

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

EXH	MOTION	Maynard
	SECOND	White
	APPROVED BY THE REGENTS	
NOTE:		FEB 17 2005

REQUEST FOR ACTION

Subject: Alternative Asset Commitment

Action Requested: Approval of Odyssey Investment Partners Fund III, L.P.

Background and Summary: We recommend a commitment of up to \$20 million from the Long Term Portfolio to Odyssey Investment Partners Fund III, L.P., a \$750 million private equity fund with offices in New York and Los Angeles.

Odyssey makes control private equity investments in management buyouts of established middle-market companies having annual operating profit between \$20 million and \$60 million. The middle-market companies will be large enough to have strong, defensible market positions, frequently within fragmented markets, but small enough that significant value can be created by refining business strategy, enhancing management teams, and streamlining operations.

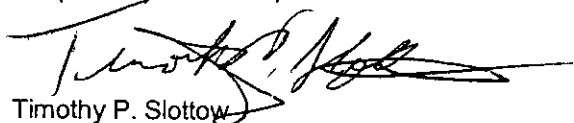
Minority investments are made selectively when Odyssey has board representation or governance protections. Odyssey expects to invest between \$50 million and \$90 million per company.

Odyssey's targeted industry sectors include industrial manufacturing, business and financial services, and media and communications. Within these sectors, the investment team has particular experience in aerospace, basic manufacturing, distribution, equipment rental, insurance, outsourcing and supply chain management. Key to Odyssey's investment strategy is identification of macro-themes such as regulatory changes and market dislocations which are expected to drive significant revenue growth for companies within its target industries.

Investment opportunities are expected to flow from corporate spin-offs, family-controlled businesses seeking liquidity, and management or market constrained companies poised to benefit from more professional management. As appropriate, there will be add-on acquisitions to expand a company's products, distribution network, or geographic reach.

Odyssey generally holds companies four to five years and expects to exit investments by sales to strategic acquirers or other financial investors or via the public markets.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

February 2005