

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



Presentation Materials

Board of Directors Meeting

July 11, 2007

**UTIMCO BOARD OF DIRECTORS
MEETING AGENDA
July 11, 2007**

UTIMCO
401 Congress Ave., Ste. 2800
Austin, Texas 78701

| Time | | Item # | Agenda Item |
|------------|------------|--------|--|
| Begin | End | | |
| | | | Open Session: |
| 9:00 a.m. | 9:05 a.m. | 1 | Call to Order/Consideration of Minutes of May 31, 2007 Meeting* |
| 9:05 a.m. | 9:10 a.m. | 2 | Corporate Resolution: - Consideration of Key Personnel* |
| 9:10 a.m. | 10:00 a.m. | 3 | Endowment and Operating Funds Update: - Performance Report - Liquidity Profile - Risk Dashboard - Comprehensive Derivative Report - Report on Actions Taken Under Delegation of Authority |
| 10:00 a.m. | 11:00 a.m. | 4 | Report from Compensation Committee: Executive Session Pursuant to sections 551.071 and 551.074, Texas Government Code, the Board of Directors may convene in Executive Session to consult with legal counsel regarding recent developments in oversight and fiduciary duties of directors of non-profit corporations and to deliberate individual personnel matters. Reconvene into Open Session - Compensation Committee Report |
| 11:00 a.m. | 11:30 a.m. | 5 | Discussion and Consideration of UTIMCO 2007/2008 Budget *, ** |
| 11:30 a.m. | 11:45 a.m. | 6 | Discussion and Consideration of Corporate Auditor* |
| 11:45 a.m. | | | Adjournment |

* Action by resolution required

**Resolution requires further approval from the U. T. System Board of Regents

| |
|---|
| Next Scheduled Meeting: September 21, 2007 |
|---|

TAB 1

RESOLUTION RELATED TO MINUTES

RESOLVED, that the minutes of the meetings of the Board of Directors held on **May 31, 2007**, 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 9:10 a.m. on the **31st day of May 2007**, at the Hotel Crescent Court, 400 Crescent Court, in the Crescent I Conference Room, Dallas, 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
Clint D. Carlson
J. Philip Ferguson
Colleen McHugh
Ardon E. Moore
Charles W. Tate

thus, constituting a majority and quorum of the Board. Directors Mark Yudof and Erle Nye joined the meeting later as noted in the minutes. 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; Cecilia Gonzalez, General Counsel for the Corporation; Uzi Yoeli, Risk Director; Lindel Eakman, Director – Non-Marketable Alternative Investments; various staff members of the Corporation; Jerry Turner, outside legal counsel for the Corporation; Keith Brown of the McCombs School of Business at UT Austin; Scott Kelley, Philip Aldridge, Amy Barrett, Anthony DeBruyn and Cathy Swain of UT System Administration; Bruce Myers, Hamilton Lee and Jeanne Rogers of Cambridge Associates; Greg Anderson of The Texas A&M University System; and Bruce Zimmerman, incoming CEO, President and CIO. Mr. Caven called the meeting to order at 9:10 a.m.

Minutes

The first matter to come before the Board was approval of the minutes of the meetings of the Board of Directors held on April 10, 2007 and May 2, 2007. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the meetings of the Board of Directors held on April 10, 2007 and May 2, 2007 be, and are hereby, approved.

Endowment and Operating Funds Update Report

Mr. Caven asked Ms. Iberg to present the Corporation's endowment and operating funds update. Director Yudof joined the meeting during Ms. Iberg's presentation. Ms. Iberg began by discussing performance reports ending April 30, 2007. 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 April 30, 2007, for the PUF was 2.75% and for the GEF was 2.75%, versus benchmark returns of 2.70% for each fund. The net performance for the one-year period ended April 30, 2007, for the PUF and GEF were 13.90% and 14.37%, respectively, versus benchmark returns of 12.96% for each fund. The Intermediate Term Fund's (ITF) performance was 1.90% versus its benchmark return of 1.58% for the one-month period, and was 11.10% versus its benchmark return of 10.08% for the one-year period ended April 30, 2007. Performance for the Short Term Fund (STF) was 0.43% versus 0.44% for its benchmark for the one-month period, and was 5.35% versus a benchmark return of 5.16% for the one-year period ended April 30, 2007. Ms. Iberg continued by reporting information on performance attribution, liquidity, derivatives, and actions taken under the Delegation of Authority. Ms. Iberg handed out the most recent Risk Dashboard reporting as of April 30, 2007. Ms. Iberg, Mr. Zimmerman, Mr. Myers, Mr. Eakman, and Mr. Yoeli answered the Directors' questions.

Asset Allocation Review

Mr. Caven asked Mr. Zimmerman to begin the Asset Allocation Review. Mr. Zimmerman provided a handout to be used as a guide for discussion, which included both the art and science of investing. Mr. Zimmerman led the discussion that included investment strategies, investment objectives, asset classes, risk management and risk budgeting issues. The presentation was to be a starting point for both the Board and the Corporation Staff to begin review of the asset allocation on a strategic level. The discussion can be used to guide the Staff in their efforts to bring more specific recommendations to the Board at a later meeting. Mr. Zimmerman, Ms. Iberg and Mr. Eakman answered the Directors' questions.

Educational Program for UTIMCO Directors

Mr. Caven asked Mr. Turner to begin his educational program for the Directors. Mr. Turner handed out an Educational Program for UTIMCO Directors and suggested that the Directors' keep the presentation in their briefcase for reference at future Board meetings. Mr. Turner reviewed the legal and fiduciary responsibilities and policy governance for the Board members. He reviewed Directors' Liabilities, Corporate policies, committee charters, and miscellaneous Texas and Federal laws. Mr. Turner and Ms. Iberg answered the Directors' questions.

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 1:25 p.m. Director Nye joined the meeting and Director Yudof left the meeting at this time.

Compliance and External Auditor

Mr. Caven asked Mr. Nye to give the Board an update on the independent chief compliance officer and the external auditor. Mr. Nye said the job description for the chief compliance officer was nearing final draft, and that he and the Audit and Ethics Committee are in agreement with duties and responsibilities of the newly created position, and changes to the corporate policies regarding the new position as described in the materials presented to the Board. Mr. Tate asked that he and the Board, at the next meeting, be presented with clarification of the role of the oversight committee of the UT System. Mr. Nye continued by reporting on the external auditor search. Ernst & Young notified UTIMCO Staff on April 13, 2007, that the firm was withdrawing as the auditors of the UT Board funds managed by the Corporation. UT System has since issued a Request for Qualifications and will hear oral presentations from those firms interested on June 18th.

Report from Compensation Committee

Mr. Caven asked Mr. Ferguson, Chairman of the Compensation Committee, to give a report of the last Compensation Committee meeting. Mr. Ferguson told the Board that the Compensation Committee had met on May 16, 2007. The Committee approved an increase of a Staff member's salary at the meeting. The Committee discussed the current Compensation Program, and after discussion, agreed to work closely with the new CEO and Staff to possibly simplify the Compensation Program, focus on peer groups and compensation going forward.

Private Markets Presentation

Mr. Caven then turned the meeting over to Mr. Eakman to begin the Private Markets Presentation to the Board. Mr. Eakman, Scott Bigham and Zac McCarroll presented an overview of the program, staff members, functional area overview, commitment strategy, portfolio update and current activities of the Private Markets Group as a whole. Mr. Eakman, Mr. Bigham, Mr. McCarroll and Ms. Iberg answered the Directors' questions.

Legislative Update

Mr. Caven asked Ms. Gonzalez to give the Board an update on legislative activity. Ms. Gonzalez reported on the current status of legislation affecting the Corporation in the 80th Regular Legislative Session. The Session ended on May 28, 2007. Staff will monitor legislation, as finally passed, for changes in the state law affecting the Corporation.

Public Markets Presentation

Mr. Caven asked Ms. Iberg to lead a discussion on the Public Markets Investments area. Ms. Iberg began the review of the public equities by presenting the three year annualized attribution of performance relative to policy benchmark and investment performance summaries of external and active internal managers for U.S., Non-U.S. and emerging equity markets. Ms. Iberg answered the Directors' questions.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 3:15 p.m.

Secretary: _____
Joan Moeller

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

TAB 2

Agenda Item
UTIMCO Board of Directors Meeting
July 11, 2007

Agenda Item: Corporate Resolution - Designation of Key Employees for the Corporation

Developed By: Moeller, Gonzalez

Presented By: Zimmerman

Type of Item: Action required by UTIMCO Board

Description: The Corporation's Code of Ethics requires the Board to designate, by position, the employees who exercise significant decision-making authority. By virtue of their position with UTIMCO, these persons are "key employees". Bruce Zimmerman, as the new CEO, President, and CIO, is designated as a key employee. Additionally, the new associate in public markets is also designated as a key employee.

Recommendation: Approval requested for the designation of key employees

Reference: Code of Ethics and Bylaws

**RESOLUTION RELATED TO KEY EMPLOYEES
OF THE CORPORATION**

RESOLVED, as required by the Corporation's Code of Ethics, the Board shall designate, by position, key employees of the Corporation. Two employees have been added as key employees since the annual meeting held on April 10, 2007.

| | |
|-----------------|--|
| Bruce Zimmerman | CEO, President and CIO |
| Mark Newcomb | Associate – Public Markets Investments |

TAB 3

Agenda Item
UTIMCO Board of Directors Meeting
July 11, 2007

Agenda Item: Endowment and Operating Funds Update - Performance Report

Developed By: Moeller, Hill

Presented By: Iberg

Type of Item: Information Item

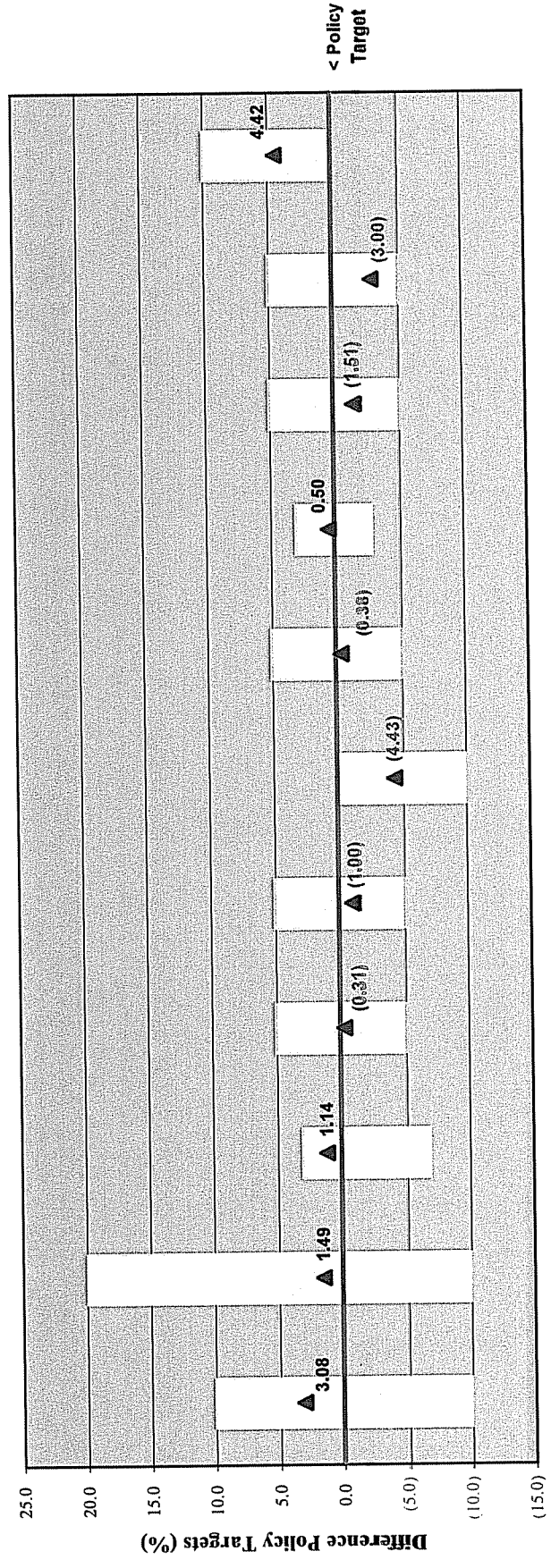
Description: The reports presented are for the periods ended May 31, 2007 (except as noted).

Recommendation: No action required.

Reference: Fund Market Exposure Reports; UTIMCO Performance Summary; Value Added in Endowment Funds – Fiscal Year to Date; Fund Attribution Reports; Fund Performance Summaries; 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. Mellon Trust Foundations and Endowments Billion Dollar Funds Universe.

**Permanent University Fund
Market Exposure
May 31, 2007**

Deviations From Policy Targets Within Tactical Policy Ranges

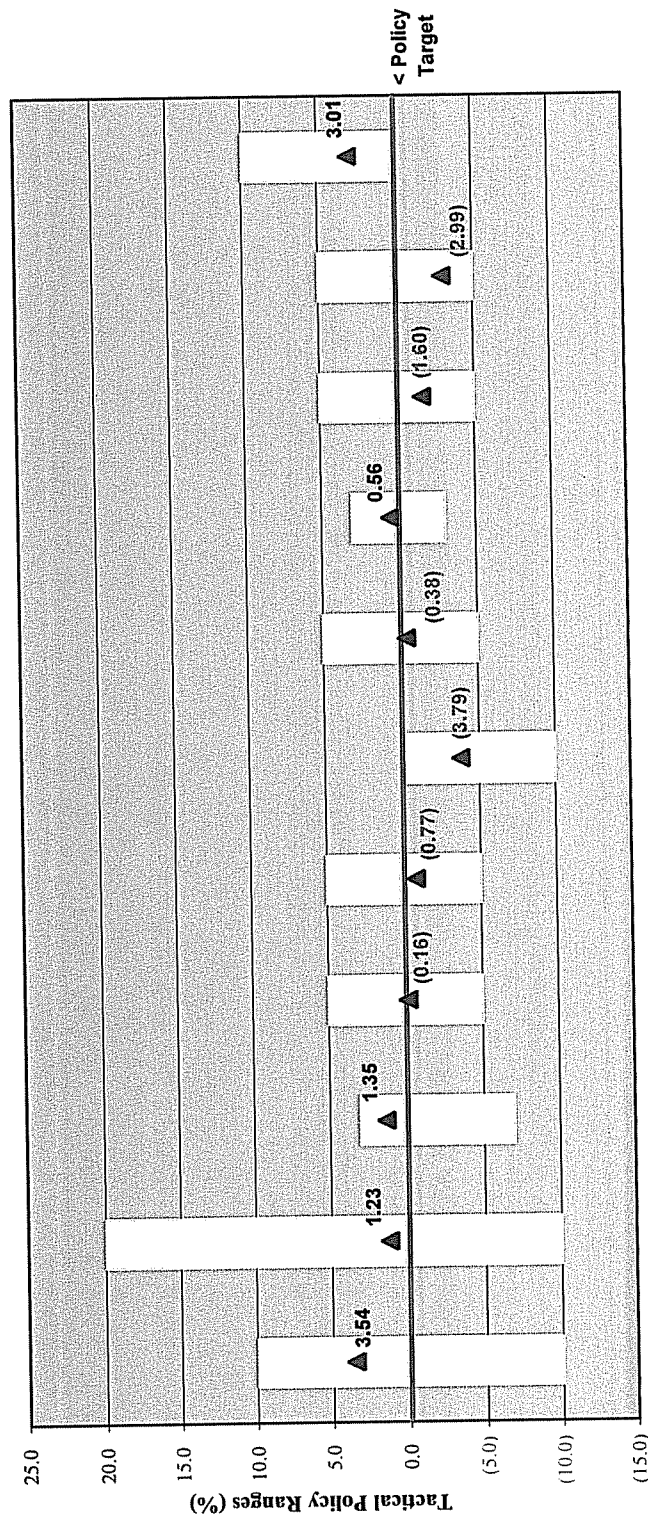


| | U.S. Equities | Non-U.S. Developed Equity | Emerging Markets Equity | Directional Hedge Funds | Absolute Return Hedge Funds | Private Capital | REITs | Commodities | TIPS | Fixed Income | Cash and Cash Equivalents |
|-----------------------------------|---------------|---------------------------|-------------------------|-------------------------|-----------------------------|-----------------|---------|-------------|----------|--------------|---------------------------|
| Actual | 23.08% | 11.49% | 8.14% | 9.69% | 14.00% | 10.57% | 4.62% | 3.50% | 3.49% | 7.00% | 4.42% |
| 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 | 3.08% | 1.49% | 1.14% | -0.31% | -1.00% | -4.43% | -0.38% | 0.50% | -1.51% | -3.00% | 4.42% |
| Deviation in Dollars (\$m) | 362.32 | 175.28 | 134.11 | (36.47) | (117.64) | (521.13) | (44.70) | 58.82 | (177.63) | (352.91) | 519.95 |



**General Endowment Fund
Market Exposure
May 31, 2007**

Deviations From Policy Targets Within Tactical Policy Ranges

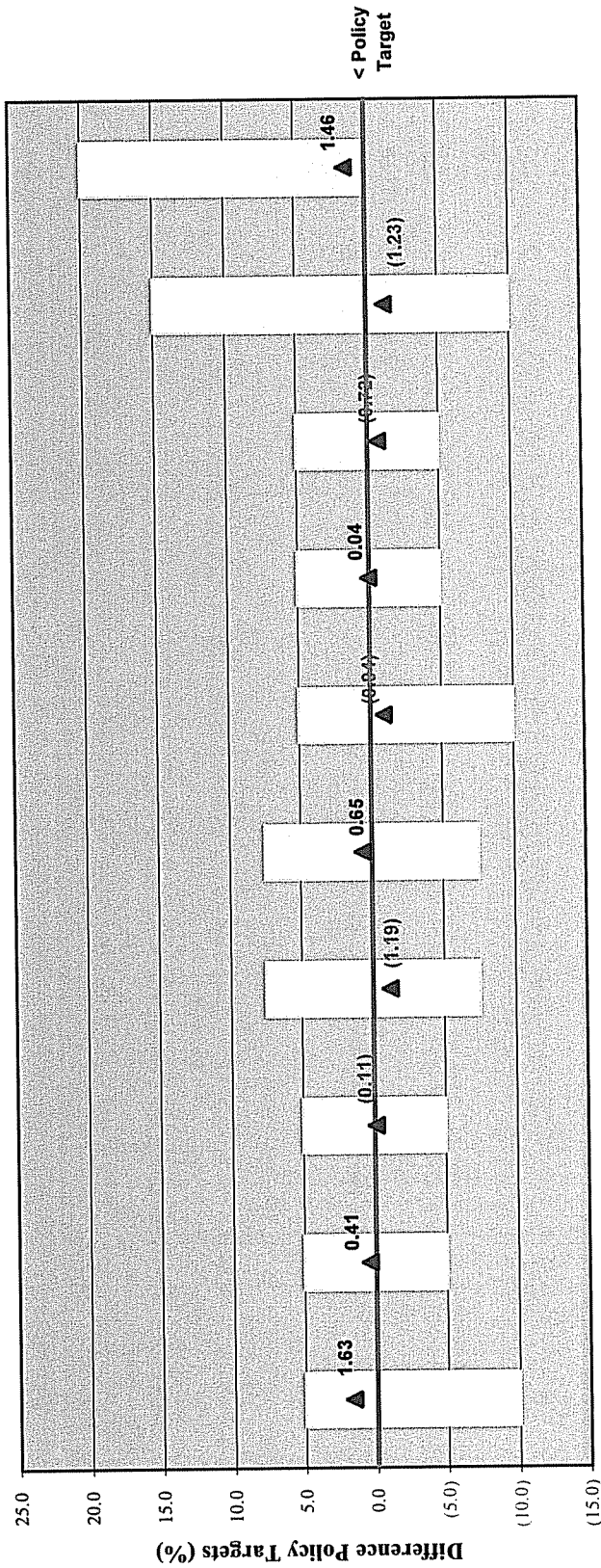


| | U.S. Equities | Non-U.S. Developed Equity | Emerging Markets Equity | Directional Hedge Funds | Absolute Return Hedge Funds | Private Capital | REITS | Commodities | TIPS | Fixed Income | Cash and Cash Equivalents |
|-----------------------------------|---------------|---------------------------|-------------------------|-------------------------|-----------------------------|-----------------|---------|-------------|----------|--------------|---------------------------|
| Actual | 23.54% | 11.23% | 8.35% | 9.84% | 14.23% | 11.21% | 4.62% | 3.56% | 3.40% | 7.01% | 3.01% |
| 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 | 3.54% | 1.23% | 1.35% | -0.16% | -0.77% | -3.79% | -0.38% | 0.56% | -1.60% | -2.99% | 3.01% |
| Deviation in Dollars (\$m) | 227.82 | 79.16 | 86.88 | (10.30) | (49.55) | (243.91) | (24.45) | 36.04 | (102.97) | (192.42) | 193.70 |



**Intermediate Term Fund
Market Exposure
May 31, 2007**

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 | 16.63% | 5.41% | 4.89% | 11.31% | 13.15% | 9.06% | 5.04% | 9.28% | 23.77% | 1.46% |
| Policy Target | 15.00% | 5.00% | 5.00% | 12.50% | 12.50% | 10.00% | 5.00% | 10.00% | 25.00% | 0.00% |
| Deviation | 1.63% | 0.41% | -0.11% | -1.19% | 0.65% | -0.94% | 0.04% | -0.72% | -1.23% | 1.46% |
| Deviation in Dollars (\$m) | 60.96 | 15.33 | (4.11) | (44.51) | 24.31 | (35.16) | 1.50 | (26.93) | (46.00) | 54.61 |



UTIMCO Performance Summary

May 31, 2007

| | Net Asset Value 5/31/2007 (in Millions) | Periods Ended May 31, 2007 (Returns for Periods Longer Than One Year are Annualized) | | | | | | | | | | |
|--|---|---|--------------|-----------------------|------------|---------------------|----------|-----------|-------------|------------|------------|-----------|
| | | One Month | Three Months | Calendar Year To Date | Six Months | Fiscal Year To Date | One Year | Two Years | Three Years | Four Years | Five Years | Ten Years |
| | | | | | | | | | | | | |
| ENDOWMENT FUNDS | | | | | | | | | | | | |
| Permanent University Fund | \$ 11,763.6 | 2.10 | 6.74 | 9.09 | 10.26 | 15.14 | 17.85 | 16.23 | 15.28 | 16.45 | 12.45 | 9.72 |
| General Endowment Fund | | 2.09 | 6.77 | 9.30 | 10.50 | 15.52 | 18.23 | 16.35 | 15.35 | 16.55 | 12.62 | N/A |
| Permanent Health Fund | 1,107.3 | 2.07 | 6.71 | 9.23 | 10.41 | 15.45 | 18.17 | 16.27 | 15.28 | 16.44 | 12.51 | N/A |
| Long Term Fund | 5,328.2 | 2.07 | 6.71 | 9.23 | 10.41 | 15.46 | 18.17 | 16.28 | 15.28 | 16.45 | 12.53 | 10.28 |
| Separately Invested Funds | 170.8 | 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 | 18,369.9 | | | | | | | | | | | |
| OPERATING FUNDS | | | | | | | | | | | | |
| Short Term Fund | 1,558.1 | 0.45 | 1.33 | 2.19 | 2.65 | 4.01 | 5.38 | 4.72 | 3.79 | 3.09 | 2.78 | 3.97 |
| Intermediate Term Fund | 3,740.0 | 1.20 | 4.06 | 6.13 | 6.21 | 11.02 | 14.17 | N/A | N/A | N/A | N/A | N/A |
| Total Operating Funds | 5,298.1 | | | | | | | | | | | |
| Total Investments | \$ 23,668.0 | | | | | | | | | | | |
| BENCHMARKS (1) | | | | | | | | | | | | |
| Permanent University Fund: Policy Portfolio | | 1.97 | 5.89 | 7.29 | 8.15 | 13.81 | 16.95 | 15.52 | 14.33 | 14.41 | 10.85 | 10.06 |
| General Endowment Fund: Policy Portfolio | | 1.97 | 5.89 | 7.29 | 8.15 | 13.81 | 16.95 | 15.52 | 14.33 | 14.41 | 10.85 | 9.68 |
| Short Term Fund: 90 Day Treasury Bills Average Yield | | 0.44 | 1.34 | 2.14 | 2.59 | 3.90 | 5.20 | 4.51 | 3.66 | 3.00 | 2.71 | 3.79 |
| Intermediate Term Fund: Policy Portfolio | | 0.84 | 2.84 | 4.68 | 4.62 | 9.77 | 12.98 | N/A | N/A | N/A | N/A | N/A |
| VALUE ADDED (2) | | | | | | | | | | | | |
| Permanent University Fund | | 0.13 | 0.84 | 1.80 | 2.12 | 1.32 | 0.91 | 0.71 | 0.95 | 2.04 | 1.60 | (0.33) |
| General Endowment Fund | | 0.12 | 0.87 | 2.01 | 2.35 | 1.70 | 1.28 | 0.83 | 1.02 | 2.15 | 1.77 | N/A |
| Permanent Health Fund | | 0.10 | 0.81 | 1.94 | 2.26 | 1.64 | 1.22 | 0.76 | 0.95 | 2.03 | 1.66 | N/A |
| Long Term Fund | | 0.10 | 0.82 | 1.94 | 2.26 | 1.64 | 1.22 | 0.76 | 0.96 | 2.04 | 1.69 | 0.59 |
| Short Term Fund | | 0.00 | (0.01) | 0.05 | 0.06 | 0.11 | 0.18 | 0.21 | 0.13 | 0.09 | 0.07 | 0.18 |
| Intermediate Term Fund | | 0.36 | 1.22 | 1.45 | 1.59 | 1.26 | 1.19 | 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.

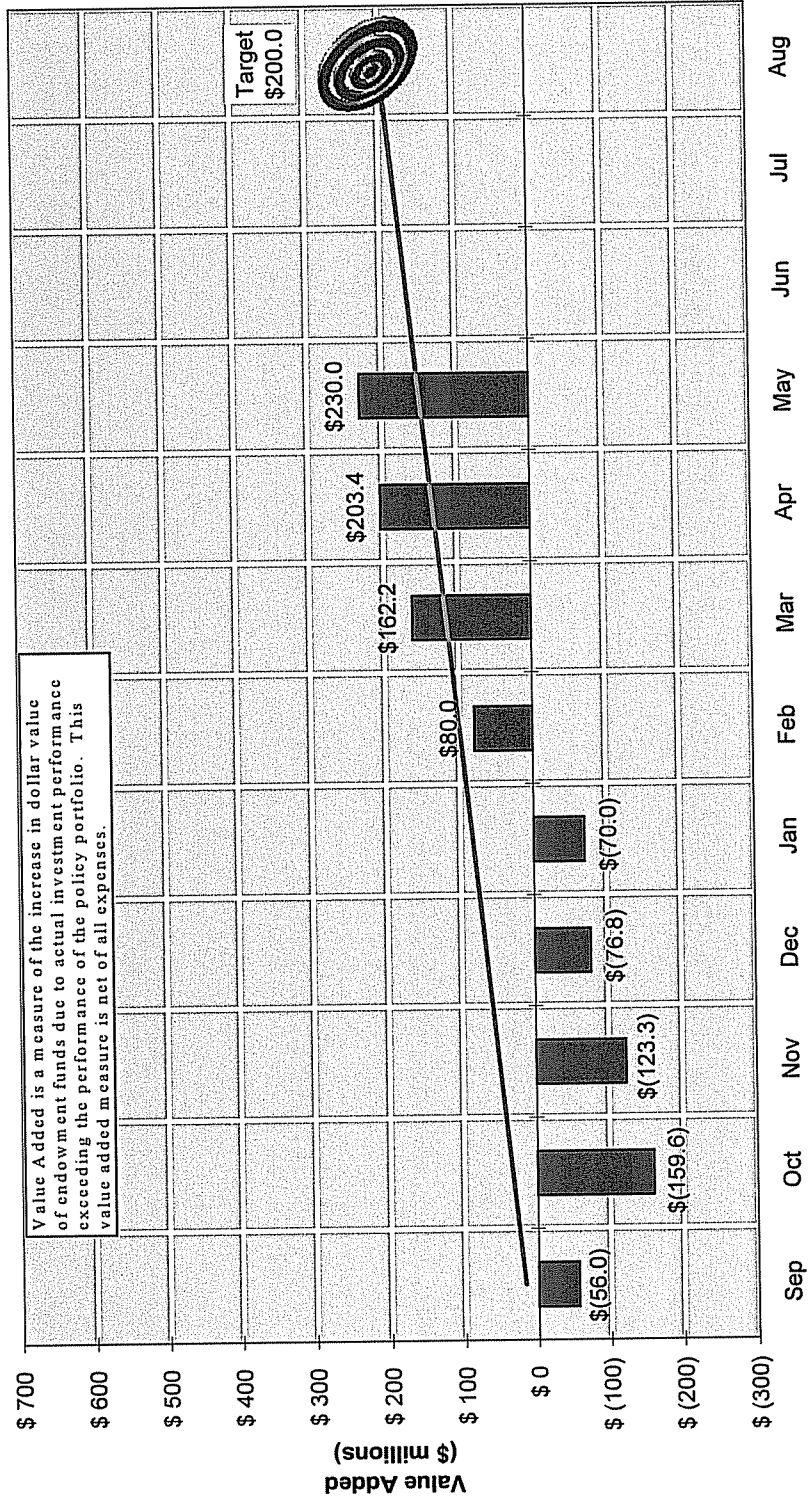
Benchmark returns for the PUF and GEF/LTF policy portfolios were also restated for all prior periods beginning June 1, 1993 through December 31, 2003 to replace various benchmark returns reported previously for the Private Capital asset class. Specifically, the Wilshire 5000 + 4%, the benchmark used 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 UTIMCO website at www.UTIMCO.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 UTIMCO staff and external managers.

Cumulative Value Added In Endowment Funds 2006-2007 Fiscal Year





Permanent University Fund Performance Attribution Analysis
Fiscal Year to Date
May 31, 2007

| | Average Asset Allocation | | Return | | Asset Allocation Effect (1) | Security Selection Effect (2) | Total Effect |
|------------------------------------|--------------------------|------------------|---------|------------------|-----------------------------|-------------------------------|--------------|
| | PUF | Policy Portfolio | PUF | Policy Benchmark | | | |
| Cash and Cash Equivalents | 2.79% | 0.00% | 4.01% | 3.90% | -0.35% | 0.00% | -0.35% |
| U.S. Equities | 22.56% | 20.00% | 19.45% | 19.55% | 0.11% | -0.02% | 0.09% |
| Global Equities | 20.47% | 17.00% | 23.95% | 26.68% | 0.38% | -0.48% | -0.10% |
| Non-U.S. Equities Developed | 11.39% | 10.00% | 18.14% | 22.25% | 0.05% | -0.39% | -0.34% |
| Emerging Markets | 9.08% | 7.00% | 31.76% | 33.15% | 0.33% | -0.09% | 0.24% |
| Directional Hedge Funds | 9.49% | 10.00% | 16.40% | 8.60% | -0.01% | 0.79% | 0.78% |
| Absolute Return Hedge Funds | 14.26% | 15.00% | 13.56% | 8.60% | 0.00% | 0.76% | 0.76% |
| Inflation Linked | 12.89% | 13.00% | 2.94% | 4.49% | -0.30% | 0.00% | -0.30% |
| REITS | 4.89% | 5.00% | 18.47% | 15.02% | -0.02% | 0.16% | 0.14% |
| Commodities | 4.20% | 3.00% | -11.51% | -6.76% | -0.43% | -0.17% | -0.60% |
| TIPS | 3.80% | 5.00% | 0.83% | 0.74% | 0.15% | 0.01% | 0.16% |
| Fixed Income | 7.59% | 10.00% | 3.16% | 3.43% | 0.28% | -0.03% | 0.25% |
| Total Marketable Assets | 90.05% | 85.00% | 14.61% | 13.33% | 0.11% | 1.02% | 1.13% |
| Private Capital | 9.95% | 15.00% | 19.83% | 16.46% | -0.31% | 0.51% | 0.20% |
| Total Fund | 100.00% | 100.00% | 15.14% | 13.81% | -0.20% | 1.53% | 1.33% |

(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.



Permanent University Fund Performance Attribution Analysis
Year Ended
May 31, 2007

| | Average Asset Allocation | | Return | | Asset Allocation Effect (1) | Security Selection Effect (2) | Total Effect |
|------------------------------------|--------------------------|------------------|---------|------------------|-----------------------------|-------------------------------|--------------|
| | PUF | Policy Portfolio | PUF | Policy Benchmark | | | |
| Cash and Cash Equivalents | 2.56% | 0.00% | 5.38% | 5.20% | -0.40% | 0.00% | -0.40% |
| U.S. Equities | 21.92% | 20.00% | 23.05% | 22.58% | 0.10% | 0.09% | 0.19% |
| Global Equities | 20.59% | 17.00% | 24.78% | 31.44% | 0.31% | -1.12% | -0.81% |
| Non-U.S. Equities Developed | 11.52% | 10.00% | 16.51% | 26.84% | -0.03% | -1.00% | -1.03% |
| Emerging Markets | 9.07% | 7.00% | 36.23% | 38.16% | 0.34% | -0.12% | 0.22% |
| Directional Hedge Funds | 9.24% | 10.00% | 19.22% | 8.14% | -0.01% | 1.14% | 1.13% |
| Absolute Return Hedge Funds | 14.35% | 15.00% | 14.42% | 8.14% | 0.01% | 0.99% | 1.00% |
| Inflation Linked REITS | 13.37% | 13.00% | 7.52% | 10.39% | -0.43% | -0.04% | -0.47% |
| Commodities | 5.03% | 5.00% | 33.27% | 30.47% | 0.01% | 0.12% | 0.13% |
| TIPS | 4.42% | 3.00% | -14.83% | -10.13% | -0.60% | -0.17% | -0.77% |
| Fixed Income | 3.92% | 5.00% | 4.67% | 4.44% | 0.16% | 0.01% | 0.17% |
| Total Marketable Assets | 8.13% | 10.00% | 5.67% | 6.66% | 0.28% | -0.11% | 0.17% |
| Private Capital | 90.16% | 85.00% | 17.06% | 16.11% | -0.14% | 0.95% | 0.81% |
| Total Fund | 9.84% | 15.00% | 25.31% | 21.70% | -0.45% | 0.54% | 0.09% |
| Total Fund | 100.00% | 100.00% | 17.85% | 16.95% | -0.59% | 1.49% | 0.90% |

- (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
 Fiscal Year to Date
 May 31, 2007

| | Average Asset Allocation | | Return | | Allocation Effect (1) | Selection Effect (2) | Total Effect |
|------------------------------------|--------------------------|------------------|---------|------------------|-----------------------|----------------------|--------------|
| | GEF | Policy Portfolio | GEF | Policy Benchmark | | | |
| Cash and Cash Equivalents | 2.26% | 0.00% | 4.01% | 3.90% | -0.28% | 0.00% | -0.28% |
| U.S. Equities | 22.76% | 20.00% | 19.32% | 19.55% | 0.14% | -0.05% | 0.09% |
| Global Equities | 19.98% | 17.00% | 24.08% | 26.68% | 0.31% | -0.47% | -0.16% |
| Non-U.S. Equities Developed | 11.11% | 10.00% | 18.17% | 22.25% | 0.03% | -0.39% | -0.36% |
| Emerging Markets | 8.87% | 7.00% | 31.92% | 33.15% | 0.28% | -0.08% | 0.20% |
| Directional Hedge Funds | 9.61% | 10.00% | 16.41% | 8.60% | 0.00% | 0.79% | 0.79% |
| Absolute Return Hedge Funds | 14.19% | 15.00% | 13.56% | 8.60% | 0.00% | 0.77% | 0.77% |
| Inflation Linked | 12.75% | 13.00% | 2.92% | 4.49% | -0.25% | 0.01% | -0.24% |
| REITS | 4.83% | 5.00% | 18.53% | 15.02% | -0.03% | 0.17% | 0.14% |
| Commodities | 4.12% | 3.00% | -11.55% | -6.76% | -0.40% | -0.17% | -0.57% |
| TIPS | 3.80% | 5.00% | 0.86% | 0.74% | 0.18% | 0.01% | 0.19% |
| Fixed Income | 7.77% | 10.00% | 3.18% | 3.43% | 0.28% | -0.03% | 0.25% |
| Total Marketable Assets | 89.32% | 85.00% | 14.73% | 13.33% | 0.20% | 1.02% | 1.22% |
| Private Capital | 10.68% | 15.00% | 22.21% | 16.46% | -0.37% | 0.86% | 0.49% |
| Total Fund | 100.00% | 100.00% | 15.52% | 13.81% | -0.17% | 1.88% | 1.71% |

- (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
May 31, 2007

| | Average Asset Allocation | | Return | | Asset Allocation Effect (1) | Security Selection Effect (2) | Total Effect |
|------------------------------------|--------------------------|------------------|---------|------------------|-----------------------------|-------------------------------|--------------|
| | GEF | Policy Portfolio | GEF | Policy Benchmark | | | |
| Cash and Cash Equivalents | 2.06% | 0.00% | 5.38% | 5.20% | -0.31% | 0.00% | -0.31% |
| U.S. Equities | 21.89% | 20.00% | 22.94% | 22.58% | 0.13% | 0.07% | 0.20% |
| Global Equities | 20.15% | 17.00% | 24.89% | 31.44% | 0.25% | -1.11% | -0.86% |
| Non-U.S. Equities Developed | 11.28% | 10.00% | 16.55% | 26.84% | -0.05% | -0.99% | -1.04% |
| Emerging Markets | 8.87% | 7.00% | 36.37% | 38.16% | 0.30% | -0.12% | 0.18% |
| Directional Hedge Funds | 9.33% | 10.00% | 19.22% | 8.14% | 0.00% | 1.14% | 1.14% |
| Absolute Return Hedge Funds | 14.36% | 15.00% | 14.42% | 8.14% | 0.01% | 0.99% | 1.00% |
| Inflation Linked | 13.22% | 13.00% | 7.37% | 10.39% | -0.41% | -0.05% | -0.46% |
| REITS | 4.96% | 5.00% | 33.17% | 30.47% | -0.01% | 0.11% | 0.10% |
| Commodities | 4.36% | 3.00% | -14.90% | -10.13% | -0.58% | -0.18% | -0.76% |
| TIPS | 3.90% | 5.00% | 4.70% | 4.44% | 0.18% | 0.02% | 0.20% |
| Fixed Income | 8.30% | 10.00% | 5.59% | 6.66% | 0.29% | -0.12% | 0.17% |
| Total Marketable Assets | 89.31% | 85.00% | 17.15% | 16.11% | -0.04% | 0.92% | 0.88% |
| Private Capital | 10.69% | 15.00% | 27.55% | 21.70% | -0.47% | 0.87% | 0.40% |
| Total Fund | 100.00% | 100.00% | 18.23% | 16.95% | -0.51% | 1.79% | 1.28% |

(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
Fiscal Year to Date
May 31, 2007

| | Average Asset Allocation | | Return | | Asset Allocation Effect (1) | Security Selection Effect (2) | Total Effect |
|-----------------------------|--------------------------|------------------|---------------|------------------|-----------------------------|-------------------------------|--------------|
| | ITF | Policy Portfolio | ITF | Policy Benchmark | | | |
| Cash and Cash Equivalents | 0.92% | 0.00% | 4.01% | 3.90% | -0.10% | 0.00% | -0.10% |
| U.S. Equities | 15.63% | 15.00% | 19.64% | 19.55% | 0.07% | 0.01% | 0.08% |
| Non-U.S. Equities Developed | 5.23% | 5.00% | 19.75% | 22.25% | 0.02% | -0.11% | -0.09% |
| Emerging Markets | 4.82% | 5.00% | 31.32% | 33.15% | -0.05% | -0.08% | -0.13% |
| Directional Hedge Funds | 10.69% | 12.50% | 16.42% | 8.60% | -0.10% | 0.96% | 0.86% |
| Absolute Return Hedge Funds | 13.58% | 12.50% | 13.23% | 8.60% | 0.01% | 0.58% | 0.59% |
| REITS | 9.86% | 10.00% | 17.68% | 15.02% | 0.03% | 0.23% | 0.26% |
| Commodities | 4.89% | 5.00% | -9.99% | -6.76% | -0.02% | -0.18% | -0.20% |
| TIPS | 9.80% | 10.00% | 0.80% | 0.74% | 0.02% | 0.01% | 0.03% |
| Fixed Income | 24.58% | 25.00% | 3.23% | 3.43% | 0.00% | -0.05% | -0.05% |
| Total Fund | 100.00% | 100.00% | 11.02% | 9.77% | -0.12% | 1.37% | 1.25% |

- (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
Year Ended
May 31, 2007

| | Average Asset Allocation | | Return | | Asset Allocation Effect (1) | Security Selection Effect (2) | Total Effect |
|-----------------------------|--------------------------|------------------|---------|------------------|-----------------------------|-------------------------------|--------------|
| | ITF | Policy Portfolio | ITF | Policy Benchmark | | | |
| Cash and Cash Equivalents | 0.69% | 0.00% | 5.38% | 5.20% | -0.13% | 0.00% | -0.13% |
| U.S. Equities | 15.48% | 15.00% | 22.70% | 22.58% | 0.06% | 0.02% | 0.08% |
| Non-U.S. Equities Developed | 5.19% | 5.00% | 20.35% | 26.84% | 0.02% | -0.30% | -0.28% |
| Emerging Markets | 4.86% | 5.00% | 35.56% | 38.16% | -0.04% | -0.11% | -0.15% |
| Directional Hedge Funds | 10.56% | 12.50% | 19.24% | 8.14% | -0.10% | 1.39% | 1.29% |
| Absolute Return Hedge Funds | 13.68% | 12.50% | 14.08% | 8.14% | -0.02% | 0.76% | 0.74% |
| REITS | 9.93% | 10.00% | 30.46% | 30.47% | 0.03% | -0.03% | 0.00% |
| Commodities | 5.05% | 5.00% | -12.93% | -10.13% | -0.05% | -0.16% | -0.21% |
| TIPS | 9.88% | 10.00% | 4.62% | 4.44% | 0.02% | 0.02% | 0.04% |
| Fixed Income | 24.68% | 25.00% | 5.94% | 6.66% | 0.00% | -0.19% | -0.19% |
| Total Fund | 100.00% | 100.00% | 14.17% | 12.98% | -0.21% | 1.40% | 1.19% |

(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.

Permanent University Fund Nine Months Ended May 31, 2007

| PUF | Return | POLICY PORTFOLIO | Return | Return Difference | Actual Asset Allocation as of May 31, 2007 | Target Allocation | Contribution to Over/Under Performance |
|----------------------------------|--------------|-------------------------------------|--------------|-------------------|--|-------------------|--|
| Public Markets: | | | | | | | |
| U.S. Equities | 19.4% | Russell 3000 | 19.5% | -0.1% | 23.1% | 20.0% | 0.1% |
| International Developed Equities | 18.1% | MSCI EAFE | 22.2% | -4.1% | 11.5% | 10.0% | -0.4% |
| Emerging Market Equities | 31.8% | MSCI EM | 33.1% | -1.3% | 8.1% | 7.0% | 0.2% |
| Fixed Income | 3.2% | Lehman Aggregate | 3.4% | -0.2% | 7.0% | 10.0% | 0.3% |
| Inflation Linked: | | Inflation Linked: | | | | | |
| Commodities | -11.5% | 1/3 DJAIG / 2/3 GSCI | -6.8% | -4.7% | 3.5% | 3.0% | -0.6% |
| REITS | 18.5% | Wilshire RESI | 15.0% | 3.5% | 4.6% | 5.0% | 0.1% |
| TIPS | 0.8% | Lehman TIPS | 0.7% | 0.1% | 3.5% | 5.0% | 0.2% |
| Private Markets | 19.8% | Venture Economics Periodic IRR | 16.5% | 3.3% | 10.6% | 15.0% | 0.2% |
| Marketable Alternatives: | | Marketable Alternatives: | | | | | |
| Directional Hedge Funds | 16.4% | MSCI Investable Hedge Fund Index | 8.6% | 7.8% | 9.7% | 10.0% | 0.8% |
| Absolute Return Hedge Funds | 13.6% | MSCI Investable Hedge Fund Index | 8.6% | 5.0% | 14.0% | 15.0% | 0.8% |
| Cash | 4.0% | 90 Day Treasury Bills Average Yield | 3.9% | 0.1% | 4.4% | 0.0% | -0.4% |
| TOTAL PUF PORTFOLIO | 15.1% | TOTAL POLICY PORTFOLIO | 13.8% | 1.3% | 100.0% | 100.0% | 1.3% |

Permanent University Fund Year Ended May 31, 2007

| PUF | Return | Return | Return Difference | Actual Asset Allocation as of May 31, 2007 | Target Allocation | Contribution to Over/Under Performance |
|-------------------------------------|--------------|--------------|-------------------|--|-------------------|--|
| Public Markets: | | | | | | |
| U.S. Equities | 23.1% | 22.6% | 0.5% | 23.1% | 20.0% | 0.2% |
| International Developed Equities | 16.5% | 26.8% | -10.3% | 11.5% | 10.0% | -1.0% |
| Emerging Market Equities | 36.2% | 38.2% | -2.0% | 8.1% | 7.0% | 0.2% |
| Fixed Income | 5.7% | 6.7% | -1.0% | 7.0% | 10.0% | 0.2% |
| Inflation Linked: | | | | | | |
| Commodities | -14.8% | -10.1% | -4.7% | 3.5% | 3.0% | -0.7% |
| REITS | 33.3% | 30.5% | 2.8% | 4.6% | 5.0% | 0.1% |
| TIPS | 4.7% | 4.4% | 0.3% | 3.5% | 5.0% | 0.2% |
| Private Markets | 25.3% | 21.7% | 3.6% | 10.6% | 15.0% | 0.1% |
| Marketable Alternatives: | | | | | | |
| Directional Hedge Funds | 19.2% | 8.1% | 11.1% | 9.7% | 10.0% | 1.1% |
| Absolute Return Hedge Funds | 14.4% | 8.1% | 6.3% | 14.0% | 15.0% | 1.0% |
| Cash | 5.4% | 5.2% | 0.2% | 4.4% | 0.0% | -0.4% |
| TOTAL PUF PORTFOLIO | 17.9% | 16.9% | 1.0% | 100.0% | 100.0% | 1.0% |
| POLICY PORTFOLIO | | | | | | |
| Public Markets: | | | | | | |
| Russell 3000 | | 22.6% | | | | |
| MSCI EAFE | | 26.8% | | | | |
| MSCI EM | | 38.2% | | | | |
| Lehman Aggregate | | 6.7% | | | | |
| Inflation Linked: | | | | | | |
| 1/3 DJAIG / 2/3 GSCI | | -10.1% | | | | |
| Wishire RESI | | 30.5% | | | | |
| Lehman TIPS | | 4.4% | | | | |
| Venture Economics Periodic IRR | | 21.7% | | | | |
| Marketable Alternatives: | | | | | | |
| MSCI Investable Hedge Fund Index | | 8.1% | | | | |
| MSCI Investable Hedge Fund Index | | 8.1% | | | | |
| 90 Day Treasury Bills Average Yield | | 5.2% | | | | |
| TOTAL POLICY PORTFOLIO | | 16.9% | | | | |

Permanent University Fund

Two Years Ending May 31, 2007

| PUF | Return | POLICY PORTFOLIO | Return | Return Difference |
|----------------------------------|--------------|-------------------------------------|--------------|-------------------|
| Public Markets: | | Public Markets: | | |
| U.S. Equities | 15.8% | Russell 3000 | 16.2% | -0.4% |
| International Developed Equities | 24.5% | MSCI EAFE | 27.5% | -3.0% |
| Emerging Market Equities | 31.9% | MSCI EM | 39.3% | -7.4% |
| Fixed Income | 3.3% | Lehman Aggregate | 3.0% | 0.3% |
| Inflation Linked: | | Inflation Linked: | | |
| Commodities | 0.4% | 1/3 DJIA / 2/3 S&P 500 | 5.6% | -5.2% |
| REITS | 26.8% | Wilshire REEI | 25.8% | 1.0% |
| TIPS | 1.9% | Lehman TIPS | 1.4% | 0.5% |
| Private Markets | 25.8% | Venture Economics Periodic IRR | 22.3% | 3.5% |
| Marketable Alternatives: | | Marketable Alternatives: | | |
| Directional Hedge Funds | 13.7% | Directional Hedge Fund Composite | 7.7% | 6.0% |
| Absolute Return Hedge Funds | 13.5% | Absolute Hedge Fund Composite | 7.2% | 6.3% |
| Cash | 4.7% | 90 Day Treasury Bills Average Yield | 4.5% | 0.2% |
| TOTAL PUF PORTFOLIO | 16.2% | TOTAL POLICY PORTFOLIO | 15.5% | 0.7% |

Permanent University Fund Three Years Ending May 31, 2007

| PUF | Return | POLICY PORTFOLIO | Return | Return Difference |
|----------------------------------|--------------|-------------------------------------|--------------|----------------------|
| Public Markets: | | Public Markets: | | |
| U.S. Equities | 13.7% | Russell 3000 | 13.9% | -0.2% |
| International Developed Equities | 21.4% | MSCI EAFE | 23.1% | -1.7% |
| Emerging Market Equities | 29.7% | MSCI EM | 36.3% | -6.6% |
| Fixed Income | 5.0% | Lehman Aggregate | 4.3% | 0.7% |
| Inflation Linked: | | Inflation Linked: | | |
| Commodities | 2.9% | 1/3 DJAIG / 2/3 GSCI | 6.4% | -3.5% |
| REITS | 31.6% | Wishire RESI | 27.7% | 3.9% |
| TIPS | N/A | Lehman TIPS | 3.9% | N/A |
| Private Markets | 24.6% | Venture Economics Periodic IRR | 21.0% | 3.6% |
| Marketable Alternatives: | | Marketable Alternatives: | | |
| Directional Hedge Funds | 12.1% | Directional Hedge Fund Composite | 7.2% | 4.9% |
| Absolute Return Hedge Funds | 12.6% | Absolute Hedge Fund Composite | 6.5% | 6.1% |
| Cash | 3.8% | 90 Day Treasury Bills Average Yield | 3.7% | 0.1% |
| TOTAL PUF PORTFOLIO | 15.3% | TOTAL POLICY PORTFOLIO | 14.3% | 1.0% |

N/A - Asset Class Funded during this period.

General Endowment Fund
 Nine Months Ended May 31, 2007

| GEF | | Return | POLICY PORTFOLIO | | Return | Return Difference | Actual Asset Allocation as of May 31, 2007 | Target Allocation | Contribution to Over/Under Performance |
|----------------------------------|--|--------------|-------------------------------------|--|--------------|-------------------|--|-------------------|--|
| Public Markets: | | 19.3% | Public Markets: | | 19.5% | -0.2% | 23.5% | 20.0% | 0.1% |
| U.S. Equities | | 18.2% | Russell 3000 | | 22.2% | -4.0% | 11.2% | 10.0% | -0.4% |
| International Developed Equities | | 31.9% | MSCI EAFE | | 33.1% | -1.2% | 8.4% | 7.0% | 0.2% |
| Emerging Market Equities | | 3.2% | MSCI EM | | 3.4% | -0.2% | 7.0% | 10.0% | 0.3% |
| Fixed Income | | | Lehman Aggregate | | | | | | |
| Inflation Linked: | | | Inflation Linked: | | | | | | |
| Commodities | | -11.6% | 1/3 DJAIG / 2/3 GSCI | | -6.8% | -4.8% | 3.6% | 3.0% | -0.6% |
| REITS | | 18.5% | Wilshire RESI | | 15.0% | 3.5% | 4.6% | 5.0% | 0.1% |
| TIPS | | 0.9% | Lehman TIPS | | 0.7% | 0.2% | 3.4% | 5.0% | 0.2% |
| Private Markets | | 22.2% | Venture Economics Periodic IRR | | 16.5% | 5.7% | 11.2% | 15.0% | 0.5% |
| Marketable Alternatives: | | | Marketable Alternatives: | | | | | | |
| Directional Hedge Funds | | 16.4% | MSCI Investable Hedge Fund Index | | 8.6% | 7.8% | 9.9% | 10.0% | 0.8% |
| Absolute Return Hedge Funds | | 13.6% | MSCI Investable Hedge Fund Index | | 8.6% | 5.0% | 14.2% | 15.0% | 0.8% |
| Cash | | 4.0% | 90 Day Treasury Bills Average Yield | | 3.9% | 0.1% | 3.0% | 0.0% | -0.3% |
| TOTAL GEF PORTFOLIO | | 15.5% | TOTAL POLICY PORTFOLIO | | 13.8% | 1.7% | 100.0% | 100.0% | 1.7% |

General Endowment Fund
Year Ended May 31, 2007

| GEF | Return | POLICY PORTFOLIO | Return | Return Difference | Actual Asset Allocation as of May 31, 2007 | Target Allocation | Contribution to Over/Under Performance |
|----------------------------------|--------------|-------------------------------------|--------------|-------------------|--|-------------------|--|
| Public Markets: | | Public Markets: | | | | | |
| U.S. Equities | 22.9% | Russell 3000 | 22.6% | 0.3% | 23.5% | 20.0% | 0.2% |
| International Developed Equities | 16.5% | MSCI EAFE | 26.8% | -10.3% | 11.2% | 10.0% | -1.0% |
| Emerging Market Equities | 36.4% | MSCI EM | 38.2% | -1.8% | 8.4% | 7.0% | 0.2% |
| Fixed Income | 8.8% | Lehman Aggregate | 8.7% | -1.1% | 7.0% | 10.0% | 0.2% |
| Inflation Linked: | | Inflation Linked: | | | | | |
| Commodities | -14.9% | 1/3 DJAI0 / 2/3 GSFCI | -10.1% | -4.8% | 3.8% | 3.0% | -0.8% |
| REITS | 33.2% | Wishire RESI | 30.5% | 2.7% | 4.6% | 5.0% | 0.4% |
| TIPS | 4.7% | Lehman TIPS | 4.4% | 0.3% | 3.4% | 5.0% | 0.2% |
| Private Markets | 27.6% | Venture Economics Periodic IRR | 21.7% | 5.9% | 11.2% | 15.0% | 0.4% |
| Marketable Alternatives: | | Marketable Alternatives: | | | | | |
| Directional Hedge Funds | 18.2% | MSCI Investable Hedge Fund Index | 8.1% | 11.1% | 9.9% | 10.0% | 1.1% |
| Absolute Return Hedge Funds | 14.4% | MSCI Investable Hedge Fund Index | 8.1% | 6.3% | 14.2% | 15.0% | 1.0% |
| Cash | 5.4% | 90 Day Treasury Bills Average Yield | 5.2% | 0.2% | 3.0% | 0.0% | -0.3% |
| TOTAL GEF PORTFOLIO | 18.2% | TOTAL POLICY PORTFOLIO | 16.9% | 1.3% | 100.0% | 100.0% | 1.3% |

General Endowment Fund

Two Years Ending May 31, 2007

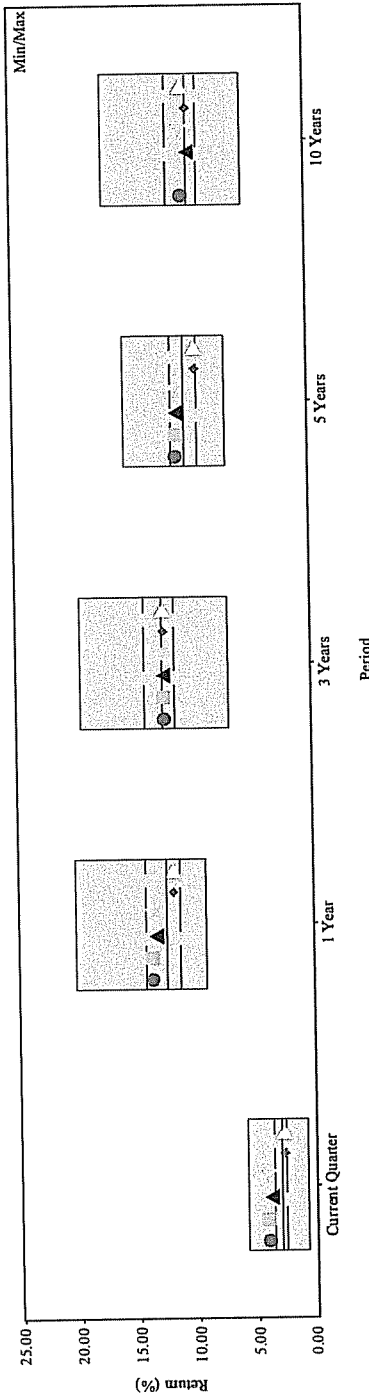
| GEF | Return | POLICY PORTFOLIO | Return | Return Difference |
|----------------------------------|--------------|-------------------------------------|--------------|-------------------|
| Public Markets: | | Public Markets: | | |
| U.S. Equities | 15.9% | Russell 3000 | 16.2% | -0.3% |
| International Developed Equities | 24.3% | MSCI EAFE | 27.5% | -3.2% |
| Emerging Market Equities | 31.6% | MSCI EM | 39.3% | -7.7% |
| Fixed Income | 3.3% | Lehman Aggregate | 3.0% | 0.3% |
| Inflation Linked: | | Inflation Linked: | | |
| Commodities | 0.5% | 1/3 DJAIG / 2/3 GSCI | 5.6% | -5.1% |
| REITS | 28.7% | Wilschire RESI | 25.8% | 2.9% |
| TIPS | 1.8% | Lehman TIPS | 1.4% | 0.4% |
| Private Markets | 25.7% | Venture Economics Periodic IRR | 22.3% | 3.4% |
| Marketable Alternatives: | | Marketable Alternatives: | | |
| Directional Hedge Funds | 13.6% | Directional Hedge Fund Composite | 7.7% | 5.9% |
| Absolute Return Hedge Funds | 13.5% | Absolute Hedge Fund Composite | 7.2% | 6.3% |
| Cash | 4.7% | 90 Day Treasury Bills Average Yield | 4.5% | 0.2% |
| TOTAL GEF PORTFOLIO | 16.3% | TOTAL POLICY PORTFOLIO | 15.5% | 0.8% |

General Endowment Fund
Three Years Ending May 31, 2007

| GEF | Return | POLICY PORTFOLIO | Return | Return Difference |
|----------------------------------|--------------|-------------------------------------|--------------|-------------------|
| Public Markets: | | Public Markets: | | |
| U.S. Equities | 13.7% | Russell 3000 | 13.9% | -0.2% |
| International Developed Equities | 21.3% | MSCI EAFE | 23.1% | -1.8% |
| Emerging Market Equities | 29.7% | MSCI EM | 36.3% | -6.6% |
| Fixed Income | 5.0% | Lehman Aggregate | 4.3% | 0.7% |
| Inflation Linked: | | Inflation Linked: | | |
| Commodities | 3.0% | 1/3 DJAIG / 2/3 GSCI | 6.4% | -3.4% |
| REITS | 31.6% | Wishare RESI | 27.7% | 3.9% |
| TIPS | N/A | Lehman TIPS | 3.9% | N/A |
| Private Markets | 24.2% | Venture Economics Periodic IRR | 21.0% | 3.2% |
| Marketable Alternatives: | | Marketable Alternatives: | | |
| Directional Hedge Funds | 12.0% | Directional Hedge Fund Composite | 7.2% | 4.8% |
| Absolute Return Hedge Funds | 12.6% | Absolute Hedge Fund Composite | 6.5% | 6.1% |
| Cash | 3.8% | 60 Day Treasury Bills Average Yield | 3.7% | 0.1% |
| TOTAL GEF PORTFOLIO | 15.4% | TOTAL POLICY PORTFOLIO | 14.3% | 1.1% |

N/A - Asset Class Funded during this period.

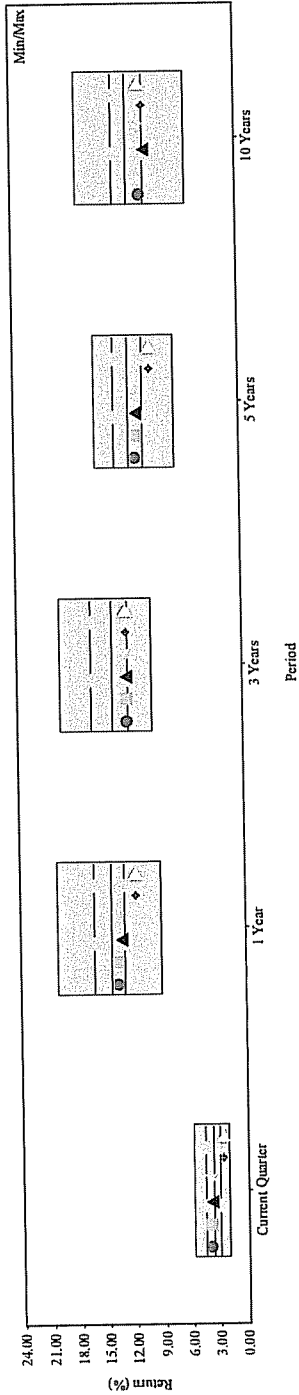
**UTIMCO ENDOWMENT FUNDS vs.
Total Cambridge Universe
Periods Ended March 31, 2007
Quartile**



| | Return | (% tile) | Return | (% tile) | Return | (% tile) | Return | (% tile) | Return | (% tile) |
|-------------------------------|--------|----------|--------|----------|--------|----------|--------|----------|--------|----------|
| Maximum | 5.82 | | 20.26 | | 19.70 | | 15.64 | | 17.24 | |
| 25th Percentile | 3.59 | | 14.21 | | 14.11 | | 11.63 | | 11.72 | |
| Median | 2.90 | | 12.55 | | 12.65 | | 10.45 | | 10.03 | |
| 75th Percentile | 2.56 | | 11.40 | | 11.63 | | 9.42 | | 9.07 | |
| Minimum | 0.86 | | 9.17 | | 7.05 | | 7.14 | | 5.53 | |
| # of Portfolios | 126 | | 126 | | 124 | | 122 | | 110 | |
| UTIMCO LTF-Net of Fees | 4.15 | 18 | 13.85 | 30 | 12.64 | 51 | 11.32 | 31 | 10.56 | 41 |
| UTIMCO PHF-Net of Fees | 4.15 | 18 | 13.85 | 30 | 12.63 | 51 | 11.30 | 31 | --- | --- |
| UTIMCO PUF-Net of Fees | 3.99 | 20 | 13.47 | 37 | 12.61 | 51 | 11.24 | 33 | 9.94 | 55 |
| UTIMCO GEF-Net of Fees | 4.19 | 16 | 13.90 | 30 | 12.70 | 50 | 11.40 | 30 | 10.61 | 40 |
| Policy Portfolio GEF | 2.79 | 58 | 11.96 | 63 | 12.63 | 51 | 9.65 | 73 | 10.16 | 50 |
| Policy Portfolio PUF | 2.79 | 58 | 11.96 | 63 | 12.63 | 51 | 9.65 | 73 | 10.46 | 43 |

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 March 31, 2007 was 126.

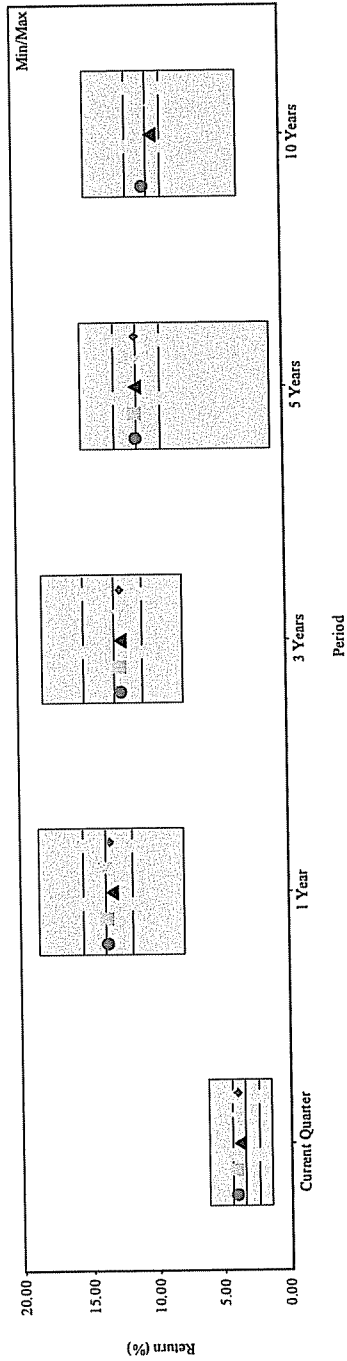
**UTIMCO ENDOWMENT FUNDS vs.
Cambridge Billion \$ Funds Universe
Periods Ended March 31, 2007
Quartile**



| | Current Quarter | 1 Year | 3 Years | 5 Years | 10 Years |
|-------------------------------|-----------------|----------|----------|----------|----------|
| | Return | Return | Return | Return | Return |
| | (% file) | (% file) | (% file) | (% file) | (% file) |
| Maximum | 5.82 | 20.26 | 19.70 | 15.64 | 17.24 |
| 25th Percentile | 4.61 | 16.34 | 16.33 | 13.55 | 13.40 |
| Median | 3.75 | 14.52 | 14.06 | 11.86 | 11.78 |
| 75th Percentile | 3.02 | 13.05 | 12.31 | 10.40 | 10.02 |
| Minimum | 2.20 | 9.20 | 9.92 | 7.14 | 5.53 |
| # of Portfolios | 42 | 42 | 42 | 42 | 40 |
| UTIMCO LTF-Net of Fees | 4.15 | 13.85 | 12.64 | 11.32 | 10.56 |
| UTIMCO PHF-Net of Fees | 4.15 | 13.85 | 12.63 | 11.30 | --- |
| UTIMCO PUF-Net of Fees | 3.99 | 13.47 | 12.61 | 11.24 | 9.94 |
| UTIMCO GEF-Net of Fees | 4.19 | 13.90 | 12.70 | 11.40 | 10.61 |
| Policy Portfolio GEF | 2.79 | 11.96 | 12.63 | 9.65 | 10.16 |
| Policy Portfolio PUF | 2.79 | 11.96 | 12.63 | 9.65 | 10.46 |

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 March 31, 2007 was 42.

**UTIMCO ENDOWMENTS FUNDS vs.
FOUNDATIONS AND ENDOWMENTS BILLION DOLLAR FUNDS UNIVERSE
Periods Ended March 31, 2007**



| | Current Quarter | 1 Year | 3 Years | 5 Years | 10 Years |
|------------------------------------|-----------------|--------|---------|---------|----------|
| Maximum | 6.24 | 18.81 | 18.38 | 15.27 | 14.87 |
| 25th Percentile | 4.40 | 15.48 | 15.27 | 12.73 | 11.66 |
| Median | 3.49 | 13.84 | 12.92 | 11.06 | 10.13 |
| 75th Percentile | 2.36 | 11.81 | 10.89 | 9.29 | 9.10 |
| Minimum | 1.48 | 7.97 | 7.85 | 0.96 | 3.33 |
| # of Portfolios | 42 | 42 | 39 | 39 | 31 |
| UTIMCO LTF-Net of Fees | 4.15 | 13.85 | 12.64 | 11.32 | 10.56 |
| UTIMCO PHF-Net of Fees | 4.15 | 13.85 | 12.63 | 11.30 | --- |
| UTIMCO PUF-Net of Fees | 3.99 | 13.47 | 12.61 | 11.24 | 9.94 |
| UTIMCO GEF-Net of Fees | 4.19 | 13.90 | 12.70 | 11.40 | 10.61 |
| U.T. System Endowment Funds | 4.06 | 13.59 | 12.62 | 11.25 | --- |
| Return (% file) | 38 | 52 | 58 | 43 | 44 |
| Return (% file) | 38 | 52 | 58 | 45 | --- |
| Return (% file) | 42 | 61 | 58 | 48 | 54 |
| Return (% file) | 35 | 47 | 58 | 40 | 44 |
| Return (% file) | 40 | 61 | 58 | 45 | --- |

Universe Source: (c) Mellon Analytical Solutions
© Russell/Mellon Analytical Services LLC, 1999. All Rights Reserved.

The Foundations and Endowments Billion Dollar Fund Universe consists of all assets of foundations and endowments of Russell/Mellon clients with at least one billion dollars in assets. The number of funds in the universe as of March 31, 2007 was 42.

Agenda Item
UTIMCO Board of Directors Meeting
July 11, 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 May 31, 2007.

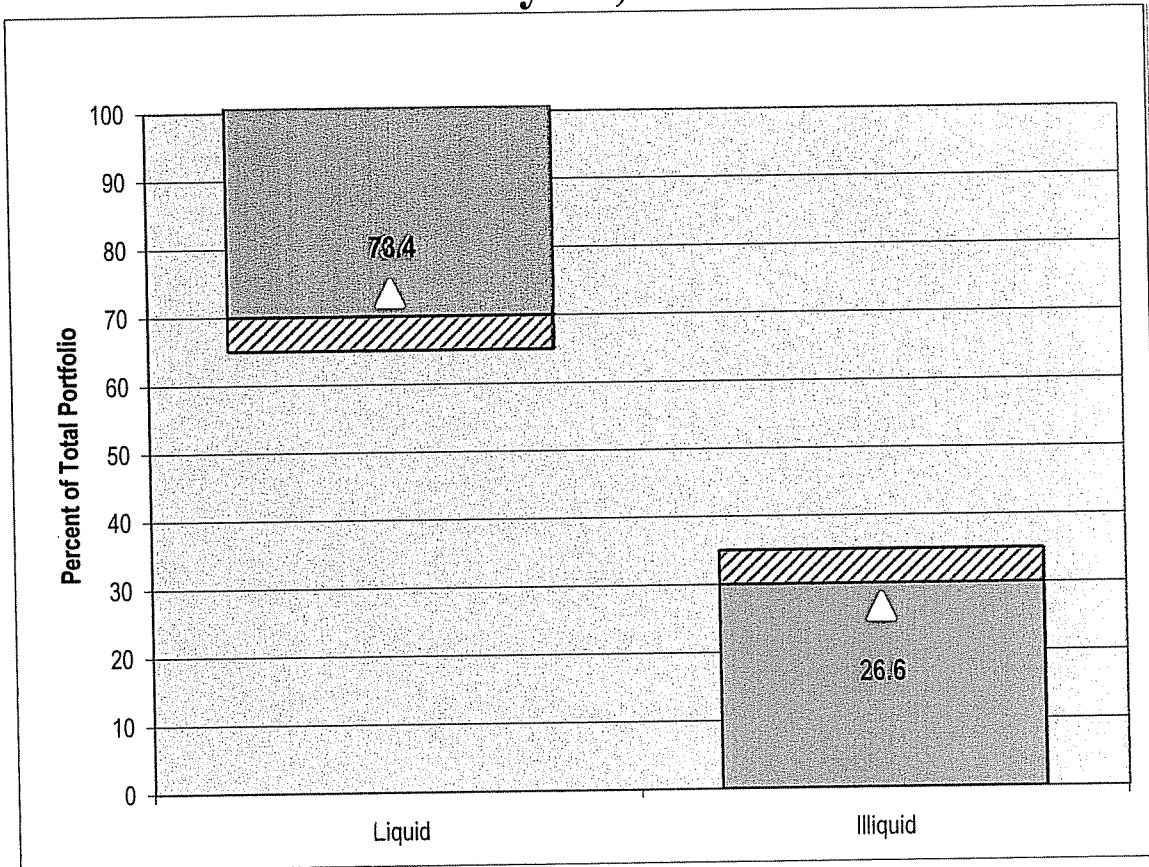
Discussion: As of May 31, 2007 endowment fund assets classified as liquid were 73.4% of the total assets, and those classified as illiquid were 26.6% of total assets. For the ITF, 88.0% of the total assets were classified as liquid, and 12.0% were classified illiquid.

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, PUF Actual Liquidity Classification, GEF Actual Liquidity Classification, and ITF Actual Liquidity Classification.

Combined Liquidity Profile - Endowment Funds

May 31, 2007



Current:

| | 5/31/2007 | | 4/30/2007 | |
|----------|--------------------------|--------------|--------------------------|--------------|
| | Market Value | Percent | Market Value | Percent |
| Liquid | 13,705,174,851.84 | 73.4 | 13,509,385,976.16 | 73.6 |
| Illiquid | 4,959,228,279.97 | 26.6 | 4,849,154,235.00 | 26.4 |
| | <u>18,664,403,131.81</u> | <u>100.0</u> | <u>18,358,540,211.16</u> | <u>100.0</u> |

Approved but not yet invested illiquid marketable investments:

| | 5/31/2007 | | 4/30/2007 | |
|----------|--------------------------|--------------|--------------------------|--------------|
| | Market Value | Percent | Market Value | Percent |
| Liquid | 13,656,547,303.50 | 73.2 | 13,509,385,976.16 | 73.6 |
| Illiquid | 5,007,855,828.31 | 26.8 | 4,849,154,235.00 | 26.4 |
| | <u>18,664,403,131.81</u> | <u>100.0</u> | <u>18,358,540,211.16</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%.

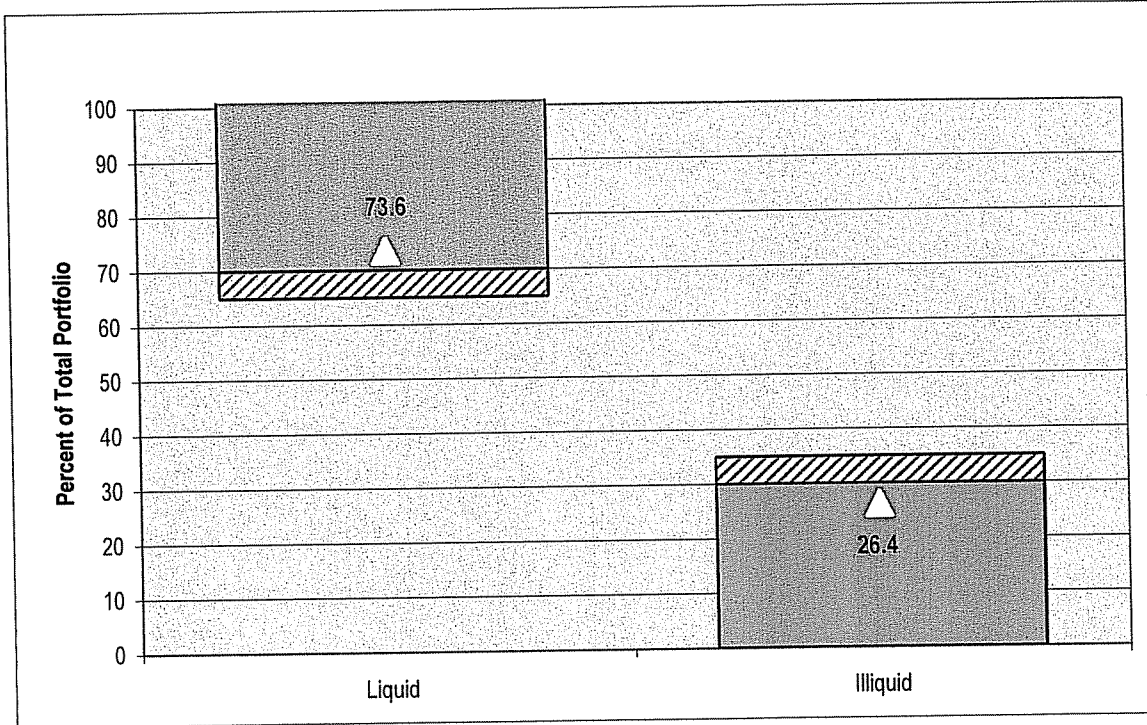
I, U. Yoel, as Director-Portfolio Risk Management, certify that I have reviewed the liquidity categories provided by the Managing Directors and concur with the classifications.

I, Joan Mueller, 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 Ong, 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

May 31, 2007



Current:

| | 5/31/2007 | | 4/30/2007 | |
|----------|--------------------------|--------------|--------------------------|--------------|
| | Market Value | Percent | Market Value | Percent |
| Liquid | 8,882,872,167.67 | 73.6 | 8,714,524,562.67 | 73.7 |
| Illiquid | 3,178,218,790.15 | 26.4 | 3,104,359,399.10 | 26.3 |
| | <u>12,061,090,957.82</u> | <u>100.0</u> | <u>11,818,883,961.77</u> | <u>100.0</u> |

Approved but not yet invested illiquid marketable investments:

| | 5/31/2007 | | 4/30/2007 | |
|----------|--------------------------|--------------|--------------------------|--------------|
| | Market Value | Percent | Market Value | Percent |
| Liquid | 8,851,284,091.10 | 73.4 | 8,714,524,562.67 | 73.7 |
| Illiquid | 3,209,806,866.72 | 26.6 | 3,104,359,399.10 | 26.3 |
| | <u>12,061,090,957.82</u> | <u>100.0</u> | <u>11,818,883,961.77</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%.

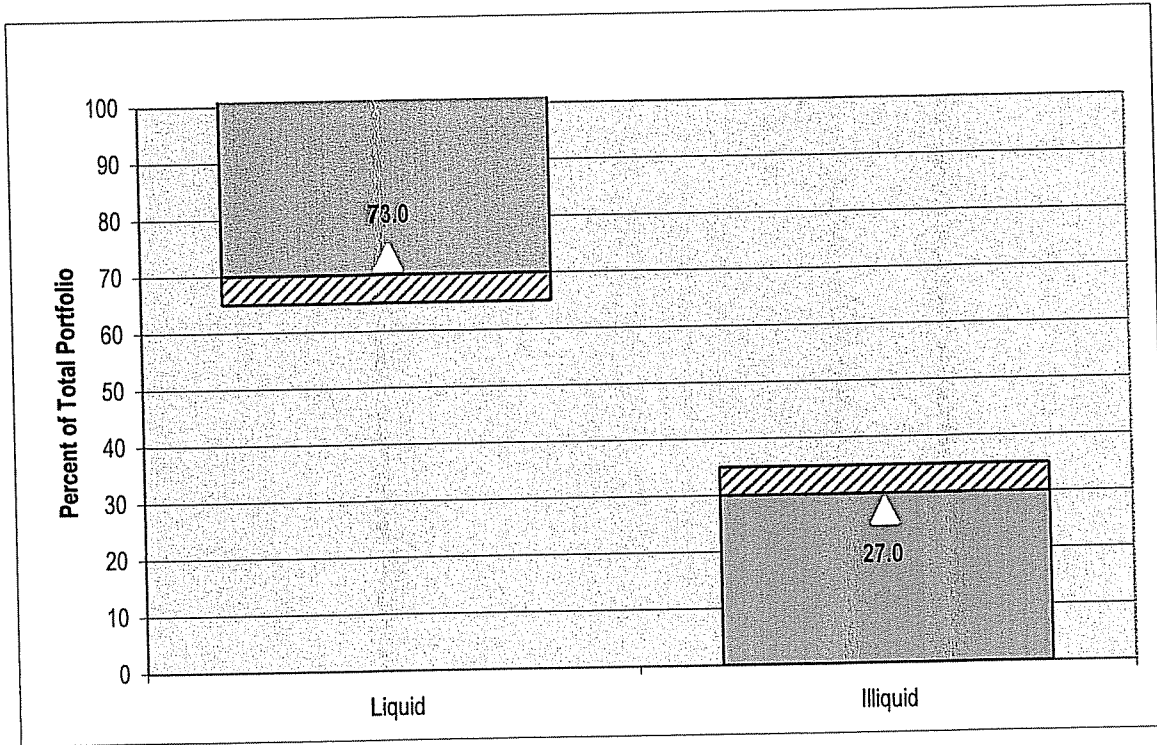
I, G. Yoeh, as Director-Portfolio Risk Management, certify that I have reviewed the liquidity categories provided by the Managing Directors and concur with the classifications.

I, Jan Mollus/Sec, 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 King, 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

May 31, 2007



Current:

| | 5/31/2007 | | 4/30/2007 | |
|----------|-------------------------|--------------|-------------------------|--------------|
| | Market Value | Percent | Market Value | Percent |
| Liquid | 4,822,302,684.17 | 73.0 | 4,794,861,413.49 | 73.3 |
| Illiquid | 1,781,009,489.82 | 27.0 | 1,744,794,835.90 | 26.7 |
| | 6,603,312,173.99 | 100.0 | 6,539,656,249.39 | 100.0 |

Approved but not yet invested illiquid marketable investments:

| | 5/31/2007 | | 4/30/2007 | |
|----------|-------------------------|--------------|-------------------------|--------------|
| | Market Value | Percent | Market Value | Percent |
| Liquid | 4,805,263,212.40 | 72.8 | 4,794,861,413.49 | 73.3 |
| Illiquid | 1,798,048,961.59 | 27.2 | 1,744,794,835.90 | 26.7 |
| | 6,603,312,173.99 | 100.0 | 6,539,656,249.39 | 100.0 |

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%.

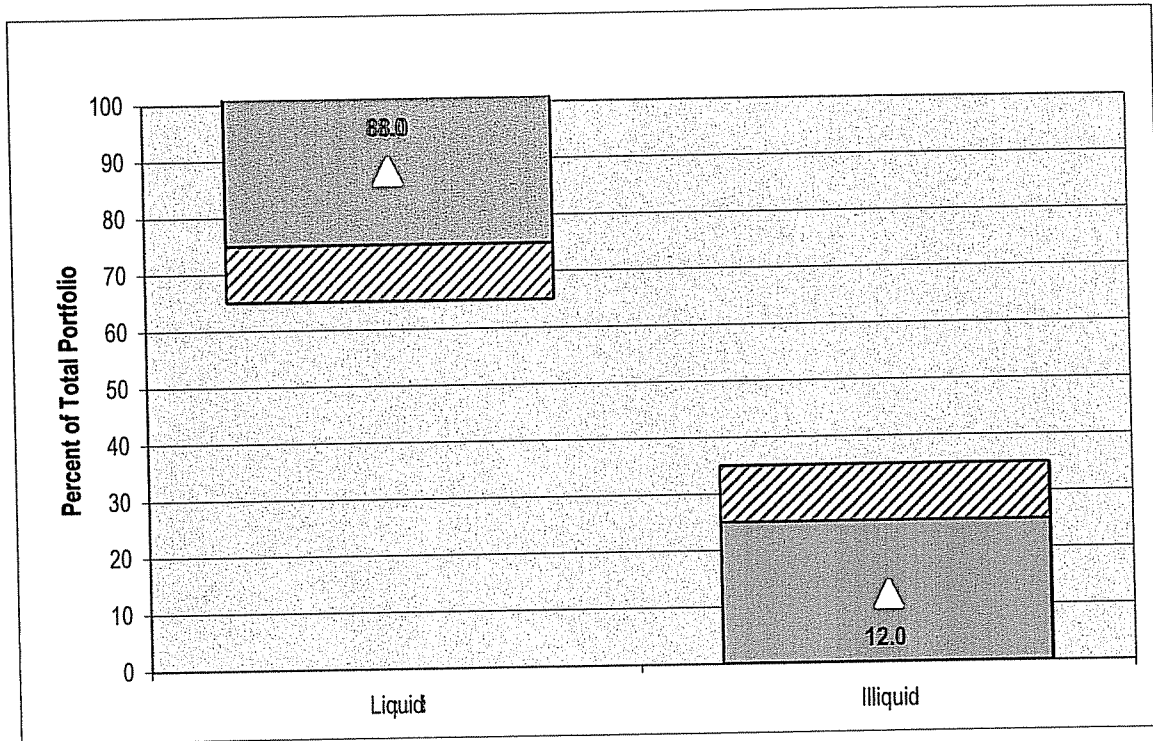
I, G. Yach, as Director-Portfolio Risk Management, certify that I have reviewed the liquidity categories provided by the Managing Directors and concur with the classifications.

I, Jean Moeller / Josc, 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 Shuf, 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

May 31, 2007



Current:

| | 5/31/2007 | | 4/30/2007 | |
|----------|-------------------------|--------------|-------------------------|--------------|
| | Market Value | Percent | Market Value | Percent |
| Liquid | 3,569,757,252.62 | 88.0 | 3,543,084,120.93 | 88.2 |
| Illiquid | 487,976,150.53 | 12.0 | 475,951,047.17 | 11.8 |
| | <u>4,057,733,403.15</u> | <u>100.0</u> | <u>4,019,035,168.10</u> | <u>100.0</u> |

Approved but not yet invested illiquid marketable investments:

| | 5/31/2007 | | 4/30/2007 | |
|----------|-------------------------|--------------|-------------------------|--------------|
| | Market Value | Percent | Market Value | Percent |
| Liquid | 3,569,757,252.62 | 88.0 | 3,543,084,120.93 | 88.2 |
| Illiquid | 487,976,150.53 | 12.0 | 475,951,047.17 | 11.8 |
| | <u>4,057,733,403.15</u> | <u>100.0</u> | <u>4,019,035,168.10</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 an 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, U. Yoda, as Director-Portfolio Risk Management, certify that I have reviewed the liquidity categories provided by the Managing Directors and concur with the classifications.

I, Jan Moller, 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 Berg, 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

May 31, 2007

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.

Cathy Iberg Cathy Iberg, Managing Director - Marketable Alternatives
and Public Markets
6/21/2007 Date

Lindel D Eakman Lindel Eakman, Director - Non-Marketable Alternatives
6/22/07 Date

**Illiquid investments approved/delegated or funded from last report to UTIMCO Board through current report date
May 1, 2007 through May 31, 2007**

| | Board Approved/ Delegated | Committed Amount | | | Funded Amount | | |
|---|---------------------------------|------------------|------------------|------|-----------------|-----------------|------|
| | | PUF | GEF | ITF | PUF | GEF | ITF |
| Private Market investments | | | | | | | |
| Fortress Fund V (Fund A), L.P. | 5/4/2007 | \$ 19,500,000.00 | \$ 10,500,000.00 | \$ - | \$ - | \$ - | \$ - |
| ArcLight Energy Partners Fund IV, L.P. | 5/15/2007 | \$ 26,000,000.00 | \$ 14,000,000.00 | \$ - | \$ - | \$ - | \$ - |
| OCM Opportunities Fund VII, L.P. | 5/17/2007 | \$ 22,750,000.00 | \$ 12,250,000.00 | \$ - | \$ 4,550,000.00 | \$ 2,450,000.00 | \$ - |
| OCM Opportunities Fund VIII, L.P. | 5/17/2007 | \$ 22,750,000.00 | \$ 12,250,000.00 | \$ - | \$ - | \$ - | \$ - |
| Carlyle Partners V, L.P. | 5/25/2007 | \$ 32,500,000.00 | \$ 17,500,000.00 | \$ - | \$ - | \$ - | \$ - |
| Fortress Fund V (Coinvestment Fund A), L.P. | 5/30/2007 | \$ 19,500,000.00 | \$ 10,500,000.00 | \$ - | \$ - | \$ - | \$ - |

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

Public Markets

None

Marketable Alternative investments

None

**Hedge Fund Pool
Committed
Amount**

**Hedge Fund Pool
Funded
Amount**

Change in investment's liquidity classification

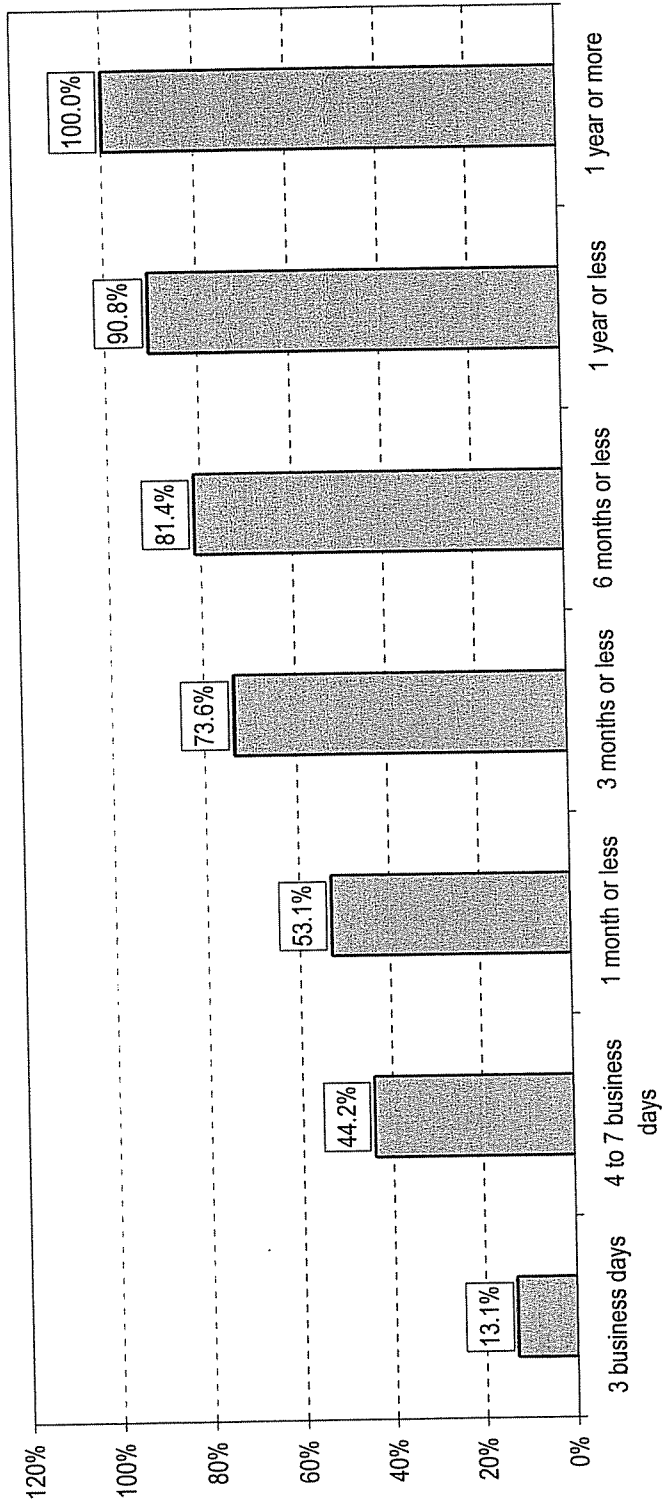
Public Markets

None

Marketable Alternative investments

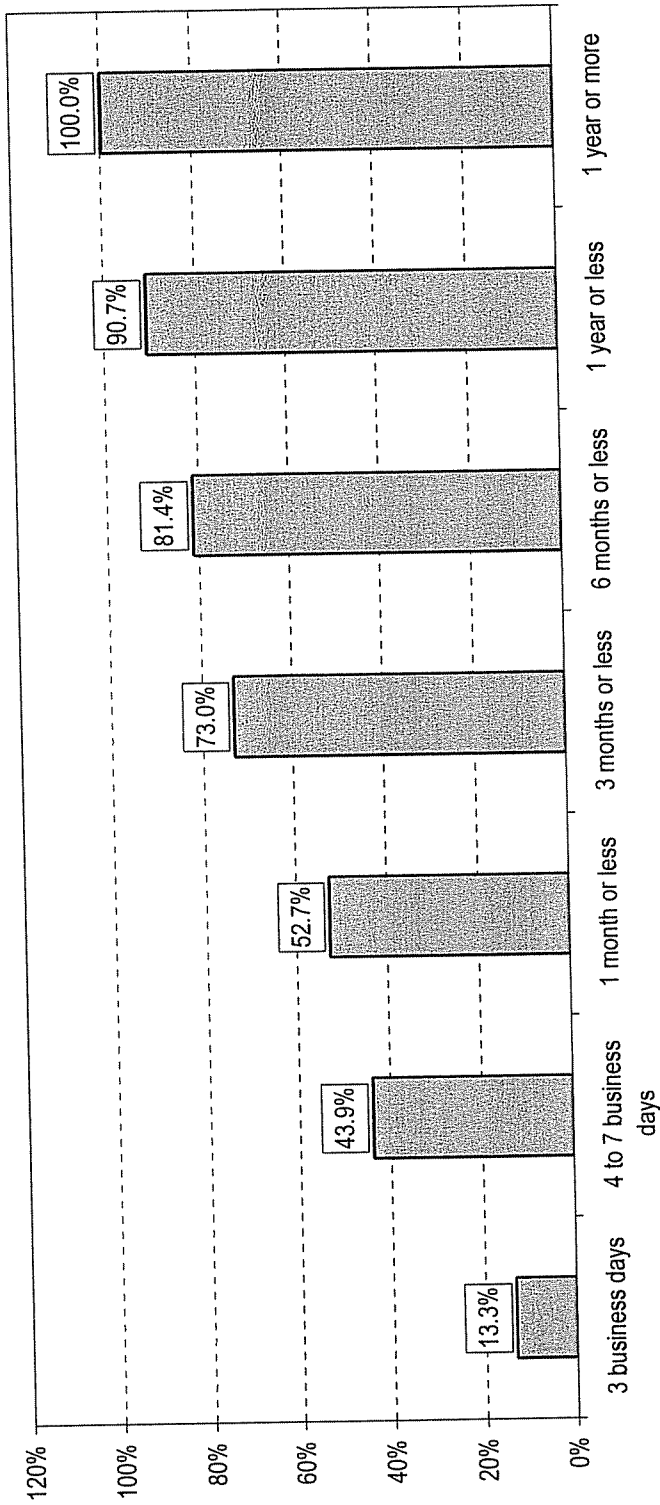
None

PUF Actual Liquidity Classification
as of May 31, 2007



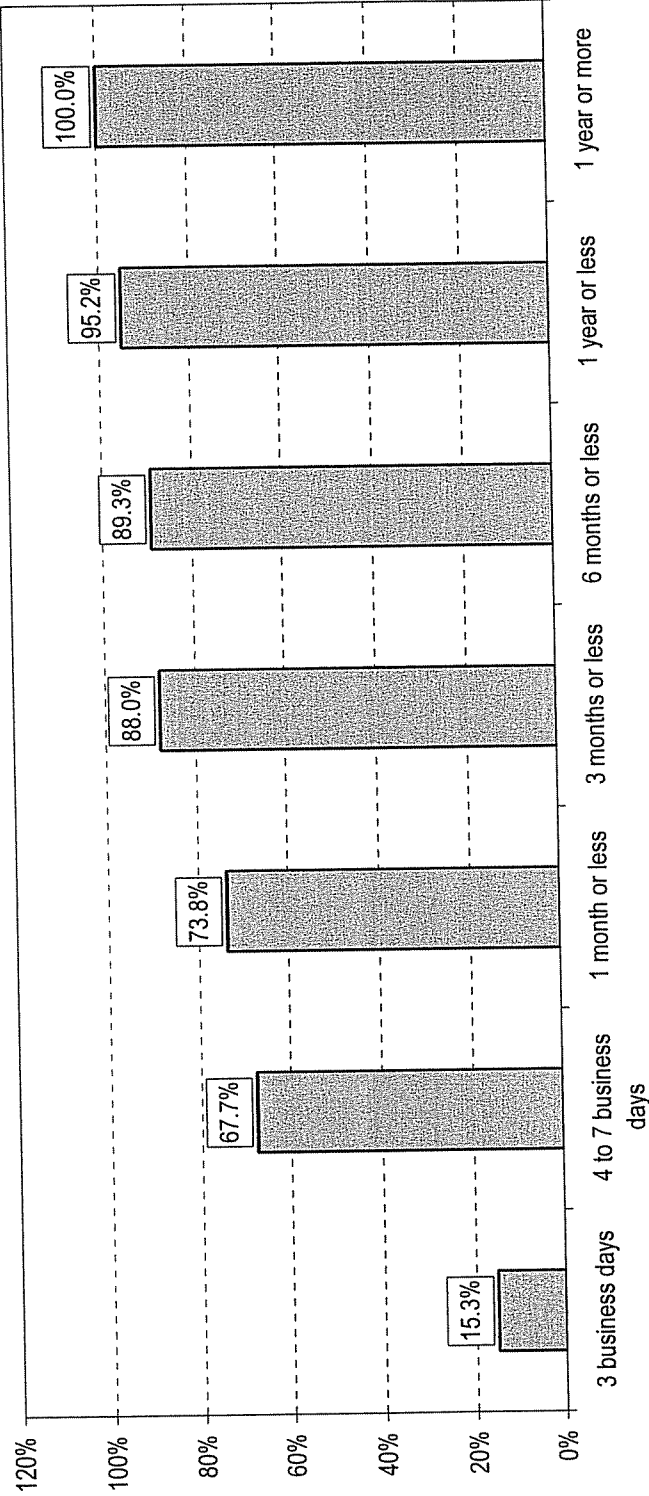
| Classification Period | Assets | % | Cumulative Assets | % |
|-----------------------|----------------------|--------|-----------------------|--------|
| Liquid: | | | | |
| 3 business days | 1,573,973,896 | 13.1% | 1,573,973,896 | 13.1% |
| 4 to 7 business days | 3,751,716,240 | 31.1% | 5,325,690,136 | 44.2% |
| 1 month or less | 1,080,327,329 | 9.0% | 6,406,017,465 | 53.1% |
| 3 months or less | 2,476,854,703 | 20.5% | 8,882,872,168 | 73.6% |
| Illiquid: | | | | |
| 6 months or less | 937,249,340 | 7.8% | 9,820,121,507 | 81.4% |
| 1 year or less | 1,130,370,493 | 9.4% | 10,950,492,000 | 90.8% |
| 1 year or more | <u>1,110,598,957</u> | 9.2% | <u>12,061,090,958</u> | 100.0% |
| | 12,061,090,958 | 100.0% | | |

GEF Actual Liquidity Classification
as of May 31, 2007



| Classification Period | Assets | % | Cumulative Assets | % |
|-----------------------|--------------------|--------|----------------------|--------|
| Liquid: | | | | |
| 3 business days | 875,956,515 | 13.3% | 875,956,515 | 13.3% |
| 4 to 7 business days | 2,022,700,592 | 30.6% | 2,898,657,107 | 43.9% |
| 1 month or less | 580,847,394 | 8.8% | 3,479,504,502 | 52.7% |
| 3 months or less | 1,342,798,183 | 20.3% | 4,822,302,684 | 73.0% |
| 6 months or less | 550,034,015 | 8.3% | 5,372,336,699 | 81.4% |
| 1 year or less | 618,152,611 | 9.4% | 5,990,489,310 | 90.7% |
| 1 year or more | <u>612,822,864</u> | 9.3% | <u>6,603,312,174</u> | 100.0% |
| | 6,603,312,174 | 100.0% | | |
| Illiquid: | | | | |

ITF Actual Liquidity Classification
as of May 31, 2007



| Classification Period | Assets | % | Cumulative Assets | % |
|-----------------------|---------------|--------|-------------------|--------|
| Liquid: | | | | |
| 3 business days | 621,828,623 | 15.3% | 621,828,623 | 15.3% |
| 4 to 7 business days | 2,125,154,551 | 52.4% | 2,746,983,173 | 67.7% |
| 1 month or less | 245,733,004 | 6.1% | 2,992,716,178 | 73.8% |
| 3 months or less | 577,041,075 | 14.2% | 3,569,757,253 | 88.0% |
| 6 months or less | 52,816,078 | 1.3% | 3,622,573,331 | 89.3% |
| 1 year or less | 240,508,182 | 5.9% | 3,863,081,513 | 95.2% |
| 1 year or more | 194,651,891 | 4.8% | 4,057,733,403 | 100.0% |
| Illiquid: | 4,057,733,403 | 100.0% | | |

Agenda Item
UTIMCO Board of Directors Meeting
July 11, 2007

Agenda Item: Discussion of Risk Dashboard

Developed By: Yoeli, Wagner

Presented By: Iberg

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 May 2007.

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: Risk Dashboard for May 2007

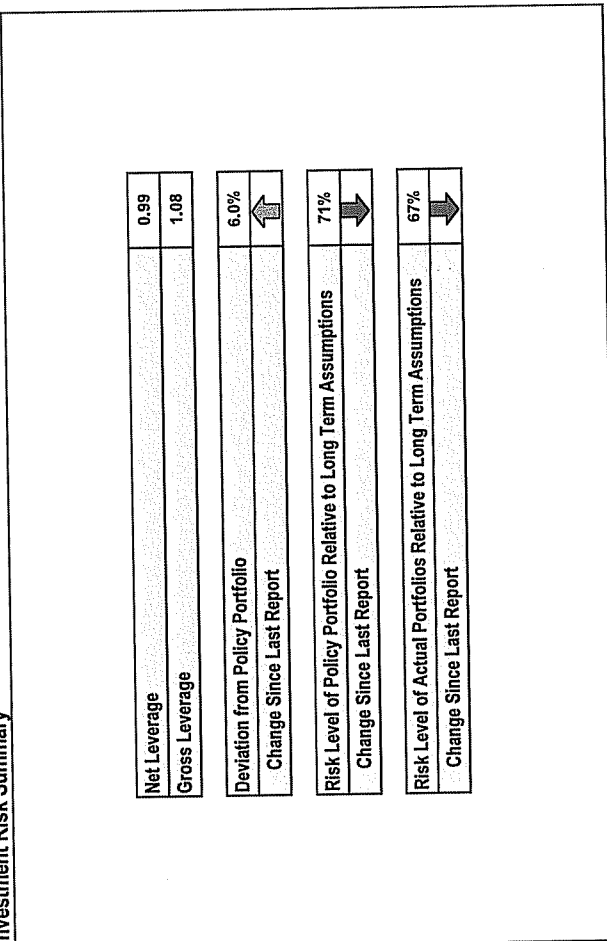
1

Investment Risk Summary

| | |
|--|--------|
| Net Leverage | 0.99 |
| Gross Leverage | 1.08 |
| Deviation from Policy Portfolio Change Since Last Report | 6.0% ↕ |
| Risk Level of Policy Portfolio Relative to Long Term Assumptions Change Since Last Report | 71% ↗ |
| Risk Level of Actual Portfolios Relative to Long Term Assumptions Change Since Last Report | 67% ↗ |

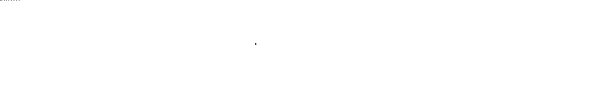
2

Liquidity Risk Summary



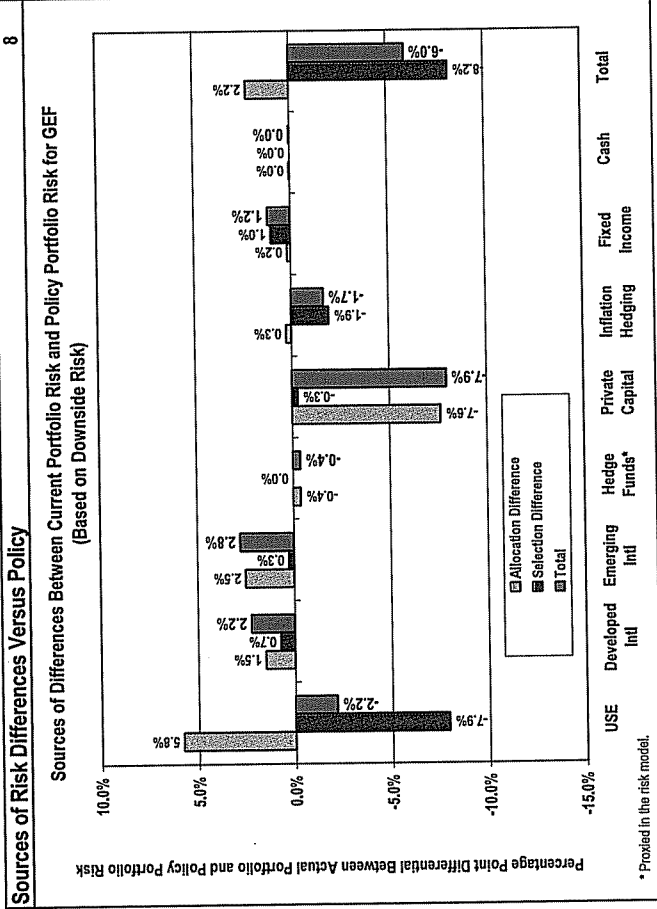
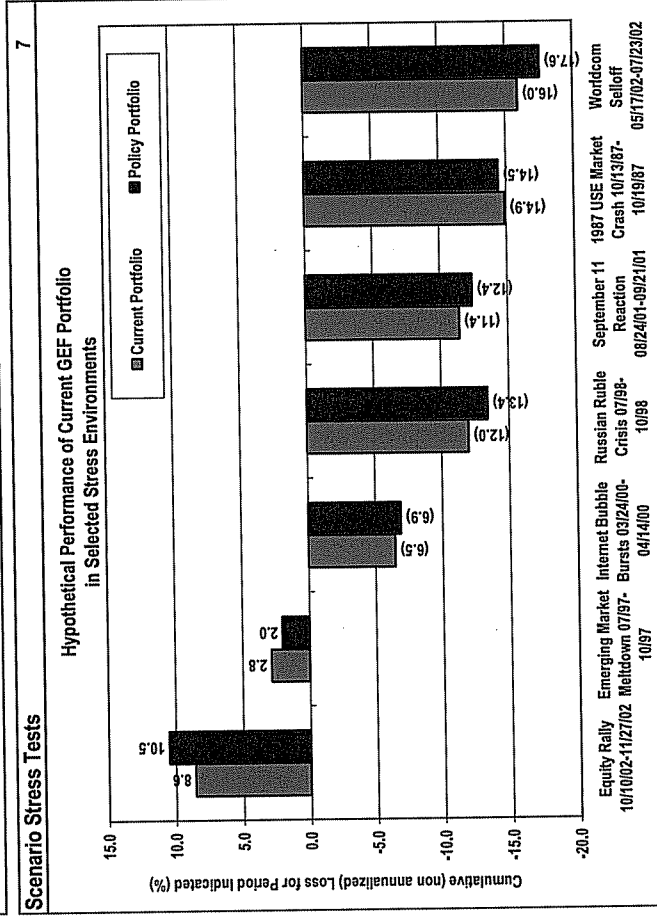
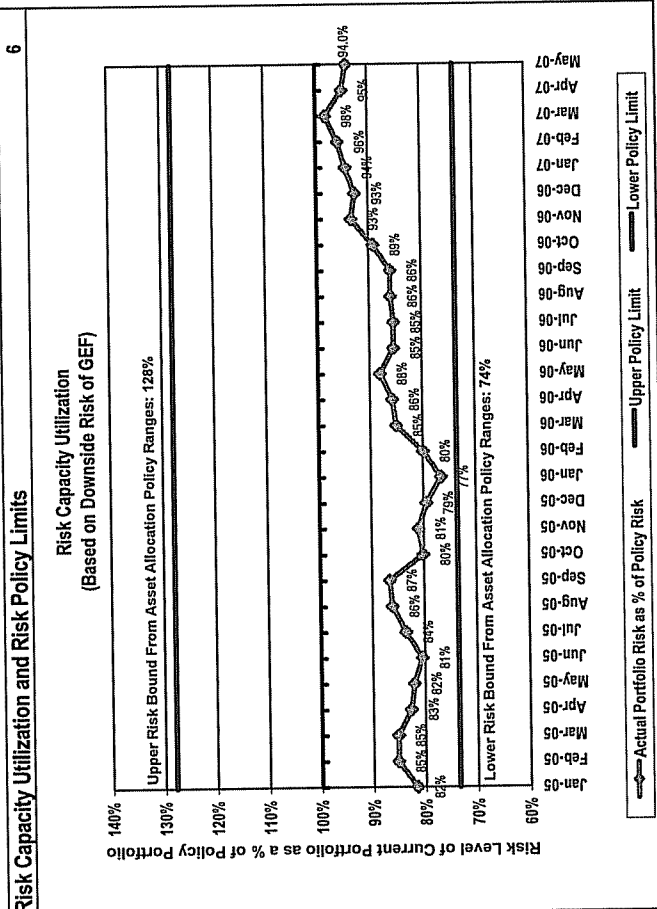
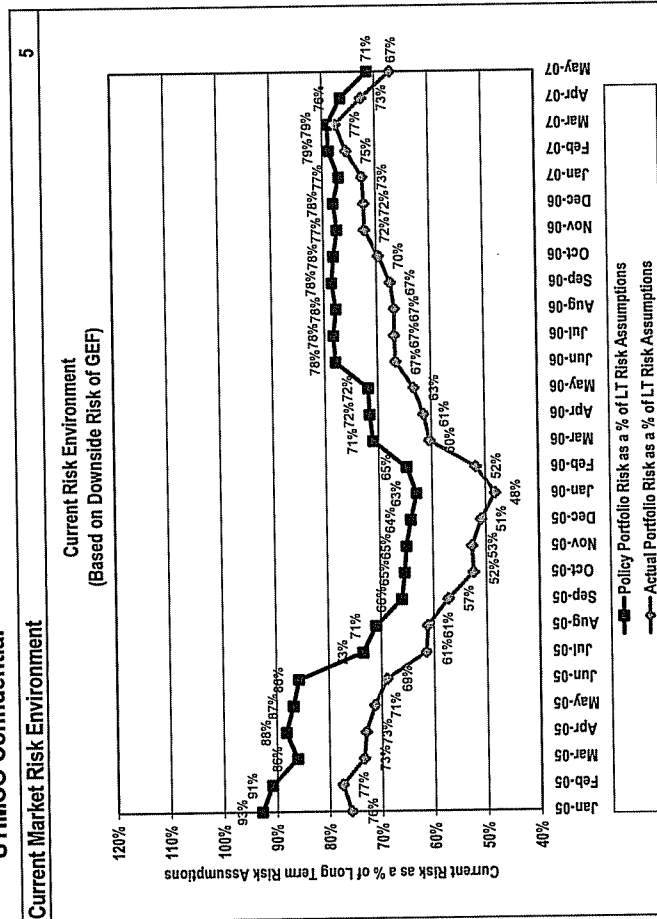
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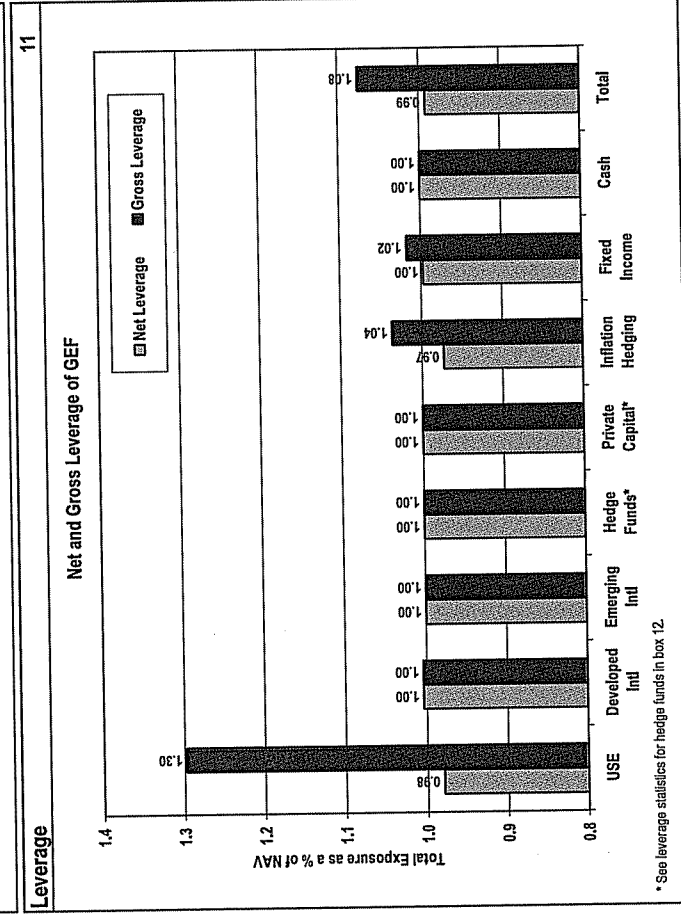
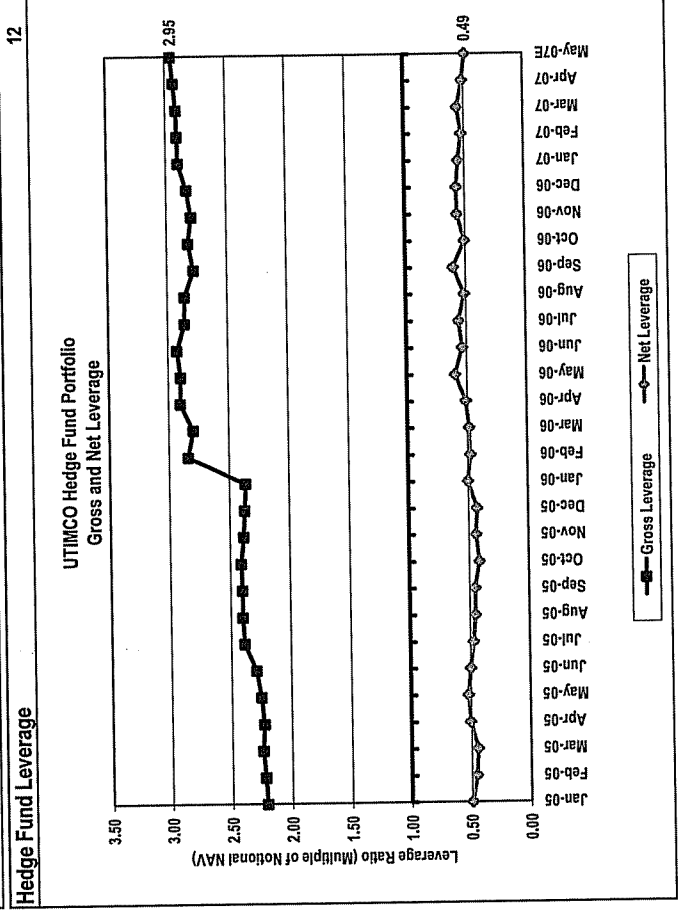
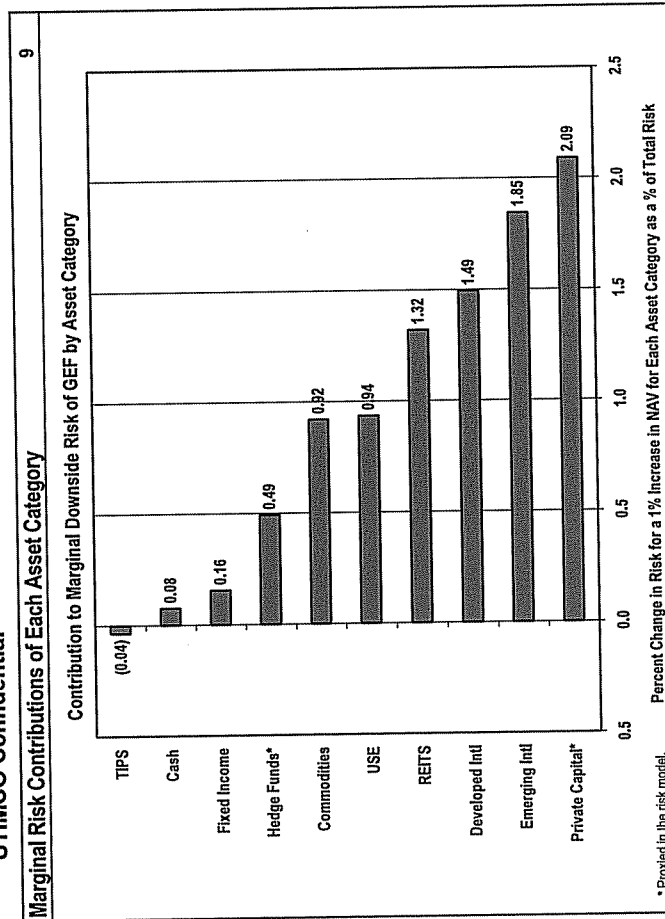
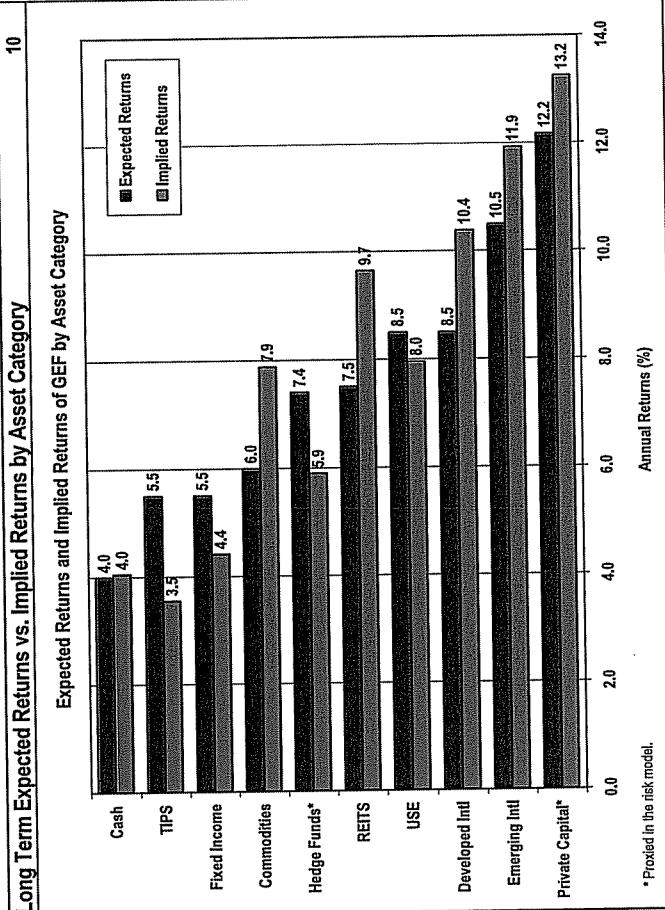
Dollar Allocations and Tactical Policy Ranges



4

Dollar Allocations Compared to Risk Allocations





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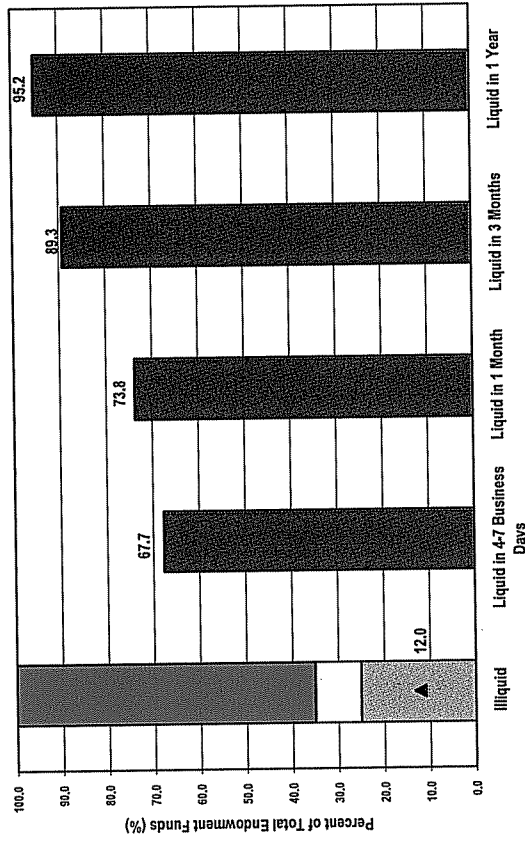
Investment Risk Summary Liquidity Risk Summary

1

2

| | |
|--|------|
| Net Leverage | 1.00 |
| Gross Leverage | 1.04 |
| Deviation from Policy Portfolio Change Since Last Report | 2.4% |
| Risk Level of Policy Portfolio Relative to Long Term Assumptions Change Since Last Report | 70% |
| Risk Level of Actual Portfolios Relative to Long Term Assumptions Change Since Last Report | 71% |

Liquidity Profile of the ITF

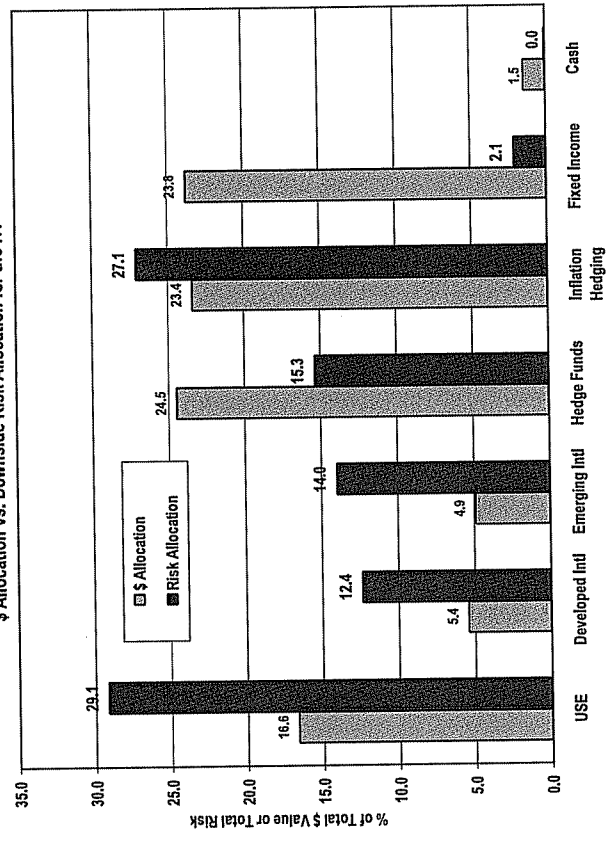


4

Dollar Allocations Compared to Risk Allocations

Asset Category Allocations

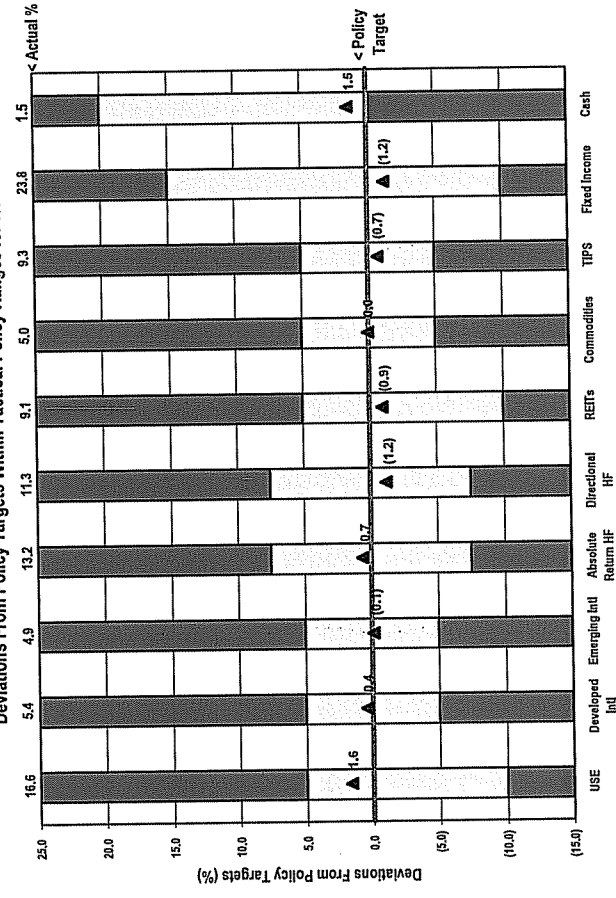
\$ Allocation vs. Downside Risk Allocation for the ITF



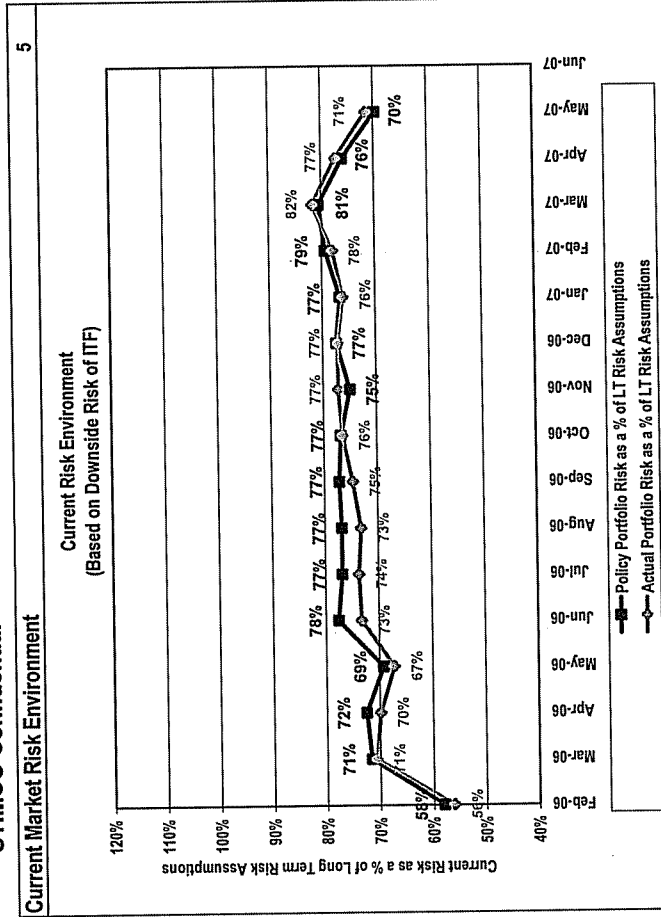
3

Dollar Allocations and Tactical Policy Ranges

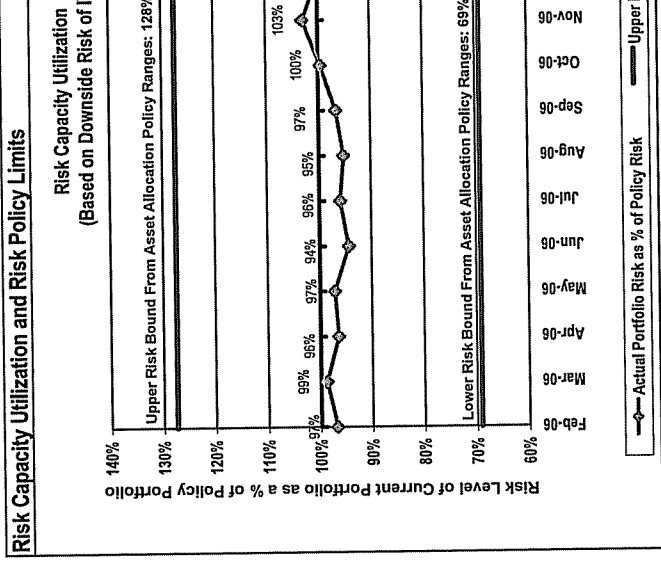
Deviations From Policy Targets Within Tactical Policy Ranges for ITF



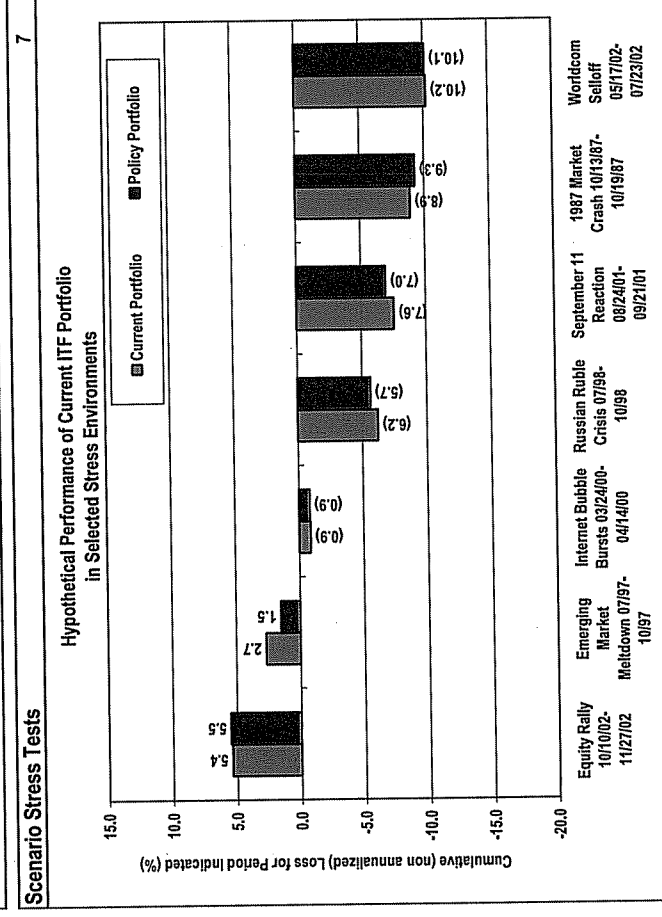
UTIMCO Confidential



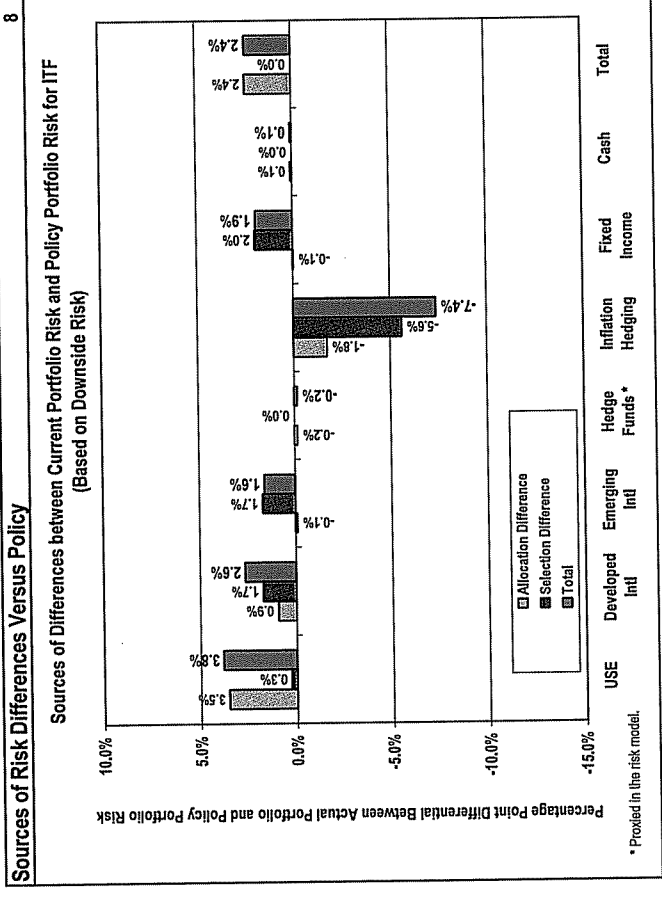
5



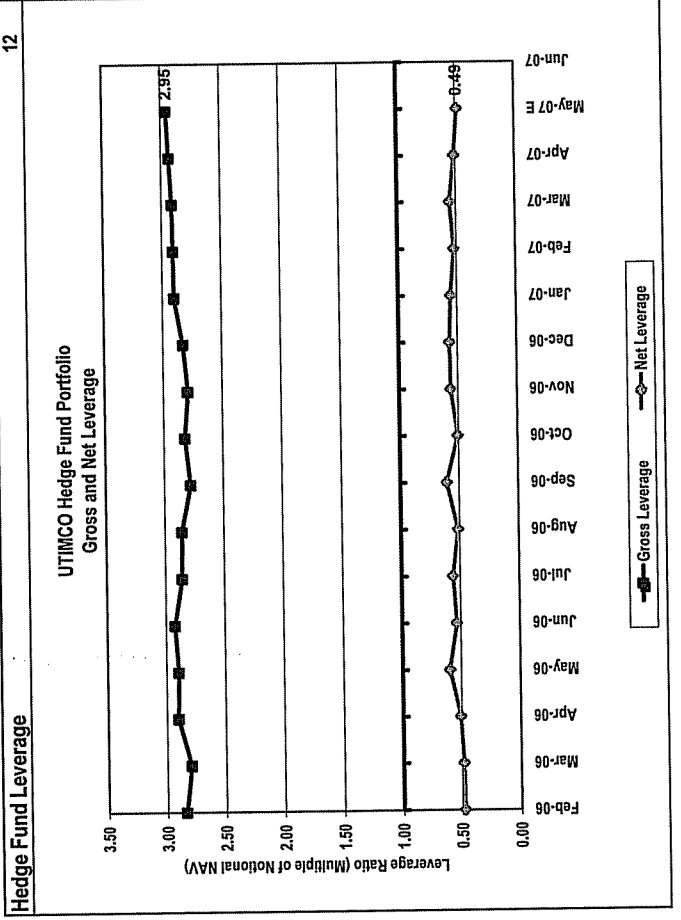
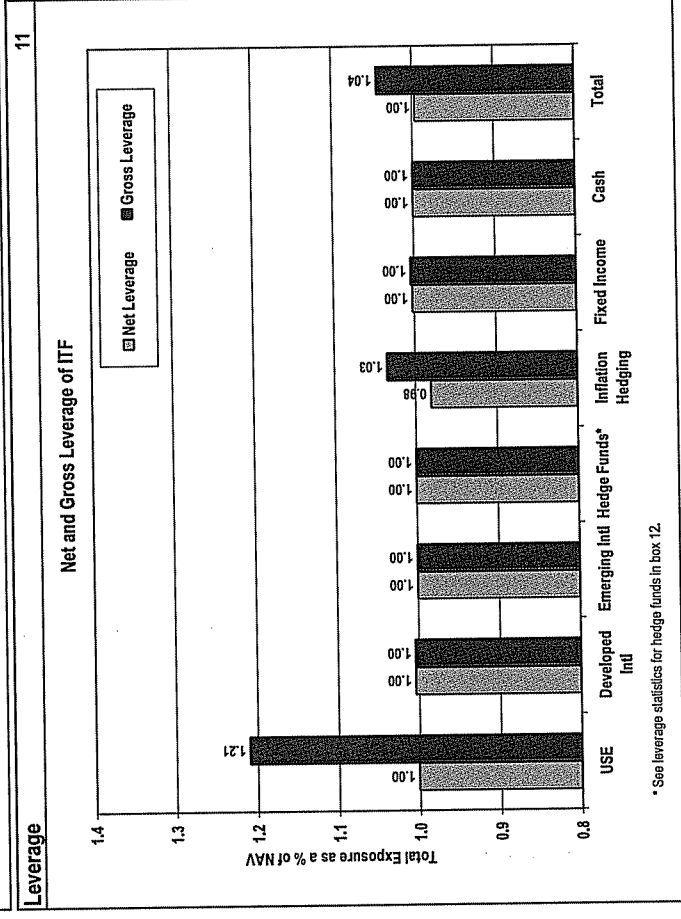
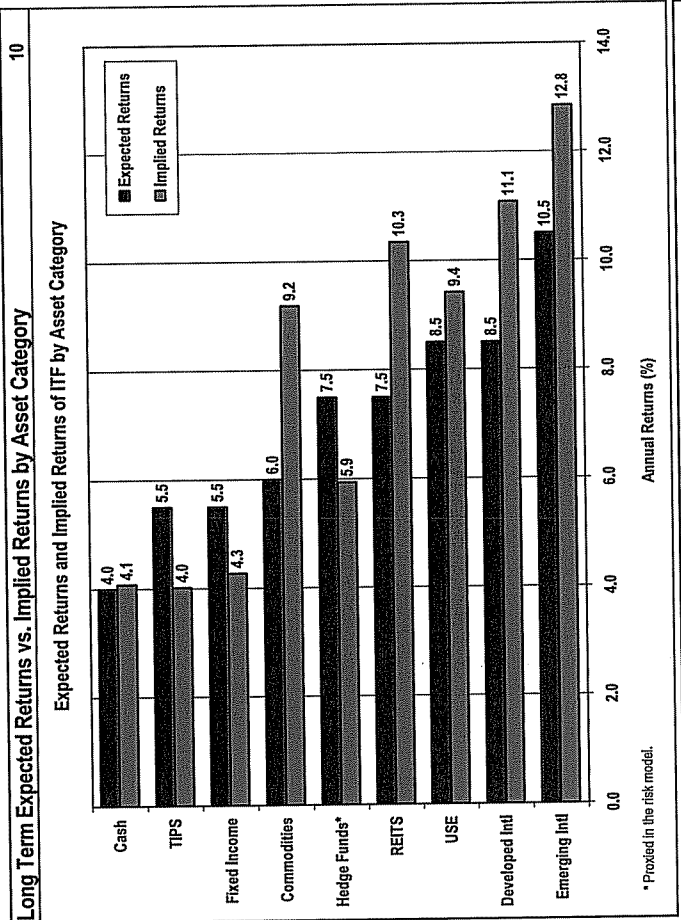
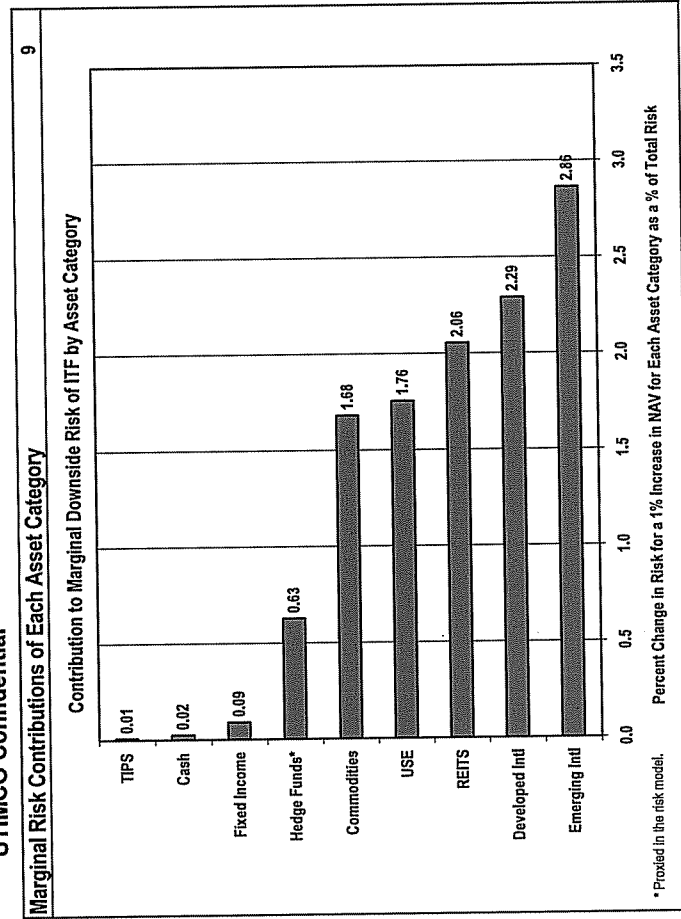
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Agenda Item
UTIMCO Board of Directors Meeting
July 11, 2007

Agenda Item: Comprehensive Derivative Report

Developed By: Childers

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 May 31, 2007.

Discussion: As of May 31, 2007, net mark-to-market values of derivatives (internal and external) was \$43.1 million.

The mark-to-market value of over-the-counter derivatives was \$52.8 million. However, the net exposure to counterparties is reduced to \$35.5 million due to collateral posted with brokers as required by bilateral ISDA collateral agreements. While \$54.4 million was owed to counterparties by the PUF, GEF and ITF (Funds), \$18.9 million was owed by counterparties to the Funds. This \$18.9 million owed to the Funds represents the Funds' counterparty risk.

There were no counterparties with mark-to-market values 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 May 31, 2007

| Manager | Derivative Type | OTC Mark-to-Market | Mark-to-Market Exchange Traded | Derivatives Mark-to-Market | Net Notional On Futures | Gross Notional On Futures | Delta Equivalent on Options |
|--|-------------------|--------------------|--------------------------------|----------------------------|-------------------------|---------------------------|-----------------------------|
| INTERNAL MANAGERS | | | | | | | |
| Dow Jones Futures | Futures | \$ - | (20,940.00) | \$ (20,940.00) | \$ 47,638,500.00 | \$ 47,638,500.00 | \$ - |
| Emerging Swaps | Swaps | 1,462,083.73 | - | 1,462,083.73 | - | - | - |
| Emerging Mkts No Cost Collar | Purchased Option | 7,091,074.07 | - | 7,091,074.07 | - | - | 37,494,780.20 |
| Emerging Mkts No Cost Collar | Written Option | (7,080,598.44) | - | (7,080,598.44) | - | - | (37,494,845.83) |
| Goldman Sachs Commodity Index | Futures | - | 5,113,425.00 | 5,113,425.00 | 554,659,675.00 | 554,659,675.00 | - |
| Developed Markets Futures | Currency Forwards | 293,864.27 | - | 293,864.27 | - | - | - |
| Developed Markets Futures | Futures | - | 1,656,079.33 | 1,656,079.33 | 486,205,144.98 | 486,205,144.98 | - |
| Developed Mkts Structured Swaps | Currency Forwards | (1,601,028.77) | - | (1,601,028.77) | - | - | - |
| Emerging Markets Futures | Currency Forwards | 29,492.02 | - | 29,492.02 | - | - | - |
| Emerging Markets Futures | Futures | - | 292,474.54 | 292,474.54 | 19,019,091.11 | 19,019,091.11 | - |
| Lansdowne Euro Forwards | Currency Forwards | 2,717,117.45 | - | 2,717,117.45 | - | - | - |
| US Equity Small Cap/Large Cap Spread Trade | Futures | - | (4,197,350.00) | (4,197,350.00) | 9,633,775.00 | 1,571,552,575.00 | - |
| US Equity Small Cap/Large Cap Spread Trade | Swaps | (1,073,929.17) | - | (1,073,929.17) | - | - | - |
| US No Cost Collar | Purchased Option | 9,589,036.63 | 7,383,899.90 | 16,972,936.53 | - | - | 181,921,705.74 |
| US No Cost Collar | Written Option | (75,514,641.80) | (4,049.67) | (75,518,691.47) | - | - | (1,093,110,681.46) |
| S&P 500 Futures | Futures | - | (314,500.00) | (314,500.00) | 482,097,050.00 | 482,097,050.00 | - |
| Structured Active Management Application - US Equities | Futures | - | (422,000.00) | (422,000.00) | 646,883,800.00 | 646,883,800.00 | - |
| EXTERNAL MANAGERS | | | | | | | |
| Blackrock Small Cap | Currency Forwards | (163,650.77) | - | (163,650.77) | - | - | - |
| Blackrock Small Cap | Purchased Option | 936.95 | - | 936.95 | - | - | - |
| Blackrock Global Ex US | Currency Forwards | 501,836.39 | - | 501,836.39 | - | - | - |
| Blackrock Global Ex US | Purchased Option | 2,098.31 | 1,307,890.00 | 1,309,988.31 | - | - | - |
| Blackrock Global Ex US | Written Option | - | (996,404.00) | (996,404.00) | - | - | - |
| Bridgewater Currency Overlay | Currency Forwards | 1,610,120.49 | - | 1,610,120.49 | - | - | - |

Comprehensive Derivative Report as of May 31, 2007

| Manager | Derivative Type | OTC Mark-to-Market | Mark-to-Market Exchange Traded | Derivatives Mark-to-Market | Net Notional On Futures | Gross Notional On Futures | Delta Equivalent on Options |
|------------------------|-------------------|--------------------|--------------------------------|----------------------------|-------------------------|---------------------------|-----------------------------|
| Globeflex | Currency Forwards | (1,622.65) | - | (1,622.65) | - | - | - |
| Morgan Stanley Reits | Currency Forwards | 1,938.74 | - | 1,938.74 | - | - | - |
| PIMCO Global Bonds | Currency Forwards | (936,871.11) | - | (936,871.11) | - | - | - |
| PIMCO Global Bonds | Futures | - | (274,532.72) | (274,532.72) | 685,093,262.09 | 727,610,656.83 | - |
| PIMCO Global Bonds | Purchased Option | 3,085,267.40 | 477,373.78 | 3,562,641.18 | - | - | - |
| PIMCO Global Bonds | Swaps | 4,502,259.19 | - | 4,502,259.19 | - | - | - |
| PIMCO Global Bonds | Written Option | (1,218,944.15) | (188,403.80) | (1,407,347.95) | - | - | - |
| PIMCO Real Return | Currency Forwards | (162,667.06) | - | (162,667.06) | - | - | - |
| PIMCO Real Return | Futures | - | (37,462.88) | (37,462.88) | 53,543,604.05 | 109,995,041.55 | - |
| PIMCO Real Return | Purchased Option | 34,154.40 | - | 34,154.40 | - | - | - |
| PIMCO Real Return | Swaps | 4,099,831.91 | - | 4,099,831.91 | - | - | - |
| PIMCO Real Return | Written Option | (31,980.15) | (3,515.63) | (35,495.78) | - | - | - |
| PIMCO TIPS | Currency Forwards | (108,121.11) | - | (108,121.11) | - | - | - |
| PIMCO TIPS | Futures | - | (56,581.79) | (56,581.79) | 87,141,924.70 | 194,220,362.20 | - |
| PIMCO TIPS | Purchased Option | 31,230.99 | - | 31,230.99 | - | - | - |
| PIMCO TIPS | Swaps | 36,054.16 | - | 36,054.16 | - | - | - |
| PIMCO TIPS | Written Option | (36,899.66) | (3,828.13) | (40,727.79) | - | - | - |
| Reams Core Plus | Swaps | 36,767.81 | - | 36,767.81 | - | - | - |
| | GRAND TOTAL | \$ (52,805,789.93) | \$ 9,711,573.93 | \$ (43,094,216.00) | \$ 3,071,915,826.93 | \$ 4,839,881,896.67 | \$ (911,189,041.35) |
| Internal Managers | | \$ (64,087,530.01) | \$ 9,487,039.10 | \$ (54,600,490.91) | \$ 2,246,137,036.09 | \$ 3,808,055,836.09 | \$ (911,189,041.35) |
| External Managers | | 11,281,740.08 | 224,534.83 | 11,506,274.91 | 825,778,790.84 | 1,031,826,060.58 | - |
| GRAND TOTAL | | \$ (52,805,789.93) | \$ 9,711,573.93 | \$ (43,094,216.00) | \$ 3,071,915,826.93 | \$ 4,839,881,896.67 | \$ - |
| Currency Forwards | | \$ 2,180,407.89 | \$ - | \$ 2,180,407.89 | \$ - | \$ - | \$ - |
| Futures | | - | 1,738,611.48 | 1,738,611.48 | 3,071,915,826.93 | 4,839,881,896.67 | - |
| Purchased Options | | 19,833,798.75 | 9,169,163.68 | 29,002,962.43 | - | - | 219,416,485.94 |
| Swaps/Structured Swaps | | 9,063,067.63 | - | 9,063,067.63 | - | - | - |
| Written Options | | (83,883,064.20) | (1,196,201.23) | (85,079,265.43) | - | - | (1,130,605,527.29) |
| GRAND TOTAL | | \$ (52,805,789.93) | \$ 9,711,573.93 | \$ (43,094,216.00) | \$ 3,071,915,826.93 | \$ 4,839,881,896.67 | \$ (911,189,041.35) |

Comprehensive Report on Approved Derivative Applications as of May 31, 2007
Internal Management

| Internal Managers | Derivative Application (account name) | Purpose of Application |
|-------------------|---|--|
| | S&P 500 Futures / Russell 2000 Futures / Nasdaq 100 Futures / Dow Jones Futures / FTSE Index / DJ Eurostoxx 50 / Taiwan / Singapore /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. |
| | 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. |
| | 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. |
| | Emerging Swaps | Use derivatives in order for Funds to gain market (systematic) exposure without trading the underlying cash market securities and add value over the index by taking advantage of the borrow rate. |
| | 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. |
| | 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. |
| | Currency forwards | To replicate local currency exposure for hedged foreign investments in order to more closely align the targeted risk/return profile. |

Comprehensive Report on Approved Derivative Applications as of May 31, 2007
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) |
| Dalton | Write covered calls; sell puts to gain better entry points. 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 swaps and fixed income securities linked to foreign interest rates. |

Derivative Counterparty Report as of May 31, 2007

| Counterparty | S & P Counterparty Rating | Mark-to-Market | Percentage of Total Funds | Counterparty Exposure |
|----------------------------------|---------------------------------|--------------------|---------------------------------|--------------------------|
| ABN AMRO | AA- | \$ 12,408.60 | 0.00% | \$ 12,408.60 |
| ABN AMSTERDAM | AA- | (20,660.00) | 0.00% | (20,660.00) |
| AUSTRALIA & NZ BANK LTD | AA | (134,210.06) | 0.00% | (134,210.06) |
| BANK OF AMERICA | AA | 528,581.57 | 0.00% | 528,581.57 |
| BARCLAYS | AA | (11,973,750.71) | -0.05% | (11,973,750.71) |
| BEAR STEARNS | AAA | (46,895,812.14) | -0.21% | (34,558,964.67) |
| BNP PARIBAS | AA | 16,922.90 | 0.00% | 16,922.90 |
| CALYON FINANCIAL, LONDON | AA- | 88,404.11 | 0.00% | 88,404.11 |
| CHASE MANHATTAN | AA | (29,320.15) | 0.00% | (29,320.15) |
| CHASE NEW YORK | AA | 221,314.93 | 0.00% | 221,314.93 |
| CITIBANK NA, LONDON | AA+ | (29,091.06) | 0.00% | (29,091.06) |
| CITIBANK NY | AA+ | 1,388,544.38 | 0.01% | 1,388,544.38 |
| COMMONWEALTH BK OF AUSTRALIA | AA | 12,807.87 | 0.00% | 12,807.87 |
| CREDIT SUISSE FIRST | AA- | (158,575.80) | 0.00% | (158,575.80) |
| CS FIRST BOSTON GBL FOREIGN EXCH | AA- | (1,735,936.69) | -0.01% | (1,735,936.69) |
| DEUTSCHE BANK AG | AA- | (863,515.41) | 0.00% | (863,515.41) |
| GOLDMAN SACHS | AA- | 2,246,661.20 | 0.01% | 2,246,661.20 |
| HSBC BK USA, NEW YORK | AA | (35,620.25) | 0.00% | (35,620.25) |
| J P MORGAN, CHASE | AA | 5,361,758.19 | 0.02% | 5,361,758.19 |
| LEHMAN BROTHERS | AA- | 1,105,785.47 | 0.01% | 1,105,785.47 |
| MELLON BANK | AA- | (2,173.40) | 0.00% | (2,173.40) |
| MERRILL LYNCH | AA- | 317,455.07 | 0.00% | 5,317,455.07 |
| MORGAN STANLEY | A- | (4,663,516.31) | -0.02% | (4,663,516.31) |
| NATIONAL AUSTRALIA BANK LIMITED | AA | (68,539.79) | 0.00% | (68,539.79) |
| NORTHERN TRUST CHICAGO | AA- | 46,051.15 | 0.00% | 46,051.15 |
| ROYAL BANK OF CANADA | AA- | 432,999.66 | 0.00% | 432,999.66 |
| ROYAL BANK OF SCOTLAND PLC | AA | 1,034,588.60 | 0.00% | 1,034,588.60 |
| SHEARSON LEHMAN BROS | AAA | (50,024.37) | 0.00% | (50,024.37) |
| STATE ST BOSTON CAPITAL MKT | AA | 475,140.89 | 0.00% | 475,140.89 |
| UBS A G, ZURICH | AA+ | 576,557.92 | 0.00% | 576,557.92 |
| UBS AG, STAMFORD | AA+ | 48,227.63 | 0.00% | 48,227.63 |
| WACHOVIA BANK | AA | (1,008.29) | 0.00% | (1,008.29) |
| WESTPAC BANKING CORP, SYDNEY | AA | (58,245.64) | 0.00% | (58,245.64) |
| Grand Total | | \$ (52,805,789.93) | -0.24% | \$ (35,468,942.46) |

PUF, GEF and ITF owe to Counterparty
Counterparty owes to PUF, GEF and ITF

| | |
|-----------|----------------------|
| PUF NAV | \$ 11,763,605,334.62 |
| GEF NAV | 6,435,503,282.79 |
| ITF NAV | 3,740,005,926.48 |
| Total NAV | \$ 21,939,114,543.89 |

Agenda Item
UTIMCO Board of Directors Meeting
July 11, 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 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, and (3) staffing and personnel adjustments.

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
May 16, 2007 through June 22, 2007**

| | Date | Amounts | | | | Total | Description |
|-----------------------------------|-----------|------------------|------------------|-----------------|--------------------|-------|---|
| | | PUF | GEF | ITF | | | |
| US Equities | | | | | | | |
| Domestic Spread Trade | Various | (103,811,187.50) | (58,510,637.50) | (11,467,245.00) | (173,789,070.00) | 1 | Decrease exposure in spread trade |
| Hedge Fund Pool & Cash collateral | 5/31/2007 | (9,800,000.00) | (5,000,000.00) | - | (14,800,000.00) | | Reduce overlay by transferring out cash |
| Westport | 6/13/2007 | (115,245,458.62) | (64,440,370.27) | (12,694,654.77) | (192,380,483.66) | | 50% withdrawal from manager |
| S&P 500 futures | 6/13/2007 | 112,469,700.00 | 62,738,200.00 | 12,624,150.00 | 187,832,050.00 | | Purchase futures from Westport withdrawal |
| BlackRock Hedge Fund | Various | (41,514,196.23) | (22,354,220.64) | (32,053,790.52) | (95,922,207.39) | | Final liquidation of investment |
| BlackRock Small Cap | 6/1/2007 | - | - | 20,000,000.00 | 20,000,000.00 | | Initial funding for ITF account |
| No Cost Collar trades | 6/6/2007 | (32,500,000.00) | (17,500,000.00) | - | (50,000,000.00) | 1 | Offset RTY No Cost Collar position |
| No Cost Collar trades | 6/6/2007 | (32,500,000.00) | (17,500,000.00) | - | (50,000,000.00) | 1 | Offset RTY No Cost Collar position |
| No Cost Collar trades | 6/6/2007 | (32,500,000.00) | (17,500,000.00) | - | (50,000,000.00) | 1 | Offset RTY No Cost Collar position |
| No Cost Collar trades | 6/6/2007 | (32,500,000.00) | (17,500,000.00) | - | (50,000,000.00) | 1 | Offset RTY No Cost Collar position |
| No Cost Collar trades | 6/15/2007 | 32,500,000.00 | 17,500,000.00 | - | 50,000,000.00 | 1 | Expiration of SPX Collars |
| No Cost Collar trades | 6/15/2007 | 32,500,000.00 | 17,500,000.00 | - | 50,000,000.00 | 1 | Expiration of SPX Collars |
| No Cost Collar trades | 6/15/2007 | (778,810,046.95) | (419,359,256.05) | (15,000,000.00) | (1,213,169,303.00) | 1 | Expiration of RTY Collars |
| No Cost Collar trades | 6/15/2007 | 227,500,000.00 | 122,500,000.00 | - | 350,000,000.00 | 1 | Expiration of RTY Collars |

Global ex US Equities

Non-US Developed Equity

Emerging Markets Equity

| | | | | | | | |
|------------------------------|-----------|-----------------|-----------------|---|-----------------|---|---------------------------------------|
| BGI Emerging Strategic Index | 5/30/2007 | 28,770,965.60 | 15,492,058.40 | - | 44,263,024.00 | | Additional funding to manager |
| International Emerging Swap | 5/30/2007 | (29,250,000.00) | (15,750,000.00) | - | (45,000,000.00) | 1 | Final pricing of EEM Structured Swap |
| Emerging ETFs | 5/30/2007 | 29,267,110.94 | 15,759,213.58 | - | 45,026,324.52 | | Purchase ETFs from swap settlement |
| International Emerging Swap | 5/30/2007 | (16,250,000.00) | (8,750,000.00) | - | (25,000,000.00) | 1 | Early settle of EEM Structured Swap |
| International Emerging Swap | 5/30/2007 | (16,250,000.00) | (8,750,000.00) | - | (25,000,000.00) | 1 | Early settle of EEM Structured Swap |
| International Emerging Swap | 5/30/2007 | (16,250,000.00) | (8,750,000.00) | - | (25,000,000.00) | 1 | Early settle of EEM Structured Swap |
| Emerging ETFs | 5/30/2007 | 48,749,894.99 | 26,250,010.17 | - | 74,999,905.16 | | Purchase ETFs from swap settlement |
| Emerging NCC | 6/15/2007 | (16,250,000.00) | (8,750,000.00) | - | (25,000,000.00) | 1 | Expiration of EEM Collars |
| Emerging NCC | 6/15/2007 | 16,250,000.00 | 8,750,000.00 | - | 25,000,000.00 | 1 | Expiration of EEM Collars |
| Emerging ETFs | 6/15/2007 | 19,906,213.50 | 10,718,769.97 | - | 30,624,983.47 | | Purchase ETFs from options expiration |
| Emerging ETFs | 6/21/2007 | (25,649,688.84) | (13,811,421.97) | - | (39,461,110.81) | | Sold ETFs to capture gain |

Inflation Linked

Fixed Income

Marketable Alternatives

| | | | | | | | |
|----------------|----------|--|--|--|---------------|--|----------------------------------|
| Watershed | 6/1/2007 | | | | 50,000,000.00 | | Initial investment in manager |
| Tiger Consumer | 6/1/2007 | | | | 15,000,000.00 | | Additional investment in manager |

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

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

For May 16, 2007 through June 22, 2007

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

| Agreement | Purpose | Contract Term | Annual Amount |
|------------------------|--|---|---------------|
| epartners | Annual maintenance agreement - Solomon software | June 2007 – June 2008 | \$2,048 |
| MSCI | Provide information for Factset | 1/1/2007 - 12/31/2007 | \$1,000 |
| Style Advisor (Zephyr) | Evaluates and compares a manager, combination of managers, or an index's return versus another in terms of style and size bias | Renews annually by invoice 5/20/07-5/19/08 | \$20,000 |
| Cadence, LLC | Perform perimeter security assessment of network to identify any weaknesses in UTIMCO's external network security. | Contract in force until work is completed. | \$17,800 |
| Standard & Poor's | Provide information for Factset (S&P Global 1200) | 2/28/2007 – 2/28/2008 | \$5,000 |
| Lehman Brothers | Provides access to Lehman indices and underlying data | 4/1/2007 - 12/31/2007 Renews annually on calendar year starting 2008 | \$15,000 |

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 | \$510,500 |
| 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 | \$480 |
| Standard & Poor's Compustat) | Provide information for Factset | Renews quarterly via invoice (end of Jan, April, July Oct) | \$27,420 |
| Russell Investment Group | Provide Russell Indexes to Factset | Quarterly invoice | \$10,000 |
| Thomson Venture Economics | Venture capital and private equity benchmarks and other industry data | Monthly invoice | \$18,684 |

| | | | |
|------------------------------------|--|---------------------------------|----------|
| Thompson Financial (Worldscope) | Provide information for Factset | Renews quarterly via invoice | \$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 | \$3,600 |
| Bourse de Montreal | Real time quotations of Canadian equity futures | Monthly invoice | \$2,400 |

TAB 4

Agenda Item
UTIMCO Board of Directors Meeting
July 11, 2007

Agenda Item: Report from Compensation Committee regarding discussion of base salaries for the UTIMCO Officers and other UTIMCO Compensation Program Participants for 2007-2008

Developed By: Zimmerman

Presented By: Ferguson

Type of Item: Information item

Description: The Compensation Committee has certain responsibilities regarding compensation issues. Those responsibilities include (but are not limited to):

1. Recommend to the UTIMCO Board the base salary of the President and Chief Executive Officer of the Corporation,
2. Approve the base salaries of all officers (except the President and Chief Executive Officer) of the Corporation.

The Committee also approves the base salaries for non-officer participants of the UTIMCO Compensation Program. The President and CEO's base salary was approved in May, 2007 by the UTIMCO Board. The Compensation Committee met on June 13, 2007, to discuss and approve base salaries totaling \$4,070,500 for all UTIMCO officers and Compensation Plan Participants except the President & CEO, for the 2007-2008 fiscal year. Mr. Ferguson, Committee Chair will report on the meeting.

Recommendation: None

Discussion: The UTIMCO Compensation Program states that UTIMCO's policy is to pay "competitive" base salaries. Competitive base salaries are defined to be within a plus or minus 20% band around the market median base salary for a position with similar job content in an endowment fund, investment management organization or other similar organization.

The Compensation Committee selected Mercer on March 7, 2006 as its compensation consultant to update salary midpoints for key management, investment, and operations positions based on a benchmarking study. No formal salary survey was commissioned in 2007, but for those years in which the Compensation Committee does not commission a formal salary survey, the base salary midpoints may be adjusted at the Compensation Committee's discretion based on expected annual salary structure adjustments as reported in compensation planning surveys. Staff has increased the market medians determined in the 2006 study by 3.75%, based on estimates provided by Mercer to between 3.5% and 4.0%.

In addition, Mercer initiated a survey, the 2007 Mercer Compensation Survey of Investment Groups within University Endowments and Foundations, which UTIMCO paid a fee to be a participant and receive the survey. Market median base salaries as reported in the survey were increased by 3.75%, also based on the market median estimate increases of 3.5% to 4.0% provided by Mercer.

Side by side comparisons of the 2006 Mercer benchmarking study and the 2007 Mercer Compensation Survey of Investment Groups, with Adjusted Median Salary increased by 3.75% were included in the Compensation Committee materials for comparison with UTIMCO's base salary and performance compensation.

Reference: UTIMCO Compensation Program

TAB 5

Agenda Item
UTIMCO Board of Directors Meeting
July 11, 2007

Agenda Item: Discussion and Consideration of UTIMCO 2007-2008 Budget

Developed By: Carter, Moeller, Iberg

Presented By: Zimmerman, Iberg

Type of Item: Action required by UTIMCO Board; Action required by Board of Regents

Description: This agenda item presents the recommended UTIMCO 2007-2008 Operating Budget of \$66,197,284, Capital Budget of \$427,629 and Fee Request of \$16,463,902 for UTIMCO Board approval.

Recommendation: UTIMCO staff recommends that the UTIMCO 2007-2008 Operating Budget, Capital Budget, and Fee Request be approved as presented.

Discussion: UTIMCO staff recommends a total operating budget of \$66,197,284 for the 2007-2008 fiscal year - a 15.4% increase over the prior year budget. Additionally, UTIMCO staff recommends a capital budget of \$427,629, an increase of \$260,629, or 156%, for FY 2008. Finally, UTIMCO staff recommends a fee request of \$16,463,902 for the 2007-2008 fiscal year – an 18.1% increase over FY 2007.

Reference: UTIMCO 2007-2008 Operating Budget

RESOLUTION RELATED TO BUDGET

RESOLVED, that the Corporation's Operating Budget of \$66,197,284, Capital Budget of \$427,629 and Fee Request of \$16,463,902 for the period September 1, 2007 through August 31, 2008 be, and is hereby approved, subject to approval by the U. T. System Board of Regents.



THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

2007-2008

**Proposed Operating Budget,
Capital Budget, and Fee Schedule**

July, 2007



Operating Budget Overview



Budget Overview

| | Proposed Budget 2007-2008 Fiscal Year | Current Budget 2006-2007 Fiscal Year | Increase (Decrease) | % |
|---------------------------------------|---|--|------------------------|--------------|
| UTIMCO Services | 16,463,902 | 13,940,638 | 2,523,264 | 18.1% |
| Direct Costs to Funds | 49,733,382 | 43,419,267 | 6,314,115 | 14.5% |
| Total Operating Budget | \$ 66,197,284 | \$ 57,359,905 | \$ 8,837,379 | 15.4% |
| As a Percent of Assets Managed | 0.300% | 0.296% | 0.004% | |

(USING MID-YEAR VALUES)



2006 - 2008 Operating Budgets

| | 2005-2006 | | Fav (Unfav) | | 2006-2007 | | Fav (Unfav) | | 2007-2008 | | % Change from 2007 Budget |
|---|---------------|---------------|-----------------|--|---------------|---------------|--------------|---------------|-----------|--|---------------------------|
| | Budget | Actual | Variance | | Budget | Projected | Variance | Budget | | | |
| UTIMCO Services | | | | | | | | | | | |
| Salaries, Wages and Accrued Vacation | 6,479,278 | 4,492,078 | 986,200 | | 5,909,955 | 4,985,344 | 924,611 | 6,215,658 | 6.9% | | |
| Bonus Compensation and Interest Earned | 1,778,785 | 2,184,963 | (386,178) | | 2,870,989 | 1,794,678 | 1,079,311 | 3,678,213 | 28.0% | | |
| Total Compensation | 8,258,063 | 6,677,041 | 600,023 | | 8,780,944 | 6,777,021 | 2,003,923 | 9,893,871 | 13.8% | | |
| Total Payroll taxes | 346,516 | 312,023 | 33,493 | | 379,078 | 305,035 | 74,043 | 455,271 | 14.6% | | |
| 403(b) Contributions | 445,102 | 327,724 | 87,378 | | 426,513 | 334,992 | 91,521 | 482,934 | 13.3% | | |
| Group Health, Dental, AD&D, Life, LTD | 528,905 | 406,756 | 122,149 | | 608,636 | 419,239 | 189,397 | 715,593 | 17.6% | | |
| Employee Benefits | 344,007 | 734,480 | 209,527 | | 1,034,648 | 754,281 | 280,367 | 1,138,827 | 15.6% | | |
| On-Line Data & Contract Services | 611,619 | 720,880 | (109,261) | | 702,434 | 735,591 | (33,067) | 808,304 | 15.1% | | |
| Hiring, Recruiting and Relocation Expenses | 171,000 | 216,927 | (45,927) | | 323,600 | 529,041 | (205,541) | 655,006 | 104.5% | | |
| Travel & Meetings | 304,896 | 214,111 | 90,877 | | 355,570 | 205,175 | 150,395 | 455,670 | 28.3% | | |
| Employee Education, Dues, Memberships & Subscriptions | 229,997 | 113,986 | 115,001 | | 242,972 | 114,466 | 128,206 | 164,870 | -23.8% | | |
| BOD Meetings | 37,500 | 52,375 | (14,875) | | 37,500 | 50,064 | (12,564) | 57,000 | 52.0% | | |
| Office Expenses | 218,523 | 1,683,204 | (1,110,577) | | 230,608 | 268,719 | (38,111) | 333,622 | 44.6% | | |
| Total General Operating | 1,572,827 | 1,683,204 | (110,577) | | 1,862,284 | 1,902,967 | (10,683) | 2,484,374 | 31.8% | | |
| Total Lease Expense | 307,212 | 655,286 | (348,074) | | 686,485 | 768,193 | (89,708) | 943,042 | 37.0% | | |
| Legal Expenses | 175,000 | 382,045 | (187,045) | | 295,000 | 589,884 | (294,884) | 360,000 | 21.0% | | |
| Accounting fees | 25,000 | 54,106 | (29,106) | | 45,000 | 48,240 | (3,240) | 51,500 | -30.0% | | |
| Compensation Consultant | 25,000 | 95,920 | (70,920) | | 12,500 | 13,100 | (600) | 120,000 | 860.0% | | |
| Board Advisors | 0 | 20,000 | (20,000) | | 17,500 | 15,000 | 2,500 | 30,000 | 100.0% | | |
| Total Professional Fees | 225,000 | 532,071 | (307,071) | | 370,000 | 666,224 | (296,224) | 541,500 | 163.1% | | |
| Total Insurance | 261,700 | 220,634 | 41,066 | | 262,225 | 248,971 | 13,254 | 251,905 | 3.9% | | |
| Depreciation of Equipment, Gain/Loss on Disposal | 339,500 | 504,637 | (165,137) | | 531,974 | 564,487 | (32,513) | 607,500 | 14.2% | | |
| Total UTIMCO Services | \$ 11,449,025 | \$ 11,299,376 | \$ 149,649 | | \$ 13,940,638 | \$ 12,007,190 | \$ 1,933,448 | \$ 16,463,902 | 18.1% | | |
| Direct Costs to Funds | | | | | | | | | | | |
| External Management Fees | 20,420,959 | 17,815,353 | 2,605,606 | | 16,847,098 | 16,814,781 | 32,317 | 18,389,226 | 12.7% | | |
| External Mgt. Fees-Performance Fees | 10,391,371 | 29,648,938 | (19,257,567) | | 20,585,849 | 13,511,475 | 7,074,374 | 23,726,012 | 15.3% | | |
| External Management Fees | 30,812,370 | 47,464,291 | (16,651,921) | | 37,432,947 | 30,326,255 | 7,106,692 | 42,115,238 | 14.1% | | |
| Custodian Fees and other direct costs | 2,353,075 | 1,634,942 | 718,133 | | 1,260,072 | 1,481,423 | (221,351) | 1,536,375 | 21.9% | | |
| Performance Measurement | 621,169 | 484,660 | 136,509 | | 530,599 | 418,869 | 111,730 | 536,700 | 1.1% | | |
| Analytical Tools | 299,570 | 338,530 | (38,960) | | 386,700 | 374,950 | 11,710 | 424,750 | 9.8% | | |
| Risk Measurement | 803,121 | 275,000 | 527,121 | | 650,000 | 639,687 | 210,333 | 657,000 | -31.5% | | |
| Custodian and Analytical Costs | 4,066,935 | 2,734,232 | 1,332,703 | | 3,027,371 | 2,914,949 | 112,422 | 3,184,825 | 4.5% | | |
| Consultant Fees | 103,100 | 852,000 | (748,900) | | 1,356,000 | 1,195,060 | 160,940 | 1,456,000 | 7.4% | | |
| Auditing | 213,920 | 177,944 | 35,976 | | 205,900 | 389,655 | (184,655) | 653,000 | 316.1% | | |
| Controls Assessment (Sarbanes Oxley) | 136,500 | 97,110 | 39,390 | | 124,000 | 124,000 | 0 | 130,000 | -100.0% | | |
| Printing | 150,666 | 163,790 | (13,124) | | 182,250 | 2,075 | 180,175 | 200,519 | 10.0% | | |
| Legal Fees | 556,900 | 764,764 | (206,764) | | 965,000 | 809,546 | 175,454 | 1,231,000 | 25.4% | | |
| Background Searches & Other | 73,200 | 59,147 | 14,053 | | 197,100 | 42,108 | 64,992 | 106,200 | 1.4% | | |
| Other Directs Total | 2,232,388 | 2,111,755 | 120,631 | | 2,356,960 | 2,562,444 | (205,484) | 3,853,316 | 30.2% | | |
| Total Direct Costs to Funds | \$ 37,111,691 | \$ 52,310,279 | \$ (15,198,587) | | \$ 43,419,267 | \$ 35,803,648 | \$ 7,615,619 | \$ 49,733,382 | 14.5% | | |
| Total for Recurring Operations | \$ 48,560,716 | \$ 63,609,655 | \$ (15,048,939) | | \$ 57,359,905 | \$ 47,810,838 | \$ 9,549,067 | \$ 66,197,284 | 15.4% | | |
| As a Percent of Assets Managed (USING MID-YEAR VALUES) | 0.251% | 0.329% | | | 0.296% | 0.247% | | 0.300% | 0.004% | | |



Key Points – UTIMCO Services Budget

- The key points to note regarding the assumptions used to prepare the FY 2008 budget include:
 - **Salaries, Bonuses and Staffing Costs**
 - Budget includes overall salary increases of \$520,000 or 10.3% for existing staff
 - Performance compensation budgeted at historical payment trend rate of 70% of maximum
 - Budget includes consulting fees for evaluation of performance compensation plan - \$108,000
 - Substantial hiring, recruiting & relocating costs to fill vacancies - \$655,000
 - Benefit costs are budgeted at FY 07 rate plus estimate for renewal increase; vacancies are budgeted at full family coverage levels; 403b matching tied to salary levels
 - **General Operating Costs**
 - Budgeted net increase results primarily from:
 - Increased Bloomberg costs and utilization - \$100,000
 - Increased utilization of online investment services - \$75,000
 - Additional security requirements in IT area - \$65,000
 - Travel costs are budgeted at a 16% increase as a result of rate and utilization increases
 - **Lease Costs**
 - Budget includes costs of required expansion of 3,157 additional square feet per original agreement effective January 1
 - Lease operating costs are increasing as a result of higher than anticipated non-controllable pass through costs (taxes, insurance and utilities); property taxes have doubled for Frost in past two years
 - **Professional Costs**
 - Legal fees are adjusted to reflect the addition of in-house counsel
 - Accounting fees are adjusted to reflect the change in external auditors



Staff Positions

New Positions

Accounting & Operations - 2

These positions are being added to accommodate the growth in internal and external audit requirements, increased compliance and diligence work, anticipated increases in fund activity from fully staffed investment groups and from the addition of the inflation hedge group.

Administrative Coordinator

This position is being added to facilitate the streamlining and oversight of file and data management processes at UTIMCO. Responsibilities will include managing the overall workflow of investment files and data, coordinating project work among the departments, providing training, cross-training and backup in the administrative areas.

Revised Positions Approved in Prior Years

Chief Compliance Officer

This position was recommended in the prior year by the UT System Audit Office and has been re-defined by the UTIMCO Board to a more robust capacity. Duties and responsibilities will include annual updating of investment risk assessment and testing, development and updating of investment compliance policies, monitoring compliance of investment policies and investment guidelines by internal and external managers, monitoring compliance with external manager contracts, and reporting to the Chief Investment Officer and the UTIMCO Board.

Managing Director and Analyst – Inflation Hedging

These positions were approved in prior years but have remained vacant during FY 2007. We are recommending that the positions be carried forward into the FY 2008 budget.



Staff Positions

FY 2007 Vacancies – Ongoing Staff Positions

The following positions are currently vacant and are included in the FY 2008 budget for the entire 12 month period:

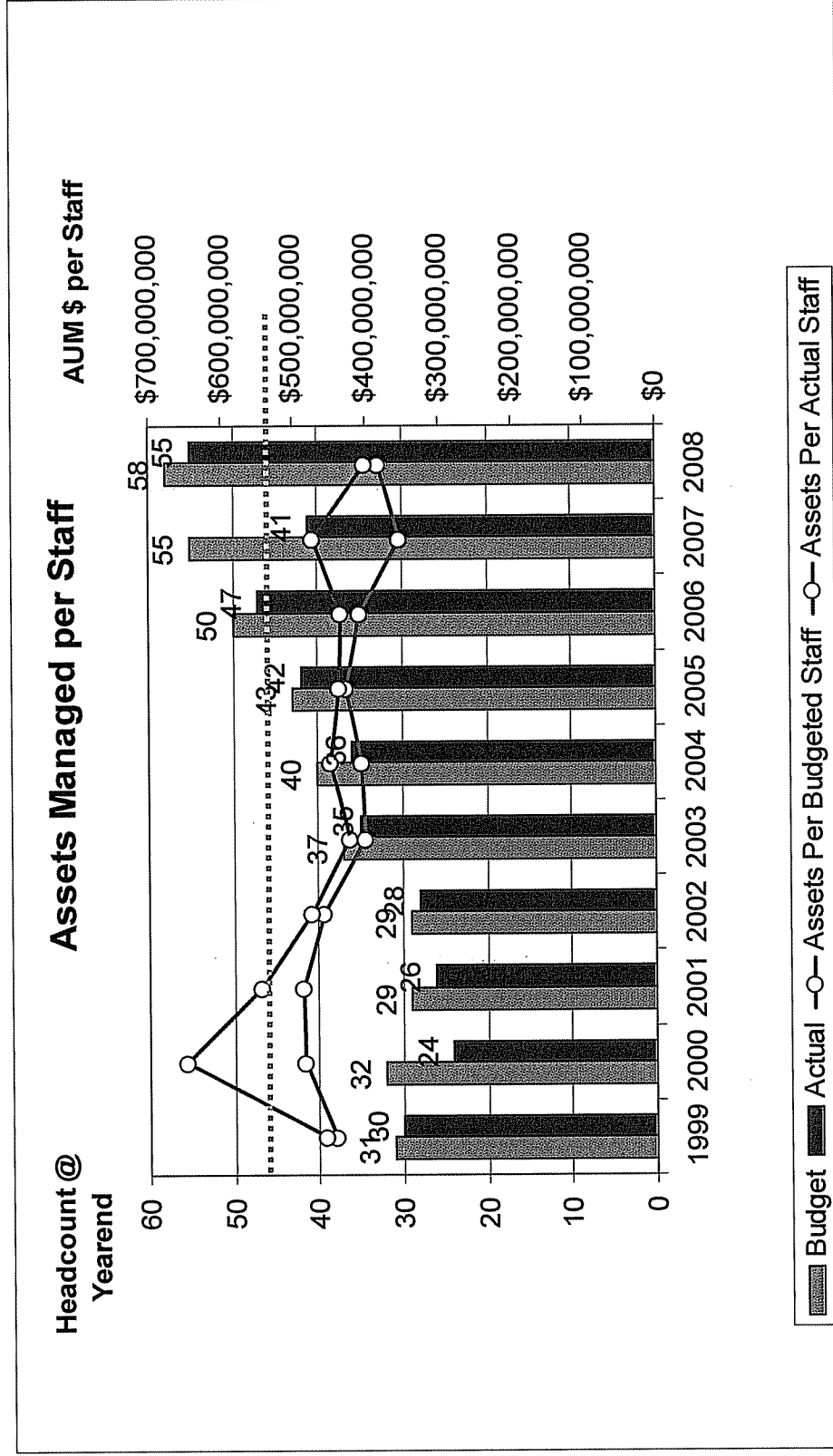
- **Managing Director-Public Markets**
- **Risk Manager**
- **Associate-Marketable Alternatives**
- **Analyst-Private Markets**
- **Analyst-Public Markets**
- **Accountant**
- **Accounting Generalist**
- **Administrative Assistants – 2**

Recap of Headcount Budget – 58 Total Positions

- New positions – 3
- Previously approved, redesigned positions – 3
- Previously approved, removed from 2008 budget - 2
- Existing Positions – vacant - 8
- Existing positions – filled – 44



Staff Headcount





Capital Budget Request

| UTIMCO Services | |
|--|--------------------------|
| Capital Expenditures Budget for FY 2008 | |
| Ongoing: | |
| Computer Server Replacements and Related Software Licenses | \$ 30,000 |
| Staff Computer and Monitor Replacements | 80,000 |
| Phones and Related Equipment | 6,000 |
| Software License Upgrades, Additions | 20,000 |
| Computer Related Equipment | 6,000 |
| Security Enhancements | 6,000 |
| Allowance for Office Artwork and Framing | 15,000 |
| Office Equipment | 5,000 |
| Additional Furniture Purchases | 25,000 |
| Leasehold Improvements | 10,000 |
| | <u>\$ 203,000</u> |
| Expansion : | |
| Phones and Related Equipment | \$ 8,000 |
| Office Equipment | 38,970 |
| Computer Related Equipment | 25,000 |
| Furniture & Fixtures | 89,599 |
| Leasehold Improvements | 236,475 |
| Allowance for buildout | (173,415) |
| | <u>\$ 224,629</u> |
| Total Capital Expenditures | <u>\$ 427,629</u> |



Key Points – Direct Funds Budget

- **Key points to note regarding the assumptions used to prepare the FY 2008 budget include:**
- The largest increase in the budget is attributable to increased external manager fees, base and performance fees, of \$5,282,290. This is largely due to a larger asset base. The largest increase in fees was in the ITF, which had significant increases in asset base as a result of contributions to the fund (ITF was new in prior year). Through May 31, 2007, there was a net contribution to the ITF of \$413.7 million.
- Custodian fees are increasing, largely as a result of increased complex transactions and derivative valuations. However, this still reflects a decrease in costs since reduced fees have been effective with the terms of a new custodian agreement.
- Auditing fees increased \$573,000, over 300%, as a result of hiring a new external auditor; fees are higher due to additional audit hours necessary to be comfortable with valuations of alternative investments.
- Legal fees increased due to anticipated \$250,000 one-time cost associated with a Private Markets planned secondary sale.
- Risk Measurement fees decreased as a result of a reduction in the cost associated with underlying holdings fed directly to risk system provider. Also, the projected number of funds to provide information directly to risk system provider was reduced due to the trend of having underlying holdings sent directly to UTIMCO staff.



Projected Cash Reserves

Cash Reserves at 4-30-2007

| | |
|------------------------|-------------|
| Cash | 7,476,211 |
| Investments | 0 |
| Prepays Expenses | 426,751 |
| Less: Accounts Payable | (1,663,416) |
| Deferred Rent | 0 |

Additional Projected Surplus thru August 31, 2007

325,000

Expected Cash Reserves at August 31, 2007

\$ 6,564,546

2008 Proposed Operating Budget 16,463,902
Applicable Percentage 25%

4,115,975

2008 Proposed Capital Expenditures

427,629

427,629

Required Cash Reserves

\$ 4,543,604

Conclusion: Reserves May Exist to Rebate back to the UT Investment Funds



UTIMCO 2007 - 2008 Proposed Fee Schedule

UTIMCO Fee and Direct Budgeted Investment Expenses Annual Fee and Allocation Schedule

For the fiscal year ending August 31, 2008

| Proposed Budget | Fund Name | | | | | | Separate Funds | Total |
|--|------------|---------|-----------|-------------|------------|---------|----------------|------------|
| | PUF | PHF | LTF | GEF | ITF | STF | | |
| Market Value 2/28/07 (\$ millions) | 11,058.6 | 1,047.2 | 4,949.6 | 5,996.8 (2) | 3,519.2 | 1266.7 | 200.3 | 22,041.6 |
| UTIMCO Services | 8,092,788 | 962,151 | 4,648,073 | | 2,760,889 | | | 16,463,902 |
| Allocation Ratio | 49.15% | 5.84% | 28.23% | | 16.77% | | | 100.00% |
| Direct Expenses of the Fund | 9,714,335 | 0 | 0 | 5,251,265 | 4,023,626 | N/A (1) | | 18,989,226 |
| External Management Fees | 12,836,901 | 0 | 0 | 6,813,407 | 4,075,704 | | | 23,726,012 |
| External Management Fees - Performance Based | 3,446,246 | 31,147 | 194,845 | 2,216,398 | 1,129,509 | | | 7,018,144 |
| Other Direct Costs | 25,997,482 | 31,147 | 194,845 | 14,281,070 | 9,228,838 | | 0 | 49,733,384 |
| TOTAL | 34,090,270 | 993,298 | 4,842,918 | 14,281,070 | 11,989,727 | N/A (1) | 0 | 66,197,284 |
| Percentage of Market Value | 0.073% | 0.092% | 0.094% | 0.000% | 0.078% | 0.000% | 0.000% | 0.075% |
| UTIMCO Services | 0.235% | 0.003% | 0.004% | 0.238% | 0.262% | 0.000% | 0.000% | 0.226% |
| Direct Expenses of the Fund | 0.308% | 0.095% | 0.098% | 0.238% | 0.341% | 0.000% | 0.000% | 0.300% |
| FY 2007 Budgeted Costs | 0.307% | 0.089% | 0.094% | 0.242% | 0.333% | 0.000% | 0.000% | 0.296% |
| Change | 0.001% | 0.006% | 0.004% | -0.004% | 0.008% | 0.000% | 0.000% | 0.004% |
| FY 2007 Allocation Ratio | 46.495% | 6.025% | 27.693% | 0.000% | 19.787% | | | |
| Change | 2.659% | -0.181% | 0.539% | 0.000% | -3.017% | | | |

(1) Income is net of fees

(2) Pooled Fund for the collective investment of the PHF and LTF

TAB 6

Agenda Item
UTIMCO Board of Directors Meeting
July 11, 2007

Agenda Item: Discussion and Consideration of Corporate Auditor

Developed By: Moeller; Hill

Presented By: Nye

Type of Item: Action item; Action required by UTIMCO Board

Description: The Audit Charter of the Audit and Ethics Committee ("Committee") sets forth the responsibilities of the Committee and the UTIMCO Board with respect to hiring the Corporation's independent auditor. The Committee recommends the appointment of the independent auditor, and the auditor is ultimately accountable to the Committee and the Board. The external auditors for the investment funds managed by UTIMCO are selected by the U.T. Board of Regents.

Recommendation: Deloitte & Touche LLP be engaged by the UTIMCO Board as the Corporation's independent auditor for the fiscal year ending August 31, 2007, following satisfactory negotiation of an engagement letter by UTIMCO Staff.

Discussion: Ernst & Young has been the investment fund's and the Corporation's auditors since 2003. On April 13, 2007, Ernst & Young LLP informed UTIMCO Staff that they would no longer be able to provide audit services to U.T. System for the investment funds. U.T. System subsequently released a Request for Qualifications ("RFQ") to solicit bids for a replacement auditor for the investment funds. The external auditors for the investment funds are hired by the U.T. System Board of Regents. Two accounting firms responded to the RFQ, and were invited to make oral presentations to a panel of UT System, Texas A&M System, and UTIMCO representatives. Based on the RFQ responses and oral presentations, Deloitte & Touche LLP was deemed to be the best qualified candidate to replace Ernst & Young LLP as the auditor for the investment funds. It is anticipated that the Board of Regents will approve the appointment of Deloitte & Touche LLP to replace Ernst & Young LLP as the investment fund's auditor for the fiscal year ending August 31, 2007 at its meeting on July 11, 2007.

Historically, UTIMCO has selected the same external auditor as was appointed by the Board of Regents for the investment funds to perform the audit of the Corporation. Therefore, staff wishes to negotiate with Deloitte & Touche LLP to perform the audit of the Corporation for the fiscal year ended August 31, 2007. Due to the time constraints caused by the actions of Ernst & Young LLP and the need to appoint a new external auditor for the Corporation as soon as feasible, discussion of this item has not been undertaken by the Audit and Ethics Committee as would be the normal process. With approval of this item, UTIMCO Staff would provide the Chair of the Audit and Ethics Committee with updates as to the status of negotiations and would provide him a draft of the engagement letter prior to it being finalized.

**RESOLUTION RELATED TO INDEPENDENT AUDITOR
FOR THE CORPORATION**

RESOLVED, that the firm of Deloitte & Touche, LLP be, and is hereby, engaged as the independent auditor of the Corporation for the year ended August 31, 2007, following satisfactory negotiation of an engagement letter by UTIMCO Staff.