

**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 **5th day of February 2009**, at the offices of the Corporation, Suite 2800, 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
Ardon E. Moore

thus constituting a majority and quorum of the Committee and Board. Directors attending the meeting were Paul Foster, Colleen McHugh, Erle Nye and Charles Tate. Employees of the Corporation attending the meeting were Cathy Iberg, President and Deputy CIO; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Cissie Gonzalez, internal General Counsel and Chief Compliance Officer; Bill Edwards, Managing Director of Information Technology; and other Staff members; Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner of Andrews Kurth LLP; William Volk of Vinson & Elkins LLP; and Bruce Myers of Cambridge Associates were also in attendance. Mr. Ferguson called the meeting to order at 10:45 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 and approval of the minutes of the Compensation Committee meeting held on November 6, 2008. 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 November 6, 2008 be, and are hereby, approved.

Proposed Amendments to Appendix D

Mr. Ferguson asked Ms. Iberg to explain to the Committee the recommendation by Staff to amend Appendix D of The UTIMCO Compensation Program (the "Plan"). Ms. Iberg summarized the Less Correlated and Constrained Investments (LCC) and Total Fund Benchmarks presentation that supported the recommended changes to Appendix D for the Plan since there had been extensive discussion on the same topic at the Joint Risk and Policy Committee meeting held directly before the Compensation Committee meeting. At the Joint Risk and Policy Committee meeting held earlier, the Committees approved to accept the change in Table 2 of Appendix D from the MSCI Investable Hedge Fund Index to the Hedge Fund Research Indices (HFRI) Fund of Funds Composite Index, subject to further approval of the benchmark change in the Investment Policy

Statements for the Permanent University Fund, General Endowment Fund, and Intermediate Term Fund by the UTIMCO Board and the Board of Regents of The University of Texas System at their respective meetings.

The new benchmark for the Plan recommended by Staff was also the HFRI Fund of Funds Composite Index. Staff requested that the Committee accept the new benchmark and amend the Target and Maximum Performance Standards of the LCC, currently 125 bps and 250 bps, respectively and proposed that the Performance Standards Target and Maximum be changed to 75 bps and 150 bps, respectively. Based on the methodology previously employed to develop the Performance Standards under the Plan, a change to the Target and Maximum Performance Standards for the Entity Benchmarks: Total Endowment Funds and Intermediate Term Fund is required. The Total Endowment Funds' Target and Maximum Performance Standards needed to be decreased to 62.5 and 125.0 bps, respectively, and the Intermediate Term Fund's Target and Maximum Performance Standards needed to be decreased to 37.5 and 75.0 bps, respectively.

Staff also requested that the names of the Lehman Brothers' indices benchmarks in Appendix D, Table 2 be changed to Barclays Capital consistent with the rebranding of the Lehman Brothers' indices in November 2008, resulting from the acquisition of Lehman Brothers by Barclays Capital, Inc. in September 2008. The composition of the indices and benchmarks were not changed. Ms. Iberg and Mr. Myers answered the Committee Members questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, Section 7.2 of the UTIMCO Compensation Program (the "Plan") gives the Board the right in its discretion to amend the Plan or any portion thereof from time to time, to suspend it for a specified period, or to terminate it entirely or any portion thereof; and

WHEREAS, the current benchmark for the Less Correlated and Constrained Investments ("LCC"), MSCI Investable Hedge Fund Index, was discontinued by MSCI on January 21, 2009, which necessitates the selection of a replacement benchmark for the LCC; and

WHEREAS, the Lehman Brothers' indices benchmarks set forth in Appendix D, Table 2 have been rebranded as Barclays Capital indices due to the acquisition of Lehman Brothers by Barclays Capital, Inc. in September 2008; and

WHEREAS, Sections 5.8(a) and (b) of the Plan provide that the benchmarks and Threshold, Target, and Maximum Performance Standards for the Total Endowment Assets, Intermediate Term Fund, and the Asset Class/Investment Type will be set forth on Appendix D, Table 2; and

WHEREAS, subject to the approval of the UTIMCO Board and the Board of Regents of The University of Texas System, the Risk and Policy Committees have approved amendments to Exhibit A to the Investment Policy Statements for the Permanent Endowment Fund, the General Endowment Fund, and the Intermediate Term Fund to replace the LCC benchmark with the Hedge Fund Research Indices Fund of Funds Composite Index benchmark; and

WHEREAS, the change in the LCC benchmark necessitates changes to the Entity Benchmarks: Total Endowment Funds and Intermediate Term Fund; and

WHEREAS, the Compensation Committee has reviewed the proposed changes to the Target and Maximum Performance Standards for the LCC, Total Endowment Assets, and Intermediate Term Fund, and the name change of the Lehman Brothers' indices as set forth on the proposed Appendix D, Table 2; and

WHEREAS, the Committee wishes to document its approval of the amendments to Appendix D, Table 2 and recommends same to the UTIMCO Board, subject to the approval by the UTIMCO Board and the Board of Regents of The University of Texas System of the amendments to Exhibit A to the Investment Policy Statements for the Permanent Endowment Fund, the General Endowment Fund, and the Intermediate Term Fund.

NOW, THEREFORE, be it

RESOLVED, the amended Appendix D, Table 2, in the form attached hereto, is hereby adopted and approved as part of the Plan, to be effective as of January 1, 2009, and the Committee recommends the Board approve same.

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

Secretary: Joan Moeller
Joan Moeller

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

Date: 4.27.09

Appendix D
UPDATED Table 2 (1/1/09 through 6/30/09)

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment (% of Portfolio)	ITF (% of Portfolio)	Threshold	Target	Maximum
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+62.5 bps	+125 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+37.5 bps	+75 bps
Investment Grade Fixed Income	Barclays Capital Global Aggregate Index	7.0%	33.0%	+0 bps	+12.5 bps	+25 bps
Credit-Related Fixed Income	Barclays Capital Global High-Yield Index	1.2%	2.0%	+0 bps	+25 bps	+50 bps
Real Estate	FTSE EPRA/NAREIT Global Index	5.5%	10.0%	+0 bps	+37.5 bps	+75 bps
Natural Resources	Combination index - 50% Dow Jones-AIG Commodities Index + 50% MSCI World Natural Resources Index	5.3%	5.0%	+0 bps	+37.5 bps	+75 bps
Developed Country Equity	MSCI World Index with net dividends	19.5%	20.0%	+0 bps	+35 bps	+70 bps
Emerging Markets Equity	MSCI Emerging Markets with net dividends	10.5%	5.0%	+0 bps	+75 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	Hedge Fund Research Indices Fund of Funds Composite Index	33.0%	25.0%	+0 bps	+75 bps	+150 bps
Private Investments (excludes Real Estate)	Venture Economics Custom Index	17.0%	0%	+0 bps	+100 bps	+200 bps
Private Investments Real Estate	NACRIEF Custom Index	1.0%	0%	+0 bps	+37.5 bps	+75 bps
Specific asset class benchmark:						
Internal Investment Grade Fixed Income	US Barclays Capital Aggregate			+0 bps	+12.5 bps	+25 bps