

**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 an open meeting on the **13th day of September, 2004**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Town Lake Conference Room, 221 West 6th Street, Austin, Texas, 78701, said meeting having been called by the Chairman J. Luther King, Jr., with notice provided to each member in accordance with the Bylaws. The audio portion of the open meeting was electronically recorded. Participating in the meeting were the following members of the Committee:

J. Luther King, Jr., Chairman
Susan M. Byrne
J. Philip Ferguson

thus, constituting a majority and quorum of the Committee. Also, attending the meeting were Woody L. Hunt, Chairman of the Board; Bob L. Boldt, President of the Corporation; Joan Moeller, Secretary and Treasurer of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Jerry Turner, legal counsel for the Corporation; Philip Aldridge and Brandon Duck of the U. T. System Administration; Bruce Myers of Cambridge Associates; and Diane Doubleday and Greg Smith of Mercer Human Resource Consulting. Mr. King called the meeting to order at 5:35 p.m.

Copies of the materials supporting the agenda were previously distributed to each Committee member.

Approval of Minutes

The first item to come before the Committee was consideration of approval of the minutes of the Committee meeting held on July 14, 2004. 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 July 14, 2004, be, and are hereby, approved.

Performance Compensation Program

The next item on the agenda was discussion of the proposed UTIMCO Compensation Program. Mr. King asked Mr. Hunt to summarize changes to the proposed program. Mr. Hunt began by giving an overview of past events regarding the Compensation Program. He noted the effective date of September 1, 2003, for the proposed program. Mr. Hunt explained why the program proposed a past effective date, which was primarily due to the fact that passage was contingent upon the process of developing a new asset allocation which was delayed by more than twelve months and not finalized until December 2003. The Compensation Committee approved a new compensation plan, as soon as it was allowed to do so, also in December 2003, and the Board of Directors approved the plan at its next meeting in January 2004.

However, the plan could not get on the agenda for subsequent Board of Regents meetings and was never placed into effect.

Mr. Hunt then gave an overview of the changes to the proposed plan and the philosophy behind the changes. He specifically spoke to the change to peer group comparison versus benchmark. Mr. Hunt and Mr. Boldt then discussed the program in more detail and answered the Directors' questions. Mr. King asked Ms. Doubleday and Mr. Myers to also give their comments regarding the proposed program. The Committee strongly concurred that the effective date of the Compensation Program should be September 1, 2003, and that it was important for the proposed program as discussed to be accepted to finalize the process. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the UTIMCO Compensation Program as recommended be, and is hereby, approved in the form submitted to the Committee, subject to approval of the Corporation's Board of Directors.

Mr. King gave a statement of appreciation to the Committee and to all of those who had worked on the revision process of the compensation program.

There being no further business to come before the Committee, the meeting was adjourned at approximately 7:40 p.m.

Secretary: _____
Joan Moeller

Approved: _____ Date: _____
J. Luther King, Jr., Chairman of the
Compensation Committee
of The University of Texas
Investment Management Company