UBS

Port of Houston Authority Pension Plan

UBS Institutional Consulting

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Institutional Consultant

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Disclaimer

It is important that you understand the ways in which we conduct business and the applicable laws and regulations that govern us. As a firm providing wealth management services to clients, we are registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser and a broker-dealer, offering both investment advisory and brokerage services. Though there are similarities among these services, the investment advisory programs and brokerage accounts we offer are separate and distinct, differ in material ways and are governed by different laws and separate contracts.

It is important that you carefully read the agreements and disclosures that we provide to you about the products or services we offer. While we strive to ensure the nature of our services is clear in the materials we publish, if at any time you seek clarification the nature of your accounts or the services you receive, please speak with your Financial Advisor.

For more information, please visit our website at www.ubs.com/workingwithus

UBS Institutional Consulting Services are advisory services and clients should read the ADV Disclosure Document applicable to UBS Institutional Consulting carefully before entering into a Consulting Services Agreement with UBS Institutional Consulting.

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UBS Overview

A Look at Our Firm

The business structure of UBS AG is illustrated below:

UBS

- **Wealth Management & Swiss Bank**
- **Wealth Management Americas**
- **UBS Global Asset Management**
- **UBS Investment Bank**

Wealth management services in the U.S. are provided by UBS Financial Services Inc., a registered broker/dealer and Investment Advisor

UBS Institutional Consulting is a specialized consulting service program of UBS Financial Services Inc.

Investment Banking services in the United States are provided through UBS Securities LLC, a registered broker/dealer in the U.S.

UBS Continues to Have Strong Credit Ratings

Credit ratings as of August 17, 2009	Moody's long-term rating / outlook	S&P long-term rating / outlook	Fitch long-term rating / outlook
UBS AG	**Aa2***	**A+/S**	**A+/S**
Credit Suisse Group	Aa2/N	A/S	AA/N
Deutsche Bank AG	Aa1/N	A+/S	AA/N
Citigroup Inc	A3/S	A/S	A+/S
JPMorgan Chase & Co	Aa3/N	A+/N	AA-/S
Bank of America Corp	A2/S	A/S	A+/S
HSBC	Aa2/N	AA-/N	AA/N
Barclays Plc	A1/S	A+/N	AA-/S
Goldman Sachs	A1/N	A/N	A+/S
Morgan Stanley	A2/N	A/N	A/S

P = Positive S =Stable N = Negative

Source: Bloomberg

* indicates rating is under review for a possible downgrade
** indicates rating is under review for a possible upgrade

Wealth Management Americas

UBS Financial Services Inc.

Providing customized wealth management services, we are one of the leading financial services firms with expanded capabilities and resources to help clients make investment decisions that are appropriate for them

- Network of more than 8,000 Financial Advisors*
- Offers a full spectrum of products and services designed with clients' needs in mind
- Clients have access to the capabilities of a global financial services firm and the advice of a local UBS Institutional Consultant

* As of August 2009

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UBS Institutional Consulting

UBS Institutional Consulting

- UBS Institutional Consulting is a specialized advisory consulting service program of UBS Financial Services Inc.
- UBS Institutional Consulting provides consulting to over 600 institutional clients with approximately $45 billion in assets under advisement*
- UBS Institutional Consulting has delivered specialized, comprehensive investment consulting services to institutional clients since 1984
- Clients include, corporations, private and public retirement plans, foundations and endowments, Taft-Hartley plans, and municipalities

* As of 10/09

Your Houston Consulting Team

- Dedicated to institutional consulting
- Over 136 years combined investment experience
- Consults to over $7 billion in client assets
- Your Institutional Consultants:

R. Craig Rathjen
Senior Vice – President Investments
Advisory & Brokerage Services

Robert Bickham, CIMA®
Senior Vice President – Investments
Advisory & Brokerage Services

Hal Tabb, CIMA®
Associate Director
Advisory & Brokerage Services

- Your Institutional Support Team:
  - **Robin Landa**, Investment Associate – Manager Research/Asset Allocation
  - **Audrey Helmstetter**, Client Service Associate – Performance Reporting
  - **Sharon Robles**, Senior Registered Client Service Associate – Client Service
  - **Amanda Obando**, Client Service Associate – Client Service
  - **Cherrie Brickhouse**, Sr. Registered Client Service Associate – Client Service/Performance Reporting
  - **John Monahan**, Investment Associate – Manager Research/Asset Allocation/Performance Reporting
  - **Rossario Burns**, Investment Associate – Client Service

A dedicated team focused on your objectives will service your portfolio

UBS Institutional Consulting Process

Investment Policy Planning Assistance

- Assess Current Situation
- Risk/Reward Profile
- Assistance with Development and Review

Asset Allocation Modeling

- Asset Allocation Analysis
- Overall Portfolio Design

Manager and Mutual Fund Search

- Manager and Mutual Fund Search, Evaluation, Recommendation
- Strategy Integration
- Cost Analysis

Ongoing Consulting and Performance Measurement

- Portfolio and Manager Reviews
- Portfolio Rebalancing
- Develop Further Action Plans
- Education

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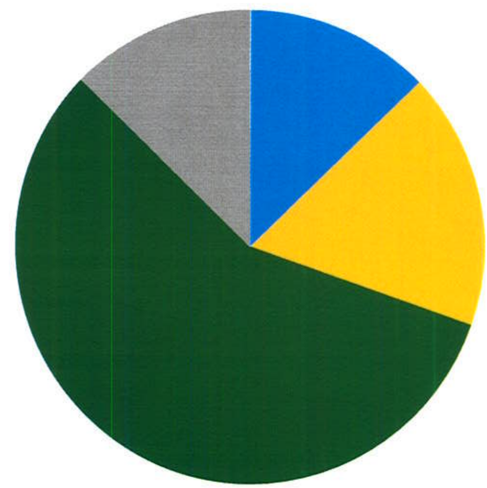
Investment Policy

Investment Policy Statement Components

- Investment Goals & Objectives
- Appropriate Time Horizon
- Risk Tolerance
- Responsibilities of Interested Parties
- Acceptable Investment Vehicles
- Securities Guidelines
- Performance Review Standards
- Other Considerations

Asset Allocation Development*



* For Illustrative Purposes Only

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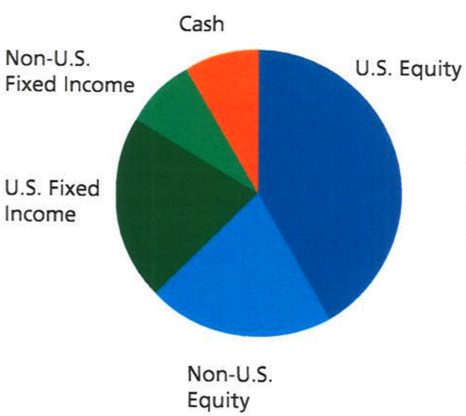
Asset Allocation

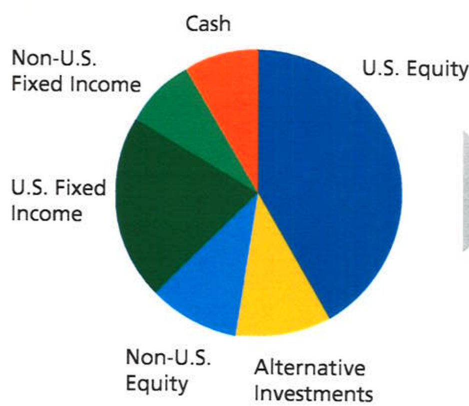
Our Asset Allocation Process

- Begins with mean-variance optimization on the broad asset classes to define the efficient frontier
- If appropriate, allocations to alternative investments are made based on your risk tolerance and level of comfort with non-traditional investments
- Finally equity and fixed income allocations are further segmented into subclasses and investment styles

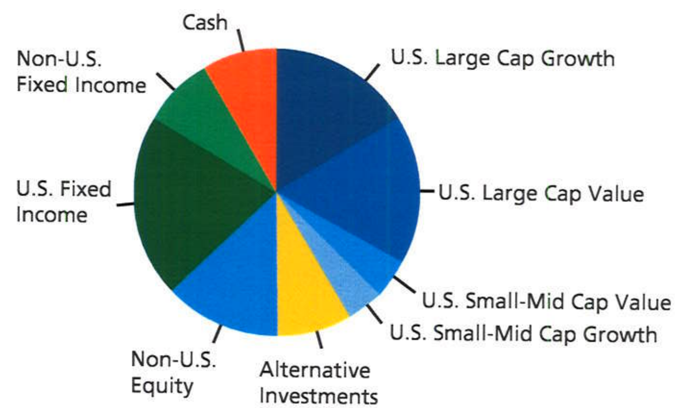
Hypothetical Broad Asset Class Allocation



Hypothetical Alternative Investments Allocation



Hypothetical Subclass & Style Allocations



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Sample Asset Allocation Matrix

Asset Class	Minimum	Target	Max	Benchmark
Large Cap Index	5.0%	10.0%	15.0%	S&P 500
Large Cap Growth	7.5%	12.5%	17.5%	Russell 1000 Growth
Large Cap Value	7.5%	12.5%	17.5%	Russell 1000 Value
Smid Cap Growth	2.5%	5.0%	7.5%	Russell 2500 Growth
Smid Cap Value	2.5%	5.0%	7.5%	Russell 2500 Value
International	5.0%	10.0%	15.0%	MSCI EAFE
Fixed Income Index	12.5%	17.5%	22.5%	Barclays Capital Agg. Bond
Fixed Income Active	12.5%	17.5%	22.5%	Barclays Capital Agg. Bond
Alternative Investments (real estate, hedge funds, etc.)	0.0%	10.0%	20.0%	Various

For Illustrative Purposes Only. Indexes are unmanaged. An investor cannot invest directly in an index. Past performance is no guarantee of future results.

Our Asset Allocation Methodology

Features:

- Consistent with Modern Portfolio Theory
- Based on:
  - An assessment of your investment objectives and tolerance for risk
  - The asset categories to be considered for potential investment
  - Our research on the future risk and return potential of each asset category under consideration
- Tailored to your specific investment preferences
- Have a strategic time horizon of 7-10 years

*Asset allocation does not assure a profit or protect against losses in declining markets.

Investment Manager Research and Recommendation

Manager Research Process

- **Manager research and due diligence is a collaborative effort between UBS research professionals and your Institutional Consultant**

- **Manager Research Group of Investment Solutions**
  - 16 investment research professionals including many Chartered Financial Analysts (CFA)* and Certified Investment Management Analysts (CIMA)*
  - 175 years of combined investment experience

- **UBS proprietary database generated by the Manager Research Group of Investment Solutions**
  - Managers must satisfy certain due diligence requirements
  - Ongoing due diligence review

- **Your Institutional Consultant has access to independent manager databases for information on thousands of investment products**
  - Plan Sponsor Network (PSN) separate account database
    - covers more than 2,000 investment managers representing more than 10,000 domestic, global and international investment programs
    - basic firm-level information to detailed product specific information and tracks dozens of manager characteristics
  - Morningstar Mutual Fund Research database
    - quantitative and qualitative information on over 10,000 mutual funds

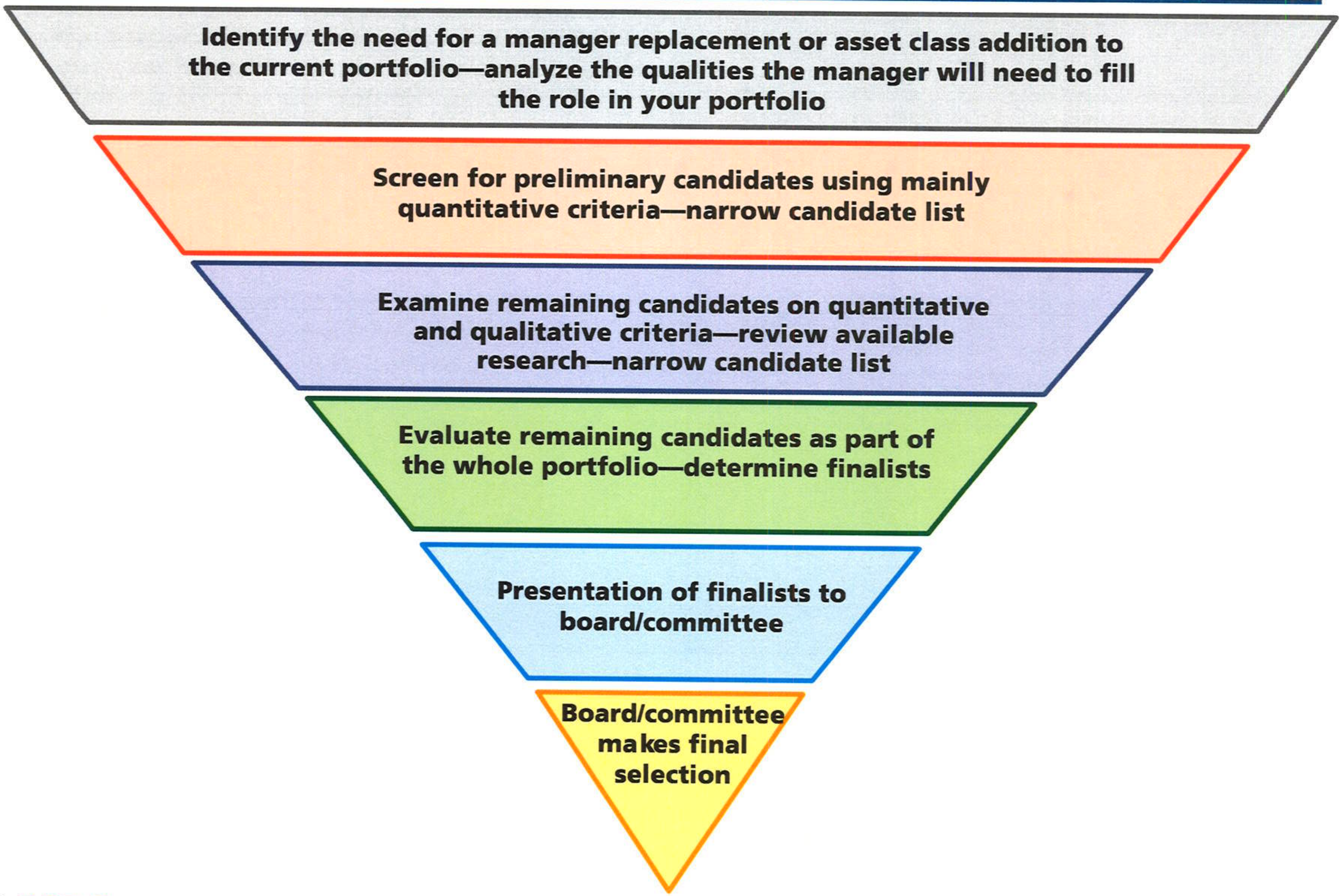
Evaluating Investment Managers

Research and Institutional reviewed strategies* are evaluated on the follow criteria:

- **Organization**
  - Financially and structurally sound
  - Incentive arrangements and retention
  - Proper resources
  - Disaster recovery plan
- **Quality of Personnel**
  - Experienced and skilled investment professionals that work well as a team
- **Philosophy**
  - Clearly defined investment philosophy
- **Process**
  - Methods and procedures must be sound and consistent
  - Effectiveness of decision-making
  - Buy and sell disciplines
  - Performed well in the past and structured to perform well in the future
- **Quality of Research**
  - Proper resources to track full universe
  - Knowledgeable and skilled research team
  - Objectivity and creativity
- **Risk Management**
  - Appropriate system of risk controls
  - Managed in accordance to their philosophy and process
- **Style Consistency and Implementation**
  - Adherence to style
  - Appropriate trading capabilities
  - System of checks and balances
- **Performance**
  - Competitive past absolute and risk-adjusted performance results
  - Consistent with investment philosophy
  - Track record by current team

* For managers included in searches, we currently provide research by the Investment Solutions Manager Research Group. We cannot assure you that we will continue to provide ongoing analysis for any of these managers. Please see the UBS Institutional Consulting ADV Disclosure Document for a general description of the parameters and criteria reviewed for each manager category.

Manager Search and Recommendation



Our Manager Research Philosophy

- Numbers are only part of the consideration; more importantly, we look at the people behind the numbers
- Our philosophy is based on our belief that the most critical "human factors" leading to successful investment management are: objectivity, independent thinking, creativity, patience, discipline and experience
- A successful investment management firm must also have a sound investment philosophy and process in place
- And to be effective, these qualities must be channeled into an organizational structure that:
  - Is conducive to attracting and retaining talented people
  - Has appropriate investment and business risk controls in place

* For managers included in searches, we currently provide research by the Investment Solutions Manager Research Group. We cannot assure you that we will continue to provide ongoing analysis for parameters and criteria reviewed for each manager category

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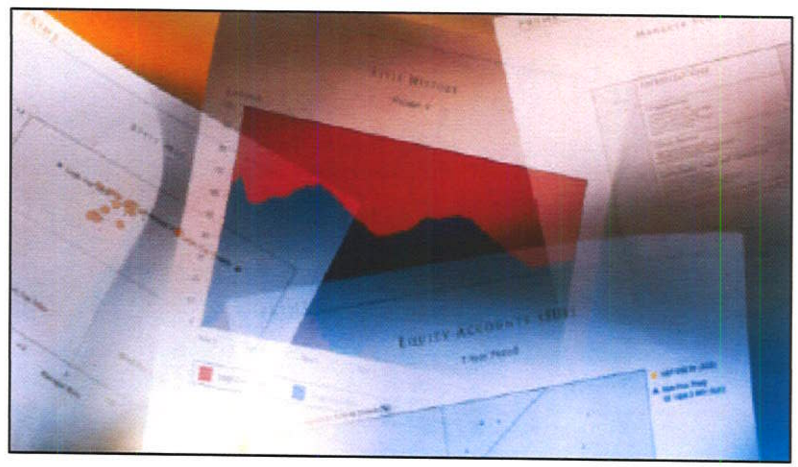
Portfolio Review & Communication

Portfolio Reviews

Basic Performance Report Components

- Summary of assets at the beginning and end of the period (including additions and withdrawals)
- Industry standard time-weighted rates of return
- Graphic and tabular representations of performance
- Comparisons to a universe of similar managers
- Market cycle comparisons
- Performance attribution
- Risk and return analysis



Communication

The following table illustrates when you can expect to receive communication material from our team

Communication	Delivery Date	Format
UBS Institutional Monthly Market Recap	2-3 weeks after month-end	Electronic or hard copy
UBS Institutional Consulting Newsletter	2-3 weeks after month-end	Electronic or hard copy
Flash Report	Initial report 5-6 business days after month-end	Electronic or hard copy
UBS Account Statement	3rd business day after month-end (electronic). 7th business day after month-end for hard copy	Electronic if you authorize or hard copy
Performance Monitor	3 weeks after quarter-end	Electronic or hard copy
Quarterly Market Review	3 weeks after quarter-end	Electronic or hard copy
UBS Website	24/7	Research, white papers, other UBS public communications

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Why UBS Institutional Consulting?

Why UBS Institutional Consulting?

- Stability and quality of UBS
- Local presence
- Competitive fee structure
- A proactive team responsive to the changing needs of your organization
- Depth and stability of an experienced investment consulting team
- Long standing client relationships based on service and leadership

Representative Client List

Representative National Client List for UBS-IC

Corporations
Acxiom Corporation
Alaska Village Electric Cooperative
Alion Science & Technology Corporation
Arctic Slope Regional Corporation
Bermuda Electric Light Company
Bristol Bay Economic Development
Cascade Bancorp
Cook Inlet Region Inc.
Daymon Worldwide
Dunavant Enterprises
Federal Home Loan Bank of Seattle
Genuine Parts Company
Goodfellow Brothers
Harte-Hanks Inc.
Huna Totem Corporation
Hunter Fan Corporation
Husky International Trucks

Corporations
Imerys
Infonet Services Corporation
International Shipholding Corporation
Kitchell Corporation
Lacks Stores
LiveNation
Mutual Materials Inc.
Northwest Alaska Native Association (NANA)
Pegasus Solutions
PMC-Sierra
Risk Acceptance Management Corp.
Southwire Company
Tidewater Corporation
Timex Corporation
TraPac Corporation
Trident Seafoods
Tube City IMS
Ukpeagvik Inupiat Corporation
WESCO International

*This client list contains a selection of all clients who have given permission to list their names as representative clients who receive a variety of advisory services at UBS Financial Services Inc. These clients have not indicated whether or not they endorse the advisory services provided by UBS Financial Services Inc. (as of 03/16/09)

Representative National Client List for UBS-IC

Foundations & Endowments
Anna May Family Foundation
Asbury Foundation
Bikini Claims Trust
Bikini Resettlement Trust
Burden Foundation
The CIRI Foundation
Community Foundation Santa Cruz
Confederated Tribes of Grand Ronde
Dr. & Mrs. Hugh Kennedy Foundation
Huna Totem Settlement Trust
Junior Achievement of Greater New Orleans
Louise Taft Semple Foundation
Medina Foundation
Orange County Healthcare Foundation
Quantum Foundation
Tatitlek Settlement Trust
YWCA of the City of New York

Educational Institutions
American Academy of Ophthalmology
Eastern Michigan University Foundation
Naval Academy Athletic Association
Southern Oregon University Foundation

Hospitals & Healthcare Providers
Asante Health System
Bristol Bay Area Health Corporation
Cape Regional Medical Center
Catholic Healthcare West
Chapel Hill Retirement Center
Empire Health Services
Healthcare Foundation for Orange County
Loma Linda University Health Care
Methodist Hospital of Southern California
Miami Children's Hospital
On Lok Inc.
Sentara Healthcare Systems
Southwest Catholic Heath Network
The Bermuda Hospital
Touro Infirmary

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Representative National Client List for UBS-IC

Public Funds
Beaumont Fireman's Retirement Fund
City of Bellevue, Washington
City of Birmingham Retirement Fund
City of East Point Pension Plan
City of Redmond, Washington
Cobb County Employee Retirement Plan
Corpus Christi Firefighters Retirement System
Jefferson County, Alabama
Louisiana Asset Management Pool
Louisiana State Police Retirement System

Law Firms & Partnerships
Allen Matkins LLP
Davis Wright Tremaine
Farella Braun + Martel LLP
Jeffer, Mangels, Butler, Marmaro LLP
Meister, Seelig & Fein LLP
Ogletree, Deakins, Nash, Smoak & Stewart
Powell, Goldstein Frazer & Murphy
Ryan, Swanson & Cleveland, PLLC
Stradley, Ronon, Stevens & Young
Wallace, Roberts & Todd
White, Farr, Wampler & Henson
Zimmer Gunsul Frasca Architects LLP

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Insurance Companies
ACE Limited
American Financial Group
ARECA Insurance
Blue Cross Blue Shield of Arizona
Centre Group Holdings Ltd.
Channel Reinsurance
Montpelier Insurance
Ohio National Investments
RenaissanceRe Insurance

Religious Organizations
American Baptist Homes of the West
Baptist Community Ministries
Catholic Endowment Foundation
Free Methodist Foundation
Guideposts, A Church Organization
Institute of the Sisters of Mercy
Northern California Presbyterian Homes
Union temple of Brooklyn

Taft-Hartley (Union) Funds
Foremen Benefits
Jefferson Federation of Teachers
Local 126 Retirement Trust Fund
Pipe Trades District Council No 36
Plumbers & Pipefitters Local 572
Plumbers & Steamfitters Local 141
Shreveport Electrical IBEW Local 141