Commonwealth of Pennsylvania
Public School Employees' Retirement System

DATE: September 16, 2013

SUBJECT: High Yield Debt Recommendation

TO: Members of the Board

FROM: Joseph W. Sheva, CPA
Portfolio Manger

At the October Finance Committee meeting, staff and Portfolio Advisors will recommend that PSERS commit $150 million to the International Infrastructure Finance Company Fund L.P.

The investment thesis for investing in the Fund includes an urgent need for infrastructure investment globally and an expanded regulatory environment that constrains bank liquidity along with regulatory and economic capital. The investment strategy is designed to assist bank counterparties in the management of their regulatory and economic capital and liquidity exposure to existing portfolios of project finance assets. Global banks freeing up capital and liquidity, generally by the Fund providing credit protection, will allow them to accomplish their goals – originating new loans in the project finance sector, or downsizing balance sheet risk. Focusing on assets that are in the post-construction phase will assist in securing attractive risk/reward opportunities for the Fund. The Fund will predominantly be invested in European infrastructure loans, as new regulations impacting European banks are the most restrictive.

Mariner is deemed to be an institutional quality investment group, and the team assembled for this Fund is deemed to have extensive experience in project finance, bank regulatory capital management and structured credit applications, all areas where staff and Portfolio Advisors believe the attractive risk/return opportunities for the Fund currently exist.

Included for your review are Portfolio Advisor's recommendation, a PowerPoint presentation prepared by staff, a presentation prepared by Mariner and the resolution recommending an investment in the International Infrastructure Finance Company, L.P. Representatives from Mariner will make a presentation to the Finance Committee and will be available for questions.

If you have any questions or comments prior to the meeting, please contact me at 717-720-4632.

September 16, 2013

Board of Trustees
Pennsylvania Public School Employees' Retirement System
5 North 5th Street
Harrisburg, PA 17101

Re: International Infrastructure Finance Company Fund, L.P.

Dear Trustees:

Mariner Investment Group ("Mariner") is seeking to raise between $200 million and $400 million of limited partner interests for the International Infrastructure Finance Company Fund, L.P. (the "IIFC Fund" or the "Fund"). The Fund is being formed to invest, directly or indirectly, in global infrastructure assets primarily through investments of tranched exposure to portfolios of project finance senior debt facilities or whole portfolio acquisitions. The General Partner expects to hold a first closing on the Fund in the fourth quarter. The Fund will be open to new commitments for twelve months following the initial close. The Fund will seek to achieve its investment objective of generating stable, current income primarily through structured investments in portfolios of "seasoned," "senior," "secured" project finance loans. These portfolio assets are generally post-construction phase, are protected by a lien of high priority, and represent the senior most creditor claim on revenues of the underlying infrastructure facility. The investment strategy is designed to assist bank counterparties in the management of their regulatory capital and liquidity exposure against existing portfolios of project finance assets, generally through the provision of credit protection on a portfolio of project finance loans. Bank counterparties can utilize the resulting surplus of released regulatory and economic capital to accomplish their goals—originating new loans in the project finance sector, reserving against other assets, downsizing balance sheets, or increasing overall capital levels.

The Fund may provide loss protection against a reference portfolio of underlying loans that meet the Fund's credit underwriting standards. Typically, such loss protection would be a fully collateralized fixed maximum amount not subject to replenishment. The counterparty would be permitted to draw on the protection account upon the occurrence of a limited number of mandatory regulatory credit events. Upon the occurrence of a credit event, it is expected that the Fund will pay the difference between the par value and the recovery value of the underlying loan. Any such loss protection payments would be netted against amounts recovered by the counterparty pursuant to the exercise of their rights and security interests with respect to the particular loan. The Fund's losses would be capped at the amount then available in the protection account. As the loans in the protected reference portfolio amortize, the amount in the protection account would amortize ratably. In exchange for this protection, the counterparty would pay an annual fee (payable in quarterly installments) in cash and, on occasion, supplemental forms of consideration such as warrants or equity in the counterparty.

Portfolio Advisors' recommendation is based upon the following analytical factors and is made within the context of PSERS' investment guidelines.

- Detailed due diligence, including interviews with industry peers and private equity professionals.
- Evaluation of the composition of the investment team, how they work together, compensation structure and other factors that help determine whether a group is likely to be able to replicate past successes as currently configured.
- Evaluation of the Fund's proposed investment strategy within the context of the current investment environment.
- The strategy proposed for the Fund is appropriate for the Private Equity Partnership component of the portfolio.

The individuals at Portfolio Advisors who were primarily involved in the due diligence process for the Fund are:

William Indelicato - Managing Director, Connecticut Office
Michael Chen – Associate, Connecticut Office

Based on the above, Portfolio Advisors recommends that PSERS commit to up to $150 million of limited partnership interests in International Infrastructure Finance Company Fund, L.P. Portfolio Advisors makes this recommendation considering the General Partner's qualifications and PSERS' overall investment guidelines.

This recommendation is given solely for the benefit of PSERS and cannot be relied upon by other investors considering an investment in the Fund, since their needs, objectives and circumstances may not be identical to those of PSERS. The scope of this recommendation is limited to the investment merits of the Fund. Portfolio Advisors does not provide legal or other non-investment-related advice.

Sincerely,

WILLIAM J. INDELICATO
MANAGING DIRECTOR

9 Old Kings Highway South, Darien, Connecticut 06820 203.662.3456

MARINER

International Infrastructure Finance Company Fund

Presentation to the Public School Employees' Retirement System Finance Committee

October 3, 2013

2929 Arch Street, 17th Floor • Philadelphia, PA 19103
Main: (215) 701 9650 • Fax: (215) 701 8279 • email: mariner@marinercapital.com

Investment Objective

To generate current income through investments that assist banks in the optimization of their capital and liquidity requirements against portfolios of diversified infrastructure loans, primarily through the following solutions:

- Provision of credit enhancement against project finance loan portfolios to facilitate regulatory capital relief
- Acquisition of project finance loan portfolios
- Provision of wholesale funding

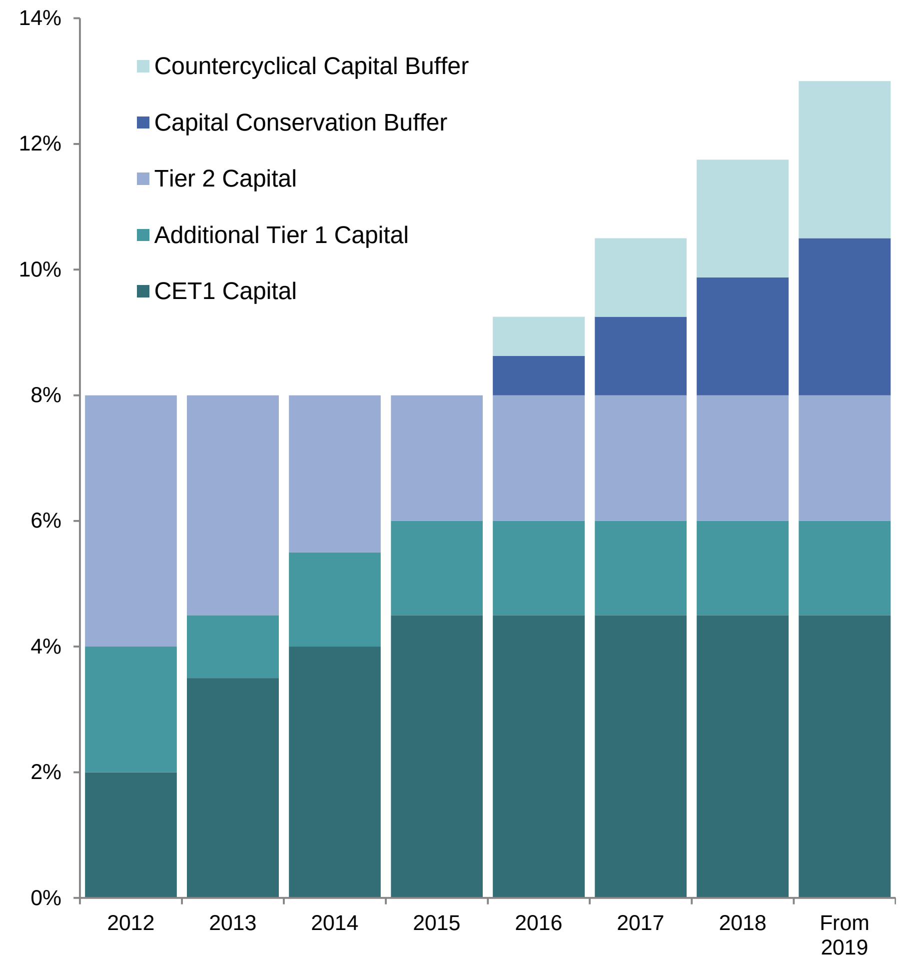
Market Opportunity[1]

We believe that the combination of stringent new bank rules coupled with the favorable historical performance of the project finance asset class creates a strong arbitrage opportunity with attractive risk-adjusted returns.

- New regulations have had an out-sized effect on infrastructure portfolios.
  - Long dated
  - Typically unrated
  - Generally illiquid
- At the same time, the asset class has performed well over its entire documented life.[2]
  - 10-year cumulative default rate of 9.3%
  - Average ultimate recovery rate of 80.3%
  - Average implied 10-year total losses approximately 1.83% or $18.3 million per $1 billion of exposure

Each Year Brings Increasingly Stringent Bank Capital Requirements[2]

- Estimated shortage of Core Equity Tier 1 in Europe of €208.5 billion to €374 billion[3]
    - Equal to 55% - 98.5% of annual after-tax profits for these reporting banks[4]
- 2010-2019: €2.3 trillion estimated shortage in Europe and $3.2 trillion in the United States to satisfy Net Stable Funding Ratio[5]
- €2 to €4 trillion of total expected balance sheet deleveraging[6]



Financial institutions are seeking a variety of solutions to help them meet new requirements imposed by Basel III:

Outright Asset Sales

Banks can sell assets to reduce their balance sheet in order to meet capital requirements, however:

- Banks may be reluctant to sell high quality infrastructure portfolios at a discount, crystalizing losses;
- A limited number of buyers can transact at scale around large project finance portfolios; and
- Some banks prefer to remain in the project finance business given the current attractive spread environment.

Raising Equity

Banks can also raise additional equity to meet these requirements, however:

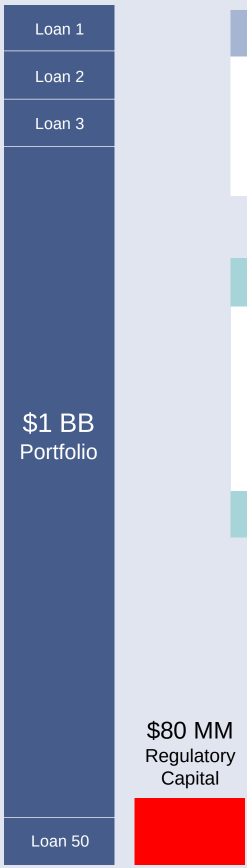
- Bank equities are trading substantially below historical levels, making the issuance of new stock dilutive and expensive to banks;
- Considerable execution risk is involved in large scale equity offerings; and
- Changing bank business models create uncertainty around reasonable valuation metrics. Efforts to stimulate higher multiples could lead to a shifting risk pattern for equity investors.

Credit Enhancement

Banks can satisfy capital requirements through RWA management around specific portfolios. These solutions are typically:

- Non-dilutive to existing equity shareholders;
- Do not entail a recognition of current losses; and
- Release capital to enable banks to provide additional balance sheet to business lines that they want to grow.

Before Risk Transfer (Simplified)



Hypothetical Metrics

- Maximum Single Position Exposure: 3%
- Total size: $1 billion
- Internal Risk Weight: 100%[2]

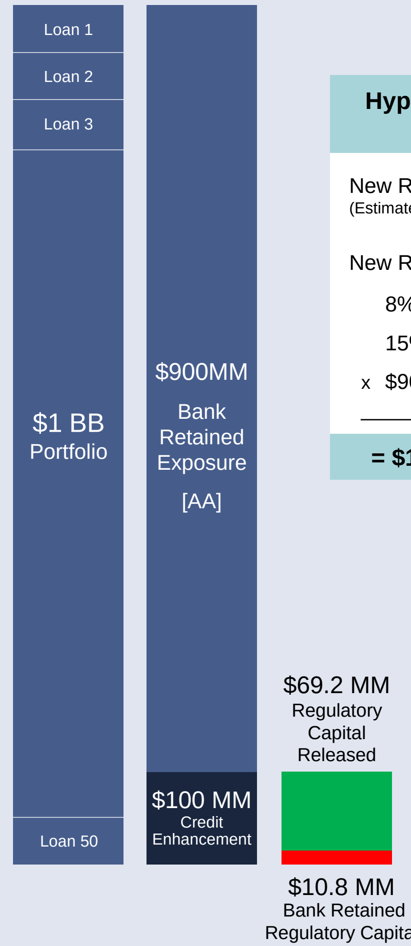
Regulatory Capital Analysis

Regulatory Capital Requirement =

	8%	Tier 1 Requirement
	100%	Risk Weight
x	$1 BB	Asset Size

= $80 million regulatory capital

After Risk Transfer (Simplified)



Hypothetical Revised Regulatory Capital Analysis

New Risk Weight: 15%[2]
(Estimated based on AA equivalent internal rating)

New Regulatory Capital Requirement =

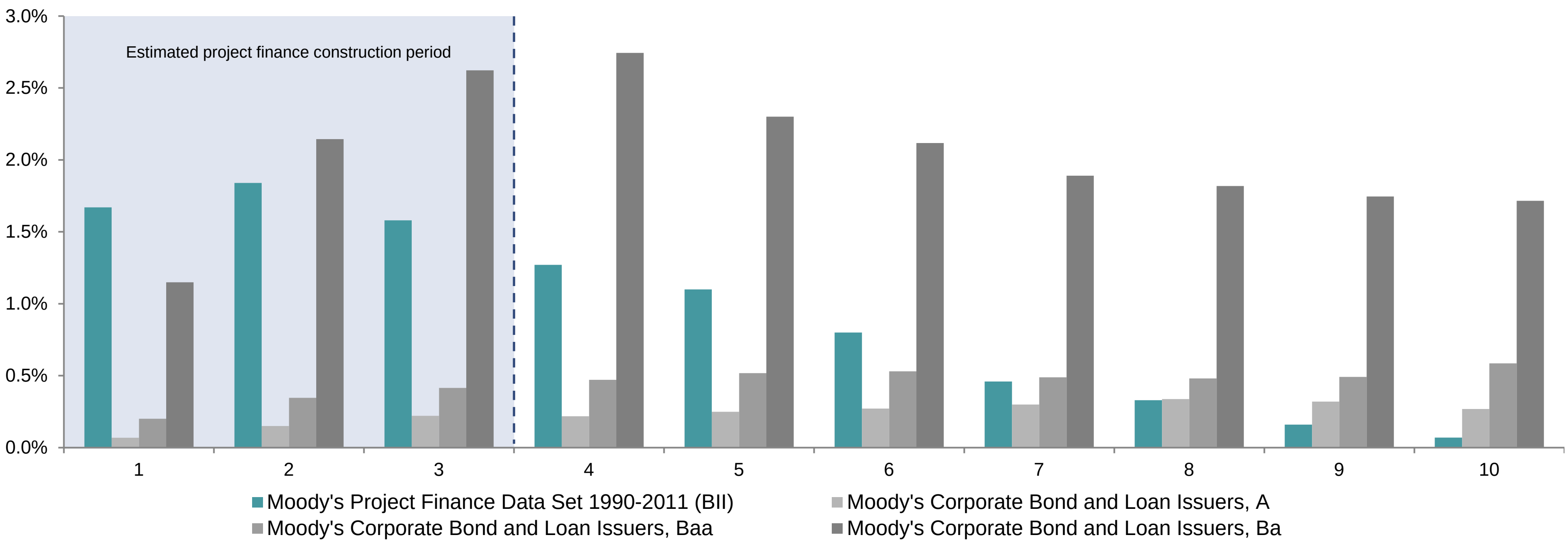
	8%	Tier 1 Requirement
	15%	Risk Weight
x	$900 MM	Notional Assets ($1BB portfolio - $100MM protection)

= $10.8 million regulatory capital

Project Finance Assets

- Historically uncorrelated with other major markets, exhibiting low volatility while generating inflation-linked cash returns.[2]
- Transactions have historically de-risked over time.
  - Regular amortization, cash sweeps, reserve accounts, and lock box formats are typical features.
  - Compare favorably to corporate issuers, which do not typically de-risk and lack several of the typical project finance structural risk mitigants.

MARGINAL ANNUAL DEFAULT RATES BY YEAR[3]



LOAN-LEVEL UNDERWRITING[1]

Our underwriting process revolves around a bottom-up analysis of credit risk, focusing on assets that meet our three-pillar underwriting standard.

Loan-Level Standards

- Essentiality of Facility[2]
- Robust Contractual Structure
- Established Legal Framework

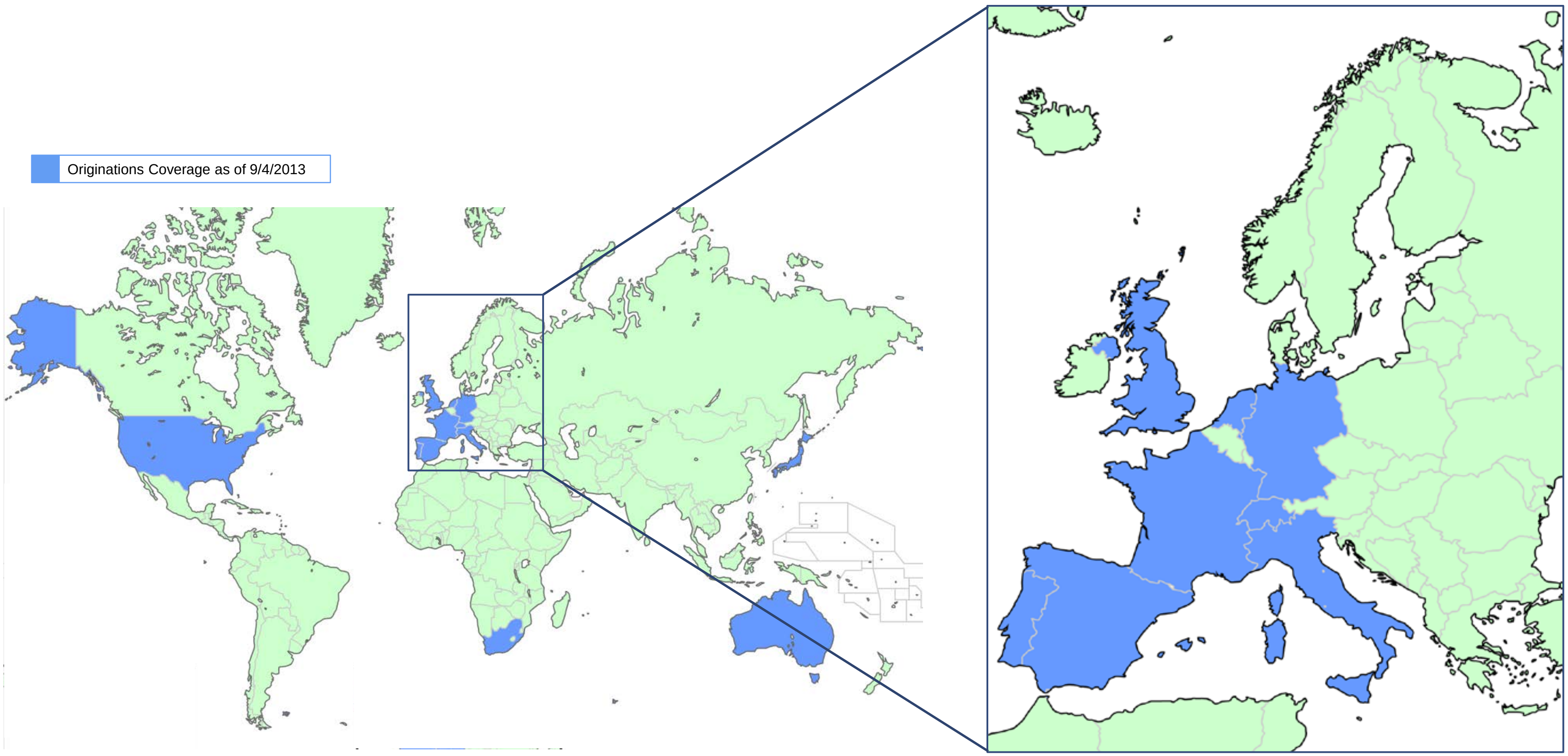
In-Depth Underwriting Process

- Bottom-Up Process
- Line-Item Veto
- A Focus on Core Bank Assets
- Clear Bank Controls

Robust Deal Structures

- Aligned Interests
- Value-added Risk Transfer
- Belts and Suspenders
- Bankruptcy Remote
- Downside Protection

- Direct coverage of 40+ financial institutions globally
- Supplemented by 8 active third-party origination relationships across three continents
- Almost $34 billion of total visibility



Experienced Underwriting Professionals

Investment Committee

Bracebridge H. Young

- Partner and Chief Executive Officer of Mariner Investment Group
- General Securities Principal for Mariner Group Capital Markets, Inc.
- Previously Partner and head of European Debt Capital Markets at Goldman Sachs & Co

Andrew Hohns, PhD

- Managing Director at Mariner and Lead Portfolio Manager for the IIFC Fund
- Previously Managing Director at Institutional Financial Markets, Inc.
- 12 years credit experience, including having developed several first of their kind structured products
- PhD research at Wharton formed basis for the IIFC strategy

William Chew

- Led S&P's Project Finance Ratings Group through 2001, former Managing Director of S&P's Corporate Ratings Group
- Pioneered development of ratings analytics in the project finance market, having developed S&P's methodology for the sector in 1991
- Founding editor of the *Journal of Project Finance*

Daniel J. Sullivan, Jr.

- Partner and Head of Mariner's Fund of Funds business
- Previously General Partner, Co-Head of the High Yield Business Unit, worldwide head of High Yield Capital Markets and Syndicate, and Co-Head of the Bank Debt and Emerging Markets Business Units at Goldman Sachs & Co

Underwriting Team

Robert Gurman

- Former Vice Director of Global Project Finance and Head of the US Credit Division for Swiss Bank Corporation (now UBS)
- Has been involved in over $7.5 billion of project finance related transactions

William Guilford

- Served at ABN AMRO Bank for two decades across the project finance advisory, credit and portfolio management, and debt restructuring units
- Has had senior origination and advisory responsibilities with respect to several gigawatts of power projects in Asia

Confidential

- Helped establish and ultimately led the project/structured finance group of one of the largest government sponsored export/import banks
- Oversaw the underwriting of approximately $9.0 billion of project finance loans across power, oil and gas, transportation and telecommunications

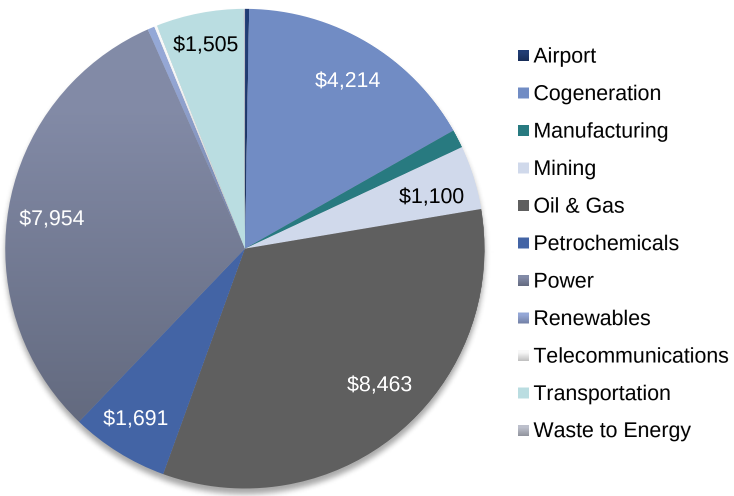
Aaron Barnes

- Served as a developer, attorney, and senior lender/financial advisor with institutions including PPM Energy, CMS Energy, Freshfields, and ABN AMRO
- Experience in power (conventional and renewable), petrochemicals, and transportation in the Americas, the Middle East, West and South Africa, Eastern Europe, and South Asia

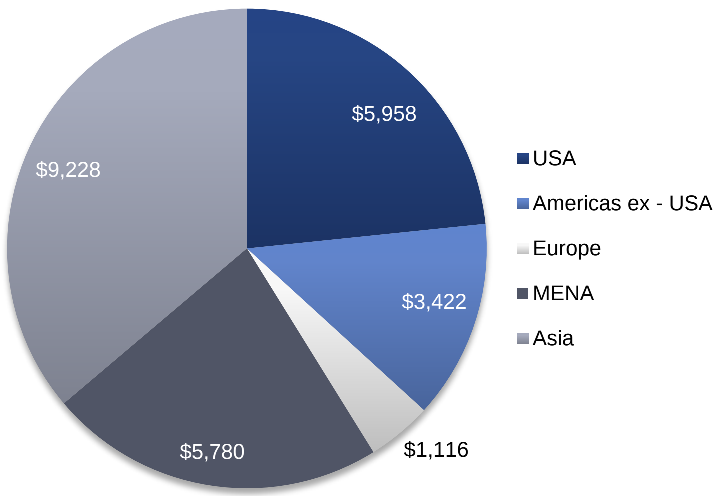
MIIM Team Aggregate Project Finance Experience[1]

Since 1985, the MIIM team's senior underwriting professionals have participated in approximately $25 billion of transactions across 75 projects, spanning all major market subsectors and geographies.

Experience Across Sub-Sectors ($ million)[2]



Experience Across Geographies ($ million)



Selected Highlights and Notable Facts

- Direct engagement in 75 projects
- 47 "Deal of Year" and similar awards
- 91 years cumulative project finance experience among four senior underwriting professionals
- First Independent Power Project (IPP) in each of Ghana, Saudi Arabia, the Philippines, Indonesia, Morocco, Mexico, and Colombia
- World's largest oil & gas refinery
- First non-recourse power deal financed in the Term Loan-B market
- First utility-scale wind farm in Massachusetts
- First large-scale LNG transaction structured as project finance, with largest-ever 144A tranche for an international project finance deal
- First privately owned petrochemical plants in Brazil and Saudi Arabia

Organizational Resources & Management Structure

The MIIM Team and Board of Advisers possess substantial experience in credit markets across multiple asset classes, with a special emphasis on underwriting project finance loans. IIFC also benefits from Mariner's extensive business infrastructure, which includes administrative, legal, regulatory, compliance, and financial services.

Mariner Investment Committee (General Oversight)

MIIM Investment Committee

- **Brace Young** – CEO, Mariner
- **Andrew Hohns** – Managing Director, Mariner
- **William Chew**
- **Daniel Sullivan** – Partner, Mariner

MIIM Team[1]

- **Andrew Hohns** – Lead Portfolio Manager
- **Robert O. Gurman** – Managing Director
- **William Guilford** – Managing Director
- **Confidential** – Managing Director
- **Aaron Barnes** – Executive Director
- **Molly Whitehouse** – Analyst

Board of Advisors

- **Jacob J. Worenklein** – Senior Advisor
- **Terry A. Newendorp** – Senior Advisor
- **René Karsenti** – Senior Advisor
- **William S. Laufer** – Senior Advisor

MIIM INVESTMENT COMMITTEE BIOGRAPHIES

Bracebridge H. Young, Member of our Investment Committee. Mr. Young is Mariner's Chief Executive Officer, a Partner and is a member of Mariner's Investment and Management Committees. Mr. Young is also a General Securities Principal for Mariner Group Capital Markets, Inc. (Mariner's limited-purpose affiliated broker-dealer "MGCM"). He joined Mariner directly from Goldman Sachs, where he retired as a Partner, head of European Debt Capital Markets. Mr. Young also headed fixed income and foreign exchange sales in London beginning in 1992. In 1989, Mr. Young moved to Tokyo to run all of the firm's fixed income activity in Japan. Mr. Young first became a Partner at Goldman Sachs in New York City in 1988 where he was the Co-Head of the Money Market Sales and Trading Department in 1988. He was the Head Trader for institutional money market funds from 1983 to 1988 and started at Goldman Sachs on the Commercial Paper trading desk in 1980. Mr. Young received a Bachelor's degree from Bowdoin College in 1977 and an M.B.A. from the Stern School of New York University in 1983. He is the Chairman of the Board of Trustees of Buckingham Browne & Nichols, a coeducational day school in Cambridge, Massachusetts. Mr. Young is the Chairman of the Board of Directors of Social Finance, Inc., a Boston-based nonprofit organization dedicated to mobilizing investment capital to drive social change and bringing Social Impact Bonds to the US Market.

Daniel J. Sullivan, Jr., Member of our Investment Committee. Mr. Sullivan is a Partner, a member of Mariner's Investment and Management Committees and the Head of Mariner's Fund of Funds business. From 1977 to 1994 he worked at Goldman Sachs & Co and retired as a General Partner of the firm at year-end 1994. Mr. Sullivan was Co-Head of the High Yield Business Unit, worldwide head of High Yield Capital Markets and Syndicate, and Co-Head of the senior Bank Debt and Emerging Markets Business Units. He also served as a member of Goldman's firm-wide Compliance Committee. Mr. Sullivan holds an M.B.A. from Columbia University Business School and a B.S. from the Georgetown University School of Foreign Service. He is currently a member of the Investment Board of Columbia University, and a member of the Massachusetts General Hospital Center for Global Health Advisory Board.

Andrew Hohns, Member of our Investment Committee. Dr. Hohns serves as a Managing Director at Mariner and as Lead Portfolio Manager for IIFC. Prior to joining Mariner, Dr. Hohns was a Managing Director at Institutional Financial Markets, Inc., which he joined at its inception in 2001. At IFMI, Dr. Hohns developed and managed the firm's municipal securities platform and executed capital market strategies for structured credit products and other managed funds. Among these, Dr. Hohns developed Non-Profit Preferred Funding, the first institutional-scale fixed-income Impact Investment product, and the recipient of the 2006 Deal of the Year from Total Securitization magazine. In 2008, Institutional Investor named Dr. Hohns as a member of its "20 Rising Stars of Fixed Income." Dr. Hohns holds a B.S. in Economics from the Wharton School at the University of Pennsylvania, a Masters in Liberal Arts from the School of Arts and Sciences at the University of Pennsylvania, and a PhD in Applied Economics and Managerial Sciences from the Wharton School at the University of Pennsylvania. His dissertation topic, Justice and Infrastructure, explores the extent of the funding gap in project finance while developing several financial institution based solutions to meet the world's infrastructure capital needs. Dr. Hohns also serves as a Visiting Scholar at New York University and a Research Fellow at NYU-Stern for the 2012-2013 Academic Year.

William Chew, Member of our Investment Committee. In 2012, Mr. Chew retired as Managing Director of Standard & Poor's Ratings Services, Corporate Ratings Group. Over the course of his career, Mr. Chew pioneered the development of ratings analytics in the project finance market, having developed S&P's methodology for the sector in 1991, and having led S&P's Project Finance Ratings Group through 2001. Under Mr. Chew's leadership, S&P's Project Finance Ratings Group published ratings on over 200 projects worldwide. In addition, Mr. Chew was the founding editor of the Journal of Project Finance, a member of the United States Environmental Protection Agency's Environmental Finance Advisory Board, and a member of Institutional Investor's Infrastructure Finance Advisory Institute. From 2001 until his retirement from S&P in 2012, Mr. Chew focused on leveraged corporate credit, with a particular emphasis on recovery ratings and estimation. Mr. Chew has written and spoken extensively on project finance and leveraged credit. Mr. Chew earned a BA from Trinity College in Hartford, CT and an AM from the University of Chicago.

MANAGEMENT BIOGRAPHIES – PROJECT FINANCE CREDIT EXPERTISE[1]

Robert O. Gurman, Managing Director. Upon the Initial Funding of the Fund, Mr. Gurman has agreed to serve as a Mariner employee in the position of Managing Director within the MIIM team. Presently Mr. Gurman is a Principal at Gurman Capital Group, LLC, an independent financial advisor focused primarily on the project finance sector. There, Mr. Gurman has completed $7.5 billion of total transactions, comprised of assignments on behalf of Astoria Energy, Starwood Energy Group, JEMB Realty Corp, Pocono Manor Investors, Weichert Enterprise, and Rockland Capital. Additionally, Mr. Gurman is an Adjunct Professor at Johns Hopkins University-SAIS, with a dual appointment in the International Economics Department and the Energy, Resources, and Environment Program, where he has developed a course entitled "Principles of Project Finance." Additionally, Mr. Gurman has served as Vice Director of Global Project Finance and as the Director of the US Credit Division for Swiss Bank Corporation (now UBS). While there, Mr. Gurman developed Swiss Bank's first global portfolio rating and MIS systems, ran the bank's credit training program, and designed, implemented, and ran the bank's global derivative credit limits system. Mr. Gurman earned his BA in French Literature and Political Science from Union College, and his MA in International Energy Policy and Economics from Johns Hopkins University, School of Advanced International Studies.

William Guilford, Managing Director. Upon the Initial Funding of the Fund, Mr. Guilford has agreed to serve as a Mariner employee in the position of Managing Director within the MIIM team. Most recently Mr. Guilford served as Senior Investment Officer in the Infrastructure Private Equity Division of Gulf One Investment Bank BSC in Bahrain, where he led the underwriting of an African oil and gas exploration company and was closely involved in the bank's alternative energy investments. Previously, Mr. Guilford served at ABN AMRO Bank for two decades in a variety of capacities across the project finance advisory, credit and portfolio management, and debt restructuring business units in North America and Asia, rising to the level of Executive Director prior to leaving the bank in 2008. Over the course of his career at ABN, Mr. Guilford had senior origination and advisory responsibilities with respect to several gigawatts of power projects in Asia, and as a result has dealt directly with most of the independent power production and regulatory regimes across the region. Prior to joining ABN AMRO, he was an energy banker at First Chicago. Mr. Guilford holds a BA in Philosophy from Pomona College, an MA in Linguistics from Cornell University, and an MBA in Finance from University of Minnesota. He also is a CFA charterholder. Mr. Guilford is fluent in English, Mandarin, and German.

Confidential, Managing Director. Upon the Initial Funding of the Fund, [•] has agreed to serve as a Mariner employee in the position of Managing Director within the MIIM team. Presently [•] serves as a Vice President for a global infrastructure developer. Prior to this role, [•] helped establish and ultimately led the project/structured finance group of a government backed, internationally focused trade finance bank, where [•] oversaw the underwriting of approximately $9.0 billion of project finance loans across the power, oil and gas, transportation, and telecommunications sectors. Biographic details to be made available to interested investors upon the execution of confidentiality agreements.

Aaron Barnes, Executive Director. Mr. Barnes is a Mariner employee and the Executive Director of the MIIM team. Previously, he served as Vice President of Project Finance and Legal at Tangent Energy Solutions, a "behind the meter" renewable energy generation development company, as Managing Director at TowPath Renewable Ventures, where he was responsible for renewable energy loan origination and structuring, and as Senior Business Developer with PPM Energy where he led the Company's wind power development activities in New England. Additionally, Mr. Barnes was an attorney in the London office of Freshfields, Bruckhaus, Deringer, and Senior Corporate Counsel at CMS Energy UK, Ltd., where he concentrated on the structuring and financing of power and transportation infrastructure projects in Eastern Europe, West and South Africa, and the Middle East. Earlier in his career, Mr. Barnes was Assistant Vice President in ABN AMRO's Structured Trade Finance Group, where he was responsible for arranging bi-lateral and multi-lateral institutional-backed senior project finance loans associated with power and petrochemicals projects in Latin America and South Asia. Mr. Barnes holds a BBA in Finance from Howard University and a JD from the Georgetown University Law Center.

Molly Whitehouse, Analyst. Ms. Whitehouse is an Analyst with Mariner, where her responsibilities include research, data collection, and analysis focused on the IIFC strategy. Prior to joining Mariner, she served in the same role at Institutional Financial Markets, Inc. In 2011, Ms. Whitehouse completed the White House Internship Program. Prior to receiving her undergraduate degree, she interned at Cohen and Company Securities in 2010, at Entre Todos in 2009 (a nonprofit in Argentina providing microloans to poor women), and at Centerbridge Partners in 2008. Ms. Whitehouse earned her BA in Political Science with Honors from Yale University in 2011.

BOARD OF ADVISORS BIOGRAPHIES

Jay Worenklein, Senior Advisor. Mr. Worenklein is a Partner and Co-Chair of Global Project Finance at Akin Gump Strauss Hauer and Feld LLP. From 2003 to 2008, Mr. Worenklein served as founding Chairman and Chief Executive Officer of US Power Generating Company, which owns and operates 5,200 MWs of generating capacity in New York City and Boston. From 1993 to 2003, he served as global head of project finance at Lehman Brothers and as global head of the energy, power, infrastructure and project finance sectors at Société Générale. Over this period of time, Mr. Worenklein's group was named "World's Best Project Finance Bank" by Euromoney and by the Financial Times' Banker Magazine, "Global Power Arranger of the Year" and "Global Transport Arranger of the Year" by the Infrastructure Journal, and "Americas Project Finance Loan House of the Year" by International Financing Review. Additionally, he was selected by the U.S. Government's Overseas Private Investment Corporation (OPIC) to raise and manage the Russia and Former Soviet Union Major Projects Fund. From 1973 to 1993, he practiced law at Milbank, Tweed, Hadley & McCloy, where he served as a partner and as a member of its Executive Committee, and founded and headed Milbank's power and project finance practices. In 2001, Infrastructure Journal presented Mr. Worenklein with its inaugural Lifetime Achievement Award. Mr. Worenklein received a BA from Columbia University in 1970, as well as his MBA and JD from New York University in 1973.

Terry Newendorp, Senior Advisor. Mr. Newendorp is the Chairman and CEO of Taylor-DeJongh, a leading financial advisory in the infrastructure and project finance sectors. Mr. Newendorp has more than 35 years of experience in international and cross-border capital investments, project and structured financing, corporate financing and private placements of capital. He has negotiated and closed transactions in 75 countries, aggregating more than $70 billion, primarily in the energy, oil & gas, petrochemicals, telecommunications, metals & mining and infrastructure sectors. In addition to extensive experience organizing and structuring commercial bank loans globally, he has strong experience with government and multilateral financing institutions, including the export credit agencies of most of the developed world. Mr. Newendorp has served as financial advisor for 22 trains of LNG production, 77,426 MW of power generation and 26,410 kilometers of pipelines. He has supervised over 240 IPP financial advisories, of which 7 were the first of their kind in the host country. He was the overall leader for project finance teams that have won 13 "Deal of the Year" awards since 1999. Amongst Mr. Newendorp's awards are the "Independent Energy 25-year All-Star Award" for energy finance, Infrastructure Journal's "Oil and Gas Advisor of the Year, 2003," the "Superstar Team, Asia/Middle East Oil and Gas," and the "Latin America Advisor of the Year, 2001." He is on the Board of Directors of several energy companies, and since 2006, he has advised the United Nations Economic Commission for Europe on energy security issues. Mr. Newendorp received his J.D. cum laude from The George Washington University School of Law and his B.S. in Chemical Engineering from Purdue University.

BOARD OF ADVISORS BIOGRAPHIES

René Karsenti, Senior Advisor. Dr. Karsenti is the President of the International Capital Market Association (ICMA), a post he has held since June 2009. Previously, Dr. Karsenti served as ICMA's Executive President from May 2006. ICMA is the self-regulatory organization and trade body representing constituents and practitioners in the international capital market worldwide, with a membership base of 420 firms located in some 50 countries. Dr. Karsenti represents ICMA's interests in its interaction with governments, regulatory bodies, trade associations, and international organizations. From October 2009 to May 2011 Dr. Karsenti also served as Chairman of the International Council of Securities Associations (ICSA), which is composed of trade associations and self-regulatory organizations that collectively represent and/or regulate the vast majority of the world's financial services firms on both a national and international basis. Prior to joining ICMA, Dr. Karsenti was Director General of Finance of the European Investment Bank (EIB) in Luxembourg from May 1995. Prior to joining the EIB, Dr. Karsenti was the first Treasurer of the European Bank for Reconstruction and Development (EBRD) in London from its inception in May 1991. Prior to joining EBRD, Dr. Karsenti held a variety of senior positions in the treasury organizations of the World Bank Group (IBRD & IFC), including as IFC Treasurer. Dr. Karsenti holds an engineering degree from ESCIL, Lyon University, and a PhD in economics from the Sorbonne University in Paris. He has also carried out research in finance and economics at the University of California, Berkeley. He is Chairman of the European Capital Market Institute (ECMI), a member of the Strategic Committee of The French Debt Management Office (Agence France Trésor of the French Ministry of Finance), a member of the Investment Advisory Committee of the Food and Agriculture Organization (FAO) in Rome, and a Member of the OECD Financial Markets Roundtable. He had been a member of the Manager Selection Committee of the French Public Pensions Reserve Fund (FRR) from its inception in 2002 to 2010.

William S. Laufer, Senior Advisor. Dr. Laufer is the Julian Aresty Professor at the Wharton School of the University of Pennsylvania, with appointments in Legal Studies and Business Ethics, Sociology, and Criminology. He is the emeritus Director of the Carol and Lawrence Zicklin Center of Business Ethics Research, where he developed research collaborations with the World Bank Institute, the United Nations Development Programme, and the Center for Political Accountability. Additionally, Dr. Laufer is a consultant in the Private Sector Development and Competitiveness Project at the World Bank, a Member of the Academic Council of the Hills Governance Program at the Center for Strategic and International Studies, Washington, D.C., a Board Member of the International Society of Social Defense and Humane Criminal Policy, Economic and Social Council, United Nations, a member of the Working Group on Business-Led Collective Action Against Corruption, World Bank Institute, and a Member of the Working Group, PRME Anti-Corruption Working Group, UN Global Compact, United Nations. Dr. Laufer's research has been published in law reviews and a wide range of business ethics, criminology, legal, and psychology journals. He is the author of numerous books, including Corporate Bodies and Guilty Minds: the Failure of Corporate Criminal Liability, published by the University of Chicago Press (2008). Dr. Laufer's current research considers new models of corporate regulation, corporate criminal liability, blame, and sanctions. Dr. Laufer received his BA in Social and Behavioral Sciences at The Johns Hopkins University, his JD at Northeastern University School of Law, and his PhD at Rutgers University.

ENDNOTES

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1. The investment thesis is prospective and based upon the opinion of Mariner and there is no guarantee that the investment team will be successful in implementing investment strategies that take advantage of such perceived opportunities.
2. From 1990 through 2011, Moody's calculates that the project finance asset class experienced a 10-year cumulative default rate of 9.3%. Specific sub-sectors experienced even more favorable results: the 10-year cumulative default rate for social and transport infrastructure loans was 5.2%. Meanwhile, PPP/PFI experienced a 3.9% cumulative 10-year default rate. These figures include defaults that occurred during construction, which make up a significant portion of overall defaults. IIFC expects to face construction risk only in limited instances. In this study, project finance includes chemicals production, leisure and recreation, manufacturing, media and telecom, metals and mining, oil and gas, power, and other, in addition to social and transport infrastructure. Some of these sub-sectors, such as Metals & Mining and Leisure, are expected to comprise little, if any, sector concentration for the Fund. Meanwhile, the average ultimate recovery rate for the period noted above (1990 – 2011) was 80.3%, exceeding the 48.3% average recovery rate for distressed sales. For this same period, recoveries on operations phase defaults (83.2%) were significantly higher than those on construction phase defaults (65.1%). 65.2% of all ultimate recoveries were fully restructured with no economic loss. Figures are based on the Basel II definition of default, which incorporates a higher number of defaults than the Moody's definition of default. Total ten-ear losses were calculated by multiplying the average cumulative 10-year default rate by the average loss, using the ultimate recovery rate for operational and construction-phase defaults. Distressed sales are not included in the implied total loss calculations. *Moody's Investors Service, Default and Recovery Rates for Project Finance Bank Loans, 1983-2011* (4 February 2013). Past performance is not necessarily a guide to or otherwise indicative of future results. Nothing stated herein should be construed as a guarantee against fund losses.

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1. The investment thesis is prospective and based upon the opinion of Mariner and there is no guarantee that the investment team will be successful in implementing investment strategies that take advantage of such perceived opportunities.
2. "The New Basel III Framework: Navigating Changes in Bank Capital Management." PwC Financial Services (October 2010).
3. €208.5 is the shortfall for Group 1 banks, or those banks that have Tier 1 capital in excess of €3 billion and are internationally active, estimated by the Bank for International Settlements. See "Results of the Basel III monitoring exercise as of 30 June 2012." Bank for International Settlements (March 2013), 2. The EBA reports similar results, estimating that European banks need to raise €225 billion to cover their risk weighted assets requirements. See "Results of the Basel III monitoring exercise based on data as of 31.12.2011." EBA, September 2012. Deloitte estimates the shortfall for European banks at €374 billion. See "Capital gain, asset loss, European bank leveraging." Deloitte (2012) http://www.deloitte.com/assets/Dcom-UnitedKingdom/Local%20Assets/Documents/Industries/Financial%20Services/uk-ind-fs-bank-survey.pdf
4. The aggregate sum of after-tax profits prior to distributions for Group 1 and Group 2 banks in the same sample was €379.6 billion and €22.9 billion, respectively for the period from 1 July 2011 to 30 June 2012. See "Results of the Basel III monitoring exercise as of 30 June 2012." Bank for International Settlements (March 2013), 12.
5. McKinsey & Company, *Basel III and European banking: Its impact, how banks might respond, and the challenges of implementation* (November 2010).
6. The IMF estimates $2.6 trillion (or about €2 trillion) bank deleveraging as a base case scenario, with a top range of $3.8 trillion. See "Global Financial Stability Report." International Monetary Fund (October 2012) http://www.imf.org/external/pubs/ft/gfsr/2012/02/pdf/text.pdf. More recently, PCS estimated a minimum funding gap of €4 trillion and PwC estimated €3.4 trillion of bank leveraging.

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1. See: "An Inflection Point in Global Banking, Risk Report 2012-2013." The Boston Consulting Group (December 2012); and "Europe in Transition, Bridging the Funding Gap." White Paper. PCS Secretariat (March 2013).

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1. This simplified and hypothetical solution is being offered for illustrative purposes only (to demonstrate what a typical bank loan portfolio might look like and be comprised of at this time and how transferring risk under the scenarios noted might be of interest to such lenders). Actual bank asset risk weights, levels of credit enhancement needed, and other structural characteristics may, and likely will, vary substantially from those presented here, as well as from institution to institution and portfolio to portfolio.
2. The risk weights shown here are estimated, based on the Internal Ratings-Based approach for securitization exposures. Actual risk weights will depend on the model for calculation of risk-weighted assets used by each counterparty bank, the bank regulator's individual application of the Basel rules, and, in some cases, the institution-specific loss given default internal models and probability of default internal models, among other potential variables. A summary of the various methods for calculating risk-weighted assets can be found in: Mike Mayo and Alok Sinha, "Building protection: Higher capital rules at banks," CLSA, an affiliate of Credit Agricole Securities (January 2011), 63-75.

Continued

ENDNOTES

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1. Past performance including historical defaults rates and recoveries is not necessarily a guide to future performance or losses. Nothing stated herein should be construed as a guarantee against fund losses.
2. Moody's Investors Service, *Default and Recovery Rates for Project Finance Bank Loans, 1983-2011* (4 February 2013), 3.
3. For project finance default rates: Moody's Investors Service, *Default and Recovery Rates for Project Finance Bank Loans, 1983-2011* (4 February 2013), Exhibit 11. For corporate default rates: Moody's Special Comment, "Corporate Default and Recovery Rates,1920-2011," (February 2012), Exhibit 34.

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1. Nothing stated herein should be construed as a guarantee against fund losses.
2. The essential nature of a facility will be determined at the discretion of the investment team.

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1. The information presented herein has been obtained from a combination of publicly available data and from the recollection of individual members of the MIIM team. Mariner has not independently verified the information. Mariner makes no representation as to the accuracy of the information, which is presented for illustrative purposes only. Investors should not rely on the specific information in forming judgments regarding the experience of the team.
2. Values not listed: Airport, $70 million; Manufacturing, $317 million; Renewables, $120 million; Telecommunications, $49 million; Transportation, $1,505 million; Waste to Energy, $20 million.

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1. Mr. Hohns, Mr. Barnes, and Ms. Whitehouse are current Mariner employees focused on the IIFC strategy. Robert Gurman, William Guilford, and Confidential are expected to join Mariner as employees who will also be focused on the IIFC strategy upon initial funding, pending the completion of definitive documentation.

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1. Robert Gurman, William Guilford, and Confidential are expected to join Mariner as employees upon initial funding, pending the completion of definitive documentation.

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