

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
September 16, 2010

REQUEST FOR ACTION

Subject: Public Equity

Action Requested: Approval of Kingstown Partners L.P.

Background and Summary: We recommend an initial commitment of \$25 million from the Long Term Portfolio to Kingstown Partners L.P. a New York, NY, based fund that will purchase equity and equity-like investments.

Kingstown Partners was formed in 2006 to invest in a concentrated portfolio of assets across capital structure, industry sector and geography. The fund may hold cash and opportunistically utilize market hedges.

Kingstown Partners is a value-focused manager. Their strategy is to pursue assets trading below intrinsic value where a specific catalyst exists for future appreciation. The ideal opportunity will result from a market dislocation where a corporate event has resulted in a situation where there are few natural buyers for a security. Kingstown has developed a systematic approach for identifying these situations which provides the foundation for their implementation of a philosophy of capital preservation.

An investment in Kingstown Partners L.P. will further the University's goal to maximize long term risk-adjusted returns to the Long Term Portfolio.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

September 2010