

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

REQUEST FOR ACTION

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| MOTION | Maumard                 |
| SECOND | Richner                 |
| ACTION | APPROVED BY THE REGENTS |
| NOTE:  | MAR 17 2005             |

**Subject:** Alternative Asset Commitment

**Action Requested:** Approval of Ceyuan Ventures I, L.P.

**Background and Summary:** We recommend a commitment of up \$15.0 million from the Long Term Portfolio to Ceyuan Ventures I, L.P., a \$100 million venture capital fund to make early stage investments in China and China-related information technology companies. Ceyuan has offices in Beijing, China and San Francisco, CA.

Ceyuan is a first-time fund organized by Bo Feng and Chris Wadsworth, each of whom previously invested in venture capital transactions in China. The University of Michigan is an investor in a fund Mr. Feng co-founded, Chengwei Ventures, which has a later-stage investment focus than that of Ceyuan. Mr. Feng left Chengwei to pursue seed and early stage opportunities.

Ceyuan was formed to capitalize on the size, growth, and increasing scope of the rapidly developing information technology market in China. The investment team brings knowledge of the local markets, regional investment experience, and an established network among entrepreneurs and other deal-flow sources.

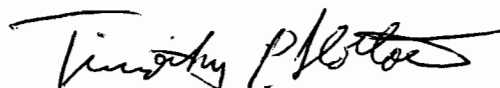
The fund will proactively target investments in emerging companies in China that offer products and services uniquely suited to China, develop business models with strong cost advantages, and are founded by experienced entrepreneurs.

The fund may selectively make cross-border investments that leverage the team's China network, including Chinese entrepreneurs located in the U.S. who have developed new businesses targeting China, entrepreneurs in the U.S. who want to start or move businesses to China, and U.S. companies where China is a critical component of the business model.

The investment team will target specific technology sectors, including software and services, new media and internet applications, communications systems and services, and semiconductors. The fund expects to invest in the first professional or institutional round of a company, with initial investments up to \$3 million per company and total investments of \$6 million per company. The fund plans to be a lead or an influential investor, own a significant stake, and generally hold a board seat in its investment companies.

The investment holding period is expected to be three to five years and exits may be through a sale of the companies to strategic buyers or issuance of public securities.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

March 2005