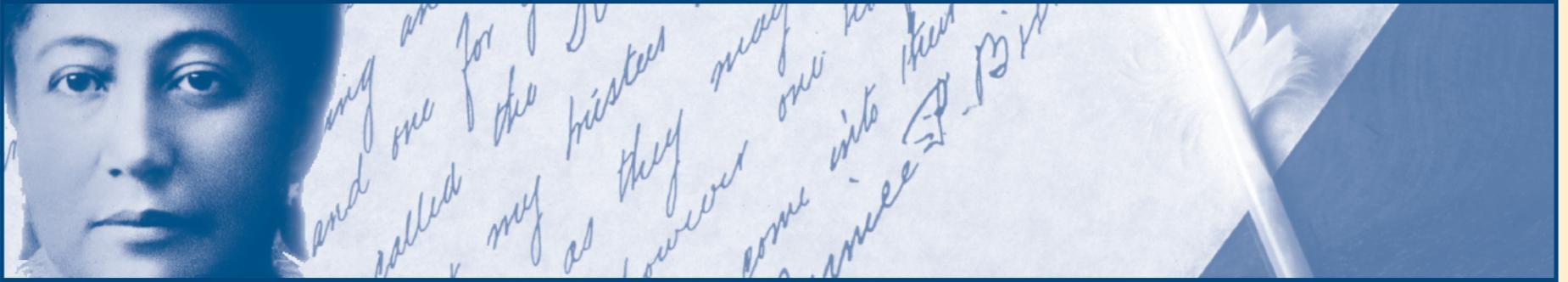


Kamehameha Schools

July 1, 2007 - June 30, 2008



Report on Financial Activities

As of June 30, 2008, the overall fair value of Kamehameha Schools' endowment was approximately \$9.44 billion. The endowment total return is reported at fair value and is not inclusive of all assets, such as educational, administrative, and agricultural and conservation assets, which are valued at approximately \$1 billion.*

For the fiscal year ended June 30, 2008, Kamehameha Schools spent approximately \$273 million on educational programs. These financial resources enabled Kamehameha Schools to extend its educational reach to more Hawaiians through its Education Strategic Plan, adopted in 2005 and based on the Kamehameha Schools Strategic Plan 2000-2015.

Fiscal year 2008 was the third year of the 10-year Education Strategic Plan, and the number of children and families impacted by Kamehameha's campus and community programs increased 7.2 percent, from nearly 36,000 to more than 38,100 students.

Prenatal to 8 years of age

Kamehameha Schools served more than 10,100 keiki ages 0-8 through its center-based preschools, preschool scholarships, literacy instruction, and various educational collaborations. It also increased by 48 percent the number of scholarship awards (1,264 keiki) and increased the financial awards from \$4.4 million the previous year to \$6.7 million in fiscal year 2008.

Grades 4 through post-high

Programs that support Native Hawaiian children through critical transition points increased the most in terms of numbers served this year. These programs include the Exploration Series Programs, the Kamehameha Scholars program and Post-High Counseling. Kamehameha Schools educated nearly 16,000 non-campus students through enrichment, campus outreach and summer school programs. Kamehameha Schools awarded \$17.2 million to 2,443 students for post-high scholarships as well as supported 16 Hawaiian-focused charter schools with a total of more than 3,278 students.

Campus programs

Developing new leaders for the future, more than 700 seniors graduated from Kamehameha Schools' campus programs on O'ahu, Maui and Hawai'i. Another 4,700 students received instruction in support of higher education opportunities and leadership positions within the community. The campuses provided more support for orphan and indigent children, who now make up approximately 31 percent of the campus population, as they enrolled more disadvantaged youth into Kamehameha programs, including tutoring, increased counseling and improved assessment tools.

For more, including a copy of Kamehameha Schools' audited "Consolidated Financial Statements and Supplemental Schedules," for fiscal year 2008, please visit www.ksbe.edu/annualreports.

Consolidated Statement of Assets (In thousands of dollars) June 30, 2008

	COST OR ESTIMATED FAIR MARKET VALUE	
CASH AND EQUIVALENTS	\$	91,450
INVESTMENTS		
Marketable debt and equity securities		
Common and preferred stocks	\$	1,761,350
Fixed income		846,812
Short-term investments		115,393
Mutual and commingled funds		211,988
		<u>2,935,543</u>
Other investments		
Hedge funds		2,214,456
Commingled funds		628,967
Private equity funds		636,712
Other, including direct financing lease		89,105
		<u>3,569,240</u>
Amounts receivable for securities sold		33,034
Collateral received for loaned securities		252,009
RECEIVABLES, NET		
Tenant and tuition receivables		8,612
Interest		16,105
Trade		3,573
Other		3,080
Less: Allowance for doubtful accounts		(4,529)
		<u>26,841</u>
DEFERRED CHARGES AND OTHER		96,358
REAL ESTATE HELD FOR DEVELOPMENT AND SALE		24,059
LAND, BUILDINGS AND EQUIPMENT		
Educational property and equipment		512,630
All other property and equipment		224,115
Construction in progress		111,129
		<u>847,874</u>
TOTAL ASSETS		<u>\$7,876,408</u>

*The Consolidated Statement of Assets above represent all assets (financial assets and investments, commercial real estate, agricultural, conservation and education and administrative properties) of Kamehameha Schools (KS) presented in accordance with Generally Accepted Accounting Principals (GAAP). All real estate assets of KS as presented in the statement above are presented at original book value of \$848 million as of June 30, 2008. The estimated fair value of the same real estate assets is approximately \$4 billion. Fair value estimates were based on the most current information readily available such as internal or external appraisals, current tax assessed values and, in limited cases, book values if appraisals or tax assessed values were not available. The fair value of KS' endowment assets was \$9.4 billion, which do not include all of the assets of KS.



KAMEHAMEHA SCHOOLS

Schedule of Hawai'i Real Estate by Island and Zoning** (In acres) June 30, 2008

ISLAND	AREA IN ACRES	PERCENTAGE OF TOTAL
HAWAI'I		
Improved Residential	37.6177	0.01
Apartment	105.7558	0.04
Commercial	173.1250	0.06
Industrial	70.1097	0.02
Agricultural	200,721.0928	67.93
Conservation	93,059.3606	31.49
Hotel and Resort	204.8936	0.07
Unimproved Residential	969.7313	0.33
Homeowner	155.6311	0.05
Total	295,497.3176	100.00
KAUA'I		
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
Hotel and Resort	0.0000	0.00
Homeowner	0.0000	0.00
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	308.0643	0.61
Apartment	494.0313	0.98
Commercial	869.4260	1.72
Industrial	254.2753	0.50
Agricultural	17,886.3048	35.37
Conservation	29,034.1180	57.41
Hotel and Resort	19.5111	0.04
Unimproved Residential	1,705.0247	3.37
Total	50,570.7555	100.00
SUMMARY		
Improved Residential	520.8770	0.14
Apartment	601.4748	0.16
Commercial	1,042.5510	0.29
Industrial	324.3850	0.09
Agricultural	224,344.0396	61.40
Conservation	135,531.8216	37.09
Hotel and Resort	224.4047	0.06
Unimproved Residential	2,674.7560	0.73
Homeowner	155.6311	0.04
Total	365,419.9408	100.00

** Unaudited