

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

Indiana University (IU) Bloomington provides a wide range of Hoosiers with access to a world-class education. In the last ten years, IU Bloomington has been able to increase the number of students it educates by nearly 3,800.

Indiana University Bloomington Fall Semester Headcounts, 1998 to 2007		
Fall Semester	Undergraduates	Graduates
1998	26,792	7,345
1999	27,461	7,269
2000	28,292	7,190
2001	29,125	7,344
2002	29,768	7,638
2003	29,768	7,809
2004	29,062	7,763
2005	29,120	7,904
2006	29,258	7,948
2007	29,734	8,162

2) Please provide the total cost of undergraduate tuition (including all fees) -- both sticker and average, mean and median -- year-by-year for the last ten years.

IU Bloomington is committed to proactive and aggressive action to preserve IU Bloomington's role as a public institution that is accessible and affordable to all qualified Hoosiers. Despite its focus on accessibility and low cost—as shown below, the average Hoosier pays less than \$5,000 per year in undergraduate fees—IU does remarkably well on indicators of student performance (7th of 11 Big 10 universities in mean SAT of incoming class) and academic quality (4th of 11 Big 10 universities in number of top 10 academic departments¹).

Indiana University Bloomington Undergraduate Fees, 1998-99 to 2007-08						
Academic Year	Mean Resident Undergraduate Fees			Mean Non-Resident Undergraduate Fees		
	Sticker	Average		Sticker	Average	
1998-1999	\$4,068	\$2,843		\$12,309	\$10,468	
1999-2000	\$4,212	\$3,015		\$12,920	\$10,908	
2000-2001	\$4,405	\$3,143		\$13,461	\$11,262	
2001-2002	\$4,735	\$3,331		\$14,469	\$12,191	
2002-2003	\$5,315	\$3,656		\$15,926	\$13,415	
	Cont	New²	Average	Cont	New²	Average
2003-2004	\$5,517	\$6,517	\$3,944	\$16,552	\$17,552	\$14,060
2004-2005	\$5,737	\$6,777	\$4,224	\$17,529	\$18,589	\$14,876
2005-2006	\$6,015	\$7,112	\$4,714	\$18,394	\$19,509	\$16,201
2006-2007	\$6,309	\$7,460	\$4,788	\$19,301	\$20,472	\$16,862
2007-2008	\$6,627	\$7,836	\$4,938	\$21,041	\$22,316	\$18,461

Please provide the amount of tuition assistance (not including loans or work study) that the university has provided to undergraduate students year-by-year for the last ten years.

As mentioned above, IU Bloomington is committed to being extremely aggressive in providing grant aid to its undergraduate students. As shown below, in the last decade, IU Bloomington has increased undergraduate grant aid by more than \$65 million (from \$45.7 million to over \$111 million). This is a 143% increase in undergraduate tuition assistance in the last 10 years. Indiana residents have seen grant aid jump from \$33

¹ As measured by Academic Analytics' 2007 Faculty Scholarly Productivity Index.

² Starting in 2003-04, Indiana University Bloomington charged new students a higher fee rate than returning students. These students continue to pay the "new student" fee rate throughout their undergraduate careers.

million in 1998-99 to \$73 million this year. This grant aid allows IU Bloomington to hold tuition and fees paid by the average Hoosier below \$5,000.

Indiana University Bloomington Undergraduate Tuition Assistance 1998-1999 to 2007-2008	
Academic Year	Undergraduate Tuition Assistance
1998-1999	\$45,671,396
1999-2000	\$47,080,960
2000-2001	\$52,276,052
2001-2002	\$59,185,571
2002-2003	\$67,250,357
2003-2004	\$73,424,039
2004-2005	\$80,646,057
2005-2006	\$77,986,850
2006-2007	\$97,372,930
2007-2008	\$111,014,087

For the most recent year, please provide the percentage of students receiving university grants (for example 25%; 50%; 75% and 100% of tuition and fees). Please provide the average grant amount.

For most resident students at IU Bloomington, the “sticker price” is \$7,836. As shown below, 30% of these students will actually pay less than \$2,000 this year (more than 75% of their fees are paid by grants)—and in most of these cases, they will pay \$0. The average grant provided to a resident student is \$1,300 more than their tuition and fees. This added assistance helps these students to pay living expenses, purchase textbooks, and travel to-and-from Bloomington.

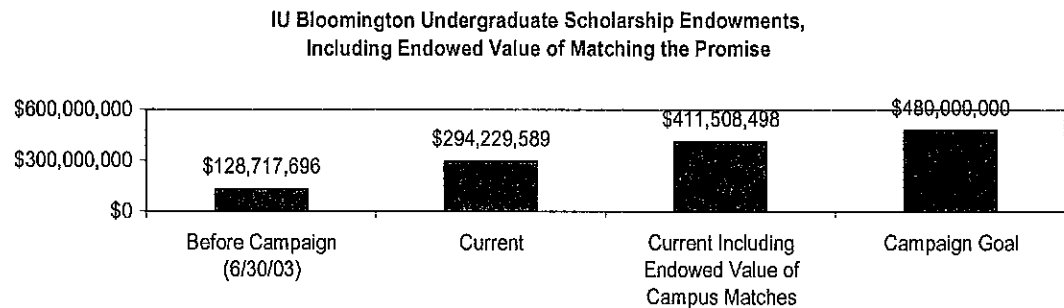
Indiana University Bloomington Percentage of Undergraduates Receiving University Grants in 2007-08		
Percentage of Students Receiving Grants Comprising	Resident Undergraduates	Non-Resident Undergraduates
1%-25% of Fees	8%	27%
26%-50% of Fees	9%	24%
51%-75% of Fees	5%	3%
More than 75% of Fees	30%	5%
Average Grant Amount	\$9,134	\$5,337

Of particular pertinence to the issues raised in your questions, IU Bloomington recently announced that it has set aside \$7.5 million from our base budget—funding that will be available in perpetuity—to match endowment earnings from qualifying scholarship gifts

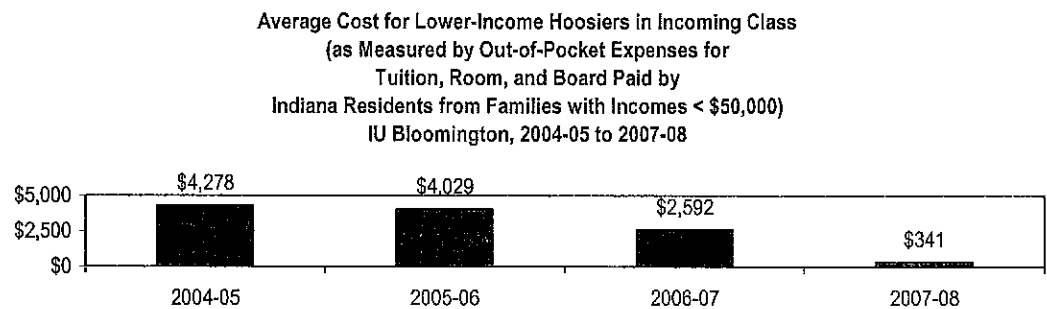
provided to our Matching the Promise capital campaign. The results yielded by this ambitious plan have been truly impressive.

In the first 50 months of the campaign—through the end of August—private donors have made 46,367 scholarship gifts to Matching the Promise. These gifts have totaled nearly \$165 million. Thus, alumni and friends of IU Bloomington provided \$36 million more in scholarship gifts in the last 4 years than was provided in IU’s previous, nearly 200-year history. That is an incredible success.

Among the gifts that have been provided during the campaign, nearly 150 of them have qualified for \$5.9 million in campus matching funds—out of the \$7.5 million pool that was made available for this purpose earlier in the campaign. These university matching funds will be provided forever and, thus, are the equivalent of an endowment valued at more than \$115 million. When the value of this match is added, the true nature of the change is more apparent. In slightly more than four years, IU Bloomington has more than tripled its effective scholarship endowment—increasing it from \$128 million to one valued at over \$410 million.



These numbers, in and of themselves, are impressive. But it is their impact—in partnership with IU Bloomington’s aggressive financial aid programs—that is the real story. The chart below shows the average amount paid in each of the last four years for tuition, room, and board by incoming Indiana residents from families with income of \$50,000 or less.



This year, the difference between what IU Bloomington is charging for tuition and fees and the cost of a double room with a full meal plan and what we are providing in grants to these lower-income students—the numbers do not include any loans that these students might have been taken—averages only \$341. The “sticker price” to attend IU

Bloomington this year, including room-and-board, is \$14,512. Thus, IU Bloomington is covering 98% of the cost of attendance for lower-income resident students through financial aid and endowment earnings. Over the three year period, the average out-of-pocket cost of attending IU Bloomington has fallen from \$4,300 to \$300 for Hoosier students from lower-income families.

This is exactly what endowment earnings should allow a great public university to do:

- Recruit the best students—our mean SAT is up 42 points in the last three years,
- Regardless of their financial backgrounds—costs for lower-income students are down by 92%.

3) Please explain your university's financial aid policy. How do you inform students and parents of that policy? What outreach efforts does your university take to recruit potential low-income students? How is low-income defined? What is the amount spent on these efforts?

Indiana University (IU) Bloomington awarded \$374.8 million in financial aid to 29,451 student recipients during the 2006-2007 academic year. This represents over 75% of our students receiving some form of financial assistance including federal, state, and university based financial aid. Most financial aid awards can be categorized as need-based, merit-based, and non need-based.

During the 2006-2007 academic year, IU Bloomington awarded \$108.9 million in institutional gift aid. Bloomington campus students also received \$19.6 million in state-based financial aid, and \$190.6 million in federal-based financial aid. The remaining \$55.7 million is private-based financial aid.

Most financial aid recipients at IU Bloomington complete the Free Application for Federal Student Aid (FAFSA), which is used to determine need-based eligibility for most need-based financial aid awards. In general, IU Bloomington considers its neediest student population as those who meet the need criteria for the Federal Pell Grant program. For the 2006-2007 academic year, students were required to have an expected family contribution (EFC) of \$3850 or less to qualify for a Federal Pell grant.

Each academic year, students are reviewed for need-based aid, merit-based aid, and non need-based aid and awarded according to their eligibility for each aid program. Financial aid information is maintained in IU's Student Information System (SIS). All IU Bloomington students have access to their individual financial information via the student web portal which is password protected. All students who are receiving any type of financial assistance are sent an e-mail and instructed to access their most recent financial aid information using the SIS. Information about specific financial aid awards is made

available online through IU's Office of Student Financial Assistance public website (<http://www.indiana.edu/~sfa/index.html> a summary of web links is listed below).

IU Bloomington also participates in the campus-based Federal SEOG, Federal Perkins Loan, and Federal Work-Study programs. These funds are awarded to the neediest students as determined by the FAFSA. During the 2006-2007 academic year, IU Bloomington students received \$1.3 million in Federal SEOG grants, \$6.7 million in Federal Perkins Loans, and \$2.5 million in Federal Work-Study. The campus also has the Groups Program which recruits and provides support to special categories of students. Through this program the campus provides funding as well as academic support for these students. The campus also houses a 21st Century Scholars office which recruits Indiana resident students to IU Bloomington who are eligible for the state-based 21st Century Scholars program. This state program is targeted to students meeting an income eligibility test while in 7th and 8th grade. IU Bloomington students received over \$3.1 million in 21st Century Scholars funds from the state in the 2006-2007 academic year.

Most recently IU Bloomington instituted two programs specifically targeted to needy students. The 21st Century Scholars Covenant is a new program that began with the 2007-2008 freshman cohort. This award is a supplement award for eligible state residents who are receiving the state 21st Century Scholars award (see details above) and who demonstrate unmet need through the FAFSA application. When combined with the 21st Century Scholars award and other gift aid, the 21st Century Covenant award will cover the remainder of unmet need as defined by the FAFSA. For more information on the 21st Century Scholars State program, please see <http://www.indiana.edu/~iub21cs/program.html> and for additional information related to the IU 21st Century Scholars Covenant, please see <http://www.iub.edu/~covenant/pages/about.html> .

The Pell Promise Award is also a new program that began in 2007-2008 and is awarded to eligible Federal Pell Grant recipients who meet a combination of academic and need criteria. When combined with the Federal Pell Grant and other gift aid, the Pell Promise award will cover the balance of tuition and fees. Since these programs began in the current academic year (2007-2008) these funding amounts are not included in the numbers reported in the paragraphs above.

Finally, IU Bloomington has identified as part of its mission statement to "encourage the enrollment and continue matriculation of qualified students...In addition, special efforts are undertaken to assist the campus in the enhancement of minority student attainment."

For reference, the following web-sites may be reviewed:

IU Factbook	http://factbook.indiana.edu/~urr/financial_aid/index.shtml
OSFA Public Website	http://www.indiana.edu/~sfa/index.html
21st Century Scholars Program	http://www.indiana.edu/~iub21cs/program.html
21 st Century Scholars Covenant	http://www.iub.edu/~covenant/pages/about.html

4) Who determines and decides when tuition increases are necessary? What is the process for making this decision? Does the full Board of Trustees vote on tuition increases? Are students, parents and the public provided an opportunity to comment on tuition increases prior to final decisions being made? What role does your university endowment play in providing financial assistance to students?

The Trustees of Indiana University approve tuition and mandatory fee rates upon recommendation from the administration. Input from fiscal and academic administrators is considered by executive management and formed into that recommendation. By state statute, fees are approved for each of the two years of a biennium at one time.

Students, parents, the public, and others are allowed opportunity for input in the decision-making process at a public hearing held before the Trustees make their decisions. The hearing links all campuses of the university through video connections in order to facilitate that input by not requiring interested parties to travel to a central location. In addition, a web site is opened to public comment and question in advance of the hearing in case a person is unable to make it to one of the campuses for the hearing.

The university's endowment does provide funding for scholarships for students. Our current Matching the Promise scholarship fundraising campaign has generated \$216 million in scholarship gifts and pledges in the first four years.

5) Please explain how your university's endowment is managed and the role of the Board of Directors?

The Indiana University Foundation (IUF) is a separate 501 c (3) organization. The charter of IUF, as created by Indiana University, charges IUF with three missions to maximize private support for IU:

1. To be the central fundraising organization for IU,
2. To develop and implement appropriate investment strategies for gift funds, and
3. To be the steward of donor relations and administrator of all gift funds to ensure compliance with donor intent.

The IUF Investment Committee, a standing committee of the IUF Board of Directors, is the focal point for oversight of all investment activities.

What are your university's endowment payout and investment policies?

The Investment Policy is attached (See Attachment 1).

What is the mission of your university's endowment?

The Foundation's assets exist to provide long-term support to Indiana University. Accordingly, the investment philosophy of the Foundation is based on a disciplined,

consistent, and diversified approach utilizing multiple asset classes and multiple managers. Our intent is to accommodate styles and strategies considered reasonable and prudent.

When was the last time that the university's endowment policy was reviewed?

The policy is reviewed on an on-going basis at each meeting of the IUF Investment Committee. The IU Foundation Board of Director's Investment Committee meets three times a year. A formal review of the investment policy is done each June.

When will it next be reviewed?

The next review will be at the February 2008 meeting of the Investment Committee to be followed by a formal review in June 2008.

6) Please provide the year-by-year net growth of the university's endowment for the last ten years (in both percentage and dollars).

Indiana University Endowment (NACUBO Funds), 1998 to 2007			
Fiscal Year	Amount (in millions)	% Growth	\$ Growth
1998	\$722.5	19.24%	\$116.6
1999	\$802.4	11.06%	\$79.9
2000	\$907.5	13.10%	\$105.1
2001	\$922.9	1.70%	\$15.4
2002	\$955.9	3.58%	\$33.0
2003	\$941.4	-1.52%	
2004	\$1,012.7	7.57%	\$71.3
2005	\$1,107.5	9.36%	\$94.8
2006	\$1,276.2	15.23%	\$168.7
2007	\$1,556.9	21.99%	\$280.7

What is the amount of donations the endowment has received year by-year for the last ten years?

The following numbers are total contributions to IUF for the benefit of Indiana University from private individuals, corporations, and other foundations. These numbers **do not** include non-governmental contracts and grants, which when added to private contributions represent Total Voluntary Support as reported to Council for Advancement and Support of Education (CASE) on an annual basis.

Fiscal Year	Total Contributions
1998	\$63,028,726
1999	\$60,318,524
2000	\$113,501,562
2001	\$210,618,078
2002	\$85,016,834
2003	\$125,702,519
2004	\$95,169,375
2005	\$79,970,744
2006	\$120,294,873
2007	\$185,286,562

Please provide the percentage of investment in each asset class (equity, fixed income, hedge funds, private equity, venture capital, etc.), and the amount invested outside the United States.

As of June 30, 2007

Equity – 65.0%

Fixed Income – 10.4%

Hedge Funds – 13.7%

Private Equity (buyouts) – 2.5%

Private Equity (venture capital) - 2.7%

Real Estate – 3.0%

Natural Resources – 2.7%

We assume that the question about the amount invested outside the U.S. is referring to those companies in which IUF assets are invested and which are domiciled outside of the U.S., and would not mean multi-national companies such as General Electric or Coca-Cola. Based upon that assumption, the amount invested in companies/countries outside the U.S. is 24.5%.

7) Please explain how you determine what is considered part of the university endowment. In other words, how is your endowment defined? 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 term endowment is used to mean a variety of things. The data reported here reflect the total of endowment funds received and managed by IUF for the benefit of Indiana University including gift funds shown as assets of Indiana University rather than IUF, which are held in trust by IUF via agency agreement with Indiana University. The Indiana University endowment would include permanently restricted endowments and funds functioning as an endowment consistent with the NACUBO definition. The only funds excluded from the Indiana University endowment as reported to and presented in the NACUBO annual endowment report would be:

1. Charitable remainder trusts (CRT) and charitable gift annuities (CGA) totaling \$63 million, which are invested separately from the pooled endowment funds, and
2. Unrestricted gifts and support for the benefit of the IU Foundation totaling \$92 million.

8) What has been the cost of management of the endowment year-by-year for the last ten years?

Fiscal Year	Cost of Endowment Management
1998	\$3,412,289
1999	\$4,052,231
2000	\$4,284,276
2001	\$3,945,904
2002	\$4,566,390
2003	\$3,747,422
2004	\$4,007,716
2005	\$3,416,287
2006	\$4,687,917
2007	\$4,346,203

9) What was the payout (both in dollars and percentage) from the endowment year-by-year for the last ten years?

Fiscal Year	Payout	
	Effective Rate	Dollars
1998	4.0%	\$28,900,000
1999	4.4%	\$35,305,600
2000	4.3%	\$39,022,500
2001	5.0%	\$46,145,000
2002	5.6%	\$53,530,400
2003	6.2%	\$58,366,800
2004	4.8%	\$48,609,600
2005	4.5%	\$49,837,500
2006	4.4%	\$56,152,800
2007	4.5%	\$70,060,500

What is the targeted payout (in percentage) from the endowment year-by-year for the last ten years?

The spending policy as approved by the IU Foundation Board of Directors has remained unchanged over the past 10 years. The spending policy is 5% of a 12-quarter rolling average of the market value of the long-term invested assets.

If either the actual and/or targeted payout is below 5%, please explain how this meets the needs of the current student body.

The goal of the spending policy is to attain the proper balance between the needs of the current student and those of future generations – striving for inter-generational equity, a central tenant of an endowment. The intergenerational balance is achieved if the gift funds retain their purchasing power over time. In order to achieve that objective, investment returns must provide for the spending policy distribution, payment of the costs of investment, provide for part of the support of the IU Foundation’s operating budget, and grow at some rate to approximate the long term increases in costs experienced by Indiana University.

If there is a material variation between actual and targeted, please explain.

During periods of increasing investment values the spending formula will lead to an effective payout rate that is less than the targeted rate as measured against *current* market value. During periods of decreasing values, as was the case during the down markets in 2001 to 2003, the formula leads to an effective payout rate that is greater than the target rate. Thus the spending policy smoothes the distributions over time, buffers the University from the volatility inherent in the equity markets, and allows for more effective fiscal planning by Indiana University.

What were the top 10 major expenditures from the endowment last year?

Undergraduate Scholarships	\$6,871,858.00
Land and Buildings	\$1,500,000.00
Land and Buildings	\$1,476,500.00
Land and Buildings	\$1,444,360.00
Undergraduate Scholarships	\$1,000,000.00
Undergraduate Scholarships	\$752,216.59
Undergraduate Scholarships	\$551,194.13
Undergraduate Scholarships	\$551,148.34
Program Support Medicine	\$550,000.00
Undergraduate Scholarships	\$543,153.61

10) How much of the endowment is subject to permanent spending restrictions or limitations set by the original donor?

The amount listed below represents the University Endowment held by IUF as presented to NACUBO. All of the University endowment funds are subject to restriction based on the donor intent restricted for permanent and term endowment purposes. These amounts do not include unrestricted assets.

Permanently Restricted Endowments	Quasi and Term Endowments	IU Endowment Held in Trust by IUF (Agency)	Total
\$985,827,645	\$367,826,519	\$203,199,213	\$1,556,853,377

Of our reported endowment funds:

- 63% include donor restrictions that mandate preservation of the value of the gift corpus in perpetuity
- 24% include donor restrictions that would allow the gift corpus to be expended should compliance with donor intent be demonstrated
- 13% are assets held in trust for Indiana University (Agency).

Of the portion subject to permanent limitations, what percentage is restricted for need-based scholarships?

4.8% or \$78 million of the endowment is restricted in use to need-based scholarships.

What portion is restricted for undergraduate financial aid?

20.3%, or \$330 million, of the endowment is restricted for financial aid.

Of this amount:

- 7.3%, or \$119 million, is specifically restricted for undergraduate financial aid.
- 13.0%, or \$211 million, may be used for undergraduate or graduate financial aid.

Please provide the top five types of restrictions on the endowment by category.

1. General Endowments 30%
2. Scholarships 26%
3. Professorships/ Chairs 24%
4. Fellowships/ Lectureships 7%
5. Operating and Other 4%

What percentage of the endowment is subject to significant limitations placed on it due to a decision by the board (or a subcommittee of the board) or a college or university official – such as a set-aside for a specific program?

Neither the IU Foundation Board of Directors nor the Trustees of Indiana University can override endowment restrictions established by donor intent.

Please provide the investment return to the endowment year-by-year for the last ten years.

Fiscal Year	Investment Returns
1998	19.5%
1999	12.4%
2000	10.5%
2001	-2.8%
2002	-7.5%
2003	3.8%
2004	20.9%
2005	9.6%
2006	13.0%
2007	21.5%

11) Please explain the fee arrangement to investment advisors.

The total fees paid for the management of the invested gift funds include:

1. Cost of our custodial bank (Bank of New York)
2. Cost of our investment advisor (Fund Evaluation Group)
3. Cost of various money managers selected to manage specific components of the assets classes within the Investment Policy.

The arrangement with Fund Evaluation Group, the IUF investment consultant, is as follows: 0.01% (1 basis point) per year on all assets except for the hedge fund allocation, which carries a fee of 0.04% (4 basis points) per year. There is a separate arrangement with ORG Real Property for services tied to building a real estate portfolio in which IUF pays 0.20% (20 basis points) per year on assets in which they consult.

What is the process to review reasonableness of the fee and compensation and what comparables are used?

The fees paid are compared to virtually every other manager offering similar investment services. There are a fairly limited number of institutional-quality advisors in each space.

How is the fee and compensation measured and determined? Who reviews and approves the fee?

The fee structure is part of the due diligence process the Investment Committee undertakes in selecting any money manager selected to manage funds within IUF's investment policy. Actual fees paid are monitored by in-house investment staff, the IUF investment accounting staff, the IUF investment advisor, the IUF internal auditor, and the IUF external auditor (Deloitte).

Who pays the fee (the endowment, general funds)?

The fees are netted from the assets being managed.

Please explain what relationship, if any, exists between endowment size and/or growth and the compensation given to the college or university president and the endowment manager.

There is no relationship between compensation and endowment size and/or growth.

Please list what endowment-related bonuses, if any, either the college or university president or the investment manager has received year-by-year for the last ten years.

None.