

BYLAWS
OF
THE LYNDON BAINES JOHNSON FOUNDATION

ARTICLE I
STRUCTURE, PURPOSES AND MEMBERS

Section 1. Structure. The Lyndon Baines Johnson Foundation (“Foundation”) is a non-profit corporation organized under the laws of the State of Texas, that has no members within the meaning of the Texas Non-Profit Corporation Act, Tex. Rev. Civ. Stat. Ann. art. 1396 (Vernon 1997) (the “Act”).

Section 2. Purposes. The purposes for which the Foundation is organized and to be operated are set forth in the Articles of Incorporation

Section 3. Members. The Foundation has no members.

ARTICLE II
OFFICES

Section 1. Principal Place of Business. The principal place of business of the Foundation is located at 2313 Red River, Austin, Texas 78705. The Foundation may have such other offices, either within or without the State of Texas, as the Board of Trustees may determine or as the affairs of the Foundation may require from time to time.

Section 2. Registered Office and Registered Agent. The Foundation shall have and continuously maintain in the State of Texas a registered office and a registered agent whose office is the Foundation’s registered office, as required by the Act. The initial registered office of the Foundation shall be the registered office named in the Articles of Incorporation or such other office as maybe designated from time to time by the Board of Trustees in accordance with applicable law.

ARTICLE III
BOARD OF TRUSTEES

Section 1. Powers. The property, business, and affairs of the Foundation shall be managed and controlled by the Board of Trustees and, subject to the restrictions imposed by law, the Articles of Incorporation and these Bylaws, the Board of Trustees shall exercise all of the powers of the Foundation.

Section 2. Number. The number of Trustees that shall constitute the whole Board of Trustees shall be determined from time to time by the Board of Trustees; *provided* that no decrease in the number of Trustees which would have the effect of shortening the term of an incumbent

Trustee may be made by the Board of Trustees; *provided further* that the number of Trustees shall never be less than three (3) nor more than twenty-five (25) plus the Trustees Emeritus.

Section 3. Appointment and Term. Trustees shall be elected by the affirmative vote of a majority of the Trustees of the Foundation and unless otherwise provided in the Articles of Incorporation, Trustees shall hold office for a term of five years, and until such Trustee's successor shall have been elected and qualified or until his or her earlier death, resignation or removal.

Section 4. Trustees Ex-Officio. During their terms of office in their positions, the President of the University of Texas, the Dean of the Lyndon Baines Johnson School of Public Affairs at the University of Texas, and the Director of the Lyndon Baines Johnson Library will serve as Ex-Officio Trustees of the Foundation.

Section 5. Removal. Unless otherwise provided in the Articles of Incorporation, any Trustee may be removed from office, with or without cause, by the affirmative vote of two-thirds of the other Trustees of the Foundation.

Section 6. Meetings of Trustees. The Trustees may hold meetings, maintain an office, and keep the Foundation's books and records at such place or places within or without the State of Texas as the Board of Trustees may from time to time determine; *provided, however*, that in the absence of any such determination, such place shall be the Foundation's principal office in the State of Texas.

Section 7. Annual Meetings. The annual meeting of the Board of Trustees ("Annual Meeting") will normally be held in May but shall be held at such time and place of each year as shall be designated by the President, unless the Board has already done so, for the purpose of (a) electing Trustees and officers for the ensuing year and (b) transacting such other business as may be properly brought before such Annual Meeting. Notice of Annual Meetings shall be required.

Section 8. Regular Meetings. Regular meetings of the Board of Trustees ("Regular Meetings") will normally be held in May and November of each year and shall be held at such times and places as may be designated from time to time by the President, unless the Board has done so. Notice of Regular Meetings shall be required.

Section 9. Special Meetings. Special meetings of the Board of Trustees ("Special Meetings") shall be held at such times and places as shall be designated from time to time by (a) the President or (b) any five (5) Trustees. Notice of Special Meetings shall be required; *provided* that Special Meetings of the Board of Trustees may be held without notice, if the Trustees not present waive notice of the meeting in writing.

Section 10. Notice of Meetings. The Secretary or the Director of the Foundation shall give notice of the time and place of each Annual Meeting, Regular Meeting or Special Meeting to each Trustee in person, by facsimile transmission, by mail, by email, or by telephone, not less than ten

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Section 10. Notice of Meetings. The Secretary or the Director of the Foundation shall give notice of the time and place of each Annual Meeting, Regular Meeting or Special Meeting to each Trustee in person, by facsimile transmission, by mail, by email, or by telephone, not less than ten

(10) days nor more than sixty (60) days before such meeting in the case of Annual Meetings or Regular Meetings (to the extent required) or not less than three (3) days nor more than sixty (60) days in the case of Special Meetings (to the extent required). Unless otherwise indicated in such notice, any and all matters pertaining to the Foundation's purposes may be considered and acted upon at such meeting. At any such meeting at which every Trustee shall be present even though without notice, any matter pertaining to the Foundation's purposes may be considered and acted upon.

Section 11. Quorum. A majority of the then acting Trustees in person shall constitute a quorum for the consideration of any matters pertaining to the Foundation's purposes. If at any meeting of the Board of Trustees there is less than a quorum present, a majority of those present may adjourn the meeting from time, to time. The act of a majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees, unless the act of a greater number is required by law, the Articles of Incorporation or these Bylaws.

Section 12. Voting. A Trustee must vote in person and may not vote by proxy. A Trustee who participates by telephone may vote during that participation.

Section 13. Conduct of Business. At meetings of the Board of Trustees, matters pertaining to the Foundation's purposes shall be considered. At all meetings of the Board of Trustees, the Chairman shall preside, and in the absence of the Chairman, the President shall preside, and in the absence of the President, the Vice-President shall preside. The Secretary of the Foundation shall act as secretary of all meetings of the Board of Trustees, but in the absence of the Secretary, the presiding chairman may appoint any person to act as secretary of the meeting.

Section 14. Compensation of Trustees. Persons serving as Trustees shall not receive any salary or compensation for their services as Trustees; *provided, however,* that nothing contained herein shall be construed as precluding any Trustee from receiving compensation in a reasonable amount for personal services rendered (other than services rendered as a Trustee) that are reasonable and necessary in carrying out the Foundation's purposes as the Board of Trustees may from time to time determine. Trustees may be reimbursed for expenses incurred while attending meetings or while acting on behalf of the Foundation.

Section 15. Trustees Emeriti. Upon the end of service of any Trustee, such Trustee shall concurrently therewith be designated a Trustee Emeritus, in order to honor such individual's service to the Foundation. The name of each Trustee Emeritus may at the discretion of the Board of Trustees be listed in official publications of the Foundation. The Trustees Emeriti shall not have any privilege to attend meetings of the Board of Trustees or vote on matters affecting the Foundation.

ARTICLE IV COMMITTEES

Section 1. Executive Committee

(a) There is established an Executive Committee that shall, excepted as prohibited by Section (c), be entitled to exercise all of the powers and authority of the Board; provided however, such powers and authority shall be exercised only with regard to matters requiring attention under circumstances which make it impractical for the Board to act on the matter. The President shall report to the Board at the next meeting any action taken by the Executive Committee and those actions shall be recorded in the minutes.

(b) The Executive Committee shall be comprised of the Chairman, the President, and such Vice-Presidents as the Foundation elects.

(c) The Executive Committee shall not have authority to act for the Board with regard to the following:

- (i) Taking any action prohibited by the Board.
- (ii) Approving a plan of merger of the Foundation.
- (iii) Selling, leasing, or exchanging all or substantially all of the assets of the Foundation.
- (iv) Initiating a voluntary dissolution of the Foundation or a revocation of a voluntary dissolution of the Foundation.
- (v) Electing or removing Trustees or officers of the Foundation.
- (vi) Appointing members of the Executive Committee.
- (vii) Altering or repealing any resolution of the Board of Trustees that by its terms provides that it shall not be so amended.

Section 2. Other Committees

(a) The Board may create standing or temporary committees and define their duties. Unless the Board designates the Chair and members of a committee it creates, the Chairman shall do so and report to the Board.

(b) The Chairman is authorized to create other committees, define their duties and appoint the Chair and members. The Chairman shall report such actions to the Board.

ARTICLE V OFFICERS

Section 1. Number, Titles, and Term of Office. The officers of the Foundation shall consist of a Chairman, a President, one or more Vice-Presidents, a Secretary and may consist of one or more Assistant Secretaries, a Treasurer, one or more Assistant Treasurers, and such other officers and assistant officers as the Board of Trustees may from time to time elect or appoint. Such other officers and assistant officers shall have such authority and responsibility as may be assigned

to them by the Board of Trustees. Any two (2) or more offices may be held by the same individual, except the offices of President and Secretary. The Secretary, Assistant Secretaries, Treasurer, and Assistant Treasurers need not be Trustees of the Foundation. Officers shall be elected at the Foundation's Annual Meeting. The term of office for each officer shall be one year. In any event, a duly-elected officer shall serve in the office to which he or she is elected until his or her successor has been duly elected and qualified, or until his earlier death, resignation or removal.

Section 2. Removal. Any officer elected or appointed by the Board of Trustees may be removed, with or without cause, at any time by the affirmative vote of the Board of Trustees, but such removal shall be without prejudice to the contract rights, if any, of the individual so removed. Election or appointment of an officer shall not of itself create contract rights.

Section 3. Vacancies. Any vacancy occurring in any office of the Foundation may be filled by the Board of Trustees.

Section 4. Powers and Duties of the Chairman. The Chairman shall preside at all meetings of the Board and shall appoint all Board committees.

Section 5. Powers and Duties of the President. Subject to the control of the Board of Trustees, the President shall have general executive charge, management, and control of the properties, business, and operations of the Foundation with all such powers as may be reasonably incident to such responsibilities; shall have the authority to agree upon and execute all leases, contracts, evidences of indebtedness, and other obligations in the name of the Foundation subject to the approval of the Board of Trustees; and shall have such other powers and duties as may be designated in these Bylaws and as may be assigned to such officer from time to time by the Board of Trustees.

Section 6. Powers and Duties of the Vice-President. The Vice-President shall have such powers and duties as may be assigned to such officer by the Board of Trustees including the performance of the duties of the President upon the death, absence, or resignation of the President or upon the President's inability to perform the duties of such office. The Vice President shall automatically succeed to the office of the President when that office becomes vacant. Any action taken by the Vice-President in the performance of the duties of the President shall be conclusive evidence of the absence or inability to act of the President at the time such action was taken.

Section 7. Powers and Duties of the Treasurer. The Treasurer shall have custody of all of the Foundation's funds and securities that come into such officer's hands. When necessary or proper, the Treasurer may endorse or cause to be endorsed, when necessary or proper, in the name and on behalf of the Foundation, checks, notes, and other obligations for collection and shall deposit or cause to be deposited the same to the credit of the Foundation in such bank or banks or depositories and in such manner as shall be designated and prescribed by the Board of Trustees; may sign or cause to be signed all receipts and vouchers for payments made to the Foundation either alone or jointly with such other officer as may be designated by the Board of Trustees;

whenever required by the Board of Trustees, shall render or cause to be rendered a statement of the cash account; shall enter or cause to be entered regularly in the Foundation's books to be kept by such officer for that purpose full and accurate accounts of all moneys received and paid out on account of the Foundation; shall perform all acts incident to the position of Treasurer subject to the control of the Board of Trustees; and shall, if required by the Board of Trustees, give such bond for the faithful discharge of such officer's duties in such form as the Board of Trustees may require.

Section 8. Powers and Duties of Assistant Treasurers. Each Assistant Treasurer shall have the usual powers and duties pertaining to his office, together with such other powers and duties as may be assigned to him or her by the President or the Board of Trustees or the Treasurer. An Assistant Treasurer shall exercise the powers of the Treasurer during that officer's absence or inability or refusal to act.

Section 9. Powers and Duties of the Secretary. The Secretary shall keep the minutes of all meetings of the Board of Trustees in books provided for that purpose; shall attend to the giving and serving of all notices; in furtherance of the Foundation's purposes and subject to the limitations contained in the Articles of Incorporation, may sign with the President in the name and on behalf of the Foundation and/or attest the signatures thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes, and other instruments of the Foundation; shall have charge of the Foundation's books, records, documents, and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board of Trustees may direct, all of which shall be open at reasonable times to the inspection of any Trustee upon application at the Foundation's office during business hours; and shall in general perform all duties incident to the office of Secretary subject to the control of the Board of Trustees.

Section 10. Powers and Duties of Assistant Secretaries. Each Assistant Secretary shall have the usual powers and duties pertaining to his or her office, together with such other powers and duties as may be assigned to him or her by the President or the Board of Trustees or the Secretary. An Assistant Secretary shall exercise the powers of the Secretary during that officer's absence or inability or refusal to act.

Section 11. Foundation Executive Director. The Board of Trustees shall appoint and employ an Executive Director who will be responsible for the day-to-day management of the Foundation and shall have such duties and responsibilities as shall be assigned by the Board of Trustees.

ARTICLE VI MISCELLANEOUS PROVISIONS

Section 1. Fiscal Year. The Foundation's fiscal year end shall be August 31.

Section 2. Seal. The Foundation's seal, if any, shall be such as may be approved from time to time by the Board of Trustees.

Section 3. Notice and Waiver of Notice. Whenever any notice is required to be given by mail under the provisions of these Bylaws, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed postpaid wrapper addressed to the person entitled thereto at such person's post office address, as such appears in the records of the Foundation, and such notice shall be deemed to have been given on the date of such mailing. If transmitted by facsimile, such notice shall be deemed to be delivered upon successful transmission of the facsimile. A member of the Board of Trustees may waive notice of any meeting. The attendance of a member of the Board of Trustees at any meeting shall constitute a waiver of notice of such meeting unless such attendance is for the purpose of objecting to the failure of notice. A waiver of notice in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

Section 4. Resignations. Any Trustee, officer or committee member may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 5. Telephone Meetings. Subject to the requirements of law for notice of meetings, unless otherwise restricted by the Articles of Incorporation or these Bylaws, members of the Board of Trustees, or members of any committee may participate in and hold a meeting of such Board of Trustees, or committee, as the case may be, by means of a conference telephone, or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

ARTICLE VII INDEMNIFICATION OF TRUSTEES AND OFFICERS

Section 1. Indemnification. Each person who is or was a Trustee or officer of the Foundation, or any person who, while a Trustee or officer of the Foundation is or was serving at the request of the Foundation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, and the heirs, executors or administrators or estate of such person, shall be indemnified by the Foundation to the fullest extent permitted or authorized by the Texas Non-Profit Corporation Act or any successor provision, as it may from time to time be amended, against any liability, cost or expense incurred by him or her in his or her capacity as a Trustee, or officer, or arising out of his or her status as a Trustee or officer. The rights granted pursuant to this Article VII shall be deemed contract rights, and no repeal or

amendment of this Article VII shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment or repeal.

Section 2. Advance Payments. The Foundation may, but shall not be obligated to, pay expenses incurred in defending a civil or criminal act, suit or proceeding arising out of a Trustee's or officer's capacity or status as Trustee or officer in advance of the final disposition of such action, suit or proceeding, without any determination as to the person's ultimate entitlement to indemnification; *provided, however,* that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding shall be made only upon delivery to the Foundation of both a written affirmation by such Trustee or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article VII and a written undertaking, by or on behalf of such Trustee or officer, to repay all amounts so advanced if it ultimately is determined that the Trustee or officer is not entitled to be indemnified under this Article VII or otherwise.

Section 3. Appearance as a Witness. Notwithstanding any other provision of this Article VII, the Foundation may, but shall not be obligated to, pay or reimburse expenses incurred by a Trustee or officer in connection with his or her appearance as a witness or other participation in a proceeding at a time when he or she is not a named defendant or respondent in the proceeding.

Section 4. Indemnification of Employees and Agents. The Foundation, by adoption of a resolution of the Board of Trustees, may, but shall not be obligated to, indemnify and advance expenses to an employee or agent of the Foundation to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Trustees and officers under this Article VII.

Section 5. Non-Exclusive. The indemnification provided by this Article VII shall not be exclusive of any other rights to which those seeking indemnification may be entitled as a matter of law or under any agreement or otherwise.

Section 6. Insurance. The Foundation may, but shall not be obligated to, maintain insurance at its expenses, to protect itself, and any person who is or was a Trustee, officer, employee or agent of the Foundation or is or was serving at the request of the Foundation as a trustee, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him or her and any liability, cost or expense incurred by him or her in such capacity or arising out of his or her status as such a person, whether or not the Foundation would have the power to indemnify such person against the liability under this Article VII or the Texas Non-Profit Corporation Act.

ARTICLE VIII CONFLICTS OF INTEREST POLICY

Section 1. Purpose. The purpose of the conflicts of interest policy is to protect the Foundation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Trustee of the Foundation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

Section 2. Definitions.

a. Interested Person. Any Trustee, principal officer, or member of a committee with powers delegated by the Board of Trustees who has a direct or indirect financial interest, as defined below, is an interested person.

b. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

1. an ownership or investment interest in any entity with which the Foundation has a transaction or arrangement,
2. a compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement, or
3. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement;

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board of Trustees or a committee thereof decides that a conflict of interest exists. Moreover, a passive, minority ownership or investment interest of a Trustee, officer or committee member in an entity with which the Foundation has a transaction or other arrangement shall not result in a financial interest.

Section 3. Procedures.

a. Duty to Disclose. In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the Trustees and members of committees with powers delegated by the Board of Trustees considering the proposed transaction or arrangement.

b. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he or she shall leave the Board of Trustees or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board of Trustees or committee members shall decide if

a conflict of interest exists.

c. Procedures for Addressing the Conflict of Interest.

1. An interested person may make a presentation at the Board of Trustees or committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
2. The chairperson of the Board of Trustees or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence, the Board of Trustees or committee shall determine whether the Foundation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
4. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board of Trustees or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Foundation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Foundation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

d. Violations of the Conflicts of Interest Policy.

1. If the Board of Trustees or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
2. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4. Records of Proceedings. The minutes of the Board of Trustees and all committees with powers delegated by the Board of Trustees shall contain:

a. the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board of Trustees' or committee's decision as to whether a conflict of interest in fact existed and

b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

Section 5. Compensation Committees.

a. A voting member of the Board of Trustees who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

Section 6. Annual Statements. Each Trustee, principal officer and member of a committee with powers delegated by the Board of Trustees shall annually sign a statement which affirms that such person:

a. has received a copy of the conflicts of interest policy,

b. has read and understands the policy,

c. has agreed to comply with the policy, and

d. understands that the Foundation is a charitable organization and that in order to maintain its federal tax exemption it must engage exclusively in activities which accomplish one or more of its tax-exempt purposes.

Section 7. Periodic Reviews. To ensure that the Foundation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted.

Section 8. Use of Outside Experts. In conducting the periodic reviews provided for in Section 7, the Foundation may, but need not, use outside advisors. If outside experts are used their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

ARTICLE IX
AMENDMENTS

These Bylaws may be altered, amended, or repealed by the affirmative vote of a majority of the Board of Trustees at any meeting if notice of the proposed amendment is contained in the notice of such meeting.

CONFLICTS OF INTEREST POLICY

The Foundation adopted Amended Bylaws in May 2005, and such Bylaws include the Policy on Conflicts of Interest. The policy sets the standards of a comprehensive code of conduct and ethical behavior from the top down in the Foundation, and is intended to set the example for all employees of the Foundation, and to prevent any self-dealing of the Foundation with interested parties. Such Policy is hereby included herein as stated in the Bylaws:

ARTICLE VIII

Section 1. Purpose. The purpose of the conflicts of interest policy is to protect the Foundation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Trustee of the Foundation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

Section 2. Definitions.

a. Interested Person. Any Trustee, principal officer, or member of a committee with powers delegated by the Board of Trustees who has a direct or indirect financial interest, as defined below, is an interested person.

b. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

1. an ownership or investment interest in any entity with which the Foundation has a transaction or arrangement,
2. a compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement, or
3. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement;

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board of Trustees or a committee thereof decides that a conflict of interest exists. Moreover, a passive, minority ownership or investment interest of a Trustee, officer or committee member in an entity with which the Foundation has a transaction or other arrangement shall not result in a financial interest.

Section 3. Procedures.

a. Duty to Disclose. In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the Trustees and members of committees with powers delegated by the Board of Trustees considering the proposed transaction or arrangement.

b. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he or she shall leave the Board of Trustees or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board of Trustees or committee members shall decide if a conflict of interest exists.

c. Procedures for Addressing the Conflict of Interest.

1. An interested person may make a presentation at the Board of Trustees or committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
2. The chairperson of the Board of Trustees or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence, the Board of Trustees or committee shall determine whether the Foundation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict or interest.
4. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board of Trustees or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Foundation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Foundation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

d. Violations of the Conflicts of Interest Policy.

1. If the Board of Trustees or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
2. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4. Records of Proceedings. The minutes of the Board of Trustees and all committees with powers delegated by the Board of Trustees shall contain:

a. the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board of Trustees' or committee's decision as to whether a conflict of interest in fact existed and

b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

Section 5. Compensation Committees.

a. A voting member of the Board of Trustees who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

Section 6. Annual Statements. Each Trustee, principal officer and member of a committee with powers delegated by the Board of Trustees shall annually sign a statement which affirms that such person:

- a. has received a copy of the conflicts of interest policy,

- b. has read and understands the policy,
- c. has agreed to comply with the policy, and

d. understands that the Foundation is a charitable organization and that in order to maintain its federal tax exemption it must engage exclusively in activities which accomplish one or more of its tax-exempt purposes.

Section 7. Periodic Reviews. To ensure that the Foundation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted.

Section 8. Use of Outside Experts. In conducting the periodic reviews provided for in Section 7, the Foundation may, but need not, use outside advisors. If outside experts are used their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

The Lyndon Baines Johnson Foundation

ANNUAL STATEMENT OF CONFLICTS OF INTEREST

The undersigned, Trustee, and or committee member, hereby acknowledges and affirms that he/she has received a copy of the Conflicts of Interest Policy, has read and understands the Policy, has agreed to comply with the Policy, and understands that the Foundation is a charitable organization, and that in order to maintain its Federal tax exemption, it must engage exclusively in activities which accomplish one or more of its tax-exempt purposes.

Date

Signature