

Recap of Foundation Investment Performance for the Quarter Ended March 31, 2006:

For the third quarter of the 2005-06 fiscal year (the nine-month period ended March 31, 2006), the Foundation's rate of return is estimated at 9.5%, which is equivalent to approximately \$9.8 million of realized and unrealized gains. For this nine-month period, the Foundation's total fund outperformed the comparable financial indexes, which were up 8.8%. The Foundation's fiscal year-to-date gains are comprised of a 14.2% gain on equities, a 0.9% gain on fixed income investments, and a 9.9% gain on alternative investments.

Foundation Investment Policies:

The Foundation's current asset allocation consists of 49.9% of the total amount invested in equities, 26.2% of the total amount invested in fixed income, and 23.9% of the total amount invested in alternative investments. This is in line with our asset allocation policy, which establishes a target allocation of 50% of the assets invested in equities (of which 10% are to be international equities), 25% of the assets invested in fixed income, and 25% of the assets invested in alternative investments.

As a reminder, the Foundation's unrestricted, temporarily restricted and permanently restricted funds are pooled together so that any gains/losses affect all funds in accordance to the ratio of those funds to the total amount invested. It is the Board of Directors' policy to assume responsibility for the unrealized and realized gains/losses related to unrestricted and temporarily restricted accounts. In the same manner, all endowment gains/losses affect endowment balances.

Historical Data:

The following are Foundation **annual** investment gains/losses made in previous years:

06/30/05:	9.3% (gain)
06/30/04:	14.5% (gain)
06/30/03:	3.7% (gain)
06/30/02:	- 4.66% (loss)
06/30/01:	- 10.9% (loss)
06/30/00:	11.7% (gain)
06/30/99:	11.6% (gain)
06/30/98:	13.6% (gain) *
12/31/97:	15.8% (gain)
12/31/96:	13.1% (gain)

* The Foundation switched from a December 31st year-end to a June 30th fiscal year-end, resulting in a six-month fiscal year ended June 30, 1998.

Quarterly Commentary:

The quarter ending March 31, 2006 began strongly with positive equity results. The S&P 500 Index rose about 4% by the end of the quarter, while the NASDAQ Composite rose more than 6%. This occurred despite low return expectations, further tightening by the Federal Reserve, and rising long-term interest rates. After 10 consecutive quarters of growth in S&P 500 earnings, there are signs that earning gains are slowing down.

The new Chairman of the Federal Reserve, Ben S. Bernanke, raised the Fed Funds rate at the beginning of the quarter to 4.75%. The continued increase of short-term interest rates began to impact

the 10-year Treasury. By the end of the quarter the yield increased nearly 50 basis points (0.50%) to 4.85%.

Inflation remains static despite high oil prices. Crude oil prices rose slightly for the quarter, up 2% and were approaching \$70 a barrel at the end of March. Strangely, given high oil price expectations, rising interest rates, and a slowdown in housing market, the Consumer Confidence Index's March reading was close to a four-year high. This was mainly due to strong economic growth, GDP, around 4% and continued strong employment. The Employment Report (non-farm payrolls) increased by 243,000 jobs in February and the unemployment rate held steady at 4.8%. Over the past year the unemployment rate has remained below 5%, a level that is considered "full employment".

Additionally, indicating inflationary pressures, the core Producer Price Index-excluding food and energy increased by 0.4% in January and 0.3% in February. The Consumer Price Index (CPI) rose 0.1% in February. The core CPI also rose by 0.1% in March. In recent months, the personal savings rate in the U.S. has been negative for the first time since the Great Depression. It is expected that consumers may slow their spending, which will impact the economy and stock market negatively, but will be offset by increases in business investment.

Foundation investment performance has increased throughout the third quarter of the 2005-06 fiscal year. Monthly investment performance closed in January, February, and March at 7.9%, 7.7%, and 9.5%, respectively. Although the Foundation's investment portfolio is performing favorably at this time, reserves are in place to offset future negative market fluctuations. We also advise departments to continue being prudent in their spending in order to further prepare for the uncertain future of the market.

Additional information on Foundation investments may be obtained by calling Marisel Lieberman in the Foundation office at 305-348-3338. Thank you.