

**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 May 24, 2012, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Committee Chair, R. Steven Hicks, with notice provided to each member in accordance with the Corporation's Bylaws. The audio portion of the meeting was electronically recorded, however due to mechanical failure, is inaudible. Participating in the meeting were the following members of the Committee:

R. Steven Hicks, Chairman  
Kyle Bass  
James P. Wilson

thus constituting a majority and quorum of the Committee. Director Ardon Moore did not attend the meeting. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Christy Wallace, Assistant Secretary; Cissie Gonzalez, internal General Counsel and Chief Compliance Officer; and other staff members. Also attending the meeting were Terry Hull, Moshmee Kalamkar, Mike Peppers and Roger Starkey of The University of Texas System Administration; Bob Jewell of Andrews Kurth LLP; and Nanci Hibschan from Mercer. Mr. Hicks called the meeting to order at 12:35 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 the approval of the minutes of the Compensation Committee meeting held on January 26, 2012. 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 January 26, 2012, be, and are hereby, approved.

**UTIMCO Compensation Program**

Mr. Hicks asked Mr. Zimmerman to lead the discussion regarding proposed changes to the UTIMCO Compensation Program (the "Plan"). Mr. Zimmerman began by stating that no action was necessary at this meeting and explained that the proposed changes, if approved by the Committee at a later date, would need to also have Board and Board of Regents approval. He summarized the modifications, which included changing the Performance Period to coincide with the Corporation's fiscal year, and provided a transition comparison worksheet for both Total Endowment and Intermediate Term Fund ("ITF") performance. He also discussed the addition of a retirement provision to include retirement vesting, providing several options for determining retirement eligibility under the Plan and the effect on Plan Participants. Mr. Zimmerman answered the Committee Members' questions during the discussion.

**Salary Benchmarking Study for 2012/2013 Fiscal Year**

Mr. Hicks explained that due to the changing dynamics in the job markets, the Committee and Staff believed that a benchmarking study was warranted for the 2012/2013 fiscal year and Mercer had been engaged to provide the study. Ms. Hibschman, the principal consultant for Mercer, discussed the deliverables, timing and peer group used for determining competitive compensation levels. She reported that the compensation study draft report would be completed by July 1. Ms. Hibschman also provided a competitive market update. Mr. Zimmerman and Ms. Hibschman answered the Committee Members' questions.

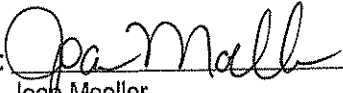
**Executive Session**

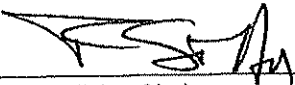
Mr. Hicks announced, at 1:08 p.m., that, "The Compensation Committee of the Board of Directors of The University of Texas Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session of the Committee, to consider personnel compensation matters. This Executive Session meeting of the Committee is authorized by *Texas Government Code* Section 551.074 (Personnel Matters). The date is May 24, 2012, and the time is now 1:08 p.m." With the exception of Mr. Zimmerman, Ms. Gonzalez and Mr. Jewell, all others left the meeting at this time.

**Open Session**

The Committee reconvened in open session and Mr. Hicks 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 May 24, 2012, and the time is now 1:14 p.m. During the Executive Session, the Committee considered 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 1:15 p.m.

Secretary:  \_\_\_\_\_  
Joan Moeller

Approved:  \_\_\_\_\_  
R. Steven Hicks, Chair  
The Compensation Committee of the Board of Directors  
of The University of Texas  
Investment Management Company

Date: July 12, 2012