

CONTINUING DISCLOSURE ANNUAL REPORT

Filed by

BOARD OF REGENTS OF THE TEXAS TECH UNIVERSITY SYSTEM



FISCAL YEAR 2012

Pursuant to Undertaking Provided to
Permit Compliance with SEC Rule 15c2-12
Relating to
Each Issue of the Board's Outstanding Parity Obligations Issued since 1996

Texas Tech University System
Lubbock, Texas

Board of Regents

Larry K. Anders Term Expires January 31, 2017 Dallas, TX
L. Frederick Francis Term Expires January 31, 2013 El Paso, TX
John Walker Term Expires January 31, 2015 Houston, TX
Mickey L. Long Term Expires January 31, 2015 Midland, TX
Debbie Montford..... Term Expires January 31, 2017 San Antonio, TX
Nancy Neal..... Term Expires January 31, 2015 Lubbock, TX
John F. Scovell..... Term Expires January 31, 2013 Dallas, TX
John D. Steinmetz Term Expires January 31, 2017 Lubbock, TX
Jerry E. Turner Term Expires January 31, 2013 Blanco, TX

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Suzanne Taylor Term Expires May 31, 2013 Arlington, TX

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This information is being provided by the Board of Regents (“Board”) of the Texas Tech University System (“University System”) in compliance with the contractual undertaking (“Undertaking”) to provide annual reports of financial information and operating data, as required by Rule 15c2-12 (“Rule”) of the Securities and Exchange Commission, regarding each issue of the Board’s outstanding Parity Obligations issued since 1996 (“Issues”).

This Annual Report contains financial information and operating data with respect to the University System. Information in this Annual Report regarding the University System has been compiled from the University System’s records and other sources which are believed by the Board to be reliable. This report is provided in satisfaction of the Board’s Undertaking, and contains information prescribed by the Rule. The Board does not make any warranty concerning the usefulness of such information to a decision to invest in, hold, or sell bonds, notes, or other obligations payable, in whole or in part, from the sources pledged for the payment of the Issues. Information agreed to be provided by the Board may be reported in full text herein, or may be incorporated by reference to certain other publicly available documents. The Board is required by the Undertaking to provide information annually by a date not more than 180 days following the close of its fiscal year, for as long as any of the Issues are outstanding.

General Overview

The Texas Tech University System is composed of a central administrative agency, the Texas Tech University System Administration, and three component institutions – Texas Tech University, Texas Tech University Health Sciences Center, and Angelo State University. These three separate academic institutions are governed by the ten-member Board of Regents. The Regents are appointed by the Governor of the State of Texas to six-year terms with the exception of a student Regent who is appointed to a one-year term. The Chancellor is the chief executive officer of the System and is appointed by, and reports directly to, the Board of Regents. The Chancellor is supported by the Texas Tech University System Administration.

The Texas Tech University System employs more than 17,000 faculty and staff. The annual combined budget of the System is approximately \$1.5 billion. Approximately \$349 million of these funds are appropriated by the Texas Legislature. The total enrollment across all components is more than 43,000 students.

The Texas Tech University System is committed to providing the highest quality and most efficient resources and services to its components. Throughout all institutions and centers, the University System strives to increase accessibility, enhance instruction and infrastructure formula funding, provide necessary financial aid, produce and commercialize new technologies, strengthen academic quality and reputation, advance research, improve productivity and efficiency, and further the quality and availability of health care for all Texans.

Texas Tech University, based in Lubbock, Texas, was established in 1923 as Texas Technological College. The University is one of the state’s largest major comprehensive universities in terms of square miles. Over 32,000 students enroll annually, coming from 49 states and more than 117 foreign countries. These students choose from among 152 undergraduate, 107 masters, and 64 doctoral programs. The University also has limited educational facilities located in the Texas cities of Junction, Fredericksburg, Marble Falls, and in Seville, Spain.

Texas Tech University Health Sciences Center has an enrollment of over 4,300 students in its schools of medicine, nursing, allied health, pharmacy, and the graduate school of biomedical sciences. The Lubbock campus serves as the administrative hub for the Health Sciences Center, with regional campuses located in Amarillo, El Paso, and the Permian Basin (Odessa/Midland), and with academic centers in Dallas and Abilene.

Angelo State University, based in San Angelo, was established in 1928 as San Angelo College; in 1965 new legislation was passed to create Angelo State College. ASU’s campus covers more than 268 acres and enrolls approximately 7,000 students from 210 of Texas’ 254 counties, 41 other states, and 22 countries. The Texas Legislature (80th Regular Session) passed H.B. 3564 and pursuant to the statute, the governance, control, management and property of Angelo State University were transferred from the Texas State University System to the Texas Tech University System, effective September 1, 2007.

Accreditation. The institutions, agencies, and services comprising the University System are members of the following professional associations and accredited by those which apply accreditation standards: Commission on Colleges of the Southern Association of Colleges and Schools; National Commission on Accrediting; Association of Texas Colleges and Universities; American Council on Education; Association of American Colleges; American Association of State Colleges and Universities, Council on Higher Education; Association of Urban Universities; National Association of State Universities and Land-Grant Colleges; and Liaison Committee on Medical Education.

Pledged Revenues

As outlined in the Master Resolution, Parity Obligations are secured by Pledged Revenues of the University System’s Revenue Financing System. The Pledged Revenues consist of Revenue Funds and lawfully available (unappropriated) reserve and fund balances with certain exceptions. Revenue Funds are defined in Section 55.01 of the Texas Education Code as revenues, incomes, receipts, rentals, rates, charges, fees, grants, and tuition levied or collected from any public or private source by an institution of higher education, including interest or other income from those funds.

Set forth below is the information relating to the University System’s Pledged Revenues for the last five fiscal years.

Texas Tech University System Pledged Revenues

	2008	2009	2010	2011	2012
Available Pledged Revenues Not Including Fund Balances	\$ 494,884,615	\$ 523,830,973	\$ 576,009,311	\$ 606,785,300	\$ 690,725,360
Pledgeable Unappropriated Funds and Reserve Balances	220,780,807	234,036,451	221,182,551	255,912,878	315,040,391
Total Pledged Revenues	\$ 715,665,422	\$ 757,867,424	\$ 797,191,862	\$ 862,698,178	\$1,005,765,751

1. Excludes State appropriations for the reimbursement of debt service on certain Tuition Revenue Bonds of the University System.
2. In addition to current year Pledged Revenues, any unappropriated or reserve fund balances remaining at year-end are available for payment of the subsequent year’s debt service. In addition, historically, the Board has set aside certain reserve fund balances for specified University System purposes (“quasi-endowment balances”). Although such quasi-endowment balances may be available for debt service on Parity Obligations if the need arises, the University System has not included such balances in the calculation of Pledged Revenues. As of August 31, 2012, the quasi-endowment balances have a fair market value of \$128.2 million.

Outstanding Obligations

Set forth below is a summary of the debt service requirements of all Parity Obligations outstanding as of August 31, 2012:

Texas Tech University System RFS Bonds
Debt Service for All Series
as of August 31, 2012 through Maturity

Period Ending	Principal	Interest	Annual Debt Service	Obligations Balance
8/31/2012				\$ 521,640,000
8/31/2013	\$ 27,750,000	\$ 23,619,700	\$ 51,369,700	493,890,000
8/31/2014	29,255,000	22,501,841	51,756,841	464,635,000
8/31/2015	29,625,000	21,350,326	50,975,326	435,010,000
8/31/2016	29,065,000	20,093,280	49,158,280	405,945,000
8/31/2017	30,055,000	18,829,644	48,884,644	375,890,000
8/31/2018	30,865,000	17,414,082	48,279,082	345,025,000
8/31/2019	31,585,000	16,014,510	47,599,510	313,440,000
8/31/2020	33,030,000	14,550,976	47,580,976	280,410,000
8/31/2021	34,300,000	13,004,246	47,304,246	246,110,000
8/31/2022	27,070,000	11,581,446	38,651,446	219,040,000
8/31/2023	23,290,000	10,298,778	33,588,778	195,750,000
8/31/2024	23,765,000	9,135,457	32,900,457	171,985,000
8/31/2025	24,930,000	7,944,463	32,874,463	147,055,000
8/31/2026	26,170,000	6,692,447	32,862,447	120,885,000
8/31/2027	19,890,000	5,556,824	25,446,824	100,995,000
8/31/2028	19,130,000	4,604,845	23,734,845	81,865,000
8/31/2029	13,240,000	3,812,087	17,045,999	68,625,000
8/31/2030	10,410,000	3,243,621	13,648,699	58,215,000
8/31/2031	10,905,000	2,740,165	13,641,616	47,310,000
8/31/2032	6,000,000	2,272,750	8,270,826	41,310,000
8/31/2033	6,300,000	1,968,584	8,268,584	35,010,000
8/31/2034	6,620,000	1,648,081	8,262,901	28,390,000
8/31/2035	6,960,000	1,310,175	8,265,969	21,430,000
8/31/2036	7,315,000	954,900	8,266,864	14,115,000
8/31/2037	3,875,000	581,494	4,454,840	10,240,000
8/31/2038	4,075,000	379,694	4,454,694	6,165,000
8/31/2039	1,975,000	246,600	2,221,600	4,190,000
8/31/2040	2,055,000	167,600	2,222,600	2,135,000
8/31/2041	2,135,000	85,400	2,220,400	-
	\$ 521,640,000	\$ 242,604,016	\$ 764,213,458	

Outstanding Commercial Paper as of August 31, 2012 was \$27,159,000.

Set forth below reflects a portion of all Parity Obligations identified as Tuition Revenue Bonds (TRB). For more information, see “Tuition Revenue Bonds” in the “Selected Financial Information” section as listed below.

**Texas Tech University System
Tuition Revenue Bonds for All Series
Debt Service Schedule
As of August 31, 2012 through Maturity**

Period Ending	Principal	Interest	Debt Service	Obligations Balance
8/31/2012				\$ 193,850,136
8/31/2013	\$ 14,039,683	\$ 8,753,137	\$ 22,792,820	179,810,452
8/31/2014	14,484,059	8,141,754	22,625,813	165,326,393
8/31/2015	14,130,984	7,603,658	21,734,642	151,195,409
8/31/2016	13,015,431	7,034,354	20,049,785	138,179,979
8/31/2017	13,580,246	6,482,119	20,062,365	124,599,732
8/31/2018	14,250,586	5,812,043	20,062,629	110,349,147
8/31/2019	14,470,117	5,138,452	19,608,569	95,879,030
8/31/2020	15,174,719	4,440,504	19,615,223	80,704,311
8/31/2021	15,889,242	3,704,235	19,593,477	64,815,069
8/31/2022	12,777,359	3,006,188	15,783,547	52,037,710
8/31/2023	8,322,537	2,393,822	10,716,359	43,715,174
8/31/2024	8,722,609	1,967,693	10,690,303	34,992,564
8/31/2025	9,162,429	1,520,568	10,682,996	25,830,135
8/31/2026	9,637,241	1,050,576	10,687,817	16,192,894
8/31/2027	6,877,141	637,716	7,514,857	9,315,753
8/31/2028	7,235,469	284,901	7,520,370	2,080,284
8/31/2029	2,080,284	52,007	2,132,292	
	\$ 193,850,136	\$ 68,023,728	\$ 261,873,864	

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The two aforementioned tables include all Angelo State University debt that has been issued as part of the University System Revenue Financing System. Prior to September 1, 2007, Angelo State was under the Texas State University System umbrella. The University System is in agreement with Texas State System for which the portion of Angelo State's debt outstanding is considered Texas State System's obligation and Angelo State is to continue to make payments.

Set forth below is the debt schedule for Angelo State's portion of Texas State University System Revenue Financing System.

Texas State University System RFS Bonds
Debt Service
Angelo State University - All Series
as of Aug 31, 2012 to Maturity

Date	Principal	Interest	Annual Debt Service	Obligations Balance
8/31/2012				\$ 33,247,074
8/31/2013	\$ 2,861,199	\$ 1,662,354	\$ 4,523,553	30,385,875
8/31/2014	3,059,602	1,519,294	4,578,896	27,326,273
8/31/2015	2,746,440	1,366,314	4,112,754	24,579,833
8/31/2016	2,626,343	1,228,992	3,855,334	21,953,491
8/31/2017	2,756,131	1,097,675	3,853,806	19,197,359
8/31/2018	2,897,359	959,868	3,857,227	16,300,000
8/31/2019	1,510,000	815,000	2,325,000	14,790,000
8/31/2020	1,585,000	739,500	2,324,500	13,205,000
8/31/2021	1,650,000	660,250	2,310,250	11,555,000
8/31/2022	1,725,000	577,750	2,302,750	9,830,000
8/31/2023	695,000	491,500	1,186,500	9,135,000
8/31/2024	730,000	456,750	1,186,750	8,405,000
8/31/2025	770,000	420,250	1,190,250	7,635,000
8/31/2026	800,000	381,750	1,181,750	6,835,000
8/31/2027	840,000	341,750	1,181,750	5,995,000
8/31/2028	885,000	299,750	1,184,750	5,110,000
8/31/2029	925,000	255,500	1,180,500	4,185,000
8/31/2030	975,000	209,250	1,184,250	3,210,000
8/31/2031	1,015,000	160,500	1,175,500	2,195,000
8/31/2032	1,070,000	109,750	1,179,750	1,125,000
8/31/2033	1,125,000	56,250	1,181,250	-
	<u>\$ 33,247,074</u>	<u>\$ 13,809,995</u>	<u>\$ 47,057,070</u>	

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Enrollment

Set forth below is the fall semester headcount and full-time equivalent enrollment at Texas Tech University System for each of the last five fall semesters:

Headcount Enrollment Information

<u>Undergraduate</u>	<u>Fall 2008</u>	<u>Fall 2009</u>	<u>Fall 2010</u>	<u>Fall 2011</u>	<u>Fall 2012</u>
Texas Tech University	23,107	24,236	25,462	26,063	26,481
The Health Sciences Center	723	682	983	1,154	1,305
Angelo State University	5,648	5,859	6,155	6,267	6,008
Undergraduate Total	29,478	30,777	32,600	33,484	33,794
<u>Graduate & Professional</u>					
Texas Tech University	5,315	5,813	6,175	6,264	5,986
The Health Sciences Center	2,181	2,568	2,744	2,940	3,065
Angelo State University	465	528	701	817	880
Graduate Total	7,961	8,909	9,620	10,021	9,931
Total	37,439	39,686	42,220	43,505	43,725

Full-Time Equivalent Enrollment Information

<u>Undergraduate</u>	<u>Fall 2008</u>	<u>Fall 2009</u>	<u>Fall 2010</u>	<u>Fall 2011</u>	<u>Fall 2012</u>
Texas Tech University	21,190	22,009	22,984	23,453	23,619
The Health Sciences Center	679	652	901	1,106	1,251
Angelo State University	4,730	4,829	4,896	4,921	4,968
Undergraduate Total	26,599	27,490	28,781	29,480	29,838
<u>Graduate & Professional</u>					
Texas Tech University	3,601	3,900	4,189	4,903	4,766
The Health Sciences Center	1,836	2,316	2,435	2,589	2,721
Angelo State University	277	321	397	482	428
Graduate Total	5,714	6,537	7,021	7,974	7,915
Total	32,313	34,027	35,802	37,454	37,753

Note: The enrollment data in the two aforementioned tables has been updated from prior years' disclosures. The FTE data has been updated to properly reflect Health Sciences Center students enrolled in programs that exceed 1 FTE which were disclosed before as 1 FTE.

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Admissions and Matriculation

Set forth below is the information relating to admissions and matriculation for Texas Tech University System for each of the last five fall semesters:

Admissions and Matriculation Information

	2008	%	2009	%	2010	%	2011	%	2012	%
First-Year:										
Applications Submitted	26,439	100.0	30,053	100.0	30,588	100.0	33,140	100.0	33,624	100.0
Applications Accepted	16,291	61.6	15,553	51.8	16,481	53.9	16,486	49.7	15,858	47.2
Matriculation	7,127	27.0	7,787	25.9	8,182	26.7	7,752	23.4	7,765	23.1
Matriculation from outside state	458	1.7	458	1.5	505	1.7	576	1.7	663	2.0
Transfers:										
Applications Submitted	4,366	100.0	5,314	100.0	5,399	100.0	5,493	100.0	5,264	100.0
Applications Accepted	3,331	76.3	4,312	81.1	4,387	81.3	4,420	80.5	4,347	82.6
Matriculation	2,560	58.6	2,909	54.7	2,914	54.0	2,936	53.4	2,963	56.3
Matriculation from outside state	239	5.5	219	4.1	239	4.4	254	4.6	291	5.5

Financial Statements

The University System is an agency of the State and its financial records reflect compliance with applicable State statutes and regulations. The fiscal year of the State and the University System begins on September 1 of each year. Annually, an unaudited financial report dated as of August 31, is prepared for the University System no later than November 20 and then delivered to the Governor and the State Comptroller of Public Accounts. The State in turn issues an audited Comprehensive Annual Financial Report (CAFR), prepared in accordance with generally accepted accounting principles, encompassing all activities generally considered part of the State. The State Auditor's Office annually audits the general-purpose activities of the State and contracts with an outside firm to audit certain portions in compliance with federal audit procedures. Both the State Auditor and contracted auditing firm each express an opinion of the CAFR. However, neither the State Auditor nor the contracted auditing firm express opinions on the financial reports of individual agencies and/or member units, including the University System. Therefore, no independent audit of the University System is required.

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Set forth below reflects the condensed statement of net assets of the University System as of August 31, 2008 through 2012.

**Condensed Statement of Net Assets
as of August 31
(in thousands)**

Assets:	2008	2009	2010	2011	2012
Current Assets	\$795,422	\$768,321	\$723,306	\$727,951	\$772,171
Capital Assets, Net	1,074,389	1,130,108	1,236,086	1,357,096	1,413,353
Other Assets	1,012,742	1,007,533	1,161,920	1,247,514	1,318,934
Total Assets	\$2,882,553	\$2,905,962	\$3,121,312	\$3,332,561	\$3,504,458
 Liabilities:					
Current Liabilities	\$384,051	\$341,403	\$406,583	\$432,643	\$375,929
Non Current Liabilities	418,010	524,777	504,587	479,301	570,256
Total Liabilities	\$802,061	\$866,180	\$911,170	\$911,944	\$946,185
 Net Assets:					
Invested in Capital Assets, Net of Related Debt	\$612,776	\$643,065	\$745,619	\$842,500	\$862,710
Restricted					
Expendable	258,551	279,615	281,744	329,459	368,777
Non-Expendable	609,107	565,408	611,227	607,566	624,472
Unrestricted	600,058	551,694	571,552	641,092	702,314
Total Net Assets	\$2,080,492	\$2,039,782	\$2,210,142	\$2,420,617	\$2,558,273
 Liabilities and Net Assets	 \$2,882,553	 \$2,905,262	 \$3,121,312	 \$3,332,561	 \$3,504,458

Set forth below reflects the condensed statement of revenues, expenses, and changes in net assets of the University System as of August 31, 2009 through 2012.

Texas Tech University System
Statement of Revenues, Expenses, and Changes in Net Assets (Unaudited)
For the Year Ended August 31

In Thousands (000s)

Operating Revenues	2009	2010	2011	2012
Tuition and Fees	\$ 10,532	\$ 7,245	\$ 7,294	\$ 7,684
Tuition and Fees: Pledged	268,762	320,787	376,249	416,376
Less Discounts and Allowances	(36,662)	(52,522)	(72,865)	(92,619)
Professional Fees	216,063	220,756	238,310	221,496
Professional Fees - Pledged				1,383
Sales and Services of Auxiliary Enterprises - Pledged	99,105	103,094	112,352	127,435
Other Sales and Services	3,096	2,056	3,225	3,413
Other Sales and Services: Pledged	10,298	14,077	10,528	10,385
Federal Grants and Contracts	42,609	57,134	60,287	55,227
Federal Grants and Contracts: Pledged	3,246	3,732	4,387	4,621
Federal Pass-Through (net of administrative costs)	7,664	9,071	8,080	5,409
State Grants and Contracts	5,636	4,692	9,238	6,971
State Grants and Contracts: Pledged	150	377	265	558
State Pass-Through	26,247	36,036	39,430	29,868
Local Government Grants and Contracts	98,916	66,146	50,640	51,599
Local Government Grants and Contracts: Pledged	817	1,271	1,178	1,168
Nongovernmental Grants and Contracts	36,917	70,679	90,996	102,736
Nongovernmental Grants and Contracts: Pledged	2,557	2,491	2,223	2,173
Total Operating Revenues	\$795,953	\$867,123	\$941,817	\$955,883
Operating Expenses				
Instruction	\$ 432,647	\$ 413,677	\$ 410,223	\$ 414,211
Research	101,275	144,788	156,779	156,158
Public Service	135,532	137,221	136,695	123,659
Hospital and Clinic	-	50,558	54,886	58,968
Academic Support	173,542	162,148	176,281	173,014
Student Services	41,129	45,644	44,330	46,262
Institutional Support	91,375	101,418	86,309	91,607
Operations and Maintenance of Plant	81,091	73,741	71,927	72,258
Scholarships and Fellowships	32,651	39,097	46,396	44,484
Auxiliary Enterprises	108,038	113,192	111,690	111,608
Depreciation and Amortization	68,124	78,849	100,322	113,593
Total Operating Expenses	\$1,265,404	\$1,360,333	\$1,395,838	\$1,405,822
Operating Income (Loss)	\$ (469,452)	\$ (493,210)	\$ (454,021)	\$ (449,939)

Statement of Revenues, Expenses, and Changes in Net Assets (Unaudited)

Continued

	2009	2010	2011	2012
Non-operating Revenues (Expenses)				
Legislative Revenue	\$ 359,514	\$ 379,596	\$ 384,305	\$ 373,528
Federal Grants and Contracts	22,496	42,827	47,661	45,246
Federal Grants Pass Throughs	-	18,485	8,341	-
State Grants Pass-Throughs from Other State Agencies	-	-	-	2
Private Gifts Pledged	63,736	6,108	47,442	4,011
Private Gifts	11,125	49,829	4,641	81,187
Investment Income	(23,961)	47,794	40,699	17,459
Investment Income: Pledged	10,859	7,869	8,606	10,191
Interest Expense on Capital Asset Financing	(21,606)	(23,282)	(21,468)	(24,016)
Loss on Sale and Disposal of Capital Assets	(1,061)	(6,717)	(2,171)	(1,066)
Net Increase (Decrease) in Fair Value of Investments	(46,521)	31,595	36,885	18,561
Other Non-operating Revenues (Expenses)	3,661	4,805	19,202	9,611
Other Non-operating Revenues (Expenses): Pledged	7,477	5,267	2,632	1,323
Total Non-operating Revenues (Expenses)	\$385,718	\$564,175	\$576,774	\$536,036
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(\$83,733)	\$70,965	\$122,752	\$86,097
Other Revenues, Expenses, Gains, Losses and Transfers				
Capital Appropriations (HEAF)	45,969	45,969	44,653	44,653
Capital Contributions	2,114	61,119	55,449	11,663
Lapsed Appropriations	-	-	(1)	(1)
Additions to Permanent Endowments	492	3,329	428	661
Increase Net Assets- Interagency Transfer Capital Assets	-	29	(2,881)	-
Decrease Net Assets- Interagency Transfer Capital Assets	-	(2)	-	-
Legislative Transfer Out	(3,120)	(2,947)	(9,921)	(2,920)
Transfers in from Other State Agencies	41	-	-	7,878
Transfer Out to Other State Agencies	(15,176)	(8,098)	-	(10,375)
Net Other Revenues, Expenses, Gains, Losses and Transfers	\$30,320	\$99,394	\$87,728	\$51,559
Total Changes in Net Assets	(\$53,414)	\$170,360	\$210,481	\$137,656
Beginning Net Assets (September 1)	\$2,080,492	\$2,039,782	\$2,210,142	\$2,420,617

Set forth below reflects the condensed statement of cash flows of the University System as of August 31, 2008 through 2012.

Texas Tech University System
Condensed Statement of Cash Flows
(in thousands)

	2008	2009	2010	2011	2012
Cash Flows From					
Operating Activities	\$ (372,310)	\$ (405,679)	\$ (386,780)	\$ (327,728)	\$ (345,674)
Non-capital Financing Activities	506,043	462,771	501,076	412,323	505,857
Capital and Related Financing Activities	(78,017)	(22,933)	(111,510)	(136,927)	(88,763)
Investing Activities	102,371	12,857	(82,237)	(13,823)	(16,044)
Increase in Cash & Cash Equivalents	158,087	47,016	(79,451)	(66,155)	55,377
Cash & Cash Equivalents, Beginning of Year	405,195	563,283	610,299	530,848	464,693
Cash & Cash Equivalents, End of Year	<u>\$ 563,283</u>	<u>\$ 610,299</u>	<u>\$ 530,848</u>	<u>\$ 464,693</u>	<u>\$ 520,070</u>

Selected Financial Information

Tuition Revenue Bonds A portion of the Parity Obligations of the University System constitute as Tuition Revenue Bonds (defined in Chapter 55 of the Texas Education Code). Tuition Revenue Bonds issued by the University System carry no additional pledge or security and constitute Parity Obligations of the University System which are equally and ratably secured by and payable from a pledge of and lien on Pledged Revenues on parity with all other Parity Obligations of the University System. The State Legislature has appropriated funds to reimburse the University System in prior years in an amount equal to all or a portion of the debt service on the University System's Tuition Revenue Bonds.

The University System can provide no assurances with respect to any future appropriations by the State Legislature. Future levels of State appropriations are dependent upon the ability and willingness of the State Legislature to make appropriations to the University System taking into consideration the availability of financial resources and other potential uses of such resources.

Set forth below reflects the Tuition Revenue Bond Appropriations in the past 2010-11 and the current 2012-13 biennium of the State Budget.

2010-2013 State Tuition Revenue Bond (TRB) Appropriations
(In Thousands)

	2010	2011	2012	2013
Texas Tech University	\$ 14,098	\$ 14,695	\$ 9,230	\$ 9,243
The Health Sciences Center	13,188	13,183	12,916	12,914
Angelo State University	4,119	4,026	4,004	3,962
The University System	-	-	-	-
Total TRB	<u>\$ 31,405</u>	<u>\$ 31,904</u>	<u>\$ 26,150</u>	<u>\$ 26,119</u>

Tuition and Fees

Each component institution that grants degrees charges tuition and fees as set by the State Legislature and the Board under Chapters 54 and 55 of the Texas Education Code. Tuition charges are comprised of “State Mandated Tuition” and “Board Designated Tuition.” Mandatory fees comprise charges of certain activities and services utilized by all students. Each component institution charges various types of fees and in various amounts.

Any changes in tuition or fees will originate and be recommended by the President of the component institution, reviewed by the Chancellor and approved by the Board. Any changes in tuition will be implemented only after thorough consultation and review.

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Set forth below is a table showing the State Mandated Tuition, Board Designated Tuition, Board Authorized Tuition, mandatory fees, and the amount set aside for financial assistance to resident and non-resident students by each institution, excluding the Health Sciences Center, for the 2012-13 academic year based on 15 semester credit hours per semester for undergraduate students, 12 semester credit hours per semester for graduate students.

**Texas Tech University
Tuition and Fees
Academic Year 2012-2013**

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
Resident Undergrad (15 hrs)	\$750.00	\$2,288.55	\$0.00	\$1,432.50	\$4,471.05	\$319.71
Non-Resident Undergrad (15 hrs)	6,015.00	2,288.55	0.00	1,432.50	9,736.05	319.71
Resident Graduate (12 hrs)	600.00	1,830.84	600.00	1,327.50	4,358.34	239.78
Non-Resident Graduate (12 hrs)	4,812.00	1,830.84	600.00	1,327.50	8,570.34	239.78
Resident Law (15 hrs)						
Year 1	1,200.00	5,363.55	2,400.00	2,145.00	11,015.80	701.03
Year 2 and Year 3	1,200.00	3,863.55	2,400.00	2,145.00	9,608.55	476.80
Non-Resident Law (15 hrs)						
Year 1	6,015.00	5,363.55	2,400.00	2,145.00	15,923.55	701.03
Year 2 and Year 3	6,015.00	3,863.55	2,400.00	2,145.00	14,423.55	476.03

**Angelo State University
Tuition and Fees
Academic Year 2012-2013**

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
Resident Undergrad (15 hrs)	\$750.00	\$1,675.05	\$0.00	\$1,249.50	\$3,674.55	\$197.01
Non-Resident Undergrad (15 hrs)	5,445.00	1,675.05	0.00	1,249.50	8,369.55	0.00
Resident Masters (12 hrs)	600.00	1,340.04	540.00	1,128.50	3,608.54	118.21
Non-Resident Masters (12 hrs)	4,356.00	1,340.04	540.00	1,128.50	7,364.54	0.00

NOTE: A fixed international student fee of \$75 is charged to all non-immigrant visa students for each term in which they enroll in the University System. Total tuition and fees includes amounts required to be set aside for financial assistance in accordance with applicable provisions of the Texas Education Code. The set-aside amounts are calculated as follows: from State Mandated Tuition not less than 15% nor more than 20% of each resident student's tuition charge and 3% of each non-resident student's tuition charge is set aside for Texas Public Education Grants (Section 56.033); \$2 for each semester hour for which a doctoral student is enrolled is set aside for the Doctoral Loan Incentive Program (Section 56.095); from Board Designated Tuition no less than 20% charged to resident undergraduate students in excess of \$46 per semester hour (Section 56.011) and no less than 15% charged to resident graduate students in excess of \$46 per semester hour is set aside for financial assistance (Section 56.012). Of the set-aside from Board Designated Tuition for resident undergraduate students, 5% charged to resident undergraduate students in excess of \$46 per semester hour is deposited in the State Treasury into the Texas B-On-Time Loan Program (Section 56.465). In addition, 15% of Board Designated Tuition charged to non-resident students in excess of \$46 per semester hour is set aside to provide financial assistance for non-resident students.

Set forth below is a table showing the State Mandated Tuition, Board Designated Tuition, Board Authorized Tuition, mandatory fees, and Financial Assistance Set-asides for full-time resident and non-resident students at the Health Sciences Center.

**Health Sciences Center
Tuition and Fees
Academic Year 2012-2013**

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition and Fees	Financial Assistance Set-Aside
M.D. Resident						
Year 1 - 2	\$6,550.00	\$7,500.00	\$ -	\$2,131.90	\$16,181.90	\$1,877.98
Year 3	6,550.00	7,500.00	-	2,071.90	16,121.90	1,877.98
Year 4	6,550.00	7,500.00	-	\$1,821.90	15,871.90	1,877.98
M.D. Non-Resident						
Year 1 - 2	19,650.00	7,500.00	-	\$2,131.90	29,281.90	1,746.98
Year 3	\$19,650.00	7,500.00	-	2,071.90	29,221.90	1,746.98
Year 4	19,650.00	7,500.00	-	1,821.90	28,971.90	1,746.98
Graduate Students						
Resident (24 SCH)	1,200.00	1,920.00	-	1,477.40	4,597.40	302.40
Non-Resident (24 SCH)	9,624.00	1,920.00	-	1,477.40	13,021.40	411.12
Allied Health Sciences						
Undergraduate Level - Resident						
Year 1 - 2 (37 SCH)	1,850.00	4,625.00	-	1,776.90	8,251.90	862.10
Undergraduate Level - Non-Resident						
Year 1 - 2 (37 SCH)	14,837.00	4,625.00	-	1,776.90	21,238.90	883.56
Graduate Level - Resident						
Year 1 - 3 (37 SCH)	1,850.00	4,625.00	1,850.00	1,776.90	10,101.90	715.95
Graduate Level - Non-Resident						
Year 1 - 3 (37 SCH)	14,837.00	4,625.00	1,850.00	1,776.90	23,088.90	883.56
Nursing						
Undergraduate Level - Resident						
Year 1 (34 SCH)	1,700.00	4,250.00	-	2,033.40	7,983.40	792.20
Year 2 (33 SCH)	1,650.00	4,125.00	-	2,003.40	7,778.40	768.90

Cont'd	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition and Fees	Financial Assistance Set-Aside
Nursing						
Undergraduate Level – Non-Resident						
Year 1 (34 SCH)	\$13,634.00	\$4,250.00	\$ -	\$2,033.40	\$19,917.40	\$811.92
Year 2 (33 SCH)	13,233.00	4,125.00	-	2,003.40	19,361.40	788.04
Graduate Level - Resident						
Year 1 (24 SCH)	1,200.00	3,000.00	1,200.00	1,583.40	6,983.40	464.40
Year 2 (18 SCH)	\$900.00	2,250.00	900.00	1,163.40	5,213.40	348.30
Graduate Level - Non-Resident						
Year 1 (24 SCH)	9,624.00	3,000.00	1,200.00	,583.40	15,407.40	573.12
Year 2 (18 SCH)	7,218.00	2,550.00	900.00	1,163.40	11,531.40	429.84
Pharmacy - Resident						
Year 1 (41 SCH)	2,050.00	7,175.00	4,100.00	2,378.40	15,703.40	1,100.85
Year 2 (38 SCH)	1,900.00	6,650.00	3,800.00	2,348.40	14,698.40	1,020.30
Year 3 (38 SCH)	1,900.00	6,650.00	3,800.00	2,348.40	14,698.40	1,020.30
Year 4 (52 SCH)	2,600.00	9,100.00	5,200.00	2,912.40	19,812.40	1,396.20
Pharmacy - Non-Resident						
Year 1 (41 SCH)	16,441.00	7,175.00	4,100.00	2,378.40	30,094.40	1,286.58
Year 2 (38 SCH)	15,238.00	6,650.00	3,800.00	2,348.40	28,036.40	1,192.44
Year 3 (38 SCH)	15,238.00	6,650.00	3,800.00	2,348.40	28,036.40	1,192.44
Year 4 (52 SCH)	20,852.00	9,100.00	5,200.00	2,912.40	38,064.40	1,631.76

NOTE: A fixed international student fee of \$50 is charged to all non-immigrant visa students for each term in which they enroll in the University System. Total tuition and fees includes amounts required to be set aside for financial assistance in accordance with applicable provisions of the Texas Education Code. The set-aside amounts are calculated as follows: from State Mandated Tuition not less than 15% nor more than 20% of each resident student's tuition charge and 3% of each non-resident student's tuition charge is set aside for Texas Public Education Grants (Section 56.033); \$2 for each semester hour for which a doctoral student is enrolled is set aside for the Doctoral Loan Incentive Program (Section 56.095); from Board Designated Tuition no less than 20% charged to resident undergraduate students in excess of \$46 per semester hour (Section 56.011) and no less than 15% charged to resident graduate students in excess of \$46 per semester hour is set aside for financial assistance (Section 56.012). Of the set-aside from Board Designated Tuition for resident undergraduate students, 5% charged to resident undergraduate students in excess of \$46 per semester hour is deposited in the State Treasury into the Texas B-On-Time Loan Program (Section 56.465). In addition, 15% of Board Designated Tuition charged to non-resident students in excess of \$46 per semester hour is set aside to provide financial assistance for non-resident students.

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Federal Sponsored Research Expenditures

Set forth below is University System's Federal sponsored research expenditures of the most recent five Fiscal Years.

Texas Tech University System
2008-2012 Federally Sponsored Research Expenditures
(In Thousands)

Federal Sources	2008	2009	2010	2011	2012
USDA	\$3,135	\$4,606	\$5,964	\$3,653	\$2,826
Dept. of Commerce	-	-	-	90	246
Dept. of Health and Human Services	1,767	9,814	23,954	13,781	13,310
Dept. of Defense	5,971	8,634	11,341	6,783	3,682
Dept. of Education	2,550	2,372	-	639	1,247
Dept. of Energy	-	-	3,940	3,426	2,353
Dept. of the Interior	1	-	-	783	956
Dept. of Transportation - Research, Innovative Technology Admin Agency	3	11	-	-	-
Environmental Protection Agency	-	-	-	394	169
National Foundation for Arts/Humanities	-	-	-	288	-
National Institutes of Health	-	-	-	-	-
NASA	790	690	757	683	811
National Science Foundation	4,106	4,877	8,109	8,849	8,868
Small Business Admin	56	68	55	93	59
Office of Naval Research	-	2,926	2,893	2,977	2,569
Other Federal Agencies/Pass Thru	2,994	1,772	5,220	7,763	6,965
US Army Research Laboratory	-	-	-	42	1
Total Federal Sources	<u>\$23,381</u>	<u>\$37,779</u>	<u>\$64,243</u>	<u>\$52,255</u>	<u>\$46,074</u>

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Investment Programs and Policies. To facilitate the investment of the University System funds, the Board has created two separate investment pools designated as the Short/Intermediate Term Investment Fund (the “SITIF”) and the Long-Term Investment Fund (the “LTIF”), which are governed overall by Regents’ Rules Chapter 09 “Investments, Endowments, and Income Producing Lands”, and individually by the Investment Policy Statement of each pool, codified as Board Policy Statements. Additionally, the University System also has certain funds that are held in the State Treasury and invested by the Comptroller.

Set forth below is the market value for each of the funds managed by the Board as of the end of the most recent five Fiscal Years.

**Market Value of Investment Funds
(in Thousands)**

August 31	SITIF	LTIF	ASU & Carr Foundation	Total Market Value
2008	\$622,227	\$684,772	\$78,554	\$1,385,553
2009	653,435	651,165	34,996	1,339,596
2010	653,357	727,335	34,462	1,415,154
2011	680,122	779,611	31,862	1,491,595
2012	825,254	804,688	34,248	1,664,190

Note: The “ASU & Carr Foundation” column includes assets held outside of the LTIF for ASU and the Carr Foundation.

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The Short/Intermediate Term Investment Fund. The SITIF is a short/intermediate term pooled investment fund created by the Board for the collective investment of institutional funds of the University System. Except for certain eligible endowment funds (and certain eligible institutional funds treated as endowments), all institutional funds of the University System are invested in the SITIF.

The Investment Policy Statement was amended to allow external investment managers to invest a portion of the fund. The new policy was approved at the March 2012 Board meeting and the new changes were strategically phased-in beginning in May 2012.

Set forth below is the asset allocation of the SITIF as of August 31, 2012. Currently, Angelo State does not participate in the SITIF.

**Asset Allocation for the Short/Intermediate Term Fund
(in Thousands)**

Description	Allocation Percentage	Market Value
<u>Cash Pool</u>		
Depository Accounts	8.43%	\$ 69,602
Money Market Funds	11.89%	98,107
Local Gov't Investment Pool	27.38%	225,988
Total Pool	47.71%	\$393,697
<u>Short Term Pool</u>		
Money Market Fund	0.01%	\$ 48
U.S. Agency Notes	9.72%	80,192
Treasury Notes	4.32%	35,614
Total Pool	14.04%	\$115,854
<u>Intermediate Pool</u>		
Local Gov't Investment Pool	4.12%	\$ 34,018
Fixed Income Mutual Funds	21.97%	181,300
External Investment Managers	12.16%	100,385
Total Pool	38.25%	\$315,703
Total Fund	100.00%	\$825,254

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The Long-Term Investment Fund. The LTIF is a unitized pooled investment fund created by the Board for the collective investment of certain eligible endowment funds (and certain institutional funds treated as endowments) of the University System. To qualify for investment in the LTIF, endowment funds must be under the sole control of the Board and must not have donor imposed restrictions that prevent investment in equity securities or corporate debt, or prevent the expenditure of net realized appreciation. Endowment funds not meeting these requirements are invested in the SITIF or, if instructed by the donor, managed and safeguarded in their original form. The LTIF is managed by unaffiliated investment managers selected by the Board upon the recommendation of the Investment Advisory Committee.

Set forth below is the asset allocation of the Long Term Investment Fund (LTIF) managed by the Board and Assets held outside of the LTIF for the ASU and Carr Foundation Investments as of August 31, 2012.

**Asset Allocation for the Long Term Investment Fund
(in Thousands)**

Description	Allocation Percentage	Market Value
Equities	33.09%	\$266,273
Fixed Income	5.72%	45,988
Alternative Assets	59.02%	474,936
Cash and Cash Equivalents	2.17%	17,491
Total	100.00%	\$804,688

**Allocation of Assets held outside of LTIF for ASU & Carr Foundation
(in Thousands)**

Description	Allocation Percentage	Market Value
Mineral Rights	19.97%	\$6,838
Corporate Bonds	0.00%	1
Bond Index Funds	0.03%	11
Cash and Cash Equivalents	80.00%	27,398
Total	100.00%	\$34,248

Angelo State University was added to Texas Tech University System on September 1, 2007. Its assets and those of its related Carr Foundation outside of the Long Term Investment Fund are included here as managed investments.

Set forth below is the market value for the University System endowment including funds managed by the Board and funds managed by third-parties as of the end of the most recent five Fiscal Years (as reported to the National Association of College and University Business Officers' ("NACUBO") Commonfund Study of Endowments Report).

**Board Managed and Third-Party Managed -
Market Value of Endowments
(in Thousands)**

2008	2009	2010	2011	2012
\$779,810	\$709,923	\$785,391	\$860,503	\$883,608

[End]