



Venture Capital Fund Commitment

Aisling Capital III, L.P.

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Aisling Capital III, L.P. – Venture Capital

Overview:

- Fund size is \$650 million
- Investments in products, technologies and businesses that advance health.
- Some investments may be made outside the U.S.

Fund Strategy:

- Investments will be made in companies developing pharmaceutical, biopharmaceutical, and medical products, drug development, manufacturing and other healthcare services.
- Strategy will: (i) identify outstanding products and undervalued businesses; (ii) capitalize on market inefficiencies; (iii) manage investment risk; and (iv) build sustainable companies.
- Pennsylvania Presence – 3 Pennsylvania investments:
 - Auxillium Pharmaceuticals*** – Hormone replacement therapy
 - CardioKine*** – Drugs to treat congestive heart failure
 - Topaz*** – Treatment of head lice

Portfolio By Sector

Specialty BioPharma



AXCAN PHARMA INC.



Barrier Therapeutics, Inc.



Enabling Technologies



New Medicines



INTRABIOTICS



VALENTIS



CARDIOKINE



Innovation in Anti-Infectives



Balanced Exits

Public Market Exits

AXCAN PHARMA INC.



M&A



Partial Exits



IPO



Barrier Therapeutics, Inc.



Innovation in Anti-Infectives



Barrier Therapeutics, Inc.



Aisling Capital III, L.P. – Venture Capital

Investment Team:

- The principals have extensive experience as active members of boards of directors, as well as supervisory management experience.
- As board members of the Partnership's portfolio companies, the Principals will assist in establishing long term strategic direction, identifying and evaluating acquisitions, and new business opportunities.

Performance:

- Fund I: \$449M in committed capital, \$388M invested capital, 25 investments to date, 2.3X investment multiple, net IRR 29.1%.
- Fund II: \$550M in committed capital, the IRR of this 2006 vintage year fund is not yet meaningful.

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Market Opportunity:

- Trends in the healthcare industry are creating attractive opportunities for venture capital investments.
- Aisling III gives PSERS additional exposure in this space.

History with PSERS:

- This would be PSERS third fund with Aisling (Perseus-Soros BioPharmaceutical Fund – 2001, and Aisling Capital II – 2006).

Recommendation:

- Staff, together with Portfolio Advisors, recommends that the Board invest an amount equal to 25 percent of the committed capital, but not to exceed \$100 million plus reasonable normal investment expenses.