

**MINUTES OF MEETING OF
THE COMPENSATION COMMITTEE OF
THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY**

The Compensation Committee (the "Committee") of the Board of Directors of The University of Texas Investment Management Company (the "Corporation") convened in special meeting on the 22nd day of February, 1999, at the offices of Hicks, Muse, Tate & Furst Incorporated, Suite 1600, 200 Crescent Court, Dallas, Texas, said meeting having been called by J. Luther King, Jr., with notice provided to each member in accordance with the Bylaws. Participating in the meeting were the following members of the Committee:

Thomas O. Hicks
J. Luther King, Jr.
Robert H. Allen

thus, constituting a majority and quorum of the Committee. Also, participating in the meeting was Thomas G. Ricks, President of the Corporation; Jerry E. Turner, legal counsel for the Corporation; and Cathy Iberg, Secretary of the Corporation. Mr. King called the meeting to order at 4:35 p.m.

Approval of Minutes

The first item to come before the Committee was consideration of approval of the minutes of the Committee meeting held on August 20, 1998, copies of which had previously been distributed to each Committee member. After discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the meeting of the
Compensation Committee held on August 20, 1998, be
and are hereby approved in the form presented to the
Committee.

Approval of the 1998 Performance Compensation Plan Awards

The next item to come before the Committee was review and approval of the proposed bonus compensation awards for the calendar year ended December 31, 1998. Copies of the supporting materials were previously distributed to each Committee member. Mr. Ricks proposed cash bonus awards in the amount of \$382,798. He stated that the proposed bonuses incorporated a waiver of the 40% withholding provision, which was consistent with most of the prior year awards. He stated that on average the proposed 1998 bonus awards equated to 74% of the 1997 awards and reflected the decline in performance attributable to the internally managed equity portfolios. The members of the committee discussed the benchmarks in evaluating the internal public equity managers' portfolios, the one and three year performance of those managers, and an assessment of the managers' skill sets. The Committee members concluded that a discretionary bonus in the amount of 25% of Greg Cox's salary and 12.5% of Mike Penn's salary was appropriate. The Committee also waived the elimination of Holland Timmin's carryover amount from 1997. They cited that he outperformed the S&P 500 benchmark return for the year, which was extremely difficult. Mr. Ricks reviewed the performance of Russ Kampfe who manages the

Short Intermediate Term Fund and noted that the performance was outstanding relative to its benchmark. Mr. Ricks also noted that the portfolio possesses a low risk profile and obtained an AAAf rating from Standard & Poors during the year. Mr. Ricks reviewed with the Committee the composite UTIMCO benchmark and answered their questions. Mr. Ricks went over the bullet points provided in the materials for the private markets performance and answered the Committee members' questions. The Committee suggested that a long-term incentive program be evaluated for the private markets portfolio managers in addition to the existing performance compensation plan. It was noted that the market compensation for private investment managers had increased substantially over the years. Following the discussion, upon motion duly made and seconded; the following resolution was unanimously adopted:

RESOLVED, that the 1998 Performance Compensation Plan Awards prepared by Corporation's management be and are hereby approved in the form presented to the Committee, except that Holland Timmin's carryover bonus in the amount of \$49,045 be paid, and that Mike Penn and Greg Cox be paid 12.5% and 25% of their 1998 salary, respectively; and, be it further

RESOLVED, that the 40% carryover amount as provided in the UTIMCO Compensation Plan be waived.

There being no further business to come before the Committee, the meeting was adjourned at approximately 5:45 p.m.

Approved: _____
Committee Chairman

Date: _____