



GRAVES DOUGHERTY HEARON & MOODY

SUCCESS STORIES

2003 YEAR IN REVIEW

Graves Dougherty Hearon & Moody
P.O. Box 98
Austin, Texas 78767
www.gdhm.com

Dear Clients and Friends,

In 2003, Graves, Dougherty, Hearon & Moody had the honor of being a part of the remarkable success of many diverse clients. In this second edition of the firm's Year in Review, we have the pleasure of introducing you to some of those clients and telling you their stories. I feel sure you'll find each story fascinating in its own way, and I am glad that we can share so many of them with you.

It's impossible to talk about our clients' success without recognizing the lawyers who serve them. Throughout the last year, as our clients faced complex challenges and opportunities, the lawyers of Graves Dougherty upheld the firm's commitment to providing practical legal advice and services. Our attorneys consistently demonstrated why they are leaders in their fields, structuring innovative transactions, positioning clients for continued success, and helping clients prevail in leading-edge litigation. I thank them for their hard work.

In the years ahead, our clients will undoubtedly face new challenges and find new opportunities for success. At Graves Dougherty we intend to continue to be active creators of the future by meeting those challenges head-on and embracing those opportunities. We are well-positioned for the future, we are grateful for your confidence, and we pledge our continued and unwavering dedication to superior client service.

Sincerely,

Mike McKetta

Mike McKetta
President



Mike McKetta joined Graves, Dougherty, Hearon & Moody in 1982 and has been the president of the firm since 1998. The Austin Business Journal named him one of the "Best of the Bar" in 2003.

★

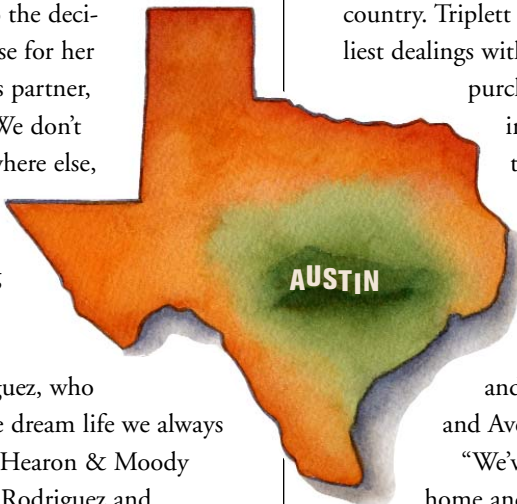
ONCE UPON A TIME IN HOLLYWOOD, TEXAS

ROBERT RODRIGUEZ & ELIZABETH AVELLÁN

When they made it big in the movie business in 1992, they could have easily chosen to pack up and leave Austin for fame and fortune on the West Coast. But Elizabeth Avellán and Robert Rodriguez aren't most people. Instead of following destiny out to L.A., they stayed in Austin and let it come to them. Last year saw the release of two more of their hugely successful made-in-Austin collaborations.

"Robert and I pride ourselves on the fact that Austin is our home," explains producer Elizabeth Avellán, referring to the decision to make Austin home base for her and her husband and business partner, director Robert Rodriguez. "We don't own property in L.A. or anywhere else, for that matter. It's important to us to be here."

Making movies and raising their four sons in Austin has been an enormously fulfilling choice for Avellán and Rodriguez, who has described it as having "the dream life we always wanted." Graves, Dougherty, Hearon & Moody attorney Rick Triplett advises Rodriguez and Avellán in many areas related to maintaining a



home in Texas while doing business with companies on the West Coast and in other parts of the country. Triplett counseled the couple in their earliest dealings with the firm 10 years ago when they purchased their first piece of property in the Austin area. Today, in addition to handling matters involving corporate contracts and real estate ownership, Graves Dougherty oversees employee contracts, lease agreements for various production facilities and estate planning for Rodriguez and Avellán.

"We've found novel ways of integrating home and work. We have sound mixing facilities that are part of where we live, for example," says Avellán. "And so there are those kinds of contracts, too. And if Rick is not expert in any particular area, he knows exactly who is. That's what's wonderful about a law firm of that caliber. There are experts in so many different areas of the law, you know that you are always going to be working with someone who really knows the particular area that affects you in a situation."

Rodriguez and Avellán's commitment to staying in Austin instead of going to L.A. has had far-reaching impact. Their insistence on making

movies like the tremendously successful *Spy Kids* series in the area has contributed immeasurably to the development of a film industry infrastructure in Austin. Thanks in no small measure to their efforts, and the work of other Austin film professionals who feel similarly, the area is now home to the technical facilities and skilled crews that makers of major motion pictures need in order to do their work.

In addition to contributing to the area's economic vitality, Rodriguez and Avellán's choice to bring the movie business home has had an

Directed by Robert Rodriguez
Produced by Elizabeth Avellán

Once Upon a Time in Mexico (2003)
Spy Kids 3-D: Game Over (2003)
Spy Kids 2: Island of Lost Dreams (2002)
Spy Kids (2001)
The Faculty (1998)
From Dusk Till Dawn (1996)
Desperado (1995)
El Mariachi (1992)



To call Robert Rodriguez a director is a little unfair. He is shown here on the set of 2003's *Once Upon a Time in Mexico*, the final installment in his "El Mariachi" trilogy, which he wrote, directed, shot, and edited — and for which he composed the music.

TROUBLEMAKER STUDIOS

Graves Dougherty handles a wide variety of contracts and other legal matters for Rodriguez and Avellán's Troublemaker Studios. The studio complex includes some of the country's top facilities for digital filmmaking.

important influence in other ways, beyond Austin and Texas.

"Because of what we're doing, it's easier for someone else to decide 'I'm staying in New Zealand,' for example. People look at us as the outsiders who are making it happen—and doing it as well as or better than if we were insiders."

As Rodriguez recently told the *Washington Post*, "In filmmaking, it's all about precedent."



The latest *Spy Kids* movie was released in 2003. The series has made more than \$300 million since 2001.

EAST SIDE, WEST SIDE

PERRY LORENZ



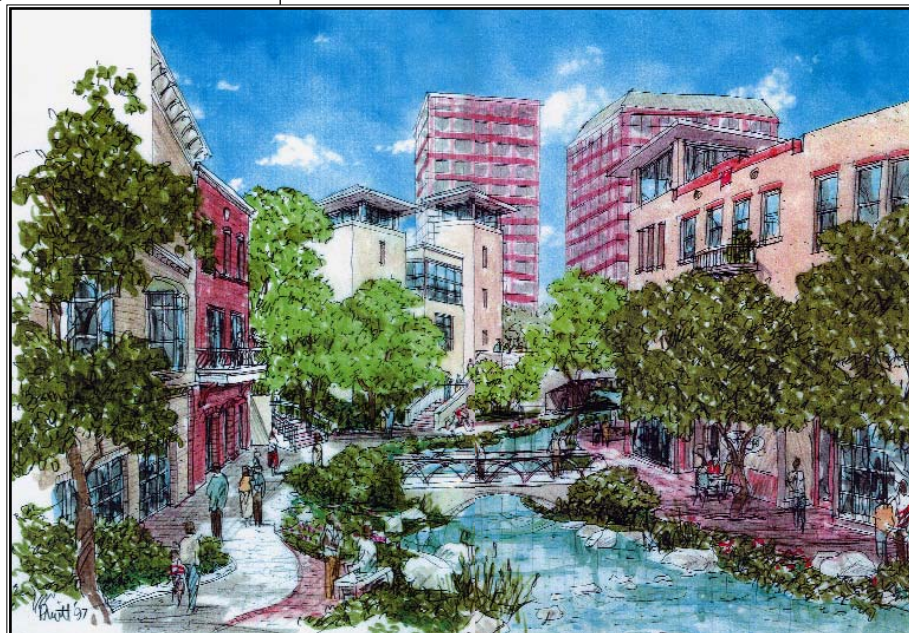
All around Austin, Perry Lorenz's vision of contemporary urban living has left its mark. From the Nokonah, West Austin's luxury high-rise condos, to the Pedernales, East Austin's lofts-and-studios complex, Lorenz's projects have transformed the way Austin lives and works. Last year, he turned to a new project to change the way Austin learns.

"I was interested in helping The University of Texas at Austin establish a charter school in East Austin," Perry Lorenz recalls, reflecting on his relationship with Graves, Dougherty, Hearon & Moody in 2003. "Rick Triplett helped me do that. He understood all the ins and outs of a very complicated situation and helped it go smoothly."

Working with Lorenz in complicated situations is nothing new to Triplett and Graves Dougherty. Since 1986, they've helped Lorenz as he's purchased land from public institutions,

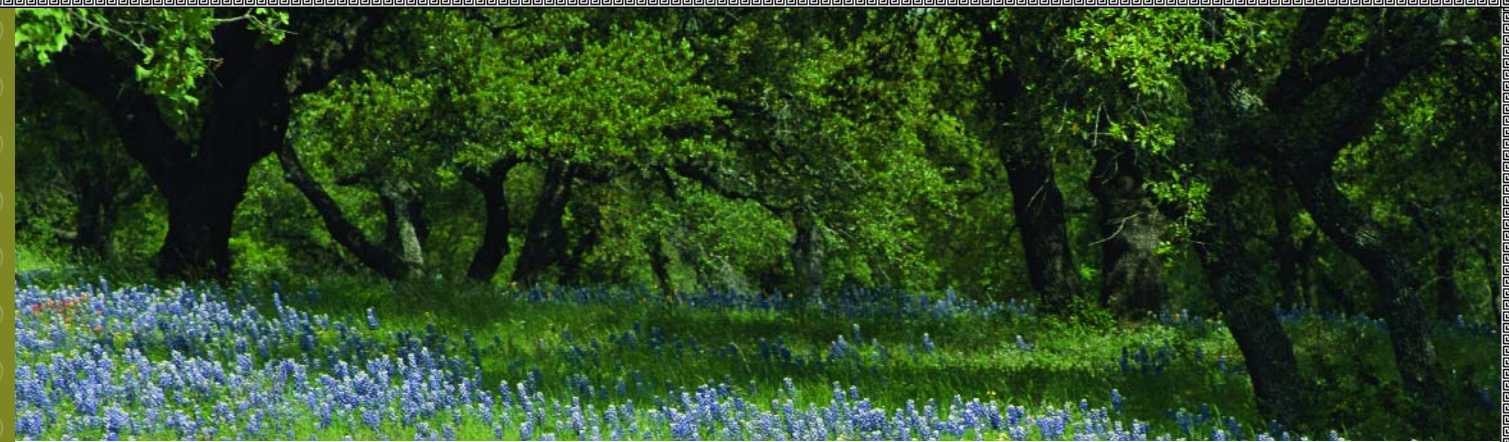
assembled large tracts of land with multiple sellers, entered into land leases—"every complicated thing you can imagine," as he puts it.

Lorenz's relationship with the firm goes beyond real estate to include issues such as employment law, corporate law and tax law. "There's always somebody here with the breadth and depth to help. I don't have to leave to start a new relationship with another law firm, no matter what the issue."



Lorenz envisions turning the Waller Creek area in downtown Austin into a "serious clean water amenity."

"They're the class act of Austin, Texas. Who else is there? I could go with a national firm, I guess, but I don't see what the value would be to me. I have real estate issues stretching from Orange County to New York City, and I have always gotten everything I need in the way of legal representation here at Graves Dougherty."



A 900-ACRE DREAM

CHRIS HARTE

Long before the years of overgrazing took their toll, native plants bloomed, wildlife thrived and a creek full of clean, clear water cut a swath through the center of the land. That's the past that Chris Harte sees in the future of his 900 acres of ranchland in Burnet County. Graves, Dougherty, Hearon & Moody is helping to preserve the progress he's made so far.

"My late wife, who was a landscape architect and an expert in native plants, convinced me that we should try to restore this land," says Chris Harte, explaining that when his family first acquired the property in 1972, it had been overgrazed to the point that its previous owners could barely eke out a living from it.

Today, Harte and his son work hard to fulfill his wife's vision. "We burn, we seed, we cut cedar, we try to reverse erosion, we reduce the overabundant deer population and we try to restore the water quality in the creek," says Harte.

The ranch was originally just 280 acres. Harte's family acquired another 200 acres before Harte bought it from them. Since then, he has nearly doubled its size as part of his restoration effort. "The desire to acquire land can grow out of the desire to preserve what you have," he explains. "For example,



An expert in native plants, Chris Harte's late wife inspired him to restore 900 acres of ranchland to its original state.

when we had 480 acres, we owned the land on the south side of the creek, and we could keep cattle away from it to cut down on the pollution. But as long as there were cattle on the other side, where we didn't own the land, that didn't do much good."

Eventually, Harte made more than 25 different purchases of land surrounding the ranch. He credits Graves Dougherty with helping him to negotiate these often complicated purchases and to acquire rights of first refusal on a number of nearby properties.

"Acquiring, owning and restoring land can be quite complex," observes Harte, "but well worth it. A lot has happened on this ranch that was important me. My son loves it. I expect that one day he'll own it."

THE RENAISSANCE MAN

MARK YALE HARRIS

To those who travel in art circles, he is a gifted sculptor whose work is finding its way into numerous galleries and museums as well as nationwide public and private art collections. To those who are more at home in the business world, he is remembered as one of the most successful and innovative developers of hotel properties in the country. Meet Mark Yale Harris, a Renaissance man in more ways than one.

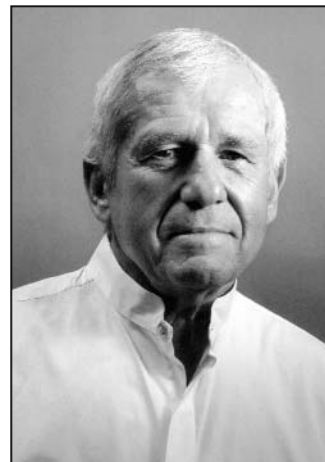
“Becoming an artist is like being reborn,” explains Mark Harris. “It’s a whole new world, with new experiences, new learning, new challenges, and a whole new set of people who think completely differently than people in the business world.” Describing his personal renaissance, Harris speaks from experience in a way few others can. In his lifetime, he has already enjoyed two extraordinarily rich and fulfilling lives. Graves, Dougherty, Hearon & Moody is honored to have been part of both of them.

Harris left a 30-year career in hotel development in 1996 to follow his lifelong dream of being an artist. In 1999, after a period under the tutelage of two mentors, the Native American sculptors Bill Prokopiou and Doug Hyde, he was encouraged enough about his abilities to pursue art as a new career. Today, he splits his time between Austin

and Santa Fe.

As for his relationship with Graves Dougherty, Harris allows that it’s quite different than it was when he was in the hotel development business. “In the art business, there are not corporate requirements of the kind you have in the business world,” he observes, “so the legal issues I deal with now are more personal. They’re more about protecting what assets I’ve managed to acquire, so that my family can get the maximum benefit from what I have.” Harris works primarily with Kevin Holcomb, a lawyer in Graves Dougherty’s Trusts & Estates practice.

Less than 10 years ago, Harris was a corporate client of the firm. He came to Austin and became a client in the 1980s, when he headed the company



Harris often finds inspiration in nature, including the time he spends hiking and horseback riding in Big Bend National Park in West Texas.

that developed AmeriSuites, which at the time represented a completely new kind of entity in the hotel business—the “suite” hotel company. Prior to his work on AmeriSuites, he was best known for co-founding the Red Roof Inn hotel chain. With its focus on what is now known as the “value” market, it, too, represented a novel concept in its time. Harris remained a corporate client of the firm until 1996, when he left the hotel business.

While Harris’ two careers as hotel developer and sculptor may seem like night and day to many, he muses that they may not be as different as one might imagine. He thoroughly enjoyed his time in the hotel business, where, he points out, he expressed himself creatively in many ways. “I was involved in creating everything about those hotels from the concept itself to the aesthetics of the rooms,” he says. “That whole experience was creative for me; it was about creating a new way of doing things in that business.”

Selected Solo & Group Exhibitions 2002–2003

Mark Harris: Flash of Spirit
Thornwood Gallery, Houston, TX

TALA Art and Soul Exhibition
University of Houston, Houston, TX

Austin Fine Arts Festival
Austin Museum of Art, Austin, TX

Sculpture in the Park
Loveland, Colorado

Juried Exhibition
Holter Museum, Helena, MT

NM Sculptor’s Guild
State Capitol, Santa Fe, NM

Juried Exhibition
Masur Museum, Monroe, LA

Mark Harris: Flash of Spirit
Lynne White’s Shriver Gallery, Taos, NM

Juried Exhibition,
Roswell Museum, Roswell, NM

Focus on the Figure
A New Leaf Gallery, Berkeley, CA



“Harris intuitively captures the lumbering clumsiness we associate with the bear’s walk, the graceful leap of fish from water... His choice of stones—alabaster, marble, limestone—combinations of stones, and stone with bronze detail, add to the success of these works.” —Hollis Walker, Santa Fe, NM

Harris believes that his business background has served him well in his incarnation as an artist. “Most artists don’t succeed for business reasons,” he points out. “They don’t understand about marketing their work, for example. They think someone is just going to come along and buy it. And that’s not how it really works.”

For anyone who might be contemplating a life change as dramatic as his, Harris’ advice is simply, “follow your heart.” He did it, and he couldn’t be happier. “I am having the most fun,” he grins. “I wake up every day thinking, ‘I have so much to discover!’”

BUSINESS WITHOUT BORDERS

PROEZA, S.A. DE C.V.

When one of Mexico's most innovative leaders in industry and technology needed a law firm last year to represent it in the United States, the corporation turned to a U.S. firm that it remembered for having recovered millions for a group of plaintiffs in a class action some years earlier. The owners of Proeza had been among those plaintiffs.

Proeza may have remembered Graves, Dougherty, Hearon & Moody for its work in litigation, but it would soon come to know the firm just as well for its international expertise and experience. According to John Harmon, who has represented Proeza and its subsidiaries in a variety of business matters in the U.S., "our ability to represent a foreign client in litigation in the United States is significant to Proeza. Not every law firm can do that. We have been doing it a long time."

The firm's international capabilities take on ever more importance as Proeza increasingly envisions for itself a future far beyond the traditional boundaries of geography and nationality. Already a successful exporter of products and services to countries around the



world, Proeza is constantly seeking new opportunities in the global economy—and, in the process, cultivating relationships that reflect its global perspective. "We believe in long-term relationships," says Enrique Zambrano, CEO of Proeza, "and we believe in doing business with people we respect and trust. You have to go with people you respect because of their capabilities and trust because of their honesty. It has been a good fit between our Group and Graves Dougherty."

Proeza

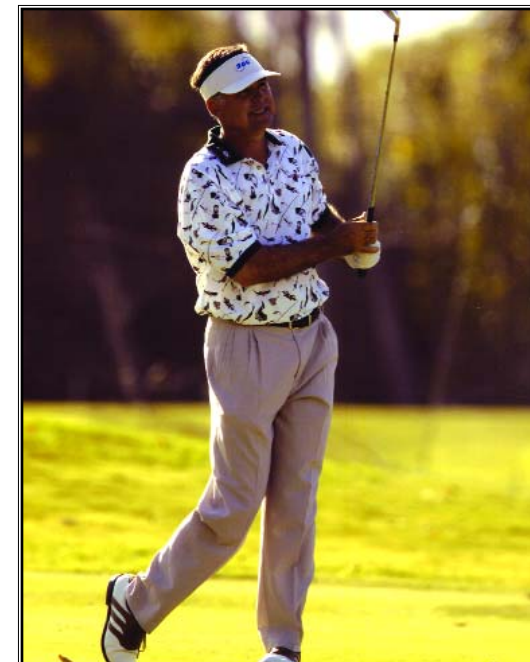


Proeza owns companies in a variety of industries, including auto parts, telecommunications and food processing.

THE FAMILY THAT PLAYS TOGETHER

DAWN & J.L. LEWIS

As problems go, it's a pretty good one to have. J.L. Lewis enjoyed a career-best finish on the Professional Golf Association (PGA) Tour last year, and suddenly he and his wife, Dawn, found themselves facing a slew of nearly overwhelming challenges: managing endorsements and contracts, overseeing investments and taking care of estate planning, for starters.



J.L. Lewis became a professional golfer in 1984 and joined the PGA Tour in 1989. Among the highlights of his career: Tour victories in the 1999 John Deere Classic and the 2003 84 Lumber Classic of Pennsylvania, where he set course and tournament records with a final-round, career-best 10-under-par score of 62 and a 72-hole total of 22-under-par 266.

"We used to just try to do everything on our own, which was not working out too well," laughs J.L. Lewis, talking about the role that Graves, Dougherty, Hearon & Moody has played in helping him and his wife Dawn to manage the business aspects of J.L.'s career. "In the last year, the law firm has really helped us out by doing a lot of my contracts, helping me get my endorsements together and working with us on our wills."

Family is the number-one priority for the Lewises, which makes planning for their children's futures extremely important to them. Both of their children were home-schooled, making it possible for the family to travel together to J.L.'s tournaments. Today, one attends Texas State University and the other is just a semester away from college.

"We've done all our estate planning with Clay Cowan," notes Dawn Lewis, "and we've gotten his help with J.L.'s endorsement contracts and some real estate investments." Dawn and J.L. have also come to rely on Graves Dougherty for counsel in areas beyond those that Clay handles for them. "The nice thing is they have lots of resources," says Dawn. "So if Clay is not expert in a particular area, he has all those resources available to him. It's not just one attorney, but a whole firm backing us up."

In 2003, J.L. Lewis finished a career-best 28th on the PGA Tour money list.

AGENTS FOR CHANGE

AUSTIN'S COMMUNITY ORGANIZATIONS

Graves, Dougherty, Hearon & Moody is grateful to have been a part of so many Austin-area success stories—and we are committed to giving back to the community, to show our appreciation for these opportunities. Giving freely of our resources and time, both as a firm and as individuals, is one way we can do that.



Community organizations throughout the Austin area have benefited from Graves, Dougherty, Hearon & Moody in many ways, whether through lawyers' individual efforts or through the firm's annual Engaging Conversations event that benefits a different group in the community each year.

Two of the firm's lawyers who daily serve as examples of individuals working to make a difference are Clarke Heidrick and Jennifer Piskun Johnson. Heidrick has worked with United Way Capital Area for 12 years; he served as chairman of its board in 2002 and 2003. He also chairs the Travis County Hospital District Steering Committee. Johnson has been active in the Junior League of Austin's Coats for Kids campaign since

2001; she served as chair of the campaign last year. Johnson is also active in many other community efforts, including the Austin State School Volunteer Council, on whose board of directors she serves, and Volunteer Legal

Services of Central Texas, which she serves as a volunteer attorney.

"The notion that the whole community is taking care of the whole community is very appealing to me," Heidrick says of his work with United Way. "The board consists of people who represent so many diverse aspects of our community. It just feels good to be a part of that."

In his work with the Travis County Hospital District, Heidrick is working to realize the vision of a regional system of health care for the area. As he describes it, "We could, with the appropriate budgetary limitations, build a regional system of care so that everyone in our community can have access to quality care."

Johnson describes the Coats for Kids campaign as "one of the most moving displays of compassion in Central Texas." As the Junior League of Austin's chair of the campaign last year, she worked with sponsoring businesses to oversee the distribution of 33,062 coats to area children—a record number.

"There's little doubt that Coats for Kids makes a difference in the life of a child," says Johnson. "For many children, it may be the only coat they

Last year, Graves Dougherty handled more Volunteer Legal Services cases than any other law firm in Austin.



Clarke Heidrick, left, is pictured at a United Way function with sister-in-law, Barbara Heidrick, and brother, Chris Heidrick, who serves on the board of Big Brothers Big Sisters of Central Texas



Engaging Conversations

Organizations that have benefited from this annual fundraising event include:

- 2003 Caritas of Austin
- 2002 Big Brothers Big Sisters of Central Texas
- 2001 Casa of Travis County
- 2000 SafePlace

have. Or, given the time of year that we distribute coats, it may be the only Christmas present they get. The need is staggering."

In addition to encouraging lawyers who want to work individually with local organizations, Graves Dougherty as a firm makes its own contribution to the community through its annual Engaging Conversations event. Engaging Conversations places guests around dinner tables hosted by some of the most accomplished and intriguing people in the country, with the entire event benefiting a different charitable organization each year. (The firm makes a contribution to the organization on behalf of each guest.)

In 2003, the beneficiary of Engaging Conversations was Caritas of Austin. In 2004, the proceeds will go to the St. David's Root Cause Project, a program to improve community health by focusing on the "root causes" that influence health. The event has grown in size and scope each year; last year, for example, 25 percent more tables were added to accommodate growing interest in



Austin's annual Coats for Kids drive is a top priority for Jennifer Piskun Johnson, a lawyer in Graves Dougherty's Litigation practice. She has taken an active role in the event every year since 2001; she served as the Junior League's chair of the 2003 campaign.

"Because of Graves Dougherty's generous gift, Caritas can continue to help the working poor achieve stability, prevent homelessness and support those we serve as they move toward economic self-sufficiency."

—Julia Spann, Executive Director, Caritas



Julia Spann, executive director of Caritas of Austin, is pictured with attorney Ed McHorse of Graves Dougherty, left, who served as president of Caritas of Austin in 2003, and Mike McKetta, president of Graves Dougherty.

attending the event.

According to Mike McKetta, president of Graves Dougherty, "Engaging Conversations is our way of giving back and saying thank you—to our clients and the community in which we live and work."

CLIENT LIST

ADESA Corporation	Newland Communities
Applied Materials, Inc.	Reliant Resources, Incorporated
Bank of America, N.A.	SBC Communications, Inc.
Bank One, NA	Schlumberger Well Services
Capital Spectrum, Inc.	Silicon Valley Bank
CenterPoint Energy	St. David's Health Care Foundation
Coastal Banc, ssb	St. David's Health Care System, Inc.
Cook-Hurlbert, Inc.	St. Edward's University, Inc.
Evolutionary Technologies International, Inc.	St. Stephen's Episcopal School
First American Bank, SSB	State Farm Mutual Automobile Insurance Company
Great American Insurance Company	Tenaska Energy, Inc.
Guaranty Bank	Texas Capital Bank, N.A.
Highland Resources, Inc.	Texas General Land Office
Horizon Environmental Services, Inc.	Texas Insurance Guaranty Assoc.
Jack Brown Companies	Texas Mutual Insurance Company
KB Home-Austin	Thomas Properties Group, LLC
Main Street, Ltd.	Trammell Crow Residential
Morrison Homes of Texas, Inc.	Zydeco Development Corporation

ATTORNEYS

CORPORATE

Karen J. Bartoletti
512-480-5612
kbartoletti@gdhm.com

Diana K. Borden
512-480-5678
dborden@gdhm.com

Carol C. Clark
512-480-5679
cclark@gdhm.com

Cliff Ernst
512-480-5672
cernst@gdhm.com

Clarke Heidrick
512-480-5636
cheidrick@gdhm.com

James M. Laughead
512-480-5654
jlaughead@gdhm.com

Edward S. McHorse
512-480-5750
emchorse@gdhm.com

Thomas I. Queen, Jr.
512-480-5782
tqueen@gdhm.com

Paul B. Saenz
512-480-5757
psaenz@gdhm.com

Roy C. Snodgrass III
512-480-5752
rsnodgrass@gdhm.com

TRUSTS & ESTATES

Theodora M. Anastaplo
512-480-5785
tanastaplo@gdhm.com

Patricia A. Campbell
512-480-5625
pcampbell@gdhm.com

Claiborne L. Cowan
512-480-5604
ccowan@gdhm.com

J. Chrys Dougherty
512-480-5624
cdougherty@gdhm.com

Julie R. Frey
512-480-5776
jfrey@gdhm.com

Kevin Holcomb
512-480-5627
kholcomb@gdhm.com

Craig Hopper
512-480-5603
chopper@gdhm.com

E. Clark Lutz
512-480-5614
eclutz@gdhm.com

James A. Williams
512-480-5622
jwilliams@gdhm.com

REAL ESTATE

Mary H. Allen
512-480-5655
mallen@gdhm.com

Wm. Terry Bray
512-480-5635
tbray@gdhm.com

Stephen W. Butler
512-480-5714
sbutler@gdhm.com

R. Alan Haywood
512-480-5631
ahaywood@gdhm.com

David Herndon
512-480-5683
dherndon@gdhm.com

William H. Locke
512-480-5736
blocke@gdhm.com

Rick Triplett
512-480-5633
rtriplett@gdhm.com

LITIGATION

Kathryn E. Allen
512-480-5651
kallen@gdhm.com

Eric G. Behrens
512-480-5662
ebehrens@gdhm.com

Boyce C. Cabaniss
512-480-5660
bcabaniss@gdhm.com

William Christian
512-480-5704
wchristian@gdhm.com

Will W. Dibrell
512-480-5663
wdibrell@gdhm.com

Michael L. Diehl
512-480-5677
mdiehl@gdhm.com

David H. Donaldson, Jr.
512-480-5760
ddonaldson@gdhm.com

Brian P. Falbo
512-480-5787
bfalbo@gdhm.com

Helen Currie Foster
512-480-5681
hfoster@gdhm.com

John M. Harmon
512-480-5605
jharmon@gdhm.com

Orlesia A. Hawkins
512-480-5638
ohawkins@gdhm.com

Robert J. Hearon, Jr.
512-480-5607
rhearon@gdhm.com

James A. Hemphill
512-480-5762
jhemphill@gdhm.om

Nancy Rice Hudson
512-480-5755
nhudson@gdhm.com

Thomas B. Hudson, Jr.
512-480-5740
thudson@gdhm.com

Jennifer Piskun Johnson
512-480-5765
jpjohnson@gdhm.com

Mary A. Keeney
512-480-5682
mkeeney@gdhm.com

Peter D. Kennedy
512-480-5764
pkennedy@gdhm.com

G. Douglas Kilday
512-480-5680
dkilday@gdhm.com

John B. McFarland
512-480-5618
jmcfarland@gdhm.com

John J. McKetta III
512-480-5616
mmcketta@gdhm.com

Robin A. Melvin
512-480-5688
rmelvin@gdhm.com

Ron H. Moss
512-480-5724
rmoss@gdhm.com

Preston Randall
512-480-5731
prandall@gdhm.com

Pete Schenkkan
512-480-5673
pschenkkan@gdhm.com

Steven D. Smit
512-480-5653
ssmit@gdhm.com

Patrick F. Thompson
512-480-5786
pthompson@gdhm.com

Christopher H. Trickey
512-480-5620
ctrickey@gdhm.com

Ben F. Vaughan III
512-480-5617
bvaughan@gdhm.com

Michael J. Whellan
512-480-5734
mwhellan@gdhm.com

W. Reid Wittliff
512-480-5656
rwittliff@gdhm.com

Richard D. Yeomans
512-480-6645
ryeomans@gdhm.com

We have included in this report descriptions of successful client representations, strategies or outcomes in matters, including transactional and adversarial proceedings. The results obtained were dependent on the facts of the particular matters described. Results will differ if based on different facts. Not all members of the firm are Certified by the Texas Board of Legal Specialization.