

**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 special meeting on the 8th day of June, 1999, via a telephonic meeting enabling all participants to hear one another, said meeting having been called by J. Luther King, Jr., with notice provided to each member in accordance with the Bylaws. Participating in the meeting were the following members of the Committee:

J. Luther King, Jr.
Robert H. Allen

thus, constituting a majority and quorum of the Committee. Also, participating in the meeting was Thomas G. Ricks, President of the Corporation; Jerry E. Turner, legal counsel for the Corporation; and Cathy Iberg, Secretary of the Corporation. Mr. King called the meeting to order at 9:00 a.m.

Approval of Minutes

The first item to come before the Committee was consideration of approval of the minutes of the Committee meeting held on February 22, 1999, copies of which had previously been distributed to each Committee member. After discussion, 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 February 22, 1999, be
and are hereby approved in the form presented to the
Committee.

Mr. Allen requested that the minutes of this meeting reflect that no action had been taken to date regarding the evaluation of a long-term incentive program for the private markets portfolio managers in addition to the existing performance compensation plan as noted in the minutes of the meeting on February 22, 1999.

Approval of Base Salaries for the Period September 1, 1999 through August 31, 2000

The next item to come before the Committee was to review and approve the base salaries for the Corporation's employees for the period September 1, 1999 through August 31, 2000, except Mr. Ricks, which requires approval by the Corporation's Board. Copies of the recommended base salaries and supporting materials were previously distributed to each Committee member. Mr. Ricks reviewed the March 1999 compensation survey prepared by Mercer & Co. He stated that the survey matched the selected corporate positions with profit and non-profit entities. Mr. Ricks reviewed Mercer's definitions for competitive base salary ranges and competitive total cash compensation and went through the results of the Mercer survey. A lengthy discussion ensued concerning the appropriate compensation levels for key employees of the Corporation. The

Directors expressed some concern that the Mercer study understated the compensation levels required by the Corporation to retain key employees. Particular concern was expressed that Mercer's compensation levels may be too low in targeting the 25th percentile for the investment staff for total cash compensation. The Directors wished to restate for the purposes of the minutes the mission of the Corporation's Compensation Committee. The mission of the Corporation's Compensation Committee is to provide a fully competitive compensation plan, including incentive compensation based on the attainment of business and individual goals, so that the Corporation will be able to attract and retain skilled investment professionals and other key employees in order to protect assets under management and to enhance investment return. Following the discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Base Salaries for all employees of the Corporation, except Thomas Ricks, for the Period September 1, 1999 through August 31, 2000 be and are hereby approved in the form presented.

Approval of the Corporation's 1999 Performance Compensation Plan

The last item presented to the Committee was the 1999 Performance Compensation Plan. Copies of the plan were previously distributed to each Committee member. Mr. Ricks stated that the plan was restated from that of the prior years to eliminate the carryover/deferral provisions, to provide a maximum performance compensation amount, and to clarify performance target benchmarks for each employee eligible to participate. A discussion ensued regarding the maximum amount of performance compensation that an employee may receive under the plan. The Directors wished to note for the minutes that the Compensation Committee will annually review the performance compensation maximums and may recommend to the Corporation's Board of Directors an override of the performance compensation maximums for any particular year if they determine that the amounts awarded to individuals were not appropriate based on the level of performance accomplished. Following the discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Corporation's 1999 Compensation Plan be recommended for approval by the Board of Directors of the Corporation.

Executive Session

Mr. King reported that he had been furnished with a separate report from Mercer concerning the base salary and total compensation of Mr. Ricks. The separate Mercer report recommended a ten percent increase in Mr. Ricks' base salary, as well as an increase in his maximum incentive compensation opportunity to fifty percent of his base salary. Following discussion, upon motion

and duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Committee recommend to the Board of Directors that the base salary for the Corporation's president, Mr. Thomas G. Ricks, for the period September 1, 1999 through August 31, 2000 be increased to \$330,000 and that his maximum incentive compensation opportunity be increased to fifty percent of base salary.

There being no further business to come before the Committee, the meeting was adjourned at approximately 11:15 a.m.

Approved: _____
Committee Chairman

Date: _____