

FIRM BROCHURE

CAPITAL POINT ADVISORS, L.P.

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This brochure provides information about the qualifications and business practices of Capital Point Advisors, L.P. If you have any questions about the information contained in this brochure, please contact us at (713) 595-1420. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

This brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of offering and governing documents that contain a description of the material terms relating to such investments, products or services.

Additional information about Capital Point Advisors, L.P. also is available on the SEC’s website at www.adviserinfo.sec.gov.

February 13, 2012

Item 2: Material Changes

Not applicable.

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Item 4: Advisory Business

FIRM DESCRIPTION AND OVERVIEW

Capital Point Advisors, L.P., a Delaware limited partnership and private equity fund manager, was formed in 2005. We provide investment management and other services solely to our affiliated private equity investment funds (the “Funds”) with respect to private equity investments. Our investment advice is provided in accordance with the investment objectives, strategies, guidelines, restrictions and limitations described in the applicable offering and/or governing documents for each Fund, and the information in this brochure is qualified in its entirety by the information set forth in such documents.

We are not a general or limited partner of any Fund. Instead, certain of our affiliates serve as general partners to the Funds and, in such capacity, may be deemed to be “investment advisers” as defined in the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Accordingly, these affiliates will rely on our investment adviser registration instead of separately registering as investment advisers with the Securities and Exchange Commission (the “SEC”) under the Advisers Act. **See Item 10.** Except as the context otherwise requires, any reference to “we,” “us,” or “our” in this document includes Capital Point Advisors, L.P. and any affiliates relying on our registration.

PRINCIPAL OWNERS

The general partner of Capital Point Advisors, L.P. is Capital Point Advisors, LLC, a Texas limited liability company, of which The Inroads Group, Ltd., a Texas limited partnership, is the sole member. Alfred Jackson, our President and Chief Executive Officer, owns over 25% of the limited partnership interests of The Inroads Group, Ltd.

TYPES OF ADVISORY SERVICES

We provide investment management and other services solely to the Funds primarily with respect to investments in established and successful middle market portfolio companies located across the United States. We provide investment advisory services with respect to each Fund in accordance with the investment objectives, policies and guidelines set forth in such Fund’s offering and governing documents. In general, we only provide investment advice with respect to investments (either directly or indirectly) in senior subordinated debt with warrants, other structured debt and equity securities. We do not provide advice with respect to investments other than private equity investments. Investment in a Fund does not create an advisory relationship between an investor in such Fund and us. **See Item 8 below.**

INVESTMENT RESTRICTIONS

We provide investment advice to each Fund in accordance with the investment objectives, policies and guidelines set forth in the applicable offering and/or governing documents, and not in accordance with the individual needs or objectives of any particular investor in that Fund. Investors are not permitted to impose restrictions or limitations on the management of the Funds. Notwithstanding the foregoing, the general partner of each Fund may enter into side letter agreements with one or more investors in that Fund that alter, modify or change certain terms of the interests held by those investors.

ASSETS UNDER MANAGEMENT

As of December 31, 2011, we had approximately \$113,700,000 in assets under management. All of these assets were managed on a discretionary basis.

Item 5: Fees and Compensation

FEE SCHEDULES

We generally are entitled to receive management fees, and certain of our affiliates are entitled to receive carried interest distributions, with respect to the Funds. While our fees are described in detail in the applicable offering and/or governing documents, a summary of the basic fee schedule applicable to the Funds is set forth below:

For each Fund, we generally receive an annual management fee equal to:

- (i) during the commitment period, 1.75% of the aggregate commitments to the Fund; and
- (ii) after the commitment period, between 1.65% and 1.75% of the aggregate cost basis (before write downs) of all portfolio assets then held by the Fund that have not been fully realized less all distributions pursuant to item (i)(a) below.

The management fees are payable quarterly in advance.

In addition, net proceeds attributable to realized investments and current income (“Distributable Cash”) is distributed to investors in the following order of priority (subject to the terms and conditions set forth in the applicable governing documents):

- (i) First, 100% to all investors in proportion to their respective capital contributions until the cumulative amount distributed to them equals the sum of: (a) the cost basis of all realized investments plus the cumulative amount of any write downs of portfolio securities not theretofore distributed to such investors; and (b) the cumulative amount of operating expenses paid by the Fund allocated to realized investments in which such investor participated and not theretofore distributed..
- (ii) Second, 100% to all investors in proportion to their respective capital contributions until each respective investor has received distributions sufficient to provide it with a cumulative internal rate of return of 8%.
- (iii) Third, (a) if the Distributable Cash results from a realized investment, 100% to our affiliate until it has an amount equal to 20% of the total amount distributed pursuant to item (ii) above and this item (iii) and (b) if the Distributable Cash results from current income, 80% to our affiliate and 20% to all investors in proportion to their respective capital contributions with respect to such current income source until our affiliate has received an amount equal to 20% of the total amount distributed pursuant to item (ii) above and this item (iii).
- (iii) Thereafter, 80% to all investors in proportion to their respective capital contributions and 20% to our affiliate as a carried interest.

Upon termination of a Fund, our affiliate will be required to restore funds to such Fund to the extent that it has received cumulative distributions in excess of amounts otherwise distributable to it pursuant to the distribution regime set forth above, applied on an aggregate basis covering all transactions of that Fund.

Management fees and/or carried interest distributions with respect to the Funds and each investor generally are not negotiable.

PAYMENT OF FEES

Management fees are payable quarterly in advance. The general partner of each Fund has the discretion to pay management fees from capital contributions drawn for such purpose, proceeds received in respect of any investments, or any other funds or other assets determined by the general partner to be available. Management fees payable with respect to any period will be reduced by any transaction, investment banking or similar fees, after provision for any related expenses. In the event that a Fund is dissolved or our advisory services are terminated, a proportionate amount of any received and unearned management fees will be refunded to the applicable investor(s).

Carried interest distributions are calculated and allocated from time to time upon the receipt of net cash proceeds from realized investments.

OTHER FEES AND EXPENSES

In addition to management fees and carried interest distributions, each Fund pays all costs and expenses relating to

the Fund's activities, including (i) except to the extent paid for by portfolio companies, all expenses of the Fund relating to investigating, negotiating, documenting, acquiring, monitoring, disposing, collecting or recovering investments of the Fund (including travel and other out of pocket expenses); (iv) domestic and foreign taxes, fees and charges payable by the Fund; (v) fees and disbursements of outside audits and insurance; (vi) fees and disbursements of attorneys, consultants and other professionals; (vii) interest and expenses payable by the Fund on any indebtedness incurred by the Fund; (viii) up to \$750,000 of organizational costs; (ix) broken deal expenses; (x) expenses of members of the Board of Advisors; (xi) the amounts paid to any indemnified person pursuant to the partnership agreement of the Fund; and (xii) expenses of annual meetings of investors. Each Fund generally is responsible for and pays any brokerage and custodial fees and expenses. **See Item 12 below.**

COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS

Neither we nor any of our supervised persons accept compensation for the sale of securities or other investment products.

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

PERFORMANCE-BASED FEES

As noted under Item 5 above, our affiliate(s) may be entitled to receive carried interest distributions with respect to the Funds. Carried interest distributions could motivate us, due to our relationship with our affiliates, to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. The method of calculating the carried interest may result in conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions. Certain of our individual employees, agents and affiliates may be compensated to some extent based upon investment profits for which they are responsible and, accordingly, may face the same potential conflict. We attempt to address these conflicts through full and fair disclosure in the applicable offering documents and this brochure.

Item 7: Types of Clients

TYPES OF CLIENTS

We only provide investment advisory services to our affiliated Funds.

ACCOUNT REQUIREMENTS

In general, the minimum initial capital commitment required for an investor in a Fund is \$5,000,000, although capital commitments of lesser amounts may be accepted in the discretion of the applicable general partner.

Each investor in the Fund generally is required to represent that it is, among other things, an “accredited investor,” as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”), and a “qualified purchaser,” as such term is defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended.

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

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The primary strategy of each Fund is to make mezzanine investments in a diversified mix of established and successful middle market companies located across the United States.

The Funds invest primarily in senior subordinated debt with warrants, but also opportunistically co-invest in other structured debt and equity securities in order to optimize the risk/reward profile of each portfolio investment. While the Funds may make debt investments in portfolio companies with some element of equity ownership, the Funds do not originate equity-only investments. Each investment is grounded primarily in debt securities which generate significant current cash income through fees and current interest, but also has an equity element, typically in the form of warrants for common stock.

Key elements to our investment strategy include:

- Strong and Diversified Deal Flow – We utilize our wide contact network to discover a variety of mezzanine investment opportunities. Deal flow is generated from our professionals' diverse backgrounds and collective depth of experience. Strong deal flow provides us the opportunity to be selective with which investments are pursued, thus optimizing the Funds' risk/return profile. We generally review 200 - 300 new investment opportunities each year. While traditional investment bankers are a source of deals, historically the majority of closed investments are sourced from non-traditional intermediaries such as brokers, boutique intermediaries, referrals (*e.g.*, banks, lawyers or accountants) and directly from the equity sponsor groups, board members, management teams or others close to portfolio companies.
- Broadly Diversified Investments – Companies sought generally have annual revenues ranging from \$15 to \$200 million and are characterized by proven, profitable operations and sustainable business models. Portfolio companies include a wide variety of manufacturers, consumer and business service companies, distributors and other business types which are geographically dispersed across the United States, with no significant concentration in any state or region. The Funds diversify by investing not only in buyout transactions, but also in refinancings, recapitalizations, acquisitions, organic growth situations and other types of transactions, many of which are not accessible to traditional buyout-focused private equity sponsors.
- Responsive & Opportunistic – Our investment strategy focuses on rapid response to new investment opportunities. The breadth and depth of our team gives us the capability to pursue a wide universe of new investment opportunities, narrowing this wide field down to select investments believed to have the best risk/reward profile. Our prompt response provides for opportunistic investing and pricing as well as repeat business from our referral sources.
- Extensive Due Diligence – We believe in performing an extensive amount of internal due diligence on all new investments. Analytical efforts extend well beyond the financial statements. Each new portfolio company's business model, management team, internal systems and employee structure, relationships with customers and vendors, the industry's competitive landscape and other factors are evaluated in the due diligence process. We physically go to each company's headquarters and other key operating sites as a part of our due diligence process. Our team has a great deal of experience and depth in performing and managing due diligence. Additionally, we augment our internal due diligence with outside professionals when appropriate.
- Proactive Portfolio Management – We strive to be a proactive, value-added partner with all portfolio companies. We seek representation or observation rights on all portfolio company boards of directors. We seek to have meaningful input with each portfolio company's strategic and major tactical decisions and maintains regular contact with each of its portfolio companies. We are an active investor and brings our team's years of experience, wide base of contacts and diversified investment background to each company. In situations when investments are ripe for harvesting, we often help play a key role in driving an exit event.

The investment strategies summarized above are not intended to be comprehensive. For a more information regarding our investment strategies, please see the offering document of the applicable Fund.

CERTAIN RISK FACTORS

There can be no assurance that the Funds will achieve their investment objectives or that investments will be profitable. Each Fund's investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that these investment strategies are low risk or risk free. Each Fund's investment strategies are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. The various risks outlined below are not the only risks associated with these investment strategies and processes and will not necessarily apply to each investor. The following risks are qualified in their entirety by the risks set forth in the applicable offering documents.

Nature of Fund Investments. Most of the Funds' investments are highly illiquid, and there can be no assurances that the Funds will be able to realize a return on such investments in a timely manner or at attractive prices. The Funds' investments will involve the purchase of privately-issued debt and/or equity securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or pursuant to an exemption from registration under the Securities Act. Registering securities under the Securities Act requires a substantial investment of the principals' time and attention and a substantial investment of cash by the issuer of those securities. There can be no assurances that private purchasers will be found for the Funds' investments or that a market for the securities held by the Funds would exist even following registration.

Subordination. The investments of the Funds typically are subordinated to the senior obligations of an issuer, either contractually or structurally, in the case of debt securities, or because of the nature of the security, in the case of preferred stock or common stock. Such subordinated investments may be characterized by greater credit risks than those associated with the senior obligations of the same issuer. Adverse changes in the financial condition of an issuer, general economic conditions, or both may impair the ability of such issuer to make payments on the subordinated securities and result in defaults on such securities more quickly than in the case of the senior obligations of such issuer.

Debt Securities and Obligations. The Funds' investment in debt securities and obligations entails normal credit risks (*i.e.* the risk of non-payment of interest and principal). A debt security or obligation may be subject to redemption at the option of the issuer. If a debt security or obligation held by a Fund is called for redemption, the Fund will be required to permit the issuer to redeem such security or obligation, which could have an adverse effect on the Fund's cash-on-cash return objective.

Debt and Preferred Securities. The Funds may invest in debt and preferred securities which are rated in the lower rating categories by the various credit rating agencies or, more commonly, in comparable non-rated securities. Securities in the lower rating categories and comparable non-rated securities are subject to greater risk of loss of principal and interest than higher-rated and comparable non-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings and comparable non-rated securities in the case of deterioration of general economic conditions. The market for lower-rated and comparable non-rated securities is thinner, often less liquid, and less active than that for higher-rated and comparable non-rated securities, which can adversely affect the prices at which these securities can be sold and may even make it impracticable to sell such securities.

Leverage. The Funds' investments include portfolio companies with significant levels of debt. Such investments are inherently more sensitive than others to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such portfolio companies increases the exposure of those companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. Because the securities in which the Funds invest oftentimes are subordinated and among the most junior in a portfolio company's capital structure, the inability of a portfolio company to service its debt obligations could result in a loss of a Fund's investment.

Projections. The Funds may rely upon projections developed by us, their respective general partners or a portfolio company concerning the portfolio company's future performance and cash flow. These projections will be based upon certain assumptions and upon information provided by and judgments made by management of the relevant portfolio company. These projections will be only estimates of future results and, therefore, there can be no assurance that the projected results will be achieved. Actual results may vary significantly from the projections, and general economic conditions and other factors out of our control may negatively impact the reliability of the

financial projections. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values and cash flow.

Minority Investments. The Funds' portfolio investments generally represent minority interests in portfolio companies, and the Funds may hold minority voting positions (if any) on the boards of directors of certain portfolio companies. The Funds may not be able to control or exercise substantial influence over such portfolio companies.

Reliance on Management of Portfolio Companies. While it is the intent of the Funds to invest in portfolio companies with proven operating management in place, there can be no assurance that such management will continue to operate successfully. Although we monitor the performance of each investment, the Funds rely upon portfolio company management to operate the portfolio companies on a day-to-day basis and equity sponsors or shareholders who control the boards of directors of the portfolio companies to select qualified management for such companies.

Lack of Diversification. The Funds may participate in a limited number of investments and, as a consequence, the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of even a single Fund investment.

Difficulty of Locating Suitable Investments. The business of the Funds is highly competitive. The success of the Funds depends on the ability of the Funds, their respective general partners and us to identify suitable portfolio investments and to negotiate and arrange the closing of appropriate transactions. Although the principals have been successful in identifying suitable investments in the past, we compete for investment opportunities against other providers of mezzanine financing, and we may be unable to identify a sufficient number of attractive investment opportunities for the Funds to meet their investment objectives. There can be no assurances that there will be a sufficient number of suitable investment opportunities to enable the Funds to invest all of their capital commitments in opportunities that satisfy their investment objectives, or that such investment opportunities will lead to completed investments by the Funds. Identification of attractive investment opportunities generally is subject to market conditions. Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with the board of directors or owners of a target, consummating the transaction is subject to myriad uncertainties, only some of which are foreseeable or within the control of us or the general partners of the Funds. Further, over the past several years, an increasing number of private investment funds focusing on mezzanine investments have been formed (and many such existing funds have grown in size). No assurance can be given that the Funds will be successful in obtaining suitable investments, or that if such investments are made, the objectives of the Funds will be achieved.

Risks upon Disposition of a Fund's Investments. In connection with the disposition of a portfolio investment, 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, or may be responsible for the contents of disclosure documents under applicable securities laws. The Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the limited partners.

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

Other Regulatory Risks. Various factors, including recent dislocations in the financial markets, have caused investors and governmental authorities to express concerns over the integrity of the U.S. financial markets and the adequacy of the current regulations. Increased regulatory oversight may also impose additional administrative burdens on us and the Funds, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert time, attention and resources from portfolio management

activities. The Funds also may be materially adversely affected by changes in the interpretation or enforcement of existing laws and rules by governmental authorities. It is not practicable to determine with meaningful specificity the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Any such regulations could increase the Funds' costs of doing business.

Bankruptcy of Portfolio Companies. The Funds may make investments in portfolio companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various U.S. federal and state laws in connection with such bankruptcy proceedings could operate to the detriment of the Funds. There is also a risk that a court may subordinate a Fund's investment to other creditors or require the Fund to return amounts previously paid to it by a portfolio company that became insolvent or files for bankruptcy, a risk that could increase if the Fund has management rights in such portfolio company.

Risks Associated with Non-U.S. Investments. The Funds may invest in businesses located outside the United States. Such investments involve risks not typically associated with investments in the securities of U.S. companies. For instance, such risks may include but are not limited to (i) differing business cultures and legal regimes, (ii) greater price fluctuations and market volatility, less liquidity and smaller capitalization of securities markets, (iii) currency exchange rate fluctuations, (iv) higher rates of inflation, (v) controls on, and changes in controls on, foreign investment and limitations on repatriation of invested capital and on the Funds' ability to exchange local currencies for United States dollars, (vi) greater governmental involvement in and control over the economies, (vii) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers, (viii) less extensive regulation of the securities markets, (ix) longer settlement periods for securities transactions, (x) differences in tax regimes and changes in tax treaties and (xi) less developed corporate laws regarding fiduciary duties and the protection of investors. The foregoing factors may increase transaction costs and adversely impact the value of the Funds' investments in non-U.S. portfolio companies.

The Funds may invest in a variety of financial instruments in order to hedge against currency and other risks associated with non-U.S. investments. There can be no assurance that instruments suitable for hedging currency and other risks will be available or that such hedging will be effective in managing risks associated with these investments.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH THE INVESTMENT STRATEGIES OF, OR THAT ARE APPLICABLE TO, THE FUNDS. FOR A MORE DETAILED DESCRIPTION OF CERTAIN OF THE MATERIAL RISKS APPLICABLE TO THE FUNDS, PLEASE CAREFULLY REVIEW THE APPLICABLE OFFERING DOCUMENTS.

Item 9: Disciplinary Information

Mr. Alfred Jackson, our President and Chief Executive Officer, was recently named as a defendant in a civil lawsuit filed by the New Mexico State Investment Council (“NMSIC”), wherein Mr. Jackson was alleged to have improperly leveraged his political connections and other personal relationships to to help solicit and ultimately receive investments from NMSIC. While the case was dismissed for lack of personal jurisdiction on January 11, 2012, the court granted NMSIC leave to amend its complaint. Mr. Jackson denies the allegations set forth against him in the complaint.

Item 10: Other Financial Industry Activities and Affiliations

RELYING ADVISERS

We are not a general or limited partner of any Fund. Instead, certain of our affiliates, including Capital Point Management, L.P. and Capital Point Partners II, LLC (each, a “Relying Adviser” and, collectively, “Relying Advisers”), serve as general partners with respect to the Funds and, in such capacity, may be deemed to be “investment advisers” (as such term is defined in the Advisers Act). Accordingly, the Relying Advisers will rely on our registration instead of separately registering with the SEC as investment advisers under the Advisers Act. To rely on our registration, (i) the Relying Adviser, its employees and persons acting on its behalf will be “persons associated with” and “supervised persons” of (as each term is defined in the Advisers Act) Capital Point Advisors, L.P., (ii) the investment advisory services of the Relying Adviser, its employees and persons acting on its behalf will be subject to our supervision and control, (iii) any investment advisory functions of the Relying Adviser will be subject to the Advisers Act and the rules and regulations thereunder, and (iv) the activities and books and records of the Relying Adviser will be subject to inspection and examination by the SEC. Each Relying Adviser will be subject to our compliance policies and procedures and, except as the context otherwise requires, any reference in this brochure to “we,” “us,” “our” includes Capital Point Advisors, L.P. and the Relying Advisers.

PORTFOLIO COMPANY ACTIVITIES

From time to time, certain of our employees and affiliates may serve as directors and officers of, and provide advice to, companies in which one or more of the Funds invest. Investors should be aware that the receipt of non-public information by our related persons regarding these companies could preclude us from effecting discretionary transactions on behalf of the Funds in certain securities of these issuers.

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

CODE OF ETHICS

We will adopt and implement a code of ethics, which will set forth standards of business conduct for our supervised persons. Our code of ethics will primarily be designed to educate supervised persons about our philosophy regarding ethics and professionalism, emphasize our fiduciary duties to the Funds, encourage supervised persons to comply with applicable laws, prevent the misuse of material non-public information, restrict the circulation of rumors and other forms of market abuse and address conflicts of interest that arise from personal trading by access persons. Among other things, we will impose restrictions on access persons relating to the purchase or sale of certain securities for their own accounts and the accounts of certain affiliated persons. Access persons will be required to submit reports disclosing personal securities transactions. We also will maintain certain policies and procedures designed to prevent supervised persons from misusing material non-public information or trading the same security ahead of the Funds. We will furnish a copy of our code of ethics to the Funds upon request.

OTHER ACTIVITIES

In the course of our activities, including activities on behalf of the Funds, we or our affiliates may acquire confidential information or otherwise become restricted in our investment activities. In such event, we may not be free to act upon such confidential information in the course of performing our duties for the Funds, and we or an affiliate may not be able to initiate a transaction for a Fund that we otherwise would have initiated, with the result being that we are unable to purchase or dispose of an investment. Such restrictions would apply even if we were not involved in, and could not have benefitted from, the receipt of such information.

BOARD OF ADVISORS

Each Fund has established (or will establish) a board of advisors composed of representatives of the limited partners and other persons unaffiliated with the general partner of the Fund. The Board of Advisors has the authority and responsibility to review and approve or disapprove the following matters:

- (i) such matters which require board of advisors action as provided in the partnership agreement of the Fund;
- (ii) the value of securities (other than marketable securities) distributed in kind in connection with the liquidation of the Fund; and
- (iii) the appropriateness of any action or inaction on the part of the Fund in any situation that poses, or may pose, a conflict of interest involving the Fund, the general partner, us and our respective affiliates, including, without limitation, any transaction which is submitted to the board of advisors by the general partner involving the Fund, on the one hand, and any of the general partner, us and our respective affiliates (other than portfolio companies), on the other hand.

Except for those matters for which the approval or consent of the board of advisors is required by the partnership agreement, the recommendations of the board of advisors are advisory only and will not obligate the general partner to act in accordance therewith. Notwithstanding the foregoing, the conclusions of the board of advisors with respect to potential conflicts of interest submitted to the board of advisors by the general partner are conclusive and binding.

CO-INVESTMENT OPPORTUNITIES

The general partner of each Fund may, if and to the extent it believes in its sole discretion that it is appropriate to do so, offer the limited partners, the opportunity to co-invest in their individual capacities, in any transactions in which the Fund has made or will make an investment (a "Co-Investment") through one or more co-investment vehicles (each, a "Co-Investment Vehicle"). We, the general partner and our respective affiliates are not permitted to make, directly or indirectly, a Co-Investment. In determining the appropriateness of offering the limited partners the opportunity to invest in such Co-Investments, the General Partner may, in its sole discretion, take into account the advisability of offering the opportunity to participate in any Co-Investment (with or without any co-investing limited partners) to any third parties other than limited partners ("Third Party Co-Investors"); *provided* that nothing will restrict the ability of the general partner, in its sole discretion, to arrange, in conjunction with an investment by the Fund or a related Co-Investment, for additional financing in the form of senior debt or mezzanine financing (whether such financing is in the form of debt or equity, including, but not limited to, preferred stock and subordinated debt) from either Third Party Co-Investors or one or more limited partners that are engaged in the

business of providing such types of financing or interested in providing such types of financing. Any such offer may be made to such limited partners and in such proportions as the general partner in its sole discretion determines. The general partner may allocate such portion of an investment opportunity to a Co-Investment as the general partner in its discretion deems appropriate.

All Co-Investments are subject to the following conditions: (i) the securities held by the Co-Investment Vehicle, and the average purchase price paid with respect to such securities held by the Co-Investment Vehicle, will be no less than that paid by the Fund, (ii) such Co-Investment Vehicle will dispose of such securities in such investment (or a proportionate share thereof) at the same time and for the same consideration as the Fund, (iii) any indemnification obligation or investment expenses payable to (or by) the Fund (or us), on the one hand, and such Co-Investment Vehicle (or any manager thereof), on the other hand, will be allocated among the Fund and such Co-Investment Vehicle on the basis of capital committed by each to such transaction or proposed transaction, and (iv) the Co-Investment Vehicle will bear all expenses relating to its formation, operation and liquidation.

Item 12: Brokerage Practices

BROKERAGE POLICIES

While we and/or the general partners will have the authority to select and/or recommend brokers to the Funds, neither we nor the general partners expect to select or recommend broker-dealers or other counterparties in connection with the Funds' investments.

ALLOCATION OF INVESTMENT OPPORTUNITIES

With respect to each Fund, until the date (the "Exclusivity Termination Date") which is the earlier of (i) the last day of the commitment period and (ii) the date on which the sum of (a) the aggregate cost basis (before write downs) of all portfolio assets at any time acquired by the Fund, (b) the aggregate amount reserved for add-on investments, (c) the aggregate amount of the outstanding commitments of the Fund to acquire portfolio assets, and (d) the cumulative operating expenses incurred by the Fund exceeds 75% of the aggregate capital commitments of all limited partners, if an investment is presented to the general partner, us or any of our respective affiliates and the general partner believes, in good faith, that (i) such investment is suitable for the Fund and (ii) the terms and conditions of such investment would permit its consummation by the Fund, then such investment will be offered to the Fund prior to the making of an investment in such portfolio company by a successor fund or new fund; *provided, however*, that the foregoing obligation to offer investment opportunities to the Fund will not apply to the following types of investment opportunities (it being understood that, although such investment opportunities are not required to be offered to the Fund, nothing will prevent such investment opportunities from being offered to the Fund) (i) investment opportunities related to existing portfolio holdings as of the date of the partnership agreement of the general partner, its principals or any of their respective affiliates; (ii) investments of or in a new fund and (iii) investments intended to preserve, protect or enhance the value of investments included in clauses (i) and (ii) (including an acquisition by a portfolio company). On and after the Exclusivity Termination Date, the Fund will be provided with the opportunity to make an add-on investment with respect to an existing portfolio company prior to the making of an investment in such portfolio company by a successor fund or new fund.

Item 13: Review of Accounts

REVIEWS OF ACCOUNTS

Our managing partners and/or managing directors conduct reviews of the Funds and their investments on at least a monthly basis. As described in Item 10 above, certain of our employees, officers, agents and/or affiliates serve as directors, officers and/or committee members on portfolio companies in which the Funds invest and/or are actively involved in the operations and activities of such companies. In connection with such activities, we and/or our affiliates monitor portfolio companies and the performance thereof. With respect to accounting matters, a nationally-recognized, independent public accounting firm has been engaged to conduct annual audits of the Funds.

ADDITIONAL REVIEWS

While we generally conduct reviews of all client accounts on at least a monthly basis, we may conduct additional or more frequent reviews under certain circumstances, including in the event of poor or below forecasted performance of an investment.

REPORTS TO INVESTORS

Investors in each of the Funds are provided with (i) quarterly summaries of information on all portfolio assets; (ii) quarterly statements of net profits and net lossess, specially allocated management compensation and short-term investment income (loss); (iii) quarterly account statements; (iv) quarterly unaudited financial statements; and (v) annual audited financial statements. After the close of each taxable year, investors are provided with certain tax information in connection with the preparation of their federal income tax returns. All such reports are in writing.

Item 14: Client Referrals and Other Compensation

THIRD-PARTY COMPENSATION

Except as set forth below, neither we nor any of our affiliates receive any economic benefit from any person (other than the Funds) for providing investment advice or other advisory services to the Funds. Portfolio companies may pay certain fees to our affiliates, including (among others), fees related to transaction advisory services and monitoring activities. We and/or our affiliates may also earn fees (such as break-up or topping fees) in connection with any transaction that is not consummated.

REFERRALS

We do not currently compensate any person for investor referrals.

Item 15: Custody

Due to our relationship with the general partners of the Funds, we may be deemed to have custody of each Fund's cash and securities for purposes of Rule 206(4)-2 under the Advisers Act. Accordingly, each Fund's cash and securities generally are maintained at one or more qualified custodians. The general partners are responsible for selecting the qualified custodians with respect to the Funds and may change custodians at any time and from time to time without the consent of, or notice to, investors. In general and to the extent required by law, independent public auditors will conduct annual audits of each of the Funds, and audited financial statements will be provided to investors on an annual basis. Such statements generally are provided to investors within 120 days after the end of each fiscal year, but there can be no assurance that this will occur. Qualified custodians do not provide statements directly to investors in the Funds.

Item 16: Investment Discretion

DISCRETIONARY AUTHORITY

We and/or our affiliates have discretionary power and authority over the types of investments to be bought or sold, as well as the amount to be bought or sold, on behalf of each of the Funds, subject to the limitations set forth in the applicable governing documents of each Fund. As described in Item 10 above, any investment advisory services provided by the Relying Advisers will be subject to our supervision and control.

LIMITED POWER OF ATTORNEY

Each investor generally grants the general partner of the applicable Fund a limited power of attorney to enable the general partner to take certain other limited actions with respect to the management and operation of the Fund.

Item 17: Voting Client Securities

While we and/or the general partners will have proxy voting authority with respect to the Funds, we generally do not expect, due to the nature of each Fund's investments, to be called upon to vote securities held by the Funds. Nevertheless, in the event that we and/or the general partners are called upon to vote proxies, we will vote proxies in accordance with proxy voting policies and procedures in our compliance manual. In general, proxy proposals, amendments, consents or resolutions will be required to be voted in a manner that serves the best interests of the Funds. In the event that a material conflict of interest exists between us and one or more of the Funds, we will endeavor to resolve such conflict before voting a proxy. Copies of our proxy voting policy, together with information regarding how we have voted past proxies, will be made available to the Funds upon request.

Item 18: Financial Information

Not applicable.