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



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

*August 22, 2001*



**BRIEFING SESSION:**

UPDATE ON  
PARTNERSHIP PROGRAM

EVERCORE CAPITAL PARTNERS II, L.P.  
DISCUSSION

**THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY  
ALTERNATIVE EQUITES - NONMARKETABLE  
COMMITMENT ACTIVITY**

**July 1, 2000 - June 30, 2001**

<b>Date</b>	<b>Commitment Activity</b>	<b>VC-U.S.</b>	<b>PE-U.S.</b>	<b>Non U.S.</b>	<b>Opp.</b>	<b>Total</b>
<b>7/1/00-6/30/01</b>	<b>Commitment Budget</b>	<b>200</b>	<b>170</b>	<b>75</b>	<b>25</b>	<b>470</b>
<b>Committed and Closed</b>						
01/23/01	Austin Ventures VIII	-30				-30
01/23/01	American Securities Partners III		-30			-30
02/22/01	<i>Advanced Technology Ventures VII</i>	-25				-25
02/22/01	<i>CSFB Global Opportunities Fund</i>				-25	-25
02/22/01	<i>Lighthouse Capital Partners IV</i>	-20				-20
03/27/01	<i>Atlas Venture Fund VI</i>			-25		-25
04/10/01	Prism Venture Partners IV	-25				-25
04/30/01	Ampersand V	-25				-25
05/01/01	<i>Foundation IV</i>	-20				-20
05/24/01	Morgenthaler VII	-25				-25
06/15/01	<i>Parthenon Capital II</i>		-25			-25
<b>Total Committed</b>		<b>-170</b>	<b>-55</b>	<b>-25</b>	<b>-25</b>	<b>-275</b>
<b>Total Under Budget</b>		<b>30</b>	<b>115</b>	<b>50</b>	<b>0</b>	<b>195</b>

*Note: Funds which represent a new relationship are listed in italics*

**THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY  
ALTERNATIVE EQUITES - NONMARKETABLE  
COMMITMENT ACTIVITY**

July 1, 2001 - June 30, 2002

Date	Commitment Activity	VC-U.S.	PE-U.S.	Non U.S.	Opp.	Total
7/1/01-6/30/02	Commitment Budget	175	120	50	50	395
<b>Committed and Closed</b>						
07/02/01	<i>Prospect Venture Partners II</i>	-25				-25
07/31/01	<i>Polaris Venture Partners IV</i>	-20				-20
08/17/01	<i>The Candover 2001 Fund</i>			-30		-30
	<b>Total Closed</b>	<b>-45</b>	<b>0</b>	<b>-30</b>	<b>0</b>	<b>-75</b>
<b>Committed - Not Closed</b>						
	<b>Total Committed - Not Closed</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Under Due Diligence</b>						
	<i>Blackstone Capital Partners IV</i>		-40			-40
	<i>The Third Cinven Fund</i>			-25		-25
	EnCap Energy Capital Fund IV				0	0
	Evercore Capital Partners II		-50			-50
	<i>Lexington Capital Partners V</i>				-25	-25
	<i>Lindsay Goldberg &amp; Bessemer</i>		-25			-25
	OCM Opportunities IV				-40	-40
	<i>Pomona Capital V</i>				-25	-25
	Prime VIII-B		-2			-2
	<i>Warburg Pincus Private Equity VIII</i>	-30				-30
	<b>Total Under Due Diligence</b>	<b>-30</b>	<b>-117</b>	<b>-25</b>	<b>-90</b>	<b>-262</b>
	<b>Total Activity</b>	<b>-75</b>	<b>-117</b>	<b>-55</b>	<b>-90</b>	<b>-337</b>
	<b>Remaining Budget</b>	<b>100</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>58</b>

**Existing Relationships Declined**

8/6/01 Crescendo V

*Note: Funds which represent a new relationship are listed in italics*



## Evercore Capital Partners II, L.P.

**CATEGORY:** Private Equity - US

**FUND SIZE:** \$750,000,000; Expected first close: September 30, 2001

**TOTAL CURRENT UTIMCO EXPOSURE:** \$40,013,505

**TOTAL CURRENT AND PROPOSED EXPOSURE:** \$90,013,505

**UTIMCO DELEGATION OF AUTHORITY:** Total current and proposed exposure, as a % of value of endowments at 8/31/2000 must not be greater than 1.00%.

Evercore = 0.71%.

New commitments as a % of value of the UTIMCO total endowment at 8/31/2000 must not be greater than 0.25%.

Evercore II = 0.40%.

Conclusion: Board action required.

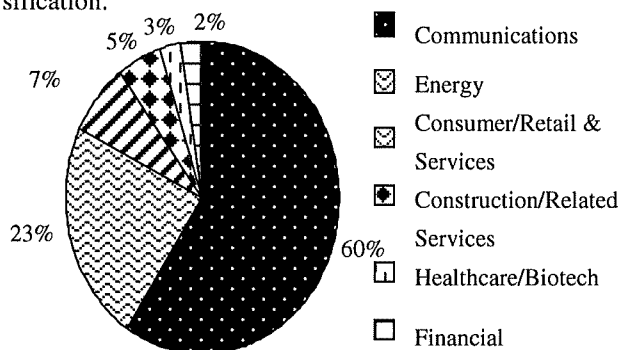
**CAMBRIDGE ASSOCIATES LLC:** Memorandum dated August 14, 2001 recommending investment for up to \$50,000,000 (see attached).

**BACKGROUND:** Evercore Capital Partners II, L.P. ("ECP II" or the "Fund") is a newly formed successor fund formed by Evercore Capital Partners ("Evercore" or "the Firm") to make buyout investments in upper middle market companies (enterprise values of \$100 million to \$1 billion). The Fund will be the second fund managed by the Firm. The \$750 million targeted capitalization of Fund II will be an increase over Evercore's previous fund, a \$512 million fund closed in early 1997. This Fund was approximately 71% invested as of March 31, 2001.

Austin Beutner, David Offensend and Roger Altman founded Evercore in 1996. Collectively, these individuals have over 75 years of investment experience. Prior to the formation of Evercore, Mr. Altman was a Deputy Treasury Secretary of the US Treasury Department, Mr. Beutner was the President and CEO of The U.S. Russia Investment Fund and Mr. Offensend was Vice President of Keystone, Inc., a private equity investment firm associated with the Bass family. Messrs. Altman and Beutner had previously also worked together at The Blackstone Group, a private equity firm with a strategy similar to that of Evercore's (although Blackstone focuses on larger transactions). Another individual, Walter Dec, also co-founded the Firm, but departed for personal reasons in 1998. More recently, the Firm has added a new general partner, William (Bill) Daley. Mr. Daley was formerly the Chairman of the 2000 Gore Lieberman Presidential Campaign and the Secretary of Commerce at the U.S. Commerce Department. It is expected that the Firm will benefit from Mr. Daley's strong network of corporate and individual contacts.

**STRATEGY:** Evercore's strategy with regard to ECP II is consistent with the original thesis of ECP I – to leverage the Firm's unique network of corporate relationships to generate investment opportunities, largely through corporate spinouts and divestitures. Evercore has developed strong corporate advisory and restructuring businesses which serve to complement the Firm's private equity business in terms of deal generation and industry expertise, as well as being resources for the development of financial and operational strategies for the Firm's investments. Evercore's advisory business has served as a high-level financial and strategic advisor providing strategic and tactical advice to leading corporations such as: Accenture, AC Neilson, AOL Time Warner, Dow Jones, General Mills, Hallmark Cards, IBM, Kmart, Pennzoil, RJR Nabisco, Swiss Re, Tenneco, Verizon and Viacom. In addition to the network built around this activity, Evercore has an Advisory Board, comprised of very well-respected and experienced corporate CEOs who have extensive corporate contacts, as well as an Operating Executives Group, comprised of experienced operators who assist in evaluating and monitoring investments. These relationships are central to Evercore's strategy - exemplified by the fact that ten of the eleven ECP I investments to date have been generated through these networks.

The table below illustrates the sector exposure breakdown of ECP I. It is expected that ECP II will generate similar diversification.



The Firm will target investments throughout the U.S., however up to 30% of the fund may be invested in non-U.S.-based companies (with Advisory Board approval). Approximately 18.5% of ECP I was invested outside of the United States (1 company).

**INVESTMENT HISTORY:** The performance on ECP I has been driven by two partial realizations and one write off. The remaining eight investments are being held at cost. Of note, currently there aren't any "at risk" investments in Evercore's portfolio, i.e. all companies are meeting plan, have adequate liquidity and do not have near-term financial risk. Despite the slow realization pace and conservative posture with respect to valuation, Evercore's returns are just below Cambridge Associate's top quartile returns for the 1997 vintage year U.S. Private Equity Benchmark (14.3%).

UTIMCO: Evercore Capital Partners Fund Performance as of March 31, 2001						
Name of Fund	Closing Date	Total Commitment	Capital Contributed	Total Distributions	Value	Net IRR
ECP I, L.P.	1/27/1997	\$ 40.0 MM	\$ 31.7 MM	\$ 3.1 MM	\$31.7 MM	14.2%

Source: Cambridge Associates, Inc.

On Monday, August 13, 2001, Evercore priced a public offering of secondary shares of Resources Connection, Inc (RECN). Resources Connection, Inc., a spinout of Deloitte & Touche, is one of the country's fastest growing contract professional services firms. It is the first independent national company to focus exclusively on providing high quality, "Big Five"-experienced accounting and finance professionals on a project basis. The sale will generate \$55.2 million in net proceeds to ECP I. ECP I's original investment of \$24.1 million consisted of \$16.7 million in subordinated notes and \$7.4 million in common equity at an effective price of \$1.00 per share. During the Company's initial public offering in December 2000, ECP I sold 1.9 million shares at \$12.00 per share and the subordinated debt was redeemed in full. The current secondary sale of ECP I's 2.8 million shares will reduce ECPI's ownership in the Company from 26.3% to 12.6%. The cash proceeds realized from the initial public offering and the secondary offering combined with the remaining shares held by ECP, valued at the \$20.75 secondary offering price, represents a 6.3x multiple of ECP's total investment of \$24.1 million in the Company.

**INFRASTRUCTURE:** Evercore operates two offices, one in New York City and the other in Los Angeles. The majority of the Firm's investment professionals (41 people) are based out of New York. Two principals and one associate in Los Angeles support Austin Beutner, a co-founder of the Firm. The four senior partners (Messrs. Beutner, Altman, Offensend and Daley) manage the Firm.

Four investment professionals are dedicated to the Firm's restructuring business, eight support the advisory business, nine are focused on the venture business (discussed in more detail below) and ten are fully dedicated to the private equity business. Six of Evercore's investment professionals, however, split their time between the various business lines. This supports the partner's assertions that knowledge and expertise gained in one area is utilized and transferred throughout the Firm. Nine partners at the Firm will share in 80% of ECP II's carried interest, with the remaining 20% shared amongst the remaining investment professionals.



During 2000, Evercore entered the early-stage investment business through two related avenues: (i) a commitment of \$20 million to Evercore Ventures and (ii) an investment of \$5 million in the eCompanies Incubator. Evercore Ventures is a \$100 million early-stage investing vehicle formed in affiliation with eCompanies. Evercore was introduced to eCompanies via a longstanding relationship between two of the principals of the firms. The business and investment logic for combining the new economy strengths inherent in the eCompanies network with the old economy and finance strength of Evercore should provide a solid foundation for venture investments. Going forward, all venture investments will be made exclusively through this vehicle. ECP II will be solely dedicated to later stage private equity investments.

Austin Beutner serves as the CEO of Evercore Ventures. Approximately 25% of his time will be dedicated to the venture business. UTIMCO has recommended changes to the key man provision within the Limited Partnership Agreement relating to Mr. Beutner's time commitment to ECP II. An additional meeting is scheduled between Mr. Beutner and the UTIMCO staff to discuss this matter.

**INVESTOR GROUP:** Fund II expects to raise approximately \$750 million in capital. A sample of the committed institutional investor group is as follows:

<b>Corporations</b>	<b>Banks/Investment Companies</b>
American Airlines	Aetna
Daimler Chrysler	AIG
Disney	CSFB
Southern Company	Deutsche Bank
	Equitable Life
	JP Morgan/Chase
	World Bank

**CONCLUSION:** Based upon Cambridge Associates' due diligence and recommendation, as well as UTIMCO's independent review of the transaction, the UTIMCO staff recommends a commitment of up to \$50 million to Evercore Capital Partners II, L.P. This commitment will provide the endowment funds an opportunity to continue its relationship with a well-positioned private equity middle market buyout firm.

## **M E M O R A N D U M**

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**TO:** Cathy A. Iberg  
Interim President and CEO  
University of Texas Investment Management Company

**FROM:** Astrid M. Noltemy  
Jennifer A. Urdan

**DATE:** August 14, 2001

**RE:** Evercore Capital Partners II L.P

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### **RECOMMENDATION**

Cambridge Associates recommends that the University of Texas Investment Management Company ("UTIMCO") consider an investment of up to \$50 million in Evercore Capital Partners II L.P, subject to the negotiation and approval of final terms of the partnership. Evercore Capital Partners II L.P ("Fund II") offers an opportunity for UTIMCO to maintain its relationship with a high quality buyout firm led by an experienced management team with demonstrated ability to source deals, negotiate favorable terms, and grow and exit companies at a profit.

### **SUMMARY**

Evercore Partners Inc. (together with its affiliates, "Evercore" or the "Firm"), a boutique private equity, corporate advisory, restructuring advisory, and venture capital investment firm, is organizing Evercore Capital Partners II L.P. ("ECP II" or the "Fund") to make private equity investments in established businesses. ECP II is seeking total commitments of \$750 million and represents the Firm's second buyout focused fund. The General Partner of the Fund is Evercore Partners II LLC (the "General Partner") and its principals are Roger Altman, Austin Beutner, William Daley, David Offensend, and G. Richard Thomas (collectively, the "Principals").

### **ORGANIZATION AND MANAGEMENT**

Messrs. Beutner, Offensend, and Altman (the "Founders") founded Evercore in 1996 as a corporate advisory and private equity investment firm. The Founders brought with them an average 20 years of finance and investing experience accumulated through varied backgrounds at private firms and government agencies. Prior to forming the Firm, Mr. Altman was a Deputy Treasury Secretary of the U.S. Treasury Department, Mr. Beutner was the President and CEO of The U.S. Russia Investment Fund, and Mr. Offensend was a Vice President of Keystone, Inc., a private equity investment firm. Messrs. Altman and Beutner also gained four years experience working together at The Blackstone Group, a diversified private equity firm, where they served as a Vice Chairman and a General Partner, respectively.

Evercore's advisory business has served as a high-level financial and strategic advisor providing strategic and tactical advice to leading corporations such as: Accenture, AC Neilson, AOL Time Warner, Dow Jones, General Mills, Hallmark Cards, IBM, Kmart, Pennzoil, RJR Nabisco, Swiss Re, Tenneco, Verizon, and Viacom. In addition to transaction-oriented advice, Evercore's advisory business provides extensive non-transactional advisory services to help its clients evaluate critical strategic and business issues. The corporate restructuring advisory business provides financial advice and investment banking services to companies in financial transition, as well as to their creditors. Anthony Grillo, formerly a Senior Managing Director of The Blackstone Group's restructuring business and Joseph Littlejohn and Levy, a distressed private equity firm, joined the Firm in 2001 to lead the restructuring advisory business. Evercore's private equity business began in 1997 with the formation of Evercore Capital Partners ("ECP I"), a \$510 million partnership. The venture business began in 2000 with the raising of Evercore Venture Partners ("EVP"), an early-stage partnership capitalized with \$100 million of commitments. EVP was raised primarily from a small group of institutional limited partners including Caisse De Depot, Telefonas de Mexico, Aetna, and Swiss Re.

Evercore Capital is primarily located in Evercore's main office in New York City. The remainder of the team, Mr. Beutner, Mr. Mital, Mr. Jensen, and one associate, is located in the Firm's Los Angeles office along with Evercore Ventures. Deal teams are led by either Mr. Beutner or Mr. Offensend and are formed around professional's skills, personality, and capacity. Carried interest is distributed across the Firm to reward collaboration and incentivize principals to work in partnership on all Evercore businesses. This structure results in the Firm's nine partners receiving 80% of ECP II's carried interest and the remaining Firm employees receiving 20% of the carry.

## **INVESTMENT STRATEGY**

The cornerstone of ECP II's strategy is Evercore's network of relationships. Through its other businesses, advisory boards, operating executives, and investment professionals, Evercore seeks to leverage its network of corporate and personal relationships to originate transactions, help evaluate investment opportunities, and add value to portfolio companies. The Fund seeks to invest in established businesses with defensible market positions and strong management teams at fair values. Employing a value-oriented investing approach, ECP II focuses on downside risk and relies on the strength of the underlying fundamentals of each investment to achieve its desired returns. It will pursue companies with enterprise values of \$100 million to \$1 billion and will invest as either the sole equity sponsor or a co-investor. The Fund will have no specific industry preferences, however, the Fund may invest up to 20% of commitments in Non-U.S. transactions or up to 30% with Advisory Committee approval.

## **INVESTMENT PERFORMANCE**

Evercore's first buyout fund, Evercore Capital Partners I, was formed in 1997 and closed in 1998 on a total of \$512 million. As of March 31, 2001, ECP I invested \$364.4 million, or 71% of committed capital, in 11 transactions. Among these transactions are two venture investments, Evercore Ventures and eCompanies Incubator, which total \$25 million of commitments. Evercore Ventures has drawn down \$1 million of its \$20 million commitment and invested in five companies through the first quarter of 2001; eHobbies.com, Go2Systems, Game Change, USBX, and LowerMyBills.com. eCompanies has fully invested its \$5 million commitment in four companies. According to Cambridge Associates, ECP I has a net internal rate of return ("IRR") of 14.2%, as of March 31, 2001. This performance places the fund just

outside the top quartile benchmark of 14.3% for its vintage year and significantly above the median benchmark of 1.0%.

### **INVESTMENT RECORD:**

<b><u>Fund</u></b>	<b><u>Inception Year</u></b>	<b><u>Fund Size (mm)</u></b>	<b><u>Paid-In (mm)</u></b>	<b><u>NAV (mm)</u></b>	<b><u>Paid-Out (mm)</u></b>	<b><u>Net IRR</u></b>	<b><u>CA Mean</u></b>	<b><u>CA Median</u></b>
ECP I, L.P. <sup>1</sup>	1997	\$512.0	\$364.4	\$640.4	\$47.0	14.2% <sup>2</sup>	8.2% <sup>2,3</sup>	1.0% <sup>2,3</sup>

### **Performance Notes:**

<sup>1</sup> Information provided by the General Partner as of 3/31/01.

<sup>2</sup> Returns are net of management fees and carried interest, as of 3/31/01, as calculated by Cambridge Associates LLC. Benchmarks are net to Limited Partners, as of 3/31/01, as calculated by Cambridge Associates LLC.

<sup>3</sup> The fund is too young to have produced meaningful return. Analysis and comparison of partnership returns to benchmarks statistics may be irrelevant.

### **COMPETITIVE ADVANTAGES**

#### **Fundraising:**

The Fund expects to hold an initial closing in September of 2001 on approximately \$300 million. A final closing date has not been determined.

#### **Positives:**

- **Valuable Network:** Through its various businesses Evercore has created a valuable network of contacts and relationships which it uses throughout an investment's life cycle. Evercore's corporate advisory business provides the foundation for this set of relationships along with the networks developed by its restructuring and venture capital investing businesses, its advisory board, operating executives, and investment professionals.
- **Deal Sourcing:** By effectively utilizing its network, Evercore has been able to originate proprietary transactions. The resourceful use of its network has enabled Evercore to source deals or gain a competitive edge in most of ECP I's investments. In these cases, CEOs reported that Evercore's ability to add value early on in the diligence process led Evercore to become the equity sponsor of choice.
- **Organization Resources:** The knowledge, depth, and diverse skill sets available to ECP II through the Evercore organization provides the Fund with resources not generally found in other private equity firms.
- **Early Performance:** Although immature, Evercore's first fund has had two successful investments to date. The successes of these two investments have created enough value for ECP I to place it in the cusp of first quartile funds.

## ISSUES FOR CONSIDERATION

- **Organizational Risk:** Evercore is a growing and dynamic business that has doubled the number of its business lines over a five year history. While Evercore's partners have no current plans to expand the Firm's business into new lines, history indicates that expansion is possible.
- **Departures** - Evercore has experienced senior level turnover, beginning with the departure of co-founder Walter Dec in 1998 and three additional principals in 2000 and 2001. The Firm has also lost at least four professionals at junior levels. References have indicated, however, that this turnover was not caused by systematic firm problems.

## CONCLUSION

ECP II provides an opportunity for UTIMCO to maintain a relationship with a firm with considerable resources and advantages. The Evercore organization has successfully managed to integrate its businesses and professionals enabling the Firm to provide distinguishing and value added features to its fund and portfolio companies. The fund opportunity is supported by Evercore's positive business structure and past fund performance.

## SUMMARY OF TERMS

<b>Minimum Commitment:</b>	\$5 million.
<b>General Partner's Commitment:</b>	\$20 million.
<b>Investment Period:</b>	Six years.
<b>Takedown:</b>	Subscriptions will be taken down with a minimum of 10 days' written notice.
<b>Distributions:</b>	Carried interest will be distributed 80% to limited partners and 20% to the General Partner based on returned capital after a preferred return of 8% per annum.
<b>General Partner Clawback:</b>	Yes.
<b>Limited Partner Clawback:</b>	Yes.
<b>Fee:</b>	The General Partner will receive an annual management fee equal to 2.00% of funded capital. The estimated management fee over the life of the Fund is 1.75%.
<b>Life of Partnership:</b>	10 years, subject to two one-year extensions at the discretion of the General Partner.
<b>Key Man Clause:</b>	Yes.
<b>Projected Closing:</b>	4 <sup>th</sup> Quarter 2001.

**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 open meeting on the 26th day of June 2001, at the Tower Club, Thanksgiving Tower - 48<sup>th</sup> Floor, 1601 Elm Street, Dallas, Texas, 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  
Woody L. Hunt, Vice Chairman  
Susan M. Byrne  
Rita C. Clements  
J. Luther King, Jr.  
John D. 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 R. D. Burck, and L. Lowry Mays. Also, participating in the meeting was Cathy Iberg, Interim President of the Corporation; Sara Skone, Investment Officer for the Corporation; Christy Wallace, Interim Secretary of the Corporation; and Jerry Turner, legal counsel for the Corporation. Mr. Allen called the meeting to order at 12:20 p.m.

Mr. Allen welcomed Mrs. Rita C. Clements to the meeting as a new board member.

**Minutes**

The next matter to come before the Board was approval of the minutes of the meetings of the Board of Directors held on April 24, 2001 and May 30, 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  
April 24, 2001 and May 30, 2001, be and are hereby approved.

**Alternative Investments-Nonmarketable**

The next item presented to the Board was a proposed commitment budget for the Alternative Investments – Nonmarketable asset class for the period of July 1, 2001 through June 30, 2002.

Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that a commitment budget of \$395 million for the Alternative Investments – Nonmarketable asset class for the period July 1, 2001 through June 30, 2002 be and is hereby approved.

### **Performance Review**

Ms. Iberg reported on the performance of the assets under the Corporation's management for the periods ended May 31, 2001. Total assets under management were \$14.7 billion as of May 31, 2001 compared to \$15.5 billion as of August 31, 2000. The net investment returns for the one-year period ending May 31, 2001, for the Permanent University Fund (PUF), Permanent Health Fund (PHF), and the Long Term Fund (LTF) were 0.34%, (0.33)%, and (0.14)%, respectively. The net performance for the nine-month period ending May 31, 2001 for the PUF, PHF and LTF were (5.85)%, (6.64)%, and (6.19)%, respectively. The Short Intermediate Term Fund's (SITF) performance was 10.66% versus 9.92% for its benchmark for the one-year period ended May 31, 2001. Performance for the Short Term Fund (STF) was 6.27% versus 6.03% for its benchmark for the one-year period ended May 31, 2001. Ms. Iberg reviewed the PUF's performance attribution for the nine-month period ending May 31, 2001. Ms. Iberg reported on the returns for the periods ended March 31, 2001 for the PUF, PHF and the LTF against various Russell/Mellon universes and other large state investment funds. Ms. Iberg presented Cambridge's comparison of the endowment's Alternative Equities-Marketable managers against the median return for the periods ending December 31, 2000. After her report, Ms. Iberg answered the Directors' questions.

### **Appointment of Director**

In conjunction with Mrs. Clements' first attendance to a UTIMCO board meeting, a motion was duly made and seconded, and the following resolution was unanimously adopted:

WHEREAS, Section 66.08 of the Texas Education Code (the "Code") requires that the Board of Regents of The University of Texas System (the "Board of Regents") appoint and remove all members of the UTIMCO Board; and

WHEREAS, the Board of Regents, on August 12, 1999, appointed Mr. A. R. (Tony) Sanchez, Jr. to serve as a member of the UTIMCO Board until such time as a successor director was appointed by the Board of Regents; and

WHEREAS, the Board of Regents, on May 10, 2001, appointed Ms. Rita C. Clements to serve as a member of the UTIMCO Board effective upon the contemporaneous resignation by Mr. Sanchez and until such time as a successor director was appointed by the Board of Regents; NOW THEREFORE BE IT



RESOLVED, that the appointment of Ms. Clements to the UTIMCO Board by the Board of Regents to replace Mr. Sanchez, is hereby accepted; and

RESOLVED, that the resignation of Mr. Sanchez from the UTIMCO Board, effective upon the date of appointment of his successor by the Board of Regents, is hereby accepted; and

RESOLVED, that the UTIMCO Board does, on behalf of UTIMCO, express appreciation for the dedication with which Mr. Sanchez has served on the UTIMCO Board.

### **Report of Chief Executive Officer Search Committee**

Mr. King, Chairman of the Chief Executive Officer Search Committee, reported that the firm of Heidrick & Struggles, Inc. had been retained to conduct the search for the Corporation's President and CEO position. A draft version of the position specification provided by Heidrick & Struggles was reviewed and discussed. Mr. King will request minor changes be made to the position specification document and instruct Heidrick & Struggles to proceed accordingly. Once candidates are screened, the interview process will begin by the committee. This concluded Mr. King's report of the Chief Executive Officer Search Committee meeting.

### **Report of Audit and Ethics Committee**

Mr. Riter reported on the Corporation's Audit and Ethics Committee meeting held on June 11, 2001. The Committee approved the minutes of the Audit and Ethics Committee meeting held on November 10, 2000. Ms. Iberg presented the financial statements for the Corporation for the period ended April 30, 2001. She also reviewed the Corporation's fee request for the fiscal year ending August 31, 2002. Mr. William Strange, from the firm of Deloitte & Touche, LLP, made a presentation concerning the proposed engagement letter for the audits of the Permanent University Fund (PUF), the Permanent Health Fund (PHF), the Long Term Fund (LTF), the General Endowment Fund (GEF), the Short Intermediate Term Fund (SITF) and the Corporation for the fiscal year ended August 31, 2001. The Audit and Ethics Committee members approved the appointment of Deloitte & Touche, LLP as the independent auditor subject to approval by the board at this meeting. Ms. Iberg updated the Committee on UTIMCO's compliance, reporting, and outstanding audit issues. There were no items of significance to report. Mr. Riter answered the Directors' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Corporation's Fee Request for the period September 1, 2001 through August 31, 2002 be and is hereby approved; and

RESOLVED, that the firm of Deloitte & Touche, LLP be and is hereby appointed as the independent auditor of the Corporation for the year ended August 31, 2001; and further

RESOLVED, that the firm of Deloitte & Touche, LLP be and is hereby appointed as the independent auditor of the financial statements of the Permanent University Fund, Permanent Health Fund, Long Term Fund, General Endowment Fund, and Short Intermediate Term Fund for the fiscal year ended August 31, 2001.

This concluded Mr. Riter's report of the Audit and Ethics Committee meeting.

### **Designation of Key Employees**

Ms. Iberg recommended certain Corporation employees to be designated as key employees. Upon motion duly made and seconded, the following resolution was unanimously adopted:

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

Cathy A. Iberg	Interim President and Chief Executive Officer
Greg Cox	Portfolio Manager – Equity Investments
J. Russell Kampfe	Senior Portfolio Manager – Fixed Income Investments
Harland B. Doak	Portfolio Manager – Fixed Income Investments
Joan Moeller	Accounting and Security Operations Manager
Sara J. Skone	Investment Officer – Private Markets

### **Manager Presentations**

Mr. David Fisher, Mr. George Romine and Ms. Tracey Campbell of Capital Guardian Trust reviewed the performance for the international mandates under management. The review included the International Non-U.S. Equity Accounts, International Non-U.S. Equity Small Cap Accounts and the Emerging Markets Growth Fund Accounts. The presenters answered the Directors' questions and then left the meeting.

There being no further business to come before the Board, the meeting was adjourned at approximately 2:15 p.m.

Interim Secretary: \_\_\_\_\_  
Christy W. Wallace

Approved: \_\_\_\_\_ Date: \_\_\_\_\_  
Robert H. Allen  
Chairman, Board of Directors of  
The University of Texas Investment  
Management Company

**Resolution No. 1**

RESOLVED, that the minutes of the meetings of the Board of Directors held on June 26, 2001 be and are hereby approved.

**TO BE DISTRIBUTED  
AT THE MEETING**

## **Resolution No. 2**

WHEREAS, the Board has reviewed an Investment Recommendation prepared by the Corporation's private equity advisor, Cambridge Associates, Inc., recommending that the Corporation enter into a limited partnership agreement (the "Agreement") with Evercore Capital Partners, L.P. to invest up to \$50 million of PUF and GEF assets in **Evercore Capital Partners II, L. P.**;

WHEREAS, the Corporation has determined that the Agreement does not constitute an agreement or transaction entered into in violation of Subsection 66.08(i) of the Texas Education Code;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the Investment Recommendation dated August 22, 2001 for **Evercore Capital Partners II, L. P.** be approved; and be it further

RESOLVED, that the President and CEO, and any Managing Director of this Corporation be, and each of them hereby is, authorized to make such further revisions to the terms and provisions as may be necessary or in the best interests of this Corporation, excluding an increase in the amount of the capital commitment to **Evercore Capital Partners II, L.P.**; and be it further

RESOLVED, that the President and CEO, any Managing Director, and the Secretary of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, instruments and certificates (including, without limitation, all notices and certificates required or permitted to be given or made under the terms of the Agreement), in the name and on behalf of the Corporation, or otherwise, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolutions and to perform the obligations of this Corporation under the Agreement and the instruments referred to therein.

# **FUND PERFORMANCE**

**ASSETS UNDER MANAGEMENT AND  
NET OF FEES FUND PERFORMANCE**

	Net Asset Value		Periods Ended July 31, 2001				
	8/31/00 (in Millions)	7/31/01 (in Millions)	Three Months	One Year	Three Years	Five Years	Fiscal Year To Date
<b>ENDOWMENT FUNDS</b>							
Permanent University Fund	\$ 8,452.3	\$ 7,674.0	(1.21)	(2.79)	5.45	10.99	(6.95)
Permanent Health Fund (1)	1,016.6	900.9	(0.86)	(3.66)	N/A	N/A	(7.62)
Long Term Fund (1)	3,136.2	2,923.3	(0.85)	(3.01)	7.00	12.15	(7.16)
Separately Invested Funds	200.1	149.9	N/M	N/M	N/M	N/M	N/M
Endowment Policy Portfolio (Benchmark)			(0.77)	(1.27)	7.86	11.80	(4.38)
Total Endowment Funds	<u>\$ 12,805.2</u>	<u>\$ 11,648.1</u>					
<b>OPERATING FUNDS</b>							
Short Intermediate Term Fund	1,844.4	1,808.8	1.63	9.55	6.33	6.97	8.48
Composite Index			2.01	9.68	6.53	6.61	8.79
Short Term Fund	810.6	834.7	1.09	5.85	5.68	5.67	5.26
90 Day Treasury Bill Rate			1.01	5.75	5.38	5.37	5.21
Institutional Index Funds:							
BGI Equity Index Fund B-Lendable (2)	44.5	105.7	(2.77)	(14.30)	3.92	15.26	(19.35)
BGI US Debt Index Fund B (3)	26.5	45.6	3.24	12.69	6.97	7.90	11.08
Total Operating Funds	<u>2,726.0</u>	<u>2,794.8</u>					
Total Investments	<u>\$ 15,531.2</u>	<u>\$ 14,442.9</u>					

(1) As of March 1, 2001 the PHF and LTF invested their respective net asset values into the General Endowment Fund.

(2) The Equity Index Fund B replicates the returns of the S&P 500 Index.

(3) The US Debt Index Fund B replicates the returns of the Lehman Brothers Aggregate Index.

N/M - Not Meaningful

## ASSETS UNDER MANAGEMENT AND NET OF FEES FUND PERFORMANCE

	Net Asset Value	Net Asset Value	Periods Ended July 31, 2001				
			8/31/00 (in Millions)	7/31/01 (in Millions)	Three Months	One Year	Three Years
<b>ENDOWMENT FUNDS</b>							
Permanent University Fund	\$ 8,452.3	\$ 7,674.0	(1.21)	(2.79)	5.45	10.99	(6.95)
Permanent Health Fund (1)	1,016.6	900.9	(0.86)	(3.66)	N/A	N/A	(7.62)
Long Term Fund (1)	3,136.2	2,923.3	(0.85)	(3.01)	7.00	12.15	(7.16)
Separately Invested Funds	200.1	149.9	N/M	N/M	N/M	N/M	N/M
Endowment Policy Portfolio (Benchmark)			(0.77)	(1.27)	7.86	11.80	(4.38)
Total Endowment Funds	\$ 12,805.2	\$ 11,648.1					
<b>OPERATING FUNDS</b>							
Short Intermediate Term Fund	1,844.4	1,808.8	1.63	9.55	6.33	6.97	8.48
Composite Index			2.01	9.68	6.53	6.61	8.79
Short Term Fund	810.6	834.7	1.09	5.85	5.68	5.67	5.26
90 Day Treasury Bill Rate			1.01	5.75	5.38	5.37	5.21
Institutional Index Funds:							
BGI Equity Index Fund B-Lendable (2)	44.5	105.7	(2.77)	(14.30)	3.92	15.26	(19.35)
BGI US Debt Index Fund B (3)	26.5	45.6	0.43	5.66	15.25	19.90	(4.94)
Total Operating Funds	2,726.0	2,794.8					
Total Investments	\$ 15,531.2	\$ 14,442.9					

(1) As of March 1, 2001 the PHF and LTF invested their respective net asset values into the General Endowment Fund.

(2) The Equity Index Fund B replicates the returns of the S&P 500 Index.

(3) The US Debt Index Fund B replicates the returns of the Lehman Brothers Aggregate Index.

N/M - Not Meaningful



**PERMANENT UNIVERSITY FUND  
PERFORMANCE**

	Asset Allocation		Return		Total Attribution (Asset Allocation and Manager Performance)
	Eleven Month Average	As of July 31, 2001	Eleven Months Ended July 31, 2001	PUF Benchmark	
	Neutral	July 31, 2001			
<b>Equities:</b>					
U.S. Mid/Large Cap	25.00%	22.70%	-19.33%	-13.70%	1.86%
U.S. Small Cap	7.50%	10.09%	-8.67%	-12.95%	-0.66%
Non U.S. Established Markets	12.00%	10.77%	-22.47%	-27.65%	-0.81%
Non U.S. Emerging Markets	3.00%	3.01%	-28.78%	-28.43%	-0.16%
<b>Alternative Equities:</b>					
Marketable	10.00%	9.73%	12.13%	18.03%	0.23%
Nonmarketable	15.00%	14.76%	15.48%	-7.13%	-3.18%
<b>Inflation Hedging</b>	7.50%	4.22%	3.55%	13.97%	0.36%
<b>Fixed Income:</b>					
U.S.	15.00%	17.62%	11.08%	11.24%	0.13%
Non U.S.	5.00%	2.09%	-0.91%	-0.38%	-0.11%
<b>Cash</b>	0.00%	5.01%	5.21%	-11.86%	-0.23%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>-4.38%</b>	<b>-6.95%</b>	<b>-2.57%</b>

**PERMANENT UNIVERSITY FUND  
PERFORMANCE (CONT.)**

	Asset Allocation		Return		Total Attribution (Asset Allocation and Manager Performance)	
	Three Month Average	As of July 31, 2001	Three Months Ended July 31, 2001	PUF		
	Neutral	July 31, 2001	Benchmark			
<b>Equities:</b>						
U.S. Mid/Large Cap	25.00%	22.32%	22.70%	-2.75%	-1.49%	0.33%
U.S. Small Cap	7.50%	10.23%	10.09%	0.26%	-0.41%	-0.06%
Non U.S. Established Markets	12.00%	11.05%	10.77%	-9.16%	-9.89%	0.00%
Non U.S. Emerging Markets	3.00%	3.19%	3.01%	-7.95%	-5.56%	0.07%
<b>Alternative Equities:</b>						
Marketable	10.00%	9.40%	9.73%	2.78%	4.75%	0.16%
Nonmarketable	15.00%	15.05%	14.76%	4.00%	-4.70%	-1.32%
<b>Inflation Hedging</b>	7.50%	4.10%	4.22%	-1.67%	5.41%	0.31%
<b>Fixed Income:</b>						
U.S.	15.00%	17.34%	17.62%	3.24%	3.23%	0.08%
Non U.S.	5.00%	2.03%	2.09%	0.55%	0.51%	-0.04%
<b>Cash</b>	0.00%	5.29%	5.01%	1.01%	0.93%	0.03%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>-0.77%</b>	<b>-1.21%</b>	<b>-0.44%</b>

**GENERAL ENDOWMENT FUND**  
**PERFORMANCE**  
(Inception Date 3/1/2001)

	Asset Allocation		Return		Total Attribution (Asset Allocation and Manager Performance)
	Five Month Average	As of July 31, 2001	Five Months Ended July 31, 2001	Benchmark GEF	
	Neutral				
<b>Equities:</b>					
U.S. Mid/Large Cap	25.00%	25.26%	-1.83%	-0.28%	0.35%
U.S. Small Cap	7.50%	10.44%	2.81%	2.69%	0.03%
Non U.S. Established Markets	12.00%	11.57%	-9.32%	-10.91%	-0.24%
Non U.S. Emerging Markets	3.00%	3.19%	-13.57%	-9.46%	0.10%
<b>Alternative Equities:</b>					
Marketable	10.00%	10.94%	4.92%	5.68%	0.09%
Nonmarketable	15.00%	10.49%	6.76%	-3.13%	-1.36%
<b>Inflation Hedging</b>	7.50%	4.12%	0.07%	8.05%	0.32%
<b>Fixed Income:</b>					
U.S.	15.00%	17.69%	3.33%	3.26%	0.04%
Non U.S.	5.00%	2.36%	-3.53%	-2.77%	0.11%
Cash	0.00%	4.14%	1.92%	2.14%	0.05%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.10%</b>	<b>-0.41%</b>	<b>-0.51%</b>

**GENERAL ENDOWMENT FUND  
PERFORMANCE**

(Inception Date 3/1/2001)

	Asset Allocation		Return		Total Attribution (Asset Allocation and Manager Performance)
	Three Month Average	As of July 31, 2001	Three Months Ended July 31, 2001	Benchmark GEF	
	Neutral				
<b>Equities:</b>					
U.S. Mid/Large Cap	24.90%	25.26%	-2.75%	-1.73%	0.26%
U.S. Small Cap	7.50%	10.44%	0.26%	-0.04%	-0.02%
Non U.S. Established Markets	11.92%	11.57%	-9.16%	-9.81%	-0.07%
Non U.S. Emerging Markets	3.39%	3.19%	-7.95%	-5.62%	0.05%
<b>Alternative Equities:</b>					
Marketable	10.52%	10.62%	2.78%	4.67%	0.21%
Nonmarketable	10.70%	10.87%	4.00%	-2.70%	-0.91%
<b>Inflation Hedging</b>	4.18%	4.30%	-1.67%	5.42%	0.31%
<b>Fixed Income:</b>					
U.S.	17.63%	17.98%	3.24%	3.26%	0.11%
Non U.S.	2.32%	2.37%	0.55%	0.59%	-0.04%
Cash	3.85%	3.40%	1.01%	1.17%	0.01%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>-0.77%</b>	<b>-0.86%</b>	<b>-0.09%</b>

**PERFORMANCE COMPARISON**  
for Periods ended June 30, 2001

Fund	1 Year	3 Years	5 Years
UTIMCO - PUF (net)	-3.32%	5.22%	10.62%
UTIMCO - PHF (net) (1)	-4.21%	N/A	N/A
UTIMCO - LTF (net) (1)	-3.52%	<b>6.64%</b>	<b>11.53%</b>
UTIMCO - Endowment Policy Benchmark	-2.06%	7.72%	11.34%
Russell/Mellon Foundation & Endowment Universe (2)	-3.54%	6.03%	11.07%
Russell/Mellon Universe of Funds >\$1BN (3)	-5.80%	6.00%	11.19%
Russell/Mellon Trust Universe (4)	-4.83%	5.70%	10.89%
Texas Permanent School Fund	-7.39%	5.27%	11.18%
Texas Teacher Retirement System	-4.98%	4.72%	11.04%
Texas Employees Retirement System	<b>-3.05%</b>	4.40%	9.43%

(1) As of March 1, 2001 the PHF and LTF invested their respective net asset values into the General Endowment Fund.

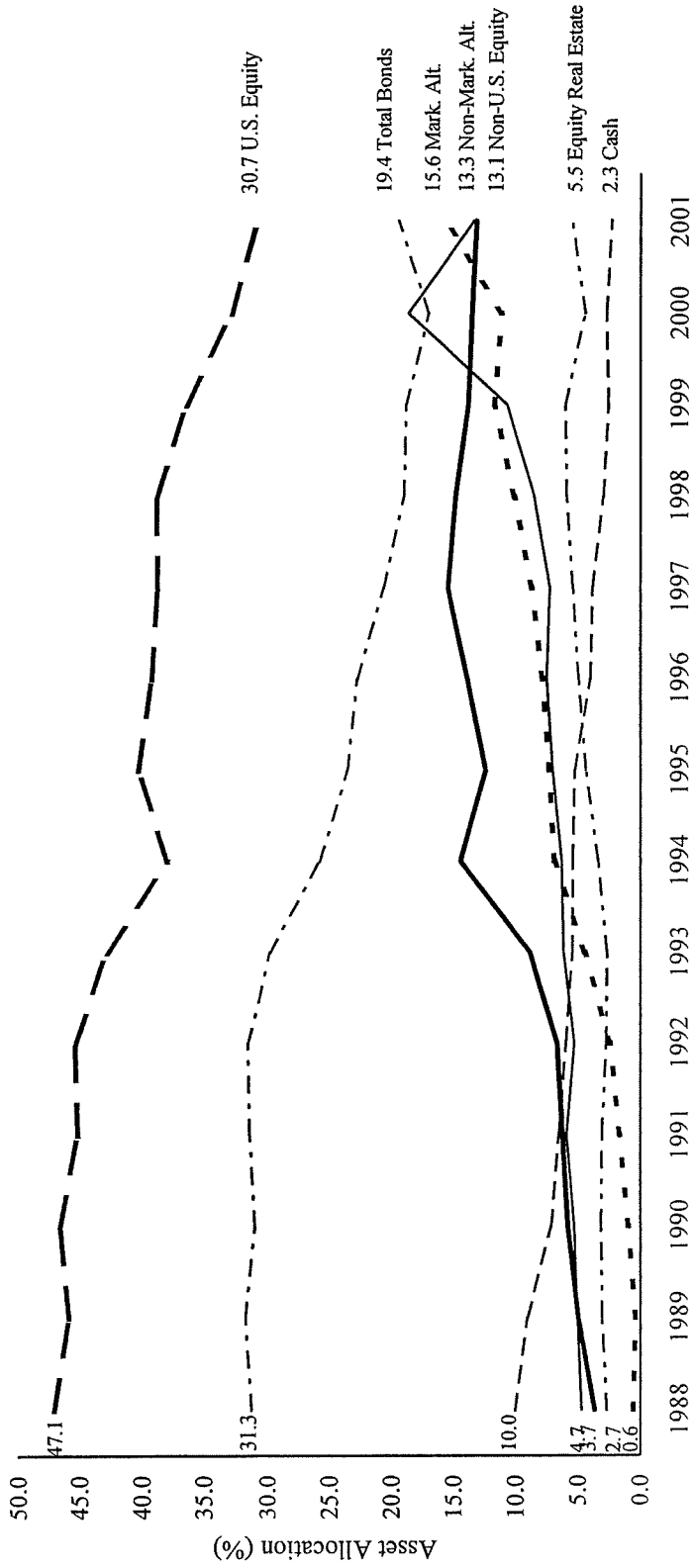
(2) Median return for universe of 82, 61, and 53 funds, respectively.

(3) Median return for universe of 92, 86, and 84 funds, respectively.

(4) Median return for universe of 313, 271, and 253 funds, respectively.

# **ASSET ALLOCATION**

**UNIVERSITY CONFERENCE GROUP ASSET ALLOCATION (%) TRENDS**  
**June 30, 1988 - June 30, 2001**



	Conference Participants - Mean Asset Allocation as of June 30													
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001*
U.S. Equity	47.1	45.8	46.6	45.1	45.3	42.8	37.9	40.2	39.2	38.7	38.8	36.4	32.8	30.7
Non-U.S. Equity	3.7	4.9	5.8	6.2	6.7	8.8	14.4	12.4	13.9	15.5	14.8	13.8	13.5	13.1
Marketable Alternatives	0.6	0.4	1.0	1.7	2.4	4.4	6.9	7.3	7.8	8.7	10.1	11.7	11.1	15.6
Non-Marketable Alternatives	4.7	5.0	5.3	5.9	5.3	6.1	6.3	7.0	7.5	7.2	8.5	10.7	18.6	13.3
Total Bonds	31.3	31.7	31.0	31.4	31.5	29.8	25.7	23.5	22.7	20.6	19.0	18.8	17.0	19.4
Equity Real Estate	2.7	3.1	3.2	3.1	2.8	2.7	3.4	4.3	4.9	5.4	5.9	6.0	4.4	5.5
Cash	10.0	9.0	7.1	6.5	6.0	5.4	5.4	5.2	4.0	3.8	3.0	2.6	2.7	2.3

Source: Quarterly Comparative Asset Allocation and Total Return, Cambridge Associates, LLC

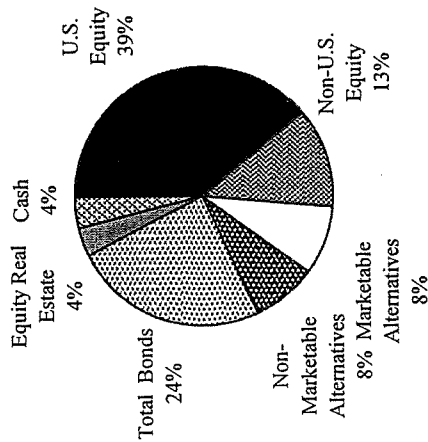
Note: Please see "Notes on the Data" for details on class definitions.

\*2001 Asset Allocation is from March 31, 2001 to June 30, 2001.

# COMPARATIVE ASSET ALLOCATION (%)

## CA COLLEGES AND UNIVERSITIES VS. UNIVERSITY CONFERENCE GROUP VS. CA FOUNDATIONS OVER \$1 BILLION

### Cambridge Associates' Colleges and Universities

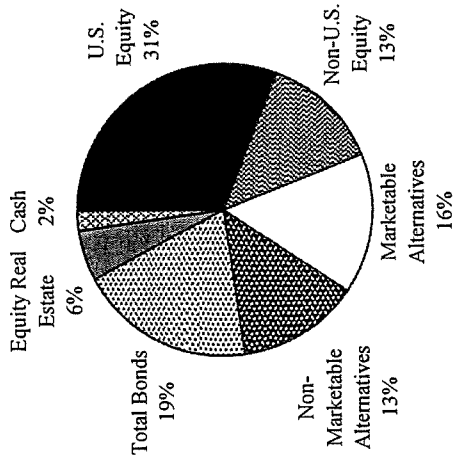


	Mean	Low	High
U.S. Equity	38.9	10.0	68.9
Non-U.S. Equity	12.6	0.0	37.0
Marketable Alternatives	8.4	0.0	55.8
Non-Marketable Alternatives	8.1	0.0	30.0
Total Bonds	24.4	0.4	84.9
Equity Real Estate	3.6	0.0	42.1
Cash	3.9	-2.1	16.9

Average Market Value: \$912 million  
 Market Value Range: \$18 million - \$8 billion  
 Universe: 138 institutions

Data as of March 31, 2001

### Conference Group

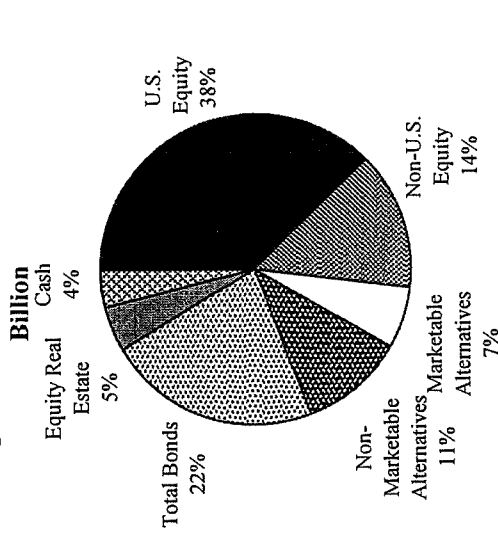


	Mean	Low	High
U.S. Equity	30.7	15.0	55.6
Non-U.S. Equity	13.1	4.3	22.3
Marketable Alternatives	15.6	0.0	40.6
Non-Marketable Alternatives	13.3	1.0	30.0
Total Bonds	19.4	9.7	37.0
Equity Real Estate	5.5	0.0	20.0
Cash	2.3	-6.3	9.4

Average Market Value: \$3.9 billion  
 Market Value Range: \$990 million - \$20 billion  
 Universe: 27 institutions

Data from March 31, 2001 to June 30, 2001

### Cambridge Associates' Foundations over \$1 Billion



	Mean	Low	High
U.S. Equity	37.5	0.0	85.6
Non-U.S. Equity	14.4	0.0	25.3
Marketable Alternatives	6.6	0.0	23.6
Non-Marketable Alternatives	10.8	0.0	31.6
Total Bonds	22.1	5.4	56.6
Equity Real Estate	4.8	0.0	17.5
Cash	3.9	-1.3	38.0

Average Market Value: \$4.9 billion  
 Market Value Range: \$1 billion - \$21 billion  
 Universe: 19 institutions

Data as of March 31, 2001

Source: Quarterly Comparative Asset Allocation and Total Return, Cambridge Associates, LLC  
 Note: Please see "Notes on the Data" for details on asset class definitions.



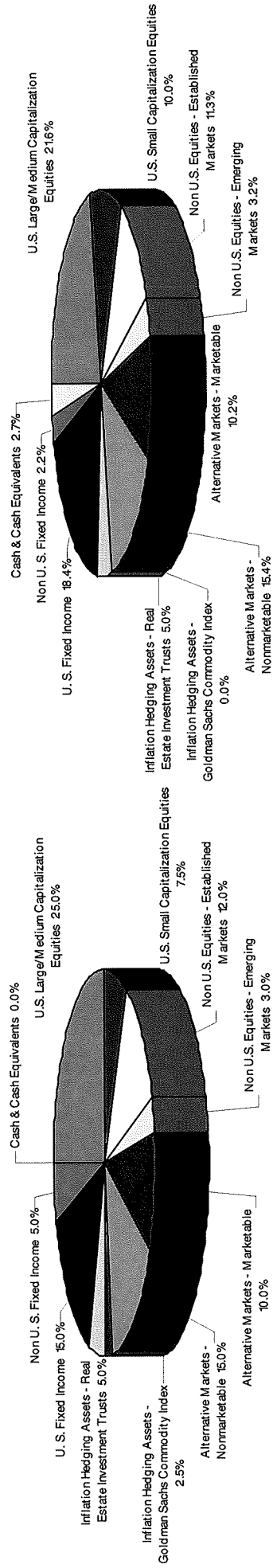


**ASSET ALLOCATION  
ENDOWMENT FUNDS  
July 31, 2001**

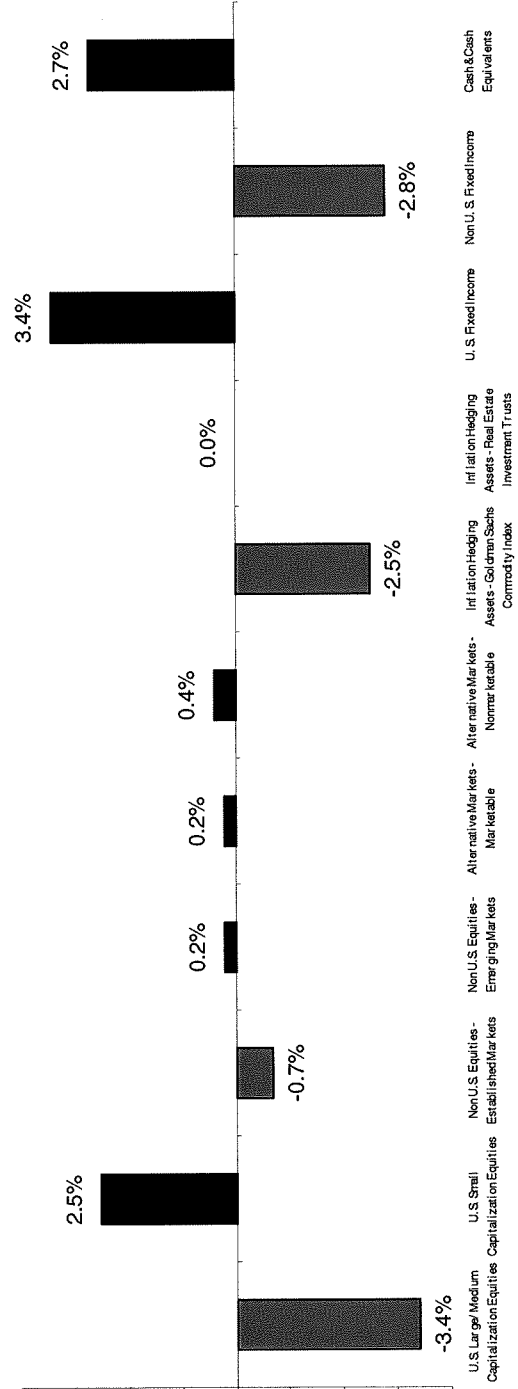
Percentages			Asset Class		\$ millions	
Neutral Policy	Actual PUF	Actual GEF		Permanent University Fund (PUF)	General Endowment Fund (GEF)	Total
25.0%	22.7%	25.2%	U.S. Large/Medium Capitalization Equities	\$ 1,741.3	\$ 972.3	\$ 2,713.6
7.5%	10.1%	10.4%	U.S. Small Capitalization Equities	775.2	402.5	1,177.7
32.5%	32.8%	35.6%		2,516.5	1,374.8	3,891.3
12.0%	10.8%	11.6%	Non U.S. Equities - Established Markets	826.1	446.0	1,272.1
3.0%	3.0%	3.2%	Non U.S. Equities - Emerging Markets	231.1	122.8	353.9
15.0%	13.8%	14.8%		1,057.2	568.8	1,626.0
10.0%	9.7%	10.9%	Alternative Markets - Marketable	746.3	418.6	1,164.9
15.0%	14.8%	10.6%	Alternative Markets - Nonmarketable	1,132.9	409.2	1,542.1
2.5%	0.0%	0.0%	Inflation Hedging Assets - Goldman Sachs	-	-	-
			Commodity Index			
5.0%	4.2%	4.3%	Inflation Hedging Assets - Real Estate	323.6	165.5	489.1
			Investment Trusts			
32.5%	28.7%	25.8%		2,202.8	993.3	3,196.1
15.0%	17.6%	18.0%	U. S. Fixed Income	1,352.2	692.8	2,045.0
5.0%	2.1%	2.4%	Non U. S. Fixed Income	160.1	91.4	251.5
20.0%	19.7%	20.4%		1,512.3	784.2	2,296.5
0.0%	5.0%	3.4%	Cash & Cash Equivalents	385.2	131.0	516.2
100.0%	100.0%	100.0%	Total	\$ 7,674.0	\$ 3,852.1	\$ 11,526.1

# PUF ASSET ALLOCATION

## Neutral Policy



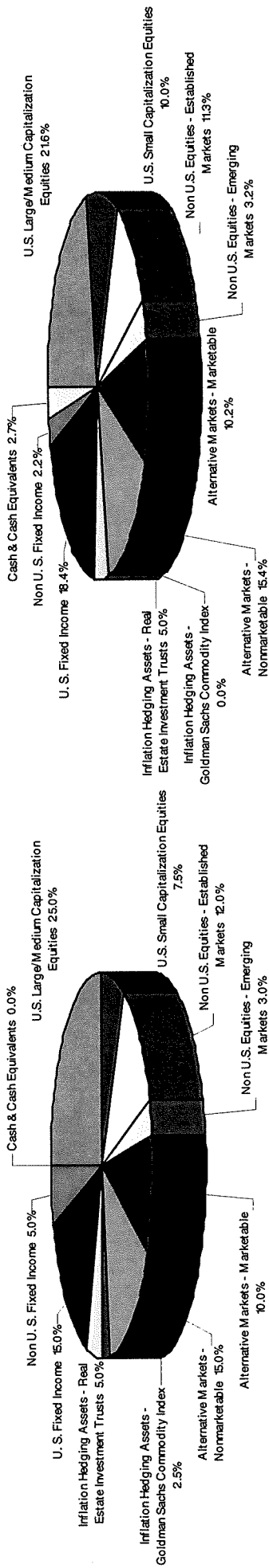
## Proposed vs Policy



	U.S. Large/Medium Capitalization Equities	U.S. Small Capitalization Equities	Non U.S. Equities - Established Markets	Non U.S. Equities - Emerging Markets	Alternative Markets - Marketable	Alternative Markets - Nonmarketable	Inflation Hedging Assets - Real Estate Investment Trusts	Inflation Hedging Assets - Goldman Sachs Commodity Index	U.S. Fixed Income	Non U.S. Fixed Income	Cash & Cash Equivalents
Proposed	21.6%	10.0%	11.3%	3.2%	10.2%	15.4%	5.0%	0.0%	18.4%	2.2%	2.7%
Neutral Policy	25.0%	7.5%	12.0%	3.0%	10.0%	15.0%	5.0%	2.5%	15.0%	5.0%	0.0%
Over/Under	-3.4%	2.5%	-0.7%	0.2%	0.2%	0.4%	0.0%	-2.5%	3.4%	-2.8%	2.7%

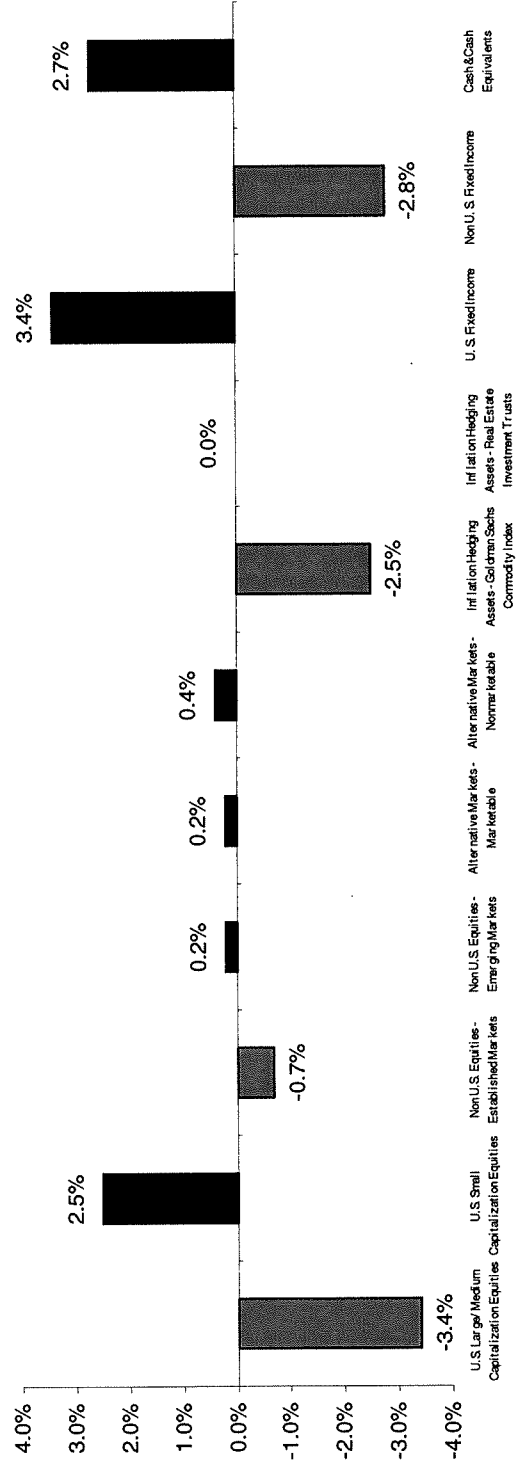
# PUF ASSET ALLOCATION

Neutral Policy



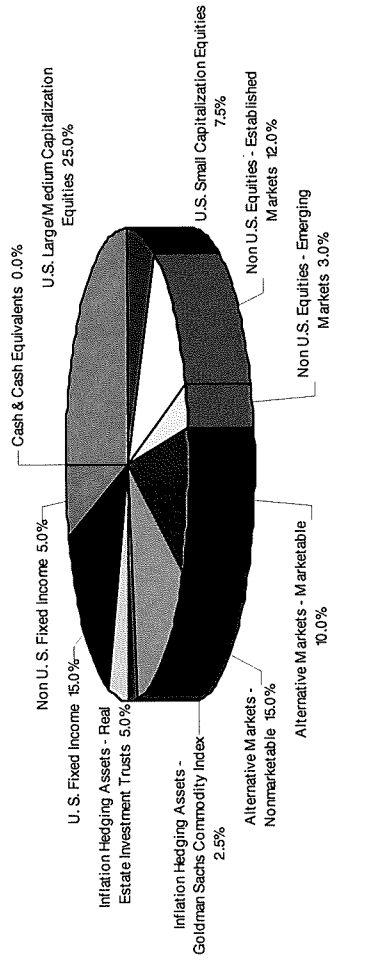
Proposed

Proposed vs Policy

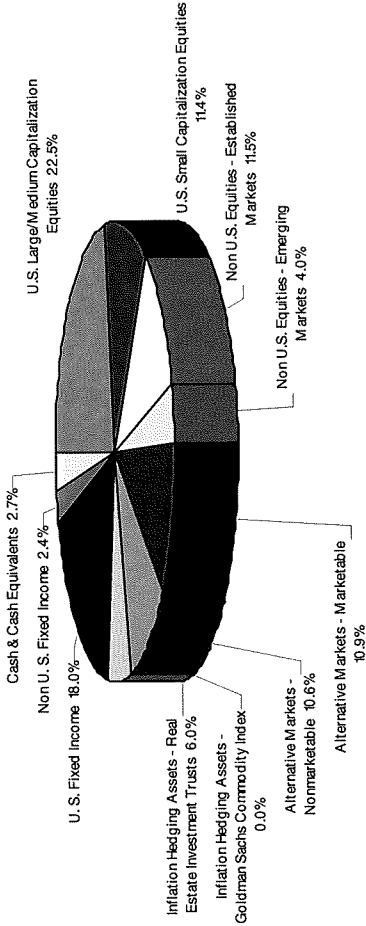


# GEF ASSET ALLOCATION

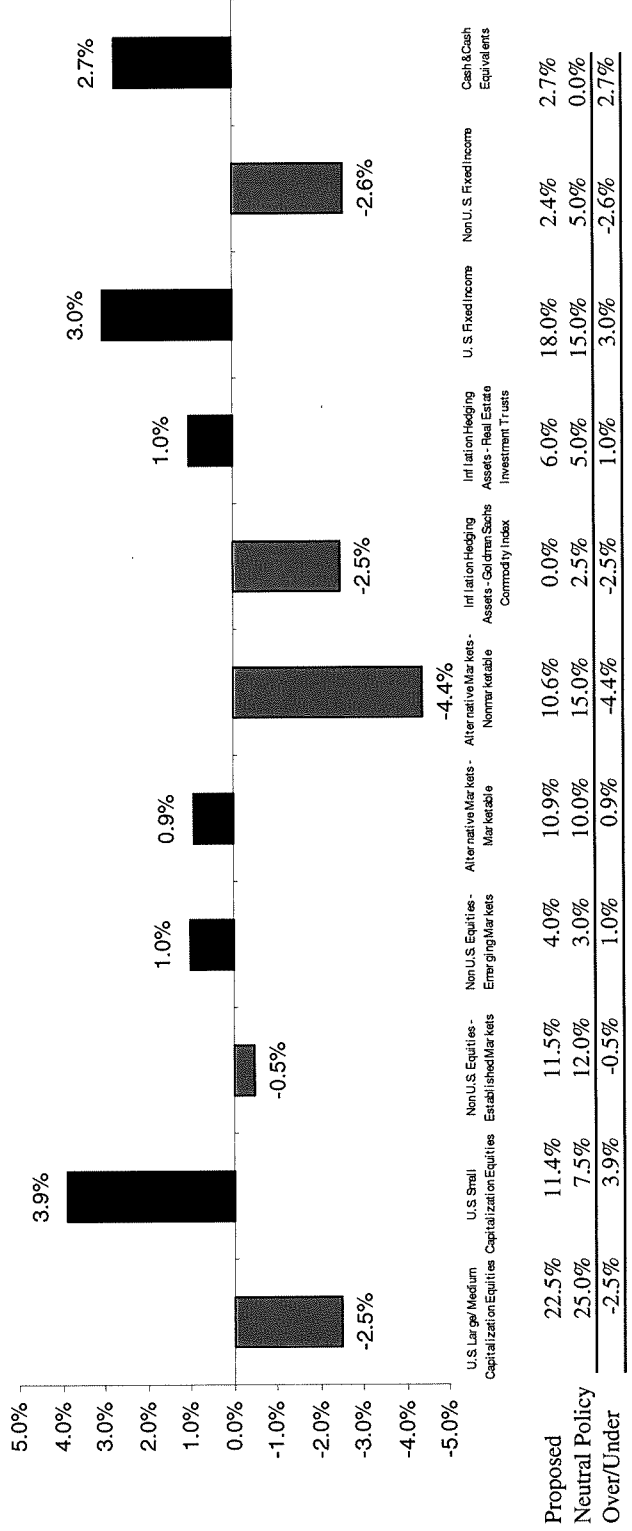
## Neutral Policy



## Proposed

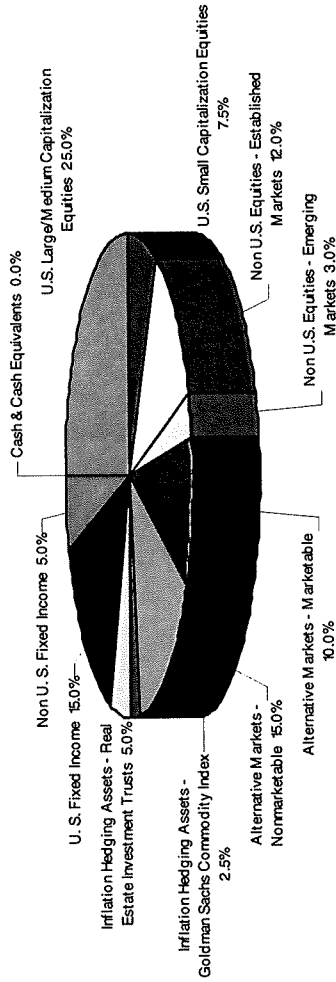


## Proposed vs Policy

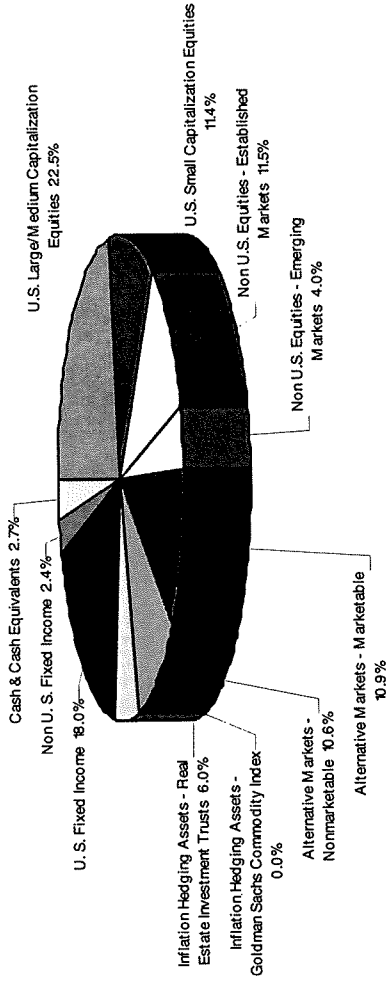


# GEF ASSET ALLOCATION

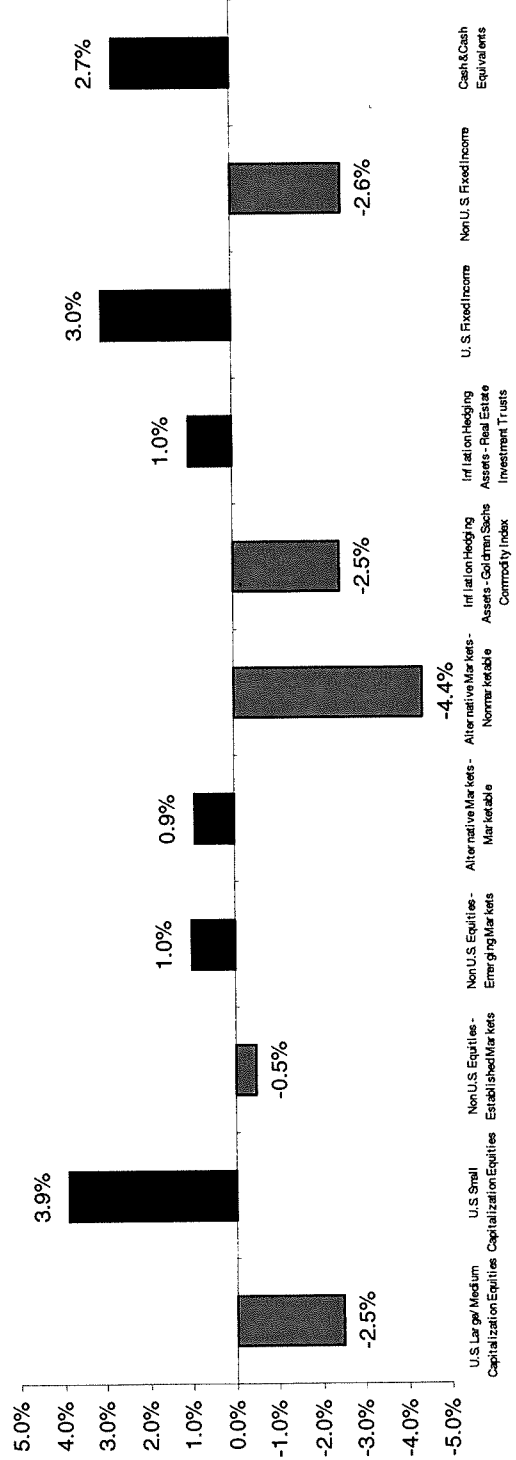
## Neutral Policy



## Proposed



## Proposed vs Policy



## Asset Allocation August 2001

Asset Class	Proposed Change	Rationale
U.S. Large/ Medium Capitalization Equities	Reduce Exposure to Large Cap in favor of other Equities	<ul style="list-style-type: none"> <li>Valuations in other equities and active management is preferred in current environment</li> </ul>
U.S. Small Capitalization Equities	Maintain overweight to small caps versus large caps in both PUF and GEF. Propose to decrease PUF by .6% and increase GEF by 1.0%	<ul style="list-style-type: none"> <li>Maintain view that small caps will outperform large caps.</li> <li>Completion of exposure can be accomplished through sale between the PUF and GEF; transaction costs avoided</li> </ul>
Non U.S. Equities	Maintain slight underweight to Established International Markets and overweight to Emerging Markets. Increase GEF overweight by .8% to Emerging Markets	<ul style="list-style-type: none"> <li>Emerging Markets valuations are attractive on a relative basis</li> <li>Achieved through mutual fund purchase</li> </ul>
Alternative Markets – Marketable	Maintain current weights	<ul style="list-style-type: none"> <li>Diversified Hedge Fund Managers have more cash than they can deploy.</li> <li>Maverick Capital's position is sizeable at \$445M or around 4% of fund values</li> <li>UTIMCO and Cambridge should evaluate other managers in this asset class</li> </ul>
Alternative Markets - Nonmarketable	No specific change in weights.	<ul style="list-style-type: none"> <li>Continue to fund commitments according to Cambridge budget and plan</li> </ul>
Inflation Hedging Assets- Goldman Sachs Commodity Index	Currently 0%; 2.5% of cash and cash equivalents is reserved for purchase of commodity as supported by strategy	<ul style="list-style-type: none"> <li>Improves risk/return characteristics of investment</li> <li>Fund diversification benefits support asset class</li> </ul>
Inflation Hedging Assets- Real Estate Investment Trusts	Increase to neutral exposure of 5% for PUF, and overweight to 6% on GEF	<ul style="list-style-type: none"> <li>Improves diversification</li> <li>Better value relative to other equities</li> <li>In house management allows for easy contraction</li> </ul>
Fixed Income	Maintain current weights	<ul style="list-style-type: none"> <li>Need to determine appropriate mix between international and domestic</li> </ul>
Asset Allocation Study	Cambridge to provide new study	Last study completed April 29, 1999

# **PRIVATE EQUITY TRENDS**



ALTERNATIVE EQUITIES - NONMARKETABLE  
U.S. MEDIAN NET RETURNS TO LIMITED PARTNERS

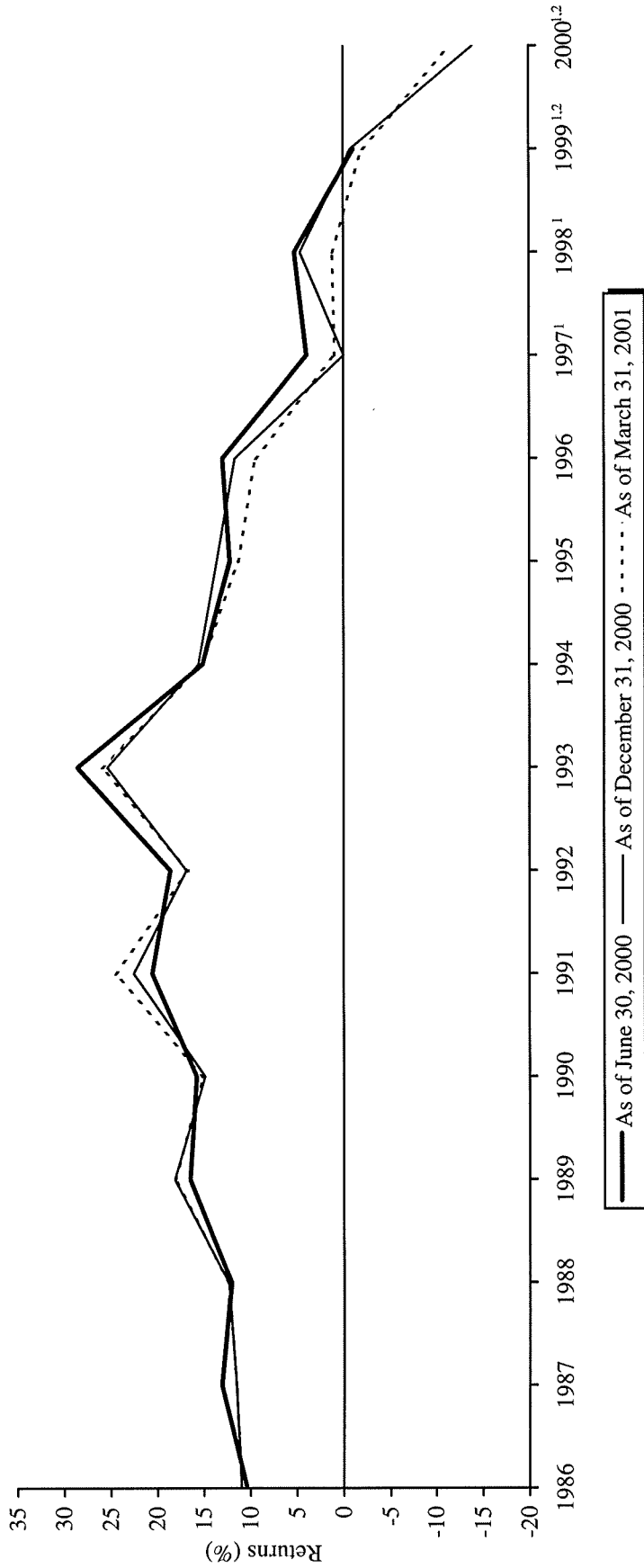
*Cambridge Associates' Commentary*

Important points to remember:

- these are vintage year IRRs, not time weighted returns;
- the returns for vintage years later than 1996 are too young to produce meaningful returns;
- there is typically a J-curve effect (other than in a bubble environment) whereby IRRs are negative before turning positive in later years;
- venture capital returns were reasonably well locked in during the bubble period for vintage years through the early 1990's and are still above trend for vintage years through the mid 1990's as the path to liquidity was dramatically shortened and valuation multiples expanded dramatically;
- venture capital companies typically are funded in a series of rounds and the net asset values are typically marked to the last round for which there was a new participant to validate the pricing of the round. The volatility seen on the attached chart illustrates this effect; and
- non-venture private equity valuations are generally "stickier", i.e. company net asset values are typically held at cost until a realization occurs. Therefore, private equity median returns may not be illustrative of what will eventually be realized.

# U.S. NON-VENTURE PRIVATE EQUITY MEDIAN NET RETURNS TO LIMITED PARTNERS

## Vintage Year IRRs



Source: Cambridge Associates LLC Nonmarketable Alternative Assets Database.

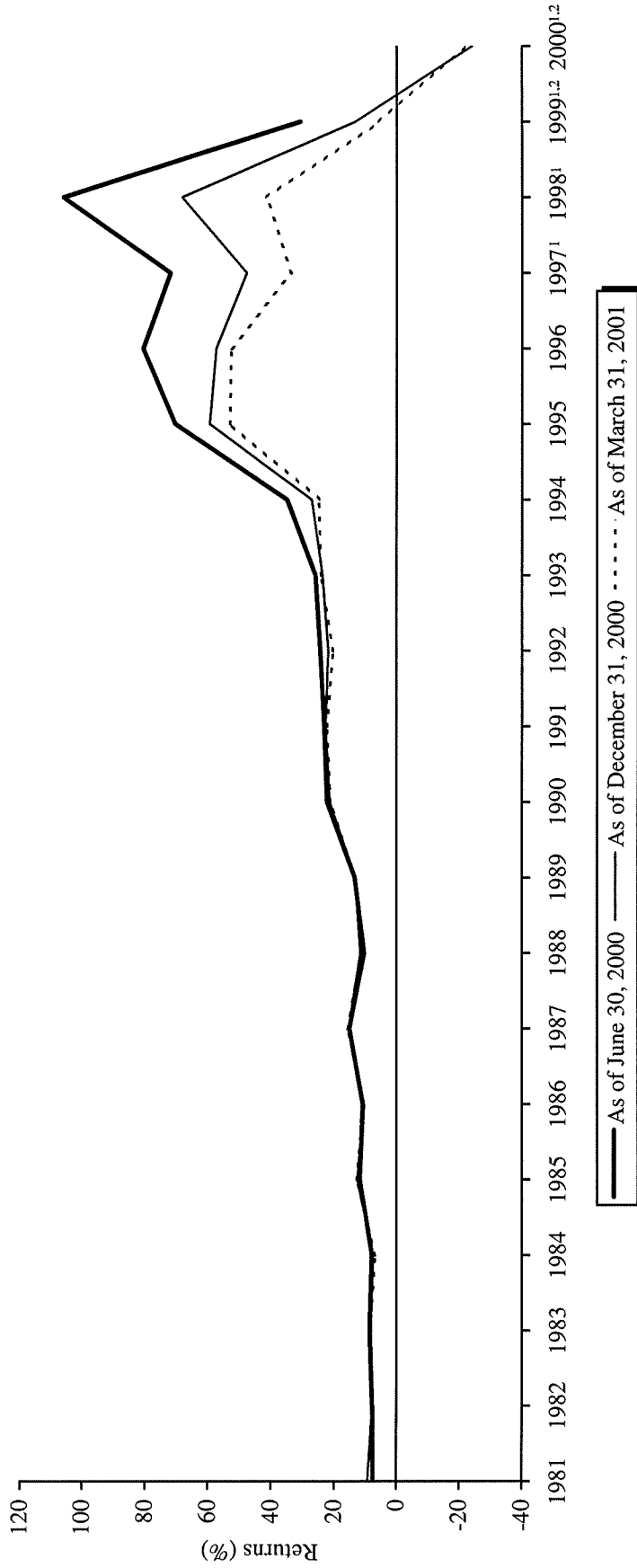
Notes: These internal rates of return have been compiled from U.S. leveraged buyout, subordinated debt, and special situation funds with inception dates from 1986 through 2000 and are net of management fees, expenses, and carried interest.

<sup>1</sup> Most of the funds from 1997 through 2000 are too young to have produced meaningful returns.

<sup>2</sup> Data as of June 30, 2000 represents funds through December 31, 1999. Data as of December 31, 2000 represents funds that began investing by December 31, 2000. Data as of March 31, 2001 represents funds that began investing by March 31, 2001.

# U.S. VENTURE CAPITAL MEDIAN NET RETURNS TO LIMITED PARTNERS

## Vintage Year IRRs



Source: Cambridge Associates LLC Nonmarketable Alternative Assets Database.

Notes: These internal rates of return have been compiled from domestic venture capital funds with inception from 1981 through 2000 and are net of management fees, expenses, and carried interest.

<sup>1</sup> Most of these funds are too young to have produced meaningful returns.

<sup>2</sup> Data as of June 30, 2000 represents funds through December 31, 1999. Data as of December 31, 2000 represents funds that began investing by December 31, 2000. Data as of March 31, 2001 represents funds that began investing by March 31, 2001.

# **INVESTMENT MANAGER REVIEWS**

Additional Materials to be  
Distributed at the Meeting

**INVESTMENT MANAGER HISTORY (I)  
PERFORMANCE SUMMARY  
JULY 31, 2001**

	NET OF FEES PERFORMANCE:													
	Fiscal Year To Date			Fiscal Year To Date			Fiscal Year To Date			Calendar Year To Date				
	Three Months	One Year	Two Years	Three Years	Four Years	Five Years	Seven Years	Eleven Months To Date	July 31, 2001	Seven Months Ended	July 31, 2001	Manager	From Inception to July 31, 2001	Inception Date
<b>Equities:</b>														
<b>Domestic Equities:</b>														
<b>Large/Med Cap Equities:</b>														
BGI S&P 500	(2.73)	(14.28)	(3.34)	4.19	7.78	15.46	17.10	(19.29)	(7.57)	N/A	N/A	N/A	February 1993	
vs. S & P 500 Index	0.02	0.04	0.04	0.27	0.21	0.17	0.15	0.04	0.04	N/A	N/A	N/A	December 1992	
BGI S & P Midcap	0.42	5.65	13.28	15.25	14.26	19.90	18.79	(4.94)	(0.48)	N/A	N/A	(1.83)	March 2001	
vs. S & P Midcap Index	0.02	0.07	0.06	0.04	0.06	0.05	0.10	0.08	0.05	(2.06)	(0.23)	15.52	January 1994	
Cash Equitization	(2.81)	-	-	-	-	-	-	-	-	(0.61)	(0.50)	4.20	April 1998	
vs. S & P 500 Index	(0.07)	-	-	-	-	-	-	-	-	(0.45)	(0.14)	(13.75)	April 2000	
Davis Hamilton Jackson	(4.65)	(20.30)	(2.24)	5.90	10.34	16.69	16.52	(24.81)	(12.75)	(6.45)	(3.89)	(13.75)	April 2000	
vs. S & P 500 Index	(1.90)	(5.97)	1.14	1.97	2.77	1.40	(0.43)	(5.48)	(5.14)	1.16	(0.14)	15.11	October 1995	
GSAM	(3.26)	(13.40)	(3.62)	2.57	-	-	-	(19.52)	(6.98)	0.54	(0.54)	6.84	January 1994	
vs. S & P 500 Index	(0.31)	0.92	(0.24)	(1.36)	-	-	-	(0.19)	0.63	0.54	(0.14)	6.84	January 1994	
JP Morgan REI	(2.33)	(14.85)	-	-	-	-	-	(19.78)	(7.00)	0.61	(0.50)	6.61	May 1997	
vs. S & P 500 Index	0.42	(0.53)	-	-	-	-	-	(0.45)	0.61	0.61	(0.50)	6.61	May 1997	
JP Morgan SSS	(2.06)	(13.58)	-	-	-	-	-	(18.80)	(7.00)	0.61	(0.50)	6.61	May 1997	
vs. S & P 500 Index	0.69	0.74	-	-	-	-	-	(0.45)	0.61	0.61	(0.50)	6.61	May 1997	
MBA Investments	(6.69)	(36.95)	(15.09)	(6.10)	(1.97)	4.50	-	(41.43)	(18.71)	5.13	(9.97)	15.11	October 1995	
vs. S & P 500 Index	(3.84)	(22.63)	(11.71)	(10.02)	(9.54)	(10.79)	-	(22.10)	(11.09)	5.13	(9.97)	15.11	October 1995	
S&P 500 Index	(2.75)	(14.32)	(3.38)	3.92	7.57	15.29	16.95	(19.33)	(7.61)	5.13	(9.97)	15.11	October 1995	
S&P Midcap Index	0.40	5.58	13.22	15.22	14.20	19.85	18.69	(5.02)	(0.54)	5.13	(9.97)	15.11	October 1995	
Russell 2000 Growth	(3.85)	(23.31)	(3.62)	2.08	1.22	5.63	8.86	(30.61)	(8.50)	5.13	(9.97)	15.11	October 1995	
<b>Small Cap Equities:</b>														
Cordillera	(6.56)	(14.13)	16.65	19.33	15.42	20.21	18.82	(28.90)	(16.46)	15.78	15.78	6.84	January 1994	
vs. Russell 2000 Growth	(2.71)	9.18	20.27	17.25	14.20	14.59	9.97	1.71	(7.96)	8.94	8.94	6.84	January 1994	
Fortaleza	(6.45)	(28.54)	16.52	5.59	8.74	8.74	10.33	(39.72)	(13.65)	8.41	8.41	6.84	January 1994	
vs. Russell 2000 Growth	(2.59)	(5.23)	20.14	3.51	7.52	3.11	1.48	(9.16)	(13.15)	8.41	8.41	6.84	January 1994	
ING Pilgrim	(7.17)	(30.81)	11.53	21.69	15.96	-	-	(37.70)	(24.92)	20.62	20.62	6.61	May 1997	
vs. Russell 2000 Growth	(3.32)	(7.56)	15.15	19.61	14.74	-	-	(7.09)	(16.43)	14.01	14.01	6.61	May 1997	
Russell 2000 Growth	(3.85)	(23.31)	(3.62)	2.08	1.22	5.63	8.86	(30.61)	(8.50)	5.72	5.72	1.69	June 2001	
Dalton, Grenier, Hartman, Maher, Value 2000	-	-	-	-	-	-	-	-	-	5.72	5.72	1.69	June 2001	
vs. Russell 2000 Value	-	-	-	-	-	-	-	-	-	4.03	4.03	1.69	June 2001	
Dalton, Grenier, Hartman, Maher Ultra Value	-	-	-	-	-	-	-	-	-	(1.85)	(1.85)	1.69	June 2001	
vs. Russell 2000 Value	-	-	-	-	-	-	-	-	-	(3.54)	(3.54)	1.69	June 2001	
Pilgrim Baxter, Value Investors, Inc.	-	-	-	-	-	-	-	-	-	(2.41)	(2.41)	1.69	June 2001	
vs. Russell 2000 Value	-	-	-	-	-	-	-	-	-	(4.10)	(4.10)	12.66	January 1994	
Schroder	3.37	14.59	16.41	11.17	8.00	16.69	15.16	8.84	2.27	(0.79)	(0.79)	1.26	January 2000	
vs. Russell 2000 Value	(0.93)	(9.14)	2.51	2.16	(0.26)	2.53	1.16	(9.61)	(7.93)	0.47	0.47	1.54	April 1998	
Russell 2000 Value	4.30	23.74	13.90	9.02	8.27	14.16	14.00	18.44	10.20	13.80	13.80	12.66	January 1994	
BGI Russell 2000	1.69	(0.33)	-	-	-	-	-	(7.40)	2.45	(0.79)	(0.79)	1.26	January 2000	
vs. Russell 2000	1.43	1.37	-	-	-	-	-	1.38	1.38	0.47	0.47	1.54	April 1998	
GSAM	0.34	4.02	7.72	5.71	-	-	-	(4.38)	1.53	2.25	2.25	1.54	April 1998	
vs. Russell 2000	0.08	5.72	1.96	(0.59)	-	-	-	4.30	0.45	0.71	0.71	1.54	April 1998	
Russell 2000	0.26	(1.70)	5.75	6.30	5.28	10.39	11.84	(8.67)	1.08	0.71	0.71	1.54	April 1998	
<b>International Equities:</b>														
<b>Established Markets:</b>														
BGI EAFE International Fund	(9.01)	(21.45)	(7.43)	(3.16)	0.02	4.34	4.67	(21.88)	(15.71)	6.97	6.97	6.41	April 1993	
vs. MSCI EAFE Net	0.14	0.26	0.19	(0.99)	0.34	1.22	0.95	0.39	0.45	0.55	0.55	2.09	December 1996	
Capital Guardian Trust Small Cap International	(11.44)	(36.62)	(10.35)	(5.30)	(5.63)	-	-	(39.16)	(19.19)	(2.73)	(2.73)	2.09	December 1996	
vs. MSCI EAFE Net	(2.28)	(14.91)	(2.73)	(3.13)	(5.31)	-	-	(16.78)	(4.82)	(4.82)	(4.82)	(21.71)	August 2000	
Capital Guardian EAFE	(9.99)	(22.13)	-	-	-	-	-	(24.06)	(13.82)	(22.13)	(22.13)	(1.35)	April 1998	
vs. MSCI EAFE Net	(0.83)	(0.42)	-	-	-	-	-	(1.68)	(0.42)	(0.99)	(0.99)	(1.35)	April 1998	
GSAM	(8.84)	(23.30)	(7.06)	(1.99)	-	-	-	(23.07)	(16.56)	(0.99)	(0.99)	(1.35)	April 1998	
vs. MSCI EAFE Net	0.32	(1.59)	0.56	0.19	-	-	-	(0.68)	(0.40)	0.36	0.36	(21.71)	August 2000	
Oecidis	(10.60)	(27.51)	-	-	-	-	-	(27.20)	(20.30)	(27.51)	(27.51)	(21.71)	August 2000	
vs. MSCI EAFE Net	(1.44)	(5.89)	-	-	-	-	-	(4.81)	(4.14)	(5.89)	(5.89)	(21.71)	August 2000	
MSCI EAFE Net	(9.16)	(21.71)	(7.62)	(2.17)	(0.32)	3.12	3.72	(22.39)	(16.16)	6.97	6.97	6.41	April 1993	
<b>Emerging Markets:</b>														
Capital Guardian Emerging	(6.16)	(28.95)	-	-	-	-	-	(30.44)	(7.13)	(28.95)	(28.95)	(28.53)	August 2000	
vs. MSCI Emerging Markets	1.78	(0.42)	-	-	-	-	-	(1.66)	2.49	(0.42)	(0.42)	(28.53)	August 2000	
Franklin Templeton	(2.95)	(19.95)	(12.58)	0.29	(12.46)	(4.30)	-	(21.50)	(5.08)	(3.75)	(3.75)	(7.22)	January 1996	
vs. MSCI Emerging Markets	4.99	8.60	0.79	4.18	1.92	4.03	-	7.28	3.47	3.47	3.47	(7.22)	January 1996	
GSAM	(6.88)	(26.28)	(5.91)	(0.26)	-	-	-	(28.22)	(8.44)	(6.59)	(6.59)	(10.46)	April 1998	
vs. MSCI Emerging Markets	1.07	2.24	7.46	3.63	-	-	-	4.07	1.18	4.07	4.07	(10.46)	April 1998	
MSCI Emerging Markets	(7.95)	(28.53)	(13.37)	(3.89)	(14.38)	(8.32)	(7.19)	(28.78)	(9.62)	6.97	6.97	(10.46)	April 1998	

**INVESTMENT MANAGER HISTORY (1)**  
**PERFORMANCE SUMMARY**  
**JULY 31, 2001**

	Three Months	One Year	Two Years	Three Years	Four Years	Five Years	Seven Years	Fiscal Year To Date		Calendar Year To Date		Manager	From Inception to July 31, 2001 Benchmark	Inception Date
								July 31, 2001	July 31, 2001	July 31, 2001	July 31, 2001			
<b>NET OF FEES PERFORMANCE (continued)</b>														
<b>Alternative Equities:</b>														
<b>Marketable:</b>														
L	4.05	13.49	14.56	14.22	-	-	-	12.30	9.50	14.22	12.97	14.22	12.97	August 1998
	1.27	0.13	1.29	1.25	-	-	-	0.17	2.26	1.25	-	1.25	12.97	August 1998
L	6.50	27.14	21.27	18.58	-	-	-	24.43	4.88	18.58	12.97	18.58	12.97	August 1998
	3.72	13.78	8.00	5.61	-	-	-	12.30	(2.36)	5.61	12.97	5.61	12.97	August 1998
L	2.52	17.04	17.50	14.87	-	-	-	16.30	11.16	14.87	12.97	14.87	12.97	August 1998
	(0.26)	3.68	4.23	1.90	-	-	-	4.17	3.92	1.90	12.97	1.90	12.97	August 1998
L	4.66	-	-	-	-	-	-	13.43	7.87	13.43	12.13	13.43	12.13	September 2000
	1.88	-	-	-	-	-	-	1.30	0.63	1.30	-	1.30	-	September 2000
	2.78	13.36	13.27	12.97	12.94	12.95	13.02	12.13	7.24	7.24	-	7.24	-	December 1982
L	(2.70)	(1.17)	19.67	16.23	23.16	20.13	-	(5.54)	(9.47)	N/A	-	N/A	-	December 1982
	(6.70)	(18.17)	2.67	(0.77)	6.16	3.13	-	(21.02)	(19.06)	-	-	-	-	December 1982
	4.00	17.00	17.00	17.00	17.00	17.00	17.00	15.48	9.59	-	-	-	-	December 1982
<b>Inflation Hedging:</b>														
P	5.42	9.77	14.02	6.93	5.38	12.82	13.65	13.75	5.57	12.32	9.10	12.32	9.10	April 1993
	(0.85)	(2.37)	0.11	(0.00)	0.75	2.40	3.20	(3.14)	(3.66)	3.22	-	3.22	-	April 1993
	6.26	12.14	13.91	6.93	4.63	10.42	10.45	16.89	9.23	-	-	-	-	April 1993
<b>Fixed Income:</b>														
<b>Domestic Fixed Income:</b>														
L	3.77	-	-	-	-	-	-	-	-	5.39	5.19	5.39	5.19	February 2001
	(0.19)	-	-	-	-	-	-	-	-	0.20	-	0.20	-	February 2001
L	2.56	11.96	-	-	-	-	-	10.31	4.88	11.85	12.07	11.85	12.07	February 2000
	(0.68)	(0.73)	-	-	-	-	-	(0.77)	(1.05)	(0.22)	-	(0.22)	-	February 2000
L	2.88	12.46	-	-	-	-	-	10.80	5.37	12.49	12.07	12.49	12.07	February 2000
	(0.37)	(0.23)	-	-	-	-	-	(0.28)	(0.56)	0.42	-	0.42	-	February 2000
L	3.28	13.30	9.53	7.07	-	-	-	11.35	5.78	7.17	7.05	7.17	7.05	April 1998
	0.04	0.61	0.25	0.11	-	-	-	0.27	(0.15)	0.12	-	0.12	-	April 1998
-	(0.61)	-	-	-	-	-	-	-	-	(0.97)	3.33	(0.97)	3.33	March 2001
	(3.85)	-	-	-	-	-	-	-	-	(4.30)	-	(4.30)	-	March 2001
L	3.86	13.72	10.29	7.84	-	-	-	12.11	6.75	7.80	6.99	7.80	6.99	March 1998
	0.61	1.02	1.01	0.87	-	-	-	1.03	0.82	0.81	-	0.81	-	March 1998
L	3.24	12.69	9.28	6.97	7.19	7.90	7.87	11.08	5.93	7.87	-	7.87	-	March 1998
	3.96	-	-	-	-	-	-	-	-	-	-	-	-	March 1998
<b>International Fixed Income:</b>														
L	0.59	(1.39)	(2.87)	(0.16)	-	-	-	0.21	(3.10)	(0.55)	0.55	(0.55)	0.55	March 1998
	0.04	1.09	0.24	(0.75)	-	-	-	1.12	1.33	(1.10)	-	(1.10)	-	March 1998
	0.55	(2.48)	(3.11)	0.59	1.36	0.44	3.40	(0.91)	(4.43)	-	-	-	-	March 1998
L	(5.82)	(3.32)	12.71	(3.03)	-	-	-	(3.41)	(2.56)	(2.38)	-	(2.38)	-	April 1998

N/A - Not available

(1) The purpose of this report is to retain manager performance history after the LTF contributed its securities to the General Endowment Fund (GEF). Beginning March 1, 2001, the manager history reported is that of the GEF. Before March 1, 2001, history was obtained from either the LTF or the PUF depending upon the fund with the longest history for each manager. The P (PUF) or L (LTF) notations above indicate which fund the history was obtained.

(2) Inception of REIT portfolio for performance purposes is March 1993. Prior to December 1999 the REIT portfolio was classified as part of the Large Cap asset class. The history shown here combines all returns from March 1993 to the present for the periods reported.

**ASSET ALLOCATION (continued)**  
**U.S. Large/Medium Capitalization Equities**  
**July 31, 2001**

Neutral Policy	Actual		Portfolio Strategy	Internal vs. External	Portfolio Manager	\$ millions	
	PUF	GEF				PUF	GEF
4.4%	7.0%	Standard & Poor's 500 Index	External	Barclays Global Investors	\$ 335.9	\$ 268.7	\$ 604.6
8.5%	9.2%	Standard & Poor's MidCap Index	External	Barclays Global Investors	649.0	356.7	1,005.7
2.8%	2.8%	Standard & Poor's 500 Enhanced Index	External	J.P. Morgan - Research Enhanced Index	215.4	107.0	322.4
1.4%	1.4%	Standard & Poor's 500 Enhanced Index	External	J.P. Morgan - Structured Stock Selection	108.6	54.2	162.8
2.6%	2.6%	Active - Global Tactical Asset Allocation	External	Goldman Sachs Asset Management	197.7	99.0	296.7
0.7%	0.7%	Active	External	Davis Hamilton & Jackson	52.2	26.1	78.3
0.0%	0.0%	Active	External	MBA Investment Fund	-	0.7	0.7
2.3%	1.5%	Standard & Poor's 500 Futures	Internal	UTIMCO	182.5	59.9	242.4
<b>25.0%</b>	<b>22.7%</b>	<b>25.2%</b>		<b>Total</b>	<b>\$ 1,741.3</b>	<b>\$ 972.3</b>	<b>\$ 2,713.6</b>

**J P Morgan Research Enhance Index (REI)**  
As of July 31, 2001

	(%)			J P Morgan REI	S & P 500 Index
<b>Sector Allocation:</b>	<b>JP Morgan REI</b>	<b>S&amp;P 500</b>	<b>Characteristics:</b>	<b>REI</b>	<b>Index</b>
Financial Services	18.7	19.0	Dividend Yield	1.30	1.30
Health Care	12.9	13.5	Price/Earnings Ratio	26.30	26.30
Consumer Staples	6.5	6.9	Price/Book Ratio	3.30	3.83
Consumer Discretionary and Services	15.9	13.1	Beta	1.00	0.97
Integrated Oils	0.0	5.3	Earnings Per Share 5 Year Growth	17.70	16.10
Other Energy	7.6	2.1	Number of Holdings	318	500
Transportation	0.0	2.0	Market Capitalization (\$ billions)		
Technology	17.8	17.0	(weighted average)	108.17	107.49
Materials and Processing	2.5	2.8			
Producer Durables	9.3	3.0			
Utilities	8.8	9.1			
Other	0.0	6.2			
	<b>100.0</b>	<b>100.0</b>			

**Performance Statistics**  
(for the periods ending July 31, 2001)  
(%)

	One Year	Since Inception 4/1/00
JP Morgan REI	-14.85	-14.65
S & P 500 Index	-14.32	-13.75
Excess Return over benchmark	<b>-0.53</b>	<b>-0.90</b>
Standard Deviation of Benchmark*	16.34	
Standard Deviation of Portfolio**	17.18	
Tracking Error***	0.83	
Correlation to Index	0.99	

**Quantitative measurements:**

\* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)

\*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)

\*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark



## J P Morgan Structured Stock Selection (SSS) As of July 31, 2001

	(%)		Characteristics:	J P Morgan SSS	S & P 500 Index
	JP Morgan SSS	S&P 500			
<b>Sector Allocation:</b>					
Financial Services	18.8	19.0	Dividend Yield	1.30	1.30
Health Care	12.8	13.5	Price/Earnings Ratio	24.80	26.30
Consumer Staples	6.5	6.9	Price/Book Ratio	3.30	3.83
Consumer Discretionary and Services	16.0	13.1	Beta	1.01	0.97
Integrated Oils	0.0	5.3	Earnings Per Share 5 Year Growth	17.70	16.10
Other Energy	7.6	2.1	Number of Holdings	238	500
Transportation	0.0	2.0	Market Capitalization (\$ millions) (weighted average)	107.63	107.49
Technology	17.7	17.0			
Materials and Processing	2.5	2.8			
Producer Durables	9.3	3.0			
Utilities	8.8	9.1			
Other	0.0	6.2			
	<u>100.0</u>	<u>100.0</u>			

### Performance Statistics (for the periods ending July 31, 2001) (%)

	One Year	Since Inception 4/1/00
JP Morgan SSS	-13.58	-13.89
S & P 500 Index	-14.32	-13.75
Excess Return over benchmark	0.74	-0.14
Standard Deviation of Benchmark*		16.34
Standard Deviation of Portfolio**		17.74
Tracking Error***		1.4
Correlation to Index		0.99

**Quantitative measurements:**

- \* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)
- \*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)
- \*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

**GSAM Total Fund**  
As of July 31, 2001

**Performance Statistics**  
**(for the periods ending July 31, 2001)**  
**(%)**

	One Year	Two Years	Three Years	Since Inception 04/01/1998
GSAM Total Fund	-6.97	1.49	3.67	3.14
Composite Benchmark	-8.36	-0.04	4.42	3.61
Excess Return over benchmark	1.39	1.53	-0.74	-0.47

Standard Deviation of Benchmark\*

13.20

Standard Deviation of Portfolio\*\*

13.73

Tracking Error\*\*\*

0.53

Correlation to Index

0.98

**Quantitative measurements:**

\* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)

\*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)

\*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

**THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY  
GOLDMAN SACHS ASSET MANAGEMENT VS. UTIMCO HISTORY (1)  
JULY 31, 2001**

Year Ended July 31, 2001

	UTIMCO		GSAM		Total Fund	
	Asset Allocation		Asset Allocation		Asset Allocation	
<b>Equities:</b>						
<b>Domestic Equities:</b>						
Large Cap	22.8	(8.82) (14.32)	1.9	(13.40) (14.32)	24.7	(9.30) (14.32)
S&P 500 Index						
Small Cap	9.6	(3.38) (1.70)	0.8	4.02 (1.70)	10.4	(2.82) (1.70)
Russell 2000						
<b>International Equities:</b>						
Developed Markets	10.3	(26.59) (21.71)	0.9	(23.30) (21.71)	11.2	(26.32) (21.71)
MSCI EAFE, Net						
Emerging Markets	2.9	(26.73) (28.53)	0.3	(26.28) (28.53)	3.2	(26.71) (28.53)
MSCI Emerging Markets						
<b>Fixed Income:</b>						
Domestic	16.1	13.04 12.69	2.1	12.74 12.69	18.2	13.00 12.69
Lehman Brothers Aggregate						
International	2.4	(1.39) (2.48)	-	N/A (2.48)	2.4	(1.39) (2.48)
Salomon Non-U.S. WGBI Unhedged						
GSAM Global Asset Allocation Overlay	-	N/A	0.8	(3.32)	0.8	(3.32)
<b>Total Public Securities</b>	<b>64.1</b>	<b>(7.83) (6.85)</b>	<b>6.8</b>	<b>(6.97) (6.85)</b>	<b>70.9</b>	<b>(7.74) (6.85)</b>
<b>Composite Benchmark-Public Securities</b>						
<b>Other Assets:</b>						
Cash and Cash Equivalents	3.3	N/A	-	N/A	3.3	N/A
<b>Alternative Equities:</b>						
Marketable	10.9	19.56 13.36	-	N/A N/A	10.9	19.56 13.36
90 Day Treasury Bill + 7%						
Nonmarketable	10.6	(1.17) 17.00	-	N/A N/A	10.6	(1.17) 17.00
Benchmark (17%)						
<b>Inflation Hedging</b>						
33% * (GSCI Index-100 bp)+(67% * NCREIF)	4.3	20.84 9.32	-	N/A N/A	4.3	20.84 9.32
<b>Total Fund</b>	<b>93.2</b>	<b>(2.69) (1.27)</b>	<b>6.8</b>	<b>(6.97) (6.85)</b>	<b>100.0</b>	<b>(2.99) (1.27)</b>
<b>Composite Benchmark-Total Fund</b>						

(1) Returns calculated from Long Term Fund returns prior to 3/1/2001 and General Endowment Fund returns from 3/1/2001 forward.

**THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY  
GOLDMAN SACHS ASSET MANAGEMENT VS. UTIMCO HISTORY (1)  
JULY 31, 2001**

Forty Months Ended July 31, 2001

	UTIMCO		GSAM		Total Fund	
	Asset Allocation (2)		Asset Allocation (2)		Asset Allocation	
<b>Equities:</b>						
<b>Domestic Equities:</b>						
Large Cap	22.8	2.96	1.9	2.87	24.7	3.28
S&P 500 Index		4.20		4.20		4.20
Small Cap	9.6	12.63	0.8	2.25	10.4	9.19
Russell 2000		1.54		1.54		1.54
<b>International Equities:</b>						
Developed Markets	10.3	(3.38)	0.9	(0.99)	11.2	(3.01)
MSCI EAFE, Net		(1.35)		(1.35)		(1.35)
Emerging Markets	2.9	(9.28)	0.3	(6.39)	3.2	(8.46)
MSCI Emerging Markets		(10.46)		(10.46)		(10.46)
<b>Fixed Income:</b>						
Domestic	16.1	7.53	2.1	7.22	18.2	7.42
Lehman Brothers Aggregate		7.06		7.06		7.06
International	2.4	0.33	-	N/A	2.4	0.33
Salomon Non-U.S. WGBI Unhedged		1.07		1.07		1.07
GSAM Global Asset Allocation Overlay	-	N/A	0.8	0.04	0.8	0.04
<b>Total Public Securities</b>	<b>64.1</b>	<b>3.36</b>	<b>6.8</b>	<b>3.14</b>	<b>70.9</b>	<b>3.29</b>
<b>Composite Benchmark-Public Securities</b>		<b>3.84</b>		<b>3.84</b>		<b>3.84</b>
<b>Other Assets:</b>						
Cash and Cash Equivalents	3.3	N/A	-	N/A	3.3	N/A
<b>Alternative Equities:</b>						
Marketable	10.9	N/A	-	N/A	10.9	N/A
90 Day Treasury Bill + 7%		12.96		N/A		12.96
Nonmarketable	10.6	17.18	-	N/A	10.6	17.18
Benchmark (17%)		17.00		N/A		17.00
<b>Inflation Hedging</b>						
33% * (GSCI Index-100 bp)+(67% * NCREIF)	4.3	N/A	-	N/A	4.3	N/A
<b>Total Fund</b>	<b>93.2</b>	<b>6.37</b>	<b>6.8</b>	<b>3.14</b>	<b>100.0</b>	<b>6.03</b>
<b>Composite Benchmark-Total Fund</b>		<b>7.16</b>		<b>3.84</b>		<b>7.16</b>

(1) Returns calculated from Long Term Fund returns prior to 3/1/2001 and General Endowment Fund returns from 3/1/2001 forward.

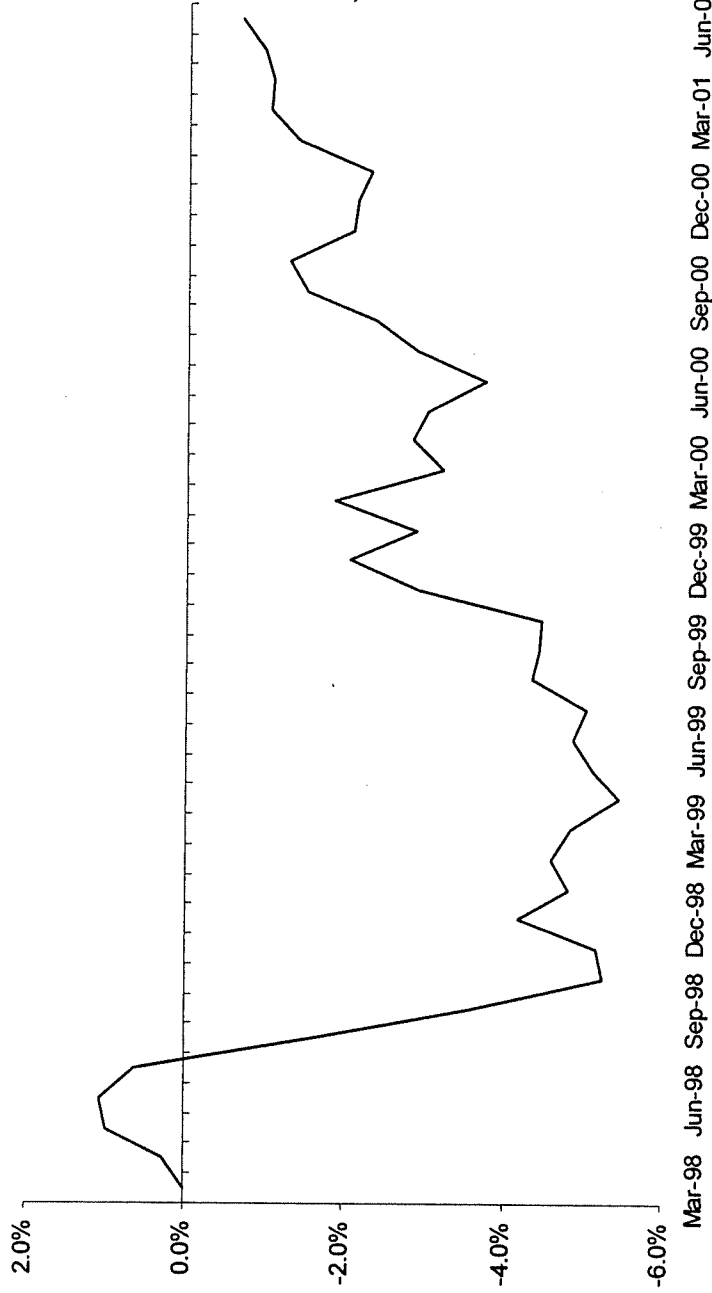


# UTIMCO Historical \*

## Portfolio Performance (Since Inception - June 2001)

After a tough first year, we have climbed back to almost break-even

Cumulative Excess Performance (4/98 - 6/01)



Through June 2001	SI Cumulative Excess Return	SI Annualized Excess Return	Annualized TE	Information Ratio
UTIMCO	-0.51 %	-0.14 %	2.71%	-0.05

Past performance is not a guide to future returns, which may vary. Performance is gross of fees.

\* Includes LTF portfolio from 3/31/98 - 2/28/01 and GEF portfolio from 2/28/01 - 6/30/01

**Davis Hamilton Jackson**  
As of July 31, 2001

	Davis Hamilton		S&P 500	
	Hamilton	S&P 500	Hamilton	S&P 500
<b>Sector Allocation:</b>				
Financial Services	18.8	19.0		
Health Care	18.3	13.5		
Consumer Staples	20.9	6.9		
Consumer Discretionary and Services	9.1	13.1		
Integrated Oils	0.0	5.3		
Other Energy	5.5	2.1		
Transportation	1.7	2.0		
Technology	15.2	17.0		
Materials and Processing	2.0	2.8		
Producer Durables	4.1	3.0		
Utilities	1.5	9.1		
Other	2.9	6.2		
	<u>100.0</u>	<u>100.0</u>		

	Davis Hamilton	S&P 500 Index
<b>Characteristics:</b>		
Dividend Yield	0.80	1.30
Price/Earnings Ratio	33.30	26.30
Price/Book Ratio	6.40	3.83
Beta	1.12	0.97
Earnings Per Share 5 Year Growth	16.90	16.10
Number of Holdings	59	500
Market Capitalization (\$ billions) (weighted average)	103.50	107.49

**Performance Statistics**  
(for the periods ending July 31, 2001)

	One Year	Two Years	Three Years	Four Years	Five Years	Seven Years	Since Inception 1/1/94
Davis Hamilton	-20.30	-2.24	5.90	10.34	16.69	16.52	14.23
S&P 500 Index	-14.32	-3.38	3.92	7.57	15.29	16.95	15.52
Excess Return over benchmark	-5.98	1.14	1.98	2.77	1.40	-0.43	-1.29
Standard Deviation of Benchmark*							14.93
Standard Deviation of Portfolio**							16.04
Tracking Error***							1.12
Correlation to Index							0.92

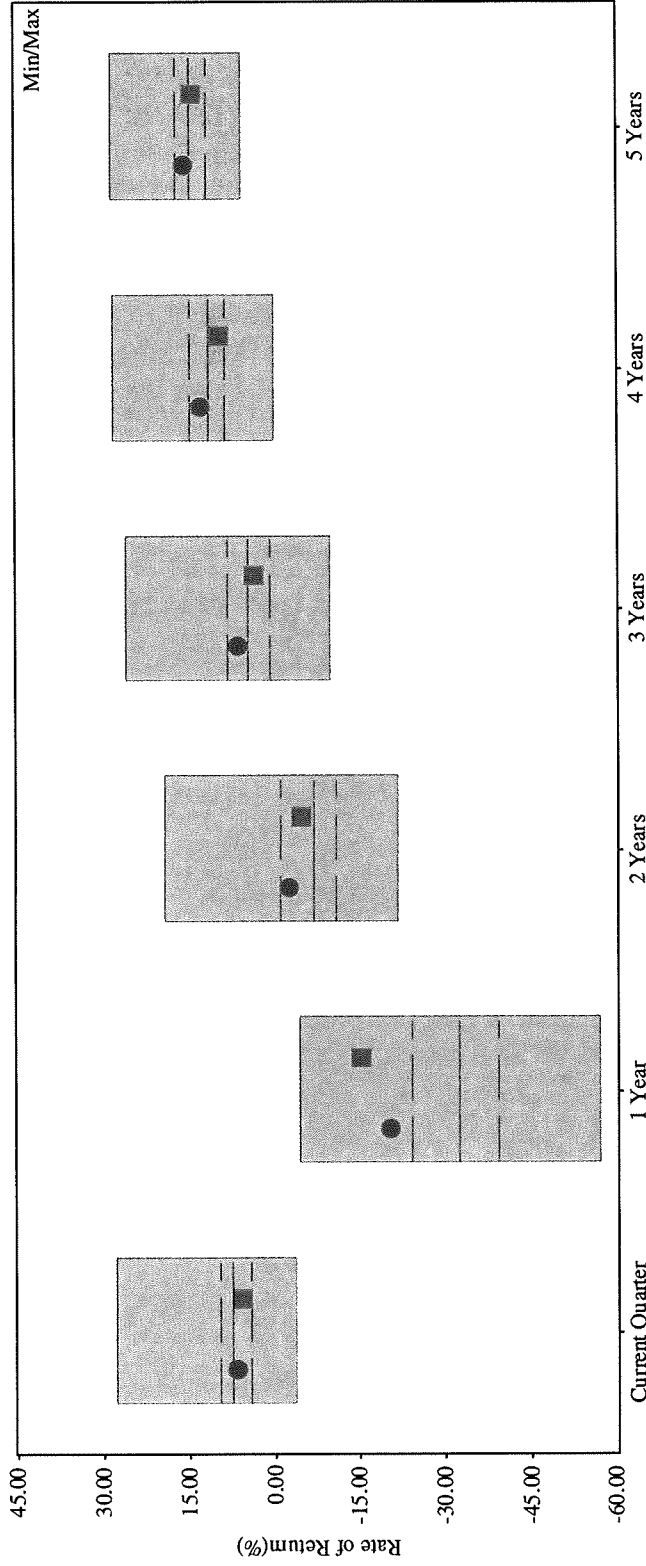
**Quantitative measurements:**

- \* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)
- \*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)
- \*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

# GROWTH EQUITY ACCOUNTS

## Ending Saturday, June 30, 2001

### Quartile



	Periods						
	Current Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	
Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)
Maximum	28.06	- 4.59	19.29	26.26	28.44	28.55	
25th Percentile	9.62	-24.27	- 1.36	8.08	14.47	16.96	
Median	7.55	-32.41	- 6.97	4.40	11.24	14.69	
75th Percentile	4.36	-39.23	-10.92	0.50	8.39	11.87	
Minimum	- 3.39	-56.44	-21.30	- 9.63	0.19	5.89	
# of Portfolios	96	94	88	76	71	61	
● Historical-Davis Hamilton	56	13	31	38	32	44	
■ S&P 500 INDEX	66	8	41	58	62	55	

**ASSET ALLOCATION (continued)**  
**U.S. Small Capitalization Equities**  
**July 31, 2001**

Neutral Policy	Actual PUF	Actual GEF	Portfolio Strategy	Internal vs. External	Portfolio Manager	\$ millions		
						PUF	GEF	Total
	1.0%	2.0%	Russell 2000 Index	External	Barclays Global Investors	\$ 73.9	\$ 77.3	\$ 151.2
	3.6%	3.6%	Active - Value	External	Schroder	277.9	136.5	414.4
	1.1%	1.1%	Active - Value	External	Dalton, Greiner, Hartman, Maher	85.0	43.0	128.0
	1.0%	1.0%	Active - Value	External	Pilgrim Baxter	77.5	39.0	116.5
	1.4%	1.4%	Active - Growth	External	ING Pilgrim	109.9	54.9	164.8
	0.7%	0.6%	Active - Growth	External	Cordillera	50.2	24.3	74.5
	0.6%	0.0%	Active - Growth	External	Fortaleza	45.7	-	45.7
	0.7%	0.7%	Active - Global Tactical	External	Goldman Sachs Asset Management	55.1	27.5	82.6
			Asset Allocation		Total	\$ 775.2	\$ 402.5	\$ 1,177.7



**Schroder**  
As of July 31, 2001

	Russell 2000 (%)		Characteristics:	
	Schroder Value	Russell 2000 Value	Schroder	Russell 2000
<b>Sector Allocation:</b>				
Financial Services	14.0	21.2	0.50	2.20
Health Care	11.4	13.0	18.50	20.90
Consumer Staples	5.7	4.6	3.10	1.56
Consumer Discretionary and Services	12.0	15.2	0.69	0.63
Integrated Oils	0.0	0.1	17.00	7.70
Other Energy	12.3	1.6	40	2,000
Transportation	0.0	5.7		
Technology	11.5	7.5	1.19	0.78
Materials and Processing	8.0	13.4		
Producer Durables	14.0	8.0		
Utilities	4.1	7.6		
Other	7.0	1.3		
	100.0	100.0		

**Performance Statistics**  
(for the periods ending July 31, 2001)  
(%)

	One Year	Two Years	Three Years	Four Years	Five Years	Seven Years	Since Inception 1/1/94
Schroder	14.59	16.41	11.17	8.00	16.69	15.16	13.80
Russell 2000 Value	23.73	13.90	9.02	8.27	14.16	14.00	12.66
Excess Return over Russell 2000 Value	-9.14	2.51	2.15	-0.27	2.53	1.16	1.14
Russell 2000	-1.70	5.75	6.30	5.28	10.39	11.84	10.15
Excess Return over Russell 2000	16.29	10.66	4.87	2.72	6.30	3.32	3.65

	Russell 2000 Value	Russell 2000
Standard Deviation of Benchmark*	13.11	18.84
Standard Deviation of Portfolio**	17.84	17.84
Tracking Error***	4.73	-1.00
Correlation to Index	0.88	0.77

**Quantitative measurements:**

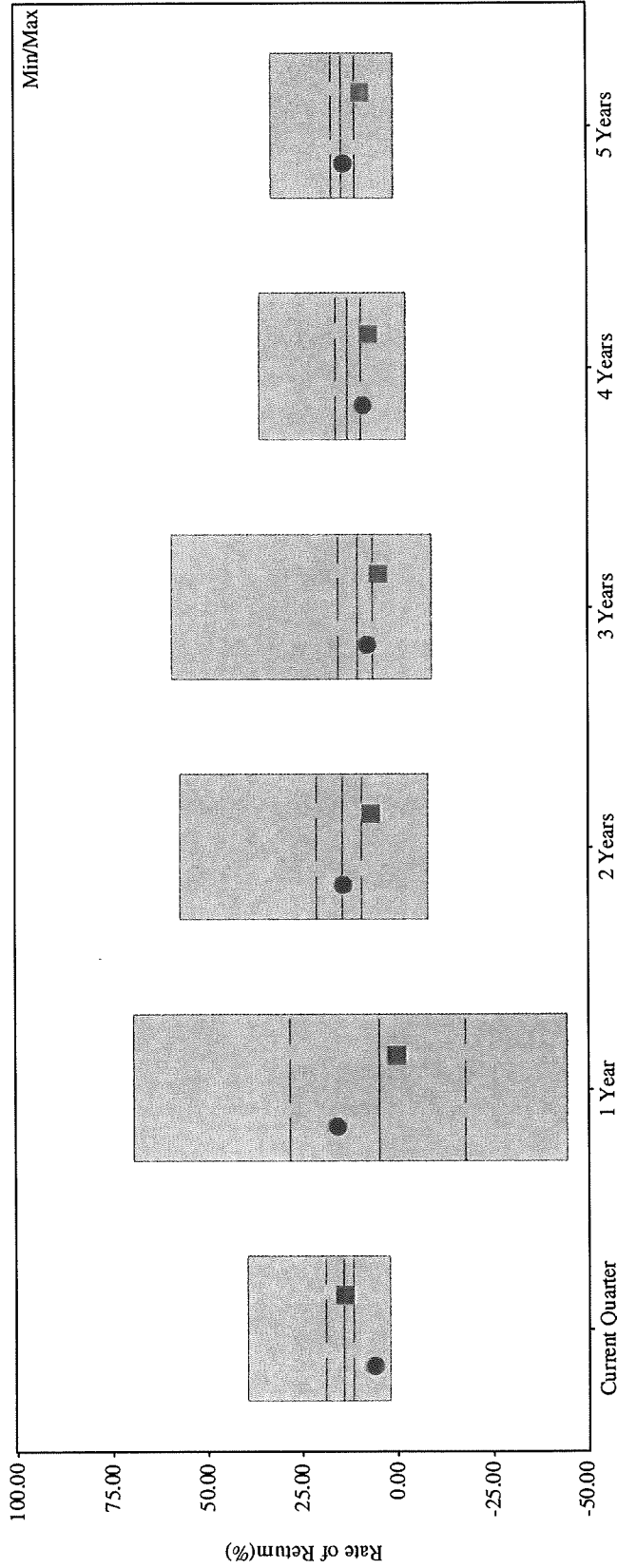
- \* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)
- \*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)
- \*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark



# SMALL CAPITALIZATION ACCOUNTS

## Ending Saturday, June 30, 2001

### Quartile



	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)
● Historical-Schroder	6.93	98	16.64	40	14.95	50	8.35	62	9.25	76	14.34	50
■ RUSSELL 2000	14.29	54	0.57	56	7.23	82	5.28	81	7.98	85	9.60	84

## Dalton, Grenier, Hartman, Maher Value 2000

As of July 31, 2001

	(%)		Dalton Grenier	Russell 2000 Value
<b>Sector Allocation:</b>				
Financial Services	18.3	31.7		
Health Care	11.9	3.3		
Consumer Staples	9.4	4.6		
Consumer Discretionary and Services	5.0	15.2		
Integrated Oils	0.0	0.1		
Other Energy	4.6	1.6		
Transportation	4.5	5.7		
Technology	10.2	7.5		
Materials and Processing	6.5	13.4		
Producer Durables	10.8	8.0		
Utilities	3.8	7.6		
Other	15.0	1.3		
	<u>100.0</u>	<u>100.0</u>		

	Characteristics:		Dalton Grenier	Russell 2000 Value
Dividend Yield			1.40	2.20
Price/Earnings Ratio			16.40	20.90
Price/Book Ratio			1.96	1.56
Beta			1.12	0.63
Earnings Per Share 5 Year Growth			13.60	7.70
Number of Holdings			68	2,000
Market Capitalization (\$ billions) (weighted average)			0.81	0.78

### Performance Statistics (for the periods ending July 31, 2001) (%)

	Since Inception 6/1/01
Dalton Greiner Value	5.72
Russell 2000 Value	1.69
Excess Return over benchmark	4.03



**Pilgrim Baxter Value Investors**  
As of July 31, 2001

Sector Allocation:		Characteristics:	
	(%)		
Pilgrim Baxter	Russell 2000 Value	Pilgrim Baxter	Russell 2000 Value
Financial Services	12.1	Dividend Yield	0.50
Health Care	18.3	Price/Earnings Ratio	29.20
Consumer Staples	5.8	Price/Book Ratio	3.70
Consumer Discretionary and Services	20.9	Beta	N/A
Integrated Oils	0.0	Earnings Per Share 5 Year Growth	22.00
Other Energy	2.7	Number of Holdings	116
Transportation	1.1	Market Capitalization (\$ billions) (weighted average)	0.82
Technology	23.7		
Materials and Processing	5.3		
Producer Durables	5.6		
Utilities	3.4		
Other	1.1		
	100.0		
	100.0		

**Performance Statistics**  
(for the periods ending July 31, 2001)  
(%)

	Since Inception
	6/1/01
Pilgrim Baxter	-2.41
Russell 2000 Value	1.69
Excess Return over benchmark	-4.10

# ING Pilgrim

As of July 31, 2001

	ING Pilgrim	Russell 2000
Sector Allocation:	Growth	Growth
Financial Services	2.5	10.2
Health Care	25.5	23.2
Consumer Staples	4.4	1.8
Consumer Discretionary and Services	16.4	19.3
Integrated Oils	0.0	0.0
Other Energy	4.7	4.6
Transportation	1.1	1.9
Technology	36.2	21.8
Materials and Processing	0.0	3.6
Producer Durables	5.0	10.2
Utilities	0.0	2.7
Other	4.2	0.7
	100.0	100.0

	ING Pilgrim	Russell 2000
Characteristics:	Growth	Growth
Dividend Yield	0.10	0.37
Price/Earnings Ratio	69.20	58.70
Price/Book Ratio	37.70	3.32
Beta	1.24	1.09
Earnings Per Share 5 Year Growth	26.00	20.00
Number of Holdings	120	2,000
Market Capitalization (\$ billions) (weighted average)	1.24	0.80

## Performance Statistics (for the periods ending July 31, 2001)

	One	Two	Three	Four	Since Inception
Year	Years	Years	Years	Years	5/1/97
ING Pilgrim	-30.81	11.53	21.69	15.96	20.62
Russell 2000 Growth	-23.31	-3.62	2.08	1.22	6.61
Excess Return over benchmark	-7.50	15.15	19.61	14.74	14.01

Standard Deviation of Benchmark\*

Standard Deviation of Portfolio\*\*

Tracking Error\*\*\*

Correlation to Index

31.93

40.23

8.3

0.896

### Quantitative measurements:

\* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)

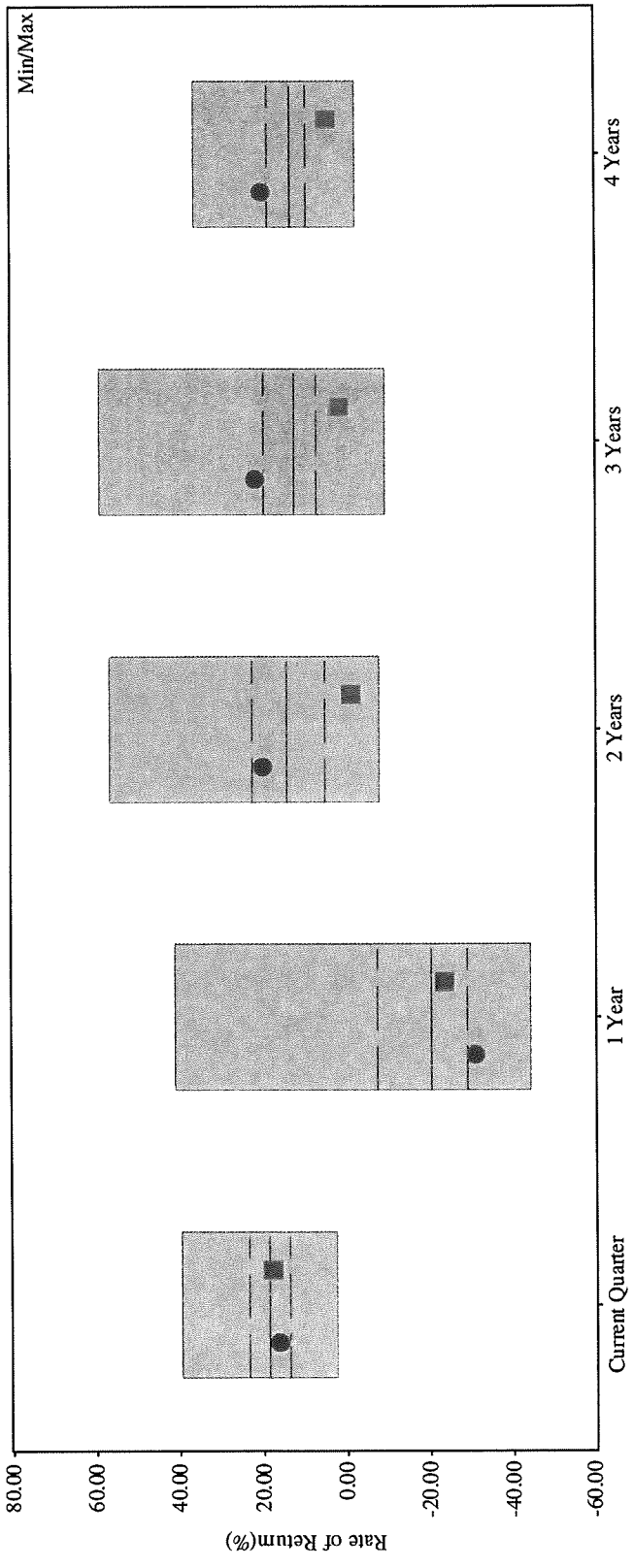
\*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)

\*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

# SMALL CAPITALIZATION - GROWTH EQUITY ACCOUNTS

## Ending Saturday, June 30, 2001

### Quartile



	Current Quarter	1 Year	2 Years	3 Years	4 Years
<b>Return</b>	39.56	40.74	56.89	59.19	36.15
<b>(% tile)</b>					
<b>Return</b>	23.25	- 7.72	22.33	19.56	18.25
<b>(% tile)</b>					
<b>Return</b>	18.30	- 20.39	14.26	12.01	13.09
<b>(% tile)</b>					
<b>Return</b>	13.71	- 28.98	5.05	7.10	9.16
<b>(% tile)</b>					
<b>Return</b>	2.81	- 43.89	- 7.63	- 8.73	- 1.80
<b>(% tile)</b>					
<b># of Portfolios</b>	115	114	110	97	84
<b>Historical-ING Pilgrim</b>	59	83	31	21	13
<b>R2000 GROWTH</b>	53	61	94	90	93



**Cordillera Asset Management**  
As of July 31, 2001

Sector Allocation:	Cordillera		Russell 2000	
	(%)	Growth	(%)	Growth
Financial Services	14.2	10.2		
Health Care	27.8	23.2		
Consumer Staples	0.0	1.8		
Consumer Discretionary and Services	17.0	19.3		
Integrated Oils	0.0	0.0		
Other Energy	5.6	4.6		
Transportation	0.0	1.9		
Technology	27.9	21.8		
Materials and Processing	2.3	3.6		
Producer Durables	2.6	10.2		
Utilities	2.6	2.7		
Other	0.0	0.7		
	100.0	100.0		

Characteristics:	Cordillera(1)	Russell 2000
	Dividend Yield	0.05
Price/Earnings Ratio	35.50	58.70
Price/Book Ratio	4.91	3.32
Beta	1.03	1.09
Number of Holdings	55	2,000
Market Capitalization (\$ billions) (weighted average)	1.16	0.80

(1) Manager portfolio characteristics presented for June 30, 2001.

**Performance Statistics**  
(for the periods ending July 31, 2001)  
(%)

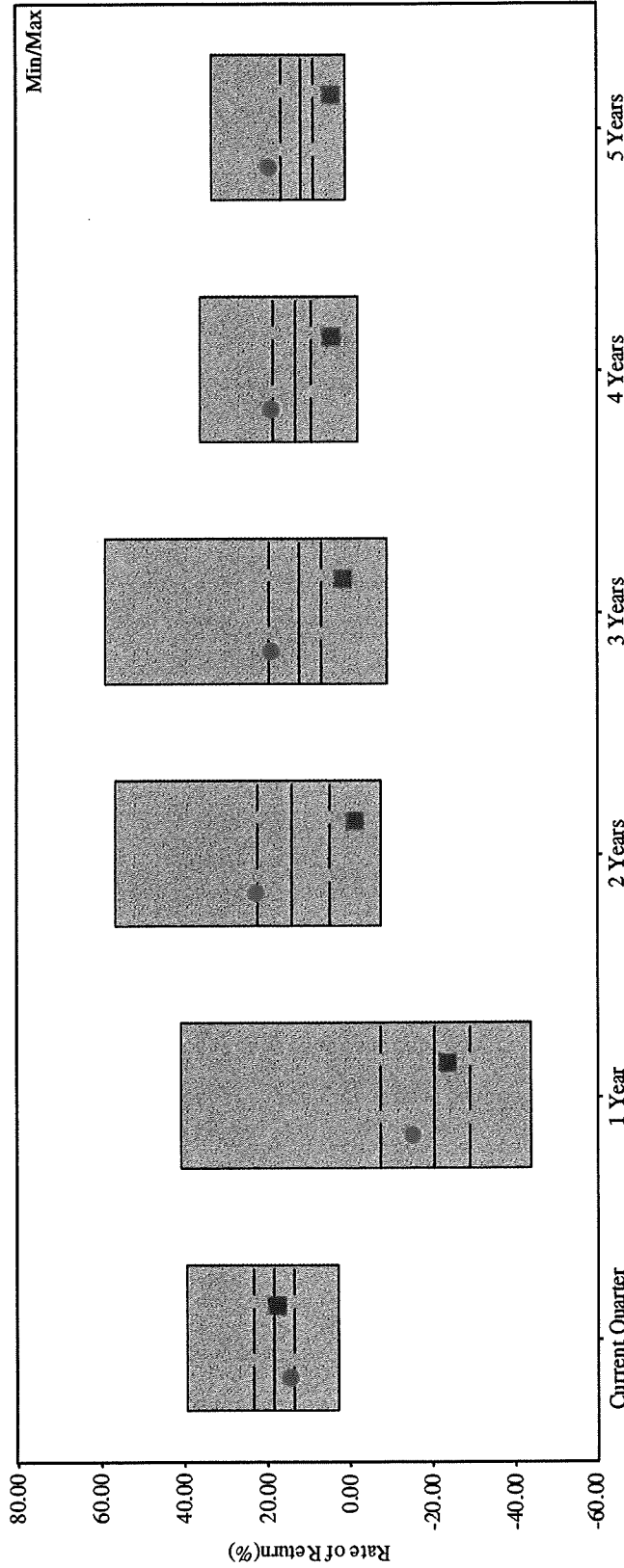
	One Year	Two Years	Three Years	Four Years	Five Years	Seven Years	Since Inception 1/1/94
Cordillera	-14.13	16.65	19.33	15.42	20.21	18.82	15.78
Russell 2000 Growth	-23.31	-3.62	2.08	1.22	5.63	8.86	6.84
Excess Return over benchmark	9.18	20.27	17.25	14.20	14.59	9.97	8.94
Standard Deviation of Benchmark*							26.04
Standard Deviation of Portfolio**							30.41
Tracking Error***							4.36
Correlation to Index							0.932

Quantitative measurements:  
 \* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)  
 \*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)  
 \*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

# SMALL CAPITALIZATION - GROWTH EQUITY ACCOUNTS

## Ending Saturday, June 30, 2001

### Quartile



	Periods					
	Current Quarter	1 Year	2 Years	3 Years	4 Years	5 Years
	Return	Return	Return	Return	Return	Return
	(% tile)	(% tile)	(% tile)	(% tile)	(% tile)	(% tile)
Maximum	39.56	40.74	56.89	59.19	36.15	33.03
25th Percentile	23.25	- 7.72	22.33	19.56	18.25	16.67
Median	18.30	- 20.39	14.26	12.01	13.09	11.84
75th Percentile	13.71	- 28.98	5.05	7.10	9.16	8.63
Minimum	2.81	- 43.89	- 7.63	- 8.73	- 1.80	1.14
# of Portfolios	115	114	110	97	84	67
● Historical-Cordillera	15.01	- 14.53	23.07	19.13	19.37	19.64
■ R2000 GROWTH	17.97	- 23.34	- 0.79	2.15	4.81	4.77
	66	40	23	27	22	14
	53	61	94	90	93	96

**Fortaleza Asset Management**  
As of July 31, 2001

	Russell 2000		Characteristics:	Russell 2000	
	Fortaleza	Growth		Fortaleza	Growth
<b>Sector Allocation:</b>					
Financial Services	14.6	10.2	Dividend Yield	0.18	0.37
Health Care	28.3	23.2	Price/Earnings Ratio	35.30	58.70
Consumer Staples	22.5	1.8	Price/Book Ratio	4.90	3.32
Consumer Discretionary and Services	1.2	19.3	Beta	1.28	1.09
Integrated Oils	0.0	0.0	Earnings Per Share 5 Year Growth	22.00	20.00
Other Energy	6.2	4.6	Number of Holdings	58	2,000
Transportation	1.0	1.9	Market Capitalization (\$ billions) (weighted average)	1.46	0.80
Technology	14.6	21.8			
Materials and Processing	0.0	3.6			
Producer Durables	11.6	10.2			
Utilities	0.0	2.7			
Other	0.0	0.7			
	<u>100.0</u>	<u>100.0</u>			

**Performance Statistics**  
(for the periods ending July 31, 2001)

	Years							Since Inception 1/1/94
	One	Two	Three	Four	Five	Seven		
Fortaleza	-28.54	16.52	5.59	8.74	8.74	10.33	8.41	
Russell 2000 Growth	-23.31	-3.62	2.08	1.22	5.63	8.86	6.84	
Excess Return over benchmark	-5.23	20.14	3.51	7.52	3.11	1.47	1.57	

Standard Deviation of Benchmark\*

Standard Deviation of Portfolio\*\*

Tracking Error\*\*\*

Correlation to Index

26.04

32.65

6.61

0.944

Quantitative measurements:

\* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)

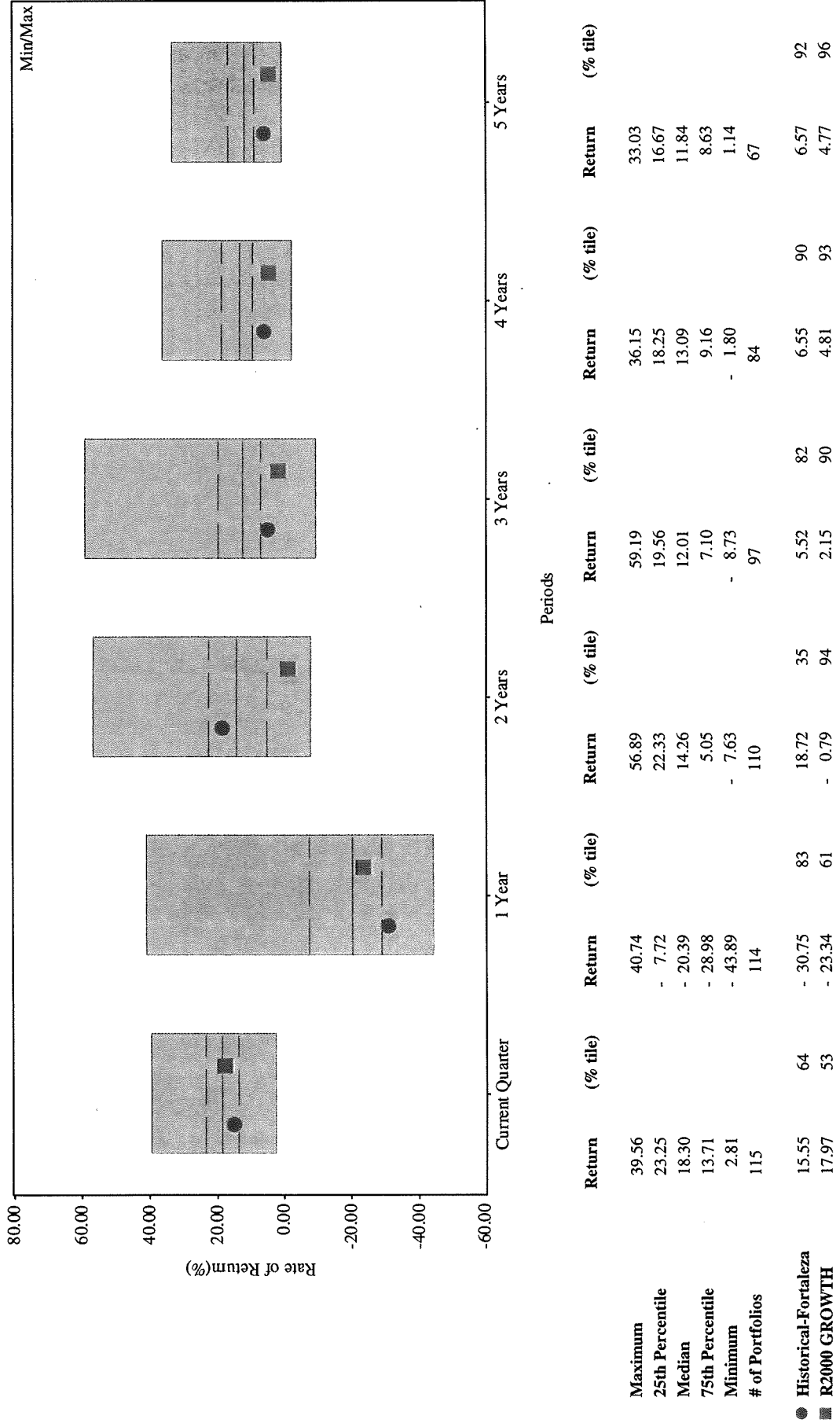
\*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)

\*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

# SMALL CAPITALIZATION - GROWTH EQUITY ACCOUNTS

## Ending Saturday, June 30, 2001

### Quartile



**ASSET ALLOCATION (continued)**  
**Non U.S. Equities - Established Markets**  
**July 31, 2001**

Neutral Policy	Actual		Internal vs. External	Portfolio Manager	\$ millions	
	PUF	GEF			PUF	GEF
	4.9%	5.7%	External	Barclays Global Investors	\$375.4	\$ 590.7
	2.5%	2.5%	External	Capital Guardian	190.3	287.9
	1.1%	1.1%	External	Capital Guardian	84.1	127.4
	1.3%	1.3%	External	Goldman Sachs Asset Management	97.5	146.9
	1.0%	1.0%	External	Oechsle	78.8	119.2
	<u>12.0%</u>	<u>10.8%</u>		Total	<u>\$826.1</u>	<u>\$1,272.1</u>

**Capital Guardian Trust Small Cap International**  
As of July 31, 2001

**Performance Statistics**  
(for the periods ending July 31, 2001)

	One Year	Two Years	Three Years	Four Years	Since Inception 12/01/1996
Cap Guardian SC Intl	-36.62	-10.35	-5.30	-5.63	-2.73
MSCI EAFE Net	-21.71	-7.62	-2.17	-0.32	2.09
Excess Return over benchmark	-14.91	-2.73	-3.13	-5.31	-4.82
Benchmark Return Attributable to Currency	-7.04	-6.98	-3.51	-3.85	-5.10
Standard Deviation of Benchmark*					16.1
Standard Deviation of Portfolio**					19.67
Tracking Error***					3.56
Correlation to Index					0.78

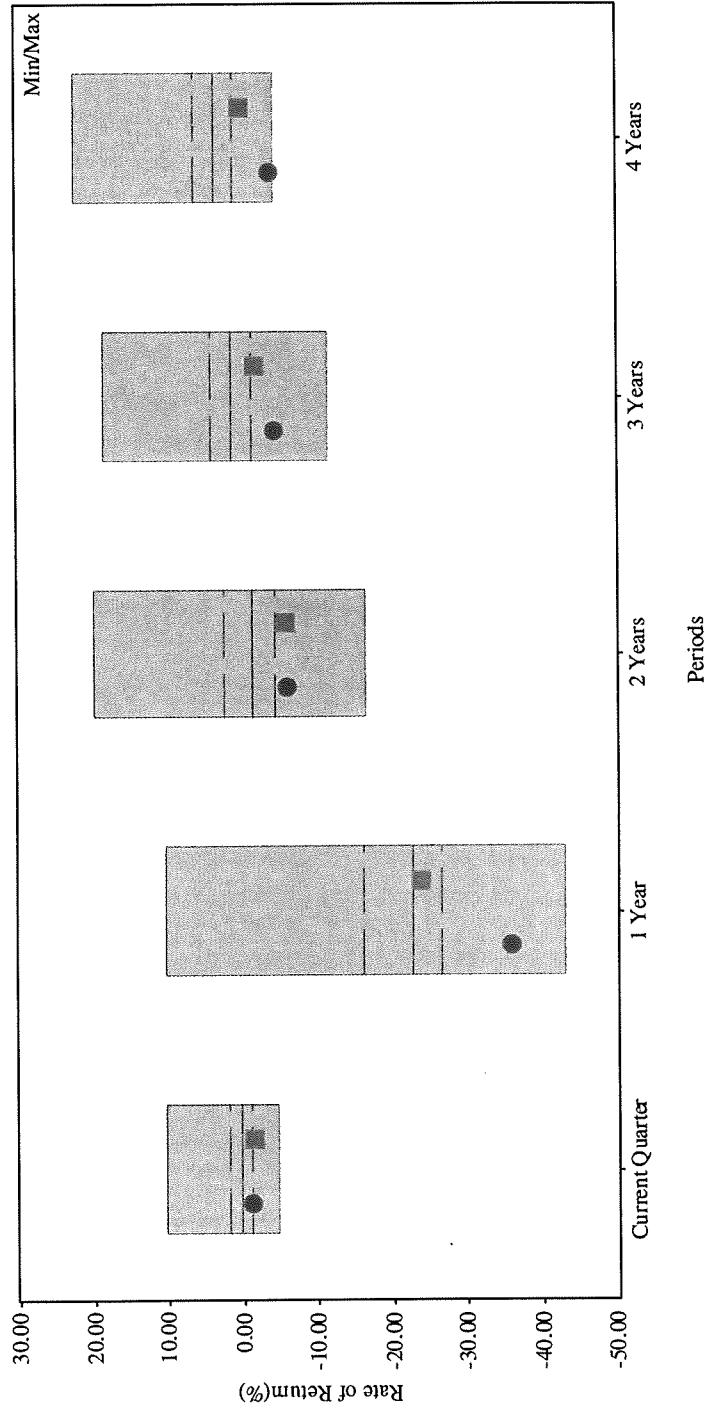
**Quantitative measurements:**

- \* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)
- \*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)
- \*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

# NON-US EQUITY PORTFOLIOS

## Ending Saturday, June 30, 2001

### Quartile



	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)
Maximum	10.34		10.45		19.96		18.76		22.34	
25th Percentile	1.85		-16.12		2.38		4.21		6.35	
Median	0.31		-22.87		1.40		1.31		3.64	
75th Percentile	-1.18		-26.69		-4.33		-1.40		1.20	
Minimum	-4.50		-42.67		-16.25		-11.24		-4.21	
# of Portfolios	132		130		120		112		104	
● Historical-Cap Guardian Small Cap Int'l	-0.86	71	-35.67	97	-5.66	85	-4.23	93	-3.66	100
■ MSCI EAFE NET	-1.04	73	-23.60	53	-5.39	83	-1.24	76	0.54	85

**Capital Guardian EAFE**  
As of July 31, 2001

**Performance Statistics**  
**(for the periods ending July 31, 2001)**  
**(%)**

	One Year	Since Inception 08/01/2000
Cap Guardian EAFE	-22.13	-22.13
MSCI EAFE Net	-21.71	-21.71
Excess Return over benchmark	-0.42	-0.42
Benchmark Return Attributable to Currency	-7.04	-7.04
Standard Deviation of Benchmark*		14.51
Standard Deviation of Portfolio**		16.56
Tracking Error***		2.05
Correlation to Index		0.95

**Quantitative measurements:**

\* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)

\*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)

\*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark



**OECHSLE**  
As of July 31, 2001

**Performance Statistics**  
(for the periods ending July 31, 2001)  
(%)

	One Year	Since Inception 08/01/2000
Oechsle	-27.51	-27.51
MSCI EAFE Net	-21.71	-21.71
Excess Return over benchmark	-5.80	-5.80
Benchmark Return Attributable to Currency	-7.04	-7.04
Standard Deviation of Benchmark*		14.51
Standard Deviation of Portfolio**		15.13
Tracking Error***		0.62
Correlation to Index		0.94

**Quantitative measurements:**

\* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)

\*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)

\*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

**ASSET ALLOCATION (continued)**  
**Non U.S. Equities - Emerging Markets**  
**July 31, 2001**

Neutral Policy	Actual		Portfolio Strategy	Internal vs. External	Portfolio Manager	\$ millions		Total
	PUF	GEF				PUF	GEF	
	2.1%	2.3%	Active	External	Capital Guardian	\$ 160.6	\$ 88.0	\$ 248.6
	0.6%	0.6%	Active	External	Templeton	49.5	24.1	73.6
	0.3%	0.3%	Active - Global Tactical	External	Goldman Sachs Asset Management	21.0	10.7	31.7
	Asset Allocation							
	<u>3.0%</u>	<u>3.0%</u>				<u>\$231.1</u>	<u>\$ 122.8</u>	<u>\$ 353.9</u>

**Capital Guardian Emerging**  
As of July 31, 2001

**Performance Statistics**  
**(for the periods ending July 31, 2001)**  
**(%)**

	<b>One Year</b>	<b>Since Inception 08/01/2000</b>
Cap Guardian Emerging	-28.95	-28.95
MSCI Emerging Market	-28.53	-28.53
Excess Return over benchmark	-0.42	-0.42
Benchmark Return Attributable to Currency	-9.70	-9.70
Standard Deviation of Benchmark*		24.73
Standard Deviation of Portfolio**		29.42
Tracking Error***		4.68
Correlation to Index		0.99

**Standard Deviation of Portfolio\*\***

\* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)

\*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)

\*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

**Franklin Templeton**  
As of July 31, 2001

**Performance Statistics**  
(for the periods ending July 31, 2001)

	One Year	Two Years	Three Years	Four Years	Five Years	Since Inception 01/01/1996
Franklin Templeton	-19.93	-12.58	0.29	-12.46	-4.30	-3.75
MSCI Emerging Market	-28.53	-13.37	-3.89	-14.38	-8.32	-7.22
Excess Return over benchmark	8.60	0.79	4.18	1.92	4.02	3.47
Benchmark Return Attributable to Currency	-9.70	-6.65	-6.56	-9.31	-8.85	-8.69
Standard Deviation of Benchmark*						26.18
Standard Deviation of Portfolio**						26.86
Tracking Error***						0.68
Correlation to Index						0.94

**Quantitative measurements:**

\* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)

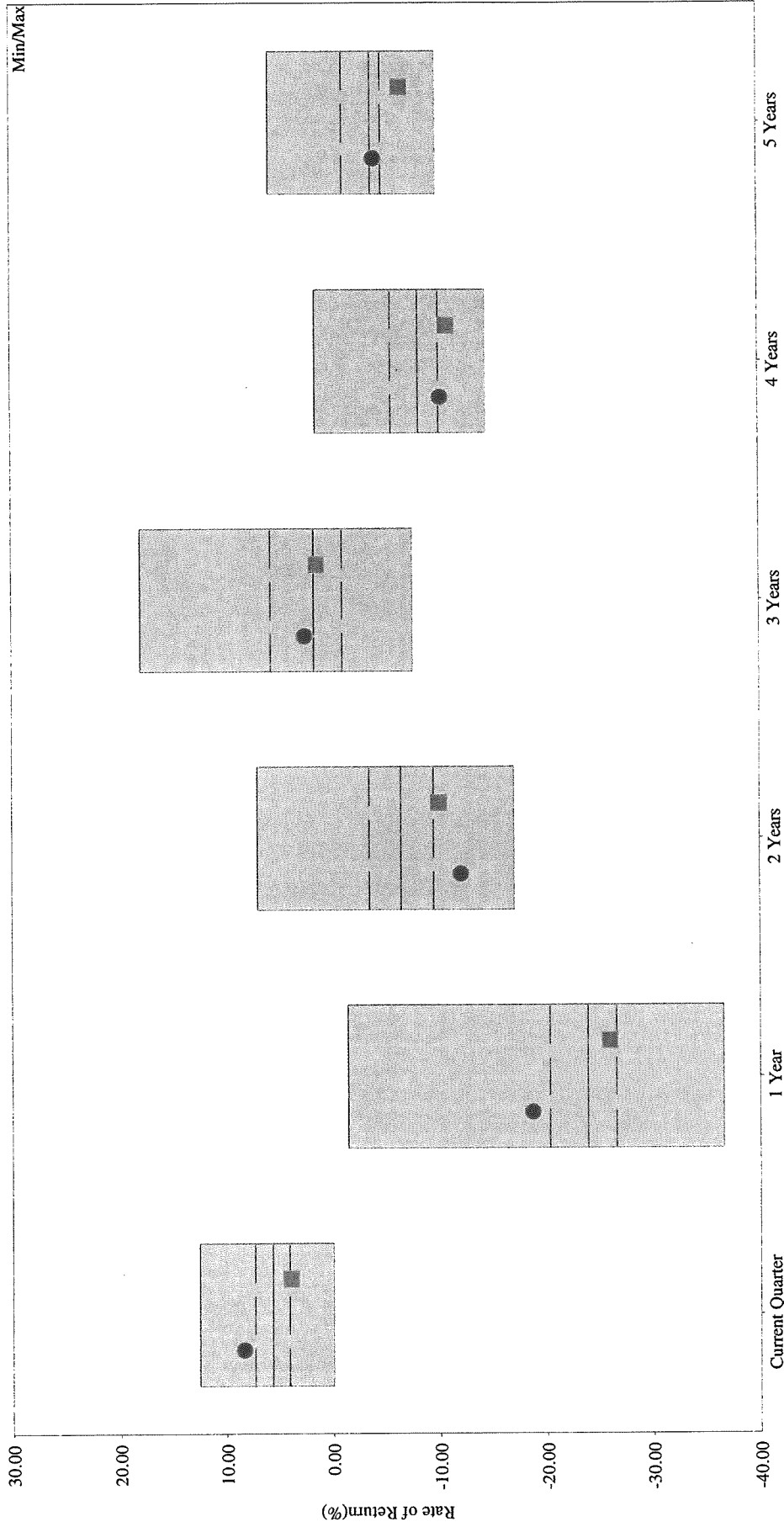
\*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)

\*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

# EMERGING MARKETS EQUITY PORTFOLIOS

## Ending Saturday, June 30, 2001

### Quartile



Periods  
 MSCI EMF

● Historical-Templeton

**ASSET ALLOCATION (continued)**  
**Alternative Markets - Marketable**  
**July 31, 2001**

Neutral Policy	Actual		Portfolio Strategy	Internal vs. External	Portfolio Manager	\$ millions		
	PUF	GEF				PUF	GEF	Total
	2.1%	2.4%	Active-Diversified Arbitrage	External	Farallon	\$ 164.9	\$ 92.7	\$ 257.6
	3.7%	4.2%	Active-Long/Short Global Equity	External	Maverick Capital	284.8	160.2	445.0
	2.4%	2.7%	Active-Diversified Arbitrage	External	Perry Partners	187.7	104.4	292.1
	1.5%	1.6%	Active-Diversified Arbitrage	External	Satellite Fund	108.9	61.3	170.2
<b>10.0%</b>	<b>9.7%</b>	<b>10.9%</b>			<b>Total</b>	<b>\$ 746.3</b>	<b>\$ 418.6</b>	<b>\$1,164.9</b>

**Farallon**  
As of July 31, 2001

**Performance Statistics**  
(for the periods ending July 31, 2001)  
(%)

	One Year	Two Years	Three Years	Since Inception 08/01/1998
Farallon	13.49	14.56	14.22	14.22
90 Day Treasury Bill + 7%	13.36	13.27	12.97	12.97
Excess Return over benchmark	0.13	1.29	1.25	1.25

Standard Deviation of Benchmark\*  
Standard Deviation of Portfolio\*\*  
Tracking Error\*\*\*  
Correlation to Index

0.28  
4.49  
4.21  
-0.08

**Quantitative measurements:**

\* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)  
\*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)  
\*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

**Maverick Capital**  
As of July 31, 2001

**Performance Statistics**  
(for the periods ending July 31, 2001)  
(%)

	One Year	Two Years	Three Years	Since Inception 08/01/1998
Maverick Capital	27.14	21.27	18.58	18.58
S&P 500 Index	-14.32	-3.38	3.92	3.92
Excess Return over benchmark	41.46	24.65	14.66	14.66
90 Day Treasury Bill + 7 %	13.36	13.27	12.97	12.97
Excess Return over benchmark	13.78	8.00	5.61	5.61

	S&P 500 Index	90 Day T-Bill + 7 %
Standard Deviation of Benchmark*	18.94	0.28
Standard Deviation of Portfolio**	14.97	14.97
Tracking Error***	-3.97	14.69
Correlation to Index	0.45	-0.04

**Quantitative measurements:**

\* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)

\*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)

\*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark



**Perry Partners**  
As of July 31, 2001

**Performance Statistics**  
(for the periods ending July 31, 2001)  
(%)

	One Year	Two Years	Three Years	Since Inception 08/01/1998
Perry Partners	17.04	17.50	14.87	14.87
90 Day Treasury Bill + 7%	13.36	13.27	12.97	12.97
Excess Return over benchmark	3.68	4.23	1.90	1.90

Standard Deviation of Benchmark\*

0.28

Standard Deviation of Portfolio\*\*

8.43

Tracking Error\*\*\*

8.15

Correlation to Index

-0.05

**Quantitative measurements:**

\* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)

\*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)

\*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

**Satellite Fund**  
As of July 31, 2001

**Performance Statistics**  
**(for the periods ending July 31, 2001)**  
**(%)**

	Since Inception 09/01/2000
Satellite Partners	13.43
90 Day Treasury Bill + 7%	12.13
Excess Return over benchmark	1.30

**ASSET ALLOCATION (continued)**  
**Inflation Hedging Assets**  
**July 31, 2001**

Neutral Policy	Actual		Portfolio Strategy	Internal vs. External	Portfolio Manager	\$ millions		
	PUF	GEF				PUF	GEF	Total
	0.0%	0.0%	Goldman Sachs Commodity Index Futures	Internal	UTIMCO	\$ -	\$ -	\$ -
	4.2%	4.3%	Real Estate Investment Trusts	Internal	UTIMCO	323.6	165.5	489.1
7.5%	4.2%	4.3%			Total	\$ 323.6	\$ 165.5	\$ 489.1

# GOLDMAN SACHS COMMODITY INDEX (GSCI)

## Investment Characteristics:

- Negative correlation with equities and bonds making it an excellent portfolio diversification tool
- Heavily energy weighted (67% as of December 31, 2000)
- High return (10% annualized since Jan. 1978, Chart 1)
  - Composed of spot commodity, cash collateral, and futures contract roll returns
    - Cash collateral has highest returns with lowest risk of all GSCI components
- High risk (22% standard deviation of returns since Jan. 1978)
- Annual returns have ranged between 50% and -36% within the last three years (Chart 1)
- Mean-reverting spot index returns (Chart 2)

## Strategy:

- Switch between GSCI and its most desirable component, cash collateral, on a strategic basis to add return and lower risk
- Use a proven fundamental leading inflation indicator to give alert signals that are refined with technical analysis filters
  - After study of several equity and commodity indices, the most effective indicator was the ratio of gold to oil prices (Chart 3)
  - To eliminate month-to-month noise and the leading characteristics of the gold/oil ratio, crossovers of the 24- and 48-month moving averages are used to give buy and sell alert signals
    - So that upside of return is not reduced, the additional filter of two consecutive months of negative spot index returns after trading one standard deviation above the long term average of the GSCI spot index is added for sell signals
- Since January 1986, buy signals given at end of months May 1986, August 1993, and May 1999; sell signals given at end of months November 1990, January 1997, and January 2001 (Chart 2)

## Return Characteristics:

- Annualized total returns from Jan. 1986 – July 2001 are raised from 9.6% to 17.4% (318% to 1,115% un-annualized, Chart 4)
- Risk as defined by standard deviation of annual returns is reduced from 24.5% to 16.7% (Chart 4)

# Chart 1

	<b>GSCI-TR</b>	<b>GSCI Spot Index</b>	<b>3 Month Bill</b>	<b>Roll Return</b>
	<u>Annual Return</u>	<u>Annual Return</u>	<u>Annual Return</u>	<u>Annual Return</u>
1978	31.61%	21.18%	7.21%	1.12%
1979	33.81%	23.17%	10.36%	-2.00%
1980	11.08%	12.99%	12.28%	-12.58%
1981	-23.01%	-24.95%	16.46%	-12.08%
1982	11.56%	-0.09%	13.08%	-1.31%
1983	16.26%	7.29%	9.26%	-0.82%
1984	1.05%	-9.54%	11.12%	0.20%
1985	10.01%	0.26%	8.46%	0.79%
1986	2.04%	-18.76%	6.75%	16.96%
1987	23.77%	3.18%	6.73%	12.66%
1988	27.93%	12.22%	6.93%	6.86%
1989	38.28%	12.39%	8.99%	12.92%
1990	29.08%	6.14%	8.42%	12.46%
1991	-6.13%	-19.57%	6.38%	9.43%
1992	4.42%	2.31%	3.93%	-1.82%
1993	-12.33%	-9.65%	3.19%	-5.95%
1994	5.29%	10.52%	4.19%	-8.78%
1995	20.33%	-12.58%	6.03%	0.92%
1996	33.92%	5.78%	5.30%	20.37%
1997	-14.07%	-18.41%	5.33%	-0.27%
1998	-35.75%	-24.26%	5.23%	-19.20%
1999	40.92%	46.25%	4.85%	-8.28%
2000	49.74%	26.93%	6.18%	11.25%
2001YTD	-14.60%	-18.31%	2.98%	1.27%
Annualized Return	9.81%	1.00%	7.57%	0.97%
Standard Deviation	22.07%	17.92%	3.32%	9.93%

Chart 2

GSCI Spot Index (Current Price)

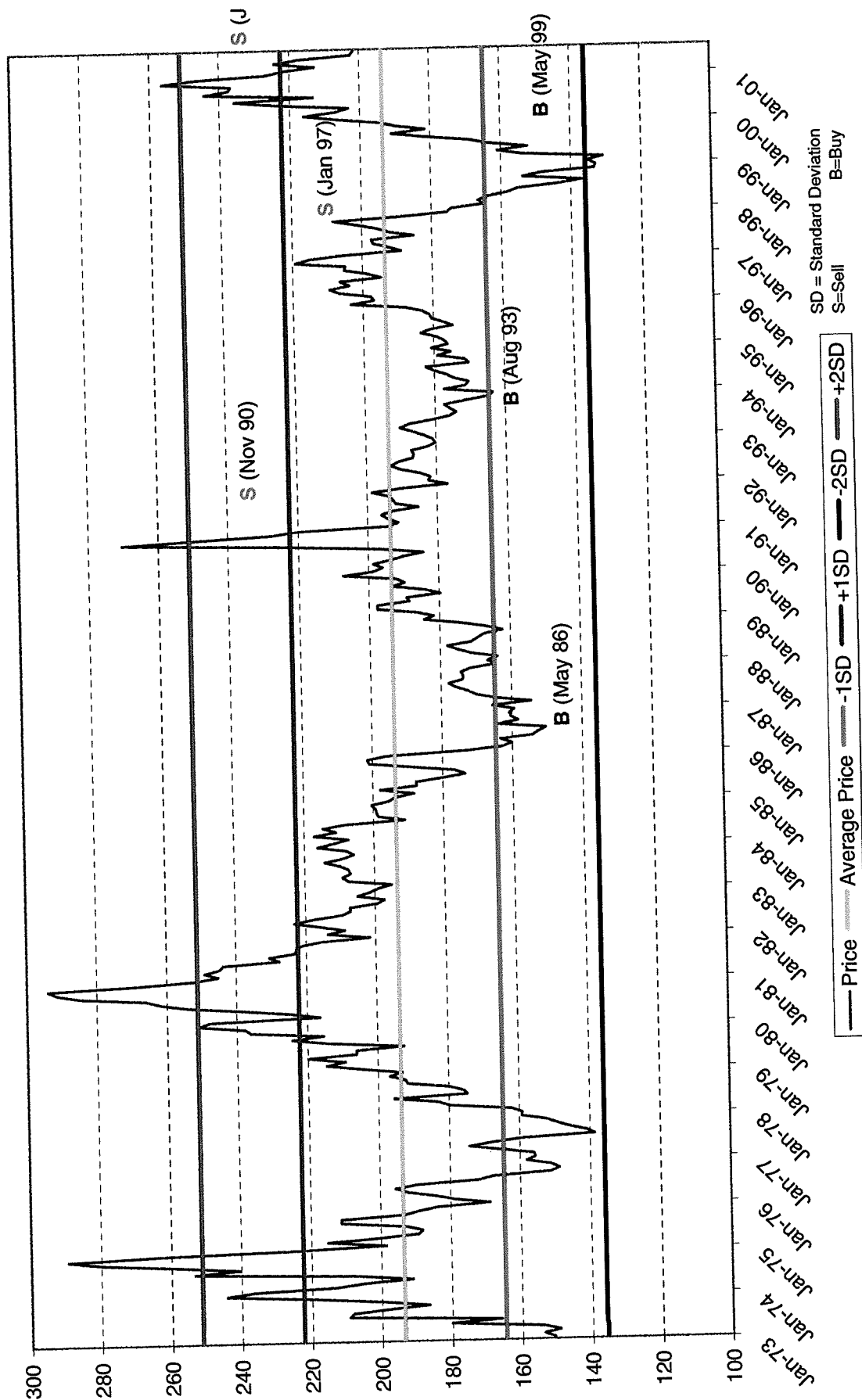
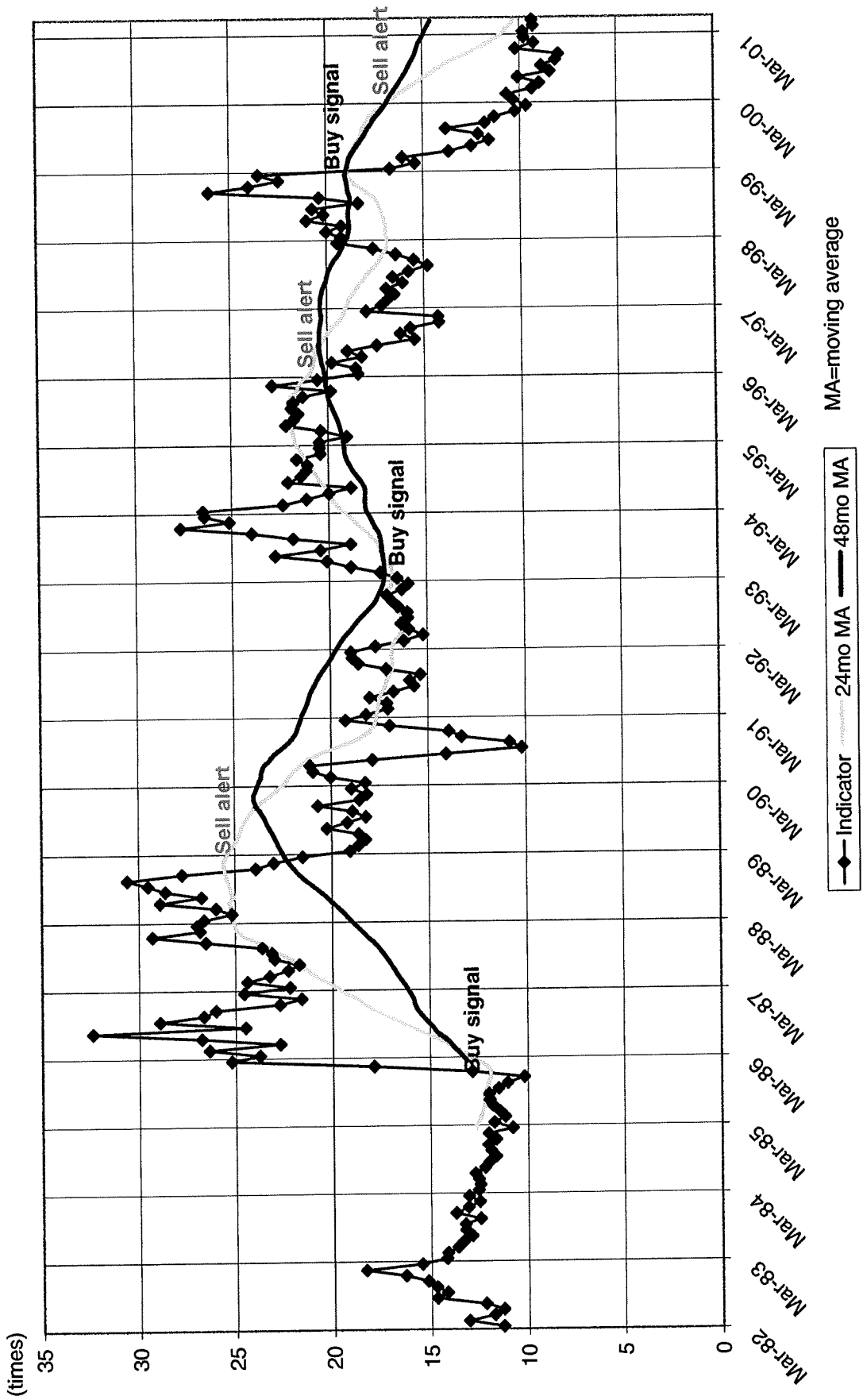


Chart 3

Gold/Oil Leading Inflation Indicator  
(Ratio of Price of Gold to Price of Oil)



### Chart 4

	<u>GSCI-TR</u> <u>Annual Return</u>	<u>Switching</u> <u>Annual Return</u>
1986	2.04%	18.11%
1987	23.77%	23.77%
1988	27.93%	27.93%
1989	38.28%	38.28%
1990	29.08%	32.64%
1991	-6.13%	6.38%
1992	4.42%	3.93%
1993	-12.33%	-8.02%
1994	5.29%	5.29%
1995	20.33%	20.33%
1996	33.92%	33.92%
1997	-14.07%	3.31%
1998	-35.75%	5.23%
1999	40.92%	30.16%
2000	49.74%	49.74%
2001YTD	-14.60%	-3.12%
Annualized Return	9.62%	17.38%
Standard Deviation	24.46%	16.67%



## Real Estate Investment Trusts (REITs)

As of July 31, 2001

	(%)			REITS		NAREIT	
<b>Sector Allocation:</b>							
Apartments	20.4	19.9	<b>Characteristics:</b>		6.10	7.00	
Manufactured Housing	1.2	1.5	Dividend Yield		10.80	10.10	
Self Storage	5.3	3.8	Price/Earnings Ratio		1.00	1.00	
Office/Industrial	35.9	31.8	Price/Book Ratio		0.20	0.10	
Regional Malls	9.7	8.6	Beta		9.90	8.90	
Shopping Centers	10.5	9.3	Earnings Per Share 5 Year Growth		31	188	
Lodging	5.4	6.2	Number of Holdings		7.70	1.00	
Net Leases	0	1.5	Market Capitalization (\$ billions)				
Health Care	0	4.6					
Other	11.6	12.8					
	100.0	100.0					

### Performance Statistics (for the periods ending July 31, 2001)

	One Year	Two Years	Three Years	Four Years	Five Years	Seven Years	Since Inception 4/1/93
REITS	9.77	14.02	6.93	5.38	12.82	13.65	12.32
NAREIT	12.14	13.91	6.93	4.63	10.42	10.45	9.10
Excess Return over benchmark	-2.37	0.11	0.00	0.75	2.40	3.20	3.22
Standard Deviation of Benchmark*							12.04
Standard Deviation of Portfolio**							15.13
Tracking Error***							3.08
Correlation to Index							0.93

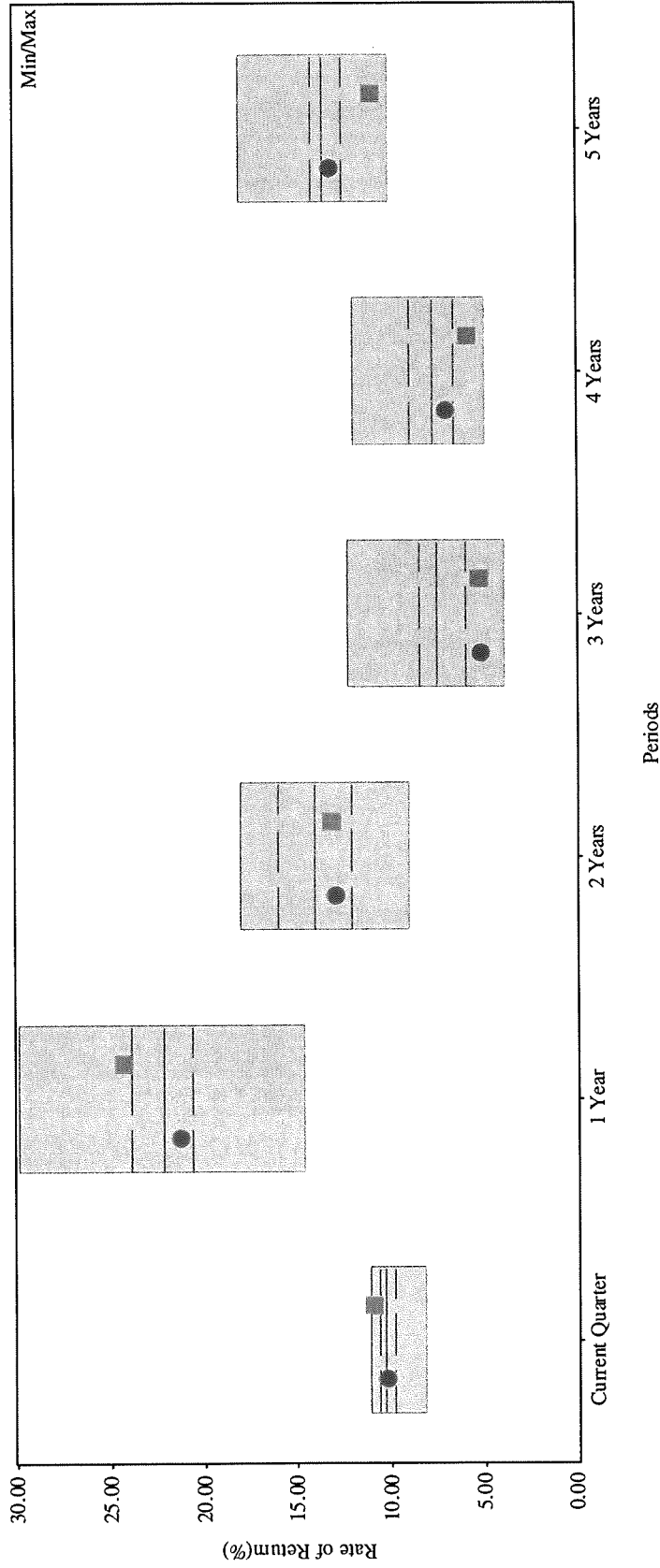
**Quantitative measurements:**

- \* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)
- \*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)
- \*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

# RUSSELL REAL ESTATE SECURITIES UNIVERSE

## Ending Saturday, June 30, 2001

### Quartile



	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)
Maximum	11.18		29.90		18.05		12.23		12.00		17.99	
25th Percentile	10.61		23.92		15.95		8.38		8.89		14.13	
Median	10.30		22.11		14.06		7.46		7.66		13.47	
75th Percentile	9.85		20.56		12.05		5.90		6.57		12.52	
Minimum	8.26		14.76		9.06		3.98		4.97		10.14	
# of Portfolios	37		37		36		33		27		21	
<b>Historical-REITS</b>	10.28	53	21.32	69	12.98	68	5.17	86	7.00	65	13.17	73
<b>NAREIT EQUITY</b>	11.01	8	24.42	16	13.22	65	5.27	86	5.96	90	11.03	91

**ASSET ALLOCATION (continued)**  
**U. S. Fixed Income**  
**July 31, 2001**

Neutral Policy	Actual PUF	Actual GEF	Portfolio Strategy	Internal vs. External	Portfolio Manager	\$ millions		
						PUF	GEF	Total
	8.8%	8.8%	Active- Lehman Aggregate	Internal	UTIMCO	\$ 674.2	\$ 339.2	\$ 1,013.4
	6.9%	7.3%	Active- Lehman Aggregate	External	PIMCO	531.8	281.3	813.1
	1.9%	1.9%	Active - Global Tactical	External	Goldman Sachs Asset Management	146.2	72.3	218.5
	<u>15.0%</u>	<u>17.6%</u>	<u>Asset Allocation</u>		<u>Total</u>	<u>\$1,352.2</u>	<u>\$ 692.8</u>	<u>\$2,045.0</u>

## PIMCO Domestic Fixed

As of June 30, 2001

	PIMCO	Lehman Brothers Aggregate
Yield to Maturity	6.1	6.1
Effective Duration	5.2	4.7
Quality Rating	AAA	AAA

### Portfolio Characteristics:

Yield to Maturity  
Effective Duration  
Quality Rating

### Performance Statistics (for the periods ending July 31, 2001)

	One Year	Two Years	Three Years	Since Inception 03/01/1998
PIMCO Domestic Fixed	13.72	10.29	7.84	7.80
Lehman Brothers Aggregate	12.69	9.28	6.97	6.99
Excess Return over benchmark	1.03	1.01	0.87	0.81

### Standard Deviation of Benchmark\*

Standard Deviation of Portfolio\*\*

Tracking Error\*\*\*

Correlation to Index

3.07  
3.34  
0.27  
0.98

### Quantitative measurements:

- \* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)
- \*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)
- \*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

## Internal Domestic Fixed Income (Kampfe/Doak)

As of July 31, 2001

Portfolio Characteristics:	Lehman Brothers	
	Kampfe/Doak	Aggregate
Yield to Maturity	5.5	5.7
Effective Duration	3.5	4.6
Quality Rating	AAI	AAA

### Performance Statistics (for the periods ending July 31, 2001) (%)

	One	Since Inception
	Year	02/01/2000
Internal Domestic Fixed	12.46	12.49
Lehman Brothers Aggregate	12.69	12.07
Excess Return over benchmark	-0.23	0.42
Standard Deviation of Benchmark*		2.70
Standard Deviation of Portfolio**		2.63
Tracking Error***		-0.08
Correlation to Index		0.97

**Quantitative measurements:**

- \* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)
- \*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)
- \*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

**ASSET ALLOCATION (continued)**  
**Non U. S. Fixed Income**  
**July 31, 2001**

Neutral Policy	Actual		Internal vs. External	Portfolio Manager	\$ millions		
	PUF	GEF			PUF	GEF	Total
	2.1%	2.4%	Active- Salomon Non U.S.	PIMCO	\$ 159.3	\$ 91.4	\$ 250.7
	0.0%	0.0%	World Government Bond Index				
	0.0%	0.0%	Active - Global Tactical	Goldman Sachs Asset Management	0.8	-	0.8
	5.0%	2.1%	Asset Allocation	Total	\$ 160.1	\$ 91.4	\$ 251.5

## PIMCO International Fixed

As of June 30, 2001

Portfolio Characteristics:	PIMCO
Yield to Maturity	6.8
Effective Duration	5.6
Quality Rating	AA+

### Performance Statistics (for the periods ending July 31, 2001)

	One Year	Two Years	Three Years	Since Inception 03/01/1998
PIMCO International Fixed	-1.39	-2.87	-0.16	-0.55
Salomon Non-US WGBI	-2.48	-3.11	0.59	0.55
Excess Return over benchmark	1.09	0.24	-0.75	-1.1
Standard Deviation of Benchmark*				8.58
Standard Deviation of Portfolio**				8.56
Tracking Error***				-0.03
Correlation to Index				0.96

**Quantitative measurements:**

- \* measures how widely (positive or negative) the benchmark return deviates from its average return during the time frame being measured (volatility)
- \*\* measures how widely (positive or negative) the portfolio return deviates from its average return during the time frame being measured (volatility)
- \*\*\* measures the difference between the standard deviation of the portfolio and the standard deviation of the benchmark

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