



Domestic Private Equity Fund Commitment

TPG Partners VI, L.P.

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TPG Partners VI, L.P. – Domestic Private Equity Fund

Overview

- Fund size is anticipated to be \$18 - \$20 billion.
- Significant investments in operating companies through acquisitions and restructurings.
- Invest between \$250 million & \$1 billion of equity capital in companies with market valuations of \$300 million or more.

Fund Strategy

- Investing in businesses with strong underlying “franchise” assets, partnering with outstanding management teams, and prudently using leverage to enhance returns.
- Focus on generating strong cash distributions earlier in the fund cycle than most other global private equity firms.
- Pennsylvania Presence – TPG does not currently have a PA presence; however several of their portfolio companies sell their products in PA retail stores.

TPG Partners VI, L.P. – Domestic Private Equity Fund

Investment Team

- The Fund will be managed by TPG’s Founding Partners, David Bonderman and James Coulter.
- The Team consists of over 100 professionals in North America, Europe and Asia.

GP “Value Add”

- Developed the “Operating Group,” enabling TPG to pursue turnaround opportunities others could not consider, and improve portfolio company performance with active participation with management.
- 11 professionals support the Operating Group with unique, focused skill sets such as lean manufacturing, pricing strategy, and procurement.

Performance

- An overall gross IRR of 55% for vintage years 1985 through 2007.

TPG Partners VI, L.P. – Domestic Private Equity Fund

Market Opportunity

- Staff values TPG's ability to generate attractive returns in all market cycles and their depth of experience across industry sectors.
- TPG has proven success in contrarian, complex, distressed and turnaround situations.

History with PSERS

- This is PSERS fourth fund with TPG Partners. Prior funds were TPG Partners I, II and V.

Recommendation

- Staff, together with Portfolio Advisors, recommends a commitment of \$400 million.