

**London Borough of Hillingdon Pension Fund
Adams Street Partners Update: First Quarter 2012**

Industry Update

Buyouts

Debt markets in the US remained liquid with most activity focused on refinancings. Significant stress with the persistent uncertainty surrounding the future of the euro weighed heavily on Europe. European buyout activity slowed with few pockets of growth. Some firms are holding onto portfolio companies longer and extending the terms of their funds. There continues to be a significant amount of uninvested capital targeted for buyout transactions. Across our buyout portfolio, valuations have improved helping challenged vintages to grow into our expectations. Investment returns from buyouts were modestly up in the first quarter. Performance gains have been driven largely by improvements in the 2005-2007 vintage years as these portfolio companies continue to rebound.

Venture Capital

During the second quarter of 2012, venture-backed IPO activity by dollars raised marked the strongest quarter on record, notably dominated by Facebook. Despite the very public and disappointing stumble of the IPO, Facebook remained quite active on the acquisition front purchasing four companies this year, including Instagram at a price just over \$1B. Microsoft joined the acquisition activity by purchasing social-networking startup Yammer for \$1.2B. Eleven venture-backed companies went public in the second quarter representing a drop of 42% from the first quarter of this year. Even as Facebook dominated headlines, the new JOBS Act has encouraged a number of companies to file to go public. If public markets can stabilize, it is possible for the exit market to open up for the second half of 2012.

Portfolio Statistics as of March 31, 2012

	Inception Date	Committed / Subscription	Drawn / Subscription	Drawn / Committed	Total Value / Drawn	IRR Since Inception*	Public Market	1Q12 Gross IRR
Total Hillingdon Portfolio	02/2005	98%	74%	75%	1.16x	6.92%	2.57%	5.57%
2005 Subscription	02/2005	100%	84%	84%	1.19x	7.06%	2.57%	6.24%
2006 Subscription	01/2006	100%	75%	75%	1.13x	6.09%	2.55%	5.58%
2007 Subscription	01/2007	100%	67%	67%	1.19x	10.56%	4.42%	4.52%
2009 Subscription	01/2009	67%	29%	44%	1.18x	26.32%	11.95%	5.95%
Direct Co-Investment Fund	09/2006	100%	96%	96%	1.01x	1.68%	-0.11%	4.70%
Co-Investment Fund II	01/2009	100%	31%	31%	1.51x	37.16%	9.68%	0.61%

*Gross of client's management fees paid to Adams Street Partners, LLC.

Note: The Public Market is the equivalent return achieved by applying Hillingdon's cash flows to the MSCI World Index.

Main Drivers of Performance

While equity markets rallied in the first quarter, sovereign debt concerns and signs of a slowing US economy rattled markets and drove volatility through the second quarter. For the first quarter, our portfolios were up around 5% in the aggregate. Distributions remained steady continuing the positive trend from 2011. Across our Direct Funds, the first quarter produced the 11th consecutive quarter of positive returns with mark-ups of 5%.

Portfolio Outlook

Our distribution activity, although down from 2011 record levels, remained steady with May being the strongest month we have recorded in the last three years. A flight to quality continues in fundraising as many premier funds hit fundraising targets and closed. In addition, there has been continued interest in secondary investments, as some secondary funds have exceeded their fundraising targets in contrast to buyout funds which have experienced more difficult fundraising