The University of Texas Investment Management Company



Presentation Materials Board of Directors Meeting

November 8, 1999

UTIMCO

BOARD OF DIRECTORS MEETING

West Conference Room – 28th Floor, at the offices of Vinson & Elkins, 1001 Fannin, Houston, Texas

November 8, 1999

AGENDA

12:30 p.m.	Briefing Session Direct Co-Investment in Songbird Medical Inc.
1:15 p.m.	Open Session Call to Order
1:15 p.m 1:20 p.m.	Approval of Minutes of September 22, 1999 Meeting
1:20 p.m 1:35 p.m.	Fiscal YTD Results
1:35 p.m 2:05 p.m	Review of Public Markets Portfolios
2:05 p.m 2:25 p.m.	Approval of Investment Programs Using Futures Contracts: - Commodities (GSCI Index) - Cash Equitization (S&P500 Index, Interest Rates)
2:25 p.m. – 2:45 p.m.	Break
2:45 p.m 3:15 p.m.	Alternative Investments Program Non-Marketable Approval of Commitment to Direct Co-Investments: Songbird Medical Inc. Approval of Commitments to Follow-on Funds: Baker Communications Fund II, L.P., Halpern Denny Fund III, L.P., Cortec Group Fund III, L.P., Austin Ventures VII L.P.
3:15 p.m 3:30 p.m.	Other Report of Audit & Ethics Committee
3:30 p.m. – 4:25 p.m.	Executive Session Discussion of UTIMCO Director Candidates
4:25 p.m. – 4:30 p.m.	Recess into Open Session
4:30 p.m.	Adjournment

The University of Texas Investment Management Company

Board of Directors Meeting November 8, 1999

Presenters

Songbird Medical, Inc.

Fred Fritz

President & CEO

Mike Tardugno

Sr. VP of Operations

Resolution No. 1

RESOLVED, that the minutes of the Meeting of the Board of Directors held on September 22, 1999, be and are hereby approved.

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

The Board of Directors of The University of Texas Investment Management Company (the "Corporation") convened in a special meeting on the 22nd day of September, 1999 at the offices of Vinson & Elkins, L.L.P., West Conference Room – 33rd Floor, 1001 Fannin, Houston, Texas, said meeting having been called by the Vice Chairman, with notice provided to each Director in accordance with the Bylaws. Participating in the meeting were the following members of the Board of Directors (the "Board"):

Robert H. Allen, Vice Chairman Woody L. Hunt
J. Luther King, Jr.
A. W. "Dub" Riter, Jr.
A. R. (Tony) Sanchez, Jr.

thus, constituting a majority and quorum of the Board of Directors. Director Susan M. Byrne was absent. Director William H. Cunningham joined the meeting in progress as indicated below. Also participating in the meeting were Thomas G. Ricks, President of the Corporation; Cathy Iberg, Secretary of the Corporation; Dave Russ and Austin Long of Corporation's management ("Management"); and Jerry Turner, Vinson & Elkins, legal counsel for the Corporation. Mr. Allen called the meeting to order at 10:09 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each Director.

Acceptance of Appointment and Resignation of Directors

The first item Mr. Allen presented to the Board was a proposed resolution for the appointment and resignation of Corporation Directors. Upon motion duly made and seconded, the following resolutions were unanimously adopted:

WHEREAS, Section 66.08 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 May 13, 1999, appointed Mr. Charles Miller and Mr. Patrick C. Oxford to serve as members of the UTIMCO Board until such time as successor directors were appointed by the Board of Regents; and

WHEREAS, the Board of Regents, on August 12, 1999, appointed Mr. A. R. (Tony) Sanchez, Jr. and Mr. Woody L. Hunt to serve as members of the UTIMCO Board

effective upon the contemporaneous resignation by Mr. Miller and Mr. Oxford and until such time as successor directors were appointed by the Board of Regents; NOW THEREFORE BE IT

RESOLVED, that the appointments of Mr. Sanchez and Mr. Hunt to the UTIMCO Board by the Board of Regents to replace Mr. Miller and Mr. Oxford, are hereby accepted; and

RESOLVED, that the resignations of Mr. Miller and Mr. Oxford from the UTIMCO Board, effective upon the date of appointment of their successors by the Board of Regents, are hereby accepted; and

RESOLVED, that the UTIMCO Board does, on behalf of UTIMCO, express appreciation for the dedication with which Mr. Miller and Mr. Oxford have served on the UTIMCO Board.

At this point, Dr. Cunningham joined the meeting.

Approval of Corporation's Open Meeting Policy Statement

Mr. Allen turned the discussion over to Mr. Turner who reviewed the Open Meeting Policy Statement adopted by the Board of Regents on September 3, 1999. Mr. Turner read part of the policy which states, "although UTIMCO is not subject to the Texas Open Meetings Act, Chapter 551 of the Texas Government Code (TOMA), the Board of Directors of UTIMCO recognizes that the public has a valid interest in the meetings of the Board and its Committees being open to the public." Mr. Turner stated that since the Corporation is not subject to TOMA, the statutory penal provisions do not extend to the Board. Mr. Turner reviewed the policy's briefing session provisions for private investments and stated that the Texas legislature approved these provisions for the Texas Growth Fund, an investor in private investments. Dr. Cunningham stated that the provisions associated with telephonic meetings were more conducive to the Corporation's business as compared with the provisions in the Texas Open Meetings Act. Mr. Turner answered the Directors questions and upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that an open meeting policy as set forth in the Open Meeting Policy Statement presented to this meeting be and is hereby approved

Mr. Ricks reported that notice of this meeting had been provided in the manner set forth in the Open Meetings Policy Statement.

Minutes

The next item to come before the Board of Directors was approval of the minutes of the meeting of the Board of Directors held on June 24, 1999. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the Meeting of the Board of Directors held on June 24, 1999 be and are hereby approved in the form provided.

FY 1999 Financial Highlights

Mr. Ricks reported on the financial highlights for the year ended August 31, 1999. Mr. Ricks stated that the value of the assets under Corporation's management had increased by approximately 20% over the previous year with most of the increase attributable to endowment funds. The Permanent Health Fund (PHF), an endowment fund created by the 1999 legislative session, provided \$890 million in new endowment contributions. Mr. Ricks stated that the Permanent University Fund (PUF) had its 2nd best year on record and reviewed the PUF's 1999 financial activity. Mr. Ricks reviewed the PUF's asset allocation and total return for the year ended August 31, 1999. He noted that the overweighting in fixed income securities accounted for most of the underperformance of the PUF compared to its neutral policy return. He also stated that the higher than optimal allocation to fixed income was required in order to maintain the distribution stream to the Available University Fund (AUF). Mr. Ricks reviewed the PUF's income distributions to the AUF. Mr. Ricks stated that for the ten years ended August 31, 1999 the PUF's average annual increase in purchasing power gain was 2.95%. Mr. Ricks stated that the PHF received \$890 million in new contributions on August 30, 1999 and it earned \$.3 million in interest for the final two days of the year. Mr. Ricks reviewed the financial highlights for the Long Term Fund (LTF) and stated that the Fund had a record year producing a total return of 22.1% compared to its policy portfolio of 24.3% and PUF's return of 17.9%. For the ten years ended August 31, 1999 the LTF had an average annual increase in purchasing power of 3.6%. The Short Intermediate Term Fund's return for the year was 2.95% compared to its benchmark of 3.75%. Mr. Ricks answered the Directors' questions.

Approval of Endowment Asset Allocation Guidelines for PUF, PHF and LTF

Mr. Ricks presented the proposed endowment asset allocation guidelines for the PHF, the LTF and the PUF, assuming passage of Proposition 17. Mr. Ricks noted the changes in the proposed asset allocation guidelines and the improved return/risk ratio compared to that proposed in the study by Cambridge and Associates, Inc. Mr. Ricks and Mr. Russ reviewed the efficient frontier analysis supporting the Corporation's recommendations on asset allocation. Mr. Ricks answered the Directors' questions and upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the endowment asset allocation guidelines (as presented to this meeting) for the Permanent Health Fund, the Long Term Fund and the Permanent University Fund (in the event that Proposition 17 is approved in the Constitutional Amendment Election on November 2, 1999) be and are hereby approved.

Approval of Investment Policy Statements for PUF, PHF and LTF

Mr. Ricks reviewed the changes to the endowment investment policies stating that the changes to the PUF's policy were to conform it to the other endowment policy statements. He also mentioned that the PUF, PHF and LTF policies included an inflation hedging asset class. Mr. Ricks answered the Directors' questions and upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Investment Policy Statements (as presented to this meeting) for the Permanent Health Fund, the Long Term Fund and the Permanent University Fund (in the event that Proposition 17 is approved in the Constitutional Amendment Election on November 2, 1999) be and are hereby approved.

Approval of FY2000 PUF Distribution

Mr. Ricks stated that the PUF's distribution provisions, as provided for in the amended investment policy statement, are designed to take out the volatility in distributions to the AUF. Mr. Ricks answered the Directors' questions and upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that a distribution of \$285,923,022 from the Permanent University Fund to the Available University Fund for the fiscal year ended August 31, 2000 be and is hereby approved in the event that Proposition 17 is approved in the Constitutional Amendment Election on November 2, 1999.

Approval of the Nonmarketable Alternative Investments FY2000 Commitment Budget

Mr. Ricks reviewed the projected market values for the endowment funds and the estimated aggregate value for the Non-marketable investments through FY2004. At this point, Mr. Sanchez and Dr. Cunningham left the meeting and returned a few minutes later. Mr. Ricks answered the Directors' questions and upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that a commitment budget for Alternative Investments – Nonmarketable of \$296.3 million for the fiscal year ended August 31, 2000 be and is hereby approved.

Approval of Commitments to Windjammer Mezzanine & Equity Fund II, L. P. and Hampshire Equity Partners III, L.P.

The next item presented to the Board was the review and approval of two follow-on investments, Windjammer Mezzanine & Equity Fund II, L. P. and Hampshire Equity Partners III, L.P. Mr. Long and Mr. Ricks answered the Directors' questions and upon motion duly made and seconded, the following resolutions were unanimously adopted:

Approving Windjammer Mezzanine & Equity Fund II, L. P.

WHEREAS, the Board has reviewed a Short Form Due Diligence Review and Recommendation prepared by the Corporation's management recommending that the Corporation enter into an investment agreement (the "Agreement") with Windjammer Capital Investors, L.L.C., to invest up to \$25 million of PUF, PHF and LTF assets in Windjammer Mezzanine & Equity Fund 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 <u>Texas Education Code</u>;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the Short Form Due Diligence Review and Recommendation dated September 22, 1999 for Windjammer Mezzanine & Equity Fund II, L.P., be approved; and be it further

RESOLVED, that the President 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 Windjammer Mezzanine & Equity Fund II, L.P.; and be it further

RESOLVED, that the President, 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.

WHEREAS, the Board has reviewed a Short Form Due Diligence Review and Recommendation prepared by the Corporation's management recommending that the Corporation enter into an investment agreement (the "Agreement") with Lexington Equity Partners III, L.L.C. to invest up to \$40 million of PUF, PHF and LTF assets in **Hampshire Equity Partners III, L.P.**;

Approving Hampshire Equity Partners III, 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 Short Form Due Diligence Review and Recommendation dated September 22, 1999 for Hampshire Equity Partners III, L.P., be approved; and be it further

RESOLVED, that the President 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 Hampshire Equity Partners III, L.P.; and be it further

RESOLVED, that the President, 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.

At this point, Dr. Cunningham left the meeting.

Approval of Commitment of OCM Opportunities Fund III, L. P.

The next matter to come before the Board of Directors was a discussion regarding a proposed investment in OCM Opportunities Fund III, L. P. Mr. Russ reviewed the Due Diligence Review and Recommendation prepared by the Corporation's management dated September 22, 1999. Mr. Russ introduced representatives of OCM Opportunities Fund III, L. P., who provided a presentation and handout materials to each Director on OCM Opportunities Fund III, L. P. The representatives of the Fund answered questions of the Directors and then left the meeting. The

Directors discussed the proposed investment and upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Board has reviewed a Due Diligence Review and Recommendation prepared by the Corporation's management recommending that the Corporation enter into an investment agreement (the "Agreement") with Oaktree Capital Management, LLC to invest up to \$50 million of PUF, PHF and LTF assets in **OCM Opportunities Fund III, 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 Due Diligence Review and Recommendation dated September 22, 1999 for OCM Opportunities Fund III, L.P. be approved; and be it further

RESOLVED, that the President 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 OCM Opportunities Fund III, L. P.; and be it further

RESOLVED, that the President, 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.

Report on FY 1999 Write-offs of Alternative Investments-Nonmarketable

Mr. Ricks presented a report on the write-offs of Alternative Investments-Nonmarketable investments for the year and answered the Directors' questions. Upon motion duly made and seconded, and the following resolution was unanimously adopted:

RESOLVED, that the write-offs of Alternative Investments – Nonmarketable for the fiscal year ended August 31, 1999, as presented to this meeting, be and are hereby ratified.

Judios de la companya

Amendment to the Corporation's Bylaws: Formation of Nomination Committee

Mr. Allen presented the last item on the agenda proposing an amendment to the Corporation's bylaws to add the creation of a nominating committee section. Following a discussion by the Directors' a motion was duly made and seconded, and the following resolutions were unanimously adopted:

RESOLVED, that the addition of Section 5a to Article III of the Corporation's Bylaws, as presented below, be and is hereby approved.

Section 5A. Nominations; Nominating Committee. Upon the occurrence of a vacancy in the office of Director, the Board of Directors shall submit to the Board of Regents the name of a nominee to fill such vacancy. The nominee so submitted shall be selected by the Board of Directors from a list of names compiled by the Chairman of the Board. Prior to selection of the nominee, a nominating committee shall screen the individuals on the list and recommend to the Board a nominee to fill such vacancy. The Chairman of the Board shall appoint three members of the Board to serve as the nominating committee and shall designate the chairman of the committee.

RESOLVED, that Susan M. Byrne, A.W. (Dub) Riter, and A. R. (Tony) Sanchez are hereby designated as the Nominating Committee of the Board of Directors to serve until their successors are chosen and qualify, or until their earlier resignation or removal.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately at 12:30 p.m.

	Secretary:	
APPROVED:	•	
Vice Chairman:		

To be distributed at the meeting.

LTF - Public Markets FY 98-99

- The LTF outperformed its Policy Portfolio for the 1, 3, and 6 months period approaching the 8/31/1999 year end.
- The Actual Asset Allocation (AA) is approaching the Policy Asset Allocation
- This recent out performance is a result of these shifts and is attributable to the Asset Allocation Effect, not specific manager's Security Selection Effect.
- Although the focus of this report is FY 98-99, longer time horizons should be emphasized.
- The combined AA effects of Public and Private markets manifested in this result.

	ANNE NATIONAL DE LA CALLACTURA DE LA CAL	oro visika katikoto — dito— adala — adala katikoti — domanikoti in a simulokoti mandekin kandusu	Calendar Year	To Date	Eight Months Ended	August 31, 1999	residencial and a second consequence of the	(1.05)	(0.94)	7.2	Till Till
			Fiscal Year	To Date	Year Ended	August 31, 1999	22.12	(7.22)	(220)	2933	2432
		Andrew Color of the Color of th			Seven	Years	13.01	(30.5)	(153)	16.00	14.53
			And the desired from the second section of the second		Fire	Years	15.02		(900)	1731	15.07
		very that is a proper parameter of the control of t			Three	Years	1593	(297)	(0.16)	1830	16.09
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	CE SUM			Periods Ended August 31, 1999	Опе	Year	22.12	(12)	(2.20)	333 333	2432
LONG TERM FUND	ORMAN	AUGUST 31, 1999		Per	Six	Months	8.15	0.19	0.48	796	7.68
ONG TE	ES PERF	AUGUST			Three	Months	337	1.02	180	ਲ਼	255
Τ	GROSS OF FEES PERFORMANCE SUMMARY				One	Month	0.26	0.55	0.29	(R)	(0.03)
	GRO				Allocation	8	1000				
				Net Asset	Value A	(in millions)	\$ 2,602.2				
							Long Term Fund	vs. Policy	vs. Policy (Restated)	Policy	Policy-Restated*

LTF - Fixed Income

- PIMCO hired 4/1998
- Inception to date Performance is better than expectations, + 1.07% Alpha overall (U.S. and Non-U.S.) versus the LBAGG Index. (First full year for PIMCO.)
- Small segment of "internal" \$29.8 MM is passively managed maturing bonds.

	T	LONG TERM FUND	AM FUN	Ą						
	GROSS OF FEI	OF FEES PERFORMANCE SUMMARY	ORMAN	ICE SI	JMDMLA	RY		Provident and rates of the second providing providing and the second providence of the second pr		
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									Fiscal Year	Calendar Year
	Net Asset		Peri	Periods Ended August 31, 1999	August 3	1,1999		ned to the condition of	To Date	To Date
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	(in millions) %	Month M	Month Months Months	hs Year	Years	Years	Years	Years	August 31, 1999	
Fixed Income:										
Domestic Fixed Income:		Andrews when the work whose some control of the con		oddored-adversary responses						
Internally Managed	29.8 1.1	(20.0)	(0.24) (1.13)	(3) (0.23)	(555	8.01	8.29	7.42	(0.23)	(2.82)
vs. Lehman Brothers Aggregate		0.03				860	1.02	0.93	(1.02)	(0.98)
PIMCO	282.5 10.9	0.21		1	-			-	1.53	(1.03)
vs. Lehman Brothers Aggregate		0.26					1		0.73	0.81
GSAM	95.0 3.7		l		-	·		-	0.23	(1.79)
vs. Lehman Brothers Aggregate		l		(0.57)	-	-	-	-	(0.57)	0.05
Lehman Brothers Aggregate				30) 0.80	557	7.03	727	6.49	08.0	(1.84)
Total Domestic Fixed Income	407.3 15.7	80.0	(71.0) (050)	7) 1.09	691	8.25	8.44	752	1.09	(135)
vs. Lehman Brothers Aggregate		0.13	0.19 0.63	3 0.29	134	123	Ę	1.03	0.29	0.49
International Fixed Income:								посталутелення антупарокорожне день принадальна		THE THE PROPERTY OF THE PROPER
PIMCO	91.6 3.5	0.09	1.57 (1.42)	£2 533	-		1	-	5.53	(6.03)
vs. Salomon Non-U.S. WGBI Unhedged		(0.55)	_		-	- CONTRACTOR - CON	-	B. B. Company of the	(990)	(690)
Salomon Non-U.S. WGBI Unhedged		0.64	1.69 (0.32)	(Z) 6.19	6.14	2.86	623	6.25	61'9	(533)
Total International Fixed Income	91.6 3.5	60.0	157 (142)	(2) 5.53		•			553	(6.03)
Total Fixed Income	498.9 19.2	80.0	(0.21) (0.40)	0) 1.87	6.77	8.16	8.39	7.48	1.87	(224)
vs. Lehman Brothers Aggregate		 	0.58 0.40	107	1.20	ET	P-1	0.99	LOT	(0.40)

LTF - Large Cap Managers

whole worse than the S&P 500 Index, pulling down the overall LTF 39.82 managers have done worse than their respective indices and on the As a group LTF Internal and External Active Large Cap Equity Total Return by a negative 5.60% relative to the S&P 500.

Temporary periods of outperformance do not persist.

consistently out perform the efficient U.S. Large Cap Equities markets. As has been noted in previous meetings, that it is difficult to

performance of U.S. Large Cap equities would have been worse. Without the substantial commitment to the S&P 500 Index, the

		GR	GROSS OF FEES PERFORMANCE SUMMARY	ES PER	EES PERFORMANC	CE SUM	LARY			a prospiration production for the state of t		
				AUGUS	AUGUST 31, 1999							
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emajama, josa je jako je jedno podrojenja prijama (skora) ka maja draha je	Net Asset				Peri	Periods Ended August 31, 1999	ust 31, 1999				To Date	To Date
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	(in millions)	8) %	Month	Months	Months	Year	Years	Years	Years	Years	August 31, 1999	August 31, 1999
Equities:		LEPPOPE DE L'ARCHITECTURE SE L'ARCHITECTURE DE L		THE PERSON NAMED AND POST OF THE PERSON NAMED	PROPERTY OF THE PROPERTY OF TH		the stimulated value I has booked as an amount of	THE RESIDENCE OF THE PROPERTY	THE POST OF THE PROPERTY OF THE POST OF TH		de entre mentre de la companie de l	
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Fayez Sarofim	mandamus analysis in discontrol (day and in Judo) discontrate propose propose and an agree of managements of the control of th	399 15	1.38	333	458	3135	19.75	25.85	25.69	19.07	3135	430
vs. S & P 500 Index	Andrew Proposition and Andrew Strategy (18 and 18 a	THE PROPERTY OF THE PROPERTY O	2.08	1.59	(2.75)	(8.47)	(3.19)	(2.73)	0.59	(1.58)	(8.47)	(4.04)
Greg Cox(1)		156.7 6.0	(438)	(624)	(0.63)	16.03	7.29	17.71	18.14	Tradition to reduce to the final property of the state of	to describe convenience described above and de	(7.88)
vs. S & P Barra Value			(2.04)	(434)	(8.48)	(18.08)	(8.29)	(5.09)	(292)		(18.08)	(1053)
Barclays Global Investors S&P	7	432.1 16.6	(I.48)	1.74	. 731	39.73	23.40	28.30	2537	•	39.73	834
vs. S & P 500 Index			100	(000)	(10.0)	(0.09)	940	032	0.27	- Commission of the commission	(0.09)	070
MBA Investments		0.0 0.0	(1.88)	2.00	458	35.88	11.95	20.79	The second secon	POTET THE A VIOLABRIAN SEA MARKET STREET, A VIOLABRIAN SEA MARKET STREET, SEA MARKET STRE	35.88	6.83
vs. S & P 500 Index			(1.38)	9770	(2.74)	(394)	(1099)	(7.78)	•	THE CONTRACTOR OF THE CONTRACT	(394)	(151)
GSAM	7	2249 8.6	(0.38)	2.06	7.71	39.32	•	#		- And Andreas -	39.32	10.19
vs. S & P 500 Index			(80'0)		0.39	(0.50)			•	Andrewski (A) () in over portión and anterior and	(0.50)	1.85
Total Large/Med Cap Equities	**	854.5 32.7	(I.19)	133	5.70	34.21	17.78	2423	22.17	18.27	34.21	989
vs. S & P 500 Index			(0.70)	(1.42)	(1.62)	(995)	(5.16)	(4.34)	(293)	(238)	(09'5)	(1.98)
S&P 500 Index.			(CD)	135	732	39.82	22.94	28.58	25.10	20.65	39.82	834
(1) S&P 500 Barra Value			(23)	83	785	34.11	15.38	2236	20.76	18.67	34.11	7,66

LTF - Small Cap Managers

- LTF Small Cap Portfolio to an outperformance of 10.12% greater than Northstar - with a 95.28% total return for FY 98-99 - lifted the entire the Russell 2000 Benchmark.
- Rosenberg has delivered disappointing performance, despite an excellent long term track record.
- FY 98-99: 18.38% v. R 2000 28.37%, negative 9.99% relative. (Witch List)
- GSAM has been recovering from the 8/1998 market period.
- FY 98-99: 24.42% v. R 2000 28.37%, negative 3.95% relative.
- Artisan was terminated in April, outperformance attributable to one stock remaining in portfolio.
- Schroder has outperformed its R 2000 Value Index by a large 8.65% margin.
- FY 98-99: 22.75% v. R 2000 Value 14.09%, positive 8.65% relative.
- The inefficient U.S. Small Cap markets have provided alpha.

LONG TERM FUND

GROSS OF FEES PERFORMANCE SUMMARY

AUGUST 31, 1999

											Fiscal Year	Calendar Year
	Net Asset				Period	ls Ended A	Periods Ended August 31, 1999	666			To Date	To Date
	Value	Allocation	Оле	Three	Six	Оте	Two	Three	Five Se	Seven	Year Ended	Eight Months Ended
	(in millions)	%	Month	Months	Months	Year	Years	Years	Years Ye	Years	August 31, 1999	August 31, 1999
Small Cap Equities:												1
Northstar	105.4	1.4	3.63	31.06	38.88	95.28	21.89	•		-	95.28	36.69
vs. Russell 2000 Growth			137	32.85	28.02	51.96	19.12		•	-	5196	31.45
Russell 2000 Growth			G.74)	(1.80)	10.85	43.32	2.78	823	11.81	12.85	43.32	524
Artisan Partners (Terminated Ap	9.4	0.0	-	3.02	638	9.71	(8.20)	332		1	12.6	(6.42)
vs. Russell 2000 Value			3,66	556	(235)	(439)	(8.42)	(8,00)	-		(439)	(5.43)
Schroder	50.1	1.9	(4.05)	(1.19)	16.33	22.75	(3.45)	13.05	13.33	•	22.75	0.37
vs. Russell 2000 Value			(0.39)	135	7.60	£978	(3.68)	1.74	Iğl	•	59'8	E
Russell 2000 Value			(3.66)	(2.54)	8.73	14.09	0.23	1131	1232]4,74	1409	(1.00)
GSAM	77.2	3.0	(298)	0.98	991	24.42	TREETINGENERS OF STANSFACESSIA ADMINISTRA	- I	American surveyors and section of the section of th	The first of the section of the sect	24.42	131
vs. Russell 2000			0.72	3.09	(0.01)	(395)	1			E	(395)	(104)
Rosenberg Equity	48.7	1.8	(2.95)	239	935	18.38		1	2	1	18.38	(1.04)
vs. Russell 2000	New control of the co		0.75	4.49	(0.56)	(666)	•			1	(666)	(339)
Russell 2000			(3.70)	(2.10)	9.91	28.37	1.71	10.08	12.30	1402	2837	235
Total Small Cap Equities	281.8	10.8	(080)	10.27	19.65	38.49	4.00	10.01	13.48		38.49	997
vs. Russell 2000			2.90	12.38	9.73	10.12	2.29	0.53	1.19	1	10.12	7.62

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LTF - International Equities

- provider) underweight to Japan assisted in this year's substantial Eagle Advisors's (entered as Barclays Global Investors, the fund underperformance of minus 7.69% versus the benchmark.
- The Capital Guardian International Small Cap Portfolio outperformed the MSCI EAFE Index by + 6.17%
- The Mark Mobius managed Templeton Emerging Markets portfolio delivered an excellent 65.78% Total Return for FY 98-99, although slightly lower than the benchmark return of 68.66%
- The GSAM Emerging Markets portfolio also returned a large total return of 55.57%, but also slightly less than the benchmark.
- The Total Return for the combined International Equity portfolio was 29.30% for FY 98-99.
- The various International Indices delivered mixed results.
- FTA 30.42%, EAFE 25.67%, and FTA Europe + Pacific 29.93%

	GOODER GOODSVIR ON A STANKAN AND AND AND AND AND AND AND AND AND A	GRC	OSS OF FEES PERFORMANCE SUMMARY	ES PERI	FORMAN	CE SUM	MARY			THE THE LABOR TO THE	- And the Collection of Collection of Collection and Collection of Colle	or projection and the projection of the projecti
			Thirties of the control of the contr	AUGUSI	AUGUST 31, 1999			and desirance of adversarious data is additional to the second se			ALLE FALL (FALL OFF) AND THE STREET	The contract contract contract contract is a fact to the contract
								Park approved a state of the st			Fiscal Year	Calendar Year
	Net Asset				Per	Periods Ended August 31, 1999	gust 31, 1999			Printed to Joycept Bakk untul parameter page and	To Date	To Date
	Value	Allocation	One	Three	Sir	One	T	Three	Fire	Seven	Year Ended	Eight Months Ended
	(in millions)	8	Month	Months	Months	Tear	Years	Years	Years	Years	August 31, 1999	August 31, 1999
International Equities:												
Established Markets:												
Barclays Global Investors International Fund(2)	1893	73	070	979	890	22.72	13.19	13.02	9.57		22.72	523
vs. Financial Times Actuaries World (excluding U.S.)			(790)	(2.09)	(4.77)	(697)	1.88	2.45	1.67		(69')	(09'5)
Capital Guardian Trust(3)	47.5	1.8	5.10	18.42	32.20	31.85	3.79		,	•	31.85	28.81
vs. MSCI EAFE Net		THE REAL PROPERTY AND ADDRESS OF THE PERSON NAMED AND ADDRESS	4.73	11.04	21.80	6.17	(8.23)	1			6.17	2136
Barclays Global Investors Money Market	4.7	0.2	4.0	132	2.61	238	3.66	555	•	The state of the s	538	3.42
CSAM(4)	82.7	3.2	196	8.62	10.98	24.55		The state of the s	Personal designation of the party of the par	Predimphotochic description of the state of	2455	9.57
vs. Financial Times Actuaries Europe + Pacific			10.04	(0.62)	(2.42)	(8.38)				1	(5.38)	(0.88)
Total Established Markets	324.2	12.5	1.49	8.56	12.05	24.12	1001	11.79	839	•	24.12	60.6
(2) Financial Times Actuaries World (excluding U.S.)			Ħ	8.71	13.67	30.42	1131	10.57	730	10.85	30.42	10.83
(3) MSCI EAFENet			033	738	10.40	25.67	12.03	11.03	8.21	11.06	25.07	7.45
(4) Financial Times Actuaries Europe + Pacific			132	924	13.40	2933	12.57	1092	8.14	11.02	2933	10.45
Emerging Markets:		PROPERTY OF THE PROPERTY OF TH										
Templeton	50.9	2.0	(33)	1.15	3409	65.78	(9.81)	(0.24)	•	-	65.78	27.64
vs. MSCI Emerging Markets			(4.38)	(1.71)	(257)	(2.88)	(0.83)	505			(2.88)	(7.93)
CSAM	235	60	(0.83)	921	34.18	55.57	,	r	2	The second secon	55.57	29.35
vs. MSCI Emerging Markets	не в груп в претурующего устаност в политерация подгала в дене		(891)	0.35	(2.48)	(13.09)			1	THE COUNTY AND THE CO	(13.09)	(621)
Total Emerging Markets	74.4	2.9	(2.71)	3.56	34.23	63,00	(11.18)	(125)	1		63,00	28.21
MSOI Emerging Markets			0.84	8.86	36,66	68.66	(8.38)	(529)	(6.64)	472	99.89	3.5
Total Foreign Equities	398.6	15.4	0.70	191	15.26	29.30	659	935	747		29.30	11.90

LTF - Alternative Marketable Equities

benchmark return by substantial margins, 6.74%, +8.31%, and +7.96 Farallon Capital, Maverick Capital, and Perry Partners exceeded the respectively.

RIEM disappointed with a negative 16.71% return, effecting the overall portfolio.

RIEM is on the watch list with negative implications.

Staff is reviewing other Market Neutral managers

Recall that the AME strategy is NEGATIVELY correlated with the S&P 500 Index by design.

Inception of this program 8/1998.



LONG TERM FUND	GROSS OF FEES PERFORMANCE SUMMARY	AUGUST 31, 1999	Riccol Year (Alandar
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	THE		Calendar Year	To Date	Eight Months Ended	August 31, 1999		AND THE PARTY OF T	7.62	(0.35)	(13.68)	(21.65)	12.97	5.00		859	797	236	(192)	THE RESERVE THE PROPERTY OF TH
			Fiscal Year	To Date	Year Ended	August 31, 1999			20.62	8931	(16.71)	(29.02)		796		6.74	1231	6.73	(5.58)	A CONTRACTOR OF THE PROPERTY O
					Seven	Years						No contract the contract of th	Marchinistin republic presents are service to property of the	AND THE PROPERTY OF THE PROPER	· · · · · · · · · · · · · · · · · · ·		1234	Andrew Commission of Assessment Commission of Commission o		
					Fire	Years			TO THE PROPERTY AND ADDRESS OF THE PARTY AND A		• Company of the C			·		•	1193		ŧ	
					Three	Years						T	White the season of the contract of the contra	•	*	•	12.73	delaterrerrierde management errorrerrerrerrerrerrerrerrerrerrerrerre		
	MARY			gust 31, 1999	Tw	Years		and the desiration of the desi		To the state of th	The same of the sa			-	Michigan und des des des des des des des des des de		12.00		He had bled show we about a table down to made we as	an arrangement of the second s
0	CE SUM			Periods Ended August 31, 1999	One	Year		The same of the sa	20.02	831	(1671)	(2002)	2027	796	19.05	6.74	1231	6.73	(5.58)	
LONG TERM FUND	ORMAN	AUGUST 31, 1999		Per	Six	Months		kerabbidikan bada Kaluardunya dan di mayan m	951	3,47	(8.11)	(14.15)	11.75	5.71	13.76	7.72	6.04	4.86	(1.18)	
ONG TE	ES PERF	AUGUST			Three	Months		THE PERSON AS A PERSON AS A PARTIE AS A PA	(2.14)	(51.5)	35	(2.45)	463	1.62	5. 8	2.47	301	080	(2.12)	AND THE RESERVE AND THE PROPERTY AND THE
Ä	ROSS OF FEES PERFORMANCE SUMMARY	•	-		e G	Month		Modeland to the state of the st	(6.05)	(F)	(1.17)	(2.16)	0.18	(0.81)	0.57	(0.42)	060	(2,65)	(3.64)	
	GRO				Allocation	%		And describition for many construction of spiritual and described in the state of t	4.0		2.7		19		∷			10.1	ANTIMI SALAMANANANANANANANANANANANANANANANANANAN	
AND PROPERTY AND				Net Asset	Value AI	(in millions)			103.4		69.2		48.4		40.0			261.0		
ладам, надамента над	The second secon	of the state of th	Application in the second exponential control of the second	-															Andrew and control of the control of	
							Alternative Equities:	Marketable:	Maverick Fund	vs. 90 Day Treasury Bill + 7%	RIEM	vs. 90 Day Treasury Bill + 7%	Perry Partners International	vs. 90 Day Treasury Bill + 7%	Farallon Capital Offshore Investors	vs. 90 Day Treasury Bill + 7%	90 Day Treasury Bill + 7%	Total Marketable	vs. 90 Day Treasury Bill + 7%	

PUF - Public Markets

- The PUF has been managed with the focus on generating income, rather than as a pure total return portfolio.
- 30.2% is higher than the LTF's allocation of 19.2% as of 8/31/1999. Therefore, the Fixed Income portion of the PUF asset allocation at
- PUF, for FY 98-99 PUF Total Return was 17.91% vs. 22.12% for the This asset allocation effect in turn affected the overall return of the LTF and 24.32% for the Policy Portfolio:

	Calendar Year To Date	Eight Months Ended	August 31, 1999	2.61	(Ig)	(4.50)	7.22	=
	Cale	Eight M	Augus					
	Fiscal Year To Date	Year Ended	August 31, 1999	1941	(11.43)	(6.41)	29.33	24.32
		Seven	Tears	1255	(351)	(198)	90'91	1453
		<u>Fire</u>	Years	1453	(2.78)	(0.54)	1731	1507
RY		Three	Years	1532	(3.59)	(0.78)	18.90	16.09
UND SUMMA	st31,1999	Tim	Years	11.28	(4.13)	(2.34)	15.42	13.62
RSITY F MANCE 1999	Periods Ended August 31, 1999	One	Year	1791	(11.43)	(6.41)	28.83	24.32
TENT UNIVERSIT ES PERFORMAN AUGUST 31, 1999	Periods	Sh	Months	5.14	(282)	(253)	362	7.68
PERMANENT UNIVERSITY FUND ISS OF FEES PERFORMANCE SUMMARY AUGUST 31, 1999		Three		1.05	(1:33)	(151)	53	255
PER GROSS 0		One	Month	410	034	8000	(RTI)	(6003)
		Allocation	%	1001	от при одржава в вой одржава в семента в	Complete material (CCC) ST EQUALIZATION (WIND		
	Net Asset	Value A	(in millions)	7,465.6 100.D				
	Net	**	通	~	OF A PART PROPERTY OF THE PARTY	0.00(2.11)(0.00)		
					во и будіне чідіце написалю одицеваю дей укра	TOTAL POLICE CONT.		
				TALLY TO A CAME THE STREET, WAS ARRESTED AND A S				
				ermanent University Fund	التر	vs. Policy (Restated)		Policy.Restated
	10.35			Permane	vs.Policy	rs. Pol	Policy	Policy-R

PUF - Fixed Income

- effective in that the portfolio is a "buy and hold" strategy in keeping PUF Fixed Income Investments are managed internally. This is cost with the Constitutionally mandated "pay all income" rule.
- The PUF bonds are not managed on a total return basis.
- Long Run performance has kept pace with the index.
- negative 1.00% total return for the PUF portfolio, or a negative 1.80% FY 98-99 was a poor performing period for US Bonds resulting in a relative to the LBAGG.
- Recall that when yields rise, the value of bonds in a buy and hold portfolio fall to reflect current interest rate markets.

GROSS OF FEES PERFORMANCE SUMMARY

PERMANENT UNIVERSITY FUND

		AND THE PROPERTY OF THE PROPER			AUG	40GUST 31, 1999	, 1999					
												THE PROPERTY OF THE PROPERTY AND THE PROPERTY OF THE PROPERTY
				med very manter til mantenansky by dy parameter skyle.				***			Fiscal Year	Calendar Year
	Net Asset				Period	Periods Ended August 31, 1999	gust 31,1	999			To Date	To Date
жен анализания выполня передер предержения предержени	Value	llocation	One	Three	Six	Оте	Two Three	8	Five	Seven	Year Ended	d Eight Months Ended
	(in millions)	0%	Month	Months	Months	Year	Years	Years 1	Years Years	Years	August 31, 1999	lugust 31, 1999 August 31, 1999
Fixed Income-Interns	2,256.5	30.2	(10.1) (03.1) (22.1) (25.0)	(1.32)	(1.66)		5.70	7.54	8.03	7.19	-101	(3.81)
vs. Lehman Brothers Aggregate	s Aggregate		(0.30)	(0.52)	(0.86)		0.13	0.52	0.76	0.70	(1.80)	(197)
Lehman Brothers Aggregate	regate		(CO.D)	(87.9)	(0.80)	0.80	5.57	7.03	7.27	6.49	0.80	(1.84)
											International International Control of the Control	

PUF - Large Cap Managers

- In the past the PUF has emphasized a "value-tilt" that increases the dividend payout of this portion of the portfolio.
- The PUF also shares some of the same Active investment managers as the LTF, who also delivered poor performance in the PUF portfolios.
- Fayez Sarofim delivered less than benchmark returns for FY 98-99 of 30.39% versus 39.82%, or negative 9.42% on a relative basis.
- Internal Large Cap Equity portfolio also performed poorly relative to the S&P 500 Index:
- Internal Large Cap Growth total return of 32.43% or negative 7.39% relative to the S&P 500
- Internal Equity Income total return of 19.95% or negative 19.87% relative to the S&P 500
- On the upside, Davis Hamilton & Jackson outperformed the S&P 500 Index by 1.99%
- The Internally managed REIT portfolio outperformed on a relative basis by 0.93%.
- Finally the Cash Equitization Portfolio exceeded the benchmark by 0.29% program to date. (11/1/1998 to 8/31/1999)

PERMANENT UNIVERSITY FUND

GROSS OF FEES PERFORMANCE SUMMARY

AUGUST 31, 1999

Net Asset Net Asset		M N O O O O		ugust 31, 1 Two Years	,1999 Three Years	Five	Seven	To Date Year Ended	To Date ight Months Ende
value Allocation Walue Allocation M tic Equities: (in millions) % M vez Sarofim 192.4 2.6 M vez Sarofim 192.4 2.6 S vez Sarofim 489.5 6.6 S vez Sarofim 80.9 1.1 S vez Sarofim 714.2 S vez Sarofim 714.2 S vez Sarofime 714.2 S				Two Years	Three Years	Five	Ѕечен	Year Ended	ight Months Ende
tic Equities: (in millions) % M led Cap Equities: 192.4 2.6 2.6 vs. S& P 500 Index 489.5 6.6 6.6 vs. S& P 500 Index 80.9 1.1 8.0 1.1 vs. S& P 500 Index 80.9 1.1 8.0 1.1 vs. S& P 500 Index 80.9 1.1 8.0 1.1 vs. S& P 500 Index 487.7 6.5 8.0 vs. S& P 500 Barra Value 714.2 8.0 1.102.9 14.8 vs. S& P 500 Index 1,102.9 14.8 1.102.9 14.8		M		Years	Years		The state of the s		14
lic Equities: 192.4 26 yez.Sarofim 192.4 26 vs. S & P 500 Index 489.5 66 vs. S & P 500 Index 80.9 1.1 vs. S & P 500 Index 80.9 1.1 vs. S & P 500 Index 80.9 1.1 vs. S & P 500 Index 226.5 3.0 vs. NAREIT Equity 487.7 6.5 vs. S & P 500 Barra Value 714.2 vs. S & P 500 Index 1,102.9 14.8 vs. S & P 500 Index 1,102.9 14.8						Years	Years	August 31, 1999 August 31, 1999	CARL ST. 1227
s 192.4 2.6 00 Index 489.5 6.6 00 Index 80.9 1.1 00 Index and Real Estate Ir 226.5 3.0 T Equity arnal Equity (2) 487.7 6.5 00 Barra Value 714.2 00 Index									
192.4 2.6 2.							THE VEH STA THE ACTUAL THE ACTUAL STATE OF THE	AND AND THE PARTY AND AND THE PARTY AND THE	ART VARPETER VARIANCE VAN GROUE AND
192.4 2.6 00 Index ins 489.5 6.6 00 Index In Jackson 80.9 1.1 00 Index ernal Real Estate Ir 226.5 3.0 T Equity ernal Equity (2) 487.7 6.5 00 Barra Value In June S&P 1,102.9 14.8 00 Index									The state of the s
#89.5 6.6 #80.9 1.1 #87.7 6.5 #714.2 #7 1,102.9 14.8				19.59	25.43	25.61	19.01	30.39	4.29
#89.5 6.6 80.9 1.1 #87.7 6.5 #714.2 #714.2				(3.35)	(3.14)	0.51	(1.64)	(9.42)	(4.05)
80.9 1.1 e Ir 226.5 3.0 487.7 6.5 714.2 2P 1,102.9 14.8			04.40	21.93	26.87	22.87	The consequence of the control of th	32.43	521
# 1,102.9 1.1 # 1,102.9 148			(33)	(101)	(1.71)	(223)	And the contract of the contra	(A)	(3.14)
# L			41.81	26.62	29.50	24.09		41.81	7.20
## 226.5 3.0 ### 487.7 6.5 ### 714.2 ### 1,102.9 14.8			199	3.68	0.93	(101)		199	(1.14)
487.7 6.5 714.2 2P 1,102.9 14.8			3.67	(3.23)	11.37	12.67	ACCHAINM AND	3.67	0.04
487.7 6.5 714.2 2P 1,102.9 14.8	10000		0.93	1.18	503	3.92	-	0.93	(0.12)
714.2 2P 1,102.9 14.8			19.95	10.92	18.88	19.35		19.95	(1.38)
714.2 1,102.9 14.8		(2.49) (6.64)	(14.15)	(4.66)	(3.48)	(141)	THE PROPERTY AND A PR	(14.15)	(9.04)
1,102.9 14.8		(5.01) 2.08	14.16	538	15.90	17.20		14.16	(0.94)
ndex	(0.48)	1.74 7.31	39.72	22.90	28.53	25.14	1	39.72	834
0000		(100) (000)	(0.10)	(0.04)	(90.05)	0.04		(0.10)	8
Cash Equitization 178.0 2.4 (0.4)	(0.47) 2	2.00 7.40			1	•	THE CONTRACT OF THE CONTRACT O		7.41
vs. S & P 500 Index 0.03	0.03 0.	0.25 0.08	1	1				•	(093)
	(0.50)	1.75 7.32	39.82	22.94	28.58	25.10	20.65	39.82	834
			2.74	(4.40)	6.32	8.74	10.61	2.74	0.16
(Z) S&P 500 Barra Value (2.53)		(1.90) 7.85	34.11	15.58	22.36	20.76	18.67	34.11	7.66
Barclays Global Investors Mid C 718.2 9.6 (3.42)	(3.42) (0	(0.45) 10.95	41.52	13.33	20.82	19.04	-	41.52	
vs. S & P Mid Cap Index 0.00	000	£000 (£000)	(90.0)	90"0	900	0.16	-	(90.0)	00.0
S&P Wid Cap Index (3.43)	(3.43) (0	(0.42) 10.92	41.58	13.27	20.77	18.88	17.50	41.58	1.02
Total Large Myled Cap Equities 3,476.1 46.6 (1.35)	(1.35) (0.	(0.01) 6.42	32.20	16.17	23.00	21.21	17.71	32.20	4.03
vs. S & P 500 Index (0.86)		(0.76) (0.90)	(7.61)	(6.77)	(5.57)	(3.89)	(2.94)	(191)	(431)

PUF - Small Cap Managers

- Cordillera delivered a 59.01% Total Return (TR) versus the Benchmark Russell 2000 Growth TR of 43.32%
- 2000 Growth Index. Fortaleza has been struggling for several years. negative relative performance of minus 25.22% versus the Russell Fortaleza underperformed dramatically with an 18.10% TR for a
- Paradigm is closet indexer that has underperformed the index slightly for FY 98-99. In the long run after fees, Paradigm is essentially an index manager.
- Schroder has outperformed its R 2000 Value Index by a large 9.05% margin.
- Cordillera and Schroder pulled the combined Small cap portfolio to break even with the Russell 2000 Index, 27.17% v. 27.17%.

PERMANENT UNIVERSITY FUND

GROSS OF FEES PERFORMANCE SUMMARY

AUGUST 31, 1999

	The state of the s	eles del descharar hacherar des ellera manue una reconstruccione seconomicos	HAND THE PROPERTY OF THE PROPE							THE PROPERTY AND ADDRESS AND A	Fiscal Year	Calendar Year
Ž	Net Asset	***************************************			Period	Periods Ended August 31, 1999	gust 31, 1	999			To Date	To Date
	Value 1	Allocation	Оле	Three	Six	One	Two	Three	Fine	Seven	Year Ended	Eight Months Ended
(ii)	(in millions)	%	Month	Months	Months	Year	Years	Years	Years	Years	August 31, 19	August 31, 1999
Small Cap Equities			-									
Cordillera	359	0.5	(434)	9.68	21.26	59.01	10.71	17.61	17.37		59.01	12.04
vs. Russell 2000 Growth			(09'0)	11,48	10.41	15.68	7.93	938	5.56	Annual consistency and a second construction of the construction o	15.68	6.79
Fortaleza	33.5	0.4	(0.26)	133	(1.65)	18.10	(9.77)	0.45	6.75	Angle of the second control of the second co	18.10	(1453)
vs. Russell 2000 Growth			3,48	3.15	(12.50)	(25.22)	(12.54)	(7.78)	(5.06)	Annual and Tables and Annual A	(25.22)	(19.77)
Paradigm	26.8	0.4	(0.13)	5.84	15.36	43.08	3.87	8.38	12.57		43.08	692
vs. Russell 2000 Growth			3.61	7.64	4.51	(0.24)	1.09	0.15	0.75	The state of the s	(0.24)	191
Russell 2000 Growth			(3.74)	(1.80)	10.85	43.32	2.78	8.23	11.81	12.85	43.32	524
Schroder	230.8	3.0	(4.10)	(1.12)	16.16	23.14	(3.17)	13.59	14.17		23.14	
vs. Russell 2000 Value			(0.44)	1.42	7,43	9.05	(3.40)	2.28	1.85	1	9.05	14.
Russell 2000 Value			(3.66)	(2.54)	8.73	14.09	0.23	1131	12.32	14.74	14.09	(1.00)
Total Small Cap Equities	327.0	43	(3.43)	0.77	14.50	27.17	(191)	11.11	13.54		27.17	0.26
vs. Russell 2000			(3.43)	0.37	14.50	71.17	(191)		13.50 13.00 14.00 16.00	An extraction of transport and the state of		971

PUF - International Equities

- Again, Eagle Advisors (entered as Barclays Global Investors, the fund provider) underweight to Japan assisted in this year's substantial underperformance of minus 7.73% versus the benchmark.
- No Emerging Market Investments currently in PUF.

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GROSS OF FEES PERFORMANCE SUMMARY

AUGUST 31, 1999

	положения в положения в придорожения в положения в положения в положения в положения в положения в положения в										Fiscal Year	Fiscal Year Calendar Year
A CAMARA MARA MARA MARA MARA MARA MARA M	Net Asset				Period	Periods Ended August 31, 1999	ugust 31, 1	1999			To Date	To Date
нада муйли рана от верх унципуйн де оргоноверу угал саруунун да сургандардага да да саруундага саруундага багаа	Value	Allocation	One	Three	Six	Опе	Two	Three	Five	Seven	Year Ended 1	Year Ended Eight Months Ended
	(in millions)	%	Month	Months	Months	Year	Years Years	Years	Years	Years	August 31, 195	August 31, 195 August 31, 1999
International Equities:												
Barclays Global Investo	496.7	496.7 6.7	0.56	6.64	8.84	22.69	13.15	13.04	9.58	•	22.69	5.21
vs. Financial Times Actuaries World (excluding U.S.)	Actuaries Worl	1 (excluding U.S.)	(0.56)	(2.07)	(4.82)	(7.73)	1.84	2.47	1.68		(5.73)	(5.62)
Barclays Global Investo	11.8	11.8 0.2	0. 4	1.37		5.49	5.74	5.65			5.49	3.49
Financial Times Actuaries World (excluding U.S.)	: World (excludi	ng U.S.)	111	8.71		30.42	11.31	10.57	7.90	10.85	30.42	10.83
Total Foreign Equiti	508.5	508.5 6.9	0.55	6.52	8.70	22.29	12.98	12.87	957		22.29	6[]

Attribution Analysis

- "Bars" denote Benchmark, Bar-less denotes Underlying Portfolio
- Asset Allocation effects:

$$\sum_{i} (w_{it} - \overline{w}_{it})^* (\overline{R}_{it} - \overline{R}_{t}) = A_{t}$$

Security Selection Effects = Effectively "Manager Security Selection

$$\sum \overline{w}_{it} * (R_{it} - \overline{R}_{it}) = S_t$$

Interaction Effects:

$$\sum_{t} (W_{tt} - \overline{W_{tt}})^* (R_{tt} - \overline{R_{t}}) = I_t$$

Focus on Large Cap Asset Allocation and Security Selection LTF: Attribution Analysis Summary

	LTF 1999	LTF 1998	LTF 1997	LTF 1999	LTF 1998	LTF 1997
	ASSET ALLOCATION EFFECT	ASSET ALLOCATION EFFECT	ASSET ASSET ASSET ALLOCATION ALLOCATION EFFECT EFFECT	SECURITY SELECTION EFFECT	SECURITY SELECTION EFFECT	SECURITY SELECTION EFFECT
CASH AND EQUIVALENTS	-0.30%	0.39%	-0.15%	%00°0	0.00%	%00'0
EQUITIES: US COMMON STOCKS:						
MEDIUM/LARGE CAP STOCKS	0.29%	1.44%	2.54%	-1.56%	-1.36%	-0.64%
SMALL CAP STOCKS	-0.02%	%65:0-	0.03%	0.94%	%0E'0-	-0.26%
INTERNATIONAL COMMON STOCKS:	-					
ESTABLISHED MARKETS	-0.05%	-0.12%	0.10%	-0.76%	0.50%	0.47%
EMERGING MARKETS	-0.29%	0.21%	-0.01%	%CTOT		
ALTERNATIVE EQUITIES:	-					
NONMARKETABLE	0.85%	-1.55%	0.50%	1.02%	2.38%	~90'0-
MARKETABLE	-0.55%	-0.07%	0.51%	-D.44%	-125%	0.00%
FIXED INCOME:	1					
U.S. (DOMESTIC)	-0.59%	-0.25%	-1.17%	0.05%	0.35%	0.14%
INTERNATIONAL	0.21%	0.15%	1.15%	-0.04%	%9EO-	
TOTALFUND	-0.47%	-0.32%	3.50%	%96'0-	-0.10%	0.32%

Focus on Large Cap Asset Allocation and Security Selection PUF: Attribution Analysis Summary

	PUF 1999	PUF 1999 PUF 1998 PUF 1997	PUF 1997	PUF 1999	PUF 1998	PUF 1997
	ASSET ALLOCATION EFFECT	ASSET ASSET ALLOCATION ALLOCATION EFFECT EFFECT	ASSET ALLOCATION EFFECT	SECURITY SELECTION EFFECT	SECURITY SELECTION EFFECT	SECURITY SELECTION EFFECT
CASH AND EQUIVALENTS	-0.30%	-0.02%	-0.03%	%00:0	%00'0	%00°0
EQUITIES: US COMMON STOCKS:						
MEDIUM/LARGE CAP STOCKS	2.00%	0.73%	1.81%	-2.10%	-1.78%	-0.73%
SMALL CAP STOCKS	%0EO-	1.16%	035%	-0.07%	-0.58%	1.07%
INTERNATIONAL COMMON STOCKS:						
ESTABLISHED MARKETS	%6CO-	0.40%			1.13%	
EMERGING MARKETS	123%	1.99%	0.47%	%00°0		%00°0
ALTERNATIVE EQUITIES:						
NONMARKETABLE	0.76%	-1.24%	0.47%	0.87%	-125%	%90'0
MARKETABLE	0.85%	-0.55%	0.51%	%00°0		
FIXED INCOME:						
U.S. (DOMESTIC)	494%	%96'0	-2.62%	-0.33%	0.31%	0.19%
INTERNATIONAL	0.93%	%60'0-	115%	%00°0		%00'0
TOTAL FUND	-2.64%	3.34%	1.95%	.2.58%	-217%	%660

Summary

- In the Efficient U.S. Large Cap Equities Markets:
- Asset Allocation has worked.
- Security Selection in the form of Manager Selection has not performed.
- Staff is reviewing proven Enhanced Equity managers and similar strategies.
- The Inefficient Markets offer active manager strategies that continue to demonstrate skill relative to the benchmarks.
- International Developed, International Small Cap, and Emerging Markets Fixed Income, U.S. Small Cap, Alternative Marketable Equities,

Attribution Analysis Supporting Detail

LTF and PUF

FY 1997 FY 1998 FY 1999

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	LONG TERM		FUND ASSET ALLOCATION AND ATTRIBUTION ANALYSIS	AND ATTRIBUT	TON ANALYSIS			
		H	YEAR ENDED AUGUST 31, 1997	I31,1997				
					To the second state of the			
	AVERAGE							
	PORTFOLIO		POLICY			And the state of t		AND A STATE OF THE PROPERTY OF
	ASSET	PORTFOLIO	PORTFOLIO		ASSET	SECURITY		NACAANA MARI I maada maay waxaa ayaa ayaa ayaa ayaa ayaa ayaa
	ALLOCATION	TOTAL	ASSET	POLICY	ALLOCATION	SELECTION	INTERACTIVE	TOTAL
	8/31/97	RETURN	ALLOCATION	RETURN	EFFECT	EFFECT	EFFECT	EFFECT
CASH AND EQUIVALENTS	0.81%	6.17%	%00'0	5.40%	-0.15%	%00°0	%00'0	-0.15%
EOUITIES:		en de la composito de la compo						POUR DESERTE DESPONANTA DE LA COMPANION DE LA
US COMMON STOCKS:	to design to the state of the s			ar management of the same and two properties of the same and the same				And the first of t
MEDIUM/LARGE CAP STOCKS	46.13%	38.22%	30.00%	40.63%		-0.64%	-0.11%	1.79%
SMALL CAP STOCKS	8.43%	25.11%	10.00%	28.95%	0.03%	-0.26%	0.17%	-0.06%
INTERNATIONAL COMMON STOCKS:								
ESTABLISHED MARKETS	10.66%	13.56%	12.00%	9.11%	0.10%	0.47%	-0.01%	0.56%
EMERGING MARKETS	3.05%	22.06%	3.00%	2.54%		0.50%		0.50%
ALTERNATIVE EQUITIES:				eli – (vi – vi m. e. v. m. eli m.	OORAN TERNITORIAN TO THE TRANSPORT OF TH			
NONMARKETABLE	4.71%	16.33%	18.00%	17.00%	0.50%	-0.06%	0.02%	0.46%
MARKETABLE	%00:0	%00:0	7.00%	12.99%	0.51%	-0.85%		0.52%
FIXED INCOME:	CONTRACTOR DESCRIPTION TRANSPORTATION AND AND AND AND AND AND AND AND AND AN	THE PROPERTY AND ADDRESS OF THE PROPERTY OF TH		A THE PROPERTY OF THE PROPERTY				
U.S. (DOMESTIC)	26.21%	10.99%	15.00%	10.00%	-1.17%	0.14%	0.20%	-0.84%
INTERNATIONAL	%00'0	%00:0	5.00%	-339%	1.15%	0.17%	-0.17%	1.15%
TOTAL FUND	100.00%	25.14%	100.00%	21.20%	3.50%	-0.53%	%86'0	3.94%

	THE	NIVERSITY OF T	THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY	NT MANAGEM	INT COMPANY			
	LONGI	ERM FUND ASS	LONG TERM FUND ASSET ALLOCATION AND ATTRIBUTION ANALYSIS	AND ATTRIBU	TION ANALYSIS			NAMES AND ADDRESS OF THE PARTY
		EE.	YEAR ENDED AUGUST 31, 1998	T31,1998		THE PROPERTY OF THE PROPERTY O		
	AVERAGE		POLICY					
	PORTFOLIO	PORTFOLIO	PORTFOLIO		ASSET	SECURITY		
	ASSET	TOTAL	ASSET	POLICY	ALLOCATION	SELECTION	INTERACTIVE	TOTAL
	ALLOCATION	RETURN	ALLOCATION	RETURN	EFFECT	EFFECT	EFFECT	EFFECT
CASH AND EQUIVALENTS	1.36%	6.17%	%00:0	5.31%	0.39%	%00'0	0.01%	0.40%
FOIITHES		electes and the lecture of the least of the		to the second				
US COMMON STOCKS:	n de la composition della comp			NATURAL PLANTED AND MANAGEMENT MA				
MEDIUM LARGE CAP STOCKS	44.69%	3.36%	30.00%	8.10%	1.44%	-136%	-0.65%	-0.61%
SIMALL CAP STOCKS	11.75%	-21.90%	10.00%	-19.41%	-0.59%	7030%		-0.89%
INTERNATIONAL COMMON STOCKS:					OCONOMI PORTINGUIS AND			
ESTABLISHED MARKETS	11.89%	%68'0-	12.00%	-4.99%	-0.12%	0.50%	90.0	0.43%
EMERGING MARKETS	2.47%	-51.60%	3.00%	-50.88%	0.21%	~90'0-	0.02%	0.16%
ALTERNATIVE EQUITIES:	AND THE REAL PROPERTY OF THE P	THE REPORT OF THE PROPERTY OF		нико с соправления в селения в	enter entere de la comparta de la capación de la c			
NONMARKETABLE	5.27%	32.78%	18.00%	17.00%	-1.55%	238%	-1.79%	-0.97%
MARKETABLE	0.48%	N/A	7.00%	12.89%	-0.07%	-123%	%98.0	-0.46%
FIXED INCOME:							METROPOLITATION AND REAL PROPERTY FOR THE LOCAL LICENSES. THE REAL PLANT AND PROPERTY FOR THE PROPERTY FOR T	
U.S. (DOMESTIC)	19.98%	13.07%	15.00%	10.56%	-0.25%	035%	0.15%	0.22%
INTERNATIONAL	1.78%	N/A	5.00%	%80'9	0.15%	-036%	0.21%	%00.0
GLOBAL ASSET ALLOCATION ACCOUNT	0.33%	N/A	%00'0	0.00%	0.08%	%00°0	-0.25%	0.17%
TOTALFUND	100.00%	196%	100.00%	3.85%	-0.32%	-0.10%	-137%	-1.89%
		ниот в меня разворя бразова объема на верхина на постава на постава на постава на постава на постава на постав						

	HEU	NIVERSITY OF	UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY	NT MANAGEM	INT COMPANY			The state of the s
	LONG	TERM FUND AS:	TERM FUND ASSET ALLOCATION AND ATTRIBUTION ANALYSIS	AND ATTRIBU	TION ANALYSIS			
		Ŋ	YEAR ENDED AUGUST 31, 1999	T31,1999			AND THE PROPERTY OF THE PROPER	A CATALOGUE OF THE STATE OF THE
			a ()					AND THE PROPERTY OF THE PROPER
	1. N. 7. Canada 3. 7	nyan yana angan yang oppoy oppoy mendida mendida mendida pengan pengan pengan dagan dagan dagan bersaman dagan		aan quadan oo aan o				
	AYEKAGE					MAN (MAN AND AND AND AND AND AND AND AND AND A	ROMORNA ERIMAN REMAIN MATERIAL MATERIAL PARTY PROPERTY OF THE STATE OF	The second state of the second
	PORTFOLIO		POLICY					
	ASSET	PORTFOLIO	PORTFOLIO		ASSET	SECURITY		
	ALLOCATION	TOTAL	ASSET	POLICY	ALLOCATION	SELECTION	INTERACTIVE	TOTAL
	8/31/99	RETURN	ALLOCATION	RETURN	EMPECT	ENTECT	EFFECT	EFFECT
CASH AND EQUIVALENTS	1.53%	6.04%	0.00%	4.77%	-030%	0.00%	%00'0	-0.30%
EQUITIES:								
US COMMON STOCKS:	enthere enumerication between the control and definition for an enthere engage enthere e	MATERIAL COLUMNS CONTRACTOR COLUMNS CO	AND THE PROPERTY OF THE PROPER					THE PARTY OF THE PARTY OF THE PARTY STATES OF
MEDIUM/LARGE CAP STOCKS	33.10%	3421%	30.00%	39.89%	0.29%	-1.56%	-0.12%	-139%
SMALL CAP STOCKS	10.91%	38.50%	10.00%	28.32%	-0.02%	0.94%		0.92%
				THE STREET STREET, STR				
INTERNATIONAL COMMON STOCKS:	V V V V V V V V V V V V V V V V V V V							
ESTABLISHED MARKETS	12.69%	24.13%	12.00%	30.53%	-0.05%	-0.76%	-0.04%	-0.85%
EMERGING MARKETS	2.41%	63.09%	3.00%	72.31%	-0.29%	-0.17%	%00:0	-0.46%
ALTERNATIVE EQUITIES:							AMANDO CONTRA DEL PORTRA DA MARCA CARRA DE LA CARRA DE LA CARRA DE LA CARRA DE LA CARRA DEL CARRA DEL CARRA DE LA CARRA DEL CA	A CONTRACTOR AND THE STATE OF T
NONMARKETABLE	7.43%	21.82%	18.00%	17.00%	0.85%	1.02%	-0.30%	1.37%
MARKETABLE	10.61%	6.71%	7.00%	1231%	-0.55%	-0.44%	-0.26%	-1.25%
FIXED INCOME.				ANALISAMONI TRANSPORTAÇÃO (CONTRACTOR DE CONTRACTOR DE CONTRACTOR DE CONTRACTOR DE CONTRACTOR DE CONTRACTOR DE				
U.S. (DOMESTIC)	16.74%	1.10%	15.00%	0.81%	-0.59%	N.0.0	%UU U	%P\$ U"
INTERNATIONAL	3.77%	5.52%		621%				0.18%
GLOBAL ASSET ALLOCATION ACCOUNT	0.81%	10.21%	%0000	%00:0	-0.02%	%UU	%UUU	76CU II
		And the state of t	THE REST OF THE PERSON NAMED IN THE PERSON NAM		The state of the s			
TOTAL FUND	100.00%	22.11%	100.00%	24.44%	-0.47%	-0.96%	-0.91%	-2.34%

		NIVERSITY OF 1	THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY	IT MANAGEMEN	IT COMPANY			
	PERMANENT U	NIVERSITY FUR	PERMANENT UNIVERSITY FUND ASSET ALLOCATION AND ATTRIBUTION ANALYSIS	TION AND ATT	RIBUTION ANAL	YSIS	A A AAA AA A	THE DESIGNATION OF THE PROPERTY OF THE PROPERT
			YEAR ENDED AUGUST 31, 1997	I 31, 1997	en vondynderproprintarywwenting statusianing gebruik met geste system i e			техностичности выправления подперавления в предоставления в подперавления в по
					MATERIAL MATERIAL MATERIAL MATERIAL MATERIAL PROPERTY AND			одинираничницина произвидент до се дине уславницина до одини и поливани видени и поливани видени и поливани вид
	AVERAGE						A training and an advanced to the second	A PROTECTION OF THE PROTECTION OF THE ACCOUNT OF THE PROTECTION OF THE PARTY CALLED
	PORTFOLIO		POLICY					- Andreas (No. of the same Was (No. of the same dynamical and specific the same property as a same specific to the
	ASSET	PORTFOLIO	PORTFOLIO		ASSET	SECURITY	ADJUSTED	ADJUSTED
	ALLOCATION	TOTAL	ASSET	POLICY	ALLOCATION	SELECTION	INTERACTIVE	TOTAL
	8/31/97	RETURN	ALLOCATION	RETURN	EFFECT	EFFECT	EFFECT	EFFECT
CASH AND EQUIVALENTS	0.22%	6.17%	%00:0	5.40%	-0.03%	%00°0	0.00%	-0.03%
BOUITIES:		ana and maintain deal and an						
US COMMON STOCKS:							E-THEORY CONTRICTORY TO THE RESTRICT THE RES	THE RESIDENCE AND ADDRESS OF THE PROPERTY OF T
MEDIUM/LARGE CAP STOCKS	42.33%	37.90%	30:00%	40.63%	1.81%	-0.73%	%90 [.] 0-	1.02%
SMALL CAP STOCKS	4.60%	42.58%	10.00%	28.95%	-0.35%	1.07%	-0.52%	
INTERNATIONAL COMMON STOCKS							ALOREDON POLICE SECULIARIA (A) CARLARIA LA COLLACA DE COMPANION DE SERVICION DE SER	THE WAS PRODUCED TO SERVICE AND THE WAS CONTINUED TO SERVICE AND THE SERVICE OF T
ESTABLISHED MARKETS	6.64%	12.64%	12.00%	9.11%	0.54%	. %600	-0.15%	0.78%
EMERGING MARKETS	%00:0	%00:0	3.00%	2.54%	0.47%	%00'0	0.00%	
ALTERNATIVE EQUITIES:							на на середня середня в населения в под середня в под предоставля под достого середня под под середня в под се	
NONMARKETABLE	5.65%	17.25%	18.00%	17.00%	0.47%	0.06%	-0.05%	0.48%
MARKETABLE	%00:0	%00:0	7.00%	12.99%	0.51%	%00'0	00:00%	0.51%
FIXED INCOME:					THE REAL PROPERTY OF THE PROPE		NATION (ACMADA), NATIONAL MATERIAL MATE	POSTEROP ILA VOLLENDO MASSELLA CALLA TA ANTO CALLA TA ANTO CALLA C
U.S. (DOMESTIC)	40.56%	11.32%	15.00%	10.00%	-2.62%	0.19%	0.47%	-1.96%
INTERNATIONAL	%00:0	%00:0	3.00%	-3.39%	1.15%	0.00%		1.15%
TOTALFUND	100.00%	23.83%	100.00%	21.20%	1.95%	%66'0	-0.32%	2.63%
	MILANDA ONLONG MANAGAMANA MANAGAMANA ANAGAMANA ANAGAMANA ANAGAMANA ANAGAMANA	rept mener i persona i delimenti mismer i compressoromono de como como como como como como como com			Application in the state of the	dy y me mm i Are y me trooper de projector projector projector projector de Arendo Arendo Arendo Arendo Arendo		Carbata of the area of the are

AVERAGE	TO T T TOTAL T TOTAL						
AVERAGE	H	YEAR ENDED AUGUST 31, 1998	T31,1998				eranadossonala-over la mandesson de que and qual-ob-operator que
AVERAGE	the statement of the st						
ORTFOLIO	e compression des establisment des establisments des establisments de la compression de la compression de la c		eric establication de construction de construc	and demand a second manufacture of the property of the second of the sec			
		POLICY		and for the same reverse representations in a calculated and a calculated			AND THE PROPERTY OF THE PROPER
ASSET	PORTFOLIO	PORTFOLIO		ASSET	SECURITY	ADUSTED	ADJUSTED
ALLOCATION 8/31/98	TOTAL	ASSET ALLOCATION	POLICY	ALLOCATION EFFECT	SELECTION EFFECT	INTERACTIVE EFFECT	TOTAL
0.50%	6.17%	%00:0	5.31%	-0.02%	%00°0	%00 ⁰ 0	-0.02%
			THE CONTRACTOR OF THE PERSON NAMED AND ADDRESS OF THE PERSON N				MANIELLE E EUL IL DESERVE MANIELLE PARAMENTALISME PROPERTY MANIELLE EN L'ANDRESSE EN L
	And design and design of the state of the st	PROFESSIONAL SEGMENTS AND A PARTY AND AND A SEGMENT OF THE SEGMENT		THE RESERVE OF THE PROPERTY OF		THE REAL PROPERTY OF THE PROPE	AND VALUE TO A PART AND A SHARP A SHARP AND A SHARP AN
46.04%	2.08%	30.00%	8.10%	r de minus dem boro representante para esta accusado		-0.92%	-197%
5.17%	-2435%	10.00%	-19.41%	1.16%		0.28%	0.87%
							OUR TAANTY COUNTY IN THE PARK PROPERTY OF THE PARK
6.51%	438%	12.00%	-4.99%		1.13%	-0.51%	1.01%
0.00%	%00:0	3.00%	-50.88%		%00'0	%00:0	1.99%
	odnik mirami pamama proprincipa se proprincipa proprin			Aprel (this increasing to the A old of Association in this make multimate associated in the Association (the text)		00. Мар (сабра больная верхия обраба пописибаем и поструктую формация вода	PALIFIER II LEAVING MEN AND AND AND AND AND AND AND AND AND AN
6.44%	8.71%	18.00%	17.00%		-125%	0.74%	-1.75%
0.00%	%00'0	7.00%	12.89%		%00'0	%00 ⁰	-0.55%
35.34%	12.86%	15.00%	10.56%		0.31%	0.43%	1.70%
0.00%	%00:0	5.00%	6.08%		%00:0	%00'0	~60:0-
100.00%	5.03%	100.00%	3.84		-2.17%	%20:0	1.19%
	46.04% 5.17% 6.51% 0.00% 0.00% 0.00% 0.00%		208% -2435% -2435% 0.00% 0.00% 0.00% 0.00% 0.00% 12.86% 0.00%	208% 30.00% -2435% 10.00% - 438% 12.00% - 0.00% 3.00% - 0.00% 7.00% 15.00% 0.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00%	2.08% 30.00% 8.10% -24.35% 10.00% -19.41% 4.38% 12.00% -4.99% 0.00% 3.00% -50.88% 8.71% 18.00% 17.00% 8.71% 18.00% 17.00% 12.86% 15.00% 10.56% 0.00% 5.00% 6.08% 5.03% 100.00% 3.84	2.08% 30.00% 8.10% 0.73% -2435% 10.00% -19.41% 1.16% -2435% 10.00% -19.41% 1.16% 0.00% 3.00% -50.88% 0.40% 0.00% 3.00% -50.88% 0.40% 8.71% 18.00% 17.00% -1.24% 0.00% 7.00% 12.89% 0.05% 0.00% 5.00% 6.08% 0.06% 0.00% 5.00% 6.08% 0.00% 5.03% 100.00% 3.34%	2.08% 30.00% 8.10% 0.73% -24.35% 10.00% -19.41% 1.16% -24.35% 10.00% -19.41% 1.16% -0.00% 12.00% -4.99% 0.40% 0.00% 3.00% -50.88% 1.99% 0.00% 8.71% 18.00% 17.00% -1.24% 0.00% 0.00% 7.00% 12.89% -0.55% 0.00% 12.86% 15.00% 6.08% -0.09% 0.00% 5.00% 5.00% 6.08% -0.09% 0.00% 5.03% 100.00% 3.34% -2.17%

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		E	YEAR ENDED AUGUST 31, 1999	T31,1999				
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	ASSET	PORTFOLIO	PORTFOLIO		ASSET	SECURITY		
	ALLOCATION	TOTAL	ASSET	POLICY	ALLOCATION	SELECTION	INTERACTIVE	TOTAL
	8/31/99	RETURN	ALLOCATION	RETURN	EFFECT	EFFECT	EFFECT	EFFECT
CASH AND EQUIVALENTS	1.19%	6.00%	%00.0	4.77%	-0.30%	0.00%	%00'0	0.306%
BOUITIES:	THE PARTY OF THE P	Martin de de la companya de la comp	end der my dest stek (enteren volch) vollen dest assende makketa kan de statut de de statut de de statut de st					
US COMIMON STOCKS:		i de la granda de la granda de la granda de la granda de la composição de la composição de la granda de la comp						
MEDIUM/LARGE CAP STOCKS	46.03%	32.21%	30.00%	39.89%	2.00%	-2.10%	-1.10%	-1.20%
SMALL CAP STOCKS	423%	27.17%	10.00%	28.32%	-030%	-0.07%	0.04%	-0.33%
INTERNATIONAL COMMON STOCKS:								
ESTABLISHED MARKETS	658%	22.29%	12.00%	30.53%	-0.39%	-0.95%	0.43%	-0.91%
EMERGING MARKETS	%00 [°] 0	0:00%	3.00%	7231%	-1.25%	0.00%	%00:0	-1.25%
ALTERNATIVE EQUITIES:				дууны («Сідня ўтаманнясідня разрачіні ў гара за пасанерына за пасанеры за пасанеры за пасанеры за пасанеры за п			er ett johale des 1660 (in verble - vermenn skondin som sver er e	* PARTINICULA MANAGEMENTA ARRIBMANTA ARRIBMANTA PARTINICA ARRIBMANTA PARTINICA PARTINICA PARTINICA PARTINICA P
NONMARKETABLE	8.45%	21.04%	18.00%	17.00%	0.76%	0.87%	-0.32%	131%
MARKETABLE	%00'0	0.00%	7.00%	1231%	0.85%	%00:0	%00:0	0.85%
FIXED INCOME:					Value Control of the			
U.S. (DOMESTIC)	33.52%	-1.02%	15.00%	0.81%	-494%	-0.33%	-0.37%	-5.64%
INTERNATIONAL	%00:0	0.00%	5.00%	621%	0.93%	000%	%00:0	0.93%
TOTALFUND	100.00%	17.90%	100.00%	24.44%	-2.64%	-2.58%	-1.32%	-6.54%
						SER PROPOSONO NET NE EN ARRESTE NA ROS RAVIERSOS DOS DOS DOS PROSESSOS DE LOS DESENDAS DE LOS DESENDAS DE LOS DE LOS DESENDAS DE LOS DE LOS DESENDAS DE LOS DESENDAS DE LOS DESENDAS DE LOS DELOS DE LOS DELOS DE LOS DE LOS DE LOS DELOS DE LOS DELOS		

Resolution No. 2a

RESOLVED, that a GSCI futures program in an amount not to exceed 3.75% of the value of Permanent University Fund, Permanent Health Fund and Long Term Fund Assets be and is hereby approved.

Resolution No. 2b

RESOLVED, that an S&P 500 Index and interest rate futures program to equitize cash balances in an amount not to exceed 5.00% of the value of Permanent University Fund, Permanent Health Fund and Long Term Fund Assets be and is hereby approved.

Commodity, Financial, and Interest Rate Futures

- The Asset Allocation for endowments includes 7.5% for Inflation Hedging Assets
- proxy for inflation hedging assets in the recent Asset Allocation study. Both UTIMCO and Cambridge and Associates used the GSCI as the
- The Neutral Policy Portfolio position would be about \$825 Million across all Endowment Portfolios
- Inflation Hedging Assets include:
- Real Estate
- Goldman Sachs Commodity Index
- Treasury Inflation Protected Notes (TIPS)
- Timberland

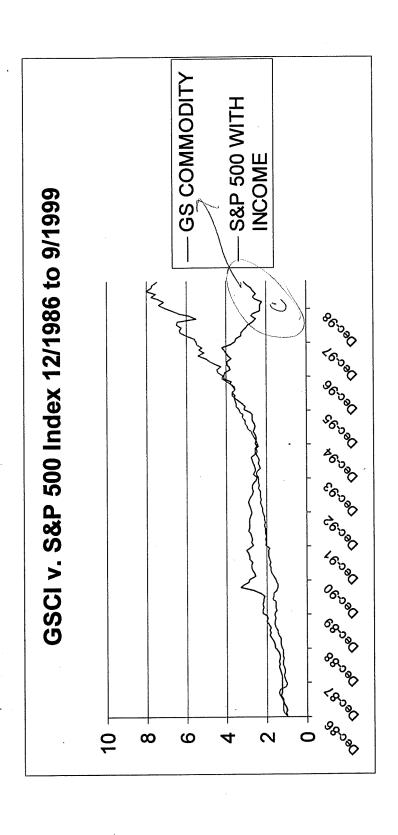
GSCI Description

The GSCI is a diversified index of various commodities:

The state of the s	10.35			7.57		2.79														
	Livestock			Live Cattle		Lean Hogs	~													
	19.27			4.02		1.6		4.39		2.28		2.37		1.95		1.57	0.24		98.0	
ber 1, 1999)	Agriculture			Wheat		Red Wheat		Corn		Soybeans		Cotton .		Sugar		Coffee	Cocoa		Orange Juice	
Veights (%)(Novem	2.75			2.29		0.19		0.27				-				٠			,	
3 Components and Dollar Weights (%)(November 1, 1999)	Precious	Metals		Gold		Platinum		Silver		-										
GSCI Com	8 3%				4.1		2.16		0.3		0.74		0.13		0.92					
	Industrial	Metals			Aluminiur		Copper		Lead		Nickel		ПП		Zinc					
	26 27		24.5		10.59		5.61		7.8		5.66		8.1							
	Fnorav		Crude Oil		Brent Crude Oil		Unleaded Gas		Heating Oil		GasOil		Natural Gas							
	L																	,		

GSCI Futures

- The GSCI is purchasable in the form of Commodity Futures.
- The index is the made up of a the basket of commodities listed on the previous page.
- Fully Collateralized GSCI Futures are unlevered.
- Highly liquid, daily liquidity, traded on the CME
- Open Interest: 36,141 Contracts = \$3,025,543,815.00
- Investing in the GSCI would be identical to the PUF Cash Equitization
- A GSCI Futures position fully collateralized by an underlying Cash investment portfolio, the AAA-rated SITF
- UTIMCO staff recommends a maximum of 3.75% or currently about Inflation Hedging Asset Class be placed in the highly liquid fully \$412.5 MM across all Endowment portfolios - of the the overall collateralized GSCI portfolio.



S&P 500 Index Financial Futures

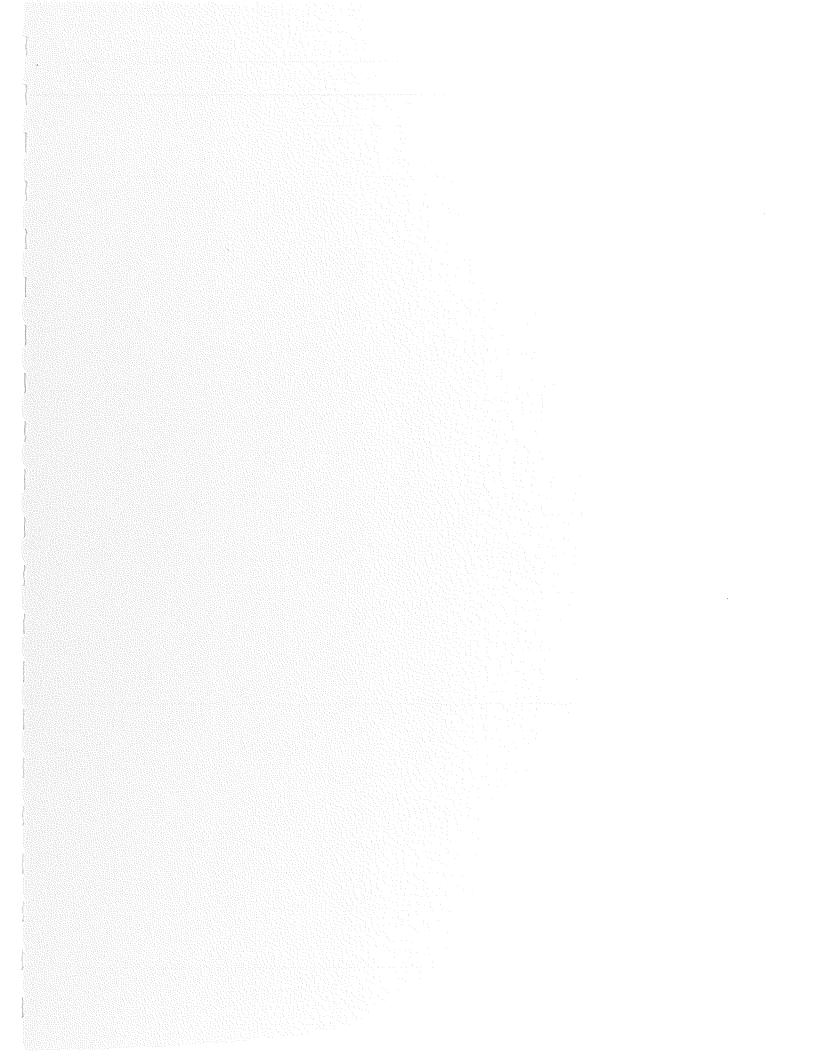
- Equitization program be extended to all endowment portfolios to JTIMCO staff recommends that the successful PUF Cash reduce the "cash drag" inherent to Equity management.
- Currently, Investment managers are permitted to hold up to 5% of their individual portfolios in cash.
- In the long run Cash-holdings reduce portfolio performance.
- Allocation dedicated to Equity be permitted to be Equitized with S&P UTIMCO staff recommends that up to 5% of the overall Asset 500 Futures
- 5% would offset the potential 5% Cash-holdings of Equity Managers

Interest Rate Futures in Fixed Income Portfolios

- Current Endowment Policies permit up to 15% of the overall portfolio to be invested in Interest Rate Derivatives.
- sold over the counter may not represent more than 15% of the net assets of "The net market value of exposure of Derivative Securities purchased or
- And: ".....i) no leverage is employed in the implementation of such Derivative purchases or sales; ii) no more than 5% of Fund assets are required as an initial margin deposit for such contracts.....
- up to 10% of the Fixed Income portfolios or 2% overall, of interest rate UTIMCO staff proposes that the UTIMCO Board approve limited use, futures for duration management of the internally managed Fixed Income portfolios.
- Specific Contract limitations will be added to investment manager guidelines if this change is approved.

ALTERNATIVE INVESTMENTS - NON MARKETABLE FY 2000 ACTIVITY (MILLIONS)

Amount	hip Direct Total	\$296.3	(25.0) (25.0)	(40.0) (40.0)	(65.0) \$ - \$ (65.0)	\$231.3	(12.0) (12.0)	(30.0) (30.0)	(30.0) (30.0)	(20.0) (20.0)	(20.0) (20.0)	(100.0) (12.0) (112.0)	(165.0) (12.0) (177.0)	¢1103
	Type Partnership		Mezzanine (25	Special Equities (40	(9)		Venture Capital	Special Equities (30	Special Equities (30	Special Equities (20	Venture Capital (20	(100	(165	
	Entity		Windjammer Mezz. & Eq. Fund II, L.P. N	Hampshire Equity Partners II, L.P. S	sub-total	available capital	Songbird Medical Inc.	Baker Communications Fund II, L.P. S	Halpern Denny Fund III, L.P. S	Cortec Group Fund III, L.P. Sp.	Austin Ventures VII L.P.	sub-total	cumulative sub-total	available canital
	Date Action	9/22/99 Authorized	9/22/99 Committed	9/22/99 Committed			11/8/99 Proposed	11/8/99 Proposed	11/8/99 Proposed	11/8/99 Proposed	11/8/99 Proposed			



Resolution No. 3

WHEREAS, the Board has reviewed a Due Diligence Review and Recommendation prepared by the Corporation's management recommending that the Corporation enter into a stock purchase agreement (the "Agreement") with Songbird Medical Inc. to invest up to \$12 million of PUF, PHF and LTF assets in **Songbird Medical, Inc.**;

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 Due Diligence Review and Recommendation dated November 8, 1999 for Songbird Medical, Inc. be approved; and be it further

RESOLVED, that the President 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 Songbird Medical, Inc.; and be it further

RESOLVED, that the President, 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.

Proposed Direct Co-Investment

Summary Term Sheet

Name:

Songbird Medical, Inc., a Delaware corporation (the

"Company" or "Songbird").

Classification:

Venture Capital/Expansion Equity – Co-Investment.

Total Investment Request:

Up to \$12 million (\$6.6 million PUF, \$3.84 million LTF, \$1.56 million PHF) of a \$24.5 million round; the existing investors will invest a minimum of \$12.5 million pro rata.

Valuation:

Approximately \$69.9 million post-financing.

Ownership:

The PUF/LTF/PHF will own up to 17.2% of the company

fully diluted (including management options).

Use of Proceeds:

To fund production scale-up, including the acquisition of capital equipment, product rollout expenses and working

capital requirements.

Investment Thesis:

Songbird has designed, tested and produced test quantities of the first low-cost (less than \$1 per day), high quality, disposable hearing aid. Songbird's development of its initial product line, in conjunction with Sarnoff Laboratories, has resulted in substantial intellectual property, trade secrets and technical knowhow. Songbird's management believes that the Company's initial product will change the hearing aid industry in the same manner and to the same degree as disposable contact lenses

changed the vision market.

Exit Strategy:

IPO or sale to a strategic buyer.

Co-Investors (Ownership):

Prism Venture Partners, a UTIMCO general partner, has been the lead investor in the two previous rounds. Other investors include Oak Investment Partners, Tredegar/TGI Fund, J&J Development Corp (Johnson & Johnson's investment group) and management. All existing investors are expected to invest in this round. Management and the employees own 13% of the company, fully diluted.

Summary Financial Data (in 000's, conservative case):

	-1998	1999e	2000e	2001e	2002e
Revenues	\$-	\$-	\$19.5	\$78.9	\$156.9
EBITDA	\$(4.1)	\$(10.8)	\$(10.8)	\$9.2	\$31.9
Net Income	\$(3.9)	\$(10.7)	\$(11.8)	\$5.8	\$19.7

The Company's EBITDA deficit will widen in 1999 and 2000 due to an increase in spending for personnel, equipment and product development in advance of the product rollout. The major factor increasing the 2000 deficit is a projected large increase in advertising expenses as the product comes to market. The business plan forecasts positive cash flow and a 54% gross margin in 2001, after which gross margins will increase to 70% as the Company fully realizes its manufacturing efficiencies.

Management:

Songbird Medical has a strong and experienced management team. Fred Fritz, President and CEO, is a consumer goods general manager with experience in consumer medical devices and over-the-counter pharmaceuticals. Fred was VP Marketing and Sales at the contact lens division of Schering Plough, a Senior VP of Schering OTC Pharmaceuticals and a Senior VP of Schering Plough Footcare. Most recently he was President of Coleman North America. Tom Squeglia, Vice President of Sales and Marketing, was most recently Vice President of Sales for Vistakon, Johnson & Johnson's disposable contact lens business. Mike Tardugno, Senior Vice President of Operations, was most recently Senior Vice President of Worldwide Technical Operations for a division of Bristol-Myers Squibb. Mike has over 20 years of experience in pharmaceutical and medical device manufacturing. E. Ronald Goldfuss, Vice President & CFO, is an operations-oriented financial executive with experience in medical devices, consumer software and other information technology and health sciences industries. David A. Preves, Vice President of R&D. brings 30 years of hearing aid R&D and engineering experience to Songbird. Finally, Sarnoff Laboratories (an independent research organization that was formerly the R&D unit of RCA Corporation), a significant stakeholder in the Company, employs a team of over 10 scientists devoted exclusively to Songbird's research and development activities.

Negative (Risk) Factors:

Illiquid investment, with loss of capital possible. The greatest risk of loss is in the early years.

Developing domestic market. While market research indicates that the market for disposable hearing aids is enormous, there can be no assurance that a significant market for the Company's products will develop.

Distribution. The Company must implement a new business model in its industry in order to be successful. The

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hearing aid industry's current business model features a 100% mark-up by the dispensing audiologist. Because conventional hearing aids currently retail for up to \$3,500 each, versus Songbird's \$40, the short-term economic incentive for the audiologist will be to prescribe a conventional hearing aid (a \$1,700 margin for the audiologist) rather than Songbird's product (a \$20 margin for the initial sale). Audiologists must be convinced of the fact that a similar mark-up on continuing sales of Songbird's line of inexpensive disposable hearing aids will, in the long run, produce a long-term annuity that is economically superior to the one-time sale of an expensive conventional hearing aid. One important factor in favor of the Songbird model from the audiologist's perspective is that, in addition to its annuity characteristics, its product, a comfortable, low-priced, high-quality hearing aid that will address approximately 80% of the market with minimal adaptation, will greatly expand the market and thus the audiologist's income.

Competition. UTIMCO management knows of no other competitor with the technology, the fit and the low-cost production to compete with Songbird in its market (i.e., the low price, comfortable, disposable, high quality hearing aid market). However, significant, well-capitalized competitors to Songbird have proven and substantial distribution networks already in place.

Dependence on key Company personnel (especially Fred Fritz, the CEO) and personnel at Sarnoff Labs (most notably John Aceti, the inventor of the Company's product and its champion at Sarnoff).

Early stage investment. Songbird is currently in the preproduction stage of the product cycle. There is therefore a chance that an unforeseen production problem may arise. Additionally, the Company is in the early, unprofitable stage of the business development cycle, with a current \$970,000 per month cash burn rate.

Technological obsolescence. While Songbird's technology is proven, competitors may, in the future, develop technology that is superior to Songbird's.

Intellectual property infringement. While Songbird has a proactive intellectual property protection policy and substantial intellectual property; infringement issues may arise in the future.

Dependence on key suppliers. Songbird currently depends on a relatively small number of suppliers for certain key

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components, particularly the transducer (microphone). Disruption in the supply of the Company's components could signficantly impact the Company's operations.

Growth Management. Songbird is positioned for rapid growth. Failure by Songbird's management to meet the demands of the market or to manage the rapid expansion of its business and operations could have a material adverse impact on the Company.

Positive factors:

Strong and experienced management team backed by an outstanding group of investors.

Significant involvement of Prism Venture Partners, a highly regarded UTIMCO general partner. Prism found the technology at Sarnoff, led the first and second rounds, hired the existing management and brought in the existing investors.

Audiologist and customer enthusasim for the initial product as indicated by test marketing of the initial prototype, market surveys and interviews with audiologists.

Joint Efforts with Sarnoff. The company has a very close relationship with Sarnoff Laboratories, a world-renowned research and development institution. The basic technology and the manufacturing expertise for the product came from Sarnoff. The Company has exclusive rights for any technology Sarnoff develops that is applicable to hearing aids. In addition, Sarnoff is expending significant resources to further develop Songbird's technology.

Excellent upside potential. The Company's business plan assumes a 10% market penetration rate of existing users of conventional hearing aids, a 5% penetration rate of current non-users and a market share in disposable hearing aids of 50%. Even with these conservative assumptions, the valuation of the Company could exceed \$1 billion, which would represent a 15X return on the PUF/LTF/PHF invested capital.

Superior technology and manufacturing processes will make Songbird's products the low-cost producer in its markets and will constitute a significant barrier to entry. The Company's first-to-market advantage, in a market similar to the disposal contact lens market, will develop into a key barrier to entry.

Potential domestic market size. As the average age of the U.S. rises due to the aging of the Baby Boom generation, the demand for hearing aids will increase at a rapid rate.

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(Briefing Session Only)

Another important environmental/demographic trend is that in recent years the onset of hearing loss seems to be occurring at an earlier age. Finally, because of the high front-end costs of conventional hearing aids (i.e., \$2,500 and up) and the difficulty of using and maintaining them (an uncomfortable fit and requiring frequent changes of tiny, expensive, hard-to-handle batteries), the vast majority (approximately 80%) of Americans with mild to moderate hearing loss do not currently own or use a hearing aid. The Songbird management believes that these three trends, taken together, indicate a vast, untapped market for the Company's products, and that the potential for increased market penetration substantially mitigates the risk of adopting an untested distribution model (cited above).

Large foreign market. The potential hearing aid market in third world countries is enormous. It has been difficult, if not impossible, to address this market with currently available conventional products, given their cost. The Company's low-priced, high-quality initial product could capture a significant portion of this market.

Reasonable entry price. The LTF/PUF/PHF are acquiring their positions at \$3.60 per share (a \$45 million pre-money valuation) if the pricing proposal is accepted. Investors in the previous round bought their shares at \$2.60. The stepup in value represents the Company's progress since the earlier financing, including the production of a working prototype, establishment of a manufacturing facility and completion of market studies.

Low price encourages new users. Hearing aid purchases are generally not reimburseable by either insurance companies or the various government-sponsored health plans. A low-priced, high-quality product that consumers can afford out of their own pockets will help increase the percentage of hearing aid owners who actually wear their hearing aids as well as expand the market by bringing in users who do not currently own hearing aids.

Flexibility of exit. Exit opportunities include an IPO or a sale to a strategic buyer.

Songbird has received over \$16 million through two venture-capital financing rounds. The cash flow burn, at today's rate, is \$970,000 per month. Songbird is now seeking an additional \$24.5 million to enable the Company to fund operations until it achieves positive cash flow.

Moderately high.

Status:

Risk:

Exposure v. Target:

	% of total fund
LTF	10.14% v. 15%
PUF	8.90% v. 15%
PHF	0.18% v. 15%

Expected Return:

94% to 276% (see tables below).

Selling Valuation	\$150	\$250	\$400	\$500	\$600	\$700	\$800	\$900
Money Earned	2.1 X	3.6 X	5.7 X	7.2 X	8.6 X	10.0 X	11.4 X	12.9 X
Year	IRR Table)						
2000	239.5%	669.2%	1532.3%	2233.1%	3023.9%	3898.3%	4851.2%	5878.6%
2001	60.0%	119.1%	192.6%	235.7%	275.6%	312.9%	348.3%	382.0%
2002	33.8%	62.5%	94.4%	111.6%	126.8%	140.6%	153.1%	164.7%
2003	23.4%	42.1%	61.8%	72.1%	81.0%	88.8%	95.9%	102.4%
2004	17.9%	31.7%	45.8%	53.0%	59.1%	64.5%	69.3%	73.7%

			P/S Ratios corresponding to the Selling Valuation							
	Year Times Sales									
	\$19	2000	8.0 X	13.3 X	21.2 X	26.5 X	31.9 X	37.2 X	42.5 X	47.8 X
Sales in Millions	\$77	2001	1.9 X	3.2 X	5.2 X	6.5 X	7.8 X	9.1 X	10.4 X	11.7 X
	\$155	2002	1.0 X	1.6 X	2.6 X	3.2 X	3.9 X	4.5 X	5.2 X	5.8 X
	\$218	2003	0.7 X	1.1 X	1.8 X	2.3 X	2.7 X	3.2 X	3.7 X	4.1 X
	\$264	2004	0.6 X	0.9 X	1.5 X	1.9 X	2.3 X	2.6 X	3.0 X	3.4 X

Year			Discounted Cash Flow Ratios corresponding to the Selling Valuation							
			Times [Times DCF Valuation at %						
DCF Valuation in Millions	\$415	2000	0.4 X	0.6 X	1.0 X	1.2 X	1.4 X	1.7 X	1.9 X	2.2 X
	\$479	2001	0.3 X	0.5 X	0.8 X	1.0 X	1.3 X	1.5 X	1.7 X	1.9 X
	\$553	2002	0.3 X	0.5 X	0.7 X	0.9 X	1.1 X	1.3 X	1.4 X	1.6 X
	\$637	2003	0.2 X	0.4 X	0.6 X	0.8 X	0.9 X	1.1 X	1.3 X	1.4 X
i PC	\$733	2004	0.2 X	0.3 X	0.5 X	0.7 X	0.8 X	1.0 X	1.1 X	1.2 X

Est. Commitment Date:

November 15, 1999.

Conflicts of Interest:

After extensive due diligence, UTIMCO management believes that an investment in Songbird Medical, Inc. by the LTF, PUF and PHF represents no conflict of interest under either Tex. EDUC. CODE ANN. §66.08 (Vernon 1995) or Tex. Govt Code Ann. §572 et. seq. (Vernon 1993) as interpreted by the Texas courts and by the Attorney General of the State of Texas.

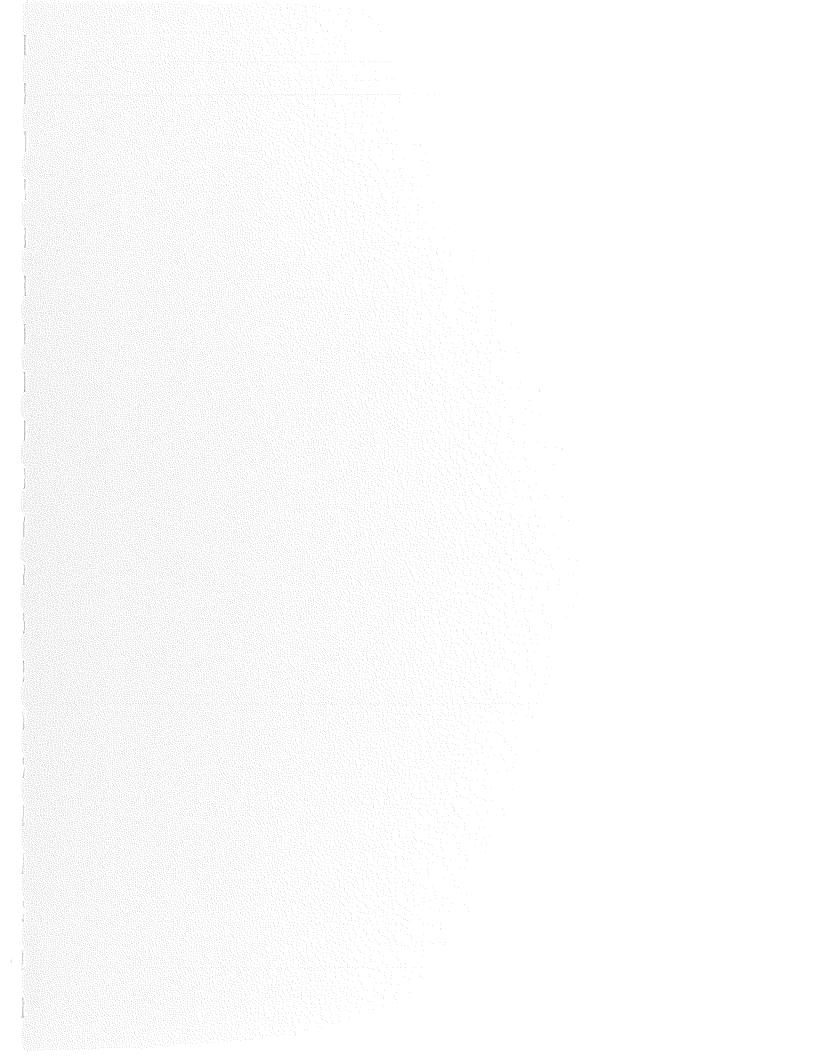
UTIMCO management has put the principals of Prism Ventures and the management team of Songbird Medical, Inc. on notice that, should any apparent violation of the statutes cited above arise in connection with any future transaction, they must notify the responsible UTIMCO officer so that the LTF, PUF and PHF can abstain from the transaction in compliance with Texas law.

Y2K Compliance:

UTIMCO management has inquired about Songbird Medical, Inc.'s Y2K readiness and has been assured by the Songbird management that issues relating to Y2K problems will not have a material adverse effect on the Company's business.

Approved:

Charles M. Preston III	CD
Craig J. Nickels	92
Austin M. Long, III	
Thomas G. Ricks	1/1/
	1/2



Resolution No. 4

WHEREAS, the Board has reviewed a Short Form Due Diligence Review and Recommendation prepared by the Corporation's management recommending that the Corporation enter into an investment agreement (the "Agreement") with Baker Capital Partners II, LLC, to invest up to \$30 million of PUF, PHF and LTF assets in **Baker Communications Fund 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 <u>Texas</u> Education Code;

NOW, THEREFORE, BE IT RESOLVED, that the terms and provisions of the proposed investment as described in the Short Form Due Diligence Review and Recommendation dated November 8, 1999 for Baker Communications Fund II, L.P., be approved; and be it further

RESOLVED, that the President 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 Baker Communications Fund II, L.P.; and be it further

RESOLVED, that the President, 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.

Proposed Follow-on Investment

SUMMARY TERM SHEET

Name:

Baker Communications Fund II, L.P. a Delaware

limited partnership.

Classification:

Special Equity.

Fund Size:

\$800 million.

Investment Strategy:

Make privately negotiated investments in the equity securities of high-growth companies that provide communications-related services, equipment and

applications.

Term:

10 years from the date of the final closing, plus two one-year extensions at the discretion of the general partner with the approval of a majority in interest of the

limited partners.

General Partner:

Baker Capital Partners II, LLC, a Delaware limited

liability company.

Management Fee:

2.0% of commitments for five years; then 2.0% of invested capital less distributions constituting a return of capital thereafter, further reduced by (1) 50% of all fees received by the general partner up to \$1.5 million,

then (2) 80% of such fees.

Profit Sharing:

80/20 after return of capital to the limited partners plus

a 7% compound annual preferred return, with an 80/20

general partner catch up.

Performance History:

	Net Invested (\$mm)	Net Realized (\$mm)	FMV (\$mm)	IRR	S&P 500 + 500 bps
Pre-fund (1981-1997)	\$377.4	\$789.8	\$163.8	38.1%	N/M
Fund I through 9/30/99 (1997)	\$203.4	\$13.2	\$329.6	66.8%	22.5%
Fund I through 10/31/99 (1997) ¹	\$203.4	\$13.2	\$1,131.3	270.8%	27.8%

¹ Includes the Oct. 29, 1999 IPO of Akamai Technologies, Inc. (NASDAQ: AKAM) at the Nov. 2, 1999 price of \$187/share, net of GP carry and further reduced by a 20% discount. · Page 1 of 3

Negative (Risk) Factors:

- Illiquid investment with losses likely to precede gains.
- Communications industries are an especially competitive investment environment.

Positive factors:

- Principals widely regarded as trustworthy, astute and value-added investors.
- Extensive relationships and contacts in the communications community and a demonstrated history of building communications companies, which have in the past and should in the future result in attractive investment opportunities.
- An investment strategy characterized by an investment focus on areas of the rapidly growing communication industry with little technological risk.
- History of proprietary deal flow.
- Excellent track record. Two of Fund I's investments could return over five times the entire fund.²
- Excellent long-term relationship that has resulted in significant direct co-investment opportunities.

Recommendation:

Invest \$30 million (\$16.5 million in the PUF; \$9.6 million LTF; and \$3.9 million PHF).

Exposure v. Target:

	% of Total Fund
LTF	9.1% v. 15%
PUF	10.3% v. 15%
PHF	0.44% v. 15 %

Estimated First Closing Date:

December 15, 1999.

Expected Return:

31%, with a standard deviation of 26%.

² Note that the PUF/LTF is the largest Fund I investor (\$40 million).

Baker Communications Fund II, L.P.

Conflicts of Interest:

After extensive due diligence, UTIMCO management believes that an investment in Baker Communications Fund II, L.P. by the LTF, PUF and PHF represents no conflict of interest under either Tex. EDUC. CODE ANN. §66.08 (Vernon 1995) or Tex. GOVT CODE ANN. §572 et. seq. (Vernon 1993) as interpreted by the Texas courts and by the Attorney General of the State of Texas.

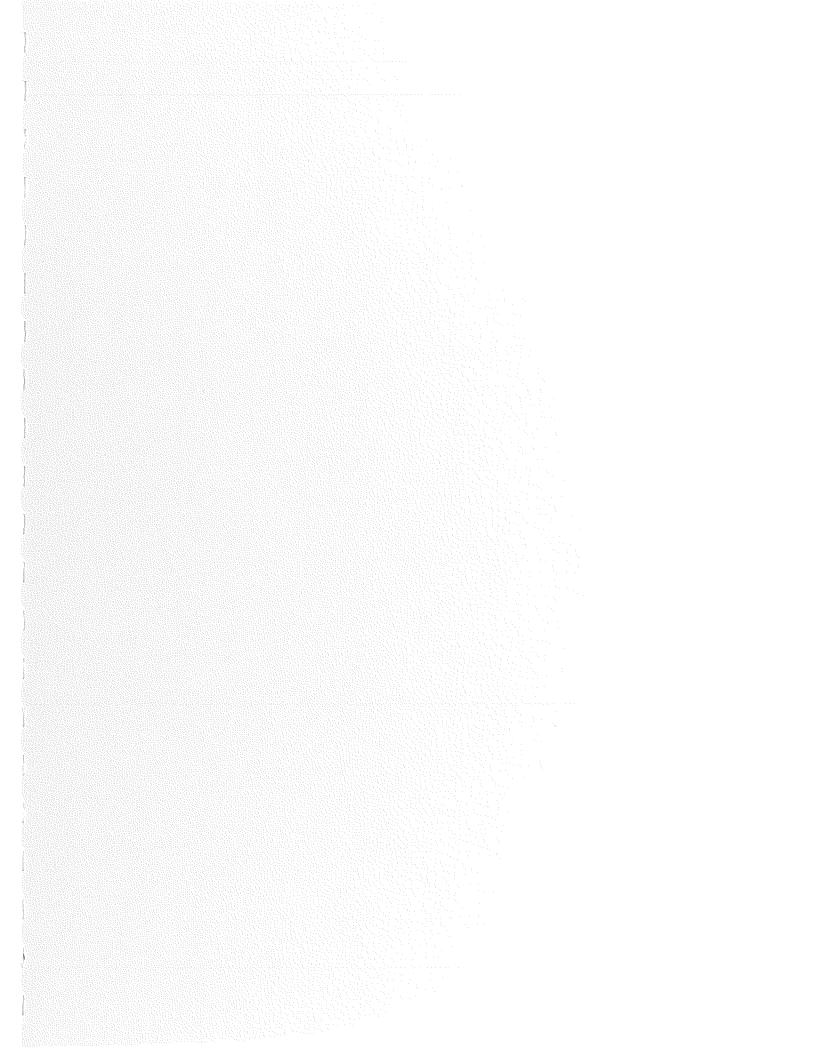
UTIMCO management has put the principals of Baker Capital Partners II, LLC on notice that, should any apparent violation of the statutes cited above arise in connection with any future transaction, they must notify the responsible UTIMCO officer so that the LTF, PUF and PHF can abstain from the transaction in compliance with Texas law.

Y2K Compliance:

UTIMCO management has inquired about Baker Capital Partners II, LLC's Y2K readiness and has been assured by the Baker Capital Partners II, LLC management that issues relating to Y2K problems will not have a material adverse effect on either its business or the businesses of any of its portfolio companies.

Approved:

Charles M. Preston III	CP
Craig J. Nickels	Com
Austin M. Long, III	
Thomas G. Ricks	11/2



Resolution No. 5

WHEREAS, the Board has reviewed a Short Form Due Diligence Review and Recommendation prepared by the Corporation's management recommending that the Corporation enter into an investment agreement (the "Agreement") with Halpern Denny & Co. IV, LLC to invest up to \$30 million of PUF, PHF and LTF assets in **Halpern Denny Fund III, 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 Short Form Due Diligence Review and Recommendation dated November 8, 1999 for Halpern Denny Fund III, L.P., be approved; and be it further

RESOLVED, that the President 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 Halpern Denny Fund III, L.P.; and be it further

RESOLVED, that the President, 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.

Proposed Follow-on Investment

SUMMARY TERM SHEET

Name:

Halpern Denny Fund III, L.P., a Delaware limited

partnership.

Classification:

Special Equity.

Fund Size:

\$350 million.

Investment Strategy:

Leverage expertise and relationships to acquire equity

securities of low-technology, high-growth companies in

the consumer products, media/publishing, retail, wholesale distribution, restaurant and specialty

manufacturing industries.

Term:

10 years, plus two one-year extensions at the discretion

of the General Partner.

General Partner:

Halpern, Denny & Company IV, L.L.C., a Delaware

limited liability company.

Management Fee:

2.0% of commitments for the lesser of five years or the committing of 80% of the fund (including amounts reserved for follow-on), reduced by 10% per year thereafter and further reduced by a portion of fees

received by the General Partner.

Profit Sharing:

80/20 after the return of capital to the limited partners

or portfolio value in excess of 115% of contributed

capital.

Performance History:

Fund	Net Invested (\$mm)	Net Realized (\$mm)	FMV (\$mm)	IRR	S&P 500 + 500 bps
Pre-fund (1991-1997)	\$166.7	\$344.6	\$76.5	56.2%	N/M
Fund II (1997)	\$146.0	\$0.0	\$184.1	28.5%	22.5%

Negative (Risk) Factors:

- Illiquid investment, with losses likely to precede gains.
- Competitive investment environment.
- Consumer recession would adversely affect returns.

Positive factors:

- Principals widely regarded as trustworthy, astute and value-added investors.
- Extensive relationships and contacts in the corporate community, which should result in attractive investment opportunities. Four of the five principals were previously employed by Bain & Company, of which John Halpern was a co-founder.
- Viable strategy characterized by (a) an investment focus on the less competitive consumer-oriented areas where the principals have significant experience and (b) the active involvement by the principals as ongoing strategic consultants.
- Four of the five principals have worked together since 1991.
- Solid track record.
- \$10 million commitment by the General Partner.
- Excellent long-term relationship that has resulted in significant direct co-investment opportunities.

Recommendation:

Invest \$30 million (\$16.5 million in the PUF; \$9.6 million LTF; and \$3.9 million PHF).

Exposure v. Target:

	% of total fund
LTF	9.12% v. 15%
PUF	10.3% v. 15%
PHF	0.44% v. 15%

Estimated Initial Closing Date: December 15, 1999.

Expected Return:

34%, with a standard deviation of 26%.

Conflicts of Interest:

After extensive due diligence, UTIMCO management believes that an investment in Halpern Denny Fund III, L.P. by the LTF, PUF and PHF represents no conflict of interest under either Tex. Educ. Code Ann. §66.08 (Vernon 1995) or Tex. Govt Code Ann. §572 et. seq. (Vernon 1993) as interpreted by the Texas courts and by the Attorney General of the State of Texas.

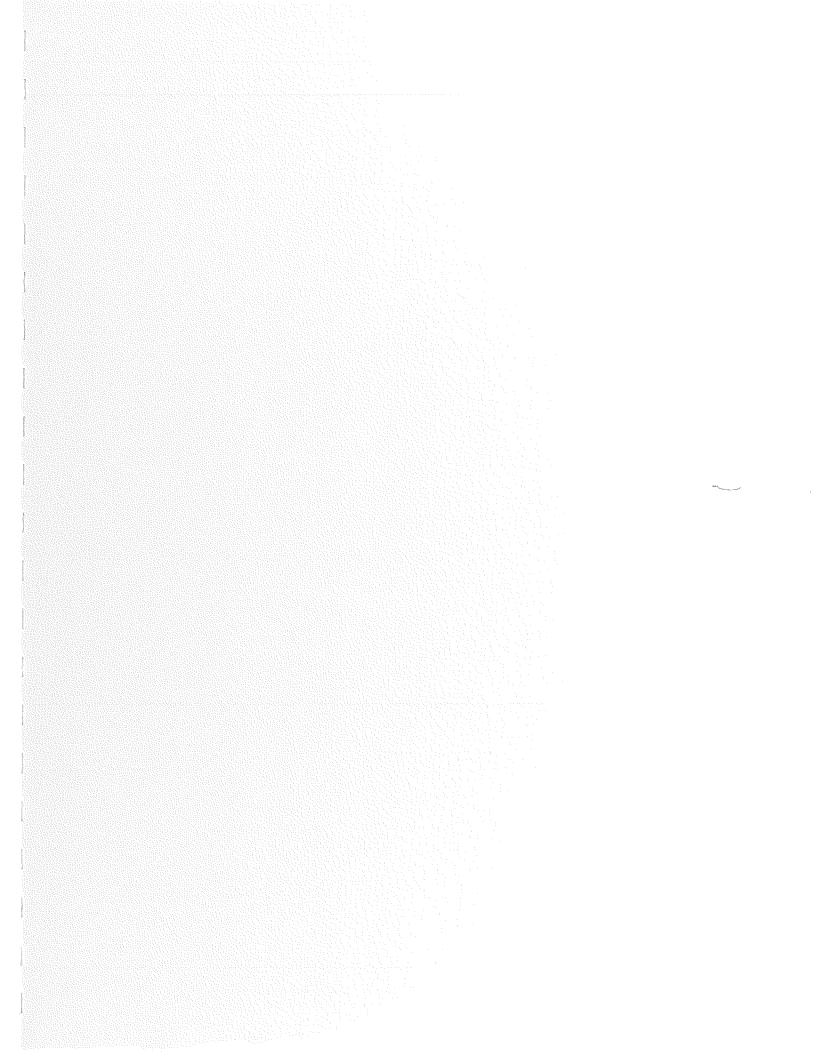
UTIMCO management has put the principals of Halpern, Denny & Company IV, L.L.C. on notice that, should any apparent violation of the statutes cited above arise in connection with any future transaction, they must notify the responsible UTIMCO officer so that the LTF, PUF and PHF can abstain from the transaction in compliance with Texas law.

Y2K Compliance:

UTIMCO management has inquired about Halpern, Denny & Company IV, L.L.C.'s Y2K readiness and has been assured by the Halpern, Denny & Company IV, L.L.C. management that issues relating to Y2K problems will not have a material adverse effect on either its business or the businesses of any of its portfolio companies.

Approved:

Charles M. Preston III	CP
Craig J. Nickels	<u>a</u>
Austin M. Long, III	
Thomas G. Ricks	+12



Resolution No. 6

WHEREAS, the Board has reviewed a Short Form Due Diligence Review and Recommendation prepared by the Corporation's management recommending that the Corporation enter into an investment agreement (the "Agreement") with Cortec Management (III) L.L.C. to invest up to \$20 million of PUF, PHF and LTF assets in Cortec Group Fund III, 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 Short Form Due Diligence Review and Recommendation dated November 8, 1999 for Cortec Group Fund III, L.P., be approved; and be it further

RESOLVED, that the President 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 Cortec Group Fund III, L.P.; and be it further

RESOLVED, that the President, 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.

Proposed Follow-on Investment

SUMMARY TERM SHEET

Name:

Cortec Group Fund III, L.P., a Delaware limited

partnership.

Classification:

Special Equity.

Fund Size:

\$250 million.

Investment Strategy:

Make investments in the equity securities of small and

middle market manufacturing and distribution

companies to which the principals can add value by

applying their significant operating expertise.

Term:

11 years from the date of the final closing, plus two

one-year extensions at the discretion of the general

partner.

General Partner:

Cortec Management (III), L.L.C., a Delaware limited

liability company.

Management Fee:

2.0% of commitments for six years; then 1.50%, further

reduced by 50% of all fees received by the general

partner.

Profit Sharing:

80/20 after return of capital to the limited partners plus

an 8% compound annual preferred return, with a 100%

general partner catch up.

Performance History (as of 6/30/99):

	Net Invested (\$mm)	Net Realized (\$mm)	FMV (\$mm)	IRR	S&P 500 + 500 bps
All (1980)	\$112.2	\$314.2	\$69.3	50.1%	N/M
Fund I (1980)	\$35.5	\$314.2	\$0.0	50.4%	N/M
Fund II (1995)	\$76.7	\$0.0	\$69.3	-4.9%	34.55%

The Cortec investment style, which leans heavily on the effect of operating improvements, requires a lengthy investment period and has the effect of extremely conservative valuations in the interim periods. Like Wingate, Cortec's portfolio returns will increase at about the same time its investments are realized.

Negative (Risk) Factors:

- Illiquid investment, with losses likely to precede gains.
- Investment style mandates an extremely long holding period.

Positive factors:

- Principals widely regarded as trustworthy, astute and value-added investors.
- Extensive relationships and contacts in the small and middle market, which have in the past and should in the future result in attractive investment opportunities.
- Solid long term track record.
- Excellent long-term relationship that has resulted in direct co-investment opportunities.

Recommendation:

Invest \$20 million (\$11 million in the PUF; \$6.4 million LTF; and \$2.6 million PHF).

Exposure v. Target:

	% of Total Fund
LTF	9.0% v. 15%
PUF	10.2% v. 15%
PHF	0.29% v. 15%

Estimated First Closing Date:

December 15, 1999.

Expected Return:

31%, with a standard deviation of 26%.

Conflicts of Interest:

After extensive due diligence, UTIMCO management believes that an investment in Cortec Group Fund III, L.P. by the LTF, PUF and PHF represents no conflict of interest under either Tex. EDUC. CODE ANN. §66.08 (Vernon 1995) or Tex. Govt Code Ann. §572 et. seq. (Vernon 1993) as interpreted by the Texas courts and by the Attorney General of the State of Texas.

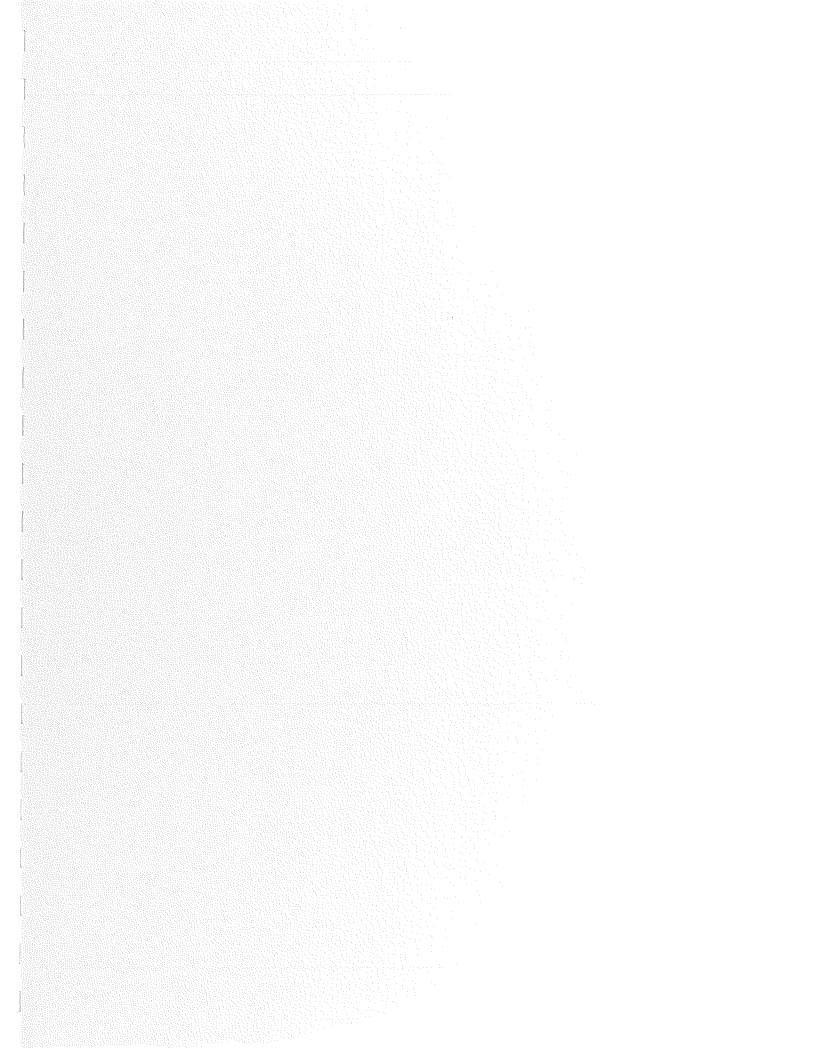
UTIMCO management has put the principals of Cortec Management (III), L.L.C. on notice that, should any apparent violation of the statutes cited above arise in connection with any future transaction, they must notify the responsible UTIMCO officer so that the LTF, PUF and PHF can abstain from the transaction in compliance with Texas law.

Y2K Compliance:

UTIMCO management has inquired about Cortec Management (III), L.L.C.'s Y2K readiness and has been assured by the Cortec Management (III), L.L.C. management that issues relating to Y2K problems will not have a material adverse effect on either its business or the businesses of any of its portfolio companies.

Approved:

Charles M. Preston III	C
Craig J. Nickels	da
Austin M. Long, III	
Thomas G. Ricks	1111



Resolution No. 7

WHEREAS, the Board has reviewed a Short Form Due Diligence Review and Recommendation prepared by the Corporation's management recommending that the Corporation enter into an investment agreement (the "Agreement") with AV Partners VII, L.P. to invest up to \$20 million of PUF, PHF and LTF assets in **Austin Ventures VII, 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 Short Form Due Diligence Review and Recommendation dated November 8, 1999 for Austin Ventures VII, L.P. be approved; and be it further

RESOLVED, that the President 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 Austin Ventures VII, L.P., and be it further

RESOLVED, that the President, 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.

Proposed Investment

SUMMARY TERM SHEET

Name:

Austin Ventures VII, L.P., a Delaware limited

partnership.

Classification:

Special Equity.

Fund Size:

\$750 million.

Investment Strategy:

Acquire a diversified portfolio of Austin/Texas based technology companies with focus on: IT Applications and Infrastructure, Business to Business E- Commerce,

Business to Consumer E-Commerce/Media,

Communications and Semiconductors.

Term:

Ten years, with three one-year extensions with the

consent of a majority in interest of the Limited Partners.

General Partner:

AV Partners VII, L.P.

Management Fee:

Years 1-2, 1.5% of committed capital; years 3-6, 2.5%.

Years 7-10, 2.5% of the acquisition cost of the

portfolio.

Profit Sharing:

25% of gains after payback of capital to the limited partners or when the portfolio valuation exceeds 120%

of capital (both excluding \$50 million AV Labs fund)

with a general partner clawback.

Performance History (6/30/99):

Fund	Invested	Realized	FMV	Net IRR
ALL Funds: I - IV: \$768 million	\$479.8	384.5	833.3	
Fund I - 1984: \$27.7 million	\$27.7	56	0.3	11.3%
Fund II - 1987: \$60 million	\$59.4	147.3	147.4	19.2%
Fund III - 1991: \$75 million	\$74.3	127.6	81.3	27.7%
Fund IV - 1994: \$115 million	\$113.9	36.7	319.7	47.5%
Fund V - 1997:\$170 million	\$112.9	16.9	188.2	64.3%
Fund VI - 1998: \$320 million	\$91.6	-	96.4	23.2%

NOOOO

Austin Ventures VII, L.P.

Negative (Risk) Factors:

Highly illiquid, long term investment, with losses likely to precede gains.

Increasing portfolio concentration in Texas (85%) and Austin (50%) companies.

Competitive investment environment Success of Texas/Austin Tech sector will eventually attract competing private equity firms.

Management of Firm's Growth AV is expanding rapidly to meet exploding Austin market opportunities.

Positive factors:

Texas is a large and rapidly growing private equity market – but still underserved by venture firms

a substantial net importer of capital

3 year growth rate in investment disbursements to Texas venture companies is greater than for national average and California companies.

Austin is emerging as one of the most important technology centers in the U.S.

Leading venture capital firm with 15-year history in private equity investing

managing six funds with \$768 million of aggregate capital since 1984

six partners average 12 years of venture experience (among the highest in the venture industry)

Long-term, successful track record – Funds I - VI are top quartile performers (Venture Economics)

Dominant market position

15% share of Austin market

Has 19 investment professionals vs. 29 at 11 other firms investing in Austin venture capital

Aggressive pursuit of emerging early stage opportunities

Establishment of AV Labs: affiliate fund with separate staffing, facilities, identity. \$50 million from AV VII and \$10 million from prominent individuals

Austin Ventures VII, L.P.

Principals are well known by the staff,

PUF/LTF is an investor in the last three Austin Ventures funds (Funds IV-VI)

Partners:

General Partner:	
AV Partners VII	6.4
Limited Partners:	
Abbott Capital Management(1)	48.0
Ameritech Pension Trust	25.0
Bank of America	9.8
Bell Atlantic Master Trust	30.0
Brinson Partners	18
California Institute of Technology	10.0
Crossroads Investment Advisors	20.0
Dartmouth College	4.0
Dietrich Foundation	3.0
Fry Lewis Capital	2.5
General Motors	60.0
GIC Special Investments	25.0
California ERS	15.0
Hamilton Lane(2)	25.0
Harbour Vest	50.0
Harvard Management Private Equity Corp.	30.0
Hirtle Callaghan	4.0
JP Morgan	20.0
Lucent Technologies	70.0
Liberty Mutual	25.0
Nationwide Financial	10.0
Pathway Capital (3)	50.0
Phoenix Life	7.5
Rennselear Polytechnic Institute	5.0
UTIMCO	20.0
Tucker Anthony	10.0
Wellcome Trust	20.0
Rice University	15.0
Total	638.2

(1) On behalf of Abbott Private Equity Fund, State of Alaska, BONY, Brown & Williams, Carleton College, Guayacan, State of Hawaii, State of Illinois, LA Fire & Police, State of Utah
(2) On behalf of Carpenters Ptnrship, LA County Employees, Princess Private Eq., Textron, UniSys Pension Plan
(3) On behalf of JC Penney, LA City Employees, Nevada Employees Retirement System, Novartis, Tokio Marine

Recommendation:

(Invest \$20 million: \$11million PUF; \$6.4 million LTF and \$2.6 million PHF).

Exposure v. Target:

	% of	Neutral
Fund	Fund	Allocation
LTF	9.00%	15%
PUF	10.20%	15%
PHF	0.29%	15%

Estimated Closing Date:

November 15, 1999.

Conflicts of Interest:

After extensive due diligence, Management believes that an investment in Austin Ventures VII, L.P. by UTIMCO represents no conflict of interest under either TEX. EDUC. CODE ANN. §66.08 (Vernon 1995) or TEX. GOVT CODE ANN. §572 et. seq. (Vernon 1993) as interpreted by the Texas courts and by the Attorney General of the State of Texas. Management has put the principals of AV Partners VII, L.P. the general partner of Austin Ventures VII, L.P., on notice that, should any apparent violation of the statutes cited above arise in connection with any future transaction, they must notify the responsible UTIMCO officer so that UTIMCO can abstain from the transaction in compliance with Texas law.

Y2K Compliance:

UTIMCO management has inquired about AV Venture Partners VII L.P.'s Y2K readiness and has been assured by AV Venture Partners VII L.P.management that issues relating to Y2K problems will not have a material adverse effect on either its business or the businesses of any of its portfolio companies.

Approved:

Charles M. Preston III	9
Craig J. Nickels	C
Austin M. Long, III	af
Thomas G. Ricks	-12