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November 18, 2010

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Subject: Alternative Asset Commitment

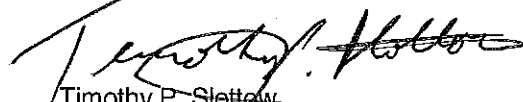
Background and Summary: Under a May 1994 Request for Action, the University may commit to a follow-on investment in a new fund sponsored by a previously approved partnership provided the fund has the same investment strategy and core investment personnel as the prior fund.

Pursuant to that policy, this item reports on the University's follow-on investment with a previously approved absolute return partnership listed below.

Blackstone / GSO Capital Solutions Fund, a \$3.3 billion distressed debt fund located in New York, NY, will continue GSO's strategy to make investments in the debt of companies facing financial distress. The Fund focuses primarily on providing privately negotiated capital solutions to companies in need of liquidity or capital structure transformation due to debt maturities, cyclical downturns in their businesses or other funding requirements. The Fund also invests in publicly traded assets as a path to acquiring varying degrees of control in direct investments.

This is the University's second investment with the GSO team. The University committed \$20 million to Blackstone / GSO Capital Solutions Fund in July 2010. The University funded \$50 million to a prior GSO sponsored fund.

Respectfully submitted,



Timothy P. Sletow
Executive Vice President and
Chief Financial Officer

November 2010