

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

MINION	White
SECOND	Newman
ACT APPROVED BY THE REGENTS	
NOTE:	MAR 17 2005

Subject: Alternative Asset Commitment

Action Requested: Approval of Bridgepoint Europe III, L.P.

Background and Summary: We recommend a commitment of up to €20 million (approximately \$26 million) from the Long Term Portfolio to Bridgepoint Europe III, a €2.5 billion pan-European private equity fund.

Bridgepoint Europe III will invest in profitable middle-market businesses throughout Western Europe. The fund will have no fixed geographic investment allocations. Committed capital will be invested in the best opportunities regardless of location.

Formerly known as NatWest Equity Partners, Bridgepoint became an independent entity in 1999 and today has offices in the U.K, Germany, Italy, Spain, France, and Sweden.

Bridgepoint relies on its multinational investment teams with diverse industry sector expertise to source and manage its portfolio of investments on a collaborative basis. In making investments, the teams will focus on industry sectors where they have prior experience, including healthcare, leisure, and retail.

The investments will include both management buyouts and growth equity transactions. On an opportunistic basis, the fund may undertake public-to-private transactions. Bridgepoint's strategy is to build value through both internal growth and add-on acquisitions. The fund will seek majority ownership of its portfolio businesses, giving it control over acquisitions and disposals, capital expenditures, financing, management personnel, and exit. Bridgepoint is a pro-active shareholder, taking a hands-on management role. Generally, two Bridgepoint investment executives serve on the boards of most investment companies, and they share responsibility for execution of the corporate plan with management.

The fund is expected to complete 25 to 30 investments. Average equity invested per company will be about €65 million, while average company value will be approximately €190 million. The investment holding period will be three to seven years.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

March 2005