

***The University of Texas Investment
Management Company***



Presentation Materials

Board of Directors Meeting

January 25, 2007

**UTIMCO BOARD OF DIRECTORS
MEETING AGENDA
January 25, 2007**

Four Seasons Hotel
1300 Lamar Street
Houston, Texas

Time	Item #	Agenda Item
Begin 9:15 a.m.	End 10:15 a.m.	Briefing Session: - Secondary Market Discussion - Discussion of Approved Private Markets Investments
		OPEN MEETING:
10:15 a.m.	10:20 a.m.	1
		Call to Order/Consideration of Minutes of November 9, 2006 Meeting*
10:20 a.m.	11:15 a.m.	2
		Endowment and Operating Funds Update Report*
11:15 a.m.	12:15 p.m.	3
		Guest Speaker – Craig Huff of Reservoir Capital
12:15 p.m.	1:15 p.m.	Lunch
1:15 p.m.	2:15 p.m.	4
		Discussion of Investment Environment and Opportunities
2:15 p.m.	2:45 p.m.	5
		Discussion and Consideration of Committee Reports: - Policy Committee* - Advisory Search Committee
2:45 p.m.	3:00 p.m.	6
		Discussion and Consideration of Cambridge Contract Approval*
3:00 p.m.	3:10 p.m.	7
		Presentation of 2006 Annual Report
3:10 p.m.		Adjournment

*Action by resolution required

Next Scheduled Meeting: April 5, 2007 (Annual Meeting)

TAB 1

RESOLUTION RELATED TO MINUTES

RESOLVED, that the minutes of the meeting of the Board of Directors held on **November 9, 2006**, be, and are hereby, approved.

**MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY**

The Board of Directors (the "Board") of The University of Texas Investment Management Company (the "Corporation") convened in an open meeting at 10:12 a.m. on the **9th day of November, 2006**, in the Whitney Room of the Four Seasons Hotel, 1300 Lamar, Houston, Texas, said meeting having been called by the Chairman, H. Scott Caven, Jr., with notice provided to each member in accordance with the Bylaws. The audio portion of the meeting was electronically recorded.

Participating in the meeting were the following members of the Board:

H. Scott Caven, Jr., Chairman
Robert B. Rowling, Vice Chairman
Mark G. Yudof, Vice Chairman for Policy
Clint D. Carlson
J. Philip Ferguson
Colleen McHugh
Ardon E. Moore
Erle Nye

thus, constituting a majority and quorum of the Board. Director Charles W. Tate was not present at the meeting. Also attending the meeting were Cathy Iberg, Interim President and CEO and Managing Director – Marketable Alternative Investments; Joan Moeller, Secretary and Treasurer of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Bill Edwards, Managing Director of Information Technology; Larry Goldsmith, Managing Director of Public Markets; Andrea Reed, Risk Manager; Trey Thompson, Managing Director – Non-Marketable Alternative Investments; various staff members of the Corporation; Jerry Turner, legal counsel for the Corporation; Keith Brown of the McCombs School of Business at UT Austin; Ricky Richter of Ernst & Young; Philip Aldridge, Charlie Chaffin, and Cathy Swain of UT System Administration; Bruce Myers and Jeanne Rogers of Cambridge Associates; and Greg Anderson of The Texas A&M University System. Mr. Caven called the meeting to order at 10:12 a.m.

Minutes

The first matter to come before the Board was approval of the minutes of the meeting of the Board of Directors held on September 22, 2006. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held on September 22, 2006, be, and are hereby, approved.

Proposed Marketable Alternatives Investment

Mr. Caven asked Ms. Iberg to discuss the proposed marketable alternatives investment in Blue Ridge Offshore L.P. Ms. Iberg gave an overview and answered the Directors' questions. Upon motion duly made and seconded, the following resolutions were unanimously adopted:

WHEREAS, the Board has reviewed the Corporation's Investment Recommendation to use PUF, GEF and ITF assets to invest an additional \$75 million investment (the "Investment") in **Blue Ridge Offshore L.P.**; and

WHEREAS, the Corporation has determined that the Investment does not constitute an agreement or transaction entered into in violation of Subsection 66.08(i) of the Texas Education Code;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the original Investment Memorandum dated November 10, 2003, for **Blue Ridge Offshore L.P.** be approved; and be it further

RESOLVED, that the President and CEO, and any Managing Director of this Corporation be, and each of them hereby is, authorized to make such further revisions to the terms and provisions as may be necessary or in the best interests of this Corporation, excluding an increase in the amount of the capital commitment to **Blue Ridge Offshore L.P.**; and be it further

RESOLVED, that the President and CEO, any Managing Director, and the Secretary of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, instruments and certificates (including, without limitation, all notices and certificates required or permitted to be given or made under the terms of the Investment), in the name and on behalf of the Corporation, or otherwise, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolutions and to perform the obligations of this Corporation under the Investment and the instruments referred to therein.

Proposed Private Markets Investment

Mr. Caven asked Mr. Thompson to discuss the proposed private markets investment in Southwest Opportunity Fund I, L.P. Mr. Thompson advised the Directors that the proposed investment was not covered by the Corporation's Delegation of Authority Policy because the amount of the proposed investment exceeded 20% of the aggregate of all investment commitments to the fund. Director Carlson expressed a preference for limiting the proposed investment to the 20% level. Mr. Thompson gave an overview and answered the Directors' questions, including questions raised by Director Yudof regarding the relative amount of commitments by other investors in the fund. Upon motion duly made and seconded, the

following resolutions were adopted with a 6-1 vote, with Director Carlson opposing and Director Yudof abstaining:

WHEREAS, the Board has reviewed the Corporation's Investment Recommendation to use PUF and GEF assets to acquire up to a \$30 million combined institutional investment interest (the "Investment") in **Southwest Opportunity Fund I, L.P.**; and

WHEREAS, the Corporation has determined that the Investment does not constitute an agreement or transaction entered into in violation of Subsection 66.08(i) of the Texas Education Code;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the Investment Memorandum dated October 11, 2006, for **Southwest Opportunity Fund I, L.P.** be approved; and be it further

RESOLVED, that the President and CEO, and any Managing Director of this Corporation be, and each of them hereby is, authorized to make such further revisions to the terms and provisions as may be necessary or in the best interests of this Corporation, excluding an increase in the amount of the capital commitment to **Southwest Opportunity Fund I, L.P.**; and be it further

RESOLVED, that the President and CEO, any Managing Director, and the Secretary of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, instruments and certificates (including, without limitation, all notices and certificates required or permitted to be given or made under the terms of the Investment), in the name and on behalf of the Corporation, or otherwise, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolutions and to perform the obligations of this Corporation under the Investment and the instruments referred to therein.

Endowment and Operating Funds Update

Mr. Caven asked Ms. Iberg to present the Corporation's endowment and operating funds update. Ms. Iberg began by discussing performance information for September 30, 2006. She reviewed portfolio policy ranges and policy targets, and then presented the Market Exposure chart showing market exposure and deviations from policy targets within tactical policy ranges. The net performance for the one-month period ended September 30, 2006, for the PUF was .22% and for the GEF was .27%, versus benchmark returns of 0.70% for each fund. The net performance for the one-year period ended September 30, 2006, for the PUF and GEF were 9.61% and 9.62%, respectively, versus benchmark returns of 11.43% for each fund. The Intermediate Term Fund's (ITF) performance was .26% versus its benchmark return of .40% for the one-month period, and was 2.94% versus its benchmark return of 2.49% for the six-month period ended September 30, 2006. Performance for the Short Term Fund (STF) was 0.44% versus 0.46% for its

benchmark for the one-month period, and was 4.73% versus a benchmark return of 4.50% for the one-year period ended September 30, 2006. Ms. Iberg continued by reporting Cumulative Value Added under the Corporation's management for periods ended September 30, 2006. Also presented was information on performance attribution, liquidity, the Comprehensive Derivative Report, and actions taken under the Delegation of Authority. Ms. Iberg asked Ms. Reed to give the report on the risk dashboard. The request for approval of write-down of investments was postponed until the next board meeting. Ms. Iberg, Mr. Goldsmith, Ms. Reed and Mr. Thompson answered the Directors' questions.

Securities Lending Overview

Mr. Goldsmith continued with a brief overview of Securities Lending and its current role within the Corporation's portfolio. He addressed the purpose, mechanics, risks, and safeguards of the Securities Lending practice, and compared the Corporation's policies with those of the industry. Director Yudof suggested that the Board adopt a formal policy for Securities Lending. Staff will bring proposed policies regarding securities lending and soft dollars to the Policy Committee for discussion and consideration.

Executive Session

Mr. Caven, at 11:40 a.m., announced that, "The Board of Directors of The University of Texas Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session for the purpose of deliberating individual personnel compensation matters. This Executive Session meeting of the Board is authorized by Texas Government Code Section 551.074 (Personnel Matters). The time is now 11:40 a.m. and the date is November 9, 2006."

Reconvene in Open Session

The Board reconvened at 12:30 p.m., in open session and Mr. Caven announced that, "the Open Session of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The time is now 12:30 p.m. During the Executive Session, the Board deliberated individual personnel compensation matters, but did not take any final action or votes, or make any decisions."

Report from Compensation Committee

Mr. Caven asked Mr. Ferguson, Committee Chair, to give a report of the Compensation Committee. The Compensation Committee met previously on November 6, 2006. Mr. Ferguson reported that the Compensation Committee recommended that the Board, as required by the Corporation's Compensation Program, approve the proposed entity portion of the performance compensation award of the former President and CEO, and the proposed 2005/2006 performance compensation award totals. Upon motion duly made and seconded, the following resolution for the former President and CEO was unanimously adopted:

WHEREAS, Section 5.5(d) of the UTIMCO Compensation Program (the "Plan") provides that, at the end of each "Performance Period," the Board will determine the level of achievement of the President and CEO with respect to his "Performance Goals" for such Performance Period; and

WHEREAS, the Board has reviewed the actual performance of the former President and CEO during the Performance Period and has compared such actual performance relative to each Performance Goal category for the President and CEO against his corresponding Performance Goal for such Performance Period;

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the former President and CEO's Performance Incentive Award for the 2005/2006 Performance Period in the amount of \$471,789; and

Upon motion duly made and seconded, the following resolution for the 2005/2006 performance compensation award totals was unanimously adopted:

WHEREAS, in accordance with Section 5.5(d) of the UTIMCO Compensation Program (the "Plan"), the Compensation Committee has determined each Participant's level of achievement of his or her "Performance Goals" for the 2005/2006 Performance Period, except the level of achievement of the President and CEO with respect to his Performance Goals for such period; and

WHEREAS, Sections 5.5(e) and 5.5(f) of the Plan provide that, based on the percentage achieved of each Participant's Performance Goals for a Performance Period, a "Performance Incentive Award" will be calculated for each Participant for such Performance Period in accordance with the calculation methodology set forth in Appendix A of the Plan; and

WHEREAS, Sections 5.5(e) and 5.5(g) of the Plan provide that the Compensation Committee will review all Performance Incentive Award for all Participants who have met or exceeded their performance benchmarks for such Performance Period and submit its recommendations to the Board for approval; and

WHEREAS, the Compensation Committee has reviewed the Performance Incentive Awards for all Participants who have met or exceeded their performance benchmarks for the 2005/2006 Performance Period, approved such Performance Incentive Awards, and recommended that the Board approve the same; and

NOW, THEREFORE, be it:

RESOLVED, that the Performance Incentive Awards for the Participants (including the former President and CEO) for the 2005/2006 Performance Period in the total amount of \$2,087,384 are hereby approved.

Mr. Ferguson continued with recommendation from the Compensation Committee to approve the peer group for the 2006/2007 Compensation Program as determined by Cambridge Associates. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, Section 8.14 of the UTIMCO Compensation Program (the "Plan") provides that the "Peer Group" will be updated annually at the beginning of each Performance Period, and Appendix B will be amended accordingly; and

WHEREAS, Section 7.2 of the Plan provides that the Board has the right to amend the Plan or any portion thereof from time to time; and

WHEREAS, the Board wishes to amend Appendix B to conform to the updated Peer Group;

NOW, THEREFORE, be it:

RESOLVED, that the updated and amended Appendix B (UTIMCO Peer Group), a copy of which is attached hereto, is hereby adopted and approved as part of the Plan to replace the current Appendix B, effective as of July 1, 2006.

The meeting was recessed for lunch at 12:35 p.m. The Board of the Corporation reconvened in an open meeting at the same meeting location at 1:38 p.m.

Risk Committee Report

Mr. Caven asked Mr. Ferguson to give the report from the Risk Committee for Committee Chairman Tate. Mr. Ferguson reported that the Risk Committee had met on October 27, 2006. At the meeting, the Committee heard presentations from the two finalists that were selected from responses from the Risk Consultant Request for Proposal. The Committee recommended approval of hiring Gifford Fong Associates for the Corporation's Risk Consultant. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that as recommended by the Risk Committee, the UTIMCO Board approves the selection of Gifford Fong Associates as the Risk Consultant for the Corporation and directs staff to negotiate the contract with so mentioned Consultant.

Mr. Ferguson continued with recommendation from the Committee for the Board to adopt a resolution approving a process and criteria for inclusion of certain new marketable alternative investment mandates within the public markets portfolio (equity and fixed income asset classes). Upon adoption of the proposed resolution, the Risk Committee must approve the inclusion of certain new alternative investment mandates in the public markets portfolio, and will use the criteria suggested as guidelines in its decision-making process. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that as recommended by the Risk Committee, the process and criteria for inclusion of certain new marketable alternative investment mandates

within the public markets portfolio (Equity and Fixed Income Asset Classes) in the form as presented in the Discussion section of the Agenda item, be, and are hereby approved.

Report from the Audit and Ethics Committee

Mr. Caven requested that Mr. Nye, Chairman of the Audit and Ethics Committee, give a report to the Board. Mr. Nye stated that the Audit and Ethics Committee had held meetings on September 27, 2006 and on November 9, 2006, prior to the Board Meeting. Mr. Nye asked Mr. Richter of Ernst & Young to present the Audit Results and Communications letter and answer questions related to the financial statements and internal controls. Mr. Richter noted that Ernst & Young issued unqualified opinions on the August 31, 2006 financial statements. Mr. Richter also reported on auditing marketable alternative investments. Mr. Chaffin gave a review of issued reports, and the audit hours from 2006 and audit plans for 2007. He stated that the Corporation has strong internal controls. Mr. Nye and Mr. Chaffin commended the entire accounting staff.

Mr. Nye asked Mr. Turner to give the Board the same report he had given earlier to the Audit and Ethics Committee regarding partnership structure formed alongside commingled funds. Mr. Turner stated that generally the Code of Ethics prohibits the Corporation and entities controlled by the Corporation from investing in the publicly traded securities of a public company in which a Director has a "pecuniary interest" (as defined in the Code of Ethics). The Corporation's public markets Staff requires external investment managers, acting under agency arrangements, to implement procedures to insure that they comply with the foregoing prohibition when executing their mandates. On occasion, Staff will require such an external investment manager to create a single-member limited partnership for making the Corporation's investments. In such circumstances, the limited partnership is treated as an entity controlled by the Corporation and the general partner (external manager) is required to comply with the above-mentioned prohibition when executing its mandate. Mr. Turner then contrasted the foregoing arrangements with situations in which Staff invests in a commingled fund (in which the fund manager pools the assets of several investors to permit more efficient management) or invests through a single-member limited partnership created for the purpose of allowing the Corporation to invest in such a commingled fund. Mr. Turner stated that just as the Corporation does not control the commingled fund and, consequently, is not able to require the commingled fund manager to implement procedures to insure that the fund does not invest in publicly traded securities of a company in which a Director has a pecuniary interest, therefore a limited partnership through which the Corporation invests in a commingled fund should not be considered as giving the Corporation any control over the commingled fund.

Mr. Turner stated that he had made his report to the Audit and Ethics Committee because it is important to understand that Counsel and Staff had drawn a distinction between two categories of single-member limited partnerships. One is the partnership that is controlled by the Corporation, which is the surrogate for the agency arrangement, and the other is the partnership that is not controlled, which is the vehicle for allowing the Corporation to invest in a commingled fund. Mr. Nye stated that although there was no action necessary by the Committee, this seemed entirely reasonable to the Committee. He also added that it was important to understand and document the distinction that has been made by Counsel and Staff. Mr. Nye also reported that the Audit and Ethics Committee had received, reviewed and approved the separate annual financial statements and audit reports of Ernst & Young LLP for the Permanent University Fund, the Permanent Health Fund, the Long Term Fund and the General Endowment Fund for Fiscal Years 2006 and 2005. Mr. Richter, Ms. Iberg, Ms. Moeller and Mr. Chaffin answered questions of the Committee. Mr. Nye

recommended a resolution for approval. Prior to the vote, Chancellor Yudof wanted to make sure that Ms. Iberg had complete authority to hire the staff recommended by Ernst & Young, which Mr. Turner confirmed. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that Ernst & Young, LLP's Financial Statement Audit Results and Communications on the Investment Funds Under Fiduciary Responsibility of The University of Texas System Board of Regents for the year ended August 31, 2006, be, and is hereby approved in the form as presented to the Board; and further

RESOLVED, that UTIMCO management's assertions on Internal Control over Financial Reporting, and the independent accountant's reports for the Permanent University Fund, the Permanent Health Fund, The University of Texas System Long Term Fund, and The University of Texas System General Endowment Fund for the year ended August 31, 2006, be, and are hereby approved in the form as presented to the Board; and further

RESOLVED, that the separate annual financial statements and audit reports for the Permanent University Fund, the Permanent Health Fund, The University of Texas System Long Term Fund, and The University of Texas System General Endowment Fund each for the fiscal years ended August 31, 2006 and August 31, 2005, The University of Texas System Intermediate Term Fund for the period ending August 31, 2006, and the Statement of Investment Performance Statistics for the year ended August 31, 2006, be, and are hereby approved in the form as presented to the Board.

Report from the Advisory Search Committee

Mr. Caven asked Mr. Carlson for an update from the Advisory Search Committee. Mr. Carlson reported that the Committee had received six proposals from executive search firms in response to the Request for Information and had met with three of those six firms in person on October 27, 2006. After hearing the presentations and discussion, the Advisory Search Committee would like to recommend to the staff to negotiate a contract to hire Spencer Stuart for the President, CEO and CIO search.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 2:15 p.m.

Secretary: _____
Joan Moeller

Approved: _____ Date: _____
H. Scott Caven, Jr.
Chairman, Board of Directors of
The University of Texas Investment
Management Company

Appendix B (UTIMCO Peer Group)

Institutions with Market Values

Greater Than \$1 Billion

As of June 30, 2004, 2005 and 2006

Based on NACUBO Studies

- 1 Boston College
- 2 Brown University
- 3 California Institute of Technology
- 4 Case Western Reserve University
- 5 Columbia University
- 6 Cornell University
- 7 Dartmouth College
- 8 Duke University
- 9 Emory University
- 10 Grinnell College
- 11 Indiana University and Foundation
- 12 Johns Hopkins University
- 13 Massachusetts Institute of Technology
- 14 New York University
- 15 Northwestern University
- 16 Ohio State University and Foundation
- 17 Pennsylvania State University
- 18 Pomona College
- 19 Princeton University
- 20 Purdue University
- 21 Rice University
- 22 Stanford University
- 23 Swarthmore College
- 24 The Rockefeller University
- 25 The Texas A&M University System and Foundations
- 26 UNC at Chapel Hill and Foundations
- 27 University of California
- 28 University of Chicago
- 29 University of Illinois and Foundation
- 30 University of Michigan
- 31 University of Minnesota and Foundation
- 32 University of Notre Dame
- 33 University of Pennsylvania
- 34 University of Pittsburgh
- 35 University of Richmond
- 36 University of Rochester
- 37 University of Southern California
- 38 University of Virginia
- 39 University of Washington
- 40 Vanderbilt University
- 41 Washington University
- 42 Wellesley College
- 43 Williams College
- 44 Yeshiva University

TAB 2

Agenda Item
UTIMCO Board of Directors Meeting
January 25, 2007

Agenda Item: Performance Report

Developed By: Moeller, Hill

Presented By: Iberg

Type of Item: Information Item

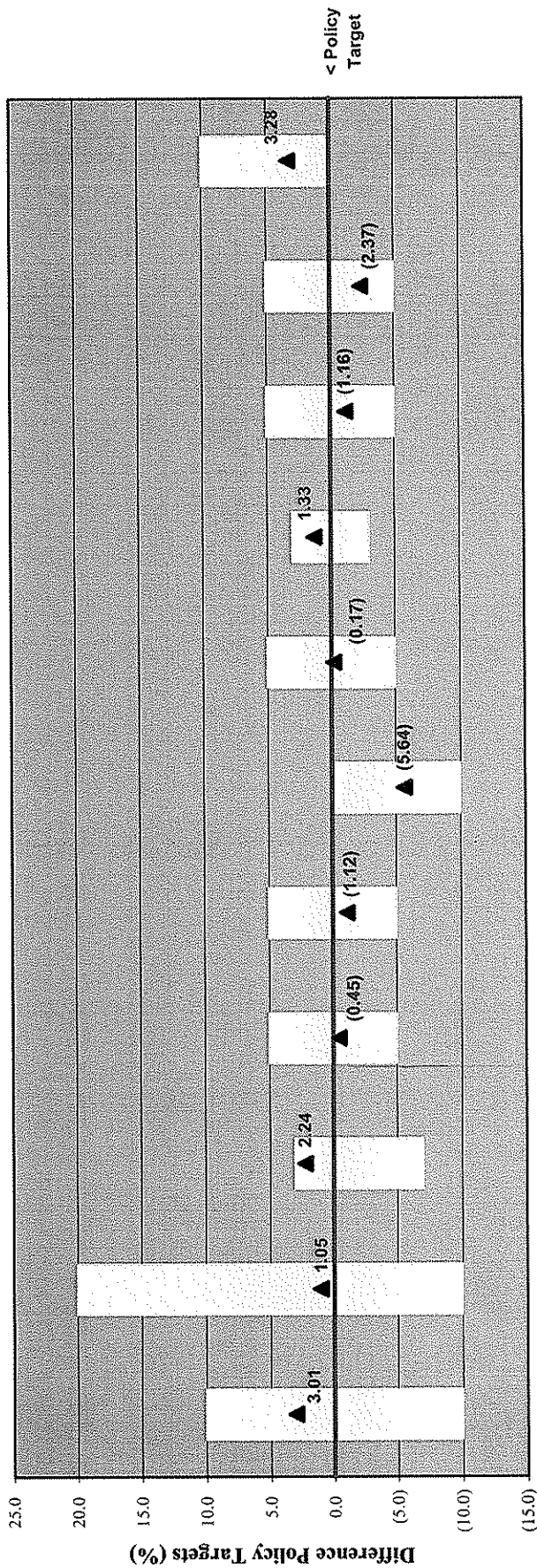
Description: The reports presented are for the periods ended November 30, 2006 (Except as noted).

Recommendation: No action required.

Reference: Market Exposure; UTIMCO Performance Summary; Cumulative Value Added in Endowment Funds Since September 2002; Performance Attribution; UTIMCO Endowment Funds vs. Cambridge Associates Colleges and Universities Universe; UTIMCO Endowment Funds vs. Cambridge Associates Colleges and Universities Greater Than One Billion Dollars Funds Universe; UTIMCO Endowment Funds vs. UTIMCO Peer Group Universe; UTIMCO Endowment Funds vs. Mellon Trust Billion Dollar Funds Universe; Fund Performance Summaries

**Permanent University Fund
Market Exposure
November 30, 2006**

Deviations From Policy Targets Within Tactical Policy Ranges



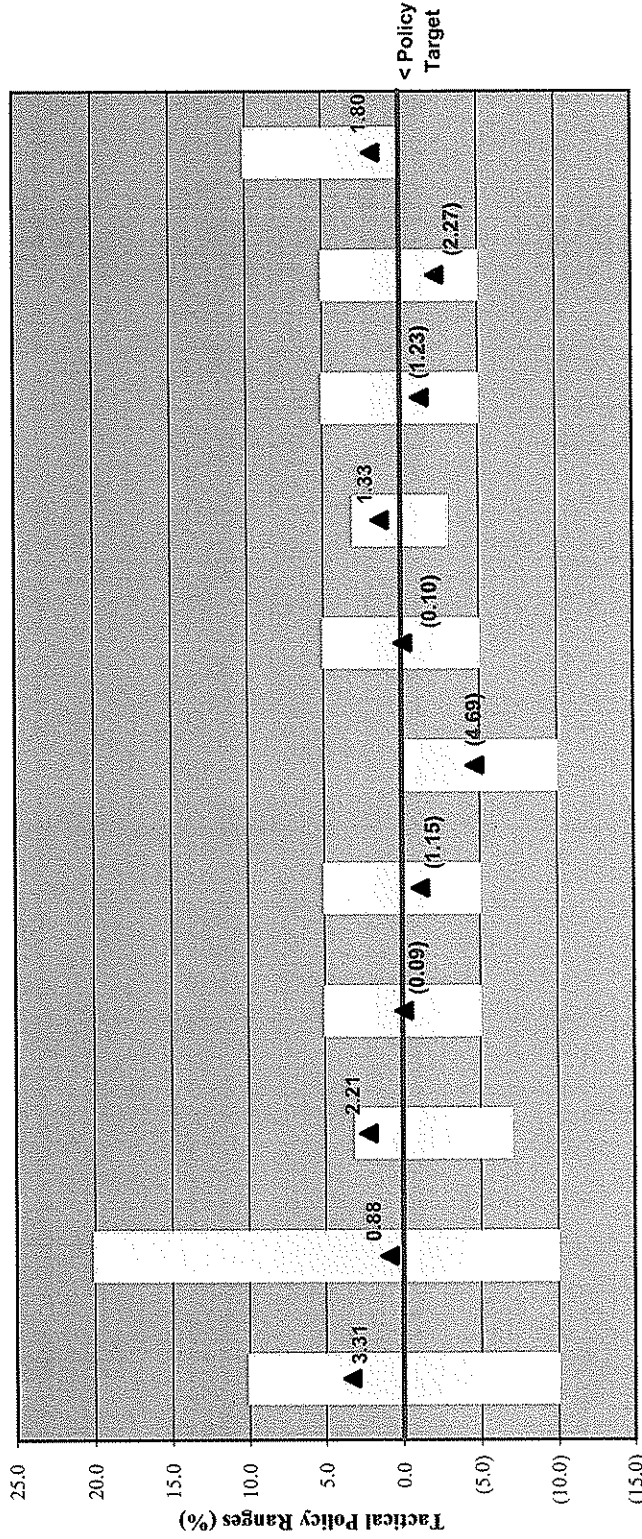
	U.S. Equities	Non-U.S. Developed Equity	Emerging Markets Equity	Directional Hedge Funds	Absolute Return Hedge Funds	Private Capital	REITS	Commodities	TIPS	Fixed Income	Cash and Cash Equivalents
Actual	23.01%	11.05%	9.24%	9.55%	13.88%	9.36%	4.83%	4.33%	3.84%	7.63%	3.28%
Policy Target	20.00%	10.00%	7.00%	10.00%	15.00%	15.00%	5.00%	3.00%	5.00%	10.00%	0.00%
Deviation	3.01%	1.05%	2.24%	-0.45%	-1.12%	-5.64%	-0.17%	1.33%	-1.16%	-2.37%	3.28%

	U.S. Equities	Non-U.S. Developed Equity	Emerging Markets Equity	Directional Hedge Funds	Absolute Return Hedge Funds	Private Capital	REITS	Commodities	TIPS	Fixed Income	Cash and Cash Equivalents
Deviation in Dollars (\$m)	323.88	112.98	241.03	(48.42)	(120.51)	(606.88)	(18.29)	143.11	(124.82)	(255.02)	352.94



**General Endowment Fund
Market Exposure
November 30, 2006**

Deviations From Policy Targets Within Tactical Policy Ranges



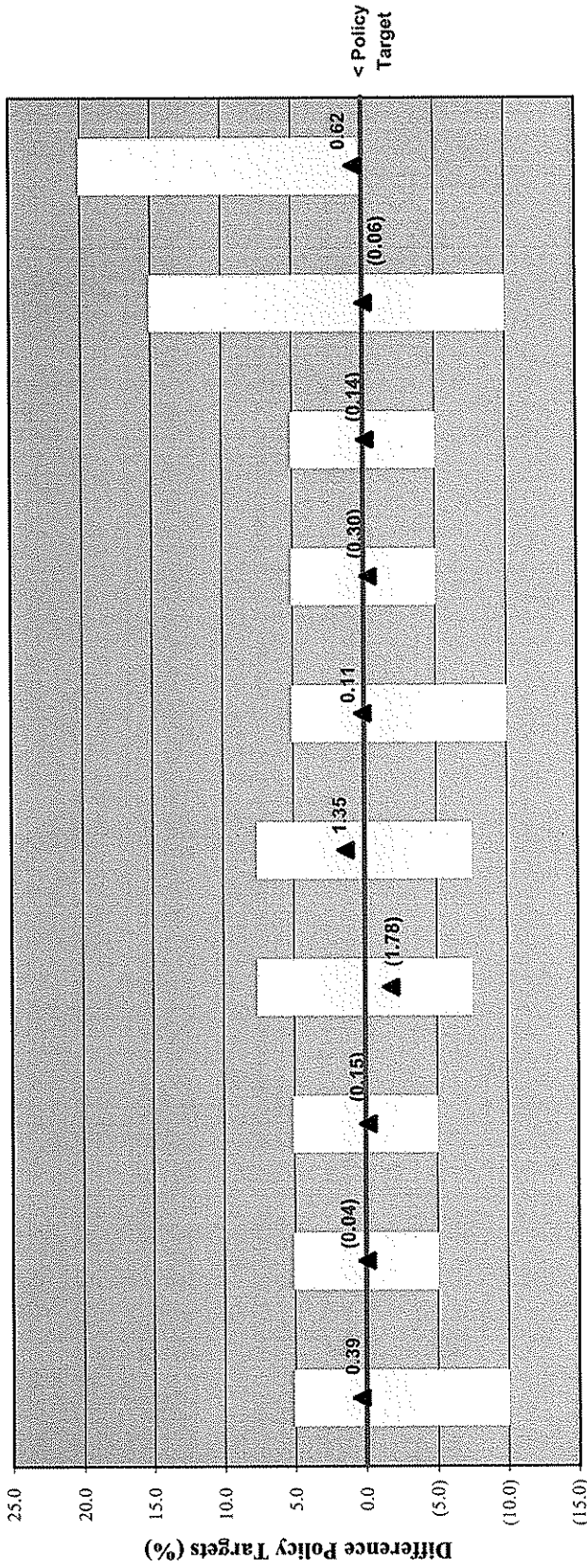
	U.S. Equities	Non-U.S. Developed Equity	Emerging Markets Equity	Directional Hedge Funds	Absolute Return Hedge Funds	Private Capital	REITS	Commodities	TIPS	Fixed Income	Cash and Cash Equivalents
Actual	23.31%	10.88%	9.21%	9.91%	13.85%	10.31%	4.90%	4.33%	3.77%	7.73%	1.80%
Policy Target	20.00%	10.00%	7.00%	10.00%	15.00%	15.00%	5.00%	3.00%	5.00%	10.00%	0.00%
Deviation	3.31%	0.88%	2.21%	-0.09%	-1.15%	-4.69%	-0.10%	1.33%	-1.23%	-2.27%	1.80%

Deviation in Dollars (\$m)	192.64	51.22	128.62	(5.24)	(66.93)	(272.95)	(5.82)	77.40	(71.58)	(132.11)	104.75
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**Intermediate Term Fund
Market Exposure
November 30, 2006**

Deviations From Policy Targets Within Tactical Policy Ranges



	U.S. Equities	Non-U.S. Developed Equity	Emerging Markets Equity	Directional Hedge Funds	Absolute Return Hedge Funds	REITS	Commodities	TIPS	Fixed Income	Cash and Cash Equivalents
Actual	15.39%	4.96%	4.85%	10.72%	13.85%	10.11%	4.70%	9.86%	24.94%	0.62%
Policy Target	15.00%	5.00%	5.00%	12.50%	12.50%	10.00%	5.00%	10.00%	25.00%	0.00%
Deviation	0.39%	-0.04%	-0.15%	-1.78%	1.35%	0.11%	-0.30%	-0.14%	-0.06%	0.62%

Deviation in Dollars (\$m)	U.S. Equities	Non-U.S. Developed Equity	Emerging Markets Equity	Directional Hedge Funds	Absolute Return Hedge Funds	REITS	Commodities	TIPS	Fixed Income	Cash and Cash Equivalents
	12.61	(1.29)	(4.85)	(57.58)	43.67	3.56	(9.70)	(4.53)	(1.94)	20.05



UTIMCO Performance Summary

November 30, 2006

	Net Asset Value 11/30/2006 (in Millions)	Periods Ended November 30, 2006 (Returns for Periods Longer Than One Year are Annualized)										
		One Month	Fiscal Year To Date	Three Months	Six Months	Calendar Year To Date	One Year	Two Years	Three Years	Four Years	Five Years	Ten Years
ENDOWMENT FUNDS												
Permanent University Fund	\$ 10,760.2	2.49	4.42	4.42	6.89	11.90	13.99	13.40	14.07	15.36	10.88	9.34
General Endowment Fund		2.57	4.54	4.54	7.00	12.11	14.18	13.36	14.02	15.54	11.03	N/A
Permanent Health Fund	1,022.0	2.59	4.57	4.57	7.04	12.15	14.18	13.30	13.95	15.43	10.93	N/A
Long Term Fund	4,798.0	2.59	4.57	4.57	7.04	12.18	14.18	13.31	13.95	15.46	10.96	9.98
Separately Invested Funds	184.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Endowment Funds	16,764.7											
OPERATING FUNDS												
Short Term Fund	1,226.7	0.43	1.32	1.32	2.66	4.61	4.98	3.99	3.06	2.58	2.45	3.98
Intermediate Term Fund	3,234.7	2.42	4.53	4.53	7.49	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Operating Funds	4,461.4											
Total Investments	\$ 21,226.1											
BENCHMARKS (1)												
Permanent University Fund: Policy Portfolio		2.27	5.24	5.24	8.14	13.73	15.66	13.60	13.70	13.08	8.99	9.96
General Endowment Fund: Policy Portfolio		2.27	5.24	5.24	8.14	13.73	15.66	13.60	13.70	13.08	8.99	9.71
Short Term Fund: 90 Day Treasury Bills Average Yield		0.43	1.27	1.27	2.54	4.39	4.73	3.84	2.95	2.51	2.37	3.80
Intermediate Term Fund: Policy Portfolio		2.34	4.92	4.92	7.99	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VALUE ADDED (2)												
Permanent University Fund		0.22	(0.82)	(0.82)	(1.25)	(1.83)	(1.68)	(0.20)	0.37	2.29	1.90	(0.62)
General Endowment Fund		0.29	(0.70)	(0.70)	(1.14)	(1.62)	(1.49)	(0.25)	0.32	2.46	2.05	N/A
Permanent Health Fund		0.32	(0.67)	(0.67)	(1.10)	(1.57)	(1.48)	(0.30)	0.24	2.35	1.94	N/A
Long Term Fund		0.32	(0.67)	(0.67)	(1.10)	(1.57)	(1.48)	(0.30)	0.24	2.38	1.98	0.27
Short Term Fund		0.00	0.05	0.05	0.11	0.22	0.25	0.15	0.11	0.08	0.09	0.17
Intermediate Term Fund		0.07	(0.39)	(0.39)	(0.50)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) - Effective May 6, 2004, benchmark returns for the PUF policy portfolio have been restated for prior periods beginning June 1, 1993 through September 30, 2000 and for the GEF/LTF policy portfolio for prior periods beginning June 1, 1993 through September 30, 2001 to correct the following technical errors in benchmark construction and calculation: (a) to reflect actual asset class target allocations which were in place, or the practical implementation of changes to those policy allocations, and (b) to distinguish between PUF and GEF/LTF historical investment objectives and distribution policies by accurately representing actual asset class allocations during those periods.

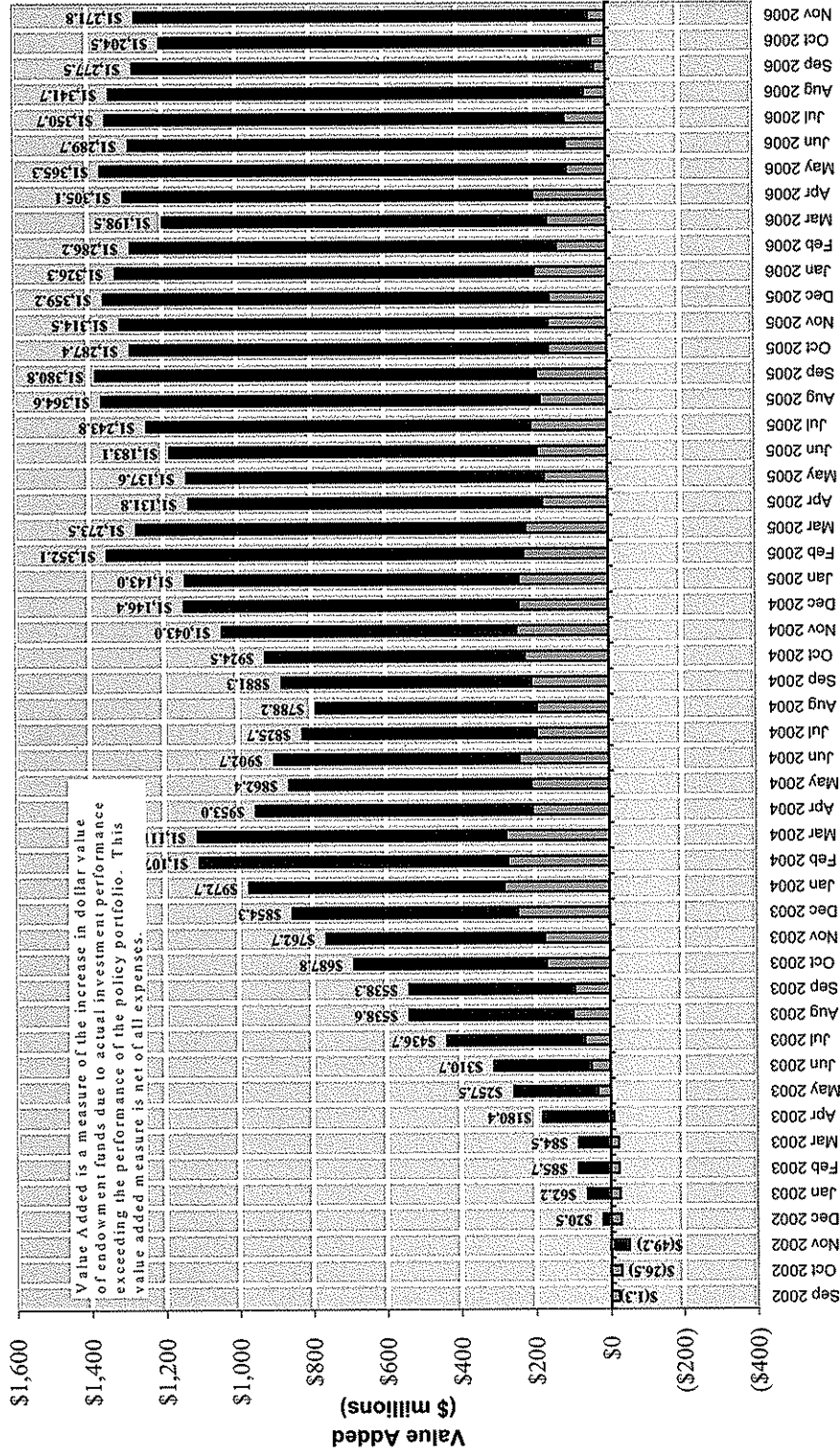
Benchmark returns for the PUF and GEF/LTF policy portfolios were also restated for all prior periods beginning June 1, 1993 through December 31, 2003 to replace various benchmark returns reported previously for the Private Capital asset class. Specifically, the Wilshire 5000 + 4%, the benchmark used prior to January 1, 2004, was replaced with the Venture Economics Periodic IRR Index, a more appropriate benchmark measure for the actual Private Capital portfolio.

Effective August 10, 2006, benchmark returns for the PUF and GEF policy portfolios were also restated for periods beginning January 1, 2006 through April 30, 2006, and for the ITF policy portfolio for periods beginning February 1, 2006 to April 30, 2006, to replace benchmark returns for the Hedge Fund asset class due to integrity concerns regarding existing benchmarks. Specifically, composites of Standard & Poor's investable hedge fund indices were replaced with the MSCI Investable Hedge Fund Index.

Complete details of the restatements and previous policy portfolio benchmark history are documented on the UTMCO website at www.UTMCO.org or are available upon request.

(2) - Value added is a measure of the difference between actual returns and benchmark or policy portfolio returns for each period shown. Value added is a result of the active management decisions made by UTMCO staff and external managers.

**VALUE ADDED: ENDOWMENT FUNDS
SINCE SEPTEMBER 1, 2002**



■ Security Selection ■ Asset Allocation





Permanent University Fund Performance Attribution Analysis

Year Ended
November 30, 2006

	Average Asset Allocation		Return		Asset Allocation Effect (1)	Security Selection Effect (2)	Total Effect
	PUF	Policy Portfolio	PUF	Policy Benchmark			
Cash and Cash Equivalents	1.71%	0.00%	4.98%	4.73%	-0.21%	0.00%	-0.21%
U.S. Equities	20.59%	20.00%	10.19%	14.45%	-0.07%	-0.87%	-0.94%
Global Equities	20.58%	17.00%	23.10%	30.70%	0.11%	-1.19%	-1.08%
Non-U.S. Equities Developed	12.01%	10.00%	20.23%	28.20%	0.15%	-0.73%	-0.58%
Emerging Markets	8.57%	7.00%	27.14%	33.95%	-0.04%	-0.46%	-0.50%
Directional Hedge Funds	8.94%	10.00%	10.63%	7.04%	0.04%	0.38%	0.42%
Absolute Return Hedge Funds	15.13%	15.00%	12.66%	7.44%	0.03%	0.82%	0.85%
Inflation Linked	14.23%	13.00%	13.46%	15.81%	-0.34%	-0.07%	-0.41%
REITS	5.24%	5.00%	40.63%	39.50%	0.02%	0.04%	0.06%
Commodities	4.85%	3.00%	-5.54%	-0.98%	-0.45%	-0.15%	-0.60%
TIPS	4.14%	5.00%	4.75%	4.07%	0.09%	0.04%	0.13%
Fixed Income	9.43%	10.00%	7.20%	5.94%	0.03%	0.14%	0.17%
Total Marketable Assets	90.61%	85.00%	13.38%	14.64%	-0.41%	-0.79%	-1.20%
Private Capital	9.39%	15.00%	19.86%	21.48%	-0.28%	-0.19%	-0.47%
Total Fund	100.00%	100.00%	13.99%	15.66%	-0.69%	-0.98%	-1.67%

- (1) Allocation effect measures the impact of decisions to allocate assets differently from the policy benchmark.
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Benchmark Asset Class Return - Total Target Portfolio Return) plus
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)
- (2) Selection effect measures the impact of selecting securities different from those held in the benchmark.
 (Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)

All actual performance figures shown are net of all fees and expenses.



General Endowment Fund Performance Attribution Analysis

Year Ended

November 30, 2006

	Average Asset Allocation		Return		Asset Allocation Effect (1)	Security Selection Effect (2)	Total Effect
	GEF	Policy Portfolio	GEF	Policy Benchmark			
Cash and Cash Equivalents	1.34%	0.00%	4.98%	4.73%	-0.15%	0.00%	-0.15%
U.S. Equities	20.47%	20.00%	10.72%	14.45%	-0.08%	-0.76%	-0.84%
Global Equities	20.10%	17.00%	23.04%	30.70%	0.05%	-1.21%	-1.16%
Non-U.S. Equities Developed	11.78%	10.00%	20.11%	28.20%	0.15%	-0.75%	-0.60%
Emerging Markets	8.32%	7.00%	27.05%	33.95%	-0.10%	-0.46%	-0.56%
Directional Hedge Funds	8.86%	10.00%	10.64%	7.04%	0.05%	0.38%	0.43%
Absolute Return Hedge Funds	15.25%	15.00%	12.64%	7.44%	0.04%	0.81%	0.85%
Inflation Linked	13.98%	13.00%	13.29%	15.81%	-0.33%	-0.08%	-0.41%
REITs	5.06%	5.00%	40.56%	39.50%	-0.03%	0.04%	0.01%
Commodities	4.78%	3.00%	-5.44%	-0.98%	-0.41%	-0.15%	-0.56%
TIPS	4.14%	5.00%	4.70%	4.07%	0.11%	0.03%	0.14%
Fixed Income	9.59%	10.00%	7.29%	5.94%	0.04%	0.14%	0.18%
Total Marketable Assets	89.59%	85.00%	13.47%	14.64%	-0.38%	-0.72%	-1.10%
Private Capital	10.41%	15.00%	20.10%	21.48%	-0.27%	-0.16%	-0.38%
Total Fund	100.00%	100.00%	14.18%	15.66%	-0.60%	-0.88%	-1.48%

(1) Allocation effect measures the impact of decisions to allocate assets differently from the policy benchmark.
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Benchmark Asset Class Return - Total Target Portfolio Return) plus
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)

(2) Selection effect measures the impact of selecting securities different from those held in the benchmark.
 (Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)

All actual performance figures shown are net of all fees and expenses.



Intermediate Term Fund Performance Attribution Analysis
Ten Months Ended November 30, 2006

	Average Asset Allocation		Return		Asset Allocation Effect (1)	Security Selection Effect (2)	Total Effect
	ITF	Policy Portfolio	ITF	Policy Benchmark			
Cash and Cash Equivalents	0.54%	0.00%	4.24%	4.07%	-0.08%	0.00%	-0.08%
U.S. Equities	15.06%	15.00%	9.45%	10.65%	-0.01%	-0.18%	-0.19%
Non-U.S. Equities Developed	5.10%	5.00%	10.05%	15.41%	0.01%	-0.25%	-0.24%
Emerging Markets	4.99%	5.00%	10.66%	13.77%	-0.03%	-0.17%	-0.20%
Directional Hedge Funds	10.12%	12.50%	7.23%	4.09%	-0.02%	0.40%	0.38%
Absolute Return Hedge Funds	13.90%	12.50%	7.96%	4.09%	-0.02%	0.49%	0.47%
REITS	10.14%	10.00%	26.89%	29.74%	0.00%	-0.26%	-0.26%
Commodities	5.14%	5.00%	-10.71%	-7.05%	-0.01%	-0.21%	-0.22%
TIPS	10.11%	10.00%	3.68%	2.82%	-0.01%	0.09%	0.08%
Fixed Income	24.90%	25.00%	5.93%	4.94%	-0.01%	0.25%	0.24%
Total Fund	100.00%	100.00%	8.11%	8.13%	-0.18%	0.16%	-0.02%

(1) Allocation effect measures the impact of decisions to allocate assets differently from the policy benchmark.

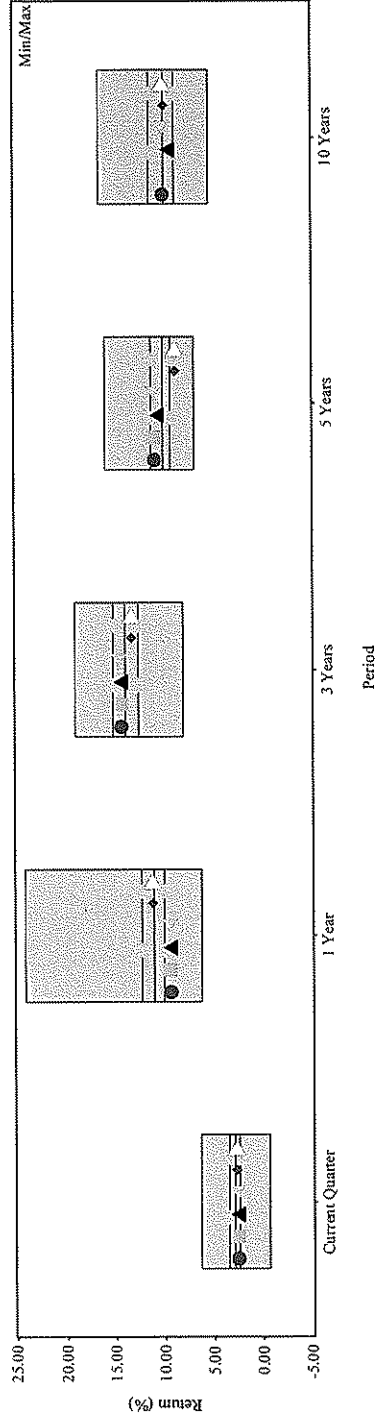
(Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Benchmark Asset Class Return - Total Target Portfolio Return) plus
 (Actual Portfolio Asset Allocation - Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)

(2) Selection effect measures the impact of selecting securities different from those held in the benchmark.

(Target Portfolio Asset Allocation) X (Portfolio Asset Class Return - Benchmark Asset Class Return)

All actual performance figures shown are net of all fees and expenses.

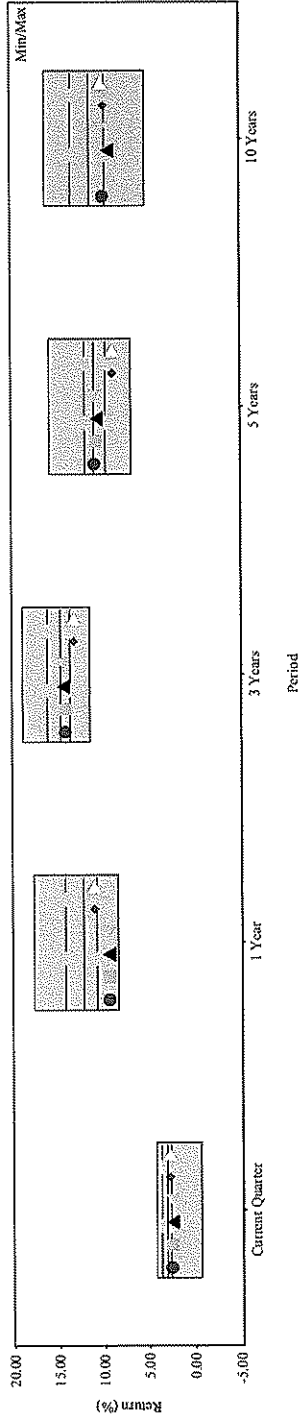
**UTIMCO ENDOWMENT FUNDS vs.
Total Cambridge Universe
Periods Ended September 30, 2006
Quartile**



	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)
Maximum	6.33		24.15		19.09		15.93		16.47	
25th Percentile	3.48		12.27		15.08		11.19		11.29	
Median	2.97		10.99		13.97		10.03		9.85	
75th Percentile	2.50		9.93		12.61		9.22		8.78	
Minimum	-		6.35		8.17		7.01		5.43	
# of Portfolios	131		131		128		127		109	
UTIMCO LTF-Net of Fees	2.81	62	9.59	83	14.53	36	11.04	31	10.11	47
UTIMCO PHF-Net of Fees	2.81	62	9.57	83	14.52	36	11.00	32	---	---
UTIMCO PUF-Net of Fees	2.73	68	9.62	82	14.60	33	10.80	36	9.53	60
UTIMCO GEF-Net of Fees	2.78	66	9.62	82	14.63	33	11.12	29	10.15	46
Policy Portfolio GEF	2.97	51	11.30	47	13.44	57	9.00	83	9.93	50
Policy Portfolio PUF	2.97	51	11.30	47	13.44	57	9.00	83	10.16	46

The Cambridge Universe consists of all College and Universities that report quarterly returns to Cambridge Associates, Inc. The number of Colleges and Universities reporting as of September 30, 2006 was 131.

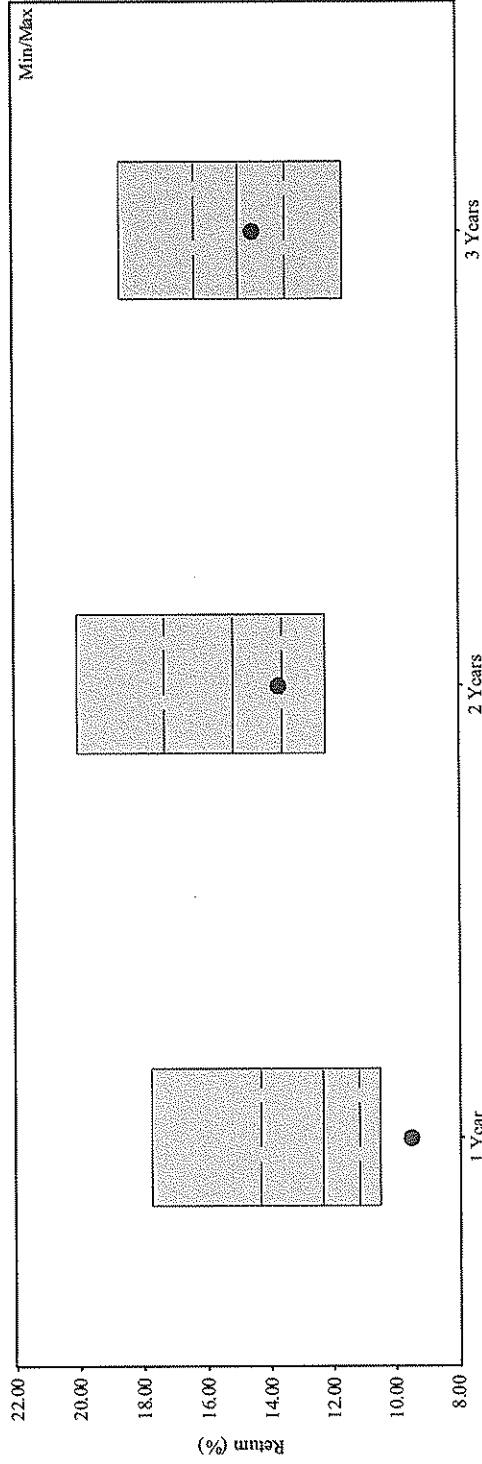
**UTIMCO ENDOWMENT FUNDS vs.
Cambridge Billion \$ Funds Universe
Periods Ended September 30, 2006
Quartile**



	Return	(% file)	Return	(% file)	Return	(% file)	Return	(% file)	Return	(% file)
Maximum	4.30		17.81		19.09		15.93		16.47	
25th Percentile	3.72		14.30		16.20		12.00		13.45	
Median	3.16		12.27		14.84		10.97		11.37	
75th Percentile	2.78		10.87		13.69		9.70		9.63	
Minimum	- 0.36		8.53		11.71		7.01		5.43	
# of Portfolios	43		43		43		43		40	
● UTIMCO LTF-Net of Fees	2.81	71	9.59	96	14.53	60	11.04	48	10.11	71
■ UTIMCO PHF-Net of Fees	2.81	71	9.57	96	14.52	60	11.00	48	---	---
▲ UTIMCO PUF-Net of Fees	2.73	78	9.62	96	14.60	55	10.80	55	9.53	79
◀ UTIMCO GEF-Net of Fees	2.78	78	9.62	96	14.63	55	11.12	44	10.15	69
◆ Policy Portfolio GEF	2.97	62	11.30	71	13.44	80	9.00	91	9.93	71
Policy Portfolio PUF	2.97	62	11.30	71	13.44	80	9.00	91	10.16	69

The Cambridge Billion \$ Funds Universe consists of the College and Universities with endowment assets greater than one billion dollars that report quarterly to Cambridge Associates, Inc. The number of Colleges and Universities with endowment assets greater than one billion dollars reporting as of September 30, 2006 was 43.

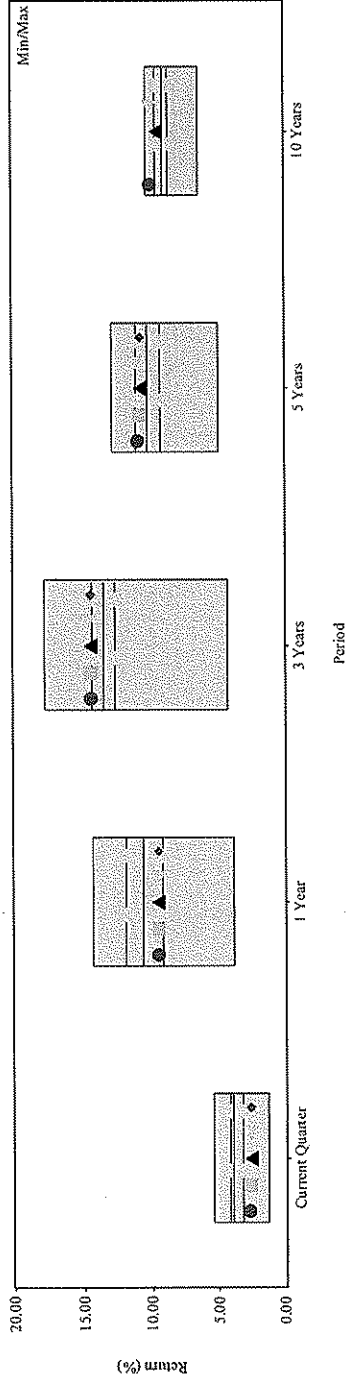
UTMCO Compensation Universe Preliminary Ending September 30, 2006 Quartile



	Return	(% file)	Return	(% file)	Return	(% file)
Maximum	17.81	100	20.10	75	18.69	63
25th Percentile	14.37		17.33		16.35	
Median	12.35		15.17		14.99	
75th Percentile	11.20		13.63		13.48	
Minimum	10.56		12.28		11.71	
# of Portfolios	34		34		34	

● U.T. System Endowment Funds

**UTIMCO ENDOWMENTS FUNDS vs.
BILLION DOLLAR FUNDS UNIVERSE
Periods Ended September 30, 2006**



	Return	(% file)	Return	(% file)	Return	(% file)	Return	(% file)	Return	(% file)
Maximum	5.43		14.32		17.81		12.88		10.30	
25th Percentile	4.22		11.86		14.38		11.04		9.57	
Median	3.97		10.60		13.47		10.17		9.06	
75th Percentile	3.28		9.20		12.61		9.31		8.59	
Minimum	1.42		3.94		4.35		5.06		6.54	
# of Portfolios	41		40		38		36		28	
● UTIMCO LTF-Net of Fees	2.81	89	9.59	69	14.53	24	11.04	28	10.11	11
■ UTIMCO PHF-Net of Fees	2.81	89	9.57	69	14.52	24	11.00	28	---	---
▲ UTIMCO PUF-Net of Fees	2.73	89	9.62	66	14.60	24	10.80	28	9.53	28
▼ UTIMCO GEF-Net of Fees	2.78	89	9.62	66	14.63	24	11.12	28	10.15	11
◆ U.T. System Endowment Funds	2.74	89	9.60	66	14.58	24	10.86	28	---	---

Universe Source: (c) Mellon Analytical Solutions
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The Billion Dollar Fund Universe consists of all assets of public plans of Russell/Mellon clients with at least one billion dollars in assets. The number of funds in the universe as of September 30, 2006 was 41.

Permanent University Fund

Calendar Year To Date Through November 30, 2006

PUF	Return	Return	Return Difference
Public Markets:			
U.S. Equities	9.9%	Russell 3000	14.3%
International Developed Equities	14.2%	MSCI EAFE	22.5%
Emerging Market Equities	21.1%	MSCI EM	26.5%
Fixed Income	6.2%	Lehman Aggregate	4.9%
Inflation Linked:			
Commodities	-8.4%	1/3 DJAIG / 2/3 GSCI	-3.8%
REITS	39.7%	Wishire RESI	38.9%
TIPS	3.6%	Lehman TIPS	2.8%
Private Markets	19.5%	Venture Economics Periodic IRR	18.9%
Marketable Alternatives:			
Directional Hedge Funds	8.9%	Directional Hedge Fund Composite	6.4%
Absolute Return Hedge Funds	10.5%	Absolute Hedge Fund Composite	6.4%
TOTAL PUF PORTFOLIO	11.9%	TOTAL POLICY PORTFOLIO	13.7%

Permanent University Fund

One Year Ending November 30, 2006

PUF	Return	POLICY PORTFOLIO	Return	Return Difference
Public Markets:		Public Markets:		
U.S. Equities	10.2%	Russell 3000	14.4%	-4.2%
International Developed Equities	20.2%	MSCI EAFE	28.2%	-8.0%
Emerging Market Equities	27.1%	MSCI EM	34.0%	-6.9%
Fixed Income	7.2%	Lehman Aggregate	5.9%	1.3%
Inflation Linked:		Inflation Linked:		
Commodities	-5.5%	1/3 DJAIG / 2/3 GSCI	-1.0%	-4.5%
REITS	40.6%	Wishare RESI	39.5%	1.1%
TIPS	4.7%	Lehman TIPS	4.1%	0.6%
Private Markets	19.9%	Venture Economics Periodic IRR	21.5%	-1.6%
Marketable Alternatives:		Marketable Alternatives:		
Directional Hedge Funds	10.6%	Directional Hedge Fund Composite	7.0%	3.6%
Absolute Return Hedge Funds	12.7%	Absolute Hedge Fund Composite	7.4%	5.3%
TOTAL PUF PORTFOLIO	14.0%	TOTAL POLICY PORTFOLIO	15.7%	-1.7%

Permanent University Fund Two Years Ending November 30, 2006

PUF	Return	POLICY PORTFOLIO	Return	Return Difference
Public Markets:		Public Markets:		
U.S. Equities	10.6%	Russell 3000	12.1%	-1.5%
International Developed Equities	19.1%	MSCI EAFE	20.5%	-1.4%
Emerging Market Equities	27.0%	MSCI EM	33.3%	-6.3%
Fixed Income	4.5%	Lehman Aggregate	4.2%	0.3%
Inflation Linked:		Inflation Linked:		
Commodities	2.4%	1/3 DJAIG / 2/3 GSCI	6.2%	-3.8%
REITS	30.6%	Wisshire RESI	29.3%	1.3%
TIPS	4.2%	Lehman TIPS	3.7%	0.5%
Private Markets	24.9%	Venture Economics Periodic IRR	21.8%	3.1%
Marketable Alternatives:		Marketable Alternatives:		
Directional Hedge Funds	10.1%	Directional Hedge Fund Composite	6.6%	3.5%
Absolute Return Hedge Funds	11.0%	Absolute Hedge Fund Composite	5.8%	5.2%
TOTAL PUF PORTFOLIO	13.4%	TOTAL POLICY PORTFOLIO	13.6%	-0.2%

Permanent University Fund Three Years Ending November 30, 2006

PUF	Return	POLICY PORTFOLIO	Return	Return Difference
Public Markets:		Public Markets:		
U.S. Equities	10.8%	Russell 3000	12.4%	-1.6%
International Developed Equities	20.5%	MSCI EAFE	21.7%	-1.2%
Emerging Market Equities	27.6%	MSCI EM	31.7%	-4.1%
Fixed Income	5.7%	Lehman Aggregate	4.2%	1.5%
Inflation Linked:		Inflation Linked:		
Commodities	10.8%	1/3 DJAIG / 2/3 GSCI	15.7%	-4.9%
REITS	32.9%	Wisshire RESI	30.1%	2.8%
TIPS	N/A	Lehman TIPS	5.0%	N/A
Private Markets	22.3%	Venture Economics Periodic IRR	19.9%	2.4%
Marketable Alternatives:		Marketable Alternatives:		
Directional Hedge Funds	10.6%	Directional Hedge Fund Composite	6.2%	4.4%
Absolute Return Hedge Funds	11.4%	Absolute Hedge Fund Composite	5.3%	6.1%
TOTAL PUF PORTFOLIO	14.1%	TOTAL POLICY PORTFOLIO	13.7%	0.4%

N/A - Asset Class Funded during this period.

General Endowment Fund

Calendar Year To Date Through November 30, 2006

GEF	Return	POLICY PORTFOLIO	Return	Return Difference
Public Markets:		Public Markets:		
U.S. Equities	10.5%	Russell 3000	14.3%	-3.8%
International Developed Equities	14.1%	MSCI EAFE	22.5%	-8.4%
Emerging Market Equities	21.0%	MSCI EM	26.5%	-5.5%
Fixed Income	6.2%	Lehman Aggregate	4.9%	1.3%
Inflation Linked:		Inflation Linked:		
Commodities	-8.3%	1/3 DJAIG / 2/3 GSCI	-3.8%	-4.5%
REITS	39.7%	Wilshire RESI	38.9%	0.8%
TIPS	3.6%	Lehman TIPS	2.8%	0.8%
Private Markets	19.7%	Venture Economics Periodic IRR	18.9%	0.8%
Marketable Alternatives:		Marketable Alternatives:		
Directional Hedge Funds	8.9%	Directional Hedge Fund Composite	6.4%	2.5%
Absolute Return Hedge Funds	10.5%	Absolute Hedge Fund Composite	6.4%	4.1%
TOTAL GEF PORTFOLIO	12.1%	TOTAL POLICY PORTFOLIO	13.7%	-1.6%

General Endowment Fund

One Year Ending November 30, 2006

GEF	Return	POLICY PORTFOLIO	Return	Return Difference
Public Markets:		Public Markets:		
U.S. Equities	10.7%	Russell 3000	14.4%	-3.7%
International Developed Equities	20.1%	MSCI EAFE	28.2%	-8.1%
Emerging Market Equities	27.1%	MSCI EM	34.0%	-6.9%
Fixed Income	7.3%	Lehman Aggregate	5.9%	1.4%
Inflation Linked:		Inflation Linked:		
Commodities	-5.4%	1/3 DJAIG / 2/3 GSCI	-1.0%	-4.4%
REITS	40.6%	Wishire RESI	39.5%	1.1%
TIPS	4.7%	Lehman TIPS	4.1%	0.6%
Private Markets	20.1%	Venture Economics Periodic IRR	21.5%	-1.4%
Marketable Alternatives:		Marketable Alternatives:		
Directional Hedge Funds	10.6%	Directional Hedge Fund Composite	7.0%	3.6%
Absolute Return Hedge Funds	12.6%	Absolute Hedge Fund Composite	7.4%	5.2%
TOTAL GEF PORTFOLIO	14.2%	TOTAL POLICY PORTFOLIO	15.7%	-1.5%

General Endowment Fund

Two Years Ending November 30, 2006

GEF	Return	POLICY PORTFOLIO	Return	Return Difference
Public Markets:		Public Markets:		
U.S. Equities	10.8%	Russell 3000	12.1%	-1.3%
International Developed Equities	19.0%	MSCI EAFE	20.5%	-1.5%
Emerging Market Equities	26.8%	MSCI EM	33.3%	-6.5%
Fixed Income	4.5%	Lehman Aggregate	4.2%	0.3%
Inflation Linked:		Inflation Linked:		
Commodities	2.5%	1/3 DJAIG / 2/3 GSCI	6.2%	-3.7%
REITS	30.6%	Wishire RESI	29.3%	1.3%
TIPS	4.2%	Lehman TIPS	3.7%	0.5%
Private Markets	23.4%	Venture Economics Periodic IRR	21.8%	1.6%
Marketable Alternatives:		Marketable Alternatives:		
Directional Hedge Funds	10.0%	Directional Hedge Fund Composite	6.6%	3.4%
Absolute Return Hedge Funds	11.0%	Absolute Hedge Fund Composite	5.8%	5.2%
TOTAL GEF PORTFOLIO	13.4%	TOTAL POLICY PORTFOLIO	13.6%	-0.2%

General Endowment Fund

Three Years Ending November 30, 2006

GEF	Return	POLICY PORTFOLIO	Return	Return Difference
Public Markets:		Public Markets:		
U.S. Equities	10.9%	Russell 3000	12.4%	-1.5%
International Developed Equities	20.5%	MSCI EAFE	21.7%	-1.2%
Emerging Market Equities	27.4%	MSCI EM	31.7%	-4.3%
Fixed Income	5.7%	Lehman Aggregate	4.2%	1.5%
Inflation Linked:		Inflation Linked:		
Commodities	11.0%	1/3 DJAIG / 2/3 GSCI	15.7%	-4.7%
REITS	32.9%	Wilshire RESI	30.1%	2.8%
TIPS	N/A	Lehman TIPS	5.0%	N/A
Private Markets	20.9%	Venture Economics Periodic IRR	19.9%	1.0%
Marketable Alternatives:		Marketable Alternatives:		
Directional Hedge Funds	10.5%	Directional Hedge Fund Composite	6.2%	4.3%
Absolute Return Hedge Funds	11.5%	Absolute Hedge Fund Composite	5.3%	6.2%
TOTAL GEF PORTFOLIO	14.0%	TOTAL POLICY PORTFOLIO	13.7%	0.3%

N/A - Asset Class Funded during this period.

Intermediate Term Fund

Ten months ended November 30, 2006 (Inception to Date from February 2006)

ITF	Return	POLICY PORTFOLIO	Return	Return Difference
Public Markets:		Public Markets:		
U.S. Equities	9.5%	Russell 3000	10.7%	-1.2%
International Developed Equities	10.1%	MSCI EAFE	15.4%	-5.3%
Emerging Market Equities	10.7%	MSCI EM	13.8%	-3.1%
Fixed Income	5.9%	Lehman Aggregate	4.9%	1.0%
Inflation Linked:		Inflation Linked:		
Commodities	-10.7%	1/3 DJAIG / 2/3 GSCI	-7.1%	-3.6%
REITS	26.9%	Wishire RESI	29.7%	-2.8%
TIPS	3.7%	Lehman TIPS	2.8%	0.9%
Marketable Alternatives:		Marketable Alternatives:		
Directional Hedge Funds	7.2%	Directional Hedge Fund Composite	4.1%	3.1%
Absolute Return Hedge Funds	8.0%	Absolute Hedge Fund Composite	4.1%	3.9%
TOTAL ITF PORTFOLIO	8.1%	TOTAL POLICY PORTFOLIO	8.1%	0.0%

Agenda Item
UTIMCO Board of Directors Meeting
January 25, 2007

Agenda Item: Liquidity Profile

Developed By: Moeller, Childers

Presented By: Iberg

Type of Item: Information Item

Description: The reports presented are for the period ended November 30, 2006.

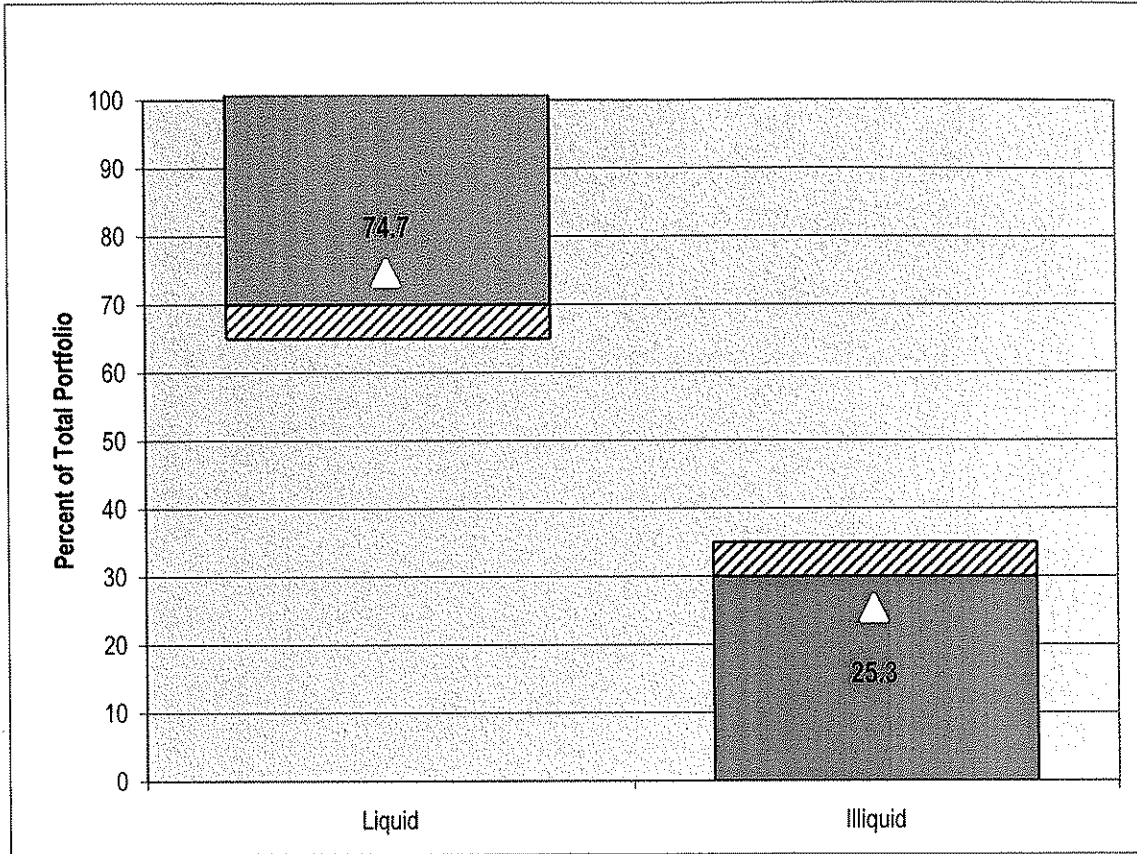
Discussion: As of November 30, 2006 endowment fund assets classified as liquid were 74.7% of the total assets, and those classified as illiquid were 25.3% of total assets. For the ITF, 87.5% of the total assets were classified as liquid, and 12.5% were classified illiquid.

Recommendation: No action required.

Reference: Combined Liquidity Profile-Endowment Funds, PUF Liquidity Profile, GEF Liquidity Profile, ITF Liquidity Profile, Certification of PUF, GEF and ITF Liquidity Profiles, Illiquid Investments Approved/Delegated or Funded from Last Report to UTIMCO Board, Endowments Actual Liquidity Classification, and ITF Actual Liquidity Classification.

Combined Liquidity Profile - Endowment Funds

November 30, 2006



Current:

	11/30/2006		10/31/2006	
	Market Value	Percent	Market Value	Percent
Liquid	12,583,048,405.55	74.7	12,226,304,661.81	74.5
Illiquid	4,263,461,853.40	25.3	4,183,201,003.41	25.5
	<u>16,846,510,258.95</u>	<u>100.0</u>	<u>16,409,505,665.22</u>	<u>100.0</u>

Approved but not yet invested illiquid marketable investments:

	11/30/2006		10/31/2006	
	Market Value	Percent	Market Value	Percent
Liquid	12,560,583,053.04	74.6	12,226,304,661.81	74.5
Illiquid	4,285,927,205.91	25.4	4,183,201,003.41	25.5
	<u>16,846,510,258.95</u>	<u>100.0</u>	<u>16,409,505,665.22</u>	<u>100.0</u>

Liquid: Investments that could be converted to cash within a period of 1 day to 3 months in an orderly market at a discount of 10% or less.

Illiquid: Investments that could be converted to cash in a orderly market over a period of more than 3 months or in a shorter period of time by accepting a discount of more than 10%.

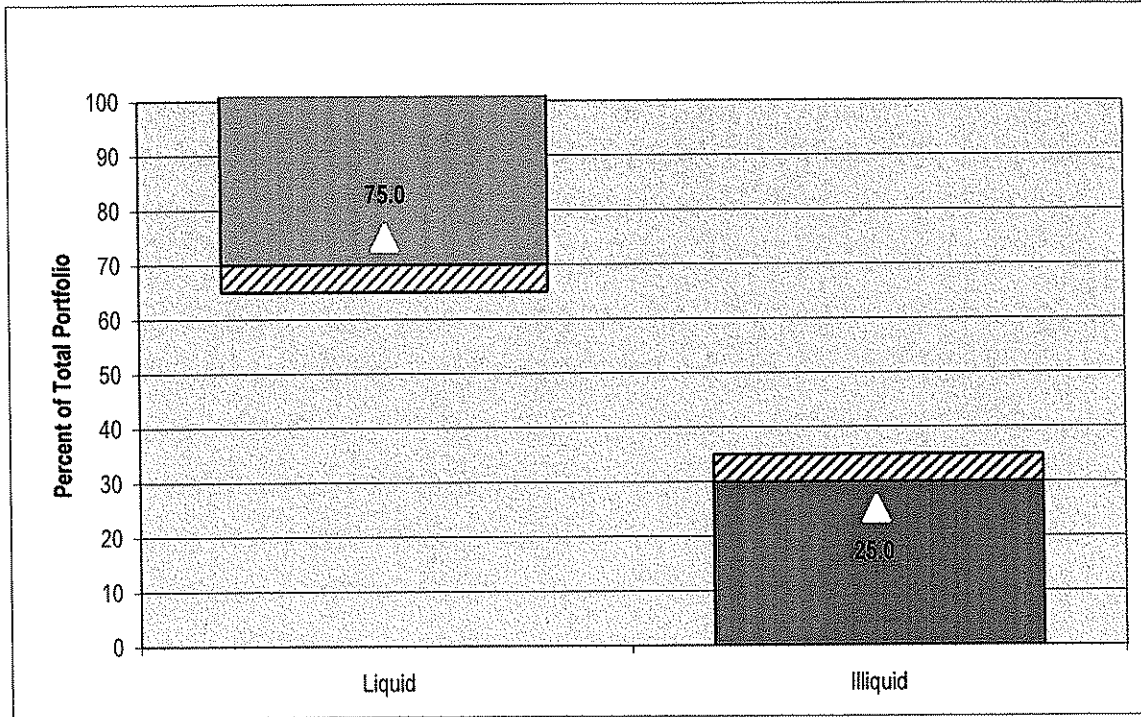
I, Craig Hill, as Risk Manager, certify that I have reviewed the liquidity categories provided by the Managing Directors and concur with the classifications.

I, Joan Mella, as Chief Compliance Officer and MD of Accounting, Finance and Administration, certify that I have verified that the Managing Directors' liquidity classifications have been accurately reported and that the percentage calculations are accurate.

I, Cathy Burg, as Interim President of UTIMCO, certify that I have reviewed the liquidity categories, classifications by Managing Directors and the method of calculating statistics presented in this report and concur with the information presented.

PUF Liquidity Profile

November 30, 2006



Current:

	11/30/2006		10/31/2006	
	Market Value	Percent	Market Value	Percent
Liquid	8,178,912,167.09	75.0	7,894,713,279.89	74.7
Illiquid	2,732,274,228.89	25.0	2,678,989,486.04	25.3
	<u>10,911,186,395.98</u>	<u>100.0</u>	<u>10,573,702,765.93</u>	<u>100.0</u>

Approved but not yet invested illiquid marketable investments:

	11/30/2006		10/31/2006	
	Market Value	Percent	Market Value	Percent
Liquid	8,163,770,117.64	74.8	7,894,713,279.89	74.7
Illiquid	2,747,416,278.34	25.2	2,678,989,486.04	25.3
	<u>10,911,186,395.98</u>	<u>100.0</u>	<u>10,573,702,765.93</u>	<u>100.0</u>

Liquid: Investments that could be converted to cash within a period of 1 day to 3 months in an orderly market at a discount of 10% or less.

Illiquid: Investments that could be converted to cash in a orderly market over a period of more than 3 months or in a shorter period of time by accepting a discount of more than 10%.

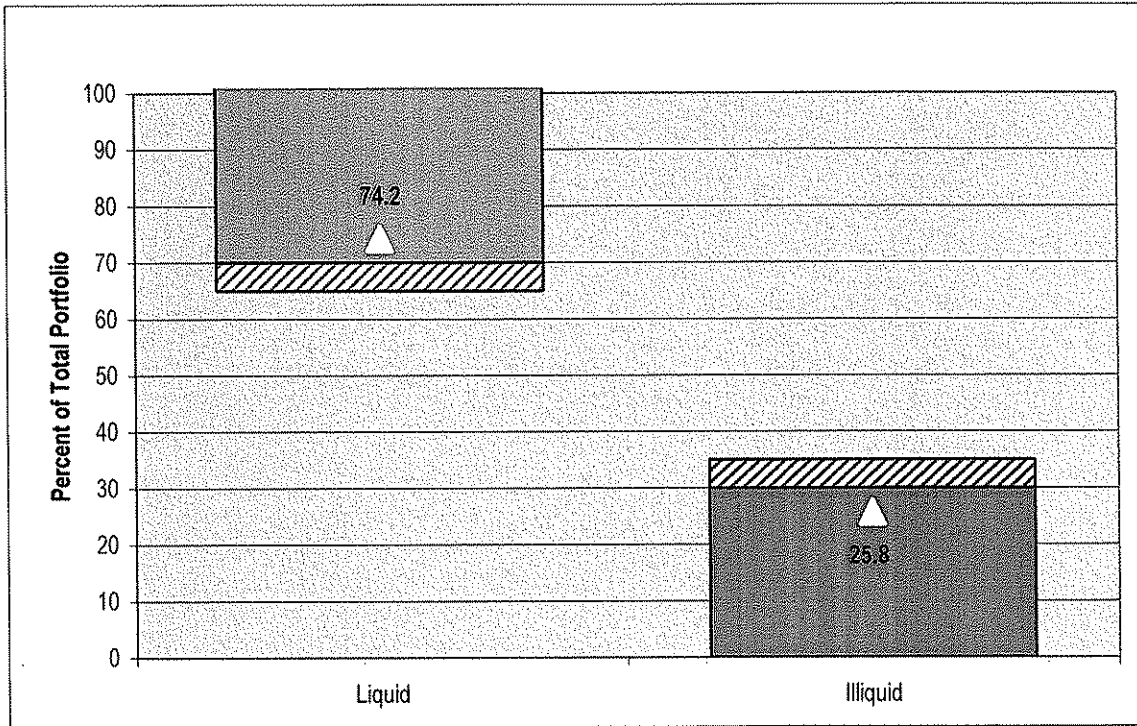
I, Andrei, as Risk Manager, certify that I have reviewed the liquidity categories provided by the Managing Directors and concur with the classifications.

I, Spa-Malla, as Chief Compliance Officer and MD of Accounting, Finance and Administration, certify that I have verified that the Managing Directors' liquidity classifications have been accurately reported and that the percentage calculations are accurate.

I, Cathy, as Interim President of UTIMCO, certify that I have reviewed the liquidity categories, classifications by Managing Directors and the method of calculating statistics presented in this report and concur with the information presented.

GEF Liquidity Profile

November 30, 2006



Current:

	11/30/2006		10/31/2006	
	Market Value	Percent	Market Value	Percent
Liquid	4,404,136,238.46	74.2	4,331,591,381.92	74.2
Illiquid	1,531,187,624.51	25.8	1,504,211,517.37	25.8
	<u>5,935,323,862.97</u>	<u>100.0</u>	<u>5,835,802,899.29</u>	<u>100.0</u>

Approved but not yet invested illiquid marketable investments:

	11/30/2006		10/31/2006	
	Market Value	Percent	Market Value	Percent
Liquid	4,396,812,935.40	74.1	4,331,591,381.92	74.2
Illiquid	1,538,510,927.57	25.9	1,504,211,517.37	25.8
	<u>5,935,323,862.97</u>	<u>100.0</u>	<u>5,835,802,899.29</u>	<u>100.0</u>

Liquid: Investments that could be converted to cash within a period of 1 day to 3 months in an orderly market at a discount of 10% or less.

Illiquid: Investments that could be converted to cash in a orderly market over a period of more than 3 months or in a shorter period of time by accepting a discount of more than 10%.

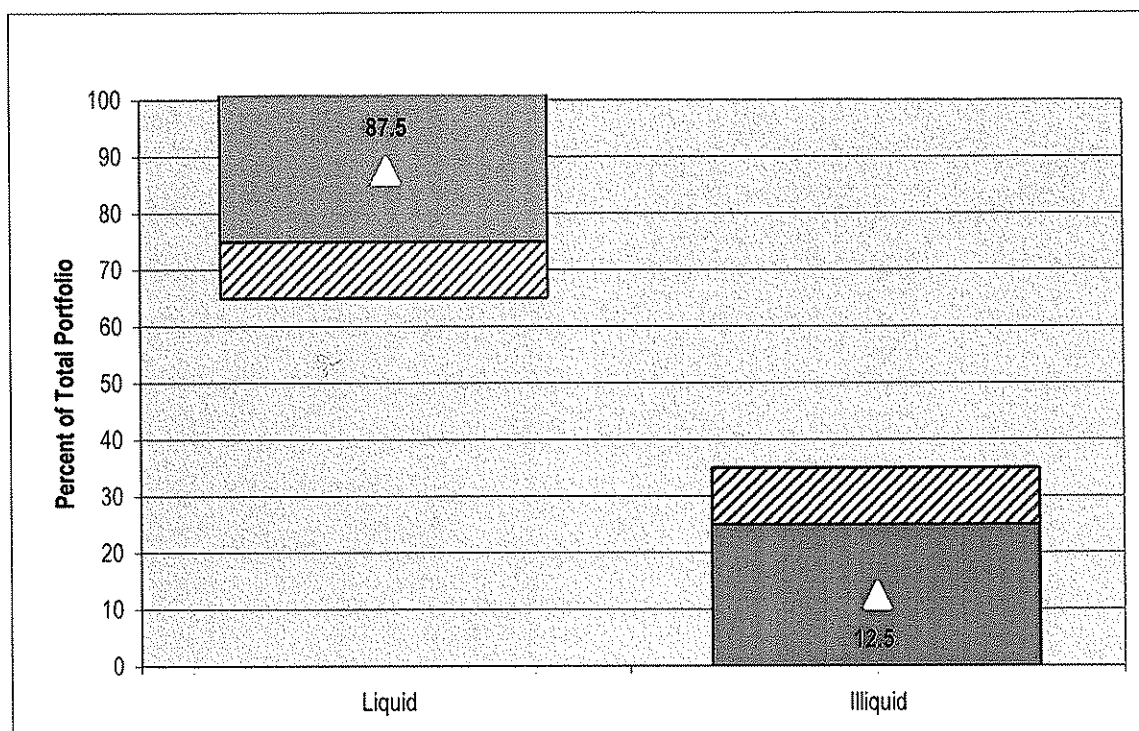
I, *Aradhna*, as Risk Manager, certify that I have reviewed the liquidity categories provided by the Managing Directors and concur with the classifications.

I, *Janella*, as Chief Compliance Officer and MD of Accounting, Finance and Administration, certify that I have verified that the Managing Directors' liquidity classifications have been accurately reported and that the percentage calculations are accurate.

I, *Cathy*, as Interim President of UTIMCO, certify that I have reviewed the liquidity categories, classifications by Managing Directors and the method of calculating statistics presented in this report and concur with the information presented.

ITF Liquidity Profile

November 30, 2006



Current:

	11/30/2006		10/31/2006	
	Market Value	Percent	Market Value	Percent
Liquid	3,077,745,204.19	87.5	3,041,698,978.78	87.6
Illiquid	438,271,773.29	12.5	431,651,371.27	12.4
	<u>3,516,016,977.48</u>	<u>100.0</u>	<u>3,473,350,350.05</u>	<u>100.0</u>

Approved but not yet invested illiquid marketable investments:

	11/30/2006		10/31/2006	
	Market Value	Percent	Market Value	Percent
Liquid	3,075,210,556.69	87.5	3,041,698,978.78	87.6
Illiquid	440,806,420.79	12.5	431,651,371.27	12.4
	<u>3,516,016,977.48</u>	<u>100.0</u>	<u>3,473,350,350.05</u>	<u>100.0</u>

Liquid: Investments that could be converted to cash within a period of 1 day to 3 months in an orderly market at a discount of 10% or less.

Illiquid: Investments that could be converted to cash in a orderly market over a period of more than 3 months or in a shorter period of time by accepting a discount of more than 10%.

I, Carol Hall, as Risk Manager, certify that I have reviewed the liquidity categories provided by the Managing Directors and concur with the classifications.

I, Pa Mall, as Chief Compliance Officer and MD of Accounting, Finance and Administration, certify that I have verified that the Managing Directors' liquidity classifications have been accurately reported and that the percentage calculations are accurate.

I, Cathy Abue, as Interim President of UTIMCO, certify that I have reviewed the liquidity categories, classifications by Managing Directors and the method of calculating statistics presented in this report and concur with the information presented.

Liquidity Profile for PUF, GEF and ITF

November 30, 2006

I certify that I have reviewed the report and supporting documentation covered by the period listed above and concur with the liquidity classifications of the investments that I have for which I have responsibility.

T. Shah Tushar Shah, Director - Public Markets

1/3/07 Date

Eya Roll for Cathy Iberg Cathy Iberg, Managing Director - Marketable Alternatives

1/3/07 Date

Trey Thompson Trey Thompson, Managing Director - Non-Marketable Alternatives

1-3-07 Date

**Illiquid investments approved/delegated or funded from last report to UTIMCO Board through current report date
October 1 through November 30, 2006**

	Board Approved/ Delegated	Committed Amount			Funded Amount		
		PUF	GEF	ITF	PUF	GEF	ITF
Private Equity investments							
Sofinnova Venture Partners VII, L.P.	10/31/2006	\$ 13,000,000.00	\$ 7,000,000.00	\$ -	\$ -	\$ -	\$ -
The Värde Fund VIII, L.P.	11/1/2006	\$ 39,000,000.00	\$ 21,000,000.00	\$ -	\$ 3,900,000.00	\$ 2,100,000.00	\$ -
KKR 2006 Fund, L.P.	11/10/2006	\$ 48,750,000.00	\$ 26,250,000.00	\$ -	\$ 1,803,000.00	\$ 971,000.00	\$ -
Doughty Hanson V*	11/30/2006	\$ 55,951,675.00	\$ 30,127,825.00	\$ -	\$ 193,731.06	\$ 104,316.42	\$ -
Green Equity Investors V, L.P.	11/30/2006	\$ 48,750,000.00	\$ 26,250,000.00	\$ -	\$ -	\$ -	\$ -

*Euro denominated commitments to Non US funds are converted to US dollars using the exchange rate in effect on the closing date.

Public Markets

Marketable Alternative investments

None

**Hedge Fund Pool
Committed
Amount**

**Hedge Fund Pool
Funded
Amount**

Change in investment's liquidity classification

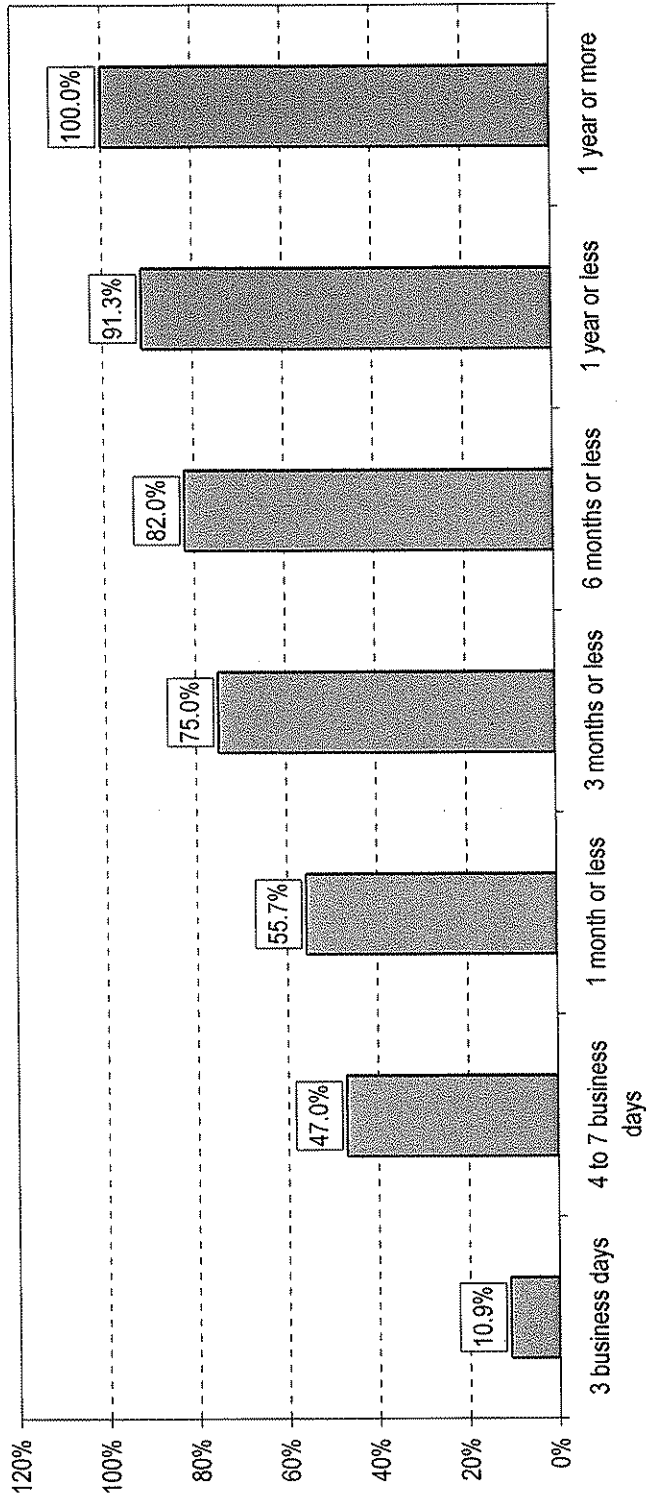
Public Markets

None

Marketable Alternative investments

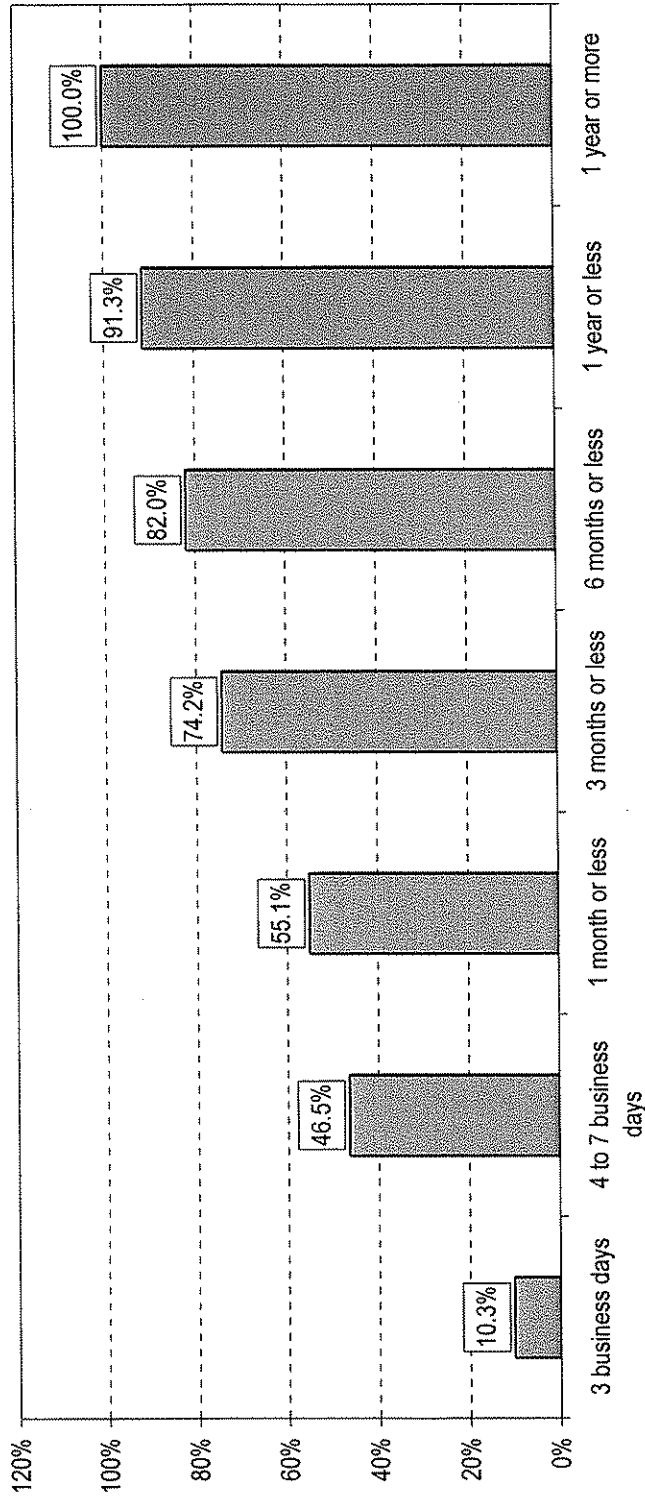
None

PUF Actual Liquidity Classification
as of November 30, 2006



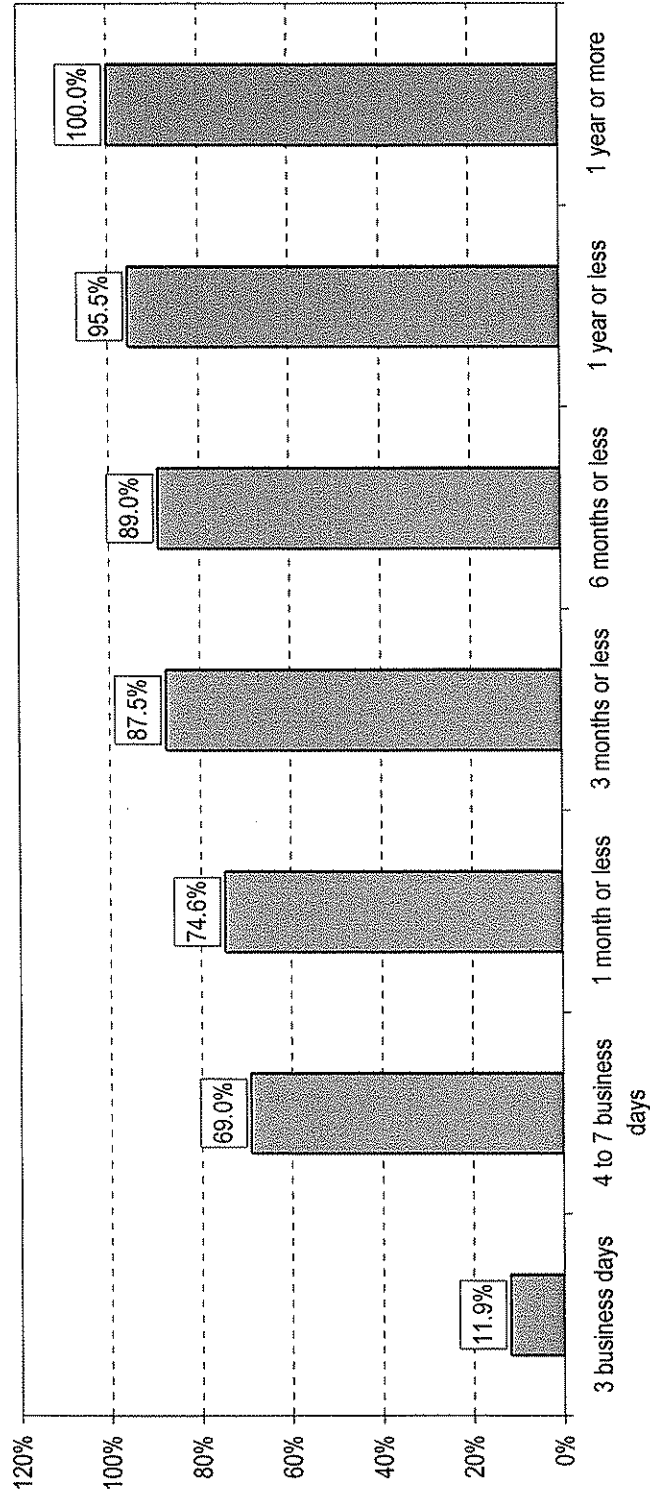
Classification Period	Assets	%	Cumulative Assets	%
Liquid:				
3 business days	1,188,426,615	10.9%	1,188,426,615	10.9%
4 to 7 business days	3,941,055,743	36.1%	5,129,482,357	47.0%
1 month or less	949,918,038	8.7%	6,079,400,396	55.7%
3 months or less	2,099,511,771	19.2%	8,178,912,167	75.0%
Illiquid:				
6 months or less	771,185,949	7.1%	8,950,098,116	82.0%
1 year or less	1,013,529,848	9.3%	9,963,627,964	91.3%
1 year or more	947,558,432	8.7%	10,911,186,396	100.0%
	10,911,186,396	100.0%		

GEF Actual Liquidity Classification
as of November 30, 2006



Classification Period	Assets	%	Cumulative Assets	%
Liquid:				
3 business days	609,428,374	10.3%	609,428,374	10.3%
4 to 7 business days	2,150,566,788	36.2%	2,759,995,162	46.5%
1 month or less	508,613,130	8.6%	3,268,608,292	55.1%
3 months or less	1,135,527,946	19.1%	4,404,136,238	74.2%
6 months or less	461,358,528	7.8%	4,865,494,766	82.0%
1 year or less	554,854,372	9.3%	5,420,349,138	91.3%
1 year or more	514,974,725	8.7%	5,935,323,863	100.0%
Illiquid:				
6 months or less	461,358,528	7.8%	4,865,494,766	82.0%
1 year or less	554,854,372	9.3%	5,420,349,138	91.3%
1 year or more	514,974,725	8.7%	5,935,323,863	100.0%
	5,935,323,863	100.0%		

**ITF Actual Liquidity Classification
as of November 30, 2006**



<u>Classification Period</u>	<u>Assets</u>	<u>%</u>	<u>Cumulative Assets</u>	<u>%</u>
Liquid:				
3 business days	419,246,152	11.9%	419,246,152	11.9%
4 to 7 business days	2,006,943,057	57.1%	2,426,189,210	69.0%
1 month or less	196,849,033	5.6%	2,623,038,242	74.6%
3 months or less	454,706,962	12.9%	3,077,745,204	87.5%
6 months or less	52,531,067	1.5%	3,130,276,271	89.0%
1 year or less	228,286,906	6.5%	3,358,563,177	95.5%
1 year or more	157,453,800	4.5%	<u>3,516,016,977</u>	100.0%
Illiquid:	3,516,016,977	100.0%		

Agenda Item
UTIMCO Board Meeting
January 25, 2007

Agenda Item: Discussion of Risk Dashboard

Developed By: Iberg, Reed

Presented By: Iberg, Reed

Type of Item: Information Item

Description: UTIMCO has developed a set of standardized charts and graphs that will be provided to the Board on a monthly basis presenting a comprehensive risk analysis of the Endowment Funds and the ITF.

For this Board Meeting we will present the Risk Dashboard for November 2006.

Discussion: The role of the Dashboard is to give Board Members a comprehensive view of risk as it relates to the Endowment Funds and ITF. We consider this an evolving document and welcome all requests for additional analyses or revisions of the ones provided.

Recommendation: None

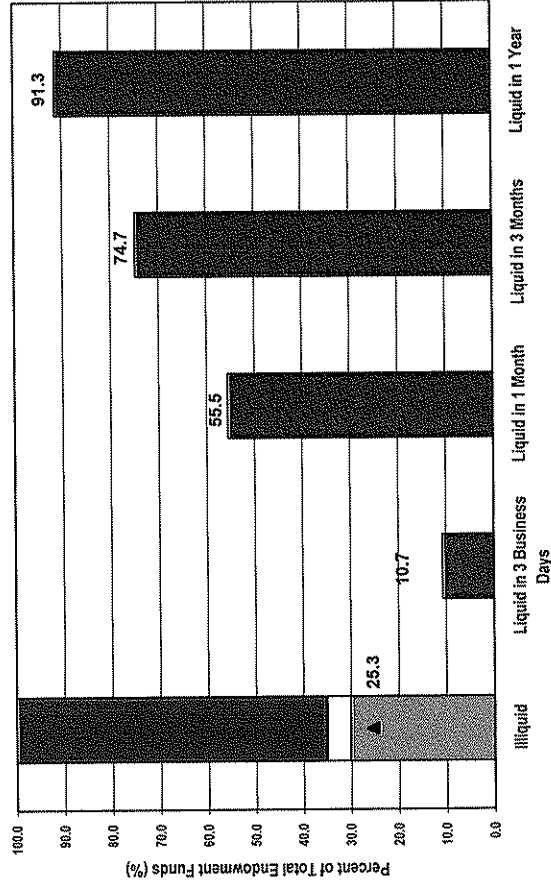
Reference: None

Investment Risk Summary 1

Net Leverage	1.00
Gross Leverage	1.10
Risk Capacity Utilization Versus Policy Portfolio Change Since Last Report	93%
Risk Level of Policy Portfolio Relative to Long Term Assumptions Change Since Last Report	77%
Risk Level of Actual Portfolios Relative to Long Term Assumptions Change Since Last Report	72%

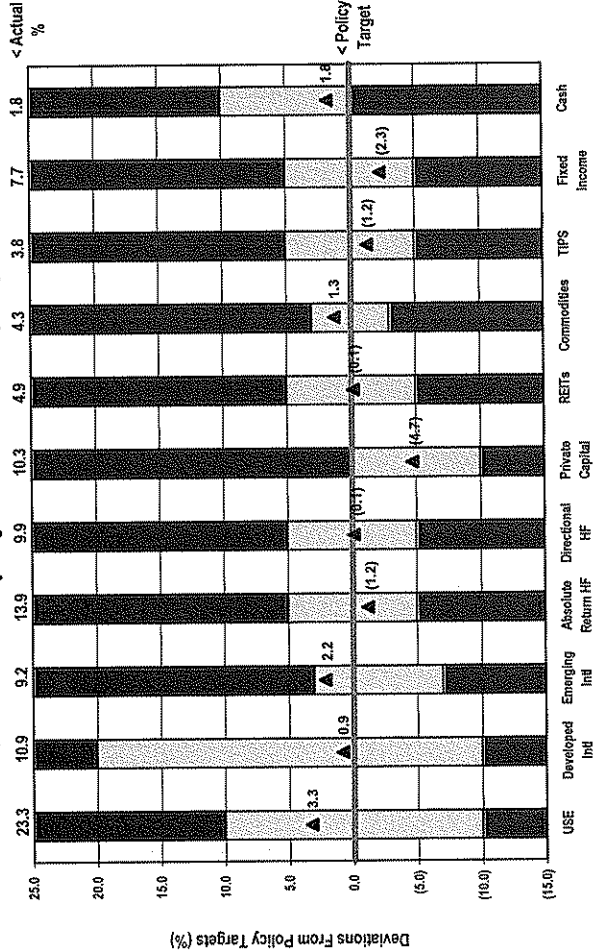
Liquidity Risk Summary 2

Liquidity Profile of Total Endowment Funds (PUF & GEF)



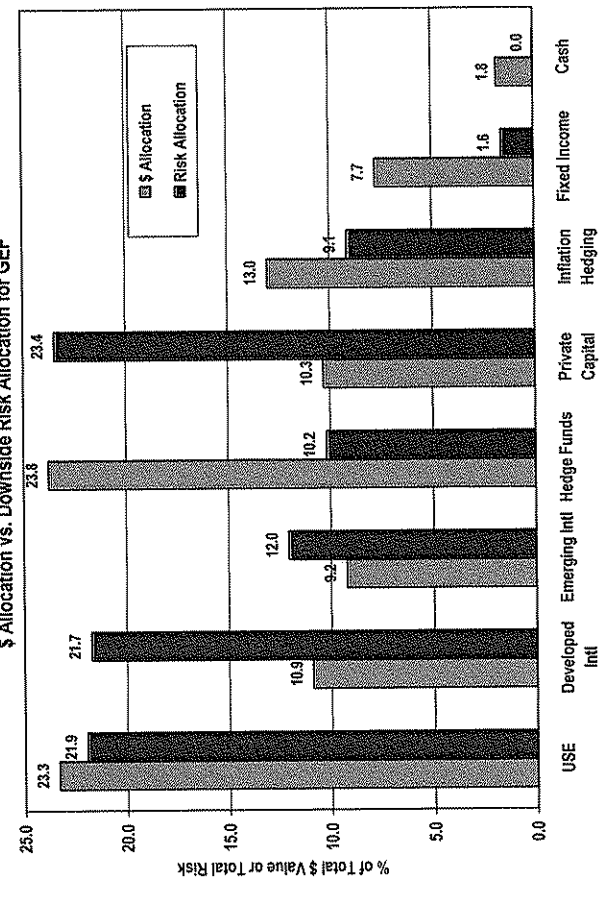
Dollar Allocations and Tactical Policy Ranges 3

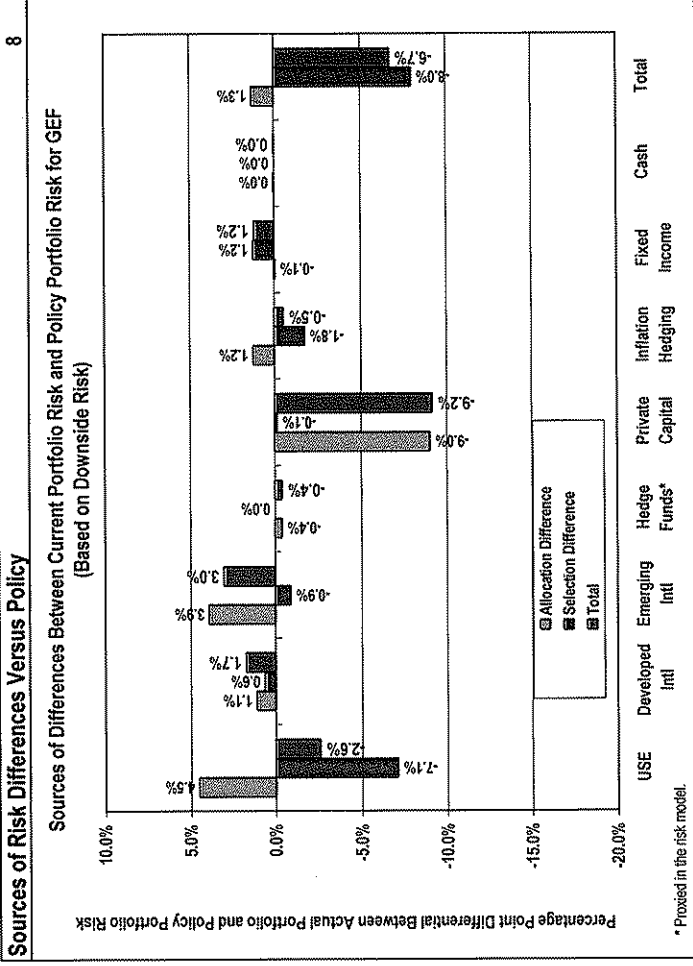
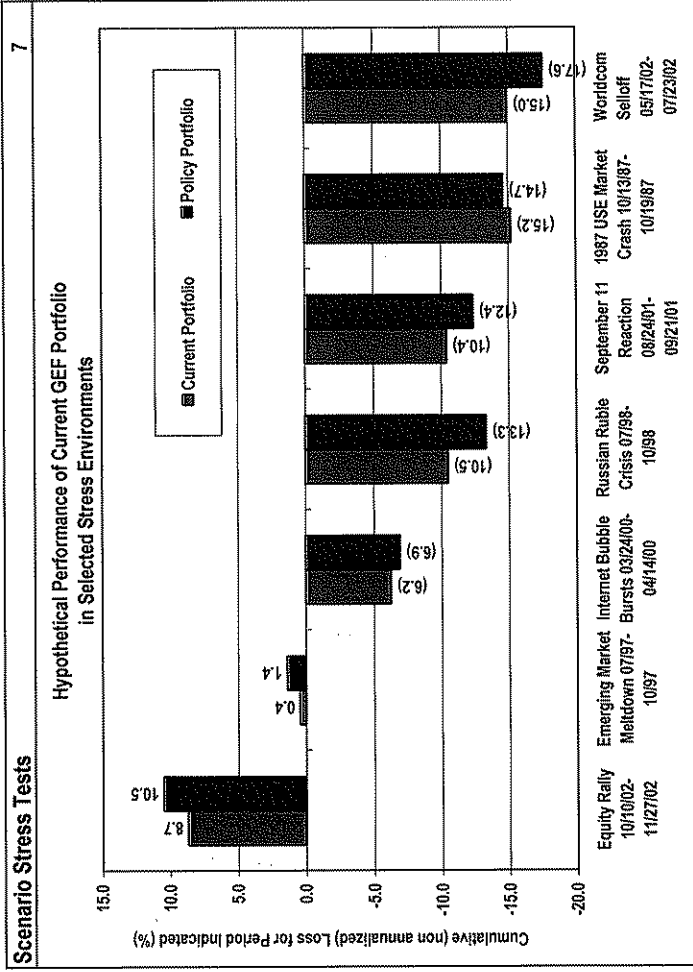
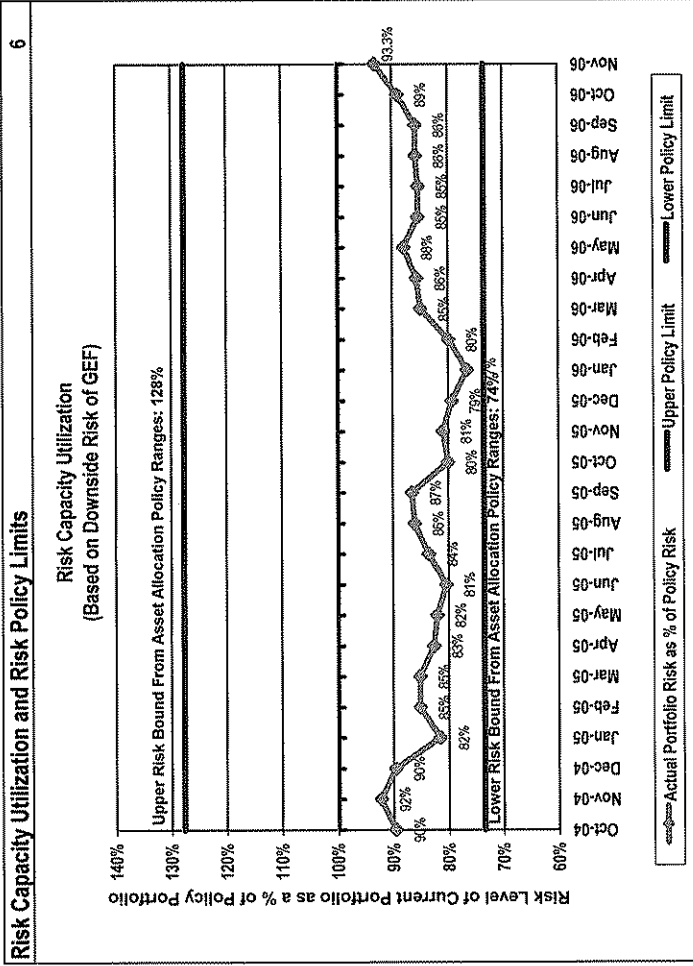
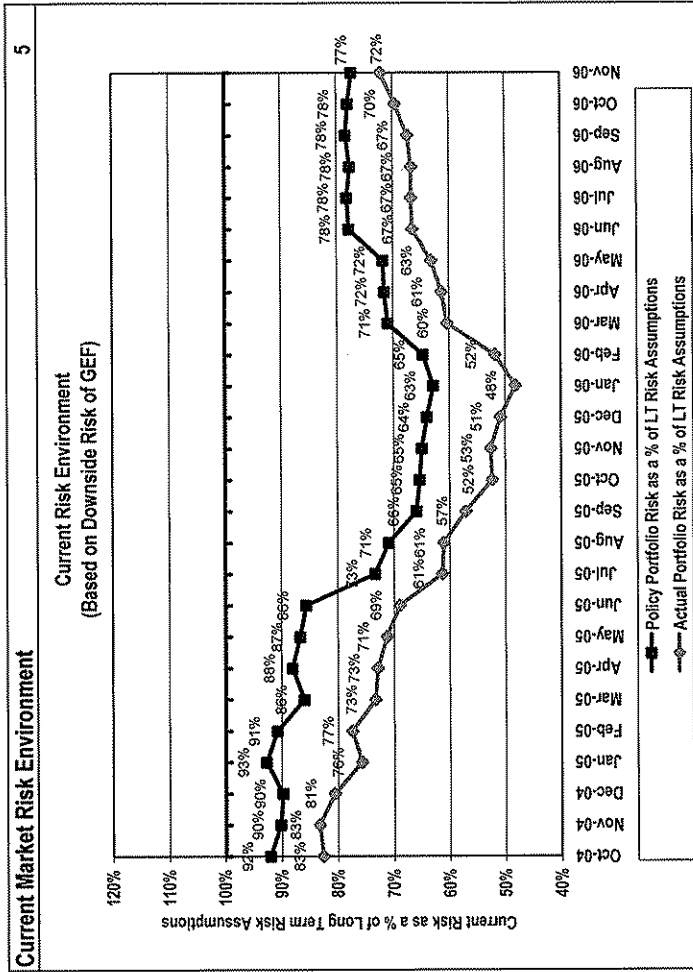
Deviations From Policy Targets Within Tactical Policy Ranges for GEF



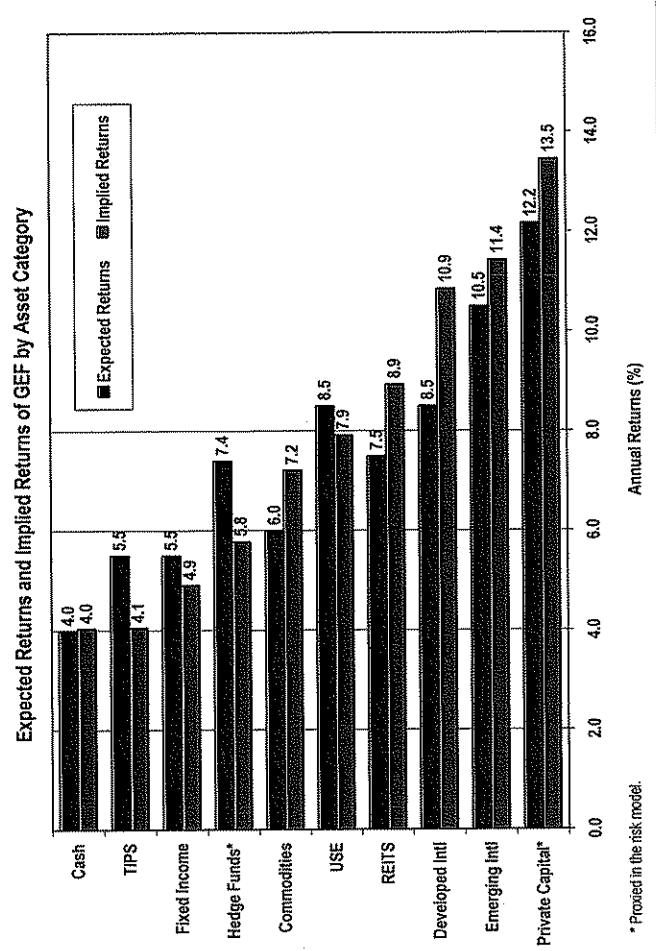
Dollar Allocations Compared to Risk Allocations 4

Asset Category Allocations
\$ Allocation vs. Downside Risk Allocation for GEF

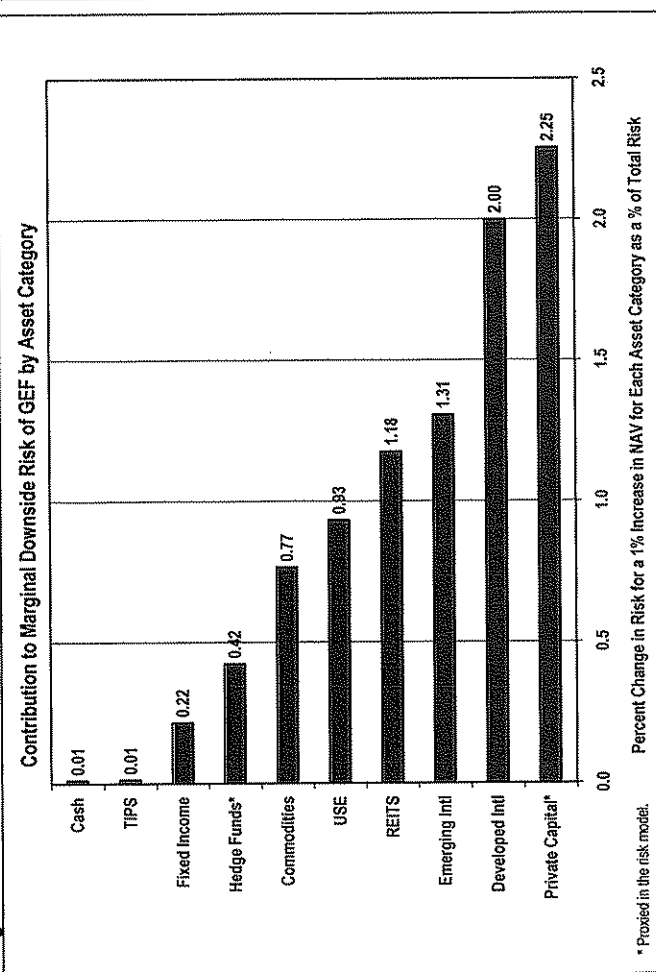




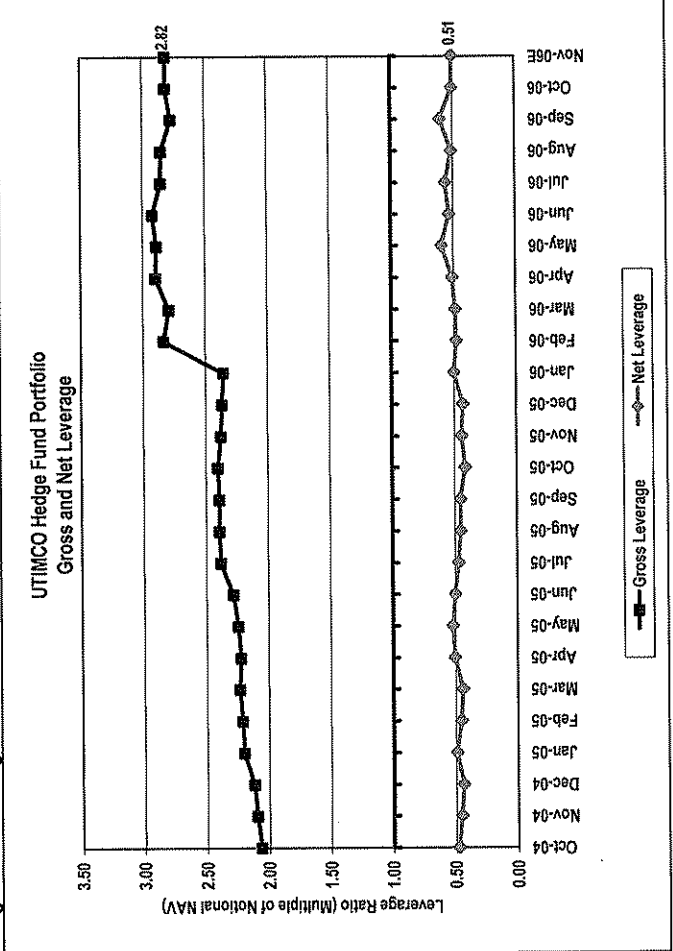
Long Term Expected Returns vs. Implied Returns of GEF by Asset Category



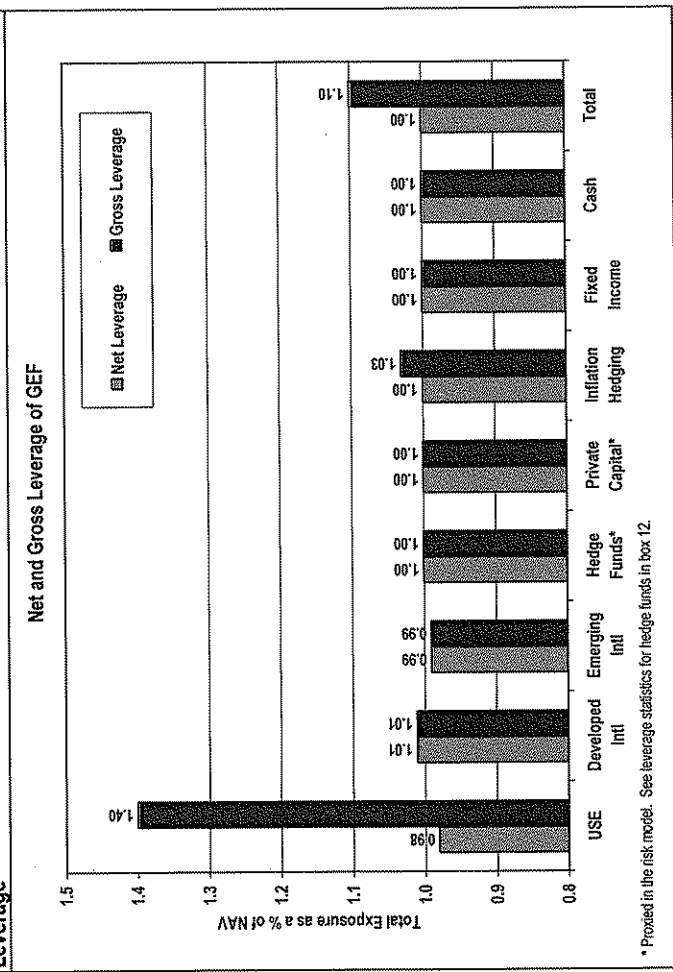
Marginal Risk Contributions of Each Asset Category



UTIMCO Hedge Fund Portfolio Gross and Net Leverage



Net and Gross Leverage of GEF



Investment Risk Summary

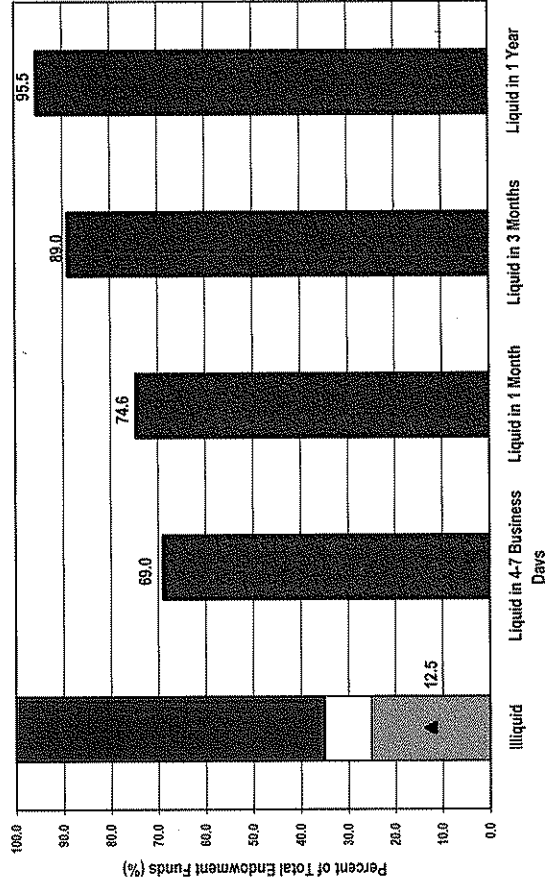
1

Net Leverage	0.99
Gross Leverage	1.06
Risk Capacity Utilization Versus Policy Portfolio Change Since Last Report	103%
Risk Level of Policy Portfolio Relative to Long Term Assumptions Change Since Last Report	78%
Risk Level of Actual Portfolios Relative to Long Term Assumptions Change Since Last Report	77%

Liquidity Risk Summary

2

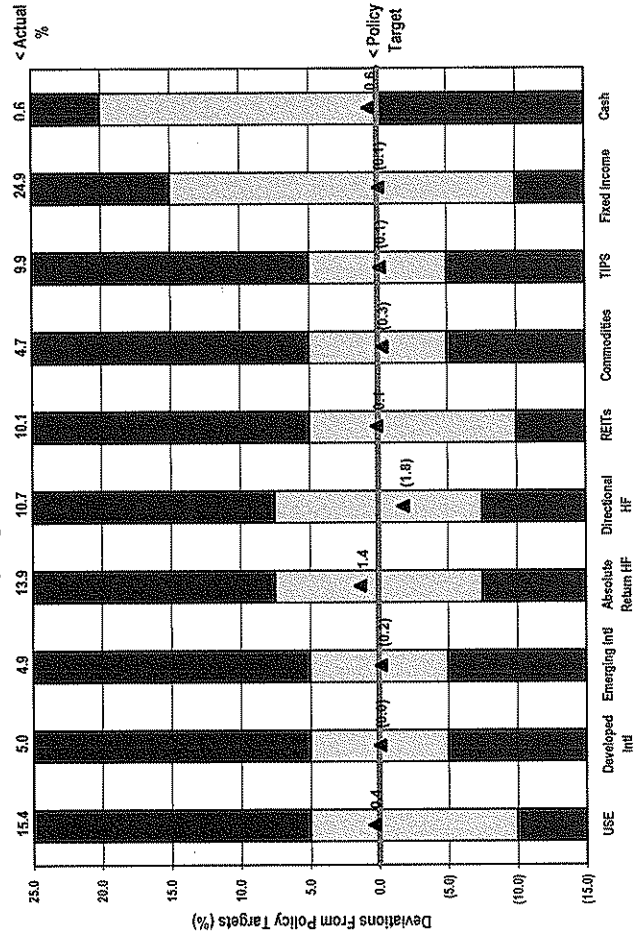
Liquidity Profile of the ITF



Dollar Allocations and Tactical Policy Ranges

3

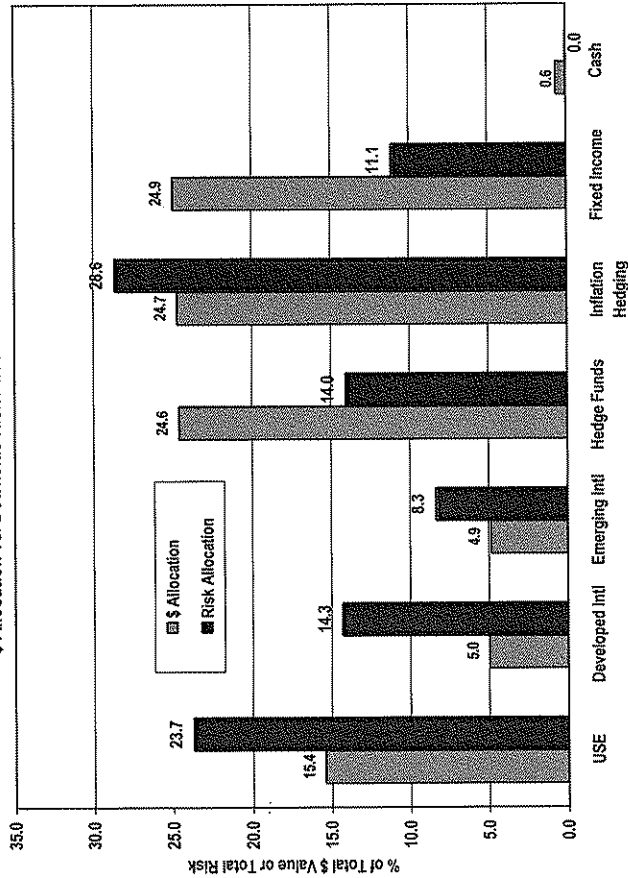
Deviations From Policy Targets Within Tactical Policy Ranges for ITF

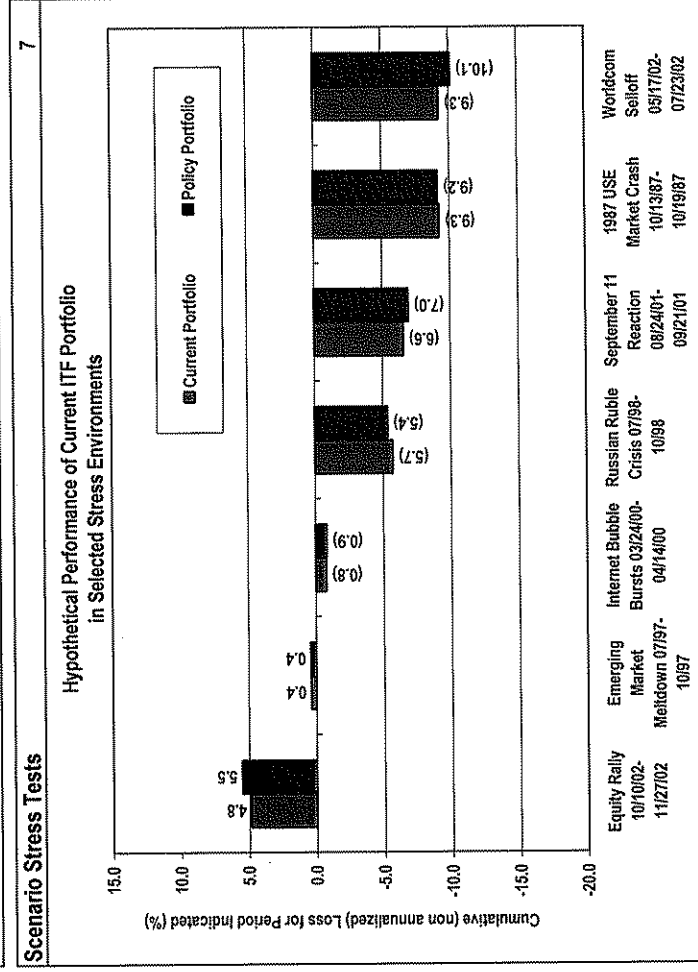
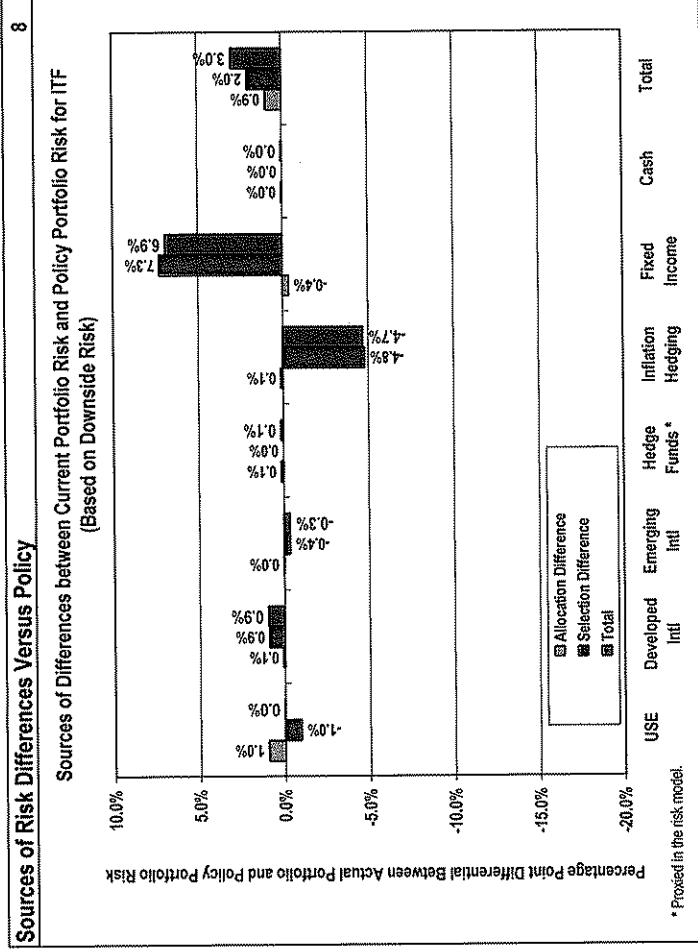
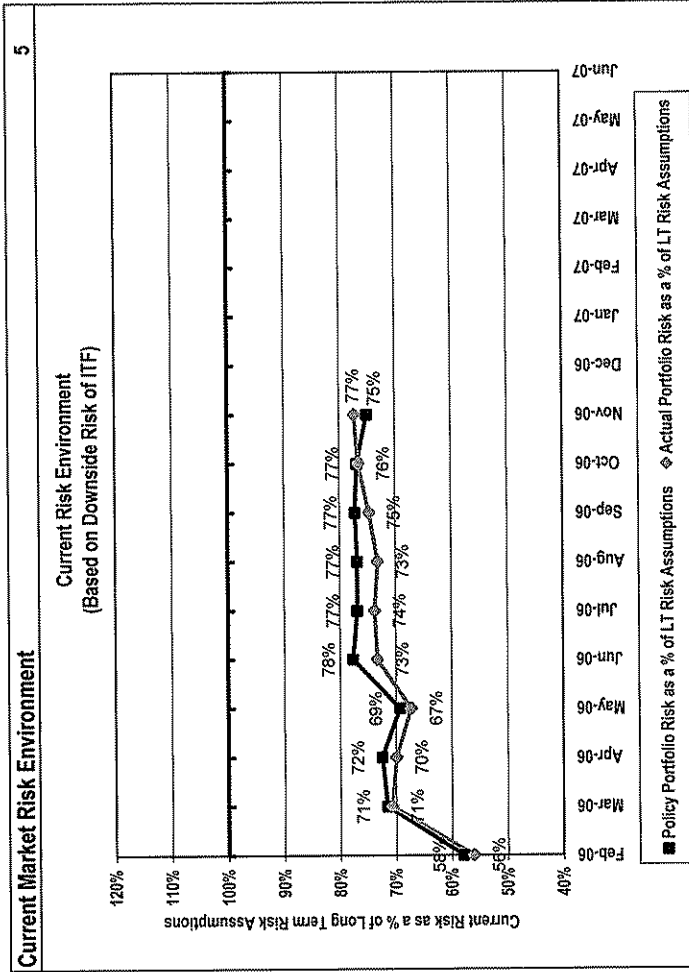
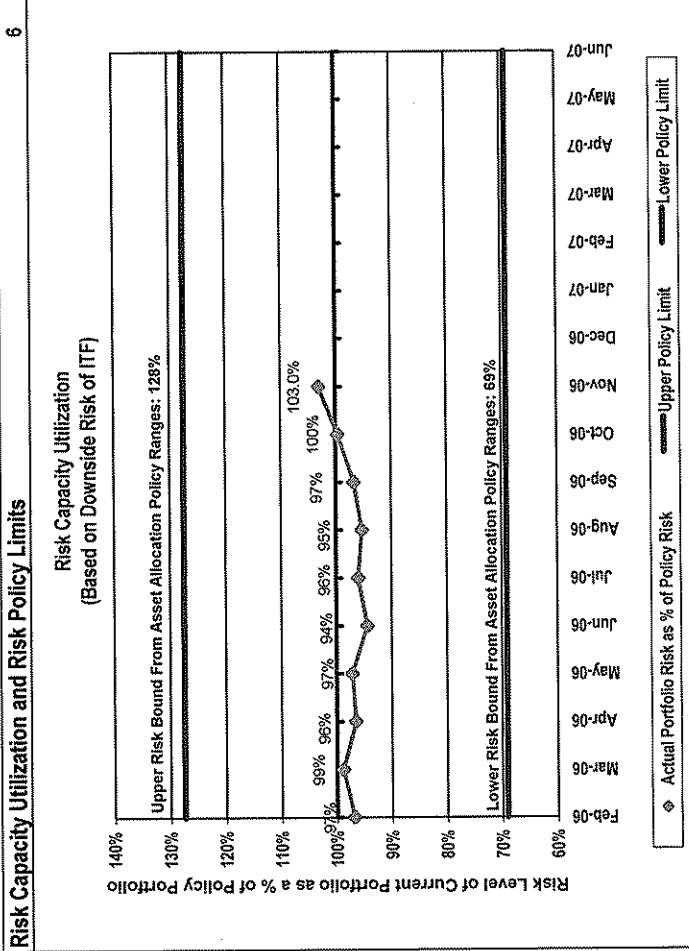


Dollar Allocations Compared to Risk Allocations

4

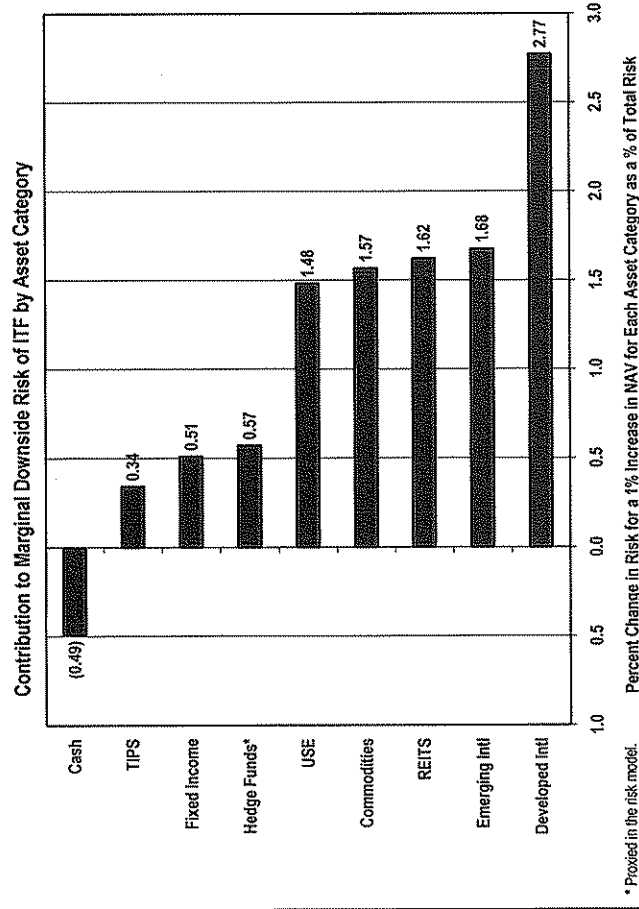
Asset Category Allocations
\$ Allocation vs. Downside Risk Allocation for the ITF





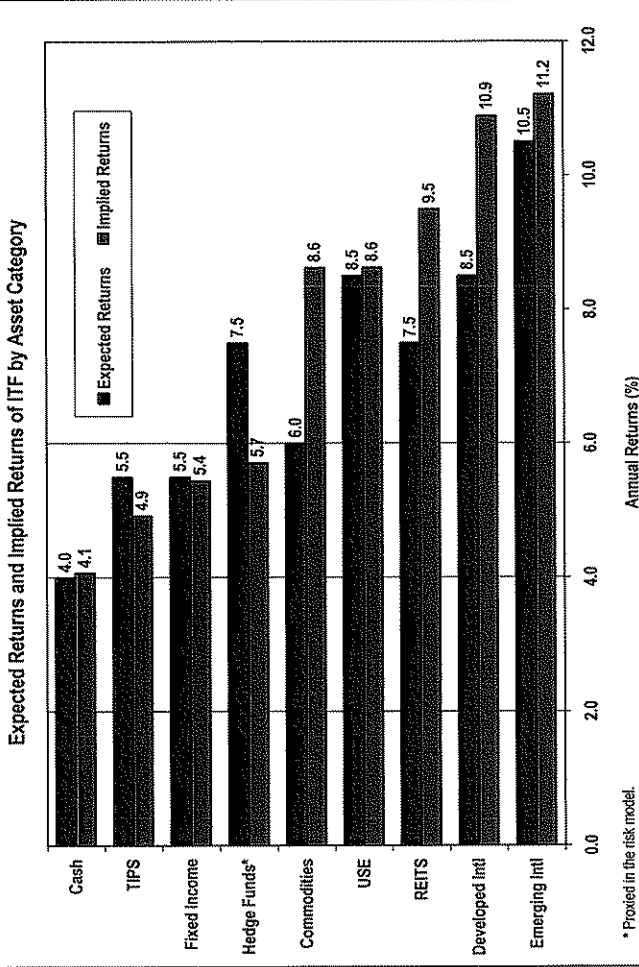
9

Marginal Risk Contributions of Each Asset Category



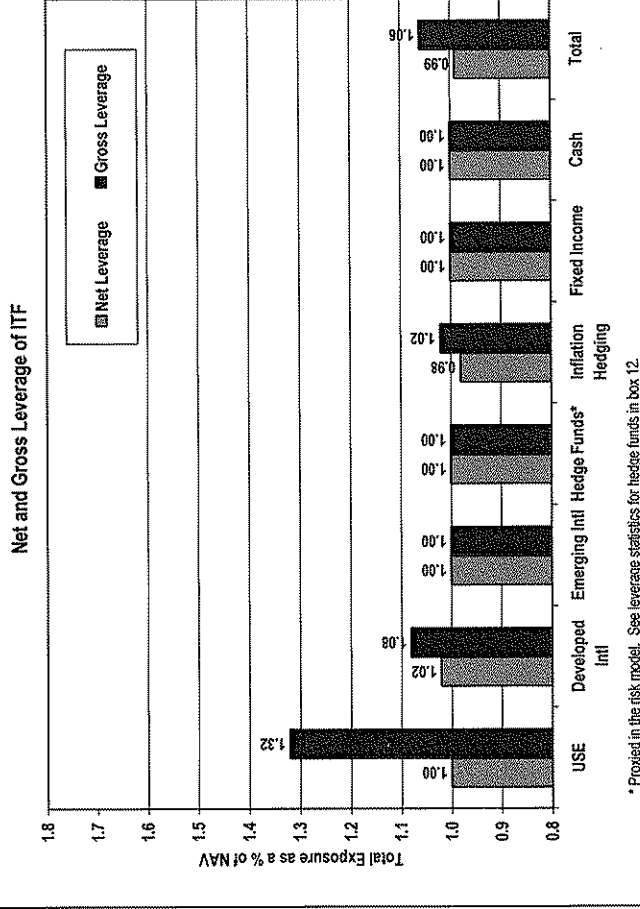
10

Long Term Expected Returns vs. Implied Returns by Asset Category



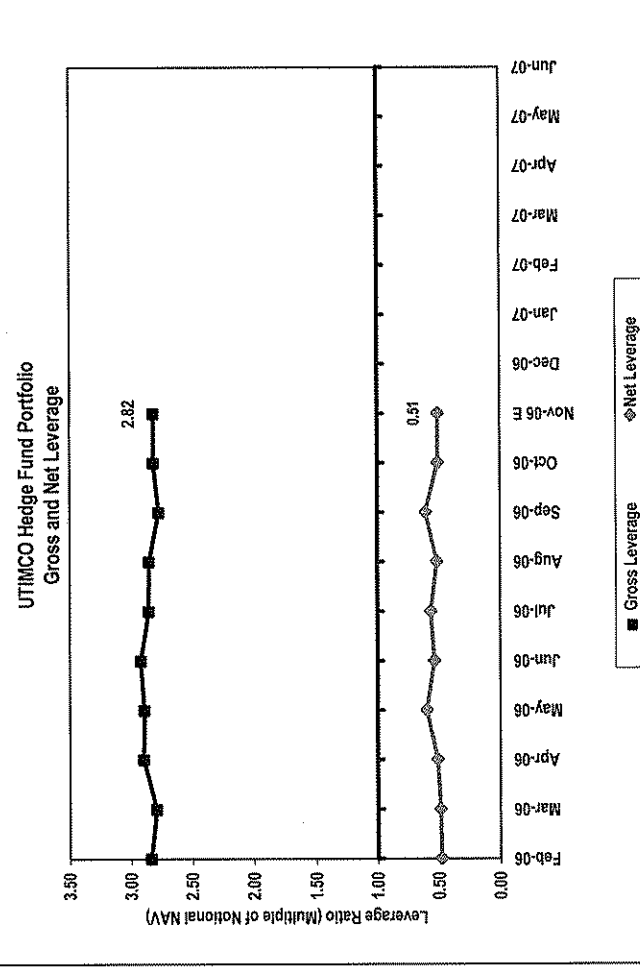
11

Net and Gross Leverage of ITF



12

UTIMCO Hedge Fund Portfolio Gross and Net Leverage



Agenda Item
UTIMCO Board of Directors Meeting
January 25, 2007

Agenda Item: Comprehensive Derivative Report

Developed By: Shah, Childers, Reed

Presented By: Iberg

Type of Item: Information Item

Description: The Derivative Investment Policy ("Policy") requires that UTIMCO provide a comprehensive report of all approved derivative applications for both internal managers and external managers under agency agreements and also provide a comprehensive report of all outstanding derivatives positions established by internal managers and external managers under agency agreements. Staff has also prepared a report on counterparties. The reports presented are for the period ended November 30, 2006.

Discussion: As of November 30, 2006, net mark-to-market values of derivatives (internal and external) was negative \$15.2 million.

The mark-to-market value of over-the-counter options was negative \$14.5 million. While \$61.6 million was owed to counterparties by the PUF, GEF and ITF (Funds), \$47.1 million was owed by counterparties to the Funds. This \$47.1 million owed to the Funds represents the Funds' counterparty risk. There were no counterparties with exposure to the Funds in excess of 1% of the Funds' value.

Recommendation: No action required.

Reference: Comprehensive Derivatives Report; Comprehensive Report on Approved Derivative Applications; and Derivatives Counterparty Report.

Comprehensive Derivative Report as of November 30, 2006

Manager	Derivative Type	OTC	Mark-to-Market Exchange Traded	Total Derivatives	Net Notional Value on Futures	Gross Notional Value on Futures	Delta Equivalent on Options
INTERNAL MANAGERS							
Canadian No Cost Collar	Currency Forwards	\$ 1,010,739.33	\$ -	\$ 1,010,739.33	\$ -	\$ -	\$ -
Canadian No Cost Collar	Purchased Option	-	-	-	-	-	-
Canadian No Cost Collar	Written Option	(5,177,447.93)	-	(5,177,447.93)	-	-	(60,990,297.14)
Dow Jones Futures	Futures	-	(20,940.00)	(20,940.00)	42,742,030.00	42,742,030.00	-
Emerging Mkts No Cost Collar	Purchased Option	724,292.55	-	724,292.55	-	-	(2,600,411.17)
Emerging Mkts No Cost Collar	Written Option	(14,411,057.53)	-	(14,411,057.53)	-	-	(95,990,200.74)
Emerging Markets Proxy	Currency Forwards	948,978.40	-	948,978.40	-	-	-
Emerging Markets Proxy	Futures	-	184,214.67	184,214.67	46,136,085.44	46,136,085.44	-
Emerging Markets Proxy	Swaps	709,430.67	-	709,430.67	-	-	-
Energy Sector	Written Option	-	(990,900.00)	(990,900.00)	-	-	(11,571,238.31)
European No Cost Collar	Purchased Option	793,526.74	-	793,526.74	-	-	(1,566,359.39)
European No Cost Collar	Written Option	(2,115,113.51)	-	(2,115,113.51)	-	-	(22,720,562.46)
Goldman Sachs Commodity Index	Futures	-	5,211,150.00	5,211,150.00	574,467,250.00	574,467,250.00	-
GSCI Cash	Written Option	(3,297,618.00)	-	(3,297,618.00)	-	-	24,571,217.03
Developed Markets Futures	Currency Forwards	16,345,631.07	-	16,345,631.07	-	-	-
Developed Markets Futures	Futures	-	(1,727,393.32)	(1,727,393.32)	421,470,170.82	421,470,170.82	-
Developed Mkts Structured Swaps	Currency Forwards	1,780,125.64	-	1,780,125.64	-	-	-
Developed Mkts Structured Swaps	Swaps	(2,630,477.84)	-	(2,630,477.84)	-	-	187,184,810.72
Emerging Structured Swaps	Swaps	53,032,523.13	-	53,032,523.13	-	-	392,027,160.53
Emerging Cash	Written Option	(106,329.47)	-	(106,329.47)	-	-	569,070.63
International Spread Trade	Futures	-	(49,024.19)	(49,024.19)	113,058.05	10,378,557.19	-
Japan No Cost Collar	Purchased Option	18,805.05	-	18,805.05	-	-	(30,746.46)
Japan No Cost Collar	Written Option	(6,697.83)	-	(6,697.83)	-	-	(751.17)
Large Cap Tech Futures	Futures	-	(88,800.00)	(88,800.00)	159,373,800.00	159,373,800.00	-
US Equity Small Cap/Large Cap Spread Trade	Futures	-	(1,175,055.00)	(1,175,055.00)	(2,245,775.00)	1,833,731,725.00	-
US Equity Small Cap/Large Cap Spread Trade	Swaps	(1,397,824.64)	-	(1,397,824.64)	-	-	-
Levin Swap	Swaps	(876,972.81)	-	(876,972.81)	-	-	-

Comprehensive Derivative Report as of November 30, 2006

Manager	Derivative Type	OTC	Mark-to-Market Exchange Traded	Total Derivatives	Net Notional Value on Futures	Gross Notional Value on Futures	Delta Equivalent on Options
US No Cost Collar	Purchased Option	28,300,247.65	-	28,300,247.65	-	-	25,738,398.49
US No Cost Collar	Written Option	(92,213,073.26)	-	(92,213,073.26)	-	-	(833,194,429.10)
Private Markets	Currency Forwards	(5,493.50)	-	(5,493.50)	-	-	-
REIT Cash	Written Option	(5,847.46)	-	(5,847.46)	-	-	14.20
S&P 500 Futures	Futures	-	111,755.12	111,755.12	299,168,425.00	299,168,425.00	-
Structured Active Management Application - US Equities	Futures	-	292,075.00	292,075.00	585,360,025.00	585,360,025.00	-
EXTERNAL MANAGERS							
Blackrock Small Cap	Currency Forwards	(164.33)	-	(164.33)	-	-	-
Blackrock Small Cap	Purchased Option	-	79,568.16	79,568.16	-	-	-
Blackrock Global Ex US	Purchased Option	-	380,360.62	380,360.62	-	-	-
Briegewater Currency Overlay	Currency Forwards	(1,557,894.98)	-	(1,557,894.98)	-	-	-
Globeflex		(15,560.72)	-	(15,560.72)	-	-	-
Goldman Sachs Asset Management	Currency Forwards	595,818.91	-	595,818.91	-	-	-
Goldman Sachs Asset Management	Futures	-	-	-	27,655,622.36	27,655,622.36	-
PIMCO Global Bonds	Currency Forwards	3,023,711.77	-	3,023,711.77	-	-	-
PIMCO Global Bonds	Futures	-	423,586.47	423,586.47	647,464,147.58	652,220,946.57	-
PIMCO Global Bonds	Purchased Option	815,886.63	5,434,916.51	6,250,803.14	-	-	-
PIMCO Global Bonds	Swaps	(6,965,027.51)	-	(6,965,027.51)	-	-	-
PIMCO Global Bonds	Written Option	(863,070.97)	(8,128,967.48)	(8,992,038.45)	-	-	-
PIMCO Real Return	Currency Forwards	257,378.70	-	257,378.70	-	-	-
PIMCO Real Return	Futures	-	(38,234.77)	(38,234.77)	(4,247,244.18)	5,817,755.82	-
PIMCO Real Return	Purchased Option	-	140,854.00	140,854.00	-	-	-
PIMCO Real Return	Swaps	8,307,627.19	-	8,307,627.19	-	-	-
PIMCO Real Return	Written Option	(9,413.99)	(396,166.25)	(405,580.24)	-	-	-
PIMCO TIPS	Currency Forwards	286,122.73	-	286,122.73	-	-	-
PIMCO TIPS	Futures	-	(4,493.93)	(4,493.93)	58,508,587.50	136,432,650.00	-
PIMCO TIPS	Purchased Option	-	181,098.00	181,098.00	-	-	-
PIMCO TIPS	Swaps	183,242.54	-	183,242.54	-	-	-
PIMCO TIPS	Written Option	(17,972.18)	(522,386.34)	(540,358.52)	-	-	-
GRAND TOTAL		\$ (14,538,969.76)	\$ (702,782.73)	\$ (15,241,752.49)	\$ 2,855,966,182.57	\$ 4,794,955,043.20	\$ (398,574,324.34)

Comprehensive Derivative Report as of November 30, 2006

Manager	Derivative Type	OTC	Mark-to-Market		Total Derivatives	Net Notional Value on		Gross Notional Value on Futures	Delta Equivalent on Options
			Exchange Traded	Exchange Traded		Futures	on Futures		
	Internal Managers	\$ (18,579,653.55)	\$ 1,747,082.28	\$ (16,832,571.27)	\$ 2,126,585,069.31	\$ 3,972,828,068.45	\$ (398,574,324.34)		
	External Managers	4,040,683.79	(2,449,865.01)	1,590,818.78	729,381,113.26	822,126,974.75	-		
	GRAND TOTAL	\$ (14,538,969.76)	\$ (702,782.73)	\$ (15,241,752.49)	\$ 2,855,966,182.57	\$ 4,794,955,043.20	\$ (398,574,324.34)		
	Currency Forwards	\$ 22,669,393.02	\$ -	\$ 22,669,393.02	\$ -	\$ -	\$ -		
	Futures	-	3,118,840.05	3,118,840.05	2,855,966,182.57	4,794,955,043.20	-		
	Purchased Options	30,652,758.62	6,216,797.29	36,869,555.91	-	-	21,540,881.47		
	Swaps/Structured Swaps	50,362,520.73	-	50,362,520.73	-	-	(999,327,191.26)		
	Written Options	(118,223,642.13)	(10,038,420.07)	(128,262,062.20)	-	-	579,211,985.45		
	GRAND TOTAL	\$ (14,538,969.76)	\$ (702,782.73)	\$ (15,241,752.49)	\$ 2,855,966,182.57	\$ 4,794,955,043.20	\$ (398,574,324.34)		

Comprehensive Report on Approved Derivative Applications as of November 30, 2006
Internal Management

Internal Managers	Derivative Application (account name)	Purpose of Application
S&P 500 Futures / Russell 2000 Futures / Nasdaq 100 Futures / Dow Jones Futures / Emerging Markets Proxy using Futures / FTSE Index / DJ Eurostoxx 50 / Goldman Sachs Commodity Index (GSCI)		Replicate Index exposure by Utilizing Futures and Cash (Cash Equitization)
US Equity Small Cap/Large Cap Spread Trade		To alter the Funds market (systematic) exposure without trading the underlying cash market securities through purchases and short sales of appropriate derivatives. Reduce small cap exposure and increase large cap exposure.
International Spread Trade		To alter the Funds market (systematic) exposure without trading the underlying cash market securities through purchases and short sales of appropriate derivatives. Reduce Canadian exposure and increase UK exposure.
US No Cost Collar		To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
US Small Cap Options - IWM and Russell 2000		To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
US Nasdaq Options - QQQQ		To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
Developed Markets Options - FTSE Index (UK), EWJ (Japan)		To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
Canadian No Cost Collar		To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
Japan No Cost Collar (Nikkei)		To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
European No Cost Collar (Eurostoxx 50)		To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
Emerging Mkts No Cost Collar		To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
Structured Active Management Application - U.S. Equities		Use derivatives and cash, along with hedge funds, to obtain an overall risk exposure equivalent to that of a traditional active management portfolio within the Developed Markets portfolio.

Comprehensive Report on Approved Derivative Applications as of November 30, 2006
Internal Management

Internal Managers (continued)	Derivative Application (account name)	Purpose of Application
Emerging Structured Swaps	Use derivatives to construct a portfolio with a risk and return profile that could not be constructed using cash market securities.	Use derivatives to construct a portfolio with a risk and return profile that could not be constructed using cash market securities.
Developed Mkts Structured Swaps - TOPIX	Use derivatives to construct a portfolio with a risk and return profile that could not be constructed using cash market securities.	Use derivatives to construct a portfolio with a risk and return profile that could not be constructed using cash market securities.
US Structured Swap - Utilities basket hedge	To alter the Funds market (systematic) exposure without trading the underlying cash market securities through purchases and short sales of appropriate derivatives. Reduce utility sector exposure and increase large cap exposure.	To alter the Funds market (systematic) exposure without trading the underlying cash market securities through purchases and short sales of appropriate derivatives. Reduce utility sector exposure and increase large cap exposure.
US Structured Swap - Long S&P 100 / Short Russell 2000	To alter the Funds market (systematic) exposure without trading the underlying cash market securities through purchases and short sales of appropriate derivatives. Reduce small cap exposure and increase large cap exposure.	To alter the Funds market (systematic) exposure without trading the underlying cash market securities through purchases and short sales of appropriate derivatives. Reduce small cap exposure and increase large cap exposure.
Currency forwards	To replicate local currency exposure for hedged foreign investments in order to more closely align the targeted risk/return profile.	To replicate local currency exposure for hedged foreign investments in order to more closely align the targeted risk/return profile.
Oil Service ETFs put and call options (Energy Sector)	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through short sales of appropriate derivatives.	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through short sales of appropriate derivatives.
Goldman Sachs Commodity Index put options (GSCI)	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
Emerging Markets Index put options	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.
US REITS put option	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.	To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases and short sales of appropriate derivatives.

Comprehensive Report on Approved Derivative Applications as of November 30, 2006
External Management

External Managers Under Agency Agreement	Primary Use of Derivatives
Blackrock (formerly State Street Research)	Short sales limited to 5%, able to use stock and index options, buy and sell puts/calls, forwards, futures (within our max loss provision)
Bridgewater	Permitted to use currency spot and forward contracts, currency futures, options on currency forwards or futures (within our max loss provision)
Cundill	Futures, currency forwards and short sales up to 5% are allowed (within our max loss provision) Write covered calls; sell puts to gain better entry points.
Dalton	Short sales of equity index options, protective puts, futures and forwards are allowed within our max loss provision.
Goldman Sachs Asset Management	Equity futures, currency forwards and short sales are allowed within a tightly controlled structure which targets a net equity exposure equivalent to that of the underlying benchmark.
Globeflex	May invest in foreign currency forward and foreign currency futures contracts in order to maintain the same currency exposure as its respective index.
Morgan Stanley REITs	May invest in foreign currency forward and foreign currency futures contracts in order to maintain the same currency exposure as its respective index.
PIMCO Global Bonds	May invest in foreign currency forward and foreign currency futures contracts in order to maintain the same currency exposure as its respective index or to protect against anticipated adverse changes in exchange rates among foreign currencies.
PIMCO Real Return	May use forward purchase and sale contracts, futures (including Commodity Futures, Commodity Index Futures, and Exchange Traded Swaps Futures), and Options (including commodity options)
PIMCO TIPS	May use forward purchase and sale contracts, futures (including Commodity Futures, Commodity Index Futures, and Exchange Traded Swaps Futures), and Options (including commodity options)
Reams	May use futures, forwards, options and fixed income securities linked to foreign interest rates.

Derivative Counterparty Report as of November 30, 2006

Counterparty	S & P Counterparty Rating	Mark-to-Market	Percentage of Total Funds
ABN AMRO	AA-	\$ 169,947.03	0.00%
ABN AMSTERDAM	AA-	(64,688.56)	0.00%
AUSTRALIA & NZ BANK LTD	AA-	86,944.63	0.00%
BANK OF AMERICA	AA-	(424,037.70)	0.00%
BARCLAYS	AA	(12,149,310.20)	-0.06%
BEAR STEARNS	AA-	(38,867,060.19)	-0.20%
BNP PARIBAS	AA	36,302.59	0.00%
CALYON FINANCIAL, LONDON	AA-	(12,198.59)	0.00%
CHASE MANHATTAN	AA-	3,022,545.54	0.02%
CITIBANK NA, LONDON	AA+	2,205.01	0.00%
CITIBANK NY	AA+	(276,230.08)	0.00%
COMMONWEALTH BK OF AUSTRALIA	AA-	(25,465.97)	0.00%
CREDIT AGRICOLE, LONDON	AA-	18,719.47	0.00%
CREDIT SUISSE FIRST	AA-	(72,588.92)	0.00%
CS FIRST BOSTON GBL FOREIGN EXCH	A+	77,186.92	0.00%
DEUTSCHE BANK AG	AA-	(519,621.97)	0.00%
GOLDMAN SACHS	AA-	35,316,924.98	0.18%
HSBC BK USA, NEW YORK	AA	(211,643.28)	0.00%
J P MORGAN, CHASE	A+	8,070,648.74	0.04%
LEHMAN BROTHERS	AA-	(1,223,656.30)	-0.01%
MELLON BANK	AA-	(21,054.22)	0.00%
MERRILL LYNCH	AA-	(71,753.68)	0.00%
MERRILL LYNCH INTL BANK LTD, NY	AAA	(99,798.18)	0.00%
MORGAN STANLEY	AA-	(7,261,381.30)	-0.04%
NATIONAL AUSTRALIA BANK LIMITED	AA-	142,092.72	0.00%
ROYAL BANK OF CANADA	AA-	(123,991.87)	0.00%
ROYAL BANK OF SCOTLAND PLC	AA	(84,132.99)	0.00%
STATE ST BOSTON CAPITAL MKT	AA	(48,548.44)	0.00%
UBS A G, ZURICH	AA+	(87,228.38)	0.00%
UBS AG, STAMFORD	AA+	33,482.48	0.00%
WESTPAC BANKING CORP, SYDNEY	AA-	128,420.95	0.00%
Grand Total		<u>\$ (14,538,969.76)</u>	-0.07%
PUF, GEF and ITF owe to Counterparty		\$ (61,644,390.82)	
Counterparty owes to PUF, GEF and ITF		47,105,421.06	
		<u>\$ (14,538,969.76)</u>	
PUF NAV		\$ 10,760,220,690.90	
GEF NAV		5,819,889,888.93	
ITF NAV		3,234,725,771.21	
Total NAV		<u>\$ 19,814,836,351.04</u>	

Agenda Item
UTIMCO Board of Directors Meeting
January 25, 2007

Agenda Item: Report on Actions taken under the Delegation of Authority

Developed by: Staff

Presented by: Iberg

Type of Item: Information item

Description: The Delegation of Authority delegates to the CEO the authority to execute on the behalf of UTIMCO all contracts, leases, or other commercial arrangements (except investment management agency contracts, partnership agreements, investment consultant agreements and agreements with independent auditors) for a total obligation of \$1 million or less. The Delegation of Authority requires staff to report contracts, leases, or other commercial arrangements executed by the CEO with a total obligation of \$1 million or less.

The Delegation of Authority also requires that the CEO notify the UTIMCO Board at its regularly scheduled Board meetings regarding all decisions made under the delegated authority related to new manager selection and increases in investments or commitments to existing managers.

Recommendation: None

Discussion: Staff has prepared the reports to update the UTIMCO Board on (1) Manager activity, and (2) new and renewal of existing contracts, leases and other commercial arrangements.

Reference: Manager Activity Taken Under the Delegation of Authority; New Contracts and Existing Contract Renewals, Leases, and Other Commercial Arrangements.

**Report on Manager Activity
Taken Under the Delegation of Authority
October 30, 2006 through January 5, 2007**

	Date	Amounts			Description
		PUF	GEF	ITF	
US Equities					
Domestic Spread Trade	Various	(151,307,620.00)	(81,920,300.00)	(28,728,780.00)	1 Decrease exposure in spread trade
S&P 100 ETFs	10/30/2006	(65,000,000.00)	(35,000,000.00)	-	Sell ETFs to fund managers
S&P 500 futures	11/1/2006	(59,676,749.55)	(32,239,163.55)	(59,947,838.90)	Sell futures for month-end rebalancing and fund other managers
Dow Jones futures	11/1/2006	(26,026,164.00)	(13,977,014.00)	-	Sell futures to re-allocate to other managers
NASDAQ futures	11/1/2006	(9,937,307.04)	(5,482,652.16)	-	Sell futures to re-allocate to other managers
Blavin	11/1/2006	(9,000,000.00)	(4,846,154.00)	(4,153,846.00)	Return of capital from manager
Levin Large Cap	11/1/2006	65,000,000.00	35,000,000.00	25,000,000.00	Initial funding to manager
Levin Utilities	11/1/2006	48,750,000.00	26,250,000.00	20,000,000.00	Initial investment in manager
Westport	11/1/2006	58,000,000.00	32,000,000.00	10,000,000.00	Additional funding to manager
S&P 100 ETFs	11/6/2006	(32,488,802.40)	(17,490,502.94)	(49,979,305.34)	Sell ETFs to re-allocate to futures
S&P 500 futures	11/6/2006	32,519,300.00	17,643,450.00	-	Purchase futures from ETF sales
No Cost Collar	11/9/2006	(32,500,000.00)	(17,500,000.00)	-	1 Closed RTY No Cost Collar position
No Cost Collar	11/9/2006	(32,500,000.00)	(17,500,000.00)	-	1 Closed RTY No Cost Collar position
No Cost Collar	11/9/2006	(130,000,000.00)	(70,000,000.00)	-	1 Closed SPX No Cost Collar position
No Cost Collar	11/9/2006	(65,000,000.00)	(35,000,000.00)	-	1 Closed SPX No Cost Collar position
No Cost Collar	11/13/2006	(32,500,000.00)	(17,500,000.00)	-	1 Closed SPX No Cost Collar position
No Cost Collar	11/13/2006	(32,500,000.00)	(17,500,000.00)	-	1 Closed SPX No Cost Collar position
Healthcare ETFs	11/14/2006	-	-	(3,118,329.00)	Sell ETFs to re-allocate to futures
S&P 500 futures	11/14/2006	-	-	3,119,904.12	Purchase futures from ETF sales
Energy Sector Options	11/16/2006	(32,500,000.00)	(17,500,000.00)	-	1 Sold OIH Straddle to Open
NASDAQ futures	11/16/2006	104,335,297.98	56,236,183.14	-	Purchase futures
Energy Sector Options	11/22/2006	(32,500,000.00)	(17,500,000.00)	-	1 Bought OIH Straddle to Close
S&P 500 futures	12/1/2006	7,053,500.00	3,526,750.00	25,955,193.88	Purchase futures from month-end rebalancing
Industrial ETFs	12/1/2006	(9,925,254.43)	(5,344,367.77)	-	S&P futures transferred in from dissolution of Emerging Proxy
S&P 500 ETFs	12/17/2006	17,938,909.80	7,118,615.00	-	Sell ETFs to re-allocate to S&P 500 ETFs
Energy Sector Options	12/20/2006	16,250,000.00	8,750,000.00	-	Purchase ETFs from sale of Industrial ETFs
Relational Investors	12/29/2006	(43,648,799.72)	(23,503,188.91)	(5,517,321.37)	1 Bought OIH Call to Close portion of Straddle
Levin Large Cap	1/2/2007	26,000,000.00	14,000,000.00	-	Partial withdrawal from manager to re-allocate
New Mountain	1/2/2007	26,000,000.00	14,000,000.00	-	Additional funding to manager
Healthcare ETFs	1/3/2007	(6,580,125.55)	(3,543,144.53)	5,000,000.00	Sell ETFs to re-allocate to EAFE ETFs
NASDAQ futures	Various	(36,415,999.00)	(19,470,141.20)	-	Sell NASDAQ futures to purchase S&P 500 futures
S&P 500 futures	Various	23,487,738.83	12,812,023.13	-	Purchase S&P futures from sale of NASDAQ futures

Global ex US Equities

Non-US Developed Equity

EAFE ETFs	11/1/2006	-	-	(4,000,931.11)	Sell ETFs for month-end rebalancing and fund other managers
Japan NCC	11/15/2006	(16,250,000.00)	(8,750,000.00)	-	1 Closed NKY No Cost Collar position
Japan NCC	11/21/2006	(16,250,000.00)	(8,750,000.00)	-	1 Closed NKY No Cost Collar position
EAFE ETFs	12/1/2006	-	-	14,944,150.00	Purchase ETFs from month-end rebalancing
TOPIX Swap	12/5/2006	12,989,756.66	6,994,712.09	-	Transfer in swap from decomposition of Emerging Proxy
Canadian NCC	12/5/2006	(16,250,000.00)	(8,750,000.00)	-	1 Closed SPISX60 No Cost Collar position
Canadian NCC	12/5/2006	(16,250,000.00)	(8,750,000.00)	-	1 Closed SPISX60 No Cost Collar position
EAFE ETFs	1/3/2007	6,495,255.00	3,497,445.00	-	Purchase ETFs from sale of Healthcare ETFs

**Report on Manager Activity
Taken Under the Delegation of Authority
October 30, 2006 through January 5, 2007**

	Date	Amounts			Total	Description
		PUF	GEF	ITF		
Emerging Markets Equity						
Templeton	12/4/2006	9,750,000.00	5,250,000.00	-	15,000,000.00	Additional funding to manager from decomposition of Emerging Proxy
Various Emerging ETFs	12/5/2006	13,753,756.33	7,405,807.64	-	21,159,563.97	Transfer in ETFs from decomposition of Emerging Proxy
International Emerging futures	12/5/2006	11,424,849.17	6,162,424.58	-	17,587,273.75	Transfer in futures from decomposition of Emerging Proxy
Emerging Swap	12/5/2006	16,194,199.08	8,687,163.58	-	24,881,362.66	Transfer in swap from decomposition of Emerging Proxy
Inflation Linked						
GSCI futures	12/1/2006	-	-	10,011,490.50	10,011,490.50	Purchase futures from month-end rebalancing
Morgan Stanley REITs	1/5/2007	-	-	15,000,000.00	15,000,000.00	Additional funding to manager
Fixed Income						
Global Investment Advisors	11/1/2006	-	-	15,000,000.00	15,000,000.00	Additional funding to manager
Marketable Alternatives						
Tiger Consumers	11/1/2006				30,000,000.00	Initial investment in manager
Tiger Consumers	12/1/2006				5,000,000.00	Additional investment in manager
Blackstone Distressed	12/1/2006				25,000,000.00	Initial investment in manager
Blue Ridge	1/2/2007				75,000,000.00	Additional investment in manager
Eminence	1/2/2007				10,000,000.00	Additional investment in manager
Maverick	1/2/2007				(50,000,000.00)	Partial withdrawal from manager
Everglades	1/2/2007				(40,779,583.00)	95% proceeds of full liquidation of investment

1 Trades fall under the Derivative Investment Policy. Amounts shown represent Notional Value.

	Date	Committed Amount			Total
		PUF	GEF	ITF	
Private Capital					
Sofinnova Venture Partners VII, L.P.	10/31/2006	13,000,000.00	7,000,000.00	-	20,000,000.00
The Vårde Fund VIII, L.P.	11/1/2006	39,000,000.00	21,000,000.00	-	60,000,000.00
KKR 2006 Fund, L.P.	11/10/2006	48,750,000.00	26,250,000.00	-	75,000,000.00
Doughty Hanson V*	11/30/2006	55,951,675.00	30,127,825.00	-	86,079,500.00
Green Equity Investors V, L.P.	11/30/2006	48,750,000.00	26,250,000.00	-	75,000,000.00
Cerberus Institutional Partners, L.P.	12/1/2006	48,750,000.00	26,250,000.00	-	75,000,000.00
Wingate Partners IV, L.P.	12/15/2006	21,193,652.00	11,413,044.00	-	32,608,696.00
CVC European Equity Partners Tandem Fund*	12/20/2006	25,689,300.00	13,832,700.00	-	39,522,000.00
CVI Global Value Fund A, L.P.	1/5/2007	48,750,000.00	26,250,000.00	-	75,000,000.00

← This commitment amount will increase as fund participation increases up to a maximum \$32.5m PUF and \$17.5m GEF

*Euro denominated commitments to Non US funds are converted to US dollars using the exchange rate in effect on the closing date.

**Report on
New Contracts and Existing Contract Renewals, Leases, and Other Commercial
Arrangements**

For October 30, 2006 through January 5, 2007

(Total Obligation per Agreement less than \$1 million)

Agreement	Purpose	Contract Term	Annual Amount
GaveKal Limited	Market research with a focus on International Equities	11/2006 - 10/2007	\$25,000
MSCI	Provide REIT information for Factset	9/23/2006 - 9/22/2007	\$3,750
APS	Maintenance/Service Agreement (LDC 850 Fax)	10/25/06 - 10/25/07	\$600
Gifford Fong Associates	Risk Management consultant to the Board	11/9/2006 - 11/8/2007	Not to exceeds \$170,000

Services that renew via invoice on a monthly or quarterly basis:

Bloomberg	All-in-one investment platform for trading, analysis and information	Renews quarterly via invoice and may be canceled at any time	\$235,887
American Stock exchange	Used to access stock prices and related news	Monthly invoice	\$2,536
International Fund Services	Risk System	Quarterly invoice – fees increased as accounts are added	\$496,000
Factset Research Systems	Analytical tool for performance	Monthly invoice	\$285,210
New York Stock Exchange	Used to access stock prices and related news	Monthly invoice	\$2,865
Options Pricing Report	Used to access option prices and related news	Quarterly invoice	\$1,161
Standard & Poor's Compustat)	Provide information for Factset	Renews quarterly via invoice (end of Jan, April, July Oct)	\$27,420
Thomson Venture Economics	Venture capital and private equity benchmarks and other industry data	Monthly invoice	\$18,000
Thompson Financial (Worldscope)	Provide information for Factset	Renews quarterly via invoice (renewed 2/28/2006)	\$27,000
Trade Web	Primary quotation and trading system for U.S. Treasury, Agency, Mortgage and Corporate debt securities	Monthly invoice	\$19,800
Market Axess	Competitive quotation and trading system for corporate securities	Quarterly invoice	\$1,800

Agenda Item
UTIMCO Board of Directors Meeting
January 25, 2007

Agenda Item: Investment Write Down

Developed By: Staff

Presented By: Iberg

Type of Item: Action Item

Description: The report represents the write down of investments due to permanent impairment in value.

Discussion: The UTIMCO Valuation Criteria for Alternative Assets policy states that investments determined to be permanently impaired in value shall, after the written approval of the President, be written down to a \$1 or entirely written off, and ratified by the Corporations' board.

The Private Market staff has determined that the Songbird investment, and related securities, has been permanently impaired in value and recommend they be written down to \$1. The Interim President approved the write downs. This report reflects that the PUF recognized a loss of \$13.9 million and the GEF recognized a loss of \$12.7 million.

Recommendation: Staff recommends ratification of the write downs.

Reference: UTIMCO Valuation Policy for Alternative Assets

RESOLUTION RELATED TO INVESTMENT WRITE DOWN

RESOLVED, that Songbird and Medsite be written down to \$1.00 as of August 31, 2006, and are hereby, approved in the form submitted to the Board.

UTIMCO
Write Off/Write Down of Alternative Investments - Private Markets
For the Year ended August 31, 2006

<u>Fund</u>	<u>Investment Description</u>	<u>Market Value</u> <u>8/31/2005</u>	<u>Market Value</u> <u>8/31/2006</u>	<u>Loss Reported</u> <u>for the year</u> <u>8/31/2006</u>	<u>Date</u>	<u>Explanation</u>	<u>Book</u> <u>Value</u> <u>Written</u> <u>Off</u>
PUF	Songbird Hearing, Inc. Medsite Inc.	\$ 4,006,525	\$ -	\$ (4,006,525)	Aug-06	Permanent Impairment	\$ (13,872,141)
		\$ 4,882	\$ 1	\$ (4,881)	Aug-06	Permanent Impairment	\$ (4,881)
		<u>\$ 4,011,407</u>	<u>\$ 1</u>	<u>\$ (4,011,406)</u>			<u>\$ (13,877,022)</u>
GEF	Songbird Hearing, Inc. Medsite Inc.	\$ 4,896,336	\$ -	\$ (4,896,336)	Aug-06	Permanent Impairment	\$ (12,708,540)
		\$ 697	\$ 1	\$ (696)	Aug-06	Permanent Impairment	\$ (696)
		<u>\$ 4,897,033</u>	<u>\$ 1</u>	<u>\$ (4,897,032)</u>			<u>\$ (12,709,236)</u>

TAB 3

Agenda Item
UTIMCO Board of Directors Meeting
January 25, 2007

Agenda Item: Guest Speaker – Craig Huff of Reservoir Capital

Developed By: Thompson

Presented By: Thompson

Type of Item: Information Item

Description: Craig Huff, the President of Reservoir Capital, will share his views on the current state of the capital markets and discuss the investment opportunities his firm currently finds compelling.

Craig Huff is the President of Reservoir Capital Group, which he co-founded in 1997. Previously, at Ziff Brothers Investments, he was a partner in 1997 and a principal from 1993 to 1996. Prior to business school, Mr. Huff was a nuclear engineer and Nuclear Submarine Officer in the U.S. Navy.

Mr. Huff currently serves on the board of directors of Contour Global Power, Intrepid Aviation, MLF Financial Holdings, Talbot Ltd., Aspen Aerogels, PXRE Group Ltd., and Sithe Global Power. Mr. Huff is a managing member of the general partner of Asia Development Partners, L.P. Additionally, he has been instrumental in the formation and development of a variety of investment firms including Asia Development Partners, CBM Capital, Ellington Capital Management, Olympus Capital Partners, RockPort Capital Partners, Russia Partners, SAB Capital, Ziff/Sandefur Capital, and several others.

Mr. Huff graduated *magna cum laude* from Abilene Christian University with a B.S. in Engineering Physics and received a M.B.A. from Harvard Graduate School of Business with *highest distinction* as a Baker Scholar.

Recommendation: None

Discussion: None

Reference: None

TAB 4

Agenda Item
UTIMCO Board of Directors Meeting
January 25, 2007

Agenda Item: Discussion of Investment Environment and Opportunities

Developed By: Iberg

Presented By: Iberg

Type of Item: Information Item

Description: This agenda item is intended to provide an opportunity for an open-ended discussion on issues, expectations, and opportunities in the current investment environment.

Recommendation: None

Discussion: We hope to get input from Board members on issues, concerns, and opportunities in the current investment environment. The conversation will be unstructured and open-ended. Staff will come prepared to initiate discussions on several topics, but we are far more interested in what Board members want to talk about.

Reference: None

TAB 5

Agenda Item
UTIMCO Board of Directors Meeting
January 25, 2007

- Agenda Item:** Report on Policy Committee Meeting
- Developed By:** Iberg, Thompson, Shah, Moeller
- Presented By:** Rowling
- Type of Item:** Action required by UTIMCO Board for Delegation of Authority; information item related to other internal items
- Description:** The Policy Committee ("Committee") will meet on January 25, 2007. The Committee will review requested amendments to the Delegation of Authority. These amendments require approval of the UTIMCO Board and are more fully described below. The purpose of the Delegation of Authority is to provide a clear delineation of responsibilities of the UTIMCO Board of Directors and the UTIMCO staff.
- The Committee will report to the Board its review of policies and guidelines that have been UTIMCO internal policies and guidelines, which include the Soft Dollar Policy and Procedures, and the Proxy Voting Policy. The Committee will also review the new Securities Lending Policy. The UTIMCO Board had requested that staff prepare a Securities Lending Policy for Committee review.
- The Committee will also report to the Board its review of the UTIMCO Travel Guidelines. The UTIMCO Travel Guidelines provide UTIMCO employees with information regarding travel and guidance about the procedures and responsibilities for traveling on company business.
- Discussion:** The Committee will review the following amendments to the Delegation of Authority proposed by staff. The UTIMCO Board is also requested to review the amendments and take appropriate action.
- Page 3; Contracts section has been changed to clarify that when a contract does not have a fixed term, the contract should be deemed to have a term of one year.
 - Page 4; The Marketable Alternatives Investments section has been amended requiring Board approval of investment commitments which exceed 20% of the total assets managed by an external manager of a specific investment strategy. The existing policy states that Board approval is required for new commitments if they exceed 20% of the total assets of the subject investment vehicle. This language conflicts with similar language on page 5 regarding additions to existing mandates whereby Board approval is required should the additional increased investment exceed 20% of the total assets of the manager. The amended language for both new and existing investments refers to assets managed under a specific investment strategy by an external manager (in lieu of investment vehicle for new investments and in lieu of total assets of the manager for existing investments). Most Marketable Alternatives

Agenda Item
UTIMCO Board of Directors Meeting
January 25, 2007

investment managers have on and offshore investment vehicles for tax, regulatory and investor specific purposes deploying the same or similar investment strategy. In addition, the policy as currently drafted requires Staff to seek approval from the Board to invest in a managed account, where UTIMCO was the sole investor, even if that managed account represented less than 20% of the assets of a particular investment strategy.

- Page 4; removed language related to the requirement that Staff obtain an opinion by the external UTIMCO consultant for new commitments above the specified thresholds. The amended Delegation of Authority added language that stipulated that the CEO would determine whether supplemental due diligence by the appropriate external consultant would be necessary to complete an investment. Proposed investments that exceed specified thresholds would still require Board approval.
- Page 4; added bullet point to lay out actions the Staff will take when the CEO approves an investment under the Delegation of Authority. Steps include sending to the UTIMCO Board an executive summary, a certificate of compliance, and if required by CEO, a due diligence report prepared by external consultant.
- Page 5; The Marketable Alternatives Investment section has been amended requiring Board approval of increases with an individual manager to more than 20% of the assets managed under a specific investment strategy by an external manager. (Refer to second discussion point above regarding new commitments to Marketable Alternative Investments) This proposed amendment is more restrictive than the current policy.
- Page 5; Added language in separate bullet point which states that the CEO may request a supplemental due diligence report from the appropriate external consultant.
- Page 6; Consolidated Documentation, Controls and Reporting into one section. CEO will report exceptions to the UTIMCO Chairman immediately and will report to the UTIMCO Board the exceptions at the next Board meeting unless the Chairman requests the exception to be reported earlier. (This change should satisfy the UT System Audit Office recommendation that the Delegation of Authority be revised to develop specific timeframes for reporting exceptions.)
- Page 7; Appendix A has been amended to clarify and streamline the steps Staff must take to execute an investment when the CEO does not have discretion over investment decisions.
- Other minor editorial changes were made in the document.

Recommendation: Committee will recommend appropriate action related to Delegation of Authority and report on further action to be considered on other internal policies reviewed.

Reference: Delegation of Authority

RESOLUTION RELATED TO DELEGATION OF AUTHORITY POLICY

RESOLVED, that amendments to the Delegation of Authority Policy be, and are hereby, approved in the form submitted to the Corporation's Board of Directors.

The University of Texas Investment Management Company
Delegation of Authority Policy

Effective Date of Policy: ~~March 30, 2006~~ January 25, 2007

Date Approved by UTIMCO Board: ~~March 30, 2006~~ January 25, 2007

Supersedes: Delegation of Authority Policy approved by the UTIMCO Board on ~~November 16, 2005~~ March 30, 2006

Purpose:

The purpose of the Delegation of Authority Policy is to provide a clear delineation of responsibilities of the UTIMCO Board of Directors and the UTIMCO staff. Section 66.08 (d) of the Texas Education Code provides that UTIMCO's duties to the U. T. System Board of Regents with respect to the management of investment funds shall be governed by a contract between the two parties. UTIMCO provides various investment management services to the U. T. System Board as more fully described in the Investment Management Services Agreement by and between the U. T. System Board and UTIMCO. The UTIMCO Board is responsible for management and investment oversight of UTIMCO. The UTIMCO Board recommends amendments to the Investment Policies for approval by the U. T. System Board. The UTIMCO Board is responsible for overseeing the investment process to execute the established Investment Policies. However, ~~in order to~~ enhance the competitiveness of the investment process, improve management and operational efficiency, and ~~in order to~~ define and concentrate accountability for performance, certain duties, and responsibilities are delegated by the UTIMCO Board to UTIMCO Management. This Policy Statement defines the delegation of authority in the two primary areas of UTIMCO operations:

- (1) Management, Operations, and Finance; and
- (2) Investments.

Objective:

By clearly defining the limits of delegated authority of UTIMCO Management, this Policy Statement enhances operational efficiency and timeliness in decision making, thereby enhancing competitiveness, ~~as well as establishing~~ and establishes a framework for the evaluation of UTIMCO Management in the assigned tasks.

Scope:

This Policy applies to all matters under UTIMCO control. The only delegations of authority granted by the UTIMCO Board are enumerated in this Policy and any authority not specifically granted in this Policy is retained by the UTIMCO Board acting as agent for the U. T. Board of Regents, provided that nothing contained in this Policy Statement is intended to, or shall, limit any delegation of authority otherwise set forth in the UTIMCO Bylaws, the Investment Management Services Agreement, any Committee Charter, any Investment Policy, or any formal policy adopted by the UTIMCO Board.

Authority Delegated to UTIMCO Management:

The primary functions of the UTIMCO Board are to formulate, revise, implement, and conduct ongoing oversight of the policies it has established for UTIMCO. The duties and responsibilities of

The University of Texas Investment Management Company
Delegation of Authority Policy

the UTIMCO Board are enumerated in the UTIMCO Bylaws, Articles of Incorporation, Committee Charters, Investment Management Services Agreement, and in UTIMCO policies. ~~In order to more efficiently~~To execute its responsibilities more efficiently, the UTIMCO Board has delegated the authority to implement UTIMCO policies to UTIMCO Management in two primary areas: (i) Management, Operational, and Financial Authority; and (ii) Investment Authority.

Management, Operational, and Financial Authority: Final authority for the functions listed below rests with the UTIMCO Board:

- Administration, Accounting and Financial Management;
- Systems Technology Management;
- Personnel Management;
- Compliance;
- Client Relations and Reporting; and
- Public Relations.

However, the UTIMCO Board hereby delegates authority to UTIMCO Management in each functional area as specified below:

Administration, Accounting, and Financial Management: The UTIMCO Board hereby delegates all day to day operational decisions to UTIMCO Management. This delegation includes, but is not limited to, all administrative decisions regarding the management of endowment and operating funds as well as all administrative and financial decisions associated with the operation of the UTIMCO organization. This delegation includes the authority to execute all contracts and agreements, subject to the limitations defined below.

Systems Technology Management: The UTIMCO Board hereby delegates all decisions regarding the operation and management of all systems technology assets to UTIMCO Management. This delegation includes the authority to execute all contracts and agreements, subject to the limitations defined below.

Personnel Management: The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer all personnel management decisions regarding positions included in approved UTIMCO operating budgets, and grants authority to the Chief Executive Officer to add non-budgeted personnel as necessary on an emergency basis, subject to review in the following budget cycle, provided that the addition of any non-budgeted personnel shall be promptly reported to the UTIMCO Board. All compensation decisions for officers of UTIMCO are excluded from this delegation.

Compliance: The UTIMCO Board hereby delegates all compliance operations to UTIMCO Management, while retaining all oversight functions as specified in UTIMCO policies.

**The University of Texas Investment Management Company
Delegation of Authority Policy**

Client Relations and Reporting: The UTIMCO Board hereby delegates all client relations and reporting decisions to UTIMCO Management.

Public Relations: The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer all decisions regarding public relations issues, except for those issues that are reserved for decisions by the UTIMCO Vice Chairman for Policy.

In addition, in order to facilitate the execution of the authority granted above, the UTIMCO Board hereby delegates the following specific duties and responsibilities to UTIMCO Management:

- **Contracts:** The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to execute on the behalf of UTIMCO all contracts, leases, or other commercial arrangements (except investment management agency contracts, partnership agreements, investment consultant agreements and agreements with independent auditors) for a total obligation of \$1 million or less during the contract term; provided that for purposes of this delegation any contract that does not have a fixed term shall be deemed have a term of one year; provided, further that notice of any such contracts, leases, or other commercial arrangements shall be reported to the UTIMCO Board at its regularly scheduled meetings.

Investment Authority: The UTIMCO Board hereby delegates the following specific duties and responsibilities to UTIMCO Management:

- **Tactical Asset Allocation:** Without limitations of timing, procedures, or vehicles utilized, decisions regarding tactical asset allocation within the ranges established in Investment Policies Statements, including rebalancing portfolio weights to Policy Target Weights or actively deviating from Policy Weights as market conditions dictate, are hereby delegated to the UTIMCO Chief Executive Officer, as long as any decisions do not violate established Investment Policies. Short sales of securities (including exchange traded funds, and individual common stocks and bonds, but excluding derivative instruments) to offset existing long positions for risk control purposes may also be utilized as a vehicle in tactical asset allocation. Prior to implementation of any short security sale strategy and throughout the duration of the strategy, risk analyses shall be performed to verify the expected risk reducing impact of the proposed strategy and that the strategy does not result in the risk position of the total Funds being outside the policy risk range.
- **Risk Management:** The UTIMCO Board hereby delegates all decisions regarding the design and operation of any risk management system to UTIMCO Management.
- **New Investment Vehicle and Manager Selection:** The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to commit UT System funds to new relationships with internal or external investment managers or to new mandates with external investment managers already under existing relationships

**The University of Texas Investment Management Company
Delegation of Authority Policy**

with UTIMCO, and the accompanying authority to negotiate and execute agency and partnership agreements as necessary, subject only to the following limitations:

- Public Markets Investments: Any new commitments exceeding (i)(a) \$400 million for an individual external manager or (b) 20% of the total assets under management under the separatespecific asset categories of U.S. equity, non U.S. equity, and fixed income by an external manager or (ii) \$100 million for a particular active internal management application will require approval under the process defined in Appendix A.
- Marketable Alternatives Investments: Any new commitments exceeding (i) \$200 million or (ii) 20% of the total assets managed under a specific investment strategy by an external manager of the subject investment vehicle will require approval under the process defined in Appendix A. ~~In addition to that process, an opinion from the external UTIMCO consultant shall be required for an investment offered by a manager not already managing marketable alternative investments for UTIMCO. In all other cases concerning new investments, the decision as to whether an opinion regarding the new investment from the external UTIMCO consultant is necessary is delegated to the UTIMCO Chief Executive Officer.~~
- Non-Marketable Alternatives Investments: Any new commitments exceeding (i) \$100 million or (ii) 20% of the total assets of the subject investment vehicle will require approval under the process defined in Appendix A. ~~In addition to that process, an opinion from the external UTIMCO consultant shall be required for an investment managed by a manager not already managing non-marketable alternative investments for UTIMCO. In all other cases concerning new investments, the decision as to whether an opinion regarding the new investment from the external UTIMCO consultant is necessary is delegated to the UTIMCO Chief Executive Officer. All new commitments to direct, non-marketable investments will require approval under the process defined in Appendix A.~~
- The UTIMCO Chief Executive Officer may request a supplemental due diligence report from the appropriate external consultant to supplement the Staff's investment recommendation.
- If, pursuant to this Delegation of Authority, the UTIMCO Chief Executive Officer approves the investment decision, the Staff will send an executive summary of its investment recommendation, a Certificate of Compliance for the investment, and, if required by the UTIMCO Chief Executive Officer, a due diligence report prepared by the external consultant to each Board member.

The University of Texas Investment Management Company
Delegation of Authority Policy

- For the purposes of the above thresholds, new manager mandates shall be aggregated during the first six months following the initial funding of such mandate.
- Other Investments: Any investments in asset categories not currently defined in the Policy Portfolio must receive specific UTIMCO Board approval regardless of size.
- Any commitment that would otherwise be permitted under this delegation, but which violates any UTIMCO Policy, is not permitted.
- The UTIMCO Chief Executive Officer will notify the UTIMCO Board at its regularly scheduled Board meetings regarding all decisions made under this delegated authority.
- Changing Allocations of Investment Funds Among Existing Internal and External Managers and Partnerships: Subsequent to the first six months of the UTIMCO relationship with a new manager, ~~the~~ UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to increase investments or commitments to existing internal or external investment managers, and the accompanying authority to renegotiate existing agency and partnership agreements as necessary, subject only to the following limitations:
 - Public Markets Investments: Any increases that exceed \$200 million to existing funds under management by any individual external manager or by internal management in a particular active application exceeding \$100 million, or which increases the total assets managed to more than (i) \$600 million with an individual external manager or a larger amount approved by the Board for manager exceptions or (ii) 20% of the total assets under the separate specific asset categories of U.S. equity, non U.S. equity, and fixed income at an external manager responsible for more than one UTIMCO mandate, will require approval under the process defined in Appendix A.
 - Marketable Alternatives Investments: Any increases that exceed \$100 million to existing funds under management, or which increase the total assets managed to more than \$300 million with an individual manager or to more than 20% of the assets managed under a specific investment strategy by an external manager ~~total assets of the manager,~~ will require approval under the process defined in Appendix A.
 - Non-Marketable Alternatives Investments: Any increases that exceed \$50 million to existing funds under management in an existing partnership or direct investment, or which increase the total UTIMCO investment in a single partnership or direct investment to more than (i) \$150 million or (ii) 20% of the total assets of the same investment vehicle, will require approval under the process defined in Appendix A.

**The University of Texas Investment Management Company
Delegation of Authority Policy**

- The UTIMCO Chief Executive Officer may request a supplemental due diligence report from the appropriate external consultant to supplement the Staff's investment recommendation.
- Any increase that would otherwise be permitted under this delegation, but which violates any UTIMCO Policy, is not permitted.
- The UTIMCO Chief Executive Officer will notify the UTIMCO Board at its regularly scheduled Board meetings regarding all decisions made under this delegated authority.
- **Manager and Partnership Monitoring and Termination:** The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer all decisions regarding monitoring and termination of existing internal or external investment managers.
- **Internal Investment Management:** The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer all decisions associated with the direct management of assets by UTIMCO staff.
- **Management of UTIMCO's External Investment Consultant:** The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to direct the day-to-day work product of the UTIMCO consultant, provided that the UTIMCO consultant shall continue to have primary reporting responsibility to the UTIMCO Board.
- **Management of UTIMCO's External Counsel:** The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to direct the day-to-day work product of the UTIMCO external counsel, provided that the UTIMCO external counsel shall continue to have primary reporting responsibility to the UTIMCO Board.

Documentation, and Controls, and Reporting:

All UTIMCO Management decisions made under this Delegation of Authority Policy will be monitored by UTIMCO's Chief Compliance Officer. Any exceptions to this Policy will be reported to the Chief Executive Officer immediately. The UTIMCO CEO/Chief Executive Officer will develop a remedy to the exception, if possible, and report the exception and the remedy to the UTIMCO Board promptly/Chairman immediately. Additionally, the UTIMCO Chief Executive Officer will report any exceptions to this policy to the UTIMCO Board at its next regularly scheduled meeting, unless the Chairman instructs otherwise.

Reporting:

~~The Chief Compliance Officer will provide a list of any exceptions to this policy on at least an annual basis to the Audit and Ethics Committee of the UTIMCO Board.~~

**The University of Texas Investment Management Company
Delegation of Authority Policy**

Appendix A
Investment Vehicle and Manager Selection
Investment Selections Which Require Board Approval

~~Except for the specific terms of delegation defined in this Policy, the UTIMCO Board shall be responsible for the selection of internal and external portfolio managers and partnerships to invest assets managed for the U.T. Board of Regents.~~

~~The process for new manager or partnership selection shall include the following steps: In instances where this Delegation of Authority does not give the UTIMCO Chief Executive Officer discretion over investment decisions, the Staff must follow the procedures listed below to obtain authorization for those investments:~~

~~4.1. For new commitments, Staff will send a complete due diligence report, a Certificate of Compliance, an Option to Review Investment Proposal, and, if required by the UTIMCO Chief Executive Officer, a due diligence report provided by the external consultant to each Board member. For additional commitments to existing managers and partnerships, Staff will send an executive summary of the investment proposal, an Option to Review Investment Proposal, and, if required by the UTIMCO Chief Executive Officer, a due diligence report provided by the appropriate external consultant to each Board member. Extensive due diligence by UTIMCO staff, and in some cases by the UTIMCO consultant.~~

~~1. Preparation of a complete due diligence report that will be considered by the UTIMCO Chief Executive Officer. Changes or updates to the due diligence report may be made as a result of the CIO review.~~

~~2. At the discretion of the UTIMCO Chief Executive Officer, a due diligence report by the UTIMCO external consultant may be required.~~

~~3. In cases in which the investment decision has been delegated to the UTIMCO Chief Executive Officer under this Policy, a Certificate of Compliance will be sent to each UTIMCO Board member with an executive summary of the due diligence report prepared by the UTIMCO Staff and external consultant (if required by the CEO).~~

~~5.2. In cases in which delegation is not permitted under this Policy, a Certificate of Compliance will be sent to each UTIMCO Board member with the complete due diligence report prepared by the UTIMCO Staff and external consultant (if required by the CEO). The Certificate of Compliance Option to Review Investment Proposal will have checkboxes that allow any UTIMCO Director to: (i) a checkbox to allow any UTIMCO Director to request require a complete review of the investment at a subsequent Board meeting prior to making the execution of the investment; and (ii) two checkboxes to delegate the investment decision to UTIMCO Management; or (iii) delegate the investment decision to UTIMCO Management, provided it makes a with or without a subsequent presentation of the investment at a future UTIMCO Board meeting.~~

**The University of Texas Investment Management Company
Delegation of Authority Policy**

~~a.3. If any Director requires a complete review of the investment prior to the execution of the investment has requested Board review, the sStaff shall will provide a complete make a presentation to highlight the attributes of the proposed investment, which may include a representative of the proposed manager or partnership, at the next UTIMCO Board meeting. Subsequent to hearing the presentation, the Board shall vote to approve such investment. If after hearing the presentation, a majority of Directors do not feel the investment is appropriate, the investment will not be made.~~

~~4. If no Director has requested a prior Board Review, the investment will be negotiated by staff and assets will be invested.~~

TAB 6

Agenda Item
UTIMCO Board of Directors Meeting
January 25, 2007

Agenda Item: Consideration of Investment Consultant Contract Renewal

Developed By: Iberg, Thompson, Moeller

Presented By: Iberg

Type of Item: Action item by UTIMCO Board to approve contract renewal.

Description: In accordance with the Delegation of Authority, the UTIMCO Board executes the investment consultant contract. The UTIMCO Board approved retaining Cambridge Associates as its investment consultant during its September 22, 2006, board meeting. This agenda item renews the contract expiring on November 30, 2006. The renewal contract is for the twelve month period beginning December 1, 2006.

Recommendation: Staff recommends the approval of the external investment consultant contract

Discussion: Cambridge Associates has served as UTIMCO's consultant since its inception in 1996. Under the terms of the current contract with Cambridge, UTIMCO receives Cambridge's full range of information, research, and consulting services. The contract also includes full access to web based internet services. In addition, Cambridge Associates provides a variety of services, including benchmark review, hedge fund manager search, international equity manager search, manager search assistance, spending analysis, miscellaneous requests, discussion on private equity group, spending policy memorandum, preparation of endowment exhibits, investment research, data request of endowment returns, asset allocation review, asset allocation study, asset allocation presentation, and alternative assets study.

The prior Cambridge Associates contract was for \$756,000 annually. The renewal contract proposed by Cambridge is \$650,000 annually, a net decrease of \$106,000. The non-marketable services have been decreased by \$225,000 to reflect the staff's current reliance on Cambridge for due diligence services. The increase of \$119,000 mainly related to the generalist consulting area and was driven by several factors: increased involvement in committee meetings; anticipated extra work around the asset allocation discussions scheduled for next spring; and twelve extra hours of consulting time to allow for the increased volume of conversations with UTIMCO staff, UTIMCO directors, and UT System staff.

The breakdown of the proposed contract is as follows:

Non marketable services	\$225,000
Research allocation	48,250
Generalist consulting	<u>376,750</u>
Total	\$650,000

Reference: Contract with Cambridge Associates

**RESOLUTION REGARDING
EXTERNAL INVESTMENT CONSULTANT CONTRACT**

RESOLVED, that the contract renewal of Cambridge Associates as the external investment consultant be, and is hereby, approved in the form submitted to the Board.

January 9, 2007

Mr. Scott Caven
Chairman of the Board
The University of Texas Investment Management Company
401 Congress Avenue, Suite 2800
Austin, TX 78701

Dear Mr. Caven:

I am writing to confirm that within the context of the existing Agreement with Cambridge Associates ("CA") dated December 1, 2002, the generalist and specialist consultants at CA will provide The University of Texas Investment Management Company ("Client") with the following services for the twelve month period beginning December 1, 2006.

General Consulting Services

- Access via the CA consulting team and CA's web site to proprietary databases on capital markets, investment managers, and partnerships (including marketable alternative asset managers). Additionally, the Client will have access to comparative peer performance data and quarterly and annual surveys of investment and financial data.
- Twenty-four (24) hours of consulting time for miscellaneous communications and inquiries.
- A variety of research reports and working papers on investment and financial issues.
- A comprehensive asset allocation review including a presentation to the Board.
- Attendance at up to six (6) UTIMCO Board meetings, four (4) Investment Committee meetings, and one (1) Board of Regents meeting, and participation in two (2) conference calls per year to discuss investment strategy, asset allocation, performance, market environment, best practices of peer institutions and investment manager selections.

Non Marketable Alternative Asset Consulting Services

- Each quarter CA will provide the Client with its proprietary US Venture Capital and Private Equity benchmarks statistics to be used for individual manager evaluation.
- Up to four (4) due diligence memos providing summaries of references, highlights of competitive advantages, and other issues for consideration. If the Client requests more than four (4) due diligence memos during the year, it will be charged the per-memo fee specified in Exhibit 1.

- Attendance at one (1) in-person meeting and up to ten (10) conference calls with Client to discuss non-marketable investment strategy, the market environment, and potential fund opportunities. Additionally, CA may be asked to address Client's concerns regarding potential limited partnership investments. Such reasonable requirements may include additional reference calls or attendance at additional meetings with potential partners.

These services will be provided for an Annual Fee of \$650,000. This fee will be payable in four equal installments; quarterly in advance. The Annual Fee for subsequent years will be negotiated between the parties depending on the scope of services provided. Out-of-pocket expenses such as communications, printing, copying, etc. and the cost of travel to Texas by members of the consulting team are included in the Annual Fee. International travel costs will be billed to the Client as reimbursable expenses.

At your request, additional consulting services will be provided and billed at CA's standard fees with prior fee authorization when requested. Additional services may include, for example, additional meetings with the Client, marketable alternative assets manager searches or additional due diligence memos as specified above.

We greatly value our relationship and look forward to continuing to work with you. If you are in agreement with these terms, please sign and return one fully executed copy of this letter, keeping an original for your records. A self-addressed envelope is enclosed for your convenience. Thank you.

Sincerely,

Francis J. Phillips

Signature page to follow

REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

APPROVED:

_____ Date: _____
By: H. Scott Caven, Jr.
Chairman of the Board of Directors
The University of Texas Investment
Management Company

SEEN AND ACKNOWLEDGED:

_____ Date: _____
By: Cathy Iberg
Interim Chief Executive Officer
The University of Texas Investment
Management Company

EXHIBIT I
2007 FEE SCHEDULE

The 2007 fixed fee schedule as noted below is based on the type and number of managers to be hired during the same time period.

Marketable Alternative Assets Managers

First manager search	\$26,500
Second and subsequent simultaneous searches*	\$22,000

Due Diligence Memos for Non-Marketable Investment Opportunities

First four (4) due diligence memos	Included in Annual Fee
Each subsequent memo	\$25,000

*The reduced fee assumes that manager interviews will be scheduled concurrently.

These fees are valid through December 31, 2007.

TAB 7

Agenda Item
UTIMCO Board of Directors Meeting
January 25, 2007

Agenda Item: Presentation of 2006 Annual Report

Developed By: Moeller

Presented By: Moeller

Type of Item: Information item

Discussion: The theme selected for the 2006 Annual Report was "Investing in Technology." The reports highlighted the UT System institutions' development of technologies in the fields of medicine, natural and physical sciences, information technology, etc. We continued the same format of the annual report packet, including the UTIMCO Annual Report, Permanent University Fund (PUF) Annual Report, Long Term Fund (LTF) Annual Report, Frequently Asked Questions (FAQ), and separate "stories" for each institution as well as a compact disc with the audited financial statements. As in previous years, UTIMCO staff worked with an advisory group consisting of development staff from several UT System institutions to improve the reporting.

We continue to receive positive feedback from the institutions. We begin the annual report process in June and it is a team effort with all of the senior management staff involved in the theme and design process as well as contributing certain sections to the reports. In addition, several members of the UTIMCO staff were involved with preparation of the written materials and graphs, proofreading, and mail out of the reports.

Over 7,800 reports were sent out this December. The institutions requested more copies of their stories this year, and each institution became more engaged in the process of producing a great story.

The annual reports are also available on-line on UTIMCO's website under "UTIMCO Publications." Individual feature stories published in the prior annual reports over the past six years are available on-line as well.

Reference: UTIMCO Annual Report, PUF Annual Report, LTF Annual Report, Frequently Asked Questions Report, a feature story from 16 institutions, a PUF feature story provided by Texas A&M, and disc with Audited financial statements.