

This ADV brochure, dated March 31, 2011,
provides information about the qualifications and business practices of:

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If you have any questions about the contents of this brochure, please contact us at (212) 576-6500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about NYLCAP Manager LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Registration with the Securities and Exchange Commission does not imply a certain level of skill or training on the part of NYLCAP Manager LLC.

SUMMARY OF MATERIAL CHANGES

There are no material changes to report at this time. If in the future there are any material changes to the policies, practices or conflicts of interests described in this brochure, we will summarize the changes in this section of the brochure and we will provide you either with an updated brochure or with a document that summarizes the changes that were made.

Table of Contents

<u>Section</u>	<u>Page</u>
I. Advisory Business	1
II. Fees and Compensation	1
III. Performance-Based Fees and Side-By-Side Management	4
IV. Types of Clients	5
V. Methods of Analysis, Investment Strategies and Risk of Loss.....	5
VI. Disciplinary Information.....	13
VII. Other Financial Industry Activities and Affiliations	13
VIII. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	15
IX. Brokerage Practices	17
X. Review of Accounts	17
XI. Client Referrals and Other Compensation	18
XII. Custody	18
XIII. Investment Discretion	19
XIV. Voting Client Securities	19
XV. Financial Information.....	20
XVI. Requirements for State-Registered Advisers	20

Annex A - NYLCAP Manager, LLC audited balance sheet as of December 31, 2009

I. Advisory Business

- A. NYLCAP Manager LLC (we) has been registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser since April 5, 2002, and was formed in 1999. Prior to our formation, our founding principals were employed in the Investment Department of New York Life Insurance Company (New York Life), which at that time was a registered investment adviser. We are currently managed by seven managing principals including our chief operating officer, who are supported by a dedicated staff of eleven investment professionals, including our three junior principals, two vice presidents, and six associates, as well as our head of business development. We are a wholly-owned subsidiary of New York Life Investment Management Holdings LLC, which, in turn, is a wholly-owned subsidiary of New York Life Insurance Company.
- B. Our advisory services include the origination and recommendation of investments for single-investor managed accounts and private investment funds that we manage. Our private investment funds include equity co-investment funds, mezzanine funds and a fund-of-funds.

Our advisory services also include direct equity investments, direct mezzanine investments and limited partnership investments in private leveraged buyout, venture, distressed, mezzanine and secondary funds for single-investor separately managed accounts.

Our advisory services are limited to the types of investments described above.

- C. Our advisory services are tailored to the individual needs of our clients.

For our single-investor separately managed accounts, our clients access our advisory services by entering into a written investment management agreement with us. These agreements include the investment strategy, terms and limitations on the types of investments we are permitted to make.

For our private investment fund clients, we enter into separate management agreements with the fund, or alternatively, the terms, limitations and conditions of our advisory services are set forth in the fund's limited partnership agreement. Each type of fund has its own investment strategy, including express restrictions on the types of investments that we are permitted to make.

- D. As of December 31, 2010, we managed over \$8.2 billion of assets on a discretionary basis. We do not manage any assets on a non-discretionary basis.

II. Fees and Compensation

- A. The current fee schedule and investment strategy for the separately managed accounts and private investment funds we manage is provided below.
- Separately Managed Accounts. Advisory fees are negotiable for our single-investor separately managed accounts, depending upon a variety of factors including the nature and size of the account and services to be provided.
 - Our annual management fees range from 0.16% to 0.70% depending on the fees that have been negotiated with our clients. These fees are generally payable in

arrears, except in limited circumstances where our clients have agreed to pay us in advance.

- The fee schedules for the investment strategies for the separately managed accounts that we manage for our affiliated clients are set forth below. Management fees are based on invested capital for some accounts, on invested capital plus remaining capital commitments for some accounts, and, for other accounts, on the average monthly value of such accounts.
 - International Partnership Portfolio: 0.22% annual management fee for investments before January 1, 2009; and 0.50% annual management fee for investments January 1, 2009 and after
 - International Direct Portfolio: 0.16% annual management fee
 - Venture Partnership Portfolio: 0.22% annual management fee
 - Venture Direct Portfolio: 0.19% annual management fee
 - Leveraged Buyout Partnership Portfolio (Domestic and Western Europe): 0.50% annual management fee
 - Private Equity Separate Account (Pension) Portfolio: 0.70% annual management fee
 - Mezzanine Advisory Portfolio:
 - 0.50% annual fee for investments made before January 1, 2009; and 0.45% annual management fee for investments January 1, 2009 and after
 - annual performance-based fee of 15% for investments before January 1, 2009 if the investment portfolio's annual internal rate of return exceeds an agreed-upon hurdle rate

We do not currently manage separately managed accounts for unaffiliated clients. If we were to manage such accounts for unaffiliated clients, the fees would be subject to negotiation and might be different than the fees that are set forth above.

- Private Investment Funds. Advisory fees for our private investment funds are set forth in the relevant fund's limited partnership agreement and are not negotiable.

The management fee schedule for the private investment funds we manage is:

- Equity Co-Investment Funds: An annual fee equal to 1.0% of an investor's capital commitment payable in advance during the fund's commitment period; and then an annual fee of 1.0% of an investor's invested capital thereafter
- Mezzanine Funds: An annual fee equal to 1.25% to 1.5% of an investor's capital commitment payable in advance during the fund's commitment period; and then an annual fee of 1.25% to 1.0% of an investor's invested capital thereafter
- Fund-of-Funds: An annual fee equal to 0.75% to 1.0% of an investor's capital commitment payable in advance during the fund's commitment period. These fees are reduced after the third year of the fund's initial closing by 10% each year of an investor's original capital commitment until the ninth year of the fund's

initial closing. On the tenth year following the fund's initial closing, this fee will be reduced by an additional 5% of an investor's original capital commitment.

The general partners of these funds, which are our direct or indirect subsidiaries, are entitled to receive performance fees, also known as carried interest, following the return of the applicable fund investors' invested capital plus a hurdle rate.

- The general partners of our equity co-investment funds are entitled to carried interest of 12.5% for our earlier funds and 10% for our current fund.
- The general partner of our initial mezzanine fund is entitled to carried interest of 15% to 20% depending on the size of an investor's capital commitment; for our subsequent and current funds, the general partners are entitled to carried interest of 20%.
- The general partner of our fund-of-funds is entitled to carried interest of 5% for fund investments and 15% for equity co-investments.

Some investors in our private investment funds negotiate side letters with the general partner and the fund in which they are investing, which side letters generally set forth additional regulatory and negotiated limitations on our authority with respect to such investor and to the relevant fund as a whole.

- B. All of the private investment funds we manage are required to pay management fees to us semi-annually in advance. The private investment funds periodically call capital from their investors for the amount of our management fees as they become due.

For our separately managed accounts, we send monthly, quarterly or semi-annual bills to our clients, depending on the terms of the relevant investment management agreement. These separate accounts are generally billed in arrears, except in limited circumstances where the client has agreed to billing in advance.

- C. In addition to the management fees discussed above, investors, through their interests in the private investment funds we manage, bear their proportional share of expenses incurred in the organization of our funds in which they invest, as well as the costs of offering the interests in such funds. Our funds include a maximum amount of organizational expenses that may be borne by the applicable fund; any excess organizational expenses are borne by the general partner of the applicable fund. These general partners are either directly or indirectly controlled by us. Investors in our private investment funds also bear the operating expenses particular to the fund in which they invest (including any applicable custodial fees), which may include, without limitation, the following:

- costs, expenses and liabilities related to the fund's operations, including fees, costs and expenses related to the purchase, holding and sale of portfolio investments (to the extent not reimbursed by the portfolio company);
- taxes;
- fees and expenses of accountants and counsel;
- costs and expenses of a fund's advisory committee and the annual meeting of such committee;
- litigation expenses and other extraordinary expenses; and
- third-party expenses incurred as a result of transactions pursued but not

consummated.

To the extent possible, third-party costs are charged to portfolio companies.

Any brokerage fees incurred in connection with our purchase of securities on behalf of our clients are typically paid by the issuer of the securities we are purchasing. The brokerage firms through which we purchase securities generally act solely in an agency capacity and are paid for placement services by such issuers. Please see **Brokerage Practices** in Section IX for a more thorough description of our brokerage practices and expenses.

- D. Most of our separately managed accounts are billed in arrears for their management fees, at the end of each month, fiscal quarter or semi-annual period, as required by the applicable investment management agreements. To the extent that these accounts are billed in advance and the applicable investment management agreement is terminated before the end of a management fee period, we will adjust the management fee so that the client is charged only for the actual number of days that we provided advisory services, and any unearned fee will be refunded to the client.

The private investment funds we manage are assessed management fees in advance, as of the first day of each payment period. Because investors in our fund-of-funds, equity co-investment and mezzanine funds are generally not permitted to withdraw their funds during the applicable fund's term, the only partial payment period would occur at the end of a fund's term. If a fund terminates in the middle of a payment period, we will adjust the management fee so that the fund's investors are charged only for the actual number of days that we provided advisory services, and any unearned fee will be refunded to the investors.

III. Performance-Based Fees and Side-By-Side Management

General partners of the private investment funds managed by us may receive performance-based fees, also known as carried interest. We directly or indirectly control these general partners. These fees are based on realized net gains from the disposition of portfolio investments, and with respect to our mezzanine funds, each investor's proportional share of current income generated by portfolio investments held by the applicable fund.

We may also receive performance-based fees in connection with our management of certain separately managed accounts.

All of our clients who are charged a performance-based fee are also charged a management fee.

Although the investment mandates and objectives of our clients vary significantly, in the course of advising our separately managed accounts and managing our private investment funds, we may identify investment opportunities that are appropriate for both a separately managed account and a private investment fund, for multiple accounts, or for multiple funds. Because we receive performance-based fees from our private investment funds, and not from some of our separately managed accounts, we face a potential conflict of interest when we identify an investment opportunity that is appropriate for both a separately managed account and a private investment fund.

As a registered investment adviser we are under an obligation to treat each of our clients fairly. We have adopted an allocation policy that sets forth our procedures when allocating an investment opportunity between accounts. Pursuant to this policy, we make allocation

determinations based upon the appropriateness of the investment for the client. Our allocation policy prohibits us from favoring one client over another client. Our allocation policy also prohibits our investment professionals from allocating or re-allocating securities to enhance the performance of one account over another account or to favor any affiliated account or any other account in which an employee has any interest. In instances when we have clients with overlapping investment mandates and objectives, we will generally allocate investments proportionally among those clients. In cases where we do not proportionally allocate investments among client accounts with overlapping mandates, we will disclose this fact to the clients receiving less favorable allocations. We document our reasoning in circumstances where any client receives a less favorable allocation.

IV. Types of Clients

We provide advisory services to two types of clients, private investment funds and affiliated institutional investors for which we manage separate accounts.

Our private investment funds are pooled investment vehicles, each type having its own distinct investment strategy, including a fund-of-funds, mezzanine funds and equity co-investment funds. These funds are exempt from registration as investment companies with the SEC pursuant to Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act of 1940.

In our mezzanine funds, the minimum capital commitment by an investor is \$10 million, and in our fund-of-funds, this amount is \$5 million. We do not have a minimum capital commitment requirement for our equity co-investment funds. The respective general partners of our private investment funds may waive an investor's minimum capital commitment.

Our ultimate parent company, New York Life Insurance Company, and another affiliate, New York Life Insurance and Annuity Corporation (NYLIAC) have invested in our private funds and may also invest in funds that we may manage in the future.

We also manage the general account and a separate pension plan account on behalf of New York Life and a portfolio of investments for a line of business of NYLIAC.

We do not have a minimum capital commitment for separately managed accounts.

V. Methods of Analysis, Investment Strategies and Risk of Loss

A. Our managing principals currently use an investment strategy and analysis with respect to our private investment funds and separately managed accounts, which is comprised of five key elements:

- originate deal flow primarily through core partner relationships;
- minimize principal loss by leveraging a unique due diligence network;
- strictly adhere to established investment criteria;
- follow a disciplined investment process; and
- actively monitor portfolio companies.

In addition to this investment strategy and analysis, we use fundamental investment research to invest in private equity transactions, private equity funds and mezzanine debt securities.

Investing in the private investment funds that we manage involves a risk of loss that all clients and fund investors should be prepared to bear. Similarly, investments that we make on behalf of our separate account clients involve a risk of loss that all clients should be prepared to bear.

In addition to these five elements, each of our private investment funds and separately managed accounts has the distinct investment strategies as described below.

Fund Advisory Program (for Separately Managed Accounts).

- Our fund advisory program focuses on identifying and investing in a select group of top-performing private equity financial sponsors with a demonstrated expertise within a target area of investing and a definable value-added approach to their portfolio companies (our core partners). We seek to develop long-term relationships with our core partners through equity co-investment and mezzanine activity, advisory board roles, and investments in successive funds over time.
- We invest for our clients on a discretionary basis, in a broad range of private equity strategies, including international and domestic leveraged buyout funds, private equity co-investments, and mezzanine and other debt investment partnerships.
- The typical investment size for these fund investments ranges from \$20 to \$130 million.

Fund-of-Funds.

- The investment strategy for our fund-of-funds is to invest primarily in a portfolio of interests in U.S. based middle market buyout funds. The middle market, for the fund's purposes, includes investment managers raising private equity funds with targeted fund sizes of \$1 billion and below.
- Our investment analysis involves creating a focused portfolio of key relationships with top-performing financial sponsors utilizing a core partner strategy. Our core partner strategy is based on identifying top-performing private equity financial sponsors with a demonstrated expertise within a target area of investing and a definable value-added approach to their portfolio companies.
- We attempt to identify critical industry trends and select investment managers who we believe are well-positioned to consistently generate attractive risk-adjusted returns. We have relationships with many financial intermediaries and sponsors and attempt to identify the most promising partnership opportunities well in advance of other managers.
- All fund opportunities go through a due diligence process geared toward selecting managers with proven track records and a sustainable value added approach.

Mezzanine Funds.

- The investment strategy for our mezzanine funds is to invest primarily in privately placed, unrated, non-investment grade subordinated debt and other mezzanine securities.
- The majority of our mezzanine funds' deal flow is generated through our core partner relationships and pre-screened by these top-performing financial sponsors prior to our involvement. We conduct independent due diligence to assess the credit profile of the target company and confirm the sponsor's investment thesis prior to investing on behalf

of our clients.

Equity Co-Investment Funds.

- The investment strategy for our equity co-investment funds is to make equity and equity-like co-investments primarily alongside our core partners and other buy-out sponsors.
- We apply an active management style to our co-investment portfolio. We source co-investment deal flow through strong relationships with top performing financial sponsors and then conduct due diligence on each opportunity to independently verify both the investment premise and fit with the sponsor's key areas of expertise.
- Due to the depth of our core partner relationships, our managing principals can quickly identify and focus on those transactions in which the sponsor has relevant expertise and a history of success. Core partners often bring us opportunities before they are widely marketed, providing us with additional time for due diligence and the ability to work alongside the sponsor early in the transaction.
- We confirm the sponsor's investment thesis and the target company's prospects through independent diligence prior to investing. In addition, through the core partners' portfolio companies and our affiliates' private placement portfolios, we have access to the management teams of many private companies that may be customers, suppliers, or competitors of the target company. Through this due diligence network, we often gain proprietary insights into target companies, industries and management teams.

B. *The material risks involved in the above investment strategies and the securities in which they invest are described below. For a more detailed discussion of the risks related to our private investment funds, clients and other prospective investors are encouraged to review carefully the confidential offering memorandum for each private investment fund.*

Material Risks for All Private Investment Funds.

- The success of our private investment funds will significantly depend upon the ability of the core partners to identify attractive investment opportunities and in turn, to provide high quality deal flow to our private investment funds.
- Our private investment funds' investments will generally be highly illiquid.
- Interests in our private investment funds have not been registered under the federal securities laws or any other securities law and investors may not sell, transfer, or pledge their interests except with the consent of the applicable general partner, which may be withheld in its sole discretion. The interests will not be redeemable, and voluntary withdrawals by investors will not be permitted. There is currently no public market for fund interests.
- The success of our private investment funds depends in part upon the skill and expertise of our investment professionals, particularly our managing principals. The departure of a managing principal or another of our key employees could have an adverse impact on the performance of our private investment funds.
- Investors in our private investment funds will have no opportunity to participate in the funds' day-to-day operations, including investment and disposition decisions, of our

private investment funds. In order to safeguard their limited liability from the liabilities and obligations of our private investment funds, investors must rely entirely on the general partner and us to conduct and manage the affairs of the funds.

- A private investment fund's co-investment with third parties, including core partners, involves risks, including the possibility that a third party investor may have economic or business interests or goals that are inconsistent with ours, or that a third party may be in a position to take (or block) actions in a manner contrary to our investment objectives.
- Our private investment funds may participate in a limited number of investments and, as a result, the unfavorable performance of any single investment may have a significant adverse effect on the performance of a fund.
- If an investor fails to make all or any portion of its capital contributions to a private investment fund when due, such default might cause injury to the fund and to the other investors. Non-defaulting investors could be required to make additional capital contributions to the fund to cover any shortfall resulting from other investors' defaults.
- Our private investment funds may not have sufficient cash flow to permit them to make distributions in the amount necessary for its investors to pay all tax liabilities resulting from their ownership of interests in our funds.
- For purposes of compliance with applicable regulations under the Employee Retirement Income Security Act of 1974 (ERISA), our private investment funds may be managed to qualify as "venture capital operating companies," and as such, the funds may be precluded from making certain investments. The funds may also be required to liquidate investments at disadvantageous times, resulting in lower proceeds to a fund than that fund might otherwise receive. ERISA compliance activities may also give rise to conflicts of interest and could expose the assets of a fund to claims by a portfolio company, its security holders and its creditors. While we intend to manage the funds in a way to minimize the exposure to these risks, the possibility of successful claims under ERISA cannot be precluded.
- The general partners of our private investment funds are entitled to receive carried interest if specified performance criteria are met. Certain of our executive officers and affiliates invest in the general partners and are therefore able to participate in a portion of the carried interest that the general partners earn. The potential to earn carried interest may create an incentive for the general partner and its affiliates, including us, to make more speculative investments than would otherwise have been made in the absence of such performance-based compensation programs.
- Non-U.S. investments by a private investment fund involve certain factors not typically associated with U.S. investments, including risks related to currency exchange matters; differing accounting, auditing, financial reporting and legal standards; government supervision and regulation; economic, social and political risks; foreign taxes; and the risk of laws and regulations of foreign jurisdictions, which may impose additional restrictions on a fund's activity.
- If a private investment fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to all of the fund's assets and may not be limited to any particular asset, such as the investment giving rise to the liability.

- Under certain circumstances, payments to our funds and distributions by our funds to their investors may be reclaimed if a court or other adjudicatory body determines that a portfolio company within the fund has made an unlawful preferential payment.
- While we actively monitor each investment, the management of each portfolio company is primarily responsible for managing its day-to-day operations, and we will not generally have the right to exert significant influence on a portfolio company. As a result, our funds are significantly reliant on the existing management and board of directors of such companies, which may include representation of other unaffiliated investors whose interests may conflict with ours.
- When we value fund investments that do not have active trading markets, we may consider one or more subjective factors and use our own professional judgment. Accordingly, these valuations may not agree with the valuations made by others, including industry and investment professionals. These valuations should not be viewed as accurate predictions of the ultimate values that will be realized if and when such investments are sold or otherwise disposed of.
- Our private investment funds may invest in businesses with little or no operating history.
- Under New York State Insurance Law, New York Life may be required to review and ratify investments made by certain of our private investment funds. If any investment were not ratified by New York Life, the fund may be required to dispose of such investment at a significant discount to the purchase price originally paid by the fund.
- In connection with the disposition of an investment in a portfolio company, our private investment funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. Our funds may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors in our private investment funds.

Material Risks Involved with respect to our Equity Co-Investment Funds.

- Equity securities that we purchase for our equity co-investment funds are typically subordinated to large amounts of senior and mezzanine debt and are typically unsecured. This means that distributions to equity holders are available only after satisfaction of claims of senior and mezzanine creditors and any senior classes of equity. Therefore, if a portfolio company does not generate adequate cash flow to service its debt obligations, our funds that have invested in that company's equity securities may suffer a partial or total loss of invested capital.
- Investments in equity securities of companies with substantial amounts of indebtedness involve a high degree of risk. Companies with substantial amounts of indebtedness are inherently more sensitive to adverse business or financial developments or economic factors, including declines in company revenues, increases in company expenses, rising interest rates, downturns in the economy, increasing competition, and deteriorating industry conditions.

- The price of equity securities varies with the performance of the company that issued the securities, and with the performance of equity markets as a whole. Therefore, if the issuer or the securities markets experience a decline in performance against which value the fund is unable to hedge, the value of the funds' portfolios may also decline.

Material Risks Involved with respect to our Mezzanine Funds.

- Investments in mezzanine securities of companies with substantial debt involve a high degree of risk. Highly leveraged companies are inherently more sensitive to adverse business or financial developments or economic factors, including declines in company revenues, increases in company expenses, rising interest rates, downturns in the economy, increasing competition, and deteriorating industry conditions. There can be no assurance that a portfolio company will generate sufficient cash flow to service its debt obligations.
- Mezzanine securities typically are subordinated to substantial amounts of senior debt, all or a significant portion of which may be secured. As a result, distributions to mezzanine holders are available only after all senior creditors' claims have been satisfied.
- Our mezzanine funds are permitted to borrow money (also known as "using leverage") to make investments or finance their operations. If a fund were to employ leverage, there can be no assurance that it will have sufficient cash flow to repay its debt. As a result, the fund's losses may be increased due to the illiquidity of its investments. Further, a portfolio company may not generate enough cash to make regular interest or dividend payments, to service its debt obligations or to return principal or capital invested, and a fund may suffer a partial or total loss of invested capital.
- General fluctuations in the market prices of securities and interest rates, whether caused by government policy or otherwise, could increase interest expenses or reduce the availability of capital for portfolio companies, which in turn could adversely affect the financial performance of a mezzanine fund.
- As a result of the lack of availability of financing and volatile market conditions, the core partners may not be able to identify a sufficient number of investments meeting the investment objectives of our mezzanine funds, and/or may not offer such investment opportunities to us or to our funds. As a result, the funds may not be able to invest fully their committed capital.
- Our ability to influence a portfolio company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. Accordingly, we may not be able to take the steps necessary to protect our mezzanine investments in a timely manner or at all.
- A mezzanine fund's investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer's repaying the principal on an obligation held by such fund earlier than expected. If early redemption of an investment occurs, we may not be able to reinvest the proceeds in a comparable investment.
- Certain mezzanine fund investments, including debt obligations issued at a discount, may require a fund's investors to recognize taxable income even though the investors have not

received any cash in connection with the transaction giving rise to the tax liability.

- If a portfolio company becomes insolvent or files for bankruptcy protection, there is a risk that a court may subordinate a fund's investment to other creditors, or require a mezzanine fund to return amounts previously paid to it by the portfolio company. A fund's exercise of management rights in a portfolio company may also lead creditors of the portfolio company or other parties to assert claims against the fund.
- Although our mezzanine funds intend to structure their mezzanine investments to include protective terms and conditions, a fund's investments may not always be protected by financial covenants or limitations upon the borrower's assuming additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency. Debt securities in general are also subject to other creditor risks, including:
 - the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws,
 - so-called lender liability claims by the issuer of the obligations, and
 - environmental liabilities that may arise with respect to collateral securing the obligations.
- While we have not historically done so on a regular basis, our mezzanine funds may borrow money to fund the cost of non-U.S. investments in order to hedge exposure to fluctuations in the exchange rate between the U.S. dollar and other currencies. A fund may also borrow money on a short-term basis in anticipation of receiving additional capital called from investors or distributions from its portfolio companies. The extent to which a fund borrows to fund its activities may have important consequences to the investors in such fund, including:
 - greater fluctuations in the value of the net assets of the fund;
 - the use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions or other purposes;
 - to the extent that the fund's revenues are required to meet principal payments on indebtedness, the investors in that fund may be allocated income (and therefore tax liability) in excess of cash available for distribution;
 - the use of leverage may result in unrelated business taxable income for tax-exempt investors;
 - in certain circumstances the fund may be required to prematurely dispose of investments to service its debt obligations;
 - the terms of any indebtedness may restrict the flexibility of the fund to make distributions to its investors or sell assets that are pledged to secure such indebtedness; and
 - if interest rates were to increase, the interest expense on any floating rate indebtedness (debt obligations that are periodically refinanced at then-current market rates to pay for a company's ongoing operations) would increase, perhaps significantly.

Material Risks Involved with respect to our Fund-of-Funds and Fund Advisory Program.

- Based on historical realization periods for private investment funds that may be

purchased by our fund-of-funds or for a client to which we provide fund advisory services (underlying funds), no significant return, if any, from disposition of an underlying fund's investments will likely occur until a substantial number of years from such fund's closing. The proceeds from underlying fund investments, if any, are not likely to be realized for a substantial time period.

- Our fund-of-funds and our fund advisory program clients invest primarily in underlying funds sponsored by third parties, which means that we do not have an active role in the management of the investments that these funds make. As a result, our clients' account performance depends significantly on the investment and other decisions made by third parties, which can have a material adverse effect on the returns that clients receive.
- The portfolio companies in which the underlying funds invest face their own operating and financial risks. In addition, these portfolio companies may face intense market competition, which competition, operating and financial risks may adversely impact the performance of the portfolio companies and the underlying funds.
- Interests in the underlying funds are difficult to value because they are illiquid. Any valuation that we make will be based on our good faith determination as to the fair value of those interests, and may not equal or approximate the price at which such interests ultimately may be realized.
- The potential to earn carried interest may create an incentive for a general partner of an underlying fund to make more speculative investments on behalf of a fund than such general partner would otherwise make in the absence of such performance-based compensation.
- If the general partner or manager of an underlying fund determines that the continued participation of our client or clients in the underlying fund would have a material adverse effect on the underlying fund or its assets, the underlying fund may terminate the client's interest in the underlying fund, or otherwise penalize the client(s).
- The underlying funds may employ leverage in connection with investment activities and may borrow amounts before calling capital from investors to finance an investment. Leverage magnifies the opportunity for gain and risk of loss from investment activities, and will result in interest expense and other costs to the underlying funds.
- Because of the indemnification provisions contained in our fund-of-fund's and the underlying funds' governing documents, our clients and the investors in our fund-of-funds may have a more limited right of action against the general partners of such funds, us, our managing principals, and our affiliates than they would have in the absence of such provisions.

Material Risks Involved with respect to our Fund-of-Funds.

- If our fund-of-funds is unable to call, borrow or otherwise raise funds to meet its obligations to any of its underlying fund investments, the fund may be subject to significant penalties under the terms of the underlying fund, which could have a material adverse effect on both the value of the fund's investment in such underlying fund, and the fund's overall financial condition.

- Our fund-of-funds invests in funds that invest in middle-market companies. Investments in such companies may entail greater risks than are customarily associated with investments in large companies. Medium-sized companies may have more limited product lines, markets, and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors.
- Each investor in the fund-of-funds will pay, in effect, two sets of management fees, one directly at the fund level and one indirectly through the fund at the underlying fund level. These fees reduce the actual returns to investors both in the underlying funds and in the fund-of-funds. Fees and expenses of the fund and the underlying funds will generally be paid regardless of whether the fund or underlying funds produce positive investment returns, and could result in the amount recovered by an investor in the fund being less than its total capital contributions to the fund.
- Each investor in the fund-of-funds will pay two sets of carried interests: one directly to the fund-of-funds' general partner and one indirectly through the fund to the underlying funds in which it invests. Consequently, the return to an investor in the fund will be lower than those of a direct investor in the underlying funds.
- In some cases, due to confidentiality restrictions imposed by the underlying funds in which the fund-of-funds has invested, investors may not have sufficient information to evaluate to their full satisfaction the risks of investing in the fund and investments made by the fund in underlying funds.
- Investments made by the fund-of-funds or by the underlying funds may require investors to recognize taxable income even though they have not received cash.
- In order to meet capital recall obligations (including indemnification obligations) to underlying funds, the fund-of-funds may, subject to certain limitations, recall from its investors their required share of any such distributions made by the fund to its investors.

VI. Disciplinary Information

Not Applicable.

VII. Other Financial Industry Activities and Affiliations

- A. Some of our employees, including some of our executive officers and members of our Investment Committee, are registered with the Financial Industry Regulatory Association (FINRA) as representatives and/or principals of NYLIFE Distributors LLC (NYLIFE Distributors). NYLIFE Distributors is our affiliate and is registered as a broker-dealer with the SEC and a member of FINRA. By virtue of their FINRA registrations, these employees may sell interests in our private investment funds to institutional investors. These private investment funds are not required to be registered with the SEC as investment companies. Our registered employees do not receive any transaction-based compensation for selling the private investment funds. We may, however, compensate NYLIFE Distributors, which in

turn may compensate FINRA-registered employees of our affiliated investment advisers, for their efforts in promoting our private investment funds. Outside of selling private investment funds to our clients and other investors, we do not use broker-dealers that are affiliated with us in executing securities transactions for our clients.

- B. In certain instances we may receive publicly traded equity securities as the result of a stock distribution, a going public transaction or through a bankruptcy restructuring. If we then elect to dispose of such securities, we may use the services of our affiliated investment adviser, New York Life Investment Management LLC, to sell the securities on our behalf, which will execute the transactions consistent with obtaining best price and execution.
- C. We serve as investment manager to several private investment funds that are exempt from registration as investment companies under the Investment Company Act of 1940. An affiliate of ours also serves as the general partner of each of these private investment funds. Some of our executive officers, including our managing principals, and our affiliates also invest in the general partners of these private investment funds, and share in the performance-based compensation (known as carried interest) earned by such general partners. Our separate account clients have been, and in the future may be, solicited to invest in the private investment funds that we manage or in other similar funds that we may form. Institutional investors that are not otherwise our clients may also invest in our private investment funds.
- D. Pursuant to investment management agreements, we serve as investment manager for the general account and a separate account of New York Life Insurance Company (New York Life), our ultimate parent, and for a separate account for another affiliate, New York Life Insurance and Annuity Corporation (NYLIAC). We also invest these affiliates' capital in the limited and general partner interests of the private investment funds we manage. Assets that we manage on behalf of New York Life and NYLIAC, both through separately managed accounts and as investors in our private investment funds, represent a substantial portion of our assets under management.
- E. Our mezzanine private investment funds may invest in the mezzanine debt of a portfolio company when one of our existing equity co-investment funds, or our affiliates (including New York Life or NYLIAC), has invested in the same portfolio company's equity securities. As a result, our mezzanine private investment fund and clients that hold the equity securities may have conflicting interests and investment objectives, particularly if the portfolio company is distressed, insolvent, or engaged in a restructuring or considering or entering bankruptcy. These conflicting interests may cause us to take actions that we otherwise would not have taken or refrain from taking actions we otherwise would have taken on behalf of our mezzanine investment fund, equity co-investment fund or New York Life and NYLIAC.

In evaluating these potential conflicts, clients should consider the following:

- The equity investments that we make on behalf of our clients are passive minority co-investments alongside a control sponsor. Our equity co-investment funds and affiliated clients typically own less than 10% of a particular portfolio company's equity securities, and therefore it is the control sponsor, and not our equity co-investment fund and affiliated clients, that engages in the upfront negotiations with lenders, oversees the management of the company post closing, and leads any necessary restructuring efforts should the company become troubled during the life of the investment. While we have the right to participate on behalf of our equity co-investment funds and affiliated clients in a restructuring once it has been negotiated

between the control sponsor and the lenders, we do not direct or control these restructuring activities.

- Additionally, in those instances where both our mezzanine and equity co-investment funds are investors in a particular portfolio company, we will ensure that there is either a third party mezzanine provider involved in the transaction (to confirm that the mezzanine investment has been made on market terms) or we will bring that transaction to the advisory committee of our mezzanine fund. The voting members of the advisory committee for our mezzanine fund are comprised of non-affiliated third party investors. Following the making of such investment, if the company becomes troubled, our investment team will split into two separate teams, with one team responsible for negotiating on behalf of our mezzanine fund and the other team responsible for negotiating on behalf of our equity co-investment fund. If appropriate, separate counsel or restructuring experts will also be hired.

In the course of performing our investment supervisory services, we may recommend that New York Life and NYLIAC buy or sell securities that may also be appropriate for the private investment funds that we manage. This may lead to conflicts of interest between our affiliated clients and our private investment funds. The potential for such conflicts of interest has been disclosed to the investors in our private investment funds. Our clients, however, generally have different investment strategies that emphasize investments in a particular category of securities.

When such conflicts do arise, they are mitigated by the fact that we often arrange for New York Life and NYLIAC to purchase and sell such securities at the same time and at the same price and terms at which our other clients purchase and sell such securities. Also, New York Life and NYLIAC are not typically offered an opportunity to purchase such securities until other accounts with a similar investment strategy have first been offered an opportunity to purchase the full amount of such securities that they desire. Moreover, we make allocation determinations based upon the appropriateness of the investment for the client, and as a registered investment advisor we have a fiduciary obligation to treat each of our clients fairly, and we adhere to an allocation policy that prohibits us from favoring one client over another client.

In cases where client accounts or private investment funds have overlapping mandates, and we make an allocation that favors one or more particular private investment funds or accounts over others, we disclose that fact to the private investment fund(s) and its investors or the account(s) receiving the less favorable allocation.

We are also a party to a service agreement with New York Life, in which New York Life provides us services, including legal, accounting, administrative, personnel and other services for which we are billed.

VIII. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Our fiduciary relationship with our clients requires that we and our employees place the interests of our clients first. As such, our Code of Ethics (the Code) covers all employees and sets forth guidelines that promote ethical conduct generally. The Code also provides specific guidance to employees regarding conflicts of interest, board memberships, outside business activities, insider trading, personal trading and gifts and entertainment. A copy of our Code can be obtained by

sending a written request to:

NYLCAP Manager LLC
51 Madison Avenue
16th Floor
New York, New York 10010
Attention: Lorne Smith

While we permit our employees to engage in personal securities transactions, as a firm we recognize that these transactions may raise potential conflicts of interests. This is particularly true when employees' personal transactions involve securities owned by, or considered for purchase or sale by, a client account or that represent an underlying investment in a private investment fund that we have purchased in our fund-of-funds or pursuant to our fund advisory program.

Our Code addresses potential conflicts of interests by requiring that, with regard to investments and investment opportunities, our employees' first obligation is to our clients. The Code requires all of our employees to adhere to the highest duty of trust and fair dealing. In addition, all employees must conduct their personal securities transactions in a manner that does not interfere with any client's portfolio transactions, or take inappropriate advantage of an employee's relationship with a client. Specifically, all of our employees are subject to the following restrictions:

- They may not purchase or sell covered securities without pre-clearance through our Compliance Department. "Covered securities" include all types of securities except:
 - transactions involving direct obligations of the U.S. government,
 - shares of unaffiliated open end investment companies,
 - commercial paper,
 - certificates of deposit,
 - high quality short term investments, and
 - interests in qualified state college tuition programs.
- They may not trade in securities of issuers that appear on our restricted list.
- They may not trade while in possession of material, non-public information.
- They may not engage in short-term trading (the purchase and sale or sale and purchase within 30 days) of any mutual fund advised or subadvised by us or by any other affiliated investment advisor.
- They must complete and keep current an annual conflicts of interest questionnaire concerning any potential conflicts.
- They must adhere to restrictions regarding the receipt and giving of gifts and entertainment.
- They may not profit from the purchase and sale or sale and purchase of the same covered security within 60 days.
- They may not purchase securities in initial public offerings or in connection with private placements except with the express written prior approval our chief compliance officer.
- They may not participate in investment clubs.

- They must file quarterly reports and certifications of covered trading activity.
- They may not purchase or sell securities (subject to a de minimis threshold) for their own account if such securities have been purchased or sold for a client account in the prior seven days, or can reasonably be expected to be purchased or sold for a client account in the next seven days.
- They may not trade in options with respect to individual securities.

IX. Brokerage Practices

In negotiating and consummating private investments, we do not select brokers to execute purchase transactions on behalf of clients. The brokers from whom we purchase securities on behalf of our clients act solely in an agency capacity and are paid for placement services by the issuer whose securities we are purchasing.

We infrequently receive publicly traded equity securities as the result of a stock distribution, a going public transaction or through a bankruptcy restructuring. If we elect to dispose of such securities, we will execute the transaction in a manner that we believe is in the best interests of our clients. We may use the services of our affiliated investment adviser, New York Life Investment Management LLC, to sell the securities on our behalf. That firm will execute the transactions consistent with obtaining best price and execution. In certain instances when securities must have restrictive legends removed or be deposited with a clearing agency in order to be tradeable, we may determine that it is in the best interest of our clients to use a third party broker who will facilitate and accelerate the process.

We generally do not use the services of an affiliated broker-dealer in conducting our business, with the exception of offering interests in our private investment funds to clients and to other investors through NYLIFE Distributors. Our registered employees receive no transaction-based compensation for selling interests in our private investment funds. We may, however, compensate NYLIFE Distributors, which in turn may compensate employees of affiliated investment advisers who are also registered representatives of NYLIFE Distributors to compensate them for their efforts in promoting the private investment funds that we manage.

We have a policy that provides guidance and direction as to when trade orders to purchase or sell the same securities may be aggregated, or “bunched” as one order, consistent with the principal of obtaining best price and execution for our clients. Pursuant to this policy, all of our clients’ accounts will be treated fairly and equitably and no one client account will receive preferential treatment over another. This policy prohibits any of our employees from allocating or re-allocating securities to enhance the performance of one account over another account or to favor any affiliated account or any other account in which any of our employees has any interest. To the extent possible and if compatible with this objective, allocation of bunched orders will be accomplished by proportionally allocating available purchases and sales among clients.

X. Review of Accounts

- A. We review our clients’ investments and accounts on a regular basis. We believe active monitoring of investments is critical to the successful performance of our private investment funds and separately managed accounts. The investment professionals assigned to the investment for any given transaction typically maintain frequent contact with both company management and the core partner sponsor, attend board meetings as appropriate, and conduct regular financial reviews. Each investment team consists of at least one managing principal,

one junior principal or vice president, and one associate. Financial performance is analyzed and tracked against our original underwriting case and disseminated among the managing principals in ongoing monitoring reports. In addition, we maintain a portfolio scorecard that highlights those investments that require special attention or review. These investments are then reviewed in detail at our quarterly portfolio review meetings and through frequent interactions with both the company's management and the core partner sponsor.

B. A client account would be reviewed other than on a periodic basis if one of the following situations were to arise:

- a client were to approach us regarding a potential change to the strategy employed for its managed account; or
- in response to our own review and evaluation of an investment sector or current portfolio exposures, we consider a change to a strategy for one of our separately managed accounts or private investment funds.

C. Our clients receive regular written reports on the following schedule:

- Investors in the fund-of-funds, mezzanine funds and equity co-investment funds that we manage receive quarterly reports that include unaudited financial statements for the applicable fund and detailed write-ups on the investment portfolio companies, as well as annual audited financial statements. In addition, the investors in all of our funds receive annual meeting presentation reports, and investors in the equity co-investment funds receive management reports with respect to each fund investment and the fund's carrying values of such investments.
- We prepare weekly distribution reports and quarterly portfolio reviews for our affiliated clients, New York Life and NYLIAC, in respect of their investment portfolios. The quarterly portfolio reviews are delivered to New York Life Investments, which then distributes this information, together with other financial information, to New York Life and NYLIAC. We also prepare and deliver to New York Life and NYLIAC a quarterly schedule of market value and remaining commitments for each of the investments made by us on behalf of New York Life and NYLIAC's general account portfolios.
- Certain other separate accounts managed on behalf of our affiliates, including for affiliated pension and retirement trusts, receive quarterly portfolio performance and review reports prepared by us.

XI. Client Referrals and Other Compensation

We have entered into arrangements with affiliated investment advisers, certain of whose employees are also registered representatives of our affiliated broker-dealer, NYLIFE Distributors. In connection with these arrangements, we pay a fee and may pay transaction-based compensation to NYLIFE Distributors, which, in turn, may compensate the registered employees of our affiliated investment advisers for their efforts in selling, or promoting the sale of, interests in our private investment funds.

XII. Custody

With respect to the separate accounts that we manage, we do not consider the assets of our affiliates, New York Life and NYLIAC, to be in our custody.

With respect to our private investment funds, certificated assets and securities in our fund-of-funds, mezzanine funds and equity co-investment funds are considered to be in our custody. To the extent that a fund-of-funds, mezzanine fund or equity co-investment fund has assets or securities in the form of promissory notes, limited liability company certificates, shares of corporate stock or other certificated security, such fund instructs the issuer to deliver these assets or securities directly to the fund's qualified custodian. We provide investors in our fund-of-funds, mezzanine funds and equity co-investment funds with audited financial statements within 120 days from the end of each fiscal year (or 180 days in the case of the fund-of-funds). As a result, these funds' custodians are not required to supply separate monthly account statements to investors, and we are not required to engage an independent public accounting firm to conduct an annual surprise audit of our operation, as would otherwise be required by rules under the Investment Advisers Act of 1940.

XIII. Investment Discretion

We accept discretionary authority to manage securities accounts on behalf of our clients, both in respect of separately managed accounts and our private investment funds.

A separate investment management agreement is executed by us and by the authorized client signatory for each separately managed account, including by New York Life and NYLIAC. These agreements confer limited investment discretion on us as investment manager, as well as set forth the regulatory and policy restrictions applicable to such accounts.

Discretionary authority to manage the accounts of our private investment funds is conferred by way of a limited partnership agreement executed by the general partner of each fund on behalf of itself and on behalf of each investor in each fund pursuant to a power of attorney granted by the investors in their subscription documents for the applicable fund. The terms of the limited partnership agreements are negotiated in good faith by us and the investors in our private investment funds. Some investors negotiate side letters with the general partners and the fund in which they are investing, which typically set forth additional regulatory or negotiated limitations on our authority with respect to such investor, or to the relevant fund as a whole. As investment advisor to each of the private investment funds, we also execute the relevant limited partnership agreement or, in some circumstances, a separate investment management agreement, pursuant to which the general partner of each fund appoints us as investment manager for the relevant fund.

XIV. Voting Client Securities

In the course of our direct investing activities, we typically invest in private companies, not public ones. Therefore, we generally are not called upon to vote securities on behalf of clients.

However, in the event that we are called upon to vote securities on behalf of a client, we have adopted proxy voting policies and procedures designed to ensure that where clients have delegated proxy voting authority to us, all proxies are voted in the best interest of such clients without regard to our interests or those of our affiliates.

Where clients (whether separately managed accounts or one of our private investment funds) have delegated authority to vote proxies to us, we will vote these proxies in accordance with the recommendation of Institutional Shareholder Services (ISS), which provides proxy research voting recommendation services. To override an ISS recommendation, one of our managing

principals must submit a written override request to our chief compliance officer. We have procedures in place to review each such override request for potential material conflicts of interest between our clients, on the one hand, and us and our affiliates, on the other. Our chief compliance officer may also refer override requests to our proxy voting committee for appropriate resolution.

Clients who would like to obtain either a copy of our proxy voting policy and procedures or information as to how proxies were voted for securities held in their account may send a written request to:

NYLCAP Manager LLC
51 Madison Avenue
16th Floor
New York, New York 10010
Attention: Lorne Smith

XV. Financial Information

Please see our audited balance sheet as of December 31, 2009, attached as Annex A.

XVI. Requirements for State-Registered Advisers

NYLCAP Manager LLC is registered with the SEC. We are not registered with any state securities authorities.

NYLCAP Manager LLC and Subsidiaries

(An Affiliate of New York Life Insurance Company)

Consolidated Statement of Financial Position

December 31, 2009

Assets

Cash and cash equivalents	\$	41,086,542
Cash held in escrow		33,973,013
Short term investments		30,470,014
Interest receivable		17,548,922
Dividend receivable		1,623
Due from affiliates		758,014
Management fees receivable from NYLIC & NYLIAC		4,741,393
Capital call receivable		7,520,217
Accounts receivable		94,070
Income tax receivable		721,428
Total current assets		136,915,236

Investments held by NYLCP, LP		88,721,067
Investments held by NYLCP II, LP		236,892,292
Investments held by NYLCP III, LP		122,662,402
Investments held by NYLCP III-A, LP		117,329,254
Investments held by NYLCP IV, LP		101,241,127
Investments held by NYLCP IV-A, LP		57,165,915
Investments held by NYLCAP SMF, LP		24,238,540
Investments held by NYLIMMP, LP		108,122,494
Investments held by NYLIMMPF, LP		49,901,912
Investments held by NYLIMMP II, LP		450,371,412
Investments held by NYLIMMPF II, LP		110,748,891
Investments in other partnerships		3,095,139
Deferred tax asset		6,398,246
Advances to principals and team members		3,770,266
Total assets	\$	1,617,574,193

Liabilities and Members' Capital

Accounts payable and accrued liabilities	\$	3,997,900
Due to related parties		17,216,312
Other payables		97,253
Total current liabilities		21,311,465
Members' equity		103,920,385
Non-controlling interest		1,492,342,343
Total equity		1,596,262,728
Total liabilities and equity	\$	1,617,574,193

The accompanying notes are an integral part of the Consolidated Statement of Financial Position.

NYLCAP Manager LLC and Subsidiaries

(An Affiliate of New York Life Insurance Company)

Notes to Consolidated Statement of Financial Position

December 31, 2009

1. Organization and Business

NYLCAP Manager LLC (“NYLCAP Manager”) is a Delaware limited liability company formed on December 8, 1999 to act as the Investment Manager of the following private equity funds (“Partnerships”) sponsored by New York Life Insurance Company (“NYLIC”):

Partnership Name	Acronym	Final Closing Date	Scheduled Termination Date *
New York Life Capital Partners, L.P.	NYLCP, LP	December 29, 1999	December 31, 2010
New York Life Capital Partners II, L.P.	NYLCP II, LP	August 1, 2001	December 31, 2010
New York Life Capital Partners III, L.P.	NYLCP III, LP	June 19, 2006	June 19, 2016
New York Life Capital Partners III-A, L.P.	NYLCP III-A, LP	October 10, 2005	June 19, 2016
New York Life Capital Partners IV, L.P.	NYLCP IV, LP	January 8, 2008	January 8, 2018
New York Life Capital Partners IV-A, L.P.	NYLCP IV-A, LP	January 8, 2008	January 8, 2018
New York Life Investment Management Mezzanine Partners, L.P.	NYLIMMP, LP	July 30, 2003	September 10, 2012
NYLIM Mezzanine Partners Parallel Fund, L.P.	NYLIMMPPF, LP	July 30, 2003	September 10, 2012
New York Life Investment Management Mezzanine Partners II, L.P.	NYLIMMP II, LP	October 31, 2007	July 31, 2016
NYLIM Mezzanine Partners II Parallel Fund, L.P.	NYLIMMPPF II, LP	December 28, 2006	July 31, 2016
NYLCAP Select Manager Fund, LP	NYLCAP SMF, LP	January 15, 2010	July 11, 2022

* As defined per the applicable Limited Partnership Agreement, unless terminated earlier or extended in accordance with such Agreement

NYLCP III, LP and NYLCP III-A, LP are collectively referred to as the “NYLCP III Funds”.

NYLCP IV, LP and NYLCP IV-A, LP are collectively referred to as the “NYLCP IV Funds”.

NYLIMMP, LP and NYLIMMPPF, LP are collectively referred to as the “Mezzanine Funds”.

NYLIMMP II, LP and NYLIMMPPF II, LP are collectively referred to as the “Mezzanine II Funds”.

NYLCAP Manager also serves as investment manager for NYLIC’s existing Leverage Buy Out (“LBO”), Venture and International Direct and Fund investment programs and Mezzanine Fund program, New York Life Insurance and Annuities (“NYLIAC”) Mezzanine Fund program, and New York Life Insurance Company’s Separate Account 39. NYLCAP Manager is a wholly owned subsidiary of New York Life Investment Management Holdings LLC (“NYLIMH” or “Member”), a wholly owned subsidiary of NYLIC.

NYLCAP Manager LLC and Subsidiaries

(An Affiliate of New York Life Insurance Company)

Notes to Consolidated Statement of Financial Position

December 31, 2009

General Partners

Partnership	General Partner	Acronym	Unfunded Commitment at 12/31/2009
NYLCP, LP	New York Life Capital Partners, L.L.C.	NYLCP, LLC	\$934,474
NYLCP II, LP	New York Life Capital Partners II, L.L.C.	NYLCP II, LLC	\$6,796,497
NYLCP III, LP	New York Life Capital Partners III GenPar, L.P.	NYLCP III GenPar, LP	\$393,624
NYLCP III-A, LP	New York Life Capital Partners III GenPar, L.P.	NYLCP III GenPar, LP	\$3,148,986
NYLCP IV, LP	New York Life Capital Partners IV GenPar, L.P.	NYLCP IV GenPar, LP	\$10,258,382
NYLCP IV-A, LP	New York Life Capital Partners IV GenPar, L.P.	NYLCP IV GenPar, LP	\$5,983,431
NYLIMMP, L.P.	NYLIM Mezzanine GenPar, L.P.	Mezz GenPar, LP	\$7,117,893
NYLIMMPF, L.P.	NYLIM Mezzanine GenPar, L.P.	Mezz GenPar, LP	\$3,400,769
NYLIMMP II, L.P.	NYLIM Mezzanine II GenPar, L.P.	Mezz II GenPar, LP	\$9,358,860
NYLIMMPF II, L.P.	NYLIM Mezzanine II GenPar, L.P.	Mezz II GenPar, LP	\$2,299,350
NYLCAP SMF, L.P.	NYLCAP Select Manager GenPar, LP	NYLCAP SMF GenPar, LP	\$1,482,128

General Partner ("GP")	General Partner of GP *
NYLCP III GenPar, LP	New York Life Capital Partners III GenPar GP, L.L.C.
NYLCP IV GenPar, LP	New York Life Capital Partners IV GenPar GP, L.L.C.
Mezz GenPar, LP	NYLIM Mezzanine GenPar GP, L.L.C.
Mezz II GenPar, LP	NYLIM Mezzanine II GenPar GP, L.L.C.
NYLCAP SMF GenPar, LP	NYLCAP Select Manager GenPar GP, L.L.C.

* The General Partner of each GP respectively is a wholly owned subsidiary of NYLCAP Manager.

2. Significant Accounting Policies

Basis of Presentation

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Consolidation and Financial Statements

The consolidated financial statements include the accounts of NYLCAP Manager and its subsidiaries. The General Partners and Partnerships are voting interest entities that consolidate into NYLCAP Manager and General Partners, respectively. Intercompany transactions have been eliminated in consolidation. NYLCP, LLC has a 5% interest as a General Partner of NYLCP, LP. NYLCP II, LLC has a 10% interest as a General Partner of NYLCP II, LP. NYLCP III GenPar, LP has a 5% interest as a General Partner of the NYLCP III Funds. NYLCP IV GenPar, LP has a 5% interest as a General Partner of the NYLCP IV Funds, NYLIM Mezz GenPar, LP has a 5% interest as a General Partner of the Mezzanine Funds. NYLIM Mezz II GenPar, LP has a 5% interest as a General Partner of the Mezzanine II Funds; NYLCAP SMF GenPar LP has a 1.97% interest as a General Partner of NYLCAP SMF, LP. These General Partners have limited kickout rights and, therefore, the respective Partnerships consolidate into the General Partners.

NYLCAP Manager LLC and Subsidiaries

(An Affiliate of New York Life Insurance Company)

Notes to Consolidated Statement of Financial Position

December 31, 2009

Cash and Cash Equivalents

Cash includes cash held on deposit in a segregated account with NYLCAP Manager's custodian. Cash equivalents are short-term, highly liquid investments that are readily convertible and have an original maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value.

Investments in the Short Term Investment Fund

The New York Life Short Term Investment Fund ("STIF") is a partnership, managed by New York Life Investment Management, LLC ("NYLIM") a wholly owned subsidiary of NYLIMH, whose purpose is to pool and invest the cash and liquid assets of its partners, which consist of NYLIC and various affiliates. NYLCAP Manager's investment in the STIF is carried at fair value. Interest income earned from STIF totaled \$190,105 for 2009.

Investments and Fair Valuation of Financial Instruments

Investments held in the Partnerships are valued at fair value as determined by the General Partners. Although the General Partners use their best judgment in estimating the fair value of investments, there are inherent limitations in any estimation technique. Therefore the values are not necessarily indicative of the amounts the Partnerships would realize in a current transaction. Future confirming events will also affect the estimate of fair value and the effect of such events on the estimate of fair value, including the ultimate liquidation of the investments, could be material to the financial statements.

Securities with a readily available market (listed on a securities exchange or traded in the over-the-counter market) are valued at the market price on the date of valuation or at an appropriate discount or premium to such price, as determined by the General Partner.

Foreign Currency Translation

The Partnerships invest in assets and securities of non-U.S. issuers. Certain investments in foreign companies, limited partnerships or limited liability companies with investments in foreign companies are denominated in foreign currencies. Such investments are translated into U.S. dollars using the prevailing exchange rate as of the date of the financial statements. Purchases and sales of investments and income and expense items denominated in foreign currencies are translated into U.S. dollars on the respective date of such transactions. Such fluctuations are included with either the net realized or unrealized investment gains and losses in the Consolidated Statement of Income.

New Accounting Pronouncements

In February 2010, the FASB issued Accounting Standards Updated (ASU) 2010-10, *Amendments to Statement 167 for Certain Investment Funds*. ASU 2010-10 defers the effective date of ASU 2009-17 for certain investment entities to allow the FASB to work with the International Accounting Standards Board (IASB) in developing consistent consolidation guidance. The deferral applies to a reporting entity's (i.e. investment manager's) interest in an entity (i) that has the attributes of an investment company or (ii) for which is industry practice to apply measurement principles for financial reporting purposes that are consistent with those followed by investment companies. The deferral in ASU 2010-10 does not apply in situations in which a reporting entity has the explicit or implicit obligation to fund actual losses of an entity that could potentially be significant to the entity. ASU 2010-10 is effective for annual reporting periods beginning on or after November 15, 2009, and for interim periods within that first annual

NYLCAP Manager LLC and Subsidiaries
(An Affiliate of New York Life Insurance Company)
Notes to Consolidated Statement of Financial Position
December 31, 2009

reporting period. NYLCAP Manager is currently in the process of analyzing whether it can avail of the FAS 167 deferral.

In June 2009, the FASB issued authoritative guidance for, and on July 1, 2009 launched, the FASB's Accounting Standards Codification as the source of authoritative GAAP to be applied by nongovernmental entities. The Codification is not intended to change GAAP but is a new structure which takes accounting pronouncements and organizes them by accounting topic. This guidance is effective for financial statements issued for interim and annual periods ending after September 15, 2009. NYLCAP Manager's adoption of this guidance impacts references to GAAP accounting standards in NYLCAP Manager's financial statements.

NYLCAP Manager adopted Financial Accounting Standards Board ("FASB") ASC 810 *"Noncontrolling Interests in Consolidated Financial Statements"* (formerly SFAS 160), effective January 1, 2009. ASC 810 issued authoritative guidance related to non-controlling interests (formerly known as "minority interests"). The guidance includes provisions that call for (i) the ownership interests in subsidiaries held by parties other than the parent be clearly identified, labeled, and presented in the consolidated statement of financial position within equity, but separate from the parent's equity, (ii) the amount of consolidated net income attributable to the parent and to the non-controlling interest be clearly identified and presented on the face of the consolidated statement of income and other comprehensive income and (iii) all changes in a parent's ownership interest in a subsidiary when control of the subsidiary is retained should be accounted for consistently as equity transactions. NYLCAP Manager's adoption of this guidance did not have a material effect on NYLCAP Manager's consolidated financial position or results of operations, but did affect financial statement presentation and disclosure. The adoption of this guidance resulted in \$1,492,342,343 of non-controlling interest being reclassified into equity on the Consolidated Statement of Financial Position as of December 31, 2009.

3. Investment and Consolidation of the General Partners and the Partnerships

The Partnerships have been consolidated based on NYLCAP Manager and the General Partners' claim on the net assets of the Partnerships, which include the effect of the carried interest and the management fees paid by the limited partners to NYLCAP Manager in determining the non-controlling interest in the net assets and earnings or losses of the Partnerships. As of December 31, 2009, NYLCAP Manager's claim on the net assets of the Partnerships included unrealized performance fee allocations of \$3,551,267.

NYLCAP Manager LLC and Subsidiaries
(An Affiliate of New York Life Insurance Company)
Notes to Consolidated Statement of Financial Position
December 31, 2009

Following are condensed schedules of investments for the Partnerships as of December 31, 2009:

NYLCP, LP

	Fair Value	Percentage of Partners' Capital of the Partnership
Consumer Durables & Apparel	\$11,366,036	10.4%
Food & Beverage	2,477,471	2.3%
Healthcare	23,570,540	21.7%
Hotels, Restaurants & Leisure	1,779,339	1.6%
Media & Publishing	45,190,927	41.6%
Packaging	1	0.0%
Telecommunications	4,336,753	4.1%
Total (cost \$164,800,455)	<u>\$88,721,067</u>	<u>81.7%</u>

NYLCP II, LP

	Fair Value	Percentage of Partners' Capital of the Partnership
Automobiles & Components	\$1,477,234	0.6%
Building Products	1	0.0%
Commercial Services & Supplies	137,766,910	56.4%
Food & Beverage	7,828,700	3.2%
Government Services	452,471	0.2%
Healthcare	30,817,212	12.6%
Materials	6,139,912	2.5%
Media & Publishing	360,805	0.1%
Retail	52,049,047	21.3%
Total (cost \$121,781,806)	<u>\$236,892,292</u>	<u>96.9%</u>

NYLCAP Manager LLC and Subsidiaries
(An Affiliate of New York Life Insurance Company)
Notes to Consolidated Statement of Financial Position
December 31, 2009

NYLCP III, LP

	Fair Value	Percentage of Partners' Capital of the Partnership
Commercial Services & Supplies	\$24,429,705	19.9%
Education	17,013,997	13.9%
Energy	6,068,865	4.9%
Entertainment	6,879,286	5.6%
Financial	9,349,835	7.6%
Healthcare	13,401,269	11.0%
Materials	44,760	0.0%
Media & Publishing	11,141,211	9.1%
Retailing	7,733,992	6.3%
Telecom	26,599,482	21.8%
Total (cost \$171,197,092)	<u>\$122,662,402</u>	<u>100.1%</u>

NYLCP III-A, LP

	Fair Value	Percentage of Partners' Capital of the Partnership
Commercial Services & Supplies	\$23,367,542	19.9%
Education	16,274,256	13.9%
Energy	5,805,002	4.9%
Entertainment	6,580,187	5.6%
Financial	8,943,322	7.6%
Healthcare	12,818,606	11.0%
Materials	42,814	0.0%
Media & Publishing	10,656,811	9.1%
Retailing	7,397,731	6.3%
Telecom	25,442,983	21.8%
Total (cost \$163,753,737)	<u>\$117,329,254</u>	<u>100.1%</u>

NYLCAP Manager LLC and Subsidiaries
(An Affiliate of New York Life Insurance Company)
Notes to Consolidated Statement of Financial Position
December 31, 2009

NYLCP IV, LP

	Fair Value	Percentage of Partners' Capital of the Partnership
Energy	\$13,854,821	13.0%
Commercial Services & Supplies	19,633,451	18.6%
Consumer Durables & Apparel	32,636,414	30.8%
Energy	8,956,000	8.4%
Financial	10,563,358	10.0%
Hotels, Restaurants & Leisure	5,666,667	5.3%
Media & Publishing	9,930,416	9.4%
Total (cost \$75,797,850)	<u>\$101,241,127</u>	<u>95.5%</u>

NYLCP IV-A, LP

	Fair Value	Percentage of Partners' Capital of the Partnership
Energy	\$8,021,212	13.7%
Commercial Services & Supplies	11,366,735	19.4%
Consumer Durables & Apparel	18,894,766	32.2%
Energy	5,185,053	8.8%
Financial	6,115,628	10.4%
Hotels, Restaurants & Leisure	1,833,333	3.1%
Media & Publishing	5,749,188	9.8%
Total (cost \$42,435,598)	<u>\$57,165,915</u>	<u>97.4%</u>

NYLCAP Manager LLC and Subsidiaries
(An Affiliate of New York Life Insurance Company)
Notes to Consolidated Statement of Financial Position
December 31, 2009

NYLIMMP, LP

	Fair Value	Percentage of Partners' Capital of the Partnership
Business Services	\$9,996,348	8.1%
Consumer Products	33,548,691	27.4%
Education	16,071,980	12.8%
Healthcare	17,080,921	13.9%
Industrial	14,331,885	11.6%
Media	16,710,088	13.6%
Technology	382,581	0.3%
Total (cost \$100,335,749)	<u>\$108,122,494</u>	<u>87.7%</u>

NYLIMMPPE, LP

	Fair Value	Percentage of Partners' Capital of the Partnership
Business Services	\$4,614,016	8.1%
Consumer Products	15,484,600	27.3%
Education	7,416,709	12.8%
Healthcare	7,883,500	13.9%
Industrial	6,614,785	11.7%
Media	7,712,403	13.8%
Technology	175,899	0.3%
Total (cost \$46,311,010)	<u>\$49,901,912</u>	<u>87.9%</u>

NYLCAP Manager LLC and Subsidiaries
(An Affiliate of New York Life Insurance Company)
Notes to Consolidated Statement of Financial Position
December 31, 2009

NYLIMMP II, LP

	Fair Value	Percentage of Partners' Capital of the Partnership
Business Services	\$37,937,685	8.1%
Commercial Services & Supplies	29,286,869	6.3%
Consumer Products	92,162,673	19.7%
Education	12,101,205	2.6%
Energy	10,067,282	2.1%
Entertainment/Gaming	20,667,386	4.4%
Government Services	30,137,552	6.5%
Healthcare	68,117,199	14.7%
Industrial	56,140,112	12.1%
Media	56,694,522	12.2%
Transportation	37,058,927	8.0%
Total (cost \$475,991,955)	<u>\$450,371,412</u>	<u>96.7%</u>

NYLIMMPF II, LP

	Fair Value	Percentage of Partners' Capital of the Partnership
Business Services	\$9,329,126	8.1%
Commercial Services & Supplies	7,201,683	6.3%
Consumer Products	22,664,622	19.7%
Education	2,975,702	2.6%
Energy	2,475,559	2.1%
Entertainment/Gaming	5,082,140	4.4%
Government Services	7,409,618	6.5%
Healthcare	16,750,750	14.7%
Industrial	13,804,932	12.1%
Media	13,941,737	12.2%
Transportation	9,113,022	8.0%
Total (cost \$117,050,136)	<u>\$110,748,891</u>	<u>96.7%</u>

NYLCAP Manager LLC and Subsidiaries
(An Affiliate of New York Life Insurance Company)
Notes to Consolidated Statement of Financial Position
December 31, 2009

NYLCAP SMF, LP

	Fair Value	Percentage of Partners' Capital of the Partnership
Consumer Discretionary	\$5,344,309	20.8%
Business Services	4,242,243	16.5%
Health Care	3,137,357	12.2%
Industrials	3,040,918	11.9%
Information Technology	2,838,864	11.1%
Energy	2,075,438	8.1%
Telecommunications Services	1,246,081	4.9%
Consumer Staples	843,848	3.3%
Other Underlying Fund Assets (e.g. cash balances)	1,469,482	5.7%
Total (cost \$23,951,083)	<u>\$24,238,540</u>	<u>94.5%</u>

4. Fair Value Measurements

The Partnerships adopted FASB ASC 820, “*Fair Value Measurements and Disclosures*” (formerly SFAS 157), as of January 1, 2008. This pronouncement defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosure amount for fair value measurements.

FASB ASC 820 establishes a hierarchal disclosure framework which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted price (unadjusted) in active markets for identical investments (Level I) and the lowest priority to unobservable inputs (Level III).

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments in this category generally include listed equities and debt securities.
- Level II – Pricing inputs are other than quoted prices included within Level I that are observable, either directly or indirectly through corroboration with observable market data. The types of investments in this category generally include equity and/or debt securities valued at quoted prices adjusted for restrictions specific to these investments.
- Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The types of

NYLCAP Manager LLC and Subsidiaries
(An Affiliate of New York Life Insurance Company)
Notes to Consolidated Statement of Financial Position
December 31, 2009

investments in this category generally include equity and/or debt securities, limited partnership or limited liability company interests in private equity investments.

The following table summarizes NYLCAP Manager's consolidated investments by the FASB ASC 820 fair value hierarchy levels as of December 31, 2009:

	Quoted Prices in Active Markets for identical Assets	Significant Observable Inputs	Significant Unobservable Inputs	Total
	Level I	Level II	Level III	
Mezzanine and Debt Securities	\$ -	\$ -	\$ 583,804,124	\$ 583,804,124
Equity and Equity Related Securities	18,878,963	-	344,871,688	363,750,651
LLC/LP Interest	10,749,501	-	498,000,745	508,750,246
Other	-	-	11,090,285	11,090,285
Short Term Money Market	64,443,027	-	-	64,443,027
	<u>\$ 94,071,491</u>	<u>\$ -</u>	<u>\$ 1,437,766,842</u>	<u>\$ 1,531,838,333</u>

The changes in the Partnerships' investments measured at fair value for which the Partnerships used Level III inputs to determine fair value are as follows:

	Mezzanine and Debt Securities	Equity and Equity Related Securities	LLC/ LP Interest	Other	Total
Beginning Balance	\$ 563,434,842	\$ 276,349,209	\$ 444,601,039	6,015,774	\$ 1,290,400,864
Total Gain or Loss:					
Realized Gain/(Loss)	(82,955,547)	(9,688,065)	6,888,035	571,749	(85,183,828)
Unrealized Gain/(Loss)	59,564,115	99,315,491	49,173,582	(2,959,516)	205,093,672
Purchases	64,216,856	6,878,812	38,295,953	4,818,289	114,209,910
PIK / Amortization	19,008,957	-	154,664	3,434,939	22,598,560
Sales	(38,802,683)	(14,505,953)	(33,923,501)	(790,950)	(88,023,087)
Transfer In/(Out)	(662,416)	(13,477,806)	(7,189,027)	-	(21,329,249)
Ending Balance	<u>\$ 583,804,124</u>	<u>\$ 344,871,688</u>	<u>\$ 498,000,745</u>	<u>\$ 11,090,285</u>	<u>\$ 1,437,766,842</u>

5. Business Risks and Uncertainties

NYLCAP Manager, as the investment manager for the underlying Partnerships and managed accounts, is sensitive to movements in the fair value of these investments.

The underlying Partnerships' investments in non-U.S. countries involves risks that may not be associated with the local U.S. market. Investments of this type may be subject to significant price fluctuations and other risks, including risks relating to currency exchange matters, differences between the U.S. and non-U.S. securities markets, certain economic and political risks, and the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities.

Certain of the Partnerships' investments are also subject to the risks associated with investing in private equity securities. The investments in private equity securities are generally illiquid, and there can be no assurance that the underlying Partnerships will be able to realize the value of such investments in a timely manner.

NYLCAP Manager LLC and Subsidiaries
(An Affiliate of New York Life Insurance Company)
Notes to Consolidated Statement of Financial Position
December 31, 2009

6. Contingencies and Commitments

In the normal course of business, NYLCAP Manager enters into contracts that contain a variety of representations and warranties that provide general indemnifications. NYLCAP Manager's maximum exposure under these agreements is unknown, as this would involve future claims that may be made against NYLCAP Manager that have not yet occurred. However, based on experience, NYLCAP Manager expects the risk of loss to be remote.

7. Line of Credit

NYLCAP Manager was party to a credit agreement with New York Life Capital Corporation ("NYLCC") to borrow up to an aggregate principal amount of \$70,000,000 at a rate equal to the 90-day LIBOR rate. On July 15, 2009, the NYLCAP Manager credit agreement with NYLCC was terminated and a new credit agreement between NYLIMH and NYLCAP Manager was entered into, providing for NYLCAP Manager to borrow up to an aggregate of \$200,000,000 at an annual interest rate equal to the 90-day LIBOR rate.

8. Other Investments

NYLCAP Manager is a shareholder in NYLIM-JB and NYLIM-JB III. NYLCAP Manager holds 24.66% of two classes of shares, designated as Management Shares and Co-Invest Shares in both NYLIM-JB and NYLIM-JB III.