

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the
Regents
February 20, 2014

Subject: Alternative Asset Commitment

Action Requested: Approval of Foresite Capital Fund II, L.P.

Background and Summary: We recommend a commitment of \$20 million from the Long Term Portfolio to Foresite Capital Fund II, L.P., a San Francisco and New York based venture capital fund which will invest in late stage healthcare companies. Foresite Capital was founded in 2011 by James Tananbaum, M.D. who previously was a venture capitalist with Prospect Venture Partners.

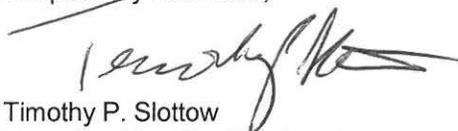
The fund's strategy will be to invest in healthcare companies with products, technologies or services which have been proven to work, have competitive advantages, and are poised for substantial growth. The investment team's goal is to identify undervalued, maturing companies which previously received venture capital funding but are in need of additional financing to reach liquidity. In recent years, capital available for late stage healthcare investments has decreased significantly. This situation creates opportunities for Foresite Capital to invest in largely de-risked assets which are close to regulatory approval and commercial launch. Investments may be in either public or private companies and are expected to generate liquidity in relatively short periods of time.

Foresite Capital's investment team members have diverse and complementary skills. They have started and built healthcare companies, launched healthcare products, managed clinical development divisions, and worked in venture capital, investment banking, and hedge funds. This broad and deep experience helps Foresite Capital source, evaluate, and manage portfolio companies effectively.

Forsite Capital's investments will focus on areas in which the investment professionals have prior experience, including late stage biotechnology assets, medical device companies, life science tools and diagnostics businesses, and healthcare services companies.

This commitment offers the Long Term Portfolio the opportunity to invest capital in the healthcare sector with an experienced team having both in-depth industry knowledge and experience building companies.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

February 2014