



## **PSERS PRIVATE INVESTMENT PROGRAM**

### **Recommendation for Investment in The Baring Asia Private Equity Fund IV, L.P.**

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# The Baring Asia Private Equity Fund IV, L.P.

## **EXECUTIVE SUMMARY**

The Baring Asia Private Equity Fund IV, L.P. (the “Fund” or “Fund IV”), a Cayman Islands exempted limited partnership, is being formed to make private equity investments in middle-market companies operating primarily within Greater China (including China, Hong Kong, Taiwan), India, Singapore and Japan (the “Focus Markets” or “Region”). The Firm will continue its successful strategy of targeting rapidly growing companies with enterprise values between \$100 million and \$300 million that have a consistent history of profitability, have created high barriers to entry and require capital for expansion, recapitalization or acquisitions. Baring Private Equity Asia GP IV, L.P. will serve as the general partner of the Fund (the “General Partner”) and will make all investment decisions for the Fund. Baring Private Equity Asia Group Limited (“Baring Private Equity”, the “Firm” or the “Investment Advisor”) will provide investment advisory services to the General Partner. The Fund is seeking capital commitments of \$1.0 billion.

### **Compelling Asian Private Equity Investment Opportunity**

- Continuing favorable macroeconomic conditions in Asia
- Large domestic markets and a rapidly growing middle class with rising consumer purchasing power
- The Asian private equity market is expanding and is far less penetrated than the U.S. and Europe
- Active exit environment underpinned by a robust M&A market and receptive stock markets, both regionally and internationally

### **Value Oriented Mid-Market Investment Strategy**

- Invest in the less efficient mid-market, a segment with abundant deal flow of high growth companies seeking financing for expansion, recapitalization or acquisitions
- Achieve below market entry valuations by avoiding auctions and leveraging the Firm’s network of relationships built up over the past ten years
- Increase earnings and exit valuation multiples by actively influencing strategy, improving corporate governance and increasing the scale of operations through expansion and acquisitions

### **Seasoned Investment Team with Strong Local Presence**

- Twenty-three investment professionals representing six Asian nationalities with offices in Hong Kong, Shanghai, Singapore, Tokyo and San Francisco

### **Strong Track Record with Significant Realizations**

- \$506.3 million invested in 26 growth equity and mid-market buyout transactions
- Fifteen full or partial realizations among private equity investments, generating a gross IRR of 33.5% and a 2.5X multiple
- Proven private equity investment record in China, a key focus market, with a realized gross IRR of 49.1% and a 2.5X multiple

### **Proven Ability to Originate Proprietary Deal Flow and Avoid Competitive Situations**

- Eighty-two percent of investments sourced directly or through referrals from portfolio companies and affiliates

- Sole private equity fund investor in all Fund III investments, which were negotiated under exclusivity
- Proprietary deal flow results in low entry prices – the average Fund III entry multiple was 4.7X forward earnings

#### **Proven Ability to Execute Complex Transactions**

- Highly structured investments aim to mitigate downside risk and enhance returns
- Competitive advantage arising from experience in operating in complex regulatory environments
- Successful investments in companies with complex regulatory, tax, accounting, or balance sheet issues, or that have been purchased from shareholders experiencing financial difficulties

#### **Catalyst for Substantial Improvement in Operating Profit Post-Acquisition**

- For the eight private equity investments in Fund III, the average 2005 to estimated 2007 cumulative annual growth rate in revenues and EBITDA is 34.6% and 43.9%, respectively

### **INVESTMENT OPPORTUNITY**

The Region represents one of the most attractive international markets in which to invest for the following key reasons:

**Continuing Favorable Macroeconomic Conditions in Asia:** Real GDP in the Region has grown consistently since 1990 at a blended average annual rate of 6.3%, compared with 2.9% in the U.S. and 2.2% in Europe. While this growth has occurred across the Region, the principal drivers have been China and India. The Chinese economy has grown at an average annual rate of 9.8% since 1990, and has increased in size by over six times, from \$405 billion to \$2.7 trillion in 2006, making it the fastest growing major economy in the world. This rapid growth can be attributed to a number of factors, including rising industrial productivity, increases in both domestic and foreign direct investment, and increases in private sector wealth and domestic consumption. Furthermore, with a strong current account surplus and a high level of foreign exchange reserves, China is well positioned for further economic growth in the future. Similarly, the Indian economy has experienced significant growth in recent years, averaging annual growth of 8.6% since 2003, and has almost doubled in size over the same period reaching \$821 billion in 2006. The net inflow of foreign investment in the market has also increased significantly since 2000. As of April 30<sup>th</sup>, 2007, Baring Private Equity's prior fund, The Baring Asia Private Equity Fund III, L.P. ("Fund III") had made all of its investments in China and India. The Investment Advisor expects that both of these countries will continue to be key focus markets for Fund IV, and will account for a substantial portion of the Fund's invested capital.

**Large, Rapidly Growing Middle Class with Rising Consumer Purchasing Power:** Growth in per capita GDP has resulted in a significant rise in consumer purchasing power in countries such as China and India. In India, per capita GDP has increased two-fold since 1995, and in China it has increased by over three times during the same period. There are now approximately 50 million middle class households in India with annual disposable income in excess of \$3,000. These households have been the driving force behind the current surge in private consumption in India, and are projected to increase in number to approximately 55% of all households by 2010. The middle class in China is also projected to experience considerable growth, as the Chinese economy continues to

strengthen, and could comprise 520 million people by 2025 – more than half of the expected urban population of China – with a combined total disposable income equivalent to US\$1.7 trillion. The emergence of this middle class purchasing power has resulted in the creation of attractive domestic markets in a wide range of sectors. Baring Private Equity's investment strategy targets investments in companies that are either direct or indirect beneficiaries of this growth in domestic consumption. In Fund III, approximately 90% of the Fund's invested capital has been invested in companies generating revenue from domestic demand, as opposed to exports. An investment strategy that targets domestic demand driven businesses not only benefits from the high growth rates of these markets, but is also less correlated to the economic cycles of the U.S. and Europe, and therefore provides investors in the Fund with a degree of diversification.

**The Asian Private Equity Market is Far Less Penetrated than the U.S. and European Markets:** Asia trails the U.S. and Europe in terms of private equity deal penetration. When measured as a percentage of merger and acquisition ("M&A") transactions completed, private equity deal value in Asia is less than 50% that of the U.S. When measured as a percentage of GDP, the implied penetration rate is even lower, with private equity investments trailing those in the U.S. by nearly 85%. This implies that there is a considerable long-term potential increase in private equity deal volume in Asia, assuming that private equity markets and rates of penetration in the region eventually correlate to those of more developed markets such as the U.S. or Europe.

**Active Exit Environment:** The exit environment for Asian private equity funds is favorable. In 2006 there were 461 announced divestments by private equity firms in Asia, up 48% from the prior year. Moreover, between 1990 and 2006, divestments grew at a 46% compounded annual growth rate. The desire of multinational companies to establish a footprint in Asia through strategic acquisitions has resulted in a healthy market for trade sale exits. Domestic strategic players are also becoming increasing contributors to M&A activity in the Region. In China, for example, M&A activity increased by 41.3% year-on-year in 2006 as Chinese companies became the top target in Asia for foreign buyers. The public markets in Asia have also become more receptive to private equity sponsored initial public offerings ("IPOs"). According to the Asia Venture Capital Journal, \$51 billion was raised from 253 IPO's in Asia in 2006, up from \$15.5 billion raised from 176 IPOs in the previous year. Hong Kong, in particular, has become an active center for listing Chinese companies, with over 64 new such listings on the Hong Kong Stock Exchange in 2006 alone. In addition, recently introduced rules in China will make it feasible for private equity backed companies to go public on the domestic Shanghai and Shenzhen exchanges, thereby enabling private equity funds to tap into the vast pool of savings in China in order to achieve liquidity on exits.

## **INVESTMENT STRATEGY**

The two key attractions of the middle market in Asia are that a) it is an inefficient, non-auction market and b) it is a market with strong deal flow, driven by the rapid rate of new company formation over the past 15 years and the ever increasing demand for capital. This combination of non-auction market inefficiency and the sheer number of deals available creates a fertile investment environment in which an experienced Asian investor like Baring Private Equity, with a deep deal sourcing network, can identify miss-priced assets and purchase equity at a discount to a company's intrinsic value.

In China, one of Baring Private Equity's key focus markets, the Firm targets private sector companies. The private sector was virtually non-existent 20 years ago but now represents over 50% of GDP in China. There are now hundreds of thousands of rapidly

growing private companies in all sectors of the Chinese economy that require equity financing. Existing capital allocation mechanisms (namely the domestic commercial banks and nascent domestic stock markets) are still in their early stages of development and do not properly channel savings and investment to private sector companies. The banks are still majority state-owned, and despite steps taken in the past few years to make them more commercial, they still suffer from their historical legacy of having been created as policy banks to lend to state-owned enterprises. The Chinese stock market, on the other hand, is only 15 years old and still suffers from extreme volatility and a lack of transparency, making it primarily a retail market with little institutional depth. In addition, many of Baring Private Equity's target companies have not yet qualified for listing, but still require equity capital in order to remain competitive.

The Firm will continue its successful strategy of targeting market leading companies with high earnings growth rates, and will seek to invest at entry valuations lower than listed comparables through the origination of deals in the non-auction middle-market (utilizing Baring Private Equity's proprietary origination network built up over ten years investing in the Region) and the high level of complexity associated with many of the transactions that the Firm targets. Baring Private Equity approaches each investment opportunity with an emphasis on principal protection, applying the "margin of safety" concept in considering an appropriate valuation it is willing to pay. In addition, where appropriate, the Investment Advisor will employ various financial structures such as convertible bonds, price ratchets, put options and other financial tools to further mitigate principal risk.

The Fund will focus on businesses that require external equity financing for capacity expansion or for acquisitions, with the strategic objective of increasing both the scale and enterprise value of the company. Baring Private Equity has a proven track record of increasing EBITDA and exit valuation multiples of the businesses it invests in by increasing the scale of the operations of the company, and by improving both corporate governance and transparency as a precursor to a public offering on an internationally recognized stock exchange or a trade sale.

As a general principle, the Fund will invest in companies that have a track record of earnings growth of at least 25% per annum, and at a valuation that translates into a price/earnings ("P/E") multiple of less than one third (0.33) their growth rate (also known as the "PEG ratio"). Baring Private Equity has demonstrated its ability to effectively execute this strategy, and such opportunities should continue to be available for Fund IV. For example, as of April 30<sup>th</sup>, 2007, Baring Private Equity had paid an average multiple of 4.7x forward earnings for the eight investments comprising its predecessor fund (Fund III), which together experienced average compound annual growth of 51.5% between 2005 and 2007 - a PEG ratio of just 0.09. In the opinion of the Investment Advisor, through the Fund, Limited Partners have the opportunity to invest in companies with higher growth earnings and at much lower valuations than would be possible in the U.S. or in Europe.

## **BARING'S ATTRIBUTES**

### **Seasoned Investment Team with Strong Local Presence**

Baring Private Equity has built a team of 23 investment professionals, representing six different Asian nationalities, with strong local origination and execution capabilities. The team is based out of five offices in Hong Kong, Shanghai, Singapore, Tokyo and San Francisco, and includes nine Managing Directors and three Principals, who together possess 136 years of combined experience investing in the Region. The five most senior Managing Directors, who form the core of the Firm's investment committee, have spent an average of seven years working together in an investing capacity. In addition to its

investment professionals, Baring Private Equity employs and has relationships with industry executives who work as members of the Firm's Advisory Board ("Advisors"). These individuals are involved in sourcing new investments, performing due diligence and assisting and coaching company management post-acquisition. Most of the Advisors have been presidents/CEOs of public corporations and have decades of operating experience in Asia in a diverse set of industry sectors.

### **Strong Track Record with Significant Realizations**

As of April 30<sup>th</sup>, 2007, The Baring Asia Private Equity Fund ("Fund I"), The Baring Asia Private Equity Fund IIa and The Baring Asia Private Equity Fund IIb (together, "Fund II"), and The Baring Asia Private Equity Fund III ("Fund III") (together, the "Baring Private Equity Funds") had invested \$506.3 million in 26 growth equity and mid-market buyout transactions. Fifteen of these investments have been fully or partially realized, generating a gross IRR of 33.5% and a 2.5x multiple of invested capital. Including unrealized investments, the gross IRR on all 26 investments was 24.5%, representing a 1.9x multiple of invested capital. In the Investment Advisor's opinion, this private equity track record is representative of, and consistent with, the investment strategy of Fund IV discussed above. In addition, the Fund, like Fund III, will have a significant geographic focus on China. Since inception in 1997, the Investment Advisor's private equity investments in China have generated a gross realized IRR of 49.1% and a 2.5x multiple of invested capital. Including unrealized investments, the gross IRR on all private equity investments in China is 46.5%, representing a 2.2x multiple of invested capital. Baring Asia's track record in China is among the best in the Asian private equity industry.

### **Proven Ability to Originate Proprietary Deal Flow and Avoid Competitive Situations**

Baring Private Equity began its regional investment program in 1997. As one of the most long established private equity investors in the Region, Baring Private Equity has developed a strong franchise and industry reputation through its association with some of the most successful private equity investments in Asia. For example, in 1998 Baring Private Equity invested in the recapitalization of Vanda, a Chinese IT services company, and, in the same year, invested in the buyout of Mphasis BFL, an Indian business process outsourcing company. As of April 30<sup>th</sup>, 2007, these two investments had returned IRRs of 359.7% and 42.0% respectively, and multiples of invested capital of 9.7x and 18.3x, respectively. More recently, in 2005, the Firm invested in Minth, a leading Chinese auto parts company. The company has since listed its shares in Hong Kong, and, as of April 30<sup>th</sup>, 2007, this investment had returned an IRR of 130.1% and a multiple of 3.9x invested capital. The relationships and industry knowledge that it has developed through all of its 51 prior investments, combined with its expanded team and increased local office network, provides a distinct competitive advantage in originating proprietary deal flow in the Region. For example, in the case of Hidili, a successful Fund III investment in China, Baring Private Equity was the first private equity firm to be contacted, because an executive of the company was previously the CFO of one of Baring Private Equity's Fund II portfolio companies. The Investment Advisor was able to negotiate an exclusivity period and close the transaction without entering into a competitive bidding process. Baring Private Equity expects that Fund IV will continue to source most of its investments directly through its network of relationships. All of the eight investments currently comprising the Firm's predecessor fund were sourced through a non-auction process and were negotiated under exclusivity. Baring Private Equity was also the sole private equity fund investor involved in each of these investments.

### **Proven Ability to Execute Complex Transactions**

Some of Baring Private Equity's most successful investments have been transactions involving complex corporate restructurings or elements of distress, particularly at the shareholder level. With ten years of investment experience in highly regulated markets such as China, Baring Private Equity is able to quickly assess a complex situation and propose a structure to the target company's management with a high level of confidence of being able to execute the transaction. Given that these deals often have challenging regulatory, accounting, tax, and financing aspects associated with them, they tend to be less competitive and ultimately create the opportunity for lower entry multiples. For example, in Fund III, Baring Private Equity sponsored the management buyout of Yingde Gas, which involved the purchase of a subsidiary from a Chinese conglomerate that was going through bankruptcy. Baring Private Equity was able to purchase this company at an EV/EBITDA multiple of just 2.7x, compared to industry comparables of 8 – 10x. An expansion program has been initiated under the Firm's new ownership, which is projected to grow EBITDA by approximately 66% in 2007. In the case of another of Baring Private Equity's investments, Airtac, the company had just completed the acquisition of 27 of its distributors in China. This necessitated a large amount of integration work, corporate restructuring to facilitate an offshore IPO, buyouts of remaining minority investors in the domestic distribution arms, significant amounts of accounting and tax work, and balance sheet restructuring. Given that the company had borrowed heavily to acquire these distributors, it had become financially stressed. Baring Private Equity was able to negotiate a six month exclusivity period while it evaluated the investment, in exchange for a small secured bridge loan (with an option to convert into equity as part of Baring Private Equity's investment priced at 5.8x earnings). As a result of purchasing and integrating all its distributors, Airtac increased its EBITDA by 65% in 2006, and is projected to grow by another 26% in 2007. It is in these types of highly complicated situations that Baring Private Equity has a competitive edge and excels at creating value for its investors.

#### **Catalyst for Substantial Improvement in Operating Profit Post-Acquisition**

Baring Private Equity's track record illustrates numerous examples of value creation through corporate restructuring, strategic repositioning, or driving growth through expansion programs or acquisitions following Baring Private Equity's investment. For example, in the case of Dongyue, a Fund III investment, a portion of Baring Private Equity's investment in the company was used to acquire minority interests in several subsidiaries, resulting in a 39% pro-forma increase in EBITDA in 2006. The balance of Baring Private Equity's investment is being used to expand production facilities, which are expected to result in a 58% increase in 2007 EBITDA. Following the acquisition of a business, Baring Private Equity seeks to increase the scale of the company's operations and to improve both corporate governance and transparency in preparation for a public offering on an internationally recognized stock exchange or a sale to a strategic buyer. The Firm does this by leveraging its considerable experience in areas such as the divestiture of non-core businesses, the consolidation of ownership among subsidiaries, capital structure optimization, strategic acquisition and corporate restructuring. The value resulting from Baring Private Equity's expertise in each of these areas is evidenced by the considerable growth in both the revenue and EBITDA of the Firm's investments. For example, for the eight private equity investments made by Fund III, the average 2005 to estimated 2007 CAGR in revenues and EBITDA is 34.6% and 43.9%, respectively.

### **INVESTMENT PROFESSIONALS**

The Investment Team of Baring Private Equity consists of [23] professionals and [8] support staff, representing six different Asian nationalities, with strong local origination and execution capabilities. The team is based out of five offices in Hong Kong, Singapore, Shanghai, San Francisco and Tokyo.

**Jean Eric Salata**, 41, Chief Executive and Founder of Baring Private Equity Asia. Mr. Salata oversees and is responsible for all investment and divestment decisions made at the Firm, as well as its strategic direction. Mr. Salata has been responsible for all investment activity of the Firm since 1997 when he started the regional Asian private equity investment program for UK based Baring Private Equity Partners Ltd. In 2004 Mr. Salata led a management buyout of Baring Private Equity Asia. Before that, Mr. Salata was a Director of Hong Kong based AIG Global Investment Corporation (Asia) Ltd., the Asian private equity investment arm of AIG. Before that, he was the Executive Vice President of Finance of Shiu Wing Steel, a Hong Kong based industrial concern, and prior to that a management consultant with Bain & Company based in Hong Kong, Sydney and Boston. Mr. Salata has lived and worked in Hong Kong since 1989 and graduated *magna cum laude* from the Wharton School of the University of Pennsylvania with a BS in Finance and Economics.

**Kenneth Albolote**, 36, Managing Director, joined Baring Private Equity in 2006. Mr. Albolote has extensive experience in private equity and investment banking in Japan and Asia. From 2001 to 2005, Mr. Albolote worked as a Vice President and founding team member of Carlyle Japan LLC/Carlyle Japan Partners. At Carlyle, Mr. Albolote was involved with a number of investments including: DDI Pocket (re-branded Willcom), Kito, Colin Medical, and eAccess. Prior to joining Carlyle, Mr. Albolote worked with Goldman Sachs & Co. in Hong Kong where he was responsible for executing privatizations and equity offerings for Asian corporations/governments. Prior to Goldman Sachs, he was a member of the Mergers & Acquisitions group of Wasserstein Perella & Co. in the New York and Tokyo offices, where he represented the firm's interest in their Japan JV with Nomura. Mr. Albolote also worked for The Asian Development Bank where he focused on direct equity investments primarily in China and executed an investment into the Bank of China. Mr. Albolote received an A.B. in Economics from Columbia University and holds an M.B.A. from Harvard Business School.

**Dar Chen**, 40, Managing Director, joined Baring Private Equity in 2002. Since joining, Mr. Chen has overseen the due diligence of various investment opportunities in Taiwan, China and Korea and has been active in post investment portfolio value added initiatives. He was previously an Assistant Director with Prudential Asset Management Asia where he oversaw \$200 million of equity investments in companies primarily located in Korea. Before that, Mr. Chen spent over 10 years with Bank of America's project finance, PRC office, credit risk management, and financial institutions group in San Francisco and Hong Kong, where he executed a wide range of advisory and debt transactions. Mr. Chen holds a Bachelor degree in Economics from the University of California, Berkeley. Mr. Chen was born in Taiwan and is fluent in English and Mandarin.

**Kenneth Cheong**, 38, Managing Director, joined Baring Private Equity in 1998. Mr. Cheong has been involved in the execution of over 15 investments in the areas of manufacturing, financial services, consumer products and services, software and IT services. His present areas of focus include manufacturing, financial services and consumer products and services. Mr. Cheong also serves as a director on a number of the Fund's portfolio companies. Previously, Mr. Cheong was a Manager in the Corporate Finance department of BZW Asia (acquired by Credit Suisse First Boston) for three years where he executed M&A, equity, equity-linked and debt transactions in the Region. Prior

to that, Mr. Cheong worked as a Credit and Marketing Officer for DBS Bank where he was involved in loan origination, credit analysis and syndications. Mr. Cheong graduated with First Class Honors in Econometrics and Mathematical Economics from the London School of Economics. He was born in Singapore and is fluent in English and Mandarin.

**William W. Flanz**, 62, Senior Advisor and member of the Investment Committee, began working with Baring Private Equity in 2003. Prior to this, he was the Chief Executive Officer of Sterling Enterprises Limited, a private investment company, responsible for managing the assets of a leading Hong Kong family. Mr. Flanz began his career with Chase Manhattan Bank N.A., where he served as Country Manager for Japan, Area Director for the Middle East and North Africa, and was later appointed Area Director, responsible for all of Chase's activities in Asia Pacific. He was a founding partner of private equity firm Prudential Asia Investments Limited, and was subsequently a member of the Management Committee of private equity firm Investcorp International Limited, based in London. He then served as Chairman and CEO of Gucci Group, N.V., the Italian luxury goods company, prior to returning to Hong Kong in 1996, following Gucci's successful IPO. He currently serves as an Independent Director of Li & Fung Distribution Limited and is a Trustee and Exco Member of the World Wide Fund for Nature Hong Kong, a member of the American Chamber of Commerce, Asian Cultural Council and a member of the Asia Society President's Circle. Mr Flanz graduated from New York University with a Bachelor of Arts degree in Economics, and also holds an MBA degree from the University of Michigan.

**Jack Hennessy**, 38, Managing Director, joined Baring Private Equity in 2001. Mr. Hennessy has extensive experience in the contract manufacturing, automotive components, business process outsourcing and electronics sectors. Prior to joining Baring Private Equity, Mr. Hennessy was a General Partner with Allen & Buckeridge, a leading Australian private equity firm. He started his career as a senior consultant with Accenture in Asia and the U.S. Mr. Hennessy was born in Australia and received an MBA from INSEAD and a Bachelors Degree in both Engineering (with Honors) and Science from Monash University in Australia.

**Wai San Loke**, 38, Managing Director, joined Baring Private Equity in 2000. Mr. Loke serves on the boards of directors of several portfolio companies and has been active in assisting management teams structure acquisitions and Asian joint ventures. Before joining Baring Private Equity, Mr. Loke was a Vice President with the private equity firm H&Q Asia Pacific where he was responsible for deal origination, execution and monitoring of investments in Asia and the U.S. Prior to joining H&Q Asia Pacific, Mr. Loke was a senior consultant with AT Kearney where he led client engagements across Asia, Australia and the U.S. Before that he spent two years in R&D with Motorola's Cellular Infrastructure Group. Mr. Loke is the President of the Singapore American Business Association based in San Francisco. He was born in Singapore and holds an MBA from the University of Chicago in Finance & Strategy and a Bachelor of Science in Electrical Engineering from Lehigh University.

**Tadashi Maruoka**, 47, Managing Director, joined Baring Private Equity in 2006. Mr. Maruoka's previous work experience includes 13 years at Nomura Securities in Tokyo where he focused on a broad range of financial advisory assignments. He was also seconded to work in the New York offices of Nomura's joint venture partner Wasserstein Perella. After Nomura, Mr. Maruoka worked for Morgan Stanley Japan in the investment banking group. In addition to the years of investment banking and mergers & acquisition experience, Mr. Maruoka also brings substantial operating experience to Barings. Most

recently, Mr. Maruoka was President of a company in the food sector. Mr. Maruoka graduated from Sophia University in Tokyo.

**Shane Predeek**, 37, Managing Director, joined Baring Private Equity in 2006. Mr. Predeek previously worked at RHJI (formerly Ripplewood Japan) where he was one of the key principals in orchestrating the public listing of Ripplewood Japan's investment portfolio, which resulted in RHJI raising an additional US \$500 MM for future investments. During his tenure at Ripplewood, Mr. Predeek executed a number of significant transactions including the buyout of Japan Telecom. Prior to joining Ripplewood, Mr. Predeek worked with Wasserstein Perella & Co. in Japan (Dresdner Kleinwort Wasserstein), where he was responsible for M&A and restructuring activities in Japan. Mr. Predeek has a total of 11 years working experience in Japan and speaks / reads Japanese fluently. He received a B.A. in Economics from Stanford University and holds an M.A. from Waseda University.

**Gordon Shaw**, 42, Managing Director, joined Baring Private Equity in 1998. Mr. Shaw is responsible for and involved in many of the Firm's investments in Greater China. Prior to joining Baring Private Equity, Mr. Shaw was a Director of AIG Global Investment Corporation (Asia) Ltd., in Hong Kong, where he worked with Mr. Salata. Before that he was the Head of Equity Investment Department at Nan Shan Life Insurance, a subsidiary of AIG in Taiwan, where he was responsible for all private equity investments. Prior to AIG, Mr. Shaw was with Citibank's private equity and corporate finance group. Previously, he was a Senior Design Engineer at Schlumberger Technologies in San Jose, California. Mr. Shaw is a graduate of Columbia Business School and was on the Dean's List and a member of Beta Gamma Sigma honor society. He also holds a BS in Electrical Engineering from Massachusetts Institute of Technology. Mr. Shaw was born in Taiwan and is fluent in English, Mandarin, Cantonese and Hokkien.

#### **CONCLUSION/RECOMMENDATION**

Based upon the successful track record and experience of the principals and the recommendation of PSERS' consultant, Portfolio Advisors, staff recommends that the Board invest an amount equal to 25 percent of the committed capital, but not to exceed \$300 million plus reasonable normal investment expenses, in The Baring Asia Private Equity Fund IV, L.P. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Executive Director.