

**MINUTES OF MEETING OF THE
AUDIT AND ETHICS COMMITTEE OF
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY**

A meeting of the Audit and Ethics Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") convened in open session on **January 26, 2012**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Committee Chair, R. Steven Hicks, 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:

R. Steven Hicks, Chair
Printice Gary
Charles W. Tate
James P. Wilson

Also attending the meeting was Paul Foster, Chairman of the Board, thus constituting a majority and quorum of the Committee and the Board. 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; Uzi Yoeli, Senior Director - Portfolio Risk Management; Gary Hill, Senior Manager - Investment Reporting; Debbie Childers, Manager - Portfolio Accounting and Operations; and other staff members. Other attendees were Terry Hull, Whitney Henry, Jim Phillips, Roger Starkey and Moshmee Kalamkar of The University of Texas System (UT System) Administration; Jerry Turner of Andrews Kurth LLP; and Tom Wagner and Robert Cowley of Deloitte and Touche LLP. Mr. Hicks called the meeting to order at 11:05 a.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Committee member.

Approval of Minutes

The first matter to come before the Committee was the approval of the minutes of the Audit and Ethics Committee meeting held on November 3, 2011. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

RESOLVED, that the minutes of the Meeting of the Audit and Ethics Committee of the Board of Directors held on November 3, 2011, be, and are hereby, approved.

Audit Results and Communications

Mr. Hicks asked Mr. Tom Wagner, engagement partner from the independent accounting firm of Deloitte & Touche LLP, to present the audit results and necessary communications for the Corporation for the fiscal years ended August 31, 2011 and August 31, 2010. Mr. Wagner confirmed the completion of the audit of the Corporation, summarized the process and reviewed with the Committee the Audit Results and Communications report covering required communications. As stated in the report, Mr. Wagner confirmed that 1) Deloitte & Touche LLP issued an unqualified opinion on the Corporation's August 31, 2011 financial

statements, 2) there were no changes in accounting policies that impacted the Corporation's financial statement balances, and 3) accounting principles utilized by management are of good quality, are acceptable, and have been consistently applied under accounting principles generally accepted in the United States. The Corporation's financial statements and disclosures were complete in all material respects. Mr. Wagner stated that no material weaknesses regarding internal control were found during their audit procedures and there were no concerns regarding management. Mr. Wagner stated they had no difficulties to report and were very complimentary of the Corporation's Staff, and the cooperation that Deloitte & Touche LLP had received throughout the audit process. Mr. Wagner answered the Committee Members' questions. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Committee:

RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications on the Corporation for the year ended August 31, 2011, be, and is hereby approved in the form as presented to the Audit and Ethics Committee, subject to approval by the Corporation's Board.

And,

RESOLVED, that the annual financial statements and audit report for the Corporation for the years ended August 31, 2011, and August 31, 2010 be, and are hereby approved in the form as presented to the Audit and Ethics Committee, subject to approval by the Corporation's Board.

Discussion of Internal Investment Pools and Special Purpose Entities

Mr. Hicks asked Mr. Zimmerman to begin the discussion of internal investment pools and Special Purpose Entities ("SPE"). Mr. Zimmerman, Joan Moeller, and Gary Hill gave a presentation to the Committee. The presentation included background information on the use of various investment vehicles, current uses and advantages of investment pools, explaining SPEs, listing reasons to establish SPEs and providing information regarding the administrative considerations, legal issues, operations, accounting, reporting and compliance associated with SPEs. Mr. Zimmerman, Ms. Moeller, Mr. Wagner, Mr. Hill, and Ms. Gonzalez answered the Committee Members' questions.

Update on Compliance, Reporting and Audit Issues

Mr. Hicks asked for an update on compliance, reporting and audit issues. Ms. Gonzalez reported on the compliance matters for the fiscal quarter ending November 30, 2011, including the status of employee training, preclearance of trades and the Corporation's Compliance Hotline's activity. She reported that one external manager was out of compliance, investing more than 40% limit of its net asset value in securities of companies domiciled in a single country, which was due to the large market decline during September. The situation was corrected in October. There was no activity on the Compliance Hotline for the quarter ending November 30, 2011, and only four calls reported for the year which were all hang-ups. Ms. Gonzalez continued by presenting the Investment Policies Compliance Report for the Quarter Ended November 30, 2011, the Institutional Compliance Program Report for the Period Ended November 30, 2011, and the updated Institutional Compliance Action Plan for FY 2012. Mr. Hicks asked Ms. Kalamkar to

give a report from the UT System Audit Office. Ms. Kalamkar provided the Committee with a summary of two upcoming internal audits: an audit on controls over the financial reporting processes for The University of Texas System Long Term Fund (LTF) and an audit on the Separately Invested Funds.

Unaudited Financial Statements

Mr. Wilson asked Ms. Moeller to present the separate unaudited financial statements as of November 30, 2011, for the Permanent University Fund, The University of Texas System General Endowment Fund, the Permanent Health Fund, LTF, The University of Texas System Intermediate Term Fund (ITF) (collectively, the Funds) and the Corporation. Ms. Moeller provided highlights of the statements, with no new items or significant changes reported. Mr. Zimmerman stated that he would provide a detailed update on the Corporation's budget at the Board meeting next week.

Executive Session

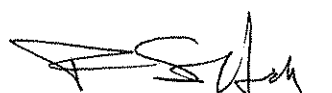
Mr. Hicks announced, at 11:57 a.m., that "The Audit and Ethics Committee of the Board of Directors of The University of Texas Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session of the Committee, for the purpose of deliberating individual evaluation matters. This Executive Session meeting of the Committee is authorized by *Texas Government Code* Section 551.074 (Personnel Matters). The date is January 26, 2012, and the time is now 11:57 a.m." With the exception of Mr. Wagner, Ms. Gonzalez, Ms. Kalamkar and Mr. Turner, all other meeting participants left the meeting at this time. Mr. Tate left the meeting at this time.

Open Session

The Committee reconvened in open session and Mr. Hicks announced that "The Open Session of the Audit and Ethics Committee of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The date is January 26, 2012, and the time is now 12:03 p.m. During the Executive Session, the Committee deliberated individual evaluation matters but no action was taken nor decisions made, and no vote was called for or had by the Committee in Executive Session."

There being no further business to come before the Committee, the meeting was adjourned at 12:03 p.m.

Secretary: 
Joan Moeller

Approved: 
R. Steven Hicks, Chair
Audit and Ethics Committee of the Board of Directors of
The University of Texas Investment
Management Company

Date: 4/11/12