

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

EXH
MOTION
Newman
Maynard
APPROVED BY THE REGENTS
DEC 15 2005

Subject: Alternative Asset Commitment

Action Requested: Approval of IDG-Accel China Growth Fund I, L.P.

Background and Summary: We recommend a commitment of \$15.0 million from the Long Term Portfolio to IDG-Accel China Growth Fund I, LP (IDG-Accel), a \$250 million venture capital fund to make early and growth stage investments in technology, media, and consumer sector companies in China. IDG-Accel has offices in Beijing and Shanghai.

The fund will be managed by IDG Technology Venture Investment LLC (IDG TVI), a general partnership which has been investing capital in China-based early stage technology companies for International Data Group (IDG), a global technology information publishing company, since 1992. IDG and Accel Partners (Accel), a Palo Alto, CA, and London, UK based technology-focused venture capital investment firm, will sponsor the fund and commit \$25 million each to IDG-Accel. The University is an investor in three Accel funds. The affiliation among IDG Technology Venture Investment, IDG, and Accel will enhance the investment team's ability to track technology developments on a global basis. Investment decisions will be made by IDG TVI.

IDG TVI's investment team is highly regarded and well known among local and returning technology entrepreneurs. The group has demonstrated its ability to identify market trends, provide guidance to entrepreneurs on key business and financial issues, and help companies with management selection and development. The team has achieved exits through initial public offerings and strategic acquisitions of portfolio companies. As a long-term investor, IDG TVI understands the challenges and investment climate of this emerging market.

Within the technology and consumer sectors, IDG-Accel will focus on companies involved in internet applications, mobile platforms and applications, media, software, and telecommunications. Key drivers of these investments will be the large and growing consumer market in China as well as selected export opportunities. IDG-Accel's goal is to acquire significant percent ownership, maintain active board participation, and lead or co-lead each transaction as the sole or first venture capital investor.

A commitment to IDG-Accel China Growth Fund I, L.P. offers the opportunity to make venture capital investments in the large and growing Chinese market alongside an experienced, local investment team.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

December 2005