

University of Washington

Investment Performance Report

First Quarter Fiscal Year 2007
As of September 30, 2006

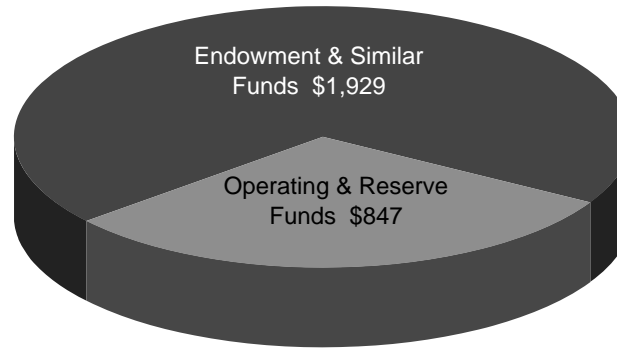
Treasurer, Board of Regents
Treasury Office

Published November 2006

Treasury Assets ¹

As of September 30, 2006

-- \$2.8 Billion



\$'s in Millions

Endowment & Similar Funds	
Consolidated Endowment Fund ²	\$1,723
Life Income Trusts	100
Outside Trusts	55
Non-CEF Endowments	26
Permanent Fund ⁶	25
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	\$1,929

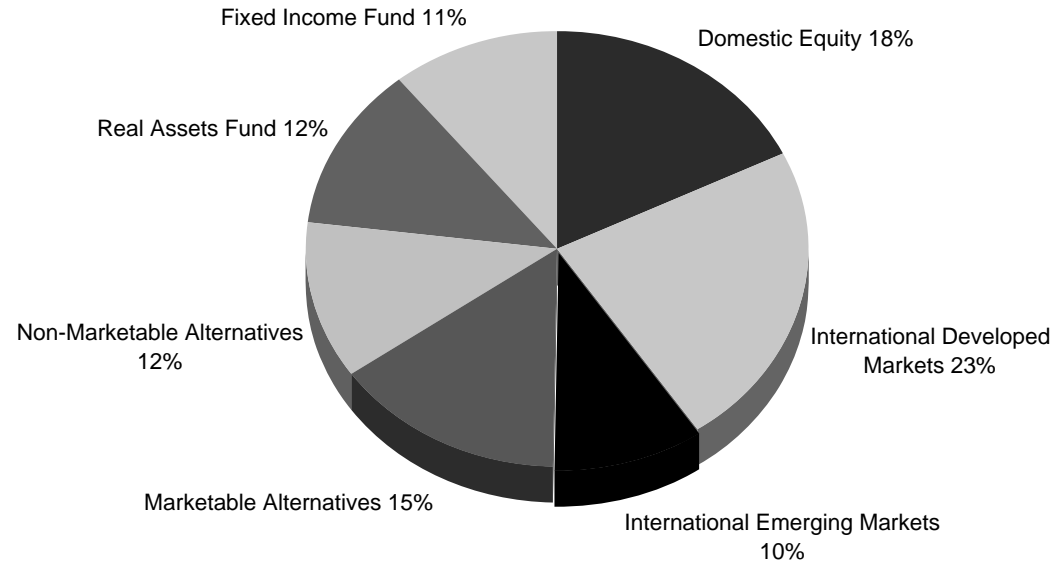
Operating & Reserve Funds	
Invested Funds ^{2,3}	\$780
Bond Retirement Fund ⁴	5
Building Fund ⁴	22
Debt Service Reserve Funds ⁵	6
Bond Proceeds ⁷	34
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	\$847

1. Includes assets whose management falls under the auspices of the Finance & Audit Committee of the Board of Regents. Excludes Metro Tract and Forest Trust Lands. All dollar amounts are expressed in millions and represent market values.
2. The Invested Funds holds Consolidated Endowment Fund units valued at \$380. To avoid double counting, the dollars are included only in the CEF totals.
3. In June 2002, the Board of Regents authorized the establishment of a captive insurance company, Portage Bay Insurance(PBI). The previous insurance vehicle, the Self Insurance Revolving Fund(SIRF), will close after existing claims are resolved. Current balances: PBI \$42.8, SIRF \$20.5.
4. General obligation bond reserve fund on deposit with the state of Washington.
5. Required reserve funds for locally issued bonds (2002 Housing & Dining \$1.6, 2004 Housing & Dining \$0.6, 2004 Parking \$1.4, Roosevelt \$2.0).
6. Proceeds from sale of land grants and subsequent investment returns on deposit with the state of Washington
7. Construction project funds which have not yet been disbursed (IMA \$7.6, Genome/R&T \$14.6, Parking \$11.2)

Asset Allocation

As of September 30, 2006

Consolidated Endowment Fund -- \$1,723 Million



\$'s in Millions

	<u>Current Allocation</u>		<u>Policy Target</u>	<u>Policy Range</u>
Domestic Equity	\$304	18%	18%	10%-40%
International Developed Markets	\$397	23%	20%	10%-35%
International Emerging Markets	\$167	10%	10%	5%-15%
Marketable Alternatives	\$259	15%	16%	5%-25%
Non-Marketable Alternatives	\$201	12%	12%	5%-20%
Other	\$0	0%	0%	0%-10%
Equity Fund	\$1,328	77%	76%	60%-90%
Real Assets Fund	\$209	12%	12%	5%-20%
Fixed Income Fund¹	\$187	11%	12%	5%-35%
Total Consolidated Endowment Fund	\$1,723	100%		

1. Includes allocation to cash

Consolidated Endowment Fund (CEF)

For the Quarter Ending September 30, 2006

Total Return¹ (%)

	1Q FY07	1-Year	5-Year	10-Year
Total CEF Return	2.3	13.0	10.5	11.2
Strategy Weighted Policy Benchmark	3.3	12.8	9.0	10.8
Equity Fund	2.8	14.7	11.5	12.2
Weighted Policy Benchmark	3.8	15.4	9.3	11.4
Real Assets Fund	-0.3	9.6	--	--
Policy Benchmark	0.1	5.5	--	--
Fixed Income Func	2.5	4.5	5.0	6.7
Policy Benchmark (LB Govt Bond)	3.5	3.3	4.3	6.2

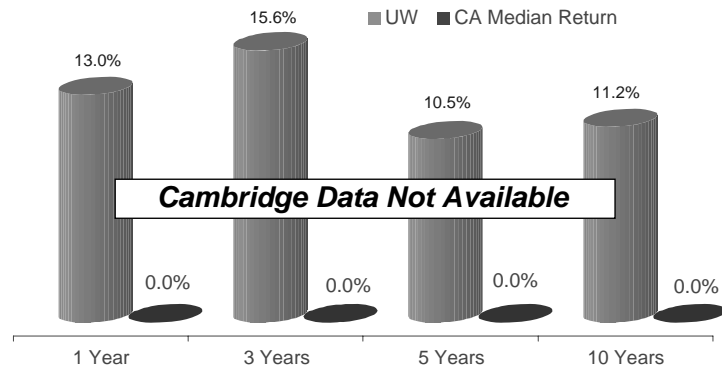
1. Average Annual Compound Return

Activity (\$ in Millions)

	Q1FY07	FY06	FY05	Five Year	Ten Year
Beginning Balance	1,690	1,388	1,216	1,019	416
Gifts	16	114	60	285	460
Transfers	2	22	11	48	94
Total Additions	18	137	71	333	554
IF purchase of CEF units	0	0	30	87	326
Net Investment Return	40	250	160	667	945
Distributions*	(19)	(70)	(76)	(321)	(445)
Administrative Fees	(1)	(3)	(3)	(12)	(20)
Development Support	(3)	(12)	(10)	(49)	(53)
Ending Balance	1,723	1,690	1,388	1,723	1,723
Net Change	34	302	172	704	1,307

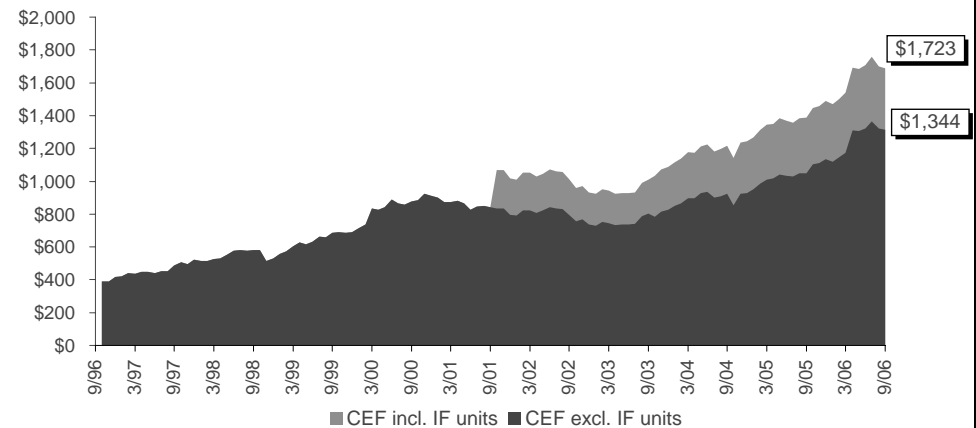
* FY2005 reflects five quarter's distributions due to a change in distribution date

Cambridge Associates Top 50* Universe Performance for periods ending 9/30/06



* Cambridge Associates College and University Investment Pool Top 50 (by Investment Pool Market Value)

Market Value (\$ in Millions)



Performance Update

'Total Return¹ as of 9/30/06

	1Q FY07	1-Year	3-Year	5-Year	10-Year
CONSOLIDATED ENDOWMENT FUND	2.3	13.0	15.6	10.5	11.2
EQUITY FUND	2.8	14.7	17.7	11.5	12.2
Domestic Equity	2.2	8.3	12.9	9.5	10.8
Core Equity	3.6	9.6	13.9	9.8	11.2
Value Equity	4.0	10.3	11.7	9.7	11.6
Growth Equity	-1.0	5.2	14.5	9.2	9.3
International Developed Markets	3.0	15.9	21.4	15.6	8.6
International Emerging Markets	4.0	20.5	29.1	28.7	--
Marketable Alternatives	2.5	10.7	12.5	10.7	--
Non-Marketable Alternatives ²	2.4	22.5	19.3	5.1	14.2
REAL ASSETS FUND	-0.3	9.6	16.8	--	--
FIXED INCOME FUND	2.5	4.5	4.0	5.0	6.7
MARKET INDICES					
<i>Equity Indices</i>					
S&P 500	5.7	10.8	12.3	7.0	8.6
Russell 3000	4.6	10.2	13.0	8.1	8.7
Russell 2000	0.4	9.9	15.5	13.8	9.1
Dow Jones	5.3	13.1	10.4	8.0	9.2
NASDAQ	4.0	5.0	8.1	8.6	6.3
MSCI ACWI ex US	4.0	19.4	23.9	16.4	7.6
Emerging Markets (IFCG)	4.2	18.8	31.7	29.3	8.3
<i>Fixed Income Indices</i>					
LB Government Bond	3.5	3.3	2.8	4.3	6.2
JP Morgan Global Hedged Bond Index	3.5	3.3	4.1	4.6	6.6

Sources: Cambridge Associates and Northern Trust

1. Total Return: average annual compound return (dividend or interest plus capital appreciation or depreciation)

2. Provided by Cambridge Associates on a quarter lag.

Invested Funds (IF)

For the Quarter Ending September 30, 2006

Total Return¹ (%)

	1Q FY07	1-Year	5-Year	10-Year
Cash	2.0	4.1	3.0	5.0
Citi 2 Yr Treasury	2.0	3.5	2.9	4.6
Liquidity	2.7	3.4	3.9	5.8
LB Intermediate Govt Bond	2.9	3.5	3.7	5.6
IF excluding CEF units	2.5	3.6	3.7	5.6
Weighted Benchmark	2.7	3.6	3.5	5.4
IF including CEF units	2.5	6.6	5.8	7.3
Weighted Benchmark	2.9	6.6	5.4	7.1

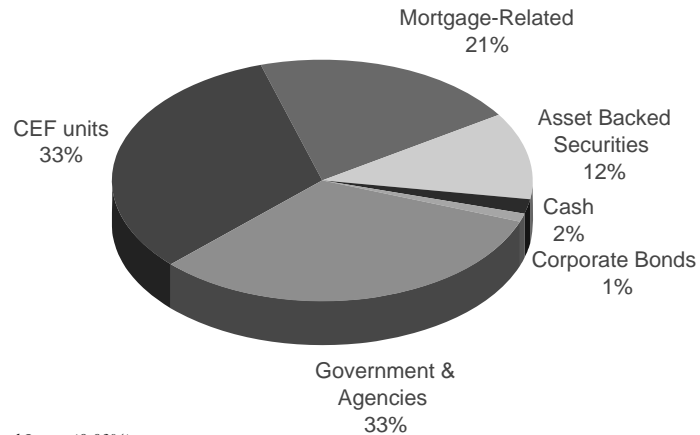
1. Average Annual Compound Return

Fund Allocation By Pool (\$ in Millions)

	Fund Allocation		Range	Fixed Income Duration	
				Actual	Max
Cash Pool	\$241	21%	10% - 40%	2.0	3.0 yrs
Liquidity Pool¹	539	46%	30% - 60%	3.2	4.0 yrs
Total Cash & Liq. Pool	\$780	67%			
CEF Units held by IF		33%	15% - 40%		
Total Invested Funds		100%			

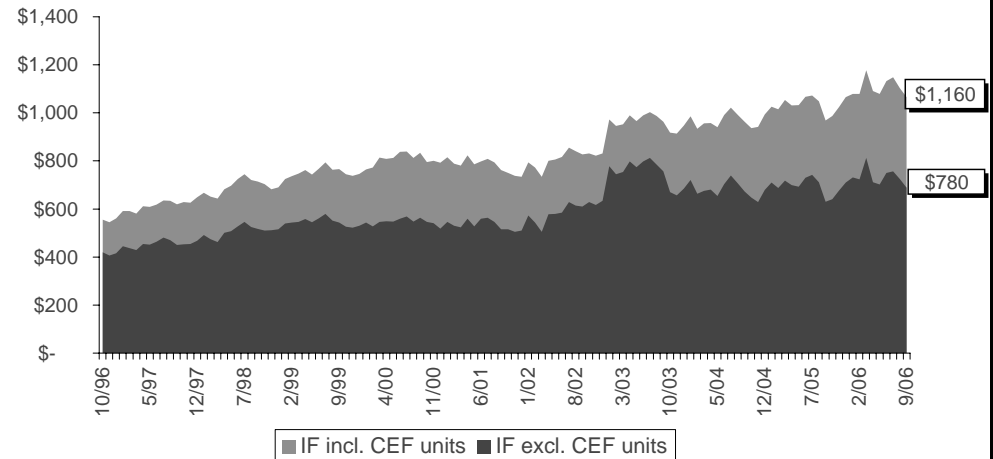
1. Include Interfund Loans

Mix of Investments¹



1. Not shown - Interfund Loans (0.03%)

Market Value (\$ in Millions)



University of Washington Investment Program

Summary of Actions Taken Under Board Delegated Authorities

January 1, 2006 through November 2, 2006

By the Chief Investment Officer

Private Markets

Approved	Action	Manager / Fund	Strategy	Description	Investment (millions)
01/19/06	Reup	Arclight Energy III	Non-Marketable Alternatives	Energy Fund	\$12.0
01/27/06	New	Madrona Venture III	Non-Marketable Alternatives	Venture - NW Early Stage	\$3.0
01/27/06	Reup	Beacon Strategic IV	Real Assets	US Real Estate	\$5.0
02/09/06	Reup	TA Subordinated Debt Fund II	Non-Marketable Alternatives	Buyout - Domestic	\$4.5
02/09/06	Reup	TA Fund X	Non-Marketable Alternatives	Buyout - Domestic	\$5.6
03/24/06	Reup	Bain Capital IX	Non-Marketable Alternatives	Buyout - Global	\$10.0
03/24/06	Reup	Texas Pacific Group V	Non-Marketable Alternatives	Buyout - Global	\$12.0
03/24/06	New	CLSA - Aria Fund III	Non-Marketable Alternatives	Buyout - Pan Asian	\$5.0
04/20/06	New	Morgan Stanley RE Special Situations Fund III	Real Assets	Global Real Estate	\$10.0
05/12/06	New	JC Flowers	Non-Marketable Alternatives	Buyout - Global	\$5.0
05/22/06	Addition	Ignition Ventures III	Non-Marketable Alternatives	US Venture Capital	\$1.2
06/06/06	New	Centerbridge Capital	Non-Marketable Alternatives	Global Private Equity & Distressed Debt	\$3.0
07/28/06	New	Orbis Real Estate Fund I	Real Assets	India Real Estate	\$7.0
08/04/06	Reup	Domain VII	Non-Marketable Alternatives	US Venture Capital	\$5.0
08/24/06	New	Gemini Oil & Gas Fund II	Real Assets	Global Energy Fund	\$5.0
08/24/06	Reup	Varde Fund VIII	Marketable Alternatives	European & US Distressed	\$10.0
09/08/06	Reup	Bridger Capital Swiftcurrent	Marketable Alternatives	Equity Long / Short	\$5.0
10/13/06	New	Commonfund Capital Natural Resources VIII	Real Assets	Global Natural Resource Fund	\$7.5
10/20/06	Reup	Adamas Partners	Marketable Alternatives	Fund of Funds	\$2.0

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University of Washington Investment Program

Summary of Actions Taken Under Board Delegated Authorities

January 1, 2006 through November 2, 2006

Public Markets

Approved	Action	Manager / Fund	Strategy	Description	Investment (millions)
01/05/06	Addition-Nikkei Futures	Northern Trust Securities	International Developed Markets	Japan market exposure	\$15.0
01/19/06	New	Arisiag Asia Fund	International Emerging Markets	Greater Asia	\$3.0
01/19/06	New	Tree Line Capital (Lloyd George Asian Plus)	International Emerging Markets	Asia Focus	\$7.0
01/19/06	Addition	State Street Global Advisors	International Emerging Markets	Diversified Emerging Markets Index	\$10.0
03/03/06	Reduction-Nikkei Futures	Northern Trust Securities	International Developed Markets	Japan market exposure	-\$30.0
03/09/06	Reduction	State Street Global Advisors	International Emerging Markets	Diversified Emerging Markets Index	-\$25.0
04/10/06	Addition	Martin Currie	International Emerging Markets	Greater China	\$2.0
04/14/06	Addition	Arisiag Asia Fund	International Emerging Markets	Greater Asia	\$2.0
04/14/06	New	Ward Ferry Asian Reconnaissance Fund	International Emerging Markets	Asia Pacific - Small Cap Growth	\$5.0
05/12/06	Reduction	State Street Global Advisors	International Emerging Markets	Diversified Emerging Markets Index	-\$60.0
05/12/06	New-Derivative Position	Goldman Sachs	International Emerging Markets	Long side of EM index swap	\$20.0
05/12/06	New	State Street Global Advisors	International Developed Markets	EAFE Index	\$20.0
05/12/06	Addition	Morgan Stanley Relative Value Fund of Funds	Fixed Income	Alpha Engine	\$20.0
06/30/06	Termination	Sparx Value Creation Fund	International Developed Markets	Japan small cap	-\$30.0
06/30/06	Termination	MAC Japan	International Developed Markets	Japan small cap	-\$32.0
07/27/06	New	Northern Trust	Domestic Equity	S&P 500 Futures (exited position 9/11/06)	\$15.0
08/15/06	Modification	Martin Currie	International Emerging Markets	China - increase "A" share exposure to 15%	na
10/06/06	New	Harris Capital	International Developed Markets	International Large Cap	\$40.0
10/06/06	Reduction	Harris Capital	International Developed Markets	Rebalance to large cap exposure	-\$20.0
10/06/06	Reduction	Axiom International	International Developed Markets	Rebalance to large cap exposure	-\$10.0
10/06/06	Reduction	State Street Global Advisors	International Developed Markets	Rebalance to large cap exposure	-\$10.0

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