

**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 **16th day of May 2007**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of Vinson & Elkins, 2801 Via Fortuna, Suite 100, 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
Ardon E. Moore

thus, constituting a majority and quorum of the Committee. Committee member Clint D. Carlson was not present at the meeting. Also attending the meeting were H. Scott Caven, Jr., Chairman of the Board; Robert B. Rowling, Member of the Board of Directors; Cathy Iberg, Interim President and CEO of the Corporation; Joan Moeller, Secretary and Treasurer of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Cecilia Gonzalez, General Counsel for the Corporation; Bill Edwards, Managing Director of Information Technology; Lindel Eakman, Director - Private Markets; Jerry Turner, outside legal counsel for the Corporation; and Bruce Zimmerman, incoming CEO, President and CIO. Philip Aldridge of UT System joined the meeting later as noted in the minutes. Mr. Ferguson called the meeting to order at 2:05 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 November 6, 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 November 6, 2006, be, and are hereby, approved.

Executive Session

Mr. Ferguson announced, at 2:08 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 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 2:08 p.m. and the date is the 16th of May, 2007." At this time, Ms. Moeller, Ms. Gonzalez, Ms. Wallace, Mr. Edwards, and Mr. Eakman left the meeting.

In Executive Session, the Committee discussed individual personnel compensation and evaluation matters. 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 May 16, 2007, at 2:23 p.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 2:23 p.m. During the Executive Session, the Committee discussed individual personnel compensation and evaluation matters, but did not take any votes."

Mr. Aldridge joined the meeting at this time.

Approval of Adjustment to Individual's Base Salary

Mr. Ferguson presented a recommendation of adjustment to an individual's base salary for fiscal year 2006-2007, coinciding with a promotion effective March 1, 2007. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that Scott Bigham's salary be increased to the level of Associate – Private Markets, as recommended by the Corporation's Interim President, effective March 1, 2007.

Discussion of Compensation Program

Mr. Ferguson asked Ms. Iberg to begin discussion of the Corporation's Compensation Program. Based on questions raised by the UTIMCO Board and questions that arose in implementing the plan, Ms. Iberg made a presentation on the following items for the Compensation Committee's review and discussion: 1) the methodology for determining the level of achievement of the Individual Performance Goals; (2) clarify that the actual months of historical performance of an asset class are used when it is added or deleted as an asset class; (3) the methodology for calculating the Asset Class portion of a Participant's Incentive Award if the Participant has more than one asset class for which he or she is responsible; and (4) the entity benchmark. Ms. Iberg, Ms. Moeller and Mr. Zimmerman answered the Committee Members' questions. Due to the complex nature of the Program, and the fact that Mr. Zimmerman, the new CEO, President and CIO, will be starting July 1, 2007, the Committee recommended that Ms. Iberg and Mr. Zimmerman work with Staff, Mercer Consulting and the Committee and recommend Program changes for the near future.

There being no further business to come before the Committee, the meeting was adjourned at approximately 2:57 p.m.

Secretary: Joan Moeller
Joan Moeller

Approved: J. Philip Ferguson Date: 6.13.07
J. Philip Ferguson, Chairman of the
Compensation Committee
of The University of Texas
Investment Management Company