

**MINUTES OF THE MEETING  
OF THE COMPENSATION COMMITTEE OF  
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY**

A meeting of the Compensation Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") convened in open session on July 29, 2014, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Compensation Committee Chair, Kyle Bass, 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:

Kyle Bass, Chair  
Jeffery D. Hildebrand  
Ardon E. Moore

Committee Chair Bass called the meeting to order at 11:22 a.m. Morris Foster, Chairman of the Board, and Directors Lee Hobson, Bobby Stillwell and John White also attended the meeting, thus constituting a majority and quorum of the Committee and the Board. Directors Hobson and Moore joined the meeting by conference telephone enabling all persons participating in the meeting to hear each other. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Cecilia Gonzalez, internal General Counsel and Chief Compliance Officer; and other staff members. Other attendees were Jim Phillips, Roger Starkey, Terry Hull, Allen Hah and Guillermo Garcia of The University of Texas System ("UT System") Administration; Bob Jewell of Andrews Kurth LLP; Keith Brown of the McCombs School of Business at UT Austin; and Billy Hamilton and Maria Robinson of the Texas A&M University System. Copies of materials supporting the Committee meeting agenda were previously furnished to each Committee member.

**Executive Session**

Mr. Bass stated there would be no executive session held at this meeting.

**FY2015 Budget and Compensation Highlights**

Chairman Bass asked Mr. Zimmerman to give an overview of the proposed budget and compensation for the 2015 fiscal year. Mr. Zimmerman provided highlights and answered the Committee Members' questions.

**Approval of Minutes**

Chairman Bass asked for Committee approval of the minutes from the Compensation Committee meeting held on July 23, 2014. 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 July 23, 2014, be, and are hereby, approved.

**Base Salaries for the Corporation's Officers and other UTIMCO Compensation Program Participants for 2014-2015 Fiscal Year**

Chairman Bass asked the Committee to approve recommendations for base salaries for all UTIMCO officers and UTIMCO Compensation Program Participants, except the CEO's, for the 2014-2015 fiscal year. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the base salaries of the Corporation's Officers' and other UTIMCO Compensation Program Participants' (except that of the CEO) for the Fiscal Year 2014-2015 in the total amount of \$6,122,500 as presented by the CEO be, and are hereby, approved.

**Corporation's CEO's Base Salary**

Chairman Bass asked the Committee to recommend for approval by the Board the proposed base salary for the Corporation's CEO for the 2014-2015 fiscal year. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Committee hereby recommends that the Board of Directors of UTIMCO approve the Base Salary of the Corporation's CEO for the Fiscal Year 2014-2015 in the amount of \$690,000.

**Compensation Program**

Chairman Bass asked Mr. Zimmerman to summarize the proposed amendments to Appendices C, D and E of the UTIMCO Compensation Program and following his remarks, requested Committee approval. 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 when necessary 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 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 5.12 of the Plan pertaining to certain Eligible Positions listed on Table 3 whose Performance Incentive Awards are subject to automatic adjustment requires Table 3 to be revised when necessary to set forth changes to those Eligible Positions that are Affected Positions, for the Performance Period as soon as administratively practicable after confirmation of such Eligible Positions as Affected Participants by the Board for such Performance Period and to be attached as Appendix E 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, 2, and 3 copies of which are attached hereto, are hereby adopted and approved to replace the current Appendix C, D and E, respectively, effective as of September 1, 2014, subject to Board approval.

There being no further business to come before the Committee, the meeting was adjourned at approximately 11:36 a.m.

Secretary: Joan Moeller  
Joan Moeller

Approved: H. Lee S. Hobson  
H. Lee S. Hobson, Chair  
Compensation Committee of  
The University of Texas Investment Management Company

Date: 9/30/14

**Appendix C, Table 1**  
**Eligible Positions, Weightings, Incentive Award Opportunities, and Percentage of Award Deferred for each Eligible Position**  
**(for the Performance Periods Beginning After August 31, 2014)**

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%	125%	340%	50%
President & Deputy CIO	40%	40%	20%	0%	0%	115%	300%	50%
Senior Managing Director - Investments	30%	40%	30%	0%	0%	110%	260%	45%
Managing Director - Investments	30%	40%	30%	0%	0%	100%	240%	40%
Managing Director - Private Investments	30%	30%	40%	0%	0%	100%	240%	40%
Managing Director - Risk Management	30%	0%	70%	0%	0%	65%	180%	40%
Senior Director - Investments	25%	35%	40%	0%	0%	70%	185%	35%
Senior Portfolio Manager	20%	40%	40%	0%	0%	70%	185%	35%
Senior Director - Risk Management	30%	0%	70%	0%	0%	55%	170%	35%
Portfolio Manager	20%	40%	40%	0%	0%	60%	170%	30%
Director - Investments	20%	40%	40%	0%	0%	60%	170%	30%
Director - Private Investments	20%	30%	50%	0%	0%	60%	170%	30%
Director - Risk Management	30%	0%	70%	0%	0%	50%	150%	30%
Senior Associate - Investments	15%	35%	50%	0%	0%	50%	150%	20%
Senior Associate - Private Investments	15%	25%	60%	0%	0%	50%	150%	20%
Senior Associate - Risk Management	30%	0%	70%	0%	0%	45%	140%	20%
Associate - Investments	15%	30%	55%	0%	0%	35%	135%	15%
Associate - Private Investments	15%	20%	65%	0%	0%	35%	135%	15%
Associate - Risk Management	30%	0%	70%	0%	0%	35%	120%	15%
Senior Analyst - Investments	10%	20%	70%	0%	0%	30%	100%	0%
Analyst - Investments	10%	20%	70%	0%	0%	25%	75%	0%
Analyst - Risk Management	30%	0%	70%	0%	0%	25%	75%	0%
<i>Operations/Support Professionals</i>								
Senior Managing Director	20%	0%	80%	0%	0%	65%	150%	40%
Chief Technology Officer	20%	0%	80%	0%	0%	55%	100%	30%
General Counsel & Chief Compliance Officer	0%	0%	100%	0%	0%	50%	120%	30%
Senior Manager	20%	0%	80%	0%	0%	50%	90%	25%
Manager	20%	0%	80%	0%	0%	50%	80%	25%
Investment Counsel	20%	0%	80%	0%	0%	40%	80%	25%
Senior Financial Analyst	20%	0%	80%	0%	0%	40%	60%	20%
IT Investment Associate	20%	0%	80%	0%	0%	35%	100%	20%

**Appendix D, Table 2**  
**Benchmarks for Entities and Asset/Class Investment Type**  
**Threshold, Target, and Maximum Performance Standards**  
**(9/1/14 through 8/31/15)**

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	+100 bps	+250 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+50 bps	+150 bps
MCC Investment Grade Fixed Income:	Barclays Capital Global Aggregate Index	6.5%	30.0%	+0 bps	+25 bps	+62.5 bps
MCC Credit - Related Fixed Income	Barclays Capital Global High Yield Index	0.0%	0.0%	+0 bps	+37.5 bps	+100 bps
MCC Real Estate	FTSE EPRA/NAREIT Developed Index NET TRI USD	2.5%	3.0%	+0 bps	+62.5 bps	+150 bps
MCC Natural Resources	50% Bloomberg Commodity Total Return Index and 50% MSCI World Natural Resources Index	5.0%	4.6%	+0 bps	+62.5 bps	+150 bps
MCC Natural Resources Gold	Gold Spot price (XAU)	2.5%	2.4%	+0 bps	+0 bps	+0 bps
MCC Developed Country Equity	MSCI World Index with net dividends	14.0%	9.0%	+0 bps	+62.5 bps	+150 bps
MCC Emerging Markets Equity	MSCI Emerging Markets with net dividends	9.5%	6.0%	+0 bps	+62.5 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	Hedge Fund Research Indices Fund of Funds Composite Index	30.0%	45.0%	+0 bps	+75 bps	+250 bps
Private Investments	Custom Cambridge Fund of Funds Benchmark	30.0%	0%	+0 bps	+150 bps	+450 bps

**Appendix E, Table 3**  
**Eligible Positions of Affected Participants**  
**(For the Performance Periods Beginning After September 1, 2014)**

<b>Eligible Position</b>
<i>Investment Professionals</i>
CEO & Chief Investment Officer
President & Deputy CIO
Senior Managing Director
Managing Director
Managing Director - Private Investments
Managing Director, Risk Management
Senior Director, Investment
Senior Portfolio Manager
Senior Director, Risk Management
Portfolio Manager
Director, Investment
Director - Private Investments
Director, Risk Management
<i>Operations/Support Professionals</i>
Senior Managing Director
Chief Technology Officer
General Counsel & Chief Compliance Officer
Senior Manager
Investment Counsel
Manager