

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Received by the Regents
September 15, 2011

ITEM FOR INFORMATION

Subject: Alternative Asset Commitments

Background and Summary: Under a May 1994 Request for Action, the University may commit to follow-on investments in a new fund sponsored by a previously approved partnership provided the fund has the same investment strategy and core investment personnel as the prior fund.

Pursuant to that policy, this item reports on the University's follow-on investments with the previously approved two private equity and one energy partnerships listed below.

Berkshire Fund VIII, L.P., a private equity fund based in Boston, MA, will make equity investments in established middle market companies with attractive growth prospects. Berkshire invests across a number of industries, including retailing, business services, industrial manufacturing, consumer products, transportation and communications. The firm's primary geographic focus is the U.S., but it will pursue investments outside the country on an opportunistic basis. Berkshire's international investments have been in Canada, the United Kingdom, Ireland, Switzerland, New Zealand and Australia.

Berkshire's private company investments may include leveraged buyouts, recapitalizations, growth capital transactions, and corporate carve-out transactions. In special situations, Berkshire will invest in public companies in going-private transactions.

This is the University's fourth investment with Berkshire Partners. The University committed \$40 million to Berkshire Fund VIII, L.P. in May 2011. The University previously committed a total of \$80 million to prior Berkshire sponsored funds.

EQT VI, L.P., a private equity fund headquartered in Stockholm, Sweden, will make controlling equity investments in medium to large sized companies based in Northern Europe, primarily in Denmark, Finland, Norway, Sweden and Germany. EQT invests in a wide range of industries, including light engineering and consumer products and targets situations where EQT has a specific industrial angle and can grow local businesses into global leaders over a three to five year period.

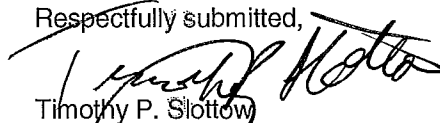
EQT is differentiated from its competitors by its network of senior industrialists who work with EQT at various stages of investment, helping the team identify opportunities, evaluate company operations and management, and implement growth strategies. Frequently these successful industrialists serve as board members and advisors to EQT's companies. The primary sources of EQT's investments come from the sale of family owned businesses, public company to private business transactions, and joint ventures with companies undergoing reorganization and divestiture of peripheral subdivisions and businesses.

This is the University's third investment with EQT. The University committed €20 million (~ U.S. \$29 million) to EQT VI, L.P. in May 2011. The University previously committed a total of €45 million (~ U.S. \$65 million) to prior EQT sponsored funds.

Sentient Global Resources Fund IV, L.P., is an Australian based energy private equity fund that invests directly in hard assets including metals, minerals, oil, gas or coal, or takes strategic positions in the parent company to the underlying asset. The portfolio is expected to be diversified by type of asset, stage of development, and location with investments located in Australia, North America, South America and Asia. Sentient is known as a sophisticated financial buyer and is considered an attractive partner for natural resources industry participants.

This is the University's third commitment to Sentient Global Resources. The University committed \$25 million to Sentient Global Resources Fund IV, L.P. in May 2011. The University committed \$40 million to prior Sentient Global Resources sponsored funds.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Timothy P. Slottow", written over the printed name.

Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

September 2011