

**Part 2A of Form ADV: Firm Brochure**

**Elevation Management, LLC**

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This brochure provides information about the qualifications and business practices of Elevation Management, LLC (“Elevation”). If you have any questions about the contents of this brochure, please contact us at (650) 687-6700. The information in this brochure has not been approved and verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Elevation is registered as an investment advisor with the SEC. An investment adviser’s registration with the SEC does not imply a certain level of skill or training of any Elevation personnel.

Additional information about Elevation is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2        Material Changes**

Item 2 is not applicable to Elevation Management, LLC (“Elevation”).

**Item 3**      **Table of Contents**

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#### **Item 4            Advisory Business**

Elevation Management, LLC (“Elevation”) is a Delaware limited liability company founded in August 2004 with \$1.9 billion in assets under management as of December 31, 2011. Elevation is an investment advisory company that exclusively manages, operates and controls the business and affairs of pooled investment vehicles (“Elevation Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). As the investment adviser of each Elevation Fund, Elevation, along with the general partners of the Elevation Funds (“General Partner”), identifies investment opportunities for, and participates in the acquisition, management, monitoring and disposition of, each Elevation Fund.

Elevation has focused on making large scale investments in media, entertainment, and technology businesses. Elevation was founded in 2004 by Fred Anderson, the former EVP and CFO of Apple Computer, Paul Hewson, lead singer and co-founder of the band U2, Roger McNamee, a co-founder of Silver Lake Partners & Integral Capital Partners, and Bret Pearlman, a former Senior Managing Director of The Blackstone Group. These are Elevation’s principal owners.

Elevation provides investment advisory services to each of the Elevation Funds pursuant to separate management agreements (each, a “Management Agreement”). Investment advice is provided by Elevation directly to the Elevation Fund, subject to the direction and control of the affiliated General Partner of such Elevation Fund.

Any restrictions on investments in certain types of securities, are established by the General Partner of the applicable Elevation Fund, and are set forth in the documentation received by each limited partner prior to investment in such Elevation Fund. Once invested in an Elevation Fund, investors cannot impose restrictions on the types of securities in which such Elevation Fund may invest.

#### **Item 5            Fees and Compensation**

##### **Management Fees**

Elevation charges management fees which as described below, may be reduced by certain other compensation received by Elevation or its affiliates or by certain organizational, offering or other expense borne by the Elevation Fund. The management fee may also be waived. The management fee is payable at the beginning of each quarter. Elevation may either deduct the management fee from the Elevation Fund’s assets or make a capital call to the investors. Specific details of the management fee calculation are set out in the offering materials, disclosure documents, investment management agreements and/or governing documents of the relevant Elevation Fund.

## **Performance-Related Compensation**

Elevation Funds may be charged carried interest or incentive allocations of up to 20% of any annual increase in the net asset value of the portfolio or the net realized returns of each portfolio investment. Such performance related compensation is subject to hurdles and claw-backs. Specific details of such compensation and its method of calculation are set out in the offering materials, disclosure documents, investment management agreements and/or governing documents of the relevant Elevation Fund. These incentive allocations are paid to the affiliated general partners of the Elevation Fund. Carried interest paid is calculated in compliance with Rule 205-3 under the U.S. Investment Advisers Act of 1940 (the “Advisers Act”) unless not required to be so calculated.

## **Other Compensation**

Certain Elevation Funds or their portfolio companies may also incur other fees payable to Elevation or its affiliates. For example, Elevation or its affiliates may receive monitoring fees in exchange for providing portfolio companies of certain Elevation Funds with management, consulting or other services and may also receive financial advisory fees in connection with specific transactions. These are shared with the relevant Elevation Fund and its investors through reductions or off-sets against management fees that would otherwise be applicable as described in its offering materials, disclosure documents, investment management agreements and/or governing documents. Elevation will retain the balance of any such compensation not shared with Elevation Funds.

## **Other Expenses**

Elevation Funds will typically bear legal, auditing, accounting and other partnership expenses including but not limited to out of pocket expenses incurred in developing, negotiating, structuring and disposing of both actual portfolio investments and potential portfolio investments which are not ultimately made; brokerage commissions, custodial expenses and other investment costs actually incurred in connection with actual portfolio investments; interest on and fees and expenses arising out of all borrowings made by the Fund, including the arranging thereof; the costs of any litigation, D&O liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Fund; expenses of liquidating the Fund; any taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund; and certain expenses of the Fund LP Advisory Committee. The organizational expenses of Elevation Funds (including expenses associated with the offering of Elevation Funds and sale of their interests such as commissions, costs, fees and expenses of placement agents, legal, accounting, filing, capital raising, travel and accommodation, printing and other similar costs, fees and expenses) are generally paid by the Elevation Fund subject to certain limitations.

## **Item 6 Fees and Compensation**

As noted in Item 5 above, Elevation Funds allocate a portion of their investment profits to their related General Partner, which is affiliated with Elevation, as carried interest, as set forth in each Fund’s organizational documents.

Elevation manages a feeder fund that was established primarily for the benefit of Employees of Elevation and its affiliates. As the investment activities of the feeder fund are implemented indirectly through the other Elevation Fund in which it invests, Elevation does not view this arrangement as giving rise to a conflict of interest.

#### **Item 7           Types of Clients**

Elevation currently provides investment advisory services to the Elevation Funds. Investment advice is provided directly to the Elevation Funds, subject to the direction and control of the General Partner of such Elevation Fund, and not individually to the limited partners of such Elevation Funds.

Interests in the Elevation Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investment in Elevation Funds is generally only available to institutional investors and certain high net worth investors that are “accredited investors” and “qualified purchasers” or non- “U.S. persons” within the meaning of the Securities Act and the Investment Company Act, respectively. Investors in Elevation Funds include public and private pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, high net worth individuals, limited partnerships and limited liability companies or other business entities.

#### **Item 8           Methods of Analysis, Investment Strategies and Risk of Loss**

##### **Methods of Analysis and Investment Strategies**

Elevation makes private equity investments in the media, entertainment and technology sectors. The firm seeks to invest in innovative companies positioned for growth and market leadership and utilizes diverse transaction structures to create scale investments and generate investment returns that its investors find attractive. Elevation draws upon its principals’ technology, operating and private equity experience and extensive industry relationships to develop insight into industry trends, generate proprietary investment opportunities, conduct due diligence, structure transactions, and partner with management teams to enhance company performance. In analyzing a potential investment, Elevation engages in a comprehensive review of company performance, its management team, its products and the industry, and assesses the investment’s risks and return potential.

##### **Risks**

Investing in securities involves a substantial degree of risk. The investments of an Elevation Fund may lose all or a substantial portion of their value, and investors in an Elevation Fund must be prepared to bear the risk of loss of their investments therein. Elevation makes a limited number of investments, which are illiquid and long-term in nature and whose values are subject to financial market fluctuations. Furthermore, the media, entertainment and technology sectors are highly competitive, consumer driven, rapidly changing, and subject to significant government regulation. This paragraph does not purport to be a complete disclosure of all risks, and different risks may exist with respect to investment in different Elevation Funds. The risks associated

with an investment in any particular Elevation Fund may be substantially impacted by the nature and timing of the market.

Elevation's investment strategies and the material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by Elevation Funds in connection with those strategies and methods, are discussed further in the offering materials and disclosure documents of the relevant Elevation Fund.

#### **Item 9            Disciplinary Information**

In 2007, the SEC alleged that two former officers of Apple violated federal securities laws in connection with the backdating of stock options granted to six members of its executive team (including the two former officers). Because the options were in-the-money when granted, Apple was required to report a compensation charge in its publicly-filed financial statements. The SEC alleged that, in order to avoid reporting this expense, Apple's former general counsel caused Apple to backdate the options to January 17, 2001, when Apple's share price was substantially lower. The SEC alleged that Fred Anderson, a management person of Elevation who was then the CFO of Apple, should have realized the implications of the general counsel's actions, failed to disclose key information to Apple's auditors and neglected to ensure that the company's financial statements were accurate. Without admitting or denying the allegations, Mr. Anderson agreed to pay approximately \$3.5 million in disgorgement and penalties. Under the terms of the settlement, Mr. Anderson may continue to act as an officer or director of public companies.

#### **Item 10           Other Financial Industry Activities and Affiliations**

##### *Pooled Investment Vehicles*

Elevation primarily serves as investment adviser to Elevation Funds that are pooled investment vehicles, and related persons of Elevation act as general partners of the Elevation Funds.

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

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

Elevation has adopted a Code of Ethics policy for its employees. The Policy describes employee standards of conduct and fiduciary duties and significantly restricts personal trading by its employees and their immediate family/ household members in a wide range of securities. Under the Code and firm policy, employees are prohibited from trading in securities of any company while in the possession of material, non-public information regarding the company. The Code also includes a personal securities investment and reporting policy. Employees must report every account that they or their immediate family/household member use for trading securities covered by the policy and, if they directly or indirectly influence or control trading in the account, they must generally pre-clear covered securities transactions and have duplicate trade

confirmations and quarterly account statements sent by their broker to the Compliance Officer. Additional steps are taken to ensure that employees do not engage in “front-running” of the Elevation investment opportunities.

The Code is available upon written request of Elevation Funds and their current or prospective investors.

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

### *Financial Interest in Elevation Fund Transactions*

As described above in Item 4, Elevation and its affiliates may receive financial advisory and monitoring fees and other compensation for services provided to portfolio companies of Elevation Funds. Elevation may also receive “break-up” fees and other compensation with respect to Elevation Fund portfolio company investments (including unconsummated investments). As noted above, such compensation may be shared with the relevant Elevation Fund, as described in their governing documents. To the extent the compensation is not shared with an Elevation Fund, the receipt of compensation could present a conflict of interest for Elevation.

Employees of Elevation may serve on the boards of portfolio companies of Elevation Funds. Serving in such capacity may give rise to conflicts to the extent that an Employee’s fiduciary duties to a portfolio company as a director may conflict with the interests of Elevation Funds that are invested in such portfolio companies.

## **Item 12 Brokerage Practices**

As Elevation exclusively invests in privately-offered securities on behalf of the Elevation Funds, it does not use broker-dealers and cannot seek better securities prices or lower transaction compensation from other sellers of the same securities.

Elevation does not select or recommend a broker-dealer based on whether Elevation or a related person receives investor referrals from a broker-dealer or third party.

Elevation does not recommend, request or require an Elevation Fund to execute transactions through a specified broker-dealer.

Elevation may, but is not required to, combine or aggregate purchase and sale orders for the same security for multiple accounts, including accounts owned by employees or members of Elevation, so that the orders can be executed at the same time. Trades may be aggregated to facilitate obtaining best execution, to negotiate more favorable commission rates and/or to allocate equitably among such accounts the effects of any market fluctuations that might have otherwise occurred had such orders been placed independently. Aggregated orders will be placed with one or more broker-dealers for execution and the securities purchased or the proceeds of sale generally will be allocated in the manner indicated on the order. If the order is filled at several different prices, through multiple trades, all participating accounts generally will receive the average price and pay the average commission, subject to odd lots, rounding, and



market practice. In the case of a partial fill, securities will be allocated proportionately based on the relative size of the account's pre-trade designation, subject to odd lots, minimum denomination requirements or other circumstances where it would be impractical or not the client's best interest to provide a partial allocation. Elevation is not obligated to acquire for all Elevation Funds a security that it may acquire for a particular Fund, if in Elevation's absolute discretion it is not practical or desirable to acquire a position in such security.

### **Item 13      Review of Accounts**

#### *Oversight and Monitoring*

Elevation closely monitors the portfolio companies of the Elevation Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolio companies of each Elevation Fund are reviewed by a team of investment professionals on a continuous basis. The team includes Managing Directors and other investment professionals of Elevation.

#### *Reporting*

Investors in the Elevation private equity fund will typically receive, among other things, a copy of audited financial statements within 90 days after the fiscal year end and a copy of unaudited quarterly financial statements within 45 days after each interim fiscal quarter end.

Investors in each Elevation Fund will receive regular reporting updates through quarterly letters, investor meetings and investment communications.

### **Item 14      Client Referrals and Other Compensation**

#### *Economic Benefits from Non- Clients*

As noted in response to Item 5 and Item 11, Elevation or its affiliates may, for example, earn monitoring fees and other compensation from portfolio companies as compensation for services, including advice on structuring, negotiating and arranging financing for transactions in which Elevation Funds participate and may earn fees in connection with unconsummated transactions. This compensation may or may not be shared with Elevation Funds through reductions or off-sets against management fees that would otherwise be applicable as described in the governing documents of the Elevation Fund.

### **Item 15      Custody**

Neither Elevation nor its affiliates will hold securities of any type for clients. A qualified custodian will hold and maintain investment assets. Elevation or its affiliates are deemed to have custody by virtue of acting as the general partner or managing member of an Elevation Fund.

**Item 16 Investment Discretion**

Elevation provides investment advisory services to each Elevation Fund pursuant to the Management Agreements. Investment advice is provided by Elevation directly to the Elevation Funds, subject to the direction and control of the affiliated General Partner of such Elevation Fund. Any restrictions on investments in certain types of securities are established by the General Partner of the applicable Elevation Fund, and are set forth in the documentation by each limited partner prior to investment in such Elevation Fund.

**Item 17 Voting Client Securities**

Elevation Funds are not able to direct the vote of their General Partner. While the issuers of the securities in which the Elevation Funds invest rarely issue proxies, the General Partner intends to vote proxies or similar corporate actions in the best interests of the applicable Elevation Fund, taking into account such factors as it deems relevant in its sole discretion.

Elevation's proxy voting policy is designed to ensure that if a material conflict of interest is identified in connection with a particular proxy vote, that the vote is not improperly influenced by the conflict.

A detailed summary of Elevation's proxy voting policies and procedures are available to limited partners and prospective limited partners during the investment due diligence process. A copy of the proxy voting policies and procedures may be obtained by Elevation's Compliance Department.

**Item 18 Financial Information**

Elevation does not require or solicit prepayment of more than \$1,200 in fees per Fund six months or more in advance and thus has not included a balance sheet of its most recent fiscal year. Elevation is not aware of any financial condition that is reasonably likely to impair its ability meet its contractual commitments to the Elevation Funds, nor has Elevation been the subject of a bankruptcy petition at any time during the past ten years.