



NORTHWESTERN UNIVERSITY

Response to the United States Senate Committee on Finance Inquiry

February 25, 2008

Question #1:

Please provide the number of undergraduate and graduate students year by year for the last ten (10) years.

See enrollment table behind this page.

**NORTHWESTERN UNIVERSITY
OPENING FALL ENROLLMENTS
FALL 1996 - FALL 2007**

CATEGORY	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
UNDERGRADUATE (Regular Day Program)												
Full-time	8,100	7,976	7,826	7,840	7,645	7,758	7,669	7,535	7,721	7,698	7,576	7,609
Part-time	76	84	76	148	155	134	117	150	46	48	43	36
Total	8,176	8,060	7,902	7,988	7,800	7,892	7,786	7,685	7,767	7,746	7,619	7,645
UNDERGRADUATE (School of Continuing Studies, Evening Program)												
Full-time	84	106	121	58	33	9	15	20	181	198	159	197
Part-time	289	288	267	455	286	248	366	276	1,454	1,779	1,832	1,761
Total ⁽¹⁾	373	394	388	513	319	257	381	296	1,635	1,977	1,991	1,958
GRADUATE AND PROFESSIONAL												
<u>The Graduate School (PhD and Masters)</u>												
Full-time	3,095	2,793	2,713	2,612	2,469	2,304	2,147	2,231	2,317	2,360	2,345	2,452
Part-time	306	386	379	336	294	230	253	182	194	174	189	203
Total	3,401	3,179	3,092	2,948	2,763	2,534	2,400	2,413	2,511	2,534	2,534	2,655
<u>Kellogg School of Management</u>												
MBA (Day and Evening Program)												
Full-time	1,204	1,172	1,169	1,160	1,173	1,146	1,170	1,178	1,217	1,184	1,203	1,199
Part-time	913	947	1,002	1,063	1,060	1,101	1,159	1,236	1,207	1,194	1,200	1,309
Total ⁽²⁾	2,117	2,119	2,171	2,223	2,233	2,247	2,329	2,414	2,424	2,378	2,403	2,508
<u>Law School</u>												
Professional (JD) and Graduate (LLM)												
Full-time	947	942	900	942	882	822	747	725	705	704	676	663
Part-time	25	53	50	9	8	4	3	1	0	2	1	0
Total	972	995	950	951	890	826	750	726	705	706	677	663
<u>Feinberg School of Medicine</u>												
MD	715	717	680	689	700	703	702	702	687	691	701	697
<u>Other Graduate and Professional</u>												
Full-time	967	972	955	925	845	817	824	945	943	1,033	1,147	1,131
Part-time	867	683	552	505	468	479	404	270	287	300	344	303
Total	1,834	1,655	1,507	1,430	1,313	1,296	1,228	1,215	1,230	1,333	1,491	1,434
University Total	17,588	17,119	16,690	16,742	16,018	15,755	15,576	15,451	16,959	17,365	17,416	17,560

NOTE: Table does not include non-degree seeking enrollments except where noted below.

Footnotes:

(1) 1996-1999 School of Continuing Studies enrollments include non-degree seeking students.

(2) Excludes MBA Executive Masters program.

Responses to Question #2:

- **Provide total cost of undergraduate tuition – Mean and median – for the last 10 years.**
- **Provide the amount of tuition assistance that the university has provided to undergraduates for the last 10 years.**
- **For the most recent year, provide the % of students receiving university grants.**
- **Provide the average grant amount**

See tuition, fees and University financial aid table behind this page.

Northwestern University

Tuition, Fees University Financial Aid

1997-1998 – 2007-2008

Year	Tuition	Fees	Room & Board	NU Gift Aid	Athletic Aid
1997-1998	\$19,152	\$66	\$6,387 ⁵	\$35,107,140	\$5,736,666
1998-1999	\$20,244-\$22,392 ¹	66	6,630	38,710,663	6,375,626
1999-2000	\$23,496-\$21,240 ²	66	6,972	41,231,157	6,803,092
2000-2001	\$22,284-\$24,648 ³	99	7,320	43,482,536	7,300,844
2001-2002	\$25,839	99	7,752	47,518,283	8,063,407
2002-2003	\$27,108	120	8,277	51,154,013	8,928,353
2003-2004	\$28,404	120	8,967	54,623,149	9,880,684
2004-2005	\$29,940	145	9,393	56,930,358	10,518,012
2005-2006	\$31,644	145	9,873	61,904,100	10,475,987
2006-2007	\$33,408	159	10,266	65,938,551	10,988,963
2007-2008 ⁶	\$35,064	\$165-365 ⁴	\$10,776	\$70,326,000	\$11,568,000

2007-2008 Average NU Grant: \$20,132

2007-2008 Percentage of undergraduates receiving NU Grant: 49.0%

¹ Sophomores –Seniors \$20,244; Freshmen \$22,392

² Juniors-Seniors \$21,240; Freshmen-Sophomores \$23,496

³ Seniors \$22,284; Freshmen-Juniors \$24,648

⁴ Sophomores-Juniors \$165; Freshmen \$365

⁵ Based upon weighted average of the double rooms on campus and a 16-meal board contract until 2002-2003; 2003-2004 forward 19-meal contract

⁶ 2007-2008 Projection

Question #3:

- **Please explain your university's financial aid policy.**
- **How do you inform students and parents of that policy?**

Northwestern University's Financial Aid Policy

Northwestern's financial aid program is designed to help the institution attract the most highly qualified undergraduate students who, due to lack of finances, would not otherwise be able to attend the University.

Families and prospective students are informed about our program through printed materials, information posted on the web, guidebooks, on and off campus programs and through personal meetings with financial aid professional staff.

The following points describe our program:

- Financing a Northwestern education is considered a cooperative partnership between the University, the student, their parent(s), federal and state governments, and outside donors.
- We provide 100% of the unmet need of all students receiving Northwestern financial aid through a combination of institutional grant, work-study, student loans, outside scholarships, and student summer earnings.
- Ninety-nine percent (99%) of all undergraduate financial aid administered by Northwestern is awarded on the basis of financial need (Athletic aid is excluded from this measure). Need is established using the Free Application for Federal Student Aid (FAFSA), the College Scholarship Service's Profile Application (CSS Profile), and parent and student tax returns.
- As noted in the President's transmittal letter, as of the 2008-09 academic year, students with the greatest financial need will not be required to borrow student loans.
- Beginning with the 2008-09 academic year, all need based loans are capped at a cumulative level of \$20,000.
- A standard methodology (federal and institutional) is followed in preparing financial aid packages, but unique family situations can and are taken into account.

- **What outreach efforts does your university take to recruit potential low-income students?**

The Admissions Office utilizes two College Board tools to identify and recruit low-income students. The College Board's Descriptor PLUS™ service employs geodemographic research to identify low-income neighborhoods and high schools enrolling high populations of low-income students. Admission recruiters visit high schools and conduct hotel presentations in areas shown by Descriptor PLUS™ to contain high concentrations of high-ability, low-income students.

The College Board's Student Search Service® (SSS) allows colleges to purchase the names and contact information of students who meet certain test-score and GPA criteria based on the PSAT examination given to high school sophomores and juniors each October. This year, the College Board piloted a program called "Access Success" in which twenty highly-selective universities and colleges, including Northwestern, were given access to family income data as part of their SSS selection process.

There were nearly 20,000 low-income students who met Northwestern's PSAT-score and GPA criteria. (The algorithm developed by the College Board produced a 95% probability that these students come from families making \$40,000 or less annually). Our Dean of Admission and our Financial Aid Director co-wrote a letter to the students and their parent(s) describing in detail Northwestern's generous financial aid program.

Additionally, our financial aid officers conduct many aid presentations at high schools with significant representation of low-income students.

- **How is low-income defined?**

Generally speaking, the broader financial aid community equates low-income status with Pell grant eligibility, which roughly corresponds to an AGI of \$40,000 for a family of four with one student in college.

At Northwestern, we have consciously chosen to focus our need-based aid on students with the *greatest financial need* rather than those at a prescribed income level. We believe this is inherently fairer than income-triggered definitions of financial need, as there are instances where middle- and even upper-middle families may have greater financial need than certain low-income but high-asset families. Some of the circumstances that may trigger this outcome include caring for a grandparent, coping with extensive medical bills, losing a job, enrolling several children in college simultaneously, and other situations.

- **What is the amount spent on these efforts?**

As noted in the chart provided in answer to Question #2, Northwestern is expecting to spend \$70.3 million in academic year 2007-2008 for undergraduates with financial need. We anticipate funding at a significantly higher in 2008-2009 and beyond, consistent with any cost increases, retaining our commitment to need-blind admissions, and additions to aid programs.

With respect to its outreach efforts, Northwestern stresses the importance of recruitment of underrepresented students (including low income students) by all of its admissions and financial aid staffs. In addition, there is a five (5) person group within Undergraduate Admissions, led by an Associate Director, specifically focusing on underrepresented students, representing an annual staffing cost of approximately \$400,000. In addition, it is estimated that we spend \$50,000 annually on specific outreach efforts, events, communications and services to recruit low-income students.

Question #4:

- **Who determines and decides when tuition increases are necessary?**

At Northwestern, proposed tuition rates are initially determined by University senior management and are recommended to the University's Budget Committee of its Board of Trustees. The Budget Committee then recommends tuition rates to the full Board of Trustees, which has final authority for setting tuition.

- **What is the process for making this decision?**

In December of each year, as part of the overall planning and budget process for the University, the Office of Budget Planning presents to University senior management a comprehensive resource planning model that includes options for determining expense and revenue levels, including tuition and fees. This planning process incorporates known and anticipated program investments, external economic factors, and provisions for sustaining current programs. The administration evaluates parameters for each category of revenue and expense. In late February or early March, any recommended changes in tuition rates are presented to the Budget Committee of Northwestern University's Board of Trustees. The Budget Committee reviews the tuition proposals and presents a final recommendation to the full Board of Trustees. The full Board of Trustees votes on the recommended tuition rates. If the Board of Trustees approves the tuition rates, the recommended rates take effect the following September for the next academic year.

- **Does the full Board of Trustees vote on tuition increases?**

Northwestern University's full Board of Trustees votes on proposed tuition rate changes for all primary undergraduate, graduate and professional school programs.

- **Are students, parents and the public provided an opportunity to comment on tuition increases prior to final decisions being made?**

Northwestern University does not provide opportunities for parental or public comment on tuition decisions prior to final decisions being made.

- **What role does your university endowment play in providing financial assistance to students?**

Many endowed or quasi-endowed funds (that is, those where spending of principal is not prohibited by the donor) at Northwestern were established by donors to provide financial aid assistance to undergraduate students. In fiscal year 2007, the University's total expenditure for undergraduate financial aid was approximately \$65.9 million. Of this total, \$10.8 million, or 16.4%, was supported by the annual payout distribution from these endowed and quasi-endowed funds. Grant aid for athletes was supported by \$700,000 in endowed and quasi-endowed funds in fiscal year 2007.

Financial aid grant support for graduate and professional education is also supported partially by annual payout distribution from endowed and quasi-endowed funds. In fiscal year 2007, the University's total expenditure for graduate and professional financial aid was \$101.8 million. Of this total, \$14.0 million, or 13.8%, was supported by the annual payout distribution from endowed and quasi-endowed funds.

Question #5:

- **Please explain how your university's endowment is managed.**
- **What is the role of the Board of Directors?**

The Bylaws of the University establish an elected Committee on Investments to advise the Board of Trustees with respect to investment of endowment, trust and general funds of the University and to be responsible for developing and recommending to the Board policies relating to investments. In Illinois, the University is subject to the Uniform Management of Institutional Funds Act (UMIFA) in managing its endowment.

The Committee on Investments oversees the operation of the University's Investment Department, which is led by a Vice President and Chief Investment Officer. The Vice President and Chief Investment Officer reports to the Investment Committee on investment matters, and to the University's Senior Vice President for Business and Finance on operational matters. The Investment Department has an additional professional investment staff of seven (7) individuals and an operations staff of six (6) individuals. The professional investment staff is responsible for determining the University's asset allocation appropriate to achieving the University's investment objective, determining appropriate levels of risk to assume in its asset allocation, and identifying appropriate investment vehicles to achieve its asset allocation. This latter step may involve investing directly in certain asset classes, identifying managers who invest in certain asset classes, or selecting certain passive strategies that provide exposure to asset classes. The staff is continually involved in the determination of performance outcomes, the identification of new investment opportunities, the evaluation of investment managers, and the evaluation of market risk and return. All of the staff carry professional credentials qualifying them to carry out these responsibilities. The credentials and performance of the Investment Department are evaluated by the senior management of the University as well as by the Investment Committee.

- **What is the mission of your university's endowment?**

The mission of the endowment is to preserve its purchasing power while providing a growing stream of income to fund the University's programs. Thus, the investment program must achieve an annual Total Rate of Return equal to inflation plus spending.

For the purposes of the remainder of these questions, Northwestern will use the term "Long Term Balanced Pool," to encompass the assets of the University that are subject to its Investment Committee oversight, investment policy, asset allocation and payout distributions described below and in future questions.

- **What is your university's endowment payout policy?**

In 2001, the University adopted its current spending guideline to help it achieve the mission of the Long Term Balanced Pool in different market environments. It was modestly amended in 2006, although the construct of the guideline remained the same. The spending guideline consists of two parts - a Market Element and a Spending Element. The "Spending Element" receives a weight of 70% and increases the prior year's spending rate by the Consumer Price Index plus 1.5%. The "Market Element" is weighted at 30% in the guideline calculation. The Market Element adjusts spending to a target of 4.35% of the average market value of the Long Term Balanced Pool unit value over the twelve month period ending in October of the prior fiscal year. Additionally, a 65 basis point allocation is assessed on the market value of the Long Term Balanced Pool annually and used to offset direct and indirect management costs of University programs.

- **What is your endowment investment policy?**
- **When was the last time that the University's endowment policy was reviewed?**
- **When will it next be reviewed?**

The University's Investment Policy is reviewed annually and updated on an as needed basis. The latest review by the Investment Committee was on February 5, 2008. The Policy itself contains the spending guideline as well as the targets and ranges of each class for asset allocation purposes. It describes benchmarks used for each asset class as well as various risk management techniques and policies. Governance and authority granting between the Trustees and the Investment Office are also included in the Policy. Finally, delegation of authority, derivative authority, and internal management limits are all set forward in the Policy.

Question # 6:

- **Provide the last ten years of net growth in % and \$ of the University's endowment.**
- **Provide the amount of donations of the last ten years to the endowment.**

Fiscal Year Ended	Market Value at 8/31 (in thousands)	Dollar increase from 8/31 to 8/31 (in thousands)	Percentage increase from 8/31 to 8/31	Donations (in thousands)
8/31/1997	\$ 1,990,020	-	-	
8/31/1998	\$ 2,024,459	\$ 34,439.62	1.73%	\$ 118,356
8/31/1999	\$ 2,476,218	\$ 451,758.55	22.32%	\$ 66,175
8/31/2000	\$ 3,337,723	\$ 861,504.63	34.79%	\$ 80,161
8/31/2001	\$ 2,981,376	\$ (356,346.79)	-10.68%	\$ 65,801
8/31/2002	\$ 2,731,590	\$ (249,785.68)	-8.38%	\$ 135,621
8/31/2003	\$ 3,156,343	\$ 424,752.77	15.55%	\$ 62,103
8/31/2004	\$ 3,668,388	\$ 512,044.82	16.22%	\$ 42,768
8/31/2005	\$ 4,374,118	\$ 705,729.88	19.24%	\$ 52,328
8/31/2006	\$ 5,190,474	\$ 816,356.13	18.66%	\$ 51,509
8/31/2007	\$ 6,380,242	\$ 1,189,768.36	22.92%	\$ 93,375

Provide the % of investment in each asset class (as submitted to NACUBO):

As of 6/30/2007:

US Equity	15.31%
International Equity	16.72%
US Fixed Income	10.57%
Non-US Fixed Income	1.52%
Real Estate- Private	5.39%
Real Estate- Public	0.45%
US Cash	0.05%
Hedge Funds	20.69%
Private Equity (Buyouts)	14.12%
Venture Capital	5.61%
Natural Resources	9.57%
Total	<u>100.00%</u>

Provide the amount invested outside the United States (as submitted to NACUBO):

As of 6/30/2007:

Domestic	67.98%
International	32.02%
	<u>100.00%</u>

Question #7:

- **How do you determine what is considered part of the endowment?**

As noted in the answer to question #5, Northwestern defines the total of all financial assets that are invested for long-term support of the University as its Long Term Balanced Pool. These assets include true endowment funds, quasi-endowment funds, term endowment funds, and investments made by the University's Treasury Pool, representing excess working capital and certain reserves.

Quasi-endowment funds are investments of which the principal can be spent at the discretion of the University's trustees. These can be funded by gifts from donors or can result from internal University board-designations.

Term endowments are investments of which the principal can be spent after its defined "term" has passed.

True endowments are funded by gifts of which, by donor restriction, can only expend earned payout and cannot invade the historical principal of the gift.

- **Are there any other long term investments that are not included in the endowment as reported to NACUBO?**
- **If so, what are they and what are their values?**

The University holds long term investments for its charitable remainder trusts that are managed by an outside manager. The value of these assets totaled \$63,664,000 at June 30, 2007.

Question #8:

What has been the “cost of management” of the endowment for each of the last ten (10) years?

For Northwestern, the costs below relate to its Long Term Balanced Pool and include the following cost components: the cost of the University’s Investment Department, costs of the custody services, costs associated with portfolio management such as appraisals, legal fees and taxes, as well as costs associated with contractual obligations to investment managers. It does not include fees to investment managers that are netted from the University’s investment return, per the agreements with those investment managers. The entities that earn these fees are all subject to various forms of taxation.

Total Cost of Management

1996-97	\$	4,202,769
1997-98	\$	8,373,349
1998-99	\$	9,541,930
1999-00	\$	11,444,543
2000-01	\$	11,077,599
2001-02	\$	13,125,188
2002-03	\$	14,102,303
2003-04	\$	19,909,665
2004-05	\$	31,144,865
2005-06	\$	40,398,892
2006-07	\$	52,286,179

Question #9:

- **What has been the payout (\$ and %) for the Endowment for the last ten years?**

	Total Payout for LTBP	Percentage Payout*	Percentage Increase in \$ Payout
1997-98	\$ 80,759,382.6	4.02%	18.98%
1998-99	\$ 84,386,784.4	3.75%	4.49%
1999-00	\$ 109,592,428.9	3.77%	29.87%
2000-01	\$ 132,993,725.2	4.21%	21.35%
2001-02	\$ 144,818,989.0	5.07%	8.89%
2002-03	\$ 167,864,184.8	5.70%	15.91%
2003-04	\$ 179,599,454.1	5.26%	6.99%
2004-05	\$ 185,656,339.3	4.62%	3.37%
2005-06	\$ 201,513,616.6	4.21%	8.54%
2006-07	\$ 227,557,569.6	3.93%	12.92%

* **Percentage payout is defined as the payout per unit established by the guideline + 65 basis points on the Pool market value divided by the average of the beginning and ending unit market value for the year noted**

- **What is the targeted payout for the last ten years?**

The targeted payout guidelines over the last ten years have ranged between 4.75 to 5.0 percent.

- **If either the actual and/or targeted payout is below 5%, explain how this meets the needs of the current student body.**
- **If there is a material variation between actual and targeted [payouts], please explain.**

Northwestern does not believe there has been a material variation between actual and targeted payouts. For the last ten years, the average actual payout has been 4.45% against the targeted range of 4.75%- 5.0%. Given that we set the payout rate approximately 9 months before the beginning of a fiscal year, and then it is effective for the following 12 months, we are essentially setting a rate for a future period that will take 21 months to elapse. The average actual payout has achieved over 90% of the expected targeted payout result. We believe this a very good performance.

More importantly, by showing the annual change in the impact of payout in dollar distribution, Northwestern has annually distributed an average of 13% more dollars each year over the past ten years. This demonstrates that the University's commitment to raising funds and excellent investment performance have combined to

yield increasing amounts of support to the entire University operating budget – well in excess of inflationary cost increases. This has enabled the University to contain tuition, room and board fees as well as add to support for financial aid.

- **What were the top ten major expenditures from the endowment last year?**

Professorships	\$	40,034,454
Scholarships and Fellowships	\$	27,315,620
Building Operation and Maintenance	\$	27,156,641
Support of the Appropriated Budget	\$	22,832,624
Academic Department Support	\$	21,068,823
School and University Support	\$	16,264,379
Varied Restricted Purposes	\$	14,923,846
Research	\$	14,576,143
Library	\$	4,814,984
Insurance reserves	\$	2,431,275

Question #10:

- **How much of the endowment is subject to permanent spending restrictions or limitations set by the donor?**
- **Of the permanently restricted endowment, what percentage is restricted for need based scholarships?**
- **What % is restricted for undergraduate financial aid?**

At August 31, 2007, the market value of the true (permanently) restricted endowment was \$2,891,559,000. This represented 45.3% of the University's Long Term Balanced Pool.

Of the permanently restricted endowment, 19.9% is restricted for scholarships and fellowships, both graduate and undergraduate. This includes support for both need-based and non need-based scholarship designations.

As noted in question #2, the amount of total endowed funding (permanent and quasi-endowed) for need-based undergraduate financial aid is expected to be \$70.3 million in fiscal year 2008.

- **Please provide the top five restrictions on the endowment by category.**

The five top restrictions of Northwestern's endowment by category are consistent with the five top areas of expenditure support, as outlined in question #9. At Northwestern, our principal method of reporting restrictions is by the type of functional expenditure. The top five are: professorships, scholarships and fellowships, building operation and maintenance, support of the University's general (appropriated) budget, and specific academic department support.

- **What percentage of the endowment is subject to significant limitations placed on it by the Board?**

As noted above, 45.3% of the Long Term Balanced Pool is permanently restricted by donor instruction. The remainder of the Long Term Balanced Pool, representing 54.7% of the market value, is either quasi-endowment funds, term endowments or other general university reserves invested for long term purposes. All of these funds are legally available to be used at the direction by the University's Board of Trustees. In the case of quasi-endowment funds and term endowments created by donors, the Board of Trustees must administer the funds consistent with a donor's intent, but may expend principal of

the fund if necessary to fulfill that intent. In the case of quasi-endowment funds created by Board direction, and other internal funds, the Board of Trustees exercises discretion in their management. It is the practice of the Board of Trustees to administer the funds in accordance with the purposes specified as the rationale for the funds' creation, including any limitation as to school, department, program, or other purpose.

- **Provide the investment return for the last ten years.**

<u>Year ended</u>	<u>Investment return</u>
8/31/1998	0.90%
8/31/1999	23.90%
8/31/2000	31.40%
8/31/2001	-10.40%
8/31/2002	-8.66%
8/31/2003	8.05%
8/31/2004	15.05%
8/31/2005	19.08%
8/31/2006	14.39%
8/31/2007	21.14%

Question #11:

- **Please explain the fee arrangement to investment advisors.**
- **How is the fee and compensation measured and determined?**
- **What is the process to review reasonableness of the fee?**
- **What comparables are used?**
- **Who reviews and approves the fee?**
- **Who pays the fee (endowment? General funds?)**

The Investment Office employs a number of fee arrangements with its investment advisors. Many are based on a fee per dollar of assets under management. Said management fees range from a low of 3 basis points on passive products, to upwards of 1% on more complex strategies like emerging markets. These fees are calculated monthly based on assets under management. A second set of fee structures is common to alternative assets. These managers generally charge the aforementioned management fees, which usually range from 1% to 2% of assets under management. Additionally, these managers charge a performance incentive fee of approximately 20% of profits earned. Sometimes, this profit amount is an absolute number while other times it is determined against a performance benchmark. A deep knowledge of the market in which a manager operates determines whether a fee is reasonable or appropriate. The fee structures themselves are complex and Northwestern devotes considerable attention to monitoring them. It is a joint effort by external and internal advisors. Fees are discussed in each investment recommendation to the Investment Committee, and are factors in the ultimate approval of the manager by the Committee. Management fees are paid out of the Long Term Balanced Pool reducing overall investment returns, while incentive fees are usually taken by the general partner of the investment vehicle before remitting proceeds to Northwestern, reducing the return of the specific investment to the Long Term Balanced Pool. Therefore, returns net of all fees is the standard measurement for University Endowments, including Northwestern's Long Term Balanced Pool.

- **Explain what relationship, if any, exists between endowment size and/or growth and the compensation given to the University President and the endowment manager?**

There is no relationship between endowment size and/or growth and the compensation conferred upon the University President. The compensation of the University President is determined by the Compensation Committee of the University's Board of Trustees. This committee, acting in accordance with IRS guidance and best practices for not-for-profit organizations, considers the following types of factors in making its salary determinations: the quality of job performance, salary history, salary status relative to peers; and general market conditions.

The University employs a Chief Investment Officer and this term will be used in answering this question, rather than the term “endowment manager” or “investment manager” below. The Chief Investment Officer has an agreement in which there is a base salary component and a component based upon meeting and exceeding specific investment performance benchmarks. The receipt of compensation tied to investment performance is largely deferred in order to assure that long run institutional investment targets are consistently met.

- **Please list what endowment related bonuses, if any, either the University President or the investment manager has received for the last 10 years.**

The Northwestern University President has not received any bonus compensation related to the University’s endowment in the past ten years.

The position of Chief Investment Officer, held by two individuals over the past ten years, has earned and has been paid incentive compensation, in addition to base salary. These amounts are included as part of total compensation for this position reported in the University’s IRS annual Form 990 filings. The total compensation amounts for the Chief Investment Officer reported in our public filings are listed below:

Form 990 Year

1996: \$289,756

1997: \$304,385

1998: \$440,977

1999: \$441,352

2000: \$446,982

2001: \$468,503

2002: \$493,011

2003: \$573,887

2004: \$564,349

2005: \$701,810

2006 to be filed 7/15/08