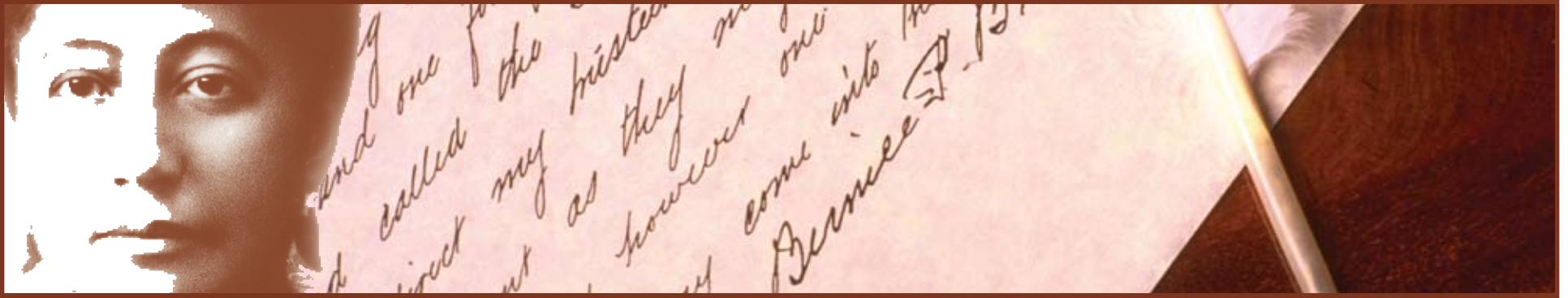


Kamehameha Schools

JULY 1, 2006 - JUNE 30, 2007



Report on Financial Activities

As of June 30, 2007, the overall fair value of Kamehameha Schools' endowment was approximately \$9.06 billion while the estimated fair value of Kamehameha Schools' total assets was approximately \$10.33 billion. Kamehameha Schools' total assets include the estimated value of the institution's endowment, educational, agricultural and support assets.

For the fiscal year ended June 30, 2007, Kamehameha Schools spent approximately \$250 million on educational programs. These financial resources enabled Kamehameha Schools to extend its educational reach to more Hawaiians through its Education Strategic Plan approved by trustees in 2005.

Fiscal year 2007 was the second year of the 10-year plan, and the number of children and families impacted by Kamehameha's campus and community programs increased 27 percent from 28,000 to nearly 36,000.

Prenatal to 8 years of age

Kamehameha Schools served more than 9,700 children ages 0-8 and their families through KS center-based preschools, supporting public schools in grades K-3, literacy instruction, and various educational collaborations including 850 preschool scholarships through the Pauahi Keiki Scholars program.

Grades 4 through post high

Kamehameha Schools reached over 14,200 non-campus students and nearly 1,000 families and caregivers through enrichment, campus outreach and summer school programs, including 2,200 post-high scholarships to new graduates and continuing students of all ages totaling \$16.4 million and supported 14 Hawaiian-focused charter schools with a total of more than 2,300 students.

Innovation on Kamehameha campuses

Fiscal year 2007 saw the three campuses on O'ahu, Hawai'i and Maui reach a total of 5,354 students in grades K-12. Remodeled programs emerged that increased student learning in Hawaiian language and culture and improved student growth in areas such as student writing and instructional technology by fine-tuning instructional practices. Parent education assisted approximately 5,400 adults in supporting families and caregivers.

For more, including a copy of Kamehameha Schools' audited "Consolidated Financial Statements and Supplemental Schedules," for fiscal year 2007 please visit www.ksbe.edu/annualreports.

Consolidated Statement of Assets*
(In thousands of dollars) June 30, 2007

| | COST OR ESTIMATED FAIR VALUE | |
|--|---------------------------------|----------------------------|
| CASH AND EQUIVALENTS <i>(Face value)</i> | \$ | 65,639 |
| INVESTMENTS | | |
| Marketable debt and equity securities <i>(Quoted market prices)</i> | | |
| Common and preferred stocks | \$ | 2,076,909 |
| Fixed income | | 930,659 |
| Short-term investments | | 166,435 |
| Mutual and commingled funds | | 453,280 |
| | | <u>3,627,283</u> |
| Other investments <i>(Quoted market prices, cash flow, collateral or appraised value)</i> | | |
| Hedge funds | | 1,722,013 |
| Commingled funds | | 756,400 |
| Private equity funds | | 393,385 |
| Other, including direct financing lease | | 126,555 |
| | | <u>2,998,353</u> |
| RECEIVABLES, NET <i>(Value via comparison to market interest rates)</i> | | |
| Tenant and tuition receivables | | 4,817 |
| Note agreements - fee conversion land sales & Other | | 15,891 |
| Interest | | 16,042 |
| | | <u>36,750</u> |
| DEFERRED CHARGES AND OTHER <i>(Book value)</i> | | 93,159 |
| REAL ESTATE HELD FOR DEVELOPMENT AND SALE <i>(Appraised, current tax assessed or net realizable value)</i> | | 70,897 |
| LAND, BUILDINGS AND EQUIPMENT | | |
| - HAWAII REAL ESTATE <i>(Appraised, current tax assessed or book value - net of debt)</i> | | |
| Residential and commercial | | 2,438,366 |
| Schools | | 614,147 |
| Agriculture and conservation | | 383,728 |
| LAND, BUILDINGS AND EQUIPMENT - NORTH AMERICAN REAL ESTATE <i>(Book value)</i> | | <u>5,761</u> |
| | | <u>3,442,002</u> |
| TOTAL ASSETS | | <u><u>\$10,334,083</u></u> |

Schedule of Hawai'i Real Estate by Island and Zoning*
(In acres) June 30, 2007

| ISLAND | AREA IN ACRES | PERCENTAGE OF TOTAL |
|------------------------|---------------------|------------------------|
| HAWAII | | |
| Improved Residential | 37.6178 | 0.01 |
| Apartment | 105.7559 | 0.04 |
| Commercial | 173.1248 | 0.06 |
| Industrial | 70.8520 | 0.03 |
| Agricultural | 200,667.2981 | 67.89 |
| Conservation | 93,115.1156 | 31.50 |
| Hotel and Resort | 204.6956 | 0.07 |
| Unimproved Residential | 1,042.0673 | 0.35 |
| Homeowner | 157.3051 | 0.05 |
| Total | 295,573.8322 | 100.00 |
| KAUAI | | |
| Agricultural | 1,147.1820 | 9.78 |
| Conservation | 10,578.3470 | 90.22 |
| Total | 11,725.5290 | 100.00 |
| MAUI | | |
| Improved Residential | 175.1950 | 6.55 |
| Apartment | 1.6877 | 0.06 |
| Agricultural | 1,197.3970 | 44.77 |
| Conservation | 1,300.6360 | 48.62 |
| Total | 2,674.9157 | 100.00 |
| MOLOKA'I | | |
| Agricultural | 3,392.0630 | 68.51 |
| Conservation | 1,559.3600 | 31.49 |
| Total | 4,951.4230 | 100.00 |
| O'AHU | | |
| Improved Residential | 287.5476 | 0.57 |
| Apartment | 520.5266 | 1.03 |
| Commercial | 869.4081 | 1.72 |
| Industrial | 254.2750 | 0.50 |
| Agricultural | 17,878.6590 | 35.35 |
| Conservation | 29,034.1210 | 57.40 |
| Hotel and Resort | 19.5111 | 0.04 |
| Unimproved Residential | 1,712.7327 | 3.39 |
| Total | 50,576.7811 | 100.00 |
| SUMMARY | | |
| Improved Residential | 500.3604 | 0.14 |
| Apartment | 627.9702 | 0.17 |
| Commercial | 1,042.5329 | 0.29 |
| Industrial | 325.1270 | 0.09 |
| Agricultural | 224,282.5991 | 61.36 |
| Conservation | 135,587.5796 | 37.10 |
| Hotel and Resort | 224.2067 | 0.06 |
| Unimproved Residential | 2,754.8000 | 0.75 |
| Homeowner | 157.3051 | 0.04 |
| Total | 365,502.4810 | 100.00 |

*Unaudited



KAMEHAMEHA SCHOOLS