

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

Received by the Regents  
February 14, 2008

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 one energy partnership, two private equity partnerships, and one venture capital partnership listed below.

**Cadent Energy Partners II, L.P.**, an energy fund based in Rye Brook, New York, will invest in small to medium size companies located in North America that are positioned to capitalize on market trends in the energy industry. The team has been successful in identifying attractive investment opportunities using a top-down approach, analyzing various macro factors and industry trends. Based upon their current outlook of the energy industry, Cadent II will be targeting investments in the North American exploration and production sector, oilfield services and equipment, the downstream petroleum segment and power services and equipment. Typical investment size will be \$25 million to \$50 million and will either be a control investment or an influential minority investment with protective control provisions. Exit strategies are clearly defined upon acquisition and will generally be a sale to a strategic buyer for cash or a highly liquid security.

This is the University's second investment with Cadent. The University committed \$15 million to Cadent Energy Partners II, L.P. in November 2007. The University previously committed \$10 million to Cadent Energy Partners I, L.P. in 2005.

**Bain Capital Fund X, L.P.**, a private equity fund headquartered in Boston, MA, will invest in both midsized and large buyout transactions. Depending on economic conditions, Bain executes growth capital, leveraged acquisition, or corporate restructuring transactions. Investments will be diversified by sector and are expected to include industrial, information technology, retail and consumer, financial services, healthcare, or communications companies. Bain Capital evaluates investment opportunities using a consulting-based due diligence process to analyze a company's financial performance, market growth potential, industry attractiveness and competitive position. Bain Capital Fund X may invest selectively in European and Asian transactions initiated by the Bain European and Asian investment teams.

This is the University's fifth investment with Bain Capital private equity. The University committed \$30 million to Bain Capital X, L.P. in October 2007. The University has committed a total of \$94 million to four prior Bain Capital private equity funds.

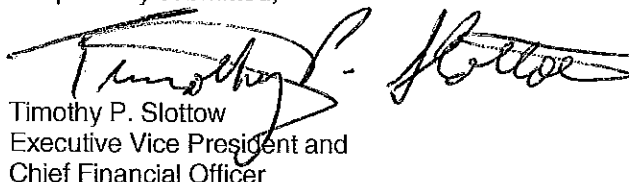
**Russia Partners III, L.P.**, a private equity fund affiliated with New York-based Siguler Guff & Company, LLC, will provide expansion capital to medium size growth companies operating in the Russian Federation and other countries of the former Soviet Union. The fund will invest in companies that provide basic goods and services to the Russian consumer in sectors where Russia Partners has prior experience, including food processing and distribution, financial services, communications infrastructure, telecommunications, television and radio broadcasting, pharmaceuticals, and construction materials.

This is the University's second investment with Russia Partners. The University committed \$25 million to Russia Partners III, L.P. in November 2007. The University previously committed \$15 million to Russia Partners II, L.P. in 2004.

**Accel X, L.P.**, a venture capital fund located in Palo Alto, CA, will invest in early stage technology companies with a focus on the network and software sectors. Accel employs a disciplined approach to identifying new investment themes and benefits from its established network of prior investment companies, corporate partners, and previously-backed entrepreneurs for deal flow and for strategic guidance and development of its investment companies. Accel's technology investments target the consumer, enterprises, and service providers and are diversified by sector to include businesses in vertical search, data center infrastructure, consumer internet, and online media and advertising.

The University committed \$7.5 million to Accel X, L.P. in October 2007. The University has committed a total of \$10.4 million to three prior Accel funds.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

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