

Oak Hill Capital Management, LLC

Part 2A of Form ADV

The Brochure

65 East 55th Street, 32nd Floor
New York, NY 10022
www.oakhillcapital.com

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This brochure provides information about the qualifications and business practices of Oak Hill Capital Management, LLC (“OHCM”). If you have any questions about the contents of this brochure, please contact us at 212-527-8400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about OHCM is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

OHCM's previous update to Part 2A of Form ADV was made in March 2012. OHCM's business activities have not changed materially since the time of that update. This brochure has been updated to address various administrative matters, including additional disclosure regarding cross-ownership in Oak Hill Advisors, the formation and utilization of an Environmental, Social and Governance ("ESG") Committee, the utilization of various consultants, including dedicated operating consultants, and the possibility of investments by various other Oak Hill Partnerships in portfolio companies, from time to time. This brochure reflects OHCM's regulatory assets under management as of December 31, 2011.

Table of Contents

Material Changes.....	2
Table of Contents	2
Advisory Business.....	2
Fees and Compensation.....	3
Performance Based Fees and Side-by-Side Management.....	5
Types of Clients.....	5
Methods of Analysis, Investment Strategies and Risk of Loss	6
Disciplinary Information	7
Other Financial Industry Activities and Affiliations	7
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	8
Brokerage Practices	9
Review of Accounts	9
Client Referrals and Other Compensation.....	10
Custody	10
Investment Discretion.....	10
Voting Client Securities	10
Financial Information	11

Advisory Business

OHCM provides investment advisory services to Oak Hill Capital Partners, L.P. (together with Oak Hill Capital Management Partners, L.P., its parallel fund, and related investment vehicles, "OHCP I"), Oak Hill Capital Partners II, L.P. (together with Oak Hill Capital Management Partners II, L.P., its parallel fund, and related investment vehicles, "OHCP II"), and Oak Hill Capital Partners III, L.P. (together with Oak Hill Capital Management Partners III, L.P., its parallel fund, and related investment vehicles, "OHCP III"). OHCP I, OHCP II and OHCP III are private equity funds that, during their respective investment periods, focus on making investments primarily in private securities.

OHSOF Management, LLC ("OHSOM") is an affiliate of OHCM. It was formed in 2002 for the sole purpose of acting as the joint venture partner with Oak Hill Advisors, L.P. ("OHA"), an independent and unaffiliated adviser. OHSOM and OHA formed Oak Hill Special Opportunities Management, LLC ("OHSOF Manager"). OHSOF Manager provides investment advisory services to Oak Hill Special Opportunities Fund, L.P. (together with Oak Hill Special

Opportunities Fund (Management), L.P., its parallel fund, and related investment vehicles, (“OHSOF”). OHSOF is a fund that primarily makes investments in securities of distressed companies and other assets. OHSOM primarily provides investment advice to OHSOF Manager with respect to certain of OHSOF’s private equity investments in distressed companies. OHA primarily provides investment advice with respect to the remaining investments.

OHCP I, OHCP II, OHCP III and OHSOF are closed to new capital commitments.

OHCM provides investment advisory services, directly and through OHSOM, to its advisory clients, OHCP I, OHCP II, OHCP III and OHSOF and co-investment vehicles formed to invest alongside OHCP I, OHCP II and OHCP III (collectively, the “Registrant Clients”). The term “Registrant” used herein shall collectively refer to OHCM and OHSOM.

The Registrant provides investment advisory services for the Registrant Clients, each of which are privately offered funds which primarily focus on making private equity investments. The Registrant Clients may invest in non-U.S. companies and may hedge their currency risk by purchasing protection, which may take the form of put options, collars and/or forward contracts. The Registrant provides investment advisory services in accordance with the constituent documents of each of the Registrant Clients.

OHCM was legally organized in 2004, but has been doing business through its predecessor entities since 1986. OHCM is owned by OHCM Management, LLC. OHCM Management, LLC is majority owned by investment professionals at OHCM. Robert M. Bass is a lead investor in OHCP I, OHCP II, OHCP III and OHSOF. Mr. Bass owns a minority interest in OHCM Management, LLC. OHCP I, OHCP II, OHCP III and OHSOF had initial capital commitments of over \$8 billion, in aggregate. As of December 31, 2011, the value of invested capital and remaining unfunded commitments (regulatory assets under management) was approximately \$8.1 billion. OHCM manages all assets on a discretionary basis.

Fees and Compensation

Management fees are generally payable tri-annually in advance. Such fees are payable on a pro rata basis for any period that is less than a full tri-annual period. Fee arrangements vary for the Registrant Clients and are described in the constituent documents for each Registrant Client. Each of the investment advisory agreements or other constituent documents generally provide for a management fee of 0.75%-1.75% per annum of the capital commitments or actively invested capital of a Registrant Client during the expected life of the Registrant Client. All management fees were negotiated with the Registrant Clients’ investors during the fund raising period of the applicable Registrant Client. In addition, Registrant Clients are generally subject to a carried interest or incentive allocation of 20% of profits on distributions derived from the disposition of investments or securities (following a preferred rate of return of 8% to the investors). The Registrant may waive or reduce management fees and/or carried interest for the Registrant’s employees and a limited number of strategic partners and consultants who invest in certain of the Registrant Clients.

All costs and expenses related to the acquisition, carrying, management or disposition of investments including, but not limited to private placement fees, sales commissions, appraisal fees, taxes, brokerage fees, underwriting commissions and discounts, accounting, legal,

investment banking, consulting, information services, professional fees, custodial, trustee, record keeping, partnership reporting, taxes, insurance, telephone, travel (which may, on occasion, include the use of non-commercial planes, in which case the equivalent of no more than a first class ticket may be charged) and other such expenses are either paid by or reimbursed to the Registrant by the Registrant Clients. Some of the above services may be provided at cost by Registrant's affiliates or support entities.

Expenses incurred by members of the Advisory Board of the Registrant Clients in connection with attending Advisory Board meetings may be paid by (or reimbursed to the Registrant by) the Registrant Clients. From time to time, Registrant may also retain consulting firms and advisors (including dedicated operating and restructuring consultants) to conduct due diligence, provide industry analysis and provide ongoing consulting services to the portfolio companies. The related consulting expenses are borne by the Registrant Clients. A detailed list of various other expenses paid by the Registrant Clients is set forth in the applicable constituent documents of the Registrant Clients. Information regarding the Registrant's brokerage practices is included in this brochure under the heading *Brokerage Practices*.

In order to improve efficiency and reduce certain costs, the Registrant has experienced in-house accounting, legal and insurance departments that provide support to the Registrant Clients and their respective portfolio companies on an ongoing basis. These departments assist with the acquisitions, carrying and disposition of investments, including, without limitation, mergers and acquisitions, regulatory support, risk management and litigation management. Such in-house departments are an alternative to the outsourcing of significant legal, accounting and insurance services to top tier firms. All costs and expenses of such departments for work done on Registrant Client matters, including expenses of compensation, benefits, support staff (e.g. paralegals and administrative assistants), rent and related expenses, communications, information technology, human resources, recruiting costs and other indirect and incidental expenses, are fully allocable to the Registrant Clients. There is no profit or mark-up for the services of such departments, which are provided at cost. Costs and expenses of the accounting, legal and insurance departments are allocable among the Registrant and the Registrant Clients (including predecessor entities) in accordance with services provided.

In order to achieve various cost savings, the Registrant formed Oak Hill Purchasing Group, LLC ("OHPG") to negotiate the bulk purchase of various products and services used by the portfolio companies held by the Registrant Clients ("Oak Hill Portfolio Purchasing Program"). The objective of the Oak Hill Portfolio Purchasing Program is to use the combined purchasing power of the portfolio companies to negotiate the best price and service. Purchases by the portfolio companies, including the decision whether to utilize the services of OHPG, are made by portfolio company management and not the Registrant. The Registrant is the managing member of OHPG, but does not receive fees for the operation of OHPG or the provision of procurement services to portfolio companies. The Registrant Clients are allocated certain internal accounting, legal, operational and management costs as well as certain external legal, consulting and other costs associated with the administration of the Oak Hill Portfolio Purchasing Program. The Registrant and certain of its strategic partners may choose to participate as purchasers of such products and services at the negotiated rate, on the same terms and conditions as the portfolio companies and thus are beneficiaries of the arrangement to the extent utilized and accordingly pay a portion of the program expenses. Each entity that purchases products and services at the negotiated rate

either contracts directly with the provider of those products and services or enters into a master service agreement, and is billed separately for the products and services it purchases, and is liable for the costs of those products and services.

Also, in order to reduce certain costs, (i) the Registrant utilizes services provided by certain back-office administrative entities, including Bass Enterprises Production Co. (“BEPCO”), in which Robert M. Bass has an ownership interest, and (ii) the Registrant has certain administrative entities that it utilizes for administrative services (relating to legal, accounting, insurance, human resources and information technology support). To the extent that such services are used by the Registrant Clients they are charged to the Registrant Clients at cost.

In order to achieve certain economies of scale, the Registrant shares such administrative support with independent and unaffiliated entities, some of which may bear the Oak Hill name.

Performance Based Fees and Side-by-Side Management

As stated in the *Fees and Compensation* section above, OHCM charges performance based carried interest or incentive allocation, which are based on a share of gains of the client’s assets.

Such carried interest or incentive allocation based on investment profits may create an incentive for OHCM to make investments on behalf of the Registrant Clients that are riskier or more speculative than would be the case in the absence of such amounts.

The Registrant seeks to address these conflicts through careful vetting of investment opportunities by the Registrant’s investment professionals, full disclosure of investments to limited partners by way of quarterly reports and investor calls, as well as investment by a number of the Registrant’s investment professionals alongside the Registrant Clients, in an effort to align Registrant’s and the Registrant Clients’ interests. In addition, the constituent documents of the Registrant Clients that provide for performance based carried interest or incentive allocation also have “claw back” provisions.

Types of Clients

OHCM provides investment advisory services, directly and through OHSOM, to privately offered funds, that invest primarily in private equity. Investors in the privately offered funds managed by OHCM may include high net worth individuals and a variety of institutional investors (e.g. trusts, employee benefit plans, endowments, foundations, corporations and other types of entities, including private funds of funds). All investors are required to be “accredited investors” (as defined in Regulation D promulgated under the Securities Act of 1933) or otherwise be permitted to invest under applicable securities laws.

Methods of Analysis, Investment Strategies and Risk of Loss

The Registrant provides investment advisory services for the Registrant Clients, all of which are privately offered funds that make investments primarily in private equity. The investment teams are organized across six industry verticals:

- Basic Industries
- Business and Financial Services
- Consumer, Retail & Distribution
- Healthcare
- Media and Telecommunications
- Technology

Typically in private equity transactions, the main source of information regarding prospective portfolio companies is due diligence performed on such companies, which involves, among other activities, inspecting the books and records of the company, interviewing management, and analysis of the company within its relevant industry. On certain occasions, an investment is made in a public company, in which case publicly filed corporate documents are also inspected by the Registrant. In the course of undertaking transactions, the Registrant consults with professional advisors, including lawyers and accountants.

In the course of undertaking due diligence and investment analysis, the Registrant may also consult with other investment advisers bearing the Oak Hill name, including OHA. OHA's clients may participate in the issuance of debt by portfolio companies of the Registrant Clients and/or may purchase the debt securities of such portfolio companies in debt markets. With respect to original issuances, debt interests may be purchased net of the underwriting spread charged by underwriters.

The Registrant has consistently pursued a value-oriented, "principle-minded" investment approach that emphasizes rigorous due diligence and disciplined valuations. The investment teams seek to employ the following strategies:

- Build Distinctive Industry Expertise
- Proactively Originate Investments that Align with Investment Themes
- Structure Solutions to Resolve Complex Situations
- Actively Build Businesses and Enhance Portfolio Company Value

Acquiring an interest in the Registrant Clients involves a number of risks. An investment in the Registrant Clients may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in the Registrant Clients, and are capable of bearing illiquidity for substantial periods of time. No guarantee or representation is made that the Registrant Clients will achieve their investment objectives or that investors will receive a return of their capital.

Investing in the Registrant Clients involves a risk of loss, and the investment strategy offered by the Registrant could lose money over short or even long periods. Prospective and existing investors are advised to review the offering materials and other constituent documents for full details on each applicable fund's investment, operational and other actual and potential risks.

Disciplinary Information

OHCM and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to an investor's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

Related persons of Registrant may serve as directors and officers of, and provide advice to, publicly traded companies, private companies and various predecessor entities (including Robert M. Bass). The Registrant Clients should be aware that receipt of material non-public information by Registrant's related persons regarding these companies could preclude Registrant from effecting transactions in the securities of such companies. Compensation for directorships with portfolio companies of the Registrant Clients is transferred for the benefit of the relevant Registrant Client(s).

Certain of the related persons of Registrant may have personal investments in companies, limited partnerships or limited liability companies, including other partnerships and management entities with the Oak Hill name (including Oak Hill Advisors), other investment funds, and investments sponsored by Robert M. Bass. To the extent that conflicts arise, they are reviewed by the Registrant's Compliance Department.

On occasion, OHCP I, OHCP II and OHCP III may form co-investment vehicles managed by the general partner of OHCP I, OHCP II or OHCP III to invest alongside OHCP I, OHCP II and OHCP III in portfolio companies where the Registrant Clients will make or have made an investment. Typically, co-investment vehicles will be allocated a pro-rata share (relative to capital invested) of transaction fees, portfolio monitoring fees, management fees and similar payments from portfolio companies. With respect to certain co-investments, to the extent agreed upon by co-investors, Registrant or its Related Persons may retain relevant transaction fees or portfolio monitoring fees, earn carried interest and receive a management fee that will not reduce the compensation paid to the Registrant by the Registrant Clients. Co-investment entities and co-investors may present conflicts of interest. At the discretion of the Registrant, co-investment opportunities may be offered to third parties and/or limited partners of the Registrant Clients. Expenses borne by the Registrant Clients are allocated among any parallel funds, co-investment vehicles, and other entities that comprise the Registrant Clients that shared in the activities generating such expenses.

It is possible that the Registrant may occasionally utilize the services of entities that have, directly or indirectly, or whose affiliates have, investments in funds managed by the Registrant. Such services will only be used on an arm's length basis and when they are in the best interest of the Registrant Clients.

Other Oak Hill partnerships (including debt and equity funds) may enter into transactions (e.g., financing arrangements) with the portfolio companies of the Registrant Clients, which may raise

significant conflicts of interest. Depending on market conditions and the needs of the portfolio companies, there may be limited or no opportunity to “shop” such transactions. To the extent that any portfolio company enters into any such transactions, the terms of such transactions will be on an arm’s length basis. The compliance department will review such transactions and the need for a third party opinion or advice on a case by case basis.

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

Registrant has adopted a formal compliance code of conduct that includes a securities trading code of ethics, insider trading policies and procedures, and procedures to address “pay to play” rules and regulations. Among other things, the code of conduct requires that employees act with integrity, place the interests of clients above their own, avoid actual and potential conflicts of interest and comply with applicable provisions of all laws. The policies also require employees to pre-clear certain personal securities transactions, report personal securities transactions on at least a quarterly basis and provide the Registrant with a detailed summary of certain holdings annually. The Registrant regularly reviews its compliance systems and procedures with outside counsel and highly experienced compliance consultants.

A copy of Registrant’s securities compliance policy will be provided to any investor or prospective investor upon request.

The investment professionals of the Registrant do invest as limited partners in the Registrant Clients. As limited partners of the Registrant Clients, the investment professionals of the Registrant invest in every transaction made by the Registrant Clients. While investments by related persons and investment professionals of the Registrant are intended to align interests of the Registrant and its related persons with those of the Registrant Clients, such investments may create conflicts of interest. To address such conflicts, the investment arrangements are described and agreed upon in the constituent documents of each Registrant Client. Generally, investments and disposals are made on the same economic terms for all limited partners of the Registrant Clients, including for Registrant’s related persons, and each investment is made *pro rata* among the limited partners of each Registrant Client and Registrant’s related persons who are limited partners, so that Registrant’s related persons may not receive favorable terms or greater exposure to certain investments.

To avoid any potential conflicts of interest involving personal trades, investment professionals are subject to the code of ethics, which includes a pre-clearance requirement for personal trades and reporting of certain holdings. Should potential conflicts of interest arise, the Registrant’s investment professionals have an ongoing responsibility to report such conflicts to the Compliance Officer or the Chief Compliance Officer, who will address conflicts on a case-by-case basis.

Also, with respect to conflicts of any nature, the Registrant may consult an Advisory Board of limited partners of the Registrant Clients. Any decisions of the Advisory Board are binding on the limited partners.

The Registrant has formed an ESG Committee that periodically reviews environmental, social responsibility (and related ethics) and governance matters related to investments and portfolio company initiatives.

In addition, in order to encourage greater knowledge and understanding of their products and services, or as a general matter for friends and family, the Registrant Clients' portfolio companies may offer product and service discounts from time to time to Registrant's directors or employees. Such discounts, other than immaterial items, are tracked by Registrant's Compliance Department (to the extent accepted by Registrant's employees) to ensure they are not inappropriate.

Brokerage Practices

The Registrant's business is to focus on making investments in private securities. Accordingly, it does not typically trade in public securities. In the limited circumstances where the Registrant purchases public securities as part of a private equity transaction or has such securities as a result of a portfolio company going public, it intends to follow applicable SEC guidelines and seeks to obtain best execution in executing such transactions.

In selecting brokers and negotiating commission rates, Registrant looks not just for lowest possible commission cost or dealer spread, but also for whether the transaction represents the best qualitative execution and therefore takes into account several factors, including, but not limited to, the financial stability and reputation of the broker, listed bids and asks, speed of execution, the quality of investment research, trading style and investment strategies and special execution capabilities, including the ability to minimize indirect cost factors such as market manipulation and trade settlement costs.

Registrant does not utilize soft dollar arrangements outside of routinely available research. Registrant does not direct trading activity in lieu of payments for research or other services.

The Registrant selects brokers with best execution criteria in mind. It is possible that the Registrant may occasionally effect transactions or otherwise utilize broker-dealers that have, or whose affiliates have, referred or recommended investors to it and broker-dealers or registered representatives of broker-dealers that personally or through related persons or family members have investments in funds managed by the Registrant. Because the Registrant selects brokers on the basis of best execution, the Registrant does not believe this presents a conflict.

Review of Accounts

As noted above, the Registrant focuses on investments primarily in private equity. Prior to being made, all investments are carefully reviewed and approved by an Investment Committee comprised of senior investment professionals of the Registrant. The progress of all portfolio companies is monitored on a regular basis and is subject to supervision and review by the Registrant's senior professionals. The Registrant's Valuation Committee reviews the valuation of the Registrant's investments quarterly in accordance with its Valuation Policy.

The Registrant provides quarterly and annual reports (including annual audited financial statements) to investors in Registrant Clients in accordance with the terms of the applicable constituent documents of the Registrant Clients.

Client Referrals and Other Compensation

In certain circumstances, OHCM may, pursuant to a written agreement, pay cash consideration for solicitation activities to third parties. OHCM intends to pay such consideration in compliance with applicable SEC rules and other laws and regulations that may be in effect from time to time. In connection with the activity of raising funds for OHCP III, Credit Suisse Securities (USA), LLC and DMJ Advisors LLC are each being paid a fee pursuant to negotiated agreements.

Custody

All client assets are held in custody by unaffiliated broker/dealers or banks that serve as qualified custodians; however, OHCM may be deemed to have access to client accounts since its affiliates serve as the general partners of the Registrant Clients. Investors of the Registrant Clients will not receive statements from the custodian. Instead, the Registrant Clients are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each of the Registrant Clients' respective investors. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Registrant Client's fiscal year end.

Investment Discretion

OHCM serves as the investment adviser with discretionary authority to implement investment decisions for each of the Registrant Clients. OHCM's investment decisions and advice with respect to the Registrant Clients are subject to each Registrant Client's limited partnership agreement, and any side letters that it executes with investors.

Voting Client Securities

The Registrant Clients are primarily invested in private companies which typically do not issue proxies. On occasion, the Registrant Clients are invested in private companies which go public, in which case such companies will issue proxies. As part of the services provided by the Registrant, the Registrant has adopted proxy voting policies and procedures, which include voting of proxies by the Registrant's Compliance Officer. These proxy voting policies and procedures are designed to ensure that the Registrant votes the equity proxies of the Registrant Clients in their best overall interests. Registrant maintains a record of all proxy votes cast on behalf of Registrant Clients. The investors in the Registrant Clients may contact the Registrant for a copy of the policy or information with respect to a specific proxy vote.

As is typical in private equity investing, Registrant generally approves one or more of its employees to act as representatives on the board of directors of portfolio companies on behalf of the Registrant Clients. As noted herein, a number of Registrant's investment professionals serve as board members of its client's public and private portfolio companies in such representative capacity. In situations where Registrant votes the proxy for a company in which an employee or employees of the Registrant serve on the board of directors, Registrant has determined that this does not inherently present a conflict of interest as (a) the employee is on the board of directors as a representative of the Registrant Clients and (b) the sole purpose of this representation is to maximize the return on the Registrant Clients' investment in such company and to ensure that the

Registrant Clients' interests are protected. Given these facts, the Registrant Clients and the representative's role are aligned with respect to proxy voting and otherwise.

Financial Information

OHCM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.