

**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 **6th day of November 2006**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Lone Star Board Room, 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 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
Charles Tate

thus, constituting a majority and quorum of the Committee. Also attending the meeting were H. Scott Caven, Jr., Chairman of the Board; Cathy Iberg, Interim President and CEO of the Corporation; Joan Moeller, Secretary and Treasurer of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Bill Edwards, Managing Director of Information Technology; and Jerry Turner, legal counsel for the Corporation. Mr. Ferguson called the meeting to order at 10:35 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 21, 2006. 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 21, 2006, be, and are hereby, approved.

Peer Group

Mr. Ferguson asked Ms. Iberg to discuss the recommended amendments to Appendix B to the UTIMCO Compensation Program setting forth a "Peer Group". Ms. Iberg 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 2004, 2005 and 2006. 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, Cambridge Associates, at the beginning of each performance period and Appendix B is amended accordingly. The Compensation Plan Universe for 2006/2007 was provided by Cambridge Associates and will be used as the peer group for Appendix B. Eight additional endowment funds were added to the Peer Group. The

amended Appendix B is attached to these minutes. Ms. Iberg 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, is hereby adopted and approved as part of the Plan to replace the current Appendix B, effective as of July 1, 2006, subject to Board approval.

Executive Session

Mr. Ferguson announced, at 10:40 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 individual personnel compensation and evaluation matters. This Executive Session meeting of the Committee is authorized by Texas Government Code, Section 551.074 (Personnel Matters). The time is now 10:41 a.m. and the date is the 6th of November, 2006."

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

Open Session

The Committee reconvened in open session and Mr. Ferguson announced that, "on November 6, 2006, at 11:06 a.m. 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 11:06 a.m. During the Executive Session, the Committee discussed individual personnel compensation and evaluation matters, but did not take any votes."

Approval of Performance Goals

Mr. Ferguson presented the Staff request that the Committee review the peer portion of the former President and CEO's Performance Incentive Award and recommend to the Board a proposed award. Upon motion duly made and seconded, the following resolution was unanimously adopted:

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 former 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 former President and CEO's Performance Incentive Award for the 2005/2006 Performance Period in the total amount of \$471,789 is hereby approved, subject to further approval of the UTIMCO Board.

The next proposed resolution presented by Mr. Ferguson was the request to approve the performance compensation award totals under the Compensation Plan for all eligible employees. Upon motion duly made and seconded, the following resolution was 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 2005/2006 Performance Period, except the level of achievement of the President and CEO with respect to his Performance Goals for such period; and

WHEREAS, in accordance with Section 5.5(d) of the Plan, the Board has determined the President and CEO's level of achievement relative to his Performance Goals for the 2005/2006 Performance Period; 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 2005/2006 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 2005/2006 Performance Period (including the former President and CEO) in the total amount of \$2,087,384 are 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 11:10 a.m.

Secretary: Joan Moeller
Joan Moeller

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

Institutions with Market Values Greater Than \$1 Billion

As of June 30, 2004, 2005 and 2006
Based on NACUBO Studies

Boston College
Brown University
California Institute of Technology
Case Western Reserve University
Columbia University
Cornell University
Dartmouth College
Duke University
Emory University
Grinnell College
Indiana University and Foundation
Johns Hopkins University
Massachusetts Institute of Technology
New York University
Northwestern University
Ohio State University and Foundation
Pennsylvania State University
Pomona College
Princeton University
Purdue University
Rice University
Stanford University
Swarthmore College
The Rockefeller University
The Texas A&M University System and Foundations
UNC at Chapel Hill and Foundations
University of California
University of Chicago
University of Illinois and Foundation
University of Michigan
University of Minnesota and Foundation
University of Notre Dame
University of Pennsylvania
University of Pittsburgh
University of Richmond
University of Rochester
University of Southern California
University of Virginia
University of Washington
Vanderbilt University
Washington University
Wellesley College
Williams College
Yeshiva University