

FRIEDMAN FLEISCHER & LOWE, LLC

Form ADV Part 2A: Firm Brochure (February
2012)

One Maritime Plaza, Ste. 2200
San Francisco, CA 94111-3512
www.fflpartners.com

This brochure provides information about the qualifications and business practices of Friedman Fleischer & Lowe, LLC (“FFL”, the “Firm” or “Advisor”). For more information on the disclosure requirements required for Part 2A see the “General Instructions for Part 2 of Form ADV” by visiting www.sec.gov/rules/final/2010/ia-3060.pdf. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer at (415) 402-2100.

FFL is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

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

Item 2: Material Changes

On February 13, 2012, FFL filed its initial application to register as an investment adviser with the SEC. Accordingly, pursuant to disclosure rules under the Advisers Act, this is the first Brochure compiled by FFL to provide new and prospective clients with clearly written, meaningful, current disclosure of its business practices, conflicts of interest, and background of its advisory personnel. We encourage all recipients of this Brochure to read it carefully in its entirety.

In the future, this Item will identify and discuss the material changes since the last annual update to assist clients and make them aware of certain information that has changed since the prior year's Brochure and that may be important to them.

Item 3: Table of Contents

Item 2: Material Changes.....	2
Item 3: Table of Contents	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation.....	4
Item 6: Performance Based Fees and Side-by-Side Management	5
Item 7: Types of Clients.....	5
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9: Disciplinary Information	9
Item 10: Other Financial Industry Activities and Affiliations	10
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..	10
Item 12: Brokerage Practices	12
Item 13: Review of Accounts	13
Item 14: Client Referrals and Other Compensation.....	14
Item 15: Custody.....	14
Item 16: Investment Discretion.....	14
Item 17: Voting Client Securities	14
Item 18: Financial Information	15

Item 4: Advisory Business

FFL is a San Francisco based private equity firm primarily focused on investing in U.S. middle market companies. FFL was established in 1997 and since then has raised and managed three groups of private equity Partnerships with aggregate capital commitments of \$2.7 billion. FFL's primary business is to direct private equity investments in U.S., middle market companies through the financing of buyouts, growth initiatives, and recapitalizations. FFL is owned by Tully Friedman, Spencer Fleischer, and Chris Masto.

FFL serves as an investment manager to related investment partnerships that make private equity investments in the securities of businesses (each partnership, a "Private Equity Partnership" or "Partnership"). FFL's strategy is to make control-oriented investments or influential, non-control investments in the companies in which it invests.

In providing services to each Partnership (collectively, "Partnerships"), FFL formulates the investment objectives, directs and manages the investment and reinvestment of each Partnership's assets, and provides periodic reports to each Partnership's investors. Investment management services are provided directly to the Partnerships and not individually to the limited partners of the Partnerships. FFL manages the assets of each Partnership in accordance with the terms of the Partnership's applicable governing documents.

As of December 31, 2011, FFL managed \$2,363,882,000 in client assets on a discretionary basis and no assets on a non-discretionary basis.

Item 5: Fees and Compensation

For each Partnership, with the exception of (i) FFL Executive Partners, L.P., FFL Executive Partners II, L.P. and related alternative investment funds, and FFL Executive Partners III, L.P. (collectively the "Executive Funds"), and (ii) FFL Designated Partners II, L.P. and FFL Designated Partners III, L.P. (collectively the "Designated Partner Funds"), FFL or an affiliated company will receive carried interest and/or a priority allocation (together "performance-based fees") along with a management fee for providing investment management services. Management fees are generally payable in quarterly installments in advance, and any payment for a period of less than three months is adjusted on a pro rata basis according to the actual number of days during the period. The Partnerships are generally charged a management fee of 2.0% of committed capital up and until the earlier of (a) the date when FFL is entitled to receive management fees from a successor fund and (b) the end or early termination of the Partnership's investment period; and 1.5% of invested capital thereafter. As discussed in Item 14, management fees may be reduced by fees and certain items of compensation received by FFL or its affiliates.

See Item 6 for a discussion of performance-based fees.

The carried interest and management fee may be deferred, waived or reduced at the discretion of FFL and its affiliates.

Pursuant to each partnership agreement, limited partners are not permitted to make voluntary withdrawals. In the event of a non-voluntary withdrawal, as in the case of avoiding violations of ERISA, FFL may refund all pre-paid fees that have not been earned.

In addition to management and performance-based fees, if any, limited partners in the Partnerships will bear, to the extent not reimbursed by a portfolio company, all costs and operating expenses of the Partnerships. These expenses typically include: organizational expenses; professional fees including legal, auditing, consulting and accounting expenses (including expenses associated with the preparation of Partnership financial statements, tax returns and K-1s); expenses of the Advisory Committee and annual meetings of the Limited Partners; insurance and other expenses associated with the acquisition, holding and disposition of its investments, including, among other things, certain telecommunication charges, consultant and advisor fees, and travel expenses; costs of reporting to investors; all out-of-pocket expenses in connection with transactions not consummated; and extraordinary expenses (such as litigation). Certain costs and expenses may be incurred by FFL, or its affiliates, and be reimbursed by the Partnerships.

Detailed information regarding the fees and expenses charged to the Partnerships is provided in each Partnership's governing documents.

Item 6: Performance-Based Fees and Side-by-Side Management

Each Partnership's items of income, gain and loss are initially allocated among the partners of the Partnership in proportion to their investment percentage interest. To the extent that limited partners in each Partnership, with the exception of the Executive Funds and Designated Partner Funds, have combined profits from the Partnership in excess of the priority allocation, if any, the Partnership is subject to carried interest of 20% of investment income and 20% of profits on distributions derived from the disposition of investments or securities, subject to an internal rate of return hurdle.

Detailed information regarding the performance-based fees charged to the Partnerships is provided in each Partnership's governing documents.

Performance-based fees may create an incentive for the general partner of the Partnership to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments, than would be made if such fees were not allocated to the general partner. FFL has in place policies and procedures to address these and other conflicts, including policies and procedures designed to ensure allocation of trades and securities among Partnerships on a fair and equitable basis. See Item 11 for a description of these policies and procedures.

Item 7: Types of Clients

FFL provides investment management services to three primary Private Equity Partnerships, each a "Primary Fund": Friedman Fleischer & Lowe Capital Partners I, L.P., Friedman Fleischer & Lowe Capital Partners II, L.P., and Friedman Fleischer & Lowe Capital Partners III, L.P.,

together with their related “side funds” and alternative investment funds. Each “side fund” to the Primary Fund invests side-by-side, on a pro rata basis, with its Primary Fund. Each Partnership operates as pooled investment vehicle intended to provide management expertise and other advantages to its portfolio company investments. The minimum capital commitment for a limited partner of each Primary Fund is \$10,000,000; however FFL maintains discretion to accept less than the minimum investment threshold. FFL maintains discretion over minimum capital commitments of the side funds.

The Partnerships may enter into separate agreements, commonly referred to as “side letters”, with certain investors to grant certain rights or allow such investors to invest on different terms than those specifically described in the offering documents. Under certain circumstances, these agreements could create preferences or priorities for such investors with respect to other limited partners.

Investors are required to make certain representations when investing in a Partnership, including but not limited to that (i) they are acquiring an interest for their own account, (ii) they received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment, and (iii) they have the ability to bear the economic risk of an investment in the Partnership. Each investor is furnished with a copy of the partnership agreement and other governing documents.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategy and Process

Each Partnership’s investment objective is to achieve long-term capital appreciation primarily through U.S. middle market investments in companies in which the Partnerships will generally have influence on the management, operations and strategic direction of the business. FFL will typically target investments ranging in size from \$50 million to \$200 million and typically hold investments for four to six years.

FFL focuses on financing buyouts, growth initiatives and recapitalizations of U.S. middle market companies.

FFL’s professionals have diverse, complementary backgrounds as investment professionals, investment bankers, strategic consultants, and operating executives. FFL believes that the combination of these backgrounds results in comprehensive insights into the attractive attributes, risks and value creation levers of portfolio companies. Furthermore, the Firm believes that the depth and breadth of FFL team’s experience gives it a differentiated ability to make fine judgments in evaluating industries and management teams of prospective investments.

In addition to a middle market focus and a team-oriented approach, FFL’s investment strategy includes: (i) sector-based proactive deal sourcing; (ii) collaborative partnerships with excellent portfolio management teams; (iii) an emphasis on transactions with limited or no formal process - where FFL’s reputation and relationships provide a competitive advantage; (iv) an intense due

diligence process with a rigorous focus on the inherent attractiveness of a business; (v) creative and flexible transaction structuring; (vi) value creation through application of the Firm's extensive strategic, financial and operating expertise; and (vii) a disciplined re-underwriting process with careful consideration of exit timing.

Associated Risks

All investing involves a risk of loss and the investment strategy pursued by the Advisor could lose money over short or even long periods. Key risk areas inherent to investing in portfolio companies include operational, investment and market risks. FFL seeks to mitigate these risks through a variety of mechanisms, including operational due diligence, risk modeling, and appropriate investment structuring.

The descriptions contained below are a brief overview of different associated risks related to the Advisor's investment strategy; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operations of the Partnerships.

Lack of Diversification; Risk of Loss of Capital

Since the Partnership may only make a limited number of investments, and since a Partnership's investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the investors. No guarantee or representation is made that a Partnership will achieve its investment objectives or that invested capital will be returned.

Although FFL is primarily focused on investing in U.S. companies, a portion of the Partnership's capital may be invested in businesses that are based outside of the United States and Canada. Such investments will involve risks not typically associated with investments in the securities of U.S. companies. For instance, investments in non-U.S. businesses (i) may require significant government approvals under corporate, securities, exchange control, non-U.S. investment and other similar laws and regulations; (ii) may require financing and structuring alternatives and exit strategies that differ substantially from those commonly used in the United States; and (iii) will expose the Partnership to potential losses arising from changes in foreign currency exchange rates. The foregoing factors may increase transaction costs and adversely impact the value of a Partnership's investments in non-U.S. portfolio companies.

Competitive Nature of the Partnership's Business

The business of the Partnerships is highly competitive. FFL will be competing for investment against other groups, including direct investment firms, merchant banks and industrial groups, and FFL may be unable to identify a sufficient number of attractive investment opportunities for each Partnership to meet its investment objectives. Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with the board of directors or owners of an acquisition target, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within

the control of FFL. To the extent that the Partnerships encounter competition for investments, yields to investors may be reduced.

No Right to Control the Partnership's Operations

Investors holding Limited Partnership interests have no opportunity to control the day-to-day operations of the Partnerships, including investment and disposition decisions. In order to safeguard their limited liability for the liabilities and obligations of the Partnership, such investors must rely entirely on FFL to conduct and manage, respectively, the affairs of each Partnership.

Risk Arising from Provision of Managerial Assistance

The Partnerships will typically designate directors to serve on the boards of directors of portfolio companies. The designation of representatives and other measures contemplated could expose the assets of the Partnership to claims by a portfolio company, its security holders and its creditors, including claims that the Partnership is a controlling person and thus is liable for securities laws violations of a portfolio company. These measures also could (i) result in certain liabilities in the event of the bankruptcy or reorganization of a portfolio company; (ii) result in claims against the Partnership if the designated directors violate their fiduciary or other duties to a portfolio company or fail to exercise appropriate levels of care under applicable corporate or securities laws, environmental laws or other legal principles; and (iii) expose the Partnership to claims that it has interfered in management to the detriment of a portfolio company. While FFL intends to manage each Partnership in a way that will minimize the exposure to these risks, the possibility of successful claims cannot be precluded.

Risks Upon Disposition of Investments

In connection with the disposition of an investment in a portfolio company, each Partnership may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Partnership may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities that might ultimately have to be funded by the investors. Each partnership agreement contains provisions to the effect that if there is any such claim in respect of a portfolio company, it will be funded by the investors to the extent that they have received distributions from the Partnership, subject to certain limitations.

Risk of Minority Positions

If, as part of its overall investment strategy, the Partnership elects at any time to hold a minority position in one or more portfolio companies, it may not be able to exercise control over such companies.

General Economic Conditions

General economic conditions may affect each Partnership's activities. Interest rates, general levels of economic activity, the price of securities, the availability of financing and participation by other investors in the financial markets may affect the value and number of investments made by the Partnership or considered for prospective investment. Economic conditions can have significant impact on the performance of each Partnership's investments.

Certain Regulatory Considerations

The Partnerships expect to make investments in a number of different industries, some of which are or may become subject to regulation by one or more U.S. federal agencies and by various agencies of the states, localities, and counties in which they operate. New and existing regulations, changing regulatory schemes and the burdens of regulatory compliance all may have a material negative impact on the performance of portfolio companies that operate in these industries. FFL cannot predict whether new legislation or regulation governing those industries will be enacted by legislative bodies or governmental agencies, nor can it predict what effect such legislation or regulation might have. There can be no assurance that new legislation or regulation, including changes to existing laws and regulations, will not have a material negative impact on each Partnership's investment performance.

Communications and Media Regulatory Considerations

Certain communications and media companies are subject to extensive U.S. federal, state and local regulatory requirements. Certain regulations that are intended to limit the concentration of ownership and control of communications and media companies may prevent the Partnerships from making certain investments that they would otherwise make. Other regulations may cause the Partnerships to incur substantial additional costs or lengthy delays in connection with the completion or disposition of such investments. In general, investors will be subject to special "insulating" provisions with respect to such investments.

Unspecified Use of Proceeds

Purchasers of Limited Partnership interests will not have an opportunity to evaluate for themselves the relevant economic, financial, and other information regarding the investments to be made by the Partnership and, accordingly, will be dependent upon the judgment and ability of FFL in investing and managing the capital of the Partnership. No assurance can be given that the Partnership will be successful in obtaining suitable investments, or that if such investments are made, the objectives of each Partnership will be achieved.

Item 9: Disciplinary Information

There are no legal or disciplinary events required to be disclosed under this Item 9.

Item 10: Other Financial Industry Activities and Affiliations

FFL organizes and sponsors the Partnerships, which are pooled investment vehicles. FFL is under common control with each Partnership's general partner. FFL provides certain management services to the Partnerships but the activities of the Partnerships remain the ultimate responsibility of each Partnership's general partner and all decisions relating to the selection and disposition of the Partnership's investments are made exclusively by each Partnership's general partner.

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

Pursuant to Rule 204A-1 of the Advisers Act, FFL has adopted a written Code of Ethics (the "Code"). FFL requires all partners and employees of FFL, and other designated individuals (collectively, "Covered Persons") to act in the Partnerships' best interests, abide by all applicable regulations, and avoid any action that is, or could even appear to be, legally or ethically improper.

FFL generally prohibits the purchase or sale of securities that are held by the Partnerships; requires pre-clearance before purchasing an IPO or limited offering (i.e., private placement); requires periodic reporting of Covered Persons' personal securities transactions and all holdings; and requires prompt internal reporting of Code violations. FFL endeavors to maintain current and accurate records of all personal securities accounts of its Covered Persons in an effort to monitor all such activity. A copy of FFL's Code is available upon request.

Other Conflicts of Interest

Certain conflicts of interest are inherent in investing in portfolio companies and managing the Partnerships. The descriptions contained below are a brief overview of different conflicts of interest related to the Advisor's operations; however, it is not intended to serve as an exhaustive list or a comprehensive description of all conflicts that may arise in connection with the management and operations of the Partnerships.

Reliance on Management of Portfolio Companies

While it is generally the intent of FFL to invest in companies with proven operating management in place, there can be no assurance that such management will be in place at the time of investment or that such management will continue to operate successfully. Although FFL will monitor the performance of each investment, the Partnership will rely upon management to operate the portfolio companies on a day-to-day basis.

Risk of New Fund

FFL may organize or invest from a new fund substantially similar to the existing Partnerships once a specified percentage of the capital commitments have been invested or committed to be invested (including amounts reserved to make follow-on investments in existing portfolio

companies or to provide for Partnership expenses), or at the end of each Partnership's investment period.

Management of the Partnership

FFL professionals may spend a significant portion of their business time on matters unrelated to the Partnership, including forming and managing new funds with different investment objectives, participating on the boards of public companies and not-for-profit institutions and certain other business activities. As a result, conflicts of interest will arise, including with respect to allocating management time, services and functions between affiliates; and the acquisition from time to time by the FFL professionals and their affiliates of confidential information that they will not be able to use for the benefit of each Partnership.

Portfolio Company Representation

Employees of the Advisor may serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio companies and their respective shareholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interests of the portfolio company may not be in the best interests of the Partnership, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individual's duties as an employee of the Advisor and such individual's duties as a director or officer of such portfolio company.

In certain circumstances, employees of the Advisor that serve as officers of or consultants to a portfolio company, may receive stock options and/or restricted stock of the portfolio company as compensation for their services.

See Item 14 for a discussion of fees and other compensation paid by portfolio companies.

Relationship with Affiliated Funds

FFL manages multiple Private Equity Partnerships which invest primarily in equity securities. Each Partnership may invest in portfolio companies in which one or more of the Partnerships have also invested, either concurrently with such Partnerships or subsequent or prior to the investment by such Partnerships. Allocation of available investment opportunities between the Partnerships are subject to certain limitations as set forth in the governing documents and will be made by FFL in its good faith discretion and in consultation with the Advisory Committee for each Partnership.

The appropriate allocation between the Partnerships 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 FFL in its good faith discretion.

Co-investments

FFL may, but will be under no obligation to, offer co-investment opportunities to any persons, including investors, strategic investors or other third parties, including other private equity funds not affiliated with FFL, the exact terms of which will be set by FFL. FFL will not provide such co-investment opportunities until it has determined, in good faith, the appropriate portion of the applicable investment opportunity to be taken by the Partnerships.

Conflicts among Certain Limited Partners

Investors are expected to 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 the Partnership. As a consequence, conflicts of interest may arise in connection with decisions made by FFL, including but not limited to the nature or structuring of investments, which may be more beneficial for one investor than for another investor. In selecting and structuring investments appropriate for the Partnership, FFL will consider the investment and tax objectives of the Partnership and the investors as a whole, rather than the investment, tax or other objectives of any investor individually.

Resolution of Conflicts

Each Partnership will establish an advisory committee consisting of representatives of investors not affiliated with FFL (the “Advisory Committee”). The Advisory Committee will meet as required to consult with FFL as to, among other things, potential conflicts of interest. On any issue involving actual conflicts of interest, FFL will be guided by its good faith discretion. In the event that any matter arises that FFL determines constitutes an actual conflict of interest between the Partnership, on the one hand, and FFL or its affiliates, on the other hand, FFL may take such actions as it deems necessary or appropriate in good faith to mitigate the conflict (and, upon taking such actions approved by the Advisory Committee, FFL will be relieved of any responsibility for the conflict of interest).

Item 12: Brokerage Practices

FFL primarily focuses on making investments in private securities, thus it does not ordinarily deal with any financial intermediary such as a broker-dealer acting on its behalf in making purchases, and commissions are not ordinarily payable in connection with such investments. To the extent FFL might transact in public securities for the Partnerships, it will select brokers based upon the broker’s ability to provide best execution for the Partnerships. FFL is generally authorized to make the following determinations, subject to each Partnership’s investment objectives and restrictions, without obtaining prior consent from the relevant Partnerships or any of their investors: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

In making its decisions regarding the allocation of brokerage transactions for the Partnerships, FFL will consider a variety of factors including but not limited to: (i) the ability to effect prompt

and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer or counter party; and (iv) the competitiveness of commission rates in comparison with other broker-dealers. Although FFL generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

FFL has no formal arrangements with broker-dealers to receive research or other products or services other than execution, and FFL does not have any soft dollar or commission sharing agreements in place that would require FFL to provide any specified amount of brokerage to a broker-dealer. FFL, however, receives research reports free of charge from broker-dealers that may provide or seek to provide services to FFL, the Partnerships or its portfolio companies. Any information received from a broker-dealer is consistent with the safe harbor for brokerage and research services under Section 28(e) of the Securities Exchange Act of 1934. When FFL receives research or other information or opportunities from a broker-dealer free of charge, it could be viewed as receiving a benefit it does not have to pay for, and FFL could be viewed as having an incentive to select or recommend a broker-dealer for a transaction on behalf of a Partnership or portfolio company based on its interest in receiving such benefits rather than on receiving most favorable execution.

Item 13: Review of Accounts

FFL focuses on investments almost exclusively in private equity. All investment purchases require unanimous approval of FFL's Senior Managing Members and all investment sales require majority approval of its Senior Managing Members. FFL regularly reviews and monitors its portfolio companies. On a quarterly basis, FFL reviews the valuation of its portfolio companies. On an annual basis, FFL subjects each investment to a re-underwriting. FFL also reviews each investment whenever there is a major company event or market shift affecting the company or its exit options. In these reviews and re-underwritings, FFL typically reexamines its investment hypothesis, updates forecasts of company performance, assesses the likely current exit opportunities and value, and projects the forward return opportunity available from continuing to hold the investment, taking into account possible future increases or decreases in multiples.

FFL provides quarterly and annual reports to each limited partner. The quarterly package includes a detailed account of the major events that occurred during the quarter impacting FFL and the Partnerships' portfolio companies and an overview of general market conditions. FFL also provides audited financial statements annually and holds an annual investor meeting.

Item 14: Client Referrals and Other Compensation

During a fundraising cycle for a Partnership, FFL may compensate placement agents who facilitate capital commitments from limited partners. The costs associated with placement agent compensation will be paid by the Partnership, but borne by FFL through a 100% offset against the management fee. The use of a placement agent will be fully disclosed to investors referred by placement agents.

FFL or its affiliates may charge portfolio companies origination fees, breakup fees, consulting fees, monitoring fees and other similar fees. FFL professionals who serve on the board of directors of portfolio companies may also receive cash compensation, stock options and/or restricted stock in their capacity as directors. In certain circumstances, employees of the Advisor that serve as officers of or consultants to a portfolio company, may receive cash compensation, stock options and/or restricted stock of the portfolio company as compensation for their services. A percentage of certain components of such fees and compensation paid by portfolio companies that are received by the FFL or any of its affiliates will be applied to reduce the management fee otherwise payable.

From time to time FFL may earn certain other advisory fees unrelated to its portfolio activities.

Item 15: Custody

All Partnership assets are held in custody by unaffiliated broker/dealers or banks that are qualified custodians. FFL is deemed to have custody of Partnership assets because the General Partner entities serve as the general partner of each Partnership. Investors will not receive statements from the custodian. Instead, the Partnerships are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements will be prepared in accordance with U.S. generally accepted accounting principles and distributed within 120 days of each Partnership's fiscal year end.

Item 16: Investment Discretion

FFL generally has discretionary authority to determine, without obtaining specific consent from the Partnership or its investors, the securities and amount of securities to be bought or sold. Any limitations on authority are included in each partnership agreement and other governing documents.

Item 17: Voting Client Securities

Most of the portfolio companies held by the Partnerships are private companies that typically do not issue proxies. However, in the event proxies have to be voted, FFL has adopted proxy voting policies and procedures, and shall be responsible for voting proxies on behalf of the Partnerships. FFL shall vote client proxies in a way that it believes will maximize shareholder value. In exercising its voting discretion, FFL and its employees will avoid any direct or indirect conflict of interest raised by such voting decision. FFL will seek to provide adequate disclosure to the

Partnerships' Advisory Committees if any substantive aspect or foreseeable result of the subject matter to be voted upon raises an actual or potential conflict of interest to FFL or any of its affiliates.

FFL's investment professionals or affiliates may serve as board members for the Partnerships' portfolio companies. In situations where FFL votes the proxy for a company in which a member of FFL serves on the board of directors, FFL has determined that it does not inherently present a conflict of interest as the purpose for serving on the board is to maximize the return on the Partnership's investment and to ensure that the Partnership's interests are protected.

A copy of FFL's proxy voting policy and a record of all proxy votes cast on behalf of the Partnerships will be maintained and is available upon request.

Item 18: Financial Information

FFL (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients, or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.