

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Received by the Regents
September 17, 2009

Subject: Alternative Asset Commitment

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 investment with the previously approved private equity and energy partnerships listed below.

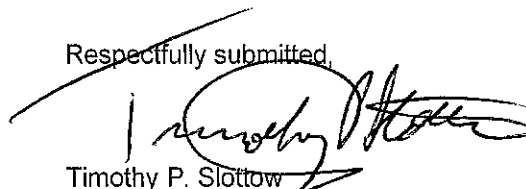
Francisco Partners III, L.P., a private equity fund headquartered in San Francisco, CA, will invest in mature technology and technology-related companies in the communications, hardware, information technology services and software sectors. Francisco Partner's investments focus on businesses valued from \$30 million to more than \$2 billion and include divisional spinouts, management buyouts, recapitalizations and restructurings, going-private transactions, and growth equity financings.

This is the University's third commitment to Francisco Partners. The University committed \$20 million to Francisco Partners III, L.P. in July 2009. The University has previously committed \$45 million to two private equity funds managed by Francisco Partners.

4D Global Energy Investments PLC., an energy private equity fund based in Paris, France, will make investments in small to medium sized companies in the upstream, midstream, downstream and services/technology sectors of the energy industry. Although it is expected that most of the companies will be headquartered in Europe, given the global nature of the energy industry, the operations may be located internationally. 4D will target companies that have developed sound and profitable businesses, but need additional capital and strategic support to differentiate themselves in the market and move to the next level.

This is the University's third investment with 4D Global. The University committed \$10 million to 4D Global Energy Investments PLC. in July 2009. This amount may be increased by additional \$5-10 million at the fund's final close. The University has previously committed \$15 million to 4D as well as a \$5.0 million co-investment alongside 4D Global in Fairfield Energy Company.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

September 2009