

Important Announcement

We apologise for the delay in producing this report addressing the December '07 quarter end. The normal process we follow is the calculation of the Net Asset Valuation followed by the board of the fund approving a discretionary Profit Allocation. This process normally takes about 8 weeks. In the last quarter, however, the fund successfully changed its Administrator (see accompanying details.) This exercise inevitably led to additional work to ensure that the new Administrator was satisfied with all the figures and methods used in our calculation and allocation process and unfortunately, this has resulted in this delay. We have provided the most up to date investment and currency situation as at the end of March so the information is current. After some re-engineering of the processes, in conjunction with the new Administrator, we believe that we will be able to provide this information much earlier in future.

Change of Administrator

The Program is delighted to announce the appointment of a highly experienced and accomplished new Administrator to the program with effect from the 6th March 2008. The Administrator is SMP Fund Services, a wholly owned subsidiary of SMP Partners. SMP Partners was formed following a management buyout of the Isle of Man trust and corporate services operations of the Fortis Intertrust Group in June 2007. Employing over 120 staff at offices in Douglas, Isle of Man, SMP Partners is a leading and respected trust and corporate services provider. The Program expects to utilise the wide range of services offered by SMP including their accounting and tax services. The move also reunites the Program with personnel previously working in the Isle of Man Barings operation who were instrumental in the Program's initial design and structure. The custodians, lender and counterparties have accepted this change. Correspondence previously addressed to Class Managers should now be directed to SMP, however any existing correspondence arrangements that you have with existing Foundations offices or personnel are unaffected. The contact details for SMP are:

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SMP Trustees Limited is licensed by the Isle of Man Financial Supervision Commission as a Corporate and Trust Service Provider.

SMP Fund Services Limited is licensed by the Isle of Man Financial Supervision Commission to conduct Investment Business.

SMP Accounting & Tax Limited is a member of the ICAEW Practice Assurance Scheme.

SMP Partners Ltd, SMP Trustees Ltd, SMP Fund Services Ltd and SMP Accounting & Tax Ltd are members of the SMP Partners Group of Companies.

Key Program Facts

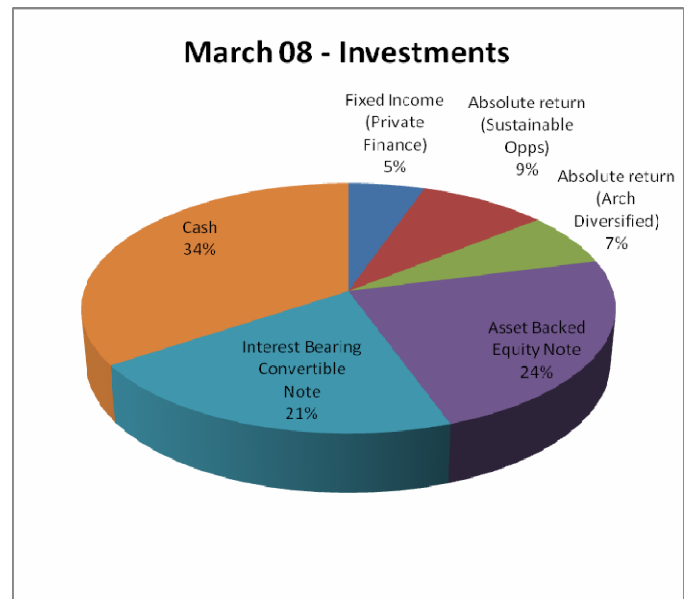
- Profits were allocated at the September and December quarter end, the unallocated profit was also increased.
- The return on participation for calendar year 2007 was 4.22%.
- The Program Portfolio sold all of its equity funds in mid December and moved to cash deposits as a “short term” measure. This has protected the fund well against the recent market turmoil, but reduced the profit for the December quarter.
- Currencies have been largely matched with a slight beneficial cross of Euro cash to Dollar loan in the current quarter. USD and GBP are seen as weak currencies.
- The Program security now exceeds \$60million and the group is commencing a marketing thrust into the UK.

Performance Since Launch	
Seven months to 31 December 2005	3.17% (annualized)
Calendar year 2006	3.6%
Calendar year 2007	4.22%
Based on profit generated per average borrowing level.	
All participator experiences will be different.	

Investment Holdings

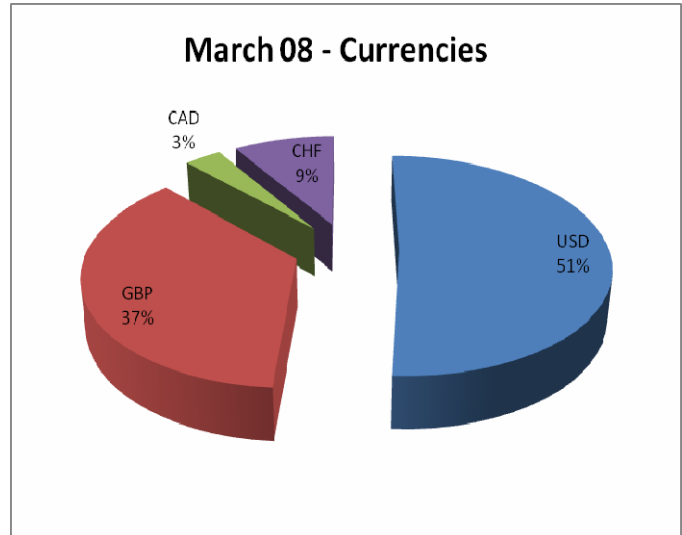
The Program moved to a bearish position on equities in the fourth quarter. Initially, this meant continuing the policy of investing the cash holdings and draws into non market correlated opportunities. The main one of which was an asset backed equity note invested in a student accommodation investment. This was an important institutional opportunity facilitated by the Program’s relationship with Arch. The concern over equity markets lead to the gradual selling of all the equity holdings Managed by BAM (Asia, Europe and Emerging Markets) and by mid December there were no conventional equity holdings remaining. These funds had produced good returns in October but started to decline in November and fell considerably after the Program’s exit from them.

This defensive move lead to a build-up of cash deposits in the Program Portfolio as a short term measure, whilst other investing opportunities were researched by the advisers. Due to the turbulent markets and the Program’s cautious approach no new draws were made in December, January or February. Accumulated draw-downs recommenced in March and are pending investment in the near future. The adjoining chart shows the current holdings.



Loan Currencies

The turmoil in the investment markets has also seen extremely volatile currency movements. The relative merits of cheaper interest rates have been overshadowed by the potential weakness of certain currencies, specifically USD and GBP. This has led to a recent strategy of matching loan to investment for all new investments. The availability of dollar based investment opportunities and the drop in USD rates to 2.7% makes the USD an attractive borrowing and investment option. The prospect of further cuts also works to the Program's advantage. The current currency split is shown in the adjoining chart.



Performance Summary

We are pleased to continue to exceed our target investment returns. We do however expect to post a modest loss for the first quarter 2008 due to our deliberate, cautious, "safety first" approach. We are however well placed to feed into the range of investment options after the current shake out.

Important Note

The Program return is not guaranteed. Investments made can go down as well as up. Your Assigned Asset is part of the security provided to the bank to support the loan and reinvestment made by the Program. As such, you may not get back the full value of your Assigned Asset on exit from the Program. This document summarises aspects of, and is not a substitute for, the Offering Document. Neither the Company nor the Program is subject to any form of regulation or approval in the Isle of Man and participants are not protected by any statutory compensation arrangements in the event of the Company's failure. The Isle of Man Government Financial Supervision Commission does not vouch for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to the Company or the Program. The Program constitutes an "experienced investor fund" and complies with the requirements of the Financial Supervision (Experienced Investor Fund) (Exemption) Order 1999 of the Isle of Man.