

**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 November 9, 2010, 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
Janiece Longoria
Ardon E. Moore

Paul Foster, Chairman of the Board; and Kyle Bass, Director; also attended the meeting, thus constituting a majority and quorum of the Committee and the 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; and Melynda Shepherd, Manager, Finance and Administration. Other attendees were Jerry Turner of Andrews Kurth LLP; and Keith Brown of the McCombs School of Business at UT Austin. Erle Nye, Director; and Nanci Hibschan of Mercer joined the meeting by means of conference telephone enabling all persons participating in the meeting to hear each other. Mr. Ferguson called the meeting to order at 8:31 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 November 4, 2010. A revised version of the minutes was handed out to the Committee and Mr. Ferguson noted the change. The sentence "thus constituting a majority and quorum of the Committee" had been changed to read "thus constituting a majority and quorum of the Committee and the Board". Upon motion duly made and seconded, accepting the minutes as amended, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the Meeting of the Compensation Committee of the Board of Directors held on November 4, 2010, be, and are hereby, approved.

Peer Group

Mr. Ferguson asked Mr. Zimmerman to discuss the proposed amendments to Appendix B of the UTIMCO Compensation Program related to the UTIMCO Peer Group. Mr. Zimmerman handed out information on the composition of the Peer Group that the Committee had requested at the last meeting. Cambridge Associates updates the Peer Group annually and Appendix B to the UTIMCO Compensation Program is amended accordingly. The Peer Group is a 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). Mr. Zimmerman reminded the Committee that the Peer Group is no longer used in the calculation of entity performance; however, performance relative to the Peer Group may be included as a Qualitative Performance Goal for Mr. Zimmerman and Ms. Iberg. He noted that Cambridge Associates suggested that Northwestern be removed from the Peer Group since they had only 8 professional staff members in 2010, although they have \$5.9 billion in assets. Mr. Zimmerman suggested leaving Northwestern in the Peer Group. After discussion and questions by the Committee Members regarding the specific criteria of the Peer Group, a decision was made to keep Northwestern in the Peer Group. 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, 2010, subject to Board approval.

Executive Session

Mr. Ferguson announced, at 8:48 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 related to Performance Incentive Awards for UTIMCO Compensation Program Participants for the Performance Period ended June 30, 2010. This Executive Session meeting of the Committee is authorized by *Texas Government Code* Section 551.074 (*Personnel Matters*). The date is November 9, 2010, and the time is now 8:48 a.m." Ms. Gonzalez, Ms. Moeller, Ms. Wallace and Ms. Shepherd left the meeting at this time. Mr. Zimmerman did not participate in discussion regarding his compensation matters.

Open Session

The Committee reconvened in open session and Mr. Ferguson announced that on November 9, 2010, at 9:31 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 date is November 9, 2010, and the time is now 9:31 a.m. During the Executive Session, the Committee deliberated individual personnel compensation matters but no action was taken nor decisions made, and no vote was called for or had by the Committee in Executive Session."

Performance Incentive Awards

Mr. Ferguson recommended to the Committee approval of the CEO's Performance Incentive Award for the 2009/2010 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 Board will determine the level of achievement of the CEO relative to the CEO's "Performance Goals" for such Performance Period; 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, Sections 5.5.(e) and 5.5.(f) of the Plan provide 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, make any changes it deems appropriate, and submit its recommendation to the Board for approval; 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 2009/2010 Performance Period in the total amount of \$1,150,000 is hereby approved, subject to further approval of the UTIMCO Board.

Mr. Ferguson also recommended that the Committee approve the Incentive Awards for all Participants (excluding the CEO) for the 2009/2010 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 approve, subject to further approval by the UTIMCO Board (the "Board"), the "Performance Incentive Award" of each Participant (excluding the CEO) based upon a determination of the level of achievement of such Participant against his or her "Performance Goals" for such Performance Period; and

WHEREAS, in accordance with Section 5.5.(d) of the Plan, the Committee has determined the level of achievement of each Participant in the Plan during the 2009/2010 Performance Period of his or her Performance Goals for such 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, 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 2009/2010 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 all Participants (excluding the CEO) for the 2009/2010 Performance Period in the total aggregate amount of \$3,987,162 are hereby approved, subject to further approval of the UTIMCO Board.

Revised Appendices C and D of the UTIMCO Compensation Program

Mr. Ferguson recommended approval of the revised and updated Appendices C and D of the UTIMCO Compensation Program with an effective date of July 1, 2010. 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, Section 5.3.(a) of the Plan requires Table 1 to be revised each Performance Period to set forth the Eligible Positions, the weightings for the Eligible Positions, the Incentive Award Opportunities, and any Applicable Deferral Percentage for each Eligible Position, for that Performance Period as soon as administratively practicable after confirmation of such Eligible Positions by the Board for such Performance Period and to be attached as Appendix C to the Plan;
and

WHEREAS, Section 5.8.(b)(1) of the Plan requires Table 2 to be revised, as necessary, for subsequent Performance Periods to reflect new benchmarks, as well as threshold, target, and maximum performance standards, in effect during the three-year rolling historical period, culminating with the subsequent Performance Period and to be attached as Appendix D to the Plan; and

WHEREAS, the Compensation Committee of the Board has reviewed the revised Tables, approves such amendments and has determined to recommend them to the Board.

NOW, THEREFORE, be it:

RESOLVED, the updated and amended Tables 1 and 2, copies of which are attached hereto, are hereby adopted and approved to replace the current Appendix C and D, respectively, effective as of July 1, 2010, subject to Board approval.

There being no further business to come before the Committee, the meeting was adjourned at approximately 9:45 a.m.

Secretary: Joan Moeller
Joan Moeller

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

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 2008, 2009, 2010.

TABLE 1 – Appendix C (For the Performance Periods beginning after June 30, 2010)

Eligible Position	Weighting			Incentive Award Opportunity (% of Salary)				Percentage of Award Deferred
	Entity	Asset Class/ Investment Type	Qualitative (Individual)	< Threshold	Threshold	Target	Maximum	
<i>Investment Professionals</i>								
CEO & Chief Investment Officer	60%	0%	40%	0%	0%	100%	300%	50%
President & Deputy CIO	40%	40%	20%	0%	0%	95%	250%	50%
Managing Director - Investments	30%	40%	30%	0%	0%	85%	215%	40%
Managing Director - Private Investments	30%	30%	40%	0%	0%	85%	215%	40%
Senior Director - Investments	25%	35%	40%	0%	0%	60%	150%	35%
Senior Portfolio Manager	20%	40%	40%	0%	0%	60%	150%	35%
Senior Director - Risk Management	30%	0%	70%	0%	0%	50%	135%	35%
Portfolio Manager	20%	40%	40%	0%	0%	50%	130%	30%
Director - Investments	20%	40%	40%	0%	0%	50%	130%	30%
Director - Private Investments	20%	30%	50%	0%	0%	50%	130%	30%
Director - Risk Management	30%	0%	70%	0%	0%	40%	90%	30%
Senior Associate - Investments	15%	35%	50%	0%	0%	40%	90%	20%
Senior Associate - Private Investments	15%	25%	60%	0%	0%	40%	90%	20%
Senior Associate - Risk Management	30%	0%	70%	0%	0%	40%	80%	20%
Associate - Investments	15%	30%	55%	0%	0%	35%	85%	15%
Associate - Private Investments	15%	20%	65%	0%	0%	35%	85%	15%
Associate - Risk Management	30%	0%	70%	0%	0%	35%	70%	15%
Senior Analyst - Investments	10%	20%	70%	0%	0%	30%	60%	0%
Analyst - Investments	10%	20%	70%	0%	0%	25%	50%	0%
Analyst - Risk Management	30%	0%	70%	0%	0%	25%	50%	0%
<i>Operations/Support Professionals</i>								
Senior Managing Director	20%	0%	80%	0%	0%	60%	120%	40%
Managing Director	20%	0%	80%	0%	0%	50%	100%	30%
General Counsel & Chief Compliance Officer	0%	0%	100%	0%	0%	50%	100%	30%
Senior Manager	20%	0%	80%	0%	0%	40%	90%	25%
Manager	20%	0%	80%	0%	0%	40%	80%	25%
Senior Financial Analyst	20%	0%	80%	0%	0%	30%	60%	20%

TABLE 2 – Appendix D (7/1/08 through 6/30/11)

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment Assets	ITF	Threshold	Target	Maximum
		(% of Portfolio)	(% of Portfolio)			
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+75 bps	+225 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+50 bps	+150 bps
Investment Grade Fixed Income	Barclays Capital Global Aggregate Index	7.5%	30.0%	+0 bps	+25 bps	+62.5 bps
Real Estate	FTSE EPRA/NAREIT Developed Index	2.5%	5.0%	+0 bps	+62.5 bps	+150 bps
Natural Resources	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	6.5%	7.5%	+0 bps	+62.5 bps	+150 bps
Developed Country Equity	MSCI World Index with net dividends	19.5%	15.0%	+0 bps	+62.5 bps	+150 bps
Emerging Markets Equity	MSCI Emerging Markets with net dividends	12.0%	7.5%	+0 bps	+62.5 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	Hedge Fund Research Indices Fund of Funds Composite Index*	30.0%	35.0%	+0 bps	+75 bps	+250 bps
Private Investments (excludes Real Estate)	Venture Economics Custom Index	20.0%	0%	+0 bps	+100 bps	+350 bps
Private Investments Real Estate	NACREIF Custom Index	2.0%	0%	+0 bps	+100 bps	+325 bps
Specific asset class benchmarks:						
Credit-Related Fixed Income	Barclays Capital Global High Yield Index			+0 bps	+37.5 bps	+100 bps
Internal Investment Grade Fixed Income	US Barclays Capital Aggregate			+0 bps	+25 bps	+50 bps

* For the Performance Period beginning 7/01/2008 through 12/31/2008, the benchmark is MSCI Investable Hedge Fund Index