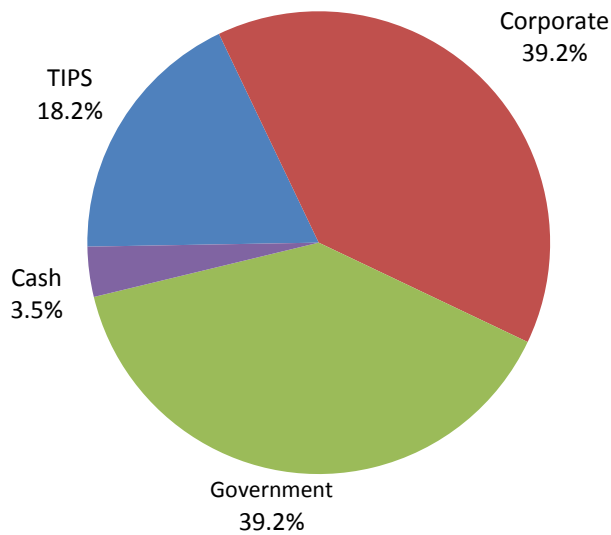


**Preliminary Results for the Quarter Ended June 30, 2010**

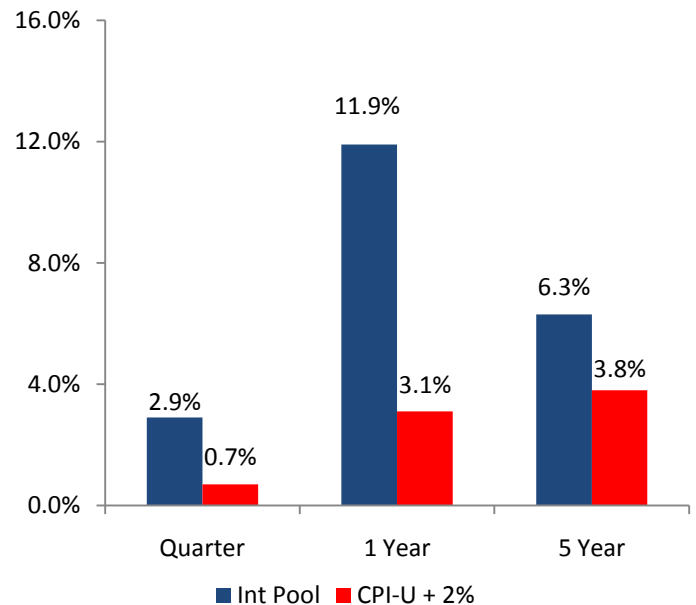
**Intermediate Pool (non-endowed)**

The University of Arkansas Foundation also supports the University of Arkansas System by administering and investing non-endowed private gifts benefiting the campuses and units of the University of Arkansas System. The Foundation invests private non-endowed gifts with a 3 to 5 year investment horizon in a single investment pool (the Intermediate Pool). The Intermediate Pool’s primary objective is to preserve capital and maintain liquidity for our campus constituents while maximizing earnings within acceptable levels of risk. The market value of the Intermediate Pool at June 30, 2010, was approximately \$280.0 million.

**Asset Allocation**



**Performance**



**Commentary**

The Intermediate Pool returned 2.9% for the quarter ending June 30, led by a 3.8% return to the Treasury inflation-protected securities (“TIPS”) as investors became concerned with future inflation. Each segment of the portfolio performed well, benefiting from a general decline in bond yields. The Government bonds, up 3.2%, were also boosted by increased demand from investors concerned with the rise in equity volatility.

The Pool returned 11.9% for the full fiscal year, compared to the Policy Index of 3.1%. This terrific return is well above expectations, and reflects good portfolio positioning, including a well timed shift into TIPS and government bonds in February, and a substantial decline in bond yields throughout the year. Given the current level of interest rates and tight distribution of yields across the bond sectors, investors should expect future returns to be much closer to the Pool’s targeted return of 2% above inflation.