

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ITEM FOR INFORMATION

Received by the Regents
July 17, 2008

Subject: Alternative Asset Commitments

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 for the Long Term Portfolio with the previously approved energy partnership and two venture capital partnerships listed below.

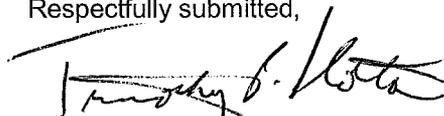
Lime Rock Partners V, L.P., an energy fund based in Westport, CT, with offices in Houston, TX, and Aberdeen, Scotland, will continue Lime Rock's strategy to make private equity investments in energy companies focused in three principal sectors: exploration and production, developers of oil and natural gas reserves; energy service, providers of products and services to the energy industry; and oil service technology, providers of leading-edge products and services to oil and gas producers. The team differentiates itself from competitors by being a creative, value-adding, long-term investor of growth capital for small, well-managed companies in high-growth segments of the global energy industry. Lime Rock's deep interdisciplinary expertise, global network of relationships, and history of effective teamwork provides a strong pipeline of investment opportunities.

This is the University's fourth investment with Lime Rock Partners. The University committed \$50 million to Lime Rock Partners V, L.P. in April 2008. The University previously committed \$63.8 million to prior Lime Rock Partners sponsored energy private equity funds.

Kleiner Perkins Caufield & Byers, a Silicon Valley based venture capital firm, raised two funds, KPCB XIII, LLC and KPCB Green Growth Fund, LLC, in a continuation of the firm's strategy to back entrepreneurs and innovation in greentech, information technology, life sciences and other fast-growing industries. KPCB XIII will focus on early stage initiatives in mobile and web services, personalized medicine and medical devices, and communications and semiconductor technologies. The KPCB Green Growth Fund, an investment fund that furthers KPCB's established commitment to investing in green technology companies, will focus on finding, funding, and accelerating green solutions addressing energy needs and environmental concerns. The Green Growth Fund will invest in companies that have entered their growth phase.

These are the University's tenth and eleventh investments with KPCB. The University committed \$10 million to KPCB XIII, LLC and \$7 million to KPCB Green Growth Fund, LLC in April 2008. The University previously committed \$37.7 million to prior KPCB sponsored funds since 1992.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

July 2008