

Providence Equity Capital Markets L.L.C.

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Part 2A of Form ADV: Firm Brochure
October 24, 2012

This brochure provides information about the qualifications and business practices of Providence Equity Capital Markets L.L.C. If you have any questions about the contents of this brochure, please contact us at 212-588-6700. 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 Providence Equity Capital Markets L.L.C. also is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

This Part 2A of Form ADV: Firm Brochure for Providence Equity Capital Markets L.L.C. has been updated to reflect (i) principal ownership through certain holding vehicles, (ii) investment advisory services provided by Providence Equity Capital Markets L.L.C., (iii) assets under management as of September 30, 2012 and (iv) the name and contact information of the Chief Compliance Officer. This Item 2 only includes the material changes since the last annual update of the Part 2A of Form ADV: Firm Brochure for Providence Equity Capital Markets L.L.C., filed on March 30, 2012.

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Item 4. Advisory Business

For purposes of this brochure, “Adviser” means Providence Equity Capital Markets L.L.C. (“PECM”), a Delaware limited liability company, together (where the context permits) with certain of its affiliates that provide advisory services to and/or receive advisory fees from the Funds (as defined below). These affiliates may or may not be under common control with PECM, but possess a substantial identity of personnel and/or equity owners with PECM. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of the Funds, or may serve as general partners of the Funds.

Background

Established in 2008, PECM is a dedicated capital markets team that focuses on debt-related investments. The members of Providence Equity Partners L.L.C., an affiliate of PECM and a pioneer in a sector-based approach to private equity, created PECM based on the thesis that deep sector expertise and specialization could be effectively applied to debt investing.

PECM pursues valued-based investments in debt instruments in companies (or their parents) doing business in the media, entertainment, communications, education and information services industries by seeking to purchase attractive assets at compelling prices. In many cases, PECM will act as a catalyst, working with management to effect a major change in a company’s capital structure.

The principal owners of PECM are (i) Jonathan M. Nelson, through Providence Equity L.L.C. and (ii) Thomas Gahan, through BSP Holdco, LLC.

Services

The Adviser provides investment advisory services to investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). The Adviser currently serves as the investment manager for Providence TMT Special Situations Fund L.P., Providence TMT Debt Opportunity Fund II L.P. (together, the “TMT Funds”), and PECM Strategic Funding L.P. (the “Strategic Fund”, collectively with the TMT Funds, the “Main Funds”). The Adviser may in the future advise other funds in addition to those listed herein, including collateralized loan obligation funds (the “CLO Funds”).

The Adviser may, from time to time, organize and serve as general partner (or in an analogous capacity) of certain other Funds which are “feeder” vehicles (each, a “Feeder Fund”) organized to invest exclusively in another Fund, and/or alternative investment vehicles (each, an “Alternative Investment Vehicle”) organized to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions.

The Main Funds, Feeder Funds, CLO Funds and Alternative Investment Vehicles are collectively referred to as the “Funds.” Investors in the Funds are generally required to be “qualified purchasers” as defined in the 1940 Act.

The Funds primarily make investments in various debt instruments. In accordance with the Funds' respective investment objectives, investments are generally made in companies doing business in the media, entertainment, communications, education and information services industries. The Adviser's advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. The Adviser may serve as the investment adviser or general partner to the Funds in order to provide such services.

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the limited partners of the Funds. Services are provided to the Funds in accordance with an advisory agreement with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally set forth in the organizational documents of the applicable Fund.

As of September 30, 2012, the Adviser manages approximately \$2,934,000,000 of client assets, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

Management Fees

In respect of the TMT Funds, the Adviser is paid a quarterly management fee payable in arrears. In respect of the Strategic Fund, the Adviser is paid a quarterly management fee payable in advance. Management fees are deducted from the assets of the Main Funds and are generally payable out of current cash flow, disposition proceeds or from drawdowns of the investors' unfunded capital commitments. Management fees paid by the Main Funds are indirectly borne by investors in such Funds, including any Funds that invest in a Main Fund (such as Feeder Funds). The general partner of each Fund may generally terminate the advisory agreement upon 60 days' notice. Upon termination of a relevant advisory agreement, management fees that have been prepaid are returned on a prorated basis.

The precise amount of, and the manner and calculation of, the management fees for each Fund is disclosed in the organizational and offering documents of such Fund. The management fees are negotiated collectively with the investors of each Fund, and are subject to waiver or reduction by the Adviser. For example, the Adviser and certain of its principals and employees typically invest in the Funds, and management fees assessed on such investments may be substantially reduced or waived entirely.

As described further in the section entitled "Related Service Fees and Related Other Fees" below, the management fee may be reduced or waived in some circumstances in connection with receipt by the Adviser of various fees paid by actual or prospective portfolio companies or others as well.

Other Fees and Expenses

Generally, and except as otherwise set forth in the organizational documents of a Fund, the Adviser will ultimately bear all fees and out-of-pocket expenses of any placement agent that solicits investors for the Funds. The Funds will bear all legal and other expenses, including the out-of-pocket expenses of the applicable general partner, incurred in the formation of the Funds up to an amount specified in the organizational documents of the applicable Fund. Organizational expenses in excess of this amount, if any, ultimately will be borne by the Adviser.

Generally, and except as set forth in the organizational documents of the applicable Fund, a Fund will pay: (i) legal, accounting, custodial and third-party consulting fees for services rendered to or for the benefit of the Fund; (ii) third party out-of-pocket expenses incurred directly in connection with Fund investments or proposed investments, whether or not consummated, which are not paid or reimbursed by a third party; and (iii) other operating and extraordinary expenses of the Fund, including but not limited to investment expenses such as commissions, research fees and expenses (including research related travel, which may be first class), interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, bank service fees, and any other expenses related to the purchase, sale or transmittal of Fund assets (whether or not the transaction is consummated). Except as provided above, and to the extent not reimbursed by a third party, the applicable general partner or the Adviser will pay all ordinary operating expenses incurred in connection with the preliminary investigation of investment opportunities and monitoring investments, including rent and salaries for its personnel.

The Adviser generally utilizes the services of broker-dealers in connection with investments made by a Fund, and any brokerage or other transaction costs are borne by such Fund. For additional information regarding brokerage practices, please see Item 12 below.

In addition, please see Item 6 below for information regarding Carried Interest (as defined below) received by the Adviser with respect to the Main Funds.

Related Service Fees and Related Other Fees

The Adviser may perform management, advisory, transaction-related services, financial advisory services and other services (“Related Services”) for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions. Although these fees are in addition to management fees paid by the Funds, the Adviser will in certain circumstances reduce management fees in connection with the receipt of these fees. The amount and manner of such reduction is set forth in the advisory agreement and/or organizational documents of the applicable Fund. For a discussion of material conflicts of interest created by the receipt of such fees, please see Item 11 below.

Item 6. Performance-Based Fees and Side-By-Side Management

In respect of each Main Fund, the applicable general partner is also generally entitled to receive a portion of distributions of net Fund profits (the “Carried Interest”), as set forth in the organizational documents of the applicable Fund. The Carried Interest received by such related

person conforms with the requirements set forth in Section 205 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Carried Interest paid by the Main Funds is indirectly borne by the investors in such Funds, including any Funds that invest in a Main Fund (such as Feeder Funds).

The precise amount of, and the manner and calculation of, the Carried Interest for each Fund, if any, is disclosed in the organizational and offering documents of each Fund. The Carried Interest provisions are negotiated collectively with the investors of each Fund, and are also subject to waiver or reduction by the general partner. For example, the Adviser and certain of its principals and employees typically invest in the Funds, and the Carried Interest assessed on such investments may be substantially reduced or waived entirely.

The payment by some, but not all, Funds of Carried Interest or the payment of Carried Interest at varying rates may create an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Carried Interest or Funds paying Carried Interest at a higher rate. Generally, and except as may be otherwise set forth in the organizational documents of the Funds, this conflict is mitigated for the TMT Funds by provisions restricting the Adviser and its principals, unless consented to by limited partners holding interests representing at least two-thirds of the aggregate commitments to the applicable TMT Funds, from establishing a new private, pooled multiple investment fund with investment objectives and policies substantially similar to those of the applicable TMT Fund until the earlier of (i) the end of the TMT Fund’s investment period or (ii) such time as the applicable TMT Fund is at least 75% invested or committed (including amounts reserved for follow-on investments and reasonably anticipated expenses of the applicable TMT Fund). Any Alternative Investment Vehicle will generally contain terms and conditions substantially similar to those of the Main Fund with respect to which it is formed and profits and losses of an Alternative Investment Vehicle generally will be aggregated with those of such Main Fund for purposes of determining distributions by the Main Fund and the Alternative Investment Vehicle (except as may be advisable because of legal, regulatory or tax constraints). Moreover, subject to a Fund’s investment objectives and guidelines, the Adviser generally allocates investment opportunities on a pro-rata basis among eligible Funds based upon the current available capital of each Fund. Please also see Item 12 below regarding trade aggregation and Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

Item 7. Types of Clients

The Adviser provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds and not individually to the investors in the Funds. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, sovereign wealth funds, limited partnerships and limited liability companies.

The Funds do not have a minimum size, but minimum investment commitments may be established for investors in the Funds. The general partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the offering documents of such Fund.

Item 8. Methods of Analysis and Investment Strategies

Methods of Analysis and Investment Strategies

Comprehensive joint industry and sector reviews, primarily focusing on debt opportunities in small- to mid-sized companies, are completed on an ongoing basis in order to identify potential investment candidates. Moreover, the Adviser's extensive network and relationships with Wall Street and industry professionals are invaluable for sourcing potential opportunities. Once a potential investment is identified, financial modeling is introduced in the early stages of the investment process. For each potential investment, a highly detailed and forward-looking financial model with full projections is built. The projections incorporate the Adviser's macro views, sector analysis and individual company fundamentals. These projections are a key driver for all subsequent steps in the Adviser's investment process. Meanwhile, historical financials are thoroughly reviewed, with a focus on analyzing the company's operating performance and ability to generate free cash flow.

The Adviser conducts an extensive scenario analysis to stress-test covenants. In addition, the Adviser provides thoughtful structuring in connection with each investment on behalf of the Funds.

Proprietary valuation assessment, both of companies and of debt instruments, is another important step in the investment process. The Adviser employs multiple valuation methodologies to generate proprietary valuations, which the Adviser compares to market pricing across the capital structure in order to identify the best investment opportunities for its clients. The Adviser typically receives information directly from the entity (or its agents and/or representatives) it is investigating as a potential investment opportunity for a Fund.

Every position is evaluated with respect to its expected return and the probability of loss and trading liquidity. Each Fund's portfolio is continually rebalanced in order to maintain proper risk weighting. Finally, the Adviser's investment process consists of a comprehensive assessment of transaction exits under multiple scenarios and timelines. As various scenarios unfold, the Adviser monitors the relationship between executable exit value (where one exists) and a proprietary assessment of intrinsic value, derived as part of the Adviser's investment process.

The Adviser's advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. Where Funds acquire an influential position, the Adviser may be in a position to exercise influence over and add value to such investments. The Funds may make investments in both publicly-listed and privately-held companies. In addition, the Adviser may provide advice concerning the following securities and instruments:

- Bank Loans and Bank Participations;
- Repurchase Agreements;

- Banker's Acceptances;
- Private Placements or other securities that are not registered or are exempt from registration under the Securities Act, such as Rule 144A securities;
- Bonds, convertible securities and equity securities issued by foreign issuers and/or denominated in foreign currencies;
- Domestic and international convertible securities including, but not limited to (a) convertible securities that are convertible or exchangeable into equity securities of publicly traded US companies, and (b) convertible securities that are convertible or exchangeable into equity securities of foreign companies listed on a foreign exchange or represented by American Depositary Receipts listed on the New York Stock Exchange or the NYSE Alternext U.S., formerly known as the American Stock Exchange; or
- Futures contracts, forward contracts, swaps, swaptions, commodities, hybrid securities, other 'synthetic' or derivative instruments, short sales, trades executed on margin, credit-linked notes, credit default notes and credit swaps.

Any determinations or actions with respect to the acquisition or disposition of investments for the TMT Funds are made by the Investment Committee of the general partner for such Fund. The Investment Committee reviews and is responsible for approving all investments, monitors due diligence practices and provides advice in connection with key commercial and legal terms of potential investments. Any Investment Committee decision requires a majority of the members. Moreover, Mr. Nelson has a veto right on any investment decisions.

The Investment Committee of the general partner for the TMT Funds currently consists of Messrs. Nelson, Creamer, Salem, Gahan and Paasche. The composition of the membership of any Investment Committee may be terminated or changed by the general partner of the appropriate Fund at any time.

From time to time the Adviser may cause the Funds to invest cash held by the Funds in temporary investments on a short-term basis, pending investment, distribution to limited partners or payments of expenses or other obligations of the Funds. Such temporary investments shall principally take the form of corporate debt securities, commercial paper and certificates of deposit.

Risks

Investing in securities involves a substantial degree of risk. A Fund may lose all or a substantial portion of its investments, and investors in the Funds must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds in connection with those strategies and methods, include the following:

Risks Related to the Nature of the Fund's Investments

A Fund will make investments primarily in bank loans and participations, other debt instruments and obligations and other securities senior to common equity of communications, education, information, entertainment and media companies. There can be no assurance that such investments by a Fund will maintain their value or that a Fund will not incur significant losses. In addition, although many syndicated bank loans and other debt instruments trade in an active secondary market, certain of a Fund's investments will be highly illiquid, and there can be no assurance that a Fund will be able to realize a return on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to investors of securities that may or may not be marketable. Since a Fund may only make a limited number of investments, and because a Fund's investments generally will involve a high degree of risk, poor performance by a few investments could severely affect total returns.

Risks Arising from General Economic Conditions

The operating results, financial condition, activities, and prospects of a Fund could be materially adversely affected by instability in the U.S. or global financial markets, changes in market, economic, political, technological, regulatory, or social conditions, as well as by numerous other factors outside the control of the Adviser.

In the past several years, world financial markets have experienced extraordinary market conditions, including, among other things, extreme losses and volatility in securities markets and the failure of credit markets to function effectively, thereby affecting the prices of, as well as the ability to make, certain types of investments. There can be no assurance that these disruptions will not continue or worsen in the future.

Specifically, events in the sub-prime mortgage market and other areas of the fixed-income markets have caused significant dislocations, illiquidity, and volatility in the structured credit, leveraged loan, and high-yield bond markets, as well as in the wider global financial markets. Such recent and current disruptions may have a direct or indirect negative effect on a wide range of issuers and may increase the likelihood that such issuers will be unable to make principal and interest payments on, or refinance, outstanding debt. Moreover, the risk that such disruptions will affect an issuer's ability to pay its debts and obligations when due is enhanced if such issuer in turn provides credit to third parties or otherwise participates in the credit markets. In the event of such defaults, a Fund could lose both invested capital in, and anticipated profits from, any affected investments. The continuation or worsening of the events described in this paragraph, or other similar or dissimilar events, could have an adverse impact on the availability of credit to businesses generally and may lead to an overall weakening of the U.S. and global economies. In addition, these events are likely to directly affect a Fund's ability to procure, and the terms of, its own financing arrangements.

In reaction to these events, regulators in the United States and several other countries have undertaken unprecedented regulatory action. The U.S. government and securities regulators of many other jurisdictions continue to consider and implement measures to stabilize the U.S. and global financial markets. However, despite these efforts, global financial markets remain

extremely volatile. It is uncertain whether regulatory actions will be able to prevent further losses and volatility in the securities markets, or stimulate the credit markets. In the longer term, there may be significant new regulations that could limit a Fund's activities and investment opportunities or change the functioning of the capital markets, and there is the possibility of a severe worldwide economic downturn. Consequently, a Fund may not be capable of, or successful at, preserving the value of its assets, generating positive investment returns or effectively managing risks.

While the Adviser believes that current market conditions create an opportunity to purchase undervalued bank loans and other debt instruments at attractive prices, there can be no assurance that current market conditions will continue, that the Adviser or its affiliates will be able to identify and acquire investment opportunities for a Fund or that all or a substantial portion of any capital (including committed capital) will be invested. Further, the Adviser or its affiliates may determine to delay realization events to investors as a result of general economic conditions, illiquidity of portfolio investments, contractual prohibitions or other reasons mentioned herein.

Confidential Information

The Adviser may, as a holder of loans or through its or its affiliates' management of the other clients, be entitled to receive material, non-public information regarding borrowers that may limit the ability of a Fund, under applicable securities laws or contracts, to trade in the public securities of such borrowers. To avoid some of these restrictions, the Adviser may elect not to receive such non-public information. As a result, a Fund, at times, may receive less information regarding a borrower than is available to the other investors in such borrower's loan.

Risks Related to Investment in the Technology Sector

A Fund may make a significant amount of investments in the debt of companies that operate in the technology sector. Specific risks faced by companies in the technology sector include: (i) rapidly changing science and technology, which may result in products becoming quickly obsolete; (ii) scarcity of skilled personnel with appropriate training; (iii) greater possibility of lawsuits related to patents and intellectual property; and (iv) rapidly changing market conditions, including changing investor sentiments and preferences with regard to technology sector investments (which are generally perceived as risky). There is no assurance that products or services of companies in which a Fund invests will not be rendered obsolete or adversely affected by competing products and services or that the companies in which a Fund invests will not be adversely affected by other challenges. In the event that the performance of the companies in which a Fund has made debt investments deteriorates as a result of such factors, returns to investors may decrease.

Risks Related to Investment in the Communications Sector

A Fund may make a significant amount of investments in the debt of companies that operate in the communications sector. Communications companies in the U.S., Canada and Europe and other developed and emerging countries are undergoing significant changes, mainly due to evolving levels of governmental regulation or deregulation as well as the rapid development of communication technologies. Competitive pressures within the communications industry are

intense and the securities of communications companies may be subject to significant price volatility. In addition, because the communications industry is subject to rapid and significant changes in technology, some of the companies that a Fund will invest in will face competition from technologies being developed or to be developed in the future by other entities, which may make such companies' products and services obsolete. If the performance of the companies in which a Fund has made debt investments deteriorates as a result of such factors, returns to investors may decrease.

Tax Risks from Investments in Portfolio Companies of Certain Clients

A Fund may be presented with attractive opportunities to acquire debt of a company in which certain clients of the Adviser or its affiliates hold an equity interest. Under certain circumstances, an acquisition of such debt by a Fund may result in adverse U.S. tax consequences to such company and to the Fund. Specifically, if a Fund were treated as being related to such company for U.S. tax purposes, an acquisition by the Fund of such company's debt at a discount to the adjusted issue price of such debt may result in such company recognizing cancellation of indebtedness income and the Fund being required to treat the discount as "original issue discount" (rather than "market discount"), resulting in phantom income to limited partners of the Fund. It is possible that the Adviser or its affiliates may decide not to acquire such debt to avoid these or other adverse tax consequences. Certain U.S. legislation will mitigate some of the adverse tax consequences to the portfolio company (but not to the Fund) for debt acquisitions that occurred in calendar year 2009 or 2010.

Non-U.S. Investments Risks

Certain non-U.S. investments involve risks and special considerations not typically associated with United States investments. Such risks include but are not limited to: (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) social, economic and political uncertainty, including war and revolution; (iii) dependence on exports and the corresponding importance of international trade; (iv) greater price fluctuations and market volatility, less liquidity and smaller capitalization of securities markets; (v) currency exchange rate fluctuations; (vi) higher rates of inflation; (vii) controls on, and changes in controls on, non-U.S. investment and limitations on repatriation of invested capital and on a Fund's ability to exchange local currencies for United States dollars; (viii) governmental involvement in and control over the economies; (ix) governmental decisions to discontinue support of economic reform programs generally and to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities transactions; and (xiii) less developed corporate laws regarding fiduciary duties and the protection of investors.

Non-U.S. Currency and Exchange Risks

To the extent that a Fund directly or indirectly holds assets in local currencies in countries outside the United States, the Fund will be exposed to a degree of currency risk that may adversely affect performance. Changes in non-U.S. currency exchange rates may affect the value of securities in the Fund's portfolio. In addition, a Fund will incur costs in connection with

conversions between various currencies. A Fund will conduct its non-U.S. currency exchange transactions in anticipation of funding investment commitments or receiving proceeds upon dispositions.

Hedging Risks

The Adviser may hedge some or all of a Fund's investments or other assets by entering into hedging arrangements with a broker, a bank or other organizations. Hedging against a decline in the value of an investment or other asset of a Fund does not completely eliminate risks associated with fluctuations in the values of such investment or asset, or prevent losses if the values of such investment or asset decline. The hedging arrangements seek to establish other positions designed to gain from those same fluctuations in order to moderate the decline in the values of the investment or asset. Therefore, the hedging arrangements will limit the opportunity for gain if the values of the investment or asset subject to hedging should increase. In the event of an imperfect correlation between a position in a hedging arrangement and the investment or asset that it is intended to protect, the desired protection may not be obtained and the Fund may be exposed to risk of loss. In addition, it is often not possible to hedge fully or perfectly against all risks, and hedging entails its own costs. The Adviser or its affiliates may determine in its sole discretion not to hedge against certain risks, and certain risks may exist that cannot be hedged. A Fund's hedging arrangements that are undertaken through brokers, banks or other organizations will subject the Fund to the risk of default or insolvency of such organizations. In such event, there can be no assurance that any money advanced to such organizations would be repaid or that the Fund would have any recourse in such event of non-payment.

Lack of Diversification

A Fund may not be highly diversified. Lack of diversification would expose a Fund to losses disproportionate to market declines in general if there were disproportionately greater adverse price movements in the particular investments held by a Fund. To the extent a Fund invests a relatively high percentage of its assets in bank loans or other debt instruments of a limited number of borrowers, a Fund will be more susceptible than a more widely diversified investment partnership to the negative consequences of a single corporate, economic, political or regulatory event.

Valuation of Illiquid Assets

The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Fund's assets.

Leverage; Ability to Obtain Leverage

The Adviser intends to use leverage to achieve a higher rate of return. While leverage presents opportunities for increasing a Fund's total return, it may increase losses as well. Accordingly, any event that adversely affects the value of an investment by a Fund would be magnified to the extent leverage is used. The cumulative effect of the use of leverage by a Fund in a market that

moves adversely to the Fund's investments could result in a loss to the Fund that would be greater than if the Fund was not leveraged. In connection with borrowings by a Fund, a Fund may pledge its assets, subject to any limitations set forth in the organizational documents of the applicable Funds. If a Fund were to default under a credit facility, the lenders under such credit facility could foreclose on the collateral and take possession of those assets pledged by the Fund. There can be no guarantee that a Fund will be able to obtain appropriate amounts of leverage, or that leverage may be obtained on terms and pricing that the Adviser finds attractive. As a result, the investments of the Fund may not be leveraged, or may not be leveraged at an amount that would be most appropriate for the Fund. Should the appropriate amount of leverage not be obtained or used by a Fund, the total returns for the Fund may be lower than they would have been had such amount of leverage been used.

The extent to which a Fund uses leverage (directly or indirectly) may have important consequences to the investors in the Fund, including, but not limited to, the following: (i) greater fluctuations in the net assets of the Fund; (ii) use of cash flow for debt service, rather than for additional investments, distributions, or other purposes; (iii) to the extent that Fund revenues are required to meet principal payments, the partners may be allocated income (and therefore tax liability) in excess of cash available for distribution; and (iv) in certain circumstances the Fund may be required to sell instruments prematurely to service its debt obligations. There can also be no assurance that a Fund will have sufficient cash flow to meet its debt service obligations. As a result, a Fund's exposure to losses may be increased due to illiquidity of its investments generally.

Credit and Market Risks

A Fund's investments in bank loans and other debt instruments will entail nominal credit risks (e.g., the risk of non-payment of interest and principal) and market risks (e.g., the risk that certain market factors will cause the value of the instrument to decline). Although the Adviser expects the value of a Fund to fluctuate less significantly as a result of interest rate changes than would a portfolio of fixed-rate obligations, bank loans and other debt instruments may be subject to fluctuations due to changes in an issuer's credit quality. Because interest rates on bank loans only reset periodically and may not perfectly correlate with prevailing interest rates, during such time as the interest rate of a loan is fixed, such loan may be subject to the same fluctuations due to interest rate changes as fixed-rate obligations of similar duration. Also, a default on a loan that is held by a Fund or a sudden and extreme increase in prevailing interest rates may cause a decline in the Fund's asset value.

Bank Loans and Participations

A Fund will seek to invest in bank loans and participations. These obligations are subject to certain special risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of a Fund to enforce its rights directly with respect to participations. Successful claims by third parties arising from these and other risks, absent certain conduct by the Adviser and certain other individuals, will be borne by the Fund.

Bank Debt Ratings

The ratings that may be assigned by various credit rating agencies to loans or other debt instruments that may be acquired by a Fund reflect only the views of those agencies. Explanations of the significance of ratings should be obtained from such credit rating agencies. No assurance can be given that ratings assigned will not be withdrawn or revised downward if, in the view of such credit rating agency, circumstances so warrant.

Longer Settlement for the Purchase of Bank Loans

The settlement process for the purchase of bank loans can take several days and, in certain instances, several weeks longer than a bond trade. The longer a trade is outstanding between the counterparties may increase the risk of additional operational and settlement issues and the potential for a Fund's counterparty to fail to perform.

Highly Leveraged Borrowers

The borrowers of loans in which a Fund will invest may be highly leveraged. Although many of a Fund's investments are expected to be in a senior position of the capital structure, a borrower's leverage may adversely impact a Fund in a number of ways, such as creating a greater possibility of default or bankruptcy of the borrower. It is also possible that the pledging of collateral (if any) to secure the loans could be found to constitute a fraudulent conveyance or preferential transfer, which would be nullified or subordinated to the rights of other creditors of the borrower under applicable law.

Prepayment of Obligations

A Fund may purchase loans where the underlying borrowers are not subject to any repayment penalties, even if a borrower determines to prepay the obligation early during the term of the loan. If the loans that a Fund is invested in are prepaid without any prepayment penalties, the Fund's ability to achieve its investment objective may be negatively affected.

Unsecured Loans and Collateral Impairment

In the event of a default by a borrower, a Fund might not receive payments to which it is entitled and thereby could experience a decline in the value of its investment in the borrower. If a Fund invests in loans that are not secured by collateral, in the event of such default the Fund will have only an unsecured claim against the borrower. In the case of loans that are secured by collateral, while the Adviser generally expects the value of the collateral to be greater than the value of such secured loans, the value of the collateral may actually be equal to or less than the value of such loans or may decline below the outstanding amount of such loans subsequent to a Fund's investment. The ability of a Fund to have access to the collateral may be limited by bankruptcy and other insolvency laws. There is no assurance that the liquidation of the collateral securing a loan would satisfy the borrower's obligation in the event of nonpayment of scheduled interest or principal, or that the collateral could be readily liquidated. As a result, a Fund might not receive full payment on a secured loan investment to which it is entitled and thereby may experience a decline in the value of, or a loss on, the investment.

Second-Lien Loans

A Fund's investments in second-lien loans will entail risks, including (i) the subordination of the Fund's claims to a senior lien in terms of the coverage and recovery of the collateral and (ii) the prohibition of or limitation on the right to foreclose on a second-lien or exercise other rights as a second-lien holder. In certain cases, therefore, no recovery may be available from a defaulted second-lien loan. The level of risk associated with investments in second-lien loans increases to the extent such investments are loans of distressed or below investment grade companies.

Lower Rated Loans and Debt Instruments

A Fund may invest in loans and other debt instruments that are rated below investment grade by the various credit rating agencies, or trade at a yield similar to non-investment grade debt (and in comparable non-rated loans). Loans and debt instruments rated in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated loans and debt instruments and are generally considered to be predominantly speculative with respect to the borrower's capacity to pay interest and repay principal. They are also considered to be subject to greater risk than investment grade rated debt instruments in the case of deterioration of general economic conditions. Because investors perceive that there are greater risks associated with such loans and debt instruments, the yields and prices of such loans and debt instruments may be more volatile than those for higher-rated loans and debt instruments. The market for lower-rated loans and debt instruments is thinner, often less liquid and less active than that for higher-rated loans and debt instruments, which may adversely affect the prices at which such loans and debt instruments may be sold and may make it impractical to sell such loans or debt instruments. It should be recognized that an economic downturn is likely to have a negative effect on the debt market as well as on the ability of the borrowers of such debt, especially highly leveraged borrowers, to service principal and interest payment obligations to meet their projected business goals or to obtain additional financing. If a borrower of a loan owned by a Fund defaults on such loan, the Fund may incur additional expenses to seek recovery, and the possibility of any recovery may be subject to the expense and uncertainty of insolvency proceedings.

High Yield and Distressed Instruments

A Fund may invest in bridge loans, "high yield" bonds that are rated in the lower rating categories by the various credit rating agencies or comparable non-rated securities. Securities in the lower-rated categories and comparable non-rated securities are subject to greater risk of loss of principal and interest than higher-rated and comparable non-rated securities and are generally considered to be predominantly speculative with respect to the borrower's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings or comparable non-rated securities in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated and comparable non-rated securities, the yields and prices of such securities may be more volatile than those for higher-rated and comparable non-rated securities. The market for lower-rated and comparable non-rated securities is thinner, often less liquid, and less active than that for higher-rated or comparable non-rated securities, which may adversely affect the prices at which these securities may be sold and may make it impractical to sell such securities.

Nature of Bankruptcy Proceedings

A Fund may invest in companies that are at or near bankruptcy. There are a number of significant risks when investing in companies involved in bankruptcy proceedings, including the following: First, many events in a bankruptcy are the product of contested matters and adversary proceedings that are beyond the control of the creditors. Second, a bankruptcy filing may have adverse and permanent effects on a company. For instance, the company may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. Furthermore, if the proceeding is converted to a liquidation, the liquidation value of the company may not equal the liquidation value that was believed to exist at the time of the investment. Third, the duration of a bankruptcy proceeding is difficult to predict. A creditor's return on investment can be impacted adversely by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court, and until it ultimately becomes effective. Fourth, certain claims, such as claims for taxes, wages and certain trade claims, may have priority by law over the claims of certain creditors. Fifth, the administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors. Sixth, creditors can lose their ranking and priority in a variety of circumstances, including if they exercise "domination and control" over a debtor and other creditors can demonstrate that they have been harmed by such actions. Finally, a Fund may seek representation on creditors' committees and as a member of a creditors' committee it may owe certain obligations generally to all creditors similarly situated that the committee represents and it may be subject to various trading or confidentiality restrictions. If the Adviser concludes that a Fund's membership on a creditors' committee entails obligations or restrictions that conflict with the duties it or one of its affiliates owes to the investors in the Fund or any clients of the Adviser or its affiliates, or that otherwise outweigh the advantages of such membership, the Fund may not seek membership in, or may resign from, that committee. Because a Fund will indemnify the Adviser and its affiliates or any other person serving on a committee on behalf of the Fund for claims arising from breaches of those obligations, indemnification payments could adversely affect the return on the Fund's investment in a reorganization company.

Third-Party Litigation

A Fund's investment activities subject it to the risk of becoming involved in litigation by third parties. This risk is somewhat greater where the Fund exercises control of, or significant influence over, a company's direction. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would, absent certain conduct by the Adviser and its affiliates, be borne by the Fund, would reduce net assets and could require investors to return to the Fund distributed capital and earnings. The Adviser and its affiliates are entitled to be indemnified by a Fund in connection with such litigation, subject to certain limitations.

Item 9. Disciplinary Information

This item is not applicable to the Adviser.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

The Adviser organizes the Funds, which are limited partnerships for which the Adviser (including affiliates of PECM) serves as general partner. For a description of material conflicts of interest created by the relationship among the Adviser and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

Affiliated Advisers

PECM is affiliated with the investment advisers listed below.

- Providence Equity LLP: organized in the United Kingdom and authorized to perform certain activities by the UK Financial Services Authority.
- Providence Equity Asia Limited: organized in Hong Kong and regulated by the Securities and Futures Commission of Hong Kong.
- Providence Equity Investment Consulting (Beijing) Co. Ltd.: organized in Beijing, China and registered with the Beijing Administration of Industry and Commerce.
- Providence Equity Advisors India Private Limited: organized in India.
- Providence Equity Partners L.L.C.: a U.S. registered investment adviser with the SEC. - Benefit Street Partners L.L.C.: a U.S. registered investment adviser with the SEC.
- Providence Equity Advisors Mauritius Limited: organized in Mauritius and regulated by the Mauritius Financial Services Commission.
- Providence Equity L.L.C.: organized in New York and has filed a single Form ADV with Providence Equity Partners L.L.C. as a relying advisor.

Clients of the Adviser may from time to time participate in transactions alongside other clients of PECM or clients of an affiliated adviser.

For a description of material conflicts of interest created by the relationship among the Adviser and the affiliated advisers, as well as a description of how such conflicts are addressed, please see Item 11 below.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The Adviser's Code of Ethics requires each of the Adviser's employees to deal honestly and fairly with all persons with whom he or she has contact. Employees at all times must place the interests of the Funds and their investors first. Employees are required to conduct their personal trading so as to avoid any actual or potential conflicts of interest or any abuse of a position of

trust or responsibility. Moreover, employees may not take inappropriate advantage of their positions. The Code of Ethics includes policies regarding personal trading by the Adviser's employees and members of their immediate families. These policies limit personal trading by employees in a wide range of securities, including common and preferred stock, debt instruments, securities that are convertible or exchangeable for equity or debt securities, and derivative instruments. Employees must report every account that they use for the trading of securities covered by the policy and, if they directly or indirectly influence or control trading in the account, they must generally pre-clear covered securities transactions and have copies of periodic account statements sent by their broker to the Adviser's compliance department. Trading by employees for their personal accounts is prohibited without pre-clearance by the Adviser's Chief Compliance Officer in his sole discretion.

A copy of the Code of Ethics is available to any client or prospective client upon request by calling Alexander H. McMillan at 212-588-6712 or by writing to Mr. McMillan, Chief Compliance Officer, Providence Equity Capital Markets L.L.C., 9 West 57th Street, Suite 4700, New York, NY 10019.

Valuation of Fund Assets

The Adviser has a duty to value the Funds as provided in and consistent with the organizational documents of those Funds. The Adviser has adopted a policy regarding the valuation of Fund assets in order to provide a basis for establishing valuations reported by Funds. The Funds may have portfolio investments that include restricted securities in publicly held companies and privately held investments, which are carried at an estimate of fair value as determined in good faith and in accordance with the organizational documents of the applicable Fund. In the absence of special circumstances, all portfolio investments, other than restricted and privately held portfolio investments, are valued at market value. Market value for unrestricted, publicly traded portfolio investments is determined based on the closing price on the exchange on which the security is principally traded. Restricted and privately held portfolio investments, which may not have readily ascertainable market values, are valued at fair value, which is the estimated amount that would be received to sell the portfolio investment in an orderly transaction between market participants on the measurement date. In establishing the fair value of portfolio securities, the Adviser or applicable general partner takes into consideration, for each portfolio company, some or all of the following: (a) information provided by a third-party pricing source; (b) purchase cost; (c) sales prices of recent public or private transactions in the same or similar securities; (d) valuations of comparable companies; (e) discounted cash flow analysis; (f) significant recent events affecting the issuer, including pending mergers and acquisitions; and (g) restrictions as to salability or transferability not otherwise taken into account in the valuation methodology and other pertinent information as determined relevant by the Adviser. The Adviser also considers the application of control premiums in various situations. However, because of the inherent uncertainty of valuation, the recommended values may differ significantly from values that would have been used had a ready market for the restricted and privately held portfolio investments existed, and may differ significantly from the amounts realized upon disposition, and the differences could be material. Notwithstanding the foregoing, valuations for a particular Fund will comply with the requirements of the relevant Fund's organizational documents.

The chief financial officer of the Adviser may modify the valuation methods described above if he determines that such modifications are appropriate and reasonable to reflect the value of any securities or other assets or liabilities, and will document the basis for any modifications.

Participation or Interest in Client Transactions

The Adviser and certain employees and affiliates of the Adviser may invest in and alongside the Funds, either through the general partners of the Funds, as direct investors in the Funds or otherwise. Management fees and Carried Interest assessed on such investments may be substantially reduced or waived entirely by the Adviser, a Fund or its general partner, as applicable. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Investor Due Diligence Information

Due in part to the fact that potential investors in a Fund (including a potential purchaser of a limited partner’s interest in a secondary transaction) may ask different questions and request different information, the Adviser may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

Conflicts of Interest

The Adviser and its affiliates engage in a broad range of activities, including investment activities for their own account and for the account of the Funds and providing transaction-related, advisory, management and other services to operating companies, including portfolio companies of the Funds. The Adviser has described various conflicts of interest that may arise in respect of its business, as well as a description of how the Adviser addresses such conflicts of interest, below. The discussion below does not describe all conflicts that may arise.

Resolution of Conflicts

In the case of all conflicts of interest, the Adviser’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser’s best judgment, but in its sole discretion. In resolving conflicts, the Adviser may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- (1) A Fund will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of the applicable Fund.
- (2) Conflicts of interest will generally be resolved by set procedures contained in the relevant offering and organizational documents of a Fund, if applicable.
- (3) Generally, each Main Fund has established an Advisory Committee, consisting of representatives of limited partners not affiliated with the Adviser. The Advisory Committees meet as required to consult with the Adviser as to certain potential conflicts of interest.

(4) Where the Adviser in its sole discretion deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price.

(5) Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

(6) The Adviser and certain of its affiliates have adopted written policies establishing information “walls” designed to limit communication between business units investing in equity securities and debt securities of companies. These policies restrict the transfer of confidential information between these business units, subject to certain exceptions provided in the policies. These policies establish procedures for communications among employees of different business units to guard against unlawful and inappropriate disclosure of material, nonpublic information.

(7) On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith judgment.

Potential Conflicts

The potential material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Fund. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

Principal Transactions

Section 206 of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and its clients, on the other hand. Very generally, if an adviser (or an affiliate) purchases a security from or sells a security to a client, the adviser must disclose the terms of the transaction to the client and obtain the consent of the client prior to engaging in the principal transaction. In connection with the Adviser’s management of its Funds, the Adviser and its affiliates may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 be made to the applicable Fund regarding any proposed principal transactions and that any required prior consent is received before executing a principal transaction.

Cross-Transactions

A cross-transaction generally refers to a transaction where one client account managed by the Adviser or its affiliates seeks to acquire an investment that another client account of the Adviser seeks to sell. Cross-transactions may create conflicts of interest because a Fund is on both sides of the transaction. The Adviser may on occasion purchase a security or securities for one Fund at the same time as a sale of the same security or securities for another Fund or may effect cross-transactions between Funds. In most instances such transactions will be effected to rebalance the positions held by the Funds with a view towards achieving uniform results among certain clients in light of differing cash flows due to subscriptions and redemptions. Such transactions in publicly traded securities generally will be effected at the last sale price at the end or the first

sales price at the beginning of the trading day through one or more broker-dealers, and in accordance with the Funds' organizational documents, if applicable.

Conflicts Related to Purchases and Sales

The Adviser, its affiliates, and officers, principals or employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to clients. In addition, such officers, principals or employees may buy securities in transactions offered to but rejected by clients. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements, and other circumstances of these investments may vary from those of the Adviser's clients. The Adviser and certain employees and affiliates of the Adviser may invest in and alongside the Funds, either through the general partners of the Funds, as direct investors in the Funds or otherwise. If employees and affiliates of the Adviser have made large capital investments in or alongside the Funds they may have conflicting interests with respect to these investments. The Adviser and its affiliates' employees are prohibited from "front running" (i.e., purchasing a security for a personal account while knowing that a Fund account is about to purchase the same security, and then selling the security at a profit upon the rise in the market price following the purchase by the Fund account). They are similarly prohibited from engaging in short-selling when they have access to confidential information that a Fund account is about to sell a particular security. In addition, they are prohibited from "intermarket front-running" (e.g., trading in an option for a personal account when a Fund account is trading in the underlying security and vice versa).

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by other Funds or a client of the Adviser's affiliate, or in a transaction where another Fund or client of such an affiliate has already made an investment. Investment opportunities may be appropriate for Funds and/or clients of the Adviser's affiliate at the same time, at different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work out or restructuring may raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company. Certain clients of the Adviser and its affiliates may invest in bank debt and securities of companies in which other clients hold securities, including equity securities. In the event that such investments are made by a Fund, the interests of such Fund may be in conflict with the interest of such other Fund or client of the Adviser's affiliates, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds or the clients of the Adviser's affiliates may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided each Fund will supply such additional capital in such amounts, if any, as determined by the Adviser. In addition, a conflict may arise in

allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. The Adviser and its affiliates may seek to address these conflicts by adopting policies and procedures designed to ensure that the team managing the investments make independent decisions through the enforcement of information barriers and similar procedures. Investments by more than one client of the Adviser or its affiliates in a portfolio company may also raise the risk of using assets of a client of the Adviser or its affiliates to support positions taken by other clients of the Adviser or its affiliates. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Allocations

Each Fund may pursue investment opportunities similar to those pursued by another Fund. The allocation of investment opportunities among Funds will be determined by the Adviser in its good faith judgment and in accordance with the organizational documents of the relevant Funds. Allocation decisions can raise conflicts, for example, if Funds have different fee structures. Subject to a Fund's investment objectives and guidelines, the Adviser generally allocates investment opportunities on a pro-rata basis among eligible Funds based upon the current available capital of each Fund. In addition, certain investment opportunities are allocated using certain factors such as risk factors and/or diversification, Fund investment restrictions or current portfolio composition. The Adviser will not allocate investment opportunities based, in whole or in part, on: (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund.

The appropriate allocation between Funds of expenses and fees generated in the course of evaluating and making investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser and its affiliates in their good faith judgment.

In addition, a potential conflict may arise between investors of a Fund in the event that a limited partner requests to transfer its interest in a Fund in a secondary transaction. Subject to any restrictions in the organizational documents of the applicable Fund, or terms that may be negotiated in any side-letter arrangement, the Adviser or applicable general partner may identify certain, but not all, limited partners to potentially acquire the interest being transferred.

Management of the Funds

The Adviser manages a number of Funds that may have investment objectives similar to each other. The Adviser may in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See "Allocations" above. In addition, it is expected that employees of the Adviser responsible for managing a particular Fund will have responsibilities with respect to other Funds, including Funds that may be established in the future. Conflicts of interest may arise in allocating time, services or functions of these

employees between Funds. See also the Adviser's response to the section entitled "Other Conflicts" below which describes other activities undertaken by employees of the Adviser.

Follow-on Investments

An additional investment made by a Fund in an existing portfolio company may present conflicts of interest, including the terms of any new financing as well as the allocation of the investment opportunities in the case of follow-on investments by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund may participate in relevering and recapitalization transactions involving a portfolio company in which another Fund has already invested or will invest. Conflicts of interest may arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

Related Services

The Adviser and its affiliates may perform Related Services for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions. Such fees will be in addition to the management fee and Carried Interest paid by such Fund to the Adviser. These fees may create a conflict of interest between the Adviser and the Funds and their investors because the amounts of these fees may be substantial and the Funds and their investors do not have an interest in these fees. However, the Adviser typically reduces the management fee by a percentage of the amount of such fees received, which percentage varies from Fund to Fund and is set forth in the organizational documents of each Fund and/or disclosed in the offering documents of each Fund. As described in response to "Fees and Compensation" above, the Adviser determines the amount of these fees for Related Services in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies.

Diverse Membership

The investors in the Funds include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors may have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Adviser, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, the Adviser will consider the investment and tax objectives of the applicable Fund and the investors as a whole, not the investment, tax or other objectives of any investor individually.

Side Letter Agreements

The Adviser may enter into certain side letter arrangements with investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, and liquidity or transfer rights. However, the organizational documents for each of the TMT Funds contain a most favored nations provision which allows each investor the right to elect to obtain such rights, where applicable.

Advisory Affiliates

PECM has affiliate investment advisers with which it has entered into consulting arrangements. Providence Equity Partners L.L.C. and Benefit Street Partners L.L.C. focus primarily on different investment strategies than PECM, and are investment advisers that are registered with the SEC. However, clients of PECM, Providence Equity Partners L.L.C. and Benefit Street Partners L.L.C. may invest in the same portfolio companies, including in the same security or in different securities of such a portfolio company. In the ordinary course of conducting its activities, interests of PECM's clients may therefore conflict with the interests of the clients of Providence Equity Partners L.L.C. and Benefit Street Partners L.L.C. Please see the Adviser's response in the sections entitled "Conflicts Related to Purchases and Sales" and "Allocations" above for more information. Other than Providence Equity Partners L.L.C. and Benefit Street Partners L.L.C., the investment adviser affiliates of the Adviser do not have their own clients.

Conflicts Relating to the General Partner and the Adviser

Each general partner of a Fund is a related person of the Adviser. The Adviser generally may, in its discretion, contract with any related person of the Adviser (including but not limited to a portfolio company of a Fund) to perform services for the Adviser in connection with its provision of services to the Funds. When engaging a related person to provide such services, the Adviser may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser generally may, in its discretion, recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) a related person of the Adviser (including but not limited to a portfolio company of a Fund) or (ii) an entity with which the Adviser or its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or a member of their personnel otherwise derives financial or other benefit. When making such a recommendation, the Adviser may, because of its financial or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Conflicts Related to Fee Structure

Because the TMT Funds have a fixed investment period after which capital from limited partners may only be drawn down in certain limited circumstances and the Adviser's management fee for these Funds is based upon capital invested in the Funds, this timing may create an incentive to deploy capital when the Adviser may not otherwise have done so.

The fact that the Carried Interest received by the Adviser from the Funds is based on the performance of the Funds may also create an incentive for the Adviser to cause the Funds to make investments that are more speculative than would be the case in the absence of performance-based compensation. However, this incentive may be tempered somewhat by the fact that losses from unsuccessful investments will reduce the Fund's performance and thus the Adviser's receipt of Carried Interest.

Other Conflicts

The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including transactions in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds and the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates. Moreover, in litigation and certain other circumstances separate representation may be required.

The Adviser may, in its discretion, have, and may, in its discretion, cause the Funds and/or their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser. The Funds and/or their portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between the Adviser and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

If a Fund purchases in the secondary market at a discount debt securities of a company in which a Fund has, for example, a substantial equity interest, (a) a court might require a Fund to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Fund might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

Item 12. Brokerage Practices

The Adviser has discretion to determine the broker or dealer to be used and the commission rates to be paid in instances where a broker or dealer is used. Generally, investments in the Funds are purchased through a broker, dealer or underwriter. When executing transactions on behalf of the Funds through a broker, dealer or underwriter, the Adviser's objective will be to obtain the most favorable commission and the best price obtainable on each transaction in light of the quality of execution provided. As such, brokers, dealers and underwriters are selected primarily on the basis of their execution, capability and trading expertise. Certain brokers and dealers utilized by the Adviser make research information available to the Adviser. However, the Adviser does not enter into soft dollar arrangements or otherwise take into account research and non-execution services in selecting brokers to execute client transactions.

In order to monitor best execution, the Adviser, as well as the Adviser's compliance group, will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

Aggregation of Trades

The Adviser may aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions can enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The Adviser may combine orders on behalf of Funds with orders for other funds for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, the Adviser and its affiliates generally allocate the publicly traded securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants.

When orders for publicly traded securities are not entirely filled, allocation shall be made based upon the Adviser's procedures for allocation of investment opportunities. Where aggregate trades have been filled during the course of the trading day at different prices, the costs of the publicly traded securities to each client will be averaged priced to the extent possible. See the Adviser's response to Item 11 above for more information regarding conflicts of interest related to investment and trading discretion.

Item 13. Review of Accounts

The Adviser staffs each Fund investment with a senior officer and a junior analyst. After an investment is made, the Adviser monitors each position on a daily basis and continually optimizes the portfolio based on changes in market conditions and underlying company fundamentals. Ongoing, collaborative industry and sector reviews are conducted by the Adviser and an active, up-to-date model is maintained. In addition, the Adviser keeps in regular contact with the company and the Adviser's trading desk actively monitors price movements with a daily mark-to-market for each position held.

The Adviser provides written quarterly unaudited reports and written annual audited reports to the limited partners of the Funds. Moreover, the Adviser provides quarterly letters to the limited partners of the Funds.

Item 14. Client Referrals and Other Compensation

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above.

The Adviser and its affiliates may also from time to time engage in a broad range of activities, including providing Related Services to actual and potential portfolio companies of the Funds. Such Related Services are complementary to the investment supervisory services provided by the Adviser. Time spent on Related Services varies from investment to investment.

In addition, the Adviser and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies of Funds.

While not a client solicitation arrangement, the Adviser notes that it may from time to time engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain prospective investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests in a Fund that are accepted by the Fund's general partner with respect to such prospective investors. Such fees will be negotiated individually between the Adviser and such person.

Item 15. Custody

This item is not applicable to the Adviser.

Item 16. Investment Discretion

The Adviser has the discretion to determine, without consent of the Funds or the investors in the Funds, the particular securities or instruments to be bought and sold in accordance with the terms and conditions of the applicable organizational documents of each Fund. The Adviser will provide investment advice to the Funds, subject to certain limitations and restrictions on the Funds as to diversification and type of permitted investments. Funds will typically make direct investments in companies, although the Adviser may in its discretion form a special purpose vehicle with respect to particular investments.

Alternative Investment Vehicles are generally established in order to invest alongside or in the place of one or more Main Funds in a particular investment opportunity or opportunities, and the Adviser typically has limited discretion to invest the assets of Alternative Investment Vehicles independent of these limitations as set forth in the organizational documents of the Alternative Investment Vehicles and applicable Main Fund.

Item 17. Voting Client Securities

It is the Adviser's fiduciary duty to vote proxies and consents in the best interests of the Funds and the overriding principle of the Adviser's proxy voting is to maximize the financial interests of the Funds. It is the policy of the Adviser in voting proxies to consider and vote each proposal with the objective of maximizing long-term investment returns for the Funds.

The Adviser has established guidelines regarding the voting of proxies on routine, non-routine, corporate governance and social issues. The Adviser may, however, vote in a manner that is contrary to the general guidelines if it believes that it would be in a Fund's best interest to do so. All proxies, unless voted in accordance with the Adviser's general guidelines on routine, non-routine, corporate governance and social issues, will require a mandatory conflicts of interest review, which will include consideration of whether the Adviser, any investment professional or other person recommending how to vote and/or the Adviser's affiliates and their clients has an interest in how the proxy is voted that may present a conflict of interest. The Adviser is not required to vote a proxy if the cost of voting a particular proxy due to special translation, delivery or other requirements would outweigh the benefit of voting for the Fund. Though not common, situations may arise in which more than one Fund invests in the same company or in

which a single Fund may invest in the same company but through multiple accounts. In those situations, two or more Funds, or one Fund with different accounts, may be invested in strategies having different investment objectives, investment styles or portfolio managers. As a result, the Adviser may cast different votes on behalf of different Funds or on behalf of the same Fund with different accounts.

The Adviser will retain all books and records relating to its proxy voting activities on behalf of client accounts in accordance with the requirements of Rule 204-2(c)(2) under the Advisers Act. Copies of relevant proxy logs are available to any client or prospective client by calling Alexander H. McMillan at 212-588-6712 or by writing to Mr. McMillan, Chief Compliance Officer, Providence Equity Capital Markets L.L.C., 9 West 57th Street, Suite 4700, New York, NY 10019.

Item 18. Financial Information

This item is not applicable to the Adviser.

Item 19. Requirements for State-Registered Advisers

This item is not applicable to the Adviser.