



# INVESTMENT PERFORMANCE SUMMARY

Prepared for

*The Investment Advisory Committee  
Of The Regents of the  
University of California*

Fourth Quarter 2004



## Investment Performance Summary

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# CONSOLIDATED ASSETS

December 31, 2004

	Market Value (\$M)	Total Return			Annualized Total Return		
		Recent Quarter	Fiscal YTD	Calendar YTD	Three Years	Five Years	Ten Years
<b>UCRP</b>	<b>\$ 41,978</b>	<b>8.05%</b>	<b>8.60%</b>	<b>11.59%</b>	<b>6.45%</b>	<b>3.68%</b>	<b>12.06%</b>
Policy Benchmark		7.25%	7.99%	10.87%	6.91%	2.85%	11.85%
Variance to Benchmark		+0.80%	+0.61%	+0.72%	-0.46%	+0.83%	+0.21%
<b>GEP</b>	<b>\$5,126</b>	<b>8.42%</b>	<b>8.82%</b>	<b>12.24%</b>	<b>6.45%</b>	<b>3.60%</b>	<b>12.19%</b>
Policy Benchmark		7.28%	8.01%	11.05%	6.89%	2.86%	11.86%
Variance to Benchmark		+1.14%	+0.81%	+1.19%	-0.44%	+0.74%	+0.33%
<b>HIP</b>	<b>\$67</b>	<b>2.10%</b>	<b>8.52%</b>	<b>8.02%</b>	<b>8.74%</b>	<b>9.73%</b>	<b>11.66%</b>
Policy Benchmark		4.22%	11.27%	11.99%	10.00%	11.01%	10.17%
Variance to Benchmark		-2.12%	-2.75%	-3.97%	-1.26%	-1.28%	+1.49%
<b>STIP</b>	<b>\$7,777</b>	<b>0.88%</b>	<b>1.72%</b>	<b>3.42%</b>	<b>3.81%</b>	<b>4.64%</b>	<b>5.45%</b>
Policy Benchmark		0.66%	1.32%	2.24%	2.20%	3.38%	4.60%
Variance to Benchmark		+0.22%	+0.40%	+1.18%	+1.61%	+1.26%	+0.85%
<b>403(b) &amp; Defined Contribution Plans' Funds</b>	<b>\$8,539</b>	(See 403(b) & Defined Contribution Plans' section for performance results)					
<b>Other Endowments</b>	<b>\$603</b>						
Less STIP balances in other portfolios	-\$1,093						
<b>Total Assets</b>	<b>\$ 62,996</b>	<b>6.94%</b>	<b>7.49%</b>	<b>10.31%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Entity Benchmark <sup>1</sup>		6.22%	6.88%	9.44%	N/A	N/A	N/A
Variance to Benchmark		+0.72%	+0.61%	+0.87%	N/A	N/A	N/A

Notes: Policy benchmarks are defined in Appendix 2. Returns for periods less than one year are not annualized. Market values include accrued income except for STIP's asset value which is stated at amortized book value plus accrued interest. The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.

1. UC Entity benchmark is a blend of the indexes described in Appendix 2, each weighted by the percentage it represents in the total assets.



# UNIVERSITY OF CALIFORNIA RETIREMENT PLAN (UCRP)

December 31, 2004

## I. Investment Performance

	Market Value (\$M)	Total Return			Annualized Total Return		
		Recent Quarter	Fiscal YTD	Calendar YTD	Three Years	Five Years	Ten Years
<b>UCRP</b>	<b>\$41,978</b>	<b>8.05%</b>	<b>8.60%</b>	<b>11.59%</b>	<b>6.45%</b>	<b>3.68%</b>	<b>12.06%</b>
Policy Benchmark		7.25%	7.99%	10.87%	6.91%	2.85%	11.85%
Variance to Benchmark		+0.80%	+0.61%	+0.72%	-0.46%	+0.83%	+0.21%
<b>U.S. Equity<sup>1</sup></b>	<b>\$23,973</b>	<b>10.19%</b>	<b>8.08%</b>	<b>12.03%</b>	<b>2.77%</b>	<b>-1.77%</b>	<b>10.99%</b>
Policy Benchmark		9.97%	7.90%	11.85%	4.68%	-1.54%	12.51%
Variance to Benchmark		+0.22%	+0.18%	+0.18%	-1.91%	-0.23%	-1.52%
Active Portfolio <sup>2</sup>	\$6,405	10.85%	8.58%	12.37%	N/A	N/A	N/A
Passive Portfolio	\$17,568	9.95%	7.90%	11.85%	N/A	N/A	N/A
<b>Fixed Income<sup>3</sup></b>	<b>\$10,809</b>	<b>1.80%</b>	<b>6.63%</b>	<b>6.65%</b>	<b>8.71%</b>	<b>9.77%</b>	<b>11.22%</b>
Policy Benchmark		1.59%	6.58%	6.60%	8.01%	9.53%	9.26%
Variance to Benchmark		+0.21%	+0.05%	+0.05%	+0.70%	+0.24%	+1.96%
<b>TIPS<sup>3</sup></b>	<b>\$2,691</b>	<b>2.50%</b>	<b>6.47%</b>	<b>8.50%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Policy Benchmark		2.51%	6.45%	8.46%	N/A	N/A	N/A
Variance to Benchmark		-0.01%	+0.02%	+0.04%	N/A	N/A	N/A
<b>Non-U.S. Equity<sup>1</sup></b>	<b>\$3,792</b>	<b>14.72%</b>	<b>16.20%</b>	<b>20.84%</b>	<b>13.42%</b>	<b>-3.35%</b>	<b>2.06%</b>
Policy Benchmark		15.37%	16.47%	20.91%	13.39%	-1.05%	0.46%
Variance to Benchmark		-0.65%	-0.27%	-0.07%	+0.03%	-2.30%	+1.60%
Passive Portfolio-Dev. Markets	\$3,311	15.04%	15.38%	20.61%	12.27%	N/A	N/A
Emerging Markets	\$481	15.91%	26.01%	25.48%	21.76%	4.25%	6.00%
<b>Private Equity</b>	<b>\$654</b>	<b>31.07%</b>	<b>30.72%</b>	<b>45.65%</b>	<b>4.85%</b>	<b>9.81%</b>	<b>28.71%</b>
Policy Benchmark		-1.15%	0.98%	17.65%	-0.31%	-3.06%	14.39%
Variance to Benchmark		+32.22%	+29.74%	+28.00%	+5.16%	+12.87%	+14.32%
<b>Real Estate<sup>4</sup></b>	<b>\$36</b>	<b>0.76%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Policy Benchmark <sup>4</sup>		1.13%	N/A	N/A	N/A	N/A	N/A
Variance to Benchmark		-0.37%	N/A	N/A	N/A	N/A	N/A
<b>Liquidity Portfolio</b>	<b>\$23</b>	<b>0.68%</b>	<b>2.90%</b>	<b>3.71%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

Notes: Policy benchmarks are defined in Appendix 2. The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.

1. For 5 and 10 year periods returns were reclassified to match current asset classes.

2. As of December 31, 2003, the allocation between active and passive U.S. Equity reflects the transition to an initial allocation of 25% in active externally managed strategies. The inception date for this portfolio is January 1, 2004, and this transition occurred over the course of calendar year 2004. Performance shown above reflects that these assets have been passively managed over part of calendar year 2004. The remaining U.S. Equity (75%) will continue to be passively managed.

Quarterly reports prior to December 31, 2003 have shown U.S. Equity allocated between a "core passive" portfolio (30%) and a "transitional" portfolio (70%). The latter represented the discontinued internally managed equity portfolio. This change in presentation has no impact on performance or performance attribution, as all U.S. Equity has been passively managed since December 2002.

3. Fixed income securities are 100% internally managed.

4. Performance is for the 1-month period ending 12/31/2004.



## I. Performance Objectives

1. UCRP annualized total return (net of all fees and expenses) was 6.45% over the past three years and 3.86% over the past five years, which is below the Plan's actuarial rate of return of 7.5%.
2. UCRP Funded Ratio as of 12/31/04 is 113.9% based on Actuarial Value and 115.9% based on Market Value.
3. UCRP annualized total return was greater than the rate of increase in the Consumer Price Index over the past 3 year and 5 year periods (2.75% and 2.6% respectively).
4. UCRP annualized total return lagged its policy benchmark over the past three year period by 46 bp but outperformed over the past five year period by 83 bp.

II. For information on the portfolio's risk exposures see page 6, and for information on risk limits, see the separate quarterly risk report. During the past quarter, the portfolio's total risk was slightly less than budget but within allowed ranges. The portfolio's active risk was below the allowed range; this condition will continue until the active program in all asset classes has been implemented.

III. Net investment expenses incurred by the Treasurer for managing the public securities of the UCRP were (expressed as a percent of assets at 12/31/04) 1.3 bp for the quarter (not annualized) and 2.5 bp for the preceding 12 months.

## IV. UCRP Asset Allocation Plan and Guideline Compliance

The UCRP portfolio complies with policy guidelines unless an exception is noted below.

### Asset Allocation

	Assets (\$M)	Actual%	Policy Target%	Interim Allocation	Variance from Interim	Policy Range	Range Compliance
<b>Equity</b>							
U.S. Equity	\$23,973	57%	50%	56%	1%	} 53-73%	Yes
Non-U.S. Equity	\$3,792	9%	7%	7%	2%		
<b>Fixed Income</b>							
Bonds	\$10,809	26%	28%	30%	-4%	} 25-45%	Yes
TIPS	\$2,691	6%	5%	5%	1%		
Private Equity	\$654	2%	5%	2%	0%	1-7%	Yes
Real Estate	\$36	0%	5%	0%	0%	0-7%	Yes
Liquidity Portfolio	\$23	0%	0%	0%	0%	0-10%	Yes
<b>Total Assets</b>	<b>\$41,978</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>			

### Private Equity Sector Allocation

	Assets (\$M)	% of P.E. Portfolio	Policy Target %	Variance	Policy Range	Range Compliance
Venture Cap.	\$341	52%	50%	2%	30-70%	Yes
Buyouts	\$214	33%	50%	-17%	30-70%	Yes
Non-U.S.	\$93	14%	0%	14%	0-10%	No
Distributions	\$6	1%				
<b>Total Assets</b>	<b>\$654</b>	<b>100%</b>	<b>100%</b>			

### Non-U.S. Private Equity

Non-U.S. Private Equity will not be emphasized going forward. This exposure is expected to decline over time as the other segments in the private equity portfolio grow.

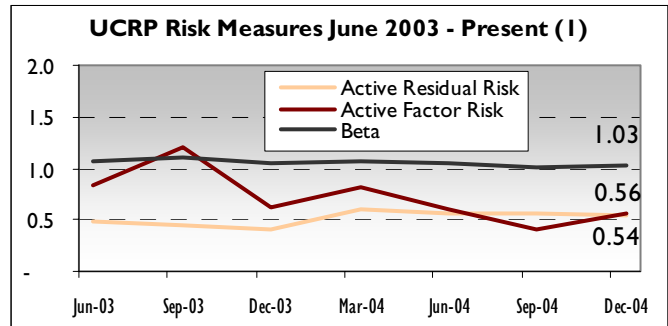
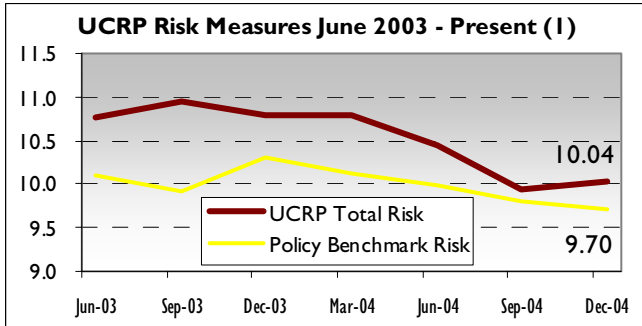
Note: The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.



# UNIVERSITY OF CALIFORNIA RETIREMENT PLAN (UCRP)

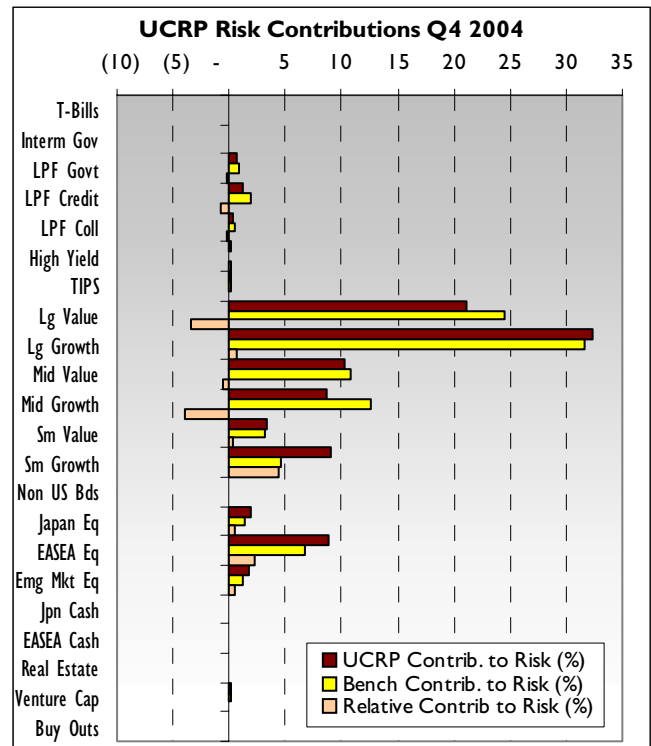
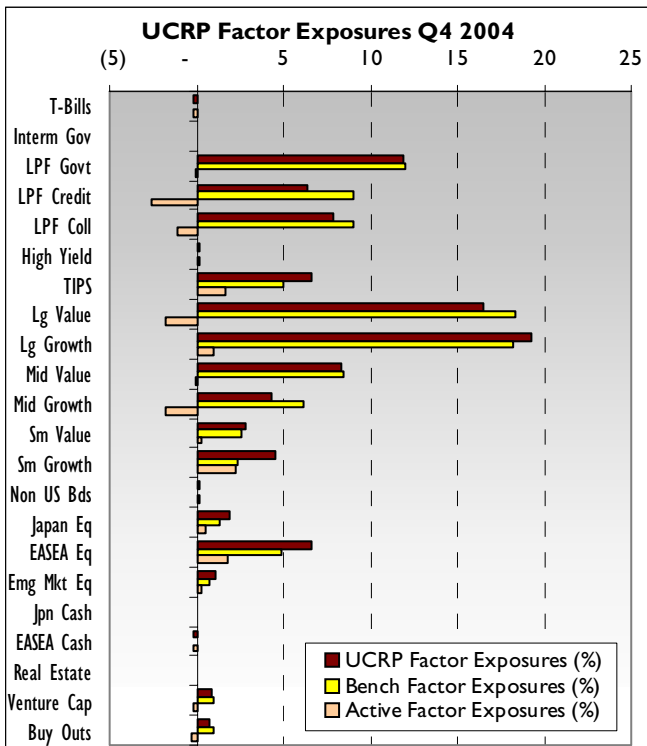
## PORTFOLIO RISK DECOMPOSITION (RISK FACTOR MODEL)

December 31, 2004



FACTOR EXPOSURES (2)			
Asset Allocation (3)	UCRP	Benchmark (5)	Active Exposures
US Equity	55.8	56.0	(0.2)
US Fixed Income	33.1	35.0	(1.9)
Non US (all)	9.7	7.0	2.7
Alternatives	1.4	2.0	(0.6)
TOTAL	100.0	100.0	(0.0)

RISK CONTRIBUTIONS (4)			
Risk Allocation (3)	UCRP	Benchmark (5)	Relative Risk Contrib.
US Equity	84.8	87.2	(2.4)
US Fixed Income	2.3	3.4	(1.1)
Non US (all)	12.5	9.2	3.3
Alternatives	0.1	0.2	(0.0)
Subtotal Factor Risk	99.7	100.0	(0.3)
Residual Risk	0.3	-	0.3
TOTAL	100.0	100.0	(0.0)



Results shown are based on (a) total fund composition as of quarter end and (b) long term volatility and correlation estimates for 21 risk factors (market benchmarks).

1. Risk estimates are in units of standard deviation, annualized (range of likely results over one year horizon).
2. Factor exposures for each portfolio are estimated by regressing monthly returns over all risk factors.
3. Factors grouped into 4 broad categories; e.g., Domestic Equity consists of 6 risk factors.
4. Risk contributions for each factor are derived by a weighted sum of the covariances of that factor with the total fund.
5. Benchmark is the *effective* benchmark used for performance measurement and includes actual weight of private equity (2%) and real estate (0%).



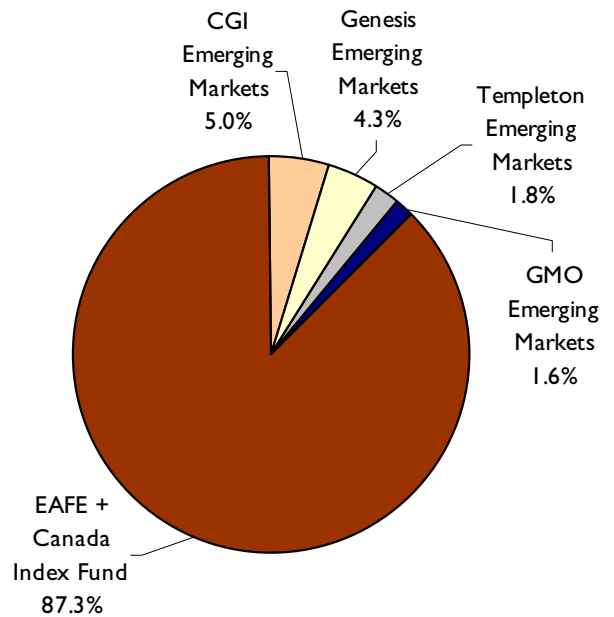
NON-U.S. EQUITY PORTFOLIO ALLOCATIONS

\$3,287 MILLION

December 31, 2004

Non-U.S. Equity Sector Allocation

	Portfolio	Benchmark
Developed Countries	87%	90%
Emerging Countries	13%	10%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>



Top 5 Holdings	Portfolio	EAFE + Canada TF Benchmark
Developed Countries		
United Kingdom	23%	23%
Japan	21%	21%
France	9%	9%
Germany	7%	7%
Switzerland	6%	6%
<b>Total</b>	<b>66%</b>	<b>66%</b>

Top 5 Portfolio Holdings		Top 5 Benchmark Holdings	
Emerging Countries		Emerging Countries	
Korea	20%	Korea	18%
South Africa	10%	Taiwan	14%
Taiwan	9%	South Africa	12%
Brazil	9%	Brazil	10%
India	9%	China	8%
<b>Total</b>	<b>57%</b>	<b>Total</b>	<b>62%</b>

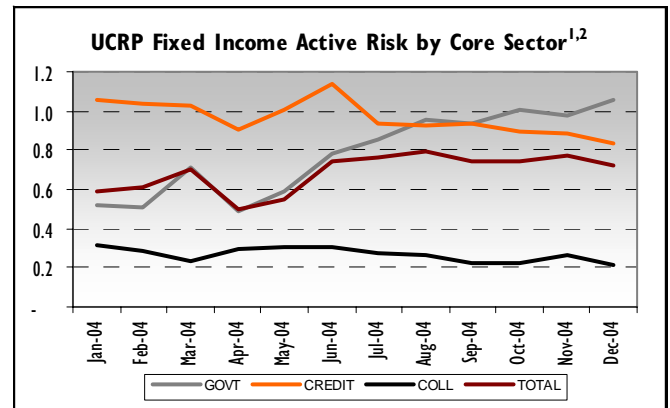
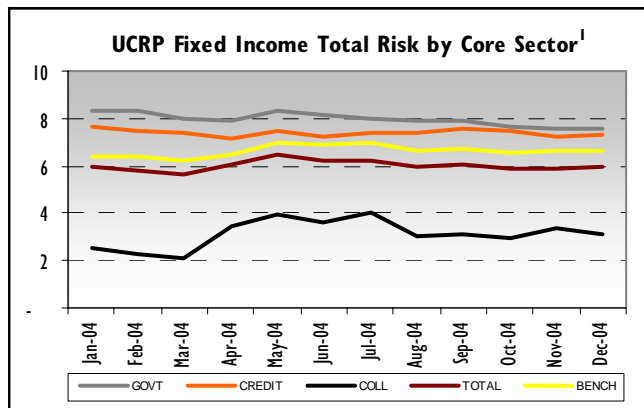
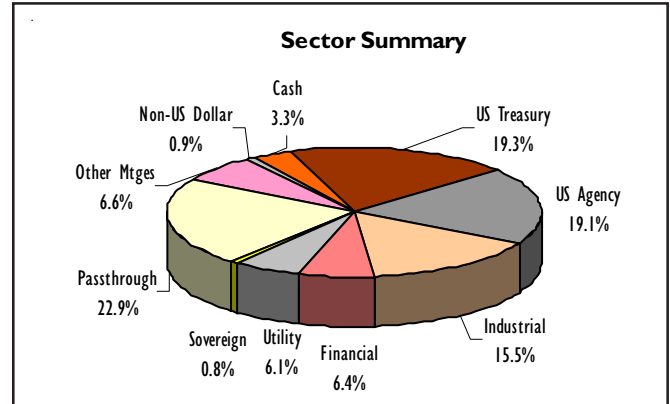
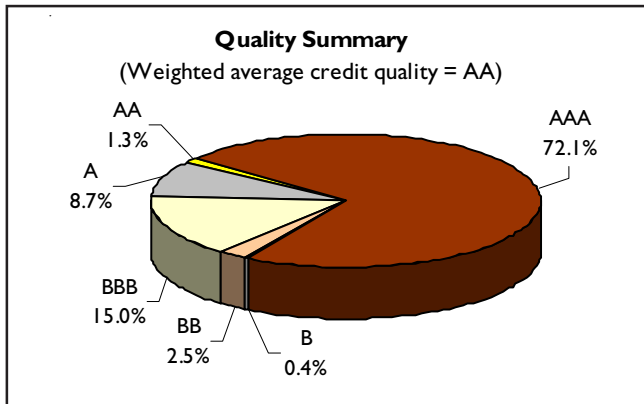


# UNIVERSITY OF CALIFORNIA RETIREMENT PLAN (UCRP)

## BOND PORTFOLIO CHARACTERISTICS

December 31, 2004

	UCRP	Citigroup LPF	Policy
Average Duration	7.2	7.4	+/- 20% to LPF
Average Maturity	12.1	11.4	--
Current Yield	4.4%	4.9%	--
Average Quality	AA	AA+	A



**SECTOR ALLOCATION AND ATTRIBUTION ANALYSIS**  
3 MONTH(S) ENDED Dec, 2004

	Portfolio Sector Alloc.	Benchmark Sector Alloc.	Active Weights	Portfolio Return	Benchmark Return	Active Returns	Sector Alloc. Effect	Security Selection Effect	Interaction Effect	Total Effect
GOVERNMENT	38.37%	40.00%	-1.63%	1.42%	1.22%	0.19%	0.00%	0.08%	-0.01%	0.07%
CORPORATE	28.63%	30.00%	-1.37%	2.69%	2.35%	0.34%	-0.01%	0.10%	-0.01%	0.08%
MORTGAGE	29.45%	30.00%	-0.55%	1.30%	1.29%	0.01%	0.00%	0.00%	0.00%	0.00%
OTHER	0.84%	0.00%	0.84%	10.98%	1.59%	9.39%	0.00%	0.00%	0.08%	0.08%
CASH	2.71%	0.00%	2.71%	0.66%	0.44%	0.22%	-0.03%	0.00%	0.01%	-0.02%
<b>TOTAL FIXED INCOME</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>1.80%</b>	<b>1.59%</b>	<b>0.21%</b>	<b>-0.04%</b>	<b>0.18%</b>	<b>0.06%</b>	<b>0.21%</b>

1. Month-end holdings-based portfolio data used. Data, analytics source: MSCI/Barra, Inc. Total UCRP bond risk as of 12/31/04 was 6.0% annualized standard deviation; below the benchmark (Citigroup LPF) total risk of 6.6%.
2. Fixed Income portfolio is managed in three core sectors (Government, Credit and Collateral). Total active risk is measured relative to its overall benchmark, the Citigroup LPF. Each core sector's active risk is assessed against the corresponding Citigroup LPF's sector index. Total active risk as of 12/31/04 for the UCRP Fixed Income portfolio was 72 bps annualized standard deviation.



# UCRP AND GEP

## ACTIVE U.S. EQUITY: PORTFOLIO RISK, CHARACTERISTICS, AND PERFORMANCE ATTRIBUTION

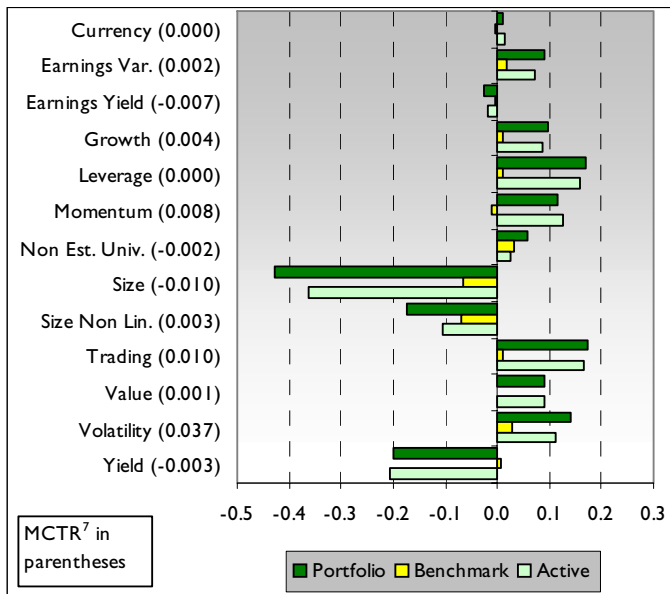
December 31, 2004

PORTFOLIO CHARACTERISTICS VS BENCHMARK <sup>1</sup>		
	UCRP/GEP	RUSSELL 3000
Dividend Yield	1.2	1.6
Price - Earnings Ratio (historical)	21.6	21.6
Price - Book Ratio	4.0	4.0
Debt - Equity Ratio	85.7	85.2
Fundamental Beta	1.04	1.00
Market Capitalization (Cap Wtd)	\$48.3 bn	\$75.3 bn
Number of Holdings	1,772	3,000

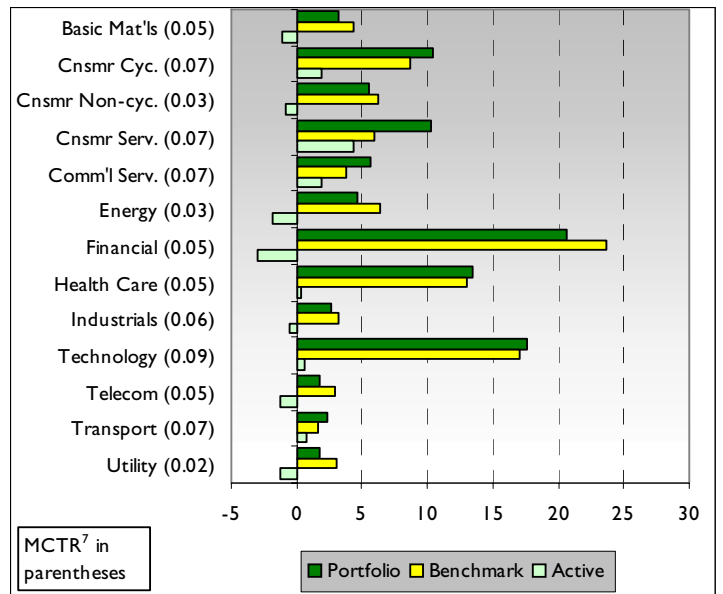
RISK MEASURES / DECOMPOSITION (Qtr End) <sup>2</sup>				
	TOTAL RISK		ACTIVE RISK	
	Risk	Contrib	Risk	Contrib
	%Std dev	%Total	%Std dev	%Active
Common Factor	15.92	99	1.62	79
Style Factors	1.61	1	1.41	60
Sectors	15.19	91	0.73	16
Factor Interaction	N/A	8	N/A	4
Asset Selection	1.20	1	0.82	21
Total	15.97	100	1.82	100
Benchmark	15.18			
Beta	1.05			

PERFORMANCE ATTRIBUTION (one quarter) <sup>3,4</sup>		
	Return	Risk
Total Portfolio	10.85	15.61
Benchmark	9.94	14.87
Active	0.91	1.76
Common Factor	0.59	N/A
Style Factors	0.37	1.21
Sectors	0.22	0.68
Asset Selection	-0.08	0.83
Market Timing	0.43	0.67
Trading	-0.03	0.14

### STYLE EXPOSURES (% Std. Dev.)<sup>5</sup>



### SECTOR EXPOSURES (%)<sup>6,8</sup>



Active U.S. Equity as of 12-31-04 includes fifteen active large capitalization and ten active small capitalization portfolios. Its market value was 27% of total U.S. Equity.

- The benchmark for Active U.S. Equity is the Russell 3000 Tobacco Free Index.
- Risk factor exposures and risk estimates are based on actual holdings as of 12-31-04 using proprietary data and analytics from Barra, Inc.
- Performance covers the period 10-1-2004 to 12-31-2004 (single quarter, not annualized). Performance attribution is based on month end holdings using a buy-hold methodology; calculated returns will differ slightly from the official performance report, which is based on linked daily returns.
- Attribution for the quarter combines active small capitalization and active large capitalization managers.
- Style factor exposures are expressed as % Standard Deviation (annualized).
- Industry sector exposures are expressed in terms of percent weights.
- MCTR = Marginal Contribution to Total Risk, is a risk sensitivity measure. It approximates the change in portfolio total risk that results from a 1% change in the factor exposure.
- The funds' cash position was equitized using S&P 500 futures.



# UCRP, GEP AND DEFINED CONTRIBUTION PLAN EQUITY FUND

## Private Equity Performance

UC Data reported as of December 2004 corresponding to benchmarks as of September 2004.

	Total Return			Annualized Total Return		
	Recent Quarter	Fiscal YTD	Calendar YTD	Three Years	Five Years	Ten Years
<b>UCRP TOTAL FUND PE (incl Int'l.)</b>	<b>31.07%</b>	<b>30.72%</b>	<b>45.65%</b>	<b>4.86%</b>	<b>9.81%</b>	<b>28.71%</b>
PE Custom Index <sup>1</sup> (incl Int'l.)	0.81%	0.69%	20.12%	12.45%	3.41%	16.51%
Variance to Index	+30.26%	+30.03%	+25.53%	-7.59%	+6.40%	+12.20%
<b>GEP TOTAL FUND PE (incl Int'l.)</b>	<b>34.87%</b>	<b>30.72%</b>	<b>48.15%</b>	<b>7.59%</b>	<b>11.67%</b>	<b>28.92%</b>
PE Custom Index <sup>1</sup> (incl Int'l.)	0.81%	0.69%	20.12%	12.45%	3.41%	16.51%
Variance to Index	+34.06%	+30.03%	+28.03%	-4.86%	+8.26%	+12.41%
<b>Equity Fund TOTAL FUND PE (incl Int'l.)</b>	<b>47.51%</b>	<b>48.89%</b>	<b>63.67%</b>	<b>11.17%</b>	<b>14.25%</b>	<b>31.14%</b>
PE Custom Index <sup>1</sup> (incl Int'l.)	0.81%	0.69%	20.12%	12.45%	3.41%	16.51%
Variance to Index	+46.70%	+48.20%	+43.55%	-1.28%	+10.84%	+14.63%
<b>UCRP VENTURE CAP+BUYOUT</b>	<b>40.42%</b>	<b>38.43%</b>	<b>55.29%</b>	<b>7.39%</b>	<b>11.80%</b>	<b>35.62%</b>
<b>GEP VENTURE CAP+BUYOUT</b>	<b>47.44%</b>	<b>45.94%</b>	<b>60.40%</b>	<b>9.95%</b>	<b>13.47%</b>	<b>37.12%</b>
<b>Equity Fund VENTURE CAP+BUYOUT</b>	<b>74.61%</b>	<b>73.66%</b>	<b>91.26%</b>	<b>18.00%</b>	<b>18.75%</b>	<b>40.06%</b>
US PE Custom Index <sup>2</sup>	-1.15%	0.98%	17.65%	8.46%	2.33%	15.91%
C.A. Custom US PE Benchmark <sup>3</sup>	3.99%	5.67%	13.93%	-2.34%	4.92%	20.75%
<b>UCRP VENTURE CAPITAL</b>	<b>79.58%</b>	<b>72.00%</b>	<b>78.58%</b>	<b>3.35%</b>	<b>8.41%</b>	<b>45.27%</b>
<b>GEP VENTURE CAPITAL</b>	<b>114.92%</b>	<b>104.73%</b>	<b>112.23%</b>	<b>9.70%</b>	<b>11.44%</b>	<b>50.34%</b>
<b>Equity Fund VENTURE CAPITAL</b>	<b>256.68%</b>	<b>238.45%</b>	<b>250.02%</b>	<b>30.53%</b>	<b>23.55%</b>	<b>59.42%</b>
Cambridge Assoc. US Venture Cap Index <sup>4</sup>	6.34%	6.71%	8.88%	-12.24%	0.07%	22.90%
Venture Economics Venture Index <sup>5</sup>	-0.70%	0.19%	8.55%	-10.13%	1.52%	21.04%
<b>UCRP BUY OUT</b>	<b>4.33%</b>	<b>6.16%</b>	<b>28.83%</b>	<b>8.92%</b>	<b>8.81%</b>	<b>18.75%</b>
<b>GEP BUY OUT</b>	<b>5.66%</b>	<b>7.82%</b>	<b>23.56%</b>	<b>7.88%</b>	<b>8.49%</b>	<b>17.16%</b>
<b>Equity Fund BUY OUT</b>	<b>1.08%</b>	<b>3.60%</b>	<b>19.62%</b>	<b>7.53%</b>	<b>8.31%</b>	<b>16.20%</b>
Cambridge Assoc. US Private Equity Index <sup>4</sup>	1.57%	4.59%	18.32%	6.76%	4.05%	13.68%
Venture Economics Buyout/Mezzanine Index <sup>5</sup>	1.30%	4.64%	17.24%	7.31%	5.20%	14.00%
<b>UCRP INTL PRIVATE EQUITY</b>	<b>-4.01%</b>	<b>2.78%</b>	<b>11.70%</b>	<b>-4.39%</b>	<b>-1.90%</b>	<b>-4.88%</b>
<b>GEP INTL PRIVATE EQUITY</b>	<b>-3.83%</b>	<b>2.79%</b>	<b>11.95%</b>	<b>-4.83%</b>	<b>-2.04%</b>	<b>-4.78%</b>
<b>Equity Fund INTL PRIVATE EQUITY</b>	<b>-3.78%</b>	<b>2.78%</b>	<b>12.05%</b>	<b>-4.75%</b>	<b>-1.98%</b>	<b>-4.60%</b>
MSCI Emerg Markets Index+3%	8.94%	-0.83%	29.92%	29.38%	8.93%	2.97%

The benchmarks shown above are for informational purposes only and are not The Regents' policy benchmark shown in table 1 on page 4. This information is provided to give additional visibility into Private Equity sector performance relative to multiple performance metrics.

1. Private Equity Custom Index (including international) consists of a weighted average of 80% Russell 3000 TF Index and 20% MSCI Emerging Market Free Index, plus 3%. Prior to July 2000, the Custom Index consisted of the S&P 500 Index +5%. The Custom Index is lagged by three months since inception.
2. US-based Private Equity Custom Index consists of the Russell 3000 TF + 3%. Prior to July 2000, the Custom Index consisted of the S&P 500 Index +5%. The Custom Index is lagged by three months since inception.
3. Cambridge Associates Custom U.S. Private Equity Benchmark consists of the returns of Cambridge Venture and Buyout Indices, weighted by actual allocations within UCRP.
4. Source: Cambridge Assoc. Quarterly End to End Returns Net to LP. Index is preliminary and subject to periodic restatements.
5. Source: Thomson Venture Economics Pooled Average quarterly returns. Index is preliminary and subject to periodic restatements.



# GENERAL ENDOWMENT POOL (GEP)

December 31, 2004

## I. Investment Performance

	Market Value (\$M)	Total Return			Annualized Total Return	
		Recent Quarter	Fiscal YTD	Calendar YTD	Five Years	Ten Years
<b>GEP</b>	<b>\$5,126</b>	<b>8.42%</b>	<b>8.82%</b>	<b>12.24%</b>	<b>3.60%</b>	<b>12.19%</b>
Policy Benchmark		7.28%	8.01%	11.05%	2.86%	11.86%
Variance to Benchmark		+1.14%	+0.81%	+1.19%	+0.74%	+0.33%
<b>U.S. Equity<sup>1</sup></b>	<b>\$2,765</b>	<b>10.19%</b>	<b>8.04%</b>	<b>12.05%</b>	<b>-2.16%</b>	<b>10.86%</b>
Policy Benchmark		9.97%	7.90%	11.85%	-1.54%	12.51%
Variance to Benchmark		+0.22%	+0.14%	+0.20%	-0.62%	-1.65%
Active Portfolio <sup>2</sup>	\$719	10.86%	8.46%	12.42%	N/A	N/A
Passive Portfolio	\$2,046	9.95%	7.89%	11.87%	N/A	N/A
<b>Fixed Income<sup>3</sup></b>	<b>\$1,310</b>	<b>1.72%</b>	<b>6.53%</b>	<b>6.48%</b>	<b>9.64%</b>	<b>10.78%</b>
Policy Benchmark		1.59%	6.58%	6.60%	9.53%	9.26%
Variance to Benchmark		+0.13%	-0.05%	-0.12%	+0.11%	+1.52%
<b>Non-U.S. Equity<sup>1</sup></b>	<b>\$613</b>	<b>14.78%</b>	<b>16.45%</b>	<b>20.54%</b>	<b>-3.97%</b>	<b>2.25%</b>
Policy Benchmark		15.37%	16.47%	20.91%	-1.05%	0.46%
Variance to Benchmark		-0.59%	-0.02%	-0.37%	-2.92%	+1.79%
Passive Portfolio-Dev. Markets	\$532	15.03%	15.38%	20.61%	N/A	N/A
Emerging Markets	\$82	13.18%	23.79%	20.48%	2.56%	5.67%
<b>Private Equity</b>	<b>\$120</b>	<b>34.87%</b>	<b>35.14%</b>	<b>48.15%</b>	<b>11.67%</b>	<b>28.92%</b>
Policy Benchmark		-1.15%	0.98%	17.65%	-3.06%	14.39%
Variance to Benchmark		+36.02%	+34.16%	+30.50%	+14.73%	+14.53%
<b>Absolute Return</b>	<b>\$310</b>	<b>4.32%</b>	<b>4.76%</b>	<b>8.65%</b>	<b>N/A</b>	<b>N/A</b>
Policy Benchmark		1.55%	3.01%	5.77%	N/A	N/A
Variance to Benchmark		+2.77%	+1.75%	+2.88%	N/A	N/A
<b>Real Estate<sup>4</sup></b>	<b>\$4</b>	<b>0.76%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Policy Benchmark <sup>4</sup>		1.13%	N/A	N/A	N/A	N/A
Variance to Benchmark		-0.37%	N/A	N/A	N/A	N/A
<b>Liquidity Portfolio</b>	<b>\$4</b>	<b>0.58%</b>	<b>1.15%</b>	<b>0.48%</b>	<b>N/A</b>	<b>N/A</b>

Note: Policy benchmarks are defined in Appendix 2. The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.

1. For 5 and 10 year periods returns were reclassified to match current asset classes.

2. As of December 31, 2003, the allocation between active and passive U.S. Equity reflects the transition to an *initial* allocation of 25% in active externally managed strategies. The inception date for this portfolio is January 1, 2004, and this transition occurred over the course of calendar year 2004. Performance shown above reflects that these assets have been passively managed over part of calendar year 2004. The remaining U.S. Equity (75%) will continue to be passively managed.

Quarterly reports prior to December 31, 2003 have shown U.S. Equity allocated between a "core passive" portfolio (30%) and a "transitional" portfolio (70%). The latter represented the discontinued internally managed equity portfolio. This change in presentation has no impact on performance or performance attribution, as all U.S. Equity has been passively managed since December 2002.

3. Fixed income securities are 100% internally managed.

4. Performance is for the 1-month period ending 12/31/2004.



# GENERAL ENDOWMENT POOL (GEP)

## II. Asset Allocation Plan and Guideline Compliance

The GEP portfolio complies with policy guidelines unless an exception is noted below.

	Assets (\$M)	Actual%	Policy Target%	Variance	Policy Range	Range Compliance
U.S. Equity	\$2,765	54%	42%	12%	37-50%	No
Fixed Income	\$1,310	26%	28%	-2%	23-35%	Yes
Non-U.S. Equity	\$613	12%	10%	2%	8-12%	Yes
Private Equity	\$120	2%	10%	-8%	5-12%	No
Absolute Return	\$310	6%	5%	1%	0-6%	Yes
Real Estate	\$4	0%	5%	-5%	0-7%	Yes
Liquidity Portfolio	\$4	0%	-	-	-	-
<b>Total Assets</b>	<b>\$5,126</b>	<b>100%</b>	<b>100%</b>			

### **U.S. Equity/Private Equity**

With GEP's Private Equity allocation recently raised, assets from U.S. Equity are being redeployed into Private Equity.

### Private Equity Sector Allocation

	Assets (\$M)	% of Private Equity Portfolio	Policy Target%	Variance	Policy Range	Range Compliance
Venture Cap.	\$55	46%	50%	-4%	30-70%	Yes
Buyouts	\$44	37%	50%	-13%	30-70%	Yes
Non-U.S. Distributions	\$20	16%	0%	16%	0-10%	No
	\$1	1%				
<b>Total Assets</b>	<b>\$120</b>	<b>100%</b>	<b>100%</b>			

### **Non-U.S. Private Equity**

Non-U.S. Private Equity will not be emphasized going forward. This exposure is expected to decline over time as the other segments in the private equity portfolio grow.

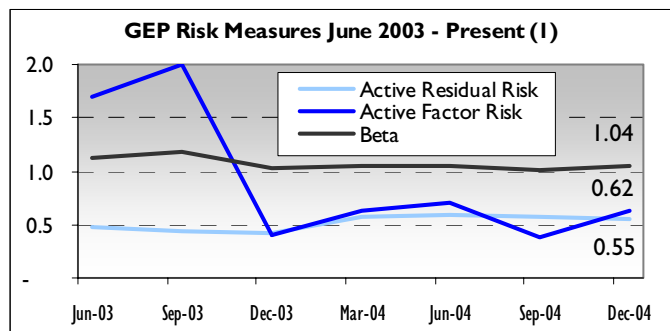
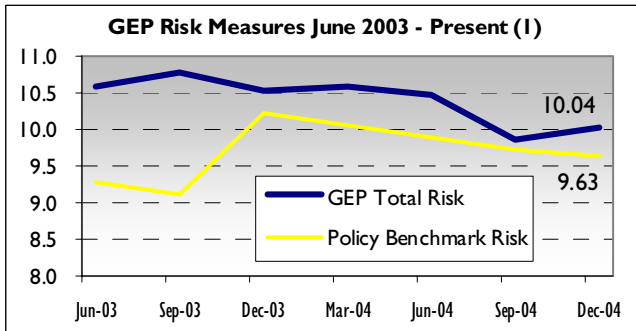
Note: The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.



# GENERAL ENDOWMENT POOL (GEP)

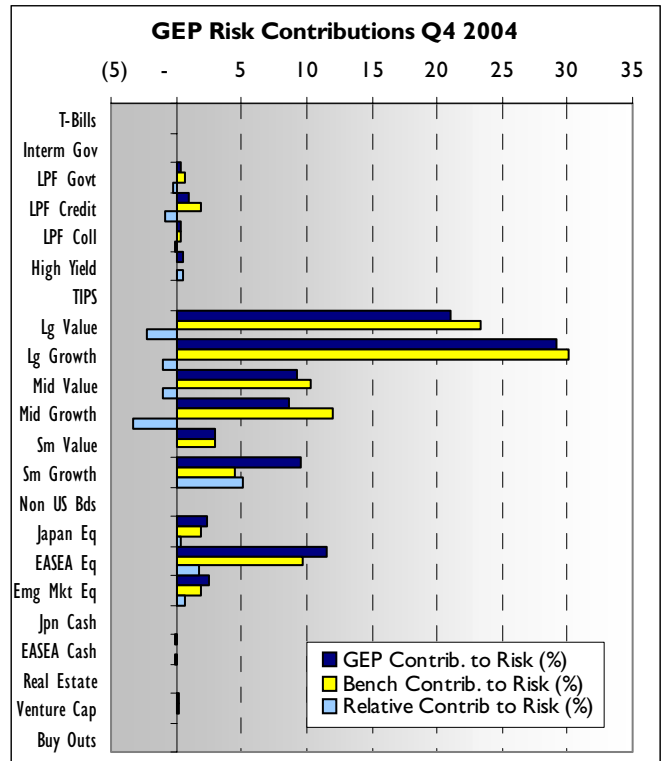
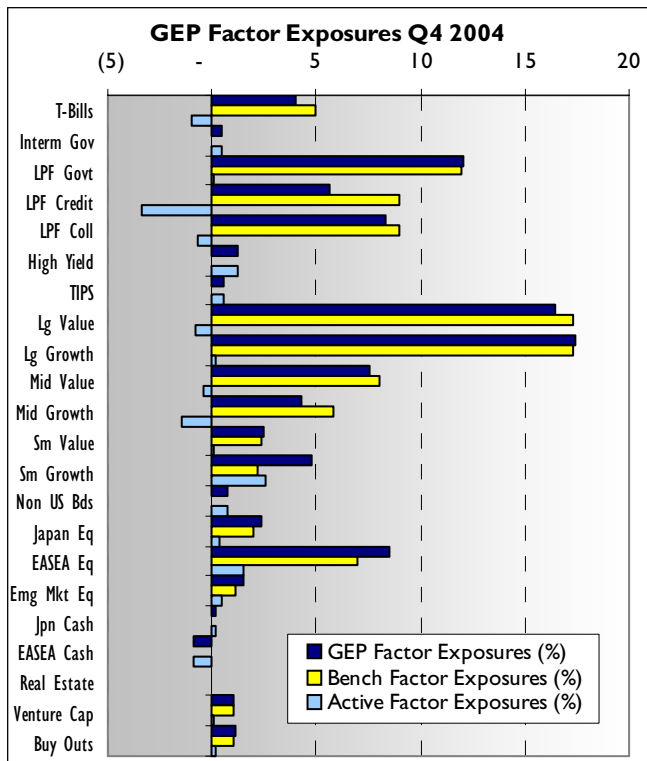
## PORTFOLIO RISK DECOMPOSITION (RISK FACTOR MODEL)

December 31, 2004



FACTOR EXPOSURES (2)			
Asset Allocation (3)	GEP	Benchmark	Active Exposures
		(5)	
US Equity	53.1	53.0	0.1
US Fixed Income	28.2	30.0	(1.8)
Non US (all)	12.5	10.0	2.5
Alternatives	6.2	7.0	(0.8)
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>

RISK CONTRIBUTIONS (4)			
Risk Allocation (3)	GEP	Benchmark	Relative Risk Contrib.
		(5)	
US Equity	80.8	83.3	(2.4)
US Fixed Income	2.1	3.0	(0.8)
Non US (all)	16.6	13.6	3.0
Alternatives	0.2	0.2	0.0
Subtotal Factor Risk	99.7	100.0	(0.3)
Residual Risk	0.3	-	0.3
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>(0.0)</b>



Results shown are based on (a) total fund composition as of quarter end and (b) long term volatility and correlation estimates for 21 risk factors (market benchmarks).

1. Risk estimates are in units of standard deviation, annualized (range of likely results over one year horizon).
2. Factor exposures for each portfolio are estimated by regressing monthly returns over all risk factors.
3. Factors grouped into 4 broad categories; e.g., Domestic Equity consists of 6 risk factors. Non Marketable includes Absolute Returns.
4. Risk contributions for each factor are derived by a weighted sum of the covariances of that factor with the total fund.
5. Benchmark is the *effective* benchmark used for performance measurement and includes actual weight of private equity (2%) and real estate (0%).



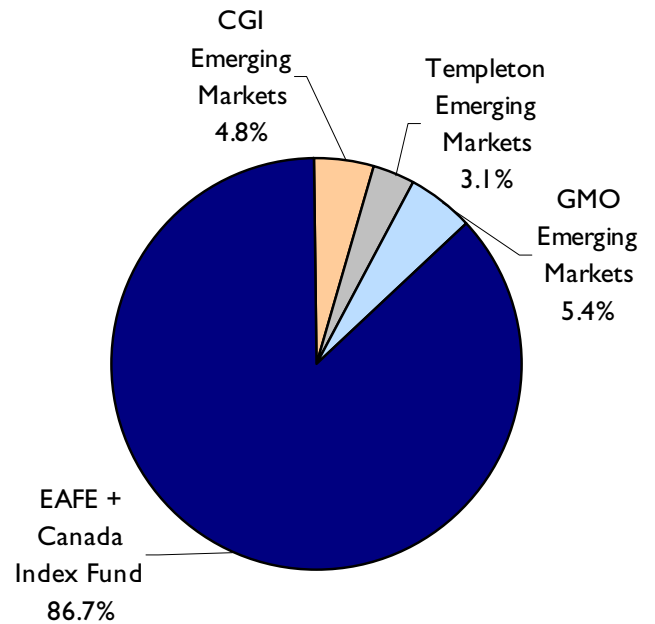
# GENERAL ENDOWMENT POOL (GEP)

## NON-U.S. EQUITY PORTFOLIO ALLOCATIONS \$534 MILLION December 31, 2004

### Non-U.S. Equity Sector Allocation

	Portfolio	Benchmark
Developed Countries	87%	90%
Emerging Countries	13%	10%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

Top 5 Holdings	Portfolio	EAFE + Canada TF Benchmark
Developed Countries		
United Kingdom	23%	23%
Japan	21%	21%
France	9%	9%
Germany	7%	7%
Switzerland	6%	6%
<b>Total</b>	<b>66%</b>	<b>66%</b>



Top 5 Portfolio Holdings		Top 5 Benchmark Holdings	
Emerging Countries		Emerging Countries	
Korea	21%	Korea	18%
Taiwan	13%	Taiwan	14%
Brazil	12%	South Africa	12%
South Africa	9%	Brazil	10%
Mexico	7%	China	8%
<b>Total</b>	<b>62%</b>	<b>Total</b>	<b>62%</b>

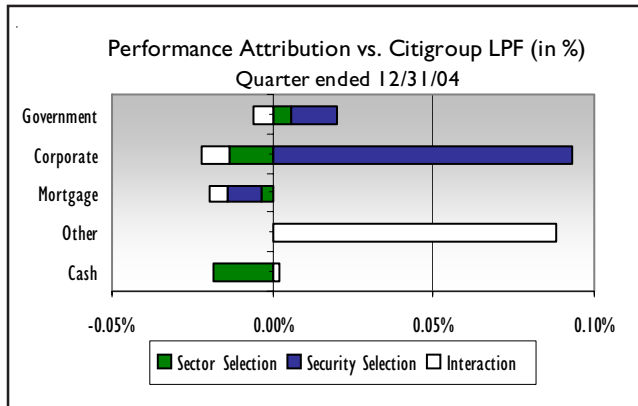
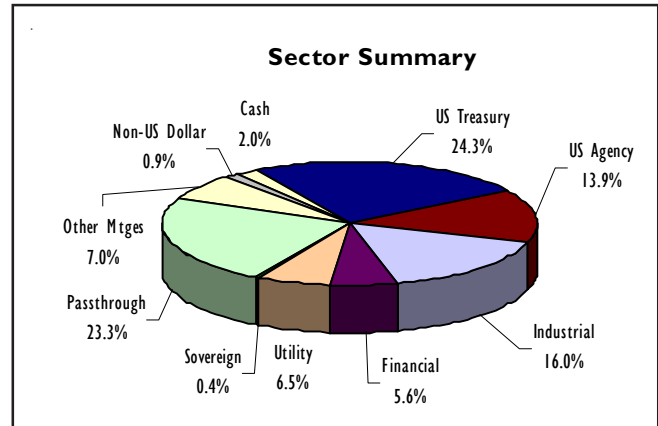
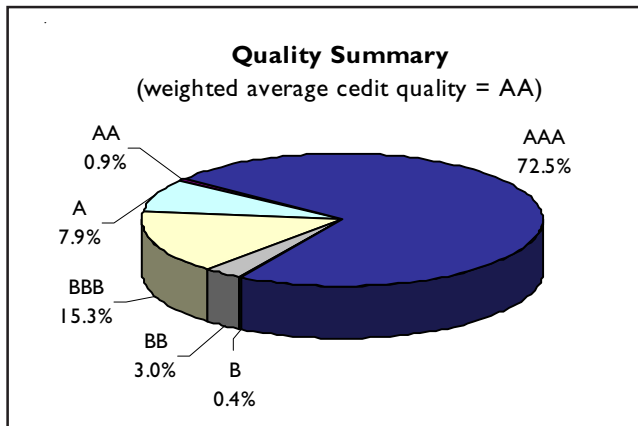
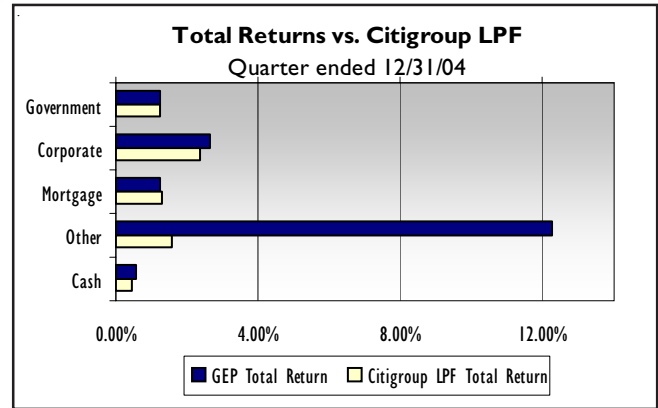
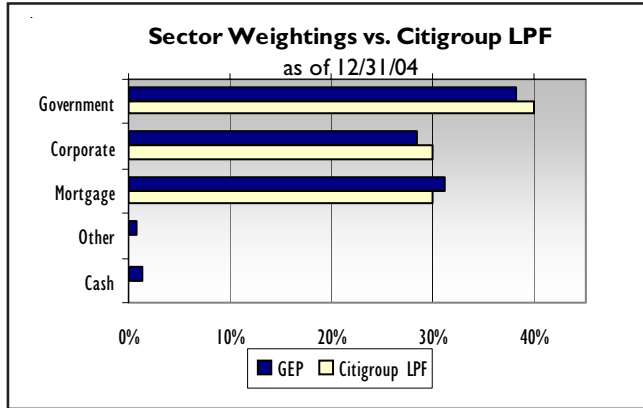


# GENERAL ENDOWMENT POOL (GEP)

## BOND PORTFOLIO CHARACTERISTICS

December 31, 2004

	GEP	Citigroup LPF	Policy
Average Duration	6.9	7.4	+/- 20% to LPF
Average Maturity	12.2	11.4	--
Current Yield	4.9%	4.9%	--
Average Quality	AA	AA+	A



**Performance Attribution vs. Citigroup LPF**  
Quarter ended 12/31/04

	Sector Allocation	Security Selection	Interaction	Total Effect
Government	0.01%	0.01%	-0.01%	0.01%
Corporate	-0.01%	0.09%	-0.01%	0.07%
Mortgage	0.00%	-0.01%	-0.01%	-0.02%
Other	0.00%	0.00%	0.09%	0.09%
Cash	-0.02%	0.00%	0.00%	-0.02%
<b>Total</b>	<b>-0.03%</b>	<b>0.10%</b>	<b>0.07%</b>	<b>0.14%</b>

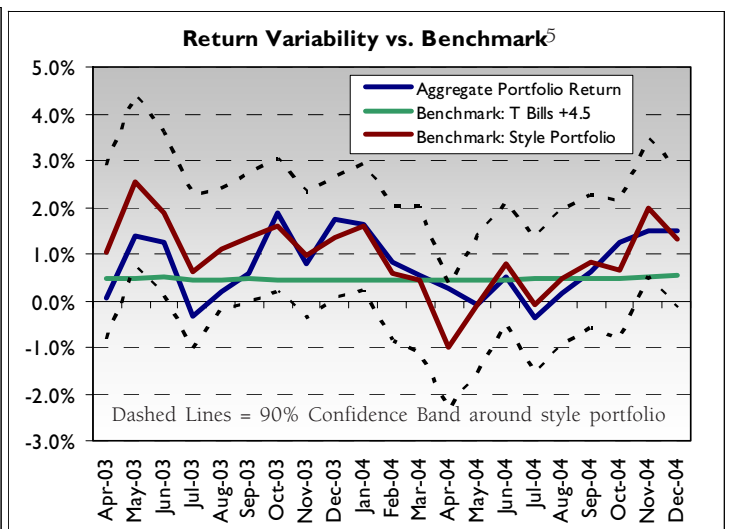
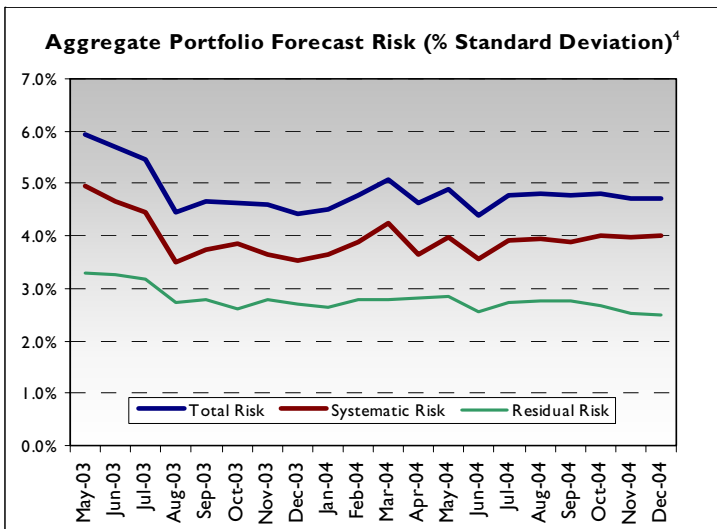
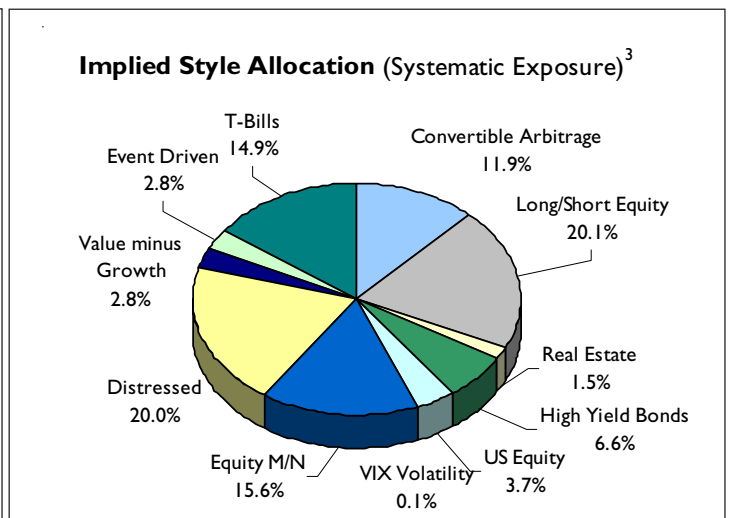
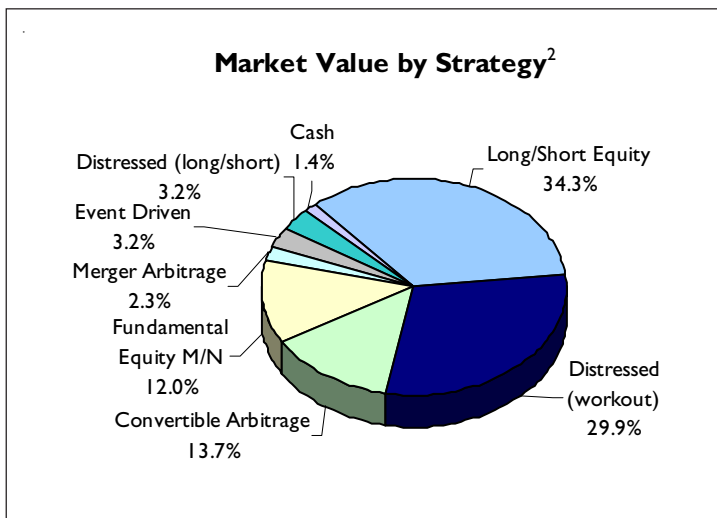
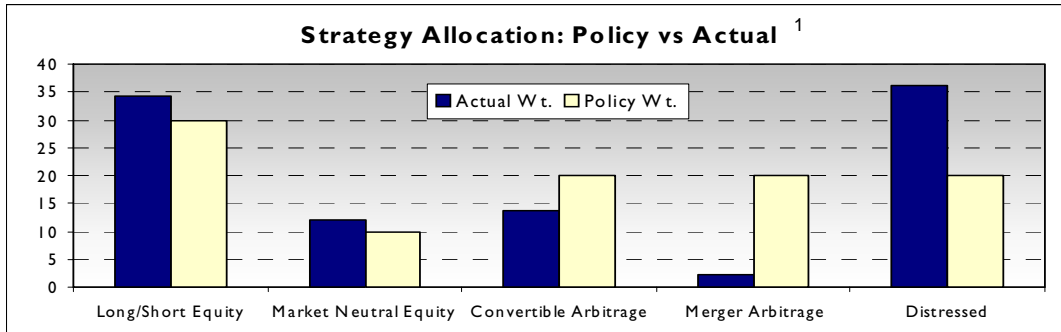
Notes: The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data. Duration is a measure of a bond portfolio's (or a bond's) price sensitivity to changes in interest rates. It is a weighted maturity at present value of all principal and interest payments.



# GENERAL ENDOWMENT POOL (GEP)

## ABSOLUTE RETURN PORTFOLIO RISK CHARACTERISTICS

December 31, 2004



1. Market value in each of five broad strategies permitted in the Investment Guidelines.
2. Additional detail of investments by strategy.
3. Aggregate exposures to systematic risk factors as determined by statistical analysis.
4. Forward estimate of risk, considering both systematic exposures and the historical volatility of residual returns.
5. Monthly returns compared to official and style (systematic risk) benchmarks.



## 403(b) & DEFINED CONTRIBUTION PLANS' FUNDS

December 31, 2004

### I. Investment Performance

	Market Value (\$M)	Total Return			Annualized Total Return		
		Recent Quarter	Fiscal YTD	Calendar YTD	Three Years	Five Years	Ten Years
<b>EQUITY FUND TOTAL FUND<sup>1</sup></b>	<b>\$3,771</b>	<b>11.34%</b>	<b>9.86%</b>	<b>13.89%</b>	<b>4.06%</b>	<b>-0.62%</b>	<b>11.16%</b>
Policy Benchmark		10.51%	9.00%	13.41%	5.74%	-1.29%	12.65%
Variance to Benchmark		+0.83%	+0.86%	+0.48%	-1.68%	+0.67%	-1.49%
<b>U.S. Equity<sup>2</sup></b>	<b>\$3,093</b>	<b>9.96%</b>	<b>7.90%</b>	<b>11.80%</b>	<b>2.68%</b>	<b>-2.47%</b>	<b>10.16%</b>
Policy Benchmark		9.97%	7.90%	11.85%	4.68%	-1.54%	12.51%
Variance to Benchmark		-0.01%	+0.00%	-0.05%	-2.00%	-0.93%	-2.35%
<b>Non-U.S. Equity<sup>2</sup></b>	<b>\$586</b>	<b>14.88%</b>	<b>16.46%</b>	<b>20.72%</b>	<b>13.20%</b>	<b>-3.90%</b>	<b>2.38%</b>
Policy Benchmark		15.37%	16.47%	20.91%	13.39%	-1.05%	0.46%
Variance to Benchmark		-0.49%	-0.01%	-0.19%	-0.19%	-2.85%	+1.92%
Passive Portfolio-Dev. Mkts	\$509	15.04%	15.38%	20.61%	12.27%	N/A	N/A
Emerging Markets	\$77	13.82%	23.91%	21.38%	19.89%	2.65%	5.81%
<b>Private Equity</b>	<b>\$90</b>	<b>47.51%</b>	<b>48.89%</b>	<b>63.67%</b>	<b>11.17%</b>	<b>14.25%</b>	<b>31.14%</b>
Policy Benchmark		-1.15%	0.98%	17.65%	-0.31%	-3.06%	14.39%
Variance to Benchmark		+48.66%	+47.91%	+46.02%	+11.48%	+17.31%	+16.75%
<b>Liquidity Portfolio</b>	<b>\$2</b>	<b>1.27%</b>	<b>6.43%</b>	<b>11.05%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>BOND FUND<sup>1</sup></b>	<b>\$1,013</b>	<b>1.14%</b>	<b>4.25%</b>	<b>4.41%</b>	<b>6.90%</b>	<b>8.79%</b>	<b>10.78%</b>
Policy Benchmark		0.95%	4.18%	4.34%	6.20%	8.24%	8.61%
Variance to Benchmark		+0.19%	+0.07%	+0.07%	+0.70%	+0.55%	+2.17%
<b>TIPS FUND<sup>1,3</sup></b>	<b>\$80</b>	<b>2.31%</b>	<b>6.21%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Policy Benchmark		2.51%	6.45%	N/A	N/A	N/A	N/A
Variance to Benchmark		-0.20%	-0.24%	N/A	N/A	N/A	N/A

Notes: Policy benchmarks are defined in Appendix 2. The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.

1. Includes Balanced Growth Fund assets.

2. For 5 and 10 year periods returns were reclassified to match current asset classes.

3. Fund and Policy Benchmark performance reflective of period during which Fund was in existence.



## 403(b) & DEFINED CONTRIBUTION PLANS' FUNDS

### Investment Performance continued

		Total Return			Annualized Total Return		
	Market Value (\$M)	Recent Quarter	Fiscal YTD	Calendar YTD	Three Years	Five Years	Ten Years
<b>BALANCED GROWTH FUND<sup>1</sup></b>	<b>\$838</b>	<b>7.77%</b>	<b>8.04%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Policy Benchmark		7.19%	7.48%	N/A	N/A	N/A	N/A
Variance to Benchmark		<b>+0.58%</b>	<b>+0.56%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>65% EQUITY FUND</b>	\$545	11.34%	9.86%	13.89%	4.06%	-0.62%	11.16%
Policy Benchmark		10.51%	9.00%	13.41%	5.74%	-1.29%	12.65%
Variance to Benchmark		<b>+0.83%</b>	<b>+0.86%</b>	<b>+0.48%</b>	<b>-1.68%</b>	<b>+0.67%</b>	<b>-1.49%</b>
<b>30% BOND FUND</b>	\$251	1.14%	4.25%	4.41%	6.90%	8.79%	10.78%
Policy Benchmark		0.95%	4.18%	4.34%	6.20%	8.24%	8.61%
Variance to Benchmark		<b>+0.19%</b>	<b>+0.07%</b>	<b>+0.07%</b>	<b>+0.70%</b>	<b>+0.55%</b>	<b>+2.17%</b>
<b>5% TIPS FUND</b>	\$42	2.31%	6.21%	N/A	N/A	N/A	N/A
Policy Benchmark		2.51%	6.45%	N/A	N/A	N/A	N/A
Variance to Benchmark		<b>-0.20%</b>	<b>-0.24%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

		Income Return			Annualized Income Return		
	Market Value (\$M)	Recent Quarter	Fiscal YTD	Calendar YTD	Three Years	Five Years	Ten Years
<b>SAVINGS FUND<sup>2</sup></b>	<b>\$3,023</b>	<b>0.91%</b>	<b>1.85%</b>	<b>3.91%</b>	<b>4.46%</b>	<b>5.03%</b>	<b>5.64%</b>
2-Yr U.S. Treasury Notes		0.66%	1.32%	2.24%	2.20%	3.38%	4.60%
Variance to Benchmark		<b>+0.25%</b>	<b>+0.53%</b>	<b>+1.67%</b>	<b>+2.26%</b>	<b>+1.65%</b>	<b>+1.04%</b>
<b>ICC FUND<sup>2</sup></b>	<b>\$652</b>	<b>1.28%</b>	<b>2.55%</b>	<b>5.21%</b>	<b>5.96%</b>	<b>6.35%</b>	<b>6.93%</b>
5-Yr U.S. Treasury Notes		0.87%	1.80%	3.44%	3.37%	4.26%	5.14%
Variance to Benchmark		<b>+0.41%</b>	<b>+0.75%</b>	<b>+1.77%</b>	<b>+2.59%</b>	<b>+2.09%</b>	<b>+1.79%</b>

Notes: Policy benchmarks are defined in Appendix 2. All total and income returns for periods less than one year are not annualized. The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.

1. Fund and Policy Benchmark performance reflective of period during which Fund was in existence.
2. Fund asset value is stated at amortized book value plus accrued interest.



## 403(b) & DEFINED CONTRIBUTION PLANS' FUNDS

December 31, 2004

### II. Asset Allocation Plan and Guideline Compliance

The Fund portfolios comply with policy guidelines unless an exception is noted below.

#### Equity Fund - Total Fund Allocation

	Assets (\$M)	Actual % of Portfolio	Policy Target %	Variance	Policy Range	Range Compliance
U.S. Equity	\$3,093	82%	80%	2%	75-85%	Yes
Non-U.S. Equity	\$586	16%	15%	1%	10-20%	Yes
Private Equity	\$90	2%	5%	-3%	3-7%	No
Liquidity Portfolio	\$2	0%	-	-	-	
<b>Total Assets</b>	<b>\$3,771</b>	<b>100%</b>	<b>100%</b>			

#### Private Equity

When the Asset Allocation Plan was initiated in 2000, the Equity Fund was below the Private Equity target, but within the allowable range. Subsequent distributions and changes in valuations have caused the allocation to fall below the low end of the range. Commitments are being made in order to increase the allocation to Private Equity over time. In the meantime, the variance (between policy and actual) is invested in U.S. Equity.

#### Equity Fund - Private Equity Sector Allocation

	Assets (\$M)	% of P.E. Portfolio	Policy Target %	Variance	Policy Range	Range Compliance
Venture Cap.	\$40	44%	50%	-6%	30-70%	Yes
Buyouts	\$29	33%	50%	-17%	30-70%	Yes
International	\$20	22%	0%	22%	0-10%	No
Distributions	\$1	1%				
<b>Total Assets</b>	<b>\$90</b>	<b>100%</b>	<b>50%</b>			

#### Non-U.S. Private Equity

Non-U.S. Private Equity will not be emphasized going forward. This exposure is expected to decline over time as the other segments in the private equity portfolio grow.

#### Bond Fund

	Assets (\$M)	% of Portfolio
Treasuries	\$321	32%
High Yield	23	2%
Corporates	227	22%
Mortgages	402	40%
Cash	40	4%
<b>Total Assets</b>	<b>\$1,013</b>	<b>100%</b>

Note: The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.



## 403(b) & DEFINED CONTRIBUTION PLANS' FUNDS

**TIPS (Treasury Inflation-Protected Securities) Fund** - invests in notes and bonds issued by the U.S. Treasury that are adjusted monthly to reflect the effects of inflation.

	<b>Assets (\$M)</b>	<b>% of Portfolio</b>
TIPS	\$72	90%
Cash	8	10%
<b>Total Assets</b>	<b>\$80</b>	<b>100%</b>

**Savings Fund** - invests 100% in government, government-guaranteed and government agency securities of up to five years in maturity.

	<b>Assets (\$M)</b>	<b>% of Portfolio</b>
Treasuries	\$2,152	71%
Federal Agencies	868	29%
Cash	3	0%
<b>Total Assets</b>	<b>\$3,023</b>	<b>100%</b>

Savings Fund asset value is stated at amortized book value plus accrued interest.

**Insurance Company Contracts (ICC) Fund** - invests in insurance company contracts offered by select, highly-rated, financially-sound insurance companies.

	<b>Assets (\$M)</b>	<b>% of Portfolio</b>
Insurance Companies		
Principal Life	\$291	45%
Monumental Life	43	7%
Transamerica Occidental	45	7%
Travelers Life	37	6%
Metlife	50	8%
Cash	186	29%
<b>Total Assets</b>	<b>\$652</b>	<b>100%</b>

ICC Fund asset value is stated at amortized book value plus accrued interest.



# HIGH INCOME POOL (HIP)

December 31, 2004

## I. Investment Performance

	Market Value (\$M)	Total Return			Annualized Total Return		
		Recent Quarter	Fiscal YTD	Calendar YTD	Three Years	Five Years	Ten Years
<b>HIP</b>	<b>\$67</b>	<b>2.10%</b>	<b>8.52%</b>	<b>8.02%</b>	<b>8.74%</b>	<b>9.73%</b>	<b>11.66%</b>
Policy Benchmark <sup>1</sup>		<b>4.22%</b>	<b>11.27%</b>	<b>11.99%</b>	<b>10.00%</b>	<b>11.01%</b>	<b>10.17%</b>
Variance		<b>-2.12%</b>	<b>-2.75%</b>	<b>-3.97%</b>	<b>-1.26%</b>	<b>-1.28%</b>	<b>+1.49%</b>
U.S. Equity	<b>\$3</b>	<b>9.15%</b>	<b>13.29%</b>	<b>12.03%</b>	<b>4.43%</b>	<b>7.53%</b>	<b>12.89%</b>
Fixed Income	<b>\$64</b>	<b>1.77%</b>	<b>8.31%</b>	<b>7.87%</b>	<b>9.57%</b>	<b>10.15%</b>	<b>11.00%</b>

## II. Asset Allocation and Plan Guideline Compliance

The portfolio complies with policy guidelines unless an exception is noted below.

	Assets (\$M)	% of Portfolio
U.S. Equity	\$3	5%
Fixed Income	\$63	93%
Liquidity Portfolio	\$1	1%
<b>Total Assets</b>	<b>\$67</b>	<b>100%</b>

Note: The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.

1. For description of the Policy Benchmark see Appendix 2, page 26.



# SHORT TERM INVESTMENT POOL (STIP)

December 31, 2004

## I. Investment Performance

	Market Value (\$M)	Income Return			Annualized Income Return		
		Recent Quarter	Fiscal YTD	Calendar YTD	Three Years	Five Years	Ten Years
<b>STIP</b>	<b>\$7,777</b>	<b>0.88%</b>	<b>1.72%</b>	<b>3.42%</b>	<b>3.81%</b>	<b>4.64%</b>	<b>5.45%</b>
2-Year U.S. Treasury Notes		<b>0.66%</b>	<b>1.32%</b>	<b>2.24%</b>	<b>2.20%</b>	<b>3.38%</b>	<b>4.60%</b>
Variance		<b>+0.22%</b>	<b>+0.40%</b>	<b>+1.18%</b>	<b>+1.61%</b>	<b>+1.26%</b>	<b>+0.85%</b>

## II. Asset Allocation Plan and Guideline Compliance

The STIP portfolio complies with policy guidelines unless an exception is noted below.

The STIP invests in approved fixed income investments with a maximum maturity of five years.

	Assets (\$M)	% of Portfolio
Treasuries	\$1,361	18%
Corporate Notes	2,384	31%
Commercial Paper	3,209	41%
Federal Agencies	745	10%
Certificates of Deposit	75	1%
Cash	3	0%
<b>Total Assets</b>	<b>\$7,777</b>	<b>100%</b>

Note: STIP's asset value is stated at amortized book value plus accrued interest. The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data.



## APPENDIX I

### UC Regents Portfolio Market Value Changes Quarterly Change

	Market Value in Millions		Due to Cash In/Out Flows	Due to Investing Activities	NET CHANGE
	12/31/2004	9/30/2004	Change	Change	
<b>UCRP</b>	\$41,978	\$39,165	(\$320)	\$3,133	\$2,813
<b>GEP</b>	\$5,126	\$4,738	\$22	\$366	\$388
<b>HIP</b>	\$67	\$66	\$1	\$0	\$1
<b>403(b) Equity Fund</b>	\$3,771	\$3,359	\$27	\$385	\$412
<b>403(b) Bond Fund</b>	\$1,013	\$966	\$36	\$12	\$47
<b>STIP</b>	\$7,777	\$7,366	\$351	\$60	\$411
<b>Other 403(b)&amp; DC Plans' Funds</b>	\$3,755	\$3,668	\$49	\$38	\$87
<b>Other Endowments</b>	\$473	\$404	NA	NA	\$69
<b>Charitable Asset Management</b>	\$129	\$122	\$0	\$7	\$7
<b>Minus STIP in other Portfolios</b>	(\$1,093)	(\$613)	NA	NA	(\$480)
	<b>\$62,996</b>	<b>\$59,240</b>	\$166 *	\$4,000 *	<b>\$3,755</b>
<b>Breakdown of Other 403(b) &amp; DC Plans' Funds</b>					
<b>TIPS FUND</b>	\$80	\$59	\$20	\$1	\$21
<b>Savings Fund</b>	\$3,023	\$2,979	\$16	\$28	\$44
<b>ICC Fund</b>	\$652	\$630	\$14	\$9	\$22

Notes: The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data. STIP, Savings Fund and ICC Fund asset values are stated at amortized book value plus accrued interest.

\* Values do not include Other Endowments and STIP held in other portfolios.



## APPENDIX I

### UC Regents Portfolio Market Value Changes 1 Year Change

	Market Value in Millions		Due to Cash In/Out Flows	Due to Investing Activities	NET CHANGE
	12/31/2004	12/31/2003	Change	Change	
<b>UCRP</b>	\$41,978	\$38,891	(\$1,227)	\$4,314	\$3,087
<b>GEP</b>	\$5,126	\$4,701	(\$12)	\$437	\$425
<b>HIP</b>	\$67	\$80	(\$16)	\$3	(\$13)
<b>Equity Fund</b>	\$3,771	\$2,904	\$413	\$454	\$867
<b>Bond Fund</b>	\$1,013	\$910	\$61	\$43	\$103
<b>STIP</b>	\$7,777	\$7,367	\$176	\$234	\$410
<b>Other 403(b) &amp; DC Plans' Funds</b>	\$3,755	\$3,738	(\$134)	\$151	\$17
<b>Other Endowments</b>	\$473	\$397	NA	NA	\$76
<b>Charitable Asset Management</b>	\$129	\$66	\$40	\$23	\$63
<b>Minus STIP in other Portfolios</b>	(\$1,093)	(\$788)	NA	NA	(\$305)
	<b>\$62,996</b>	<b>\$58,266</b>	<b>(\$699) *</b>	<b>\$5,658 *</b>	<b>\$4,730</b>
<b>Breakdown of Other 403(b) &amp; DC Plans' Funds</b>					
<b>TIPS Fund (new 4/1/04)</b>	\$80	\$0	\$77	\$3	\$80
<b>Savings Fund</b>	\$3,023	\$3,033	(\$127)	\$117	(\$10)
<b>ICC Fund</b>	\$652	\$550	\$71	\$32	\$102
<b>Money Market Fund (closed 3/31/04)</b>	\$0	\$155	(\$155)		(\$155)

Note: The method of rounding may produce the appearance of minor inconsistencies in various totals and percentages, but the differences do not affect the accuracy of the data. STIP, Savings Fund, ICC Fund and Money Market Fund asset values are stated at amortized book value plus accrued interest.

\* Values do not include Other Endowments and STIP held in other portfolios.



## APPENDIX 2

### Policy Benchmarks

ASSET CLASS	BENCHMARK COMPONENT	PERCENTAGE BY TIME HORIZON				
		prior to June 2000	July 2000 - Dec 2001	Jan 2001 - June 2002	July 2002 - June 2003	since July 2003
<b>UCRP</b>						
US Equity	S&P 500	65%				
US Equity	Russell 3000		53%			
US Equity	Russell 3000 TF			53%	58% - actual wt (PE)	58% - actual wt (PE) - 0.6x actual wt (RE)
Non-US Equity	MSCI ACW ex US		7%	7%	7%	7%
Private Equity	Russell 3000 + 3%		5%			
Private Equity	Russell 3000 TF + 3%			5%		
Private Equity	Russell 3000 TF + 3%, lagged 3 months				actual weight	actual weight
Fixed Income	LB Long Term Gov/Corp	35%				
Fixed Income	Citigroup Large Pension Fd		35%	35%	30%	30% - 0.4 x actual wt (RE)
TIPS	LB TIPS				5%	5%
Real Estate	Real Estate Benchmark*					actual wt
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>GEP</b>						
US Equity	S&P 500	65%				
US Equity	Russell 3000		53%			
US Equity	Russell 3000 TF			53%	58% - actual wt (PE)	55% - actual wt (PE) - 0.6x actual wt (RE)
Non-US Equity	MSCI ACW ex US		7%	7%	7%	10%
Private Equity	Russell 3000 + 3%		5%			
Private Equity	Russell 3000 TF + 3%			5%		
Private Equity	Russell 3000 TF + 3%, lagged 3 months				actual wt	actual wt
Fixed Income	LB Long Term Gov/Corp	35%				
Fixed Income	Citigroup Large Pension Fd		35%	35%	35%	30% - 0.4 x actual wt (RE)
Absolute Return	30-Day US T-Bill + 4.5%					5%
Real Estate	Real Estate Benchmark*					actual wt
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Equity Fund</b>						
US Equity	S&P 500	100%				
US Equity	Russell 3000		80%			
US Equity	Russell 3000 TF			80%	80%	85% - actual wt (PE)
Non-US Equity	MSCI ACW ex US		15%	15%	15%	15%
Private Equity	Russell 3000 + 3%		5%			
Private Equity	Russell 3000 TF + 3%			5%		
Private Equity	Russell 3000 TF + 3%, lagged 3 months				5%	actual wt
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



## APPENDIX 2

### Policy Benchmarks *continued*

ASSET CLASS		BENCHMARK COMPONENT		PERCENTAGE BY TIME HORIZON		
<b>Bond Fund</b>	Fixed Income Fixed Income <b>Total</b>	LB Long Term Gov/Corp LB Aggregate		prior to June 2000	since July 2000	
				100%		
					100%	
				<b>100%</b>	<b>100%</b>	
<b>TIPS Fund</b> Lehman Brothers TIPS Index <b>Total</b>				all periods		
				100%		
				<b>100%</b>		
<b>Balanced Growth Fund</b> Equity Fund Bond Fund TIPS Fund <b>Total</b>				all periods		
			See Equity Fd Benchmark	65%		
			See Bond Fd Benchmark	30%		
			See TIPS Fd Benchmark	5%		
				<b>100%</b>		
<b>Savings Fund</b> 2-Year US Treasury Note Yield 2-Year US Treasury Note Income Return <b>Total</b>				prior to June 2002	since July 2002	
				100%		
					100%	
				<b>100%</b>	<b>100%</b>	
<b>ICC Fund</b> 5-Year US Treasury Note Yield 5-Year US Treasury Note Income Return <b>Total</b>				prior to June 2002	since July 2002	
				100%		
					100%	
				<b>100%</b>	<b>100%</b>	
<b>HIP</b> US Equity US Equity Fixed Income <b>Total</b>				prior to Oct 1989	since Oct 1989	
			S&P Electric Utilities	20%		
			S&P 500 Electric Utilities		20%	
			LB Long Term Gov/Corp	80%	80%	
	<b>100%</b>	<b>100%</b>				
<b>STIP</b> 2-Year US Treasury Note Yield 2-Year US Treasury Note Income Return <b>Total</b>				prior to June 2002	since July 2002	
				100%		
					100%	
				<b>100%</b>	<b>100%</b>	

\* Real Estate Benchmark consists of NCREIF Property Index for private real estate and the Wilshire REIT Index for public real estate.