposure, which helped insulate the endowment from the severe decline in public equity markets in 2008. Diversification has included allocations to alternative assets – private investments, hedge funds and real assets such as real estate and energy-related funds. Although alternative assets have reduced the volatility of the portfolio, they introduce liquidity risk. Georgetown monitors the portfolio's liquidity daily; the liquidity of the portfolio is sufficient to meet its obligations to the university as well as its outstanding capital commitments.

## POOLED ENDOWMENT TARGET ASSET ALLOCATION (APPROVED FEBRUARY 2009)



### STRONG FY08 PERFORMANCE ON BENCHMARKS

Despite the economic downturn, as a result of careful management, Georgetown's endowment performance in FY08 was strong. Georgetown ranked well above the median in its peer group of university endowments for the fiscal year, according to the National Association of College and University Business Officers (NACUBO), and placed in the top quartile for three- and five-year returns. The endowment also has outperformed a 70/30 benchmark (70 percent U.S. stocks, 30 percent bonds) over one-, three- and five-year periods.



(as of June 30, 2008)

### PERFORMANCE SUCCESS THROUGH STRONG LEADERSHIP

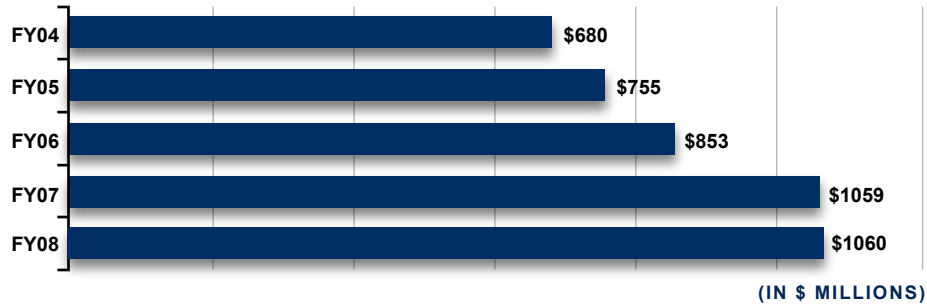
The rate of return on investments has been remarkably strong since 2004, as measured by growth and performance over benchmarks. The trajectory of success is in large part due to the efforts of the Investment Office, established in 2004.

Georgetown University President John J. DeGioia established the Investment Office and recruited its leadership as part of his strategy to add strong new administrative leaders to his executive team and create greater financial resources for the university. The office provides full-time staff resources dedicated to managing the investment portfolio of endowed funds and improving on past performance. Prior to 2004, there was no full-time staff member responsible for managing the endowment; it was overseen by a consultant and the investment committee of the university's Board of Directors.

Larry Kochard was named the university's first chief investment officer in 2004. Kochard came to Georgetown from the Virginia Retirement System, where he was managing director of equity and hedge fund investments. He also had been a vice president at Goldman Sachs.

Under Kochard's direction, relative to the portfolio of July 2004, \$83 million of value has been generated by investment returns for the pooled endowment, thanks to a more sophisticated capital allocation into alternative, international and real assets. The endowment has also benefited in recent years from new philanthropic gifts.

## ENDOWMENT GROWTH 2004-2008



## ENDOWMENT PERFORMANCE

	GEORGETOWN ENDOWMENT	70/30 BENCHMARK*	PEER AVERAGE***
FY04	21.0%	14.7%	16.0%
FY05	10.1%	8.0%	9.1%
FY06	13.8%	6.4%	10.8%
FY07	23.4%	15.8%	17.5%
FY08	-1.3%	-6.9%	-3.0%
FY09**	-22.9%	-20.4%	-24.1%

\* 70% Russell 3000 Index and 30% Lehman Aggregate Bond Index

\*\* FY09 data is from July 1 to Dec. 31, 2008.

\*\*\* Data is from NACUBO for FY04 to FY08. Data is from Commonfund for FY09.

## WHY DOES AN ENDOWMENT MATTER?

Like an individual or family, every institution must save for its future. Georgetown University's savings – its permanent financial base – is its endowment. Gifts to the endowment are pooled and invested for long-term growth. Income from the endowment, in addition to revenue from tuition and fundraising, provides Georgetown with a margin of excellence in providing financial support for academic programs, faculty, facilities and financial aid into a future of infinite duration and possibility.

The university's spending policy – the amount paid from the endowment to the university's operating budget – was raised from 5 percent to 6 percent in 2007. It is computed as a weighted five-year average of the endowment's market value. In FY08, the endowment provided 5.6 percent of the university's operating budget. Superior investment performance should, over the long term, maintain or enhance the purchasing power of the endowment so that its income distribution will provide at least as much support for the annual university budget in the future as it does at present.

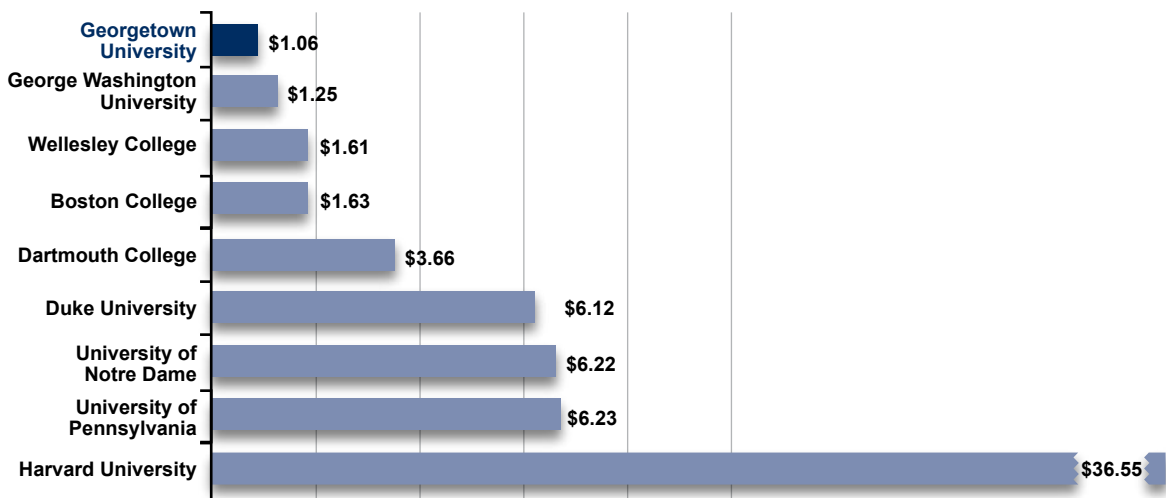
### ENDOWMENT VALUE VS. NATIONAL ACADEMIC RANKING

A significant disparity exists between Georgetown's ranking of academic excellence and its endowment value.

**23:** Georgetown's academic ranking in *U.S. News & World Report's Best Colleges 2009*  
**71:** Ranking of endowment value among U.S. universities, up from 73 in 2008

No other American university operates from such a disparity. Georgetown's academic success demonstrates how efficiently the university has managed its resources. As the endowment grows, it will allow Georgetown to be even more competitive in attracting the best students and faculty in the world.

### PEER ENDOWMENT COMPARISON, FY08



Data Source: NACUBO 2008 Endowment Study Results, January 2009

(IN \$ BILLIONS)