



PUF BENEFICIARIES

The University of Texas System

- UT Arlington
- UT Austin
- UT Dallas
- UT El Paso
- UT Permian Basin
- UT San Antonio
- UT Tyler
- UT Southwestern Medical Center at Dallas
- UT Medical Branch at Galveston
- UT Health Science Center at Houston
- UT Health Science Center at San Antonio
- UT M. D. Anderson Cancer Center
- UT Health Center at Tyler

The Texas A&M University System

- Prairie View A&M University
- Tarleton State University
- Texas A&M University
 - Texas A&M at Galveston
- The Texas A&M University Health Science Center
- Texas Agricultural Experiment Station
- Texas Agricultural Extension Service
 - Texas Cooperative Extension
- Texas Engineering Experiment Station
- Texas Engineering Extension Service
- Texas Forest Service
- Texas Transportation Institute

2006 PERMANENT UNIVERSITY FUND CHARTS

FIG. A CUMULATIVE ACTIVITY

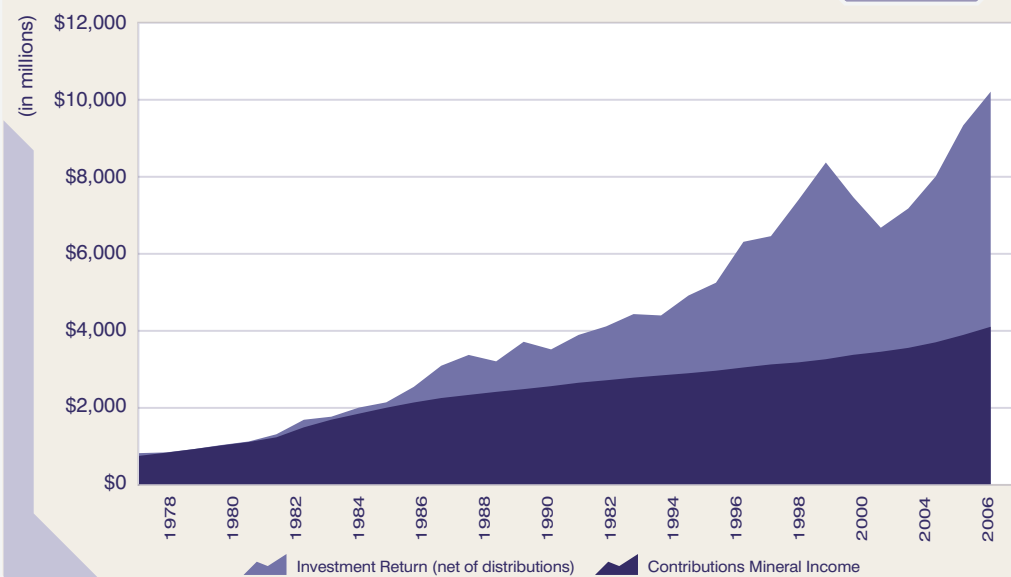
1923-2006	(in millions)
Beginning Market Value (1923)	\$ -
PUF Lands Mineral Contributions	4,136.1
Net Investment Return	13,595.7
Distributions to the AUF	(7,418.4)
Ending Net Asset Value (2006)	\$ 10,313.4

FIG. B FINANCIAL HIGHLIGHTS

Years ended August 31,	2002	2003	2004	2005	(in millions) 2006
Beginning Net Asset Value	\$ 7,540.1	\$ 6,738.3	\$ 7,244.8	\$ 8,087.9	\$ 9,426.7
PUF Lands Mineral Contributions	80.5	102.1	146.7	193.0	214.9
Net Investment Return	(543.9)	767.4	1,044.4	1,487.0	1,029.1
Distributions to the AUF	(338.4)	(363.0)	(348.0)	(341.2)	(357.3)
Ending Net Asset Value	\$ 6,738.3	\$ 7,244.8	\$ 8,087.9	\$ 9,426.7	\$ 10,313.4

COMPONENTS OF PUF ASSET GROWTH 1978-2006

FIG. C



2006 PERMANENT UNIVERSITY FUND CHARTS

FIG. D ASSET ALLOCATION

Asset Class	Actual as of August 31, 2006	Target
Cash and Cash Equivalents	0.7%	0.0%
U.S. Equities	20.9%	20.0%
Non-U.S. Developed Equity	11.6%	10.0%
Emerging Markets Equity	9.0%	7.0%
Directional Hedge Funds	8.3%	10.0%
Absolute Return Hedge Funds	14.7%	15.0%
Real Estate Investment Trusts (REITS)	5.7%	5.0%
Commodities	4.8%	3.0%
Treasury Inflation-Protected Securities (TIPS)	5.0%	5.0%
Fixed Income	9.8%	10.0%
Private Markets	9.5%	15.0%
Total	100.0%	100.0%

FIG. E BENCHMARK COMPARISON

Asset Class	Actual Net Investment Return	Benchmark Return	Benchmark
Cash and Cash Equivalents	4.6%	4.3%	90 Day T-Bills Average Yield
U.S. Equities	8.1%	8.8%	Russell 3000 Index
Non U.S. Developed Equity	20.2%	24.3%	Morgan Stanley Capital International - EAFE Index with net dividends
Emerging Markets Equity	22.3%	30.6%	Morgan Stanley Capital International - Emerging Markets Index with net dividends
Directional Hedge Funds	6.2%	5.0%	(1)
Absolute Return Hedge Funds	9.0%	4.2%	(2)
Real Estate Investment Trusts (REITS)	28.0%	26.3%	Dow Jones Wilshire Real Estate Securities Index
Commodities	-4.6%	-6.8%	Combination Index: 66.7% Goldman Sachs Commodity Index minus 50 basis points plus 33.3% Dow Jones AIG Commodity Index
Treasury Inflation-Protected Securities (TIPS)	2.1%	1.5%	Lehman Brothers U.S. TIPS Index
Fixed Income	2.3%	1.7%	Lehman Brothers Aggregate Bond Index
Total Marketable Securities	10.0%	10.2%	
Private Markets	23.0%	26.2%	Venture Economics' Periodic IRR Index
Total	11.2%	12.5%	

(1) Due to developments with existing market indices, the benchmark for Directional Hedge Funds was changed during the fiscal year. From September 1, 2005 through December 31, 2005, the benchmark was a combination of 50% Standard & Poor's Event Driven Hedge Fund Index plus 50% Standard & Poor's Directional/Tactical Hedge Fund Index. From January 1, 2006 through August 31, 2006, the benchmark was the Morgan Stanley Capital International Investable Hedge Fund Index.

(2) Due to developments with existing market indices, the benchmark for Absolute Return Hedge Funds was changed during the fiscal year. From September 1, 2005 through December 31, 2005, the benchmark was a combination of 66.7% Standard & Poor's Event Driven Hedge Fund Index plus 33.3% Standard & Poor's Arbitrage Hedge Fund Index. From January 1, 2006 through August 31, 2006, the benchmark was the Morgan Stanley Capital International Investable Hedge Fund Index.

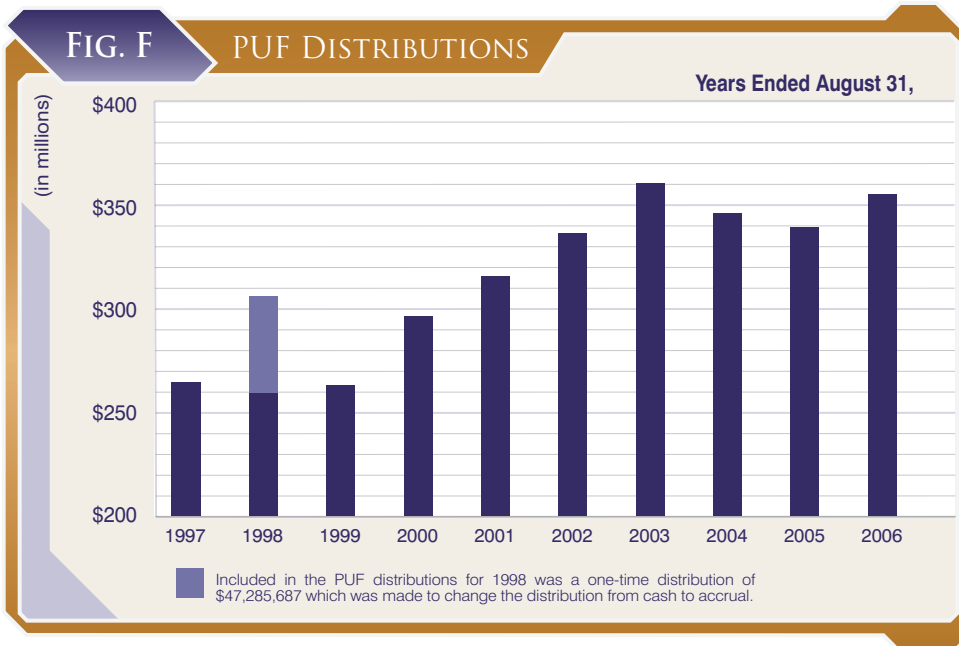


FIG. G CHANGE IN PURCHASING POWER

For the periods ended August 31, 2006

Annual Average	One Year	Five Years	Ten Years
Rate of Investment Return	11.56%	9.72%	10.04%
Mineral Interest	2.22%	1.79%	1.49%
Less:			
Expense Rate	0.41%	0.34%	0.21%
Inflation Rate	3.82%	2.81%	2.63%
Distribution Rate	3.68%	4.73%	4.47%
Change in Purchasing Power	5.87%	3.63%	4.22%