

Fireman Capital Partners, LLC

Form ADV Part 2A

Investment Adviser Brochure

September 2012

This brochure provides information about the qualifications and business practices of Fireman Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (617) 671-0555. 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 Fireman Capital Partners is also available on the SEC's website at www.adviserinfo.sec.gov.

Prudential Tower 800 Boylston Street, 24th Floor
Boston, MA 02199
(617) 671-0555
www.firemancapital.com

Item 2 – Material Changes

In this amended brochure, dated September 2012, we have updated our disclosures throughout to reflect the expected additions as clients of Fireman Capital Partners II, L.P. and its parallel and co-investment investment vehicles (“FCP II”), which will operate in a different manner than the Funds we have managed in the past. We have also augmented our risk factor discussions in Item 8, “Methods of Analysis, Investment Strategies and Risk of Loss,” primarily to reflect changes and additions relating to the addition of FCP II as a client.

Item 3 – Table of Contents

Item 2 – Material Changes.....	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	5
Item 6 – Performance-Based Fees and Side-By-Side Management	6
Item 7 – Types of Clients.....	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9 – Disciplinary Information	15
Item 10 – Other Financial Industry Activities and Affiliations	15
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	16
Item 12 – Brokerage Practices	17
Item 13 – Review of Accounts	18
Item 14 – Client Referrals and Other Compensation	18
Item 15 – Custody.....	19
Item 16 – Investment Discretion	19
Item 17 – Voting Client Securities	19
Item 18 – Financial Information	20

Item 4 – Advisory Business

Fireman Capital Partners, LLC, a Delaware limited liability company (“FCP,” “us,” “we,” or “our”), is based in Boston, Massachusetts, and has been in business since 2008. Our owner is Daniel Fireman.

We manage private pooled limited partnership investment vehicles (the “Funds”). Interests in our Funds are marketed primarily to high net worth individuals, trusts, corporations, limited partnerships, and limited liability companies. Those investors purchase interests in our Funds, with investments made at the Fund level, not by individual investors in the Funds. Our only advisory clients are the Funds. As the investment manager of the Funds, we identify investment opportunities, monitor performance and manage the acquisition and disposition of the portfolio company investments of each Fund, and stand ready to deal with issues that may arise with regard to the performance of the portfolio company or the value of our Fund’s investment while the Fund holds the investment. Affiliates controlled by us serve as the general partners (the “GPs”) of each Fund.

The primary focus of our investment management services is researching and managing privately negotiated transactions in operating entities. Our Funds’ investments are in non-public companies. From time to time, Daniel Fireman, consultants to us or other personnel/employees may serve on a portfolio companies’ board of directors or otherwise act to influence control or management of a portfolio company on behalf of the Fund that holds an interest in that company.

The management services we provide for each Fund are further described in that Fund’s offering memorandum, limited partnership agreement (or an operating agreement if we organize a Fund as a limited liability company), and the management/advisory agreement between us and a Fund (the “Documents”). In the past, each Fund has made a single investment in a single class of securities of a particular portfolio company, which is described in that Fund’s Documents (a “Single-purpose Fund”); however, Fireman Capital Partners II, L.P. and its parallel and co-investment investment vehicles (including, without limitation, a vehicle that admits only “qualified purchasers” as defined in the Investment Company Act of 1940, vehicles for investment by our employees and vehicles for other parallel or co-investments) (collectively, “FCP II”), which we expect to commence operations in September 2012, intends to invest in a variety of portfolio companies without prior specification. In accordance with common industry practice, we and the GP for FCP II may enter into “side letters” or similar arrangements with certain investors pursuant to which we and the GP grant an investor specific rights, benefits, or privileges that are not made available to investors generally.

Our Funds’ investments have thus far been in convertible and/or participating preferred stock or convertible debt instruments that carry both a coupon (or pay interest) and have specified participating rights in the portfolio company’s common equity (either by conversion, participation in disposition transactions, or both) or in special classes of common stock, but we reserve the right to organize and offer interests in additional Funds that will invest in other kinds of securities, such as common stock that carries no special rights. Because the Documents governing our Single-purpose Funds do not permit us

to reinvest proceeds generated by that Fund's investments in new investments, income received by a Single-purpose Fund, either from the payment of dividends or interest or upon disposition of all or a portion of the Fund's investment, is either used to pay Fund expenses, held as a reserve against future expenses or distributed to the Fund's investors. In the case of FCP II, proceeds generated from the Fund's investments may be reinvested, provided that the aggregate acquisition cost of FCP II's investments generally will not exceed 110% of aggregate capital commitments. Additionally, the Documents detail the remuneration that we and our affiliated GP receive for managing the Funds.

As of April 30, 2012, we managed approximately \$62,500,000 of assets on a discretionary basis.

Item 5 – Fees and Compensation

As compensation for our investment management services, we receive from each Fund an annual management fee. In general, the management fees range from 0% - 2% annually of the total capital committed to the Fund by its investors.

The amount of the management fee varies for each Fund, is determined at the time the Fund is formed and generally is not changed thereafter. The management fee is invoiced quarterly in arrears or advance and is generally subject to waiver or reduction by us in our sole discretion, including in connection with investment made by our affiliates or our own personnel. If a Fund's management fees are invoiced in advance and the Fund is dissolved before the conclusion of the period covered by the advance payment, the unearned management fees are returned to the Fund in connection with its dissolution. In the case of FCP II, after the end of the Fund's investment period, the management fee will be calculated based on capital contributions.

Our GP affiliates also generally receive a performance allocation, described further below under Item 6, "Performance-Based Fees and Side-By-Side Management," based on the returns achieved on a Fund's investments.

We also typically receive (1) a closing fee in connection with our Funds' acquisition transactions that is paid by either the portfolio company in which that Fund invests, the Fund itself, or both, and (2) a management services fee from the portfolio company in which a Fund invests. Those fees vary in amount (but may be significant and exceed the management fee paid to us by the investing Fund). In the case of our Single-purpose Funds, closing fees paid by a portfolio company are not shared with the Fund that made the related investment; in the case of FCP II, closing and management service fees paid by a portfolio company will be shared equally with FCP II through a management fee reduction. Please see our discussion of related conflicts of interest below under Item 14, "Client Referrals and Other Compensation."

The Funds generally invest on a long-term basis. Accordingly, unless otherwise provided in a Fund's Documents, we generally expect our investment management fees and management services fees to be paid over the entire life of a Fund. Our affiliated GPs' performance compensation is generally paid after a Fund's disposition of an investment although performance compensation may also be payable after a

partial disposition. In the case of FCP II, performance compensation on earlier dispositions may be subject to “claw back” to compensate investors for subsequent losses (if incurred). Investors in a Fund generally are not permitted to withdraw or redeem interests in the Fund in which they invest prior to that Fund’s dissolution.

To the extent provided in the Documents relating to a Fund, we pay out of our management fees, closing fees, and management service fees certain operating expenses, including expenses on account of rent, utilities, office supplies, office equipment, travel, entertainment, compensation of our managers, consultants and employees, and other routine administrative expenses related to the services and facilities that we provide to the Funds. Subject to any special provisions contained in its Documents, each Fund bears all other expenses of its operation to the extent not borne by its portfolio company (which may bear expenses relating to the management services we provide), including organizational and offering, legal, accounting, consulting, research, brokerage (including investment banking) and finders’ fees (if any), custody, transfer, registration, advisory board, interest, taxes, and extraordinary expenses and other items. With regard to brokerage and investment banking fees, please see the discussion below under Item 12, “Brokerage Practices.”

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

The Documents generally provide for a distribution waterfall pursuant to which the net proceeds realized by one of our Funds (both dividend or interest payments and proceeds from dispositions of a Fund’s investments) are shared between the GP and the limited partners after the limited partners have been paid back their contributed capital and have received a preferred return. The preferred return to the limited partners may vary from Fund to Fund but generally has been 8% per annum; our affiliated GPs are generally entitled to receive a total performance fee, or “carried interest,” of 20% of a Fund’s income and gains although the GPS’ actual full receipt of that carried interest depends on the level of income received and gains achieved by the applicable Fund after taking into account the limited partners’ preferred returns and, in the case of FCP II, may be subject to a claw back. As with our management fee, our affiliated GPs may waive or reduce the carried interest that they receive in connection with investments by a particular limited partner.

When our Funds invest in the securities of different portfolio companies, we believe the payment of performance-related fees does not give rise to conflicts of interest between our Fund clients. However, because, as discussed further below under Item 8, “Methods of Analysis, Investment Strategies and Risk of Loss,” follow-on investments may be made in the same portfolio company by either a new Single-purpose Fund or FCP II and our related persons may have differing levels of interest in the Funds that invest in the same portfolio company, it is possible that we could be subject to a conflict of interest between Funds that invest in the same portfolio company, even though our affiliated GPs are entitled to a carried interest in all such Funds. Such a conflict of interest could occur because each such Fund may invest in a different class of the portfolio company’s securities, having different priorities of payment and participation in the portfolio company’s results of operation or in a disposition or redemption transaction with respect to those securities. Although we consider it unlikely, in such a case, it is

possible that actions of the portfolio company in question or in relation to a disposition or redemption with respect to one Fund's securities could be disadvantageous in relation to the securities held by another Fund. If such a situation were to occur, we intend to evaluate the circumstances separately with respect to each such Fund and to act independently in each Fund's best interests.

FCP II's Documents generally restrict our right to form other multi-investment Funds until FCP II has achieved a defined level of investment but do not restrict our right to form Single-purpose Funds. However, we do not currently anticipate forming a new Single-purpose Fund to invest in portfolio companies in which FCP II is our first Fund investor; rather, we anticipate that follow-on investments, if any, in such a portfolio company will be made by FCP II.

Item 7 – Types of Clients

As described above under Item 4, "Advisory Business," we currently provide investment management services only to our existing Funds and in the future anticipate that we will provide investment management services only to those Funds and other private equity Funds. We do not have a pre-established limit on the size of the Funds that we form and manage. Although in the past we have not required a minimum investment by limited partners in our Funds, FCP II requires a minimum capital commitment of \$1,000,000, which its GP may waive.

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

Methods of Analysis and Investment Strategies

Our Funds have thus far invested in either convertible (and/or participating) preferred stock, convertible debt securities, or special classes of common stock of operating portfolio companies in negotiated transactions. Our Funds make both control and non-control investments and generally require significant continuing ownership by company management. A Fund may engage in a joint transaction with other unaffiliated private equity funds or investors.

Prior to making each Fund investment, we carry out an extensive analysis of a target portfolio company's current operations, management, competitive position, financial strength, plans, and prospects. A vital element of this analysis is the development of an operating plan that, if the investment is consummated, will provide the basis for the portfolio company's operating targets. Our due diligence analysis generally includes at least the following:

Target company, market, product, and brand position and prospects

A critical part of our analysis of investment opportunities involves defining and understanding the target portfolio company's competitive advantages and whether or not those advantages can be sustained or enhanced. We examine the market definition of the target's products and competing products and companies that make them, as well as the dynamics of customer behavior. A key to our strategic due diligence is a thorough analysis of each competitor's market share, products, intellectual property,

management, financial capability, and implicit future strategy. This includes a review of the distinctive capabilities of the target company that can set it apart from other participants in its industry. These capabilities include brand franchise, current product set and pipeline, marketing, and distribution strength. Due diligence also often includes a third-party market study.

Management

We evaluate the members and depth of the target's management team, work to ensure that management's economic incentives post-closing are aligned with the target's business plan and the best interests of our investing Fund, and, if we decide an investment is advisable, take (together with other participants, if any, in the investment transaction) the steps we consider necessary to support the management team. If required, our professionals will temporarily fill operating positions while one or more high quality managers are recruited.

Regulatory, Environmental, Tax, Legal, Accounting

We and an experienced team of outside professionals perform a full review of potential regulatory, environmental, tax, legal, and accounting contingencies, as needed, prior to making an investment.

Exit Analysis

Before making a Fund investment, we thoroughly explore the alternative options for future liquidity. In considering the price that we consider acceptable for an investment, we discount more heavily securities that we believe our investing Fund is likely to have limited opportunities to sell.

Risks of Loss

The task of identifying investment opportunities and managing such investments is difficult and involves a substantial degree of risk. There can be no assurance that our Funds will be able to realize any particular investment return or be able to generate returns for their investors. A Fund may lose all or a substantial portion of its investment. Each Fund's investment (or, in the case of FCP II, investments) may be subject to the following risks, in addition to other risks relating to a specific investment that are described in a particular Fund's offering materials:

Nature of Investments Generally

Our Funds' investments consist almost entirely of securities issued by privately held companies whose operating results are frequently difficult to predict. Such investments involve a high degree of business and financial risk, which can result in substantial losses. Among those risks are the general risks associated with investing in companies in the expansion and/or recently profitable stage. The Funds' portfolio companies typically have obtained capital in the form of equity and/or debt to expand rapidly and develop new products, new markets, or both. These activities generally entail significant changes in the portfolio company's operations that can give rise to significant management and financial issues relating to sales, manufacturing, distribution and general administration. The management of each portfolio company is the responsibility of that company's management team. While we will monitor

and oversee that management to the extent we can, our authority to do so may be limited and may depend on the agreement and cooperation of other investors. Thus, the success of our Funds' investments will depend in part on our and our co-investors' ability to select and retain good and talented managers and to oversee their performance, as to which there can be no assurance.

Additionally, the past performance of our Funds' investments is not a guarantee of future results, either by that Fund or other Funds, and there can be no assurance that any Fund's investments will perform as well as past investments. While the Funds generally have similar investment foci, management of each Specific-purpose Fund's investment can be expected to differ since each Specific-purpose Fund invests in a different security, usually issued by a different portfolio company. Risks that are unique to FCP II, as opposed to our Specific-purpose Funds, are discussed separately below.

Illiquidity of Investments; Liabilities in Connection with Dispositions

Many of the Funds' investments have been, and are expected to continue to be, highly illiquid, because of the nature of the investment in question (including valuation difficulties), the lack of a public secondary market and legal or contractual restrictions on the investment's transfer. As a result, typically no assurance can be given that the value of a Fund's investments can be realized on any particular schedule. In addition, even if a public secondary market is available, a Fund's ability to realize on its investments depends to our decision as to whether or not the Fund should sell those investments. There may also be no readily available non-public market for the Funds' investments, many of which will be difficult to value and, as previously noted, may be subject to legal or contractual restrictions on resale. In some instances, the sale of securities owned by a Fund may require lengthy negotiations.

Although we have thus far never done so, we and our related GPs may cause the securities of a Fund's portfolio company or companies to be distributed to the Fund's limited partners, valued at the time of distribution in our good faith judgment. Because the valuation we place upon such distributed securities would affect the amount of our carried interest, we would have a conflict of interest in such a situation. In addition, the limited partners in such a Fund could then be subject to the same kinds of difficulties in disposing of the distributed securities that the Fund would have been subject to had it continued to hold the securities.

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 that are typical in connection with the sale of a business. The disposing fund may be required to indemnify the purchasers to the extent that any such representations prove to be inaccurate. These arrangements may require the establishment of escrows or result in the incurrence of contingent liabilities for which the Fund's GP may determine a need to establish reserves. As a result, distributions may be delayed or withheld until the applicable escrow period expires or the reserve is no longer needed.

Concentration of Investments

Our Single-purpose Funds have invested in one investment in one portfolio company. As a result, any particular Single-purpose Fund's investment results are determined by the performance of a single

investment. Although we anticipate that FCP II will invest in multiple portfolio companies, it is likely that a small number of investments will make up the bulk of FCP II's portfolio, with the result that poor performance by just one, or a limited portion, of FCP II's investments could result in a significantly adverse effect on FCP II's aggregate investment performance.

Need For Follow-On Investments and Related Conflicts of Interest

Following a Fund's initial investment in a given portfolio company, follow-on investments may be necessary to assure the portfolio company's financial stability or to allow it to take advantage of business opportunities. Because our Single-purpose Funds raise money only to engage in a particular investment, our affiliated GP for those Funds has no right to call upon limited partners to provide funding for a further investment. Historically, if we have considered a further investment to be advisable, we have formed a new Single-purpose Fund to make that investment, interests in which have been offered both to limited partners in the Single-purpose Fund holding an existing investment in the portfolio company and to other investors. In the future we anticipate that only FCP II will engage in follow-on investments, if any, although circumstances may again occur in which we determine that establishing a Single-purpose Fund to make a follow-on investment would be appropriate. As noted above in Item 6, "Performance-Based Fees and Side-By-Side Management," because a new investment may be in different securities with different rights, utilization of a different Fund to make a follow-on investment may give rise to conflicts of interest between the Funds in question. In addition, the terms of such a new investment could be adverse, or even highly adverse, to existing portfolio company investors, including our Fund that holds a current investment in the portfolio company. Such adverse consequences could also be caused by a follow-on investment by a third party.

In addition, even if we were to determine that a further investment in a Fund's portfolio company was critically required and that it was advisable for us to form and offer interests in a new Single-purpose Fund to make such an investment or to assist the portfolio company in seeking a third party to do so, we can give no assurance that we could successfully offer such interests in a new Single-purpose Fund or that the portfolio company could obtain such an investment from a third party. An inability by the portfolio company to obtain follow-on investments could have a substantial negative impact on it, its operations and its investors, including our investing Fund or Funds. Furthermore, even if FCP II had the resources available to make such a further investment, we might not consider such an investment to be in FCP II's best interest, as a result, for instance, of the availability of alternative investment opportunities, and FCP II would be under no obligation to make such an investment.

Controlling Interests

Certain of our Funds, either alone or together with one or more of our other Funds, hold controlling interests in their portfolio companies, and we anticipate that FCP II and other Funds that we form will also hold controlling interests. Our exercise of such control on behalf of a Fund, which may entail the appointment of directors, may result in additional risks of liability for product defects, failure to supervise management, environmental damage, violation of governmental regulations (including securities laws), or other types of liability in which the limited liability generally applicable to the

business ownership may be ignored. If any of these liabilities were to arise, the investing Funds could suffer significant losses. In addition, even if a Fund with a controlling interest prevailed against such a claim for liability, that Fund could incur significant costs of defending itself against the claim. The Funds generally indemnify us and the GPs for liabilities incurred in connection with the Fund's operations, subject to certain exceptions, and fulfillment of such indemnification and other liabilities could give rise to substantial expense.

Non-Controlling Interests

A Fund may also hold a non-controlling interest in the portfolio company (or companies) in which the Fund invests, and, therefore, we may have a limited ability to protect the Fund's position in the portfolio company. As a condition for causing a Fund to make a non-controlling investments, we typically seek to obtain appropriate rights to protect the Fund's investment, but it may not be possible to obtain such rights in all cases and, even if protective rights are obtained, circumstances may arise in which the protections provided may be circumvented or ineffective. As a result, if a Fund does not have a controlling position or other rights that are sufficient to protect its interests, it is possible that a portfolio company or its controlling persons could take actions that negatively impact the value of the Fund's investment.

Material Non-Public Information

Although unlikely, by reason of their responsibilities in connection with their other activities, certain of our principals or executives could acquire information that might be used to benefit a Fund or its portfolio companies but that cannot be so used because of legal or contractual obligations of confidentiality owed to a third party. We may not be free to act upon any such information for the benefit of a Fund, with the result that the Fund might not be able to initiate a transaction that it otherwise might have initiated or to sell an investment that it otherwise might have sold.

Foreign Investments

We may decide to form Single-purpose Funds, or cause FCP II, to invest in portfolio companies organized and/or primarily operating outside the United States. Such an investment may be subject to certain additional risks due to, among other things, foreign economic, political, and legal climates, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments or capital gains, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against foreign entities. Furthermore, an offshore portfolio company may be subject to different, less comprehensive accounting reporting and disclosure requirements than domestic portfolio companies.

While we anticipate that a Fund that invests in such a portfolio company would have the power to enter into currency hedging transactions to protect it against adverse movements of the relevant currency or currencies against the U.S. dollar, the Fund's utilization of currency hedging would be in our discretion, and there can be no assurance that, even if currency hedging transactions were utilized, they would be

sufficient to offset the effect of adverse currency movements. Furthermore, currency hedging transactions entail costs that may not be fully recovered, or recovered at all, through favorable movements in the hedge position that is entered into on a Fund's behalf.

Indemnification

A Fund will be generally be required under its Documents to indemnify its GP, us and our and a Fund's GP's partners, shareholders, members, directors, officers, employees, agents, and affiliates, as well as any other person who serves at the request of the Fund's GP or on behalf of the Fund as an agent of the Fund or as an officer, director, partner, employee, or agent of any other entity, for liabilities incurred in connection with the affairs of the Fund. Those liabilities may be material. For example, in their capacity as directors of portfolio companies, the members, managers, or affiliates of a Fund's GP or of ours may be subject to certain claims. The indemnification obligations of a Fund would be payable from the assets of the Fund, including, in the case of FCP II, unfunded commitments of limited partners.

Changes in Environment

Our Funds' investments in their portfolio companies are intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which each portfolio company operates may undergo substantial changes, some of which may be adverse to a Fund's investment. We have the exclusive right and authority (within limitations set forth in a Fund's Documents) to determine the manner in which the investing Fund will respond to such changes. General economic conditions beyond our control can be expected to affect the performance of the Funds. Interest rates, general levels of economic activity, performance of the public securities markets, and participation by other investors in the financial markets may affect the value of the portfolio companies or companies being considered for prospective investments. Legal, tax, and regulatory changes could occur during the term of a Fund that may adversely affect that Fund, the portfolio company (or companies) in which it invests, and the Fund's limited partners.

Leveraged Investments; Loans to Portfolio Companies; Bridge Loans

While our Funds do not directly incur indebtedness, some of our Funds may invest in portfolio companies that have significant debt (in relation to their size and equity capitalization) or other senior securities (typically preferred stock) at the time of the Fund's investment. In addition, a portfolio company may incur significant debt or issue significant amounts of other senior securities (including to our investing Fund) in connection with the Fund's investment. Such indebtedness or senior securities, or "leverage," generally magnifies both the opportunities for gain by investors in more junior interests in the portfolio company and the risk of loss from a particular investment (particularly if that investment does not hold the most senior position in a portfolio company's capital structure). The use of leverage typically also results in interest expense, preferred dividend payment obligations, and other costs to the portfolio company that may not be offset by the company's operating performance, particularly in difficult economic environments. It is possible that a leveraged portfolio company in which a Fund invests will not have sufficient cash flow to pay its current debt service obligations as they become due

or will not be able to refinance its outstanding indebtedness on favorable terms, or at all, upon maturity. It is possible that one or more of our Funds' portfolio companies will have outstanding variable rate debt. An increase in interest rates could impact such portfolio companies' ability to meet current debt service obligations or failures to satisfy applicable financial covenants, and the portfolio company's lenders typically will have the ability to exercise a variety of remedies under the relevant credit documents, including foreclosure on the assets of the portfolio company that are used to secure the underlying debt. Any rights of a Fund as an equity investor (including as an investor in preferred stock) will be junior to the rights of the portfolio company's lenders, whether the underlying debt is secured or not. In addition, the senior rights of holders of preferred stock to receive dividends (particularly cumulative dividends) and a return of the preferred stock's stated amount, as well as preferred stock control rights (such as the election or designation of directors or approval rights with respect to specified kinds of transactions), can significantly affect the value of a portfolio company's common stock and the ability of the portfolio company's common stockholders to control its affairs. If a portfolio company is liquidated or sold, there may be no assets remaining for preferred or common equity holders after the portfolio company creditors are paid and there may be no assets remaining for holders of common stock after holders of preferred stock obtain all or part of their preferred return.

In addition, a Fund may lend money to one of its portfolio companies, either on a short or long term basis, on an unsecured or subordinated basis. Such loans typically are convertible into common equity or otherwise have participation rights in equity transactions, with the result that part of the value of the Fund's investment is anticipated to derive from the business success of the portfolio company. If the portfolio company is liquidated or sold, the repayment of such a loan may be subordinated to a loan made on a secured or more senior basis by another lender and the value of the Fund's investment in such a loan, even if the loan is repaid after provision is made for the payment of secured or senior debt, may be significantly diminished because of a total or partial loss of value of the Fund's right to participate in equity returns.

Furthermore, a Fund may lend to a portfolio company a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such "bridge loans" would typically be convertible into a more permanent, long-term security; however, for reasons not always in our control, such long-term securities may not be issued, with the result that the bridge loan may remain outstanding. In that event, the interest rate and other terms of the bridge loan may not reflect the risk associated with the unsecured position taken by the lending fund.

Reliance on Management

Subject to restrictions in a Fund's Documents, we make all decisions with respect to the management of each Fund. Therefore, the success of our Funds depends on our due diligence, the perspicacity of our initial investment decision, our ability to monitor and influence the operating performance of our Funds' portfolio companies, and our judgment as to the timing and terms of the disposition or other realization of our Funds' investments. The loss of services of one or more members of our professional staff or of Daniel Fireman could have an adverse impact on our ability to realize a Fund's investment objective. In

addition, our officers and employees responsible for managing a particular Fund have responsibilities with respect to our other Funds. Thus such persons will have demands made on their time for the investment, monitoring, exit strategy, and other functions of other Funds. Furthermore, our personnel may be engaged in substantial activities other than on behalf of the Funds, may have differing economic interests in respect of those activities, and may have conflicts of interest in allocating their time and energy between the Funds and other undertakings.

Freedom of Information Disclosures

Under “freedom of information,” “sunshine,” “public records,” and similar laws, certain governmental or other regulated entities, such as public universities and pension funds, may be required to publicly disclose confidential information regarding a Fund or its portfolio companies, notwithstanding contractual obligations to the contrary. Any such disclosure could have a material adverse effect upon that Fund or its portfolio companies and could even expose the Fund, its GP, or our employees to claims for damages brought by portfolio companies or persons related to them. Nevertheless, the Documents will not prohibit entities that may be subject to such obligations from being admitted to a Fund.

Risks Specific to FCP II

Because FCP II will not identify its investments in advance, certain risks apply to it that do not apply to the Specific-purpose Funds:

- *Availability of Investments.* The activity of identifying, completing and realizing attractive private equity investments is highly competitive, and involves a high degree of uncertainty. There can be no assurance that FCP II will be able to locate, consummate and exit investments that satisfy its rate of return objectives or realize upon their values, or that FCP II will be able to invest fully its committed capital. However, we will be entitled to receive the Management Fee based on total capital commitments during FCP II’s investment period regardless of whether FCP II actually invests the full amount of its capital commitments.
- *Investments Longer Than Term.* FCP II may make investments with respect to which a disposition cannot be advantageously arranged before FCP II must be dissolved, either by expiration or as a result of other factors. Although we expect that that FCP II’s investments will either be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, FCP II may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.
- *Private Investment in Public Entities.* Although we do not currently expect to cause it to do so, FCP II may invest a portion of its assets in private investments in public companies (“PIPES”). PIPE investments entail certain risks in addition to the risks that are otherwise associated with investing in a public company, including (i) limited liquidity due to legal or contractual restrictions on resale, (ii) the lack of a public market, (iii) dependence on an exit strategy, such as the sale of a business, to fully realize the anticipated value of the investment, the success of which cannot be assured, and (iv) dependence on managerial assistance provided by other investors and the willingness of other investors or third parties to provide additional financial support to the company in which the investment is made.

- *Reserves.* In managing FCP II, its GP may establish reserves for follow-on investments, operating expenses, and Fund liabilities. Estimating the amounts necessary for such reserves is difficult, particularly because follow-on investment opportunities are tied to the success and capital needs of portfolio companies. Inadequate or excessive reserves could have a material adverse effect on FCP II's investment results. For example, if reserves were inadequate, FCP II might be unable to take advantage of attractive follow-on or other investment opportunities or to protect its existing investments from dilutive or other punitive terms associated with a "pay-to-play" or similar investment round. If reserves were excessive, FCP II could be required to decline attractive investment opportunities or hold unnecessary amounts of capital in money market or similar low-yield investments.
- *Additional Funds.* We may in the future establish additional Funds that, like FCP II, are not Single-purpose Funds and will be free to engage in a variety of investments; however, under FCP II's Documents we may not do that until the earlier of the date on which 75% of FCP II's capital commitments have been invested or reserved for investment and the expiration of FCP II's investment period. Although we do not currently expect to do so, we may also determine that the size or nature of a particular investment opportunity is such that it would be more appropriate to form a Single-purpose Fund to make some or all of the investment rather than to allocate investment to FCP II. If we establish other multi-investment Funds similar to FCP II, we will endeavor to treat all Funds that could advantageously utilize an investment opportunity fairly, but we cannot assure that criticisms could not arise in that respect.

Item 9 – Disciplinary Information

We have no legal or disciplinary events covered by this item to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

We hold a controlling interest in Windrose Advisors, LLC ("Windrose"), which is registered as an investment adviser with the SEC and primarily provides nondiscretionary investment advice to high net worth families and their related charities. Windrose's business is in all respects conducted independently of ours, and we believe Windrose's activities and ours do not conflict. While individual Windrose clients may invest in our Funds, Windrose refers neither our Fund offerings to its clients nor its clients to us as potential Fund investors, and Windrose has advised us that it will not advise its clients concerning an investment in our Funds. Daniel Fireman, our founder, owner, and Managing Partner, is also a founder of Windrose.

We do not have any other financial industry affiliations, including business relationships with other investment advisers, that may create a material conflict of interest.

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

Code of Ethics

Our supervised persons must comply with our Code of Ethics, which includes, among other things, a set of policies and procedures to prevent insider trading. The Code describes our high standards of business conduct and our fiduciary duty to our Clients and contains a number of specific requirements and prohibitions. The Code's key provisions include:

- Statement of general principles
- Policy on and reporting of personal securities transactions
- A prohibition on insider trading and related policies and procedures
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Our access persons (i.e., persons with access to confidential information concerning our Funds' investments) must acknowledge the terms of the Code of Ethics at least annually and report to us all of their holdings and transactions in securities, including interests held by immediate family members (except for holdings and transactions in certain securities with respect to which reporting is not required by SEC Rule 204A-1, which requires us to adopt and enforce a code of ethics that includes such reporting requirements). Jamie Hudson, Managing Director and Chief Compliance Officer, reviews all securities trades by our access persons each quarter. All investments in private placements and initial public offerings by our access persons must be preapproved by our Chief Compliance Officer. Any individual not in compliance with the Code of Ethics may be subject to disciplinary sanctions, including termination.

Clients and prospective clients can obtain a copy of our Code of Ethics by contacting Jamie Hudson at (617) 671-0555.

Participation or Interest in Fund Transactions

As noted above under Items 5 and 6, "Fees and Compensation" and "Performance Based Fees and Side-By-Side Management," Daniel Fireman and our employees and other access persons may invest in a Fund on the basis described in the Fund's Documents. The fee arrangements and carried interest paid by those persons with respect to a Fund may vary from those paid by other limited partners. We do not permit those persons to acquire an interest in our Funds' portfolio companies other than through an investment in the investing Fund or another Fund that invests in the same portfolio company. We note, however, that Daniel Fireman or our other access persons may hold larger interests in one Fund that invests in a portfolio company than they do in another Fund that invests in the same company, and that such differing interests could be deemed to give rise to motivation on their part to favor the Fund in which they hold a larger interest over a Fund in which they hold a smaller interest. If such a situation

arises, we intend to form differing teams to manage the two Funds' investments and will seek to rigorously assure that we act in the best interests of each Fund.

Although it has not thus far occurred, a Fund could invest in a portfolio company in which Daniel Fireman or one of our other access persons holds a preexisting financial interest at the time of the Fund's investment, provided that FCP II may not invest in such portfolio company without the consent of its limited partner review committee. If such a situation occurs, we intend to implement procedures designed to provide assurance that the financial interest in question does not influence our investment or management decisions with respect to the portfolio company in question, such as by excluding the person[s] who hold the interest in question from our decisions concerning that portfolio company.

Item 12 – Brokerage Practices

As noted above under Item 5, "Fees and Compensation," we typically receive all or a portion of a closing fee from the portfolio companies in which our Funds invest, from the investing Fund itself, or both, in connection with the closing of Fund investment transaction. Our Funds generally do not pay brokerage, investment banking or finders' fees to third parties in connection with their initial investment in a portfolio company. However, the portfolio company itself typically pays an investment banking fee to a brokerage firm that was retained by the portfolio company to find potential investors and assist the portfolio company in negotiating the terms of our investment transaction, and the portfolio company may also pay a finder's fee to other persons. In addition, in connection with a transaction relating to the sale or redemption of a Fund investment or of the portfolio company's assets or businesses, the portfolio company may engage an investment banking firm, and perhaps other consultants, to advise it in connection with the transaction, with the related fees paid by the portfolio company or, depending on the kind of transaction, the investing Fund. We do not participate in a portfolio company's selection and retention of such a broker or finder or the determination of the related fees in our Funds' acquisition transactions, but we may participate in the choice, and in determining the terms of retention, of investment banking and other advisers in connection with sale or disposition transactions. If we do so participate, we make our decisions on the basis of our assessment of the professional qualifications of the advisers in question and of the fees they propose to charge.

The method of disposing of a Fund investment could involve an initial public offering of securities owned by that Fund or securities into which securities owned by the Fund are convertible. In such a transaction we could have influence over the selection of the managing underwriters in the public offering, which obtain their compensation by receiving brokerage fees or a "dealers' spread" that are deducted from the proceeds of the sales made in the offering. In addition, the portfolio company securities owned by our investing Fund might not be entirely sold, or sold at all, in the initial public offering, in which event our Fund would typically have the right, after the passage of an underwriters' "lock-up period," to sell the Fund's securities on the applicable public secondary market. In such a case we would be responsible for choosing the brokers through which such sales would take place, including the level of brokerage commissions paid. In selecting such brokers, our focus would be on obtaining best execution for the Fund's sales; we would not necessarily choose the brokers that charged the lowest commissions if in our

judgment the use of brokers charging higher commissions would result in the best net price to the selling Fund. We do not receive “soft dollars,” research or any other service from brokers, and we believe we would not have conflicts of interest with our selling Fund in selecting, or participating in selecting, brokers and underwriters for these purposes.

Item 13 – Review of Accounts

We closely monitor our Funds’ investments. Our investment professionals continually review and analyze existing investments to attempt to identify issues early on and to take action when necessary and meet periodically to update each other on such investments and related matters. Our Investment Committee, which has supervisory authority over all decisions concerning our Funds’ investments, is comprised of Daniel Fireman, Managing Partner, Marla Sabo, Partner, Liam Patrick, Partner, and Jamie Hudson, Managing Director (and Chief Compliance Officer). As previously noted, our Funds’ investments are managed in accordance with the investment objectives and restrictions set forth in a Fund’s Documents.

We provide the following reports to limited partners in each Fund:

- Tax information for the completion of tax returns (annual)
- Audited financial statements (annual)
- Capital account summaries (quarterly and annual)
- Portfolio company overviews (quarterly and annual)

In addition, in the case of FCP II we provided quarterly unaudited financial statements.

Item 14 – Client Referrals and Other Compensation

As described above under Item 5, “Fees and Compensation,” we typically receive closing fees and management service fees from Single-purpose Fund portfolio companies in which the Fund does not share. In the case of FCP II, closing and management services fees paid by a portfolio company are shared with the Fund through a reduction in FCP II’s management fees. In addition, Fund portfolio companies typically pay certain expenses of our personnel who are involved in our provision of management services to the portfolio company. Our receipt of these fees may present a conflict of interest because the fees paid by the portfolio company may in economic substance be paid in part by our investing Fund through its interest in the portfolio company. However, based on our experience in the private equity market, we believe the fees we receive from, and our expenses that are paid by, our Funds’ portfolio companies, which are subject to the approval of a portfolio company’s management, reflect the fair market value of the services we provide. In addition, the fees we receive from, and the expenses that are paid by, our Funds’ portfolio companies are described in our Funds’ offering materials and other Documents.

In connection with offering interests in our Funds, we may engage one or more placement agents to contact potential investors. In such a case, we pay the placement agent’s fees, generally by sharing with

the placement agent a portion of the management fees and/or performance allocations that we or our affiliated GPs receive from a Fund; however, in the case of FCP II, FCP II may pay a placement fee that is to be offset by a reduction in our management fees. Such placement agent fees, if any, are not charged to Fund investors and do not have the effect of increasing the management fees paid to us by the Fund or the performance allocations received by our affiliated GPs.

Item 15 – Custody

Because our affiliated GPs are the general partners of all our Funds, we are deemed under SEC Rule 206(4)-2 to have custody of the Funds' assets. We comply with that rule with regard to the custody of the Funds' assets. Each Fund will be audited annually and upon its termination, with its audited financial statements sent to its limited partners within 120 days of the Fund's fiscal year end or promptly after the completion of a final audit.

Item 16 – Investment Discretion

Our affiliated GPs have discretionary authority over our Funds' assets pursuant to the applicable partnership agreement, and we have been delegated discretionary authority by our Funds pursuant to investment management agreements between us and each Fund (acting through our affiliated GPs).

Item 17 – Voting Client Securities

To the extent matters arise that call for the vote or consent of the holders of the securities held by our Funds, we exercise those rights on behalf of the Fund in question. We endeavor to do so solely in the best interests of the applicable Fund. Because the circumstances in which we may be called upon to exercise a Fund's voting or consent rights cannot be specified in advance, we do not have pre-established policies on how to vote on particular matters or in particular circumstances; rather, in each case we act in accordance with our Investment Committee's best judgment concerning the best interests of the investing Fund. Because our performance fees depend on the success of our management of our Funds and the companies in which we invest are not otherwise affiliated with us, we believe we generally do not have conflicts of interest in exercising the Funds' voting and consent rights. However, as noted above under Items 6 and 8, "Performance-Based Fees and Side-by-Side Management" and "Methods of Analysis, Investment Strategies and Risk of Loss," Funds that hold differing interests in the same portfolio company may have conflicting interests in particular circumstances, and Daniel Fireman or our other access persons could have differing levels of investment interest in such Funds. In that connection, please see the discussions of our conflict of interest policies under those items.

Clients may contact Jamie Hudson, Managing Director and Chief Compliance Officer, at (617) 671-0555 for further information about our voting and consent policies and procedures and the manner in which we have exercised the Funds' voting and consent rights.

Item 18 – Financial Information

We are not subject to any financial condition that impairs our ability to meet contractual and fiduciary commitments to clients.

We do not require prepayment of fees of both more than \$1,200 per client and more than six months in advance, and therefore are not required to provide an audited balance sheet to our clients.