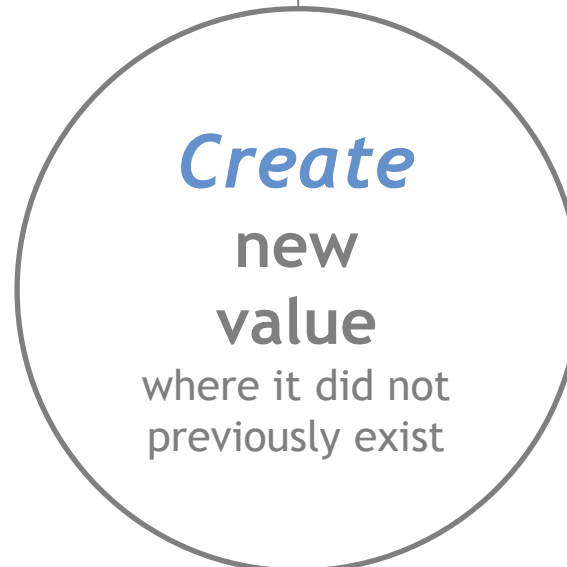


Balance sheet initiatives

WHY?

- Total assets in excess of \$45 billion
- Size is considerable advantage
- Use strength to generate benefits

How?



Balance sheet initiatives currently being executed

TARGET STIP/TRIP ALLOCATION

- Move incremental \$1 billion from STIP into TRIP
- Generate **\$62 million** annually (based on historical rates)
- Create unrestricted funds to supplement campus budgets

UCRS TRANSFER

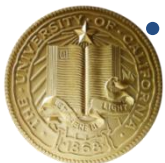
- Move up to \$2 billion of STIP into UCRS (pending Regents' approval)
- Generate **\$100 million** annually beginning in 2016 (based on 5% rate differential)
- Reduce future UCRS liability growth, employer contributions by 1.4% annually

CAPITAL MARKETS STRATEGIES

- Restructure debt for cashflow relief and purchase UC debt on open market to save on outstanding debt balances
- Generate combined **\$300+ million** of budgetary relief for FY 2010-2011 (to be used in conjunction with **pension strategies**)

INTERNAL LOAN PROGRAM

- Finance equipment acquisitions at low fixed rate in lieu of leasing
- Offer 0% internal working capital loans for key strategic investments
- Save up to **\$20 million annually** via reduced interest rates plus cost avoidance



Balance sheet initiatives in the pipeline

SPECIAL ONE-TIME ENDOWMENT PAYOUT

AGGRESSIVE USE OF ALL FUNDS

ALTERNATIVE RISK FINANCING PROGRAM

SELF-INSURANCE FOR HEALTH BENEFITS

