

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the Regents

December 18, 2008

**Subject:** Public Equity Investment

**Action Requested:** MFP Partners, L.P.

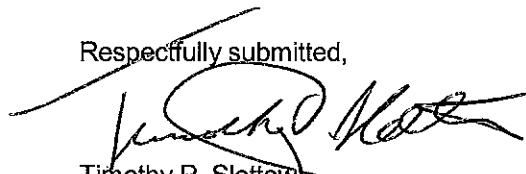
**Background and Summary:** We recommend an initial funding of \$50 million from the Long Term Portfolio to MFP Partners, L.P., a public equity manager based in New York.

MFP Partners was founded in 1998 by Michael F. Price with a value orientation focused on the public securities of small and mid-cap companies located in the United States and, to a smaller degree, in Canada and Europe. Mr. Price began his career in 1975 when he joined Heine Securities. At Heine Securities and the associated Mutual Series Funds, he studied and developed value investing strategies under Max Heine and later became president and CEO of both organizations.

MFP Partners invests in the securities of companies that are selling at significant discounts to their intrinsic value or are involved in special situations such as prospective mergers, consolidations, liquidations and bankruptcy reorganizations. Potential investments are identified and evaluated through a bottoms-up, asset oriented analysis of the firms financials, management and industry. MFP seeks companies with strong balance sheets and capable management teams that will be able to weather economic downturns and take advantage of economic recoveries. MFP will invest in both debt and equity securities.

This investment with MFP Partners offers the opportunity to diversify the Long Term Portfolio by adding a respected and focused investor who will be able to find value in all economic environments.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

December 2008