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

The following table details enrollment at the University of Virginia over the period 1997-2007.

**University of Virginia
Fall Census Headcount Enrollment
1997-2007**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Undergraduate	12,296	12,440	12,463	12,489	12,595	12,748	12,907	13,140	13,401	13,353	13,636
1st-Year	2,908	2,907	2,924	2,927	2,980	2,999	3,101	3,096	3,112	3,091	3,248
New Transfers	535	577	540	494	541	508	493	529	532	503	552
Graduate	4,155	4,110	3,998	4,160	4,301	4,459	4,616	4,632	4,699	4,791	4,830
1st-Professional	1,680	1,652	1,645	1,607	1,608	1,608	1,631	1,650	1,694	1,699	1,724
Cont & Prof Studies	286	261	240	294	344	382	489	596	605	554	644
On Campus Total	18,417	18,463	18,346	18,550	18,848	19,197	19,643	20,018	20,399	20,397	20,834
Off-Campus	3,525	3,636	4,087	3,861	3,891	3,947	3,434	3,323	3,366	3,671	3,423
Grand Total	21,942	22,099	22,433	22,411	22,739	23,144	23,077	23,341	23,765	24,068	24,257

Note: The 1st-Year and New Transfer counts are also included in the Undergraduate totals.

Source: University of Virginia Institutional Assessment and Studies

Date: January 29, 2008

RESPONSE TO QUESTION 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. 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. 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.

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.

At the University of Virginia, over 99 percent of our 13,636 degree-seeking undergraduate students are full-time. The following table presents the total tuition and mandatory fees for full-time Virginia residents vs. non-Virginia residents.

Academic Year	Virginia Resident Tuition and Fees	Non-Virginia Resident Tuition and Fees	Median Tuition and Fees	Weighted Mean T&F		
				Weighted Mean T&F	Percent Increase Over Previous Year	Percent Increase Over Base Year 1998-99
1998-99	\$4,866	\$15,814	\$4,866	\$8,502		
1999-00	\$4,130	\$16,603	\$4,130	\$8,223	-3.3%	-3.3%
2000-01	\$4,160	\$17,409	\$4,160	\$8,448	2.7%	-0.6%
2001-02	\$4,236	\$18,268	\$4,236	\$8,671	2.6%	2.0%
2002-03	\$4,980	\$20,190	\$4,980	\$9,681	11.6%	13.9%
2003-04	\$5,964	\$21,984	\$5,964	\$10,946	13.1%	28.7%
2004-05	\$6,600	\$22,700	\$6,600	\$11,611	6.1%	36.6%
2005-06	\$7,180	\$24,100	\$7,180	\$12,377	6.6%	45.6%
2006-07	\$7,845	\$25,945	\$7,845	\$13,594	9.8%	59.9%
2007-08	\$8,500	\$27,750	\$8,500	\$14,507	6.7%	70.6%

In addition to tuition and mandatory fees, students must also cover the cost of room and board, books and supplies, and personal expenses each year. The following table presents the total cost for full-time Virginia residents vs. non-Virginia residents. This total cost includes tuition, mandatory fees, and estimates of room and board, books and supplies, and personal expenses. It is the value used to determine a student's budget for the purpose of awarding financial aid.

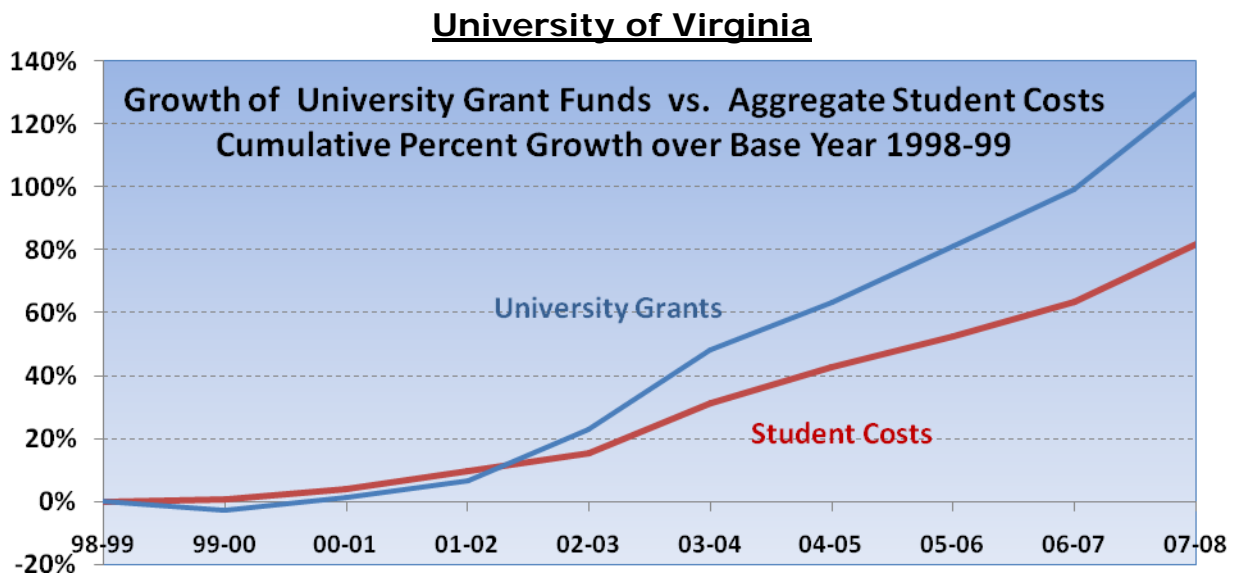
Academic Year	Virginia Resident Sticker Cost	Non-Virginia Resident Sticker Cost	Median Cost	Weighted Mean		
				Weighted Mean Cost	Percent Increase Over Previous Year	Percent Increase Over Base Year 1998-99
1998-99	\$11,710	\$22,660	\$11,710	\$15,347		
1999-00	\$11,430	\$23,700	\$11,430	\$15,457	0.7%	0.7%
2000-01	\$11,660	\$24,710	\$11,660	\$15,884	2.8%	3.5%
2001-02	\$12,300	\$26,100	\$12,300	\$16,662	4.9%	8.6%
2002-03	\$12,600	\$27,800	\$12,600	\$17,298	3.8%	12.7%
2003-04	\$14,500	\$30,300	\$14,500	\$19,414	12.2%	26.5%
2004-05	\$15,800	\$31,700	\$15,800	\$20,749	6.9%	35.2%
2005-06	\$16,600	\$33,400	\$16,600	\$21,760	4.9%	41.8%
2006-07	\$17,600	\$35,900	\$17,600	\$23,412	7.6%	52.6%
2007-08	\$19,500	\$38,700	\$19,500	\$25,491	8.9%	66.1%

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.

The following table provides the total amount of grant and scholarship aid awarded from University of Virginia sources to undergraduate students for the last ten academic years. It includes aid from University-related foundations and from state appropriations. All loans and work study aid are excluded, as is all federal and outside aid. Aid for summer terms is also excluded. The table is broken into two sections: 1) University of Virginia grants and scholarships that are awarded to cover tuition and mandatory fees and 2) total University of Virginia grants and scholarships, which contribute to the total cost of attendance.

	University of Virginia Grant/Scholarship Aid Toward Tuition and Fees			University of Virginia Grant/Scholarship Aid Toward Total Cost		
Academic Year	Total Grant/ Scholarship Aid	Percent Increase Over Previous Year	Percent Increase Over Base Year 1998-99	Total Grant/ Scholarship Aid	Percent Increase Over Previous Year	Percent Increase Over Base Year 1998-99
1998-99	\$16,269,285			\$20,668,734		
1999-00	\$15,832,157	-2.7%	-2.7%	\$20,536,847	-0.6%	-0.6%
2000-01	\$16,488,798	4.1%	1.3%	\$21,125,726	2.9%	2.2%
2001-02	\$17,336,796	5.1%	6.6%	\$22,608,935	7.0%	9.4%
2002-03	\$20,010,466	15.4%	23.0%	\$25,352,451	12.1%	22.7%
2003-04	\$24,091,858	20.4%	48.1%	\$28,768,242	13.5%	39.2%
2004-05	\$26,547,840	10.2%	63.2%	\$31,761,232	10.4%	53.7%
2005-06	\$29,488,085	11.1%	81.3%	\$35,533,106	11.9%	71.9%
2006-07	\$32,422,573	10.0%	99.3%	\$39,511,437	11.2%	91.2%
2007-08	\$37,395,740	15.3%	129.9%	\$47,047,979	19.1%	127.6%

During the ten-year period, the growth in the amount of University of Virginia grants awarded to undergraduate students has grown at about twice the rate of growth in total student cost. The following graph presents the cumulative percent growth in total aggregate student cost for all undergraduate students over the past ten years compared to the cumulative percentage growth in the aggregate amount of University of Virginia grant awards to undergraduate students for the same period.



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.

The following provides the number and percentage of undergraduate students who received University of Virginia grants awarded toward tuition and fees for the 2007-2008 academic year. It also presents the average amount of the University of Virginia grant.

Students with University of Virginia Grants/Scholarships, 2007-2008	Number of Students	Percent of Total Undergraduate Students	Average Grant Amount
All Students with Institutional Grants	3,563	26.1%	\$10,497

Note that approximately 26 percent of undergraduate students received grant aid from University of Virginia sources. Most of these students also received grants from the federal government. Many additional students received grants/scholarships from other outside sources. During the 2007-2008 academic year, over 36 percent of all University of Virginia undergraduate students received some type of grants or scholarships, averaging \$11,091 per student who received one.

RESPONSE TO QUESTION 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?

Please explain your university's financial aid policy.

The University of Virginia community believes that educational equality is not only about equal access to higher education but access to the best education in all its forms. We believe that students should be able to take advantage of superior academic programs as well as co-curricular opportunities, study abroad programs, leadership roles, and service learning to enrich themselves and the community. Additionally, attending college is not just about the classroom and activities. It is about finding a place where you can grow, express your individuality, and be a part of a tradition of success. The University of Virginia wants each admitted student to be a part of the University of Virginia experience, regardless of economic circumstance.

To meet these goals, the University of Virginia has developed AccessUVa as the undergraduate financial aid program. AccessUVa was developed in 2004 and has four components.

1. Meets 100 percent of demonstrated need for all undergraduate students. In order to ensure fair and consistent evaluation of a family's financial strength, the University of Virginia uses the Federal Methodology when calculating the need of a student for Title IV federal funds, state need-based funds, and institutional funds.
2. Replaces need-based loans with grants in the financial aid packages of **low-income students** — those whose family income is equivalent to 200 percent of the federal poverty line or less.
3. Caps the amount of need-based loans offered to any student at approximately 25 percent of the University of Virginia's in-state cost of attendance over four years, and will meet all need above that amount with grants. All students, regardless of state residency, will receive the in-state cap level.
4. Ensures that all students are exposed to financial literacy programs, with emphasis on a working knowledge of credit and credit scores

The University of Virginia funds 52 percent of AccessUVa from institutional resources, including tuition, endowment income, annual giving, and investment earnings. The remaining cost of AccessUVa is funded from federal grants, loans and work study (31 percent), state general fund appropriations (11 percent), and other sources (6 percent). Our financial aid funding and guiding principles are based on ensuring the success of AccessUVa.

How do you inform students and parents of that policy?

Information on the University of Virginia financial aid policies and our guidelines are made available in several ways:

- On our web site at www.virginia.edu/financialaid
- Through brochures and information included with every initial financial aid award letter
- Through outreach programs conducted by the University of Virginia Admission Office at high schools and community colleges in Virginia and throughout the country
- Through workshops for high school guidance counselors conducted by Admission and Financial Aid staff

Students and their families receive assistance from the University of Virginia in determining other possible methods of meeting the costs of education. The University of Virginia provides assistance in understanding and applying for all federal student and parent loans, alternative and private loans, utilization of University of Virginia payment plans, and emergency loans.

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?

The University of Virginia defines a low-income student as a Pell recipient whose family income is less than or equal to 200 percent of the US poverty guidelines.

Outreach efforts to this cohort of students include: *(Expenditures are for recruiting efforts since implementation of AccessUVa in 2004)*

- **Undergraduate Admission Office: Expenditures: \$815,000**
 - Outreach travel to high schools, community colleges, and college fairs. Evening workshops and programs, high school guidance counselor training.
 - Travel with Harvard, Princeton and Yale.
 - Marketing materials developed within Admission Office.
 - Recruit travel (individuals and groups) that bring prospective students from the Commonwealth and around the United States to visit the University of Virginia.
 - Personnel expenses
 - AccessUVa counselor – full time. Coordinate efforts with financial aid. Provide counseling and information services to low-income applicants. Organize and provide leadership for student groups who assist with low-income recruiting.
 - Outreach counselors: Provide recruiting, counseling and information services to low-income and diverse student groups.
 - Admission deans: Provide leadership, counseling services, and information to low-income and diverse student groups.

- **Student Financial Services (UVa financial aid) Expenditures: \$1,200,000**
 - AccessUVa counselor: In the financial aid office at the University of Virginia, one position is dedicated to assisting our low income families and Pell recipients to navigate the financial aid process. This position was established four years ago in response to our experience that low-income students and Pell recipients tend to experience difficulties with the financial aid process which often lead to late or incomplete filing. This position is charged with the following:
 - Identify low-income applicants from the Free Application for Federal Student Aid (FAFSA) or from the University of Virginia Financial Aid Application.
 - Establish communication between the University of Virginia financial aid office and all low-income applicants.
 - Assist all students who have problems filing the FAFSA – including students with rejected FAFSA's and errors that would result in delayed processing.
 - Assist all low-income students to complete the financial aid application process in a timely manner.
 - AccessUVa Project Manager: Implemented recruiting and marketing strategies. Coordinate University-wide efforts on recruiting and retention. Serve as Executive Director of the Virginia College Access Network (VCAN).
 - Provide toll-free telephone number to all students.

- High School guidance counselor workshops
- High School financial aid nights
- Super Saturday - an annual Virginia Association of Student Financial Aid Administrators (VASFAA) event that invites college-bound students to a location near them to receive free assistance in completing the FAFSA on-line, the form required by colleges, universities, and private career schools to qualify for federal grants and loans.
- Financial Aid Material printing and mailing
- Staff training on counseling techniques, financial aid policies and procedures, and low-income access issues
- Student Surveys:
 - Student Engagement Surveys: Determine level of involvement in the University of Virginia community of our students on financial aid as compared to the rest of the student community, number of hours working, participation in extracurricular events, and perception of self within the University of Virginia community.
 - Financial Literacy Survey: Establish baseline financial literacy measurement for entering students and measure the effect of financial literacy programs on this score.
- **University of Virginia Public Affairs Office: Expenditures: \$700,000**
 - Development, design, printing, and distribution of marketing material on AccessUVa
 - Design, printing, and distribution of materials to high schools and college access networks
 - Design for web-based promotional material for Undergraduate Admission
 - Distribution of promotional material for public service announcements
 - Promotional support for Admission and Financial Aid activity, including Super Saturday and VCAN
- **Provost Expenditures: \$1,000,000**
 - College Guide Program: In the fall of 2005, the University of Virginia launched the College Guide Program with the goal of increasing college enrollment numbers for high school students throughout the Commonwealth. Although 79 percent of Virginians ages 18-24 have high school diplomas, only 53 percent of Virginians attend college directly out of high school. To address the widening gap in college participation, the University of Virginia is placing recent graduates in Virginia's public high schools to assist students with college admission, financial aid, and scholarship applications. Given their idealism and fresh perspective on the college experience, recent University of Virginia graduates serve as perfect advocates for higher education. During the year, Guides spend 40 hours per week working alongside guidance counselors—and in some cases in coordination with other access programs—to motivate and assist students through the college application process.

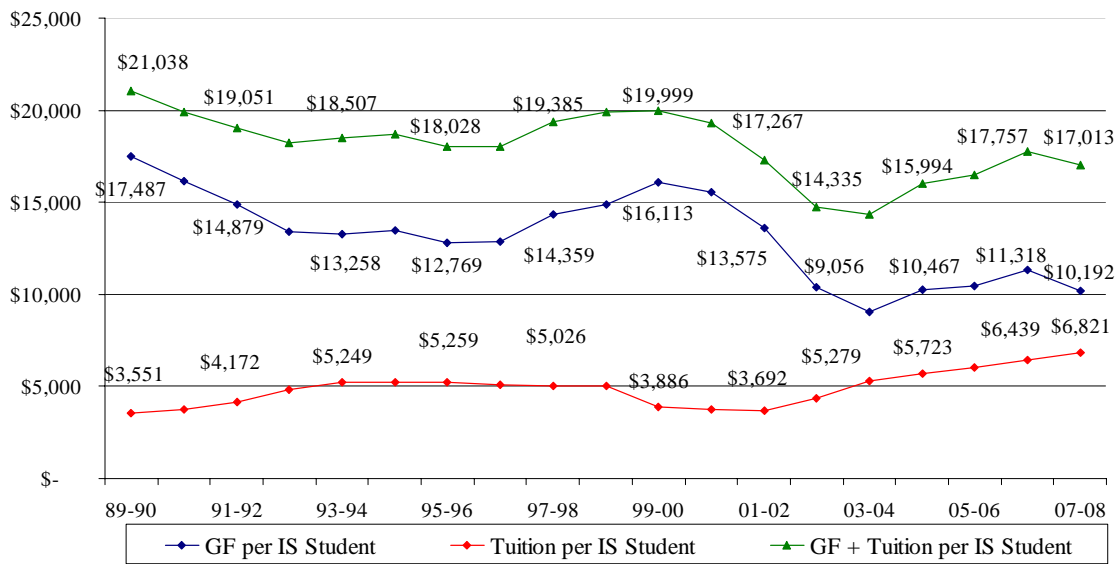
Total Expenditures since inception – February 2004:	\$3,715,000
Average Yearly expenditure:	\$ 928,750

RESPONSE TO QUESTION 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?

Who determines and decides when tuition increases are necessary?

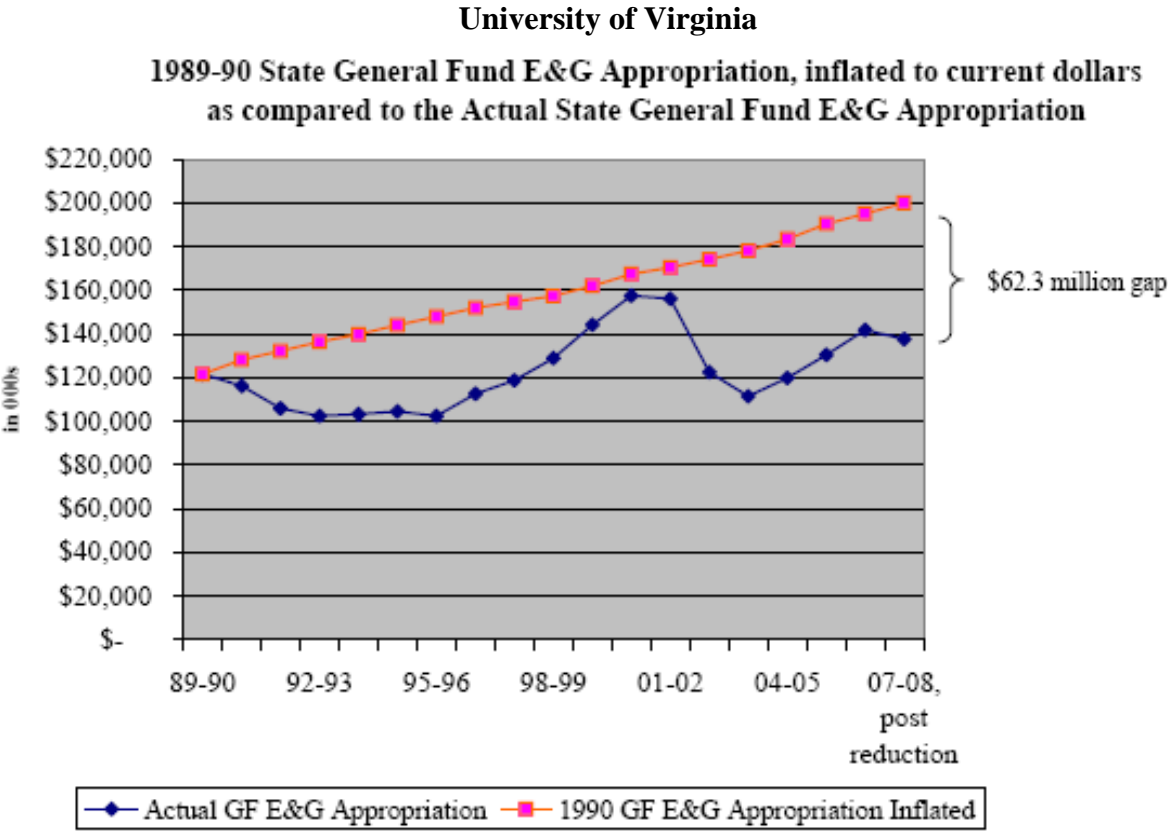
As a public institution there is a relationship between the University of Virginia’s state appropriation and its tuition. The state’s appropriation of funds to the University of Virginia has been reduced on several occasions during the last 15 years or so. The following graph may help illustrate what has happened to the state appropriation per in-state student since 1989-1990 compared to tuition over the same time period. The tuition line reflects a relatively stable tuition amount per student on an inflation adjusted basis with an average increase of 3.9 percent per year. On the other hand, the state’s general fund appropriation has shown significant volatility and on a per student basis has declined by 42 percent over the period.

**University of Virginia
Historical Educational & General Funding
From General Funds and Tuition (in 2008 dollars)
Per In-State FTE Student**



NOTE: IS = in-state.

The graph below reflects the gap in state support when the appropriation in 1989-1990 is inflated to current dollars. Some of that \$62.3 million has been made up from tuition, some from expenditure reductions, and the remainder has not been recouped at all.



The Commonwealth of Virginia has a funding policy for institutions of higher education. It calls for the state to provide 67 percent of the cost of an in-state student’s education with the other 33 percent to be covered from tuition. By policy, out-of-state students are required to pay at least 100 percent of cost. Each year when the General Assembly and Governor approve the state appropriation for the University of Virginia there is a cost-sharing for new resources between the state’s tax support and tuition. As a result of the proportion of in-state and out-of-state students at the University of Virginia for every dollar of new state appropriation the University of Virginia must raise 59 cents through tuition while the state provides 41 cents from tax monies. The State therefore, influences tuition increases through its budget actions. In addition, by reducing the University of Virginia’s general fund appropriation, the State influences when tuition increases are necessary.

Based on the state appropriation the University of Virginia’s Board of Visitors determines and approves the specific tuition rate structure each year including any increases and the manner in which they are applied to various categories of students (e.g. undergraduate, graduate, in-state, out-of-state).

What is the process for making this decision?

The University of Virginia's six-year financial plan (see description below) forms the basis for annual tuition increases. The objective is to provide appropriate funding to meet the University of Virginia's highest priorities and to fund unavoidable cost increases. The University of Virginia compares its tuition and fees to a group of peer institutions; both public and private, to ensure that rates remain competitive with the market. The impact of any rate increase on access and funding required for financial aid programs is also examined.

A proposed rate structure is reviewed internally with key stakeholders and is discussed with students before being considered by the Board of Visitors.

Does the full Board of Trustees vote on tuition increases?

Yes.

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

The University of Virginia provides opportunities for comment on tuition increases prior to consideration by the Board of Visitors.

Each year when we develop the tuition rate structure for the following academic year, we consult with academic and administrative leadership, with admissions officers, and with financial aid officers to get feedback on implications of any proposed increases. We provide a briefing to student leaders and make a presentation to Student Council (the elected representative body) before the rates are considered by the Board of Visitors.

In 2005 the General Assembly passed the Restructured Financial and Administrative Operations Act which calls for public institutions of higher education to develop a six-year academic and financial plan. As part of the financial plan we project tuition rates under two different scenarios, 1) with no additional general fund support over the six-year planning horizon, and 2) with general fund support according to the funding formula. These worst-case and best-case scenarios form the outer ranges of prospective tuition increases. The plan is submitted to the state and the University of Virginia places it on its web site with full public access.

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

Both the restricted and unrestricted University of Virginia endowments play direct and critical roles in providing financial assistance to students. In 2007-2008, 11.5 percent of the total cost of the AccessUVa program comes from distribution on the unrestricted endowment. This amount represents 15.9 percent of the annual income available for expenditure from the unrestricted endowment. About 22.3 percent of the restricted endowment is designated to provide financial aid for undergraduate and graduate students.

RESPONSE TO QUESTION 5) Please explain how your university's endowment is managed and the role of the Board of Directors. What are your university's endowment payout and investment policies? What is the mission of your university's endowment? When was the last time that the university's endowment policy was reviewed? When will it next be reviewed?

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

The University of Virginia's endowment is managed and invested by a University-related foundation, the University of Virginia Investment Management Company (UVIMCO), which is a tax-exempt non-stock corporation separate from the University of Virginia. UVIMCO is governed by a board of thirteen directors, three of whom are appointed by the Board of Visitors of the University of Virginia and one appointed by the University of Virginia President. The other directors are appointed by the UVIMCO Board of Directors. The Board of Directors oversees the operations of UVIMCO and establishes investment policies. Daily investment management decisions are delegated to UVIMCO's full-time staff.

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

The University's endowment payout policy has two objectives: (1) preserving the long-term purchasing power of the endowment principal in order to ensure continued annual distributions to support the endowed programs for the long-term and (2) providing current support for programs, with increases every year to adjust for inflation or exceptional changes in endowment value. The current spending policy calls for the annual distribution to be increased from the prior year's by the rate of inflation unless such increase causes the spending rate as a percentage of the endowment value to fall outside of a range defined as 3.5 percent on the low end and 5.5 percent on the high end. If outside of this range the Board of Visitors Finance Committee can recommend either raising or lowering the rate of increase.

UVIMCO's current Investment Policy Statement is provided as Attachment A. This policy is formally reviewed by UVIMCO's board of directors annually. It will next be reviewed at the board meeting scheduled for May 15, 2008.

What is the mission of your university's endowment?

Prior to 1990 the mission of the endowment was to provide a margin of excellence; resources over and above those provided by the state and funded by tuition that helped the University of Virginia build a national reputation for academic excellence. Since the early 1990's when the state faced major revenue shortfalls which have continued periodically over the last 18 years and resulted in budget reductions to its public institutions of higher education, the role of the endowment has taken on greater importance. It now sustains faculty, academic programs, and library resources; it provides students access to the University of Virginia regardless of their financial circumstances; and it allows the University of Virginia to pursue bold initiatives.

When was the last time that the university's endowment policy was reviewed? When will it next be reviewed?

The endowment policy was last reviewed in 2007. It will be reviewed again in April 2008.

RESPONSE TO QUESTION 6) Please provide the year-by-year net growth of the university's endowment for the last ten years (in both percentage and dollars). What is the amount of donations the endowment has received year-by-year for the last ten years? 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.

The year-by-year net growth of the University of Virginia's endowment for the last ten years (in both percentage and dollars) is provided on the following table.

UNIVERSITY OF VIRGINIA				
Growth in Endowment -- 1998 to 2007				
Year Ended	Net Change		Endowment	
<u>June 30</u>	<u>(Millions of \$)</u>	<u>Net Change (%)</u>	<u>Market Value</u>	
			<u>(Millions of \$)</u>	
1998	125	13.0%	1,087	
1999	164	15.1%	1,251	
2000	486	38.8%	1,737	
2001	(29)	-1.7%	1,708	
2002	(17)	-1.0%	1,691	
2003	109	6.4%	1,800	
2004	147	8.2%	1,947	
2005	211	10.8%	2,158	
2006	283	13.1%	2,441	
2007	560	22.9%	3,001	

The amount of donations the endowment has received year-by-year for the last ten years is provided in the following table.

UNIVERSITY OF VIRGINIA	
Endowment Donations -- 1998 to 2007	
Year Ended	Endowment
<u>June 30</u>	<u>Donations</u>
	<u>(Millions of \$)</u>
1998	15.4
1999	11.6
2000	17.8
2001	12.2
2002	63.7
2003	30.2
2004	10.2
2005	11.5
2006	16.9
2007	19.0

The Investment Report dated December 31, 2007 for UVIMCO's long-term pool in which the endowment assets of the University of Virginia are invested is included as Attachment B. Page

three of this report provides two tables. The first table (titled *Manager Allocations*) provides the percentage of investment in each asset class. The second table (titled *Market and Currency Exposures*) provides the amount invested outside of North America.

RESPONSE TO QUESTION 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?

Please explain how you determine what is considered part of the university endowment. In other words, how is your endowment defined?

The University of Virginia complies with all generally accepted accounting principles regarding the establishment and accounting for endowments. In addition, the University of Virginia comes under the Uniform Management of Institutional Funds Act (UMIFA).

As outlined by UMIFA, an endowment fund “means an institutional fund, or any part thereof, not wholly expendable by the institution on a current basis under the terms of the applicable gift instrument”.

NACUBO’s Financial Accounting and Reporting Manual lists three categories of endowments: true endowment, term endowment, and quasi endowment. NACUBO materials quote the American Institute of Certified Public Accountants as defining endowment as “funds...which a donor or other outside agencies have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income...”.

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?

Yes, there is a total of \$286 million of other long-term investments not included in the endowment. This total is comprised primarily of \$242 million of local funds designated for University of Virginia priorities such as funding of the University of Virginia’s Capital Campaign; \$35 million of gifts dedicated to construction of research buildings; \$7.5 million of Medical Center investments with affiliated companies to provide enhanced patient care; and \$1.5 million of other funds.

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

The following table provides the investment return and operating expenses of the UVIMCO long-term pool year-by-year for the last ten years in dollars and as percentages of the pool assets.

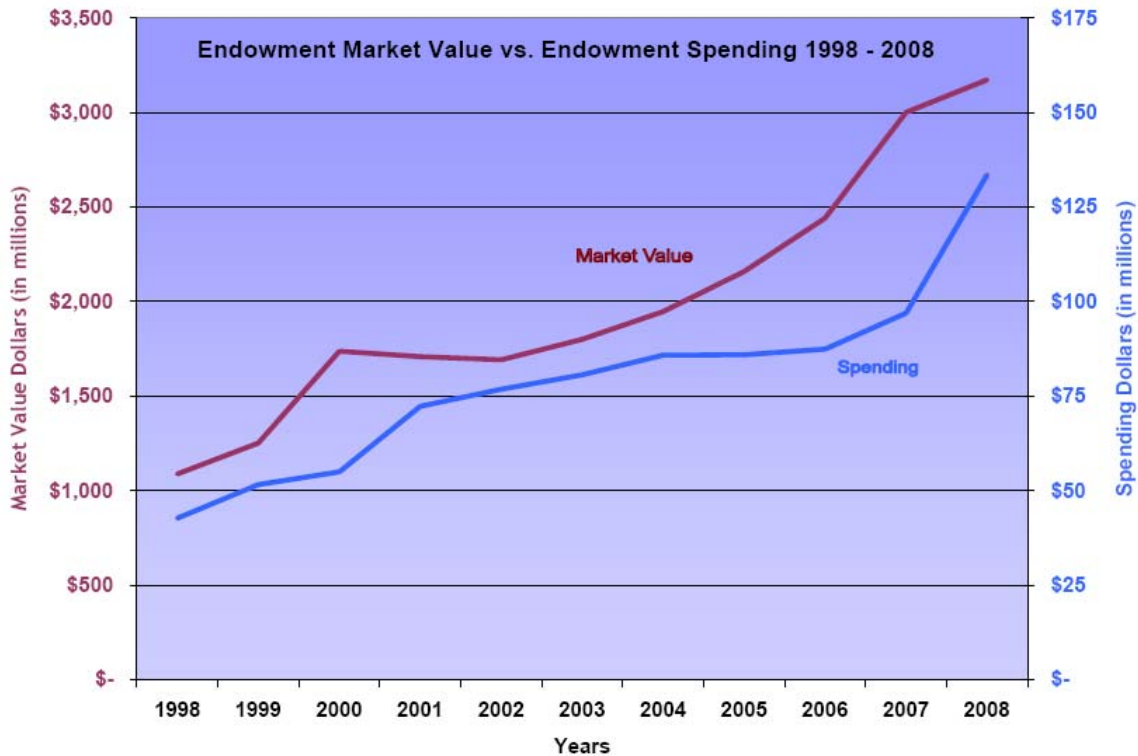
UNIVERSITY OF VIRGINIA LONG-TERM POOL INVESTMENT RETURN AND MANAGEMENT COSTS			
Fiscal Year (Ended 6/30)	Investment Return	Management Costs	Costs as % of Pool
1998	14.1%	\$ 814,106	0.06%
1999	18.4%	\$ 869,585	0.06%
2000	43.8%	\$ 1,879,841	0.12%
2001	2.0%	\$ 2,526,185	0.13%
2002	-0.1%	\$ 2,515,241	0.12%
2003	9.2%	\$ 3,166,460	0.14%
2004	12.7%	\$ 3,370,571	0.13%
2005	14.3%	\$ 4,087,379	0.18%
2006	14.6%	\$ 6,080,679	0.20%
2007	25.2%	\$ 7,637,155	0.20%

RESPONSE TO QUESTION 9) What was the payout (both in dollars and percentage) from the endowment year-by-year for the last ten years? What is the targeted payout (in percentage) from the endowment year-by-year for the last ten years? If either the actual and/or targeted payout is below 5%, please explain how this meets the needs of the current student body. If there is a material variation between actual and targeted, please explain. What were the top 10 major expenditures from the endowment last year?

UNIVERSITY OF VIRGINIA				
Endowment Payouts and Target -- 1998 to 2007				
\$ Amounts in Millions				
	ACTUAL PAYOUT		TARGETED PAYOUT	
Year Ended	Endowment Payout	Payout as % of Previous Year Market Value	Class A Shares	Class B Shares
June 30	(Millions of \$)			
1998	42.7	4.4%	Increase from prior year by 4.0%, as long as that results in a distribution rate between 3.5% and 5.5% of market value.	Increase from prior year by 4.0%, as long as that results in a distribution rate between 5.5% and 6.5% of market value.
1999	51.6	4.7%	Increase from prior year by 20.4% to 4.25% of market value.	Increase from prior year by 18.8% to 5.75% of market value.
2000	54.9	4.4%	Increase from prior year by 4.0%, as long as that results in a distribution rate between 3.5% and 5.5% of previous FYE market value.	Increase from prior year by 4.0%, as long as that results in a distribution rate between 5.5% and 6.5% of previous FYE market value.
2001	72.2	4.2%	Increase distribution by 30% from the prior year to 3.7% of market value.	Increase distribution by 30% from the prior year to 5.07% of market value.
2002	76.8	4.5%	Increase distribution by 4.0% from the prior fiscal year.	Increase distribution by 4.0% from the prior fiscal year.
2003	80.6	4.8%	4.5% of a twelve-quarter moving average.	5.75% of a twelve-quarter moving average.
2004	85.8	4.8%	4.5% of a twelve-quarter moving average.	5.5% of a twelve-quarter moving average.
2005	85.9	4.4%	4.5% of a twelve-quarter moving average.	5.25% of a twelve-quarter moving average.
2006	87.4	4.0%	Increase from prior year by 3.6%, as long as that results in a distribution rate between 3.5% and 5.5% of market value.	Same as prior year until unit distribution is equal to Class A shares.
2007	97.0	4.0%	Increase from prior year by 3.6%, as long as that results in a distribution rate between 3.5% and 5.5% of market value.	Same as prior year until unit distribution is equal to Class A shares, at which time Class A and B shares will receive the same distribution going forward.

A graphical representation of the same data follows:

University of Virginia



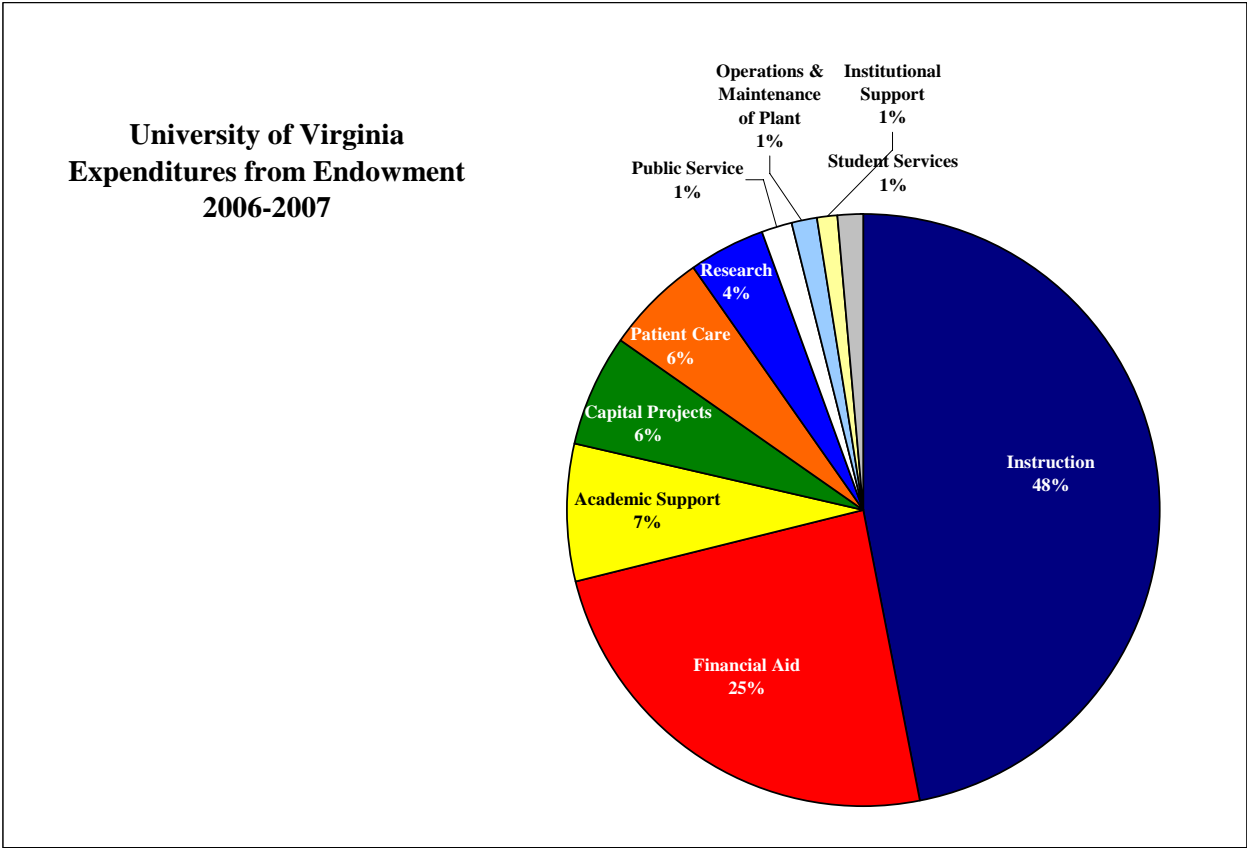
If either the actual and/or targeted payout is below 5%, please explain how this meets the needs of the current student body. If there is a material variation between actual and targeted, please explain.

The amount distributed every year provides increases over the prior year's distribution to support programs specifically endowed or designated. This enables the current student body's needs to be met in the areas of instruction, financial aid, etc. At the same time the spending rate allows for intergenerational equity by ensuring that the purchasing power of the remaining endowment is adequate to support endowed programs every year going into the future, to meet the needs of those years' student bodies. There is no material variation between actual and targeted.

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

The top ten major expenditures from the endowment in fiscal year 2006-2007 were: 1) instruction, 2) financial aid, 3) academic support, 4) capital projects, 5) patient care, 6) research, 7) public service, 8) operations and maintenance of plant, 9) institutional support, and 10) student services. Over 58 percent of expenditures were directed to the primary mission of the University of Virginia – instruction, research, public service, and patient care. Another 24.3 percent provided access for undergraduate and graduate students through scholarships and fellowships.

The following graph shows the top ten expenditures as a proportion of endowment spending in 2006-2007.



RESPONSE TO QUESTION 10) How much of the endowment is subject to permanent spending restrictions or limitations set by the original donor? Of the portion subject to permanent limitations, what percentage is restricted for need-based scholarships? What portion is restricted for undergraduate financial aid? Please provide the top five types of restrictions on the endowment by category. 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? Please provide the investment return to the endowment year-by-year for the last ten years.

How much of the endowment is subject to permanent spending restrictions or limitations set by the original donor? Of the portion subject to permanent limitations, what percentage is restricted for need-based scholarships? What portion is restricted for undergraduate financial aid? Please provide the top five types of restrictions on the endowment by category. 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?

**UNIVERSITY OF VIRGINIA
Endowment Restrictions**

	Endowment Market Value 6/30/07 (In \$ Millions)
Subject to Permanent Spending Restrictions:	2,136.4
Restricted for Financial Aid:	
Undergraduate Need-Based	11.7%
Graduate, including Need-Based	10.6%
Total Restricted for Financial Aid	22.3%
Top Five Categories of Restricted Endowments:	
Instruction (including Medical School and grad/professional schools)	51.1%
Financial Aid	22.3%
Academic Support (including libraries)	10.0%
Patient Care	7.0%
Research	4.1%
Endowments Subject to/Limited by Internal Designation	24.4%

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

The following table (also included in response to question 8) provides the investment return and operating expenses of the UVIMCO long-term pool year-by-year for the last ten years in dollars and as percentages of the pool assets.

UNIVERSITY OF VIRGINIA LONG-TERM POOL INVESTMENT RETURN AND MANAGEMENT COSTS			
Fiscal Year (Ended 6/30)	Investment Return	Management Costs	Costs as % of Pool
1998	14.1%	\$ 814,106	0.06%
1999	18.4%	\$ 869,585	0.06%
2000	43.8%	\$ 1,879,841	0.12%
2001	2.0%	\$ 2,526,185	0.13%
2002	-0.1%	\$ 2,515,241	0.12%
2003	9.2%	\$ 3,166,460	0.14%
2004	12.7%	\$ 3,370,571	0.13%
2005	14.3%	\$ 4,087,379	0.18%
2006	14.6%	\$ 6,080,679	0.20%
2007	25.2%	\$ 7,637,155	0.20%

RESPONSE TO 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 and compensation and what comparables are used? Who reviews and approves the fee? Who pays the fee (the endowment, general funds)? 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. 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.

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 and compensation and what comparables are used? Who reviews and approves the fee? Who pays the fee (the endowment, general funds)?

UVIMCO charges a management fee and a performance fee. These fees are paid by the pool in which the University of Virginia's endowment assets are invested. The management fee is presently 0.18 percent of the assets in the pool, and the performance fee is between 0 and 0.10 percent depending upon the pool's rate of return compared to benchmarks and peer returns. For the fiscal year ended June 2007, the UVIMCO management fee was \$7.7 million; the performance fee was \$3 million.

The fees are set by the UVIMCO Board and approved by the President's designee to the UVIMCO Board. The Executive Committee of the UVIMCO Board has reviewed a consultant study of endowment management costs of similar universities. Annually, the Audit Committee of the UVIMCO Board reviews its audited financial statements and receives a report by its auditor, KPMG, verifying calculation of the performance fee and incentive fee, if any.

UVIMCO invests primarily in commingled funds managed by third-party investment managers whose fees are paid by those funds. Fees are one of many variables considered by UVIMCO in selecting funds along with expected return net of fees, risk, diversification, and liquidity. UVIMCO's accounting staff reviews the annual audited financial statements of all of the funds in which UVIMCO invests to ensure, among other things, that fees charged adhere to contractual terms.

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. 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.

The size and growth of the University of Virginia's endowment does not affect the compensation of the University of Virginia's president.

The term "endowment manager" is interpreted as the chief executive officer/chief investment officer (CEO/CIO) of UVIMCO. The CEO/CIO receives a salary that is not tied to the size and growth of the endowment. The CEO/CIO also may receive a discretionary bonus which is determined annually by UVIMCO's Board of Directors. In addition, an incentive compensation plan provides additional compensation to the CEO/CIO and other investment managers if the

company meets certain performance benchmarks. The incentive compensation under this plan is subject to a three-year vesting period and clawback provisions.

The following table includes information on endowment-related bonuses provided to the CEO/CIO of UVIMCO. Bonus amounts reflect total awards to the CEO/CIO including deferred bonuses and cash awards not specifically tied to investment performance.

**UNIVERSITY OF VIRGINIA INVESTMENT
MANAGEMENT COMPANY
CEO/CIO BONUS**

Fiscal Year (Ended 6/30)	CEO/CIO BONUS
2007	\$ 600,000
2006	\$ 555,000
2005	\$ 300,000
2004	\$ 169,375
2003	\$ 170,450
2002	\$ 125,450
2001	\$ 126,671
2000	\$ 48,050
1999	\$ 39,125
1998	\$ -

In recognition of the increasing size of the endowment pool and its growing importance to funding the operations of the University of Virginia, in fiscal year 2004 the University of Virginia created a formal investment management company and began a search for a professional Chief Executive Officer/Chief Investment Officer (CEO/CIO) with appropriate investment management experience. The search committee reviewed surveys of compensation provided to the CEO/CIO of other leading university investment offices and similar investment management organizations. The search committee was also advised by a national executive search firm with experience recruiting for similar positions. The committee decided to offer the new CEO/CIO of the University of Virginia Investment Management Company an annual bonus of approximately \$600,000. Because the CEO/CIO position was filled half way through fiscal year 2005, only half that amount was paid in fiscal year 2005.

The total cost paid by the University of Virginia to UVIMCO, which includes compensation for the CEO/CIO and 24 other employees, has equaled 0.20 percent of endowment assets for the past several years. Universities compete with the private sector for investment staff. Many former university CIO's have recently left to form private companies to manage endowments including Cornell, Duke, Stanford, Texas, UNC, and our former CIO of the University of Virginia. As private companies, these firms are able to pay their staff higher compensation. Correspondingly, the fees charged by these "private endowments" as some call themselves vary but all are far higher than what we pay to UVIMCO. Should future legislation or regulation prevent UVIMCO from attracting staff with necessary investment expertise, the University of Virginia may be forced to outsource the activities of UVIMCO to a private firm, thus increasing the cost of managing the endowment and reducing funds available for financial aid.