

**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 July 7, 2011, 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
Kyle Bass
R. Steven Hicks
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; Cissie Gonzalez, internal General Counsel and Chief Compliance Officer; and other staff members. Other attendees were Jerry Turner and Bob Jewell of Andrews Kurth LLP; and Nanci Hibschman of Mercer. Mr. Ferguson called the meeting to order at 1:05 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 and approval of the minutes of the Compensation Committee meeting held on November 9, 2010. Upon motion duly made and seconded, 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 9, 2010, be, and are hereby, approved.

Compensation Program

Mr. Ferguson asked to begin with the discussion of the proposed revisions to the UTIMCO Compensation Program (the "Plan"). Mr. Zimmerman presented the proposed changes in the revised and updated Table 2 for the July 1, 2011 to June 30, 2012 Performance Period in Appendix D of the Plan. Appendix D, Table 2, sets forth two of the Performance Goals categories referenced in Section 5.4.(b) of the Plan for the Plan Participants: the Entity Performance and the Asset Class/Investment Type Performance Goals, including the benchmarks for Asset Class/Investment Type and the Threshold, Target, and Maximum Performance Standards for the Total Endowment Funds, Intermediate Term Fund, and the Asset Classes/Investment Types. Staff recommended a benchmark change to the Real Estate Asset Class and an update for the Total Endowment Fund Policy Portfolio Weight. These changes were consistent with Staff's proposed target adjustments in Exhibits A of the Permanent University Fund and General Endowment Fund Investment Policy Statements, anticipated to be approved by the UTIMCO Board at its meeting to be held

July 14, 2011, and the Board of Regents of The University of Texas System at its August 24-25, 2011, meeting. Suggested changes in the Policy Portfolio Weights and Benchmarks followed the changes in the Exhibits A of the Endowment Funds and the Intermediate Term Fund ("ITF") Investment Policy Statements. Staff also requested an adjustment to the ITF's Policy Portfolio Weights in Table 2, retroactive to the prior Performance Period, for Investment Grade Fixed Income and Developed Country Equity, noting that the change had no effect on prior year performance standards and calculations. The actual entity benchmarks used for the calculation of performance will be based on Exhibit A of the ITF Investment Policy Statement.

Staff did not propose any changes to Appendix C, Table 1, which sets forth the Eligible Positions, Weightings, Incentive Award Opportunities, and Percentage of Award Deferred for each Eligible Position. The only change to Appendix E, Table 3, which sets forth the Eligible Positions of Affected Participants, was to update the effective date on Table 3.

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, Section 5.11.(3) of the Plan requires Table 3 to be revised each Performance Period to identify the Eligible Positions whose Performance Incentive Awards are subject to automatic adjustment as to timing and amount pursuant to the Plan provisions pertaining to extraordinary circumstances and to be attached as Appendix E to the Plan; and

WHEREAS, the Compensation Committee of the Board (the "Committee") has determined that no revisions to Appendix C and Appendix E, Tables 1 and 3, respectively, are required; and

WHEREAS, the Committee has reviewed the revised Table 2, approves such amendments and has determined to recommend it to the Board.

NOW, THEREFORE, be it:

RESOLVED, the updated and amended Table 2, a copy of which is attached hereto, is hereby adopted and approved to replace the current Appendix D, effective as of July 1, 2011, subject to Board approval.

Proposed Amendments to the Charter of the Compensation Committee

Mr. Ferguson noted that the proposed amendments to the Charter of the Compensation Committee appeared to be consistent with the changes made to the charters of the other committees of the Board in April then asked Ms. Gonzalez for any comments on the proposed amendments. Ms. Gonzalez concurred with Mr. Ferguson and explained that the proposed changes in the Duties and Responsibilities section, related to the Committee's responsibility to select a qualified compensation consultant to advise the Committee and periodically perform a benchmarking study, were responsibilities that had previously been assigned to the Committee in the UTIMCO Compensation Program and were now being incorporated into the Charter. Ms. Gonzalez answered the Committee Members' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the amendments to the Charter of the Compensation Committee, as recommended be, and are hereby approved in the form submitted to the Committee, subject to approval by the Corporation's Board of Directors.

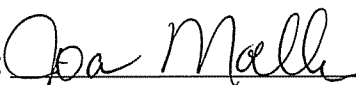
Executive Session

Mr. Ferguson announced, at 1:11 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 matters. This Executive Session meeting of the Committee is authorized by *Texas Government Code* Section 551.074 (Personnel Matters). The date is July 7, 2011, and the time is now 1:11 p.m." Ms. Gonzalez, Ms. Moeller, Ms. Wallace and other staff members left the meeting at this time. Mr. Zimmerman left the meeting during discussions regarding his compensation matters.

Open Session

The Committee reconvened in open session and Mr. Ferguson announced that "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 July 7, 2011, and the time is now 2:41 p.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."

There being no further business to come before the Committee, the meeting was adjourned at approximately 2:41 p.m.

Secretary: 
Joan Moeller

Approved: J. Philip Ferguson

Date: 9-19-11

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

UPDATED TABLE 2 (7/1/08 through 8/31/11)

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

UPDATED TABLE 2 (9/1/11 through 6/30/12)

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%	35.0%	+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	NET TRI USD 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	18.5%	10.0%	+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	3.0%	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