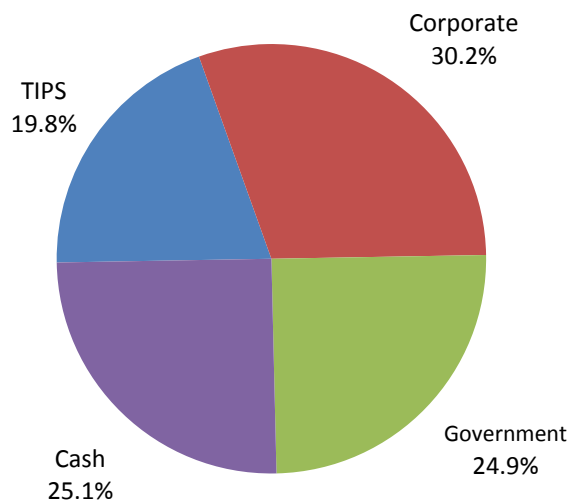


Preliminary Results for the Quarter Ended September 30, 2010

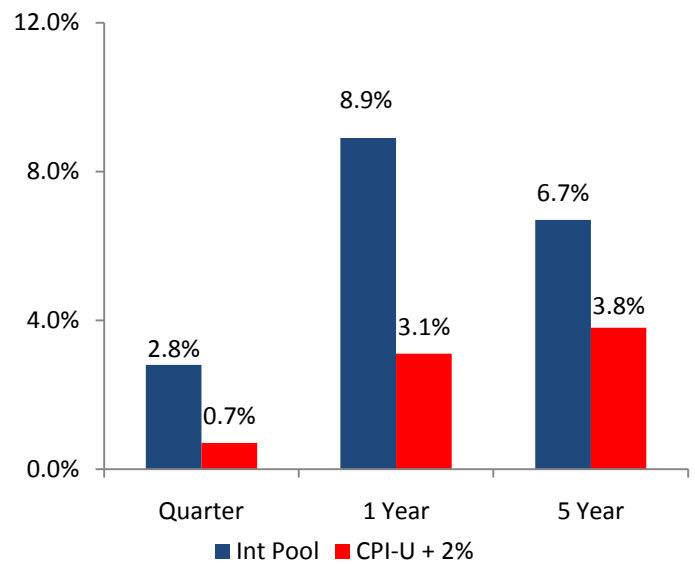
Intermediate Pool (non-endowed)

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 September 30, 2010, was approximately \$315.9 million.

Asset Allocation



Performance



Commentary

The Intermediate Pool had a strong quarter, returning +2.8% during the first three months of the fiscal year. The strong bond market and the falling yields reflected the improving confidence of the credit markets and the desire of the Federal Reserve to hold rates down. Within the bond portfolio, intermediate-term corporate bonds rose 4.0%, continuing the market rally, while government bonds rose 2.1%. The portfolio’s TIPS returned 2.5% for the quarter. This strong start for the bond portfolio surpassed expectations, as the fixed income market remained extremely bullish.

Due to the extremely low yields in government securities, the portfolio’s exposure to them was reduced in July by moving assets into corporate bonds, a move that ended up improving the quarter’s returns. As yields continued to fall throughout the bond market to historically low levels, the portfolio’s cash balance was raised to decrease the future market risks of the portfolio. This move, while “locking in” some of the substantial, early gains, should help the portfolio in ensuring its return goals for the entire fiscal year.