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**HARVARD UNIVERSITY ENDOWMENT EARNS 21.4 PERCENT RETURN FOR
FISCAL YEAR ENDED JUNE 30, 2011**

*Endowment Income Supports Academic Programs, Research and Financial Aid Programs; 60%
of Students Receive Need-Based Scholarships*

Harvard University announced Thursday that its endowment earned a 21.4 percent return for the fiscal year that ended June 30, 2011.

Jane Mendillo, president and CEO of Harvard Management Company (HMC) said, “At HMC we focus on actively managing our investments to satisfy three primary long-term objectives for the endowment: growth, liquidity, and risk management. We are pleased to report that our progress in fiscal year 2011 was significant along each of these dimensions. We are committed to our stance as long-term investors, refining our edge and maintaining our discipline, through up and down markets.”

Harvard’s endowment helps to fund operations critical to the University’s educational and research objectives. In fiscal 2011, distributions from the endowment contributed almost a third of the operating budget. Endowment income supports Harvard’s academic programs, science and medical research, and student financial aid programs, which allow the University to admit qualified students regardless of their ability to pay.

“Jane Mendillo has built a strong team and done an excellent job positioning the endowment during the current economic uncertainty,” said James Rothenberg, University treasurer. “We are increasingly conscious of the importance of results, liquidity, and risk management, given the University’s high level of dependence on the endowment and also the significant downturn in the markets since our fiscal-year close.”

The endowment allows Harvard to undertake specific activities that donors have supported over the years, in areas including faculty salaries, facilities maintenance, and Harvard’s generous financial aid programs.

More than 60 percent of Harvard undergraduates are receiving need-based scholarship aid this year, totaling more than \$160 million. The average undergraduate student on financial aid pays only \$11,500; in addition, an average of one in five students pays no tuition, based on economic need. Throughout Harvard, scholarships and awards to students from University funds have almost tripled over the past decade, reaching \$450 million. The College’s industry-leading financial aid policies are designed to make Harvard more affordable for families across the



economic spectrum, a commitment that has remained a high priority despite the current economic uncertainty.

The endowment has earned an average annual return of 12.9 percent over the past 20 years, outperforming the Policy Portfolio benchmark by 310 basis points per year. The average annual return has also outperformed a simple 60/40 stock/bond portfolio over the past decade by 510 basis points per year — adding roughly \$15 billion of value versus what would have been earned by a more traditional portfolio.

The endowment is not a single fund, but comprises approximately 12,000 individual funds, many of them restricted to specific uses such as support of a research center or the creation of a professorship in a specific subject. The funds are invested by HMC, which oversees the University's endowment, pension, trust funds, and other investments at a significant savings relative to outside management.

The endowment's total value is affected by several factors each year, including investment returns, new contributions, and the annual payout for University programs.

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