

**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 **6th day of November, 2008**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Suite 2800, 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
Ardon E. Moore

thus constituting a majority and quorum of the Committee. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Cathy Iberg, President and Deputy CIO; Cissie Gonzalez, internal General Counsel and Chief Compliance Officer; Bill Edwards, Managing Director of Information Technology; Melynda Shepherd, Manager – Finance and Administration. Mr. William Volk of Vinson & Elkins LLP; and Mr. Jerry Turner of Andrews Kurth LLP were also in attendance. Mr. Ferguson called the meeting to order at 9:35 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 and approval of the minutes of the Compensation Committee meeting held on September 9, 2008. 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 9, 2008 be, and are hereby, approved.

Peer Group

Mr. Ferguson stated that Committee approval was required for the amendments to Appendix B to the UTIMCO Compensation Program setting forth a "Peer Group", subject to approval by the Board. Mr. Ferguson asked Mr. Zimmerman to explain the details of the changes. Mr. Zimmerman reminded the Committee that the Peer Group criteria had changed for the Compensation Program effective July 1, 2008. The Peer Group is no longer used in the calculation of entity performance in accordance with section 5.8(a) of the UTIMCO Compensation Program. Performance relative to the Peer Group may be included as a Qualitative Performance Goal. The Peer Group that is set forth in Appendix B is a

peer group of endowment funds maintained by the Board's external investment advisor, Cambridge Associates, and is composed of all endowment funds with more than 10 full-time employee positions, allocations to alternative assets in excess of 40%, and with assets greater than \$2.5 billion, determined as of the last day of each of the three immediately preceding Performance Periods, excluding the Total Endowment Assets (PUF and GEF). The Peer Group is updated annually by Cambridge Associates, at the beginning of each Performance Period and Appendix B is updated accordingly. The Compensation Plan Universe for 2008/2009 was provided by Cambridge Associates and will be used as the peer group for Appendix B. The amended Appendix B is attached to these minutes. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, Section 8.14 of the UTIMCO Compensation Program (the "Plan") provides that the "Peer Group" will be updated annually at the beginning of each Performance Period, and Appendix B (UTIMCO Peer Group) will be amended accordingly; and

WHEREAS, Section 7.2 of the Plan provides that the Board has the right to amend the Plan or any portion thereof from time to time; and

WHEREAS, the Committee has reviewed the proposed Appendix B and it conforms to the updated Peer Group as defined in the Plan.

NOW, THEREFORE, be it

RESOLVED, the updated and amended Appendix B (UTIMCO Peer Group), a copy of which is attached hereto, is hereby adopted and approved as part of the Plan to replace the current Appendix B, effective as of July 1, 2008, subject to Board approval.

Executive Session

Mr. Ferguson announced, at 9:45 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 matters. This Executive Session meeting of the Committee is authorized by *Texas Government Code*, Section 551.074 (Personnel Matters). The time is now 9:45 a.m. and the date is November 6, 2008." At this time, Ms. Iberg, Ms. Moeller, Ms. Wallace, Ms. Shepherd, and Mr. Edwards left the meeting.

In Executive Session, the Committee discussed individual personnel compensation matters, including Performance Incentive Awards for the Participants for the 2007/2008 Performance Period; the Corporation's CEO Performance Incentive Award for the 2007/2008 Performance Period, the Director - Public Markets' designation as a "Participant" in the Plan in the Eligible Position of Director, Investment for the 2008/2009 Performance Period including review of the Director - Public Markets' Qualitative Performance Goals for the 2008/2009 Performance Period. 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 November 6, 2008, at 10:55 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 10:55 a.m. During the Executive Session, the Committee discussed individual personnel compensation matters, but did not take any votes, or make any decisions."

Performance Incentive Awards

Mr. Ferguson recommended Committee approval of the UTIMCO Performance Incentive Awards for the Participants for the 2007/2008 Performance Period. 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 Compensation Committee (the "Committee") will determine the level of achievement of each Participant against the Performance Goals of the respective Participant and determine the Participant's level of achievement of his or her Performance Goals; and

WHEREAS, in accordance with Section 5.5(d) of the Plan, the Committee has determined each Participant's level of achievement of his or her Performance Goals for the 2007/2008 Performance Period; and

WHEREAS, Section 5.5(e) of the Plan provides that, based on the percentage achieved of each Participant's Performance Goals for a Performance Period, a "Performance Incentive Award" will be calculated for each Participant for such Performance Period in accordance with the calculation methodology set forth in Appendix A of the Plan; and

WHEREAS, Section 5.5(f) of the Plan provides that the Committee will review all calculations of Performance Incentive Awards, based on the certification of its advisors, make any changes it deems appropriate, and submit its recommendation to the Board for approval; and

WHEREAS, the Compensation Committee has reviewed the Performance Incentive Awards for all Participants who have met or exceeded their performance benchmarks for the 2007/2008 Performance Period and wishes to document approval of such Performance Incentive Awards and recommend that the Board approve the same.

NOW, THEREFORE, be it:

RESOLVED, that the Performance Incentive Awards for the Participants for the 2007/2008 Performance Period in the total amount of \$2,336,697 are hereby approved, subject to further approval of the UTIMCO Board.

CEO Incentive Award

Mr. Ferguson continued with recommendation of Committee approval for the Corporation's CEO Performance Incentive Award for the 2007/2008 Performance Period. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, in lieu of participation in the UTIMCO Compensation Program for the 2007/2008 Performance Period, the CEO participates in a special Performance Incentive Award Plan as attached in Attachment 2 of the Offer of Employment Letter ("Letter") for Bruce E. Zimmerman; and

WHEREAS, the Individual Performance Goals for the CEO for the Period of July 1, 2007 through June 30, 2008 were established in Attachment 1 of the Letter; and

WHEREAS, the Board will determine the level of achievement of the CEO relative to his "Performance Goals" for such Performance Period as provided in the Letter and based on the recommendation of the Committee; and

WHEREAS, Attachment 2 of the Letter provides that, based on the percentage achieved of the CEO's Performance Goals for the 2007/2008 Performance Period, a "Performance Incentive Award" will be calculated for the CEO for such Performance Period in accordance with the calculation methodology set forth in Attachment 2 of the Letter; and

WHEREAS, the Committee has reviewed the actual performance of the CEO during the Performance Period and has compared such actual performance relative to each Performance Goal category for the CEO against his corresponding Performance Goal for such Performance Period and recommends that the Board review the same; and

WHEREAS, the Committee has reviewed the calculation of the Performance Incentive Award for the CEO of the Corporation, approves such calculation, and recommends that the Board approve the CEO's Performance Incentive Award.

NOW, THEREFORE, be it:

RESOLVED, that the CEO's Performance Incentive Award for the 2007/2008 Performance Period in the total amount of \$1,050,000 is hereby approved, subject to further approval of the UTIMCO Board.

Qualitative Performance Goals

Mr. Ferguson requested Committee approval for Susan Chen, Director-Public Markets, to be designated as a "Participant" in the Plan in the Eligible Position of Director, Investment for the 2008/2009 Performance Period, effective as of September 22, 2008, and that the Committee approve

the Qualitative Performance Goals for her for the 2008/2009 Performance Period, as set forth in the document presented to the Committee. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, Section 5.3(a) of the UTIMCO Compensation Program (the "Plan") provides that, in order to become a "Participant" in the Plan for a Performance Period, a UTIMCO employee must be (1) employed in a position designated by the Board of Directors of UTIMCO (the "UTIMCO Board") as an "Eligible Position" for that Performance Period and (2) selected by the UTIMCO Board as eligible to participate for that Performance Period; and

WHEREAS, the Compensation Committee of the Board of Directors of UTIMCO (the "Committee") has previously determined that the position of Director, Investment is an Eligible Position in the Plan; and

WHEREAS, the position of Director, Investment, includes the position of Director - Public Markets Investments; and

WHEREAS, the Committee has determined that Susan Chen, as Director - Public Markets Investments, may become a Participant for the 2008/2009 Performance Period in the Eligible Position of Director, Investment.

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

WHEREAS, the Committee has reviewed and approves the Qualitative Performance Goals for Susan Chen for the 2008/2009 Performance Period as set forth in the document presented to the Committee.

NOW, THEREFORE, be it:

RESOLVED, that the Committee hereby recommends to the UTIMCO Board that Susan Chen be designated by the UTIMCO Board as a "Participant" in the Plan in the Eligible Position of Director, Investment for the 2008/2009 Performance Period, effective as of September 22, 2008.

FURTHER RESOLVED, that the Committee hereby approves the Qualitative Performance Goals for Susan Chen for the 2008/2009 Performance Period, effective as of September 22, 2008, as set forth in the document presented to the Committee.

There being no further business to come before the Committee, the meeting was adjourned at approximately 11:00 a.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: 2/17/2009

Appendix B

UTIMCO Peer Group

- Columbia University
- Cornell University
- Emory University
- Harvard University
- Massachusetts Institute of Technology
- Northwestern University
- Princeton University
- Rice University
- Stanford University
- The Duke Endowment
- University of California
- University of Chicago
- University of Michigan
- University of Notre Dame
- University of Pennsylvania
- University of Virginia Investment Management Company
- Vanderbilt University
- Washington University in St. Louis
- Yale University

Source: Cambridge Associates. Represents endowment funds (excluding the Total Endowment Assets) with more than 10 full-time employee positions, allocations to alternative assets in excess of 40%, and with assets greater than \$2.5 billion, all to be determined as of the last day of each fiscal year end June 2006, 2007, 2008.