

**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 an open meeting on the **16th day of November, 2005**, at the Four Seasons at Las Colinas, 4150 North Mac Arthur Boulevard, Irving, Texas, said meeting having been called by the Committee Chair, J. Philip Ferguson, with notice provided to each member in accordance with the Bylaws. The audio portion of the open meeting was electronically recorded. Participating in the meeting were the following members of the Committee:

J. Philip Ferguson, Chairman  
Clint D. Carlson  
Robert B. Rowling

thus, constituting a majority and quorum of the Committee. Also attending the meeting were H. Scott Caven, Jr., Chairman of the Board; Bob L. Boldt, President of the Corporation; Joan Moeller, Secretary and Treasurer of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; and Jerry Turner, legal counsel for the Corporation. Mr. Ferguson called the meeting to order at 8:14 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 of approval of the minutes of the Committee meeting held on September 13, 2005. 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 September 13, 2005, be, and are hereby, approved.

**Peer Group**

Mr. Ferguson asked Mr. Boldt to discuss the Peer Group. Mr. Boldt explained that the Peer Group is a peer group of endowment funds maintained by the Board's external investment advisor that is composed of all endowment funds with assets greater than \$1 billion as of each fiscal year end June 2003, 2004 and 2005, and is set forth in Appendix B to the UTIMCO Compensation Program. (Harvard University, Yale University and Total Endowment Assets (PUF and GEF) are excluded from this peer group.) The peer group is updated annually by the Board's external investment advisor, at the beginning of each performance period and Appendix B is amended accordingly. The Compensation Plan Universe for 2005/2006 was provided by Cambridge Associates and will be used as the peer group for Appendix B. There were no changes to the 2005/2006 peer group. Mr. Boldt answered the Committee members' questions. 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 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 to conform to the updated Peer Group;

NOW, THEREFORE, be it:

RESOLVED, the updated and amended Appendix B (UTIMCO Peer Group), a copy of which is attached hereto [see attachment to these Minutes], is hereby adopted and approved as part of the Plan to replace the current Appendix B, effective as of July 1, 2005, subject to Board approval.

### **Executive Session - Personnel Compensation Matters**

Mr. Ferguson announced, at 8:20 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 personnel compensation matters. This Executive Session meeting of the Committee is authorized by Texas Government Code, Section 551.074 (Personnel Matters). The time is now 8:20 a.m." At this time Ms. Moeller and Ms. Wallace left the meeting.

In Executive Session, the Committee discussed personnel compensation matters. Mr. Boldt did not participate in any portion of the discussion relating to his compensation. No action was taken and no vote was called for or taken by the Committee.

The Committee reconvened at 9:25 a.m. 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 time is now 9:25 a.m. During the Executive Session, the Committee discussed personnel compensation, but did not take any votes."

### **Approval of Performance Goals**

Mr. Ferguson requested approval of the Performance Incentive Awards for the Participants' of the UTIMCO Compensation Program and a recommendation to the Board for approval of the President and CEO's Performance Incentive Award. Upon motion duly made and seconded, the following resolutions were unanimously adopted:

WHEREAS, in accordance with Section 5.5(d) of the UTIMCO Compensation Program (the "Plan"), the Compensation Committee has determined each Participant's level of achievement of his or her "Performance Goals" for the 2004/2005 Performance Period; and

WHEREAS, in accordance with Section 5.5(d) of the Plan, the President and CEO's level of achievement relative to his Performance Goals for the 2004/2005 Performance Period must be approved by the Board; 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, Sections 5.5(e) and 5.5(g) of the Plan provide that the Compensation Committee will review all Performance Incentive Award calculations for all Participants who have met or exceeded their performance benchmarks for such Performance Period and submit its recommendations 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 2004/2005 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 the Participants for the 2004/2005 Performance Period (including the President and CEO) in the total amount of \$2,261,214 are hereby approved, subject to further approval of the UTIMCO Board.

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 President and CEO with respect to his "Performance Goals" for such Performance Period; and

WHEREAS, the Committee has reviewed the actual performance of the President and CEO during the Performance Period and has compared such actual performance relative to each Performance Goal category for the President and CEO against his corresponding Performance Goal for such Performance Period and recommends that the Board review the same;

NOW, THEREFORE, be it:

RESOLVED, that the President and CEO's Performance Incentive Award for the 2004/2005 Performance Period in the total amount of \$526,212 is hereby approved, subject to further approval of the UTIMCO Board.

There being no further business to come before the Committee, the meeting was adjourned at approximately 9:30 a.m.

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

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