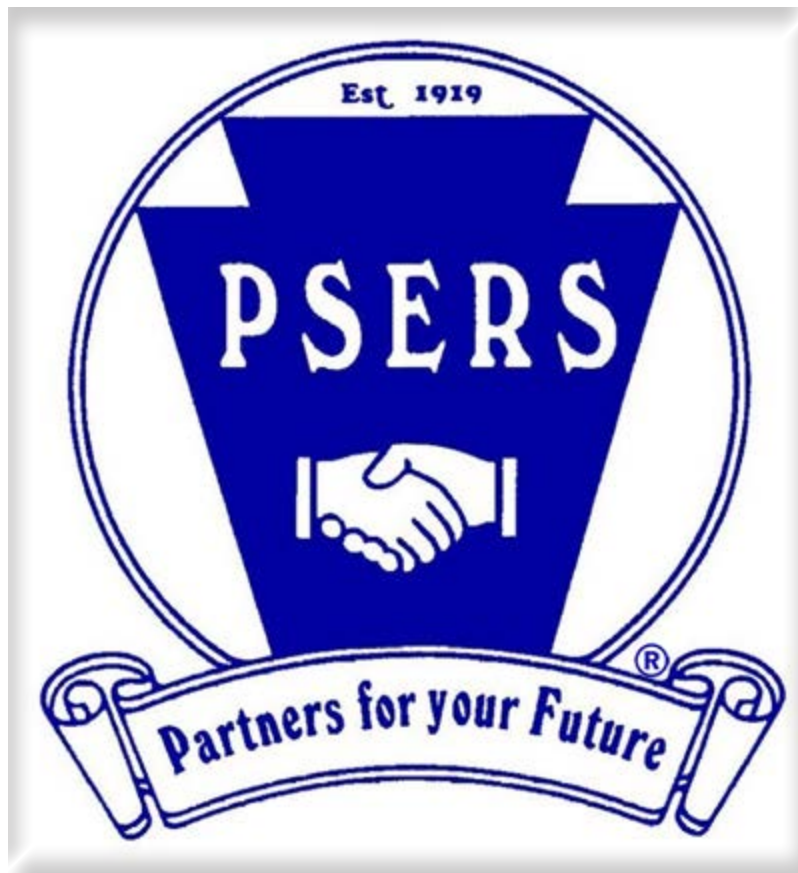
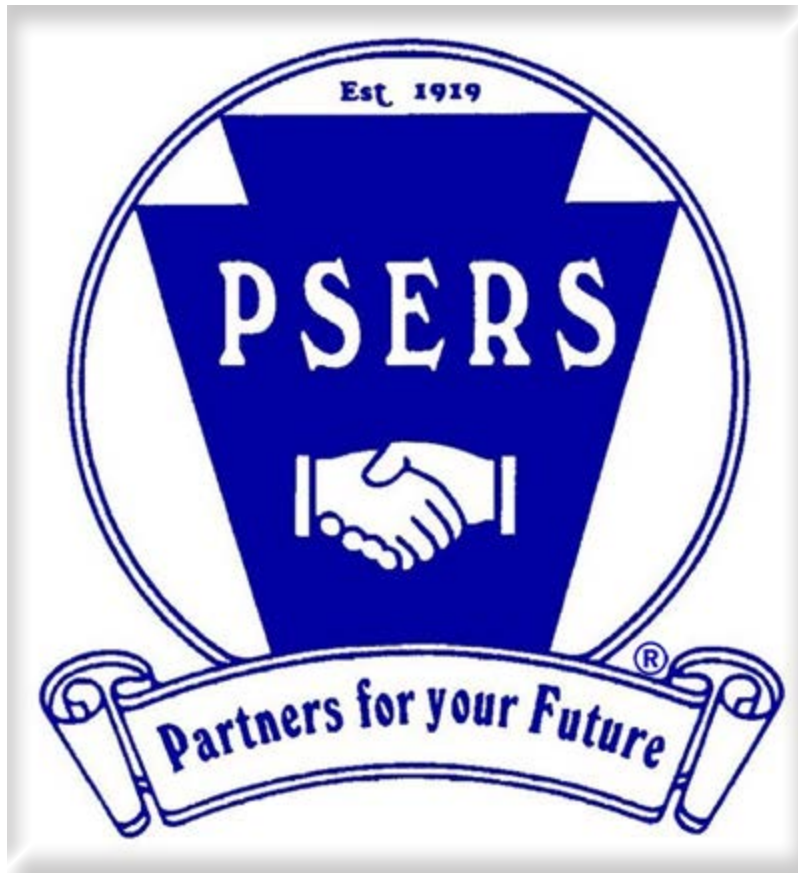


## Section 4 - Commitment to Pennsylvania





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## Section 4 - Commitment to Pennsylvania

### Commitment to Pennsylvania-Based Investment Managers (as of December 31, 2013)

The members of the Board and Staff are fiduciaries and must act in the interests of the members of the System and for the exclusive benefit of the System's members. In creating the investment program, the Board hires both external investment managers and internal investment managers. The Board has determined that it is in the best interest of the System to manage assets internally when (1) the System's staff has the proven ability to internally manage portfolios at least as well as the external investment managers, and (2) the cost of investing those assets is no greater than the cost that would have been incurred to have those assets externally managed. The Board will also consider the diversification benefits that may be achieved by allocating assets to external portfolio managers even when conditions (1) and (2) are met.

The Board evaluates external managers based on a variety of factors, including, (1) their expected future performance, net of fees; (2) their investment philosophy and style; (3) their investment process; (4) their personnel; (5) cost; and (6) how their philosophy and style fits in with the existing investment structure. In selecting external managers, PSERS will show preference to Pennsylvania-based potential managers that demonstrate similar strengths to alternative managers without a Pennsylvania nexus.

PSERS has shown a tremendous commitment to Pennsylvania's financial services industry by having assets managed by firms based in Pennsylvania or by firms with offices in Pennsylvania. In FY 2013, investment manager fees paid to external firms managing PSERS' assets from offices located in Pennsylvania amounted to \$ 27.7 million, or 5.0% of the total external investment manager fees. The following is a list of assets either managed internally by PSERS or by external managers with headquarters or offices located in Pennsylvania, as of December 31, 2013:

| <i>Pennsylvania-Based Manager</i> | <i>Market Value<br/>(in millions)</i> | <i>Percentage of the<br/>Fund</i> |
|-----------------------------------|---------------------------------------|-----------------------------------|
| <b>Internal Management</b>        |                                       |                                   |
| US. Equity:                       |                                       |                                   |
| S&P 500 Index                     | \$ 3,641.5                            | 7.4%                              |
| S&P 400 Index                     | 230.6                                 | 0.5%                              |
| S&P 600 Index                     | 252.3                                 | 0.5%                              |
| Non-U.S. Equity:                  |                                       |                                   |
| ACW ex-U.S. Index                 | 2,410.0                               | 4.9%                              |
| Emerging Markets Equity           | 176.5                                 | 0.4%                              |
| Fixed Income:                     |                                       |                                   |
| PSERS TIPS                        | 1,216.1                               | 2.5%                              |
| PSERS Active Aggregate            | 1,100.9                               | 2.2%                              |
| PSERS U.S. Long Treasuries        | 23.0                                  | 0.0%                              |
| Cash & Cash Equivalents:          |                                       |                                   |
| STIF                              | 2,488.0                               | 5.0%                              |
| Commodities:                      |                                       |                                   |
| PSERS Gold Fund                   | (14.2) <sup>a</sup>                   | 0.0%                              |
| Risk Parity:                      |                                       |                                   |
| Optimal Liquid Beta               | 48.6                                  | 0.1%                              |
| Private Markets:                  |                                       |                                   |
| Internal Program                  | 110.7                                 | 0.1%                              |
| Real Estate:                      |                                       |                                   |
| Internal Program                  | <u>47.2</u>                           | <u>0.0%</u>                       |
| <b>Total Internal Management</b>  | <b>11,731.2</b>                       | <b>23.6%</b>                      |
| <b>External Management</b>        |                                       |                                   |
| U.S. Equity:                      |                                       |                                   |
| Conestoga Capital Advisors        | 74.6                                  | 0.2%                              |

a - The Market Value represents the net payable on swap contracts.

## Section 4 - Commitment to Pennsylvania

### Commitment to Pennsylvania-Based Investment Managers

(as of December 31, 2013)

(continued)

| <i>Pennsylvania-Based Manager</i>                                | <i>Market Value<br/>(in millions) (1)</i> | <i>Percentage of the<br/>Fund</i> |
|--|---|-----------------------------------|
| <b>External Management</b>                                       |   |                                   |
| Fixed Income:  |   |                                   |
| LBC Credit Partners II, LP                                       | 135.0                                     | 0.3%                              |
| LBC Credit Partners III, LP                                      | 69.4                                      | 0.1%                              |
| Mariner - International Infrastructure Finance Company Fund L.P. | 20.3                                      | 0.0%                              |
| Radcliffe Capital Management                                     | 210.1                                     | 0.4%                              |
| Master Limited Partnership:                                      |   |                                   |
| Harvest Fund Advisors, LLC                                       | 665.1                                     | 1.3%                              |
| Real Estate:   |   |                                   |
| BPG Investment Partnership V, L.P.                               |   |                                   |
| BPG Investment Partnership VI, L.P.                              |   |                                   |
| BPG Co-Investment Fund   |   |                                   |
| Charter Oak Advisors, Inc.                                       |   |                                   |
| Exeter Industrial Value Fund II, L.P.                            |   |                                   |
| GF Management, Inc.  |   |                                   |
| Grosvenor Fund Management U.S., Inc.                             |   |                                   |
| LEM Real Estate Mezzanine Fund II, L.P.                          |   |                                   |
| LEM RE High Yield Debt & Preferred Equity Fund III, LP           |   |                                   |
| Lubert-Adler Real Estate Fund III                                |   |                                   |
| Lubert-Adler Real Estate Fund IV                                 |   |                                   |
| Lubert-Adler Real Estate Fund V                                  |   |                                   |
| Lubert-Adler Real Estate Fund VI                                 |   |                                   |
| <b>Subtotal Real Estate:</b>                                     | <b>\$ 493.3</b>                           | <b>1.0%</b>                       |
| Private Equity and Debt:   |   |                                   |
| Graham Partners, LP  |   |                                   |
| Incline Equity Fund III, L.P.                                    |   |                                   |
| PNC Equity Partners II, L.P.                                     |   |                                   |
| PNC Equity Partners, L.P.  |   |                                   |
| Milestone Partners II, L.P.                                      |   |                                   |
| Milestone Partners III, L.P.                                     |   |                                   |
| Milestone Partners IV, L.P.                                      |   |                                   |
| Versa Capital Fund I, L.P.                                       |   |                                   |
| Versa Capital Fund II, L.P.                                      |   |                                   |
| Versa Capital Fund III, L.P.                                     |   |                                   |
| <b>Subtotal Private Equity and Debt:</b>                         | <b>\$ 364.4</b>                           | <b>0.7%</b>                       |

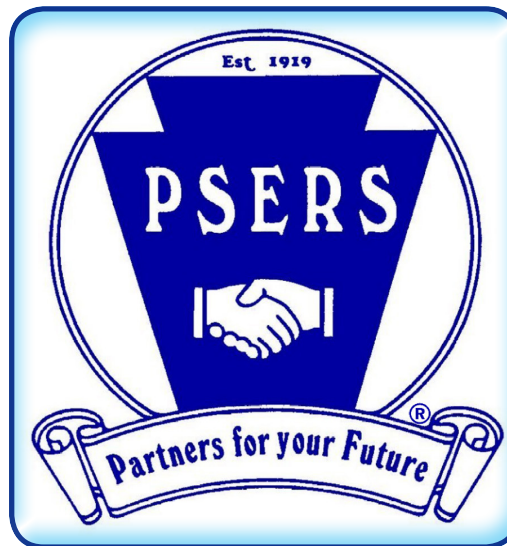
(1) Market values for individual Real Estate and Private Market investments are not being disclosed at this time.

## Section 4 - Commitment to Pennsylvania

### Commitment to Pennsylvania-Based Investment Managers (as of December 31, 2013) (continued)

| <i>Pennsylvania-Based Manager</i>                | <i>Market Value<br/>(in millions) (1)</i> | <i>Percentage of the<br/>Fund</i> |
|--|---|-----------------------------------|
| Venture Capital:                                 |   |                                   |
| Adams Capital Management, LP                     |   |                                   |
| Co-Investment 2000 Fund, L.P.                    |   |                                   |
| Co-Investment Fund II, L.P.                      |   |                                   |
| Cross Atlantic Technology Fund II                |   |                                   |
| Cross Atlantic Technology Fund, L.P.             |   |                                   |
| LLR Equity Partners II, L.P.                     |   |                                   |
| LLR Equity Partners III, L.P.                    |   |                                   |
| LLR Equity Partners IV, L.P.                     |   |                                   |
| LLR Equity Partners, L.P.                        |   |                                   |
| NEPA Venture Fund II                             |   |                                   |
| Novitas Capital , L.P.                           |   |                                   |
| Novitas Capital II, L.P.                         |   |                                   |
| Quaker BioVentures II, L.P.                      |   |                                   |
| Quaker Bio-Ventures, L.P.                        |   |                                   |
| SCP Private Equity Partners I, L.P.              |   |                                   |
| SCP Private Equity Partners II, L.P.             |   |                                   |
| TDH III, L.P.                                    |   |                                   |
| <b>Subtotal Venture Capital:</b>                 | <b>\$ 478.5</b>                           | <b>1.0%</b>                       |
| <b>Total External Management</b>                 | <b>2,280.3</b>                            | <b>4.6%</b>                       |
| <b>Total Investment Portfolios Managed in PA</b> | <b>\$ <u>14,241.9</u></b>                 | <b>28.7%</b>                      |

(1) Market values for individual Real Estate and Private Market investments are not being disclosed at this time.



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**Summary of Investments in Pennsylvania**  
(as of December 31, 2013)

Where investment characteristics including yield, risk, and liquidity are equivalent, the Board’s policy favors investments that have a positive impact on the economy of Pennsylvania. The Board, in managing the investment portfolio, will also be cognizant of concentration risk to any one region, including Pennsylvania. The Fund will continue to seek investments in Pennsylvania-based companies when the investment characteristics are equivalent to other favorable investments, subject to diversification considerations.

The following is a table of Pennsylvania-based investments and other statistics at December 31, 2013 (\$’s in millions):

| <i>Asset Class</i>  | <i>Total PA Market Value (PSERS' Portion)</i> | <i>Total PA Market Value (Total Invested)</i> | <i># of People Employed</i> | <i>Payroll</i>           |
|---------------------|---|---|-----------------------------|--------------------------|
| U.S. Equities       | \$ 94.7                                       | \$ 94.7                                       | *                           | \$ *                     |
| Fixed Income        | 160.0   | 160.0   | *                           | *                        |
| Private Real Estate | 145.7   | 2,941.9                                       | 1,077                       | 26.0                     |
| Private Markets:    |   |   |                             |                          |
| Venture Capital     | 175.6   | 636.4   | 4,771                       | 110.0                    |
| Private Equity      | 1,094.7                                       | 15,739.2                                      | 37,934                      | 1,107.7                  |
| Private Debt        | <u>143.5</u>                                  | <u>1,047.9</u>                                | <u>9,537</u>                | <u>148.2</u>             |
| <b>Total</b>        | <b>\$ <u>1,814.2</u></b>                      | <b>\$ <u>20,620.1</u></b>                     | <b><u>53,319</u></b>        | <b>\$ <u>1,391.9</u></b> |

\* Statistics for publicly traded companies not included due to the difficulty in obtaining the information.

**U.S. Equities**

PSERS invests in the stock of Pennsylvania-based companies through the various U.S. Equity portfolios managed by external and internal portfolio managers. PSERS has always had substantial investments in large national firms located in Pennsylvania, a list of which is included later in this section.

**Fixed Income Securities**

PSERS invests in the debt of Pennsylvania-based companies through the various Fixed Income portfolios managed by external and internal portfolio managers. PSERS has always had substantial investments in large national firms located in Pennsylvania, a list of which is included later in this section.

**Private Real Estate**

PSERS has investments in limited partnerships that have invested in Pennsylvania real estate properties. PSERS has committed \$207.5 million in three funds (Fund V, Fund VI, and a Co-Investment Fund) managed by Equus

Capital Partners, Ltd., located in Philadelphia. PSERS has committed \$550 million in five funds (Lubert-Adler Funds II, III, IV, V and VI) managed by Lubert-Adler, and \$150 million of commitments in two funds (LEM Real Estate Mezzanine Fund II and LEM RE High Yield Debt & Preferred Equity Fund III) managed by LEM Mezzanine Partners, both located in Philadelphia. Finally, PSERS has committed \$150 million in two funds (Exeter Industrial Value Fund II and III) managed by Exeter Property Group, located in Plymouth Meeting.

As of December 31, 2013, PSERS’ Pennsylvania real estate portfolio contained 47.8 million square feet of office, retail, and warehouse space and 39,950 apartment, hotel and condominium units. The gross market value of the Pennsylvania real estate portfolio investments totaled \$2.9 billion, of which PSERS’ ownership share was \$145.7 million. The portfolio contains numerous notable Pennsylvania real estate investments, including:

- **5 North Fifth Street** - PSERS owns a 100% interest in this major downtown Harrisburg, PA office building that contains 70,693 square feet of office space. The building is PSERS’ headquarters and is fully occupied by PSERS.
- **Brixmor** - Blackstone Real Estate Partners VI made an investment in a nationwide portfolio of neighborhood shopping centers, comprising over 90 million square feet of gross leasable area in 39 states. There are approximately 43 centers comprising over 6.75 million square feet of this portfolio located in Pennsylvania. This company listed on the NYSE on October 30, 2013.



**Summary of Investments in Pennsylvania**  
**(as of December 31, 2013)**  
**(continued)**

- Kenmawr – This investment is a part of a long-term joint venture relationship between Lubert-Adler and Philadelphia Management and Companies (PMC) that specializes in adaptive re-use of vacant buildings into stable, high quality rental apartments within and outside of Pennsylvania. The Kenmawr investment is located in Pittsburgh, PA and consists of 206 apartment units and 44 commercial units. The Kenmawr investment was made in Lubert-Adler Real Estate Funds V and VI.
- Brandywine Office Portfolio – The Brandywine Office Portfolio consists of 29 properties totaling 1.6 million square feet and is located in the Lehigh Valley. This investment was made by DRA Growth and Income Fund VI.
- The Franklin – The Franklin is an 18-story, mixed-use property with 125,788 square feet of medical office and retail space, in addition to 412 residential units. This investment is located in Philadelphia, PA and was made by AG Core Plus Realty Fund III.

**Venture Capital**

PSERS' Venture Capital program has committed \$2.6 billion to 54 partnerships since the inception of the program. In addition to the current international scope of venture capital investments, a historical objective of this program has been to target partnerships that demonstrate an ability to invest in Pennsylvania-based companies. Selected partnerships offer diversification according to geographic region and financing stage within Pennsylvania. From the inception of this program to December 31, 2013, 29 of the 54 venture capital partnerships were headquartered in Pennsylvania.

PSERS is generally the lead investor in many of the venture capital funds in which PSERS invests. As a lead investor, PSERS provides Pennsylvania with capital from numerous out-of-state investors. As of December 31, 2013, PSERS' Venture Capital partnerships invested in 175 Pennsylvania locations employing 4,771 employees with a combined payroll of \$110.0 million. The market value of these investments was \$636.4 million, of which PSERS' share was \$175.6 million.

A key objective of PSERS' venture capital program is to attract both national and regional funds into the Pennsylvania small business community. Venture capital investments serve to accelerate economic growth in both the business sector and the community due to an increase in employment and revenues within the Commonwealth. Following are a sample of Pennsylvania companies invested in by PSERS through the Venture Capital program:

- TELA Bio, Inc. Malvern, PA - TELA Bio is developing and commercializing innovative biosurgical products for use in advanced surgical reconstruction procedures. The company is targeting the hernia repair market initially and has licensed a founding technology that promises to address unmet clinical needs. The company is currently conducting animal studies to optimize the core technology prior to a targeted commercial launch in 2014. Quaker BioVentures II made this investment.
- Precision Therapeutics, Inc. Pittsburgh, PA - Precision is a leader in the development and commercialization of clinically proven, decision support tools and services that assist physicians treating cancer patients. The company's mission is to improve treatment outcomes for cancer patients through technology that enables the individualization of therapy. Quaker BioVentures I made this investment.
- Pet360 Inc. (formerly PetFood Direct), Montgomeryville, PA – Pet360 is one of the largest online retailers of pet food and related products. With over 11,000 products and 400 brands, the Company meets the needs of pet owners by offering selection, discount prices and convenient delivery. The Company also provides value-added services for its customers, including an auto-ship program and information on pet healthcare and nutrition. LLR Equity Partners II made this investment.
- Strategic Distribution, Inc., Bristol, PA. - Strategic Distribution, Inc. provides outsourced maintenance, repair and operations supply chain management services. Strategic Distribution, Inc. manages the procurement and inventory management of more than 2.0 million maintenance, repair and operations SKUs through the combination of customer integrated technology, on-site professional staff and centralized, supplier-agnostic sourcing and operations departments. LLR Equity Partners III made this investment.

**Private Equity**

PSERS' Private Equity program has committed \$18.3 billion to 130 partnerships since the inception of the program. PSERS is the lead investor in many of the private equity funds in which it invests. As a lead investor, PSERS provides Pennsylvania with capital from numerous out-of-state investors. As of December 31, 2013, PSERS' Private Equity partnerships invested in 1,088 Pennsylvania locations employing 37,934 employees with a combined payroll of \$1.1 billion. The market value of these investments was \$15.7 billion, of which PSERS' share was \$1.1 billion. From the inception of this program to December 31, 2013, 7 of the 119 partnerships were headquartered in Pennsylvania. The following companies are a sample of Pennsylvania investments funded through PSERS' private equity partnerships:



**Summary of Investments in Pennsylvania**  
**(as of December 31, 2013)**  
**(continued)**

- AirClic, Philadelphia, PA – AirClic is a global provider of mobile software products that improve the performance of an organization’s supply chain, logistics and field services operations. The company has more than 500 global customers across multiple vertical markets. Using AirClic-enabled wireless devices, managers and workers can easily and economically capture, exchange, and access critical data that represent people, assets and activity. AirClic is driving new levels of accountability and improved customer service for many of the world’s leading companies. Edgewater Private Equity Fund III made this investment.
- CODi, Inc., Harrisburg, PA – CODi, Inc. is a provider of lightweight, high-quality laptop computer cases and information technology accessories to Fortune 500 companies. CODi’s accumulated knowledge dealing with the “corporate road warrior” allows the company to uniquely service corporate and consumer needs with precision. CODi uses a direct sales force to its competitive advantage, allowing a one-stop solution for customers in a market where distributors and value-added resellers are the norm. This one-stop approach allows high profitability as it captures up to three levels of contributions margins. The investment was brought about through Milestone Partners II.
- Gorell Enterprises, Indiana, PA - Gorell Enterprises is a manufacturer of specially engineered, custom-manufactured vinyl windows for replacement and new-construction applications, patio doors, aluminum storm windows and doors, sunrooms, and conservatories. Gorell is well known in the industry for placing strong emphasis on designing and manufacturing strong, durable high-quality products. Gorell was the national winner of the 2006 ENERGY STAR® “Sustained Excellence” Award, given for their new window models to make homes more energy efficient as well as secure. PNC Equity Partners made this investment.
- Interface Solutions, Inc., Lancaster, PA - Interface Solutions Inc. (ISI) is a leading manufacturer of fiber-based flooring felt and intermediate gasket materials and a fabricator of finished fiber, graphite and metal gaskets. Acquisitions, expansions, and capital investments in research facilities empower ISI to offer both OEM and aftermarket customers unmatched technical and design support and application testing. ISI has an extraordinary depth of experience and engineering knowledge, with

roots to predecessor companies dating back over 90 years. ISI was created as an independent, private corporation in 1999, formed from the organization previously known as Armstrong Industrial Specialties Inc. (AIS). PNC Equity Partners L.P. made this investment.

- Primanti Bros., Pittsburgh, PA – Primanti Bros. is a restaurant that serves sandwiches, burgers, buffalo wings, salad, and pizza in a sports oriented environment. Since Primanti Bros. was founded in 1933 they have expanded to 20 locations with 16 of them located in the Pittsburgh area. Additional plans for expansion are currently underway. Primanti Bros. signature sandwiches have been featured in National Geographic, and on the Travel Channels Man V. Food and Food Paradise television shows. Catterton Partners VII, L.P. made this investment.

**Private Debt**

PSERS’ Private Debt program has committed \$4.8 billion to 30 partnerships since the inception of the program. PSERS is the lead investor in many of the private debt funds in which PSERS invests. PSERS has committed \$375 million to the three Pennsylvania-based Versa Capital Partners funds (formerly known as Chrysalis Capital Partners) managed by Versa Capital Management, located in Wayne, Pennsylvania. As of December 31, 2013, PSERS’ private debt partnerships invested in 176 Pennsylvania locations employing 9,537 employees with a combined payroll of \$148.2 million. The market value of these investments was \$1.0 billion, of which PSERS’ share was \$143.5 million. From the inception of this program to December 31, 2013, three of the 30 private debt partnerships were headquartered in Pennsylvania.

The following companies are a sample of a Pennsylvania investments made through PSERS’ Private Debt Program:

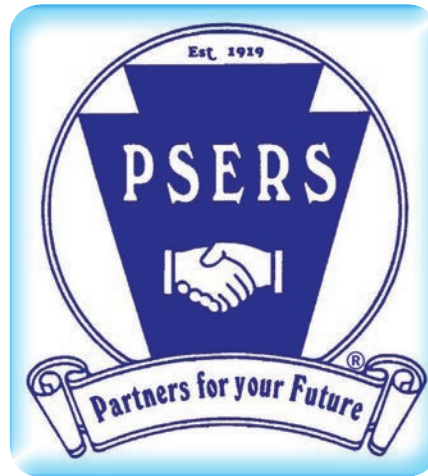
- David’s Bridal, Ardmore, PA - David’s Bridal is the leading bridal gown and bridal accessory retailer in the United States operating through the David’s Bridal and Priscilla’s of Boston divisions. The David’s Bridal division is a value-oriented provider while Priscilla’s of Boston is a luxury brand that caters to the more affluent segments of the market. This investment was made through New York Life Investment Management Mezzanine Partners II.
- DynaVox, Pittsburgh, PA - DynaVox, a former division of Sunrise Medical spun-out in May 2004, is the market leader in the alternative and augmentative communication industry, developing and selling devices and software for individuals affected by speech disabilities resulting from traumatic, congenital or degenerative conditions. This investment was made through New York Life Investment Management Mezzanine Partners I.

**Summary of Investments in  
Pennsylvania  
(as of December 31, 2013)  
(continued)**

- Simplexity (Adeptio INPC Holdings, LLC), Wayne, PA – Simplexity is the leading independent online seller of wireless services, representing all major wireless carriers and selling primarily through proprietary websites (principally its flagship site, www.wirefly.com) and partner websites (e.g. Radioshack.com, Staples.com, Overstock.com). This investment was made through Versa Capital Fund I.
- Keane & Sons Drilling Corp., Lewis Run, PA – Keane & Sons Drilling provides oilfield services in the Appalachian Basin, including top hole drilling and hydraulic fracturing services to major operators in the Marcellus Shale basin and across the U.S. This investment was made through Cerberus Institutional Partners, L.P. – Series Four.

**PSERS Private Market Internal Program**

PSERS' Private Market Internal Program has committed \$142 million to 11 investments since the inception of the program. PSERS has committed \$2.5 million to one investment based in Pennsylvania. PSERS's Private Market Internal Program was initiated in 2013 and consists of co-investments and secondary fund investments where PSERS is already a Limited Partner. The number of employees, payroll, and market value are included within the private equity figures.



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## Section 4 - Commitment to Pennsylvania

### Pennsylvania-Based Publicly Traded Stocks (as of December 31, 2013)

| <i>Security</i>                     | <i>Shares Outstanding</i> | <i>Market Value</i>         |
|-------------------------------------|---------------------------|-----------------------------|
| Air Products & Chemicals, Inc.      | 40,326                    | \$ 4,507,640                |
| Airgas, Inc.                        | 12,668                    | 1,416,916                   |
| Alcoa, Inc.                         | 289,869                   | 3,081,307                   |
| Allegheny Technologies, Inc.        | 48,835                    | 1,739,991                   |
| Amerisourcebergen Corp.             | 43,906                    | 3,087,031                   |
| Comcast Corp. Class A               | 513,820                   | 25,639,767                  |
| Consolidated Energy, Inc.           | 149,728                   | 5,695,653                   |
| Customers Bancorp, Inc.             | 64,600                    | 1,321,716                   |
| Dentsply International, Inc.        | 27,228                    | 1,320,013                   |
| Dorman Products, Inc.               | 13,250                    | 742,543                     |
| EQT Corp.                           | 65,427                    | 5,874,036                   |
| Endo Pharmaceuticals Holdings, Inc. | 16,117                    | 1,087,253                   |
| FMC Corp.                           | 25,438                    | 1,919,551                   |
| Federated Investors, Inc. Class B   | 121,919                   | 3,511,267                   |
| Hershey Company                     | 28,594                    | 2,780,195                   |
| Interdigital, Inc.                  | 229,996                   | 6,782,582                   |
| Kulicke and Soffa Industries, Inc.  | 48,000                    | 638,400                     |
| Matthews International Corp.        | 3,829                     | 163,154                     |
| Mine Safety Appliances Company      | 4,436                     | 227,168                     |
| Mylan Labs, Inc.                    | 73,075                    | 3,171,455                   |
| PNC Financial Services Group, Inc.  | 101,562                   | 7,879,180                   |
| PPG Industries, Inc.                | 27,108                    | 5,141,303                   |
| PPL Corp.                           | 120,295                   | 3,619,677                   |
| Triumph Group, Inc.                 | 19,081                    | 1,451,492                   |
| United States Steel Corp.           | 38,021                    | 1,121,620                   |
| Urban Outfitters, Inc.              | 20,815                    | <u>772,237</u>              |
| <b>Total</b>                        |                           | <b>\$ <u>94,693,147</u></b> |

## Section 4 - Commitment to Pennsylvania

### Pennsylvania-Based Bonds

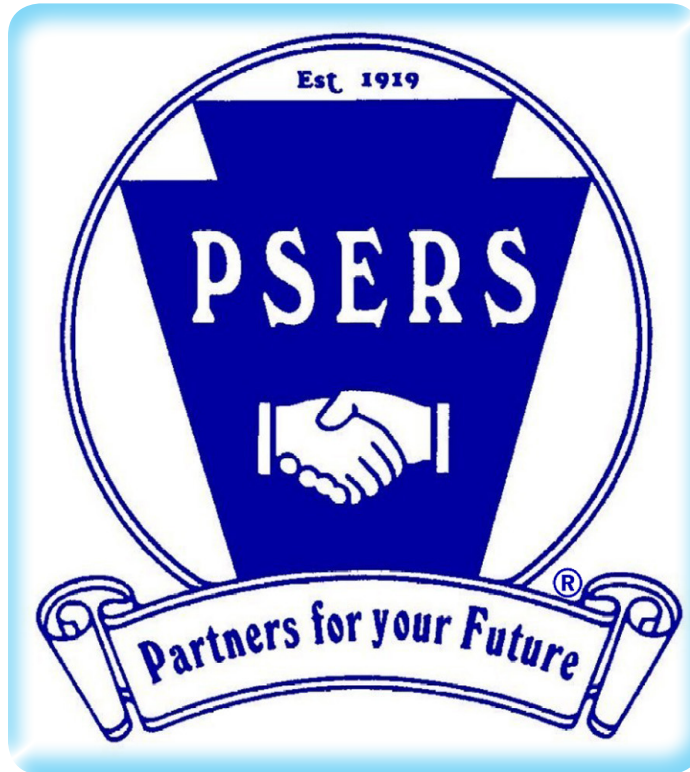
(as of December 31, 2013)

| <i>Security</i>                      | <i>Interest Rate<br/>(%)</i> | <i>Maturity<br/>Date</i> | <i>Par Value</i> | <i>Market Value</i>          |
|--------------------------------------|------------------------------|--------------------------|------------------|------------------------------|
| Airgas, Inc.                         | 4.500                        | 09/15/2014               | 2,475,000        | \$ 2,539,053                 |
| Airgas, Inc.                         | 2.375                        | 02/15/2020               | 1,000,000        | 944,540                      |
| Allegheny Ludlum Corp.               | 6.950                        | 12/15/2025               | 177,000          | 187,992                      |
| Allegheny Technologies, Inc.         | 9.375                        | 06/01/2019               | 335,000          | 409,286                      |
| Bethel Park PA                       | 4.000                        | 09/01/2033               | 2,000,000        | 1,828,740                    |
| Chester County PA                    | 5.000                        | 11/15/2031               | 2,660,000        | 2,923,473                    |
| Comcast Corp.                        | 5.300                        | 01/15/2014               | 43,906,000       | 43,970,542                   |
| Comcast Corp.                        | 8.875                        | 05/01/2017               | 640,000          | 785,920                      |
| Comcast Corp.                        | 5.875                        | 02/15/2018               | 200,000          | 229,398                      |
| Comcast Corp.                        | 6.450                        | 03/15/2037               | 370,000          | 429,400                      |
| Comcast Corp.                        | 6.400                        | 03/01/2040               | 302,000          | 348,469                      |
| Hempfield PA Area School District    | 5.000                        | 10/15/2018               | 2,650,000        | 2,784,912                    |
| Hershey Company                      | 4.125                        | 12/01/2020               | 1,565,000        | 1,673,548                    |
| Koppers, Inc.                        | 7.875                        | 12/01/2019               | 745,000          | 804,600                      |
| Montgomery County PA                 | 6.030                        | 09/01/2039               | 3,400,000        | 3,550,008                    |
| Mylan, Inc.                          | 7.875                        | 07/15/2020               | 430,000          | 486,562                      |
| New Enterprise Stone & Lime Company  | 13.000                       | 03/15/2018               | 914,243          | 1,033,095                    |
| New Enterprise Stone & Lime Company  | 11.000                       | 09/01/2018               | 680,000          | 496,400                      |
| Pennsylvania Turnpike Commission     | 5.000                        | 12/01/2043               | 60,000           | 59,537                       |
| PHEAA                                | 0.866                        | 04/25/2019               | 966,653          | 967,339                      |
| PNC Bank                             | 0.548                        | 01/28/2016               | 4,000,000        | 4,005,080                    |
| PNC Bank                             | 6.000                        | 12/07/2017               | 2,233,000        | 2,544,615                    |
| PNC Funding Corp.                    | 0.438                        | 01/31/2014               | 26,502,000       | 26,505,180                   |
| PNC Funding Corp.                    | 3.000                        | 05/19/2014               | 56,445,000       | 57,017,352                   |
| PPL Capital Funding, Inc.            | 4.200                        | 06/15/2022               | 470,000          | 469,140                      |
| Rivers Pittsburgh LP                 | 9.500                        | 06/15/2019               | 893,000          | 980,068                      |
| West Chester PA Area School District | 5.000                        | 05/15/2029               | 1,500,000        | 1,568,205                    |
| Wyoming PA Area School District      | 5.280                        | 09/01/2014               | 450,000          | <u>459,032</u>               |
| <b>Total</b>                         |                              |                          |                  | <b>\$ <u>160,001,486</u></b> |

**Section 4 - Commitment to Pennsylvania**

**Real Estate Separate Account Pennsylvania Properties**  
(as of December 31, 2013)

| <i>Real Estate Separate Account Pennsylvania Properties</i>  |                 |   |                |
|--|-----------------|---|----------------|
| <b>Property</b>  | <b>Location</b> | <b>Description</b>                              | <b>Manager</b> |
| 5 North Fifth Street   | Harrisburg      | 5 story office building<br>(PSERS headquarters) | Grosvenor      |
| Total market value (unaudited) of Pennsylvania-based properties was \$6.3 million as of December 31, 2013. |                 |   |                |



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## Section 4 - Commitment to Pennsylvania

### Pennsylvania-Based Private Equity/Venture Capital/ Private Debt Partnerships

(Dollar Amounts in Millions)

(Since the inception of the program as of December 31, 2013)

| <i>Partnership</i>                             | <i>Location</i> | <i>PSERS Maximum<br/>Capital Commitment</i> |
|--|-----------------|---|
| Adams Capital Management, L.P.                 | Sewickley       | \$ 12.5                                     |
| APA/Fostin Venture Fund I (closed)             | King of Prussia | 20.0  |
| CEO Venture Fund I (closed)                    | Pittsburgh      | 1.0   |
| CEO Venture Fund II (closed)                   | Pittsburgh      | 15.0  |
| Co-Investment 2000 Fund, L.P.                  | Wayne           | 135.0                                       |
| Co-Investment Fund II, L.P.                    | Wayne           | 135.0                                       |
| Commonwealth Venture Partners I (closed)       | Philadelphia    | 20.0  |
| Commonwealth Venture Partners II (closed)      | Philadelphia    | 10.0  |
| Cross Atlantic Technology Fund, L.P.           | Radnor          | 30.1  |
| Cross Atlantic Technology Fund II, L.P.        | Radnor          | 21.1  |
| Graham Partners Investments, L.P.              | Newtown Square  | 56.7  |
| Incline Equity Partners III (PSERS), L.P.      | Pittsburgh      | 65.0  |
| Keystone Minority Capital Fund (closed)        | Philadelphia    | 0.1   |
| Keystone Venture Fund IV (closed)              | Philadelphia    | 7.8   |
| LLR Equity Partners, L.P.                      | Philadelphia    | 62.5  |
| LLR Equity Partners II, L.P.                   | Philadelphia    | 75.0  |
| LLR Equity Partners III, L.P.                  | Philadelphia    | 187.5                                       |
| LLR Equity Partners IV, L.P.                   | Philadelphia    | 200.0                                       |
| Loyalhanna Venture Fund (closed)               | Pittsburgh      | 15.0  |
| Milestone Partners II, L.P.                    | Rosemont        | 29.9  |
| Milestone Partners III, L.P.                   | Rosemont        | 60.0  |
| Milestone Partners IV, L.P.                    | Rosemont        | 70.0  |
| NEPA Venture Fund I (closed)                   | Bethlehem       | 1.0   |
| NEPA Venture Fund II                           | Bethlehem       | 5.0   |
| Novitas Capital I, L.P.                        | Wayne           | 30.0  |
| Novitas Capital II, L.P.                       | Wayne           | 75.0  |
| P/A Fund (closed)                              | King of Prussia | 30.0  |
| PNC Equity Partners, L.P.                      | Pittsburgh      | 43.1  |
| PNC Equity Partners II, L.P.                   | Pittsburgh      | 68.1  |
| Quaker BioVentures, L.P.                       | Philadelphia    | 69.4  |
| Quaker BioVentures II, L.P.                    | Philadelphia    | 100.0                                       |
| SCP Private Equity Partners I, L.P.            | Wayne           | 62.5  |
| SCP Private Equity Partners II, L.P.           | Wayne           | 125.0                                       |
| TDH III, L.P.                                  | Rosemont        | 7.3   |
| Technology Leaders, L.P. (closed)              | Wayne           | 10.0  |
| TL Ventures III, L.P. (closed)                 | Wayne           | 50.0  |
| Versa Capital Partners, L.P. (f/k/a Chrysalis) | Wayne           | 75.0  |
| Versa Capital Partners II, L.P.                | Wayne           | 150.0                                       |
| Versa Capital Partners III, L.P.               | Wayne           | 150.0                                       |
| <b>Total</b>                                   |                 | <b>\$ <u>2,280.6</u></b>                    |



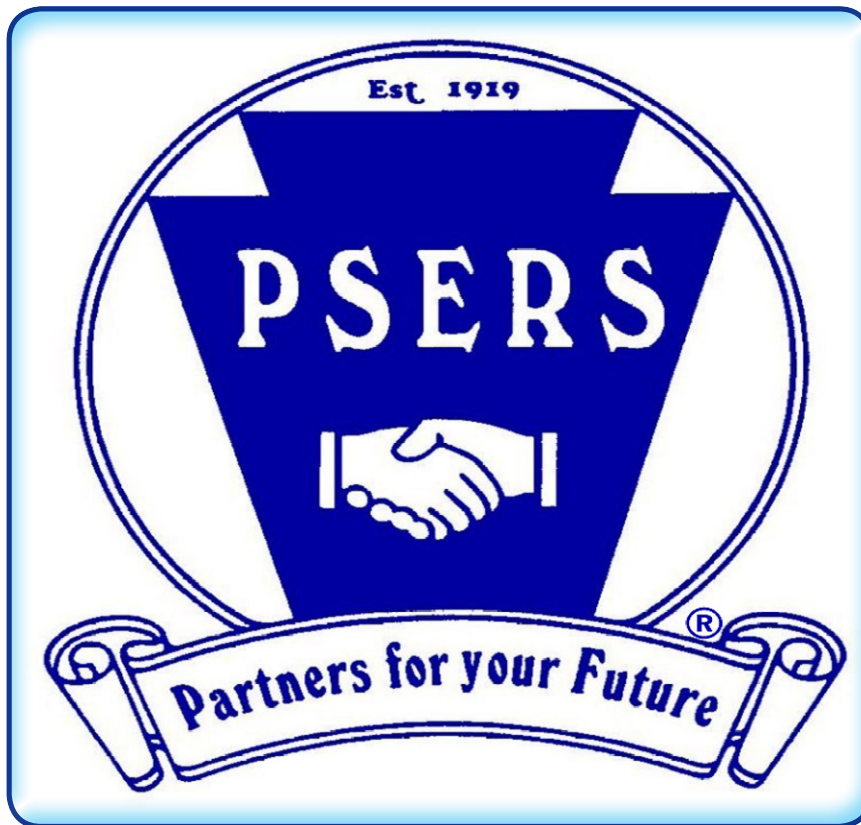
## Section 4 - Commitment to Pennsylvania

### Pennsylvania-Based Real Estate Partnerships

(Dollar Amounts in Millions)

(Since the inception of the program as of December 31, 2013)

| <i>Partnership</i>                                       | <i>Location</i>  | <i>PSERS Maximum<br/>Capital Commitment</i> |
|--|------------------|---|
| BPG Investment Partnership IV, L.P. (closed)             | Philadelphia     | \$ 75.0                                     |
| BPG Investment Partnership V, L.P.                       | Philadelphia     | 50.0  |
| BPG Investment Partnership VI, L.P.                      | Philadelphia     | 87.5  |
| BPG/PSERS Co-Investment Fund                             | Philadelphia     | 100.0                                       |
| Exeter Industrial Value Fund II, L.P.                    | Plymouth Meeting | 75.0  |
| LEM RE High Yield Debt & Preferred Equity Fund III, L.P. | Philadelphia     | 75.0  |
| LEM Real Estate Mezzanine Fund II, L.P.                  | Philadelphia     | 75.0  |
| Lubert-Adler Real Estate Fund II                         | Philadelphia     | 50.0  |
| Lubert-Adler Real Estate Fund III                        | Philadelphia     | 150.0                                       |
| Lubert-Adler Real Estate Fund IV                         | Philadelphia     | 100.0                                       |
| Lubert-Adler Real Estate Fund V                          | Philadelphia     | 100.0                                       |
| Lubert-Adler Real Estate Fund VI                         | Philadelphia     | <u>150.0</u>                                |
| <b>Total</b>   |                  | <b>\$ <u>1,087.5</u></b>                    |



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