

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Received by the Regents
October 14, 2010

Subject: Alternative Asset Commitment

Background and Summary: Under a May 1994 Request for Action, the University may commit to a follow-on investment 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 investment with a previously approved venture capital partnership listed below.

Avenue Special Situations VI, L.P., a \$2 billion distressed debt fund located in New York, NY, will continue the team's strategy to make investments in the debt, select equity securities or other obligations of companies in financial distress. Avenue uses a theme-driven, concentrated investment strategy that is analytically intensive and relies upon individual credit, industry and macro research and analysis. Once an investment opportunity is identified, Avenue will seek to identify the most attractive investment within the company's capital structure by determining the most undervalued security relative to fundamental value and investment risk.

This is the University's fifth investment with Avenue and fourth in this strategy. The University committed \$30 million to Avenue VI in July 2010. Previously, the University committed \$160 million to four prior Avenue sponsored funds.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

October 2010