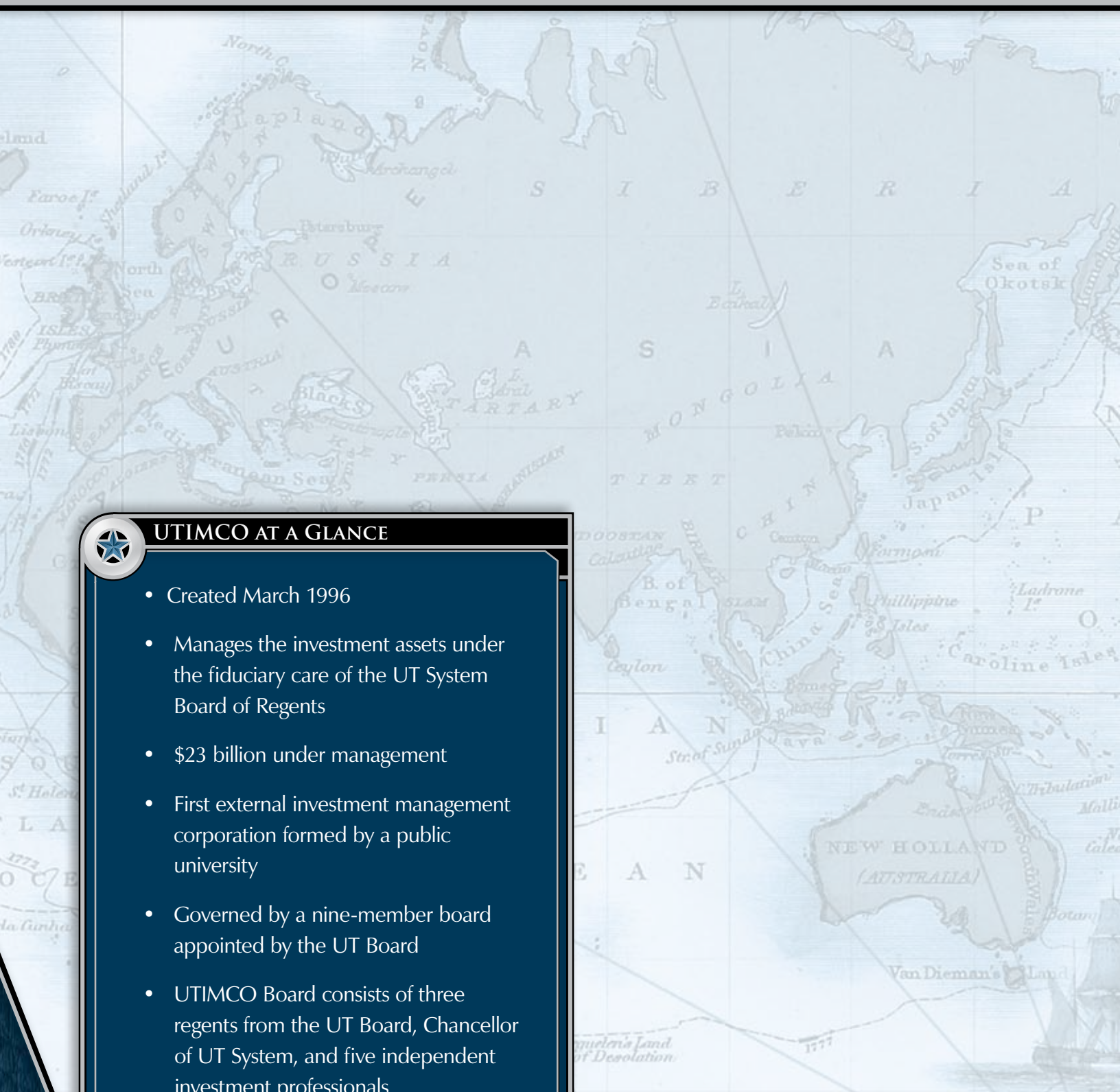


# 2008

ANNUAL REPORT



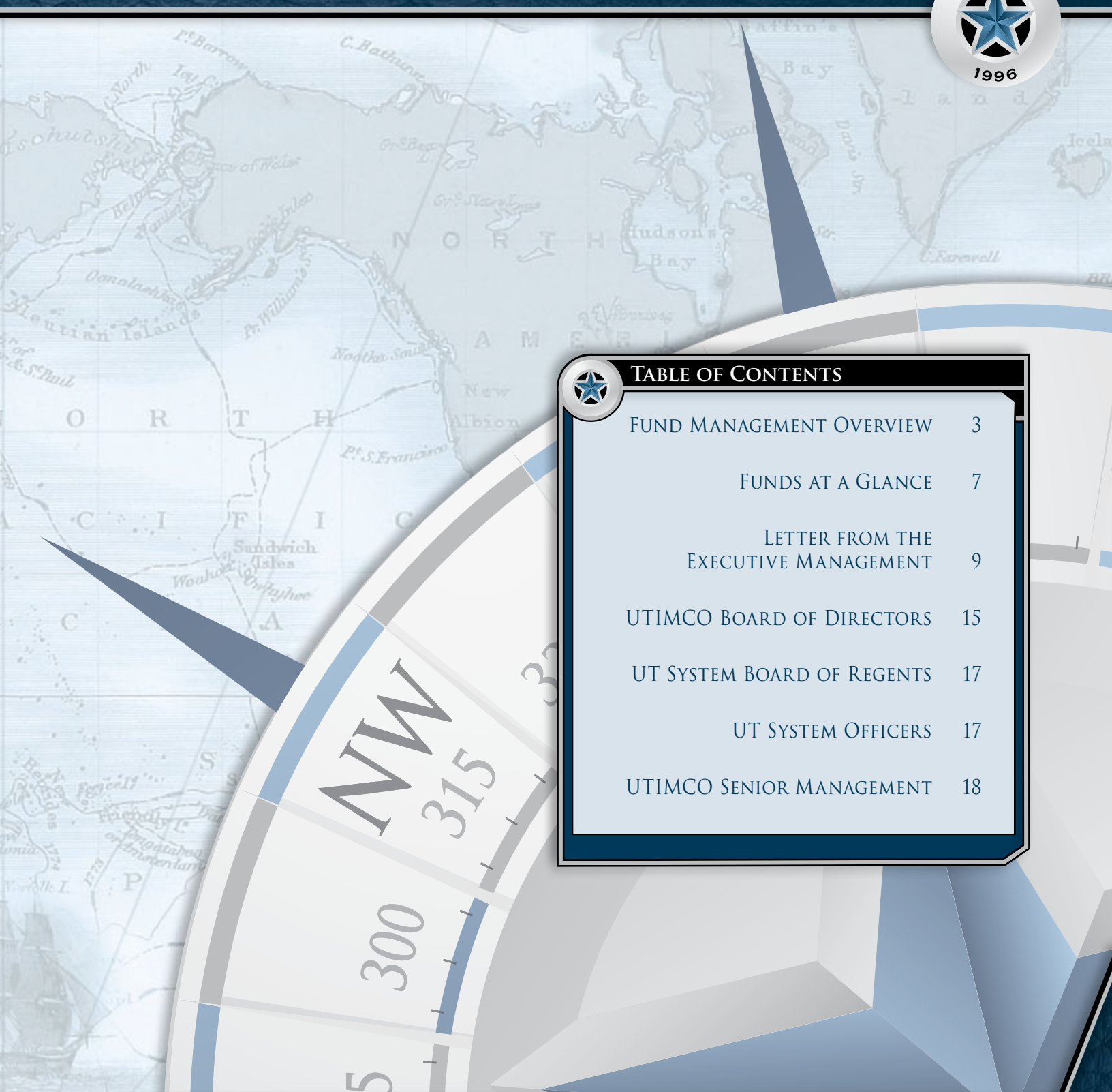
NAVIGATING  
CHALLENGING  
TIMES




## UTIMCO AT A GLANCE

- Created March 1996
- Manages the investment assets under the fiduciary care of the UT System Board of Regents
- \$23 billion under management
- First external investment management corporation formed by a public university
- Governed by a nine-member board appointed by the UT Board
- UTIMCO Board consists of three regents from the UT Board, Chancellor of UT System, and five independent investment professionals
- Day-to-day management responsibility for the investment assets is delegated to the UTIMCO staff
- UTIMCO staff of 59 includes specialists in various investment disciplines, as well as accounting, finance, information technology, and administration





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**UTIMCO MISSION**

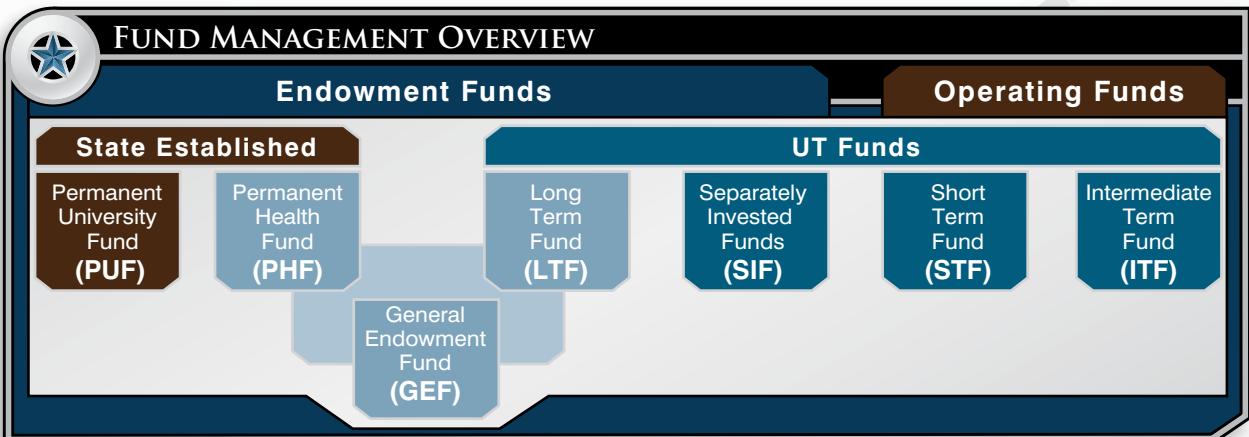
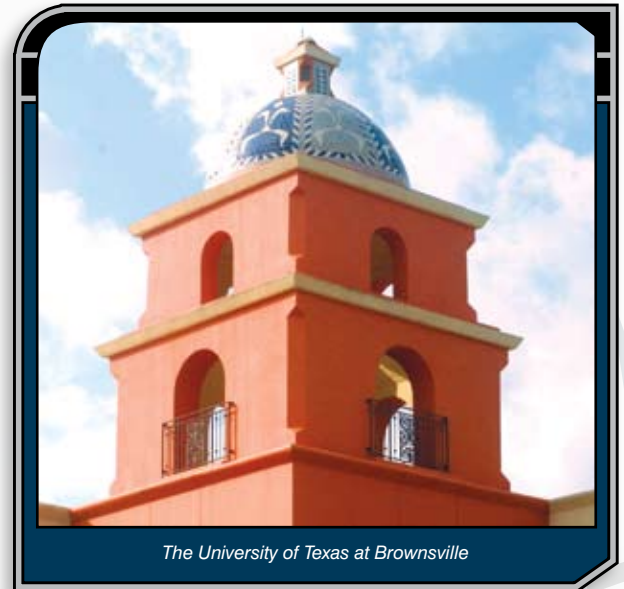
For our clients, UTIMCO will provide competitive, innovative and effective asset management and financial advisory services to our clients within The University of Texas and Texas A&M Systems.

For the community, UTIMCO accepts its responsibilities as the manager for the largest public endowment fund in the United States and will act as a leader to advance endowment fund management practices at both public and private endowments.

## FUND MANAGEMENT OVERVIEW

The University of Texas Investment Management Company (UTIMCO) has managed the investment assets under the fiduciary care of the Board of Regents of The University of Texas System (UT Board) for over the past ten years. The UT Board has delegated investment management responsibility for all investments to UTIMCO, subject to compliance with UT Board approved investment policies.

UTIMCO invests the endowment and operating assets entrusted to its management primarily through internal mutual funds, each with distinct time horizons and unique risk and return characteristics. UTIMCO allocates the assets in the internal mutual funds to internally and externally managed portfolios in accordance with approved asset allocation policies.



## ENDOWMENT FUNDS

UTIMCO manages four major endowment funds under the fiduciary care of the UT Board. These four endowment funds, with a combined market value of \$17,843 million, are the Permanent University Fund (PUF), the Permanent Health Fund (PHF), the Long Term Fund (LTF), and the Separately Invested Funds (SIF). Two of the endowment funds, the PHF and the LTF, are invested in shares of the General Endowment Fund (GEF), a broadly diversified pooled investment fund managed by UTIMCO. The GEF was created to increase efficiencies in managing investments, reduce costs, and streamline reporting.

Representing a permanent legacy, endowment funds provide the means to create a margin of excellence in higher education for UT System's institutions. Since endowment funds are permanent funds by their nature, they must provide for the economic needs of today while remaining intact to provide the same level of economic support for future generations, not just the next ten to twenty years, but hundreds of years in the future. The trade-off between preserving assets for tomorrow and supporting the educational and health care needs of today creates the need for a delicate balancing act in managing the endowment funds.

Balancing the competing needs of current beneficiaries, future beneficiaries and donors is the motivating force behind UTIMCO's efforts to achieve the following two primary objectives:

1. Provide for current beneficiaries by increasing annual distributions at a rate at least equal to the current rate of inflation so that real purchasing power is maintained, and
2. Provide for future beneficiaries by increasing the market value of endowment assets (before adding any current contributions and after deducting current distributions) so that future distributions to future beneficiaries will buy the same or better level of goods and services received by today's beneficiaries.

These two primary objectives are inherently contradictory because higher annual distribution rates reduce the endowments' ability to grow over time. Ultimately, the UT Board resolves these conflicts by setting, with recommendations from



UTIMCO, investment policies and distribution levels that balance the needs of current beneficiaries, future beneficiaries, and donors.

Four factors affect an endowment fund's ability to meet the conflicting needs of current and future beneficiaries. These factors are a) fund investment return, b) fund expenses, c) the rate of inflation, and d) fund distributions. An important element of UTIMCO's work is providing forecasts of how these four factors are likely to affect the future purchasing power of the endowment funds so that the UT Board can make its generational equity balancing decisions.

**Investment Returns.** Investment returns generated by the endowment funds are determined primarily by the allocation of fund assets to different classes of investments and by the ability of the UTIMCO staff to add value by earning returns greater than those generally available from each asset category. UTIMCO draws on years of investment experience and expertise to determine the best allocations to different categories of assets in order to achieve the returns necessary to meet objectives while protecting endowment assets from severe losses in an adverse market environment. Once allocation decisions are made, UTIMCO focuses on earning the highest returns possible



The University of Texas at Austin

within each asset category while maintaining strict risk control through a quantitative risk budgeting process. **Figure A** shows the investment returns earned for periods ended August 31, 2008, which are a result of these asset allocation decisions and risk budgeting processes.

**Expenses.** UTIMCO incurs expenses associated with analysis, portfolio management, custody and safekeeping, accounting, and other investment related services. Investment fees and other fees paid to external managers are, by far, the largest component of expenses. Fund expenses, except for those which are directly netted against the external investment manager's net asset value or capital, are paid from fund assets.

UTIMCO's management of \$23 billion of assets, including operating funds as well as endowment funds, provides for exceptional economies of scale in the management of the investment assets. The ratio of total investment expenses to assets under management was .21% for the year ended August 31, 2008. This ratio does not include those expenses and fees incurred and charged by the general partners in partnership investments, fees charged by mutual funds, and fees charged by hedge fund managers as these types of fees are netted

directly against returns for those investments in accordance with standard industry practice.

**Inflation.** Inflation erodes the economic value of an endowment fund by reducing the endowment's purchasing power over time. Since UTIMCO has no control over the rate of inflation, endowment assets must be invested so as to maximize the total return after inflation. The long-term expected rate of inflation is 3.0%.

#### **Endowment Fund Distributions (Spending).**

The UT Board determines the annual distributions from the endowments based on UTIMCO's recommendations. The key to preservation of endowment purchasing power over the long-term is control of spending through a target distribution rate. This target rate should not exceed the funds' average annual investment return minus fund expenses and inflation. The UT Board has approved two distinct forms of distribution or spending policies. One is the so-called "constant growth" spending policy, and the other is the "percent of assets" spending policy.

The PHF and LTF utilize the constant growth spending policy. The PHF and LTF distributions are increased annually at the average rate of inflation provided that the distribution rate remains within a range of 3.5% and 5.5% of fund asset value. This distribution policy accommodates current needs without sacrificing the needs of succeeding generations. The constant growth spending policy uses a smoothing formula to reduce annual volatility in spending and to maintain spending on a sustainable basis.

The PUF utilizes the percent of assets spending policy. The PUF's annual distributions are based on

**FIG. A** INVESTMENT RETURNS

Endowment Funds	Net Asset Value August 31, 2008 (in millions)	Annual Returns for Periods Ended August 31, 2008			
		One Year	Three Years	Five Years	Ten Years
Permanent University Fund	\$ 11,359	(3.34)	7.41	11.05	8.20
General Endowment Fund		(3.09)	7.66	11.22	N/A
Permanent Health Fund	1,026	(3.14)	7.58	11.11	N/A
Long Term Fund	5,285	(3.13)	7.59	11.11	9.07
Separately Invested Fund	173	N/A	N/A	N/A	N/A
<b>Total Endowment Funds</b>	<b>\$ 17,843</b>				

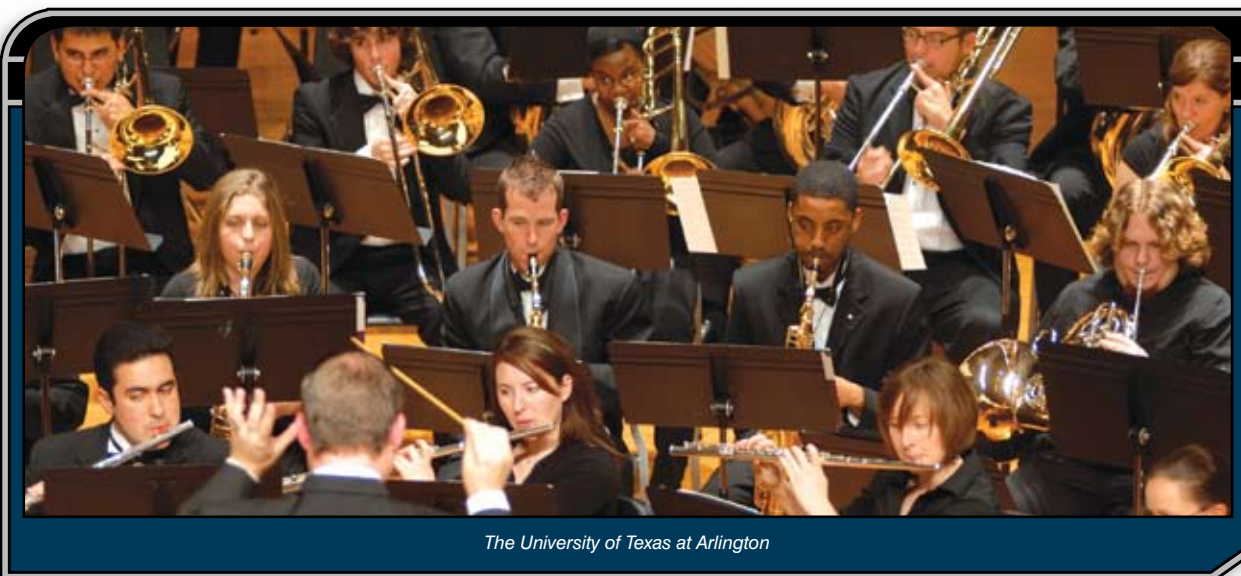
a distribution rate of 4.75% of the PUF's three-year average net asset value unless the average annual rate of return of PUF investments over the trailing twelve quarters exceeds the expected return of the endowment policy portfolio by twenty-five basis points or more, in which case the distribution is calculated at 5.00% of the trailing twelve quarters' average net asset value. This policy has been chosen for the PUF because it is best for endowments in which the current distribution is small relative to the total budget, and where long-term growth of the fund is the key objective, which are the characteristics of the PUF and its beneficiaries.

Based on the four factors above, it is obvious that preserving purchasing power is quite difficult and challenging. UTIMCO's past experience and current forecast for these factors are shown in **Figure B**.

Endowments require investment management in accordance with long-term investment objectives

PRESERVATION OF ENDOWMENT PURCHASING POWER	
	Long Term Expected Annual Average
Rate of Investment Return	8.47%
Less:	
Expense Rate	0.40%
Inflation Rate	3.00%
Distribution Rate	4.75%
<b>Increase in Purchasing Power</b>	<b>0.32%</b>

because of the perpetual nature of the funds. Recognizing that the investment environment will only become more challenging in the future, UTIMCO will meet the challenge by maintaining a specialized and experienced investment staff focused on adding value within a well-structured and disciplined asset allocation and risk control process.



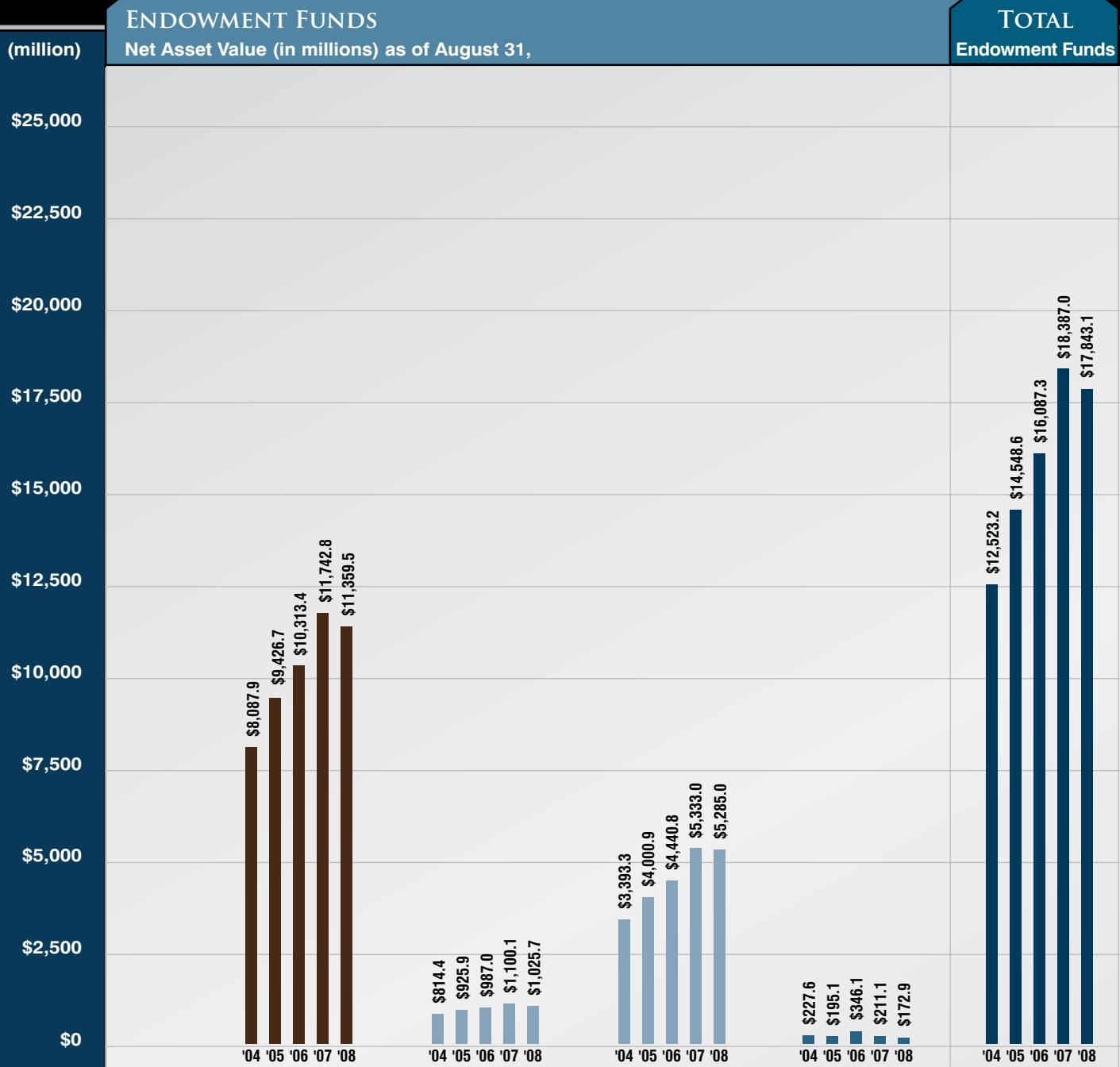
The University of Texas at Arlington

## OPERATING FUNDS

Operating funds are used primarily to fund UT System institutions' short-term operating needs as well as medium-term institutional needs associated with capital programs, financial reserves, and endowment matching funds. The UT System institutions have two investment fund options, the Short Term Fund (STF) and the Intermediate Term Fund (ITF). The ITF was established February 1,

2006, as a replacement for Short Intermediate Term Fund and the Institutional Index Funds. The ITF was created to improve the efficiency of operating funds management and to improve investment returns on UT System operating reserves. As of August 31, 2008, operating funds of UT System institutions amounted to \$5,364 million.

FUNDS AT A GLANCE



Permanent University Fund (\$11,359.5 million)	Permanent Health Fund (\$1,025.7 million)	Long Term Fund (\$5,285.0 million)	Separately Invested Funds (\$172.9 million)	Total Endowment Funds (\$17,843.1 million)
<p>The Permanent University Fund (PUF) is a state endowment fund contributing to the support of 18 institutions and 6 agencies of The University of Texas System and The Texas A&amp;M University System.</p>	<p>The Permanent Health Fund (PHF) is an internal UT System fund for the pooled investment of state endowment funds for health-related institutions of higher education, created August 30, 1999, with proceeds from state tobacco litigation. As of March 1, 2001, the PHF purchased units in the GEF in exchange for its contribution of investment assets.</p>	<p>The UT System Long Term Fund (LTF) is an internal UT System fund for the pooled investment of 8,502 privately raised endowments and other long-term funds benefiting the 15 institutions of the UT System. As of March 1, 2001, the LTF purchased units in the GEF in exchange for its contribution of investment assets.</p>	<p>The UT System Separately Invested Funds (SIF) consist of approximately 243 privately raised endowments and charitable trusts where the nature of the underlying asset or donor restrictions preclude investment in the LTF.</p>	<p><b>General Endowment Fund</b></p>





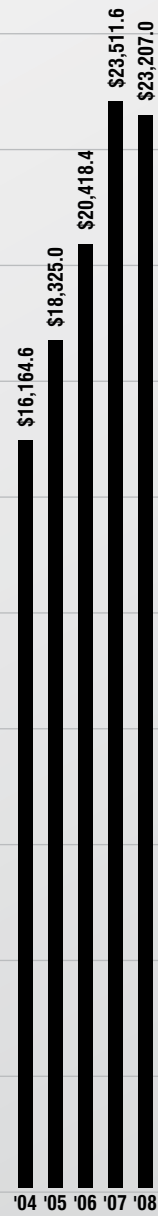
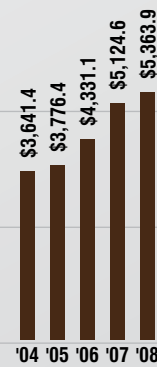
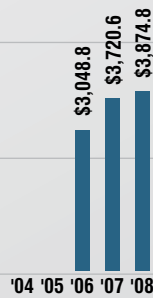
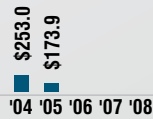
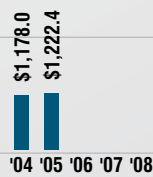
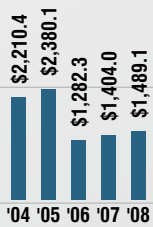


**OPERATING FUNDS**

Net Asset Value (in millions) as of August 31,

**TOTAL  
Operating Funds**

**TOTAL FUNDS  
Under Management**



**Short Term Fund**  
(\$1,489.1 million)

The UT System Short Term Fund (STF) is a money market fund consisting of the working capital and other operating fund balances held by UT System institutions with an investment horizon of less than one year.

**Short Intermediate Term Fund**

The UT System Short Intermediate Term Fund (SITF) was an internal UT System fund for the pooled investment of the operating funds held by UT System institutions with an investment horizon between one and five years. The SITF was liquidated on January 31, 2006.

**Institutional Index Funds**

The Institutional Index Funds (IIF) consisted of a U.S. debt index fund and a U.S. equity index fund for the investment of UT System institutions' permanent working capital and long-term capital reserves. The IIF was liquidated on January 31, 2006.

**Intermediate Term Fund**  
(\$3,874.8 million)

The UT System Intermediate Term Fund (ITF) is an internal UT System fund for the collective investment of operating funds and other intermediate and long-term funds held by UT System institutions and UT System Administration. The ITF was created on February 1, 2006 to replace the SITF and IIF.

**Total Operating Funds**  
(\$5,363.9 million)

**Total Funds Under Management**  
(\$23,207.0 million)





Bruce Zimmerman &amp; Cathy Iberg

## LETTER FROM THE EXECUTIVE MANAGEMENT

### *Fiscal Year 2008*

The Permanent University Fund (the “PUF”) and the General Endowment Fund (the “GEF”) - together the “Endowments” - experienced losses of 3.3% and 3.1%, respectively, for the fiscal year ending August 31, 2008. PUF assets totaled \$11.36 billion and GEF assets totaled \$6.31 billion at fiscal year end. The Intermediate Term Fund (the “ITF”) experienced a loss of .71% for the full year with assets totaling \$3.875 billion at fiscal year end.

While losses are never welcome, the portfolio’s strategic diversification, tactical asset class weightings and utilization of ‘world class’ external investment managers facilitated better than Policy Portfolio Benchmark (“Benchmark”) performance. The PUF outperformed its Benchmark by 1.86%, the GEF outperformed its Benchmark by 2.11%, and the ITF outperformed its Benchmark by 3.44% for the year. The outperformance was due to both tactical asset allocation and active external manager alpha.

We are also encouraged by the Endowments’ relative performance. We consider our peer group to be the nation’s largest university endowments and foundations, which historically has the best investment performance record of all institutional

investors. For the twelve months ending June 30, 2008 (which is most peers’ fiscal year end and therefore when statistics are gathered), UTIMCO ranked just below the first quartile.

### *Investment Strategy*

As we mentioned in last year’s letter, over the past year UTIMCO initiated or further emphasized several long term strategic investment themes, the effect of which is to increase:

- external manager active investment management,
- exposure to global economic growth particularly in the emerging markets,
- real assets including natural resources and real estate, and
- private investments - and therefore illiquidity risk - on a prudent basis.

In reference to UTIMCO’s active external manager program, the Endowments boast a strong record in its investments in hedge funds – or less



correlated and constrained managers as we have begun to refer to these mandates – over more than a decade of assembling and managing a portfolio of over 45 such managers. These investments have produced approximately 10% annual returns since inception with annual volatility of less than 6%. An important element of UTIMCO’s investment strategy is to continue utilizing ‘world class’ investment managers with the ability to trade across multiple capital markets employing a variety of investment styles and tools.

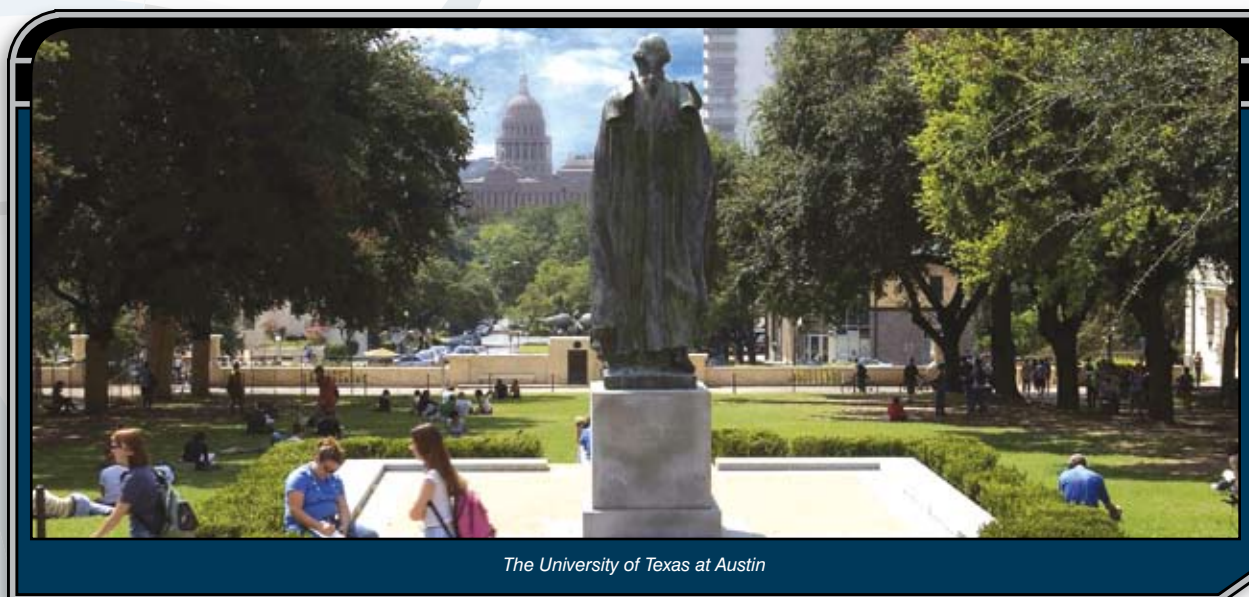
We also believe that, despite the current financial markets turmoil and economic slowdown, strategically – over the next few decades – the less developed countries are in the midst of a long term period of global growth as billions of people are being permitted to participate in market economies. This unleashing of productive capability – driven by the human desire for a better life for themselves and their children – creates more affordable products and services, as well as greater innovation and, in turn, greater demand for those very goods and services. This virtuous cycle provides investors a fertile environment in which to reap attractive risk-adjusted returns. We also believe that global growth will be anything but linear with the disruptions and cycles difficult to predict with precision. Therefore our approach is to gradually implement our global growth investment strategies over time in a disciplined manner.

A critical element of global growth is the increased demand it places on our limited

natural resources such as oil and certain metals and minerals. We believe the natural resources supply chain contains many links (e.g., discovery, extraction, processing, transportation, storage, etc.) almost all of which are capital intensive and have experienced underinvestment over the past decades. We believe this presents us with attractive investment opportunities across many different aspects associated with the supply of many different natural resources. In addition, such investments should help diversify the portfolio’s risk, and potentially provide protection to the overall portfolio should inflation re-emerge.

Lastly, we believe that we have a strategic advantage to seek better investment returns through prudent and cautious utilization of illiquidity risk that complements the Endowments’ long term investment horizon. Illiquidity risk will only be assumed if it is deemed that the additional return expectations merit. We will ensure that there is plentiful liquidity in the Endowments to fund obligations and to weather market downturns.

UTIMCO’s investment strategy was thoroughly reviewed and discussed with the UTIMCO Board (the “Board”), the University of Texas System Board of Regents (the “Regents”) and The University of Texas System staff last fall and again this past summer. An important element of the investment strategy is its gradual, multiyear implementation plan in recognition of the need to proceed cautiously and prudently, particularly with the certainty of cyclical swings.



The University of Texas at Austin



### **Investment Activity**

While it is obviously far too early to draw conclusions about the results of the changes to our long term investment strategy, it is the case that the implementation enacted during the past year has proven positive in the short term.

In implementing a long term investment strategy, staff works to add value in two ways: tactically deploy assets by overweighting or underweighting particular asset classes and hiring active managers with a mandate to outperform their respective benchmarks. We are pleased to report that UTIMCO employed both methods in order to deliver better than Benchmark results totaling approximately \$357 million of additional earnings, \$124 million through tactical allocation and \$233 million through active manager selection.

While statistics seldom capture the full story, in an effort to illuminate staff's efforts, over 600 meetings were held with our approximately 150 investment managers during the fiscal year. These were in addition to analysis of monthly or quarterly information provided by the managers, frequent communications with managers, and formal quarterly or semi-annual portfolio reviews. Staff

also held over 1,200 meetings with prospective investment managers in addition to receipt and review of countless other investment proposals. This 'pipeline' of potential investments, resulted in approximately 60 new investments, roughly one-third of which were with private investment managers with whom UTIMCO already had an existing relationship.

### **Tactical Allocation**

Approximately \$1.27 billion, or over 7.0%, of the Endowment's assets, was redeemed from developed country public equity, and during the course of the year we were typically 3.5%-5% underweight in this asset class. Given the 13% decline that public equity markets experienced during the fiscal year, these redemptions proved positive for overall returns. And as we began Fiscal Year 2009, we remained underweight in these markets as they continued to decline.

We increased our exposure to less correlated and constrained managers (hedge funds) by approximately \$436 million during the fiscal year and this part of our portfolio returned a positive 1.5%. Not only were these investments helpful in fiscal year 2008, but we are very optimistic that they will produce strong risk-adjusted results in the future given the world class funds we were able to access.

We also increased our private investments by over \$1 billion during the year and this part of the portfolio netted 2.3% in the PUF and 3.7% in the GEF for the year. Over half of our increase in private investments took the form of credit-related investments, such as senior loans to large companies, which were underwritten to extraordinarily high returns due to 'forced selling' on the part of large investment banks that held the paper. Another 28% of the increase in private investments was spread across natural resources, real estate and emerging market investments. Less than 20% of the increase in private investments was due to traditional buy-out or venture investments, and this increase was the result of calls on previous years' commitments. We are also optimistic that these investments will produce strong risk-adjusted returns in the coming years.

In natural resources, as prices ran up, we reduced exposures during the later part of the fiscal year. These decisions proved particularly



The University of Texas System



helpful as the beginning of Fiscal Year 2009 saw steep declines in this asset class.

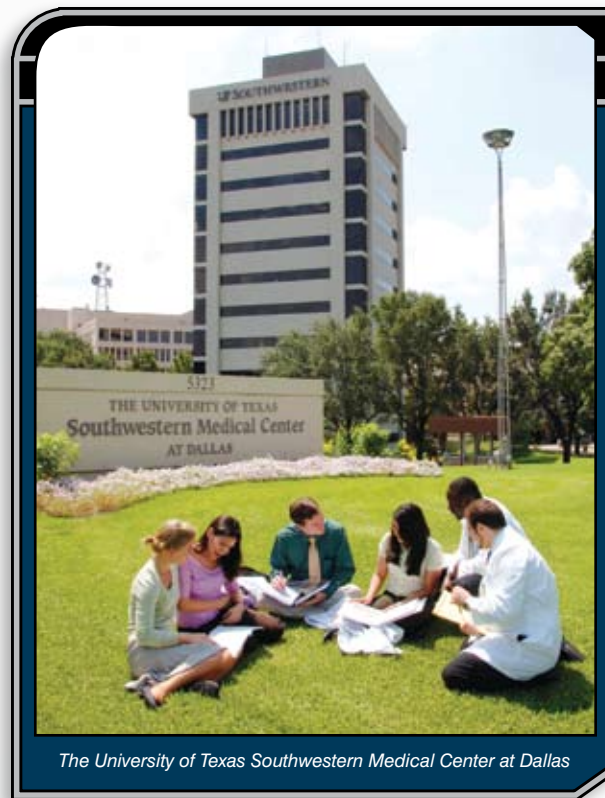
As we began to gradually implement our strategic plan in real estate and emerging markets, however, declining markets negatively impacted our positions. Each of these asset classes saw new investments of approximately \$350 million each. However, real estate markets fell 22% and emerging markets fell 10% during the fiscal year. These markets have fallen further during the beginning of Fiscal Year 2009. We remain committed to these markets for the long term and we will continue to carefully and cautiously deploy capital in these areas.

Finally, we brought our investment grade fixed income balances down by \$711 million, although this asset class' benchmark posted a 5.1% gain. Despite the reductions, however, we remained overweight in this asset class by just over 2% versus our Policy Portfolio so relative performance was positive. We remain committed to our strategy as long term investors to manage our exposure in this asset class to lower, but prudent, levels.

**Active Management**

Staff actually spends the vast majority of its time identifying, selecting and monitoring external managers who employ a broad variety of strategies in a wide array of capital markets across the globe. Currently, UTIMCO relies on approximately 30 more traditional, 45 less traditional and 75 private investment managers. More traditional managers typically buy publicly traded securities in a specified market, less traditional managers typically hold both 'long' and 'short' positions often in a wide range of publicly traded markets, employ leverage and also may invest in some illiquid securities, and private investment managers explicitly assume illiquidity risk across a range of investments including distressed, real estate, natural resources, buyout, growth and venture capital.

Our more traditional developed country public equity managers continued to underperform their market, and as we noted in last year's letter, we are focusing extensive resources on this portion of the portfolio. Over the past year we have made substantial redemptions and believe we have made significant progress in eliminating underperforming managers. We are now beginning our efforts to identify and select new active managers that we think will be able to deliver positive results versus



average market performance. Bright spots in our more traditional book of investments include our fixed income, REIT and natural resources active managers.

UTIMCO's less correlated and constrained managers beat their benchmark by approximately 200 basis points. As we have said in prior letters, we are very bullish on our portfolio of hedge fund managers. This part of the Endowments has produced annual returns of approximately 10% with annual volatility of approximately 6% over the past ten years.

Our private investment portfolio underperformed its benchmark for the fiscal year. We view this as less concerning as it is difficult to accurately assess the performance of a long term private investment portfolio over a short time period. The private investment benchmark also reflects a mature, seasoned portfolio whereas our portfolio is less seasoned and thus is disadvantaged by the "J-curve" effect (early year fee drain and investments held at cost which is then expected to be more than offset in later years as investments are realized). A more meaningful long term measure of the private investment portfolio reveals that our since inception returns are well above the industry average.



The UTIMCO Team

### ***Intermediate Term Fund***

The ITF benefits from the same group of external managers as the Endowments though maintains a different asset allocation in recognition of the more liquid nature of these assets. As such, the ITF does not contain any private investments and has a 35% allocation to investment grade fixed income. While this investment strategy is projected to lag the Endowments returns over the long term, during fiscal year 2008 the heavier weight in fixed income proved advantageous.

### ***FY 2008 Market Overview and FY 2009 Market Outlook***

Despite the unsettling events caused by the early subprime signals and increased market volatility during the summer of 2007, the final four months of 2007 ended relatively strong as our Policy Portfolio showed a 3.3% return for this period.

The first half of 2008 could best be characterized as filled with continued increased volatility as the markets reacted to new signs of excessive leverage and inadequate underwriting. In June 2008 however – as the full significance of the challenges of deleveraging, poor credit decisions and a slowing

economy became clearer – the capital markets went into a steep fall. Liquidity vanished, credit markets seized and equity investors scrambled in attempts to preserve capital by placing it in ‘risk free’ investments. Losses of 10% and more were posted in markets across the globe during the summer of 2008.

The year will certainly be remembered as a watershed in capital markets. From two Bear Stearns sponsored subprime mortgage hedge fund meltdowns to the \$700 billion U.S. rescue plan – and the multiple financial institution failures and trillions of dollars of government support in between – the world’s financial system experienced periods of failure. There is no choice but to fundamentally reconstruct it over the years to come.

The outlook for fiscal year 2009 is sobering. Confidence in financial institutions and capital markets has yet to be fully restored. The world’s developed economies are in recession and the emerging market growth is slowing. While shorter term inflationary concerns have eased with the slowdown in economic growth, longer term inflationary concerns have increased due to the injection of funds into the capital markets by





governments across the globe. Because of the time it will take to work through existing credit problems and the structural issues surrounding reconstituting financial institutions and capital markets, it is difficult to envision a strong and vibrant economic environment for the upcoming year.

We believe, however, that it is a good time to have capital to invest. Because of the illiquidity in the system, those that can provide capital are in a position to receive very attractive risk-adjusted rewards. UTIMCO is strongly positioned to be just such a capital provider due to the size, diversification and liquidity of the funds we manage. We are, however, committed to continuing to exercise extreme prudence as we invest. All of our actions are thoroughly diligenced and discussed and we remain committed to a broadly diversified portfolio of asset classes, investment types, geographies, sectors, investment managers and individual securities.

**Board and Staff**

The key to UTIMCO’s success is its people, including its Board of Directors and staff, as well as The University of Texas System Board of Regents and staff.

UTIMCO is grateful for Regent H. Scott Caven, Jr.’s many years of service, including as Chairman. While Chairman Caven left the UTIMCO Board upon his becoming Chairman of The University of Texas System Board of Regents, we continue to benefit from his counsel. UTIMCO’s Board is most fortunate to now be chaired by Regent Robert B. Rowling who provides clear leadership and strong investment insight. We also thank Chancellor Mark G. Yudof for his service and support and wish him

well in his new role. And we very much appreciate Chancellor Kenneth I. Shine’s guidance as a Board member. Lastly we welcome Regent Paul Foster to the UTIMCO Board. We cannot overstate the quality of our Board or the value they provide.

We are also grateful for the strong relationships we have with The University of Texas System Board of Regents and staff. The Regents and staff are fully engaged with the UTIMCO Board and staff, providing strong oversight as well as support. This partnership further enhances UTIMCO’s efforts and probabilities of success.

Finally, we are delighted to be colleagues with the fifty plus people who are UTIMCO. Over the past year, UTIMCO experienced very little turnover, exhibited high energy, insightfulness and a passion for our mission. We are pleased that more than a dozen people joined the organization, including senior investors in natural resources, real estate and public markets. Importantly, the support and control functions – risk management, legal and compliance, and operations, accounting and technology – are an essential and differentiating element of the organization. We are convinced that our team is now appropriately staffed with extraordinarily talented professionals and we are fortunate to have such a dedicated group of skilled colleagues.

We are confident in our abilities to continue to weather the storms that are inevitable, to capitalize on investment opportunities as they present themselves, and to produce strong risk adjusted returns over the long term. We appreciate all of the support we receive from The University of Texas and The Texas A&M Systems, and we welcome your inquiries and input.

**Bruce Zimmerman**  
Chief Executive Officer and  
Chief Investment Officer

**Cathy Iberg**  
President and Deputy  
Chief Investment Officer



## UTIMCO BOARD OF DIRECTORS

As of August 31, 2008

### ROBERT B. ROWLING (CHAIRMAN)

**Vice Chairman** – Board of Regents, The University of Texas System; **Owner and Chairman** – TRT Holdings, Inc.; **Owner** – Tana Exploration Company, LLC; **Chairman** – Omni Hotels; **Member** – National Board of Trustees for Young Life; **Past Chairman** – Willis M. Tate Distinguished Lecture Series, Southern Methodist University; **Member** – Texas Business Hall of Fame; **Member** – McCombs School of Business Hall of Fame; **Past Chairman** – Corpus Christi Area Economic Development Corporation

### J. PHILLIP FERGUSON (VICE CHAIRMAN)

**Chair** – UTIMCO Compensation Committee; **Member** – UTIMCO Risk Committee; **Former Chief Investment Officer** – AIM Capital Management, Inc.; **Trustee** – Houston Ballet; **Former Director** – Memorial Hermann Foundation; **Trustee** – Memorial Endowment Fund, St. John the Divine Episcopal Church; **Former Member** – Board of Governors of the Investment Adviser Association; **Member** – Fund Advisory Committee, The MBA Investment Fund, The University of Texas at Austin; **Member** – Investment Committee, Museum of Fine Arts, Houston; **Member** – Development Board, UT Health Science Center at Houston

### KENNETH I. SHINE (VICE CHAIRMAN FOR POLICY)

**Chancellor *ad interim*** – The University of Texas System; **Former President** – Institute of Medicine (IOM); **Founding Director** – RAND Center for Domestic and International Health Safety; **Professor of Medicine Emeritus** – The University of California, Los Angeles, School of Medicine; **Former Chair** – Council of Deans of the Association of American Medical Colleges; **Former President** – American Heart Association

### CLINT D. CARLSON

**Member** – UTIMCO Compensation Committee; **Member** – UTIMCO Risk Committee; **President and Chief Investment Officer** – Carlson Capital, L.P.; **Member** – Board of Trustees, Dallas Museum of Art; **Member** – Council of Overseers, Jones School of Business at Rice University

### PAUL FOSTER

**Member** – UTIMCO Audit and Ethics Committee; **Member** – Policy Committee; **Member** – Board of Regents, The University of Texas System; **Chairman, President & CEO** – Western Refining Company, El Paso, Texas; **Member** – Executive Committee and **Former Chair** El Paso Regional Economic Development Corporation; **Member** – El Paso Chapter of the American Red Cross; **Member** – Texas Economic Development Corporation; **Member** – Advisory Board, Hankamer School of Business at Baylor University; **Member** – Executive Committee of the Paso del Norte Group; **Former Member** – Texas Higher Education Coordinating Board; **Member** – Bank of the West Board of Directors and **Chairman** of the Nomination and Governance Committee



Robert B. Rowling

J. Phillip Ferguson

Kenneth I. Shine

Clint D. Carlson

Paul Foster







COLLEEN MCHUGH

**Chair** – UTIMCO Policy Committee; **Member** – UTIMCO Audit and Ethics Committee; **Member** – Board of Regents, The University of Texas System; **Of Counsel** – Welder Leshin LLP; **Former Chair** – Texas Public Safety Commission; **Former President** – State Bar of Texas; **Former Chair** – State Bar of Texas Board of Directors; **Former Member** – Governor’s Task Force on Homeland Security; **Former President** – USS Lexington Museum; **Member** – The American Law Institute

ARDON E. MOORE

**Member** – UTIMCO Compensation Committee; **Member** – UTIMCO Policy Committee; **President** – Lee M. Bass, Inc.; **Member** – The University of Texas Development Board; **Member** – McCombs School of Business, Advisory Board; **President** – Fort Worth Zoological Association; **Trustee** – Cook Children’s Hospital, Fort Worth; **Past President** – All Saint’s Episcopal School of Fort Worth; **Past Trustee** – Texas Water Foundation; **Member** – Stanford Graduate School of Business Alumni Association; **Member** – Dean’s Circle, The University of Texas at Austin McCombs School of Business

ERLE NYE

**Chair** – UTIMCO Audit and Ethics Committee; **Member** – UTIMCO Risk Committee; **Member and Past Chairman** – Board of Regents, Texas A&M University System; **Chairman Emeritus** – TXU Corp.; **Member** – Texas A&M University College of Engineering Advisory Council and Chancellor’s Council; **Member** – Southern Methodist University Dedman School of Law and Cox School of Business Executive Boards; Tate Lecture Series Board, and Maguire Center Executive Advisory Board; **Past Chairman** – Baylor College of Dentistry Board of Directors; **Chairman** – National Infrastructure Advisory Council; **Member** – Salvation Army, State Fair of Texas, and Southwestern Exposition and Livestock Show Board of Directors; **Member** – Chancellor’s Century Council of Advisors, Texas A&M University; **Member** – Development Council, The University of Texas at Dallas

CHARLES W. TATE

**Chair** – UTIMCO Risk Committee; **Member** – UTIMCO Audit and Ethics Committee; **Chairman & Founding Partner** – Capital Royalty L.P.; **Former Partner and Member of Management Committee** – Hicks, Muse, Tate & Furst Incorporated; **Former Managing Director** – Morgan Stanley & Co. Incorporated; **Member** – The University of Texas M.D. Anderson Cancer Center’s University Cancer Foundation Board of Visitors & Strategic Advisory Committee; **Chairman** – The University of Texas M. D. Anderson Cancer Center - Center for Global Oncology Advisory Group; **Chairman** – External Advisory Committee of The University of Texas Department of Biomedical Engineering; **Recipient** – 2007 University of Texas Distinguished Alumnus Award; **Member** – McCombs School of Business Hall of Fame; **Member** – Board of Overseers of the Columbia University Graduate School of Business; **Chairman** – Texas Life Sciences Center of Innovation & Commercialization; **Member** – Texas Cancer Prevention & Research Institute Oversight Committee; **Member** – The Robert A. Welch Foundation Board of Directors; **Member** – Industry & Community Affiliates Committee of The Academy of Medicine, Engineering & Science of Texas



Colleen McHugh

Ardon E. Moore

Erle Nye

Charles W. Tate



## THE UNIVERSITY OF TEXAS SYSTEM BOARD OF REGENTS

As of August 31, 2008

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James R. Huffines – Vice Chairman  
Robert B. Rowling – Vice Chairman

### MEMBERS

Terms Expire February 1, 2009\*

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H. Scott Caven, Jr.  
James R. Huffines

Terms Expire February 1, 2011\*

Janiece Longoria  
Colleen McHugh  
Robert B. Rowling

Terms Expire February 1, 2013\*

James D. Dannenbaum  
Paul Foster  
Printice L. Gary

Student Regent Term Expires May 31, 2009\*

Benjamin Dower

\*Each Regent's term expires when a successor has been appointed, qualified, and taken the oath of office.  
The Student Regent serves a one-year term.

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Francie A. Frederick – General Counsel to the Board of Regents

## THE UNIVERSITY OF TEXAS SYSTEM OFFICERS

As of August 31, 2008

Kenneth I. Shine – Chancellor *ad interim*  
David B. Prior – Executive Vice Chancellor for Academic Affairs  
Kenneth I. Shine – Executive Vice Chancellor for Health Affairs  
Scott C. Kelley – Executive Vice Chancellor for Business Affairs  
Philip Aldridge – Vice Chancellor for Finance and Business Development  
Tonya Moten Brown – Vice Chancellor for Administration  
Barry D. Burgdorf – Vice Chancellor and General Counsel  
Francie A. Frederick – General Counsel to the Board of Regents  
Geri H. Malandra – Vice Chancellor for Strategic Management  
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Amy Shaw Thomas – Vice Chancellor and Counsel for Health Affairs





## UTIMCO SENIOR MANAGEMENT

As of August 31, 2008

- Bruce Zimmerman – CEO and Chief Investment Officer
- Cathy Iberg – President and Deputy Chief Investment Officer
- Lindel Eakman – Managing Director – Private Investments
- Bill Edwards – Managing Director – Information Technology
- Anna Cecilia Gonzalez – General Counsel and Chief Compliance Officer
- Joan Moeller – Managing Director – Accounting, Finance and Administration
- Robert Schau – Senior Director – Real Estate Investments
- Mark Warner – Senior Director – Natural Resources Investments

**LEGAL COUNSEL** – Vinson & Elkins LLP, Austin, Texas

**INDEPENDENT AUDITORS** – Deloitte & Touche LLP





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