

***The University of Texas Investment
Management Company***



Presentation Materials

Board of Directors Meeting

November 7, 2008

**UTIMCO BOARD OF DIRECTORS
MEETING AGENDA
November 7, 2008**

UTIMCO
401 Congress Ave., Ste. 2800
Austin, Texas 78701

Time		Item #	Agenda Item
Begin	End		
8:00 a.m.	8:05 a.m.	1	Open Session: Call to Order/Discussion and Appropriate Action related to Minutes of July 23, 2008 Meeting and July 24, 2008 Joint Meeting with the Board of Regents of The University of Texas System*
8:05 a.m.	8:20 a.m.	2	Discussion and Appropriate Action related to Legal Counsel*
8:20 a.m.	9:50 a.m.	3	Endowment and Operating Funds Update Report
9:50 a.m.	11:30 a.m.	4	Report on Public Markets
11:30 a.m.	1:00 p.m.		Recess for Briefing Session pursuant to Texas Education Code Section 66.08(h)(2) related to Investments
1:00 p.m.	2:00 p.m.	5	Reconvene into Open Session: Lunch and Discussion of Investment Environment
2:00 p.m.	3:15 p.m.	6	Executive Session: Pursuant to Sections 551.071 and 551.074, <i>Texas Government Code</i> , the Board of Directors will convene in Executive Session to Receive the Advice of Legal Counsel Regarding the Fiduciary Obligations of the Directors and to Consider Individual Personnel Compensation Matters including Report of Compensation Committee Regarding Individual Performance Incentive Awards for the Performance Period ended June 30, 2008. Reconvene into Open Session Consideration of Compensation Committee Report: - Discussion and Appropriate Action related to Amendments to Appendix B of UTIMCO Compensation Program (UTIMCO Peer Group)* - Discussion and Appropriate Action related to Personnel Performance Incentive Awards* - Discussion and Appropriate Action related to Designation of Employee in Eligible Position as a Participant in the UTIMCO Compensation Program for the 2008-09 Performance Period* Discussion and Appropriate Action related to Designation of Key Employees*
3:15 p.m.	3:30 p.m.	7	Report on and Discussion and Appropriate Action related to Items from Audit and Ethics Committee*
3:30 p.m.	3:45 p.m.	8	Report on and Discussion and Appropriate Action related to Items from Policy Committee*
3:45 p.m.	4:00 p.m.	9	Report from Risk Committee
4:00 p.m.	4:45 p.m.	10	UTIMCO Organization Update
4:45 p.m.	5:00 p.m.	11	Report on 2009 Meeting Dates

* Action by resolution required

Members of the Board may attend the meeting by telephone conference call pursuant to Tex. Educ. Code Ann. § 66.08(h)(2)(B). The telephone conference will be audible to the public at the meeting location specified in this notice during each part of the meeting that is required to be open to the public.

Next Scheduled Meeting: February 5, 2009

TAB 1

RESOLUTION RELATED TO MINUTES

RESOLVED, that the minutes of the meeting of the Board of Directors held on **July 23, 2008**, and the Joint Meeting with the Board of Regents of The University of Texas System held on **July 24, 2008**, be, and are hereby, approved.

**MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY**

The Board of Directors (the "Board") of The University of Texas Investment Management Company (the "Corporation") convened in an open meeting at 12:05 p.m. on the **23rd day of July 2008**, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Chairman, Robert B. Rowling, with notice provided to each member in accordance with the Bylaws. The audio portion of the meeting was electronically recorded.

Participating in the meeting were the following members of the Board:

Robert B. Rowling, Chairman
J. Philip Ferguson, Vice Chairman
Kenneth I. Shine, Vice Chairman for Policy
Paul Foster
Colleen McHugh
Ardon E. Moore
Erle Nye
Charles W. Tate

Accordingly, a majority and quorum of the Board was in attendance. Director Clint Carlson did not attend the meeting. Also attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Cathy Iberg, President and Deputy CIO; Joan Moeller, Secretary and Treasurer of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Cecilia Gonzalez, internal General Counsel and Chief Compliance Officer for the Corporation; Bill Edwards, Managing Director of Information Technology for the Corporation; Uzi Yoeli, Director - Portfolio Risk Management; Mark Warner, Director of Natural Resources Investments; Lindel Eakman, Managing Director – Private Markets; Bob Schau, Director – Real Estate Investments; other Staff members, all of the Corporation; Keith Brown of the McCombs School of Business at UT Austin; Jim Phillips, Charles Chaffin, Philip Aldridge, Anthony de Bruyn, William Huang, Moshmee Kalamkar; Miles Ragland and Roger Starkey of UT System Administration; Bruce Myers, Hamilton Lee, and Jeanne Rogers of Cambridge Associates; and Nancy Hibschman of Mercer. Jerry Turner, external General Counsel for the Corporation joined later in the meeting as noted in the minutes. Mr. Rowling called the meeting to order at 12:05 p.m.

Minutes

The first matter to come before the Board was approval of the minutes of the meeting of the Board of Directors held on April 25, 2008. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held on
April 25, 2008, be, and are hereby, approved.

Endowment and Operating Funds Update

Mr. Rowling asked Mr. Zimmerman to present the Corporation's endowment and operating funds update. Mr. Zimmerman reported performance numbers as of May 31, 2008. The net performance for the one-month period ended May 31, 2008, for the Permanent University Fund (PUF) was 1.50% and for the General Endowment Fund (GEF) was 1.44%, versus benchmark returns of 0.80% for each fund. The net performance for the one-year period ended May 31, 2008, for the PUF and GEF were 4.82% and 5.25%, respectively, versus benchmark returns of 2.87% for each fund. The Intermediate Term Fund's (ITF) performance was 0.93% versus its benchmark return of 0.11% for the one-month period, and was 5.83% versus its benchmark return of 1.71% for the one-year period ended May 31, 2008. Performance for the Short Term Fund (STF) was 0.25% versus 0.03% for its benchmark return for the one-month period, and was 4.65% versus a benchmark return of 3.85% for the one-year period ended May 31, 2008. Mr. Zimmerman reviewed portfolio policy ranges and policy targets, and then presented the Market Exposure chart showing market exposure and deviations from policy targets within tactical policy ranges. Mr. Zimmerman reported on risk and leverage, and reviewed a comprehensive derivative report as of May 31, 2008. Mr. Turner joined the meeting at this time. Mr. Zimmerman reviewed the funds comparing asset class and investment type targets, ranges and performance objectives. Also presented was manager exposure, liquidity and investment activity as of May 31, 2008. Mr. Zimmerman, Ms. Iberg, Mr. Eakman, Mr. Schau, Mr. Warner and Mr. Myers answered the Directors' questions.

Investment Strategy Review 2008

Mr. Rowling asked Mr. Zimmerman to proceed to the Investment Strategy Review 2008. Mr. Zimmerman explained that because this topic had been presented and discussed in detail at the last Joint Policy and Risk Committee meeting which included most members of the Board, he would present a summary of the information. He reported that the objective of this year's investment strategy review was to assess the portfolio's current position in relation to the initial multi-year plan and recent/expected market conditions and recommend "mid-course corrections" to the originally proposed multi-year implementation plan as well as to recommend targets and ranges for FY 2011. Mr. Zimmerman also reported that as part of the annual review of the investment policies, the Staff was requesting approval for changes to Exhibits A to the Investment Policy Statements for the PUF and GEF and Exhibits B to the Permanent Health Fund (PHF) and Long Term Fund (LTF) Investment Policy Statements, for the fiscal year ending August 31, 2008, effective July 24, 2008. This change related to increasing the Private Investments maximum range to 20% (up from 16.8%). The Board was also requested to approve amendments to the Exhibits to the Investment Policy Statements for the PUF, GEF, PHF, LTF, and Intermediate Term Fund, to reflect changes to the implementation plan proposed for FY 09 and FY 10 as well as to recommend targets and ranges through FY 2011. Mr. Zimmerman provided for review a handout from Cambridge Associates with data comparing the top ten performing endowments over the past five (5) years and their percentage of assets in illiquid investments. Mr. Zimmerman, Ms. Iberg and Mr. Eakman answered the Directors' questions.

Risk Committee Report

Mr. Rowling asked Mr. Tate to report on the last meeting of the Risk Committee. Mr. Tate stated that the Policy and Risk Committee had a joint meeting on July 15, 2008, directly followed by a Risk Committee

meeting. Mr. Tate reported that two of the items on the joint Committee meeting agenda had already been discussed during Mr. Zimmerman's Investment Strategy Review 2008, which included a recommendation for mid-course corrections and a recommendation for targets and ranges for FY 2011. Two additional items covered at the Joint Committee meeting were proposed amendments to the Liquidity Policy and Staff recommendations related to revisions to the benchmarks. Mr. Zimmerman gave the Board an overview of the proposed revisions to the benchmarks and briefly explained the Liquidity Policy changes, which were discussed in more detail during the Policy Committee report. Mr. Tate also reported that the Risk Committee discussed and took appropriate action related to categorization of new investment mandates and re-categorization of investment mandates but there was no action needed by the Board from the Risk Committee report.

Policy Committee Report

Mr. Rowling asked Ms. McHugh to give a report from the Policy Committee. Ms. McHugh stated that the Policy Committee also met on July 15, 2008, followed by the Joint Policy and Risk Committee meeting. During the meeting, the Committee was presented with an overview of proposed changes to the Code of Ethics recommended by the Staff. These proposed amendments were approved by the Committee subject to further approval by the Board and the UT System Board of Regents. Upon motion duly made and seconded, the following resolution was passed unanimously:

RESOLVED, that amendments to the Code of Ethics of the Corporation as presented be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

Also discussed at the Joint Policy and Risk Committee were proposed amendments to the Liquidity Policy. The Liquidity Policy included new liquidity limits and trigger zones for the fiscal years ending 2009 and 2010 for the Endowment Funds and added fiscal year ending 2011 liquidity limits and trigger zones for both the Endowment Funds and the Intermediate Term Fund. In addition, the unfunded commitments maximums in the Liquidity Policy were changed for the fiscal years ending 2008, 2009, and 2010 and the maximum permitted amount for fiscal year 2011 was added. The Policy and Risk Committees reviewed and approved the proposed amendments to the Exhibits of the Investment Policy Statements as presented. Mr. Zimmerman and Ms. Gonzalez answered the Directors' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that amendments to the Exhibits of the Investment Policy Statements of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, and Intermediate Term Fund, and the Liquidity Policy, as presented be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System

Audit and Ethics Committee Report

Mr. Rowling asked Mr. Nye to give a report from the Audit and Ethics Committee. Mr. Nye stated that the Audit and Ethics Committee met on July 15, 2008. The Audit and Ethics Committee discussed and

approved the recommended changes to the Code of Ethics prior to submission to the Policy Committee for its approval and which had been approved by the Board earlier in this meeting. The Committee reviewed unaudited financials for the period ended May 31, 2008, for the Investment Funds and the Corporation; reports by the UT System Audit Office; and a report from the external auditor, Deloitte & Touche, LLP. Also reviewed was the Audit and Ethics Committee's self-assessment as well as other compliance, reporting and audit issues. Mr. Nye stated that the Committee was pleased with the results of the self-assessment and also with the progress of the newly appointed Chief Compliance Officer. The Committee met with the General Counsel and Chief Compliance Officer without the presence of the CEO and Chief Investment Officer to provide an opportunity for an open-ended discussion on compliance matters. During the meeting, the Committee also approved the Chief Compliance Officer's base salary, performance incentive plan participation, and performance goals for the 2008-2009 fiscal year, and jointly with the CEO, recommended same to the Compensation Committee for its approval. Also presented was an update to the Committee on the contract discussions with Deloitte & Touche, LLP. Mr. Chaffin reported that the UT System Board of Regents approved the renewal of the auditing services with Deloitte & Touche, LLP for the fiscal year ending August 31, 2008, for the funds managed by the Corporation. The Committee approved Deloitte & Touche, LLP as the independent auditor of the Corporation for the year ended August 31, 2008, and recommended that the UTIMCO Board also approve Deloitte and Touche, LLP as the Corporation's independent auditor. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the firm of Deloitte & Touche, LLP be, and is hereby, engaged as the independent auditor of the Corporation for the year ended August 31, 2008.

Executive Session

Mr. Rowling, at 2:37 p.m., announced that, "The Board of Directors of The University of Texas Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session to deliberate individual personnel matters. This Executive Session meeting of the Board is authorized by *Texas Government Code* § 551.074. The time is now 2:37 p.m. and the date is July 23, 2008."

Reconvene in Open Session

The Board reconvened at 3:45 p.m. in open session and Mr. Rowling announced that, "The Open Session of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The date is July 23, 2008, and the time is now 3:45 p.m. During the Executive Session, the Board deliberated individual personnel matters, but did not take any final action or votes, or make any decisions."

Compensation Committee Report

Mr. Rowling asked Mr. Ferguson to give a report from the Compensation Committee. Mr. Ferguson said the Compensation Committee had met throughout the year in effort to work with the Corporation's human resource consultant, Mercer, to recommend changes to the Compensation Program (the "Plan"). The objective was to simplify the Plan, i.e., make it more understandable and transparent, and move from peer

group concentric to benchmark concentric. Mr. Ferguson continued that although the Committee was prepared to delete the provision in the Plan requiring the deferral of 30% of the actual incentive awards based on the recommendation it had received from Mercer, the Committee Members agreed to retain the deferral provision for the 2008/2009 Performance Period and would take up the elimination of the deferral provision for future Performance Periods after the 2008/2009 year at a future meeting. Mr. Ferguson recommended approval, on behalf of the Compensation Committee, of the amendments to the UTIMCO Compensation Program as stated in the resolution below. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, Section 7.2 of the UTIMCO Compensation Program effective July 1, 2007 (the "Prior Plan") provides that UTIMCO, by action of its Board of Directors (the "Board"), has the right in its discretion to amend the Prior Plan or any portion thereof from time to time; and

WHEREAS, the Charter of the Compensation Committee of the Board (the "Committee") requires the Committee to recommend to the Board any proposed amendments to the Prior Plan; and

WHEREAS, the Compensation Committee has proposed certain changes to the Prior Plan to be incorporated into a new UTIMCO Compensation Program effective July 1, 2008 (the "Plan"), in the form previously provided to the Board; and

WHEREAS, the Board has reviewed the Plan.

NOW, THEREFORE, be it:

RESOLVED, that the Board hereby amends the Prior Plan effective as of July 1, 2008, subject to the approval of the Board of Regents of The University of Texas System.

Mr. Ferguson next requested approval of the base salary of the Corporation's CEO for the fiscal year 2008-2009 as recommended by the Compensation Committee. Upon motion duly made and seconded, the following resolution was approved unanimously:

RESOLVED, that the Board of Directors of UTIMCO hereby approves the Base Salary of the Corporation's CEO for the Fiscal Year 2008-2009 in the amount of \$575,000.

Mr. Ferguson continued by requesting that the Compensation Committee's recommendation relating to the qualitative performance goals of the Corporation's CEO be approved by the UTIMCO Board. Upon motion duly made and seconded, the following resolution was approved unanimously:

WHEREAS, Section 5.4(a) of the UTIMCO Compensation Program (the "Plan") provides that the Compensation Committee (the "Committee") of the Board of

Directors of UTIMCO (the "Board") will approve the Performance Goals for each Participant (other than for the CEO) each Performance Period; and

WHEREAS, Section 5.4(c) of the Plan provides that the Board will determine the Performance Goals of the CEO for each Performance Period; and

WHEREAS, the Board has reviewed the CEO's Qualitative Performance Goals for the 2008/2009 Performance Period as prepared by the CEO and recommended by the Committee and set forth in the document presented to the Board.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the Qualitative Performance Goals for the CEO for the 2008/2009 Performance Period, effective as of July 1, 2008, as set forth in the document presented to the Board.

Mr. Rowling expressed his appreciation to Mr. Zimmerman for a job well done during his first year and looks forward to working with him in achieving these new goals for the next year.

One final recommendation from the Compensation Committee presented by Mr. Ferguson was approval of the designated Participants in the UTIMCO Compensation Program for the 2008/2009 Performance Period, effective July 1, 2008. Upon motion duly made and seconded, the following resolution was approved unanimously:

WHEREAS, Section 5.3(a) of the UTIMCO Compensation Program (the "Plan") provides that, in order to become a "Participant" in the Plan for a Performance Period, a UTIMCO employee must be (1) employed in a position designated by the Board of Directors of UTIMCO (the "Board") as an "Eligible Position" for that Performance Period and (2) selected by the Board as a Participant for that Performance Period; and

WHEREAS, the Compensation Committee of the Board has recommended the individuals who may become Participants for the 2008/2009 Performance Period set forth on Exhibit 1 attached hereto; and

WHEREAS, the UTIMCO Board has reviewed Exhibit 1 and wishes to select the individuals who may become Participants for the 2008/2009 Performance Period.

NOW, THEREFORE, be it:

RESOLVED, that the individuals set forth on Exhibit 1 attached hereto are hereby designated as "Participants" in the Plan for the 2008/2009 Performance Period, effective as of July 1, 2008.

Budget Presentation

Mr. Rowling asked Mr. Zimmerman to present the 2008-2009 Budget Review. Mr. Zimmerman began with a summary of the fiscal year 2008 budget then continued with the 2008 forecast and the fiscal year 2009 budget. For fiscal year 2008-2009, UTIMCO staff proposed a total annual budget of \$66,788,537, a 3.4% increase over the prior year budget and an 8.8% increase over the 2007-08 forecast. Included in the total annual budget is a proposed Management Fee Request of \$16,543,709 for, a 7.6% increase over FY 2008. Additionally, UTIMCO staff has proposed a capital budget of \$220,000, a decrease of \$135,569 as compared to the prior year budget and a decrease of \$395,710 as compared to the 2007-08 forecast. The Management Fee Request is the amount paid by the Funds directly to UTIMCO for corporate operations and the Allocation Schedule reports the fees charged to each of the Funds. The proposed Annual Budget, Management Fee Request, and Allocation Schedule were included in the presentation.

UTIMCO staff projects UTIMCO's available cash reserves to be \$1.9 million, and UTIMCO staff is not recommending that the cash reserves be distributed back to the Funds at this time. Mr. Aldridge and Mr. Huang concur with the recommendation. Mr. Rowling noted that the UT System Office of Finance staff had reviewed the annual budget and prepared the "Fiscal Year 2009 UTIMCO Budget Review." Mr. Zimmerman and Mr. Aldridge answered the Directors' questions. Upon motion duly made and seconded, the following resolution was approved unanimously:

RESOLVED, that the Corporation's Annual Budget of \$66,788,537, Management Fee Request of \$16,543,709, Capital Budget of \$220,000, and the Allocation Schedule as provided to the Board for the period beginning September 1, 2008 through August 31, 2009, be, and is hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

Pooling of More Correlated and Constrained Investments

Mr. Rowling asked Ms. Iberg to discuss the pooling proposal for public equities, i.e., the More Correlated and Constrained ("MCC") investments. Ms. Iberg explained that commingling the MCC investments by creating internally managed commingled MCC pools will streamline the recordkeeping, reporting, and administrative functions associated with the MCC investments for the PUF, GEF, and ITF. UTIMCO anticipates pooling the MCC investments on November 1, 2008. Consistent with prior action by the Board in approving the pooling of hedge fund investments and private equity investments, UTIMCO staff sought approval from the UTIMCO Board to create internally managed commingled funds for the purpose of pooling existing MCC investments, and for the purpose of making additional MCC fund investments and redemptions. In conjunction with such approval, the UTIMCO Board acknowledged that prior MCC investments were approved by or presented to the Board as an initial capital amount of a named investment of the PUF, GEF, and ITF and further waived the stated amounts and percentages previously authorized for investment by the PUF, GEF and ITF coincident with the creation of the internally managed commingled MCC pools.

In addition to the above, UTIMCO disclosed to the Board that the pooling of the existing MCC investments into internally managed commingled pools might confer a benefit to the PUF, GEF, or ITF as the ownership in the existing investments by each Fund could be different than each Fund's respective undivided ownership interest in the pool. Allocation of capital to existing mandates would not be *pari-passu* across

the endowment funds (PUF and GEF) and the ITF; however, future performance of each respective investment mandate is not predictable. In determining the ownership interest of the PUF, GEF, and ITF in the respective pools all MCC investments will be valued at market value as of October 31, 2008. Mr. Zimmerman and Ms. Iberg answered the Directors' questions. Upon motion duly made and seconded, the following resolution was approved unanimously:

RESOLVED, that the Board approves the creation of one or more internally-managed commingled funds, as necessary, for the purpose of pooling existing More Correlated and Constrained (MCC) investments currently held by the Permanent University Fund (PUF), the General Endowment Fund (GEF), and the Intermediate Term Fund (ITF), and for the purpose of making additional MCC investments or redeeming MCC investments; and, be it further

RESOLVED, that the foregoing resolutions shall be implemented in accordance with the recommendation of the Corporation staff submitted to the Board and shall supersede all prior resolutions of the Board to the extent any such resolutions authorized a MCC investment for only the PUF, GEF or the ITF or prescribed a stated amount or percentage of a MCC investment for the PUF, GEF or the ITF.

Investment Environment Discussion

Mr. Rowling asked Mr. Zimmerman to begin discussion on current investment environment issues. Mr. Zimmerman asked for advice from the Directors in this less than straightforward investment environment. Discussion by the Directors' included perspective from those that had been in the business for many years and also from recent meetings with Directors and large investment firms, banks, etc. It was also acknowledged that it would be important to watch how the Federal Government handles the Fannie Mae and Freddie Mac situation. Mr. Zimmerman thanked the Directors for their input and said that he would continue to reach out to them for their thoughts and advice.

Other

Mr. Rowling announced that Mr. Lucius Lomax had requested to speak at the meeting. Mr. Rowling read the following statement from the Texas Open Meetings Act: "A meeting that is 'open to the public' under the Act is one that the public is permitted to attend. The Act does not entitle the public to choose the items to be discussed or to speak about items on the agenda. A governmental body may, however, give members of the public an opportunity to speak at a public meeting. If it does so, it may set reasonable limits on the number, frequency and length of presentation for it." Mr. Rowling asked that Mr. Lomax hold his comments to two minutes. Mr. Lomax stated that he has had problems in the past in obtaining public records from UTIMCO and has experienced a lack of response from UTIMCO's Public Information Officer, which is why he believed it was necessary to raise this issue before the Board. Mr. Lomax felt it was wise for all to remember that a failure to comply with the Texas Public Information Act is considered official misconduct and penalties regarding this law are criminal. He said the people rely on reporters such as himself and Mr. Elder of the Austin American Statesman to provide them with information. Mr. Rowling said the Board understands the importance of complying appropriately, and Mr. Zimmerman assured Mr. Lomax that

Corporation management will make sure the correct processes are in place to comply with requests made under the Texas Public Information Act.

At 4:55 p.m. the open meeting of the Board recessed into a Briefing Session pursuant to Texas Education Code Section 66.08 (h)(2) related to a Private Investment.

The open meeting of the Board reconvened in open session at 5:10 p.m.

Mr. Rowling recommended approval of a private investment proposal for an additional \$100 million commitment to Reservoir Capital Investment Partners (Cayman), L.P. Upon motion duly made and seconded, the following resolution was approved by a quorum of the Board with Mr. Moore abstaining:

WHEREAS, the Corporation's Private Investments staff has recommended an additional \$100 million commitment to Reservoir Capital Investment Partners (Cayman), L.P.; and

WHEREAS, such commitment exceeds the stated authority of the Corporation's staff in the Delegation of Authority Policy and requires the Corporation's Private Investments staff to provide Directors an option to review the proposed investment; and

WHEREAS, in lieu of providing Directors with an option to review the proposed investment, the Private Investments staff has presented the proposed investment to the Board at this meeting; and

WHEREAS, Director Ardon Moore has disclosed a conflict of interest in the proposed investment, which he acquired before the date he assumed his position on the Board and does not constitute a pecuniary interest as defined by Section 3.01(b) of the UTIMCO Code of Ethics (Code), and pursuant to Section 2.06(a) of the Code must absent himself from any deliberations related to the proposed investment and refrain from voting on the matter; and

WHEREAS, Section 3.03 of the Code provides that the Corporation may not invest in the private investments of a business entity if a director or director entity then owns a private investment in the same business entity unless: (a) the director or director entity acquired the private investment before the date on which the director assumed a position with UTIMCO; (b) the director's private investment does not constitute a pecuniary interest in a business entity as defined by Section 3.01(b) of the Code; and (c) the Board approves the investment by UTIMCO or the UTIMCO entity by a vote of two-thirds of the membership of the Board after a full disclosure in an open meeting of the relevant facts and a finding by the Board that the investment will not benefit the director or director entity financially; and

WHEREAS, Director Moore has disclosed his interest in Reservoir Capital Investment Partners (Cayman), L.P. and has absented himself from all deliberations related to the proposed investment as required by the Code.

NOW, THEREFORE, BE IT

RESOLVED, that the Board approves an additional \$100 million commitment to Reservoir Capital Investment Partners (Cayman), L.P. for the Permanent University Fund of the State of Texas and the Board of Regents of The University of Texas System General Endowment Fund (the "UT Funds") and directs staff to negotiate and enter into a contract with Reservoir Capital Investment Partners (Cayman), L.P. (the "Agreement"), conditioned on the receipt by the Chief Compliance Officer of UTIMCO of a certification of no pecuniary interest, as required by Section 4.04 of the UTIMCO Code of Ethics, from each director and key employee of UTIMCO.

RESOLVED FURTHER, that the Chief Executive Officer, the President and Deputy CIO, any Managing Director or Vice President, and the Secretary of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, in the name and on behalf of the Corporation, in its capacity as the investment manager of the UT Funds or otherwise, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolution and to perform the obligations of the UT Funds under the Agreement.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 5:15 p.m.

Secretary: _____
Joan Moeller

Approved: _____ Date: _____
Robert B. Rowling
Chairman, Board of Directors of
The University of Texas Investment
Management Company

Exhibit 1
Designation of Plan Participants in Eligible Positions
in the 2008/2009 Performance Period

ELIGIBLE POSITION

PARTICIPANTS

Investment Professionals

CEO & Chief Investment Officer	Bruce Zimmerman
President and Deputy CIO	Cathy Iberg
Managing Director, Investment	Lindel Eakman
Senior Portfolio Manager	Russ Kampfe
Portfolio Manager	Harland Doak
Senior Director, Investment	Mark Warner
Senior Director, Investment	Bob Schau
Director, Investment	Mark Shoberg
Director, Investment	Ryan Ruebsahm
Director, Risk Management	Uzi Yoeli
Senior Associate, Investment	Zac McCarroll
Senior Associate, Investment	Mark Newcomb
Associate, Investment	Scott Bigham
Associate, Investment	Courtney Powers
Associate, Investment	Laura Patrick
Associate, Investment	Mike McClure
Associate, Investment	Amanda Hopper
Associate, Risk Management	Kathleen Wagner
Senior Analyst, Investment	Eric Dooley
Analyst, Investment	Aman Jain
Analyst, Investment	Shari Ledbetter
Analyst, Investment	James Hwang
Analyst, Investment	Natasha Cupps
Analyst, Investment	Siamc Kamalie

Operations/Support Professionals

Senior Managing Director	Joan Moeller
Managing Director	Bill Edwards
General Counsel and Chief Compliance Officer	Cissie Gonzalez
Manager	Melynda Shepherd
Manager	Gary Hill
Manager	Debbie Childers

Participants are eligible as of July 1, 2008.

MEETING NO. 1,035

THURSDAY, JULY 24, 2008.--The members of the Board of Regents of The University of Texas System convened this meeting at 9:10 a.m. on Thursday, July 24, 2008, in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present
Chairman Caven, presiding
Vice Chairman Huffines
Vice Chairman Rowling
Regent Barnhill
Regent Dannenbaum
Regent Dower
Regent Foster
Regent Gary
Regent McHugh

Absent
Regent Longoria

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Caven called the meeting to order.

WELCOME TO REGENT BENJAMIN L. DOWER.--Chairman Caven welcomed Regent Benjamin L. Dower (Student Regent) to his first regularly scheduled Board meeting.

[On May 9, 2008, Governor Rick Perry named Mr. Benjamin L. Dower, a student at The University of Texas at Dallas, as Student Regent to the Board of Regents of The University of Texas System for a term beginning June 1, 2008, and ending on May 31, 2009.]

CONVENE JOINT MEETING: BOARD OF REGENTS AND THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY (UTIMCO) BOARD OF DIRECTORS.--At 9:10 a.m., in accordance with a notice being duly posted with the Secretary of State and there being a quorum of both Boards present, Chairman Caven and Vice Chairman Rowling, Chairman of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), convened the annual joint meeting of The University of Texas System Board of Regents and the UTIMCO Board of Directors.

1. U. T. System Board of Regents: Introduction and welcome to The University of Texas Investment Management Company (UTIMCO) Board of Directors

Chairman Caven and Vice Chairman Rowling, Chairman of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), welcomed the following members of the UTIMCO Board and staff.

UTIMCO Directors

Chairman Robert B. Rowling
Vice Chairman J. Philip Ferguson
Vice Chairman for Policy, Chancellor Kenneth I. Shine
Mr. Clint D. Carlson (did not attend)
Mr. Paul Foster
Ms. Colleen McHugh
Mr. Ardon E. Moore
Mr. Erle Nye
Mr. Charles W. Tate

U. T. System Staff

Mr. Philip Aldridge, Associate Vice Chancellor for Finance
Mr. William Huang, Senior Financial Analyst
Mr. Barry Burgdorf, Vice Chancellor and General Counsel
Mr. James Phillips, Senior Attorney, Office of General Counsel
Ms. Karen Lundquist, Attorney, Office of General Counsel
Ms. Francie Frederick, General Counsel to the Board of Regents
Mr. Charles Chaffin, Director of Internal Audit
Ms. Moshmee Kalamkar, Audit Supervisor
Mr. Anthony de Bruyn, Director of Public Affairs

UTIMCO Management

Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer
Ms. Cathy Iberg, President and Deputy Chief Investment Officer
Ms. Cecilia Gonzalez, General Counsel and Chief Compliance Officer
Mr. Lindel Eakman, Managing Director - Private Markets Investments
Mr. Bill Edwards, Managing Director - Information Technology
Ms. Joan Moeller, Managing Director - Accounting, Finance, and Administration
Mr. Ryan Ruebsahm, Director - Marketable Alternative Investments
Mr. Robert Schau, Director - Real Estate Investments
Mr. Mark Shoberg, Director - Private Markets Investments
Mr. Mark Warner, Director - Natural Resources Investments
Mr. Uzi Yoeli, Director - Portfolio Risk Management
Ms. Christy Wallace - Executive Assistant

UTIMCO Board Advisors and Consultants

Mr. Greg Anderson, Associate Vice Chancellor and Treasurer, The Texas A&M University System

Dr. Keith Brown, Advisor to the Chairman, Fayed Sarofim Fellow and Professor of Finance, Red McCombs School of Business, The University of Texas at Austin

Mr. Jerry Turner, Counsel, Vinson & Elkins LLP

Mr. Bruce Myers, Investment Consultant, Cambridge Associates LLC

Mr. Tom Wagner, Audit Partner, Deloitte & Touche LLP (did not attend)

Ms. Nanci Hibsichman, Mercer (did not attend)

2. U. T. System Board of Regents: Report on legal issues -- Annual update on fiduciary responsibilities; Master Investment Management Services Agreement (IMSA); Board of Regents' Expectations of The University of Texas Investment Management Company (UTIMCO) Directors

Vice Chancellor and General Counsel Barry Burgdorf discussed fiduciary responsibilities of Regents and The University of Texas Investment Management Company (UTIMCO) Directors. The Board of Regents' Expectations of UTIMCO Directors follows on Pages 4 - 8, which served as background information for this discussion.

UTIMCO General Counsel Cecilia Gonzalez was available to discuss the current Master Investment Management Services Agreement (IMSA).

Note from the Assistant Secretary to the Board of Regents:

Some amendments to the Code of Ethics approved by the Board of Regents on August 14, 2008, impacted the document titled "Expectations of UTIMCO Directors." Needed revisions are reflected in the document attached.

**U. T. System Board of Regents
Expectations for Appointees to the
UTIMCO BOARD OF DIRECTORS**

Overview of UTIMCO

The University of Texas Investment Management Company (“UTIMCO”), a Texas nonprofit corporation qualified as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code, was created for the sole purpose of managing the investment of funds under the control and management of the Board of Regents of The University of Texas System pursuant to authorization provided in Section 66.08 of the *Texas Education Code* (the “UTIMCO statute”). UTIMCO manages more than \$23.7 billion in total assets, comprised of approximately \$18.4 billion in endowment funds, including the Permanent University Fund (“PUF”), Permanent Health Fund (“PHF”), Long Term Fund (“LTF”), and Separately Invested Funds, and more than \$5.3 billion in centralized operating funds.

The corporate activities of UTIMCO are managed by its Board of Directors (the “UTIMCO Board”), subject to the Master Investment Management Services Agreement (“IMSA”) between UTIMCO and the Board of Regents, the applicable provisions of the Board of Regents’ *Rules and Regulations*, the UTIMCO statute, UTIMCO’s Articles of Incorporation and Bylaws, and other applicable law.

The Chancellor of the U. T. System serves as the Vice Chairman for Policy.

- The Chancellor is charged by the UTIMCO Bylaws with coordination of responsibilities, including the appropriate resolution of policy issues, assigned to UTIMCO and to the U. T. System by the Regents’ *Rules* to ensure implementation of UTIMCO’s performance of core investment duties.
- The IMSA between the U. T. System Board of Regents and UTIMCO provides that unless otherwise provided in writing by the U. T. Board, “UTIMCO shall look to the Chancellor to provide primary oversight and management concerning relations with the media, legal issues that implicate policies of the U. T. Board other than the Investment Policies, public disclosure of information and intergovernmental relations. Except for the foregoing matters, the UTIMCO Board of Directors and the CEO of UTIMCO shall be responsible for making all decisions necessary to implement the Investment Policies. The CEO of UTIMCO shall confer with the Chancellor on the above-mentioned matters where the Chancellor has primary oversight and management and on other matters that may implicate broader policies of the U. T. Board.”
- The Regents’ *Rules*, Rule 20101 and Rule 70401 provide additional detail on these duties.

Qualifications and Terms

Pursuant to the UTIMCO statute, the UTIMCO Board consists of nine (9) members. The Chancellor of the U. T. System serves as a Director. The other members of the UTIMCO Board are appointed by the Board of Regents and must include at least three (3) current members of the Board of Regents and one person selected by the Board of Regents from a list of candidates with substantial expertise in investments submitted by the Board of Regents of The Texas A&M University System. Pursuant to the UTIMCO bylaws approved by the Board of Regents, the

three (3) Regental Directors serve two-year terms that expire on the first day of April of each odd-numbered year, and the external Directors serve three-year staggered terms that expire on the first day of April of the appropriate year. No external Director may serve more than three (3) full three-year terms. Any UTIMCO Director may be removed as a Director by the Board of Regents with or without cause and at any time.

Operations and Resources

The UTIMCO Board has delegated primary responsibility for certain functions to key chartered Board Committees:

1. Audit and Ethics Committee (Appointments approved by the Board of Regents)
2. Compensation Committee
3. Policy Committee
4. Risk Committee

U. T. System Administration staff provide oversight through the Office of Business Affairs, including the Office of Finance; the Office of General Counsel; Internal Audit; the System-wide Compliance Officer; and the General Counsel to the Board of Regents. UTIMCO Directors also have the benefit of professional independent consultants, including:

1. Investment consultants (Cambridge Associates);
2. Outside legal counsel (Vinson & Elkins);
3. Compensation consultants (Mercer);
4. External auditors (Deloitte & Touche LLP);
5. Dr. Keith Brown, Professor of Finance at U. T. Austin, Advisor to the Chairman of the UTIMCO Board.

Duties and Responsibilities

By statute and charter, as a fiduciary under the IMSA, UTIMCO is dedicated to the sole purpose of investing funds under the management and control of the Board of Regents. In practice, the fiduciary duties of UTIMCO Directors are focused on the fulfillment of the Board of Regents' investment policy directives. As Directors of a nonprofit corporation, UTIMCO Directors' fiduciary duties also include:

1. Duty of care in prudently managing the corporation's investment management and other affairs;
2. Duty of loyalty, requiring the avoidance of conflicts of interest; and
3. Duty to avoid conduct that exceeds the chartered powers of the corporation.

Investment Management Responsibilities: The Board of Regents is the ultimate fiduciary responsible for all matters relating to the investment of the funds under its control, in accordance with the "prudent investor" standard of care established by the Texas Constitution, Texas Education Code, and other applicable law. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would

acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

The Board of Regents delegates to UTIMCO as its fiduciary, under the management of the UTIMCO Board, authority to act for the Board of Regents in the investment of those funds, subject to limitations and restrictions articulated through the IMSA; the Board of Regents' investment policies; and other applicable laws, rules, and agreements. The UTIMCO Board's investment management authority, thus derived, includes the following investment management responsibilities:

- Review of the U. T. Board's current Investment Policies for each Fund at least annually. Such review shall include distribution (spending) guidelines, long-term investment return expectations and expected risk levels, Asset Class and Investment Type allocation targets and ranges, expected returns for each Asset Class and Investment Type and fund, designated performance benchmarks for each Asset Class and Investment Type and such other matters as the U. T. Board or its staff designees may request.
- After UTIMCO completes its assessment, UTIMCO must forward any recommended changes to U. T. System staff for review and appropriate action.
- Oversee the investment management process pursuant to the Investment Policies. Such oversight shall include without limitation the development of an investment outlook based on global economic and capital market forecasts, the rebalancing of allocations to each Asset Class and Investment Type within ranges in response to changes in the investment outlook, and the selection of a combination of portfolio managers to construct portfolios designed to generate the expected returns of each Asset Class and Investment Type.
- Monitor and report on investment performance for each of the Funds. With respect to all Funds other than the Separately Invested Funds ("SIFs"), such responsibilities shall include the calculation and evaluation of investment returns for each Asset Class and Investment Type and individual Fund portfolio against approved benchmarks over various periods of time, and the periodic review of performance benchmarks. With respect to all Funds, such responsibilities shall also include the reporting of investment performance of such specific Funds as may be requested by the U. T. Board, and the reporting to regulatory agencies and others regarding investments under management to the extent required by applicable law.
- Develop and implement a risk management system to measure and monitor overall portfolio derivative exposure, risk levels, liquidity, and leverage.
- Monitor and enforce compliance with all investment and other policies and applicable law.
- Monitor termination of external managers in accordance with Delegation of Authority Policy and investment policies.

Some investment management responsibilities delegated to UTIMCO, including but not limited to the following, are expressly subject to Board of Regents approval:

- Analyze and recommend investment strategies for U. T. System funds managed by UTIMCO, including Asset Class and Investment Type allocation targets, ranges, and performance benchmarks for each Asset Class and Investment Type (Exhibit A of the Fund Investment Policy Statements).

- Consider and recommend investments not covered by investment policy statements.
- Select one or more Custodians, each of which shall be approved by the U. T. Board, which shall also enter into or approve each agreement with the Custodian(s).
- Select, engage, and evaluate External Auditor(s) for the funds.
- Review and propose amendments to Board of Regents' policies related to the investment management of the U. T. System funds, including (not limited to):
 1. Investment Policy Statements for all U. T. System funds.
 2. Distribution (spending) guidelines, rates, and amounts as required.
 3. Liquidity Policy.
 4. Derivative Policy.

Corporate Governance Responsibilities: The UTIMCO Board manages the activities of the corporation, providing the primary governance and oversight of the CEO and Chief Investment Officer, other professionals employed by UTIMCO, and outside investment managers with whom funds have been invested. Management oversight responsibilities of the UTIMCO Board or UTIMCO Board Committees include the following:

- Monitor actual staffing, operating, and capital expenditures relative to approved budgets.
- Monitor compliance with the Delegation of Authority policy.
- Consider and approve actions outside the authority delegated to the CEO as required.
- Select, engage, and evaluate UTIMCO's outside counsel, custodian(s), external auditor(s) for the corporation, investment consultant(s) and risk consultant(s).
- Ensure compliance with UTIMCO's Code of Ethics, including conflict of interest policies and applicable law.
- Develop and administer a compensation plan, consistent with current regulations for determining reasonable compensation, to attract and retain high caliber investment professionals and support staff. With the exception of changes to the appendices, the Compensation Plan is subject to approval by the Board of Regents.
- Appoint, supervise, evaluate and compensate UTIMCO's CEO.
- Evaluate investment results against incentive compensation plan performance objectives; approve and recommend incentive compensation for UTIMCO's officers and other compensation plan participants.
- Review and approve committee charters.
- Assure establishment and implementation of legally compliant and administratively effective personnel policies.
- Oversee implementation of accounting principles, policies, internal financial controls, and reporting in the spirit of the Sarbanes-Oxley Act.
- Oversee implementation of public disclosures in compliance with the Texas Public Information Act and other applicable law, in collaboration with the Chancellor/Vice Chairman for Policy.

Some corporate management responsibilities of the UTIMCO Board, including but not limited to the following, are expressly subject to approval by the Board of Regents:

- Review and approve the proposed annual UTIMCO operating and capital budgets, including incentive compensation, capital expenditures, and management fee allocations.

- Review, approve, and recommend key governance documents such as the Articles of Incorporation, Bylaws, and Code of Ethics.
- Approval of Performance Incentive Awards that will result in an increase of 5% or more of the total performance incentive awards calculated to the approved Performance Incentive Plan contained in the UTIMCO Compensation Program.

Prohibited Transactions -- Conflicts of Interest

The *UTIMCO Code of Ethics* (“Code”) details, among other things, prohibitions on transactions between UTIMCO and entities controlled by UTIMCO Directors, as required by the UTIMCO statute and supplementing the general requirements under the Texas Non-Profit Corporation Act. Amendments to the Code are expressly subject to Board of Regents’ approval.

The Code prohibits any transaction or agreement between UTIMCO and any investment fund or account managed by a UTIMCO Director as a fiduciary or agent for compensation. The Code prohibits agreements or transactions between UTIMCO and a business entity controlled by a UTIMCO Director or in which a UTIMCO Director owns five percent or more of the fair market value of the assets or of the voting stock or from which the UTIMCO Director received more than five percent of his or her gross income for the preceding calendar year.

The Code prohibits a UTIMCO Director from investing in the private investments of a business entity in which UTIMCO contemporaneously owns a private investment if after the investment the UTIMCO Director’s investment constitutes a pecuniary interest (i.e., ownership of five percent or more of the fair market value of the assets or of the voting stock or from which the UTIMCO Director received more than five percent of his or her gross income for the preceding calendar year). The Code also prohibits UTIMCO from investing in the private investments of a business entity in which a UTIMCO Director contemporaneously owns a private investment if the UTIMCO Director’s interest constitutes a pecuniary interest. For this purpose, “private investment” means any debt or equity interest that is not publicly traded, including a private investment in a public company.

Application of the Texas Public Information Act

UTIMCO and its officers, directors and employees are subject to the provisions of the Texas Public Information Act. Corporate documents, correspondence, and emails are subject to public inspection and duplication, unless specifically excepted from disclosure under the Act.

Meeting Requirements

UTIMCO Directors are expected to attend all regularly scheduled Board meetings which are typically held approximately every three months. In addition, special Board meetings may be scheduled from time to time with prior notice. The Texas Open Meetings Act applies to the UTIMCO Board, requiring that all deliberations of a quorum of the Board take place in open meetings after advance notice of the meeting is posted as required by the Act. Committee meetings are held as needed to address specific items within the Committee charters.

3. U. T. System Board of Regents: Reports on The University of Texas Investment Management Company (UTIMCO) Board operations and committees

Vice Chairman Rowling, Chairman of The University of Texas Investment Management Company (UTIMCO) Board of Directors, introduced the UTIMCO Board Committee Chairs for remarks.

- Audit and Ethics Committee, Chair Erle Nye

Mr. Nye introduced members of the Committee and he introduced Ms. Cecilia Gonzalez, UTIMCO's General Counsel and Chief Compliance Officer. Mr. Nye reviewed the role of the Committee as set out in the Agenda materials and described meetings held during the past year. He explained that the U. T. System Board hires auditors of the funds while the UTIMCO Board hires the auditor of the UTIMCO corporate books. He said the Committee works closely with The University of Texas System Audit Office and outside internal audit help was hired to conduct specific audits. He mentioned this Committee reviews changes proposed to the UTIMCO Code of Ethics and the Committee conducts self-assessments.

UTIMCO Chairman Rowling reported that a compliance certificate is sent to UTIMCO directors in advance of investing and Chief Compliance Officer Gonzalez monitors these matters.

- Risk Committee, Chair Charles W. Tate

Mr. Tate introduced members of the Committee and reviewed the role of the Committee as set out in the Agenda materials. He described items discussed and approved by the Committee during the past year, such as changes to the investment policy statements, the Derivative Policy, and the Liquidity Policy, delegation of authority, and the adoption of new investment mandate categorization procedures.

Vice Chairman Huffines asked about reporting procedures for situations of noncompliance and Mr. Tate, Mr. Zimmerman, and UTIMCO Chairman Rowling described the process for such reporting through the Risk Committee to the UTIMCO Board.

- Policy Committee, Chair Colleen McHugh

Regent McHugh said the Policy Committee overlaps other committees and focuses on responsibilities to the public. She introduced members of the Committee and summarized the role of the Committee as included in the Agenda materials. Regent McHugh also summarized the activities of

the Committee during the past year, including review of the Investment Management Services Agreement (IMSA), Code of Ethics, Bylaws, internal policies, and the investment policy statements.

- Compensation Committee, Chair J. Phillip Ferguson

Mr. Ferguson also introduced members of the Committee and he reviewed recent activities of the Committee, including addition of new positions, refinement of incentive compensation levels, goals of the Chief Executive Officer (CEO), pay levels, a review of non-cash benefits, and deferred compensation.

4. U. T. System Board of Regents: Report on investment objectives and performance for The University of Texas Investment Management Company (UTIMCO)

Mr. Bruce Myers, Cambridge Associates, LLC, reported on the investment objectives and performance of funds managed by The University of Texas Investment Management Company (UTIMCO) including objectives, performance, policy portfolios, benchmarks, and asset allocation.

In response to a question from Regent Barnhill, Mr. Myers reviewed the 25 peer institutions and compared their policies related to investment risk. In response to remarks by Vice Chairman Huffines that performance has been below the median peers, despite not using leverage on derivatives and increasing illiquidity, Mr. Myers said steps taken in 2003 to increase allocations towards more illiquid assets have led to stronger performance of the Permanent University Fund (PUF) and the General Endowment Fund (GEF), but, he said, the peer institutions were taking even more risks and utilizing leverage. Mr. Zimmerman responded with supporting data, saying illiquidity for private investments is now at about 17.5%, which might increase to about 20-25%. He said top performing endowments are higher, with Yale University and Princeton University at 50%. Mr. Zimmerman spoke about the 90-day liquidity measurement, which other endowments do not consider, and he described the distribution procedure used over the year.

Mr. Nye described the more conservative posture of The University of Texas System, a position he believes will lead UTIMCO to being a top performer. Vice Chairman Huffines asked about the allocation of public real estate in the Intermediate Term Fund (ITF) and Mr. Zimmerman described the liquidity of the ITF. Vice Chairman Rowling said performance relative to peers, as the market has deteriorated, has increased considerably. Regent Gary asked where UTIMCO fits among its peers, and Mr. Myers estimated that UTIMCO falls in the third quartile. In response to a question from Vice Chairman Huffines, Mr. Myers and Mr. Zimmerman said they would send out the asset allocation of UTIMCO's peer universe.

Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer of UTIMCO, reported on current UTIMCO performance. The UTIMCO Performance Summary Report through the fiscal quarter ending May 31, 2008, is set forth on Page 12.

The Investment Reports for the fiscal quarter ended May 31, 2008, are set forth on Pages 13 – 16, reporting activity for the PUF, GEF, ITF, and Separately Invested Assets investments.

Mr. Zimmerman said losses were experienced in June 2008, and July continues to be a difficult month.

UTIMCO Performance Summary

May 31, 2008

	Net Asset Value 5/31/2008 (in Millions)	Periods Ended May 31, 2008 (Returns for Periods Longer Than One Year are Annualized)										
		Short Term		Year to Date		Historic Returns						
		1 Mo	3 Mos	Calendar	Fiscal	1 Yr	3 Yrs	5 Yrs	10 Yrs			
ENDOWMENT FUNDS												
Permanent University Fund	\$ 12,246	1.50	2.78	0.91	4.64	4.82	12.29	14.02	8.19			
General Endowment Fund		1.44	2.85	1.01	4.90	5.25	12.52	14.20	N/A			
Permanent Health Fund	1,121	1.40	2.76	0.98	4.83	5.11	12.42	14.08	N/A			
Long Term Fund	5,710	1.40	2.76	0.97	4.83	5.11	12.43	14.09	8.72			
Separately Invested Funds	161	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Total Endowment Funds	19,238											
OPERATING FUNDS												
Short Term Fund	1,749	0.25	0.80	1.52	3.27	4.65	4.69	3.40	3.86			
Intermediate Term Fund	4,130	0.93	2.52	1.97	6.21	5.83	N/A	N/A	N/A			
Total Operating Funds	5,879											
Total Investments	\$ 25,117											
VALUE ADDED												
Permanent University Fund		0.70	0.71	1.07	1.38	1.95	1.15	2.02	0.01			
General Endowment Fund		0.64	0.78	1.17	1.64	2.18	1.38	2.20	N/A			
Short Term Fund		0.22	0.43	0.50	0.80	0.80	0.40	0.23	0.21			
Intermediate Term Fund		0.82	1.30	1.92	1.35	4.12	N/A	N/A	N/A			
VALUE ADDED (\$ IN MILLIONS)												
Permanent University Fund		84	85	130	162	244	366	1,176	N/A			
General Endowment Fund		43	52	80	108	164	242	686	N/A			
Intermediate Term Fund		34	52	77	125	171	N/A	N/A	N/A			

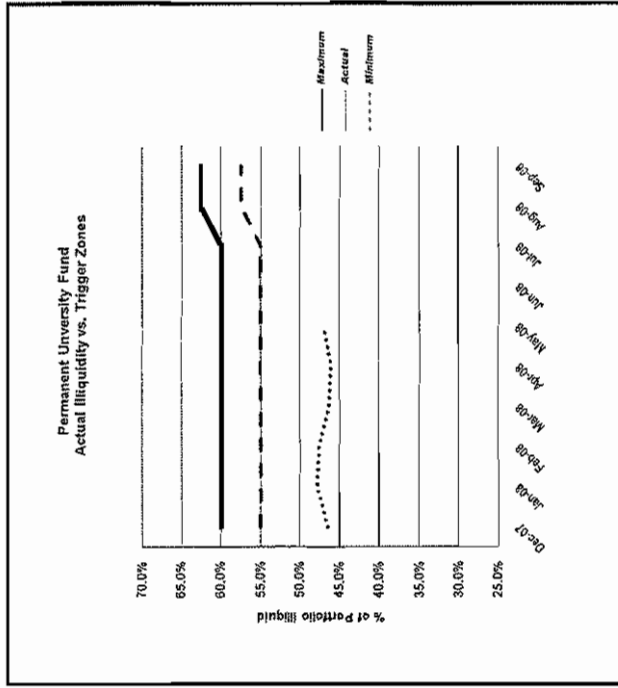
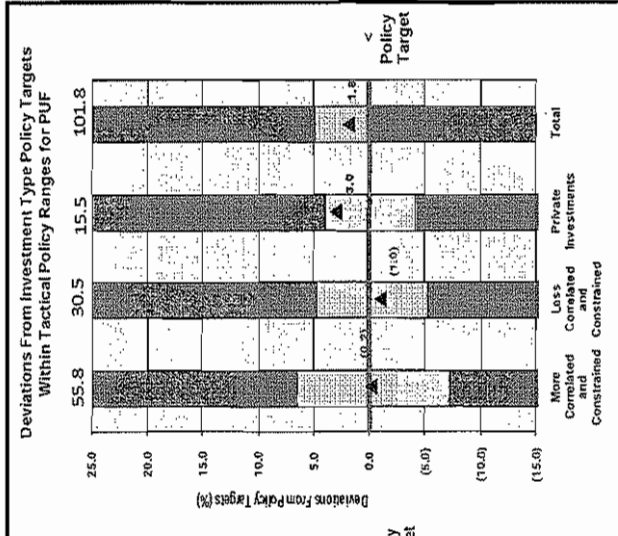
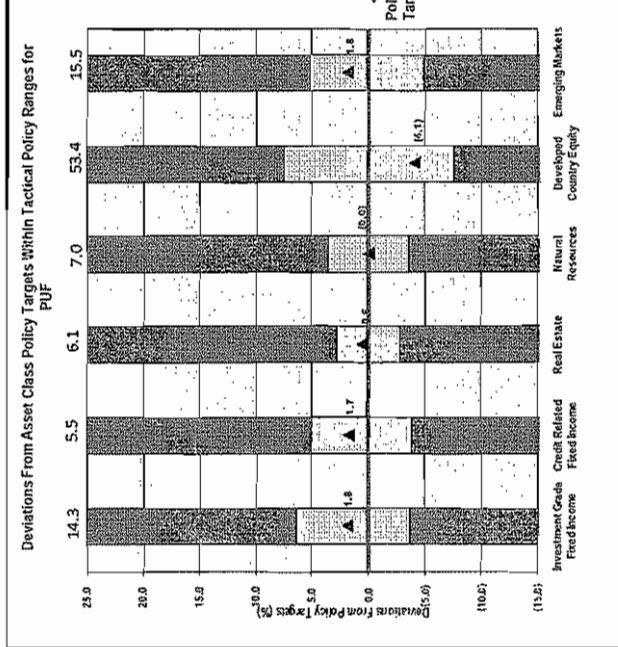
I. PERMANENT UNIVERSITY FUND

Investment Reports for Periods Ended May 31, 2008

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
	Fiscal Year Ended August 31, 2007	Quarter Ended May 31, 2008	Fiscal Year to Date Ended May 31, 2008
Beginning Net Assets	\$ 10,313.4	\$ 11,905.8	\$ 11,742.8
PUF Lands Receipts	272.8	131.2	301.9
Investment Return	1,639.8	341.1	583.6
Expenses	(82.5)	(19.9)	(45.6)
Distributions to AUF	(400.7)	(112.2)	(336.7)
Ending Net Assets	\$ 11,742.8	\$ 12,246.0	\$ 12,246.0

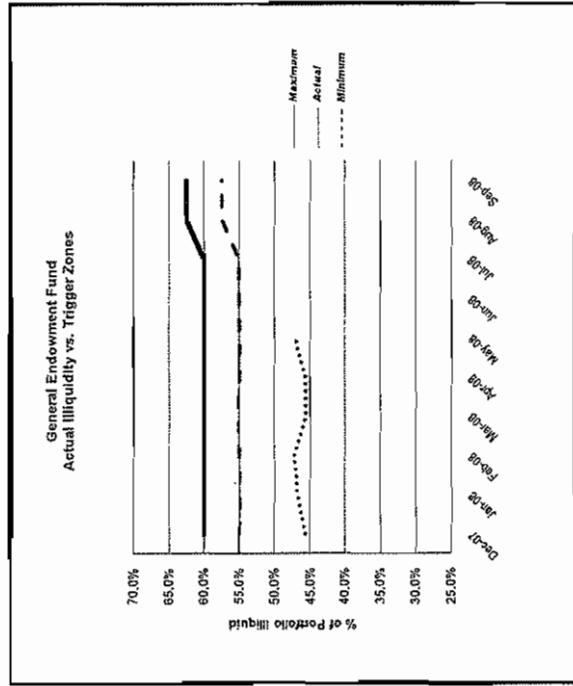
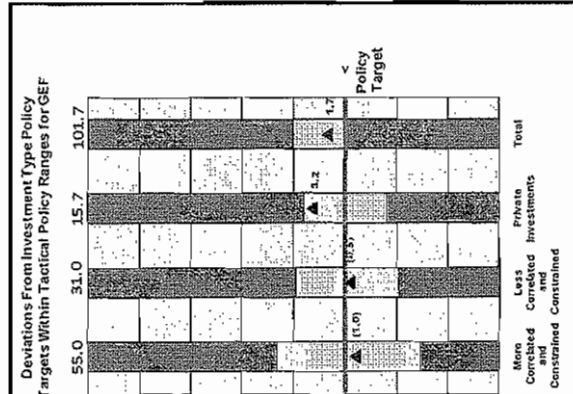
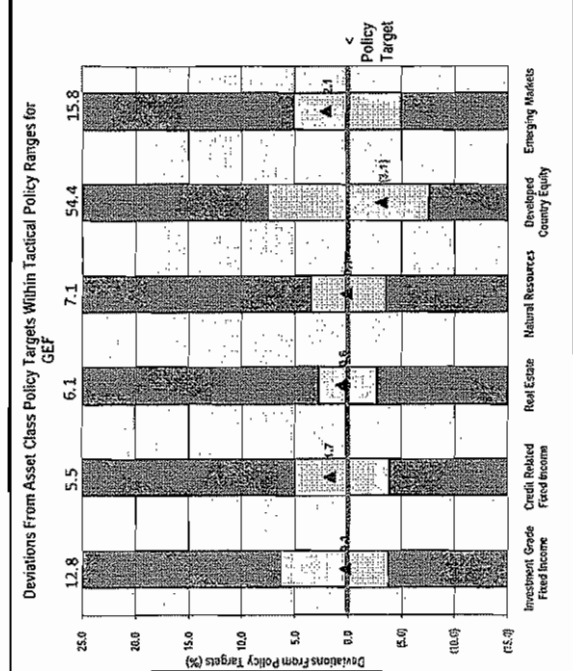
	Returns		Value Added	
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection
More Correlated and Constrained:				
Investment Grade	6.21%	6.64%	-0.22%	-0.09%
Credit-Related	N/A	3.99%	0.02%	-0.06%
Real Estate	-4.96%	-10.55%	0.31%	0.33%
Natural Resources	39.15%	34.75%	0.67%	0.20%
Developed Country	-3.10%	-2.01%	0.03%	-0.41%
Emerging Markets	12.61%	12.79%	0.07%	-0.10%
Total More Correlated and Constrained	4.25%	3.33%	0.59%	-0.15%
Less Correlated and Constrained				
Private Investments	7.19%	-1.11%	-0.10%	2.42%
Total	2.33%	12.15%	-0.05%	-1.38%
	4.64%	3.26%	0.44%	0.94%
				1.38%



II. GENERAL ENDOWMENT FUND
Investment Reports for Periods Ended May 31, 2008
 Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
	Fiscal Year Ended August 31, 2007	Quarter Ended May 31, 2008	Fiscal Year to Date Ended May 31, 2008
Beginning Net Assets (\$ millions)	\$ 5,427.8	\$ 6,598.9	\$ 6,433.1
Contributions	360.7	125.2	285.6
Withdrawals	(6.2)	(14.9)	(15.7)
Distributions	(239.6)	(65.4)	(193.0)
Investment Return	928.5	196.1	340.5
Expenses	(38.1)	(9.0)	(19.6)
Ending Net Assets	\$ 6,433.1	\$ 6,830.9	\$ 6,830.9

	Fiscal Year to Date		
	Returns	Value Added	Total
More Correlated and Constrained:			
Investment Grade	6.35%	-0.18%	-0.26%
Credit-Related	N/A	0.03%	-0.03%
Real Estate	-4.88%	0.04%	0.37%
Natural Resources	38.37%	0.61%	0.77%
Developed Country	-3.04%	0.05%	-0.34%
Emerging Markets	12.48%	0.08%	-0.04%
Total More Correlated and Constrained	4.37%	0.53%	0.47%
Less Correlated and Constrained	7.20%	-0.05%	2.34%
Private Investments	3.66%	-0.05%	-1.17%
Total	4.90%	0.53%	1.64%



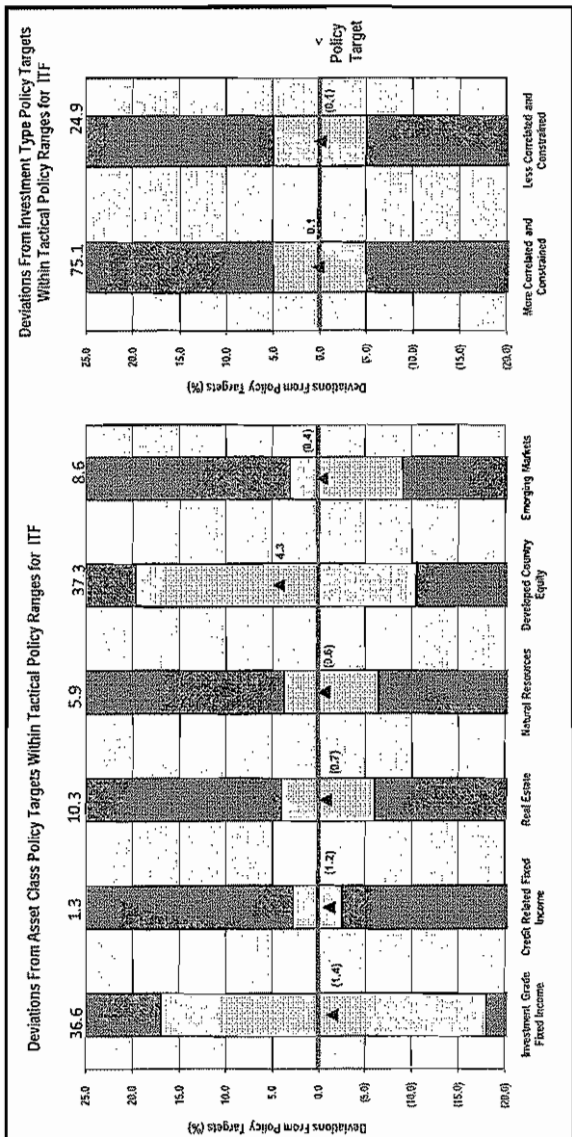
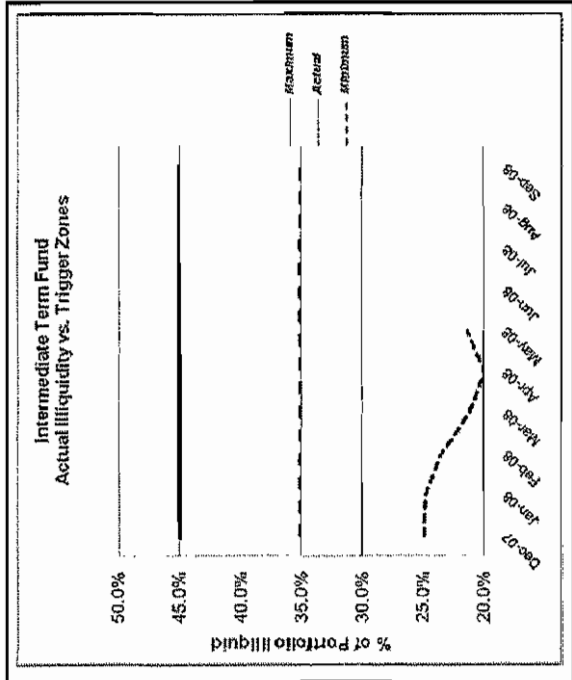
III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended May 31, 2008

Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date	
	August 31, 2007	May 31, 2008
Beginning Net Assets (\$ millions)	\$ 3,048.8	\$ 3,720.6
Contributions	664.6	1,449.3
Withdrawals	(228.6)	(1,189.9)
Distributions	(104.0)	(88.3)
Investment Return	377.4	259.0
Expenses	(37.6)	(21.2)
Ending Net Assets	\$ 3,720.6	\$ 4,129.5

	Fiscal Year to Date		
	Returns	Value Added	Total
More Correlated and Constrained:			
Investment Grade	7.09%	-0.09%	0.13%
Credit-Related	N/A	0.03%	-0.05%
Real Estate	-5.19%	-0.01%	0.60%
Natural Resources	40.82%	0.31%	0.54%
Developed Country	-3.32%	0.29%	0.09%
Emerging Markets	10.72%	-0.09%	-0.21%
Total More Correlated and Constrained	5.74%	0.66%	1.10%
Less Correlated and Constrained	7.52%	-0.05%	2.18%
Private Investments	0.00%	0.00%	0.00%
Total	6.21%	0.39%	3.28%

	Fiscal Year to Date	
	Quarter Ended	May 31, 2008
(\$ millions)	May 31, 2008	3,720.6
Contributions	213.4	1,449.3
Withdrawals	(88.1)	(1,189.9)
Distributions	(30.2)	(88.3)
Investment Return	106.4	259.0
Expenses	(8.9)	(21.2)
Ending Net Assets	\$ 4,129.5	\$ 4,129.5



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at May 31, 2008
 Report prepared in accordance with Texas Education Code Sec. §1.0032

ASSET TYPES	(\$ thousands)															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (SHORT TERM FUND)		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:																
Beginning value 02/29/08	1,978	1,978	2,708	2,708	87,785	87,785	6,812	6,812	5,859	5,859	105,142	105,142	1,389,745	1,389,745	1,494,887	1,494,887
Increase/(Decrease)	481	481	(369)	(369)	(51,504)	(51,504)	(4,379)	(4,379)	3,408	3,408	(52,363)	(52,363)	359,041	359,041	306,678	306,678
Ending value 05/31/08	2,459	2,459	2,339	2,339	36,281	36,281	2,433	2,433	9,267	9,267	52,779	52,779	1,748,786	1,748,786	1,801,565	1,801,565
Debt Securities:																
Beginning value 02/29/08	-	-	284	249	12,688	13,570	13,798	14,514	-	-	26,730	28,333	-	-	26,730	28,333
Increase/(Decrease)	-	-	-	(5)	62	(157)	(2,090)	(2,423)	-	-	(2,028)	(2,585)	-	-	(2,028)	(2,585)
Ending value 05/31/08	-	-	284	244	12,750	13,413	11,708	12,091	-	-	24,702	25,748	-	-	24,702	25,748
Equity Securities:																
Beginning value 02/29/08	24	2,605	443	417	33,524	35,641	18,482	19,465	-	-	52,473	58,128	-	-	52,473	58,128
Increase/(Decrease)	(6)	(10)	(15)	(15)	913	2,497	6,877	7,009	-	-	7,769	9,472	-	-	7,769	9,472
Ending value 05/31/08	18	2,595	428	402	34,437	38,138	25,359	26,465	-	-	60,242	67,600	-	-	60,242	67,600
Other:																
Beginning value 02/29/08	-	-	280	280	8	8	305	129	90	90	683	507	-	-	683	507
Increase/(Decrease)	-	-	12,654	12,654	(7)	(7)	(1)	1	1,739	1,739	14,385	14,387	-	-	14,385	14,387
Ending value 05/31/08	-	-	12,934	12,934	1	1	304	130	1,829	1,829	15,068	14,894	-	-	15,068	14,894
Total Assets:																
Beginning value 02/29/08	2,002	4,563	3,695	3,654	133,985	137,004	39,397	40,920	5,949	5,949	185,028	192,110	1,389,745	1,389,745	1,574,773	1,581,855
Increase/(Decrease)	475	471	12,270	12,265	(50,596)	(49,171)	407	199	5,147	5,147	(32,237)	(31,089)	359,041	359,041	326,804	327,952
Ending value 05/31/08	2,477	5,054	15,965	15,919	83,449	87,833	39,804	41,119	11,096	11,096	152,791	161,021	1,748,786	1,748,786	1,901,577	1,909,807

Details of individual assets by account furnished upon request.

5. U. T. System Board of Regents: Report on The University of Texas Investment Management Company (UTIMCO) organization and activities

Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer of The University of Texas Investment Management Company (UTIMCO), reported on the UTIMCO organization, investments, control and support, and Fiscal Year 2009 priorities.

6. U. T. System Board of Regents: Report on The University of Texas Investment Management Company (UTIMCO) Fiscal Year 2009 budget and fees and U. T. System Office of Finance review

Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer of The University of Texas Investment Management Company (UTIMCO), discussed the preliminary UTIMCO Annual Budget for Fiscal Year 2009, which will be brought to The University of Texas System Board of Regents' meeting for consideration in August 2008.

Mr. Zimmerman pointed out that Fiscal Year 2008 travel exceeded budget and he said he would be reviewing the Fiscal Year 2009 travel budget. Regent Barnhill asked how many people go on trips and Mr. Zimmerman answered that two or three staff members usually go on a trip and he described the advantages and results of such travel, such as to learn the market better and understand the investment community.

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, commented on the Office of Finance's review of the budget and confirmed that approximately 95% of UTIMCO management costs are for fees. He credited both Boards with releasing cost and fee information as another indication of the level of transparency. Vice Chairman Rowling asked about investment managers' fees and Mr. Zimmerman described procedures used to negotiate fees and efforts to find some savings in the future.

7. U. T. System: Update regarding centralization of operating funds

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, provided an update on the centralization of University of Texas System operating funds, which was implemented on February 1, 2006. His presentation detailed the value added from centralization through May 31, 2008.

8. U. T. System Board of Regents: Discussion of U. T. System financial resources and assets managed by The University of Texas Investment Management Company (UTIMCO)

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, discussed the importance of investment assets in the context of The University of Texas System's overall financial resources. The presentation provided an overview of the U. T. System's assets, liabilities, revenues, and expenditures, and the role that assets managed by The University of Texas Investment Management Company (UTIMCO) play in supporting the financial condition of the U. T. System.

Vice Chairman Huffines asked for clarification of the \$754 million in unrealized gains on securities held as shown on Page 94 of the Agenda Book, asking if the book value is added, would that be the constitutional capacity? Dr. Kelley said the unrealized gains are tracked in conservative ways and the book value continues to grow even in a down market. He expects the constitutional capacity to grow.

Regent Dannenbaum asked about the contingency plan in the case of a significant decrease in book value and Dr. Kelley responded that the bottom line in a downturn market would be cessation of issuing new Permanent University Fund (PUF) debt. Vice Chairman Rowling discussed the significant increase in PUF royalties and the importance of royalties to the U. T. System and to The Texas A&M University System.

9. U. T. System Board of Regents: Report on The University of Texas Investment Management Company (UTIMCO) investment strategy

Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer of The University of Texas Investment Management Company (UTIMCO), reported on the investment strategy in anticipation of bringing potential changes to the investment policies to The University of Texas System Board of Regents in August 2008.

Mr. Zimmerman spoke about looking, with appropriate caution, for buying opportunities in distressed markets and about resetting private investment targets, widening ranges due to volatility, and increasing credit-related fixed income. He noted that investment programs in natural resources, emerging markets, and real estate are performing well and he spoke about decreasing the liquidity trigger zone in the Liquidity Policy from 40% to 35%.

ADJOURN JOINT MEETING AND CONVENE BOARD OF REGENTS' MEETING.—
Prior to adjourning the joint meeting, Chairman Caven thanked members of both Boards for their interest and input during the meeting and said he looks forward to next year's meeting and a continued close and productive working relationship throughout the year.

At 11:30 a.m., the joint meeting of The University of Texas System Board of Regents and The University of Texas Investment Management Company (UTIMCO) Board of Directors was adjourned. Chairman Caven announced the U. T. System Board of Regents would reconvene in Open Session to consider the following Agenda Items.

TAB 2

**RESOLUTION RELATED TO LEGAL COUNSEL
SELECTION**

RESOLVED, that the Board approves the selection of Andrews Kurth, LLP as external general counsel of the Corporation; provided that the Corporation CEO may appoint other lawyers or firms of lawyers deemed necessary or appropriate to assist the Corporation Staff in connection with the discharge of their investment activities on behalf of the Corporation.

Agenda Item
UTIMCO Board Meeting
November 7, 2008

- Agenda Item:** Discussion and Appropriate Action related to Legal Counsel
- Developed By:** Zimmerman, Gonzalez
- Presented By:** Zimmerman
- Type of Item:** Action item; Action required by UTIMCO Board
- Description:** In accordance with the Delegation of Authority Policy, the UTIMCO Board delegates to the UTIMCO CEO the authority to direct the day-to-day work product of the UTIMCO external counsel, provided that the UTIMCO external counsel continue to have primary reporting responsibility to the UTIMCO Board. Vinson & Elkins LLP has been UTIMCO's external counsel since UTIMCO's inception. Vinson & Elkins LLP has provided counsel on both corporate and investment matters and responded to issues and questions presented by both UTIMCO Directors and staff. Throughout this relationship, Jerry Turner, formerly with Vinson & Elkins LLP, was lead counsel and managed the relationship with UTIMCO. Mr. Turner has had primary responsibility for dealing with and responding to matters related to and raised by UTIMCO Directors. He was also responsible for assigning subject matter experts to work on various UTIMCO matters. Jerry Turner resigned from Vinson & Elkins LLP and has joined the firm of Andrews Kurth LLP, effective September 1, 2008.
- Recommendation:** Staff recommends that the UTIMCO Board hire Andrews Kurth LLP as external general counsel; provided that the UTIMCO CEO may appoint other lawyers or firms of lawyers as deemed appropriate to assist Staff in connection with their investment activities on behalf of UTIMCO.
- Discussion:** The role of external legal counsel is to provide guidance and assistance to the UTIMCO Board, its individual members, and UTIMCO staff in matters related to UTIMCO business. Because Mr. Turner is extremely knowledgeable about UTIMCO, Andrews Kurth LLP is expected to provide the following services:
- Governance: Board of Directors' support, Articles of Incorporation/Bylaws, Code of Ethics/Conflicts of Interest, Investment and other Policies, Investment Management Services Agreement;
 - Employment matters: Compensation Plans, Benefit Plans, ERISA requirements, Specific agreements (e.g., CEO, severance);
 - Government issues: Open meetings, open records, legislative issues;
 - General corporate matters: leases, non-investment related contracts, etc.;
 - Litigation related to the above; and
 - Such other matters as may be referred to Andrews Kurth LLP by the UTIMCO Board or CEO.

UTIMCO staff is undergoing a review of their needs for investment-related legal services and are providing several law firms the opportunity to present their

Agenda Item
UTIMCO Board Meeting
November 7, 2008

qualifications to be able to provide these services. Until such time as UTIMCO staff completes this review and determines which firm(s) they plan to retain for these services, UTIMCO CEO intends to continue the retention of Vinson & Elkins LLP to assist staff in connection with their investment-related activities on behalf of UTIMCO.

Reference: None

TAB 3

Funds Update:

- **Returns**
- **Assets**
- **Less Correlated and Constrained Portfolio Update**
- **Private Investments Portfolio Update**
- **Risk Analytics**
- **Leverage**
- **Liquidity**
- **Investment Activity**
- **Manager Exposure**
- **ITF**
- **Contracts Update**

Returns

UTIMCO Performance Summary

PRELIMINARY

September 30, 2008

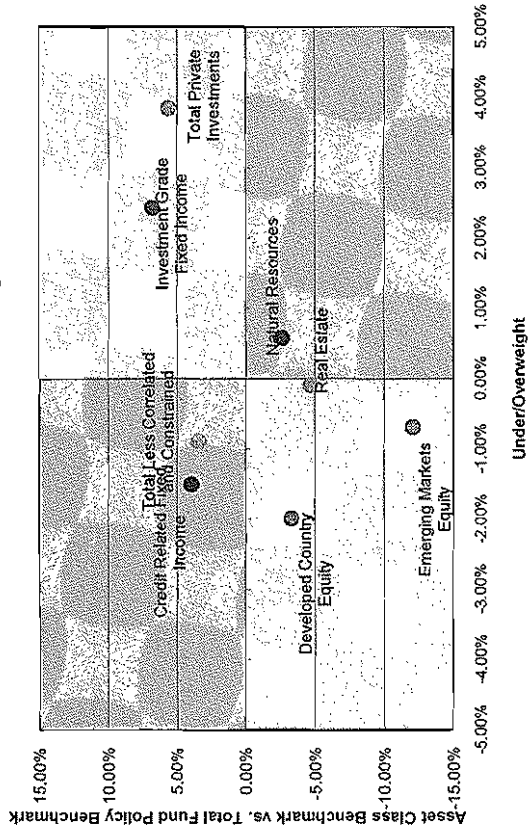
	Periods Ended September 30, 2008	
	Net Asset Value 9/30/2008 (in Millions)	Calendar Year to Date to Date
	1 Month	
ENDOWMENT FUNDS		
Permanent University Fund	\$ 10,321	(8.47)
General Endowment Fund		(8.40)
Permanent Health Fund	936	(8.44)
Long Term Fund	4,870	(8.44)
Separately Invested Funds	105	N/A
Total Endowment Funds	16,232	
OPERATING FUNDS		
Short Term Fund	1,157	0.22
Intermediate Term Fund	3,649	(7.99)
Total Operating Funds	4,806	
Total Investments	\$ 21,038	
VALUE ADDED		
Permanent University Fund		(0.03)
General Endowment Fund		0.04
Short Term Fund		(0.08)
Intermediate Term Fund		(0.40)
		1.39
		1.56
		0.60
		1.61

UTIMCO Performance Summary

August 31, 2008

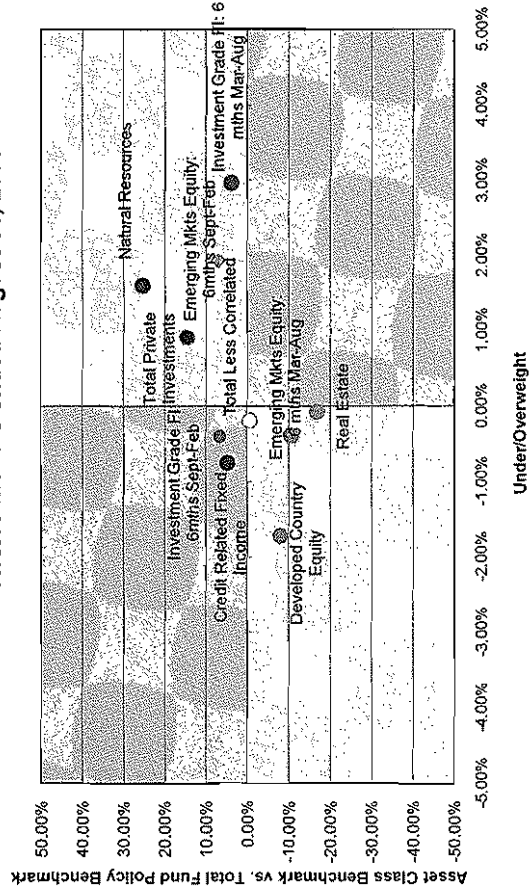
		Net Asset Value 8/31/2008 (in Millions)	Periods Ended August 31, 2008 (Returns for Periods Longer Than One Year are Annualized)																	
			Short Term		Year to Date		Historic Returns													
			1 Mo	3 Mos	Calendar	Fiscal	1 Yr	3 Yrs	5 Yrs	10 Yrs										
ENDOWMENT FUNDS																				
Permanent University Fund		\$ 11,359	(2.14)	(7.63)	(6.79)	(3.34)	(3.09)	(3.09)	(3.14)	(3.13)	(3.13)	7.41	11.05	8.20						
General Endowment Fund			(2.16)	(7.62)	(6.68)	(3.09)	(3.09)	(3.14)	(3.14)	(3.13)	(3.13)	7.66	11.22	N/A						
Permanent Health Fund		1,026	(2.09)	(7.60)	(6.70)	(3.14)	(3.14)	(3.14)	(3.14)	(3.13)	(3.13)	7.58	11.11	N/A						
Long Term Fund		5,285	(2.09)	(7.60)	(6.70)	(3.13)	(3.13)	(3.13)	(3.13)	(3.13)	(3.13)	7.59	11.11	9.07						
Separately Invested Funds		173	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A						
Total Endowment Funds		17,843																		
OPERATING FUNDS																				
Short Term Fund		1,489	0.23	0.68	2.21	3.97	3.97	(0.71)	(0.71)	(0.71)	(0.71)	3.97	4.65	3.79						
Intermediate Term Fund		3,875	(1.79)	(6.52)	(4.68)	(0.71)	(0.71)	(0.71)	(0.71)	(0.71)	(0.71)	N/A	N/A	N/A						
Total Operating Funds		5,364																		
Total Investments		\$ 23,207																		
VALUE ADDED																				
Permanent University Fund			0.24	0.57	1.55	1.86	1.86	2.11	2.11	2.11	2.11	1.86	0.87	1.55	0.62					
General Endowment Fund			0.22	0.58	1.66	2.11	2.11	2.11	2.11	2.11	2.11	2.11	1.12	1.72	N/A					
Short Term Fund			0.08	0.17	0.68	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.45	0.27	0.22					
Intermediate Term Fund			0.35	0.35	2.15	3.44	3.44	3.44	3.44	3.44	3.44	3.44	N/A	N/A	N/A					
VALUE ADDED (\$ IN MILLIONS)																				
Permanent University Fund			28	69	188	218	218	218	218	218	218	218	273	798	N/A					
General Endowment Fund			14	40	113	139	139	139	139	139	139	139	197	475	N/A					
Intermediate Term Fund			14	15	87	131	131	131	131	131	131	131	N/A	N/A	N/A					

General Endowment Fund
Asset Class Allocation
Three Months ended August 31, 2008



Asset Class	Impact on Over/(Under) Performance (bps)
Total Private Investments	20
Investment Grade Fixed Income	14
Developed Country Equity	11
Emerging Markets Equity	6
Natural Resources	1
Subtotal	52
Real Estate	(3)
Total Less Correlated and Const	(3)
Credit Related Fixed Income	(6)
Subtotal	(12)
TOTAL	40

General Endowment Fund
Asset Class Allocation
Twelve Months ended August 31, 2008



Asset Class	Impact on Over/(Under) Performance (bps)
Total Private Investments	59
Investment Grade Fixed Income	24
Natural Resources	18
Developed Country Equity	(8)
Emerging Markets Equity	(5)
Real Estate	(3)
Total Less Correlated	(2)
Subtotal	120
Investment Grade Fixed Income	(7)
Credit Related Fixed Income	(9)
Subtotal	(16)
TOTAL	104

General Endowment Fund - Active Management Alpha

Periods Ended August 31, 2008

	3 Months (bps)	12 Months (bps)
Manager (Alpha)		
Total Private Investments	48	
Credit Related Fixed Income	6	
Emerging Markets Equity	5	212
Investment Grade Fixed Income	3	28
Subtotal	62	255
Natural Resources		(5)
Real Estate		(6)
Total Less Correlated		(11)
Developed Country Equity		(54)
Subtotal	(26)	(114)
Total	36	141
Manager (Alpha)		
Total Less Correlated		Foxpoint (30.39), Lansdowne UK (30.02), Blue Ridge (24.13)
Real Estate		Blackrock Small Cap (45.37), Blackrock Global (1.54)
Natural Resources		
Credit Related Fixed Income		GMO (5.36)
Subtotal		(5) Lansdowne Emerging (3.26), Rexler (2.81), BGI EMSI (1.88)
Investment Grade Fixed Income		(49) Blavin (14.65), Globeflex Microcap (13.23), Globeflex Japan (6.84)
Emerging Markets Equity		
Developed Country Equity		
Total Private Investments		
Subtotal	(114)	
Total	141	



Performance During Last 3 & 12 Months, plus September 2008

	5/31/2008 - 8/31/2008 Returns	8/31/2007 - 8/31/2008 Returns	8/31/2008 - 9/30/2008 Returns
Lehman Agg	-0.2%	0.9%	-2.1%
Lehman TIPS	-0.4%	5.1%	-4.8%
REITs (global)	-12.9%	-19.0%	-9.3%
DJAIG	-10.8%	17.6%	-11.5%
Oil	-9.3%	55.9%	-12.8%
Natural Gas	-28.0%	49.3%	-12.9%
Copper	-5.4%	0.6%	-15.6%
Hogs	-12.4%	2.4%	-6.2%
S&P 500	-8.4%	-13.0%	-9.1%
Nasdaq 100	-7.9%	-5.8%	-14.8%
S&P Financials	-14.3%	-36.9%	-5.2%
EAFE	-15.1%	-16.7%	-14.7%
FTSE 100	-6.9%	-10.6%	-13.0%
DJ Euro Stoxx 50	-10.9%	-21.6%	-9.7%
Topix	-10.9%	-22.0%	-13.3%
MSCI Emerging Markets	-21.0%	-12.0%	-17.7%
Brazil Index	-23.3%	1.9%	-11.0%
China Index	-33.8%	-54.8%	-6.2%
India Index	-11.3%	-4.9%	-11.7%
Russia Index	-33.1%	-14.3%	-26.4%
GEF	-7.6%	-3.1%	-8.4%*
ITF	-6.5%	-0.7%	-8.0%*

* Preliminary

**UT SYSTEM ENDOWMENT FUNDS vs.
Cambridge Billion \$ Funds Universe
Periods Ended June 30, 2008**

	Quarter Ended		1 Year Annualized		3 Years Annualized		5 Years Annualized		10 Years Annualized	
	June 30, 2008	Return (% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)
Maximum	3.0%		8.0%		17.0%		17.4%		15.6%	
25th Percentile	1.4%		2.4%		13.9%		14.4%		10.7%	
Median	0.7%		0.0%		10.9%		12.7%		8.9%	
75th Percentile	-0.1%		-1.7%		9.7%		11.4%		7.4%	
Minimum	-1.4%		-8.2%		6.2%		8.9%		2.1%	
# of Portfolios	43		43		43		43		41	
PUF - Net of Fees	1.3%	30	2.0%	28	10.7%	57	13.1%	46	7.7%	70
GEF - Net of Fees	1.2%	35	2.4%	28	10.9%	53	13.2%	39	8.3%	58
Policy Portfolio	0.0%	73	-0.7%	57	9.4%	89	11.0%	82	7.3%	79

The Cambridge Billion \$ Funds Universe consists of the College and Universities with endowment assets greater than one billion dollars that report quarterly to Cambridge Associates, Inc. The number of Colleges and Universities with endowment assets greater than one billion dollars reporting as of June 30, 2008 was 43.

Peer Comparisons For Periods Ending June 30, 2008

	1 Year Annualized Return	3 Years Annualized Return	5 Years Annualized Return
Maximum	8.0%	17.0%	17.4%
25th Percentile	2.4%	13.9%	14.4%
Median	0.0%	10.9%	12.7%
75th Percentile	-1.7%	9.7%	11.4%
Minimum	-8.2%	6.2%	8.9%
# of Portfolios	43	43	43
<u>Cambridge</u>			
Large Public College and University Endowment Universe Median Return	-1.5%	9.9%	11.7%
College and University Endowment Universe Median Return	-1.2%	9.8%	11.1%
<u>BNY/Mellon</u>			
Public Pension Universe Median Return	-4.4%	7.2%	9.8%
Private Pension Universe Median Return	-5.0%	6.7%	9.0%

The Cambridge Billion \$ Funds Universe consists of the College and Universities with endowment assets greater than one billion dollars that report quarterly to Cambridge Associates, Inc. The number of Colleges and Universities with endowment assets greater than one billion dollars reporting as of June 30, 2008 was 43.

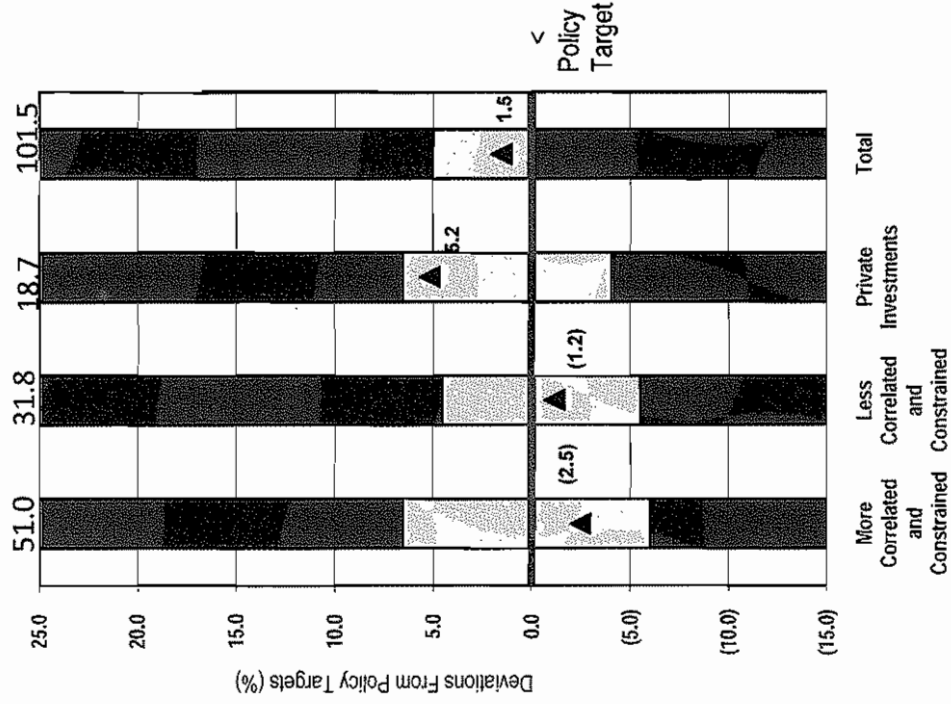
Peer Comparisons - Risk Adjusted Returns - Trailing Five Years

	Five Years Ending June 30,									
	2008		2007		2006		2005		2004	
	Return	Sharpe Ratio	Return	Sharpe Ratio	Return	Sharpe Ratio	Return	Sharpe Ratio	Return	Sharpe Ratio
Maximum	17.0%	2.6	18.4%	2.3	13.5%	1.5	9.5%	0.9	12.5%	0.8
25th Percentile	14.7%	2.0	15.3%	1.7	10.1%	1.0	7.3%	0.5	9.8%	0.6
Median	13.4%	1.7	14.2%	1.4	8.6%	0.7	5.3%	0.3	7.6%	0.4
75th Percentile	11.5%	1.3	12.9%	1.2	7.5%	0.6	3.8%	0.2	4.7%	0.2
Minimum	8.9%	0.7	8.1%	0.5	4.9%	0.3	-0.2%	(0.1)	0.8%	(0.1)
# of Portfolios	20	20	27	27	28	28	27	27	27	27
GEF	13.2%	1.7	13.3%	1.2	8.6%	0.6	5.3%	0.3	5.8%	0.3
GEF Rank	11/20	10/20	19/27	18/27	14/28	18/28	14/27	12/27	18/27	17/27

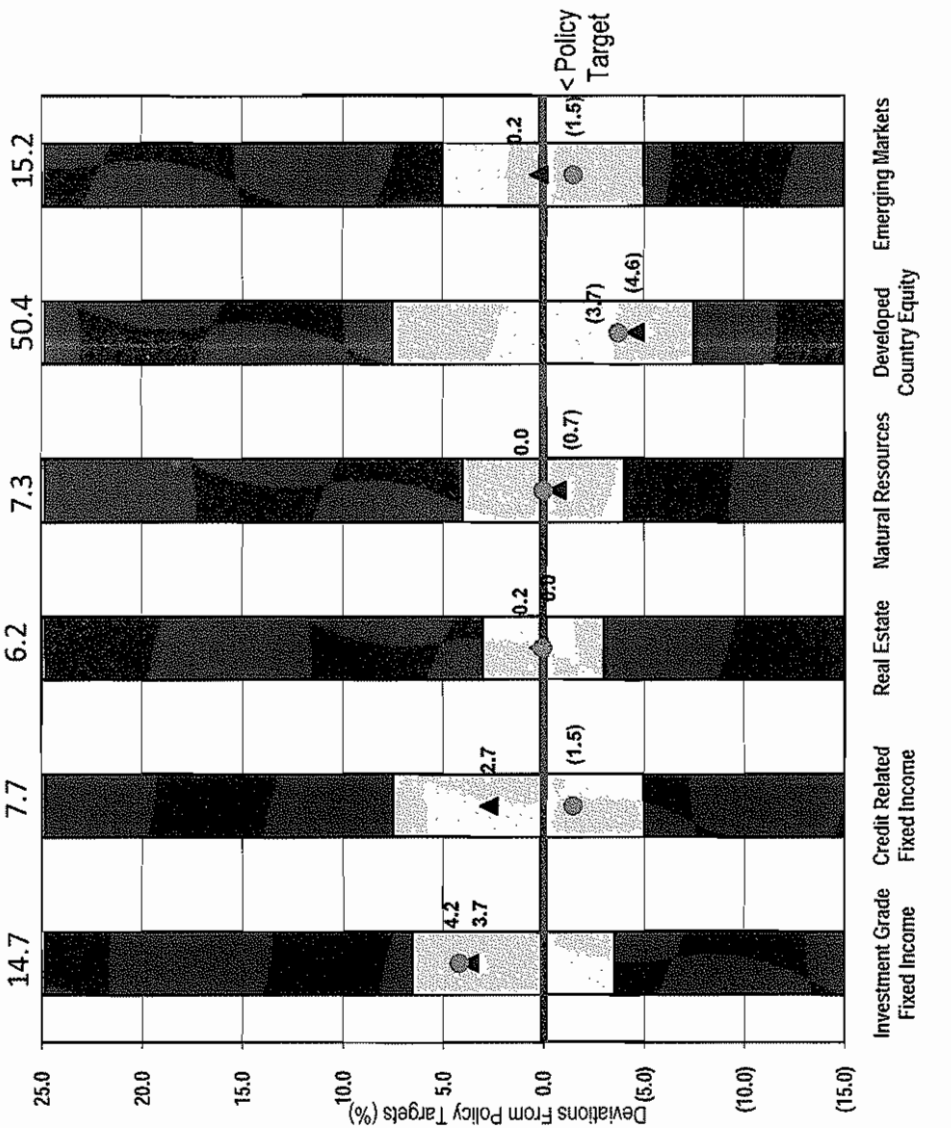
The Peer Group Universe for this analysis consists of endowment funds with more than 10 full-time employee positions, allocations to alternative assets in excess of 40%, and with assets greater than \$2.5 billion.

Assets

Deviations From Investment Type Policy Targets Within Tactical Policy Ranges for PUF

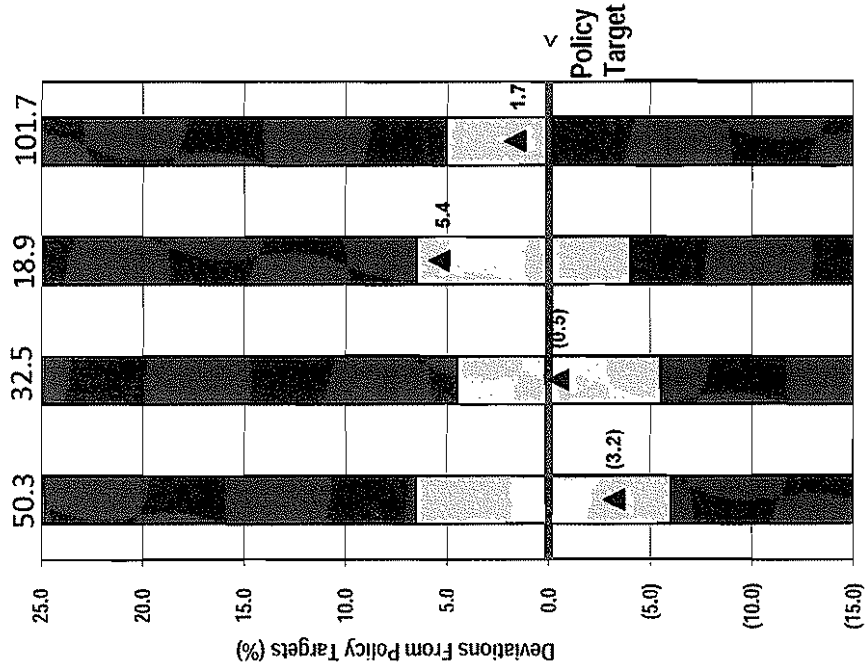


Deviations From Asset Class Policy Targets Within Tactical Policy Ranges for PUF

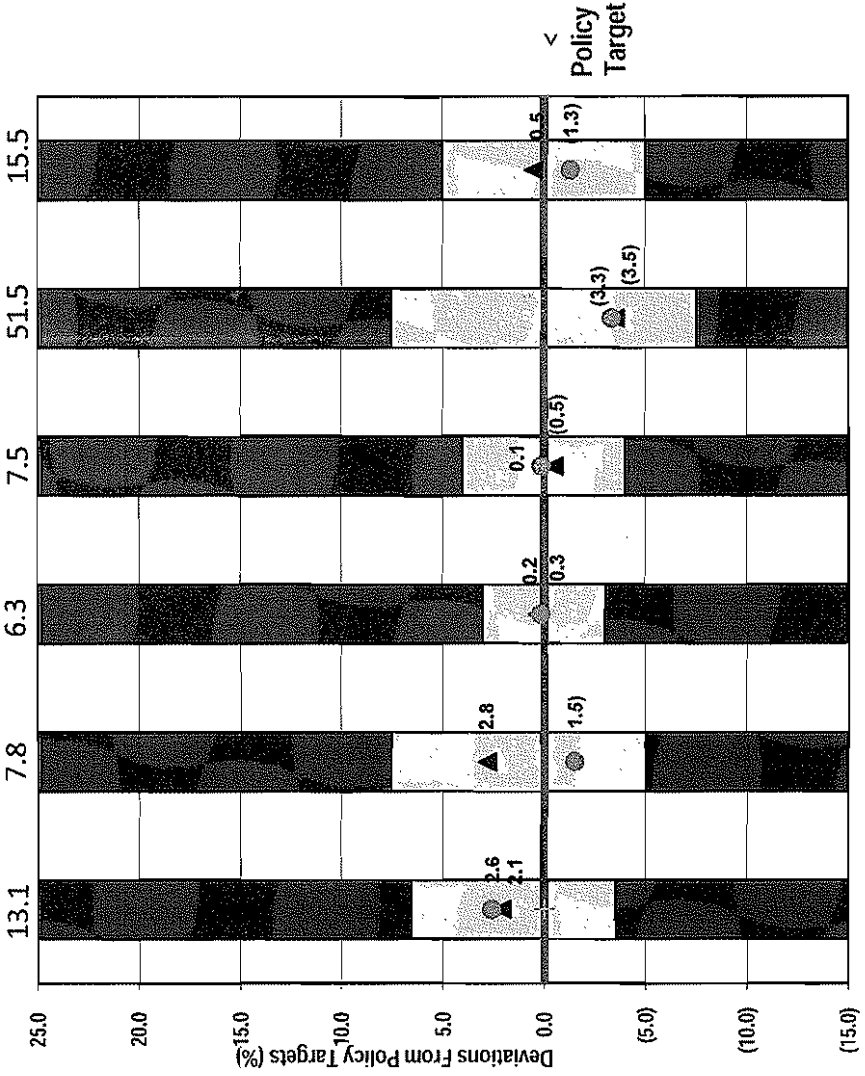


▲ -- All Investment Types ● -- More Correlated and Constrained

Deviations From Investment Type Policy Targets Within Tactical Policy Ranges for GEF



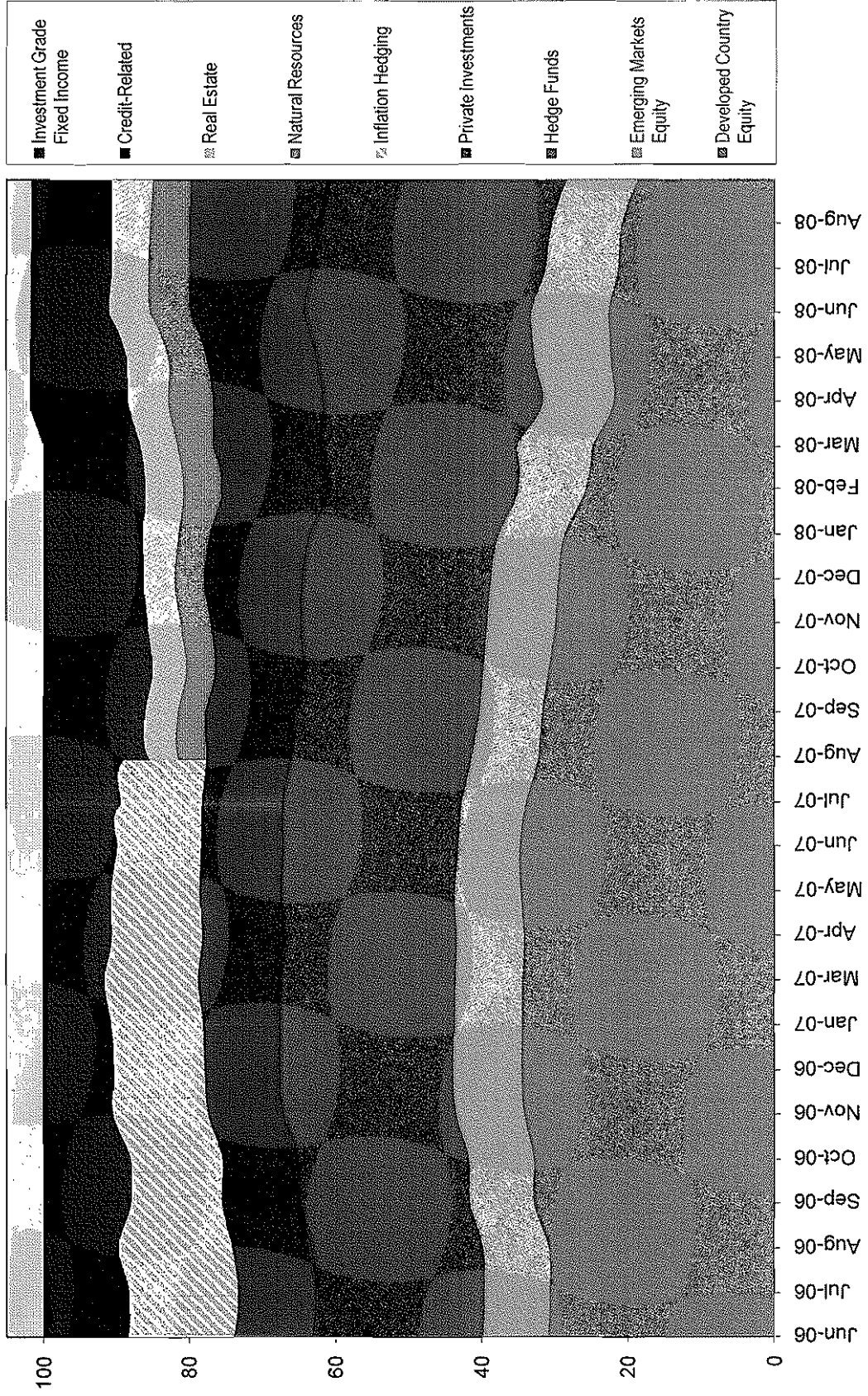
Deviations From Asset Class Policy Targets Within Tactical Policy Ranges for GEF



▲ -- All Investment Types

● --- More Correlated and Constrained

GEF Dollar Allocation Over Time



Combined Permanent University Fund and General Endowment Fund
as of August 31, 2008
(in millions)

Asset Group	Asset Class	More Correlated and Constrained		Less Correlated and Constrained		Private Investments		Grand Total
		\$	%	\$	%	\$	%	
Fixed Income	Investment Grade	2,140	12.1%	348	2.0%	-	0.0%	2,488
	Credit-Related	-	0.0%	494	2.8%	875	5.0%	1,369
Fixed Income Total		2,140	12.1%	842	4.8%	875	5.0%	3,857
Real Assets	Real Estate	988	5.6%	45	0.3%	74	0.4%	1,107
	Natural Resources	893	5.1%	162	0.9%	250	1.4%	1,305
Real Assets Total		1,881	10.7%	207	1.2%	324	1.8%	2,412
Equity	Developed Country	3,257	18.4%	3,803	21.5%	1,914	10.8%	8,974
	Emerging Markets	1,689	9.6%	815	4.6%	200	1.1%	2,704
Equity Total		4,948	28.0%	4,618	26.1%	2,114	11.9%	11,678
Grand Total		\$ 8,967	50.8%	\$ 5,667	32.1%	\$ 3,313	18.7%	\$ 17,947

The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by Cash.

Asset Class and Investment Type Targets, Ranges, and Performance Objectives
Combined Permanent University Fund and General Endowment Fund
as of August 31, 2008

Asset Class	August 31, 2008 ACTUAL	August 31, 2008		vs. Target
		Min	Target	
Investment Grade Fixed Income	14.1%	7.5%	11.0%	3.1%
Credit-Related Fixed Income	7.8%	0.0%	5.0%	2.8%
Real Estate	6.3%	3.0%	6.0%	0.3%
Natural Resources	7.4%	4.0%	8.0%	-0.6%
Developed Country Equity	50.7%	47.5%	55.0%	-4.3%
Emerging Markets Equity	15.3%	10.0%	15.0%	0.3%
TOTAL	101.6%		100.0%	1.6%
Investment Types				
More Correlated & Constrained	50.8%	47.5%	53.5%	-2.7%
Less Correlated & Constrained	32.1%	27.5%	33.0%	-0.9%
Private Investments	18.7%	9.5%	13.5%	5.2%
TOTAL	101.6%		100.0%	1.6%

Permanent University Fund
as of August 31, 2008
(Exposure in millions)

Asset Group	Asset Class	More Correlated and Constrained	Less Correlated and Constrained	Private Investments	Grand Total
Fixed Income	Investment Grade	\$ 1,441	\$ 222	\$ -	\$ 1,663
	Credit-Related	-	315	562	877
Fixed Income Total		1,441	537	562	2,540
Real Assets	Real Estate	629	29	48	706
	Natural Resources	569	103	159	831
Real Assets Total		1,198	132	207	1,537
Equity	Developed Country	2,077	2,426	1,224	5,727
	Emerging Markets	1,077	520	129	1,726
Equity Total		3,154	2,946	1,353	7,453
Grand Total		\$ 5,793	\$ 3,615	\$ 2,122	\$ 11,530

The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by Cash.

Asset Class and Investment Type Targets, Ranges, and Performance Objectives

Permanent University Fund
as of August 31, 2008

Asset Class	August 31, 2008 ACTUAL	August 31, 2008			vs. Target
		Min	Target	Max	
Investment Grade Fixed Income	14.7%	7.5%	11.0%	17.5%	3.7%
Credit-Related Fixed Income	7.7%	0.0%	5.0%	12.5%	2.7%
Real Estate	6.2%	3.0%	6.0%	9.0%	0.2%
Natural Resources	7.3%	4.0%	8.0%	12.0%	-0.7%
Developed Country Equity	50.4%	47.5%	55.0%	62.5%	-4.6%
Emerging Markets Equity	15.2%	10.0%	15.0%	20.0%	0.2%
TOTAL	101.5%		100.0%		1.5%
Investment Types					
More Correlated & Constrained	51.0%	47.5%	53.5%	60.0%	-2.5%
Less Correlated & Constrained	31.8%	27.5%	33.0%	37.5%	-1.2%
Private Investments	18.7%	9.5%	13.5%	20.0%	5.2%
TOTAL	101.5%		100.0%		1.5%

General Endowment Fund
as of August 31, 2008
(in millions)

Asset Group	Asset Class	More Correlated and Constrained	Less Correlated and Constrained	Private Investments	Grand Total
Fixed Income	Investment Grade	699	\$ 126	\$ -	\$ 825
	Credit-Related	-	179	313	492
Fixed Income Total		699	305	313	1,317
Real Assets	Real Estate	359	16	26	401
	Natural Resources	324	59	91	474
Real Assets Total		683	75	117	875
Equity	Developed Country	1,180	1,377	690	3,247
	Emerging Markets	612	295	71	978
Equity Total		1,792	1,672	761	4,225
Grand Total		\$ 3,174	\$ 2,052	\$ 1,191	\$ 6,417
		11.1%	2.0%	0.0%	13.1%
		0.0%	2.8%	5.0%	7.8%
		11.1%	4.8%	5.0%	20.9%
		5.7%	0.2%	0.4%	6.3%
		5.1%	0.9%	1.5%	7.5%
		10.8%	1.1%	1.9%	13.8%
		18.7%	21.9%	10.9%	51.5%
		9.7%	4.7%	1.1%	15.5%
		28.4%	26.6%	12.0%	67.0%
		50.3%	32.5%	18.9%	101.7%

The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by Cash.

Asset Class and Investment Type Targets, Ranges, and Performance Objectives

General Endowment Fund
as of August 31, 2008

Asset Class	August 31, 2008 ACTUAL	August 31, 2008 Target		vs. Target	
		Min	Max		
Investment Grade Fixed Income	13.1%	7.5%	11.0%	17.5%	2.1%
Credit-Related Fixed Income	7.8%	0.0%	5.0%	12.5%	2.8%
Real Estate	6.3%	3.0%	6.0%	9.0%	0.3%
Natural Resources	7.5%	4.0%	8.0%	12.0%	-0.5%
Developed Country Equity	51.5%	47.5%	55.0%	62.5%	-3.5%
Emerging Markets Equity	15.5%	10.0%	15.0%	20.0%	0.5%
TOTAL	101.7%		100.0%		1.7%
Investment Types					
More Correlated & Constrained	50.3%	47.5%	53.5%	60.0%	-3.2%
Less Correlated & Constrained	32.5%	27.5%	33.0%	37.5%	-0.5%
Private Investments	18.9%	9.5%	13.5%	20.0%	5.4%
TOTAL	101.7%		100.0%		1.7%

Less Correlated and Constrained Investment Policy Categorizations vs. "Look Through" Position Holding
August 31, 2008 Exposures

Asset Classification	Hedge Fund Strategy													Emerging Markets Long/Short	Developed Country Equity	Privates & Restructurings	Merger Arbitrage	Equity Market Neutral	Developed Int'l Long/Short	US Long/Short	Commodities	Real Estate	Credit Related	Investment Grade Fixed Income	Other Relative Value & Arbitrage	Convertible Arbitrage	Currencies	Fixed Income (ex distressed)	Total LCC
	Investment Grade	Credit-Related	Real Estate	Commodities	US Long/Short	Developed Int'l Long/Short	Equity Market Neutral	Merger Arbitrage	Privates & Restructurings	Developed Country Equity	Emerging Markets Long/Short	Total LCC																	
Fixed Income	0.8%	0.0%	0.4%	0.2%	1.5%	0.0%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	-	-	-	-	-	-	-	-	-	-	-	-	-	1.9%
Real Assets	0.0%	0.1%	-	0.1%	0.1%	0.0%	0.0%	0.2%	0.2%	0.0%	0.0%	0.0%	0.1%	0.1%	0.4%	-	-	-	-	-	-	-	-	-	-	-	-	-	2.7%
Equity	0.1%	0.0%	0.1%	0.1%	0.2%	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	
Total LCC	1.3%	0.0%	0.7%	0.4%	3.1%	4.6%	0.7%	0.7%	0.1%	1.1%	2.3%	0.1%	0.8%	1.4%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	30.9%	
Gross Leverage	14.70	2.08	8.74	9.27	9.97	1.32	1.79	3.19	2.16	2.03	2.10	1.56	1.24	2.01	1.42	2.67													
Net Leverage	-1.76	0.19	2.51	3.05	0.27	0.95	0.09	0.69	0.26	0.28	0.01	0.76	1.05	0.35	0.55	0.46													

Exposure Methodology Comparison		
	Policy	Look-Through Difference
Investment Grade Fixed Income	1.9%	3.1%
Credit-Related Fixed Income	2.7%	4.6%
Real Estate	0.2%	0.2%
Natural Resources	0.9%	0.7%
Developed Country Equity	20.7%	18.1%
Emerging Markets Equity	4.4%	4.1%
Less Correlated & Constrained	30.9%	30.9%

Current versus Fiscal Year Targets Comparison (UTIMCO)		
Current per 8/31/2008		
Policy	Target	Difference
1.9%	2.4%	-0.5%
2.7%	1.9%	0.8%
0.2%	0.5%	-0.2%
0.9%	1.4%	-0.6%
20.7%	22.5%	-1.8%
4.4%	2.9%	1.6%
30.9%	31.6%	-0.7%



Credit-Related Fixed Income

	Sep 2008	Projected			August 2009 Policy Maximums
		Planned Additions	Recategorizations	Aug 2009	
MCC	\$ -	\$ 150	\$ -	\$ 150	
LCC	547	268	734 ⁽¹⁾	1,549	
Private Investments	912	582	109 ⁽²⁾	1,603	
	<u>\$ 1,459</u>	<u>\$ 1,000</u>	<u>\$ 843</u>	<u>\$ 3,302</u>	
Percentage of Total Endowments	8.9%			20.1% ⁽³⁾	17.5%

(1) - Perry (\$579), Eton Park (\$94), Owl Creek (\$61)

(2) - Cerebrus (\$62), Centerbridge (\$47)

(3) - Assumes Flat Denominator



Credit-Related Private Investments

- Committed \$150m to GSO/Blackstone and Apollo for “Hung Bridge Loan” investments; \$120m called
- UTIMCO equity levered with seller financing
- Decline to date in index values nearing margin call triggers
- Original base case underwriting at mid-20% returns
- If margin calls are triggered, projected returns could drop to mid-teens depending on severity and duration of index drop

Less Correlated and Constrained Portfolio Update



THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

Less Correlated & Constrained Portfolio Update

November 7, 2008



Program Objectives

- Return/Risk Objective
 - Return- equity like returns (5-year time frame)
 - Risk- < 1/2 of equity risk
- Preserve Capital
- Value Add through Active Management



Recent Global Market Environment

(all periods as of September 30, 2008)

AUM: \$6.2 billion (PUF/GEF: 33.3%; ITF: 25.0%)

	Sep 08	3Q 08	1H 08	YTD	3 Yr	5 Yr	Inception
Less Correlated & Constrained	-8.2%	-12.6%	0.2%	-12.4%	4.9%	8.2%	8.9%
Hedge Fund Indices							
MSCI IHFI (investable)	-6.8%	-10.5%	-3.6%	-13.7%	-0.7%	1.4%	N/A
HFRX (investable)	-6.9%	-10.7%	-1.0%	-11.6%	0.7%	1.8%	7.6%
HFRI FOF Index (non-investable)	-5.8%	-9.6%	-2.4%	-11.8%	3.1%	5.0%	5.4%
Equity Indices							
MSCI All Country World	-12.5%	-16.6%	-10.7%	-25.5%	1.3%	8.0%	3.0%
Russell 3000	-9.4%	-8.7%	-11.0%	-18.8%	0.3%	5.7%	2.7%
EAFE	-14.5%	-20.6%	-11.0%	-29.3%	1.1%	9.7%	3.3%
MSCI EM	-17.5%	-27.0%	-11.8%	-35.5%	8.4%	18.7%	10.6%
Credit Indices							
ML 91 Day T-Bills	0.3%	0.6%	1.2%	1.8%	4.2%	3.3%	3.6%
Lehman Brothers Global Aggregate	-2.4%	-3.8%	3.5%	-0.4%	4.7%	4.8%	5.5%
CSFB Leveraged Loan	-4.9%	-5.9%	-1.8%	-7.6%	0.7%	2.9%	3.6%
CSFB High Yield	-7.0%	-8.0%	-1.1%	-9.1%	1.7%	4.8%	4.5%

November 7, 2008



Long-Term Results

(all periods as of September 30, 2008)

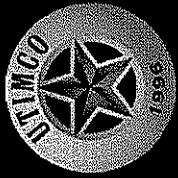
- Returns – Equity-Like Returns (5-year time horizon)
- Risk – Less than 1/2 of equity risk

	LCC	HFRX	MSCI All World	Russell 3000	CSFB High Yield	LB Global Agg
3 Yr Return	4.9%	0.7%	1.3%	0.3%	1.7%	4.7%
3 Yr St. Dev.	7.3%	6.8%	13.6%	11.6%	6.4%	4.9%
3 Yr Sharpe	0.10	(0.52)	(0.21)	(0.34)	(0.40)	0.10
3 Yr Beta		0.99	0.45	0.43	0.82	0.00
3 Yr Alpha		4.3%	4.3%	4.8%	3.5%	4.9%

5 Yr Return	8.2%	1.8%	8.0%	5.7%	4.8%	4.8%
5 Yr St. Dev.	6.1%	5.7%	12.2%	10.7%	5.7%	5.1%
5 Yr Sharpe	0.81	(0.25)	0.39	0.23	0.28	0.30
5 Yr Beta		0.97	0.41	0.39	0.76	0.00
5 Yr Alpha		6.4%	4.9%	6.0%	4.5%	8.2%

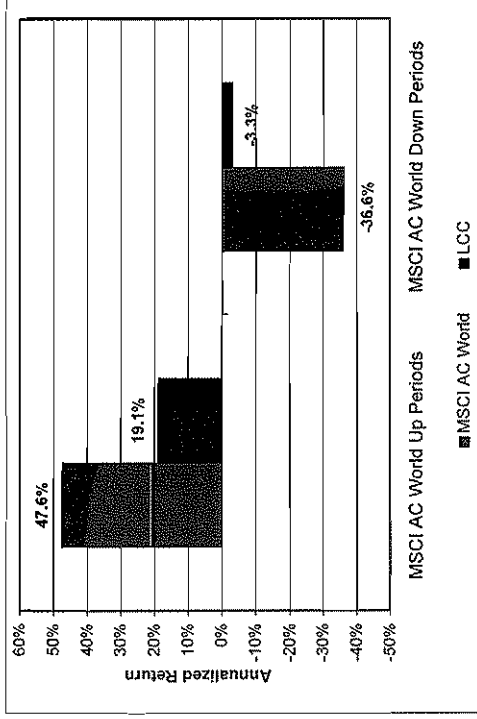
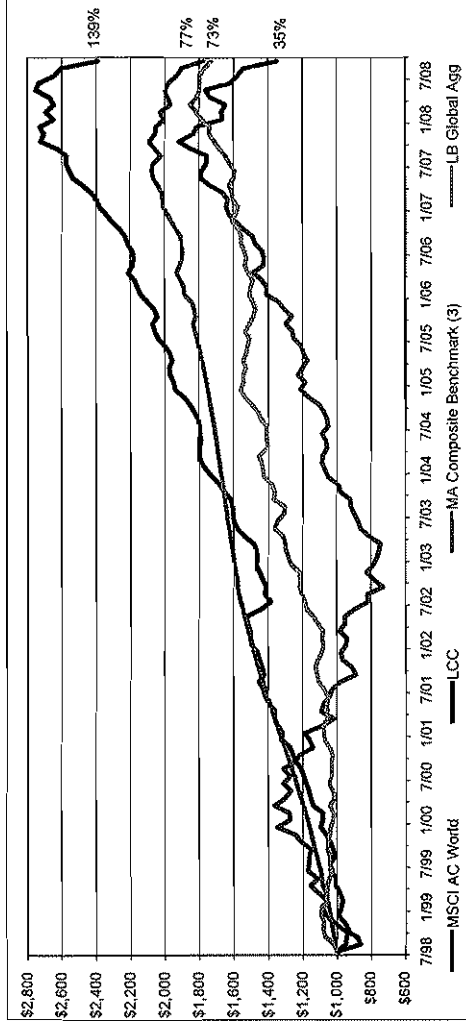
Inception Return	8.9%	7.6%	3.0%	2.7%	4.5%	5.5%
Inception St. Dev.	6.4%	6.5%	15.2%	15.3%	7.1%	5.6%
Inception Sharpe	0.83	0.62	(0.04)	(0.06)	0.13	0.35
Inception Beta		0.60	0.26	0.23	0.50	0.00
Inception Alpha		4.4%	8.2%	8.3%	6.7%	8.9%

November 7, 2008



Capital Preservation

(August 1998 – September 2008)



November 7, 2008



Monthly Return Statistics

(August 1998 – September 2008)

	LCC	HFRX	MSCI AC World	Russell 3000	CSFB High Yield	LB Global Agg
Average Return	0.7%	0.6%	0.3%	0.3%	0.4%	0.5%
Median	1.0%	0.5%	0.8%	1.0%	0.8%	0.3%
Standard Deviation	1.9%	1.9%	4.4%	4.4%	2.1%	1.6%
Range of Returns	13.3%	12.9%	23.1%	23.5%	13.0%	8.5%
Largest Loss	-8.2%	-6.9%	-14.0%	-15.3%	-7.0%	-3.7%
Largest Gain	5.1%	6.0%	9.1%	8.2%	6.0%	4.8%
Number of Periods	122	122	122	122	122	122
% Positive Months	76.2%	68.0%	57.4%	58.2%	63.9%	58.2%
% Negative Months	23.8%	32.0%	42.6%	41.8%	41.8%	41.8%

November 7, 2008



Capital Activity

	Fiscal Year 2008			Expected Activity through February 2009		
	Additions	Withdrawals	Net Activity	Additions	Withdrawals	Net Activity
Investment Grade Fixed Income	\$ 140	\$ (197)	\$ (57)	\$ -	\$ -	\$ -
Credit Related Fixed Income	\$ 225	\$ -	\$ 225 *	\$ 400	\$ (57)	\$ 343 *
Real Estate	\$ 50	\$ (25)	\$ 25	\$ -	\$ -	\$ -
Natural Resources	\$ 75	\$ -	\$ 75	\$ -	\$ -	\$ -
Developed Country	\$ 515	\$ (360)	\$ 155	\$ 208	\$ (572)	\$ (364)
Emerging Markets	\$ 173	\$ (106)	\$ 67 **	\$ 88	\$ (45)	\$ 43
Total LCC	\$ 1,178	\$ (688)	\$ 490	\$ 695	\$ (674)	\$ 21

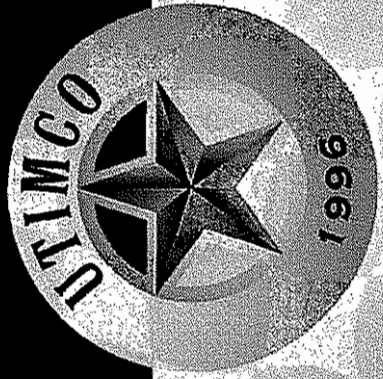
* Excludes unfunded commitments of \$300 million

** Excludes unfunded commitments of \$38 million

* Includes new commitment of \$100 million

November 7, 2008

Private Investments Portfolio Update



THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

Private Investments Portfolio Update

November 7, 2008



Private Investment Portfolio

August 31, 2008

	Market Value		Unfunded Commitments		Total Exposure	
	\$	%	\$	%	\$	%
Credit Related	\$ 874	26%	\$ 459	16%	\$ 1,333	21%
Real Estate	74	2%	226	8%	300	5%
Natural Resources	250	8%	315	11%	565	9%
Opportunistic and Growth Venture	331	10%	271	9%	603	10%
Buyout	474	14%	480	16%	954	15%
Total Developed Equity	1,109	34%	898	31%	2,007	32%
Emerging Markets	1,914	58%	1,649	56%	3,564	57%
	200	6%	258	9%	458	8%
Total	\$ 3,312	100%	\$ 2,907	100%	\$ 6,220	100%

November 7, 2008



Private Investment Actions Fiscal Year 2008

FY 2008 Commitment Activity	\$	%
Credit Related	\$ 835	35%
Real Estate	305	13%
Natural Resources	241	10%
Opportunistic/Buyout*	350	15%
Venture/Growth*	287	12%
Developed Equity	637	27%
Emerging Markets	375	16%
Total	\$ 2,393	100%

* Approximately \$100M of these commitments is dedicated to Emerging Markets on a look through basis

FY 2008 Market Value Change	FYE 2007	FYE 2008	Change
Credit Related	\$ 287	\$ 874	\$ 587
Real Estate	-	74	74
Natural Resources	181	250	69
Opportunistic/Buyout*	1,199	1,332	133
Venture/Growth	498	582	84
Developed Equity	1,697	1,914	217
Emerging Markets	24	200	176
Total	\$ 2,189	\$ 3,312	\$ 1,123

November 7, 2008



Developed Country Buyout Portfolio

	Invested		Unfunded Commitments		Total Exposure	
	\$	%	\$	%	\$	%
Global - Mega	\$ 164	15%	\$ 145	16%	\$ 309	15%
U.S. - Large	128	12	63	7	191	9
Europe - Large	126	11	123	14	249	12
Subtotal	418	38	331	37	749	37
Europe Mid Market	276	24	240	27	516	26
U.S. Small Cap	296	27	243	27	539	27
U.S. Mid Market	120	11	84	9	204	10
Total	\$ 1,110	100%	\$ 898	100%	\$ 2,008	100%

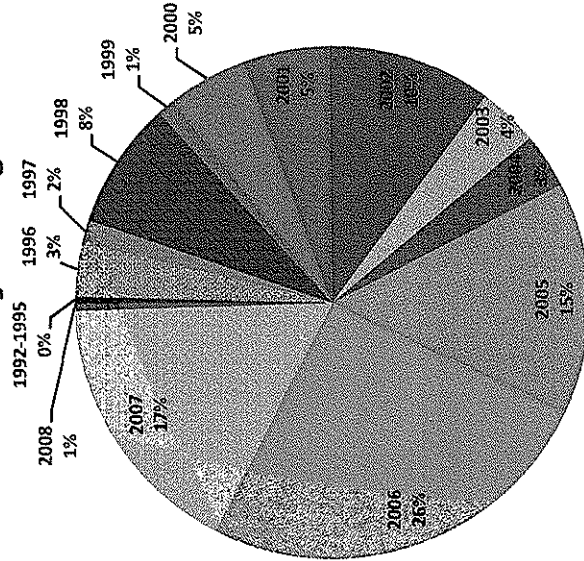
November 7, 2008



Private Investments Portfolio Composition

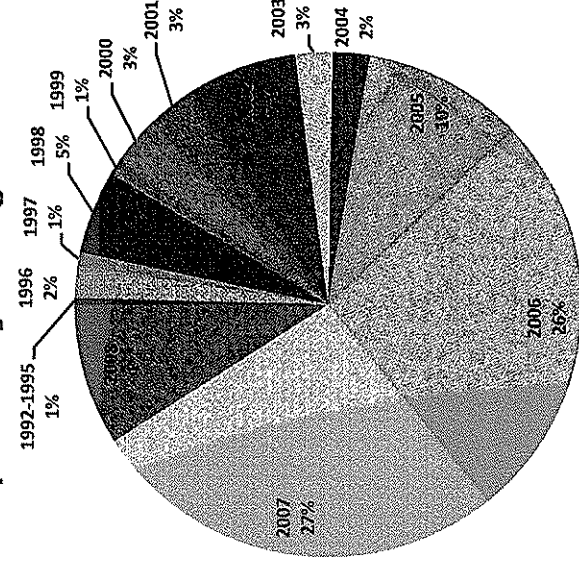
Developed Country (Buyouts) – Exposure and Market Value by Vintage Year as of 8/31/08

Developed Country - Buyouts
Market Value by Vintage Year



Total MV: \$1.1 billion
 Pre – 2000 MV: \$159.6 million
 VY 06 – 07 MV: \$471.0 million

Developed Country - Buyouts
Exposure by Vintage Year



Exposure Amount: \$2.0 billion

November 7, 2008



Private Investments Portfolio Areas for Additional Monitoring

- Older Mandates/Non-Core (\$133 million)
 - Baker (\$51)
 - DDJ (\$29)
 - Wand Partners (\$17)
 - SKM (\$14)
 - Equivalent to 3.2% of Private Investments NAV
 - Equivalent to 0.6% of the Endowments
- 2006/2007 Large Buyouts (\$308 million)
 - Average Purchase Price/EBITDA = 10.9x
 - Average Leverage/EBITDA = 7.2x
 - Equivalent to 9.3% of the Private Investment NAV
 - Equivalent to 1.8% of the Endowments

November 7, 2008



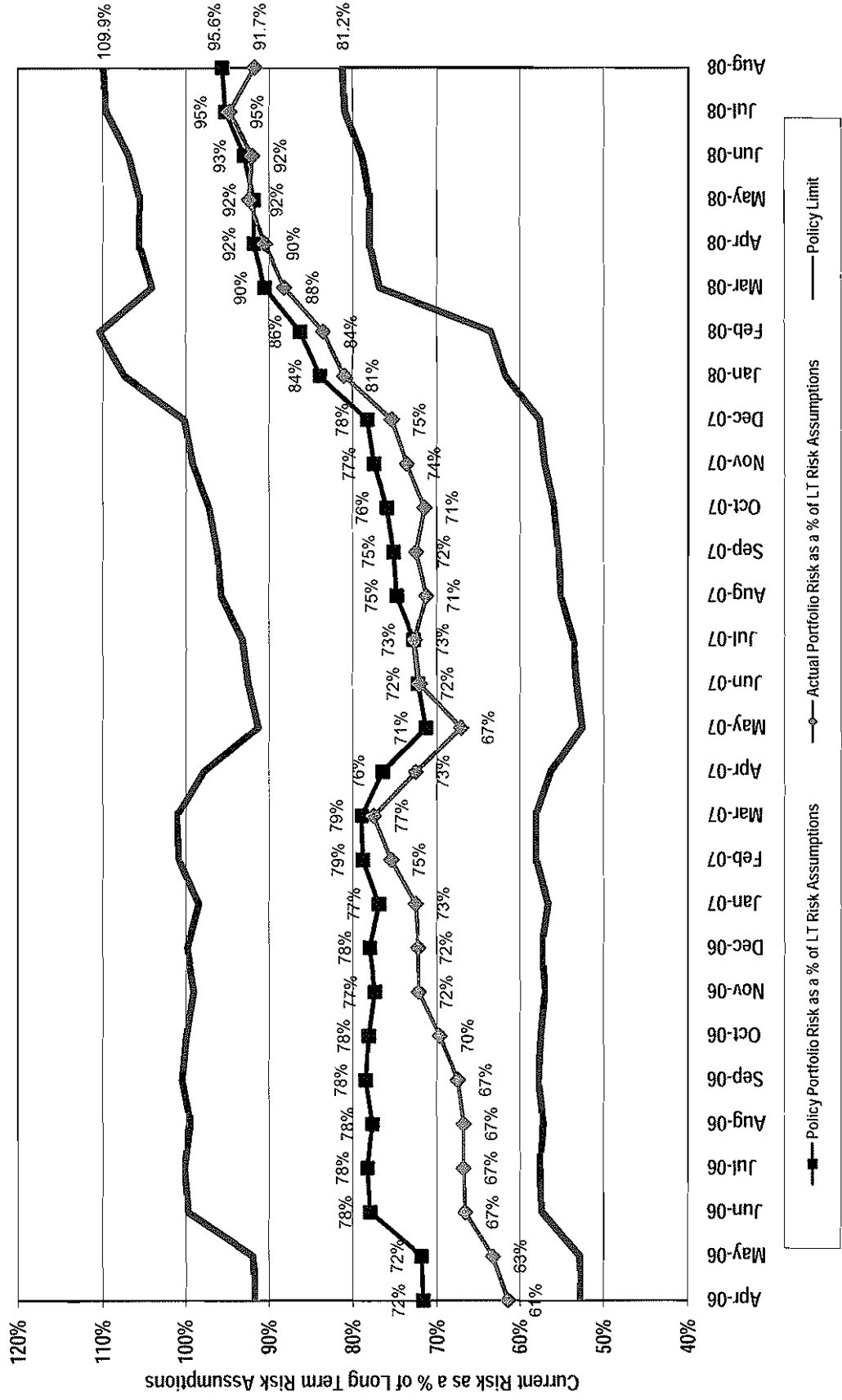
Projected Change in Private Investments

	FYE 2008		FYE 2009		Change
Credit Related	\$ 874	26%	\$ 1,500	31%	\$ 626
Real Estate	74	2	268	6	194
Natural Resources	250	8	281	6	31
Developed Equity	1,914	58	2,357	50	443
Emerging Markets	200	6	350	7	150
Total	\$ 3,312	100%	\$ 4,756	100%	\$ 1,444

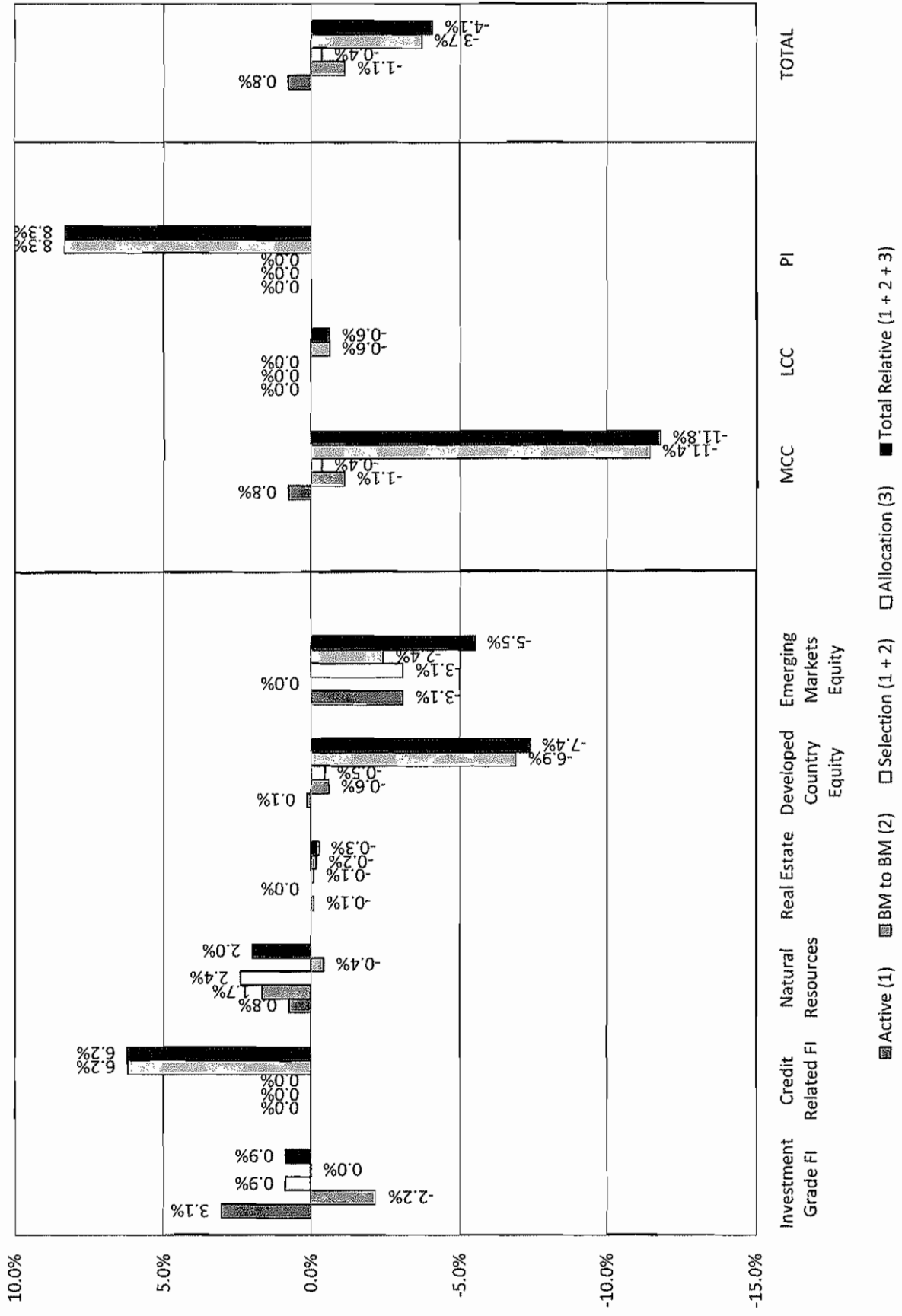
November 7, 2008

Risk Analytics

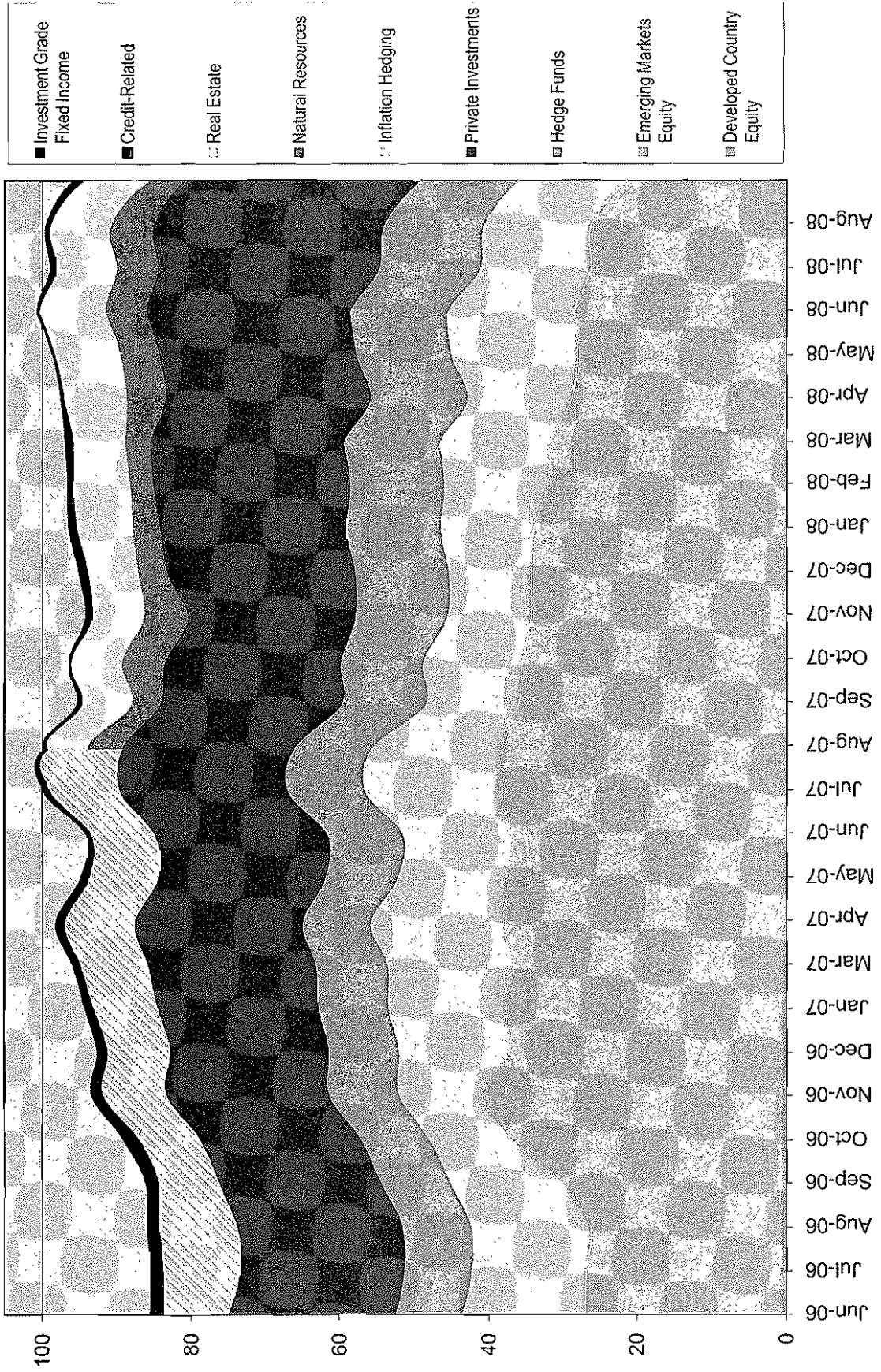
Current Risk Environment of GEF (Based on Downside Risk)



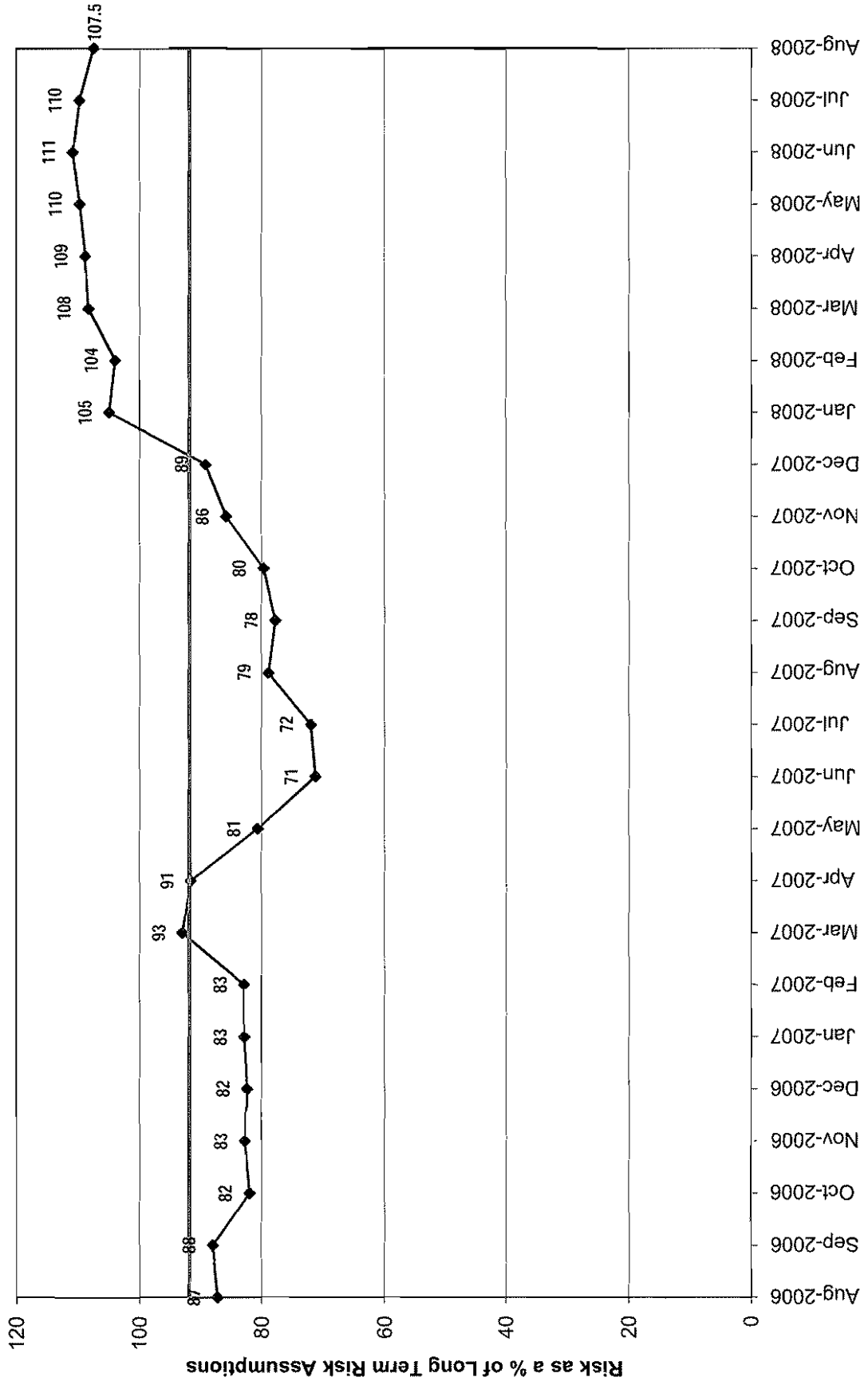
GEF 4-Way Risk Decomposition as of 08/31/2008 Using New Investment Strategy



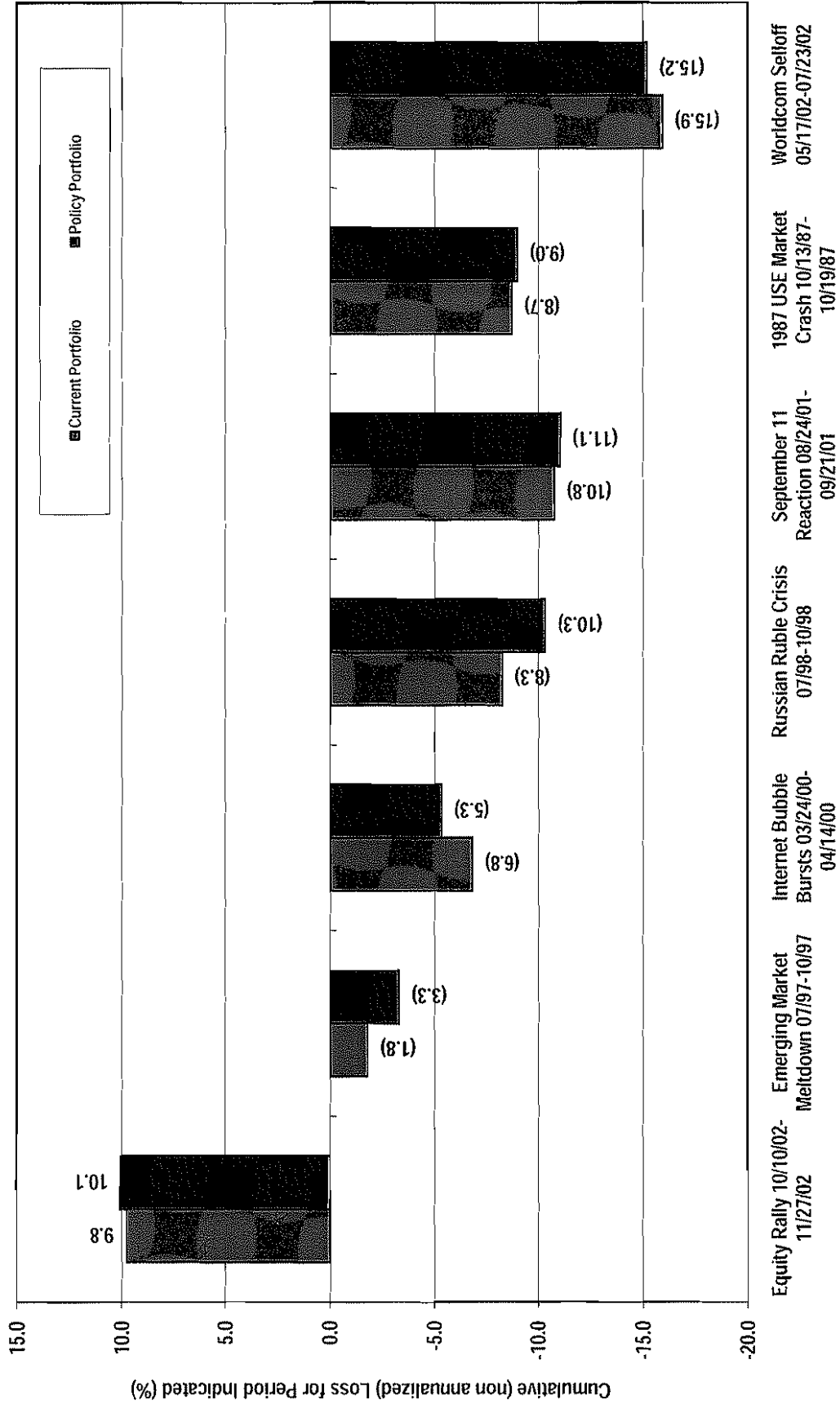
GEF Risk Allocation Over Time



Rolling 12 Month Risk Estimate of Current GEF Portfolio



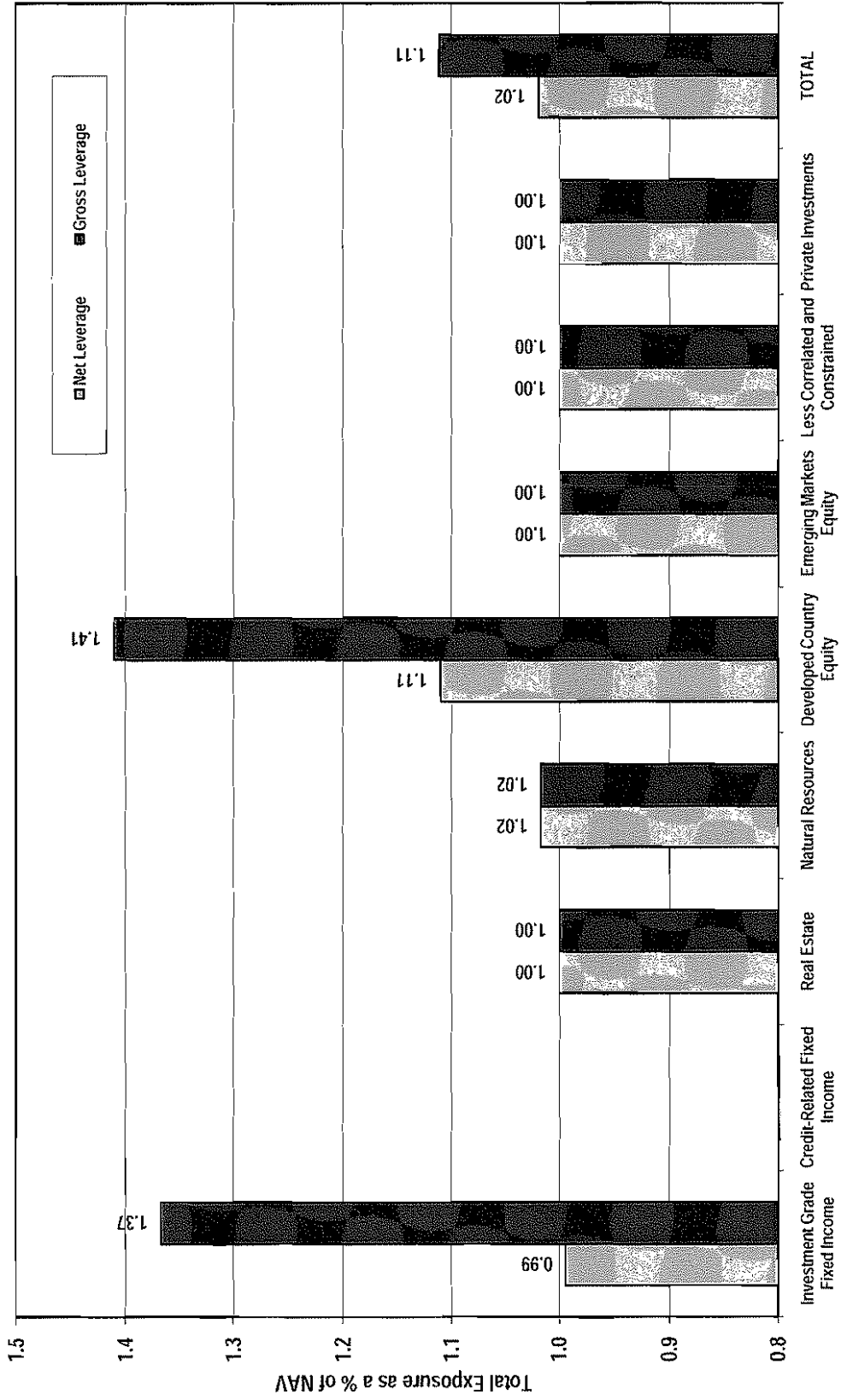
Hypothetical Performance of Current GEF Portfolio in Selected Stress Environments



Leverage

- Derivatives
- Counterparty Risk

Net and Gross Leverage of GEF



Comprehensive Derivative Report as of August 31, 2008

Manager	Derivative Strategy	Net Notional Value (\$ millions)	Activity from previous report (5/31/2008) (\$ millions)
INTERNAL MANAGERS			
Natural Resources			
DJAIG Swap	Long DJAIG Commodity Total Return Index	\$ 386	\$ (93.8)
Developed Country Equity			
S&P 500 Futures	Long S&P 500 futures	499	(60)
US Equity Small Cap/Large Cap Spread Trade	Long US Large Cap Short US Small Cap	480 (535)	-
Non-US Developed Equity			
Developed Markets Futures	Long FTSE 100 & Euro Stoxx 50 futures Currency forwards used to hedge U.S. dollar	153 161	58
EAFF Swap	Long MSCI EAFE / Short LIBOR	189	-
Lansdowne Euro Forwards	Currency forwards used to replicate local currency exposure for investments in Lansdowne European Fund	251	-
Japan Futures	Currency forwards used to hedge U.S. dollar Long Topix Index futures	8 163	- 101
EXTERNAL MANAGERS			
Natural Resources			
Gresham	Long Exchange-traded commodity futures	332	
Investment Grade Fixed Income			
Brandywine	Currency forwards used to hedge foreign currency exposure	(78)	
PIMCO Global Bonds	Currency forwards used to underweight the US dollar Short US and Non-US futures used to overweight duration in Eurozone Long futures used to overweight front end of US and UK yield curves	140 (137) 265	
	Receive interest rate swaps used to overweight duration in the Eurozone and underweight intermediate portion of the Japanese yield curve	708	

Comprehensive Derivative Report as of August 31, 2008

Manager	Derivative Strategy	Net Notional Value (\$ millions)
PIMCO Global Bonds (continued)	Pay interest rate swaps used to overweight duration in the Eurozone and underweight intermediate portion of the Japanese yield curve	(699)
	Interest rate swaps used to overweight front end of US and UK yield curves	242
	Short/Written credit default swaps used to overweight credit risk	79
	Long/Purchased credit default swaps used to underweight credit risk	(223)
	Written options used to increase portfolio yield	(8)
	Purchased options used to increase portfolio yield	7
	Currency forwards used to underweight the US dollar	(5)
	Short US futures used to overweight duration in Eurozone	-
	Long Non- US futures used to overweight duration in Eurozone	6
	Long futures used to overweight front end of US and UK yield curves	276
PIMCO TIPS	Receive interest rate swaps used to overweight duration in the Eurozone and underweight intermediate portion of the Japanese yield curve	108
	Pay interest rate swaps used to overweight duration in the Eurozone and underweight intermediate portion of the Japanese yield curve	(131)
	Interest rate swaps used to overweight front end of US and UK yield curves	94
	Short/Written credit default swaps used to overweight credit risk	23
	Long/Purchased credit default swaps used to underweight credit risk	(68)
	Written options used to increase portfolio yield	(2)
	Purchased options used to increase portfolio yield	0
	GRAND TOTAL	\$ 2,682
	Internal Managers	\$ 1,754
	External Managers	928
GRAND TOTAL	\$ 2,682	

Comprehensive Report on Approved Derivative Applications as of August 31, 2008

Internal Managers	Derivative Application (account name)	Purpose of Application
	S&P 500 Futures / FTSE Index / Topix	Replicate Index exposure by Utilizing Futures and Cash (Cash Equitization)
	US Equity Small Cap/Large Cap Spread Trade	To alter the Funds market (systematic) exposure without trading the underlying cash market securities through purchases and short sales of appropriate derivatives. Reduce small cap exposure and increase large cap exposure.
	EAFEand DJAIG Swaps	Use derivatives in order for Funds to gain market (systematic) exposure without trading the underlying cash market securities and add value over the index by taking advantage of the borrow rate.
	Currency forwards	To replicate local currency exposure for hedged foreign investments in order to more closely align the targeted risk/return profile.

External Management

External Managers Under Agency Agreement	Primary Use of Derivatives
Blackrock (formerly State Street Research)	Short sales limited to 5%, able to use stock and index options, buy and sell puts/calls, forwards, futures (within our max loss provision)
Brandywine	Hedge undesirable foreign currency exposure and/or gain desirable short term fixed income and FX exposure
Globeflex	May invest in foreign currency forward and foreign currency futures contracts in order to maintain the same currency exposure as its respective index.
Gresham	Use derivatives to gain market (systematic) exposure without trading the physical commodity.
Cohen & Steers Global	May use spot currency forwards to convert US dollars into foreign currency in order to purchase international real estate securities in local currency.
European Investors Realty Securities, Inc.	May use spot currency forwards to convert US dollars into foreign currency in order to purchase international real estate securities in local currency.
Morgan Stanley REITs	May use spot currency forwards to convert US dollars into foreign currency in order to purchase international real estate securities in local currency.
PIMCO Global Bonds	May invest in foreign currency forward and foreign currency futures contracts in order to maintain the same currency exposure as its respective index or to protect against anticipated adverse changes in exchange rates among foreign currencies.
PIMCO TIPS	May use forward purchase and sale contracts, futures (including Commodity Futures, Commodity Index Futures, and Exchange Traded Swaps Futures), and Options (including commodity options)
Reams	May use futures, forwards, options and swaps and fixed income securities linked to foreign interest rates.

OTC Derivative Counterparty Report as of September 30, 2008

\$ millions						
Counterparty	S & P Counterparty Rating	Mark-to-Market Owed by Broker	Mark-to-Market Owed by UTMCO	Total Mark-to-Market	Percentage of Total Funds	Notional Value
GOLDMAN SACHS	AA-	\$ 196.0	\$(194.1)	\$ 1.9	0.01%	\$ 1,056.0
BARCLAYS	AA-	8.8	(25.0)	(16.2)	-0.08%	1,214.3
MORGAN STANLEY	AA	5.2	(29.5)	(24.3)	-0.12%	887.8
DEUTSCHE BANK AG	AA-	3.6	(2.8)	0.8	0.00%	388.9
ROYAL BANK OF SCOTLAND PLC	AA	3.0	(9.0)	(6.0)	-0.03%	678.7
MERRILL LYNCH	AA-	1.4	(1.3)	0.1	0.00%	96.2
UBS AG, STAMFORD	AA-	1.3	(6.1)	(4.8)	-0.02%	204.2
HSBC BK USA, NEW YORK	AA	1.1	(3.7)	(2.6)	-0.01%	123.9
BNP PARIBAS	AA+	1.0	(0.3)	0.7	0.00%	63.3
UBS A.G, ZURICH	AA-	0.9	(0.3)	0.6	0.00%	66.8
CITIBANK NY	AA	0.9	(3.4)	(2.5)	-0.01%	455.6
BANK OF AMERICA	AA	0.7	(0.8)	(0.1)	0.00%	48.8
CHASE MANHATTAN	AA	0.7	(2.3)	(1.6)	-0.01%	57.1
J P MORGAN, CHASE	AA	0.6	(0.3)	0.3	0.00%	78.7
CREDIT SUISSE FIRST	AA-	0.3	(0.1)	0.2	0.00%	21.4
CITIGROUP	AA-	0.3	(0.1)	0.2	0.00%	23.7
CS FIRST BOSTON GBL FOREIGN EXCH	AA-	-	-	-	0.00%	1.8
MELLON BANK	AA	-	(0.1)	(0.1)	0.00%	4.6
ROYAL BANK OF CANADA	AA-	-	(0.5)	(0.5)	0.00%	21.3
STATE ST BOSTON CAPITAL MKT	AA	-	-	-	0.00%	1.6
WACHOVIA BANK	AA-	-	-	-	0.00%	1.5
BANK OF NOVA SCOTIA	AA-	-	(0.1)	(0.1)	0.00%	5.1
BROWN BROTHERS	A+	-	-	-	0.00%	1.4
Grand Total		\$ 225.8	\$(279.8)	\$(54.0)	-0.27%	\$ 5,502.7

OTC Derivative Counterparty Report as of August 31, 2008

\$ millions

Counterparty	S & P Counterparty Rating	Mark-to-Market Owed by Broker	Mark-to-Market Owed by UTIMCO	Total Mark-to-Market	Percentage of Total Funds	Notional Value
GOLDMAN SACHS	AAA	\$ 193.5	\$ (207.0)	\$ (13.5)	-0.06%	\$ 1,539.8
MORGAN STANLEY	AA-	8.1	(22.5)	(14.4)	-0.07%	872.0
BARCLAYS	AA+	6.6	(17.1)	(10.5)	-0.05%	1,355.6
ROYAL BANK OF SCOTLAND PLC	AA+	3.0	(6.9)	(3.9)	-0.02%	712.7
DEUTSCHE BANK AG	AA+	2.3	(4.2)	(1.9)	-0.01%	388.1
MERRILL LYNCH	AAA	1.6	(1.7)	(0.1)	0.00%	134.1
HSBC BK USA, NEW YORK	AA	1.6	(0.7)	0.9	0.00%	97.7
UBS A G, ZURICH	AA	1.3	(0.9)	0.4	0.00%	100.6
UBS AG, STAMFORD	AA-	1.1	(0.6)	0.5	0.00%	43.4
LEHMAN BROTHERS	A	1.0	(2.2)	(1.2)	-0.01%	178.4
CHASE MANHATTAN	AA-	0.7	(2.0)	(1.3)	-0.01%	60.8
CITIBANK NY	AA+	0.6	(4.1)	(3.5)	-0.02%	262.9
BNP PARIBAS	AA+	0.6	(0.5)	0.1	0.00%	55.3
CITIGROUP	AA+	0.6	(0.2)	0.4	0.00%	25.9
BANK OF AMERICA	AAA	0.5	(0.6)	(0.1)	0.00%	42.0
J P MORGAN, CHASE	AAA	0.5	(0.7)	(0.2)	0.00%	101.5
CREDIT SUISSE FIRST	AA+	0.2	(0.5)	(0.3)	0.00%	61.9
ROYAL BANK OF CANADA	AA-	0.1	-	0.1	0.00%	9.6
CS FIRST BOSTON GBL FOREIGN EXCH	AA-	-	-	-	0.00%	1.6
MELLON BANK	AA	-	-	-	0.00%	0.4
WACHOVIA BANK	AA-	-	-	-	0.00%	1.5
BANK OF NOVA SCOTIA	AA+	-	(0.2)	(0.2)	0.00%	5.1
Grand Total		\$ 223.9	\$ (272.6)	\$ (48.7)	-0.22%	\$ 6,050.9

OTC Derivative Counterparty Report as of 8/31/2008
By Counterparty and Manager

		\$ millions					
Counterparty	Manager	S & P Counterparty Rating	Mark-to-Market Owed by Broker	Mark-to-Market Owed by UTIMCO	Total Mark-to- Market	Percentage of Total Funds	Notional Value
INTERNALLY MANAGED							
BARCLAYS	DJAIG SWAP	AA+	-	(8.2)	(8.2)	-0.04%	199.7
BARCLAYS Total			-	(8.2)	(8.2)	-0.04%	199.7
GOLDMAN SACHS	DJAIG SWAP	AAA	-	(4.5)	(4.5)	-0.02%	185.8
GOLDMAN SACHS	INTERNATIONAL DEVELOPED FUTURES	AAA	1.0	(5.6)	(4.6)	-0.02%	333.2
GOLDMAN SACHS	JAPAN FUTURES	AAA	-	(0.1)	(0.1)	0.00%	7.8
GOLDMAN SACHS	LANDOWNE EURO FORWARD	AAA	-	(12.1)	(12.1)	-0.05%	251.1
GOLDMAN SACHS Total			1.0	(22.3)	(21.3)	-0.09%	777.9
MORGAN STANLEY	EAFE SWAP	AA-	-	(13.4)	(13.4)	-0.06%	188.6
MORGAN STANLEY Total			-	(13.4)	(13.4)	-0.06%	188.6
Grand Total Internally Managed			1.0	(43.9)	(42.9)	-0.19%	1,166.2
EXTERNALLY MANAGED							
BANK OF AMERICA	PIMCO FIXED INCOME	AAA	0.4	(0.5)	(0.1)	0.00%	37.9
BANK OF AMERICA	PIMCO TIPS	AAA	0.1	(0.1)	-	0.00%	4.1
BANK OF AMERICA Total			0.5	(0.6)	(0.1)	0.00%	42.0
BANK OF NOVA SCOTIA	PIMCO FIXED INCOME	AA+	-	(0.2)	(0.2)	0.00%	5.1
BANK OF NOVA SCOTIA Total			-	(0.2)	(0.2)	0.00%	5.1
BARCLAYS	BRANDYWINE GLOBAL	AA+	1.5	-	1.5	0.01%	33.0
BARCLAYS	PIMCO FIXED INCOME	AA+	4.7	(7.6)	(2.9)	-0.01%	1,003.1
BARCLAYS	PIMCO REAL RETURN	AA+	-	-	-	0.00%	1.1
BARCLAYS	PIMCO TIPS	AA+	0.4	(1.3)	(0.9)	0.00%	118.7
BARCLAYS Total			6.6	(8.9)	(2.3)	0.00%	1,155.9
BNP PARIBAS	PIMCO FIXED INCOME	AA+	0.6	(0.4)	0.2	0.00%	48.7
BNP PARIBAS	PIMCO TIPS	AA+	-	(0.1)	(0.1)	0.00%	6.6
BNP PARIBAS Total			0.6	(0.5)	0.1	0.00%	55.3
CHASE MANHATTAN	PIMCO FIXED INCOME	AA-	-	(1.8)	(1.8)	-0.01%	43.0
CHASE MANHATTAN	PIMCO REAL RETURN	AA-	-	(0.1)	(0.1)	0.00%	2.8
CHASE MANHATTAN	PIMCO TIPS	AA-	0.7	(0.1)	0.6	0.00%	15.0
CHASE MANHATTAN Total			0.7	(2.0)	(1.3)	-0.01%	60.8
CITIBANK NY	PIMCO FIXED INCOME	AA+	0.4	(4.1)	(3.7)	-0.02%	259.0
CITIBANK NY	PIMCO REAL RETURN	AA+	0.1	-	0.1	0.00%	1.4
CITIBANK NY	PIMCO TIPS	AA+	0.1	-	0.1	0.00%	2.5
CITIBANK NY Total			0.6	(4.1)	(3.5)	-0.02%	262.9

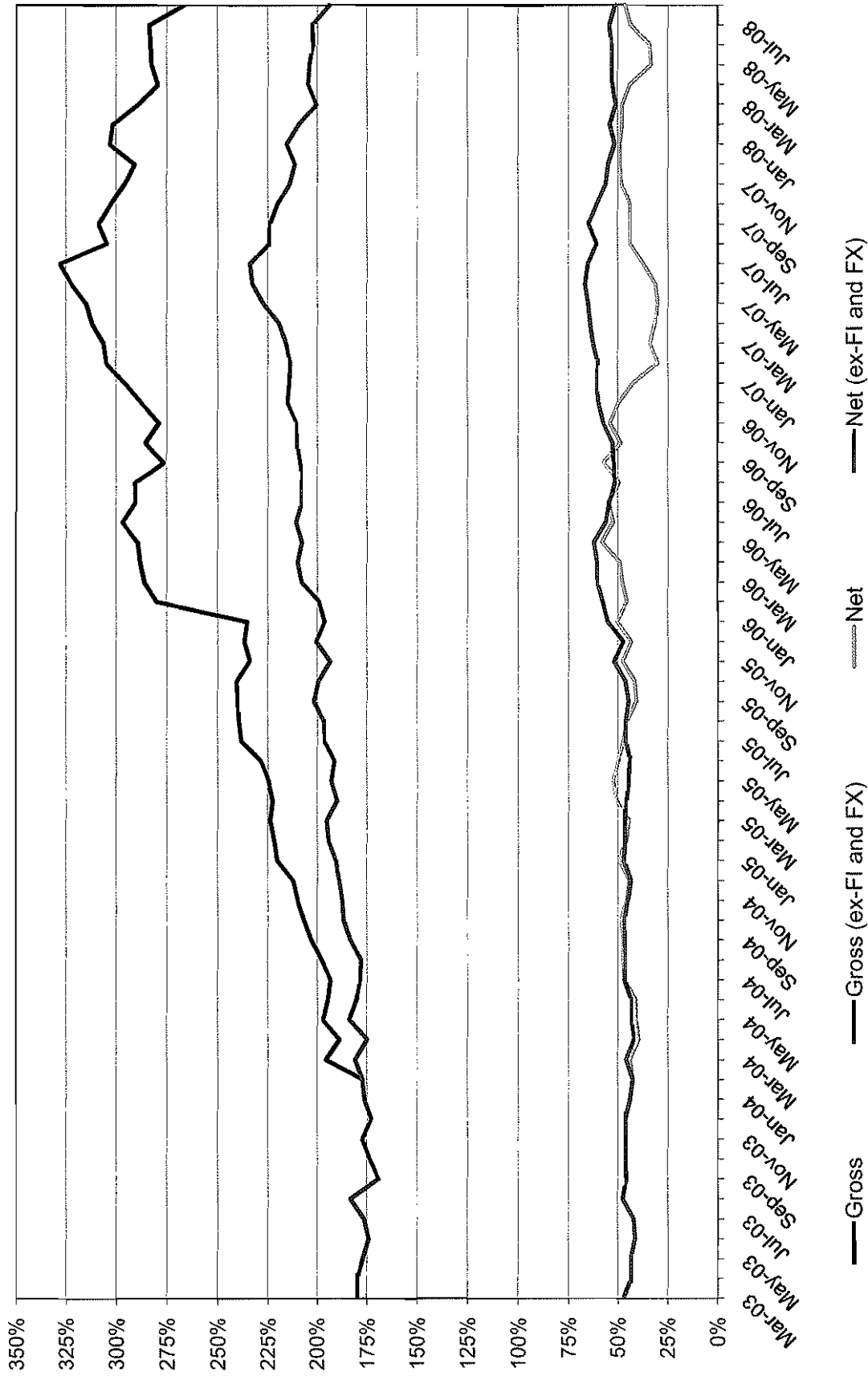
OTC Derivative Counterparty Report as of 8/31/2008
By Counterparty and Manager

		\$ millions					
Counterparty	Manager	S & P Counterparty Rating	Mark-to-Market Owed by Broker	Mark-to-Market Owed by UTIMCO	Total Mark-to- Market	Percentage of Total Funds	Notional Value
CITIGROUP	PIMCO FIXED INCOME	AA+	0.6	(0.2)	0.4	0.00%	25.9
CITIGROUP Total			0.6	(0.2)	0.4	0.00%	25.9
CREDIT SUISSE FIRST	PIMCO FIXED INCOME	AA+	0.2	(0.2)	-	0.00%	14.3
CREDIT SUISSE FIRST	PIMCO TIPS	AA+	-	(0.3)	(0.3)	0.00%	47.6
CREDIT SUISSE FIRST Total			0.2	(0.5)	(0.3)	0.00%	61.9
CS FIRST BOSTON GBL FOREIGN EXCH	PIMCO FIXED INCOME	AA-	-	-	-	0.00%	1.6
CS FIRST BOSTON GBL FOREIGN EXCH Total			-	-	-	0.00%	1.6
DEUTSCHE BANK AG	PIMCO FIXED INCOME	AA+	2.1	(3.9)	(1.8)	-0.01%	327.3
DEUTSCHE BANK AG	PIMCO TIPS	AA+	0.2	(0.3)	(0.1)	0.00%	60.8
DEUTSCHE BANK AG Total			2.3	(4.2)	(1.9)	-0.01%	388.1
GOLDMAN SACHS	PIMCO FIXED INCOME	AAA	192.0	(184.2)	7.8	0.04%	724.4
GOLDMAN SACHS	PIMCO TIPS	AAA	0.5	(0.5)	-	0.00%	37.5
GOLDMAN SACHS Total			192.5	(184.7)	7.8	0.04%	761.9
HSBC BK USA, NEW YORK	PIMCO FIXED INCOME	AA	1.4	(0.5)	0.9	0.00%	4,378.0
HSBC BK USA, NEW YORK	PIMCO REAL RETURN	AA	(0.1)	(0.1)	(0.2)	0.00%	2.5
HSBC BK USA, NEW YORK	PIMCO TIPS	AA	0.3	(0.1)	0.2	0.00%	12.9
HSBC BK USA, NEW YORK Total			1.6	(0.7)	0.9	0.00%	4,393.4
J P MORGAN, CHASE	PIMCO FIXED INCOME	AAA	0.5	(0.3)	0.2	0.00%	89.1
J P MORGAN, CHASE	PIMCO TIPS	AAA	-	(0.4)	(0.4)	0.00%	14.8
J P MORGAN, CHASE Total			0.5	(0.7)	(0.2)	0.00%	103.9
LEHMAN BROTHERS	PIMCO FIXED INCOME	A	1.0	(1.5)	(0.5)	0.00%	147.9
LEHMAN BROTHERS	PIMCO TIPS	A	-	(0.7)	(0.7)	0.00%	28.1
LEHMAN BROTHERS Total			1.0	(2.2)	(1.2)	0.00%	176.0
MELLON BANK	COHEN & STEERS GLOBAL	AA	-	-	-	0.00%	0.4
MELLON BANK Total			-	-	-	0.00%	0.4
MERRILL LYNCH	PIMCO FIXED INCOME	AAA	1.3	(1.6)	(0.3)	0.00%	111.2
MERRILL LYNCH	PIMCO TIPS	AAA	0.3	(0.1)	0.2	0.00%	22.9
MERRILL LYNCH Total			1.6	(1.7)	(0.1)	0.00%	134.1
MORGAN STANLEY	BRANDYWINE GLOBAL	AA-	4.2	-	4.2	0.02%	58.3
MORGAN STANLEY	PIMCO FIXED INCOME	AA-	3.5	(6.8)	(3.3)	-0.02%	527.0
MORGAN STANLEY	PIMCO TIPS	AA-	0.4	(2.3)	(1.9)	-0.01%	98.1
MORGAN STANLEY Total			8.1	(9.1)	(1.0)	-0.01%	683.4

OTC Derivative Counterparty Report as of 8/31/2008
By Counterparty and Manager

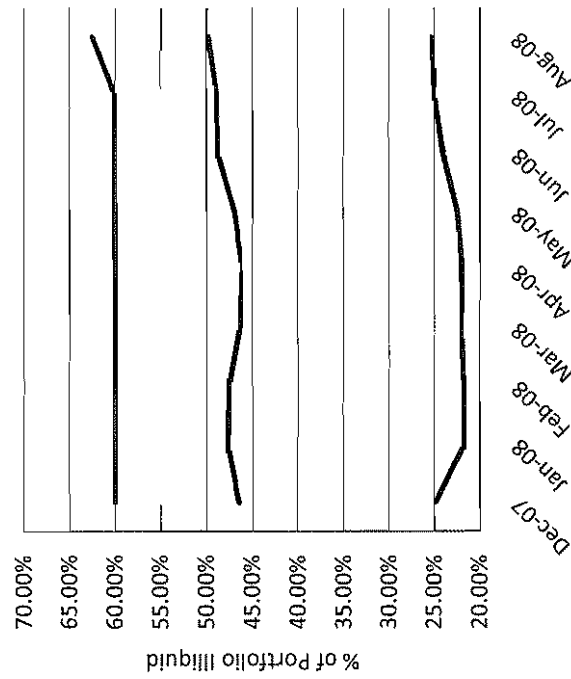
Counterparty	Manager	S & P Counterparty Rating	\$ millions				Notional Value
			Mark-to-Market Owed by Broker	Mark-to-Market Owed by UTIMCO	Total Mark-to- Market	Percentage of Total Funds	
ROYAL BANK OF CANADA	PIMCO FIXED INCOME	AA-	0.1	-	0.1	0.00%	7.4
ROYAL BANK OF CANADA	PIMCO TIPS	AA-	-	-	-	0.00%	2.2
ROYAL BANK OF CANADA Total			0.1	-	0.1	0.00%	9.6
ROYAL BANK OF SCOTLAND PLC	PIMCO FIXED INCOME	AA+	2.3	(5.6)	(3.3)	-0.02%	4,682.6
ROYAL BANK OF SCOTLAND PLC	PIMCO TIPS	AA+	0.7	(1.3)	(0.6)	0.00%	112.9
ROYAL BANK OF SCOTLAND PLC Total			3.0	(6.9)	(3.9)	-0.02%	4,795.5
UBS A G, ZURICH	PIMCO FIXED INCOME	AA	0.9	(0.5)	0.4	0.00%	83.4
UBS A G, ZURICH	PIMCO TIPS	AA	0.4	(0.4)	-	0.00%	17.2
UBS A G, ZURICH Total			1.3	(0.9)	0.4	0.00%	100.6
UBS AG, STAMFORD	PIMCO FIXED INCOME	AA-	1.1	(0.6)	0.5	0.00%	42.1
UBS AG, STAMFORD	PIMCO TIPS	AA-	-	-	-	0.00%	1.3
UBS AG, STAMFORD Total			1.1	(0.6)	0.5	0.00%	43.4
WACHOVIA BANK	PIMCO FIXED INCOME	AA-	-	-	-	0.00%	1.5
WACHOVIA BANK Total			-	-	-	0.00%	1.5
Grand Total Externally Managed			222.9	(228.7)	(5.8)	-0.03%	13,263.2
GRAND TOTAL - ALL MANAGERS			\$ 223.9	\$ (272.6)	\$ (48.7)	-0.22%	\$ 14,429.4

**UTIMCO LCC Portfolio
Gross and Net Leverage**



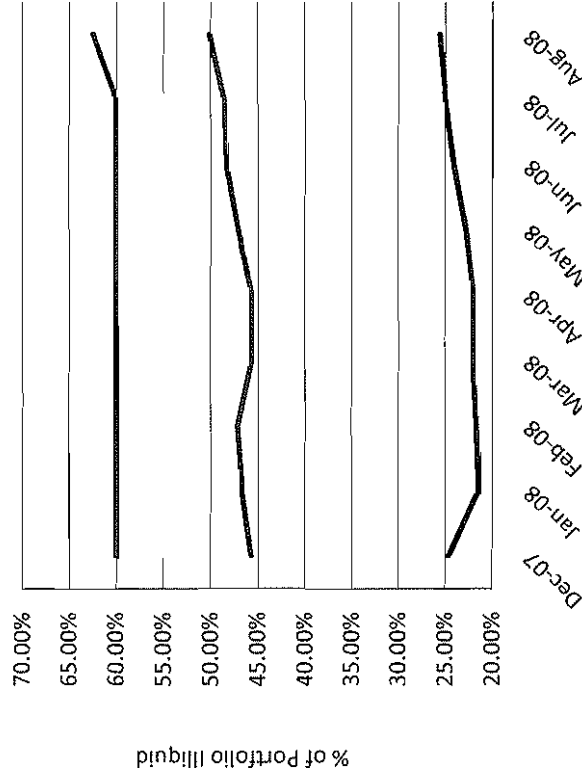
Liquidity

**Permanent University Fund
Actual Illiquidity vs. Trigger Zones**



Three Month Liquidity \$ 5,549 million One Year Liquidity \$ 8,402 million

**General Endowment Fund
Actual Illiquidity vs. Trigger Zones**



Three Month Liquidity \$ 3,048 million One Year Liquidity \$ 4,644 million

Unfunded Commitments Exposure Report - 8/31/08

Asset Class	Market Value	% of Total Market Value	Unfunded Commitment	Total Exposure	% of Total Exposure	Market Value as % of Total		Unfunded Commitment as % of Total	
						Endowments	Endowments	Endowments	Endowments
PRIVATE INVESTMENTS									
BUYOUT	\$1,217,010,431	36.7%	\$993,324,395	\$2,210,334,826	35.5%	6.7%	5.5%	12.2%	
VENTURE CAPITAL OPPORTUNISTIC	\$474,136,941	14.3%	\$479,666,578	\$953,803,519	15.3%	2.6%	2.6%	5.2%	
DEVELOPED COUNTRY EQUITY	\$223,349,825	6.7%	\$176,187,127	\$399,536,952	6.4%	1.2%	1.0%	2.2%	
	\$1,914,497,197	57.8%	\$1,649,178,100	\$3,563,675,297	57.3%	10.5%	9.1%	19.6%	
EMERGING MARKETS EQUITY	\$199,764,418	6.0%	\$258,048,379	\$457,812,797	7.4%	1.1%	1.4%	2.5%	
NATURAL RESOURCES	\$250,145,070	7.6%	\$315,489,480	\$565,634,550	9.1%	1.4%	1.7%	3.1%	
INVESTMENT GRADE FIXED INCOME	\$0	0.0%	\$0	\$0	0.0%	0.0%	0.0%	0.0%	
CREDIT-RELATED FIXED INCOME	\$874,445,247	26.4%	\$458,808,110	\$1,333,253,357	21.4%	4.8%	2.5%	7.3%	
REAL ESTATE	\$73,548,481	2.2%	\$225,691,546	\$299,230,027	4.8%	0.4%	1.2%	1.6%	
TOTAL PRIVATE INVESTMENTS	\$3,312,400,413	100.0%	\$2,907,205,615	\$6,219,606,028	100.0%	18.2%	16.0%	34.2%	
LESS CORRELATED & CONSTRAINED									
DEVELOPED COUNTRY EQUITY	\$3,803,327,509	67.1%	\$34,638,489	\$3,837,965,998	64.0%	20.9%	0.2%	21.1%	
EMERGING MARKETS EQUITY	\$815,266,338	14.4%	\$31,967,925	\$847,234,263	14.1%	4.5%	0.2%	4.7%	
NATURAL RESOURCES	\$161,770,003	2.9%	\$0	\$161,770,003	2.7%	0.9%	0.0%	0.9%	
CREDIT-RELATED FIXED INCOME	\$493,627,841	8.7%	\$266,632,500	\$760,260,341	12.7%	2.7%	1.5%	4.2%	
INVESTMENT GRADE FIXED INCOME	\$349,105,881	6.2%	\$0	\$349,105,881	5.8%	1.9%	0.0%	1.9%	
REAL ESTATE	\$43,876,758	0.8%	\$0	\$43,876,758	0.7%	0.2%	0.0%	0.2%	
TOTAL LESS CORRELATED & CONSTRAINED	\$5,666,974,330	100.0%	\$333,238,914	\$6,000,213,244	100.0%	31.2%	1.8%	33.0%	
GRAND TOTAL PI & LCC	\$8,979,374,743	100.0%	\$3,240,444,529	\$12,219,819,272	100.0%	49.4%	17.8%	67.2%	
TOTAL MARKET VALUE OF ENDOWMENTS (1)	\$18,190,327,162								
									25.0%

MAXIMUM AMOUNT OF UNFUNDED COMMITMENTS ALLOWED PER LIQUIDITY POLICY

25.0%

(1) Total market value of endowments equals the total invested assets of the PUF and GEF. The amount does not include accrued receivables, accrued liabilities or other assets or liabilities of the funds.

Investment Activity



*Report on Investment Transactions Made Under the Delegation of Authority
Full Year Summary for FYE2008*

	Redemptions (\$ millions)		Investments / Commitments (\$ millions)		Private Investment Commitments
	MCC	LCC	MCC	LCC	
Investment Grade Fixed Income	\$ 1,473	\$ 197	\$ 1,332	\$ 140	0%
Credit-Related Fixed Income	-	-	-	525	36%
Real Estate	690	25	1,048	50	13%
Natural Resources	308	-	384	75	10%
Developed Country Equity	978	360	313	515	26%
Emerging Markets Equity	318	106	580	210	15%
	<u>\$ 3,767</u>	<u>\$ 688</u>	<u>\$ 3,657</u>	<u>\$ 1,515</u>	<u>100%</u>
				<u>\$ 2,433</u>	

**Report on Investment Transactions Made Under the Delegation of Authority
Fiscal Quarter ended August 31, 2008**

	Redemptions (\$ millions)		Investments / Commitments (\$ millions)		Illiquid
	<u>MCC</u>	<u>Private</u>	<u>MCC</u>	<u>Private</u>	
<u>Investment Grade Fixed Income</u>					
Internal TIPS - Kampfe & Doak	\$ 311	\$ -	\$ -	\$ -	
Pimco TIPS	95	-	-	-	
BGI Global ex-US Bond Index Fund	-	-	113	-	
Internal U.S. Nominal - Kampfe	-	-	36	-	
Internal Investment Grade - Doak	-	-	14	-	
	406	-	163	-	
<u>Credit-Related Fixed Income</u>					
Centerbridge	-	-	-	125	Yes
Apollo Credit Opportunity Fund II, L.P.	-	-	-	100	Yes
Farallon Credit Sidecar	-	-	-	75	Yes
Texas Liquidity Capital, L.L.C.	-	-	-	50	Yes
	-	-	-	200	
<u>Real Estate</u>					
Secured Capital Japan Real Estate Partners	-	-	-	50	Yes
	-	-	-	50	
<u>Natural Resources</u>					
Blackrock Small Cap	-	-	50	-	Yes
Istithmar & Syndicatum Partnership, L.P.	-	-	-	50	
Black River	-	-	-	25	No
McVean - MJW	-	-	-	25	No
McVean - CDM	-	-	-	25	No
	-	-	50	75	

**Report on Investment Transactions Made Under the Delegation of Authority
Fiscal Quarter ended August 31, 2008**

	Redemptions (\$ millions)		Investments / Commitments (\$ millions)		Illiquid
	<u>MCC</u>	<u>LCC</u> <u>Private</u>	<u>MCC</u>	<u>LCC</u> <u>Private</u>	
<u>Developed Country Equity</u>					
BGI EAFE	437	-	-	-	
Globeflex Microcap	101	-	-	-	
Relational	100	-	-	-	
Maverick Fund	-	70	-	-	
Sirios	-	55	-	-	
Eminence Leveraged Long Alpha	-	12	-	-	
Eminence Long Alpha	-	11	-	-	
Reservoir Capital (Cayman), L.P.	-	-	-	-	100
Owl Creek	-	-	-	75	Yes
Maverick Long Enhanced	-	-	70	-	Yes
Morgenthaler Venture Partners IX, L.P.	-	-	-	-	No
TPG Axon	-	-	-	25	Yes
Highside	-	-	-	25	
	638	148	70	125	140
<u>Emerging Markets Equity</u>					
EMSO	-	56	-	-	
Valiant	-	-	-	75	Yes
BGI EMSI	-	-	63	-	
Gavea Investment Fund III, L.P.	-	-	-	-	40
Penta Asia Long/Short Fund	-	-	-	35	Yes
Moon Capital	-	-	-	25	
Penta Asia	-	-	-	15	
	-	56	63	150	40
\$	1,044	\$ 204	\$ 346	\$ 550	\$ 380

**Report on Investment Transactions Made Under the Delegation of Authority
Full Year ended August 31, 2008**

	Redemptions (\$ millions)			Investments / Commitments (\$ millions)		
	MCC	LCC	Private	MCC	LCC	Private
<u>Investment Grade Fixed Income</u>						
Reams Core	\$ 543	\$ -	\$ -	\$ -	\$ -	\$ -
Internal TIPS	312	-	-	5	-	-
Global Investment Advisors	271	-	-	-	-	-
BGI Debt	233	-	-	195	-	-
Bridgewater I	-	116	-	-	-	-
Bridgewater Currency Overlay	-	41	-	-	-	-
AGR Absolute Return	-	40	-	-	-	-
PIMCO TIPS	107	-	-	-	-	-
Reams TIPS	7	-	-	-	-	-
BGI Debt Global	-	-	-	662	-	-
Brandywine	-	-	-	400	-	-
Bridgewater II	-	-	-	-	75	-
Parkcentral	-	-	-	-	65	-
Internal Investment Grade	-	-	-	44	-	-
Internal U.S. Nominal	-	-	-	26	-	-
	<u>1,473</u>	<u>197</u>	<u>-</u>	<u>1,332</u>	<u>140</u>	<u>-</u>
<u>Credit-Related Fixed Income</u>						
Oaktree Loan 2x, LP	-	-	-	-	-	250
Varde Fund IX	-	-	-	-	-	200
Baupost	-	-	-	-	200	-
Centerbridge	-	-	-	-	225	-
Apollo	-	-	-	-	-	100
H.I.G. Bayside Debt & LBO Fund II, L.P.	-	-	-	-	-	100
Avenue Special Situations Fund V	-	-	-	-	-	75
Farallon Credit Sidecar	-	-	-	-	75	-
CVI Global Value Fund, L.P. - 2008 Top-Off	-	-	-	-	-	50
Texas Liquidity Capital, L.L.C.	-	-	-	-	-	100
Silver Point	-	-	-	-	25	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>525</u>	<u>875</u>

Report on Investment Transactions Made Under the Delegation of Authority
Full Year ended August 31, 2008

	Redemptions (\$ millions)		Investments / Commitments (\$ millions)	
	<u>MCC</u>	<u>LCC</u>	<u>MCC</u>	<u>LCC</u>
Real Estate				
Cohen & Steers	675	-	20	-
AG Realty	-	25	-	-
Morgan Stanley REIT	15	-	48	-
Cohen & Steers Global	-	-	290	-
European Investors REIT	-	-	285	-
BGI Real Estate Fund	-	-	205	-
Credit Suisse	-	-	200	-
Trophy Property (TE), L.P.	-	-	-	55
GEM Realty Securities	-	-	-	50
Secured Capital Japan Real Estate Partners	-	-	-	50
Shorenstein Realty Investors Nine, L.P.	-	-	-	50
Five Mile Capital Partners II, L.P.	-	-	-	50
Northwood	-	-	-	50
Morgan Stanley Special Situations III	-	-	-	50
	<u>690</u>	<u>25</u>	<u>1,048</u>	<u>305</u>
Natural Resources				
Pimco Real Return	308	-	-	-
Gresham	-	-	304	-
EnCap Energy Capital	-	-	-	100
Natural Gas Partners IX	-	-	-	50
Isithmar & Sindicatum Partnership, L.P.	-	-	-	50
Blackrock Small Cap	-	-	50	-
SCF-VII, L.P.	-	-	-	41
CCM (Coghill)	-	-	30	-
Black River	-	-	-	25
McVean - MJW	-	-	-	25
McVean - CDM	-	-	-	25
	<u>308</u>	<u>-</u>	<u>384</u>	<u>241</u>

**Report on Investment Transactions Made Under the Delegation of Authority
Full Year ended August 31, 2008**

	Redemptions (\$ millions)		Investments / Commitments (\$ millions)	
	<u>MCC</u>	<u>LCC</u> Private	<u>MCC</u>	<u>LCC</u> Private
<u>Developed Country Equity</u>				
TCW	242	-	-	-
GSAM EAFE Flex	253	-	-	-
Relational	200	-	-	-
Globeflex Microcap	92	-	-	-
Satellite	-	90	-	-
Cundill Japan	76	-	-	-
Maverick Fund	-	70	-	-
Daiton Japan	57	-	-	-
Daiton JMBO termination	58	-	-	-
Sirios	-	55	-	-
BGI Global Market Neutral	-	50	-	-
Indus Event Fund	-	42	-	-
Eminence Leveraged Long Alpha	-	12	-	-
Eminence Long Alpha	-	11	-	-
BGI EAFE	-	-	163	-
ESL	-	-	-	100
TPG Partners VI, L.P.	-	-	-	-
Reservoir Capital (Cayman), L.P.	-	-	-	100
Warburg Pincus Private	-	-	-	75
Owl Creek	-	-	-	75
Maverick Long Enhanced	-	-	70	-
TPG Axon	-	-	-	65
Levin Large Cap	-	-	50	-
Coghill	-	30	-	50
Westfield	-	-	-	50
TPG Star	-	-	-	-
CVC European Equity Partners V, L.P.	-	-	-	50
Invention Investment Fund II, L.L.C.	-	-	-	50
Technology Crossover Ventures VII	-	-	-	50
MSouth Equity Partners, L.P.	-	-	-	50
Rock Creek	-	-	-	50
Foundry Venture Capital 2007	-	-	-	40
Morgenthaler Venture Partners IX, L.P.	-	-	-	40
Blavin 270	-	-	30	-
Union Square Ventures 2008	-	-	-	25

**Report on Investment Transactions Made Under the Delegation of Authority
Full Year ended August 31, 2008**

	Redemptions (\$ millions)		Investments / Commitments (\$ millions)	
	MCC	LCC	MCC	LCC
Developed Country Equity (continued)				
Eton Park	-	-	-	25
Fox Point	-	-	-	25
Highside	-	-	-	25
Lansdowne UK	-	-	-	25
Eminence	-	-	-	15
Criterion	-	-	-	10
Pinto TV Annex	-	-	-	7
	978	360	313	515
Emerging Markets Equity				
Templeton Emerging	170	-	-	-
BGI EMSI	-	-	280	-
Lansdowne Emerging	100	-	-	-
OCM Emerging	-	50	-	-
Dalton Taiwan termination	48	-	-	-
EMSO	-	56	-	-
Lazard	-	-	200	-
Ashmore Global Spec Situations IV	-	-	-	100
Valliant	-	-	-	75
Penta Asia Fund	-	-	-	65
Emerald Hill Capital Partners II, L.P.	-	-	-	60
Quorum	-	-	50	-
Russian Prosperity	-	-	50	-
Invention Development Fund	-	-	-	50
NewMargin Growth Fund, L.P.	-	-	-	50
Baring Asia Private Equity	-	-	-	50
Penta Asia Long/Short	-	-	-	45
Gavea Investment Fund III, L.P.	-	-	-	40
Moon Capital	-	-	-	25
Gobi Fund II	-	-	-	25
	318	106	580	210
	\$ 3,767	\$ 688	\$ 3,657	\$ 1,515
				\$ 2,433

Projected Invested Balances Endowments

	FYE 2008		FYE 2009*		Change
More Correlated					
Investment Grade Fixed Income	\$ 2,140	12%	\$ 1,000	6%	\$ (1,140)
Credit Related Fixed Income	-	-	150	1	150
Real Estate	988	6	758	5	(230)
Natural Resources	893	5	677	4	(216)
Developed Country Equity	3,257	18	2,270	14	(987)
Emerging Markets	1,689	10	1,300	8	(389)
Total MCC	8,967	51	6,155	38	(2,812)
Less Correlated					
Private Investments	5,667	32	5,320	33	(347)
	3,312	19	4,756	29	1,444
Total	\$ 17,946	102%	\$ 16,231	100%	\$ (1,715)

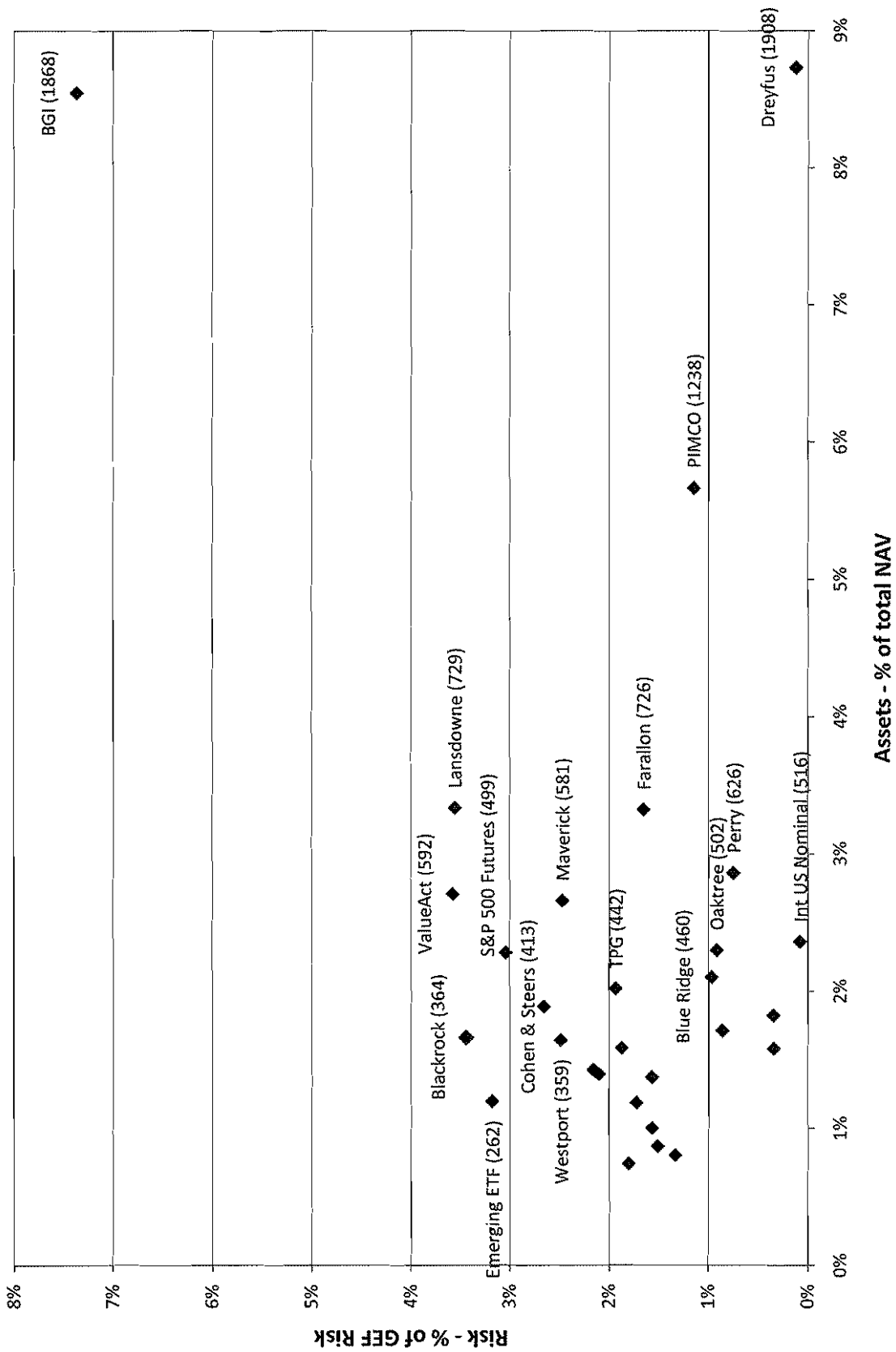
* Assume Sep 2008 Total Endowment

Additional Cash Flow Considerations

	<u>FYE 2007</u>	<u>FYE 2008</u>	<u>Projected FYE 2009</u>
PUF			
West Texas Revenues	\$ 273	\$ 458	\$ 194
Distributions	(401)	(449)	(531)
	<u>\$ (128)</u>	<u>\$ 9</u>	<u>\$ (337)</u>
GEF			
Contributions	\$ 361	\$ 359	\$ 216
Distributions	(240)	(259)	(278)
	<u>\$ 121</u>	<u>\$ 100</u>	<u>\$ (62)</u>

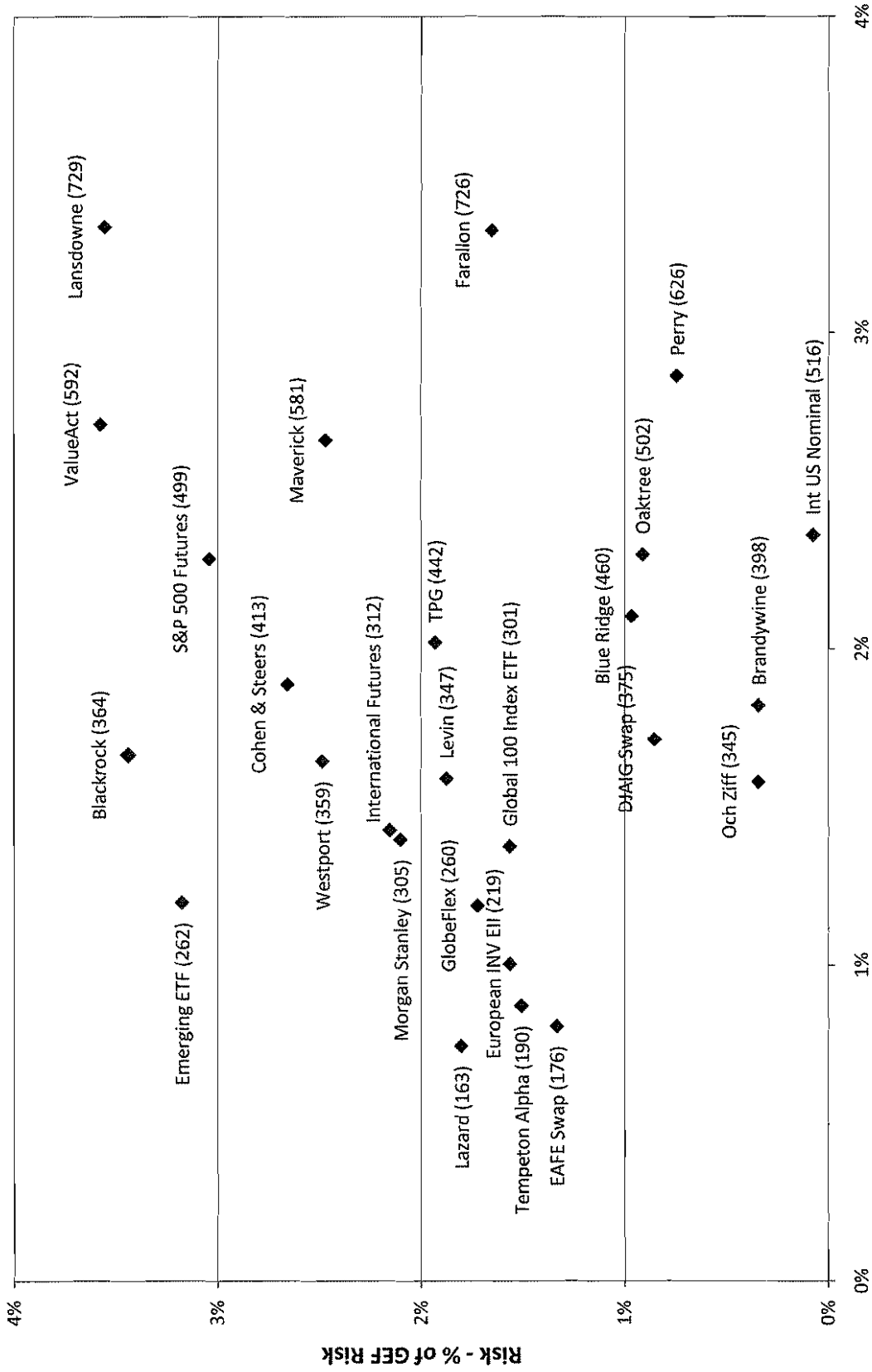
Manager Exposure

Top Mandates Risk and Dollar Allocation



Mandates with at least 1.6% of total assets, or at least 1.3% of Risk

Top Mandates Risk and Dollar Allocation



Assets - % of total NAV

Mandates with at least 1.6% of total assets, or at least 1.3% of Risk

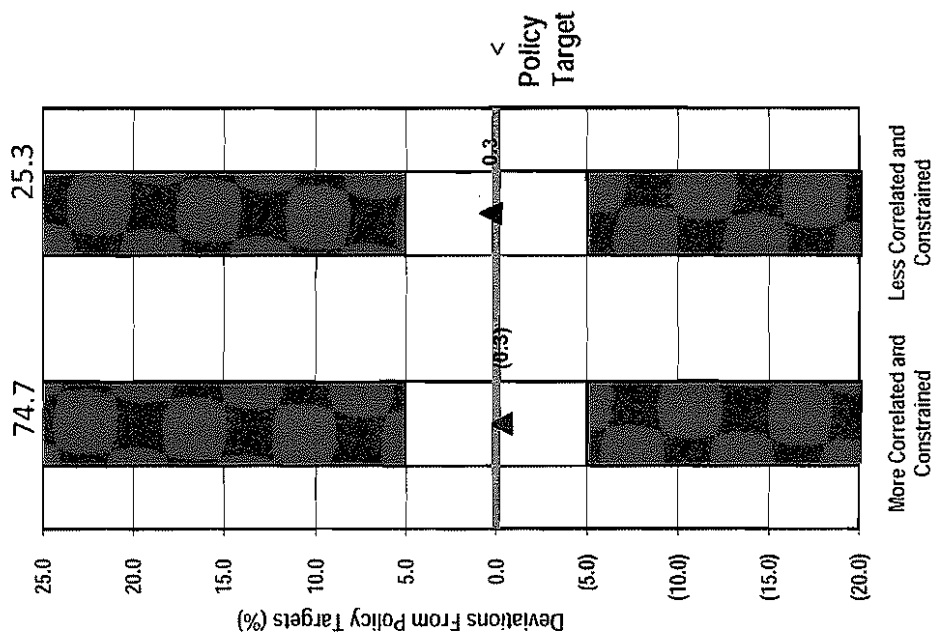
**Managers outside of Delegation of Authority limits due to appreciation
As of 8/31/2008**

<u>Manager Name</u>	<u>Investment Amount</u>	<u>Delegation of Authority Limit</u>
<u>More Correlated and Constrained</u>		
None		
<u>Less Correlated and Constrained</u>		
Blue Ridge	459,723,720	375,000,000
Farallon	726,278,623	605,000,000
Och Ziff	345,249,336	300,000,000
Perry Partners	625,688,644	625,000,000

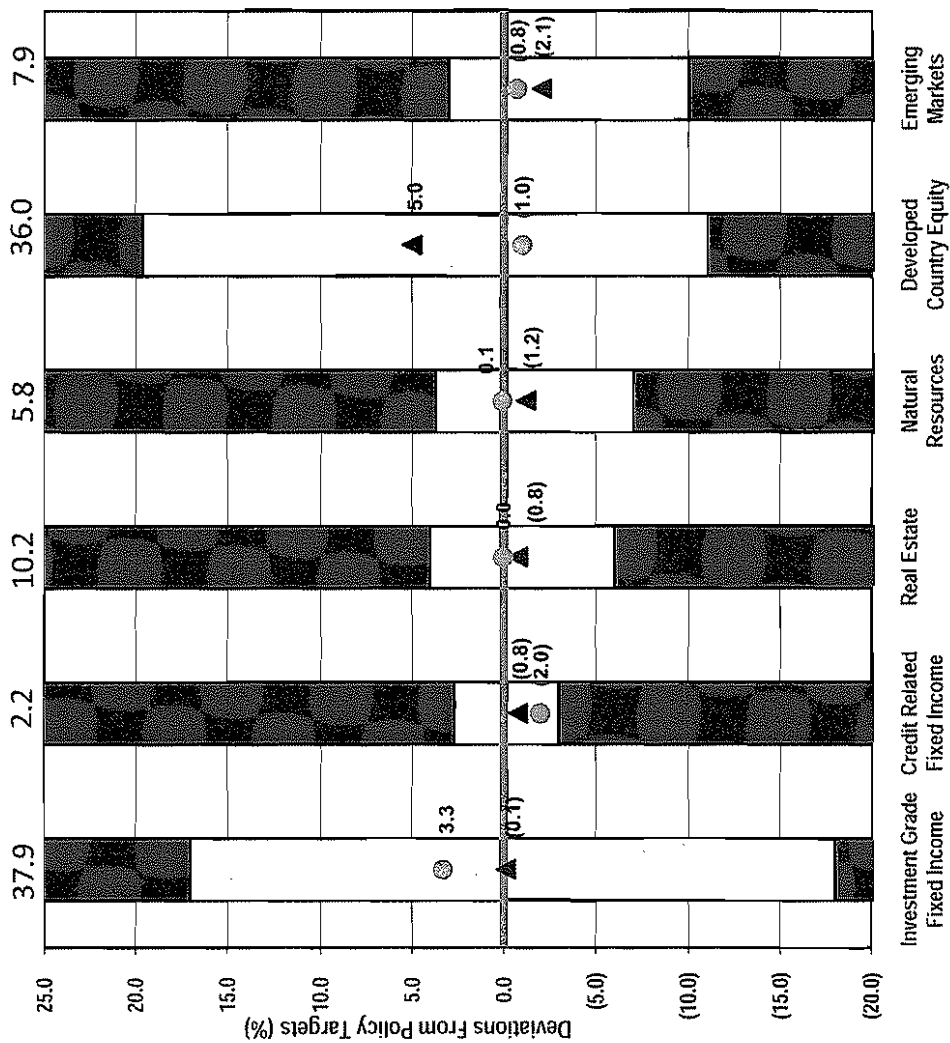
Private Investments
None

ITF

Deviations From Investment Type Policy Targets Within Tactical Policy Ranges for ITF

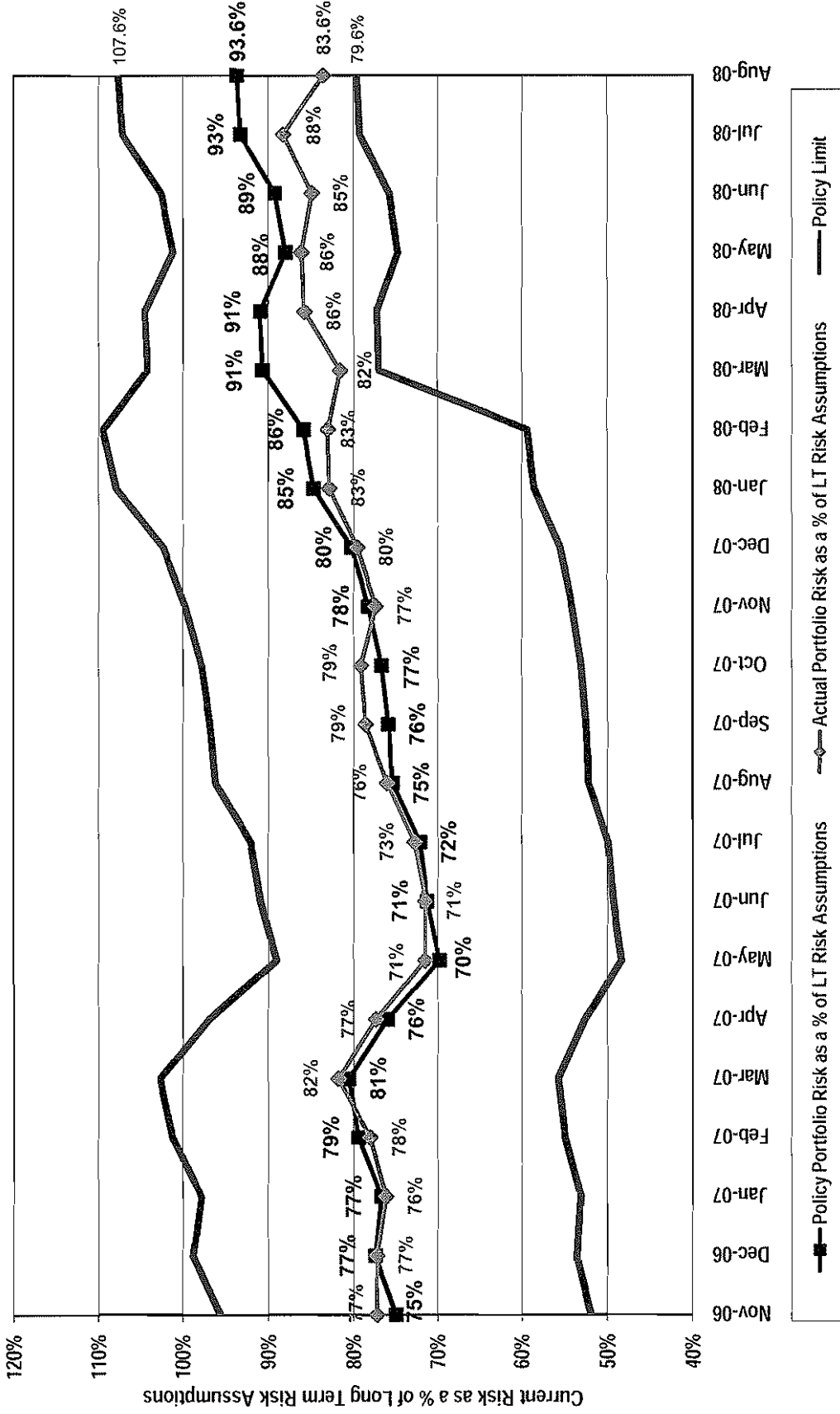


Deviations From Asset Class Policy Targets Within Tactical Policy Ranges for ITF

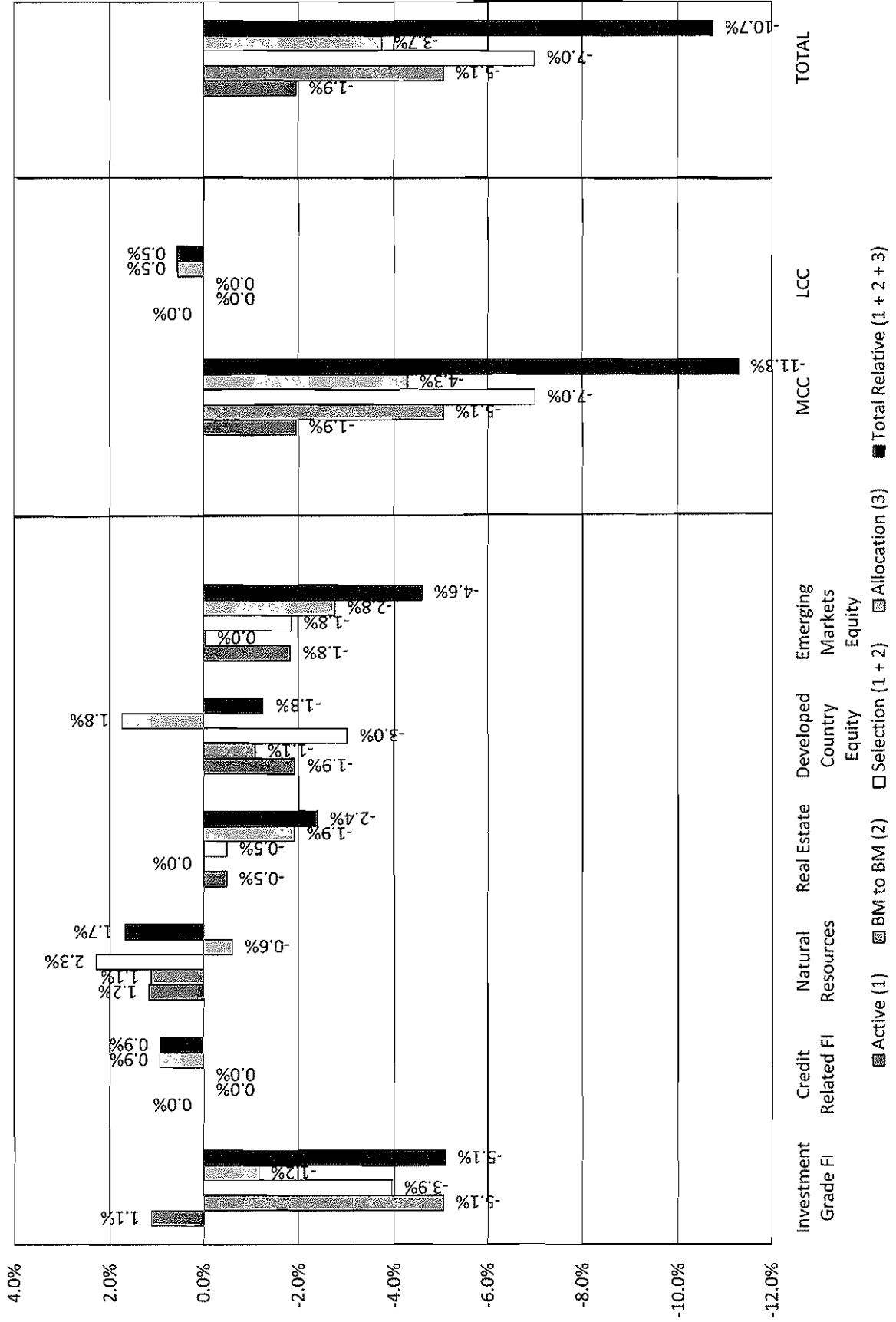


▲ -- All Investment Types ● -- More Correlated and Constrained

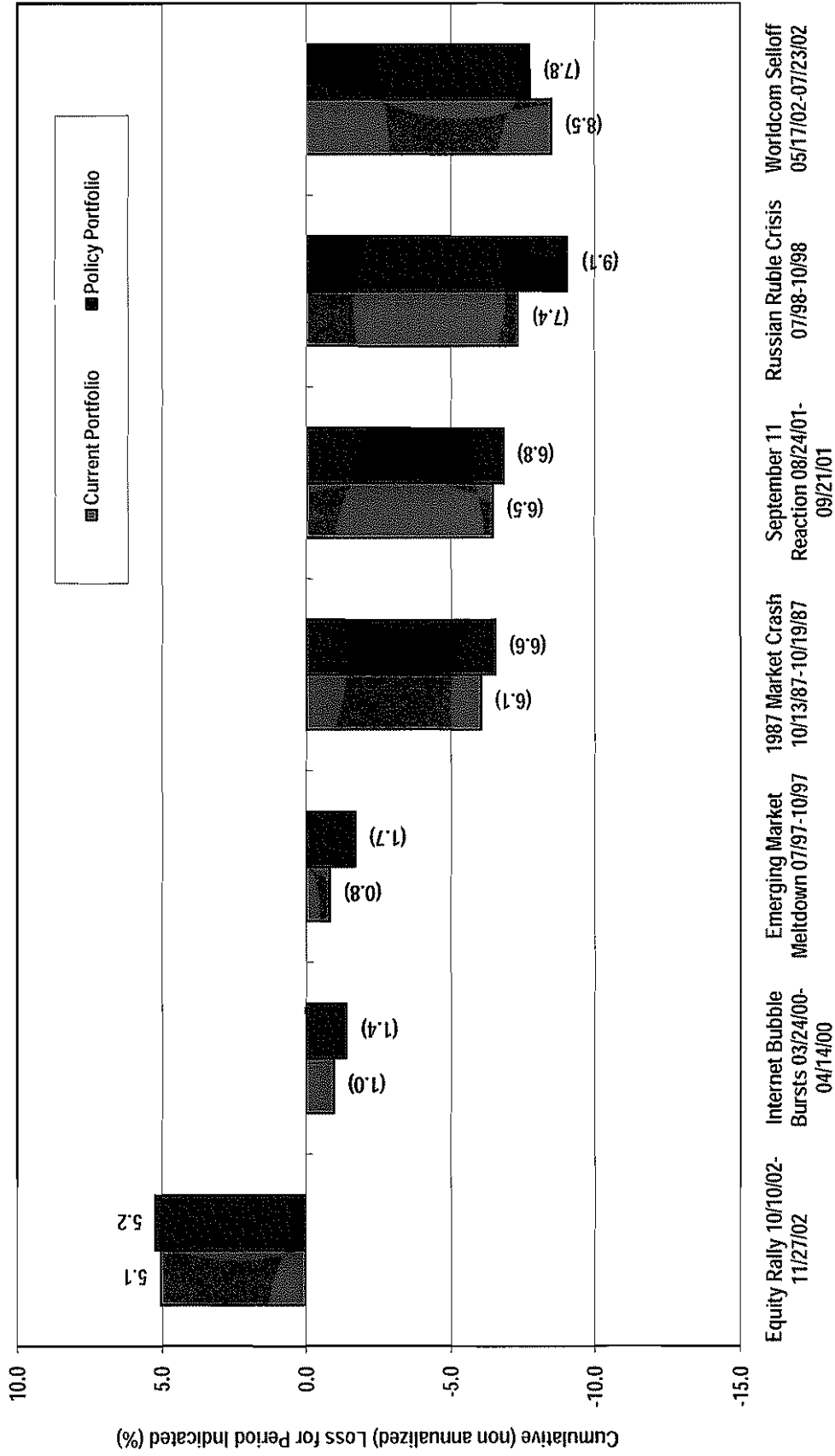
Current Risk Environment of ITF (Based on Downside Risk)



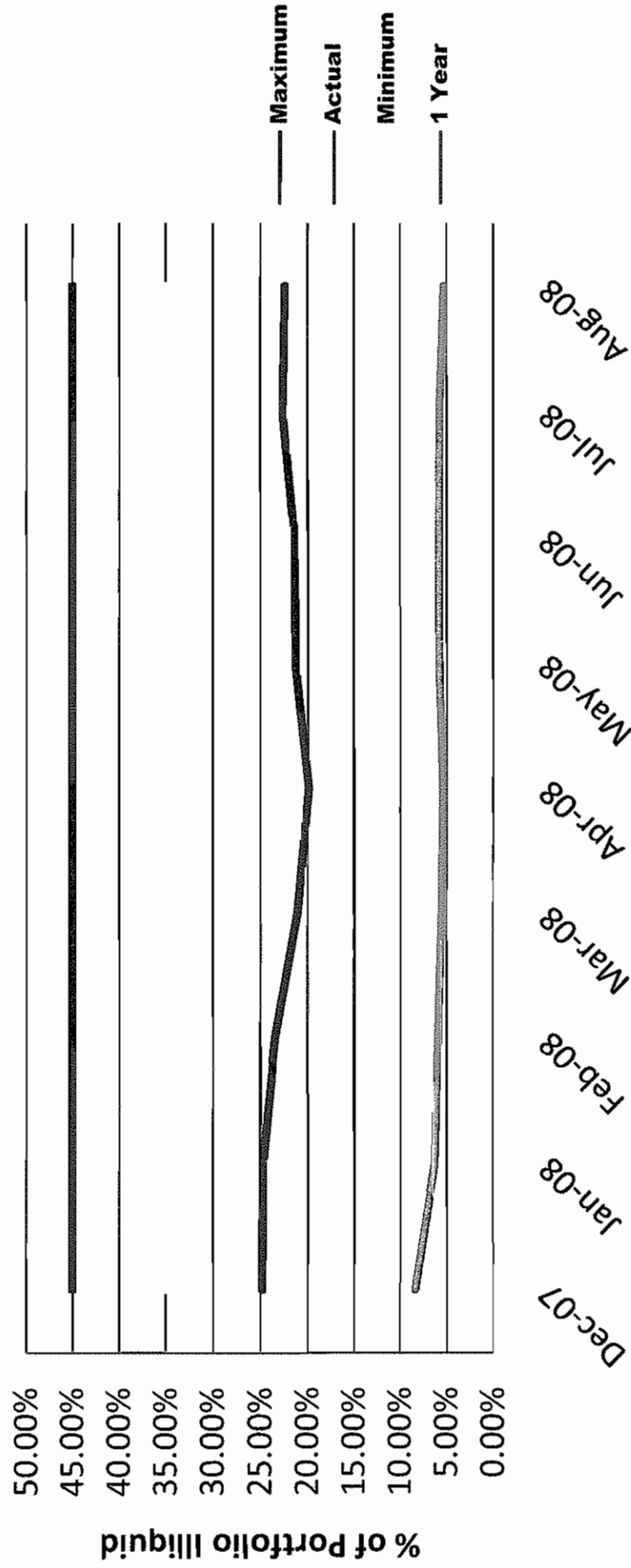
ITF 4-Way Risk Decomposition as of 08/31/2008 Using New Investment Strategy



Hypothetical Performance of Current ITF Portfolio in Selected Stress Environments

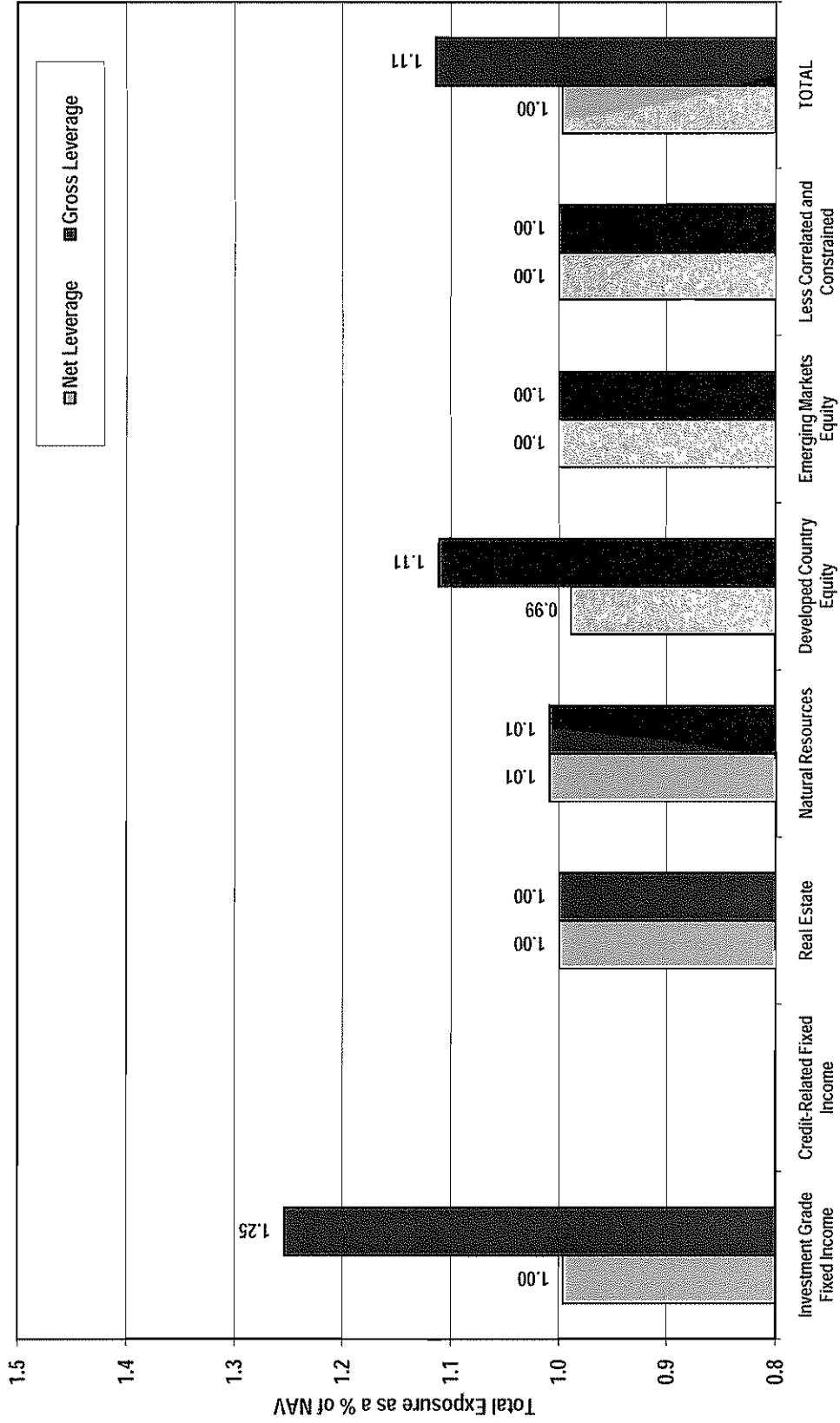


Intermediate Term Fund Actual Illiquidity vs. Trigger Zones



Three Month Liquidity \$2,926 million One Year Liquidity \$3,650 million

Net and Gross Leverage of ITF



Contracts Update

Report on
New Contracts and Existing Contract Renewals, Leases, and Other Commercial
Arrangements
For July 8, 2008 through October 20, 2008
(Total Obligation per Agreement greater than \$50,000)

Agreement	Purpose	Contract Term	Annual Amount
None			

Services that renew via invoice on a monthly or quarterly basis:

Agreement	Purpose	Contract Term	Annual Amount
Bloomberg	Portfolio Order Management System	Renews quarterly via invoice	\$100,000
Bloomberg	All-in-one investment platform for trading, analysis and information	Renews quarterly via invoice and may be canceled at any time	\$309,840
International Fund Services	Risk System	Quarterly invoice – fees increased as accounts are added	\$434,000
Factset Research Systems	Analytical tool for performance	Monthly invoice	\$283,766
Albourne America LLC	Advisor to Marketable Alternative staff	Monthly invoice	\$400,000

*The University of Texas Investment
Management Company*



Presentation Materials

Board of Directors Meeting

Part Two

November 7, 2008

**UTIMCO BOARD OF DIRECTORS
MEETING AGENDA
November 7, 2008**

UTIMCO
401 Congress Ave., Ste. 2800
Austin, Texas 78701

Time Begin	End	Item #	Agenda Item
8:00 a.m.	8:05 a.m.	1	Open Session: Call to Order/Discussion and Appropriate Action related to Minutes of July 23, 2008 Meeting and July 24, 2008 Joint Meeting with the Board of Regents of The University of Texas System*
8:05 a.m.	8:20 a.m.	2	Discussion and Appropriate Action related to Legal Counsel*
8:20 a.m.	9:50 a.m.	3	Endowment and Operating Funds Update Report
9:50 a.m.	11:30 a.m.	4	Report on Public Markets
11:30 a.m.	1:00 p.m.		Recess for Briefing Session pursuant to Texas Education Code Section 66.08(h)(2) related to Investments
1:00 p.m.	2:00 p.m.	5	Reconvene into Open Session: Lunch and Discussion of Investment Environment
2:00 p.m.	3:15 p.m.	6	Executive Session: Pursuant to Sections 551.071 and 551.074, <i>Texas Government Code</i> , the Board of Directors will convene in Executive Session to Receive the Advice of Legal Counsel Regarding the Fiduciary Obligations of the Directors and to Consider Individual Personnel Compensation Matters including Report of Compensation Committee Regarding Individual Performance Incentive Awards for the Performance Period ended June 30, 2008. Reconvene into Open Session Consideration of Compensation Committee Report: - Discussion and Appropriate Action related to Amendments to Appendix B of UTIMCO Compensation Program (UTIMCO Peer Group)* - Discussion and Appropriate Action related to Personnel Performance Incentive Awards* - Discussion and Appropriate Action related to Designation of Employee in Eligible Position as a Participant in the UTIMCO Compensation Program for the 2008-09 Performance Period* Discussion and Appropriate Action related to Designation of Key Employees*
3:15 p.m.	3:30 p.m.	7	Report on and Discussion and Appropriate Action related to Items from Audit and Ethics Committee*
3:30 p.m.	3:45 p.m.	8	Report on and Discussion and Appropriate Action related to Items from Policy Committee*
3:45 p.m.	4:00 p.m.	9	Report from Risk Committee
4:00 p.m.	4:45 p.m.	10	UTIMCO Organization Update
4:45 p.m.	5:00 p.m.	11	Report on 2009 Meeting Dates

* Action by resolution required

Members of the Board may attend the meeting by telephone conference call pursuant to Tex. Educ. Code Ann. § 66.08(h)(2)(B). The telephone conference will be audible to the public at the meeting location specified in this notice during each part of the meeting that is required to be open to the public.

Next Scheduled Meeting: February 5, 2009

TAB 4

Agenda Item
UTIMCO Board of Directors Meeting
November 7, 2008

Agenda Item: Report on Public Markets

Developed By: Public Markets Staff

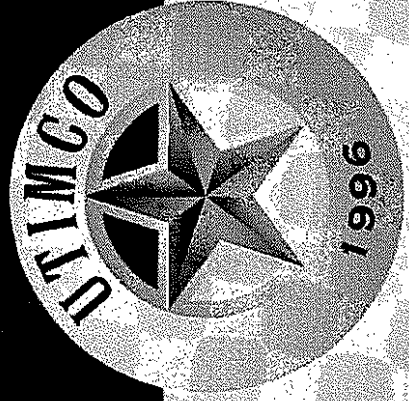
Presented By: Iberg

Type of Item: Information Item

Description: The Public Markets staff will present an overview of the existing Public Markets portfolio. In addition, pursuant to a Director's request, staff will make presentations on Parkcentral Capital Management and Wellington Management Company.

Recommendation: None

Reference: Public Market Investments presentation; Residential Mortgage-Backed Securities (Parkcentral Capital Management) presentation; Special Equity Portfolio (Wellington Management Company)



THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

Public Market Investments

(More Correlated, More Constrained Investments)

November 7, 2008



Discussion Topics

- Team
- Performance
- Year in Review / Future Plans
- Q&A



Public Markets Team

- **Cathy Iberg** – President and Deputy CIO
- **Fixed Income** -
 - Russ Kampfe - Senior Portfolio Manager
 - Harland Doak - Portfolio Manager
- **Developed Country and Emerging Market Equities** -
 - Susan Chen - Director
 - Mark Newcomb - Senior Associate
 - Amanda Hopper - Associate
 - Siamc Kamalie - Analyst
 - Natasha Cupps - Analyst
 - Joanna Barrett - Administrative Assistant



Real Assets Team

•Real Estate -

- Bob Schau – Senior Director
- Laura Patrick – Associate
- Ychilindria Spears - Intern

•Natural Resources -

- Mark Warner - Senior Director
- Zac McCarroll - Senior Associate



Performance

FYE 8/31/2008

Permanent University Fund: More Correlated and Constrained Mandates Returns & Performance vs. Benchmark

Period Ending
August 31, 2008

	Trailing 1 year		Trailing 3 years		Trailing 5 years	
	Return	Performance vs. Benchmark	Return	Performance vs. Benchmark	Return	Performance vs. Benchmark
Fixed Income - Investment Grade	5.03%	-0.09%	3.77%	-0.07%	5.25%	0.49%
Fixed Income Ex-Cash	6.98%	1.87%	4.62%	0.78%	5.97%	1.21%
Real Estate	-17.93%	4.15%	3.55%	3.50%	14.58%	4.62%
Natural Resources	23.86%	3.71%	5.67%	3.60%	14.28%	0.78%
Developed Country	-14.98%	-1.71%	3.43%	-1.24%	8.54%	-0.97%
Emerging Markets	-9.71%	0.38%	14.87%	-4.16%	18.94%	-2.20%

*Note: Asset Class returns calculated as if Mandate Categorization had been in effect for all managers since Sept 2003

**Note: Benchmarks calculated using Indices and weightings in effect since Sept 2003

November 7, 2008



Performance

FYE 8/31/2008

General Endowment Fund: More Correlated and Constrained Mandates Returns & Performance vs. Benchmark

Period Ending
August 31, 2008

	Trailing 1 year		Trailing 3 years		Trailing 5 years	
	Absolute Return	Performance vs. Benchmark	Absolute Return	Performance vs. Benchmark	Absolute Return	Performance vs. Benchmark
Fixed Income - Investment Grade	5.29%	0.18%	4.14%	0.30%	5.61%	0.85%
Fixed Income Ex-Cash	7.01%	1.90%	4.71%	0.87%	6.04%	1.28%
Real Estate	-17.80%	4.28%	3.59%	3.55%	14.60%	4.64%
Natural Resources	23.22%	3.07%	5.55%	3.47%	14.31%	0.80%
Developed Country	-14.78%	-1.51%	3.50%	-1.18%	8.55%	-0.96%
Emerging Markets	-9.81%	0.28%	14.78%	-4.25%	18.97%	-2.16%

*Note: Asset Class returns calculated as if Mandate Categorization had been in effect for all managers since Sept 2003

**Note: Benchmarks calculated using Indices and weightings in effect since Sept 2003

November 7, 2008



Performance

FYE 8/31/2008

Intermediate Term Fund: More Correlated and Constrained Mandates Returns & Performance vs. Benchmark

Period Ending
August 31, 2008

	Trailing 1 year Return vs. Benchmark	Since Inception Return vs. Benchmark
Fixed Income - Investment Grade	6.14%	5.07%
Fixed Income Ex-Cash	6.30%	5.28%
Real Estate	-18.10%	-1.06%
Natural Resources	26.60%	6.23%
Developed Country	-13.01%	1.58%
Emerging Markets	-11.72%	7.04%
		Performance vs. Benchmark
	1.32%	0.55%
	1.48%	0.77%
	3.98%	2.73%
	6.45%	2.16%
	0.58%	0.14%
	-1.63%	-3.48%

*Note: Asset Class returns calculated as if Mandate Categorization had been in effect for all managers since Sept 2003

**Note: Benchmarks calculated using Indices and weightings in effect since Sept 2003

November 7, 2008



PUF and GEF Allocation of Capital

Summary (\$ in millions)	9/1/2007		Additions/ Redemptions Change		P&L Net Change		8/31/2008		Weight vs. Target
	\$	%	\$	\$	\$	%	\$	%	
Investment Grade Fixed Income	\$2,717	14.9%	(\$711)	\$134	(\$577)	-2.8%	\$2,140	12.1%	2.1%
Credit Related Fixed Income	-	0.0%			-	0.0%		0.0%	
Real Estate	813	4.5%	355	(180)	175	1.1%	988	5.6%	0.1%
Natural Resources	885	4.9%	(222)	231	8	0.2%	893	5.1%	0.1%
Developed Country	5,223	28.7%	(1,266)	(700)	(1,966)	-10.3%	3,257	18.4%	-3.6%
Emerging Markets	1,535	8.4%	347	(192)	155	1.1%	1,690	9.6%	-1.4%
Total MCC Exposure	11,172	61.5%	(1,498)	(707)	(2,205)	-10.7%	8,967	50.7%	-2.8%
Total Assets	\$18,176						\$17,670		

FY2008:

- Redemptions funded private equity for \$1,051 million and hedge funds for \$436 million
- PUF WT contributions > distributions by \$8.8 million, GEF contributions > distributions by \$79.4 million
- Dominant theme was to underweight equities and overweight Fixed Income, rebalance REITs and NR portfolios
- Tactical Allocation (including interactive effects) contributed 0.82% and 0.80% of outperformance in the PUF and GEF respectively. The Funds benefited from tactical weights in the following areas: Natural Resources, Developed Country Equity and Emerging Markets

FY2009:

- Cash flow planning coupled with tactical allocations
- Continue to re-evaluate underweight to equities across most public market asset classes

November 7, 2008



Fixed Income

Investment Grade Fixed Income (\$ in millions)	9/1/2007		Additions/Redemptions		P&L Change		Net Change		8/31/2008	
	\$	%	\$	%	\$	%	\$	%	\$	%
Liquidity Reserve	\$769	28.3%	(\$572)		(\$11)		(\$582)		\$187	8.7%
PIMCO Fixed Income	501	18.5%	2		34		36		538	25.1%
Internal U.S. Nominal	309	11.4%	(16)		23		7		316	14.8%
Internal Investment Grade Credit	103	3.8%	16		7		23		126	5.9%
Brandywine Global		0.0%	275		(2)		274		274	12.8%
BGI Global Agg Ex-Us Bond		0.0%	296		(12)		284		284	13.3%
PIMCO TIPS	241	8.9%	(107)		29		(78)		162	7.6%
Internal TIPS	189	7.0%	(209)		19		(189)		-	0.0%
Reams TIPS	218	8.0%	(4)		26		22		240	11.2%
GMO Emerging Debt	14	0.5%			0		0		14	0.6%
Global Investment Advisors	153	5.6%	(157)		3		(153)		-	0.0%
Reams Core Plus	219	8.1%	(231)		12		(219)		-	0.0%
	\$2,717	100%	(\$711)		\$134		(\$577)		\$2,140	100%

FY 2008:

- Value add was attributed to TIPS, Internal Fixed Income, and PIMCO while Reams Core and Global Investment Advisors detracted from performance during the year. High cash allocation at the beginning of the year dampened relative performance
- Increased Non-U.S. and reduced US investment grade Fixed Income exposure coinciding with policy changes
- Terminated Reams Core and Global Investment Advisors
- Added Brandywine Global
- Reduced TIPS exposure coinciding with strategic allocation

FY 2009:

- 1.5% target allocation to Credit Related Fixed Income was deferred to 2009 - (Park Central, Ashmore (prospect))
- Expect an overall reduction in Fixed Income to target allocation of 6.5%

November 7, 2008



Real Estate

Real Estate (\$ in millions)	9/1/2007		P&L		8/31/2008		
	\$	%	Redemptions	Change	Net Change	\$	%
Cohen & Steers US	\$632	77.7%	(\$469)	(\$39)	(\$508)	\$124	12.5%
Morgan Stanley Global Best Ideas	182	22.3%	42	(44)	(2)	180	18.2%
Cohen & Steers Global		0.0%	205	(30)	175	175	17.7%
European Investors Ex-US		0.0%	206	(48)	158	158	16.0%
Credit Suisse US		0.0%	140	6	146	146	14.8%
BGI Global Ex-US		0.0%	150	(24)	126	126	12.7%
US REIT ETF		0.0%	81	(2)	79	79	8.0%
	\$813	100%	\$355	(\$180)	\$175	\$988	100%

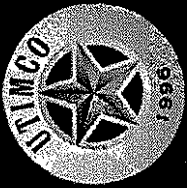
FY 2008:

- Efforts taken to broaden and diversify portfolio by manager, geography and strategy
- Mandates added: European Investors Global Ex-US, Credit Suisse US, BGI Global Ex-US, and Cohen & Steers Global
- Relative value add was primarily attributable to US overweight
- Consistent rebalancing of exposure

FY 2009:

- On September 1 funded 5th new mandate, Security Capital US, with proceeds from sale of US REIT ETFs
- Seeking to replace passive BGI Global Ex-US strategy with internationally focused active mandate
- Portfolio will provide capital for private real estate real estate drawdowns as needed.

November 7, 2008



Natural Resources

Natural Resources (\$ in millions)	9/1/2007		Additions/ Redemptions Change		P&L		8/31/2008	
	\$	%	\$	\$	\$	\$	\$	%
Goldman Sachs Commodities Index	\$454	51.3%	(\$627)	\$173	(\$454)	-	0.0%	
PIMCO Real Return	204	23.0%	(\$244)	40	(204)	-	0.0%	
DJ-AIG Swap	0	0.0%	334	(33)	301	301	33.8%	
Gresham	0	0.0%	243	20	263	263	29.4%	
Blackrock Small Cap	90	10.2%	42	34	76	166	18.6%	
Blackrock Global Ex-U.S	137	15.5%	4	6	10	147	16.5%	
Coghill (GMO)		0.0%	26	(10)	16	16	1.8%	
	\$885	100%	(\$222)	\$231	\$8	\$893	100%	

FY 2008:

- Replaced GSCI index swap exposure with DJ-AIG index swap in connection with new benchmark
- Replaced PIMCO Real Return for active commodity manager Gresham
- Tactically reduced exposure to Natural Resources (swaps) in April & June of 2008
- July of 2008 natural resource returns started to fall
- Manager value add was primarily attributed to Black Rock Small Cap and Gresham

FY 2009:

- Reduce passive commodity futures exposure coinciding with active equity mandate and blended benchmark

November 7, 2008



Developed Country Equity

Developed Country Equity (\$ in millions)	9/1/2007		Additions/ Redemptions	P&L Change	Net Change	8/31/2008	
	\$	%				\$	%
US Equities	\$3,261	62.4%	(\$986)	(\$380)	(\$1,365)	\$1,896	58.2%
Non-US Equities	1,820	34.8%	(471)	(285)	(756)	1,064	32.7%
Global Equities	142	2.7%	190	(36)	155	297	9.1%
Total	5,223	100.0%	(1,266)	(700)	(1,966)	3,257	100.0%
Active	3,368	64.5%	(880)	(417)	(1,297)	2,071	63.6%
Passive	1,855	35.5%	(386)	(283)	(669)	1,186	36.4%
Total	\$5,223	100.0%	(\$1,266)	(\$700)	(\$1,966)	\$3,257	100.0%

FY 2008:

- Active managers, with the exception of Levin Large Cap and New Mountain, underperformed relative to their benchmarks
- Spread trade detracted from performance starting in July as massive de-levering created technical imbalances, small cap returned -5.5% while large cap returned -11.1%, spread of 5.6%
- Expanded global mandate
- Terminated 7 managers

FY 2009:

- Continue to seek top managers to add to portfolio
- Opportunistically plan reductions for PE fundings



Developed Country Equity Passive Exposure

Developed Country Equity (\$ in millions)	9/1/2007		Additions/ Redemptions	P&L Change	Net Change	8/31/2008	
	\$	%				\$	\$
S&P 500 Futures	\$1,045	20.0%	(\$615)	(\$100)	(\$715)	\$330	10.1%
Other Passive	4	0.1%	0	(4)	(4)	0	0.0%
Spread Trade (net)	(3)	0.0%	25	(24)	1	(2)	-0.1%
US Passive	1,047	20.0%	(590)	(128)	(718)	329	10.1%
BGI EAFE Index Fund	227	4.3%	8	(71)	(63)	164	5.0%
EAFE Swap		0.0%	172	(18)	154	154	4.7%
International Developed Futures	440	8.4%	(108)	(31)	(139)	301	9.2%
Ex-US Passive	667	12.8%	71	(120)	(49)	618	19.0%
Global 100 Index ETFs	142	2.7%	133	(35)	98	240	7.4%
Global Passive	142	2.7%	133	(35)	98	240	7.4%
Total Passive	\$1,855	35.5%	(\$386)	(\$283)	(\$669)	\$1,186	36.4%



Developed Country Equity Active Managers

Developed Country Equity (\$ in millions)	9/1/2007		Additions/ Redemptions		P&L Change		Net Change		8/31/2008	
	\$	%	\$	%	\$	%	\$	%	\$	%
US										
ValueAct	\$611	11.7%	(\$62)	(123)	(\$61)				\$488	15.0%
Levin Large Cap	161	3.1%	41	32	(9)				192	5.9%
Westport Small Cap Value	194	3.7%	0	(24)	(24)				170	5.2%
Relational Investors	422	8.1%	(185)	(256)	(71)				166	5.1%
New Mountain	177	3.4%		(11)	(11)				166	5.1%
Westport	164	3.1%	0	(8)	(8)				155	4.8%
Blavin	140	2.7%	25	(1)	(26)				140	4.3%
Levin Utilities	88	1.7%	0	-	(0)				88	2.7%
MBA Investments	1	0.0%		(0)	(0)				1	0.0%
TCW Multicap 2	96	1.8%	(82)	(96)	(15)					0.0%
TCW Small Value	160	3.1%	(133)	(160)	(27)					0.0%
Total US Active Managers	2,215	42.4%	(395)	(647)	(252)				1,567	48.1%
Non-US										
Lansdowne European Only	275	5.3%	(38)	(79)	(41)				196	6.0%
Globeflex	194	3.7%	(5)	(46)	(41)				148	4.6%
Globeflex Japan	69	1.3%	0	(16)	(17)				53	1.6%
Globeflex Canadian Small Cap	40	0.8%	(0)	(5)	(5)				35	1.1%
Globeflex Microcap	137	2.6%	(88)	(124)	(36)				13	0.4%
Dalton Japan	66	1.3%	(57)	(66)	(8)				1	0.0%
JMBO Fund	55	1.0%	(50)	(54)	(4)				1	0.0%
Cundill Japan	78	1.5%	(76)	(78)	(1)				-	0.0%
GSAM International	240	4.6%	(227)	(240)	(13)				-	0.0%
Total Non-US Managers	1,154	22.1%	(542)	(707)	(165)				446	13.7%
Maverick Long Enhanced Global		0.0%	57	57	(0)				57	1.8%
Total Active	\$3,368	64.5%	(\$880)	(1,297)	(\$417)				\$2,071	63.6%

November 7, 2008



Emerging Markets Active Managers

Emerging Markets (\$ in millions)	9/1/2007		Additions/ Redemptions Change		P&L Net Change		8/31/2008	
	\$	%	\$	\$	\$	\$	\$	%
Active								
BGI EMSI	\$230	15.0%	\$271	(\$71)	\$200	\$430	25.4%	
Lansdowne Emerging	486	31.6%	(90)	(44)	(134)	352	20.8%	
Templeton High Value Alpha	175	11.4%		(15)	(15)	161	9.5%	
Blakeney Management	139	9.1%		18	18	157	9.3%	
Lazard Emerging Discounted Assets Fund		0.0%	190	(35)	155	155	9.2%	
Rexiter Cap Mgmt	119	7.8%	1	(16)	(15)	104	6.2%	
Quorum Funds Ltd		0.0%	45	(7)	38	38	2.2%	
Russian Prosperity Fund		0.0%	45	(10)	35	35	2.0%	
Dalton Taiwan	50	3.2%	(38)	(3)	(41)	9	0.5%	
Franklin Templeton	143	9.3%	(158)	15	(143)		0.0%	
Active Total	\$1,342	87.4%	\$265	(\$167)	\$98	\$1,439	85.2%	

FY 2008:

- Blakeney, Templeton High Value Alpha and Lazard Emerging Discount were the strong contributors to relative performance, other active managers underperformed their benchmark
- Terminated Franklin Templeton and Dalton
- Added Lazard Emerging Discount and two dedicated Russian mandates

FY 2009:

- Lansdowne Emerging termination
- Continue to seek top global, country and region managers to add to portfolio

November 7, 2008



Intermediate Term Fund

ITF Summary (\$ in millions)	9/1/2007		Additions/ Redemptions		P&L Change		Net Change		8/31/2008		Weight vs. Target
	\$	%	\$	%	\$	%	\$	%	\$	%	
Investment Grade Fixed Income	\$1,340	36.0%	(\$23)	0.3%	\$88	0.3%	\$66	0.3%	\$1,405	36.3%	3.3%
Credit Related Fixed Income		0.0%		0.0%	-	0.0%	-	0.0%		0.0%	-2.0%
Real Estate	344	9.3%	118	0.7%	(74)	0.7%	44	0.7%	388	10.0%	0.0%
Natural Resources	166	4.5%	(22)	0.6%	52	0.6%	30	0.6%	196	5.1%	0.1%
Developed Country	721	19.4%	114	-0.3%	(94)	-0.3%	20	-0.3%	741	19.1%	-0.9%
Emerging Markets	206	5.5%	(21)	-1.3%	(20)	-1.3%	(42)	-1.3%	165	4.2%	-0.8%
Total MCC Exposure	2,776	74.6%	166	0.1%	(48)	0.1%	118	0.1%	2,894	74.7%	-0.3%
Total Assets	\$3,721	100%	\$185		(\$31)		\$154		\$3,875	100%	

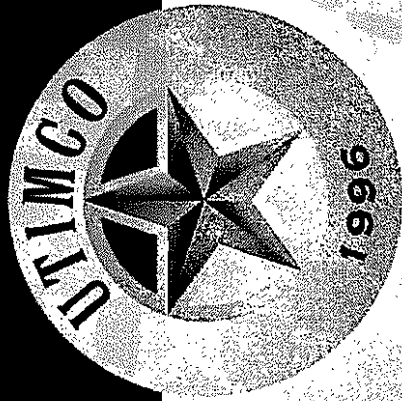
FY 2008:

- Tactical allocation added 0.35% (including interactive effects) during the year. Primary contributors were Natural Resources and Developed Country Equity
- Active management added 1.2% in relative outperformance during the year with the largest contributors in REITs, Fixed Income, Natural Resources and Developed Country Equities
- Consistently rebalanced Natural Resources and REITs and tactically underweighted equities coinciding with an overweight to Fixed Income.

FY2009:

- Continue to realign manager mandates consistent with Endowment Funds

November 7, 2008



THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

Q&A

November 7, 2008



THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

Residential Mortgage-Backed Securities (RMBS)

Parkcentral Capital Management

November 7, 2008



RMBS Opportunity

- Up to \$150 million long-only, managed account with Parkcentral to execute buy and hold strategy for select AAA RMBS (senior most part of the securitization with 20-40% subordinated credit support)
 - Alt-A (fixed rate and hybrid)
 - Option ARMs
 - Sub-Prime
- Drawdown structure with no lock-up or notice period
- 25bps management fee and 20% incentive over 10% annual hurdle rate, payable upon account wind down
- Parkcentral is existing LCC global relative value arbitrage manager with large, dedicated RMBS team and has been trading mortgage related securities for over 14 years
- Parkcentral has a long history of identifying mispricings within securities and identifying optionality in various investment opportunities



RMBS Investment Thesis

- Global deleveraging is forcing the liquidation of AAA RMBS at valuations that imply overly severe assumptions around mortgage defaults and recovery rates
- Compelling risk/return characteristics, with unlevered annual return expectations of 12% to 15% with low risk of permanent loss of capital for long-term investors willing to absorb potential mark-to-market volatility
- Base Case Model Assumptions
 - 70%-80% default rates
 - Assumes that 70% to 80% of the loans in the securitization default
 - 50%-60% loss severities
 - Assumes a loan loss of 50% to 60% on all foreclosed upon mortgages
 - Assumes continued decline of home prices of no less than -10% from current levels
 - 35%-48% cumulative losses
 - In line with purchase prices between 50-70 cents on the dollar



RMBS Merits/Concerns

- Merits
 - Compelling Risk/Return Characteristics
 - Disciplined Purchasing
 - Rigorous Research Process
 - Attractive Fee Structure
 - Ability to Sell if Necessary

- Concerns
 - Mark-to-market losses
 - Liquidity
 - Loss Severity Assumptions
 - Ability to Deploy Capital



THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

Special Equity Portfolio

Wellington Management Company

November 7, 2008



Special Equity Investment Thesis

- Opportunity to invest \$250 million in an unconstrained global equity mandate with the well regarded rising star portfolio manager, Frank Catrickes, of Wellington Management Company.
- Frank Catrickes has demonstrated:
 - Consistent generation of returns (13.6% - 1yr, 25.9% - 3yr and 25.7% - 5yr)
 - High and consistent ability to outperform the MSCI World benchmark
 - Consistently added value through both security selection and sector allocation
 - High return on capital vs. downside risk
- Frank Catrickes is the youngest partner at Wellington and a protégé of Saul Pannell (manager of the unconstrained Capital Appreciation Fund)
- The investment philosophy is to identify securities with company specific catalysts coupled with the potential for superior earnings and multiple expansion
- Securities are selected under specific sector, market capitalization and geographic themes resulting in fund exposure that is benchmark agnostic
- Idea generation is from company meetings, conferences, field trips, and industry/economic analysis in addition to leveraging the broad Wellington Management platform

November 7, 2008



Special Equity Opportunity

- Wellington Management Company deemed a very well respected investment firm
- Wellington currently invests over \$550 billion in 40 countries for 1,500 institutions
 - Private partnership established in 1929
 - Offices in the U.S., London, and greater Asia.
 - 199 analysts averaging 16 years of investment experience
- Wellington has demonstrated success in running hedge fund strategies concurrently with long only mandates with a select group of partners, including Frank Catrickes
- \$250 million long-only, managed account with Wellington to invest in the unconstrained Special Equity Fund.
 - Fund AUMs of \$725 million (without UTIMCO)
 - Stated intention of closing the Special Equity Fund when assets reach \$3 billion
 - Investment made in 2 stages (September & October) with no lock-up or notice period
 - 80bps management fee (<3yrs or MFN trigger; 90bps thereafter) and no incentive fee



Special Equity Merits/Concerns

- Merits
 - Rising Star Portfolio Manager
 - Wellington Platform
 - Idea Generation
 - Rigorous Fundamental Analysis
 - Benchmark Agnostic

- Concerns
 - High Tracking Error Relative to Benchmark
 - Allocation of portfolio manager time to long biased Special Equity portfolio vs. hedge fund strategy
 - Asset Growth in Strategy

TAB 5

Agenda Item
UTIMCO Board of Directors Meeting
November 7, 2008

Agenda Item: Discussion of Investment Environment

Developed By: Zimmerman

Presented By: Zimmerman

Type of Item: Information Item

Description: This agenda item is intended to provide an opportunity for an open-ended discussion on issues, expectations, and opportunities in the current investment environment.

Recommendation: None

Discussion: Staff hopes to get input from Board members on issues, concerns, and opportunities in the current investment environment. The conversation will be unstructured and open-ended.

Reference: None

TAB 6

Agenda Item
UTIMCO Board of Directors Meeting
November 7, 2008

Agenda Item: Consideration of Compensation Committee Report: Discussion and Appropriate Action related to Amendments to Appendix B of UTIMCO Compensation Program (UTIMCO Peer Group); Discussion and Appropriate Action Related to Personnel Performance Incentive Awards; Discussion and Appropriate Action Related to Designation of Employee in Eligible Position as a Participant in the UTIMCO Compensation Program for the 2008/2009 Performance Period.

Developed By: Zimmerman, Gonzalez, Moeller

Presented By: Ferguson

Type of Item: Action Item; Action Required by UTIMCO Board

Description: The Compensation Committee (the "Committee") met on September 9, 2008, and will meet on November 6, 2008. During its September 9th meeting, the Committee (1) approved engaging UTIMCO's external auditor for agreed upon procedures to review the 2007/2008 incentive award calculations; (2) approved the Qualitative Performance Goals for the Participants of the UTIMCO Compensation Program (Plan) for the 2008/2009 Performance Period; and (3) discussed the ability to allow the investment of employee funds in the General Endowment Fund. Activities considered at the Committee's September 9th meeting did not require further action by the UTIMCO Board.

At its meeting on November 6, 2008, the Committee will consider and take appropriate action related to the following, which require further action by the UTIMCO Board: (1) amendments to Appendix B of UTIMCO Compensation Program (UTIMCO Peer Group); (2) Personnel Performance Incentive Awards; and (3) Designation of an Employee in an Eligible Position as a Participant in the Plan. The Committee will also review and take appropriate action related to the Qualitative Performance Goals of the Employee designated in the Eligible Position but this action does not require Board approval.

Recommendation: The Committee will recommend appropriate action related to the UTIMCO Peer Group for the Plan; the 2007/2008 Performance Incentive Awards, including the 2007/2008 Performance Incentive Award proposed for the CEO of UTIMCO; and the designation of Susan Chen in the Eligible Position of Director, Investment as a Participant in the Plan for the 2008/2009 Performance Period.

Discussion: The UTIMCO Peer Group is updated annually by Cambridge Associates, the Board's external investment advisor, at the beginning of each Performance Period, and Appendix B is updated accordingly. Effective July 1, 2008, the definition of the UTIMCO Peer Group set forth in Appendix B of the Plan was changed to a peer group of endowment funds maintained by the Board's external investment advisor that is composed of all endowment funds with more than 10 full-time employee positions, allocations to alternative assets in excess of 40%, and with assets greater than \$2.5 billion, determined as of the last day of each of the three immediately preceding Performance Periods, excluding the Total Endowment Assets (PUF and GEF). The Compensation Plan Universe for 2008/2009 that has been provided by Cambridge Associates will be used as the UTIMCO Peer Group for Appendix B of the Plan. The Peer Group was defined in prior years as a group of endowment funds with assets in excess of \$1 billion as of each fiscal year ending June for

**RESOLUTION RELATED TO
PEER GROUP**

WHEREAS, Section 8.14 of the LTIMCO Compensation Program (the "Plan") provides that the "Peer Group" will be updated annually at the beginning of each Performance Period, and Appendix B (UTIMCO Peer Group) will be amended accordingly; and

WHEREAS, Section 7.2 of the Plan provides that the Board has the right to amend the Plan or any portion thereof from time to time; and

WHEREAS, the Board wishes to amend Appendix B to conform to the updated Peer Group.

NOW, THEREFORE, be it:

RESOLVED, that the updated and amended Appendix B (UTIMCO Peer Group), a copy of which is attached hereto, is hereby adopted and approved as part of the Plan to replace the current Appendix B, effective as of July 1, 2008.

**RESOLUTION RELATED TO THE
CEO'S 2007/2008 PERFORMANCE INCENTIVE AWARD**

WHEREAS, in lieu of participation in the UTIMCO Compensation Program for the 2007/2008 Performance Period, the CEO participates in a special Performance Incentive Award Plan as attached in Attachment 2 of the Offer of Employment Letter ("Letter") for Bruce E. Zimmerman; and

WHEREAS, the Individual Performance Goals for the CEO for the Period of July 1, 2007 through June 30, 2008 were established in Attachment 1 of the Letter ; and

WHEREAS, the Board will determine the level of achievement of the CEO relative to his Performance Goals for such Performance Period as provided in the Letter and based on the recommendation of the Compensation Committee; and

WHEREAS, Attachment 2 of the Letter provides that, based on the percentage achieved of the CEO's Performance Goals for the 2007/2008 Performance Period, a Performance Incentive Award will be calculated for the CEO for such Performance Period in accordance with the calculation methodology set forth in Attachment 2 of the Letter; and

WHEREAS, the Compensation Committee has reviewed the actual performance of the CEO during the Performance Period and has compared such actual performance relative to each Performance Goal for the CEO against his corresponding Performance Goal for such Performance Period and recommended that the Board review the same; and

WHEREAS, the Compensation Committee has reviewed the calculation of the Performance Incentive Award for the CEO of the Corporation, approved such calculation, and recommended that the Board approve the CEO's Performance Incentive Award.

WHEREAS, the Board has reviewed the actual performance of the CEO during the Performance Period and has compared such actual performance relative to each Performance Goal for the CEO against his corresponding Performance Goal for such Performance Period.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the CEO's Performance Incentive Award for the 2007/2008 Performance Period in the amount of \$_____.

**RESOLUTION RELATED TO
2007/2008 PERFORMANCE INCENTIVE AWARDS**

WHEREAS, Section 5.5(d) of the UTIMCO Compensation Program (the "Plan") provides that, at the end of each Performance Period, the Compensation Committee will determine the level of achievement of each Participant against the Performance Goals of the respective Participant and determine the Participant's level of achievement of his or her Performance Goals; and

WHEREAS, in accordance with Section 5.5(d) of the UTIMCO Compensation Program (the "Plan"), the Compensation Committee has determined each Participant's level of achievement of his or her Performance Goals for the 2007/2008 Performance Period, and

WHEREAS, Sections 5.5(e) and 5.5(f) of the Plan provide that, based on the percentage achieved of each Participant's Performance Goals for a Performance Period, a Performance Incentive Award will be calculated for each Participant for such Performance Period in accordance with the calculation methodology set forth in Appendix A of the Plan; and

WHEREAS, Section 5.5(f) of the Plan provides that the Compensation Committee will review all calculations of Performance Incentive Awards, based on the certification of its advisors, make any changes it deems appropriate, and submit its recommendation to the Board for approval; and

WHEREAS, the Compensation Committee has reviewed the Performance Incentive Awards for all Participants who have met or exceeded their performance benchmarks for the 2007/2008 Performance Period based on the certification of its advisors, made changes it deemed appropriate, approved such Performance Incentive Awards, and recommended that the Board approve the same.

NOW, THEREFORE, be it:

RESOLVED, that the Performance Incentive Awards for the Participants for the 2007/2008 Performance Period in the total amount of \$ _____ are hereby approved.

**RESOLUTION RELATED TO
2008/2009 PARTICIPANT IN
THE UTIMCO COMPENSATION PROGRAM**

WHEREAS, Section 5.3(a) of the UTIMCO Compensation Program (the "Plan") provides that, in order to become a Participant in the Plan for a Performance Period, a UTIMCO employee must be (1) employed in a position designated by the Board of Directors of UTIMCO (the "Board") as an Eligible Position for that Performance Period and (2) selected by the Board as a Participant for that Performance Period; and

WHEREAS, the Compensation Committee of the Board of Directors of UTIMCO (the "Committee") has previously determined that the position of Director, Investment is an Eligible Position in the Plan; and

WHEREAS, the position of Director, Investment, includes the position of Director - Public Markets Investments; and

WHEREAS, the Compensation Committee of the Board has recommended that Susan Chen, as Director - Public Markets Investments, become a Participant for the 2008/2009 Performance Period; and

WHEREAS, the UTIMCO Board has determined that Susan Chen may become a Participant for the 2008/2009 Performance Period.

NOW, THEREFORE, be it:

RESOLVED, that Susan Chen be designated by the UTIMCO Board as a Participant in the Plan in the Eligible Position of Director, Investment for the 2008/2009 Performance Period, effective as of September 22, 2008.

Agenda Item
UTIMCO Board of Directors Meeting
November 7, 2008

Agenda Item: Discussion and Appropriate Action Related to Designation of Key Employees

Developed By: Zimmerman, Moeller

Presented By: Zimmerman

Type of Item: Action item; Action required by UTIMCO Board

Description: The Corporation's Code of Ethics requires the Board to designate, by position with UTIMCO, the employees who exercise significant decision-making authority. By virtue of their position with UTIMCO, these persons are "key employees". Staff is recommending that three additional employees be designated as "key employees": Mark Warner, Senior Director - Natural Resources Investments; Robert Schau, Senior Director - Real Estate Investments; and Susan Chen, Director - Public Markets Investments.

Recommendation: Staff recommends that Mark Warner, Robert Schau and Susan Chen be designated as key employees of the Corporation.

Reference: None

**RESOLUTION RELATED TO KEY EMPLOYEES OF THE
CORPORATION**

RESOLVED, that, as required by the Corporation's Code of Ethics, the following persons are designated, by position, as key employees of the Corporation.

Mark Warner	Senior Director – Natural Resources Investments
Robert Schau	Senior Director – Real Estate Investments
Susan Chen	Director – Public Markets Investments

TAB 7

Agenda Item
UTIMCO Board of Directors Meeting
November 7, 2008

- Agenda Item:** Report on and Discussion and Appropriate Action related to Items from Audit and Ethics Committee
- Developed By:** Moeller, Hill
- Presented By:** Nye
- Type of Item:** Action required by UTIMCO Board related to year end audits; information item on other items
- Description:** An Audit and Ethics Committee ("Committee") meeting will be held on November 6, 2008. The Committee will review and take appropriate action related to the Deloitte & Touche LLP's Financial Statement Audit Results and Communications and the audited financial statements of the Permanent University Fund ("PUF"), General Endowment Fund ("GEF"), Permanent Health Fund ("PHF"), Long Term Fund ("LTF"), Intermediate Term Fund ("ITF"), and the Statement of Performance Statistics for the year ended August 31, 2008. The Committee also will hear a report from UT System Audit office and receive a report on other ethics and compliance activities from staff. Additionally, as required by the Audit Charter of the Audit and Ethics Committee, the Committee will approve the recommendation by the CEO of the General Counsel and Chief Compliance Officer's performance incentive award for the performance period ending June 30, 2008.
- Discussion:** The financial statements were audited by Deloitte & Touche LLP. Tom Wagner, engagement partner, will present to the Committee Deloitte & Touche LLP's Financial Statement Audit Results and Communications letter and answer questions related to the financial statements. The audits are expected to be completed by October 31, 2008. Staff will send under separate copy to the Directors a copy of the Deloitte & Touche LLP's Financial Statement Audit Results and Communications letter upon completion of the audits. Because of the voluminous nature of the audited financial statements, they are not included in the Board book. However, the complete audited financial statements will be available on UTIMCO's website, www.utimco.org after the Audit and Ethics Committee meeting is held on November 6, 2008.
- Recommendation:** The Committee will recommend that the Board take appropriate action related to the Deloitte & Touche LLP Financial Statement Audit Results and Communications and the audited financial statements of the PUF, GEF, PHF, LTF, ITF, and the Statement of Performance Statistics for the year ended August 31, 2008.
- Reference:** Deloitte & Touch LLP's Financial Statement Audit Results and Communications; Audited Financial Statements and Audit Reports

**RESOLUTIONS RELATED TO AUDITS OF THE INVESTMENT FUNDS
FOR FISCAL YEAR 2008**

RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications on the Investment Funds Under Fiduciary Responsibility of The University of Texas System Board of Regents for the year ended August 31, 2008, be, and is hereby approved in the form as presented to the Board; and

FURTHER RESOLVED, that the separate annual financial statements and audit reports for the Permanent University Fund, the Permanent Health Fund, The University of Texas System Long Term Fund, The University of Texas System General Endowment Fund, and The University of Texas System Intermediate Term Fund each for the fiscal years ended August 31, 2008, and August 31, 2007, and the Statement of Investment Performance Statistics for the year ended August 31, 2008, be, and are hereby approved in the form as presented to the Board.

TAB 8

Agenda Item
UTIMCO Board of Directors Meeting
November 7, 2008

Agenda Item: Report on and Discussion and Appropriate Action related to Items from Policy Committee

Developed By: Staff

Presented By: McHugh

Type of Item: Action item; Action required by UTIMCO Board; further action required by UT System Board of Regents related to proposed amendments to Master Investment Management Services Agreement

Description: The Policy Committee ("Committee") will meet on November 6, 2008. The Committee's agenda includes discussion and appropriate action related to UTIMCO Travel Guidelines, Delegation of Authority Policy; and Master Investment Management Services Agreement with UTIMCO ("IMSA").

Discussion: The Committee will review and take appropriate action related to a proposed amendment to the UTIMCO Travel Guidelines. The proposed amendment is based on the recommendation of The University of Texas System Audit Office. The Audit Office recommended that UTIMCO add provisions related to ground transportation costs, in particular, private car services, in the UTIMCO Travel Guidelines. Ms. McHugh will report on the Committee's action but no action is required by the UTIMCO Board.

The Committee will review and take appropriate action related to an amendment to the Delegation of Authority Policy. Prior to the Committee's review, the Risk Committee reviewed the proposed amendment. At a previous UTIMCO Board meeting, Directors requested that UTIMCO staff return to the UTIMCO Board at a future meeting with a policy recommendation that would address handling of manager mandates that exceed the limits of delegated authority in the Delegation of Authority Policy due to appreciation of the investment. Page 6 of the draft Delegation of Authority Policy contains the proposed policy recommendation.

The Committee will review and take appropriate action related to the IMSA. The IMSA is the contract between U. T. System Board of Regents ("UT Board") and UTIMCO Board. Ultimate responsibility for the accounts under UTIMCO's management rests with the UT Board. The proposed amendments to the IMSA relate to a request concerning the UTIMCO Code of Ethics. The UTIMCO Code of Ethics was approved by the UT Board at the August 14, 2008 meeting of the UT Board, subject to an amendment proposed by Regent Janiece Longoria and the requirements that UTIMCO (1) maintain a log of (a) all agreements and transactions between UTIMCO and a Director or Employee or their Family members, including a Family member's business entity, and (b) all investments in the private investments of a business entity in which a Director or Employee then owns a private investment, or is then co-investing, in the same business entity as

Agenda Item
UTIMCO Board of Directors Meeting
November 7, 2008

UTIMCO, which annually shall be reviewed by the UTIMCO Board of Directors and reported to the U. T. Board; and (2) report to the U. T. Board annually on compliance with the UTIMCO Code of Ethics and any recommended changes to the UTIMCO Code of Ethics following review by the UTIMCO Board of Directors. A copy of the draft UTIMCO Code of Ethics, including the amendment proposed by Regent Longoria, is included for information in these materials.

UTIMCO staff has drafted changes to the IMSA, consistent with the above requirements, which have been reviewed and approved by UT System staff, and are submitting the following changes related to the IMSA:

- Section 3(h)(x): Add the requirement to maintain a log of agreements, transactions, investments and co-investments between UTIMCO and a Director or Employee, their Family members, and their related business entities, to be reviewed by the UTIMCO Board of Directors and reported to the U. T. Board on an annual basis
- Section 3(h)(xi): Add the requirement to annually report to the UT Board on compliance with the UTIMCO Code of Ethics and any recommended changes to it

Recommendation: The Committee will recommend appropriate action related to the Delegation of Authority Policy and IMSA.

Reference: Delegation of Authority Policy; Master Investment Management Services Agreement with UTIMCO; UTIMCO Code of Ethics

**RESOLUTION RELATED TO
MASTER INVESTMENT MANAGEMENT SERVICES AGREEMENT WITH UTIMCO**

RESOLVED, that the Master Investment Management Services Agreement with UTIMCO ("IMSA") be, and is hereby, approved in the form submitted to the Corporation's Board, subject to approval by the Board of Regents of The University of Texas System.

RESOLUTION RELATED TO DELEGATION OF AUTHORITY POLICY

RESOLVED, that amendments to the Delegation of Authority Policy as presented be, and are hereby, approved in the form submitted to the Corporation's Board.

**The University of Texas Investment Management Company
Delegation of Authority Policy**

Effective Date of Policy: ~~November 29, 2007~~ November 7, 2008

Date Approved by UTIMCO Board: ~~November 29, 2007~~ November 7, 2008

Supersedes: Delegation of Authority Policy approved by the UTIMCO Board on ~~January 25, 2007~~ November 29, 2007

Purpose:

The purpose of the Delegation of Authority Policy is to provide a clear delineation of responsibilities of the UTIMCO Board of Directors and the UTIMCO staff. Section 66.08(d) of the *Texas Education Code* provides that UTIMCO's duties to the U. T. System Board of Regents with respect to the management of investment funds shall be governed by a contract between the two parties. UTIMCO provides various investment management services to the U. T. System Board as more fully described in the Investment Management Services Agreement by and between the U. T. System Board and UTIMCO. The UTIMCO Board is responsible for management and investment oversight of UTIMCO. The UTIMCO Board recommends amendments to the Investment Policies for approval by the U. T. System Board. The UTIMCO Board is responsible for overseeing the investment process to execute the established investment Policies. However, to enhance the competitiveness of the investment process, improve management and operational efficiency, and define and concentrate accountability for performance, certain duties, and responsibilities are delegated by the UTIMCO Board to UTIMCO Management. This Policy Statement defines the delegation of authority in the two primary areas of UTIMCO operations:

- (1) Management, Operations, and Finance; and
- (2) Investments.

Objective:

By clearly defining the scope of delegated authority to UTIMCO Management, this Policy Statement enhances operational efficiency and timeliness in decision making, thereby enhancing competitiveness.

Scope:

This Policy applies to all matters under UTIMCO control. The only delegations of authority granted by the UTIMCO Board are enumerated in this Policy and any authority not specifically granted in this Policy is retained by the UTIMCO Board acting as agent for the U. T. System Board, provided that nothing contained in this Policy Statement is intended to, or shall, limit any delegation of authority otherwise set forth in the UTIMCO Bylaws, the Investment Management Services Agreement, any Committee Charter, any Investment Policy, or any formal policy adopted by the UTIMCO Board.

Authority Delegated to UTIMCO Management:

The primary functions of the UTIMCO Board are to formulate, revise, implement, and conduct ongoing oversight of the policies it has established for UTIMCO. The duties and responsibilities of the UTIMCO Board are enumerated in the UTIMCO Bylaws, Articles of Incorporation, Committee

The University of Texas Investment Management Company Delegation of Authority Policy

Charters, Investment Management Services Agreement, and UTIMCO policies. To execute its responsibilities more efficiently, the UTIMCO Board has delegated the authority to implement UTIMCO policies to UTIMCO Management in two primary areas: (i) Management, Operational, and Financial Authority; and (ii) Investment Authority.

Management, Operational, and Financial Authority: Final authority for the functions listed below rests with the UTIMCO Board:

- Administration, Accounting and Financial Management;
- Systems Technology Management;
- Personnel Management;
- Compliance;
- Client Relations and Reporting; and
- Public Relations.

However, the UTIMCO Board hereby delegates authority to UTIMCO Management in each functional area as specified below:

Administration, Accounting, and Financial Management: The UTIMCO Board hereby delegates all day-to-day operational decisions to UTIMCO Management. This delegation includes, but is not limited to, all administrative decisions regarding the management of endowment and operating funds as well as all administrative and financial decisions associated with the operation of the UTIMCO organization. This delegation includes the authority to execute all contracts and agreements, subject to the limitations defined below.

Systems Technology Management: The UTIMCO Board hereby delegates all decisions regarding the operation and management of all systems technology assets to UTIMCO Management. This delegation includes the authority to execute all contracts and agreements, subject to the limitations defined below.

Personnel Management: The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer all personnel management decisions regarding positions included in approved UTIMCO operating budgets, and grants authority to the Chief Executive Officer to add non-budgeted personnel as necessary on an emergency basis, subject to review in the following budget cycle, provided that the addition of any non-budgeted personnel shall be promptly reported to the UTIMCO Board. All compensation decisions for officers of UTIMCO are excluded from this delegation.

Compliance: The UTIMCO Board hereby delegates all compliance operations to UTIMCO Management, while retaining all oversight functions as specified in UTIMCO policies.

Client Relations and Reporting: The UTIMCO Board hereby delegates all client relations and reporting decisions to UTIMCO Management.

The University of Texas Investment Management Company Delegation of Authority Policy

Public Relations: The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer all decisions regarding public relations matters, except for those matters that are reserved to the UTIMCO Vice Chairman for Policy.

In addition, to facilitate the execution of the authority granted above, the UTIMCO Board hereby delegates the following specific duties and responsibilities to UTIMCO Management:

- *Contracts:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to execute on the behalf of UTIMCO all contracts, leases, or other commercial arrangements (except investment management agency contracts, partnership agreements, investment consultant agreements and agreements with independent auditors) for a total obligation of \$1 million or less during the contract term; provided that for purposes of this delegation any contract that does not have a fixed term shall be deemed have a term of one year; provided, further that notice of any such contracts, leases, or other commercial arrangements of \$50,000 or more shall be reported to the UTIMCO Board at its regularly scheduled meetings.
- *Outside General Counsel: Management of UTIMCO's External Counsel:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to direct the day-to-day work product of the UTIMCO external counsel, provided that the UTIMCO external counsel shall continue to have primary reporting responsibility to the UTIMCO Board.

Investment Authority: The UTIMCO Board hereby delegates the following specific duties and responsibilities to UTIMCO Management:

- *Tactical Asset Allocation:* Without limitations of timing, procedures, or vehicles utilized, decisions regarding tactical asset allocation within the ranges established in Investment Policies, including rebalancing portfolio weights to Policy Target Weights or actively deviating from Policy Weights as market conditions dictate, are hereby delegated to the UTIMCO Chief Executive Officer, as long as any decisions do not violate established Investment Policies. Short sales of securities (including exchange traded funds, and individual common stocks and bonds, but excluding derivative instruments) to offset existing long positions for risk control purposes may also be utilized as a vehicle in tactical asset allocation. Prior to implementation of any short security sale strategy and throughout the duration of the strategy, risk analyses shall be performed to verify the expected risk reducing impact of the proposed strategy and that the strategy does not result in the risk position of the total Funds being outside the policy risk range.
- *Risk Management:* The UTIMCO Board hereby delegates all decisions regarding the design and operation of any risk management system to UTIMCO Management.

The University of Texas Investment Management Company
Delegation of Authority Policy

- *New Investment Vehicle and Manager Selection:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to commit UT System funds to new relationships with internal or external investment managers or to new mandates with external investment managers already under existing relationships with UTIMCO, and the accompanying authority to negotiate and execute agency, partnership or subscription agreements as necessary, subject only to the following limitations:
 - More Correlated & Constrained Investments: Any new commitments exceeding (i) \$400 million to an individual internal or external manager or (ii) 20% of the total assets managed under a specific investment strategy by an individual external manager must follow the process outlined in Appendix A.
 - Less Correlated & Constrained Investments: Any new commitments exceeding (i) \$200 million or (ii) 20% of the total assets managed under a specific investment strategy by an external manager must follow the process outlined in Appendix A.
 - Private Investments: Any new commitments exceeding (i) \$100 million or (ii) 20% of the total assets of the subject investment vehicle must follow the process outlined in Appendix A. All new commitments to direct, Private Investments must follow the process outlined in Appendix A.
 - For the purposes of the above thresholds, new manager mandates shall be aggregated during the first six months following the initial funding of such mandate and shall not exceed \$400 million for all Investment Types. Mandates that exceed \$400 million in the aggregate must follow the process outlined in Appendix A.
 - Passive exposure, either by an individual internal or external manager, is limited only as required to maintain the Policy Portfolio within the Asset Class and Investment Type ranges.
 - At any time prior to the closing of a commitment, the Staff will send each Board member a description of the proposed investment and a Certificate of Compliance for the investment.
 - Other Investments: Any investments in Asset Classes not currently defined in the Policy Portfolio must receive specific UTIMCO Board approval regardless of size.
 - Any commitment that would otherwise be permitted under this delegation, but which violates any UTIMCO Policy, is not permitted.
 - The UTIMCO Chief Executive Officer will report to the UTIMCO Board at its regularly scheduled Board meetings regarding all decisions made under this delegated authority.
- *Changing Allocations of Investment Funds Among Existing Internal and External Managers and Partnerships:* Subsequent to the first six months of the UTIMCO relationship with a new manager, the UTIMCO Board hereby delegates to the

The University of Texas Investment Management Company Delegation of Authority Policy

UTIMCO Chief Executive Officer the authority to increase investments or commitments to existing internal or external investment managers, and the accompanying authority to renegotiate existing agency, partnership or subscription agreements as necessary, subject only to the following limitations:

- More Correlated & Constrained Investments: Any increases that exceed \$200 million to existing funds under management by any individual internal or external manager or which increases the total assets managed to more than (i) \$600 million with an individual internal or external manager or a larger amount approved by the Board for manager exceptions or (ii) 20% of the total assets managed under a specific strategy by an individual external manager, must follow the process outlined in Appendix A.
 - Less Correlated & Constrained Investments: Any increases that exceed \$100 million to existing funds under management, or which increase the total assets managed to more than \$300 million with an individual manager or to more than 20% of the assets managed under a specific investment strategy by an external manager must follow the process outlined in Appendix A.
 - Private Investments: Any increases that exceed \$50 million to existing funds under management in an existing investment vehicle, or which increases the total UTIMCO investment in a single investment vehicle to more than (i) \$150 million or (ii) 20% of the total assets of the same investment vehicle, must follow the process outlined in Appendix A.
 - For the purposes of the above thresholds, no increase shall be permitted which (i) exceeds \$200 million to an existing internal or external manager in the aggregate for all Investment Types or (ii) increases the total assets managed by an existing internal or external manager to more than \$600 million in the aggregate for all Investment Types. Any increases that exceed these amounts must follow the process outlined in Appendix A.
 - Passive exposure, either by an individual internal or external manager, is limited only as required to maintain the Policy Portfolio within the Asset Class and Investment Type ranges.
 - Any increase in investment or commitment that would otherwise be permitted under this delegation, but which violates any UTIMCO Policy, is not permitted.
 - The UTIMCO Chief Executive Officer will report to the UTIMCO Board at its regularly scheduled Board meetings regarding all decisions made under this delegated authority.
- *Manager Monitoring and Termination:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer all decisions regarding monitoring and termination of existing internal or external investment managers.

**The University of Texas Investment Management Company
Delegation of Authority Policy**

- Notwithstanding, on a quarterly basis, manager mandates (excluding passive exposure) shall be aggregated across investment types and any mandate resulting in three percent (3%) or more exposure relative to the total Funds (excluding the IIF for Private Investments – e.g., Oaktree?) will be reported to the Risk Committee at its next meeting. UTIMCO staff will be required to make a presentation and prepare a recommendation to the Risk Committee regarding an appropriate course of action for any manager mandate resulting in five percent (5%) or more exposure relative to the total Funds (excluding the IIF for the Private Investments). Such presentation and recommendation will include information regarding the manager mandate, including original amount of investment, historical performance, market and economic outlook, and appropriate sizing, with timelines for completion of any recommended action. After discussion and review by the Risk Committee, the Risk Committee may approve the recommendation of UTIMCO staff, determine a different appropriate level of exposure or request additional information to be presented at a subsequent meeting before action may be taken by UTIMCO staff. UTIMCO staff will be responsible for implementing any Risk Committee approved action.
- *Internal Investment Management:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer all decisions associated with the direct management of assets by UTIMCO Staff.
- *Management of UTIMCO's External Investment Consultant:* The UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to direct the day-to-day work product of the UTIMCO consultant, provided that the UTIMCO consultant shall continue to have primary reporting responsibility to the UTIMCO Board.

Documentation, Controls, and Reporting:

All UTIMCO Management decisions made under this Delegation of Authority Policy will be monitored by UTIMCO's Chief Compliance Officer. Any exceptions to this Policy will be reported to UTIMCO's Chief Executive Officer immediately. The UTIMCO Chief Executive Officer will develop a remedy to the exception, if possible, and report the exception and the remedy to the UTIMCO Chairman immediately. Additionally, the UTIMCO Chief Executive Officer will report any exceptions to this Policy to the UTIMCO Board at its next regularly scheduled meeting, unless the UTIMCO Chairman instructs otherwise.

**The University of Texas Investment Management Company
Delegation of Authority Policy**

**Appendix A
UTIMCO Board Option to Review Proposed Investments**

In instances where a proposed investment exceeds the stated Investment Authority of the UTIMCO Chief Executive Officer, the Staff must follow the procedures listed below to provide the UTIMCO Board the opportunity to review an investment proposal at a UTIMCO Board meeting:

1. Option to Review Investment Proposal

a. For new commitments, Staff will send each UTIMCO Director a complete due diligence report, a Certificate of Compliance if one has not previously been provided to each UTIMCO Director, an Option to Review Investment Proposal, and, if required by the UTIMCO Chief Executive Officer, a due diligence report provided by the external consultant.

b. For additional commitments to existing managers and partnerships, Staff will send each UTIMCO Director a description of the proposed investment, an Option to Review Investment Proposal, and, if required by the UTIMCO Chief Executive Officer, a due diligence report provided by the external consultant.

2. Option to Review Investment Proposal Form

The Option to Review Investment Proposal Form will require a UTIMCO Director to choose one of the following alternatives:

(i) I require a complete review of the investment at a subsequent Board meeting prior to the execution of the investment;

(ii) I do not require a complete review of the investment at a subsequent Board meeting prior to the execution of the investment; or

(iii) I do not require a complete review of the investment at a subsequent Board meeting prior to the execution of the investment but request that UTIMCO Staff make a presentation regarding the proposed investment at a future UTIMCO Board meeting.

3. If any UTIMCO Director requires a complete review of the investment prior to the execution of the investment, the Staff shall make a presentation to highlight the attributes of the proposed investment at the next UTIMCO Board meeting. Subsequent to hearing the presentation, the Board shall vote to approve such investment.

Approved ~~February 7, 2008~~ November 13, 2008

MASTER INVESTMENT MANAGEMENT SERVICES AGREEMENT WITH UTIMCO

This Investment Management Services Agreement (this "Agreement") by and between the Board of Regents (the "U. T. Board") of The University of Texas System (the "U. T. System") and The University of Texas Investment Management Company ("UTIMCO"), a Texas nonprofit corporation, is effective ~~February 7, 2008~~ November 13, 2008 (the "Effective Date"), and supersedes all earlier agreements by and between the U. T. Board and UTIMCO regarding the subject matter hereof.

RECITALS

WHEREAS, the U. T. Board, pursuant to the Constitution and statutes of the State of Texas, is responsible for the investment of the Permanent University Fund, the local and institutional assets of the U. T. System and the assets of various trusts and foundations for which it serves as trustee, all of which assets are under the control and management of the U. T. Board;

WHEREAS, Section 66.08, *Texas Education Code*, as amended, authorizes the U. T. Board, subject to certain conditions, to enter into a contract with a nonprofit corporation for the corporation to invest assets under the control and management of the U. T. Board, as designated by the U. T. Board;

WHEREAS, UTIMCO has been organized under the laws of the State of Texas, including the Texas Non-Profit Corporation Act, Tex. Rev. Civ. Stat. Ann. art. 1396-1.01 *et seq.*, for the express purpose of investing assets under the control and management of the U. T. Board, as designated by the U. T. Board, in accordance with the laws of the State of Texas;

WHEREAS, the U. T. Board desires to continue an Agreement with UTIMCO for UTIMCO to invest certain designated assets under the control and management of the U. T. Board;

WHEREAS, UTIMCO desires to enter into this Agreement with the U. T. Board and to invest certain designated assets under the control and management of the U. T. Board; and

WHEREAS, all conditions precedent to the execution and delivery of this Agreement have been fully satisfied and fulfilled, including, without limitations, the conditions established by Section 66.08, *Texas Education Code*, as amended.

NOW THEREFORE, for and in consideration of the premises and the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

Section 1. Definitions.

- (a) **Affiliate** shall mean an entity directly or indirectly controlling, controlled by, or under common control with UTIMCO, including an entity with whom UTIMCO has an express or implied agreement regarding the direct or indirect purchase of investments by each from the other.
- (b) **Cash Reserves** shall mean cash on hand plus investments, plus prepaid expenses, less accounts payable, less other liabilities.
- (c) **Claims** shall mean all claims, lawsuits, causes of action and other legal actions and proceedings of whatever nature brought against (whether by way of direct action, counter claim, cross action, or impleader) any Indemnified Party and all requests or demands for indemnification made by any third party upon any Indemnified Party, even if groundless, false or fraudulent, so long as the claim, lawsuit, cause of action, other legal action or proceeding, request or demand is alleged or determined, directly or indirectly, to arise out of, result from, relate to or be based upon, in whole or in part, the duties, activities, acts or omissions of any person arising under this Agreement.
- (d) **Custodian** or **Custodians** shall mean a commercial bank, trust company or other entity selected by UTIMCO to hold and safe-keep physical securities representing investment assets of any Fund and to perform the other functions listed in Section 5 hereof.
- (e) **Delegated Assets** shall mean those assets under the control and management of the U. T. Board that are invested in the Funds managed by UTIMCO hereunder; pursuant to the corresponding Investment Policies as such assets may be directed for investment by the U. T. Board or its designees from time to time pursuant to its Investment Policies or otherwise. The Delegated Assets may include, without limitation, the following funds or categories of assets:
 - (i) The Permanent University Fund established pursuant to Article VII, Section 11 of the Texas Constitution (the "Permanent University Fund" or "PUF"); provided that, for purposes of this Agreement and the delegation of investment management responsibilities hereunder, the PUF excludes the approximately 2.1 million acres of land located in 19 Texas counties, primarily in West Texas, and constituting a part of the PUF (the "PUF Lands"), as to which the U. T. Board retains complete investment management authority and responsibility;
 - (ii) Any and all funds or assets under the control and management of the U. T. Board as owner, administrator, contractual investment manager, or otherwise, including without limitation endowment funds and operating assets, other than the Permanent University Fund, the Permanent Health Fund and the U. T. Board Trust Accounts (collectively, "U. T. System Funds");

- (iii) The assets of charitable remainder trusts, foundations and other separately invested assets for which the U. T. Board serves as trustee on behalf of itself and other co-beneficiaries (“U. T. Board Trust Accounts”);
 - (iv) The permanent assets for health-related institutions established pursuant to Chapter 63, *Texas Education Code*, for which the U. T. Board is an administrator (collectively, the “Permanent Health Fund” or “PHF”);
 - (v) U. T. System Funds or U. T. Board Trust Accounts which, by election of the U. T. Board or by requirement of the trust indenture or donative instrument, are invested separately and apart from other U. T. System Funds and the PUF (collectively, “Separately Invested Funds” or “SIFs”); and
 - (vi) Institutional assets of third-party non-profit charitable foundations or tax-exempt charitable organizations to the extent dedicated to the support of the educational purposes of the U. T. System and under the control and management of the U. T. Board by contract (collectively, “Foundation Funds”).
- (f) **Funds** shall mean the separate investments or pools of assets in which the Delegated Assets are to be invested pursuant to the corresponding Investment Policies, as specified in Schedule A hereto and in the corresponding Investment Policies, each of which may be amended by the U. T. Board from time to time as provided for herein.
- (g) **Indemnified Parties** shall mean UTIMCO and any of its officers, directors, employees and agents.
- (h) **Investment Policies** shall mean the written investment policies determined and approved by the U. T. Board relating to the Funds, and all generally applicable written investment-related policies determined and approved by the U. T. Board that govern the management of investments for some or all Funds, such as the policies regarding asset allocation, and the policies on Derivative Investment, Liquidity, and Error Correction, but excluding internal UTIMCO operational guidelines as to which approval of the U. T. Board is not required, which include the UTIMCO Mandate Categorization Procedure, Valuation Criteria for Alternative Assets, Calculating Liquidity Procedure, Soft Dollar Policy and Procedures, Securities Lending Policy, and the Proxy Voting Policy (the Proxy Voting Policy being governed by the provisions of the individual Investment Policies related to proxy voting).
- (i) **Losses** shall mean losses, costs, damages, expenses, judgments and liabilities of whatever nature (including, but not limited to, attorneys’, accountants’ and other professionals’ fees, litigation and court costs and expenses, amounts paid in settlement, amounts paid to discharge judgments and amounts payable by an Indemnified Party to any other person under any arrangement providing for indemnification of that person) directly or indirectly resulting from, arising out of or relating to one or more Claims.

- (j) **Surplus Cash Reserves** shall mean Cash Reserves on the last day of the fiscal year in excess of twenty-five percent (25%) of the upcoming fiscal year's operating and capital budgets approved by the U. T. Board.

Section 2. Delegation of Investment Authority; Retention of Policy Setting Authority.

(a) **General**

The U. T. Board retains ultimate fiduciary responsibility and authority for all matters related to the investment of the Delegated Assets. Pursuant to that responsibility and authority, the U. T. Board hereby appoints UTIMCO as its investment manager with complete authority to act for the Board in the investment of the Funds, subject, however, to such limitations and restrictions as are set forth in the Investment Policies. UTIMCO shall furnish the U. T. Board with continuous investment management services and shall invest and reinvest the assets of the Funds in such ways and at such times as are consistent with the Investment Policies and Section 4 hereof. UTIMCO shall be responsible for overall management of the U. T. Board's investment affairs as set forth in this Agreement and shall manage each Fund as a discretionary account.

(b) **Policy Matters**

The U. T. Board, as ultimate fiduciary for the Funds, retains policy setting authority. Unless otherwise provided in writing by the U. T. Board, UTIMCO shall look to the Chancellor to provide primary oversight and management concerning relations with the media, legal issues that implicate policies of the U. T. Board other than the Investment Policies, public disclosure of information and intergovernmental relations. Except for the forgoing matters, the UTIMCO Board of Directors and the CEO of UTIMCO shall be responsible for making all decisions necessary to implement the Investment Policies. The CEO of UTIMCO shall confer with the Chancellor on the above-mentioned matters where the Chancellor has primary oversight and management and on other matters that may implicate broader policies of the U. T. Board.

(c) **Meetings and Agendas**

- (i) The UTIMCO CEO shall consult with the Chairman of the UTIMCO Board and the Chancellor as Vice Chairman for Policy, on the draft agenda for meetings of the UTIMCO Board at least three (3) weeks prior to each regular UTIMCO Board meeting.
- (ii) UTIMCO shall participate in an annual joint meeting of the UTIMCO Board of Directors and the U. T. Board as referenced in Art. III, § 7 of the UTIMCO Bylaws.

Section 3. Description of Investment Management Services.

During the term of this Agreement, UTIMCO shall provide the following services in conjunction with the investment of the Funds:

(a) **Investment Policies:**

UTIMCO shall review current Investment Policies for each Fund at least annually. Such review shall include distribution (spending) guidelines, long-term investment return

expectations and expected risk levels, Asset Class and Investment Type allocation targets and ranges, expected returns for each Asset Class and Investment Type and fund, designated performance benchmarks for each Asset Class and Investment Type and such other matters as the U. T. Board or its staff designees may request. After UTIMCO completes its assessment, it shall forward any recommended changes to U. T. System staff for review and appropriate action, following the established schedule for the submission of proposed agenda topics for meetings of the U. T. Board.

(b) **Investment Management:**

UTIMCO shall oversee the investment management process pursuant to the Investment Policies. Such oversight shall include without limitation the development of an investment outlook based on global economic and capital market forecasts, the rebalancing of allocations to each Asset Class and Investment Type within ranges in response to changes in the investment outlook, and the selection of a combination of portfolio managers to construct portfolios designed to generate the expected returns of each Asset Class and Investment Type.

(c) **Investment Performance:**

UTIMCO shall monitor and report on investment performance for each of the Funds. With respect to all Funds other than the SIFs, such responsibilities shall include the calculation and evaluation of investment returns for each Asset Class and Investment Type and individual Fund portfolio against approved benchmarks over various periods of time, and the periodic review of performance benchmarks. With respect to all Funds, such responsibilities shall also include the reporting of investment performance of such specific Funds as may be requested by the U. T. Board, and the reporting to regulatory agencies and others regarding investments under management to the extent required by applicable law.

(d) **Operations:**

UTIMCO shall execute such operational responsibilities as the purchase and sale of investments, the settlement of all trades (to the extent such trades are not settled by the Custodian or brokers), the accounting for all transactions at the portfolio level in accordance with generally accepted accounting principles, the preparation and delivery of periodic financial reports on all Funds, and the maintenance of complete books and records (internally or through contract with the designated Custodian for the assets under management) reflecting transactions and balances of the Funds.

(e) **Maintenance of and Access to Books and Records:**

UTIMCO shall maintain the books and records for each Fund on the basis of a fiscal year ending August 31st (or such other fiscal year as the U. T. Board may establish from time to time), and shall keep full separate records of all transactions with respect to each Fund.

The books and records of the Funds and any and all records concerning UTIMCO and UTIMCO's operations shall be available during normal business hours for inspection by authorized representatives of U. T. System. UTIMCO shall provide full audit access to any and all information concerning the operations of UTIMCO, including information

necessary to review UTIMCO expenditures for compliance and reasonableness with the approved budget, to auditors representing the U. T. Board and/or the State Auditor.

(f) Reporting:

In connection with the annual audited financial statements of UTIMCO, effective with the August 31, 2004 financial statements, UTIMCO shall provide all compliance-related information, reports and certifications, and shall cause the CEO and the chief financial officer of UTIMCO to provide such certifications, as may be specified by the U. T. Board and U. T. System compliance policies and procedures adopted or approved by the U. T. Board. UTIMCO will follow the U. T. System compliance guidelines as outlined in the Action Plan to Enhance Institutional Compliance, as it may be amended from time to time, including providing the U. T. Board or its designees with quarterly compliance reports.

(g) Disclosure of Information:

The U. T. Board is committed to a policy of full and fair disclosure to the public. As part of that commitment with respect to private investments in the Funds, UTIMCO shall disclose to the public with respect to such private investments all information required to be disclosed pursuant to Section 552.0225 of the *Texas Government Code* regarding "Right of Access to Investment Information" ("private investment information"). UTIMCO shall make no private investment with an entity unless the U. T. Board and UTIMCO have clear and unequivocal authority to disclose to the public the private investment information, described immediately above, relating to such investment.

Before UTIMCO declines to disclose any information it has collected, assembled or maintained in its role as investment manager for the U. T. Board that is requested under the Texas Public Information Act, the CEO of UTIMCO shall notify the U. T. System Vice Chancellor and General Counsel and solicit his or her input to the process. UTIMCO shall disclose the information unless (i) it is confidential and excepted as provided in Section 552.143 of the *Texas Government Code* regarding "Confidentiality of Certain Investment Information," or (ii) as to any other information, the Vice Chancellor and General Counsel, after consultation with the Chancellor, approves a Public Information Act request to the Attorney General of Texas. In addition, the U. T. Board reserves the right and authority, in its sole discretion, to disclose, or direct the disclosure of, any information at any time, to the extent such disclosure would not result in a violation of applicable law or breach or result in a default under any agreement binding upon UTIMCO or the U. T. Board.

In addition to and not in lieu of the foregoing, UTIMCO will comply with the provisions of Section 12 below regarding confidentiality provisions of contracts with third parties.

(h) Other Services:

UTIMCO shall perform other investment management services, including without limitation:

- (i) attending meetings of the U. T. Board and making such reports as the U. T. Board may request from time to time;

- (ii) rendering services to managers of private equity investments in which UTIMCO has decided to invest;
- (iii) attending meetings of governing bodies of companies in which assets of Funds have been invested pursuant to this Agreement;
- (iv) voting of securities (or proxies with respect thereto) held as investments of the Funds in accordance with the Investment Policies and the UTIMCO Proxy Voting Policy and any other relevant written policies or rules of the U. T. Board;
- (v) providing U. T. System institutions with annual endowment reports reflecting, among other things, changes in the investment value of such institution's endowment and distributions made to such institution to support the activities for which the endowment was established;
- (vi) providing charitable trust administration services such as portfolio management, annual tax return preparation, annual trust reporting to donors and remittance of quarterly distributions; providing annual reporting of investment transactions and balances and distributing assets to authorized beneficiaries;
- (vii) effecting distributions directly or through the Custodian to U. T. System institutions or other named beneficiaries from the Funds;
- (viii) supporting and maintaining online information systems for endowment funds;
- (ix) providing training and education to members of the UTIMCO Board of Directors as may be determined in consultation with U. T. System staff to assure that all duties required of directors under the Texas Non-Profit Corporation Act and that matters related to legal and fiduciary responsibilities of the directors, including current regulations for determining reasonable compensation, are outlined and discussed fully;
- (x) maintaining a log of (1) all agreements or transactions between UTIMCO or a "UTIMCO entity" and a "Director entity" or an "Employee entity" or a business entity in which a "Family member" of a "Director" or "Employee" has an ownership interest, and (2) all investments in the private investments of a business entity in which a "Director" or "Employee" then owns a private investment, or is then co-investing, in the same business entity, provided that all quoted terms above shall have the meanings assigned to them in UTIMCO's Code of Ethics, which annually shall be reviewed by the UTIMCO Board of Directors and reported to the U. T. Board;
- ~~(ix)~~(xi) reporting to the U. T. Board annually on compliance with the UTIMCO Code of Ethics and any recommended changes to the UTIMCO Code of Ethics following review by the UTIMCO Board of Directors; and
- ~~(x)~~(xii) any other services necessary to provide investment management of the Funds.

Section 4. Investment Manager as Fiduciary.

UTIMCO acknowledges that it acts as a fiduciary in its management of the investments of the Funds pursuant to the Investment Policies and applicable law. The U. T. Board recognizes that all individual investment transactions involve a variety of significant potential risks, including, without limitation, market risk, liquidity risk, credit risk, cash flow risk, operational risk and counterparty risk, although taken as a whole these transactions are also expected to manage risk. The U. T. Board agrees that (i) UTIMCO will not be liable for any losses incurred in the Funds as a result of investments made pursuant to the Investment Policies and applicable law, and (ii) UTIMCO will not be liable for actions of co-fiduciaries. The U. T. Board also acknowledges that UTIMCO shall not be liable for, and, to the fullest extent authorized by the Constitution and laws of the State of Texas, agrees to hold UTIMCO harmless from the consequences of, any action taken or omitted to be taken by the U. T. System or any of its employees or agents prior to March 1, 1996.

Section 5. Custody of Assets.

UTIMCO shall select one or more Custodians, each of which shall be approved by the U. T. Board, which shall also enter into or approve each agreement with the Custodian(s).

UTIMCO shall use the Custodian(s) for safekeeping, settlement of security purchases, sales, collection of income and other duties, as may be more fully described in the relevant agreement(s) between the Custodian(s) and the U. T. Board or UTIMCO (as agent of the U. T. Board). In addition, UTIMCO may from time to time use a brokerage firm to settle security sales on behalf of the U. T. Board and may invest in a regulated mutual fund, externally managed commingled funds, or other investments in which assets are held outside of the bank custody relationship. Any physical certificates not held in safekeeping with a Custodian shall be held in safekeeping at a local bank as designated by UTIMCO.

Section 6. Use of Unaffiliated Investment Managers.

UTIMCO shall be entitled to use unaffiliated investment advisors to invest all or part of the Funds and to perform other duties, subject to any restrictions in the relevant Investment Policies.

Section 7. Investment Management Fees; Direct Expenses.

For services performed hereunder, UTIMCO shall be compensated in the amounts and in the manner set forth below:

(a) Annual Budget and Management Fee:

(i) Budget Approval Policy

UTIMCO shall submit to the U. T. Board its proposed annual budget for the following fiscal year (an "Annual Budget") within the time frame specified by the U. T. Board for other annual budget submissions. The Annual Budget shall include all estimated expenses associated with the management of the Funds. The Annual Budget shall also include an annual UTIMCO management fee (an "Annual UTIMCO Management Fee") which shall include all operating expenses associated with the general management of the Funds, including, without

limitation, reasonable salaries, benefits and performance compensation of portfolio management and support personnel, expenses for consulting services, office space lease expenses, office furniture and equipment expenses, professional, legal, payroll, and other general services expenses, travel, insurance, capital expenditures, and other miscellaneous expenses incurred by UTIMCO in connection with the performance of its obligations hereunder. In addition to its Annual Budget, UTIMCO shall annually submit its capital expenditures budget approved by the UTIMCO Board of Directors to the U. T. Board for approval.

(ii) Allocation Formula

At the same time that UTIMCO submits its Annual Budget, it shall also submit to the U. T. Board an allocation formula for charging the Annual Budget to the Funds. Items proposed in the Annual Budget and the allocation formula may be approved, disapproved, or approved with modification by the U. T. Board. Any such Budget item or formula allocation that is disapproved or approved with modification may be promptly reviewed and revised by UTIMCO and resubmitted to the U. T. Board for additional consideration.

(iii) Charging of Funds for Management Fee

On or before the first day of each fiscal quarter, UTIMCO shall be entitled to charge each Fund with its allocable share (determined in accordance with the allocation formula then in effect) of one-fourth of the amount of the Annual UTIMCO Management Fee to pay UTIMCO's operating expenses for the succeeding fiscal quarter. UTIMCO may, with the approval of the U. T. Board, revise the Annual UTIMCO Management Fee and allocation formula at any time during a fiscal year. Any statements for partial quarters at the beginning or end of this Agreement shall be prorated to reflect the actual time services were rendered during such partial quarters.

(iv) Payment of Third Party Vendors

UTIMCO is hereby authorized to pay from each Fund direct expenses incurred for portfolio management, Custodian, auditing, and other services which are performed by external vendors specifically for each Fund.

(b) Cash Reserves:

Within 90 days after the end of each fiscal year, UTIMCO will distribute back to the Funds which generated the surplus that portion of the Surplus Cash Reserves as may be directed by the U. T. Board, in its sole discretion, from time to time. Such distribution back to the Funds shall be in the same proportion that the Funds contributed to the Cash Reserves.

(c) UTIMCO Management Service on Outside Boards:

Members of UTIMCO management, with the approval of the UTIMCO Board, may serve as directors of companies in which UTIMCO has directly invested Fund assets. In such event, any and all compensation paid to UTIMCO management for their services as directors shall be endorsed over to UTIMCO and considered a part of UTIMCO's fee income and reflected in the Budget. Furthermore, UTIMCO Board approval of UTIMCO

management's services as directors of investee companies shall be conditioned upon the extension of UTIMCO's Directors and Officers Insurance Policy coverage to UTIMCO management's services as directors of investee companies.

(d) Fees for Services Rendered:

Members of UTIMCO management may perform services for which UTIMCO receives a fee ("Service Fees") from investment promoters or investee companies in consideration of the UTIMCO staff's private investment activities and/or investment origination activities. Such Service Fees shall be considered additional fee income to UTIMCO. UTIMCO may also receive commitment fees, standby fees and other similar fees ("Capital Fees") accruing or inuring to the capital invested on behalf of the Funds managed by UTIMCO. Such Capital Fees shall be credited to the Funds from which such investments are funded.

(e) Miscellaneous Fees:

UTIMCO management may perform specialized services for assets that are separately invested for which UTIMCO receives a fee from the Fund. These fees primarily relate to maintenance of computer programs for the SIFs. Such Miscellaneous Fees shall be considered additional fee income to UTIMCO and reflected in the Budget.

Section 8. Brokerage Commissions.

The U. T. Board acknowledges and agrees that the investment management fees provided for in Section 7 are in addition to any compensation that may be due to a broker or dealer in effecting and executing transactions on behalf of UTIMCO. UTIMCO is hereby authorized and empowered, with full discretion, to issue instructions in accordance with the Investment Policies to such unaffiliated brokerage firms as may be selected by UTIMCO for the execution of orders for the purchase, sale, exchange and general investment of the Funds; provided that UTIMCO shall not select a brokerage firm that is an Affiliate of UTIMCO or any of its officers, directors or employees. All orders for Fund transactions shall be placed in such markets and through such brokers as UTIMCO determines will offer the most favorable price, execution and commission cost of each order. The U. T. Board acknowledges and agrees that UTIMCO may, from time to time in accordance with applicable law and UTIMCO's Soft Dollar Policy and Procedures, pay commissions to brokers that are higher than those that might be obtainable elsewhere in order to obtain from such brokers research and other services expected to enhance the long-term value of the Funds.

Section 9. Valuation of Fund Assets.

The valuation of each Fund shall be determined in accordance with the Investment Policies approved by the U. T. Board for such Fund.

Section 10. Representations and Warranties of Parties.

- (a) The U. T. Board represents and warrants that:
- (i) The execution, delivery and performance by the U. T. Board of this Agreement have been duly authorized, and this Agreement constitutes a valid and binding agreement of the U. T. Board.

- (ii) There is no action, suit or proceeding pending or, to the knowledge of the U. T. Board, threatened against or affecting the U. T. Board or the U. T. System, or relating to this Agreement, in any court or before or by any governmental department, agency or instrumentality which, if adversely determined, would materially affect the ability or authority of the U. T. Board to enter into, and perform its obligations under, this Agreement, or which in any manner questions the validity or enforceability of this Agreement.

- (iii) The U. T. Board has approved:
 - (A) the Articles of Incorporation and Bylaws of UTIMCO;
 - (B) the Investment Policies;
 - (C) the Audit and Ethics Committee of UTIMCO; and
 - (D) the Code of Ethics of UTIMCO.

- (b) UTIMCO represents and warrants that:
 - (i) The execution, delivery and performance by UTIMCO of this Agreement have been duly authorized and this Agreement constitutes a valid and binding agreement of UTIMCO.
 - (ii) There is no action, suit or proceeding pending or, to the knowledge of UTIMCO, threatened against or affecting UTIMCO, or relating to this Agreement in any court or before or by any governmental department, agency or instrumentality which, if adversely determined, would materially affect the ability or authority of UTIMCO to enter into, and to perform its obligations under, this Agreement, or which in any manner questions the validity or enforceability of this Agreement.

- (c) Investment Company Act and State Securities Act:

The parties to this Agreement acknowledge and agree that UTIMCO is not currently required to, and shall not engage in any activities that would require it to, register as an "investment company" under Title 15 *United States Code* Section 80a-8 (the Investment Company Act of 1940), as amended, and Tex. Rev. Civ. Stat. Ann. art. 581-1 *et seq.* (The Securities Act).

Section 11. Compliance with Bylaws, Policies, Regulations and Financial Disclosure Requirements.

In the performance of this Agreement, UTIMCO shall abide by, and cause its directors, officers, and employees to abide by, the following policies:

- (A) UTIMCO Code of Ethics as approved by the U. T. Board;
- (B) UTIMCO Bylaws as approved by the U. T. Board;
- (C) All UTIMCO policies;
- (D) Applicable portions of the U. T. Board's *Regents' Rules and Regulations*; and
- (E) All U. T. Board-approved Investment Policies, resolutions, and applicable law.

Financial advisors and service providers as defined in *Texas Government Code* Section 2263.002 shall comply with the disclosure requirements contained in *Texas Government Code*

Section 2263.005, in addition to any obligations regarding disclosure of private investment information and the like as contemplated by Section 3(g) of this Agreement.

Section 12. Contracts with Third Parties.

UTIMCO covenants and agrees that each agreement, contract, or understanding it enters into with any third party will comply with all applicable law (including without limitation *Texas Government Code* Sections 2263.002 and 2263.005 as referenced in Section 11 above), and will not contain any term or provision limiting the ability of UTIMCO, the U. T. Board, the U. T. System, or any of its institutions to comply with any provision of applicable law, including without limitation any covenant regarding non-disclosure of confidential information or similar subject matter that would purport to limit the ability of UTIMCO or the U. T. Board to comply with any provision of the Texas Public Information Act or other law regarding public disclosure; provided that any contract provision regarding non-disclosure of confidential information must be approved by the Vice Chancellor and General Counsel of the U. T. System or his/her designee.

UTIMCO further covenants and agrees that it will not enter into any contracts indemnifying or holding harmless any third party to a greater extent than the scope of the indemnification of the Indemnified Parties by the U. T. Board without the prior consent and approval of the Vice Chancellor and General Counsel of the U. T. System.

Section 13. UTIMCO's Open Meeting Policy.

Except as otherwise provided in Section 66.08, *Texas Education Code*, UTIMCO shall comply with all applicable provisions of the Texas Open Meetings Act, Chapter 551 of the *Texas Government Code*.

Section 14. Prohibition Against Service to Other Clients.

In accordance with Section 66.08, *Texas Education Code*, UTIMCO shall not engage in any business other than managing the Funds under this Agreement.

Section 15. Termination.

The U. T. Board may terminate this Agreement at any time by written notice to UTIMCO, effective immediately upon receipt of such notice by UTIMCO, subject to reasonable allowance for settlement of pending trades. UTIMCO may terminate this Agreement upon ninety (90) days' written notice to the U. T. Board. There shall be no penalty for termination; however, UTIMCO shall be entitled to all management fees, compensation, and benefits earned prior to the effective date of termination, subject to UTIMCO's Articles of Incorporation and Bylaws and applicable law.

Section 16. Amendments.

No amendment hereto shall be effective unless executed by duly authorized representatives of each party in the same manner as this Agreement.

Section 17. Notices.

All notices or communications hereunder shall be in writing and shall not be effective until hand delivered, sent by overnight delivery, or sent by United States Certified or Registered Mail, postage prepaid, to the other party at the following addresses which may be changed by notice sent in the manner required by this paragraph:

To U. T. Board:

Board of Regents of The University of Texas System
Attn: General Counsel to the Board of Regents
201 West Seventh Street, Suite 820
Austin, Texas 78701
Tel. (512) 499-4402
Fax. (512) 499-4425

To UTIMCO:

The University of Texas Investment Management Company
Attn: CEO and Chief Investment Officer
401 Congress Avenue, Suite 2800
Austin, Texas 78701
Tel. (512) 225-1600
Fax. (512) 225-1660

Section 18. Non-Assignability.

This Agreement is personal to the parties hereto, and no assignment of this Agreement by UTIMCO, whether by contract, merger, consolidation, or operation of law, shall be made other than with the prior written consent of the U. T. Board and in compliance with applicable law.

Section 19. No Waiver of Breach.

A waiver of a breach of any provision of this Agreement shall not constitute a waiver of any subsequent breach of that provision or a breach of any provision hereof. Failure of either party to enforce at any time or from time to time any provision of this Agreement shall not be construed as a waiver thereof.

Section 20. Indemnification.

(a) Agreements to Indemnify:

To the fullest extent authorized by the Constitution and laws of the State of Texas, the U. T. Board shall indemnify and hold harmless each of the Indemnified Parties against any and all Losses, including Losses resulting from the negligence of the Indemnified Party claiming indemnification; provided, however, the U. T. Board shall not be obligated to indemnify an Indemnified Party against Losses to the extent such Losses are caused by (i) an act or omission that involves intentional misconduct or a knowing violation of law by the Indemnified Party claiming indemnification, (ii) a transaction

from which the Indemnified Party claiming indemnification received an improper benefit, (iii) an act or omission for which the liability of the Indemnified Party claiming indemnification is expressly provided by an applicable statute, or (iv) an act or omission constituting gross negligence by the Indemnified Party claiming indemnification; provided further that indemnification payments by the U. T. Board shall be paid from the same sources as the Annual Fee pursuant to Section 7.

(b) **Reimbursement:**

Each Indemnified Party shall reimburse the U. T. Board for payments made by the U. T. Board pursuant to this Section to the extent of any proceeds, net of all expenses of collection, actually received by it from any insurance with respect to any Loss. At the request and expense of the U. T. Board, each Indemnified Party shall have the duty to claim any such insurance proceeds and such Indemnified Party shall assign its rights to such proceeds, to the extent of such required reimbursement, to the U. T. Board.

(c) **Notice:**

In case any Claim shall be brought or, to the knowledge of any Indemnified Party, threatened against any Indemnified Party in respect of which indemnity may be sought against the U. T. Board, such Indemnified Party shall promptly notify the U. T. Board in writing; provided, however, that any failure so to notify shall not relieve the U. T. Board of its obligations under this Section.

(d) **Defense:**

The U. T. Board shall have the right to assume the investigation and defense of all Claims, including the employment of counsel and the payment of all expenses. Each Indemnified Party shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Party unless (i) the employment of such counsel has been specifically authorized by the U. T. Board, in writing, (ii) the U. T. Board has failed to assume the defense and to employ counsel following due notice, or (iii) the named parties to any such action (including any impleaded parties) include both an Indemnified Party and the U. T. Board, and such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the U. T. Board (in which case, if such Indemnified Party notifies the U. T. Board in writing that it elects to employ separate counsel at the U. T. Board's expense, the U. T. Board shall not have the right to assume the defense of the action on behalf of such Indemnified Party; provided, however, that the U. T. Board shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegation or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for the Indemnified Parties, which firm shall be designated in writing by such Indemnified Parties).

(e) **Cooperation; Settlement:**

Each Indemnified Party shall use reasonable efforts to cooperate with the U. T. Board in the defense of any action or Claim. The U. T. Board shall not be liable for any settlement of any action or Claim without its consent but, if any such action or Claim is settled with

the consent of the U. T. Board or there be final judgment for the plaintiff in any such action or with respect to any such Claim, the U. T. Board shall indemnify and hold harmless the Indemnified Parties from and against any Loss by reason of such settlement or judgment as provided in Subsection (a) of this Section.

(f) Survival; Right to Enforce:

The provisions of this Section shall survive the termination of this Agreement, and the obligations of the U. T. Board hereunder shall apply to Losses or Claims whether asserted prior to or after the termination of this Agreement. In the event of failure by the U. T. Board to observe the covenants, conditions and agreements contained in this Section, any Indemnified Party may take any action at law or in equity to collect amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the U. T. Board under this Section.

Section 21. Claims By and Against Managed Assets.

UTIMCO is authorized and empowered to seek, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands due, payable, or belonging, or that may become due, payable, or belonging to the U. T. Board or any Fund from any person or persons as a result of any investment transaction and to execute any and all necessary or proper receipts, releases, and discharges therefor, and any other instruments as may be necessary or appropriate from time to time relating to the handling, management, control, and disposition of any investment.

The authority granted in this Section does not include the authority to institute litigation on behalf of the U. T. Board, any Fund, or any associated assets, or to settle contested claims or litigation that may result in receipt of less than full value for the claim or the payment of damages or awards. The settlement of any contested claim or litigation for less than full value requires the prior approval of the U. T. System Vice Chancellor and General Counsel and appropriate U. T. System officials, as set out in the Regents' *Rules and Regulations*.

Section 22. Communications.

UTIMCO and the U. T. System will assure that communications are clear and timely. UTIMCO will provide notice of actions taken in meetings of the UTIMCO Board and committees to members of the U. T. Board through the Office of the Board of Regents. U. T. will provide notice of actions taken by the U. T. Board related to UTIMCO issues to members of the UTIMCO Board of Directors through the CEO of UTIMCO.

Section 23. Authority to Purchase, Exchange, and Sell Securities.

UTIMCO may purchase, exchange, and sell, for and on behalf of the Permanent University Fund or the U. T. Board, any and all securities of any description whatever and from any source, including gifts and bequests, registered in the name of the U. T. Board, or in any other form of registration of such securities held for the account of the U. T. Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said U. T. Board. In addition, external investment

Approved February 7, 2008 November 13, 2008

managers appointed by UTIMCO may purchase, sell, or exchange securities, pursuant to written agreement with UTIMCO.

Section 24. Authority to Assign and Transfer Securities.

UTIMCO may assign and transfer any and all securities of any description whatever and from any source, including gifts and bequests, and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the U. T. Board, or in any other form of registration of such securities held for the account of the U. T. Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said U. T. Board. In addition, Custodian banks appointed by UTIMCO may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the U. T. Board.

Section 25. No Third Party Beneficiaries.

UTIMCO and the U. T. Board each agree that there are no third party beneficiaries of this Agreement.

Section 26. Governing Law.

This Agreement and all matters arising under or related to it shall be governed by the Constitution and laws of the State of Texas. Venue for any action brought by any party hereto concerning the subject matter of this Investment Management Services Agreement shall be in Travis County, Texas.

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

Date: _____

By _____
Chairman

THE UNIVERSITY OF TEXAS INVESTMENT
MANAGEMENT COMPANY

Date: _____

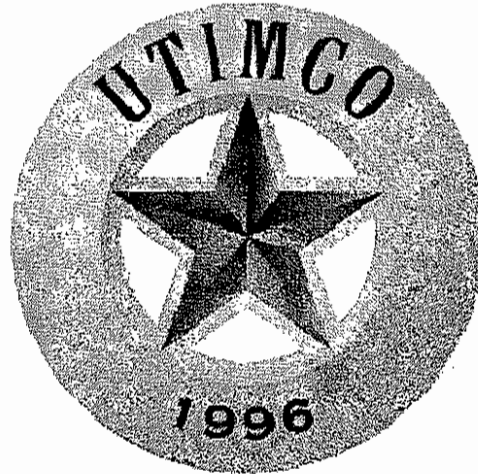
By _____
Chairman

Schedule A

Funds

This Schedule A setting forth the Funds managed by UTIMCO pursuant to this Agreement as fiduciary on behalf of the U. T. Board, in which the Delegated Assets are to be invested as directed by the U. T. Board pursuant to its Investment Policies, may be amended from time to time by the U. T. Board in consultation with UTIMCO to add or remove Funds, change fund allocations, reflect revisions to the corresponding Investment Policies, or otherwise. The Funds covered under this Agreement as of the Effective Date of this Agreement, and the corresponding Investment Policies, are as follows:

- a. **Permanent University Fund**: The PUF (as defined in Section 1(e)(i)) will be separately invested in accordance with the PUF Investment Policy Statement.
- b. **Permanent Health Fund**: The PHF (as defined in Section 1(e)(iv)) will be separately invested in accordance with the PHF Investment Policy Statement.
- c. **Separately Invested Funds**: The SIFs (as defined in Section 1(e)(v)) will be separately invested in accordance with the SIF Investment Policy Statement.
- d. **Long Term Fund ("LTF")**: The long-term pooled investment fund previously established by the U. T. Board for the collective investment of all endowment and other long-term funds of institutions of the U. T. System, with investments made in accordance with the LTF Investment Policy Statement.
- e. **General Endowment Fund ("GEF")**: The pooled fund for the collective investment of long-term funds under the control and management of the U. T. Board. The PUF, PHF, LTF or other long-term funds may invest in the GEF as authorized by the U. T. Board in each Fund's investment policy statement, and the GEF funds will be invested in accordance with the GEF Investment Policy Statement.
- f. **Short Term Fund ("STF")**: Selected U. T. System Funds designated from time to time by the U. T. Board or its U. T. System staff designees will be invested in the STF, which is the money market mutual fund or funds approved by UTIMCO from time to time as an investment for U. T. System Funds, in accordance with the STF Investment Policy Statement.
- g. **Intermediate Term Fund ("ITF")**: The ITF was established by the U. T. Board as a pooled fund for the collective investment of operating assets and other intermediate and long-term assets held by U. T. System institutions and U. T. System administration. The ITF will be invested in accordance with the ITF Investment Policy Statement.



THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

CODE OF ETHICS

Approved by the Board of Regents August 14, 2008

**THE UNIVERSITY OF TEXAS INVESTMENT
MANAGEMENT COMPANY
CODE OF ETHICS**

Subchapter A. GENERAL PROVISIONS

Sec. 1.01. General Principles. (a) The Board of Regents of The University of Texas System has ultimate fiduciary responsibility for causing the funds within its investment authority to be managed in accordance with applicable law.

(b) The standard mandated by Article VII, Section 11b, of the Texas Constitution concerning the permanent university fund, the standard mandated by the Board of Regents concerning all of the funds within its investment authority under the Investment Management Services Agreement between the Board of Regents and The University of Texas Investment Management Company (UTIMCO), and the standard mandated by the Board of Regents' Investment Policy Statements require those funds to be invested in such investments that "prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of the assets of the fund rather than a single investment."

(c) Pursuant to the Investment Management Services Agreement, the Board of Regents has appointed UTIMCO as its investment manager with respect to those funds for which the Board of Regents has investment responsibility. In the agreement, UTIMCO has acknowledged that it acts as a fiduciary of the Board of Regents in the discharge of its investment management responsibilities and is obligated to manage the investments of the funds pursuant to policies of the Board of Regents that incorporate and adhere to the prudent investor standard. Accordingly, both the Board of Regents and UTIMCO have fiduciary interests in assuring that the Directors and Employees of UTIMCO possess the requisite knowledge, skill, and experience to manage the funds in accordance with the prudent investor standard described in Subsection (b) of this section and other applicable law.

(d) This Code of Ethics (Code) sets forth the basic principles and guidelines for Directors and Employees of UTIMCO, in addition to and in accordance with the requirements of Section 66.08 of the *Texas Education Code*, the Texas Non-Profit Corporation Act, and other applicable laws.

(e) This Code of Ethics anticipates that many of UTIMCO's Directors and Employees will be active investors, either individually or on behalf of others, in the same asset categories as the funds managed by UTIMCO on behalf of the Board of Regents. Without seeking to disqualify those Directors and Employees from service to UTIMCO except to the extent necessary or appropriate to avoid conflicts of interest or otherwise conform to applicable law, this Code holds all Directors and Employees to high standards of conduct consistent with their special relationship of trust, confidence, and responsibility to UTIMCO. This Code also recognizes UTIMCO's unique role as the dedicated investment manager of the Board of Regents in investing the funds in furtherance of the education mission of the Board of Regents, the institutions of The University of Texas System, and other beneficiaries of the funds.

(f) In addition to strict compliance with legal requirements, all Directors and Employees are expected to be guided by the basic principles of loyalty, prudence, honesty and fairness in conducting UTIMCO's affairs.

Sec. 1.02. Definitions. In this Code:

- (1) "Audit and Ethics Committee" means the standing Audit and Ethics Committee established by UTIMCO bylaws.
- (2) "Board" means the Board of Directors of UTIMCO.
- (3) "Board of Regents" means the Board of Regents of The University of Texas System.
- (4) "CEO" means the Chief Executive Officer of UTIMCO.
- (5) "Chief Compliance Officer" means the person designated from time to time as the chair of the Employee Ethics and Compliance Committee.
- (6) "Dependent Relative" means a Relative of a UTIMCO Director or Employee for whom the Director or Employee furnished more than 50 percent of the Relative's support during the preceding calendar year.
- (67) "Director" means a member of the Board of Directors of UTIMCO.
- (78) "Director entity" means an investment fund or other entity controlled by a UTIMCO Director.

(89) "Employee" means a person working for UTIMCO in an employer-employee relationship.

(910) "Employee entity" means an investment fund or other entity controlled by a UTIMCO Employee.

(11) "Family member" means (i) a Director's or Employee's mother, father, child or Dependent Relative, and their spouses; (ii) a Director's or Employee's spouse, and the spouse's mother and father and their spouses; and (iii) a Director's or Employee's brother(s) and sister(s) and their spouses.

(1012) "General Counsel" means the lawyer or firm of lawyers designated from time to time as the external General Counsel of UTIMCO.

(113) "Key Employee" means an Employee who has been designated by the Board as one who exercises significant decision-making authority by virtue of the position the Employee holds with UTIMCO.

(1214) "Personal securities transactions" means:

(A) transactions for a Director's or Employee's own account, including an individual retirement account; or

(B) transactions for an account, other than an account over which the Director or Employee has no direct or indirect influence or control, in which the Director or Employee, or the Director's or Employee's spouse, minor child, or other dependent Relative:

(i) is an income or principal beneficiary or other equity owner of the account; or

(ii) receives compensation for managing the account for the benefit of persons other than such person or his or her family.

(1315) "Private investment" means any debt obligation or equity interest that is not a publicly traded security, including a "private investment" in a publicly traded company.

(1416) "Publicly traded company" means a business entity with a class of securities that consists of publicly traded securities.

(~~15~~17) “Publicly traded securities” means securities of a class that is listed on a national securities exchange or quoted on the NASDAQ national market system in the United States or that is publicly traded on any foreign stock exchange or other foreign market.

(~~16~~18) “Relative” means a person related within the third degree by consanguinity or the second degree by affinity determined in accordance with Sections 573.021 – 573.025, *Government Code*. For purposes of this definition:

- (i) examples of a relative within the third degree by consanguinity are a child, grandchild, great-grandchild, parent, grandparent, great-grandparent, brother, sister, uncle, aunt, niece, or nephew;
- (ii) examples of a relative within the second degree by affinity are a spouse, a person related to a spouse within the second degree by consanguinity, or a spouse of such a person;
- (iii) a person adopted into a family is considered a relative on the same basis as a natural born family member; and
- (iv) a person is considered a spouse even if the marriage has been dissolved by death or divorce if there are surviving children of that marriage.

(~~17~~19) “UTIMCO” means The University of Texas Investment Management Company.

(~~18~~20) “UTIMCO entity” means an investment fund or other entity controlled by UTIMCO.

Sec. 1.03. Definition of “Control.” (a) For purposes of this Code, UTIMCO or a Director or Employee is presumed to control an investment fund or other entity if UTIMCO’s or the Director’s or Employee’s management role with or investment in the fund or entity enables UTIMCO or the Director or Employee, as appropriate, to direct the operating or financial decisions of the fund or entity. However, the presumption of control by a Director or Employee shall be rebutted if the General Counsel advises the Board that, based upon a review and confirmation of relevant facts provided by the respective Director or Employee, it is the opinion of the General Counsel that the Director or Employee does not have ultimate control of the operating or financial decisions of a particular fund or entity.

(b) Without limiting the provisions of Subsection (a), UTIMCO or a Director or Employee is not presumed to control an investment fund or other entity if UTIMCO or the Director or Employee, as appropriate, does not have a management role, if the terms of the investment do not give UTIMCO or the Director or Employee, as appropriate, the legal right to direct the operating or financial decisions of the fund or entity, and if UTIMCO or the Director or Employee, as appropriate, does not attempt to direct the operating or financial decisions.

Sec. 1.04. Decision-Making Based on Merit. (a) UTIMCO Directors and Employees shall base UTIMCO business transactions on professional integrity and competence, financial merit and benefit to UTIMCO, and, if required or prudent, on a competitive basis.

(b) UTIMCO Directors and Employees may not base any UTIMCO business decisions on family or personal relationships.

Sec. 1.05. Compliance with Law. Directors and Employees shall comply with all applicable laws, and should be specifically knowledgeable of Section 66.08, *Education Code* (Investment Management), Section 39.02, *Penal Code* (Abuse of Official Capacity), and Section 39.06, *Penal Code* (Misuse of Official Information).

Sec. 1.06. Compliance with Professional Standards. Directors and Employees who are members of professional organizations, such as the CFA Institute, shall comply with any standards of conduct adopted by the organizations of which they are members.

Sec. 1.07. Accounting and Operating Controls. Directors and Employees shall observe the accounting and operating controls established by law and UTIMCO policies, including restrictions and prohibitions on the use of UTIMCO property for personal or other purposes not related to UTIMCO business.

Sec. 1.08. General Standards of Conduct for Directors and Employees.

(a) It is the policy of UTIMCO that a Director or Employee should not:

- (1) accept or solicit any gift, favor, or service that might reasonably tend to influence the Director or Employee in the discharge of his or her duties for UTIMCO or that the Director or Employee knows or should know is being offered with the intent to influence the Director's or Employee's conduct on behalf of UTIMCO;

- (2) accept other employment or engage in a business or professional activity that the Director or Employee might reasonably expect would require or induce the Director or Employee to disclose confidential information acquired by reason of his or her position with UTIMCO;
- (3) accept other employment or compensation that could reasonably be expected to impair the Director's or Employee's independence of judgment in the performance of his or her duties for UTIMCO;
- (4) make personal investments that could reasonably be expected to create a substantial conflict between the Director's or Employee's private interest and the interests of UTIMCO; or
- (5) intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised the Director's or Employee's authority or performed the Director's or Employee's duties at UTIMCO in favor of another.

Sec. 1.09. Honesty and Loyalty. (a) Directors and Employees shall be honest in the exercise of their duties and may not take actions that will discredit UTIMCO.

(b) Directors and Employees should be loyal to the interests of UTIMCO to the extent that their loyalty is not in conflict with other duties that legally have priority.

Sec. 1.10. Relationship with UTIMCO Not Used for Personal Gain.

(a) Directors and Employees may not use their relationship with UTIMCO to seek or obtain personal gain beyond agreed compensation or any properly authorized expense reimbursement.

(b) This section does not prohibit the use of UTIMCO as a reference or prohibit communicating to others the fact that a relationship with UTIMCO exists as long as no misrepresentation is involved.

Sec. 1.11. Confidential Information. (a) Directors and Employees may not disclose confidential information unless duly authorized personnel determine that the disclosure is either permitted or required by law.

(b) Directors and Employees shall use confidential information for UTIMCO purposes and not for their own personal gain or for the gain of third parties.

(c) Directors and Employees may not copy confidential information, for any reason, except as required to fulfill their duties for UTIMCO.

(d) Employees may not remove confidential information from the premises of UTIMCO, except as required to fulfill their duties for UTIMCO and then only for so long as required to fulfill their duties.

(e) Employees must return to UTIMCO all confidential information in their possession immediately upon request or immediately upon the termination of Employee's employment with UTIMCO, whichever comes first.

Sec. 1.12. Nepotism. (a) UTIMCO may not employ a person who is a Relative of a Director. This subsection does not prohibit the continued employment of a person who has been working for UTIMCO for at least 30 consecutive days before the date of the related Director's appointment.

(b) UTIMCO may not employ a person who is a Relative of a Key Employee, of a consultant, or of any owner, director, or officer of a consultant. This subsection does not prohibit the continued employment of a person who has been working for UTIMCO for at least 30 consecutive days:

(1) before the date of the selection of the Key Employee or consultant; or

(2) before becoming a Relative.

(c) An Employee may not exercise discretionary authority to hire, evaluate, or promote a Relative.

(d) An Employee may not directly or indirectly supervise a Relative. In this subsection, "supervise" means to oversee with the powers of direction and decision-making the implementation of one's own or another's intentions, and normally involves assigning duties, overseeing and evaluating work, and approving leave.

(e) This section does not prohibit the employment of a Relative of an Employee for a short-term special project as a non-exempt Employee if the Employee seeking to employ a Relative discloses the relationship in advance to the Chief Compliance Officer and obtains prior approval from that officer for the employment.

Sec. 1.13. Gifts and Entertainment. (a) A Director or Employee may not accept a gift that the Director or Employee knows or should know is

being offered or given because of the Director's or Employee's position with UTIMCO. This prohibition applies to gifts solicited or accepted for the personal benefit of the Director or Employee as well as to gifts to third parties.

(b) The prohibitions in this Code do not apply to the following gifts if acceptance does not violate a law:

- (1) gifts given on special occasions between Employees and/or Directors;
- (2) books, pamphlets, articles, or other similar materials that contain information directly related to the job duties of a Director or Employee and that are accepted by the Director or Employee on behalf of UTIMCO for use in performing his or her job duties;
- (3) gifts from the Relatives of a Director or Employee that are based solely on a personal relationship between the Director or Employee and his or her Relative;
- (4) business meals and receptions when the donor or a representative of the donor is present;
- (5) ground transportation in connection with business meetings, meals, or receptions;
- (6) fees for seminars or conferences that relate to the Director's or Employee's job duties and that are sponsored by UTIMCO's consultants or agents, prospective consultants or agents, or persons or entities whose interests may be affected by UTIMCO; and
- (7) items of nominal intrinsic value, such as modest items of food and refreshment on infrequent occasions, gifts on special occasions, and unsolicited advertising or promotional material such as plaques, certificates, trophies, paperweights, calendars, note pads, and pencils, but excluding cash or negotiable instruments.

(c) Attendance of Directors or Employees at seminars, conferences or other sponsored events that involve entertainment or recreation and that are hosted in person and paid for by UTIMCO's consultants or agents, prospective consultants or agents, or persons or entities whose interests may be affected by UTIMCO may in some cases be in the best interest of UTIMCO. An Employee must obtain specific written approval to attend

such events from the CEO or Chief Compliance Officer. Approval may be withheld for elaborate entertainment events such as ski trips, hunting trips, or stays at expensive resorts.

(d) A Director or Employee may not accept a gift if the source of the gift is not identified or if the Director or Employee knows or has reason to know that a prohibited gift is being offered through an intermediary.

(e) A Director or Employee who receives a prohibited gift should return the gift to its source or, if that is not possible or feasible, donate the gift to charity.

Sec. 1.14. Communications with General Counsel. When the General Counsel of UTIMCO is a firm of lawyers, one principal within that firm must be identified to receive all written and oral communications made pursuant to this Code.

Sec. 1.15. Key Employees. The Board shall designate by position with UTIMCO those Employees who exercise significant decision-making authority. These Employees are "Key Employees" for purposes of this Code.

Subchapter B. CONFLICTS OF INTEREST

Sec. 2.01. Definition of Conflict of Interest. (a) A conflict of interest exists for a Director or Employee when the Director or Employee has a personal or private commercial or business relationship that could reasonably be expected to diminish the Director's or Employee's independence of judgment in the performance of the Director's or Employee's responsibilities to UTIMCO.

(b) For example, a person's independence of judgment is diminished when the person is in a position to take action or not take action with respect to UTIMCO or its business and the act or failure to act is or reasonably appears to be influenced by considerations of personal gain or benefit rather than motivated by the interests of UTIMCO.

Sec. 2.02. Exceptions for Minimal Stock Ownership. It is not a conflict of interest solely because a Director or Employee has an investment in the stock of a publicly traded company that is owned, purchased, sold, or otherwise dealt with by UTIMCO if the Director's or Employee's interest in the stock is not more than five percent of any class and if the Director or Employee is not a director or officer of the company.

Sec. 2.03. Duty to Avoid Conflicts of Interest. (a) Directors and Employees should avoid personal, employment, or business relationships that create conflicts of interest.

(b) A Director or Employee may not take action personally or on behalf of UTIMCO that will result in a reasonably foreseeable conflict of interest. If a Director or Employee believes that an action is in the best interest of UTIMCO but could foreseeably result in a conflict of interest, the Director must disclose that fact to the General Counsel or the Employee must disclose that fact to the Chief Compliance Officer before taking the action.

Sec. 2.04. Duty to Disclose and Cure Conflicts. A Director or Employee who becomes aware of a conflict of interest has an affirmative duty to disclose and cure the conflict in a manner provided for in this Code.

Sec. 2.05. Curing Conflicts of Interest. (a) A Director or Employee who becomes aware, or reasonably should have become aware, of a conflict of interest shall cure the conflict by promptly eliminating it, except as provided by Subsection (b).

(b) A Director or Employee may cure a conflict by prudently withdrawing from action on a particular matter in which a conflict exists if:

- (1) the Director or Employee may be and is effectively separated from influencing the action taken;
- (2) the action may properly be taken by others;
- (3) the nature of the conflict is not such that the Director or Employee must regularly and consistently withdraw from decisions that are normally the Director's or Employee's responsibility with respect to UTIMCO; and
- (4) the conflict is not a prohibited transaction resulting from a Director or Employee having a pecuniary interest in a business entity as described in Section 3.01 of this Code.

(c) A Director or Employee who cannot or does not wish to eliminate or cure a conflict of interest shall terminate his or her relationship with UTIMCO as quickly as responsibly and legally possible.

Sec. 2.06. Disclosing and Refraining from Participation. (a) A Director must disclose any conflicts of interest regarding matters that are before

the Board, absent himself or herself from any relevant deliberations, and refrain from voting on the matter.

(b) An Employee must disclose any conflicts of interest and refrain from giving advice or making decisions about matters affected by the conflict unless the Board, after consultation with the General Counsel, expressly waives the conflict.

Sec. 2.07. Waivers of Conflicts of Interest. (a) The Board shall decide at an official meeting whether to waive any conflict of interest disclosed under Section 2.06(b) of this Code.

(b) To assist it in deciding whether to grant waivers, the Board may develop criteria for determining the kinds of relationships that do not constitute material conflicts.

(c) Any waiver of a conflict of interest, including the reasons supporting the waiver, must be included in the minutes of the meeting.

(d) The Chief Compliance Officer shall maintain records of all waivers granted, including the reasons supporting the waivers.

Sec. 2.08. Procedures for Director's Disclosure of Conflict of Interest. A Director must disclose conflicts of interest in writing to the General Counsel before a UTIMCO Board meeting. If disclosure is made at a Board meeting, the minutes of the meeting must include the disclosure of the conflict.

Sec. 2.09. Procedures for Employee's Disclosure of Conflict of Interest.

(a) An Employee must promptly disclose conflicts of interest in writing to the Chief Compliance Officer through the financial disclosure and ethics compliance statement required by Section 4.03 of this Code. The Chief Compliance Officer shall report to the Audit and Ethics Committee regarding the statements the officer receives under this subsection.

(b) If a person with a duty to disclose a conflict has a reasonable cause to believe that disclosure to the Chief Compliance Officer will be ineffective, the person shall disclose the conflict to the Audit and Ethics Committee by filing a written disclosure with the chair of the Committee.

(c) A copy of the disclosure provided to either the Chief Compliance Officer or the Audit and Ethics Committee shall be provided to the Employee's supervisor unless the person with the conflict of interest believes that the disclosure would be detrimental to the resolution of the conflict.

Sec. 2.10. Referrals. Referral of information from a Director related to investment opportunities outside of a posted open meeting of the Board must be made using the procedures provided by the Regents' *Rules and Regulations*, Rule 70201, Section 12.

Subchapter C. PROHIBITED TRANSACTIONS AND INTERESTS

Sec. 3.01. Prohibitions Related to UTIMCO. (a)(i) UTIMCO or a UTIMCO entity may not enter into an agreement or transaction with:

- (1) a Director or Employee acting in other than an official capacity on behalf of UTIMCO;
- (2) a Director entity, Employee entity, or other business entity, including an investment fund, in which a Director or Employee has a pecuniary interest;
- (3) a former Director or Employee, an investment fund or other entity controlled by a former Director or Employee, or a business entity in which a former Director or Employee has a pecuniary interest, on or before the first anniversary of the date the person ceased to be a Director or Employee; or
- (4) an investment fund or account managed by a Director, Director entity, Employee, or Employee entity as a fiduciary or agent for compensation, other than funds for which the Board of Regents has investment responsibility and for which UTIMCO has been appointed as investment manager.

(ii) UTIMCO or a UTIMCO entity may not knowingly enter into an agreement or transaction with a Family member of a Director or Employee, or other business entity, including an investment fund, in which a Family member of a Director or Employee has a pecuniary interest determined pursuant to Section 3.01(b)(1) or (2) of this Code. If a Director or Employee has actual knowledge that UTIMCO or a UTIMCO entity is contemplating entering into an agreement or transaction with a Family member of such Director or Employee or a business entity, including an investment fund, in which a Family member of such Director or Employee has a pecuniary interest determined pursuant to Section 3.01(b)(1) or (2) of this Code, said Director or Employee shall promptly notify the CEO and Chief Compliance Officer. In which event, the actual knowledge of such Director or Employee shall be imputed to UTIMCO or the UTIMCO entity, as appropriate, for purposes of this Section 3.01(a)(ii).

(b) For purposes of this Code, a person has a "pecuniary interest" in a business entity if the person:

- (1) owns five percent or more of the voting stock or shares of the business entity; or
- (2) owns five percent or more of the fair market value of the business entity; or
- (3) received more than five percent of the person's gross income for the preceding calendar year from the business entity.

Sec. 3.02. UTIMCO Investment Policies for Publicly Traded Companies.

UTIMCO and UTIMCO entities shall implement procedures and safeguards to insure that none of the funds for which the Board of Regents has investment responsibility and for which UTIMCO has been appointed as investment manager is invested by UTIMCO or a UTIMCO entity in the publicly traded securities of a publicly traded company in which a Director or Employee has a pecuniary interest.

Sec. 3.03. UTIMCO Investments in Private Investments of Certain Business Entities. (a) UTIMCO or a UTIMCO entity may not:

- (1) invest in the private investments of a business entity if a Director or Director entity then owns a pecuniary interest in the same business entity as defined by Section 3.01(b) of this Code; or
- (2) invest in the private investments of a business entity if an Employee or Employee entity then owns a private investment in the same business entity; or
- (3) co-invest with a Director or Director entity, in the private investments of the same business entity if after the co-investment, the Director's or Director entity's private investment constitutes a pecuniary interest in the business entity as defined by Section 3.01(b) of this Code; or
- (4) co-invest with an Employee or Employee entity in the private investments of the same business entity.

(b) UTIMCO or a UTIMCO entity may not knowingly:

- (1) invest in the private investments of a business entity if a Family member of a Director or Employee then owns a

pecuniary interest in the same business entity determined pursuant to Section 3.01(b)(1) or (2) of this Code; or

(2) co-invest with a Family member of a Director or Employee in the private investments of the same business entity if after the co-investment, the private investment of said Family member constitutes a pecuniary interest in the business entity determined pursuant to Section 3.01(b)(1) or (2) of this Code.

(c) If a Director or Employee has actual knowledge that UTIMCO or a UTIMCO entity is contemplating:

(1) investing in the private investments of a business entity in which a Family member of such Director or Employee then owns a pecuniary interest in the same business entity determined pursuant to Section 3.01(b)(1) or (2) of this Code; or

(2) co-investing with a Family member of such Director or Employee in the private investments of the same business entity under circumstances such that after the co-investment, the private investment of said Family member would constitute a pecuniary interest in the business entity determined pursuant to Section 3.01(b)(1) or (2) of this Code;

said Director or Employee shall promptly notify the CEO and Chief Compliance Officer. In which event, the actual knowledge of such Director or Employee shall be imputed to UTIMCO or the UTIMCO entity, as appropriate, for purposes of Section 3.03(b) of this Code.

Sec. 3.04. Director Investments in Private Investments of Certain Business Entities. (a) A Director or a Director entity may not:

(1) invest in the private investments of a business entity if UTIMCO or a UTIMCO entity, then owns a private investment in the same business entity if after the investment, the Director's or Director entity's private investment constitutes a pecuniary interest in the business entity as defined by Section 3.01(b) of this Code; or

(2) co-invest with UTIMCO or a UTIMCO entity in the private investments of the same business entity if after the co-investment, the Director's or Director entity's private

investment constitutes a pecuniary interest in the business entity as defined by Section 3.01(b) of this Code; or

- (3) co-invest with an Employee or an Employee entity in the private investments of the same business entity.

(b) The prohibitions provided by this section apply to a Director's spouse, minor children, or other dependent Relatives.

Sec. 3.05. Employee Investments in Private Investments of Certain Business Entities. (a) An Employee or Employee entity may not:

- (1) invest in the private investments of a business entity if UTIMCO, a UTIMCO entity, a Director, or a Director entity then owns a private investment in the same business entity; or
- (2) co-invest with UTIMCO, a UTIMCO entity, a Director, or a Director entity in the private investments of the same business entity.

(b) The prohibitions provided by this section apply to an Employee's spouse, minor children, or other dependent Relatives.

Sec. 3.06. Divestment Not Required For Certain Private Investments.

An Employee or Employee entity that owns a private investment in a business entity on the date on which the Employee assumes a position with UTIMCO is not required by Section 3.05 of this Code to divest that private investment as long as the private investment does not constitute a pecuniary interest in a business entity as defined by Section 3.01(b) of this Code. Any transactions concerning the private investment that might occur after that date are subject to this Code.

Sec. 3.07. Director Personal Securities Transactions. (a) A Director or Director entity may buy or sell a publicly traded security of an issuer that is held by UTIMCO but may not engage in a personal securities transaction if the Director has actual knowledge that an internal portfolio manager of UTIMCO has placed a buy/sell order for execution.

(b) The prohibition provided by this section applies to a Director's spouse, minor child, or other dependent Relative.

Sec. 3.08. Employee Personal Securities Transactions. (a) Employees are prohibited from using advance knowledge of a UTIMCO decision to buy or sell a security for the personal financial gain of the Employee.

(b) An Employee or Employee entity may engage in a personal securities transaction without obtaining preclearance for the transaction from the Chief Compliance Officer with respect to a security that is not a security of an issuer that is held by UTIMCO and included on the UTIMCO maintained list of securities holdings. The UTIMCO list of securities holdings will be posted on the UTIMCO intranet and updated as securities holdings change. An employee may rely on the posted list when engaging in personal securities transactions.

(c) Before an Employee or Employee entity may engage in a personal securities transaction with respect to a security of an issuer that is included on the UTIMCO maintained list of securities holdings, the Employee or Employee entity must obtain preclearance for the transaction from the Chief Compliance Officer. Preclearance is effective for one trading day only.

(d) The Chief Compliance Officer shall verify that no buy/sell order has been placed by a UTIMCO internal manager with respect to the security of an issuer held by and included on the UTIMCO maintained list of securities holdings that is the subject of the Employee's personal securities transaction. If such a buy/sell order has been placed, an Employee or Employee entity may not conduct the personal securities transaction for those securities until at least one trading day after the buy/sell order has been completed or canceled.

(e) The Chief Compliance Officer shall document preclearances in a personal securities transaction log for each Employee, which will provide a record of all requests and approvals or denials of preclearances.

(f) An Employee who engages in a personal securities transaction must provide transactional disclosure for each transaction by completing a transactional disclosure form and filing it with the Chief Compliance Officer not later than the tenth calendar day after the trade date. The form must contain the:

- (1) name and amount of the security involved;
- (2) date and nature of the transaction;
- (3) price at which the transaction was effected; and
- (4) name of the broker through whom the transaction was effected.

(g) The preclearance and transactional disclosure requirements apply only to equity or equity-related transactions, including stocks,

convertibles, preferreds, options on securities, warrants, and rights, etc., for domestic and foreign securities, whether publicly traded or privately placed. The preclearance and transactional disclosure requirements do not apply to bonds other than convertible bonds, mutual funds, co-mingled trust funds, exchange traded funds, financial futures, and options on futures.

(h) This section applies to an Employee's spouse, minor child, or other dependent Relative.

Sec 3.09. Interest in Brokerage Firm (a) A Director may not direct trades or exercise discretion over the selection of brokerage firms.

(b) An Employee may not have stock or other ownership or profit sharing interest in a brokerage firm selected by the Employee for UTIMCO business if the Employee has the discretion to direct trading and therefore the discretion to select brokerage firms.

(c) The restrictions provided by this section apply to:

- (1) stock held for an Employee's own account;
- (2) stock or other ownership or profit sharing interests held by an Employee's spouse; or
- (3) stock held for an account, other than an account over which the Employee has no direct or indirect influence or control, in which the Employee has a beneficial interest, such as accounts involving the spouse, minor child, or other ~~dependent~~ Dependent Relative.

(d) The restrictions provided by this section do not prohibit the ownership of stock in a company that may own stock in a brokerage firm if the brokerage firm is not the dominant or primary business of the parent company.

Sec. 3.10. Employee's Outside Employment or Business Activity. (a) An Employee may not engage in outside employment, business, or other activities that detract from the ability to reasonably fulfill the full-time responsibilities to UTIMCO.

(b) A Key Employee must obtain advance written approval from the CEO for any outside employment or business, including service as director, officer, or investment consultant or manager for another person or entity. The CEO must obtain advance approval from the Board for any outside employment.

(c) An Employee, with the prior approval of the Board, may serve as a director of a company in which UTIMCO has directly invested its assets. The Board's approval must be conditioned on the extension of UTIMCO's Directors and Officers Insurance Policy coverage to the Employee's service as director of the investee company. All compensation paid to an Employee for service as director of an investee company shall be endorsed to UTIMCO and applied against UTIMCO's fees.

Sec. 3.11. Further Restrictions on Directors and Employees. A Director or Employee may not:

- (1) participate in a matter before UTIMCO that involves a business, contract, property, or investment held by the person if it is reasonably foreseeable that UTIMCO action on the matter would confer a benefit to the person by or through the business, contract, property, or investment;
- (2) recommend or cause discretionary UTIMCO business to be transacted with or for the benefit of a Relative;
- (3) accept offers by reason of the person's position with UTIMCO to trade in any security or other investment on terms more favorable than available to the general investing public;
- (4) borrow from investment managers, outside service providers, professional advisors or consultants, banks, or other financial institutions with which UTIMCO has a business relationship unless the entity is normally engaged in such lending in the usual course of business, in which case the transaction must be on customary terms offered to others under similar circumstances to finance proper and usual activities; or
- (5) represent any person in any action or proceeding before or involving the interests of UTIMCO except as a duly authorized representative or agent of UTIMCO.

Sec. 3.12. Former Directors and Employees. (a) A former Director or Employee may not make any communication to or appearance before a current Director or Employee before the second anniversary, in the case of a former Director, or the first anniversary, in the case of a former Employee, of the date the former Director or Employee ceased to be a Director or Employee if the communication is made:

- (1) with the intent to influence; and

(2) on behalf of any person in connection with any matter on which the former Director or Employee seeks action by UTIMCO.

(b) A Director or Employee who knowingly communicates with a former Director or Employee in violation of this prohibition is subject to disciplinary action, including removal from serving as a Director.

(c) A former Director or Employee may not disclose confidential information without UTIMCO's written consent or except as permitted or required by law.

Subchapter D. FINANCIAL DISCLOSURE, COMPLIANCE, AND ENFORCEMENT

Sec. 4.01. Employee Ethics and Compliance Committee. (a) The CEO shall appoint an Employee Ethics and Compliance Committee composed of UTIMCO personnel.

(b) The Chief Compliance Officer appointed by the Audit and Ethics Committee shall be the chair of the Employee Ethics and Compliance Committee.

(c) The Employee Ethics and Compliance Committee shall:

(1) provide ethics training for UTIMCO personnel; and

(2) issue opinions on the proper interpretation of this Code.

(d) An Employee may file a written request with the Employee Ethics and Compliance Committee for an opinion on the proper interpretation of this Code, and may rely on that opinion with respect to compliance with this Code.

Sec. 4.02. Financial Disclosure Statements. (a) Directors and Employees shall file financial disclosure statements with the Chief Compliance Officer.

(b) Directors and Employees shall file the financial disclosure statement not later than the 30th day after the date of appointment or employment, and not later than April 30 of each year thereafter. The CEO may postpone a filing deadline for not more than 60 days on the written request of a Director or Employee (other than the CEO), or for an additional period for good cause as determined by the chair of the Board.

A CEO's request to postpone his/her filing deadline must be approved by the chair of the Board.

(c) UTIMCO must maintain a financial disclosure statement for at least five years after the date it is filed.

(d) Directors who are required to file disclosure statements with the Texas Ethics Commission shall file those statements in the form prescribed by law.

Sec. 4.03. Ethics Compliance Statements. (a) Directors and Employees, including acting or interim Employees, must file ethics compliance statements with the Chief Compliance Officer.

(b) Directors and Employees shall sign, date, and file the ethics compliance statements not later than the 60th day after the date of appointment or employment. Thereafter, any person who is a Director or Employee on December 31 of any year must file the compliance statement not later than April 30 of the following year.

(c) In the ethics compliance statement, the Director or Employee must acknowledge that he or she has received and read this Code, that he or she will comply with its provisions, and that it is his or her duty to report any act by other Directors or Employees when he or she has knowledge of a violation of this Code. An Employee must also acknowledge that adherence to this Code is a condition of employment. The statement must also disclose any conflicts of interest or violations of the Code of which the Director or Employee is aware.

(d) Key Employees must acknowledge their Key Employee status in the ethics compliance statement.

(e) The ethics compliance statement must include a reminder that a Director or Employee is required to update a statement if a change in circumstances occurs that would require reporting under this Code.

(f) An Employee's signed statement shall be maintained in the Employee's personnel file. The Chief Compliance Officer shall maintain the Directors' signed statements.

Sec. 4.04. Certification of No Pecuniary Interest. (a) Before the Board enters into an agreement or transaction with a business entity, including an investment fund, each Director and Key Employee shall certify that he or she does not have a pecuniary interest, as defined by Section 3.01(b) of this Code, in the business entity.

(b) Before the Board invests in the private investments of a business entity, (i) each Director shall certify that neither the Director nor any Director entity has a pecuniary interest, as defined by Section 3.01(b) of this Code, in the same business entity; and (ii) each Key Employee shall certify that neither the Key Employee nor any Key Employee entity owns a private investment in the same business entity.

Sec. 4.05. Disciplinary Action Disclosure Statements. (a) Directors and Key Employees shall file disciplinary action disclosure statements that disclose any proceedings, actions, or hearings by any professional organization or other entity involving the Director or Key Employee.

(b) Directors and Key Employees must file the disciplinary action disclosure statement with the Chief Compliance Officer not later than April 30 of the first year of designation as a Director or Key Employee.

(c) A Director or Key Employee must promptly update a statement if any action occurs that would cause a Director's or Employee's answers to change.

Sec. 4.06. Custodian of Records. For open records purposes, the Chief Compliance Officer is the custodian of the disclosure statements required by this Code.

Sec. 4.07. Enforcement. (a) The CEO is responsible for implementing this Code with respect to Employees. The Board shall enforce this Code with respect to Employees through the CEO.

(b) An Employee who violates this Code may be subject to the full range of disciplinary options under UTIMCO personnel policies and practices, including termination.

(c) The Board shall enforce this Code with respect to individual Directors through resolutions of reprimand, censure, or other appropriate parliamentary measures, including requests for resignation.

Sec. 4.08. Duty to Report. (a) A Director who has knowledge of a violation of this Code shall report the violation to the General Counsel.

(b) An Employee who has knowledge of a violation of this Code shall report the violation to the Chief Compliance Officer or to a member of the Audit and Ethics Committee.

(c) Retaliatory action may not be taken against a person who makes a good faith report of a violation involving another person.

Sec. 4.09. Notice to Audit and Ethics Committee. (a) The CEO shall notify the Audit and Ethics Committee in writing not later than February 15 of each year concerning:

- (1) any approval given for outside employment by Key Employees, including the nature of the employment; and
- (2) any disciplinary action disclosed by Directors or Key Employees.

TAB 9

Agenda Item
UTIMCO Board of Directors Meeting
November 7, 2008

Agenda Item: Report from Risk Committee

Developed By: Staff

Presented By: Tate

Type of Item: Discussion item

Description: The Risk Committee ("Committee") met on October 23, 2008. The Committee's agenda included (1) review and discussion of risk reporting; (2) discussion of geographic and sector exposure; (3) review and discussion of compliance reporting; (4) discussion and appropriate action related to categorization of new investment mandates and re-categorization of investment mandate; and (5) discussion and appropriate action related to proposed amendments to the Delegation of Authority Policy.

Discussion: The Committee reviewed and approved the mandate categorizations and re-categorizations prepared by staff for the period beginning July 1, 2008, through September 30, 2008. The Procedure requires that all new mandates be categorized by the Managing Directors, and that the Chief Compliance Officer provide the Chief Investment Officer his/her agreement or recommended categorization, after which the Chief Investment Officer will designate the Asset Class and Investment Type and report to the Risk Committee at its next regular meeting for the Committee's approval or re-categorization. The Procedure also requires staff to recommend re-categorizations of any existing mandate if after the initial or annual categorization the Chief Investment Officer, a Managing Director, or the Chief Compliance Officer become aware of a change(s) in the investment characteristics of the mandate that warrant a re-categorization. Staff requested that the Committee approve eighteen mandate categorizations and one re-categorization. The Committee will report to the UTIMCO Board the results of its review of the Investment Mandate Categorizations.

The Committee also reviewed the amendment to the Delegation of Authority Policy related to addressing the handling of manager mandates that exceed the limits of delegated authority in the Delegation of Authority Policy due to appreciation of the investment. The Committee's recommendation will be provided to the Policy Committee for its review at its November 6, 2008 meeting. The report on the Delegation of Authority Policy will be given during the Policy Committee report of the Board meeting.

Mr. Zimmerman lead a discussion on geographic and sector exposure of the endowment funds at the Committee meeting and will lead a discussion at the UTIMCO Board meeting.

Routine activities of the Committee include reviewing the quarterly risk reporting and compliance reporting.

Recommendation: None

Reference: Geographic and Sector Exposure



THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

Geographic and Sector Exposure Endowment Funds

Bruce Zimmerman
UTIMCO Board Meeting
November 7, 2008



Geographic and Sector Exposure Details

Process

- More Correlated and Constrained ("MCC")
 - Complete exposure information available through IFS
- Less Correlated and Constrained ("LCC")
 - Exposures not readily available
 - Questionnaires sent to all Managers
 - 85% of Managers' responded with detailed exposures
 - 13% of Managers' were estimated using standard reports or phone conversations
 - Net numbers used in analysis
- Private Investments ("PI")
 - Exposures not readily available
 - Exposures estimated by Staff on a Fund by Fund basis

Details

- Exposures as of June 30, 2008
- Charts segregated into Fixed Income (30%) and Equity (70%)
- Endowment Funds, not ITF
- GICS used for sector categorization



LCC Equity

Equity Exposure by Region	Long Exposure	Short Exposure	Gross Exposure	Net Exposure
US	40.6%	-31.1%	71.7%	9.4%
Canada	2.2	-0.7	2.8	1.5
UK	4.6	-2.3	6.9	2.3
France	1.0	-0.7	1.7	0.3
Germany	1.0	-1.6	2.6	-0.6
Switzerland	1.2	-0.3	1.5	0.8
Italy	0.4	-0.4	0.9	0.0
Other Western Europe	6.9	-6.4	13.3	0.4
Japan	3.6	-2.7	6.2	0.9
Australia	0.8	-0.9	1.7	-0.1
Hong Kong	2.1	-1.0	3.1	1.1
South Korea	0.8	-0.5	1.3	0.3
Singapore	0.3	-0.2	0.5	0.2
Other Developed	<u>3.4</u>	<u>-2.7</u>	<u>6.1</u>	<u>0.6</u>
Total Developed	68.8%	-51.6%	120.3%	17.2%
Brazil	2.0	-0.5	2.5	1.5
Mexico	1.1	-0.1	1.2	0.9
Other Latin America	0.1	-0.1	0.3	0.0
Russia	0.6	-0.2	0.8	0.4
Other Eastern Europe	0.5	-0.2	0.7	0.3
India	1.8	-0.6	2.4	1.1
China	0.6	-0.6	1.3	0.0
Other Asia	3.1	-1.8	4.8	1.3
Middle East	1.2	0.0	1.2	1.1
South Africa	0.1	0.0	0.1	0.1
Other Africa	0.9	0.0	0.9	0.8
Other Emerging	1.4	-1.0	2.4	0.5
Total Emerging	13.3%	-5.2%	18.5%	8.1%
Total	82.1%	-56.8%	138.8%	25.3%

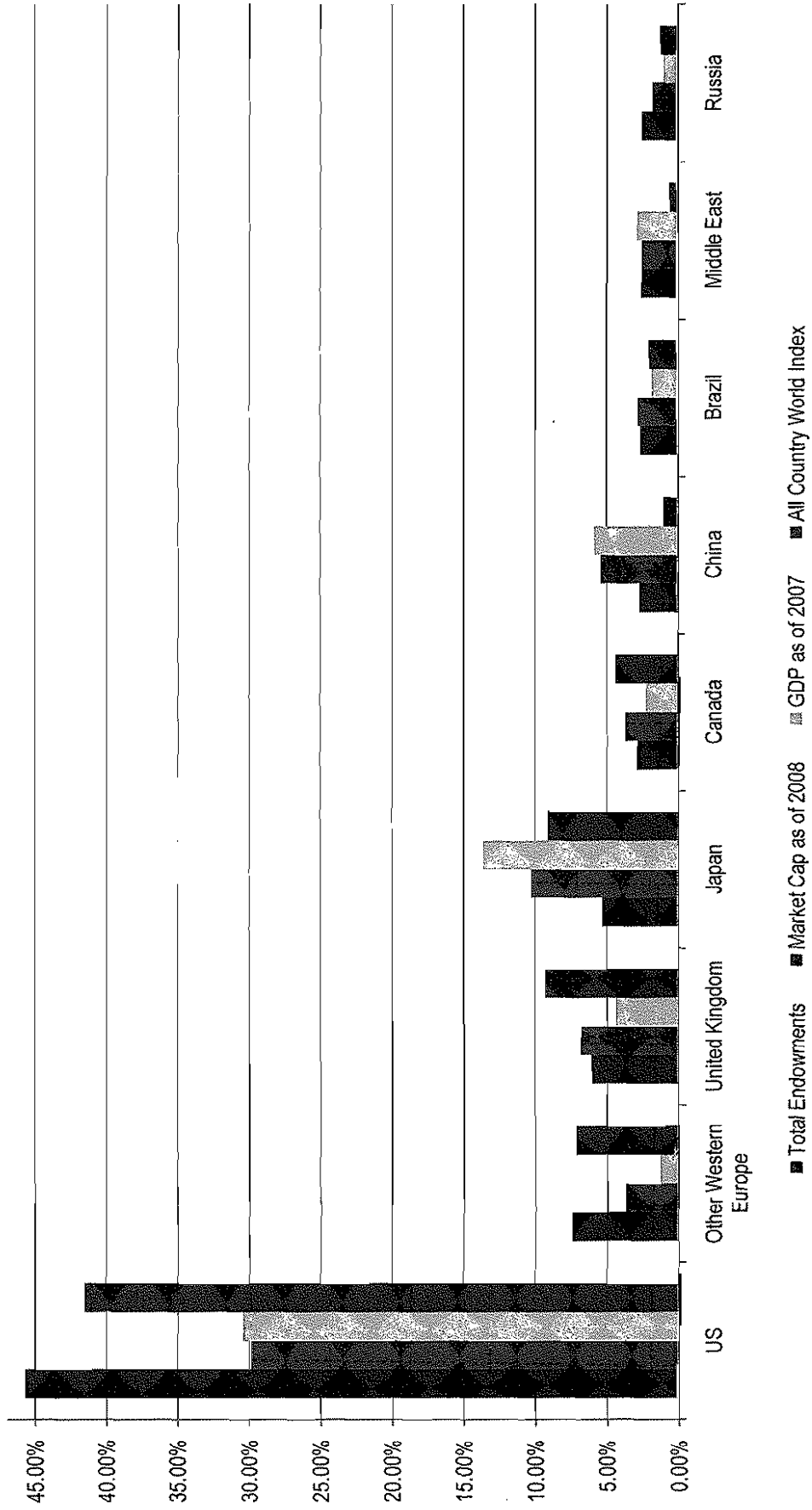


Total Equity Country Exposure

Country	MCC	Net LCC	PI	Endowments	Total	Market Cap as of 2008	GDP as of 2007	MSCI All Country World Index
US	38.6%	37.3%	73.1%	45.7%	29.9%	30.5%	41.6%	
Canada	3.2	6.0	0.0	2.9	3.7	2.2	4.4	
United Kingdom	6.0	9.1	3.9	6.0	6.8	4.3	9.3	
France	3.0	1.2	1.1	2.4	4.4	3.8	4.2	
Germany	2.2	-2.3	1.9	1.5	3.6	5.2	3.9	
Switzerland	0.0	3.3	0.2	0.5	2.2	0.7	3.0	
Italy	0.8	0.2	0.9	0.8	1.8	2.9	1.6	
Other Western Europe	8.0	1.6	9.1	7.4	3.7	1.2	7.1	
Japan	7.5	3.6	0.0	5.3	10.3	13.6	9.1	
Australia/NZ	2.0	-0.5	0.0	1.2	2.6	1.4	2.9	
Hong Kong	2.5	2.0	0.0	1.9	4.3	0.6	1.5	
South Korea	1.7	1.2	0.0	1.3	1.8	1.8	1.5	
Singapore	-0.1	0.3	0.0	0.0	0.9	0.3	0.5	
Other Developed	<u>1.6</u>	<u>2.6</u>	<u>0.0</u>	<u>1.4</u>	<u>3.2</u>	<u>3.3</u>	<u>0.0</u>	
Total Developed	77.2%	65.6%	90.2%	78.3%	79.2%	72.0%	90.6%	
Brazil	2.9	5.9	0.0	2.7	2.8	1.8	2.0	
Mexico	0.6	3.6	1.4	1.2	0.8	1.8	0.6	
Other Latin America	1.4	-0.1	0.0	0.9	1.5	2.8	0.3	
Russia	3.5	1.8	0.0	2.5	1.8	1.0	1.3	
Other Eastern Europe	1.5	1.2	0.0	1.2	0.0	1.2	0.4	
India	0.9	4.5	0.0	1.2	2.1	1.9	0.7	
China	2.0	2.4	5.1	2.7	5.4	5.8	1.0	
Other Asia	4.5	5.2	3.4	4.4	1.5	0.4	1.9	
Middle East	3.0	4.4	0.0	2.5	2.5	2.8	0.5	
South Africa	0.8	0.2	0.0	0.6	0.8	0.4	0.8	
Other Africa	1.7	3.4	0.0	1.6	0.0	1.6	0.0	
Other Emerging	0.0	1.9	0.0	0.3	1.6	6.5	0.0	
Total Emerging	22.8%	34.4%	9.8%	21.7%	20.8%	28.0%	9.4%	
Total Exposure	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	



Top 10 Geographic Exposures



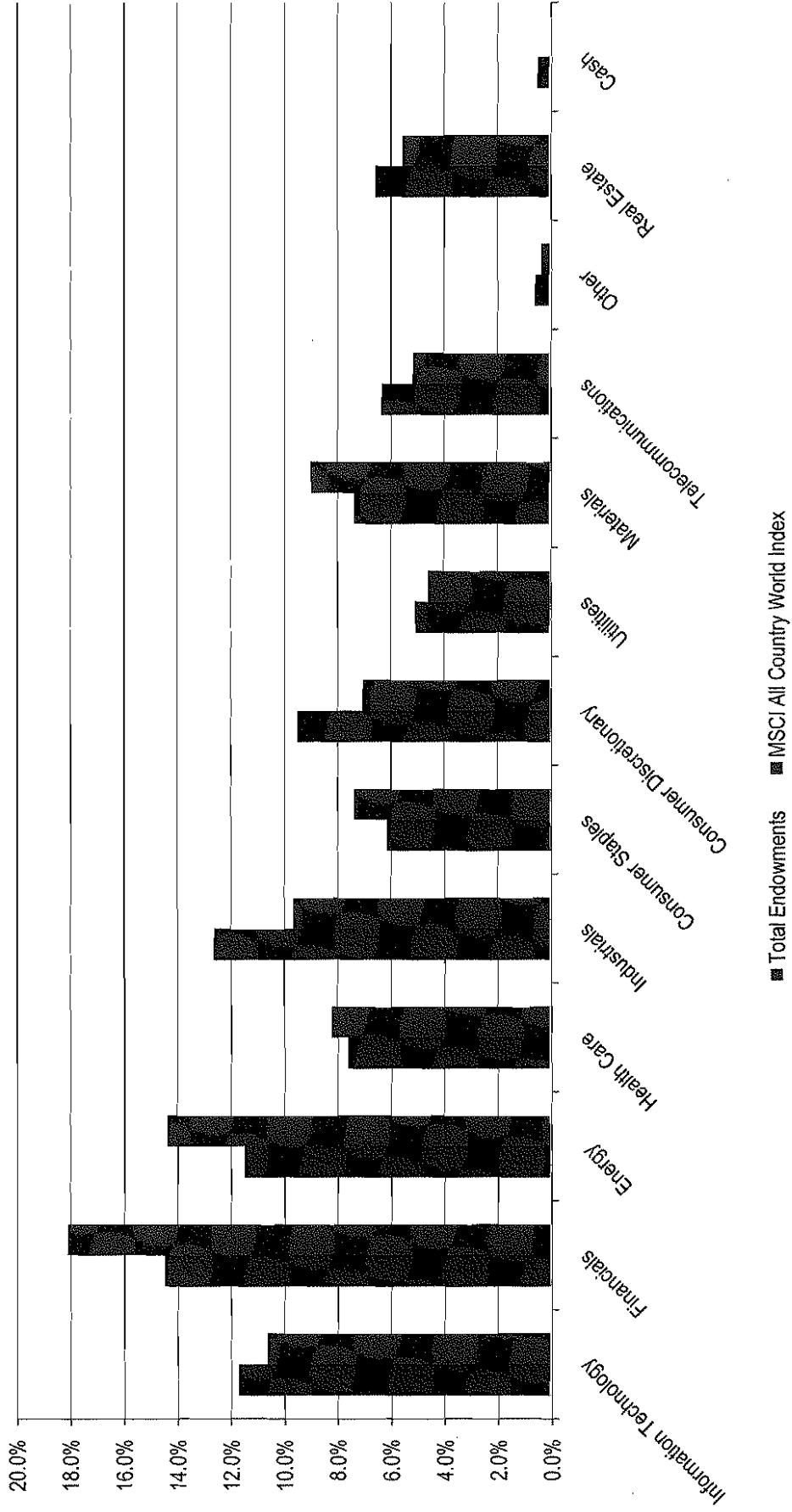


Sector Exposure

	MCC	LCC Net	PI	Total Endowments	MSCI All Country World Index
Information Technology	9.6%	19.8%	13.2%	11.7%	10.6%
Financials	16.2	6.5	14.6	14.5	18.1
Energy	11.1	15.5	9.3	11.5	14.4
Health Care	6.0	11.9	10.1	7.6	8.2
Industrials	10.7	15.3	17.8	12.6	9.7
Consumer Staples	6.8	6.2	3.6	6.1	7.4
Consumer Discretionary	8.2	3.5	20.3	9.5	7.1
Utilities	6.7	-1.1	4.2	5.1	4.6
Materials	8.2	9.5	2.1	7.4	9.0
Telecommunications	5.9	10.2	4.8	6.3	5.1
Other	0.2	2.8	n/a	0.6	0.4
Real Estate	9.7	n/a	n/a	6.6	5.5
Cash	0.7	n/a	n/a	0.5	n/a
Total	100.0%	100.0%	100.0%	100.0%	100.0%



Equity Sector vs All Country World Benchmark





Fixed Income

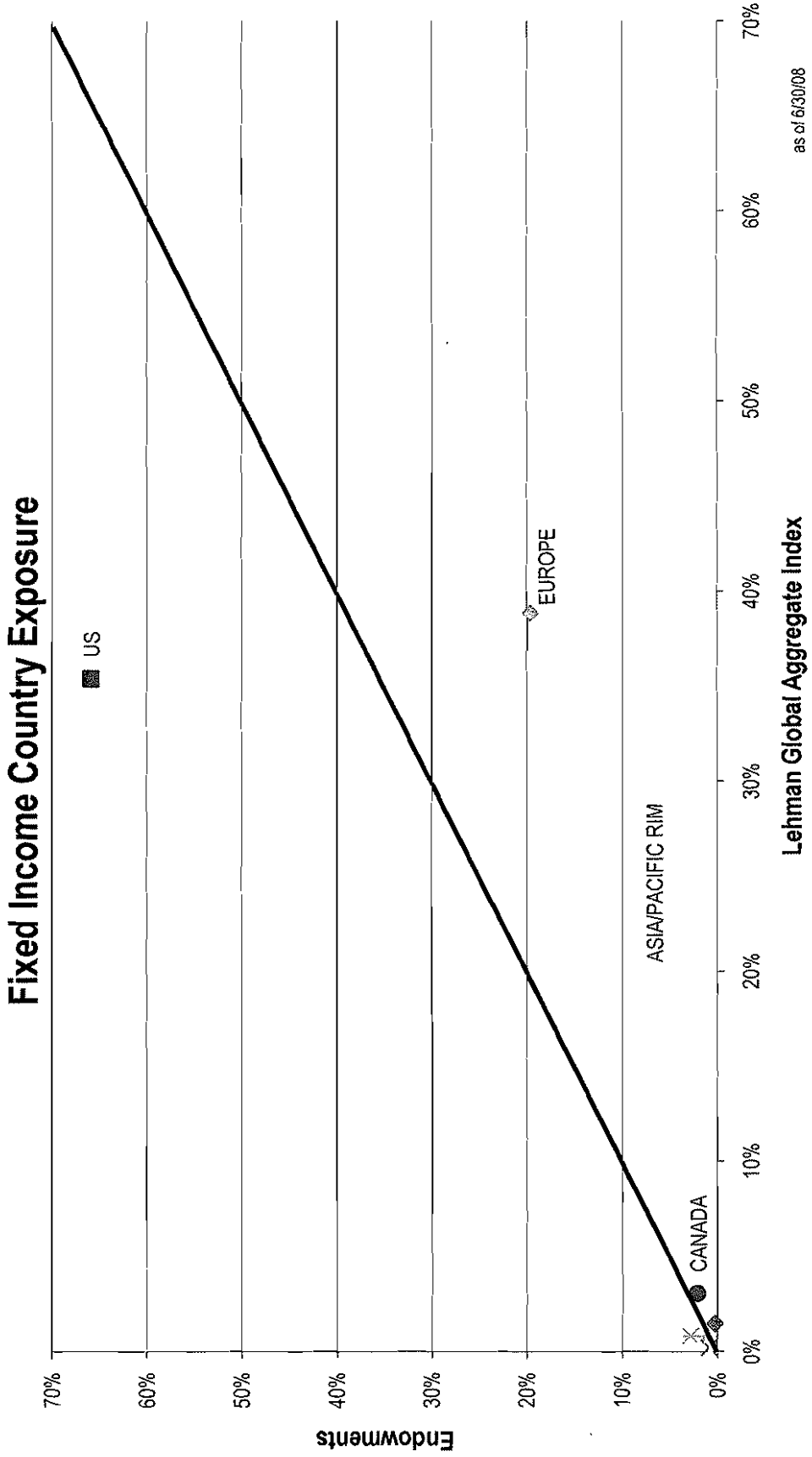
LCC Exposures

Country	Long Exposure	Short Exposure	Gross Exposure	Net Exposure	PI*	MCC	Lehman Global Aggregate
US	106.7%	-74.9%	181.6%	31.9%	100.0%	66.0%	35.4%
Canada	13.8	-	13.8	13.8	-	2.0	3.0
United Kingdom	9.7	-64.5	74.2	-54.8	-	3.3	4.9
France	-	-	-	-	-	2.2	6.4
Germany	-	-	-	-	-	5.7	9.5
Italy	-	-	-	-	-	2.4	4.9
Other Western Europe	15.1	-113.4	128.5	-98.3	-	4.6	11.9
Japan	57.8	-49.8	107.6	8.0	-	4.2	16.9
Australia/NZ	-	-16.9	16.9	-16.9	-	2.8	0.8
Other Developed	174.5	-144.1	318.6	30.5	-	1.8	3.0
Total Developed	377.6%	-463.6%	841.2%	-86.0%	100.0%	95.1%	96.8%
Brazil	1.8	-1.5	3.4	0.3	-	0.7	0.3
Mexico	1.9	-	1.9	1.9	-	0.6	0.5
Other Latin America	5.3	-	5.3	5.3	-	0.0	0.0
Russia	5.0	-	5.0	5.0	-	0.0	0.1
Other Eastern Europe	0.8	-2.0	2.8	-1.2	-	1.2	1.1
Asia	3.4	-0.7	4.0	2.7	-	1.4	0.9
Middle East	0.1	-2.4	2.6	-2.3	-	0.1	0.1
South Africa	0.3	-1.2	1.5	-0.9	-	0.8	0.2
Total Emerging	18.6%	-7.8%	26.4%	10.8%	0.0%	4.9%	3.2%
Total Exposure	396.3%	-471.4%	867.7%	-75.2%	100.0%	100.0%	100.0%

* Credit related



MCC Fixed Income vs Benchmark





Next Steps

- Factor Analysis/Scenario Testing
 - Level of Data Detail
- “Fat Tail” Risk Management
 - Portfolio Level
 - Other Exposures
- More Active Exposure Management
 - Currency
 - Sectors

TAB 10

Agenda Item
UTIMCO Board of Directors Meeting
November 7, 2008

Agenda Item: UTIMCO Organization Update

Developed By: Zimmerman

Presented By: Zimmerman

Type of Item: Discussion item

Description: Mr. Zimmerman will provide an update on the following:

- UTIMCO FY 2008 actual versus budget
- Organization chart
- Projects

Reference: UTIMCO Update presentation



THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY

UTIMCO UPDATE

November 7, 2008



UTIMCO FY 2008 Actual v Budget

	Actual	Budget	Under/(Over) Budget	
			\$	%
SUMMARY				
UTIMCO Personnel	\$10,143	\$11,457	\$1,314	11%
UTIMCO Other	<u>3,947</u>	<u>3,912</u>	<u>(35)</u>	-1%
Total UTIMCO	14,090	15,369	1,279	8%
Other, Non-Investment Manager	<u>6,212</u>	<u>6,511</u>	<u>299</u>	5%
Total Non-Investment Manager	20,302	21,880	1,578	7%
Investment Manager - Invoiced	<u>28,855</u>	<u>42,715</u>	<u>13,860</u>	32%
Total	<u>\$49,157</u>	<u>\$64,595</u>	<u>\$15,438</u>	24%

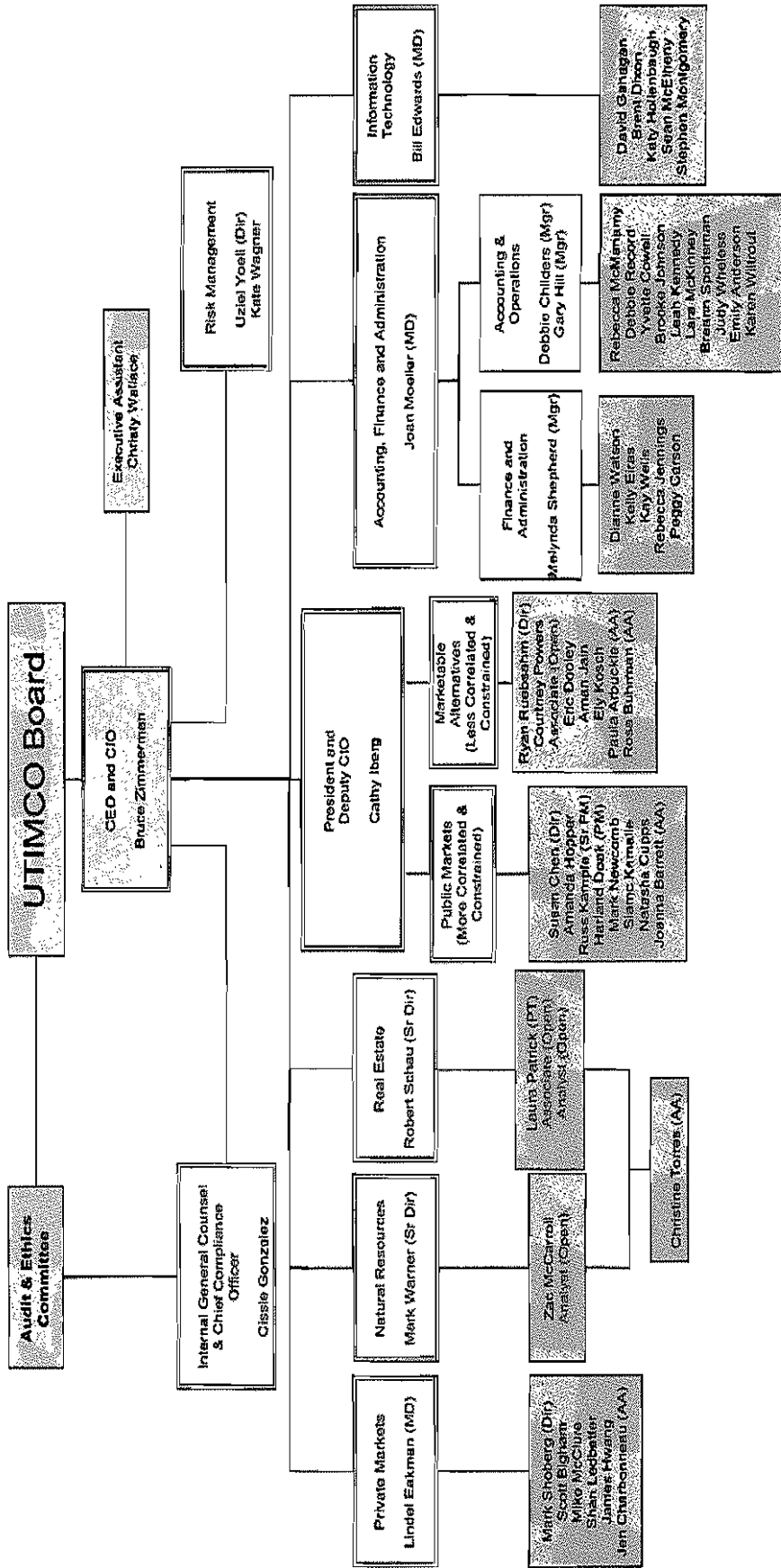


UTIMCO FY 2008 Actual v Budget

	Actual	Budget	Under/(Over) Budget \$	Budget %
DETAIL				
UTIMCO Personnel				
Salaries	\$5,377	\$6,011	\$634	11%
Bonus	3,280	3,258	(22)	-1%
Benefits	915	1,177	262	22%
Taxes	337	418	81	19%
Hiring	108	440	332	75%
Subscriptions, Dues, Educations	126	153	27	18%
Total	\$10,143	\$11,457	\$1,314	11%
UTIMCO Other				
Travel & Meetings, including BOD	\$582	\$463	(\$119)	-26%
Online, Data, Contract Services	749	772	23	3%
Lease	975	943	(32)	-3%
Depreciation	548	607	59	10%
Insurance	242	252	10	4%
Office Expenses	396	334	(62)	-19%
Professional Services	455	541	86	16%
Total	\$3,947	\$3,912	(\$35)	-1%
Other, Non-Investment Manager				
Custodian	\$1,771	\$1,537	(\$234)	-15%
Measurement & Analytics	1,322	1,530	208	14%
Consultants	737	1,325	588	44%
Investment-related legal, Background Checks	1,394	1,160	(234)	-20%
Audit	830	754	(76)	-10%
Printing	153	195	42	22%
Other	5	10	5	50%
Total	\$6,212	\$6,511	\$299	5%
Investment Manager - Invoiced				
Management Fees	\$20,768	\$18,989	(\$1,779)	-9%
Performance Fees	8,087	23,726	15,639	66%
Total	\$28,855	\$42,715	\$13,860	32%



UTIMCO Organization





Projects

- Investment Process “Best Practices”
- Investment Legal Review
- “CRM” Pipeline Management
- West Texas Prepayment
- Annual Report

TAB 11

Agenda Item
UTIMCO Board of Directors Meeting
November 7, 2008

Agenda Item: Report on 2009 Meeting Dates

Developed By: Zimmerman

Presented By: Zimmerman

Type of Item: Information item; no action required

Description: This agenda item presents the proposed 2009 UTIMCO Board Meeting schedule and the Committee meetings schedule.

Recommendation: None

Reference: None



UTIMCO Meeting Dates 2009

Month	Board Of Directors	Audit and Ethics	Compensation	Policy	Risk	UTS Board of Regents	TAMU Board of Regents
January		Jan 29	Jan 29	Jan 29	Jan 29		Jan 22-23
February	Feb 5					Feb 11-12	
March							Mar 26-27
April	Apr 23 (Annual)	Apr 16	Apr 16	Apr 16	Apr 16		
May						May 13-14	May 21-22
June		Jun 30	Jun 30	Jun 30	Jun 30		
July	Jul 8					Jul 8-9*	Jul 23-24
August						Aug 19-20	
September							Sep 24-25
October							
November	Nov 10	Nov 5	Nov 10	Nov 5	Nov 5	Nov 11-12	
December						Dec 9-10	Dec 3-4

*Joint meeting UTIMCO Board and UT System Board of Regents

All 2009 UTIMCO Board of Directors Meetings will be held in Corporate office, Austin, Texas

Committee Assignments:

Audit and Ethics: **Nye**, Foster, McHugh, Tate

Compensation: **Ferguson**, Carlson, Moore

Policy: **McHugh**, Foster, Moore

Risk: **Tate**, Carlson, Ferguson, Nye