

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

EXH	MOTION
	SECOND
	ACTION
APPROVED BY THE REGENTS	
NOTE:	APR 21 2005

Subject: Alternative Asset Commitment

Action Requested: Approval of CVC European Equity Partners IV L.P.

Background and Summary: We recommend a commitment of up to €25 million (approximately \$32 million) from the Long Term Portfolio to CVC European Equity Partners IV L.P., a €5 billion pan-European private equity fund.

CVC IV will invest in management buyouts of mid to large sized companies across Western Europe. In most cases, CVC will seek controlling interest of its investment companies, either directly or in syndication with like-minded private equity firms.

CVC, a successor firm to Citicorp Venture Capital Europe, has an established network of twelve offices in major commercial capitals across Europe. The offices are staffed by local professionals who are fully integrated into the banking, legal, and social cultures and practices in the country, enabling them to deal with negotiations and structuring on a local basis when required or on a pan-European basis with colleagues from other offices when a business spans more than one country.

While CVC will consider all business sectors and will assemble a portfolio diversified by industry, the investment team will tend to concentrate its investments in construction products, packaging materials, services, chemicals, and manufacturing businesses.

The investment strategy is to find businesses that can be built by internal growth or by add-on acquisitions. CVC seeks to create value by backing strong management teams, helping management implement focused business plans, and establishing legal and financial structures to foster corporate best-practices and alignment of management and investors' financial interests. A CVC partner or other senior investment professional typically serves as a non-executive director on the board of each company and monitors management's performance.

The fund is expected to invest in twenty-five to thirty-five companies. The average equity invested per company will be €150 million to €200 million. CVC's goal is to build businesses over a three to five year period and to exit them by initial public offerings or by sale to global businesses or financial buyers.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

April 2005