

**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, 2005**, 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 Committee Chair, J. Philip Ferguson, 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. Philip Ferguson, Chairman
Clint D. Carlson
Robert B. Rowling

thus, constituting a majority and quorum of the Committee. Also attending the meeting were Woody L. Hunt, Chairman of the Board; H. Scott Caven, Jr., Vice 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; Bill Edwards, Managing Director of Information Technology; Larry Goldsmith, Managing Director of Public Markets; Jerry Turner, legal counsel for the Corporation; Philip Aldridge and Cathy Swain of UT System Administration; and Bruce Myers of Cambridge Associates. Mr. Ferguson called the meeting to order at 12:04 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 21, 2005. 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 21, 2005, be, and are hereby, approved.

Amendments to Compensation Program

Mr. Ferguson asked Mr. Boldt to continue with the next item on the agenda. Mr. Boldt asked Ms. Moeller to cover the details of the proposed amendments to the Corporation's Compensation Program (the "Plan"). Ms. Moeller stated that the first proposed amendment clarifies the definition of the Peer Group in the Plan and stated that the Peer Group will be updated from time to time as deemed appropriate by the Board. The second proposed amendment recommends amending four items in the Plan. The first item is to change the length of time to confirm eligible positions to the first 90 days of the performance period to coincide with

the time to approve the performance goals for eligible participants in the plan. The second item is to update section 5.8 (b) to accommodate the recently approved asset allocation. The third item is to change the review function of the performance data and calculations from the external investment consultant to the external auditor. The fourth item is to replace the word "chart" with "table" wherever it appears in Appendix A. Changes to the benchmarks listed in the table presented as Exhibit 1, to reflect recent changes made to the asset allocation, were also discussed. Mr. Boldt and Mr. Myers answered the Directors' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, Section 7.2 of the UTIMCO Compensation Program (the "Plan") provides that UTIMCO, by action of its Board of Directors (the "Board"), has the right in its discretion to amend the Plan or any portion thereof from time to time; and

WHEREAS, UTIMCO and the Board wish to amend the Plan in certain respects pursuant to the "First Amendment to UTIMCO Compensation Program" and the "Second Amendment to UTIMCO Compensation Program," copies of which are attached hereto (Note: The attachments to the resolution are attached to these Minutes.); and

WHEREAS, the Compensation Committee of the Board (the "Committee") has reviewed the proposed amendments to the Plan;

NOW, THEREFORE, be it:

RESOLVED, that the Committee hereby recommends to the Board that the Board approve and adopt the "First Amendment to UTIMCO Compensation Program," effective as of September 1, 2004; and

RESOLVED, that the Committee hereby recommends to the Board that the Board approve and adopt the "Second Amendment to UTIMCO Compensation Program," effective as of the dates specified therein.

Approval of Eligible Positions, Participants, Weightings and Incentive Award Opportunities

Mr. Boldt asked Ms. Moeller to review recommendations made by the Staff of the proposed eligible positions, participants, and incentive award opportunities for the 2005/2006 performance plan period. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, Section 5.4(d) of the UTIMCO Compensation Program (the "Plan") provides that the Compensation Committee (the "Committee") of the Board of Directors of UTIMCO (the "Board") will approve the weightings for each Eligible Position for each Performance Period; and

WHEREAS, Section 5.3(a) of the Plan provides that the Board will confirm the "Eligible Positions" for participation in the Plan each Performance Period; and

WHEREAS, Section 5.3(a) of the Plan provides that a UTIMCO employee must be selected by the Board in order to become a "Participant" in the Plan; and

WHEREAS, Section 5.5(a) of the Plan provides that the Board will determine the "Incentive Award Opportunity," including a threshold, target, and maximum award, for each Participant each Performance Period; and

WHEREAS, the Committee has reviewed the proposed Eligible Positions, Participants, Incentive Award Opportunities, and weightings for the 2005/2006 Performance Period;

NOW, THEREFORE, be it:

RESOLVED, that the weightings for each Eligible Position for the 2005/2006 Performance Period as set forth on Exhibit 2 attached hereto are hereby approved, effective as of July 1, 2005, except as any other effective date is specified on such Exhibit 2 (Note: The attachment to the resolution are attached to these Minutes.); and

RESOLVED, that the Committee hereby recommends to the Board that the Board approve the proposed Eligible Positions, Participants, and Incentive Award Opportunities for the 2005/2006 Performance Period as set forth on Exhibit 2 attached hereto, effective as of July 1, 2005, except as any other effective date is specified on such Exhibit 2.

Agreed Upon Procedure Services

Ms. Moeller continued with the next item on the agenda. Earlier in the meeting, the Committee approved an amendment to the Plan that changed the review function of the performance data and calculations from the external investment consultant to the external auditor. The Staff is now requesting that the Committee approve engagement of Ernst and Young to perform the agreed upon procedure for certain employees pursuant to the UTIMCO Compensation Program. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the firm of Ernst & Young, LLP be, and is hereby, engaged to perform agreed upon procedure services involving the recomputation of compensation for certain employees pursuant to the UTIMCO Compensation Program for the performance period ending June 30, 2005.

Executive Session - Personnel Compensation Matters

Mr. Ferguson announced, at 12:25 p.m., that, "the Compensation Committee of the Board of Directors of The University of Texas Investment Management Company having been duly convened in Open Session

and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session of the Committee, for the purpose of deliberating personnel compensation matters. This Executive Session meeting of the Committee is authorized by Texas Government Code, Section 551.074 (Personnel Matters). The time is now 12:25 p.m.” At this time Ms. Moeller, Ms. Wallace, Mr. Edwards, Mr. Goldsmith, Mr. Aldridge, Ms. Swain and Mr. Myers left the meeting.

In Executive Session, the Committee discussed personnel compensation matters. Mr. Boldt did not participate in any portion of the discussion relating to his compensation. No action was taken and no vote was called for or taken by the Committee.

The Committee reconvened at 12:49 p.m. in open session and Mr. Ferguson announced that, “the Open Session of the Compensation Committee of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The time is now 12:50 p.m. During the Executive Session, the Committee discussed personnel compensation, but did not take any votes.”

Approval of Performance Goals

Mr. Ferguson requested approval of performance goals for the Participants' of the UTIMCO Compensation Program and a recommendation to the Board for approval of the President and CEO's performance goals. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, Section 5.4(a) of the UTIMCO Compensation Program (the “Plan”) provides that the Compensation Committee (the “Committee”) of the Board of Directors of UTIMCO (the “Board”) will approve the Performance Goals for each Participant (other than for the President and CEO) each Performance Period; and

WHEREAS, Section 5.4(c) of the Plan provides that the Board will determine the “Performance Goals” of the President and CEO for each Performance Period; and

WHEREAS, the Committee has reviewed the proposed Performance Goals for the 2005/2006 Performance Period set forth in Section 5.8(b)(1) of the Plan and on Exhibit 1 and the individual Performance Goals document as presented to the Committee (Note: The exhibit to the resolution is attached to these Minutes.);

NOW, THEREFORE, be it:

RESOLVED, that the Performance Goals for each Participant (other than for the President and CEO) for the 2005/2006 Performance Period as set forth in Section 5.8(b)(1) of the Plan and on Exhibit 1 and the individual Performance Goals document as presented to the Committee are hereby approved, effective as of July 1, 2005; and

RESOLVED, that the Committee hereby recommends to the Board that the Board approve the Performance Goals for the President and CEO for the 2005/2006 Performance Period as set forth in Section 5.8(b)(1) of the Plan and on Exhibit 1

and the individual Performance Goals document as presented to the Committee, effective as of July 1, 2005.

There being no further business to come before the Committee, the meeting was adjourned at approximately 12:53 p.m.

Secretary: Joan Moeller
Joan Moeller

Approved: J. Philip Ferguson
J. Philip Ferguson, Chairman of the
Compensation Committee
of The University of Texas
Investment Management Company

Date: 11/18/05