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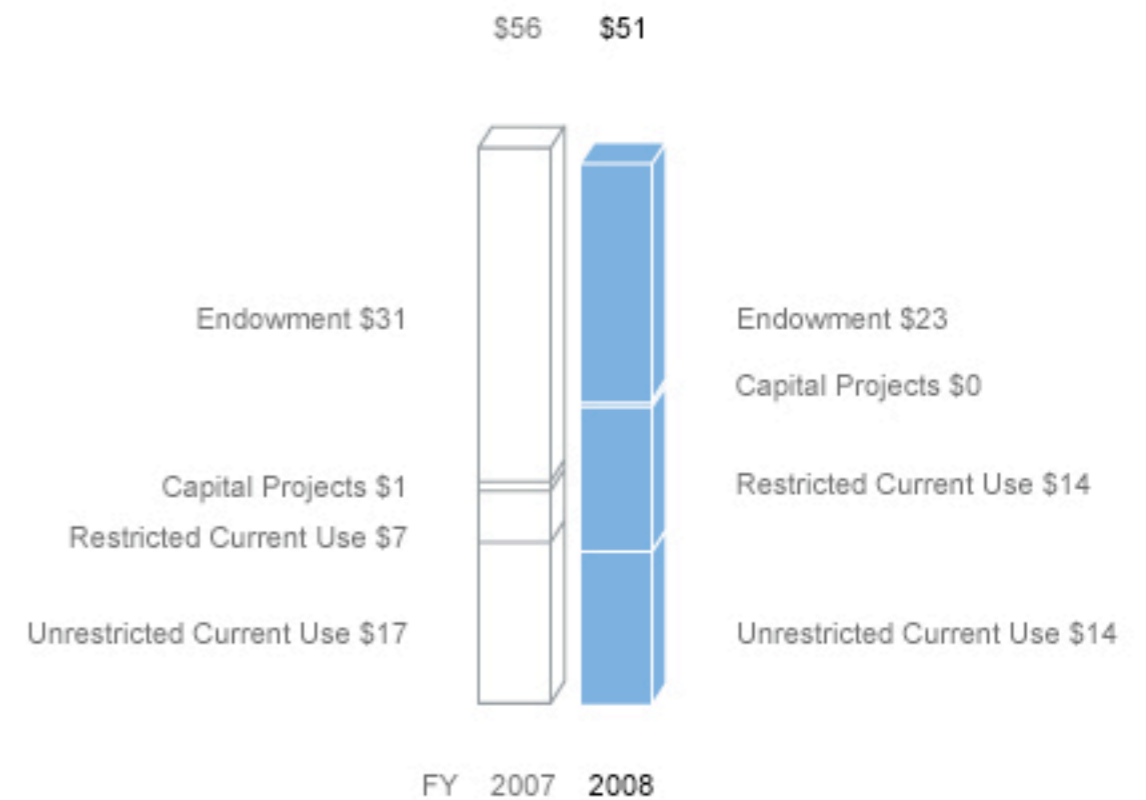
Managing the School's Gifts and Endowments

Endowment distributions and unrestricted current use gifts have become increasingly important to the HBS business model over the past five years. Since fiscal 2003, revenue from these combined sources has grown at a compound annual rate of more than 12 percent, from \$61 million to \$108 million, or 24 percent of total revenue, in fiscal 2008.

The HBS endowment, along with those of the other Harvard University schools, is managed by Harvard Management Company (HMC), a subsidiary governed and wholly owned by the University. Fiscal 2008 was a year of solid performance for the Harvard endowment, despite the capital market turmoil that deepened as the year unfolded.

The University endowment's total investment return for fiscal 2008 was +8.6 percent, net of all fees and expenses. At June 30, 2008, the School's endowment, plus current use funds, represented 8 percent of the total University endowment. The value of these funds was nearly \$3 billion, up \$150 million from a year earlier, after taking into account the annual distribution, strategic decapitalization, and receipt of new gifts.

Like other Harvard University schools, HBS raises its own endowment and current use funds, and independently budgets the use of its endowment distributions to support operations according to the terms of each gift. The School's endowment consists of more than 1,000 discrete funds established over the years by individual donors, corporations, foundations, and reunion classes.



Gifts Received
(Dollars in millions)

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