

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Approved by the Regents

January 18, 2007

Subject: Alternative Asset Commitment

Action Requested: Approval of SAIF Partners III, L.P.

Background and Summary: We recommend a commitment of up to \$20 million to SAIF Partners III, L.P., a partnership with offices in Hong Kong, Beijing, Seoul, and Hyderabad, which will make investments in private companies in the Asia-Pacific region.

SAIF, formerly known as Softbank Asia Infrastructure Fund and affiliated with Softbank until 2004, is now an independent firm. SAIF has a local presence in each of its three focus countries – China, India, and South Korea. SAIF's investment professionals understand the complexities of investing in these areas and have established networks of relationships with local entrepreneurs, business leaders, and government authorities, giving SAIF access to attractive, less competitive investment opportunities.

SAIF's strategy is to invest in private, profitable expansion stage companies that hold industry leading positions in their home markets. SAIF takes a disciplined, valued-based approach and looks to acquire significant minority ownership positions in companies it believes are undervalued relative to their long-term growth prospects.

The investment team will focus on industry sectors that will benefit from the strong economic growth and rapidly rising local consumption in these markets, including financial services, retail and distribution, and business services. In particular, SAIF has significant investment experience and notable success in businesses in the technology, media, and telecommunications sectors.

SAIF takes an active role in its portfolio companies by serving on company boards and helping management enhance company value and achieve profitable exits via the public markets or strategic acquisitions.

This commitment will further diversify the international portion of the University's private equity portfolio by increasing its exposure to China, South Korea, and India high growth companies, including Asia-Pacific businesses in the rapidly growing internet, communication, and technology sectors.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

January 2007