

**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 **21st day of September 2006**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Lone Star Board Room, 401 Congress Avenue, Austin, Texas, 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
Charles Tate

thus, constituting a majority and quorum of the Committee. Also attending the meeting were Cathy Iberg, Interim President and CEO 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; Jerry Turner, legal counsel for the Corporation; and Bob Boldt, former President and CEO of the Corporation. Mr. Ferguson called the meeting to order at 10:06 a.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 September 15, 2006. 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 September 15, 2006, be, and are hereby, approved.

Executive Session

Mr. Ferguson announced, at 10:08 a.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 individual personnel compensation and evaluation matters. This Executive Session meeting of the Committee is authorized by Texas Government Code, Section 551.074 (Personnel Matters). The time is now 10:08 a.m. date and the date is the 21st of September, 2006.

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

Open Session

The Committee reconvened in open session and Mr. Ferguson announced that, "on September 21, 2006, at 11:26 a.m. 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 11:26 a.m. During the Executive Session, the Committee discussed individual personnel compensation and evaluation matters, but did not take any votes."

Approval of Performance Goals

Mr. Ferguson requested approval of a recommendation to the Board for approval of the President and CEO's Performance Incentive Award. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, Section 5.5(d) of the UTIMCO Compensation Program (the "Plan") provides that, at the end of each Performance Period, the Board of Directors of UTIMCO (the "Board") will determine the level of achievement of the President and CEO with respect to his Performance Goals for such Performance Period; and

WHEREAS, the President and CEO has submitted to the Compensation Committee (the "Committee") of the Board a report documenting the President and CEO's opinion of his actual performance during the 2005/2006 Performance Period relative to his Individual Performance Goal for such Performance Period; and

WHEREAS, the Committee has reviewed UTIMCO's and the U. T. System's documentation and the report of the President and CEO relating to the actual performance of the President and CEO during the 2005/2006 Performance Period, compared all such documentation of such actual performance relative to the Individual Performance Goal of the President and CEO for such Performance Period, and determined that the President and CEO achieved the level of his Individual Performance Goal for the 2005/2006 Performance Period set forth on Exhibit 1 attached hereto; and

WHEREAS, the Committee wishes to recommend that the Board approve the determined level of achievement of the President and CEO's Individual Performance Goal set forth on Exhibit 1 attached hereto;

NOW, THEREFORE, be it:

RESOLVED, that the Committee hereby recommends that the Board approve the determination that the President and CEO achieved the level of his Individual Performance Goal for the 2005/2006 Performance Period set forth on Exhibit 1 attached hereto.

At this time Mr. Boldt left the meeting. Mr. Ferguson continued by addressing the Performance Incentive Awards for the Participants' of the UTIMCO Compensation Program. Ms. Iberg answered the Committee Members' questions. The Committee recommended approval of the Performance Goals for each Participant (other than for the President/CEO) for each Performance Period, and recommend to the Board approval of the Interim President and CEO's Performance Incentive Award. 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/CEO) for each Performance Period; and

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

WHEREAS, as of September 1, 2006, the President/CEO of UTIMCO terminated employment with UTIMCO, and currently there is no person holding the position of President/CEO, and the Managing Director, Marketable Alternatives Investments, Deputy Chief Investment Officer ("MD, Marketable Alternatives") has agreed to undertake to fulfill certain of the responsibilities of the President/CEO position in addition to her responsibilities as MD, Marketable Alternatives until the President/CEO position is filled and for a three-month transition period thereafter; and

WHEREAS, the Performance Goals for the MD, Marketable Alternatives have been modified to take into account those additional responsibilities, and the Committee has determined that, because of the increased responsibilities of the MD, Marketable Alternatives that would otherwise be responsibilities of the President/CEO, the Board rather than the Committee should approve the 2006/2007 Performance Goals for the MD, Marketable Alternatives; and

WHEREAS, the Committee has reviewed the proposed Performance Goals for the Participants for the 2006/2007 Performance Period set forth on Exhibit 2 attached hereto (for their Entity and Asset Class Performance Goals) and the individual Performance Goals document as presented to the Committee (for their Individual Performance Goals);

NOW, THEREFORE, be it:

RESOLVED, that the Performance Goals for each Participant (other than the MD, Marketable Alternatives) for the 2006/2007 Performance Period as set forth on

Exhibit 2 attached hereto (for his or her Entity and Asset Class Performance Goals) and the Individual Performance Goals document as presented to the Committee (for his or her Individual Performance Goal) are hereby approved, effective as of July 1, 2006; and

RESOLVED, that the Committee hereby recommends that the Board approve the Performance Goals for the MD Marketable Alternatives for the 2006/2007 Performance Period as set forth on Exhibit 2 attached hereto (for her Entity and Asset Class Performance Goals) and the Individual Performance Goals document as presented to the Committee (for her Individual Performance Goal), effective as of July 1, 2006.

There being no further business to come before the Committee, the meeting was adjourned at approximately 11:30 a.m.

Secretary: Joan Moeller
Joan Moeller

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

Date: 11/15/06

EXHIBIT 1
LEVEL OF ACHIEVEMENT OF PRESIDENT AND CEO'S
INDIVIDUAL PERFORMANCE GOAL FOR 2005/2006

Eligible Position	Weighting			Incentive Award Opportunity (% of Base Salary)			
	Entity	Asset	Individual	<Threshold	Threshold	Target	Maximum
President/CEO	70%	0%	30%	0%	18%	90%	180%

Percentage of Determined Level of Achievement of 2005/2006 Individual Performance Goals (0 to 100%): 80%

Exhibit 2

APPENDIX D

Asset Class	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment	ITF	Threshold	Target	Maximum
		(% of Portfolio)		(% of Portfolio)		
Entity: Peer Group (Total Endowment Funds)	Peer group (Endowments w/>>\$1 B	n/a	n/a	40th %ile	60th %ile	75th %ile
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+32.5 bps	+65 bps
US Public Equity	Russell 3000 Index	20%	15%	+0 bps	+31 bps	+62 bps
Non-US Developed Equity	MSCI EAFE Index with net dividends	10%	5%	+0 bps	+37.5 bps	+75 bps
Emerging Markets Equity	MSCI Emerging Markets Index with net dividends	7%	5%	+0 bps	+75 bps	+150 bps
Directional Hedge Funds	MSCI Investable Hedge Fund Index	10%	12.5%	+0 bps	+65 bps	+130 bps
Absolute Return Hedge Funds	MSCI Investable Hedge Fund Index	15%	12.5%	+0 bps	+50 bps	+100 bps
Private Equity	Custom Benchmark Created from Venture Economics Database	11%	0%	+0 bps	+103.5 bps	+207 bps
Venture Capital	Custom Benchmark Created from Venture Economics Database	4%	0%	+0 bps	+103.5 bps	+207 bps
REITS	Dow Jones Wilshire Real Estate Securities Index	5%	10%	+0 bps	+37.5 bps	+75 bps
Commodities	Combination index: 66.7% Goldman Sachs Commodity Index minus .5% plus 33.3% DJ-AIG Commodity Index	3%	5%	+0 bps	+17.5 bps	+35 bps
TIPS	Lehman Brothers US TIPS Index	5%	10%	+0 bps	+2.5 bps	+5 bps
Fixed Income	Lehman Brothers Aggregate Bond Index	10%	25%	+0 bps	+12.5 bps	+25 bps
Cash	90 day t-bills	0%	0%	+0 bps	+0 bps	+0 bps