

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Received by the Regents
May 20, 2010

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 investments with the previously approved private equity and venture capital partnerships listed below.

CDH Fund IV, L.P., a Beijing-based private equity partnership, will make investments in private companies with strong business fundamentals that have substantial operations in China. The CDH investment managers take a value-driven approach and focus on expansion capital and buyout opportunities in profitable companies.

Investments will focus on mature companies led by local Chinese teams that are selling products or services to the domestic market in China. These companies are expected to have market leading positions, sustainable competitive advantages, and experienced management teams. Industries in which CDH has invested previously and which are likely to offer the prospect of attractive investment opportunities for CDH Fund IV include consumer products, medical services, retail and distribution, manufacturing, financial institutions, information technology services, and pharmaceuticals.

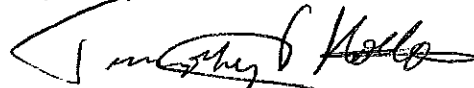
This is the University's second commitment to CDH. The University committed \$5 million to CDH Fund IV, L.P. in December 2009. The University committed \$10 million to a prior CDH sponsored fund.

Battery Ventures IX, L.P., a venture capital fund with offices in Wellesley, MA, San Mateo, CA, and Herzliya, Israel will invest in technology companies at all stages of growth. As in prior Battery funds, the fund will invest in sectors where the general partner has expertise and experience, including software, communications services, e-commerce, internet and digital media, financial services, and tech enabled businesses.

Battery typically is the first institutional investor in companies and investments range from seed rounds through late stage investments. Selectively, the fund may invest in buyouts or growth equity roll-ups or make private investments in public companies. The investments are primarily in domestic companies, but Battery has invested on an opportunistic basis in companies based in Israel and India.

This is the University's seventh investment with Battery Ventures. The University committed \$10 million to Battery Ventures IX, L.P. in February 2010. The University previously committed a total of \$63.3 million to prior Battery Ventures sponsored funds.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer