

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Alternative Asset Commitment

Action Requested: Approval of Primary IV, L.P.

Background and Summary: We recommend a commitment of £15 million from the Long Term Portfolio to Primary IV, L.P., a London based private equity fund, which will invest in private lower middle market companies headquartered in or having substantial operations in the U.K. Founded in 1995, Primary acquires businesses either from private owners or from corporations wanting to sell non-core businesses.

Primary's investment approach is to identify companies which can become sector leading businesses with differentiated products and services, strong brands, and an international business component. The firm prefers complex transactions where there are clear opportunities to create strategic value through professionalization of underperforming or undervalued businesses. Primary's key areas for business improvement include augmenting and complementing existing management teams, upgrading management information systems, and strategically repositioning businesses by introducing new products and customers or completing transformational add-on acquisitions of other companies. Primary's investment team has significant transaction and operating experience and takes a proactive approach to helping businesses grow revenue and EBITDA. The ultimate goal is to sell portfolio companies to strategic acquirers.

The fund's investments will focus on companies in sectors with which the firm has prior experience, including consumer goods and services, leisure, business services, technology and software, and industrial products and services.

This commitment offers the Long Term Portfolio the opportunity to increase its exposure to lower middle market private equity investments focused on the U.K. market.

Respectfully submitted,



Timothy P. Slotow
Executive Vice President and
Chief Financial Officer

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