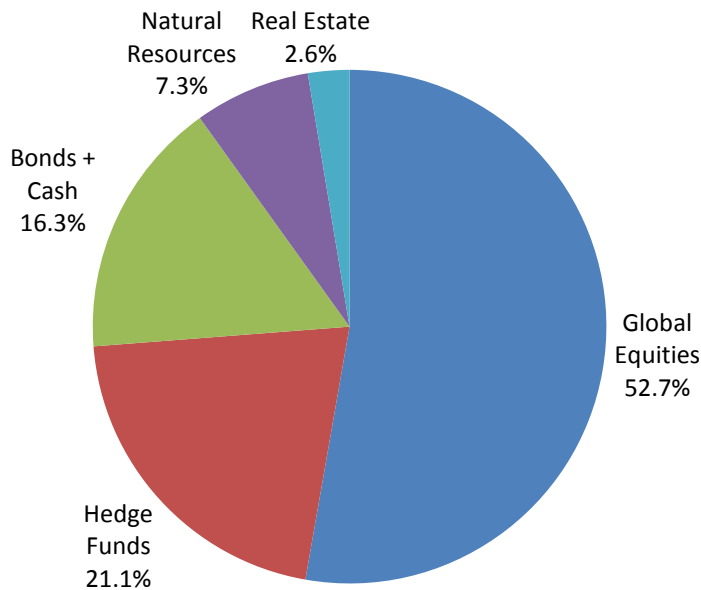


Preliminary Results for the Quarter Ended September 30, 2010

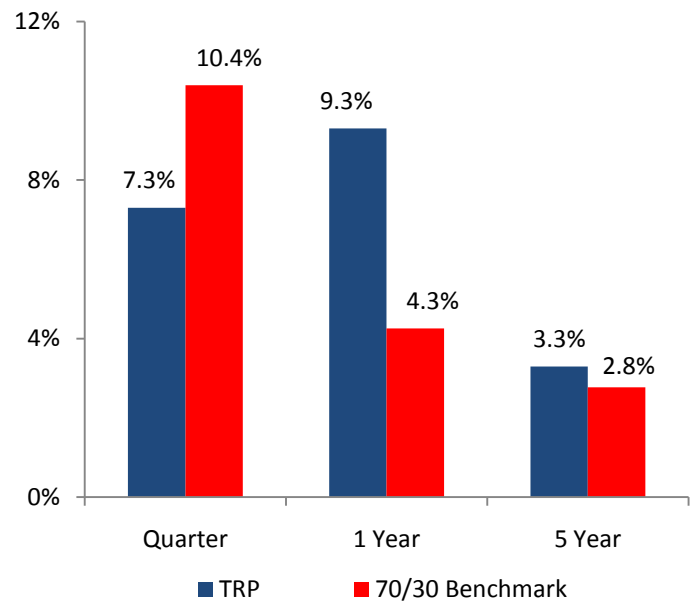
Total Return Pool (Endowment)

The University of Arkansas Foundation supports the University of Arkansas System by administering and investing private gifts benefiting the campuses and units of the University of Arkansas System. The Foundation invests private endowed gifts in a single, highly diversified investment pool (the Total Return Pool) pursuant to an investment policy designed to maintain, over the long-term, a target return of 8%-9% per annum. The market value of the Total Return Pool as of September 30, 2010, was approximately \$965.6 million.

Asset Allocation



Performance



Commentary

The quarter ended September 30 experienced a global rally in equities as the earlier threat of European troubles and other bad omens subsided and expectations for growth and potential quantitative easing increased. For the quarter, the public equity portion of the portfolio soared, with US equities returning 11%, other developed economies, 14%, and emerging markets, 17%. The bond portfolio benefited from the falling yields, rising over 7% in just three months, driven by a 13% return on the non-dollar bonds added earlier in the year. Hedge funds returned 3%. In total, with the marketable portion of the Pool returning 9% for the quarter, the overall Total Return Pool returned 7%, temporarily assuming a 0% return for the non-marketable assets for the quarter as these investments are reported with a lag.

The overall portfolio is positioned fairly close to its target allocations, although the recent drop in yields has prompted reductions in the fixed income portfolio to 16% of the overall portfolio, 4% below its target allocation. This change should reduce potential losses/underperformance to the portfolio should the rates revert to more historically average levels. In addition, the portfolio continued to add to its allocation to hedge funds in order to hedge against the heightened market volatility.