Dear Friends of Swarthmore College,

The world economy and investment markets faced extraordinary challenges in 2008, and Swarthmore’s investment pools were not immune. Our Annual Statement 2008 provides an overview of the assets under management for Swarthmore’s gift planning program, along with investment performance information.

Even in uncertain economic times, Swarthmore alumni and friends have continued to create life income gifts, recognizing the benefits for the College and the donor alike. If you have comments or questions about the Annual Statement, please call us at our toll-free number (866) 526-4438 or send an e-mail to giftplanning@swarthmore.edu. We welcome the opportunity to serve you.

Mike Valoris
Director of Gift Planning

Patti Bender
Associate Director of Gift Planning

**Charitable Gift Annuities**

A charitable gift annuity is a simple, contractual agreement between a donor and Swarthmore College. In exchange for an irrevocable gift of cash or securities, Swarthmore pays a fixed lifetime income to one or two individuals designated by the donor. Depending on the age of the annuitants, payments can begin immediately or be deferred into the future. Annuity obligations are backed by the assets of Swarthmore College. Charitable gift annuities now form the largest portion of Swarthmore’s gift planning assets.

Swarthmore maintains segregated annuity reserve funds from which to make annuity payments. These annuity reserves are invested by John W. Bristol & Co., Inc. in accordance with investment regulations of the states where the College issues annuities. Please contact the Office of Gift Planning if you wish further information about the College annuity reserves.

**Funds Management**

JOHN W. BRISTOL & CO. Inc. has managed funds for Swarthmore College for more than 60 years. In 1992, Bristol assumed responsibility for investing the College’s pooled income fund and charitable trust assets. Bristol, a privately owned, independent investment advisor, was founded to advise the endowment funds of Swarthmore College and Princeton University. Both schools remain clients. Bristol invests Swarthmore’s gift planning assets in equity and fixed income portfolios.

STATE STREET GLOBAL ADVISORS (SSGA) provides custodial and administrative services for our charitable trusts and pooled life income funds. SSGA is a recognized industry leader in gift planning administration. State Street issues payments for College administered trusts and pooled life income funds as well as preparing the tax reporting statements for these gift vehicles.
Swarthmore College invests the assets of its charitable remainder trusts and pooled life income funds in two separate investment pools managed by John W. Bristol & Co. Inc. The tables at right compare the equity and fixed income investment pools’ total return with their respective benchmark indices, the Standard & Poor’s 500 Index, and the Barclays Capital G/C Bond Index. Total return includes both capital gains and dividend and interest income. Please note that past performance does not guarantee future results.

**Charitable Remainder Trust**

A charitable remainder trust pays its beneficiaries income according to the terms of the trust set at its inception. Charitable remainder trusts are tailored to fit the needs of the beneficiaries and pay either a fixed or variable income based on the donor’s choice at the trust’s inception. At the end of the trust’s term, the assets pass to Swarthmore College to be used as directed by the donor.

Each Swarthmore charitable remainder trust holds an individually determined proportion of the equity and fixed income investment pools managed by John W. Bristol & Co. Inc.

**GIFT PLANNING PROGRAM INVESTMENT POOLS**

**BRISTOL EQUITY INVESTMENT POOL**

<table>
<thead>
<tr>
<th>Year Ended Dec. 31</th>
<th>Total Return (%)* Swarthmore</th>
<th>Total Return (%) S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>9.8</td>
<td>15.8</td>
</tr>
<tr>
<td>2007</td>
<td>6.0</td>
<td>5.5</td>
</tr>
<tr>
<td>2008</td>
<td>-32.4</td>
<td>-37.0</td>
</tr>
</tbody>
</table>

Compounded Annual Rates of Return Ending Dec. 31, 2008

- 3 Years: -7.7
- 5 Years: -1.4
- 10 Years: 3.2

Current yield 2.6% as of December 31, 2008

**BRISTOL FIXED INCOME INVESTMENT POOL**

<table>
<thead>
<tr>
<th>Year Ended Dec. 31</th>
<th>Total Return (%)* Swarthmore</th>
<th>Total Return (%) Barclays G/C Bond Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>4.7</td>
<td>3.8</td>
</tr>
<tr>
<td>2007</td>
<td>7.9</td>
<td>7.2</td>
</tr>
<tr>
<td>2008</td>
<td>7.7</td>
<td>5.7</td>
</tr>
</tbody>
</table>

Compounded Annual Rates of Return Ending Dec. 31, 2008

- 3 Years: 6.8
- 5 Years: 5.6
- 10 Years: 7.0

Current yield 4.1% as of December 31, 2008

*Net of fees