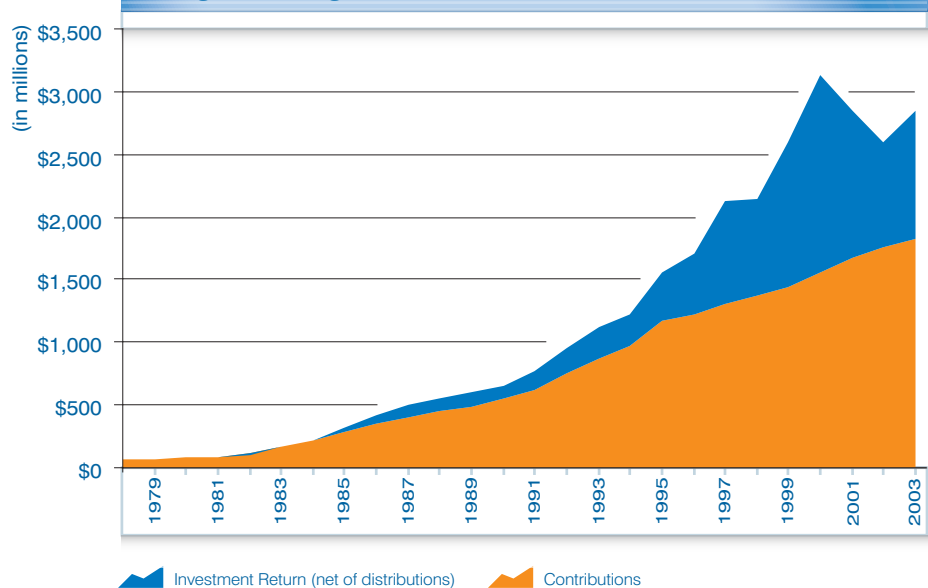


Ownership of Long Term Fund		
August 31, 2003	Accounts	Value (in millions)
UT System Administration	59	\$ 15.9
Benefit of Multiple Components	5	4.0
UT Arlington	204	34.4
UT Austin	3,466	1,422.9
UT Dallas	90	120.9
UT El Paso	410	76.8
UT Pan American	62	17.1
UT Brownsville	39	3.9
UT Permian Basin	72	10.6
UT San Antonio	170	24.0
UT Tyler	120	40.2
UT Southwestern Medical Center at Dallas	368	434.4
UT Medical Branch at Galveston	421	206.3
UT Health Science Center at Houston	246	63.5
UT Health Science Center at San Antonio	185	62.9
UT M. D. Anderson Cancer Center	257	186.3
UT Health Center at Tyler	33	5.4
Medical Liability Fund	1	110.3
<b>Total</b>	<b>6,208</b>	<b>\$ 2,839.8</b>

**Fig. A: Financial Highlights**

Years Ended August 31,	1999	2000	2001	2002	(in millions) 2003
Beginning Net Asset Value	\$ 2,147.7	\$ 2,602.3	\$ 3,136.2	\$ 2,843.3	\$ 2,595.1
Contributions (Net of Withdrawals)	79.7	109.7	113.2	89.3	59.6
Net Investment Return	476.4	539.4	(278.8)	(202.7)	329.0
Distributions (Payout)	(101.5)	(115.2)	(127.3)	(134.8)	(143.9)
<b>Ending Net Asset Value</b>	<b>\$ 2,602.3</b>	<b>\$ 3,136.2</b>	<b>\$ 2,843.3</b>	<b>\$ 2,595.1</b>	<b>\$ 2,839.8</b>

**Fig. B: Long Term Fund Growth 1978-2003**



**Fig. C: Asset Allocation**

Asset Class	Actual	Target
Domestic Public Equities	35.0%	31.0%
International Public Equities	20.9%	19.0%
Absolute Return	10.3%	10.0%
Inflation Hedging	8.6%	10.0%
Fixed Income	15.0%	15.0%
Private Capital	10.7%	15.0%
Cash and Cash Equivalents	(0.5%)	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

**Fig. D: Results Contrast**

Index	Equity Description	9/1/02 - 3/11/03	3/11/03 - 8/31/03
S&P 500	U.S. Large Capitalization	(11.1%)	26.9%
Russell 2000	U.S. Small Capitalization	(10.8%)	44.3%
MSCI EAFE	International Developed Markets	(15.7%)	29.8%
MSCI Emerging Markets Free	International Emerging Markets	(7.6%)	40.9%

**Fig. E: Benchmark Comparison**

Asset Class	Actual Net Investment Return	Benchmark Return	Benchmark
Cash and Cash Equivalents	1.3%	1.4%	90 Day T-Bills Average Yield
Domestic Public Equities	13.8%	14.9%	Wilshire 5000 U.S. Equities Index
International Public Equities	16.3%	12.2%	Morgan Stanley Capital International - All Country World Free ex U.S.
Absolute Return	21.3%	5.5%	90 Day T-Bills Average Yield plus 4%
Inflation Hedging	22.1%	13.6%	25% (Goldman Sach Commodity Index minus 100 basis points) plus 25% (Treasury Inflation Protected Securities) plus 25% (National Commercial Real Estate Index Fund) plus 25% (Wilshire Associates Real Estate Securities Index)
Fixed Income	7.1%	3.7%	33% (Lehman Brothers Aggregate Bond Index ex U.S. Governments) plus 67% (Lehman Brothers Government Bond Index)
Total Marketable Securities	15.5%	11.6%	
Private Capital	(6.6%)	19.5%	Wilshire 5000 U.S. Equities Index plus 4%
<b>Total</b>	<b>12.8%</b>	<b>12.8%</b>	

**Fig. F: Change in Purchasing Power**

Annual Average	For the periods ended August 31, 2003		
	One Year	Five Years	Ten Years
Net Total Return	12.78%	7.06%	9.18%
Less:			
Inflation Rate	2.16%	2.47%	2.46%
Distribution Rate	5.54%	4.63%	4.68%
<b>Change in Purchasing Power</b>	<b>5.08%</b>	<b>(0.04%)</b>	<b>2.04%</b>

**Fig. G: Ratio of Expenses to Average Net Assets**

	1999	2000	2001	2002	2003
UTIMCO Management Fee	0.09%	0.07%	0.06%	0.08%	0.12%
External Managers & Other Service Providers Fees	0.24%	0.24%	0.15%	0.20%	0.17%
	0.33%	0.31%	0.21%	0.28%	0.29%
Fee for Endowment Compliance	0.00%	0.00%	0.00%	0.09%	0.09%
Fee for Educational Purposes	0.02%	0.02%	0.02%	0.02%	0.02%
	0.02%	0.02%	0.02%	0.11%	0.11%
<b>Total</b>	<b>0.35%</b>	<b>0.33%</b>	<b>0.23%</b>	<b>0.39%</b>	<b>0.40%</b>