

PUF BENEFICIARIES

THE UNIVERSITY OF TEXAS SYSTEM

- UT Arlington
- UT Austin
- UT Dallas
- UT El Paso
- UT Permian Basin
- UT San Antonio
- UT Tyler
- UT Southwestern Medical Center at Dallas
- UT Medical Branch at Galveston
- UT Health Science Center at Houston
- UT Health Science Center at San Antonio
- UT M. D. Anderson Cancer Center
- UT Health Center at Tyler

THE TEXAS A&M UNIVERSITY SYSTEM

- Prairie View A&M University
- Tarleton State University
- Texas A&M University
- Texas A&M at Galveston
- The Texas A&M University Health Science Center
- Texas Agricultural Experiment Station
- Texas Agricultural Extension Service – Texas Cooperative Extension
- Texas Engineering Experiment Station
- Texas Engineering Extension Service
- Texas Forest Service
- Texas Transportation Institute



FIG. A CUMULATIVE ACTIVITY

1923-2007	(in millions)
Beginning Market Value (1923)	\$ -
PUF Lands Mineral Contributions	4,409
Net Investment Return	15,153
Distributions to the AUF	(7,819)
Ending Net Asset Value (2007)	\$ 11,743

FIG. B FINANCIAL HIGHLIGHTS

Years ended August 31,	2003	2004	2005	2006	(in millions) 2007
Beginning Net Asset Value	\$ 6,738	\$ 7,245	\$ 8,088	\$ 9,427	\$ 10,313
PUF Lands Mineral Contributions	102	147	193	215	273
Net Investment Return	768	1,044	1,487	1,029	1,558
Distributions to the AUF	(363)	(348)	(341)	(358)	(401)
Ending Net Asset Value	\$ 7,245	\$ 8,088	\$ 9,427	\$ 10,313	\$ 11,743

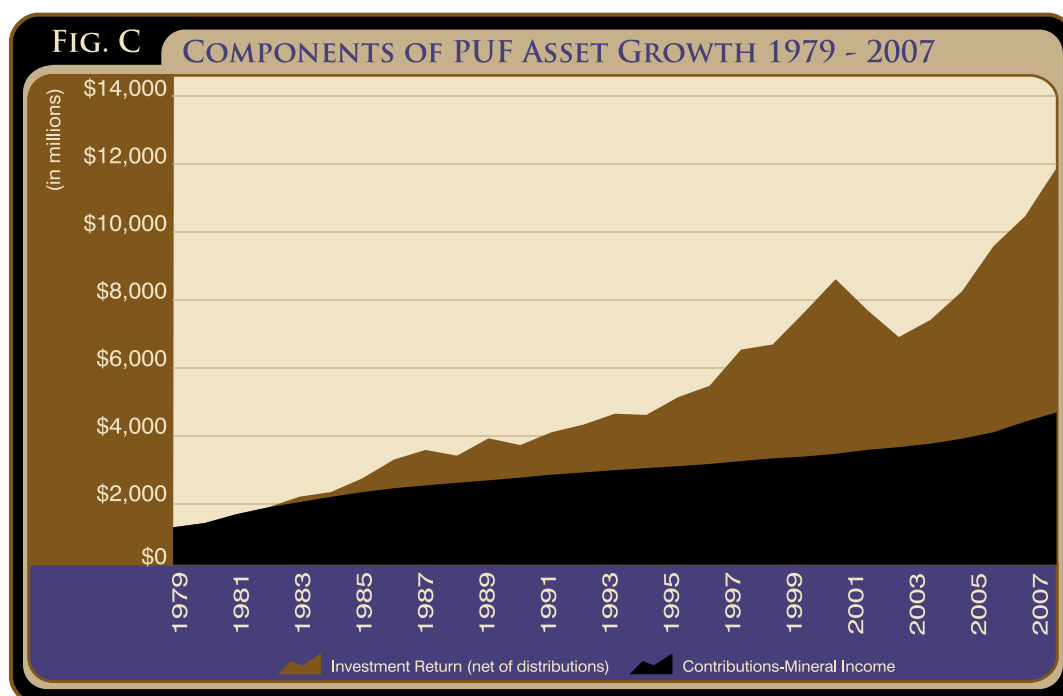


FIG. D ASSET ALLOCATION

Asset Class	Actual as of August 31, 2007	Target
Cash and Cash Equivalents	4.7%	0.0%
Fixed Income	7.1%	10.0%
Treasury Inflation-Protected Securities (TIPS)	3.6%	5.0%
Commodities	3.6%	3.0%
Real Estate Investment Trusts (REITS)	4.5%	5.0%
Absolute Return Hedge Funds	15.0%	15.0%
Directional Hedge Funds	9.8%	10.0%
U.S. Equities	20.5%	20.0%
Non-U.S. Developed Equity	10.9%	10.0%
Emerging Markets Equity	8.4%	7.0%
Private Markets	11.9%	15.0%
Total	100.0%	100.0%

FIG. E BENCHMARK COMPARISON

Asset Class	Actual Net Investment Return	Benchmark Return	Benchmark
Cash and Cash Equivalents	5.4%	5.3%	90 Day T-Bills Average Yield
Fixed Income	5.1%	5.3%	Lehman Brothers Aggregate Bond Index
Treasury Inflation-Protected Securities (TIPS)	3.8%	3.8%	Lehman Brothers U.S. TIPS Index
Commodities	-9.8%	-5.1%	Combination Index: 66.7% Goldman Sachs Commodity Index minus 50 basis points plus 33.3% Dow Jones AIG Commodity Index
Real Estate Investment Trusts (REITS)	5.7%	1.7%	(1)
Absolute Return Hedge Funds	14.7%	6.2%	Morgan Stanley Capital International Investable Hedge Fund Index
Directional Hedge Funds	19.0%	6.2%	Morgan Stanley Capital International Investable Hedge Fund Index
U.S. Equities	15.1%	14.9%	Russell 3000 Index
Non-U.S. Developed Equity	14.1%	18.7%	Morgan Stanley Capital International - EAFE Index with net dividends
Emerging Markets Equity	37.3%	43.6%	Morgan Stanley Capital International - Emerging Markets Index with net dividends
Private Markets	28.6%	23.3%	Venture Economics' Periodic IRR Index
Total	15.3%	13.4%	

(1) The Dow Jones Wilshire Real Estate Security (Full Cap) Index previously used as a benchmark for REITS ceased to be published after June 30, 2007. From September 1, 2006 through June 30, 2007 the benchmark for REITS was the Dow Jones Wilshire Real Estate Security (Full Cap) Index. For the remainder of the fiscal year period July 1, 2007 through August 31, 2007 the benchmark was the Dow Jones Wilshire Real Estate Security (Float) Index.



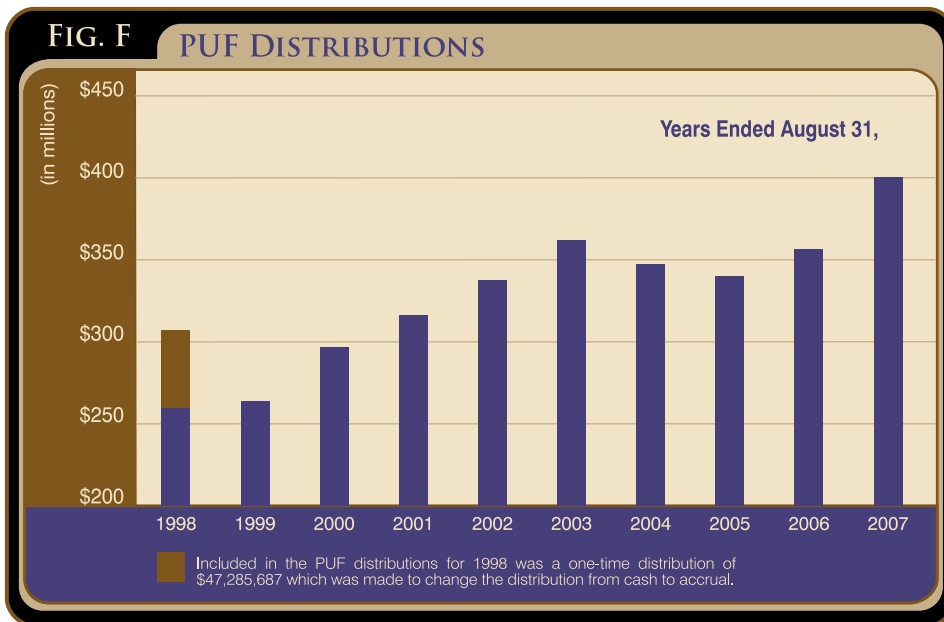


FIG. G CHANGE IN PURCHASING POWER

For the periods ended August 31, 2007

Annual Average	One Year	Five Years	Ten Years
Rate of Investment Return	15.57%	14.64%	9.28%
Mineral Interest	2.48%	2.07%	1.59%
Less:			
Expense Rate	0.29%	0.34%	0.24%
Inflation Rate	1.97%	2.85%	2.60%
Distribution Rate	3.55%	4.47%	4.36%
Change in Purchasing Power	12.24%	9.05%	3.67%

