

# **TPG Global Advisors, LLC**

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Part 2A of Form ADV: Firm Brochure  
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**This brochure provides information about the qualifications and business practices of TPG Global Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (817) 871-4000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about TPG Global Advisors, LLC also is available on the Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**An investment adviser's registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.**

## **ITEM 2 – MATERIAL CHANGES**

None.

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#### **ITEM 4 – ADVISORY BUSINESS**

For purposes of this brochure, “Global” or the “Registrant” means TPG Global Advisors, LLC, together (where the context permits) with Global subsidiaries that provide investment advisory services. Global provides investment advisory services to affiliated management companies (“TPG Management Companies”) and, together with the TPG Management Companies, to pooled investment vehicles that are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) and to certain individual investors through separately managed account arrangements (collectively, the “Funds”). The investors in the Funds are primarily “qualified purchasers,” as defined in the Investment Company Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, limited partnerships and limited liability companies.

TPG Management Companies also serve as the sponsor of entities that act as feeder vehicles into certain Funds. Additionally, in order to meet tax, regulatory or other requirements, certain investors may invest in substantially the same portfolio as the applicable Funds through specially formed investment vehicles, which also are advised by Global.

TPG Management Companies from time to time also may form capital around a particular strategy or theme, or may establish, on a transaction-by-transaction basis, investment vehicles and accounts through which certain persons may invest alongside one or more Funds (each such pooled investment vehicle and account, a “Co-Investment Vehicle”). Generally, when a Co-Investment Vehicle is established for a particular transaction, it is contractually required, as a condition of its investment, to exit its investment at the same time and on the same terms as the applicable Fund that also is invested in such transaction.

The only advisory clients of Global are the Funds and certain Co-Investment Vehicles (collectively, the “Global Vehicles”) and the TPG Management Companies (together with the Global Vehicles, the “Global Advisees”).

The Registrant was formed as a Delaware limited liability company in 2011. The principal owners are David Bonderman and James Coulter.

As an investment adviser, Global identifies investment opportunities and participates in the acquisition, management, monitoring and disposition of investments for Global Advisees. Global’s investment advisory services include those related to (i) private equity investments in various industries, including leveraged acquisitions and recapitalizations, turnarounds, traditional buyouts and investments in growth companies; (ii) special situation and distressed investments; and (iii) investments in, among other things, performing and distressed bank and other loans, high yield bonds, investment grade bonds, mezzanine/private placements, structured products, credit-based securities and claims, swap transactions (including total rate of return swaps and credit default swaps), derivative instruments, equities, short sales, currency hedging transactions, financings and debt originations, real estate, energy assets, securities lending arrangements and repurchase agreements, in each case to the extent consistent with the applicable Global Advisee’s

investment objectives and strategies. Such investments may take the form of privately-negotiated investment instruments, including unregistered equity securities of both U.S. and non-U.S. issuers or securities from a broad range of issuers and counterparties in a broad range of markets, and in each case to the extent consistent with each applicable Global Advisee's investment objectives and strategies (please see Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss, below).

Global generally provides investment advisory services to each Global Advisee pursuant to a separate advisory services agreement with the applicable TPG Management Company (each, an “Advisory Services Agreement”). The terms of the investment advisory services to be provided by Global to a Global Advisee are set forth in the applicable Advisory Services Agreement.

TPG Management Companies or their related entities also may enter into side letter agreements with certain investors in the Global Vehicles, establishing rights under, or supplementing or altering the terms of, the applicable limited partnership agreements and subscription agreements relating to such Global Vehicles with respect to such investors. While the TPG Management Companies and their related entities have no obligation to offer all such additional rights, terms or conditions, to any other investor in such Global Vehicles, the TPG Management Companies and their related entities generally disclose the existence of such arrangements to all limited partners of the relevant Global Vehicles. Once invested in a Global Vehicle, investors generally cannot impose additional investment guidelines or restrictions on such Global Vehicle.

As of January 1, 2012, Global managed on a discretionary basis a total of \$ 50,745,666,001 of client assets.

## **ITEM 5 – FEES AND COMPENSATION**

Global receives asset-based investment advisory fees from the applicable TPG Management Companies pursuant to each Advisory Services Agreement. Such investment advisory fees are based on fees received by the TPG Management Companies from the Funds, as described below. The Funds' investment advisory fees are generally payable quarterly in advance. The amount of any Fund investment advisory fee is prorated for periods of less than a full billing cycle at the beginning or end of the provision of investment advisory services.

Global receives expense reimbursements (other than expenses resulting from the fraud, gross negligence or willful misconduct of Global) from each TPG Management Company. In turn, for certain Funds, expense reimbursements may be payable to the applicable TPG Management Company or its affiliates. These Fund expense reimbursements are disclosed to investors in the relevant offering documents and/or limited partnership agreements. These expense reimbursements are in addition to the investment advisory fees discussed above. Each Fund also generally bears all of the expenses relating to its activities, operations and meetings (other than expenses resulting from the fraud, gross negligence or willful misconduct of its general partner, the applicable TPG Management Company or Global) including, without limitation, fees, costs and expenses directly related to the discovery, investigation, development, making, management, monitoring and disposition of investments (including any such costs and expenses incurred by the applicable TPG Management Company and Global and any such costs and expenses relating

to potential investments that are not consummated); fees and expenses of brokers, custodians, consultants, economists, counsel, tax professionals and accountants; clearing and settlement charges; the cost of insurance; any taxes, fees or other governmental charges levied against the Fund; expenses relating to any audit, investigation, governmental inquiry or public relations undertaking; and the costs and expenses of any indemnification or litigation relating to the activities or operation of the Fund and the amount of any judgments or settlements paid in connection therewith, relating to the business, activities and interests of the Fund. For information regarding brokerage practices, please see “Brokerage Practices” below.

With respect to Co-Investment Vehicles, any fees to be received by a TPG Management Company are generally negotiated on a vehicle-by-vehicle basis, but may include asset-based fees and expense reimbursements or non-advisory administrative fees similar to those described above for the Funds.

In addition, TPG Management Companies or the affiliated general partners of the Global Vehicles may receive customary break-up and topping fees, commitment fees, monitoring and directors’ fees and organization, financing, divestment and other similar fees in connection with portfolio investments of the Global Vehicles as compensation for financial advisory and similar services provided to the Global Vehicles’ portfolio companies.

The Registrant has an affiliate, TPG Capital BD, LLC (“TPG BD”), which is a broker-dealer registered with the Securities and Exchange Commission. TPG BD was formed to engage in the private placement of securities. The securities that TPG BD places consist primarily of securities issued by certain private investment funds that Global, together with the TPG Management Companies, and related entities manage individually or through their principals, but also includes other entities not related to Global or its related entities.

#### **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Funds allocate a portion of their investment profits to their general partners, which are affiliated with Global, as a carried interest, as set forth in each Fund’s organizational documents. Co-Investment Vehicles also, in some cases, may allocate a portion of the Co-Investment Vehicles’ investment profits to their general partners, which are affiliated with Global, as a carried interest, as set forth in the relevant organizational documents for the Co-Investment Vehicles. Such general partners’ entitlement to performance-based distributions may create an incentive for Global to take risks in advising the Global Advisees that it would not otherwise take in the absence of such arrangements. Additionally, the allocation of carried interests at different rates, or subject to different hurdle rates, may create an incentive for Global to disproportionately allocate time, services or functions to Global Advisees allocating carried interests at a higher rate (or subject to a lower hurdle rate), or to allocate investment opportunities to such Global Advisees. However, Global has adopted policies and procedures that, among other things, seek to ensure in good faith that investment opportunities are allocated fairly and equitably across all its clients.

## **ITEM 7 – TYPES OF CLIENTS**

See Item 4 – Advisory Business.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

For the purposes of this Item 8, “Global” shall refer to “Global, together with the applicable TPG Management Company,” except where context otherwise requires.

### ***Methods of Analysis and Investment Strategy – Private Equity***

Global primarily seeks to make significant investments in operating companies through acquisitions and restructurings. In evaluating potential portfolio companies, Global conducts extensive due diligence to analyze, among other things, the company’s market and competitive position within that market, the company’s cost and revenue structures, the company’s unique assets, such as brand strength, distribution capability and intellectual property, the company’s management team and compensation structure, the company’s contingent liabilities (environmental, regulatory, accounting or otherwise), the company’s potential growth opportunities and potential exit strategies.

Global employs a worldwide network and an integrated investment process. Global seeks to establish a comprehensive view of key investment issues, including operations, competitors and regulatory constraints, across geographies. Funds are integrated through one centralized investment review process, from sourcing through portfolio management.

In each Fund, Global seeks to build a portfolio that is diversified with respect to transaction type, geographical exposure (as distinct from “domicile”) and sector. Global also generally seeks to maintain investment balance across industries that it believes are stable or otherwise attractive and industries with attractive long-term growth trends. Global aims to identify “second derivative” correlations to avoid overweighting to single macroeconomic factors that may affect different industries and geographies. Global also sources and presents to investors in certain Funds investment opportunities tailored to meet pre-determined investment strategies. Such strategies include making investments with shorter durations and different targeted returns than those found in traditional private equity Funds.

Global seeks to identify operational enhancements during due diligence and to add value to portfolio companies following an acquisition. Global utilizes creative operational and financial strategies throughout the portfolio companies’ evolution. Global employs a group of operating professionals with significant career experience in senior corporate roles and/or global management consulting firms. Global also employs a group of professionals with highly focused functional specializations.

### ***Methods of Analysis and Investment Strategy – Private Equity (Asia)***

In Asia, Global focuses on large, complex, control and non-control transactions, executing operational change, sourcing proprietary transactions, utilizing deep sector expertise and developing a differentiated portfolio mix. In particular, Global focuses on operationally-intensive, transformational opportunities.

Global's goal is to maximize value by enhancing operations in Fund portfolio companies. Global believes that gaining levers of influence in situations in which a Fund does not acquire a majority of the underlying voting shares requires creative transaction structuring, thorough understanding of local regulatory and political restrictions, credibility as a partner and local relationships.

Global seeks geographic diversification to help mitigate country-specific risk. Global believes the ability to maintain flexibility is critical in Asian investing given the geographically expansive region and the variation in the maturities of the economies. As a pan-Asian investor, Global invests in both developed and developing countries, which yield different investment opportunities from traditional leveraged buyouts (LBOs) to growth equity. In more developed markets, such as Australia, Hong Kong, Japan, South Korea and Taiwan, opportunities often more closely resemble traditional LBOs found in the United States and Europe. Debt is generally available, and these markets have more large capitalization, mature companies in which to invest. In contrast, many of the opportunities found in lesser developed countries, such as China, India and Indonesia, tend toward growth capital in nature. These regions are characterized by rapid industrialization and thus yield higher economic growth and have commensurately greater risk. Accordingly, there is much more emphasis on "equity control investments," because debt is more difficult to obtain and may be inappropriate given the greater operating risk profile.

#### ***Methods of Analysis and Investment Strategy – Private Equity (Growth)***

Global's growth investment team focuses on smaller private equity deals, and primarily seeks investments in companies requiring an average equity commitment between \$25 million and \$75 million. Global's growth Funds invest primarily in small- and middle-market growth equity and buyout opportunities and use Global's substantial institutional resources to contribute to thematic insight, sourcing and investment diligence with the aim of enhancing investment returns.

Global conducts extensive due diligence to analyze, among other things, the company's market and competitive position within that market, the company's cost and revenue structures, the company's unique assets, such as brand strength, distribution capability and intellectual property, the company's management team and compensation structure, the company's contingent liabilities – environmental, regulatory, accounting or otherwise, the company's potential growth opportunities and potential exit strategies.

Global pursues investments in three main categories: (i) proactive sector- or geography-based themes that are consistent with accumulated Global expertise and views on the market, (ii) companies in which Global platform capabilities and portfolio create differentiated investing views, and (iii) classic middle-market opportunities in which Global can buy at attractive valuations and improve the business post-closing with the aim of generating strong risk-adjusted returns.

Global growth investments are often sourced directly through the broader Global platform, including the Global network of portfolio companies and relationships. Global seeks opportunities in which Global's investing platform or expertise creates differentiated investment opportunities and unique insights that inform the investment thesis and transaction underwriting—what Global refers to internally as the "TPG Angle."

Global sources and invests across the globe, in a variety of sectors. Global primarily makes



“effective majority control” investments and/or growth equity investments and will consider select investments in early-stage opportunities. Global seeks to diversify Funds by industry and to optimize the capital structure of its portfolio companies to enhance equity returns, using leverage in select situations.

Global has a dedicated operating group with the mission of driving shareholder value creation by engaging in the investment due diligence process and in the portfolio to identify and execute on revenue growth, operational effectiveness and profit enhancement initiatives. The scope of this group’s activities may be summarized as follows: (i) support the due diligence process by providing insight that informs transaction underwriting and identifying opportunities for operational improvement post-investment; (ii) support human capital initiatives by enhancing management teams and boards; (iii) drive the value creation planning process through active engagement with management teams; (iv) provide business performance oversight and (v) serve as interim executives, when necessary.

### ***Methods of Analysis and Investment Strategy – Private Equity (Biotechnology)***

Global believes that the intrinsic scientific and medical complexities of the healthcare industry, coupled with the pace of progress of the biomedical research community, creates opportunities for investors who possess a sound grasp of these issues and close ties to the research community, and that such biomedical expertise must be coupled with sophisticated business acumen and connections to the venture capital, pharmaceutical and biotechnology industries. The Global biotechnology investment team has strong scientific, medical, operating and investing skills from working with the venture capital, biotechnology, pharmaceutical and medical device industries. Growth seeks to leverage those skills to identify inflection points in the valuation of companies and to recognize the time when an intriguing scientific result becomes a commercially realistic opportunity.

Global invests in early- and late-stage venture capital companies in the biotechnology and related life sciences industries, including those companies that specialize in drug discovery, personalized medicine, allied pharmaceutical services, medical technology and industrial biotechnology.

Global employs a science-based market approach that it believes allows it to effectively (i) handicap the likelihood of a product’s clinical and regulatory success, (ii) assess the challenges of commercialization, including payor and physician acceptance, and (iii) identify new commercial applications of proprietary technology. Global’s biotechnology investment team comprises a combination of scientific, medical, executive, operational and investment experience that Global believes is well-suited to the challenges of identifying, evaluating and building the next generation of life sciences companies. Increasingly, investors are asked to assess the potential therapeutic and market value of a compound or the clinical utility and importance of a molecular diagnostic or medical device. Global applies an operationally intensive approach in order to maximize portfolio company success. Global believes that maintaining an active focus on portfolio construction allows it to optimize risk/reward with respect to its capabilities and the overall market conditions during the investment period. As strategic and public market interest in various sectors and stages of companies change over time, Global’s portfolio construction approach aims to facilitate alternative exit options for various investments.

Global seeks to source investment opportunities through relationships with the academic community,

executives and scientists in the pharmaceutical and biotechnology industries, other venture capital firms, the Global platform and a network of entrepreneurs and executives.

### ***Methods of Analysis and Investment Strategy – TPG Opportunities Partners***

Global seeks special situations/distressed investments across the credit cycle by targeting deep value opportunities with embedded complexity that are difficult to source, analyze or execute. Global seeks top-down investment themes in dislocated sectors, as well as bottom-up situational opportunities where it can exploit idiosyncratic or secular issues to structure investments with a skewed risk-adjusted return profile.

Corporate Special Situations and Asset Special Situations are among the strategies existing Global Vehicles may invest in.

#### ***Corporate Special Situations***

Global seeks companies undergoing some type of distress or dislocation or confronted with an idiosyncratic issue. Dislocations may include, but are not limited to, excessive balance sheet leverage, lack of access to capital, company-specific operational problems, poor management, and structural changes in an industry caused by innovation, regulatory change or other macroeconomic factors.

Global may seek to invest throughout the capital structure at a deep discount to intrinsic value where it believes the most attractive risk-adjusted returns exist, focusing on instruments that it believes have the highest probability of converting into equity following a restructuring. Global also will seek investments where it can enhance value creation by leading the restructuring process and improving operations post restructuring. Global also may seek to identify areas of acute dislocation globally and across core sectors that will enable it to pursue investments from distressed sellers or be a provider of creative, structured solutions.

#### ***Asset Special Situations***

Asset Special Situations involve the acquisition of non-performing loan (NPL) portfolios purchased directly from commercial banks or financial institutions at deep discounts to current market values. Global has built a strategic NPL sourcing and servicing platform with 180 dedicated professionals that specialize in working out small-balance NPLs. Global works through this platform to (1) purchase large portfolios of loans from commercial banks, underwriting and valuing pools on a loan-by-loan basis and (2) create and execute individual workout plans to resolve loans through modifications, payoffs or sales in excess of purchase price.

### ***Material Risks of Significant Investment Strategies***

The investment strategies described above, and other strategies that may be pursued by the Global Vehicles, involve a substantial degree of risk, and the Global Vehicles may lose all or a substantial portion of the value of their investments. Material risks relating to the investment

strategies and methods of analysis described above are described in more detail in the applicable Global Vehicle's offering documents and representatives of Global or its affiliates are available to discuss with potential investors risks involved in the strategies pursued by a Global Vehicle. Such material risks include the following:

*Bank Loans.* A Fund may invest in fixed- and floating-rate loans, which investments generally will be in the form of loan participations and assignments of portions of such loans. Participations in commercial loans may be secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks or other financial institutions or lending syndicates. The participation interests in which a Fund invests may not be rated by any nationally recognized rating service. Participations and assignments are subject to a number of risks, including credit risk, interest rate risk, liquidity risk and the risks of being a lender. When purchasing loan participations, a Fund assumes the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary, and may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower. Furthermore, such investments are subject to unique risks, including, without limitation: (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 directly enforce its rights with respect to participations. Successful claims by third parties arising from these and other risks will be borne by a Fund.

A Fund may acquire subordinated loans. If a borrower defaults on a Fund's loan or on debt senior to a Fund's loan, or in the event of a borrower bankruptcy, a Fund's loan will be satisfied only after the senior debt is paid in full. When debt senior to a Fund's loan exists, the presence of intercreditor arrangements may limit a Fund's ability to amend its loan documents, assign its loans, accept prepayments, exercise its remedies (through "standstill periods") and control decisions made in bankruptcy proceedings relating to borrowers.

*Distressed Assets.* A Fund may invest a portion of its assets in distressed assets and portfolios of distressed assets, including non-investment grade obligations of U.S. and foreign companies (including companies in significant financial or business difficulties). Although such investments may result in significant returns to a Fund, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in distressed assets is unusually high.

Troubled company and other asset-based investments require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by a Fund. To the extent that a Fund becomes involved in such proceedings, a Fund may have a more active participation in the affairs of the company than that assumed generally by an investor. In addition, involvement by a Fund in an issuer's reorganization proceedings could result in the imposition of restrictions limiting the Fund's ability to liquidate its position in the issuer.

*Non-Performing Debt.* Certain debt instruments purchased by a Fund may be non-performing and possibly in default. The obligor or relevant guarantor may also be in bankruptcy or

liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to such debt instruments.

*Potential Lack of Diversification.* While diversification is generally a Fund objective, there is no assurance as to the degree of diversification that will actually be achieved in a Fund's investments. Because a substantial portion of certain Funds' committed capital may be invested in a single portfolio company or asset, a loss with respect to any single portfolio investment could have a significant adverse effect on a Fund's returns.

*Illiquidity.* A Fund may invest in securities, bank debt and other claims, and other assets, which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and a Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid assets often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets.

*Market Conditions.* A Fund may be materially affected by conditions in the financial markets and economic conditions throughout the world, including interest rates, availability and terms of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances. Difficult market conditions may adversely affect a Fund by reducing the value or performance of its investments or by reducing its ability to raise or deploy capital.

In particular, global financial markets have recently experienced considerable declines in the valuations of equity and debt securities, an acute contraction in the availability of credit and the failure of a number of leading financial institutions. As a result, certain government bodies and central banks worldwide have undertaken unprecedented intervention programs, the effects of which remain uncertain. These events have led to a significantly diminished availability of credit and an increase in the cost of financing, which has materially hindered the initiation of new leveraged transactions and, together with declines in valuations of equity and debt securities, has adversely affected the private equity and other alternative investment sectors. To the extent these conditions continue, they may adversely affect the investments of a Fund.

A Fund may be materially adversely affected by the foregoing events, or by similar or other events in the future. In the long term, there may be significant new regulations that could limit the activities of Global and the investment opportunities it pursues or change the functioning of capital markets, and there is the possibility that the severe worldwide economic downturn could continue for a period of years. Consequently, Global may not be capable of, or successful at, preserving the value of Fund assets, generating positive investment returns or effectively managing Fund risks.

*Competition for Investments.* The Funds expect to encounter competition from entities having similar investment objectives. Potential competitors include other investment funds, business development companies and other financial investors investing directly or through affiliates.

Certain of these entities may possess competitive advantages over a Fund in pursuing investment opportunities, including greater financial, technical, marketing and other resources, higher risk tolerances, different risk assessments, lower return thresholds, lower cost of capital and access to funding sources unavailable to a Fund. In addition, a substantial number of private investment funds have been formed over the past several years, and many funds have grown substantially in size, resulting in an unprecedented amount of capital available for investment in such opportunities.

*Non-Controlling Investments.* Funds typically hold less than 50% of the outstanding voting interests of a portfolio company, and may hold investments in debt instruments or other securities that do not entitle a Fund to voting rights, and, therefore, may have a limited ability to protect their investments in a portfolio company.

*Risks Associated with Publicly-Traded Securities.* A Fund may invest in publicly-traded securities, and may hold publicly-traded securities following a partial exit from an investment. Investments in securities of publicly-traded companies may be sensitive to movements in the stock market and trends in the overall economy.

*Debt Securities and Private Debt Instruments.* A Fund may invest in debt securities and private debt instruments of unrated or non-investment grade companies, including leveraged loans, high yield bonds, senior secured bank debt, junior loans, subordinated loans, syndicated bridge commitments and unsecured loans. Investments in debt are subject to the ability of the issuer or the borrower to meet principal and interest payments on the obligation and may be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer or the borrower and the general market conditions and such risks are greater for investments in non-investment grade, non-rated or lower credit quality debt than for investments in higher-rated debt. In addition, private debt instruments have significant liquidity risks and market value risks since they are not generally traded in organized exchange markets but are traded by banks and other institutional investors. Furthermore there may be limitations on the ability of a Fund to directly enforce its rights with respect to these types of investments, and a Fund may, in addition to assuming the credit risk of the borrower, assume the credit risk associated with the lender or an interposed financial intermediary. Investments in debt may also expose a Fund to unfavorable outcomes in the event of a bankruptcy proceeding. Successful claims by third parties arising from these and other risks will be borne by a Fund.

*High Yield Debt.* A Fund may invest in high-yield securities. Such securities are generally not exchange-traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, a Fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly

leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse effect on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuer of such securities to repay principal and pay interest thereon and increase the incident of default of such securities.

*Convertible Securities.* A Fund may invest in convertible securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities; (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics; and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by a Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on a Fund’s ability to achieve its investment objective.

*Second Lien Loans.* A Fund may invest in loans that are secured by a second lien on assets. Second lien loans have been a developed market for a relatively short period of time, and there is limited historical data on the performance of second lien loans in adverse economic circumstances. In addition, second lien loan products are subject to intercreditor arrangements with the holders of first lien indebtedness, pursuant to which the second lien holders have waived

many of the rights of a secured creditor, and some rights of unsecured creditors, including rights in bankruptcy which can materially affect recoveries. While there is broad market acceptance of some second lien intercreditor terms, no clear market standard has developed for certain other material intercreditor terms for second lien loan products. This variation in key intercreditor terms may result in dissimilar recoveries across otherwise similarly situated second lien loans in insolvency or distressed situations. While uncertainty of recovery in an insolvency or distressed situation is inherent in all debt instruments, second lien loan products carry more risks than certain other debt products.

*Debtor-in-Possession Loans.* From time to time, a Fund may invest in or extend loans to companies that have filed for protection under Chapter 11 of the United States Bankruptcy Code. These debtor-in-possession (“DIP”) loans are most often revolving working-capital facilities put into place at the outset of a Chapter 11 case to provide the debtor with both immediate cash and the ongoing working capital that will be required during the reorganization process. While such loans are generally less risky than many other types of loans as a result of their seniority in the debtor’s capital structure and because their terms have been approved by a federal bankruptcy court order, it is possible that the debtor’s reorganization efforts may fail and the proceeds of the ensuing liquidation of the DIP lender’s collateral might be insufficient to repay in full the DIP loan.

*Bankruptcies.* Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of a Fund. Furthermore, there are instances in which creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor. Additionally, the debt of companies in financial reorganization will in most cases not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer’s fundamental values. Such investments can result in a total loss of principal.

Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

A Fund may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

*Special Situation Financings.* A Fund may make investments in special situation financings, including event-driven situations such as recapitalizations, debtor-in-possession and other financings, corporate and financial restructurings, acquisitions, divestitures, reorganizations or

other situations in public or private companies that may provide a Fund with an opportunity to provide debt and/or equity financing. Such investments may be originated by a Fund and will typically be made on a negotiated basis. These investments are complicated and an incorrect assessment of the downside risk associated with an investment could result in significant losses to a Fund.

*CDOs.* A Fund may invest in collateralized debt obligations (“CDOs”) and other similar securities. These may be fixed pools or may be “market value” or managed pools of collateral, including commercial loans, high yield and investment grade debt, structured securities and derivative instruments relating to debt. The pools are typically separated into tranches representing different degrees of credit quality, with lower rated tranches being subordinate to senior tranches. The senior tranches of CDOs, which represent the highest credit quality in the pool, have the greatest collateralization and pay the lowest spreads over treasuries. Lower rated CDO tranches represent lower degrees of credit quality and pay higher spreads over treasuries to compensate for the attendant risks. The bottom tranches specifically receive the residual interest payments (*i.e.*, money that is left over after the higher tiers have been paid) rather than a fixed interest rate. The returns on the junior tranches of CDOs are especially sensitive to the rate of defaults in the collateral pool. In addition, the exercise of redemption rights, if any, by more senior CDO tranches and certain other events could result in an elimination, deferral or reduction in the funds available to make interest or principal payments to the junior tranches. A Fund may invest in both senior and bottom tranches of CDOs.

In addition, there can be no assurance that a liquid market will exist in CDOs when a Fund seeks to sell its interest therein. Also, it is possible that a Fund’s investment in CDOs will be subject to certain contractual limitations on transfer.

*CLOs.* To finance investments, a Fund may securitize certain of its investments, including through the formation of one or more collateralized loan obligations (“CLOs”), while retaining all or most of the exposure to the performance of these investments. This would involve contributing a pool of assets to a special purpose entity, and selling debt interests in such entity on a non-recourse or limited-recourse basis to purchasers.

If a Fund creates a CLO, the Fund will depend on distributions from the CLO’s assets to enable it to make distributions to investors. The ability of a CLO to make distributions will be subject to various limitations, including the terms and covenants of the debt it issues. For example, tests (based on interest coverage or other financial ratios or other criteria) may restrict a Fund’s ability, as holder of a CLO’s equity interests, to receive cash flow from these investments. There is no assurance any such performance tests will be satisfied. Also, a CLO may take actions that delay distributions in order to preserve ratings and to keep the cost of present and future financings lower, or the CLO may be obligated to retain cash or other assets to satisfy over-collateralization requirements commonly provided for holders of the CLO’s debt. As a result, there may be a lag, which could be significant, between the repayment or other realization on a loan or other assets in, and the distribution of cash out of, a CLO, or cash flow may be completely restricted for the life of the CLO. In addition, a decline in the credit quality of loans in a CLO due to poor operating results of the relevant borrower, declines in the value of loan collateral or increases in defaults, among other things, may force a CLO to sell certain assets at a



loss, reducing its earnings and, in turn, cash potentially available for distribution to a Fund for distribution.

To the extent that any losses are incurred by the CLO in respect of any collateral, such losses will be borne first by a Fund as owner of equity interests. Finally, any equity interests that a Fund retains in a CLO will not be secured by the assets of the CLO and the Fund will rank behind all creditors of the CLO.

*Mortgage-Backed and Asset-Backed Securities.* A Fund may invest in mortgage-backed securities (“MBS”) and asset-backed securities (“ABS”). MBS represent an interest in a pool of mortgages. When market interest rates decline, more mortgages are refinanced and the securities are paid off earlier than expected. Prepayments may also occur on a scheduled basis or due to foreclosure. When market interest rates increase, the market values of MBS decline. At the same time, however, mortgage refinancing and prepayments slow, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of MBS is usually more pronounced than it is for other types of fixed-income securities. ABS are structured like MBS, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include, but are not limited to, such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property and receivables from credit card agreements. The ability of an issuer of ABS to enforce its security interest in the underlying assets may be limited. ABS are subject to many of the same risks as MBS.

*Synthetic Instruments.* A Fund may use synthetic or pass-through arrangements, such as total return swaps. Seeking exposure to reference assets through synthetic arrangements presents risks different from those involved in direct investments in such types of assets. With respect to synthetic securities, a Fund will have a contractual relationship only with the synthetic security counterparty, and not the reference entity obligated under the reference obligation. A Fund may have no right to enforce compliance by the reference entity with the terms of the reference obligation and may not have any voting or other consensual rights of ownership with respect to the reference obligation. The synthetic security counterparty generally will not be obligated to own any of the reference obligations, or to deliver any such obligations pursuant to the terms of the synthetic security. In the case of physical settlement, the synthetic security counterparty generally may satisfy its delivery obligation by delivering, at its election, either the reference securities or other securities of a specified type. A Fund also will not directly benefit from any collateral supporting the reference obligation and will not have the benefit of the remedies that would normally be available to a holder of such reference obligation. In addition, in the event of the insolvency of the synthetic security counterparty, a Fund generally will be treated as a general creditor of such counterparty, and will not have any claim of title with respect to the reference obligation. Consequently, a Fund will be subject to the credit risk of the synthetic security counterparty, as well as that of the reference entity. As a result of these factors, concentrations of synthetic assets with any one synthetic instrument counterparty will subject a Fund to risk with respect to defaults by such synthetic instrument counterparty as well as by the respective reference entities. Synthetic security counterparties generally will have no obligation to keep a Fund informed as to matters arising in relation to any reference obligation, including whether or not circumstances exist under which there is a possibility of the occurrence of a credit

event. Generally, neither a Fund nor Global will have the right to inspect records of the synthetic security counterparties or the reference entities, and the synthetic security counterparties will be under no obligation to disclose any further information or evidence regarding the existence or terms of any reference obligation or any matters arising in relation thereto or otherwise regarding any reference obligation, any guarantor or any other person, other than the obligation of a synthetic security counterparty to provide publicly available information to a Fund of the occurrence of certain specified events. As a general rule, synthetic security counterparties will not have a duty to consider the effect of their actions or failure to take actions on a Fund.

In the circumstances specified in a contract in respect of a synthetic security (for example, losses on the reference portfolio in excess of a specified amount), a Fund or the synthetic security counterparty may have the right to terminate the synthetic securities entered into by the synthetic security counterparty and the Fund. Such specified circumstances generally will include events of default under such synthetic security, or if certain payments to be made under the synthetic security are subject to the imposition of a withholding tax. As a rule, synthetic securities may be terminated by synthetic security counterparties if, among other things, a Fund fails to make a relevant payment under a synthetic security and the Fund will be likely to owe a termination payment in such case. A Fund also may be required to make a payment to a synthetic security counterparty if the Fund terminates a transaction. If such a payment is in a sizeable amount, a Fund may need to liquidate other assets or to call capital to meet its payment obligation. Synthetic investments may be highly illiquid. In some instances, synthetic instruments entered into or acquired by a Fund may have a limited trading market, if any. The terms of the respective synthetic securities may restrict a Fund's ability to terminate or assign such assets in a timely fashion and for a fair price, as well as its ability to take advantage of market opportunities. Low liquidity and potential difficulties of valuation in the market for synthetic instruments may limit a Fund's ability to trade and reinvest in synthetic instruments to the extent it considers appropriate.

**CDSs.** A Fund may purchase and sell credit derivatives contracts, including credit default swaps ("CDSs"), both for hedging and other purposes. The typical CDS requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. A Fund may also sell CDSs on a basket of reference entities. As a buyer of CDSs, a Fund would be subject to certain risks in addition to those described under "*Investments in Synthetic Instruments*" above. In circumstances in which a Fund does not own the debt securities that are deliverable under a CDS, the Fund would be exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices. In certain instances of issuer defaults or restructurings, it has been unclear under standard industry documentation for CDSs whether or not a "credit event" triggering the seller's payment obligation had occurred. In either case, a Fund would not be able to realize the full value of the CDS upon default by the reference entity. As a seller of CDSs, a Fund would incur leveraged exposure to the credit of the reference entity, would not have legal recourse against the reference entity and would not benefit from collateral securing the reference entity's debt obligations. In addition, following a credit event, the CDS buyer would have broad discretion to select which of

the reference entity's debt obligations to deliver to a Fund and would likely choose the obligations with the lowest market value. Furthermore, CDSs generally trade on the basis of theoretical pricing and valuation models, which may not accurately value such swap positions when established or when subsequently traded or unwound under actual market conditions.

*Short Selling.* A Fund's investment strategy may include short selling. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which a Fund engages in short sales will depend upon its investment strategy and perception of market direction. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a Fund of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

*Forward Trading.* Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by a Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which Global would otherwise recommend, to the possible detriment of a Fund. Market illiquidity or disruption could result in major losses to a Fund.

*Hedging Transactions, Policies and Risks; Synthetic Investments.* A Fund may utilize financial instruments, including total return swaps, broad index swaps, basket swaps, caps, floors and collars, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of a Fund's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect a Fund's unrealized gains in the value of a Fund's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in a Fund's portfolios or to enhance or obtain investment exposure; (v) hedge the interest rate or currency exchange rate on any of a Fund's liabilities or assets; (vi) protect against any increase in the price of any securities a Fund anticipates investing in at a later date or (vii) for any other reason.

The success of a Fund's hedging strategy will depend, in part, upon Global's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Because the characteristics of many securities change as markets change or time passes, the success of a Fund's hedging strategy will also be subject to Global's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a Fund than if it had not engaged in such hedging transactions. For a variety of reasons, Global may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent a Fund from achieving the intended hedge or expose a Fund to risk of loss. Global may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of a Fund's portfolio holdings.

In connection with the financing of certain investments, a Fund may employ hedging techniques designed to reduce the risks of such investments, including, without limitation, adverse movements in interest rates, securities prices and currency exchange rates. However, Global is not required to employ such hedging techniques in connection with Fund investments, and may be unable to anticipate all risks against which such hedges could be employed. Hedging transactions have inherent risks, including the possible default by the counter-party to the transaction and the illiquidity of the instrument acquired by a Fund relating thereto. Although hedging transactions may reduce a Fund's exposure to, among other things, currency fluctuations or decreases in the value of investments, the costs and risks associated with these arrangements may reduce the returns a Fund would have otherwise achieved if the transactions were not entered into. Also, although hedging transactions may hedge economic risks, they may not be effective hedges for tax purposes.

With respect to any investments in synthetic instruments, a Fund has a contractual relationship only with the synthetic instrument counterparty, and no direct rights with respect to the underlying asset. A Fund may not have any voting, information, or other rights of ownership with respect to the underlying asset, and will be subject to the credit risk of the synthetic instrument counterparty. In the event of the insolvency of such counterparty, a Fund generally will be treated as a general creditor of such counterparty and will not have any claim of title with respect to the underlying asset.

*Reliance on Management of Global.* The success of a Fund will depend in large part upon the skill and expertise of the Global professionals. There can be no assurance that any individual professional will continue to be associated with a Fund. The ability to recruit, retain and motivate such professionals is dependent on the ability of Global to offer attractive incentive opportunities. If legislation were to be enacted to treat carried interest as ordinary income rather than capital gain, the amount of taxes that such professionals would be required to pay with respect to their carried interest would materially increase, thereby adversely affecting the ability of Global to offer such attractive incentive opportunities. Should any of these professionals join or form a competing firm,

become incapacitated or in some other way cease to participate in investment activities of a Fund, its performance could be adversely affected.

*Reliance on the Management of Portfolio Companies.* Although it is Global's intention to ensure that Fund portfolio companies have strong management teams, there can be no assurance that any portfolio company's management team will be able to operate successfully.

*Extensive Government Regulation.* The extensive government regulation of certain industries in which a Fund may invest creates additional uncertainty and risks for the Fund. Obtaining regulatory approval may be a lengthy and expensive process with an uncertain outcome, and portfolio companies may be unable to obtain necessary regulatory approvals on a timely basis, if at all, which could materially and adversely affect portfolio company success.

*Early-Stage Investments.* Certain Funds invest in early stage investments. While early-stage investments offer the opportunity for significant capital gains, such investments involve a high degree of business and financial risk that can result in substantial or total loss. Many early-stage portfolio companies will operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion or to achieve or maintain a competitive position. Early-stage portfolio companies may face intense competition, including from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel. Certain portfolio companies may have only one product under development, and a failure to obtain necessary licensing, approvals or other necessary government action with respect to such product may cause the entire company to fail.

*Dependence on Patents, Trademarks and Other Intellectual Property.* Certain Fund investments will depend heavily on intellectual property rights, including patents, trademarks and service marks. The ability to effectively enforce patent, trademark and other intellectual property laws will affect the value of many of these companies. Patent disputes are frequent and can preclude commercialization of products, and patent litigation is costly and could subject a portfolio company to significant liabilities to third parties. The presence of patents or other proprietary rights belonging to other parties may lead to the termination of the research and development of a portfolio company's particular product.

*Uncertainty Regarding Investments.* Although Global will make every effort to conduct appropriate due diligence prior to making an investment, the due diligence process may be subjective at times, may be required to be undertaken on an expedited basis in order to take advantage of available investment opportunities and may require Global to rely on limited resources available to it, including information provided by the target of the investment and third-party consultants, legal advisers, accountants and investment banks. As a result, it is uncertain whether the due diligence investigation will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Global also cannot be certain that the due diligence investigation will result in investments being successful.

*Increased Regulatory Scrutiny.* The financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense and increasing regulatory oversight. Such scrutiny may increase Global's and the Funds' exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may impose administrative burdens on Global, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert Global's time, attention and resources from portfolio management activities. It is anticipated that, in the normal course of business, Global's officers will have contact with governmental authorities and/or be subjected to responding to inquiries or examinations. Funds may also be subject to regulatory inquiries concerning their securities positions and trading.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") aims to reform various aspects of the U.S. financial markets. In connection with the Dodd-Frank Act, there has been and will continue to be extensive rulemaking and regulatory changes that will affect private fund managers, the funds that they manage and the financial industry as a whole. Expected to be included in those changes are new recordkeeping and reporting requirements that will add costs to the legal, operations and compliance obligations of Global and increase the amount of time that Global spends on non-investment related activities. Until the new requirements are implemented, it is not known how burdensome such requirements will be. The Dodd-Frank Act also will affect a broad range of market participants with whom the Funds interact or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders and broker-dealers. Regulatory changes that affect other market participants are likely to change the way in which Global conducts business with counterparties. Until the implementation of such regulatory changes, it is difficult to anticipate the effect on Global and the Funds. It may take years to understand the effect of the Dodd-Frank Act on the financial industry as a whole, and therefore, the continued uncertainty may make markets more volatile, and it may be more difficult for Global to execute the investment strategy of the Funds.

The European Union's Alternative Investment Fund Managers Directive (the "AIFM Directive") was adopted in November 2010, and became effective in 2011. EU member states have two years to transpose it into their national laws. During that period, the European Commission and the European Securities Markets Authority will draft many implementing rules. The AIFM Directive will harmonize the regulation of "managers" of "alternative investment funds" ("AIFs") in the EU. The AIFM Directive sets out minimum requirements that will have to be met by EU managers of AIFs and non-EU managers that market AIF interests to EU professional investors. Although the AIFM Directive governs only the marketing of AIF interests to professional investors, EU member states may impose the same or stricter conditions on marketing of AIF interests to "retail" investors, including some high net worth individuals. The AIFM Directive contains many ambiguities, some of which will be clarified during the implementation and rule-making process. The AIFM Directive, related national legislation and interpretive rules could have an adverse effect on Global and/or the Funds.

*Material Non-Public Information.* By reason of their responsibilities in connection with their other activities, Global senior professionals may acquire confidential or material non-public information or be otherwise restricted from initiating transactions in certain securities. A Fund will

not be free to act upon any such information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

*Leverage.* A Fund, or any special purpose vehicle it establishes, may borrow funds to pay partnership expenses, to make or facilitate new or follow-on investments, or to make payments under guarantee, surety or hedging transactions. The use of borrowed funds creates the opportunity for greater total returns, but at the same time involves certain risks. A Fund may not be successful without the use of a substantial amount of leverage in its portfolio investments and leverage may be costly or unavailable. The inability of a Fund to obtain a desired amount of leverage may limit the Fund's overall investment exposure, thereby reducing the Fund's performance. Funds borrowed for leveraging will be subject to interest, transaction and other costs and other types of leverage also involve transaction and other costs. Any such costs may not be recovered by the return on a Fund's portfolio. The use of leverage will decrease the investment return if a Fund fails to recover the cost of such leverage.

*Availability of Financing.* A Fund's ability to invest in portfolio companies may depend on the availability and terms of any borrowings that are required or desirable with respect to such investments. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior or subordinated financings for transactions. A decrease in the availability of financing (or an increase in the interest cost) for leveraged transactions, whether due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders, would impair a Fund's ability to consummate these transactions and would adversely affect the Fund's returns.

*Investments in Restructurings.* A Fund may invest in restructurings that involve portfolio companies that are experiencing or are expected to experience financial difficulties. Those financial difficulties may never be overcome and may cause the portfolio companies to become subject to bankruptcy proceedings. Investments in restructurings may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or recharacterize investments made in the form of debt as equity contributions. Such investments could, in certain circumstances, subject a Fund to certain additional potential liabilities that may exceed the value of its original investment.

*Investments in Operating Turnarounds.* In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of Global to restructure and effect improvements in the operations of a portfolio company, and there can be no assurance that Global will be able to successfully identify and implement such restructuring programs and improvements.

*Non-U.S. Investments.* A Fund may make investments outside of the United States, including in certain emerging foreign markets. Investments in the securities of foreign issuers may be restricted or controlled to varying degrees. Such investments require consideration of certain risks typically not associated with investing in U.S. securities or property. Such risks include, among other things, trade balances and imbalances and related economic policies; potential price volatility in, and relative illiquidity of, some non-U.S. securities markets; unfavorable currency exchange rate

fluctuations; imposition of exchange control regulation by the U.S. or foreign governments; U.S., foreign or other withholding taxes; limitations on the removal of funds or other assets; policies of governments with respect to possible nationalization of their industries; and political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations. Laws and regulations of foreign countries may impose restrictions that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States.

There may be less publicly available information about certain foreign companies than would be the case for comparable companies in the United States, and certain foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Certain countries require governmental approval prior to investments by foreign persons, limit the amount of investment by foreign persons in a particular company or restrict investment by foreign persons to a specific class of securities of a company that may have less advantageous terms than the classes available for purchase by nationals. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. A Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital or earnings, as well as by the application to the Fund of restrictions on investments. In addition, because a Fund's investments in other countries will likely be denominated in the currencies of such countries, a change in the value of these currencies against the U.S. dollar may result in a corresponding change in the U.S. dollar value of the Fund's assets denominated in those currencies.

*Investments in Emerging Market Countries.* Certain Funds may make investments in emerging market countries. Investments in emerging market countries may be subject to more substantial risks in political and macro-economic conditions, such as significant currency fluctuations, changes in governmental controls over the economy and high rates of inflation, and such problems may have a materially adverse effect on a Fund's investments. Moreover, the economies of emerging market countries generally are more heavily dependent upon international trade than some developed market countries and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. Expropriation, confiscatory taxation, nationalization, political, economic or social instability or other developments could adversely affect Fund assets held in particular emerging market countries.

*Liabilities Upon Disposition.* In connection with the disposition of an investment in a portfolio company, a Fund 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 and may be responsible for the content of disclosure documents under applicable securities laws. A Fund also may be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities of a Fund.



*Third Party Involvement.* A Fund may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial, legal or regulatory difficulties, resulting in a negative effect on such investment, may have economic or business interests or goals which are inconsistent with those of a Fund or may be in a position to take (or block) action in a manner contrary to a Fund's investment objectives. In addition, a Fund may in certain circumstances be liable for the actions of its third-party co-venturers. In circumstances in which third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

*Uncertainty of Financial Projections.* Global generally establishes the capital structure of companies in which a Fund invests on the basis of financial projections for such companies, which normally are based primarily on management judgments. Projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed, there can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections.

*Controlling Interests.* Because of its equity ownership, representation on the board of directors and/or contractual rights, a Fund may often be considered to control, participate in the management of or influence the conduct of portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws) and other types of liability, for which the limited liability generally afforded to investors may be ignored. If these liabilities were to arise, a Fund may suffer a significant loss.

*Additional Capital Requirements of Portfolio Companies.* Certain of a Fund's portfolio companies, especially those in a development or "platform" phase, may require additional financing to satisfy their working capital requirements or acquisition strategies. Each round of financing is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone, and the amount of such additional financing will depend upon the maturity and objectives of the portfolio company. If the funds provided are not sufficient, a portfolio company may have to raise additional capital at a price unfavorable to the existing investors, including the Fund. A Fund also may make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in a portfolio company in order to preserve the Fund's proportionate ownership when a subsequent financing is planned, or to protect the Fund's investment when a portfolio company's performance does not meet expectations. There can be no assurance that Global will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

*Business and Market Risks.* The investments made by a Fund may involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions, and changes in laws,

regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks. The possibility of partial or total loss of capital will exist, and investors should not invest unless they can readily bear the consequences of such loss.

#### **ITEM 9 – DISCIPLINARY INFORMATION**

Not applicable.

#### **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Certain Global Vehicles own shares of a portfolio company that in turn owns an interest in LPL Financial LLC (SEC file no. 801-10970; CRD no. 6413), an investment adviser and broker-dealer registered with the Securities and Exchange Commission and a futures commission merchant and commodity pool operator. Certain Global Vehicles own shares of a portfolio company that in turn owns an interest in the following affiliate of LPL Financial LLC (collectively, the “LPL Adviser/Broker-Dealer Affiliates”), a broker-dealer registered with the Securities and Exchange Commission and an investment adviser registered with the Securities and Exchange Commission or certain states: UVEST Financial Services Group, Inc. (SEC file no. 801-47970; CRD no. 13787). Certain Global Vehicles own shares of a portfolio company that in turn owns an interest in The Private Trust Company, N.A., and an affiliate of LPL Financial LLC that is chartered as a national bank. Certain Global Vehicles own shares of a portfolio company that in turn owns an interest in the following affiliates of LPL Financial LLC (together with The Private Trust Company, N.A. and the LPL Adviser/Broker-Dealer Affiliates, the “LPL Affiliates”), each an investment adviser registered with the Securities and Exchange Commission or certain states: Independent Advisers Group Corp. (SEC file no. 801-50971; CRD no. 106684) and Concord Equity Group Advisors, LLC (SEC file no. 801-67705; CRD no. 143315). In addition, Global professionals sit on the board of directors of the parent company of LPL Financial LLC and the LPL Affiliates. Other than these indirect relationships, Global has no arrangements with LPL Financial LLC or the LPL Affiliates that are material to its business or the Global Vehicles, including arrangements to direct portfolio trades to these broker-dealers for execution.

Certain Global Vehicles own shares of a portfolio company that in turn owns an interest in SCA Development, LLC (CRD no. 35451), a broker-dealer registered with the Securities and Exchange Commission. In addition, certain professionals of Global sit on the board of directors of the parent company of SCA Development, LLC. Other than these indirect relationships, Global has no arrangements with SCA Development, LLC that are material to its business or the Global Vehicles, including arrangements to direct portfolio trades to this broker-dealer for execution.

Certain Global Vehicles own shares of a portfolio company that in turn owns an interest in American Beacon Advisors, Inc. (SEC file no. 801-29198; CRD no. 105552), an investment adviser registered with the Securities and Exchange Commission. In addition, certain

professionals of Global sit on the board of directors of American Beacon Advisors, Inc. Other than these indirect relationships, Global has no arrangements with American Beacon Advisors, Inc. that are material to its business or the Global Vehicles.

Certain Global Vehicles own an interest in Direct General Corporation, an insurance company. In addition, certain professionals of Global sit on the board of directors of Direct General Corporation. Other than these indirect relationships, Global has no arrangements with Direct General Corporation that are material to its business or the Global Vehicles.

Certain Global Vehicles own an interest in ProSight Specialty Insurance, an insurance company. In addition, certain professionals of Global sit on the board of directors of ProSight Specialty Insurance. Other than these indirect relationships, Global has no arrangements with ProSight Specialty Insurance that are material to its business or the Global Vehicles.

Global has an affiliate, TPG BD (CRD no. 143876), which is a broker-dealer registered with the Securities and Exchange Commission. TPG BD was formed to engage in the private placement of securities. The securities that TPG BD places consist primarily of investment fund securities issued by certain private funds that Global and related entities manage individually or through their principals.

The following investment advisers are affiliates of Global with which Global may have advisory arrangements relating to the Global Vehicles:

TPG Capital Advisors, LLC  
TPG Capital Management, LLC  
TPG Capital Management, L.P.  
TPG VI Management, LLC  
TPG Growth II Management, LLC  
TPG RMB Management, LLC  
TPG DASA Management, LLC  
TPG Opportunities Advisers, LLC (SEC file no. 801-72845)  
TPG Opportunities II Management, LLC (SEC file no. 801-72845)  
TPG Capital, Limited  
TPG Capital (S) Pte. Ltd.  
TPG China Management Holdings, Inc.  
TPG Capital – China, Ltd.  
TPG Qinghua (Chongqing) Equity Investment Management Partnership Enterprise (L.P.)  
TPG Huhua (Shanghai) Equity Investment Management Partnership Enterprise (L.P.)  
TPG Capital, LLP

TSL Advisers, LLC and TSL Advisers-NY, Inc. (SEC file no. 801-72185; CRD no. 155006), affiliates of Global, serves as investment adviser to a business development company.

Global currently acts as investment adviser to the Global Advisees, and related persons of Global act as general partners of the Global Advisees.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

For the purposes of this Item 11, “Global” shall refer to “Global, together with the applicable TPG Management Company,” except where context otherwise requires.

### ***Code of Ethics***

Global has adopted a comprehensive Code of Ethics that is applicable to all of its officers and employees, officers and employees of certain independent contractors, and also to certain affiliates of Global and their officers and employees (collectively, “Global Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Global Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Global Vehicle, subject to the terms of the Code of Ethics. The Code of Ethics generally permits such transactions, however, only if (i) the transaction is “pre-cleared” by Global’s Chief Compliance Officer or his designee or (ii) the transaction is exempt from pre-clearance under the Code of Ethics. Under the Code of Ethics, Global Personnel also are required to file certain periodic reports as required by Rule 204A-1 under the Advisers Act.

Global will provide a copy of the Code of Ethics to any Global Advisee or prospective client upon request.

### ***Participation or Interest in Client Transactions; Related Person Investments***

For information regarding circumstances in which Global or a related person (a) recommends to Global Advisees, or buys or sells for Global Vehicles’ accounts, securities in which Global or a related person has a material financial interest, (b) invests in the same securities that Global or a related person recommends to Global Advisees, or (c) recommends securities to Global Advisees, or buys or sells securities for Global Vehicle accounts, at or about the same time that Global or a related person buys or sells the same securities for Global’s own (or the related person’s own) account, as well as related conflicts of interest, please see “Conflicts of Interest” below.

### ***Conflicts of Interest***

#### **Participation or Interest in Client Transactions**

As discussed further below, Global and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds or accounts, and providing investment advisory and other services to funds and operating companies.

Global has a number of related advisers that focus primarily on different investment strategies (collectively, the “Related Advisers”), although such investment strategies may overlap from time to time. The funds and accounts managed by the Related Advisers are referred to as the “Related Funds.”

Also, from time to time, affiliates of Global or the Related Advisers, who may control, be controlled by or be under common control with Global, the Related Advisers and/or their respective affiliates, will provide seed capital to help fund a new Fund. In doing so, Global, the Related Advisers and/or their respective affiliates may purchase securities that are later transferred into the Fund in exchange for a percentage ownership in such Fund.

In the ordinary course of conducting its activities, the interests of a Global Advisee may conflict with the interests of Global, other Global Advisees, Related Funds, Related Advisers or their respective affiliates. Certain of these conflicts of interest, as well as a description of how Global addresses such conflicts of interest, are described below.

#### Related Person Investments

Global and the Related Advisers and certain employees and affiliates of Global and the Related Advisers may invest in Global Vehicles, either through their general partners, as limited partners or otherwise. A Global Vehicle may in its discretion reduce all or a portion of the management fee and performance allocation related to investments held by such persons.

#### Resolution of Conflicts

Each of Global and the other Related Advisers will deal with all conflicts of interest using its best judgment, but in its sole discretion. When conflicts arise between a Global Vehicle and a Related Fund, Global will represent the interests of such Global Vehicle, and the applicable Related Adviser will represent the interests of the Related Fund. In resolving conflicts, Global and the other Related Adviser may consider various factors, including the interests of the funds and accounts they advise in the context of both the immediate issue at hand and the longer term course of dealing among such Global Vehicle and the Related Fund. When conflicts arise between a Global Vehicle and another Global Vehicle, Global will resolve the conflict. In doing so, it may consider various factors, including the interests of such Global Vehicle and the other Global Vehicle with respect to the immediate issue and/or with respect to the longer term course of dealing among the funds. In the case of all conflicts involving a Global Vehicle, Global’s determination as to which factors are relevant, and the resolution of such conflicts, will be made in Global’s sole discretion.

The following factors may alleviate, but will not eliminate, conflicts of interest between and among Global Vehicles and the Related Funds:

- A Global Vehicle will not make any investment unless Global and the Global Vehicle’s general partner believe that such investment is an appropriate investment considered solely from the viewpoint of such Global Vehicle;

- Many important conflicts of interest may be resolved pursuant to set procedures, restrictions or other provisions contained in the relevant offering and/or organizational documents for the Global Vehicles;
- With respect to the Funds, the advisory committees for a Fund, whose members are not affiliated with the general partner of such Fund, play an important role in resolving conflicts of interest by approving or disapproving decisions that involve certain conflicts of interest referred to it by such Fund's general partner in accordance with the relevant offering and/or organizational documents for the Fund; and
- When Global deems appropriate in its sole discretion, unaffiliated third-party service providers may be used to help resolve conflicts. In addition, the willingness of a third-party investor to make an investment on the same or similar terms as a Global Vehicle may demonstrate the fairness of the transaction to such Global Vehicle.

### Potential Conflicts of Interest

The conflicts of interest that may be encountered by a Global Advisee include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may potentially be faced by a Global Advisee.

#### *Principal Transactions*

Section 206 of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. The Advisers Act generally requires that, when an investment adviser or an affiliate thereof proposes to purchase a security from, or to sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction.

In connection with Global's advising of the Global Vehicles, Global and/or the Global Vehicles may, in certain circumstances, engage in principal transactions, as described more thoroughly below.

Global has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that the requisite disclosures be made to the applicable Global Vehicle regarding any proposed principal transactions and the Global Vehicle's prior consent to the transaction be received. In addition, the offering documents, limited partnership agreements and related documents relating to the Global Vehicles may contain additional restrictions on the ability of the Global Vehicles or Global to engage in principal transactions and disclosures regarding principal transactions that are likely to arise in the activities of Global Vehicles.

#### *Certain Brokerage Transactions*

As noted above under “Other Financial Industry Activities and Affiliations,” Global has an affiliate, TPG BD, which is a broker-dealer registered with the Securities and Exchange Commission. TPG BD was formed to engage in the private placement of securities. The securities that TPG BD places consist primarily of securities issued by certain private investment funds that Global and its Related Advisers manage individually or through their principals, but also includes other entities not related to Global or its Related Advisers.

TPG BD may, as broker-dealer for certain investors in Global Vehicles or Related Funds or other persons, effect transactions in which securities held by a Global Vehicle are sold to such investors or other persons. This may be the case, for example, when a Global Vehicle sells a portion of its investment in a particular portfolio company to certain limited partners in a Global Vehicle, with TPG BD acting as broker to effect the transaction.

#### *Purchase and Sale of Investments and Allocation of Investment Opportunities*

Global and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of various investment funds and the provision of investment advisory and other services to funds and operating companies. In connection with its investment activities, Global may encounter situations in which it must determine how to allocate investment opportunities among various Global Vehicles and other persons, which may include, but are not limited to, the following:

- The Global Vehicles and Related Funds;
- Any parallel investment entities that have been formed to invest side-by-side with one or more Funds (either in all transactions entered into by such Funds or in a limited subset of such investments);
- Any alternative investment vehicles that have been formed to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions;
- Any Co-Investment Vehicles that have been formed to invest side-by-side with one or more Funds in particular transactions entered into by such Funds (the investors in such Co-Investment Vehicles may include individuals and entities that are also investors in one or more Funds (collectively, “Global Investors”) and/or individuals and entities that are not investors in any Funds (collectively, “Third Parties”));
- Global Investors and/or Third Parties that wish to make direct investments (*i.e.*, not through an investment vehicle) side-by-side with one or more Global Vehicles in particular transactions entered into by such Global Vehicles; and
- Global Investors and/or Third Parties acting as “co-sponsors” with Global with respect to a particular transaction.

For each such Global Vehicle or other person discussed above, subject to applicable legal, contractual or similar restrictions, Global generally may decide, in its sole discretion, whether Global or a related person may seek to charge any fees or to receive any performance-based compensation or allocations in connection with such investment opportunities.

Subject to any restrictions contained in the offering and/or organizational documents of the relevant Global Vehicle or any side-letter or other terms negotiated with respect to such Global Vehicle, in general, (i) no Global Investor has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of Global or its related persons, (iii) co-investment opportunities may, and typically will, be offered to some and not other Global Investors, in the sole discretion of Global or its related persons, and (iv) certain persons other than Global Investors (*e.g.*, Third Parties) may be offered co-investment opportunities, in the sole discretion of Global or its related persons.

Subject to its fiduciary duties and applicable law, as well as any relevant restrictions or other limitations contained in the offering and organizational documents for the Global Vehicles or side letters relating thereto (the terms of which are typically negotiated in advance with certain prospective investors in such Global Vehicles), Global will determine how to allocate investment opportunities that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, Global may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Global Vehicles with differing fee, expense and compensation structures, Global may have an incentive to allocate investment opportunities to the Funds or other vehicles from which Global or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit. Other Global Vehicles or Related Funds may invest in assets eligible for purchase by a Global Vehicle. In addition, principal executive officers and other personnel of Global are permitted to invest directly in Global Vehicles and will participate indirectly in investments made by Global Vehicles in which they invest, pro-rata, in accordance with their respective capital accounts. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Global Vehicle.

In addition, the appropriate allocation among the Global Vehicles or other accounts or persons of expenses and fees generated in the course of evaluating and making investments often may not be clear (for example, if two or more Global Vehicles considered making an investment that was not consummated). When Global and the other Related Advisers incur expenses that were related to Global Vehicles and/or Related Funds, they will typically allocate such expenses among all funds eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by Global (or its related persons or Related Advisers, as relevant) using its best judgment, considering such factors as it deems relevant, but in its sole discretion. The allocations of such expenses may not, and often will not, be proportional.

In resolving conflicts, Global may consider various factors, including the interests of the applicable Global Vehicles with respect to the immediate issue and/or with respect to their longer



term courses of dealing. In the case of all conflicts involving the Global Vehicles or other accounts or persons, Global's determination as to which factors are relevant, and the resolution of such conflicts, will be made in Global's sole discretion.

Please see "Resolution of Conflicts" above for a description of the means by which Global and its related persons may seek to alleviate conflicts of interest among the Global Vehicles or other accounts or persons.

In exercising its discretion to decide how to allocate investment opportunities among each Global Vehicle, Global may consider some or all of a wide range of factors, which may include, but are not limited to, the following:

- The Global Vehicle's investment objectives and investment focus;
- The Global Vehicle's liquidity and reserves;
- The Global Vehicle's portfolio diversification;
- Transaction sourcing;
- The amount of capital (including financing) available to the Global Vehicle for investment, as well as its projected future capacity for investment;
- The Global Vehicle's targeted rate of return;
- The stage of development of the prospective portfolio company or other investment;
- The composition of the Global Vehicle's portfolio;
- The availability of other suitable investments for the Global Vehicle;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering and organizational documents.

In addition, in exercising its discretion to decide how to allocate investment opportunities among the Global Vehicles and related vehicles and other accounts and persons (such as Global Investors and Third Parties), Global may consider some or all of a wide range of factors, which may include, but are not limited to, the following:

- Global's evaluation of the size and financial resources of the other account or person and Global's perception of the ability of that account or person (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Global Vehicles without harming or otherwise prejudicing such Global Vehicles, in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- Any confidentiality concerns Global may have that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such account or person to evaluate the investment opportunity;
- Global's perception of its (or its Related Advisers') past experiences and relationships with the other account or person, such as the willingness or ability of the other account or person to respond promptly and/or affirmatively to potential investment opportunities previously offered by Global (or its Related Advisers);
- Global's perception of whether the investment opportunity may subject the other account or person to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- Global's evaluation of whether the profile or characteristics of the other account or person may have an effect on the viability or terms of the proposed investment opportunity and the ability of the Global Vehicles to take advantage of such opportunity (for example, if the other account or person is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the other account or person, or the jurisdiction in which the other account or person is based, may affect the likelihood of a Global Vehicle being able to capitalize on a potential investment opportunity); and
- Whether Global believes, in its sole discretion, that allocating investment opportunities to an account or person will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to the Global Vehicles or Global.

Global's exercise of its discretion in allocating investment opportunities among the persons and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While Global will determine how to allocate investment opportunities that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Global Vehicle's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which Global may be subject, discussed herein, did not exist.

In general, investments sourced by a Related Adviser that are appropriate for Related Funds advised by such Related Adviser will first be made available to such Related Funds, and will not necessarily be made available to any Global Vehicle. Global also reserves the right to make independent decisions about when a Fund and other Global Vehicles should purchase and sell investments, and the other Related Advisers reserve similar rights with respect to the Related Funds that they advise. As a result, a Global Vehicle may be purchasing an investment at a time when another Global Vehicle or a Related Fund is selling the same or a similar investment, or vice versa. A Global Vehicle may invest in opportunities that other Global Vehicles or Related Funds have declined, and likewise, a Global Vehicle may decline to invest in opportunities in which other Global Vehicle or Related Funds have invested.

In certain rare instances, Global may cause a Global Vehicle to purchase investments from another Global Vehicle or a Related Fund, or it may cause a Global Vehicle to sell investments to another Global Vehicle or a Related Fund. In connection with such transactions, Global, the Related Advisers and/or their professionals (i) may have significant investments or intentions to invest in the Global Vehicle or a Related Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the underlying investment). Global and the Related Advisers may receive management or other fees in connection with their management of the relevant Global Vehicles and/or Related Funds involved in such a transaction or in connection with the transaction itself, and may also be entitled to share in the investment profits of the relevant Global Vehicles and/or Related Funds. Global, the Related Advisers and their professionals may be presented with certain conflicts of interest in effecting these transactions, certain of which conflicts are described in further detail below. To address these conflicts of interest, Global will cause a Global Vehicle to engage in such transactions only if it determines that the terms and conditions of such transaction are substantially as advantageous to such Global Vehicle as the terms it would obtain in a comparable arm's-length transaction with a third party.

Conflicts may arise when a Global Vehicle makes investments in conjunction with an investment being made by other Global Vehicles or Related Funds, or if it were to invest in the securities of a company in which another Global Vehicle or a Related Fund has already made an investment. Investment opportunities may be appropriate for one or more Global Vehicles and Related Funds at the same, different or overlapping levels of a company's capital structure. Conflicts may also arise in determining the terms of investments, especially when Global and/or other Related Advisers control the structure of a transaction and its capitalization. For example, if a Global Vehicle is investing in debt securities, it may have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants and events of default) that are more restrictive than a Related Fund or another Global Vehicle, as an equity owner, may desire. There can be no assurance that the return on a Global Vehicle's investments will not be less than the returns obtained by other Global Vehicles or Related Funds participating in a given transaction. Employees and related persons of Global and the other Related Advisers have made or may make capital investments in or alongside certain Global Vehicles or Related Funds, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments. Each of Global and the other Related Advisers will determine all matters relating to structuring transactions, including the amount and terms of securities and allocation of securities among a Global Vehicle and the

involved Related Funds, using its best judgment considering all factors it deems relevant, but in its sole discretion. The allocation of securities as among Global Vehicles and as between a Fund and other Global Vehicles and Related Funds may be affected by a fund's stage in its lifecycle. For example, a newly organized fund may seek to purchase a disproportionate amount of investments until it is substantially invested.

Global may from time to time in its sole discretion provide the Related Adviser of any such Related Funds certain information about a Global Vehicle's investment portfolio, although it is under no obligation to do so and may decide not to provide any such information at any time. As a condition of receiving such information, the Related Adviser must agree that it will not disclose such information to any other person.

From time to time, Global or a Related Adviser may come into possession of material, non-public information. In such cases, Global Vehicles and Related Funds could be restricted indefinitely in transactions involving a particular issuer. Consequently, the possession of material, non-public information by Related Advisers may limit the ability of a Global Vehicle to buy and sell investments. In certain limited circumstances, Global and certain of the Related Advisers may maintain "ethical walls" that help reduce the likelihood that Global will be deemed to possess material, non-public information possessed by Related Advisers. Furthermore, Global and the Related Advisers may agree from time to time to "cross" ethical walls, and Global may from time to time impose restrictions on transactions involving particular issuers in its sole discretion taking into account all factors it deems relevant in the collective interest of Global and the Related Advisers. In addition, Global may be restricted by contract from using confidential information that it, or a Related Adviser, has for the benefit of a Global Vehicle.

#### *Conflicts Relating to Existing Investments*

Further conflicts may arise once a Global Vehicle has made an investment in a company in which another Global Vehicle or a Related Fund has also invested. For example, 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, raise conflicts of interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Global Vehicles or Related Funds may or may not provide such additional capital, and if provided, each Global Vehicle and each Related Fund will supply such additional capital in such amounts, if any, as determined by Global and the relevant Related Advisers in their sole discretion. Global and each other Related Adviser will resolve all such conflicts using their best judgment but in their sole discretion, subject in certain cases to approval by the advisory committees of the participating investment funds.

Investments to finance follow-on acquisitions are a regular part of the business of the Global Vehicles and certain Related Funds. Follow-on investments may present conflicts of interest, including determination of the equity component and other terms of the new financing. In addition, a Global Vehicle may participate in leveraging and recapitalization transactions

involving portfolio companies in which other Global Vehicles or Related Funds have invested or will invest. Recapitalization transactions may present conflicts of interest, 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. Global and each other Related Adviser will resolve all such conflicts using their best judgment but in their sole discretion, subject in certain cases to approval by the respective advisory committees of the participating investment funds.

Global Vehicles and/or the Related Funds may own a significant or controlling percentage of the common equity of portfolio companies which, depending upon the amount of equity owned by them, any relevant contractual arrangements between such portfolio company and the participating funds, and other relevant factual circumstances, could result in an extension to one year of the ninety-day bankruptcy preference period with respect to payments made to a Global Vehicle and/or subordination of its claims to other creditors and/or recharacterization of debt claims into equity claims. In addition, due to equity ownership, representation on the boards of directors and/or contractual rights, as applicable, the Global Vehicles and the Related Funds may be deemed to control, participate in the management of or influence the conduct of portfolio companies. The effect of these relationships will vary from jurisdiction to jurisdiction. These factors could expose the assets of a Global Vehicle to claims by a portfolio company, its security holders, its creditors or governmental agencies.

If a Global Vehicle purchases in the secondary market at a discount debt securities of a company in which a Global Vehicle has, for example, a substantial equity interest, (a) a court might require a Global Vehicle 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 Global Vehicle 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.

A portion of a Global Vehicle's investments may consist of securities that are subject to restrictions on resale by a Global Vehicle because they were acquired in a "private placement" transaction or because a Global Vehicle is deemed to be an affiliate of the issuer of such securities. Generally, a Global Vehicle will be able to sell such securities only pursuant to a registration statement under the Securities Act or an applicable exemption. When restricted securities are sold to the public, a Global Vehicle may be deemed an "underwriter," or possibly a controlling person, with respect thereto for the purposes of the Securities Act and be subject to liability as such under the Securities Act.

A Global Vehicle may directly or indirectly control or be under common control with issuers of securities held by a Global Vehicle that were issued under an indenture qualified under the Trust Indenture Act of 1939, especially when another Global Vehicle or a Related Fund is deemed to control the issuer of the securities. In such cases, the securities held by a Global Vehicle would be required by the Trust Indenture Act to be disregarded for the purposes of determining whether the holders of the required principal amount of such issuer's securities have concurred in certain directions or consents.

*Conflicts Relating to the General Partners, Global Advisees, Global and Certain Related Advisers*

Global generally may, in its discretion, contract with any related person of Global (including but not limited to a portfolio company of a Global Vehicle or a family member of Global Personnel) to perform services (including but not limited to brokerage services) for Global in connection with its provision of services to the Global Advisees. When engaging a related person to provide such services, Global may have a financial, personal or other business 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.

Global generally may, in its discretion, recommend to a Global Advisee or to a portfolio company thereof that it contract for services or, in providing services to a Global Advisee, may directly engage with (i) a related person of Global (including but not limited to a portfolio company of a Global Vehicle) or (ii) an entity or person with which or whom Global or a member of its personnel has a relationship or from which or whom Global or a member of its personnel otherwise derives financial, personal or other benefit. When making such a recommendation, Global or a member of its personnel may, because of their financial, personal 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.

It is expected that most or all of the officers and employees responsible for advising a Global Advisee will have responsibilities with respect to other funds or accounts advised by Global and/or Related Advisers, including funds and accounts that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

Global and certain of its professionals may perform management, advisory, financial advisory and other services for, and receive fees from, certain actual or prospective portfolio companies or other investment vehicles, which fees would be in addition to any asset-based fees or carried interest paid by the Global Vehicle. Subject to the terms of the relevant limited partnership and management agreements for the Global Vehicles, the applicable TPG Management Company is permitted to retain all or a portion of such fees, and the Global Vehicles would benefit from those fees only to the extent set forth in such limited partnership and management agreements.

TPG Management Companies will provide the Global Vehicles or their limited partners with information regarding the amounts of those fees if and to the extent required by the relevant limited partnership and management agreement or as a result of the fees being shared to the extent described above. In addition, portfolio companies sometimes disclose these fees in materials such as debt offering memoranda. The opportunity to earn those fees creates a conflict of interest between TPG Management Companies, on the one hand, and the Global Vehicles and their limited partners, on the other hand. This is because the amounts of such fees may be substantial and the Global Vehicles and their limited partners do not have an interest in TPG Management Companies.

Certain of Global's professionals, in connection with the monitoring of a portfolio company investment, may serve on the board of directors of such portfolio company. In those circumstances, it is customary for such professionals to receive director's fees, stock options and/or other equity compensation in connection with such service. While such compensation may initially be received by the applicable professionals, procedures are in place to transfer such compensation to the applicable Global Vehicle such that the compensation paid to professionals for this service is for the benefit of the applicable Global Vehicle only.

The general partners of many Global Vehicles are entitled to performance allocations under the terms of the limited partnership agreements of such Global Vehicles. Such general partners are affiliates of Global. The existence of the general partners' performance allocations may create an incentive for the general partners to cause such Global Vehicles to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

The Global Vehicles may have tax-exempt, taxable, foreign and other investors, whereas most members of the general partners of the Global Vehicles are taxable at individual U.S. rates. Potential conflicts exist with respect to various structuring, investment and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax-exempt investors, conflicts among the interests of domestic and foreign investors, and conflicts between the interests of investors and management. For these reasons, among others, decisions may be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations.

A Global Vehicle may, from time to time, make co-investments with a Related Fund in transactions sourced by a Related Adviser, or vice versa. Limited partners in the Funds may also make co-investments with the Funds in portfolio companies, as may personnel of Global and the Related Advisers.

#### *Other Potential Conflicts*

Global Vehicles and the Related Funds will often engage common legal counsel and other advisers to represent all of the Global Vehicles and/or the Related Funds in a particular transaction, including a transaction in which a Global Vehicle, other Global Vehicles or Related Funds have conflicting interests because they are investing in different securities of a single company. In the event of a significant dispute or divergence of interest between a Global Vehicle, other Global Vehicles or Related Funds, such as in a work-out or other distressed situation, separate representation may become desirable, in which case Global and the other Related Advisers may hire separate counsel in their sole discretion, and in litigation and other circumstances, separate representation may be required. Law firms engaged to represent Global Vehicles and Related Funds, partners in those firms or entities affiliated with those firms may be investors in such Global Vehicle, other Global Vehicles or Related Funds, and may also represent one or more portfolio companies or limited partners of such Global Vehicle, other Global Vehicles and/or Related Funds.

Certain members of a Fund's advisory committee are, or in the future may be, officers or directors of, or otherwise affiliated with, limited partners of a Global Vehicle or one or more other Global Vehicles or Related Funds. The general partner of a Global Vehicle or a Related Fund may from time to time utilize the services of limited partners and their affiliates on an arm's-length basis, as it deems appropriate.

A Global Vehicle and one or more other Global Vehicles or Related Funds may hold "plan assets" subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). With respect to those plan assets, if any, Global and certain related entities may be classified as "fiduciaries" under ERISA. ERISA imposes certain general and specific responsibilities and restrictions on fiduciaries with respect to plan assets. As a result, a Global Vehicle may be prohibited from entering into certain transactions if the investment would violate ERISA with respect to such Global Vehicle or such other Global Vehicles or Related Funds, or may be obligated to take certain actions or refrain from taking certain actions in order to avoid a violation of ERISA with respect to such Global Vehicle, such other Global Vehicles or such Related Funds.

The general partner (or comparable controlling person) of a Global Advisee may from time to time hire asset managers or servicers ("Servicers"), which may be affiliates of Global or the general partner (or entities in which affiliates of Global or such general partner have an interest or a right to acquire an interest), to provide asset management, sourcing, due diligence, underwriting, asset servicing, operational or other services with respect to portfolio investments. The fees to be paid to the Servicer may be determined at the discretion of the general partner taking into account the assets to be governed by such agreement, may include a profits interest or other incentive-based compensation to the Servicer, and may otherwise be determined according to one or more methods, including a percentage of the value of the assets being serviced or the invested capital exposed to such assets, and/or a percentage of cash flows from such assets. To the extent any such fees are payable to an affiliated Servicer, such fees will not reduce any fees otherwise payable to Global or its affiliates and, other than fees payable disclosed in a Global Vehicle's private placement memorandum and/or limited partnership agreement, generally will require approval of the Global Vehicle's advisory committee. Affiliates of Global or the general partner of a Global Advisee will benefit from these arrangements.

Global may, in its discretion, have, and may, in its discretion, cause the Global Vehicles and/or certain of their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of Global or a Related Adviser. The Global Vehicles 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 Global and the Global Vehicles (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that Global 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.

Given the collaborative nature of Global's business and the portfolio companies in which some Global Vehicles have invested, there are often situations in which Global is in the position of recommending portfolio company services to other portfolio companies. Global may have a conflict of interest in making such recommendations, in that Global has an incentive to maintain



goodwill between it and the existing and prospective portfolio companies for the Global Vehicles, while the products or services recommended may not be necessarily be the best available to the portfolio companies held by the Global Vehicles or the most favorably priced.

Global has service providers, including for example, investment bankers, outside legal counsel and pension consultants, who are investors in Global Vehicles and/or who provide services to businesses that are competitors of Global. Global may have a conflict of interest with the Global Vehicle in recommending the retention or continuation of a service provider if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Global Vehicles or will provide Global information about Global's competitors. There is a possibility that Global, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Global may have an incentive to recommend the products or services of certain investors in the Global Advisees or their related businesses to the Global Advisees or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Global Advisees or the portfolio companies.

Global Personnel may have an interest in a potential portfolio company of a Fund, or in an unaffiliated vehicle that participates with a Fund in a co-sponsored deal. Such interest may create a conflict of interest with respect to such person as between the person's interest and the interest of the Fund. Global's investment review process involves a substantial number of persons, which Global believes mitigates the ability of any person to control an investment decision in such case. Additionally, Global's Code of Ethics would require Global Personnel to disclose such ownership interests periodically.

Certain Global Personnel may make, directly or indirectly, co-investments in transactions in which a Fund is also making an investment. Any such co-investment would be subject to pre-clearance in accordance with Global's Code of Ethics.

## **ITEM 12 – BROKERAGE PRACTICES**

For the purposes of this Item 12, "Global" shall refer to "Global, together with the applicable TPG Management Company," except where context otherwise requires.

### ***Investment or Brokerage Discretion***

For each of the Global Vehicles, Global has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. Global will seek the best price and execution available except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services. "Best execution" means obtaining for a Global Vehicle the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), subject to the circumstances of the transaction and the quality and reliability of the executing broker or dealer.

In selecting brokers or dealers, Global will consider various factors, including: the reputation, experience and financial stability of the broker-dealer; the ability to maintain Global's anonymity; the ability to provide competitive pricing; the size and timing of the transaction; the ability and willingness to commit capital and provide prompt and accurate execution and settlement; whether the broker-dealer makes a market in a security and/or finds sources of liquidity; the nature of the market for the security and the difficulty of execution; the broker-dealer's trading expertise, including its ability to minimize total trading costs and to trade without unduly impacting the market; the belief that the broker-dealer charges a fair and reasonable fee for each trade, and that the Global Vehicles have been treated fairly and honestly in prior trades; and the quality of execution, quality of the broker-dealer relationship, quality of service rendered by the broker-dealer in prior transactions, and quality of any proprietary research and investment ideas.

Global has no formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from client transactions (so-called "soft dollar" arrangements). However, brokers or dealers may be selected who provide research reports and services to Global, including: proprietary broker-dealer company research and analyses; oral and written reports, statistics and advice about the economy, industries and individual securities' or company investment opportunities; and reports on underwriting activity, bank rates, loan defaults, loan new issuance volumes and other capital markets statistics, both of which may be attractive for one or more Global Vehicles or to Global; and opportunities to confer with company management. In accordance with Section 28(e) of the Securities Exchange Act of 1934, broker-dealers providing such services may be paid commissions on transactions for Global Vehicles in excess of those that other broker-dealers not providing such services might charge so long as Global determines in good faith the amount of commissions is reasonable in relation to the value of the brokerage and research services provided, taking into account all of the accounts over which Global exercises investment discretion. Recognizing the value of the brokerage and research services provided, Global may allow a brokerage commission or negotiated term in excess of that which another broker might have charged for effecting the same transaction.

Global will periodically evaluate the overall reasonableness of the brokerage commissions and negotiated terms paid to or made with broker-dealers with respect to client transactions by, among other things, seeking to compare such commissions and terms with the commission rates and negotiated terms being charged by and entered into with other comparable broker-dealers. Global will also periodically review the past performance of the broker-dealers with whom it has placed orders to execute Global Vehicle transactions in light of the factors discussed above.

Please refer to the section above entitled *Conflicts Relating to the General Partners, Global Advisees, Global and Certain Related Advisers* for a discussion of potential conflicts of interests that may result in the choice of Global service providers, including broker-dealers.

### ***Cross Transactions***

Generally, Global does not effect cross transactions between Global Vehicles (a "cross-fund transaction"); however, they may be effected in rare instances. In the event that Global does

effect cross-fund transactions between Global Vehicles, Global shall seek to ensure that such transactions and any related disclosures are made consistent with applicable laws and agreements (including obtaining any requisite approvals thereunder) and Global's policies and procedures. In particular, Global shall seek to ensure that the transaction is:

- in Global's judgment, in the best interests of each Global Vehicle involved in the transaction; and
- in compliance with any investment guidelines or restrictions for these Global Vehicles;

In effecting these transactions, Global shall ensure that the purchase or sale is effected at a price that is comparable to what price could be obtained through an arm's-length transaction with a third party and that is otherwise fair to both parties. Documentation shall be maintained by Global to memorialize the basis for determining fairness in pricing. Neither Global nor any of its affiliates may receive any compensation for effecting a cross-fund transaction.

### ***Trade Aggregation***

In pursuing its investment objectives, Global may cause Global Vehicles to purchase and sell publicly-traded securities through brokers. If Global has determined to sell or purchase a publicly-traded security at the same time for more than one Global Vehicle, the Chief Compliance Officer shall ensure that combined orders for all Global Vehicles are generally placed while assigning pre-order allocations. If an order for more than one Global Vehicle cannot be fully executed, the Chief Compliance Officer shall ensure that the investments are allocated on a fair and equitable basis.

## **ITEM 13 – REVIEW OF ACCOUNTS**

For the purposes of this Item 13, "Global" shall refer to "Global, together with the applicable TPG Management Company," except where context otherwise requires.

### ***Review of Accounts***

Global closely monitors the investment portfolios of the Global Vehicles. Members of Global and/or other Global professionals continually review and analyze existing investment positions to attempt to identify issues early on and to take action when necessary. Members of Global and/or other Global professionals meet periodically with members of Global's investment review committee to update them on such portfolio positions and related matters.

### ***Reporting***

Global generally does not provide formal written reports to any Global Vehicle unless specifically requested by the general partner of the vehicle.

#### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

For information regarding any economic benefits provided to Global by non-clients, including a description of related conflicts of interest, please see “Other Financial Industry Activities and Affiliations” above. In addition, Global and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies held by Global Vehicles.

#### **ITEM 15 – CUSTODY**

Not applicable.

#### **ITEM 16 – INVESTMENT DISCRETION**

Pursuant to the Advisory Services Agreement of each Fund, and subject to the direction and control of the general partner of such Fund, Global and the applicable TPG Management Company perform the day-to-day investment operations of each Fund in accordance with the terms and conditions of the Advisory Services Agreement and partnership agreement of such Fund.

Co-Investment Vehicles generally are established to invest alongside one or more Funds in one or more particular investment opportunities. Because each Co-Investment Vehicle generally is contractually required, as a condition of its investment, to exit its investment in the particular investment opportunity at the same time and on the same terms as the applicable Fund that also is invested in the particular investment opportunity, Global generally has no discretion to invest the assets of a Co-Investment Vehicle independent of such contractual requirements.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

For the purposes of this Item 17, “Global” shall refer to “Global, together with the applicable TPG Management Company,” except where context otherwise requires.

Global has been delegated the authority to vote proxies (which, for these purposes, includes other corporate actions, such as consent requests) regarding securities held by the Global Vehicles. Global has adopted and implemented policies and procedures reasonably designed to ensure that it votes proxies in the best interests of the Global Vehicles. In exercising its voting discretion, Global seeks to avoid any direct or indirect conflict of interest between the Global Vehicles and the voting decision.

When voting proxies on behalf of Global Vehicles, Global votes in a manner that it believes is consistent with the best interest of the Global Vehicles. Global does not permit proxy voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the general policy of Global to vote or to give consent on all matters presented to security holders in any proxy or similar request, and its policies and procedures have been designed with that in mind. However, Global reserves the right to abstain on any particular vote or otherwise to withhold its vote or consent on any matter if, in the judgment of certain professionals within

Global, the costs associated with voting such proxy outweigh the benefits to the applicable Global Vehicles or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the applicable Global Vehicles.

Global's Chief Compliance Officer is responsible for monitoring proxy decisions for any actual or perceived conflicts of interests. All proxy voting decisions require a mandatory conflicts of interest review by the Chief Compliance Officer or General Counsel, which includes consideration of whether Global or any investment professional or other person recommending how to vote the proxy has an interest in how the proxy is voted that may present a conflict of interest. When the Chief Compliance Officer deems appropriate in his sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Chief Compliance Officer has the power to retain independent fiduciaries, consultants or professionals to assist with proxy voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

In accordance with the requirements of the Advisers Act, Global maintains records of its proxy voting for at least five years and, at a Global Advisee's request, will furnish proxy voting information, free of charge, to the requesting Global Advisee within a reasonable period of time (usually within ten business days). Global Advisees may request proxy voting information by contacting the Chief Compliance Officer at (817) 871-4000 or by writing to TPG Global Advisors, LLC, Attn: Chief Compliance Officer, at 301 Commerce St., Suite 3300, Fort Worth, Texas 76102.

#### **ITEM 18 – FINANCIAL INFORMATION**

Not applicable.