

5801 S. Ellis Ave.
Room 200
Chicago, IL 60637



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CONTACT: Allan Friedman

(773) 702-9232 (office)

(847) 476-4214 (cell)

allan.friedman@ChicagoGSB.edu

Steve Kloehn

(773) 702-8358 (office)

(312) 320-9741 (cell)

skloehn@uchicago.edu

Alumnus David Booth gives \$300 million to University of Chicago business school; Largest gift in the University's history. School to be renamed in his honor.

An entrepreneur and visionary marketer who built his successful investment firm on finance principles he learned at the University of Chicago Graduate School of Business has returned the favor by making the largest donation in the University's history and the largest gift to any business school in the world, the school announced today (Thursday, November 6).

The donor is David G. Booth, founder and chief executive of Dimensional Fund Advisors, an investment firm, his wife Suzanne Booth and their family. David Booth received an M.B.A. from the school in 1971. The combination of an up-front payment, the income stream, and the equity interest provided by the Booth gift is valued at \$300 million. In recognition of the gift, the school will be renamed the University of Chicago Booth School of Business.

"The very first course I took at the University of Chicago was taught by Eugene Fama and it was a life-changing event for me," said Booth, who was a Ph.D. student at the business school and a research assistant to Fama, the Robert R. McCormick Distinguished Service Professor of Finance. Fama is the founder of the efficient market hypothesis, which says investors in stocks should not be able to beat the market since there is no way for them to know something about a stock that is not already reflected in the stock's price. Instead, market efficiency suggests investors are better off buying and holding widely diversified portfolios – the

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basic thinking behind index funds.

“I remember Professor Fama standing up the first day of class and saying ‘This is the most practical course you will ever take,’ and it turned out to be true,” Booth said. “We built Dimensional Fund Advisors around his set of ideas. I am hoping that others will join me in giving back to this amazing business school. Dean Snyder and his colleagues will need tremendous resources to realize their vision of maintaining and enhancing Chicago’s influence on business and markets.”

President Robert J. Zimmer called the gift a vivid illustration of the power of ideas.

“This gift is extraordinary in both its generosity and its endorsement of the University’s mission,” said Zimmer. “The relationship between David Booth and Eugene Fama – and the idea that captivated them both – is another example of how groundbreaking theory, rigorous examination and application of principles come together often at the University of Chicago.”

“Given the profile of our school and its role in the world, it is imperative that the person who names the school embodies its values and, moreover, is a person who is of great integrity and who commands respect,” said Edward Snyder, dean of the University of Chicago business school. “In David Booth, we have a person who exceeds all the relevant criteria.”

“This gift provides our school with a perfectly-timed opportunity to move aggressively forward, ensuring that we continue to attract the best faculty in the world,” said Snyder, who also is the George Pratt Shultz Professor of Economics.

When he was a student in the business school, Booth decided that rather than continuing with his plan to return to his home state of Kansas for an academic career, he would apply his training to the real world.

After founding Dimensional Fund Advisors in 1981 with University of Chicago classmate Rex Sinquefeld, a 1972 M.B.A. graduate, Booth leveraged his Chicago education and the ongoing flow of ideas from its business school to develop strategies for his firm that were grounded in the efficient market hypothesis which says stock prices reflect all available information.

Dimensional Fund Advisors now manages \$120 billion for institutional investors and

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clients of registered financial advisors. The firm has U.S. offices in Austin, Chicago and Santa Monica, and international offices in London, Sydney and Vancouver.

Dimensional Fund Advisors relies on Eugene Fama as well as other faculty members from the University of Chicago business school to provide thought leadership to the firm. George Constantinides, the Leo Melamed Professor of Finance; John Gould, the Steven G. Rothmeier Professor and Distinguished Service Professor of Economics; and Abbie Smith, the Boris and Irene Stern Professor of Accounting are members of a DFA advisory board.

“By using the efficient market hypothesis developed at the University of Chicago business school, we have been able to document clearly that you don’t have to try to outguess the market in order to have a good investment experience,” Booth said.

“It would be hard to find anyone who benefited more from a University of Chicago education and from the faculty at Chicago than I have,” said Booth, who has been a member of the Council on the Graduate School of Business since 1999 and a member of the University of Chicago Board of Trustees since 2002. “I believe the quality of a business school’s faculty will determine the quality of a business school over the long run. The school is already in a strong position. This gift is intended to help it keep moving forward.”

The school plans to use the money for several new initiatives, including aggressively attracting and retaining star faculty. Other uses being considered include developing new faculty groups in academic areas not normally associated with business schools, expanding existing research centers, and launching ambitious programs to better leverage the school’s intellectual capital.

The gift may also be used to expand the school’s international presence beyond its existing campuses in London and Singapore.

Booth earlier gave the University of Chicago business school \$10 million to help fund construction of the Charles M. Harper Center on the school’s Chicago campus.

His latest gift, from the Booth Family Trust, represents an economic interest in a portion of the trust’s shares in Dimensional Holdings, Inc., parent company of Dimensional Fund Advisors. The business school will receive an income stream from the shares and the terminal

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value of the shares if they are sold.

Before Booth's gift, the largest gift to a business school was \$105 million given to Stanford University's Graduate School of Business in 2006 by Philip H. Knight, founder and chairman of Nike. Other large gifts to business schools include \$100 million to the University of Michigan in 2004 from Stephen M. Ross, \$85 million to the University of Wisconsin at Madison in 2007 from a combined partnership of 13 alumni and \$60 million to the Darden School at the University of Virginia from Frank Batten Sr., retired chairman and chief executive of Landmark Communications.

The previous largest gift to the University of Chicago was \$100 million from an anonymous donor in 2007. The funds were designated for undergraduate student aid.

The University of Chicago Pritzker School of Medicine was named in 1968 and the University's Harris School of Public Policy Studies was named in 1990.

The University of Chicago Booth School of Business is one of the leading business schools in the world. The school's faculty includes many renowned scholars and its graduates include many business leaders worldwide.

The Chicago approach to management education is distinguished by how it leverages fundamental knowledge, its rigor, and its practical application to business challenges.

Chicago Booth offers a full-time M.B.A. program, an evening M.B.A. program, a weekend M.B.A. program, an executive M.B.A. program in London and Singapore in addition to Chicago, a Ph.D. program, open enrollment executive education, and custom corporate education.

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