

**STATE FAIR OF TEXAS
CONFLICTS OF INTEREST AND ETHICS POLICY**

Adopted: April 15, 2009

I. Introduction.

State Fair of Texas ("SFT") seeks to direct its activities solely in accordance with the precepts stated in its Certificate of Formation, and without either actual or apparent conflict of personal interests of its policymakers. All SFT officers and directors (collectively, "SFT Representatives")* are expected to abide by this statement of policy, and to adhere to the spirit of this policy in all of their dealings with fellow SFT Representatives, vendors and contractors, and the public.

In the course of SFT's philanthropic undertakings and in the conduct of its affairs, the paramount consideration and the predicate for all decisions shall be the best interest of SFT. Adherence to this standard is furthered when all matters are approached with an open mind, constrained always by the best interest of SFT; all judgments are based on information that is complete and accurate for the purpose at hand; and each SFT Representative is tolerant of the ideas and positions of others.

All SFT Representatives are to conduct themselves at all times with decorum, honesty, integrity, and in accordance with the highest ethical standards. A relationship with SFT shall not be used in any way that will inure to the personal benefit of an SFT Representative or any other person. In all aspects of their conduct, SFT Representatives are to conduct themselves in a manner that will reflect credit on SFT and themselves.

II. Scope.

This Conflicts of Interest and Ethics Policy (the "Policy") covers Conflict of Interest, Fraud and Whistleblower activities.

III. Objectives.

The objectives of the Policy are to:

1. Provide a clear statement of what is expected and will be required of all SFT Representatives.
2. Establish policies and procedures for:
 - a. The submission of concerns regarding alleged illegal or unethical conduct as outlined in this Policy.

* SFT employees (other than employees who are officers) are not covered by this policy, because they are subject to similar rules set forth in SFT's Business Practices and Policies Handbook.

- b. The treatment of complaints received by SFT regarding alleged illegal or unethical conduct, including accounting, internal controls, and regulatory matters.
- c. The protection of SFT Representatives and consultants reporting concerns from retaliatory actions.

IV. Specific Policies.

A. Conflicts of Interest Policy.

A "conflict of interest" exists whenever an individual's private interests interfere or conflict with SFT's interests. Certain outside business, professional, familial relationships and other activities and relationships may create a conflict, or the appearance of a conflict, with the interests of SFT.

Therefore, SFT establishes the following policies for SFT Representatives having a financial or other relationship with any vendor or any other party conducting business with SFT, and for SFT Representatives engaged in outside business, financial, and professional activities, either with or without compensation.

- SFT Representatives are prohibited from (a) taking for themselves personally opportunities that properly belong to SFT or are discovered through the use of SFT property or position; and (b) using SFT property, information or position for personal gain.
- An SFT Representative shall not, directly or indirectly, knowingly engage in any outside business, financial, or professional transaction, or any other activity, which conflicts with the interests of SFT, which interferes with the ability to discharge his or her SFT duties fully or, if a full-time employee, to devote substantially all of his or her work efforts to the requirements of the position held with SFT, and shall not engage in any conduct which might reflect adversely upon SFT (examples of such conduct include, but are not limited to, abuse of the SFT position held, predatory behavior or immoral conduct).
- An SFT Representative is prohibited from representing SFT or otherwise participating in any transaction with any organization or concern in which the SFT Representative or a family member has a relationship of the type described above, except with the prior written approval of the General Counsel or the General Counsel's designee after disclosure of all relevant information. For this purpose, "family member" is defined broadly and includes an SFT Representative's spouse, siblings, ancestors, children (including stepchildren), cousins, grandchildren, and great-grandchildren, mothers- and fathers-in-law, the spouses of siblings, children (including stepchildren), grandchildren and great-grandchildren and anyone (other than domestic employees) who shares the SFT Representative's home.

- Conflicts of interest also may arise when an SFT Representative, or a member of his or her family, receives improper personal benefits as a result of his or her position with SFT, whether received from SFT or a third party. Acceptance of gifts, entertainment, or other personal favors from any party that does or seeks to do business with SFT, including but not limited to vendors, may present an undesirable appearance of impropriety or may be inappropriate under specific circumstances. Exceptions are made for ordinary and customary tokens of nominal value, participation in a business lunch or other meal paid for by another party on an appropriate occasion and under appropriate circumstances, modest gifts in recognition or appreciation for speeches or presentations that are consistent with SFT's objectives, or inclusion in entertainment for a group of persons where the presence of the SFT Representative is clearly appropriate and consistent with SFT's objectives. If in doubt about any such matter, an SFT Representative should seek the advice of the General Counsel or the General Counsel's designee.
- SFT Representatives must at all times maintain confidentiality of SFT's affairs, proprietary business information, and other internal procedures, personnel information, and the like that are not publicly disclosed through the various reports prepared or filed by SFT pursuant to law. Even with respect to information that might be ascertained through research of publicly available materials, whether discussion or disclosure is appropriate under the immediate circumstances must be determined by the General Counsel or the General Counsel's designee.
- Within sixty (60) days after the beginning of each calendar year, all SFT Representatives shall file with the General Counsel of SFT a statement in the form attached hereto listing for the SFT Representative and his or her family all interests or relationship, financial or otherwise, which may cause the SFT Representative to be biased or otherwise partial in any matters or transaction involved SFT. The information provided in such statement will be used solely in the internal management of SFT to effect the administration of its conflicts of interest policy, and by providing the requested information, each SFT Representative acknowledges his or her understanding of this requirement and consents to this (and no other) use.

The existence of a financial interest or holding a position as a fiduciary, officer, director, advisor, or consultant, or any similar position of influence or authority by an SFT employee or such employee's family member in an organization or concern with which SFT does business or is considering doing business, must be disclosed to the employee's supervisor(s) and reported to the General Counsel or the General Counsel's designee immediately upon recognition of the existence of such relationship. All potential conflicts of interest shall be disclosed at the earliest possible time during any meeting or other proceeding at which a matter involving the relationship or interest is to be considered. SFT takes official notice that the affected individual is often the best source of information regarding the matter in question. Accordingly, when a conflict or potential conflict exists, the affected individual shall abstain from voting or acting on the pertinent item, but may be present for the discussion of the item prior to the vote, solely for

the purpose of providing information and responding to questions. The affected SFT Representative shall not in any way attempt to participate in or informally influence the decision making process except to provide factual information.

It is noted in particular that SFT encourages SFT Representatives to participate actively in civic and charitable organizations, including board service.

Concerns about possible conflict issues may be raised pursuant to the procedures outlined in Section V of this Policy.

B. Fraud Policy.

Fraud is the intentional deceptive misrepresentation or concealment of information in order to secure unfair or unlawful gain.

SFT recognizes the importance of, and assumes responsibility for, protecting the organization, its operations and its assets against financial risks, operational breaches and corrupt or fraudulent activities.

Accordingly, any SFT Representative who suspects any type of fraudulent activity is encouraged to report the suspected activity in accordance with the reporting procedures described herein.

Examples of fraud include, but are not limited to:

1. Forgery or alteration of any document or account belonging to SFT.
2. Forgery or alteration of a check, bank draft, or any other financial document.
3. Misappropriation of funds, securities, supplies, equipment, or other assets of SFT.
4. Impropriety in the handling or reporting of money or financial transactions.

All matters raised by any source will be taken seriously and appropriately investigated pursuant to the procedures outlined in Section V of this Policy.

C. Whistle Blower Policy.

SFT strongly encourages the reporting of any concerns that are raised by this Policy, including, but not limited to alleged questionable accounting or auditing matters, alleged questionable or improper use of SFT assets, or potential regulatory violations (collectively, "Concerns") by employees, directors, officers, consultants, and other SFT stakeholders, on a confidential and anonymous basis, if desired.

The procedure for reporting Concerns is set out in Section V of this Policy, which includes clear and unambiguous protections for such reporting from any sort of retaliation, as more specifically set out in Section V.E.

V. Procedures for Reporting, Investigating and Disposing of Concerns Raised Under the Policy.

A. Authority.

The Finance/Audit Committee and the General Counsel shall be responsible for investigating, and making appropriate recommendations to the Board of Directors or the Executive Committee, with respect to all suspected or reported Concerns identified by anyone under these policies.

B. Reporting Concerns.

A Concern may be reported or expressed to the Chair of the Finance/Audit Committee, the Chair's designee or the General Counsel orally or in writing, and may be made anonymously. Any concern reported verbally to the Chair of the Finance/Audit Committee, the Chair's designee or the General Counsel shall be reduced to writing by the reporting individual, with the assistance of the Chair, the Chair's designee or the General Counsel, as the case may be.

An outside consultant such as an attorney, independent auditor or tax preparer with a Concern should first discuss the Concern with the Chair of the Finance/Audit Committee, the Chair's designee or the General Counsel. If the Chair, the Chair's designee or the General Counsel, for any reason, does not promptly investigate the Concern, the consultant should report the Concern directly to the Board of Directors or the Executive Committee.

Contact information for the General Counsel is Mr. Robert B. Smith, Two Turtle Creek Village, 3838 Oak Lawn Avenue, Suite 1222, Dallas, Texas 75219, telephone: 214-522-5571, telecopy: 214-522-5009, e-mail: robert@smith-firm.com. Contact information for the Finance/Audit Committee Chair will be circulated periodically.

C. Handling of Reported Concerns.

The Finance/Audit Committee and the General Counsel shall address all reported Concerns. The investigating officer shall notify the reporting individual and acknowledge receipt of the Concern within five (5) business days, if possible. All reported Concerns will be investigated promptly, and appropriate corrective action will be recommended to the Board of Directors or the Executive Committee, if warranted by the investigation. SFT Representatives are obligated to comply with any such investigations promptly and to the best of their ability. Failure to do so will be viewed as a serious disciplinary offense and may result in discipline, up to and including dismissal from a volunteer position or termination of employment.

In conducting an investigation under this policy, the investigating officer shall have:

1. free and unrestricted access to all SFT records; and
2. the authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities containing SFT records that are deemed pertinent to the investigation, without prior knowledge or consent of any individual who may use or have custody of any such items or facilities.

Upon disposition of the matter, the investigating officer shall communicate with the complainant for complete closure of the Concern.

D. Acting in Good Faith.

Any individual reporting a Concern must act in good faith and complete honesty, and have reasonable grounds for believing the Concern constitutes improper conduct under this Policy, or a violation of state or federal law or regulations.

The making of allegations that prove to be unsubstantiated, and that prove to have been made maliciously, recklessly, or with the foreknowledge that the allegations are false, will be viewed as a serious disciplinary offense and may result in discipline, up to and including but not limited to dismissal from the volunteer position or termination of employment. Such conduct also may give rise to other actions, including civil lawsuits.

E. No Retaliation.

SFT will not discharge, threaten or discriminate against an SFT Representative in any manner for reporting a Concern in good faith. SFT will impose disciplinary measures, up to and including termination, against any SFT Representative who threatens or retaliates against anyone who makes such a good faith report.

F. Confidentiality.

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Investigation results are not to be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct, and to protect SFT from potential civil liability.

All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be referred to the Chair of the Finance/Audit Committee, the Chair's designee, or the General Counsel. The proper response by the reporting individual, or any other SFT Representative, to any inquiry regarding the matter is "I am not at liberty to discuss this matter."

Reports of Concerns, and investigations pertaining thereto, shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. Disclosure of reports of Concerns to individuals not involved in the investigation will be viewed as a serious disciplinary offense and may result in discipline, up to and including but not limited to dismissal from the position with SFT. Such conduct may also give rise to other actions, including civil lawsuits.

G. Disposition.

If an investigation substantiates that illegal or unethical activities have occurred, the investigating officer shall issue a report to the Board of Directors or the Executive Committee, which will make the a decision regarding the final disposition of the case. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made by the Board of Directors or the Executive Committee in conjunction with the General Counsel.

The undersigned, being the duly elected and qualified Secretary of SFT, hereby certifies that the foregoing Conflicts of Interest and Ethics Policy was duly adopted by the Board of Directors of SFT at a meeting held on April 15, 2009, at which a quorum was present and voting throughout.



Robert B. Smith, Secretary
State Fair of Texas

