

**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 open session on June 16, 2009, 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 Corporation's Bylaws. The audio portion of the meeting was electronically recorded. Participating in the meeting were the following members of the Committee:

J. Philip Ferguson, Chairman
Clint D. Carlson
Janiece M. Longoria
Ardon E. Moore

Also attending the meeting was Colleen McHugh, Director; thus constituting a majority and quorum of the Committee and Board. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Cissie Gonzalez, internal General Counsel and Chief Compliance Officer. Also attending were Jim Phillips, Roger Starkey, William Huang and Miles Ragland representing The University of Texas System (the "UT System"); Keith Brown of the McCombs School of Business at UT Austin; and Jerry Turner of Andrews Kurth LLP. Mr. Ferguson called the meeting to order at 1:32 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 and approval of the minutes of the Compensation Committee meeting held on June 3, 2009. 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 June 3, 2009 be, and are hereby, approved.

Review of Structure of UTIMCO Compensation Program

Mr. Ferguson began by commending Mr. Zimmerman, Ms. Hibschan of Mercer Consulting (Mercer), and Mr. Turner on the proposed recommendations to the Compensation Program (Plan) structure in response to the Committee's request to provide recommendations related to the modification of the awards for extraordinary circumstances that would permit the UTIMCO Board to change the timing or amount of the awards, which were outlined in the draft Incentive Plan Design Recommendations presentation

(Recommendations) included in the Board materials. The proposed changes to the Compensation Program would be effective for FY 2010 Plan year.

Mr. Ferguson summarized the Mercer recommendations, which included a Board Discretion Stub Period, Extraordinary Circumstances Policy, Recovery Policy, and Award Deferral. He asked Mr. Zimmerman to explain each recommendation in detail. Mr. Zimmerman began with the Award Deferral, explaining that under regular circumstances, there would be no change in the manner in which awards are deferred, i.e., the deferred amounts vest in equal increments over three years (no change from current plan). Mr. Zimmerman however, explained Mercer's recommendation regarding a variation in the percentage of deferral by Eligible Position and referred the Committee members to page 6 of the Recommendations. The Award Deferral schedule for regular circumstances is consistent with market prevalent practice and supported in full by Mercer.

Mr. Zimmerman continued with an explanation of the Extraordinary Circumstances Policy, which would provide for the modification of award amounts in certain circumstances: (1) if the endowment value experiences a loss a Participant's vested award would be automatically deferred for one year; (2) if the endowment value is down over 5% a Participant's earned award would be decreased by 10% for every 1% over 5%; and (3) if the endowment is up over 15% a Participant's earned award would be increased by 10% for every 1% over 5% up to a maximum of double a Participant's earned award. The modification of award amounts would apply to all Participants in the Plan except for Associates and Analysts. He explained that the 80-year historical performance of a 60/40 stock/bond portfolio provided the basis for the proposed design of the award modifier. Mr. Zimmerman gave an example of an incentive compensation calculation for the current year. The Committee proposed changing the third award modifier from 15%- 25% to 20% - 30% to be consistent with historical data and asked Mr. Turner to make sure there were no tax ramifications associated with this change.

Mr. Zimmerman also explained the Board Discretion Stub Period. This provision is designed to allow the Board discretion related to the timing of the payout of awards in the event of a significant decrease in the value of the endowment funds during the "stub period". The "stub period" is the period of time between the end of the Plan year and the day on which the awards are approved by the Board. The Board would have the discretion to declare a triggering event if the value of the total endowment assets decreased by 10% or more during the stub period. Upon the occurrence of a triggering event, the Board would be required to meet to discuss and determine the action to be taken with regard to the timing of the payout of awards, but would not be required to act. The preferred action recommended by Mercer would be for the vested portion of the award to be deferred for a maximum of one year although during the one year period the Board could determine that there no longer existed an extraordinary event and accelerate payment of the award. Mr. Turner was asked to determine whether these proposed design changes were permissible under the tax laws.

Lastly, Mr. Zimmerman explained the Recovery Policy recommended by Mercer. The Recovery Policy would permit the Board to recover incentive compensation paid to or deferred by a Participant if the Participant engaged in fraud or misconduct that either contributed to the need for a restatement of all or a portion of UTIMCO's financial statements or investment results; or contributed to inaccurate operating metrics being used to calculate incentive compensation.

The Committee members considered and discussed each of the proposed recommendations to the Plan during Mr. Zimmerman's presentation. Mr. Zimmerman and Ms. Moeller answered the Committee member's questions.

Mr. Ferguson thanked those at the meeting for providing deliberate and thoughtful discussion to the proposed changes to the Compensation Program and stated that no action was scheduled to be taken at this meeting.

There being no further business to come before the Committee, the meeting was adjourned at approximately 2:52 p.m.

Secretary: Joan Moeller
Joan Moeller

Approved: J. Philip Ferguson Date: 9/9/09
J. Philip Ferguson, Chairman of the
Compensation Committee
of The University of Texas
Investment Management Company