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



***Presentation Materials
Board of Directors Meeting***

April 24, 2001

UTIMCO
BOARD OF DIRECTORS MEETING
UTIMCO Offices, 221 W. Sixth St., Suite 1700, Austin, Texas

April 24, 2001

AGENDA

- | | |
|--------------------------------|--|
| 10:00 a.m. - 10:05 a.m. | Call to Order/Approval of Minutes of February 22, 2001 and March 30, 2001 Meetings |
| 10:05 a.m. - 10:15 a.m. | Performance/Activity/Audit Review |
| 10:15a.m. - 10:45 a.m. | Alternative Equities – Nonmarketable
Advisor Presentation: Cambridge Associates - Astrid Noltemy,
Jennifer Urdan and Bruce Myers |
| | Manager Presentation |
| 10:45 a.m. - 11:30 a.m. | Barclays Global Investors (BGI) |
| 11:30 a.m. - 12:15 a.m. | Goldman Sachs Asset Management |
| 12:15 p.m. - 1:00 p.m. | [Lunch Break]
Legislative Review
Election of Officers |
| 1:00 p.m. - 1:20 p.m. | Report of Compensation Committee
Approval of Amendments to FY2001 Performance Compensation Plan
Approval of FY2001 Salary Adjustments |
| 1:20 p.m. - 2:00 p.m. | Report of Search Committee |
| 2:00 p.m. | Adjournment |

Next Scheduled Meeting: Tuesday, June 26, 2001

Resolution No. 1

RESOLVED, that the minutes of the Meetings of the Board of Directors held on February 22, 2001 and March 30, 2001 be and are hereby approved.

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

The Board of Directors of The University of Texas Investment Management Company (the "Corporation") convened in a special meeting on the 22nd of February 2001 at The Houston Center Club, Metropolitan Room, 1100 Caroline, Houston, Texas, said meeting having been called by the Chairman, with notice provided to each Director in accordance with the Bylaws. Participating in the meeting were the following members of the Board of Directors (the "Board"):

Robert H. Allen, Chairman
Woody L. Hunt, Vice Chairman
R. D. Burck
Susan M. Byrne
J. Luther King, Jr.
John D. McStay
A. W. "Dub" Riter, Jr.

thus, constituting a majority and quorum of the Board of Directors. Directors Lowry Mays and A. R. (Tony) Sanchez were absent. Also participating in the meeting were Thomas G. Ricks, President of the Corporation; Cathy Iberg, Secretary of the Corporation and Dave Russ, of Corporation's management; and Jerry Turner, Vinson & Elkins, legal counsel for the Corporation.

Mr. Allen called the meeting to order at 10:00 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each Director or distributed at the meeting.

Minutes

The first item to come before the Board of Directors was approval of the minutes of the meetings of the Board of Directors held on December 7, 2000 and the January 23, 2001. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the Meetings of the Board of Directors held on December 7, 2000 and January 23, 2001, be and are hereby approved.

Performance Review

Mr. Ricks reported on the performance of the endowment funds and the operating funds for various periods ending January 31, 2001. Total assets under management increased from \$14.4 billion as November 30, 2000 to \$15.1 billion as of January 31, 2001. For August 31, 2001, the total assets under management were \$15.5 billion. The net investment return for the five month period ending January 31, 2001 for the LTF, PUF, and the PHF was (2.41)%, (2.07)% and (3.21)% respectively. Mr. Ricks reported that diversification of the endowment funds in alternative equities (Marketable, Nonmarketable and Inflation hedging) helped mitigate the losses experienced by publicly traded domestic and foreign equities for the five month period ending January 31, 2001. Mr. Ricks answered the Directors' questions and discussion ensued regarding the current trends in the market place. Dave Russ presented risk management reports on the PUF utilizing Value-at-Risk analysis and compared the results obtained from the analysis as of August 31, 2000, and December 31, 2000. Mr. Russ reported on the market events for this same time period and answered the Directors' questions.

Alternative Equities-Marketable

Mr. Russ introduced Richard C. Perry from Perry Partners International, Inc. who presented Perry Partners' strategy and performance for the \$269 million investment portfolio under management. Mr. Perry answered the Directors' questions and left the meeting.

Alternative Equities-Nonmarketable

The next item presented to the Board of Directors was an update regarding the status of the private investment portfolio. Mr. Ricks introduced Mr. James Bailey and Ms. Jennifer Urdan from Cambridge Associates, LLC who presented their views on the private investment market environment. Following the presentation the Cambridge individuals answered the Directors' questions and left the meeting.

Approval of Deloitte & Touche, LLP as Independent Auditors and Approval of UTIMCO Key Employees

Ms. Iberg stated that the Corporation was requesting approval to engage Deloitte & Touche, LLP as independent auditors to audit the market values of the Long Term Fund and the Permanent Health Fund in conjunction with the unitization of these funds to one unitized pool, The General Endowment Fund. Upon motion duly made and seconded the following resolutions were unanimously adopted:

RESOLVED, that the firm of Deloitte & Touche, LLP be and is hereby engaged as Independent Auditors to audit the Statement of Market Values of Assets and Liabilities of The University of Texas System Long Term Fund and the Permanent Health Fund as of February 28, 2001.

RESOLVED, that the following employees be designated as key employees of the Corporation:

Thomas G. Ricks	President and Chief Executive Officer
Cathy A. Iberg	Managing Director – Investment Operations
David H. Russ	Managing Director – Public Markets
Greg Cox	Portfolio Manager – Equity Investments
J. Russell Kampfe	Senior Portfolio Manager – Fixed Income Investments
Harland B. Doak	Portfolio Manager – Fixed Income Investments

Approval of Increases in PHF and LTF Unit Payout Rates

Ms. Iberg reviewed the recommendation of distribution increases for the PHF and the LTF. These increases were based upon the distribution policy provisions found in the investment policy statements for the funds. Upon motion duly made and seconded the following resolution were unanimously adopted:

RESOLVED, that the annual distribution rate for the Permanent Health Fund be increased from \$0.046 per unit to \$0.047 per unit, effective with the November 30, 2001 distribution; and

RESOLVED, that the annual distribution rate for the Long Term Fund be increased from \$0.245 per unit to \$0.251 per unit, effective with the November 30, 2001 distribution.

Evaluation of UTIMCO Compensation Programs

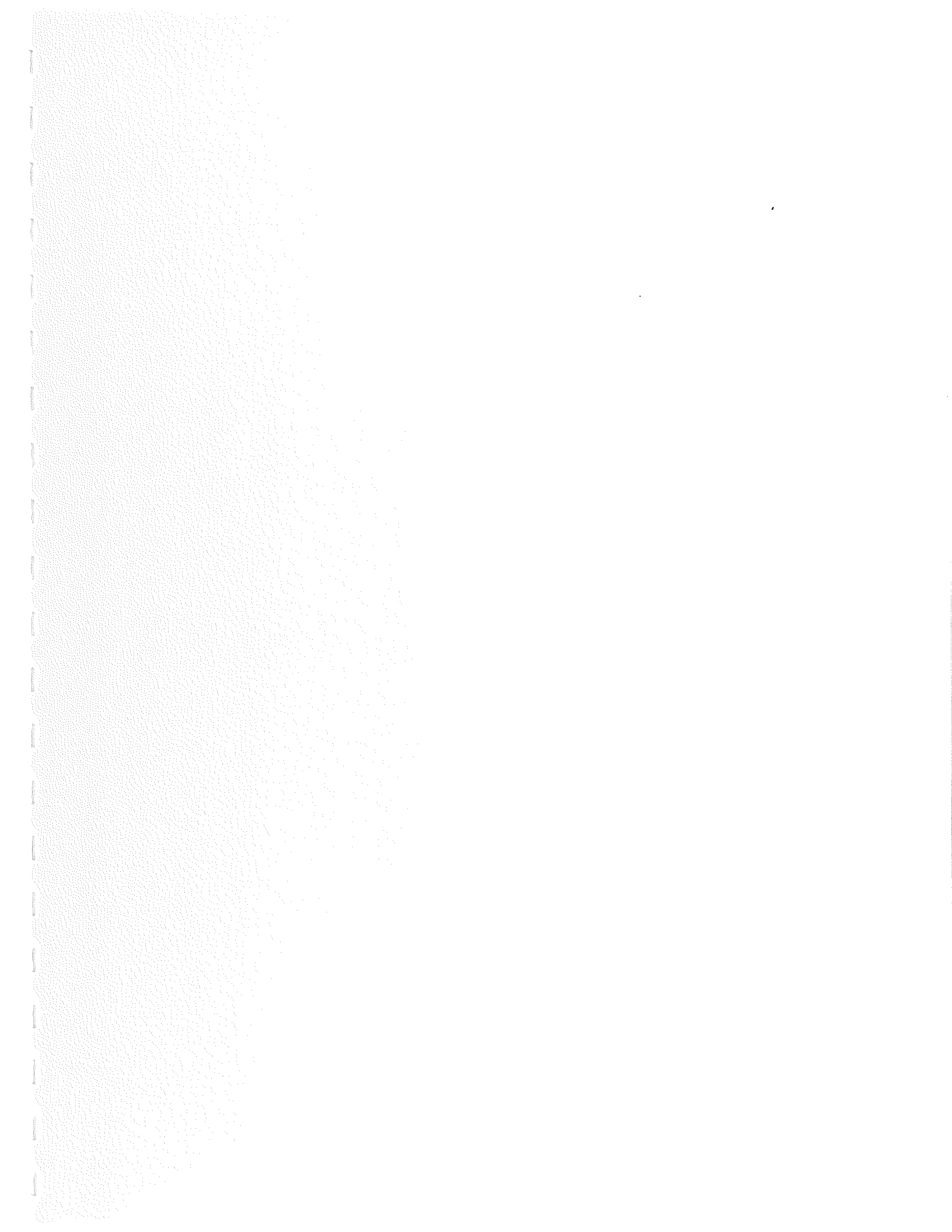
Mr. Ricks introduced the study completed by William M. Mercer, Inc. regarding the Corporation's compensation programs in addition to other compensation options that the Corporation requested Mercer to evaluate. Mr. Greg Smith from William M. Mercer, Inc. presented their results of the study and answered the Directors' questions. No action was taken following the presentation.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 1:49 p.m.

Secretary: _____
Cathy Iberg

APPROVED:

Chairman: _____
Robert H. Allen



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

The Board of Directors (the "Board") of The University of Texas Investment Management Company (the "Corporation") convened in an emergency meeting on the 30th day of March, 2001, via a telephonic meeting enabling all participants to hear one another, at the offices of the Corporation, Town Lake Conference Room, 221 West 6th Street, Suite 1700, Austin, Texas 78701, said meeting having been called by Robert H. Allen, with notice provided to each member in accordance with the Bylaws. Participating in the meeting were the following members of the Board:

Robert H. Allen, Chairman
Susan M. Byrne
R. D. Burck
Woody L. Hunt, Vice Chairman
J. Luther King, Jr.
John McStay
A. W. "Dub" Riter, Jr.

thus, constituting a majority and quorum of the Board. Members of the Board not present at the meeting were A.R. (Tony) Sanchez, Jr. and L. Lowry Mays. Also, participating in the meeting was Jerry E. Turner, legal counsel for the Corporation. Mr. Allen called the meeting to order at 8:00 a.m.

Following the opening of the meeting, at 8:05 a.m., Mr. Allen announced that, "the Board of Directors of The University of Texas Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session of the Board to discuss the resignation of Thomas G. Ricks as the President and Chief Executive Officer of The University of Texas Investment Management Company and the appointment of a successor to his position. This Executive Session meeting of the Board is authorized by the Open Meeting Policy Statement of The University of Texas Investment Management Company adopted on September 22, 1999. The time is now 8:05 a.m."

In Executive Session, the Board discussed the resignation of Thomas G. Ricks as the President and Chief Executive Officer of The University of Texas Investment Management Company and the appointment of a successor to his position. No action was taken and no vote was called for or taken by the Board.

The Board reconvened at 8:45 a.m. in open session and Mr. Allen announced that, "the Open Session of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The time is now 8:45 a.m. During the Executive Session, the Board discussed the resignation of Thomas G. Ricks as the President and Chief Executive Officer of The University of Texas Investment Management Company and the appointment of a successor to his position, but did not take any votes."

In Open Session, upon motion duly made and adopted, the following resolutions were approved:

RESOLVED, that the appointment, as of April 24, 2001, of Cathy Iberg as the interim President and Chief Executive Officer of the Corporation, is hereby approved; and be it further

RESOLVED, that the appointment of a Chief Executive Officer Search Committee composed of the following individuals:

J. Luther King, Jr., Chair
Susan M. Byrne
Woody L. Hunt
L. Lowry Mays
A. W. "Dub" Riter, Jr.

be and is hereby approved.

There being no further business to come before the Board, the meeting was adjourned at approximately 8:50 a.m.

Approved: _____

Robert H. Allen
Chairman, Board of Directors of
The University of Texas Investment
Management Company

Date: _____

**TO BE DISTRIBUTED
AT THE MEETING**

**PLEASE REFER TO
CAMBRIDGE ASSOCIATES
PRESENTATION**

(BOUND SEPARATELY)

**PLEASE REFER TO
BARCLAYS GLOBAL INVESTORS (BGI)
AND
GOLDMAN SACHS ASSET MANAGMENT
PRESENTATIONS**

(BOUND SEPARATELY)

**TO BE DISTRIBUTED
AT THE MEETING**

1. **Open Meetings** (House Bill 1545, authored by Representative Uher)

Background:

- Institutions of higher education have identified changes to current statutes concerning several administrative areas that could save money, produce new revenue, or increase the operational efficiency of institutions of higher education across the state. H.B. 1545 amends provisions relating to the operation, regulation, and administration of public institutions of higher education.
- The house (engrossed) version of the bill included language which would treat UTIMCO as a governmental body for the purposes of the open meetings law. This language has been amended in the senate and conforms to the Regent's Open Meetings Policy adopted by UTIMCO in September of 1999, which provided two exceptions.
- These exceptions allow the board to hold briefing sessions on private equity investments (same as present law for the Texas Growth Fund) and allow any director to attend board meetings by telephone.

Status:

- Placed on the senate intent calendar 04/20/01. This bill will be sent back to the house. If there are no amendments it will be passed (enrolled).

2. **Open Records** (Senate Bill 1182, authored by Senator Wentworth)

Background:

- The Texas Supreme Court and the Texas AG ruled that the exceptions in the existing Texas Public Information Act would not be available unless these exceptions were expressly confidential under other law. These rulings impact the disclosure requirements for confidential information on certain investments that would give advantage to a competitor. Senator Wentworth's bill expressly provides for non-disclosure of investment information that would give advantage to a competitor.

Status:

- Passed by the senate (engrossed) on 4/20/2001. The House on 4/23/01 received this bill.

3. **Ethics** (Senate Bill 982, authored by Senator Duncan)

Background:

- This bill attempts to establish uniform minimum ethics requirements for persons involved in the management or investment of state funds. Bill is on the watch list.

Status:

- The bill is still pending in Senate Finance Committee.

Resolution No. 2

WHEREAS, the Board of Directors, desires to appoint Ms. Christy W. Wallace to serve as interim Secretary to the Board and Ms. Joan B. Moeller to serve as interim Assistant Secretary to the Board effective upon the contemporaneous resignation by Ms. Cathy A. Iberg, on April 24, 2001, until such time as successors are appointed by the Board of Directors; NOW THEREFORE BE IT

RESOLVED, that the appointment of Ms. Wallace as Secretary of the Corporation and Ms. Moeller as Assistant Secretary of the Corporation to replace Ms. Iberg each such appointment being made on an interim basis under their successors are appointed, is hereby approved; and

RESOLVED, that the resignation of Ms. Iberg, as Secretary of the Corporation, effective April 24, 2001, is hereby accepted.

Resolution No. 3

RESOLVED, that the Amended Performance Compensation Plan for the year ended August 31, 2001 be and is hereby approved.

UTIMCO PERFORMANCE COMPENSATION PLAN FOR AUGUST 31, 2001

The UTIMCO Performance Compensation Plan (the "Plan") is intended to provide a means whereby key management employees may develop a sense of commitment and personal involvement in the investment performance of the assets for which UTIMCO has investment responsibility. The objectives of the Plan are to attract and retain key employees of outstanding competence and ability, to encourage such employees to remain with and devote their best efforts to the business of UTIMCO, and to reward such employees for outstanding performance, thereby advancing the interests of UTIMCO and the Board of Regents of The University of Texas System.

BASIC PLAN STRUCTURE

UTIMCO's ~~compensation p~~Plan consists of two major parts:

1. **Base Salary**

UTIMCO aspires to attract and retain high caliber employees from nationally recognized peer institutions and the investment management community in general. UTIMCO base salaries should be reflective of the Company's ability to pay "competitive" nationally, meaning they should reflect base salary rates where competitive is defined as the blended median of national general industry and investment management industry base pay practices. An individual's base salary at UTIMCO is determined based upon a function of three factors:

- a) the blended median base salary rate for positions of similar job content in the market-place;
- b) the employee's level of experience, education, knowledge and skills; and
- c) the employee's responsibilities and performance results.

Base salaries are administered through the use of a base salary range structure. Salary range midpoints represent "target" position base salary rates and approximate the blended median market rate for positions of similar job content, level of responsibility and function. Each salary range represents the base salary "opportunity" (minimum to maximum) for positions included in that range. Positions are placed in the salary ranges based on blended median market rates and internal equity considerations. Base salaries may be adjusted on an annual basis depending upon ~~based on~~ individual merit or performance against position standards.

2. **Performance Bonus**

Each year, the UTIMCO Board of Directors (the "Board") assigns performance measures to each Eligible Employee (defined below), establishes target benchmarks for each measure and may assign different weights to each performance measure. Performance compensation awards~~bonuses~~ will be paid to Eligible Employees for achieving and exceeding performance benchmarks. The performance compensation~~bonus award payable~~ in any given year is limited to a percentage of base salary.

Each Eligible Employee's performance compensation award shall be determined -in accordance with the ~~performance compensation~~ Plan guidelines (Exhibit A) for the year.

ADMINISTRATION OF THE PLAN

The Plan is administered by the Board. The Board has sole authority to:

- a) Select the Eligible Employees who are to be granted performance compensation awards under the Plan;
- b) Establish the amounts with respect to each Pperformance Pperiod which shall be paid as performance compensation awards to Eligible Employees;
- c) Establish conditions for the payment of performance compensation awards; and
- d) Subject to the terms of the Plan, determine the amount and timing of distributions under the Plan.

The Board shall interpret the Plan and may from time to time adopt such rules and regulations, consistent with the provisions of the Plan, that it may deem advisable to carry out the Plan. All decisions made by the Board in selecting the Eligible Employees who shall be paid performance compensation awards and the amount thereof and in construing the provisions of the Plan or the terms of any performance compensation awards are final and binding on all Eligible Employees.

ELIGIBILITY

The persons who shall be paid performance compensation awards shall be such Eligible Employees, as the Board shall select. Such eEmployees must be employed by UTIMCO on the last day of a Performance Period and must have been recommended by the President and CEO and the Compensation Committee to receive performance compensation awards.

DETERMINATION OF PERFORMANCE COMPENSATION

Within 90 days following the end of a Performance Period, the Board shall award performance compensation awards to such Eligible Employees that it determines, in its sole discretion, to have met or exceeded the performance benchmarks for the Performance Periods established for each Eligible Employee. The Board has the right to adjust performance compensation awards in any amount and on any basis as determined by the Board in its discretion in order to recognize particular circumstances which may have affected the achievement of performance during the Pperformance Pperiod.

Following the award of performance compensation awards, the Board shall promptly notify each Eligible Employee who has been awarded performance compensation awards under the Plan as to the amount of such award, and the terms, provisions, conditions, and limitations of such award.

DEFINITION OF TERMS

1. Performance Compensation Award – Shall mean the total amount awarded to an Eligible Employee for the Plan year.
2. Eligible Employees – As Shall have the meaning set forth on page 3 entitled under the caption “ELIGIBILITY”.
3. Performance Period – ~~The performance period~~ shall mean the period beginning with September 1st and ending with August 31st for the Plan year unless otherwise stated in the Plan.
4. Date of the Award – Shall mean the ~~Board approval date~~ approved by the Board for the performance compensation award.
5. Deferred Compensation Award – Shall mean the amount of the performance compensation award that is deferred and paid as indicated ~~in~~ under the caption “PAYMENT OF AWARDS”.
6. Base Salary – Shall mean ~~eligible employees~~ the base salary paid to an Eligible Employee during the Performance Period.

PAYMENT OF AWARDS

1. The performance compensation award shall be paid in two periods and is based on a percentage of the Eligible Employee’s base salary for the Performance Period. Fifty percent (50%) of (The performance compensation awarded to an Eligible Employee at the end of a Performance Period shall be paid to the Eligible Employee not later than 90 days following the date of the award. Fifty percent (50%) of the performance compensation awarded to an Eligible Employee at the end of a Performance Period shall be deferred and paid to the Eligible Employee not later than 90 days following the two year anniversary date of the award. The deferred portion of the performance compensation award shall accrue interest from the date of the award until paid at UTIMCO’s earned money market rate for the same time period. The amounts paid by UTIMCO to any Eligible Employee for a Performance Period shall be included in the Eligible Employee's salaries and wages. The amount of the annual performance compensation award that is deferred shall be included in the Eligible Employee’s salaries and wages in the year that it is paid. Bonus payments shall be excluded from computation of employee benefits and shall be subject to withholding taxes.
 - a) Unless otherwise expressly provided by the Board, any Eligible Employee who terminates employment with UTIMCO for any reason other than death or permanent disability prior to termination of the Performance

Period shall forfeit any and all eligibility to receive payment of performance compensation awards and shall not be entitled to receive any further payments under the Plan.

- b) In the event an Eligible Employee's employment with UTIMCO terminates prior to the termination of a Performance Period by reason of his or her death or disability, as defined in the IRC 22(e)(3), as amended, the Board shall determine such Eligible Employee's performance compensation award, if any, on a prorated basis from the first day of the unexpired Performance Period to the quarterly performance measurement date immediately preceding the date of such Eligible Employee's death, or disability. UTIMCO shall pay to the estate or designated beneficiaries of such Eligible Employee or to such Eligible Employee, as the case may be, such performance compensation award, if any, within 90 days of the date of the award of such compensation. Any deferred compensation amounts awarded under the plan shall be paid to the estate or designated beneficiaries of such Eligible Employee or to such Eligible Employee, as the case may be, within 90 days following the Eligible Employee's death or disability.
 - c) Any Eligible Employee that begins employment with UTIMCO during a Performance Period shall be eligible to earn performance compensation awards if employed by UTIMCO for a period of at least six months calculated to the end of the Performance Period. The performance compensation award shall be pro rated from the date of his or her employment to the end of the Performance Period.
 - d) Unless otherwise expressly provided by the Board, any Eligible Employee who terminates employment with UTIMCO for any reason other than death or permanent disability, as defined in the IRC 22(e)(3), as amended, prior to termination of the two--year deferral period shall forfeit any and all eligibility to receive payment of the deferred performance compensation award under this Plan and shall not be entitled to receive any further payments under the Plan. The two--year deferral period shall end with the first day following a two--year period from the performance compensation award.
2. For purposes of this Plan, a leave of absence authorized by UTIMCO shall not be considered a termination of employment.

NATURE OF THE PLAN

The establishment of the Plan or the awarding of performance compensation awards shall not be deemed to create a trust. The Plan shall constitute an unfunded, unsecured liability of UTIMCO to make payments in accordance with the provisions of the Plan, and no Eligible Employee shall have any security or other interest in any assets of UTIMCO or the Board of Regents of The University of Texas System.

DURATION, AMENDMENT AND TERMINATION

The Board shall have the right to amend the Plan from time to time, to terminate it entirely; or to direct the discontinuance of performance compensation awards, either temporarily or permanently. However, no amendment, discontinuance, or termination of the Plan shall operate to annul ~~an award of a~~ performance compensation award during any unexpired Performance Period unless otherwise provided by the terms of this Plan. The term of the Plan shall be from its Effective Date (set forth below) until terminated by the Board.

GENERAL CONDITIONS

- a) The Board shall have the discretion and authority to make ~~such~~ changes in the administration of the Plan if circumstances outside the control of the Eligible Employees or the Board have occurred during the Performance Period so as to make such adjustment appropriate in the opinion of the Board.
- b) An employee shall be considered to be employed with UTIMCO as long as he or she remains an employee with UTIMCO. Nothing in the adoption of this Plan nor the awarding of performance compensation awards shall confer on any employee the right to continued employment with UTIMCO; or affect in any way the right of UTIMCO to terminate his or her employment at any time.
- c) Except ~~for to the extent set forth herein as to~~ the rights of the estate or designated beneficiaries of Eligible Employees to receive payments, as set forth herein, awards under this Plan are nonassignable and nontransferable and are not subject to anticipation, adjustment, alienation, encumbrance, garnishment, attachment; or levy of any kind.
- d) Nothing contained in the Plan shall be deemed to give any Eligible Employee, or any personal representative or beneficiary, any interest or title to any specific property UTIMCO or any right against UTIMCO other than as set forth in the Plan.

- e) Neither the officers of UTIMCO nor the members of the Board shall under any circumstances have any liabilities with respect to the Plan or its administration except for gross and intentional malfeasance. UTIMCO officers and the members of the Board may rely upon opinions of counsel as to all matters.
- f) No portion of the Plan shall be effective at any time when such portion violates an applicable sState or fFederal law, regulation or governmental order or directive, which is subject to, sanctions whether direct or indirect.
- g) Any ~~award of performance compensation~~ award payable under this Plan shall be subject to any deductions required by federal, state, or local law. UTIMCO shall not be obligated to advise an employee of the existence of the tax or the amount, which UTIMCO will be required to withhold.

The Effective Date of the Plan is September 1, 2000.

PERFORMANCE COMPENSATION PLAN GUIDELINES

August 31, 2001

Three Year Rolling Methodology-

Excess performance calculations based on investment returns shall be calculated using the three-year rolling methodology presented below. The implementation of this method will result in uneven weighting of investment returns for the first three years. For employees eligible under the plan for August 31, 2000, August 31, 2001 shall be considered year 2 for those employees. For new employees, the first year of performance shall be the first year in which a new employee is eligible under the plan.

Year of Arithmetic Weighting Calculation							
Year of Performance	1	2	3	4	5	6, etc.	Total Weighting
1	1	1/3					1.33
2		2/3	1/3	1/3			1.33
3			2/3	1/3	1/3		1.33
4				1/3	1/3	1/3	1.00
5					1/3	1/3	1.00
6						1/3	1.00

UTIMCO-Calculation of Excess Performance

UTIMCO's excess performance shall represent a specified percentage of each participant's performance calculation in any given plan year. UTIMCO's excess performance shall be calculated as a weighted average of the excess performance of the PUF, PHF, LTF, (collectively the "endowment funds"), and the SITF and where the excess performance of the endowment funds and the SITF shall represent 90% and 10%, respectively, of the weighted average. The excess performance of each endowment fund in turn shall be weighted based on the endowment's average NAV for the year divided by the total average NAV of all endowment funds. The example calculation is as follows:

Fund	Average NAV	Fund Performance	Benchmark Performance*	Excess Performance	Fund weight	Excess
PUF	7958.95	16.53	14.81	1.72	68%	1.16
PHF	953.3	16.09	14.81	1.28	8%	0.10
LTF	2869.2	20.59	14.81	5.78	24%	1.41
Total Endowments	11781.45				100%	2.67
Allocation:						
Endowment Excess Return				2.67	90%	2.41
SITF		5.87	5.90	-.03	10%	0
UTIMCO Excess Performance						2.41

* Benchmark performance adjusted for the cost of passive alternative.

Group A- Employees engaged in the management of public market investments

PUBLIC MARKETS PORTFOLIO INDEXES

Eligible Employees with direct portfolio level responsibilities shall be assigned benchmarks that correspond to the return, risk and style characteristics of their respective portfolios.

Public markets fixed income managers and equity portfolio managers benchmarks are measured against their respective benchmarks style indexes rather than a general market index such as the S&P 500 Index or the Russell 2000 Index. ~~Style index benchmarks such as the BARRA Value Index are used to prevent a determination of over or under performance when a particular assigned style may be in or out of favor during a particular Performance Period.~~

The accrued performance bonus award ~~payable~~ in any given year is limited to ~~50%~~ 75% of base salary as described below. Fifty percent (50%) of the performance bonus award shall be deferred and payable in accordance with the provisions of the UTIMCO Performance Compensation Plan for August 31, 2001. Individual investment managers will be awarded performance compensation based on a percentage of their compensation weighted 75% for the manager's excess performance, and 25% for UTIMCO's excess performance. The three-year rolling methodology will be calculated for the UTIMCO and Manager performance calculation. If an individual manager manages more than one portfolio the excess manager performance calculation shall be weighted based on the portfolio's average NAV for the year divided by the total average NAV of all portfolios managed by that manager for the year. Negative excess performance by UTIMCO will not reduce the manager's allocation of excess performance.

The example calculation is as follows:

Name	Average NAV	Manager Performance	Benchmark Performance	Excess Performance **	Weight	Salary	Calculated Bonus	Maximum Bonus (75% 50% of salary * weight assigned)
REIT Manager						\$ 143,840		\$ 107,880 <u>71,920</u>
Allocated:								
REIT Portfolio		15.68	12.44	3.24	0.75	\$ 107,880	\$ 349,530	\$ 80,910 <u>53,940</u>
UTIMCO				-0.40	0.25	\$ 35,960	-	\$ 26,970
Composite						\$ 143,840	\$ 349,530	\$ 107,880 <u>53,940</u>

** Based on three-year rolling methodology

Group B-Employees engaged in the management of private markets

PRIVATE MARKETS PORTFOLIO INDEX

A portfolio return is not used exclusively because a major performance objective is the identification, selection and approval of commitments to the private market investments in accordance with private markets investment plan. The private markets index also recognizes that performance of a vintage year's portfolio is not known for 5-10 years. Return must be calculated on a cumulative IRR basis vs. a year to year basis because of the existence of a j-curve return pattern.

For these reasons, private markets portfolio performance consists of an overall score of 0% to ~~50%~~ 100% for the Performance Period based upon several factors including (but not limited to):

- I. the returns of vintage year portfolios assembled in prior years,
- II. actual commitments vs. planned commitments for the Performance Period
- III. proposed vs. approved investment ratio
- ~~III~~.IV. quality of due diligence
- ~~IV~~.V. completion of specific assigned projects

The CEO shall determine this score. The accrued performance bonus award in any given year is limited to 75% of base salary as described below. Fifty percent (50%) of the performance bonus award shall be deferred and payable in accordance with the provisions of the UTIMCO Performance Compensation Plan for August 31, 2001. ~~The performance bonus payable in any given year is limited to 50% of base salary as described below.~~ Total incentive compensation for individuals that qualify under Group B shall be based on a weight of 75% for the manager's excess performance, and 25% for UTIMCO's excess performance.

The example calculation is as follows:

Name	Excess Performance	Weight	Salary	Calculated Bonus	Maximum Bonus (75% of salary * weight assigned)
Private Equity Manager			\$ 125,000		\$ <u>93,750</u> 62,500
Allocated:					
Manager's Portfolios	0.25	0.75	\$ 93,750	\$ 23,438	\$ <u>70,313</u> <u>23,438</u>
UTIMCO	-0.40	0.25	\$ 31,250	-	\$ <u>23,437</u> <u>-</u>
			\$ 125,000	\$ 23,438	\$ <u>93,750</u> <u>23,438</u>

Group C- Employees engaged in investment operations and office management

The subjective portion of Group C participants' performance compensation shall be determined by the President. The accrued performance bonus award in any given year is limited to a percentage of base salary as described below. Fifty percent (50%) of the performance bonus award shall be deferred and payable in accordance with the provisions of the UTIMCO Performance Compensation Plan for August 31, 2001. The performance bonus award payable in any given year is limited to:

22.5% of base salary – Accounting and Security Operations Manager,

22.5% of base salary – Manager, Information Technology Services,

15.0% of base salary – Office Manager,

50% of base salary as described below. Total incentive compensation for individuals that qualify under Group C shall be based on a weight of 75% ~~60%~~ allocated for their individual performance and 25% ~~40%~~ allocated for UTIMCO's excess performance.

The example calculation is as follows:

Name	Excess Performance	Weight	Salary	Calculated Bonus	Maximum Bonus (22.5% of salary * weight assigned)
Operations			\$ 85,000		\$ 19,125 42,500
Allocated:					
Subjective Individual Performance	0.25	<u>.75</u> 0.60	\$ 63,750 51,000	\$ 15,937. 12,750	\$ 14,344 12,750
UTIMCO	-0.40	<u>.25</u> 0.40	\$ 21,250 34,000	\$ -	\$ 4,781 -
			\$ 85,000	\$ 12,750	\$ 19,125 12,750

Group D- President/CEO and Managing Directors

The subjective portion of Group D participants' performance compensation shall be determined by the President for Managing Directors and the Board for the President. The accrued performance bonus award in any given year is limited to 90% of base salary as described below. Fifty percent (50%) of the performance bonus award shall be deferred and payable in accordance with the provisions of the UTIMCO Performance Compensation Plan for August 31, 2001. The performance bonus payable in any given year is limited to 50% of base salary as described below. Total incentive compensation for individuals that qualify under Group D shall be based on a weight of 20% for their individual performance, and 80% for UTIMCO's excess performance.

The example calculation is as follows:

Name	Excess Performance	Weight	Salary	Calculated Bonus	Maximum Bonus (90% 50% of salary * weight assigned)
Managing Director			\$ 189,000		\$ 170,100 94,500
Allocated:					
Subjective Individual Performance	0.40	0.20	\$ 37,800	\$ 15,120	\$ 34,020 15,120
UTIMCO	-0.40	0.80	\$ 151,200	\$ -	\$ - 136,080 -
			\$ 189,000	\$ 15,120	\$ 170,100 15,120

Other indexes used in measuring performance of performance compensation plan participants

Fixed Income Managers

Lehman Brothers Aggregate Bond Index

Lehman Brothers Credit Composite

REIT Manager

NAREIT Index

SITF INDEX

The SITF Index is a composite index of the returns of certain US Treasury and Government Agency securities designed to match the duration and credit risk of the SITF.

Asset Class	Neutral Allocation	Benchmark Return
US Treasuries	10%	91-day T-Bill Average Yield
US Treasuries	10%	M.L. 6 mo. US Treasury Bill Index
US Treasuries	30%	M.L. 1-3 yr. US Treasury Index
US Treasuries	10%	M.L. 3-5 yr. US Treasury Index
US Government Agencies	30%	M.L. 1-3 yr. US Federal Agencies Index
US Government Agencies	10%	M.L. 3-5 yr. US Federal Agencies Index
	100%	SITF Index

2001 Performance Compensation Plan Budget

Group	Name	Title	2001 Base Salary	Maximum % Salary	Maximum \$	Maximum Individual Performance Compensation Achieved At
D	Ricks	President and CEO	\$346,500	50%	\$173,250	± 50 bps
D	Iberg	Managing Director - Investment Operations	\$200,000	50%	\$100,000	± 50 bps
D	Russ	Managing Director - Public Markets	\$189,263	50%	\$94,631	± 50 bps
A	Cox	Equity Portfolio Manager	\$143,840	50%	\$71,920	±100 bps
A	Kampfe	Director	\$125,000	50%	\$62,500	±37.5 bps
A	New	Portfolio Manager	\$100,000	50%	\$50,000	±37.5 bps
B	Analyst	Private Equity Analyst	\$100,000	50%	\$50,000	± 50 bps
C	Edwards	Information Technology Manager	\$87,000	50%	\$43,500	± 50 bps
C	Moeller	Accounting Manager	\$84,000	50%	\$42,000	± 50 bps
C	Wallace	Office Manager	\$64,450	50%	\$32,225	± 50 bps
			\$1,440,052		\$720,026	

Note: Maximum Amount of Performance Compensation allocated to an individual for the UTIMCO portion is earned when UTIMCO's excess performance has reached 50 bpts

2001 Performance Compensation Plan Budget

Plan	Name	Title	2001 Base Salary	Maximum % Salary	Maximum \$
D	Ricks	President and CEO	\$346,500	90%	\$311,850
D	Iberg	Managing Director - Investment Operations	\$200,000	90%	\$180,000
D	Russ	Managing Director - Public Markets	\$189,263	90%	\$170,336
A	Cox	Equity Portfolio Manager	\$143,840	75%	\$107,880
A	Kampfe	Sr. Portfolio Manager	\$125,000	75%	\$93,750
A	Doak	Portfolio Manager	\$100,000	75%	\$75,000
B	Analyst	Private Equity Analyst	\$110,000	75%	\$82,500
C	Edwards	Information Technology Manager	\$87,000	22.5%	\$19,575
C	Moeller	Accounting Manager	\$84,000	22.5%	\$18,900
C	Wallace	Office Manager	\$64,450	15%	\$9,668
			\$1,450,052		\$1,069,458