

WARBURG PINCUS

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This brochure provides information about the qualifications and business practices of Warburg Pincus LLC (the “Firm”). If you have any questions about the contents of this brochure, please contact us at (212) 878-0600. The information in this brochure has not been verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Although the Firm is registered as an investment adviser with the SEC, registration does not imply a certain level of skill or training.

Additional information about Warburg Pincus LLC is available at www.warburgpincus.com and the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

The Firm's business activities have not change materially since this initial filing of this brochure on February 10, 2012.

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Item 4. Advisory Business

Warburg Pincus LLC, a New York limited liability company, together with its affiliates (hereinafter collectively referred to as “Warburg Pincus”, the “Firm”, “we”, “us” or “our”) is a global private equity investment firm. We provide investment advisory services to pooled investment vehicles referred to in this brochure as “Funds” or “Clients”.

Founded in 1966, Warburg Pincus is one of the oldest and most established private equity firms in the world. We are headquartered in New York, with 12 additional offices around the world.

The Managing Directors of our Firm are our principal owners. No person owns more than 25% of the Firm.

Warburg Pincus affiliates serve as advisers, sponsors, general partners and/or managers of our Funds. Interests in our Funds are privately offered to qualified investors from time to time. Along with our own capital commitments to our Funds, we invest third party investors’ capital contributions to our Funds on a discretionary basis primarily through private equity investments made by our Funds into operating businesses.

Our Funds are offered on the basis of a diversified private equity investment strategy rather than to meet individual objectives of investors. Our Funds’ governing documents establish discretionary authority for us to manage the investment and other day-to-day activities of the Funds, although certain limits on investments such as concentration limits and geographic sub-limits may be established on a Fund-specific basis. Our investment advisory business consists of identifying and selecting investment opportunities for our Funds, and participating in the acquisition, management, monitoring and ultimate disposition of our Funds’ investments. Since its founding, the Firm has followed a growth-oriented investment strategy. We seek to make thesis-driven venture capital, growth-stage, later-stage and buyout and special situations investments in companies across a variety of business sectors and geographic regions to maximize long-term investment returns for our Funds. Our Executive Management Group coordinates the investment advisory business of the Firm on a global basis, led by the Firm’s two Co-Presidents.

We select companies for investment after conducting due diligence and developing a detailed investment thesis. As a fundamental aspect of our investment advisory strategy, we typically take an active role on the boards of our portfolio companies, providing assistance in developing and executing their strategic plans and realizing our investment thesis. We invest in privately-held and publicly-traded companies. Our investment professionals are specialized by the following core sectors of industry: Healthcare; Technology/Media/Telecommunications; Energy; Financial Services; and Consumer, Industrial & Services, with numerous related sub-sectors of specialization. We also may focus on real estate in certain countries where we believe real estate may represent an attractive investment opportunity.

Our primary active private equity funds are:

Warburg Pincus Private Equity XI, L.P., a global private equity fund established in 2012.

Warburg Pincus Private Equity X, L.P., a global private equity fund established in 2007.

Warburg Pincus Private Equity IX, L.P., a global private equity fund established in 2005.

Warburg Pincus Private Equity VIII, L.P., a global private equity fund established in 2001.

Warburg Pincus International Partners, L.P., a private equity fund established in 2000 that invested outside the U.S.

Warburg Pincus also manages a portfolio of real estate and real estate-related investments through a global real estate fund organized in 2006, Warburg Pincus Real Estate I, L.P., which was formed to pursue certain real estate opportunities in Asia, Europe and the United States that had a different risk/reward profile than the private equity investments the Firm generally pursues.

The Firm generally has discretion to establish co-investment vehicles and managed accounts for investors, subject to the provisions of Fund governing documents.

As of December 31, 2012, Warburg Pincus manages approximately \$33.4 billion of assets on behalf of the Funds on a discretionary basis, excluding undrawn capital commitments, and no assets on a non-discretionary basis.

Item 5. Fees and Compensation

We receive management fees – deducted in computing Fund profits – paid to us by the Funds quarterly in advance. As is customary in the private equity industry, our affiliates that act as general partners of our Funds receive an allocation of profits, or “carried interest”.

The management fees and carried interest that we or our affiliates receive from our Funds are predetermined in written agreements among Warburg Pincus, our affiliates and our Funds. Generally, management fees are a percentage of a Fund’s capital commitments, converting after a designated investment period to a percentage of the cost of the remaining assets and decreasing in the later years of the Fund. Management fee percentages generally range from 1.5% to 1.0% per annum. Generally, the affiliated general partner of our Funds will receive carried interest equal to 20% of the net profits of a Fund.

We call capital from our Funds as needed to fund investments, cover expenses and pay management fees. Management fees payable may also be deducted from proceeds from investment realizations. In the event an investment management agreement or a Fund itself would be terminated, any pre-paid fees would be reimbursed to the Fund pro rata based on the portion of the quarter (or other period) for which fees were paid but for which services were not rendered.

The management fees due from the Funds are reduced by certain fees paid to Warburg Pincus by portfolio companies, including directors’ fees paid to our investment professionals for service as directors of portfolio companies. Warburg Pincus generally does not charge other fees, such as sponsor or advisory fees, and any such fees received from portfolio companies are also applied to offset the management fee or otherwise allocated to the relevant Fund. A portion of such directors’ fees are typically paid in non-cash form (such as stock or options). The Firm seeks to take commercially reasonable steps to realize the value of non-cash directors’ fees and will apply any realized value to reduce management fees. Such securities are subject to fluctuations in value over time, and may lose some or all value pending any realization, in which case any management fee offset or other allocation to the relevant Fund will be less.

Management fees pay for our overhead, including certain expenses relating to investments that we pursue but do not consummate. The Funds are responsible for their organizational expenses and most other administrative and transaction expenses associated with their operations and investment activities, such as attorneys, auditors, banking services, custodians, consultants, other diligence expenses, investment bankers, broker/dealers (please see Item 12. Brokerage Practices), taxes and litigation. Some of these types of expenses will be incurred by the Funds for investments that are considered but are not consummated.

The Firm's management fees and carried interest are generally not negotiable, although Warburg Pincus may, in its sole discretion, reduce management fees and carried interest with respect to a particular Fund, investor or co-investor. Additionally, limited partners in Warburg Pincus Private Equity XI, L.P. who committed above certain thresholds will be charged a reduced management fee.

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

As discussed in Item 5 above, Warburg Pincus, through its general partner affiliates, typically receives carried interest equal to 20% of the net profits of the Funds it manages.

The Firm may form co-investment vehicles to facilitate investments in or alongside the Funds, with or without fees or carried interest, by its partners and employees as well as by others with whom the Firm has pre-existing business relationships. The Firm may also in its sole discretion offer co-investment opportunities, with or without fees or carried interest, to others for a variety of strategic reasons relating to our investment advisory business. For example, the Firm may offer a co-investment opportunity to diversify a Fund's aggregate economic exposure to a particular portfolio company while maintaining the Firm's influence with the portfolio company's management, or to facilitate a relationship that would benefit the portfolio company or the Fund.

Funds may pay a management fee and carry at various stages in their timeline. The Firm may have an incentive to allocate more time and resources to Funds that pay higher management fees and carried interest. The Firm's policy is generally to make investment decisions with respect to a particular portfolio company concurrently for all applicable Funds and co-investment vehicles in accordance with any applicable Fund's governing documents. Potential conflicts of interest associated with the allocation of investment opportunities are mitigated in that the Firm generally makes new investments for one Fund at any given time and does not make investments for another Fund until the predecessor Fund is substantially fully invested or committed. A follow-on investment opportunity in a portfolio company is generally reserved for the Fund that originally invested in the portfolio company, subject to the guidelines and restrictions of the Fund's governing documents and/or approval of the Fund Advisory Committees and the availability of capital in a Fund. During the transition period from a predecessor Fund to its successor Fund, investment opportunities may be allocated among the two Funds pursuant to guidelines and restrictions of the respective Fund's governing documents and/or as approved by the relevant Fund Advisory Committees.

Item 7. Types of Clients

We and our affiliates serve as advisers, sponsors, general partners and/or managers of the Funds. Our Funds, or "Clients", are generally pooled investment vehicles offered on the basis of a predetermined investment strategy

rather than to meet the individual objectives of its investors. Interests in our Funds are privately offered to qualified investors from time to time. Investors in our Funds generally include state and private pension plans, financial institutions, sovereign wealth funds, foundations and endowments. Our Funds are not registered or required to be registered under the Investment Company Act of 1940.

When offered, the Funds typically require a minimum commitment, which may differ from Fund to Fund depending on our view of the prevailing market terms at the time of the offering; however, we have discretion to accept a lower commitment amount.

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

Warburg Pincus' team of approximately 180 investment professionals, including more than 65 Managing Directors, is one of the largest private equity-focused investment teams in our industry.

The Firm focuses on thesis-driven investments in companies with accomplished management teams. Given the global nature of the Firm's investment activities and broad spectrum of stages in which we invest, the Firm will employ one or more of a broad variety of fundamental investment and market analyses, as appropriate.

Growth-Oriented Investing

We emphasize growth-oriented investing and seek to build companies at all stages, from conceiving and creating venture capital opportunities, to providing growth capital to meet the needs of existing businesses, to investing in later-stage and buyout transactions, to special situations with unique characteristics.

Across the range of the Firm's investments, our aim is to build lasting companies that will perform well in growing industries. We seek to generate profits from increasing operating earnings at our portfolio companies, rather than exclusively through financial engineering or multiple expansions, positioning the Fund for attractive long-term investment returns throughout economic and capital markets cycles. Warburg Pincus is typically the largest or lead investor in our transactions, allowing for a focus on overall return with appropriate oversight of a portfolio company's plan and strategy. The Firm typically plays an active role with the Funds' portfolio companies and generally seeks the right to appoint Warburg Pincus professionals or other representatives to its portfolio companies' boards of directors.

Our view of growth investing also extends to a selective, disciplined approach to leveraged buyout situations, focusing on high-quality companies and management teams presenting opportunities for attractive returns, relative to risk, and unique platforms for organic growth, expansion or add-on acquisitions.

Industry Specialization

Our Firm takes a specialized "sector" approach to investing in industries and companies. The core sectors we emphasize are Healthcare; Technology/Media/Telecommunications; Energy; Financial Services; and Consumer, Industrial & Services, with numerous sub-sectors of specialization. We also may focus on real estate in certain regions where we believe real estate may represent an attractive investment opportunity.

We believe that this sector approach and the knowledge of our Firm's professionals in these sectors often provides us with advantages in sourcing, selecting or conceiving investment opportunities and realizing investments.

A Global Investor

Warburg Pincus has a long tradition of investing internationally. We maintain international investment offices in Beijing, Frankfurt, Hong Kong, London, Mumbai, São Paulo and Shanghai, Sydney, and administrative offices in Amsterdam, Luxembourg and Mauritius.

Our global approach includes a focus on investing in emerging markets, including China, India, Brazil and Central and Eastern Europe. We believe these regions are well-suited to the Firm's growth-oriented investing style and sector expertise.

Investment Process

Our investment process begins with our pipeline of investment opportunities. Following an initial review of an investment opportunity, a deal team will be formed to undertake due diligence. This deal team will include investment professionals based upon a combination of the relevant industry and geographic expertise. A member of our Executive Management Group will have oversight in the due diligence process.

The Warburg Pincus decision-making process is iterative and involves building conviction about a potential investment. A potential transaction is discussed regularly at the industry sector or geographic level, with the deal team receiving feedback over time. The Executive Management Group has the opportunity to provide relevant input at various times during the due diligence process. As a final step in the investment process, at least one of the two Co-Presidents of our Firm must approve transactions above certain minimum thresholds.

Our investment professionals perform extensive due diligence in evaluating potential investments. Our processes and sector specialization also enable us to react quickly to special situations that may develop.

Beyond the due diligence process, we believe that much of the investment value is created by working with a company through the life of an investment. Because of the Firm's substantial experience with the issues faced by management teams of growth companies, its industry sector knowledge and its advisory network, professionals of the Firm are routinely involved in strategic issues, assisting portfolio companies in finding key management personnel and with strategic decisions and financing issues.

Investments are reviewed quarterly by our Executive Management Group and discussed at the Firm's regular quarterly review meetings.

Risks Associated with the Firm's Investment Strategies and Methods

Risk of Loss

The types of investments we seek to make involve a high degree of business and financial risk. In particular, these risks could arise from changes in the financial condition or prospects of the portfolio company in which the investment is made, the illiquid nature of such investments, changes in national or international economic and market conditions, changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, and our or our portfolio companies' ability to retain qualified personnel. Investors in a Fund should be aware that all investments in securities involve a risk of loss that they should be prepared to bear.

All securities investments risk the loss of capital. No guarantee or representation is made that a Fund will achieve its investment objective or avoid substantial losses. An investment in a Fund is speculative and involves certain considerations and risk factors. Each Fund's offering memorandum may include additional risks to those set out below, and not all of the risks set out below are necessarily applicable to every Fund.

Business and Market Risks

A Fund's investment portfolio will include securities issued by privately-held companies and operating results in a specified period will be difficult to predict. In addition, it is expected that a Fund's investment portfolio will include companies in an early stage of development, which may not have a proven operating history, may face competition from companies with greater resources and may require substantial additional capital to support their operations or to finance expansion. It is expected that a Fund's investment portfolio will also include securities issued by public companies, including privately-held portfolio companies that have consummated IPOs during a Fund's holding period. Public companies may be subject to public reporting requirements that could have a significant impact on the valuation of their shares on any given trading day. The foregoing investments involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions, and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks. The possibility of partial or total loss of capital will exist, and investors should not invest unless they can readily bear the consequences of such loss.

Lack of Diversification

While Warburg Pincus has historically sought to balance domestic and international investments across its core industry sectors and across all stages of company development, there is no assurance as to the degree of diversification that will actually be achieved in a Fund's investments.

Changes in Investment Focus

Funds are generally not restricted in terms of the percentage of its capital that can be invested in a particular industry, but may be restricted as to geographic concentration. Many factors may contribute to changes in emphasis in the construction of a Fund's portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the investment portfolio of a Fund will resemble the portfolio of any prior Fund.

Reliance on Portfolio Company Management

The day-to-day operations of each portfolio company will be the responsibility of the portfolio company's management team. Although Warburg Pincus will be responsible for monitoring the performance of each investment and a Fund will seek to invest in companies operated by strong management, there can be no assurance that a portfolio company's existing management team, or any successor, will be able to operate the company in accordance with a Fund's expectations. In addition, as a growth investor, a Fund is often not the controlling shareholder in a portfolio company, so a Fund may exert less influence than a controlling shareholder.

Lack of Liquidity of Investments

Many of the investments to be made by a Fund are likely to be illiquid. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by a Fund. Dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. Investments in publicly-traded companies may also be subject to legal or contractual restrictions on resale, including the possibility that a Fund will be in possession of material non-public information about the company. In addition, the ability to exit an investment through the public markets will depend on market conditions, and particularly the market for public offerings.

A Fund's investment program should be considered speculative, as there can be no assurance that the assessments of Warburg Pincus of the short-term or long-term prospects of investments will generate a profit for investors. A Fund is only obligated to make distributions to the extent of distributable cash, if any, and may, in limited circumstances as set out in the Fund's governing documents, reinvest certain proceeds from investments, rather than distribute them.

Monetary Policy and Governmental Intervention

As part of the response to the global financial crisis that began in 2008, the Federal Reserve Board and global central banks, including the European Central Bank, have in addition to other governmental actions to stabilize markets and seek to encourage economic growth, acted to hold interest rates to historic lows. It cannot be predicted with certainty when, or how, these policies will change, but actions by the Federal Reserve and other central bankers may have a significant effect on interest rates and on the U.S. and world economies generally, which in turn may affect the performance of a Fund's investments. Further financial crises may result in additional governmental intervention in the markets. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by the legislation and increased regulation arising out of the financial crisis are difficult to predict or measure with certainty.

Foreign Investments Generally

A Fund may invest in the securities of issuers located outside of the U.S. Foreign securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which a Fund's foreign investments are denominated, and costs associated with conversion of investment capital and income from one currency into another; (ii) inflation matters, including rapid fluctuations in inflation rates; (iii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative illiquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and the potential of less government supervision and regulation; (iv) economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation; and (v) the possible imposition of foreign taxes on income and gains recognized with respect to such securities. In addition, laws and regulations of foreign countries may impose restrictions that would not exist in the U.S. and may require financing and structuring alternatives that

differ significantly from those customarily used in the U.S. Foreign countries also may impose taxes on a Fund and/or the investors of a Fund. Warburg Pincus will analyze risks in the applicable foreign countries before making such investments, but no assurance can be given that a change in political or economic climate, or particular legal or regulatory risks, including changes in regulations regarding foreign ownership of assets or repatriation of funds or changes in taxation might not adversely affect an investment by a Fund.

Investments in Emerging Markets

A Fund may invest in securities of issuers located in emerging markets, such as China, India, Brazil and countries located in Central and Eastern Europe. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other, more established economies or markets. Such risks may include (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war or terrorism or social unrest; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalization of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realization of investments, repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about portfolio companies; (xi) less extensive regulation of financial and other markets; (xii) less developed compliance culture; (xiii) risks associated with differing cultural expectations and norms regarding business practices; (xiv) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xv) less developed corporate laws, including regarding fiduciary duties of officers and directors and the protection of investors; (xvi) less developed, reliable or independent judiciary systems for the enforcement of contracts or claims; (xvii) greater regulatory uncertainty; (xviii) maintenance of a Fund's investments with non-U.S. brokers and securities depositories; and (xix) threats or incidents of corruption or fraud that may cause a Fund not to pursue certain investments, or alter certain activities or liquidate certain portfolio investments or liquidate such investments prior to or after the time when Warburg Pincus would otherwise liquidate to achieve optimal returns, all of which may cause losses or have other negative impacts on a Fund or its portfolio investments.

Repatriation of investment income, assets and the proceeds of sales by foreign investors, such as a Fund, may require governmental registration and/or approval in some emerging markets. A Fund could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on financial instruments held by the Fund or gains from the disposition of such financial instruments.

In emerging markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision that is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national

requirements or authorities. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. A Fund may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts.

Investments in China

The People's Republic of China (the "PRC") has adopted a broad range of laws, administrative rules and regulations that govern the conduct and operations of companies in the PRC that receive capital investments from foreign investors (known as "Foreign Investment Enterprises" or "FIEs"). These laws, rules and regulations provide some incentives to encourage the flow of investment into the PRC, but they also subject FIEs to a set of restrictions that may not always apply to domestic companies in the PRC. For example, FIEs are prohibited from participating in certain industries and may only participate in certain other industries if they are at least partially-owned by domestic Chinese investors. The rules and regulations prohibiting or restricting FIE participation in certain industries in China are codified in the Foreign Investment Catalogue, which is administered by the PRC Ministry of Commerce and its local affiliates ("MOFCOM"), as well as other related agencies. Warburg Pincus cannot provide any assurance that laws or regulations in China will not restrict a Fund's ability to invest in China.

Foreign investors who wish to purchase or dispose of equity interests in FIEs must secure approval from MOFCOM, or a government agency otherwise delegated with similar authority by MOFCOM. MOFCOM is sometimes reluctant to grant such approval for certain industries such as telecommunications, banking, construction and other sensitive or strategic industries. A Fund may be required to apply for PRC government approvals with respect to its purchase and/or disposal of any portfolio investment that consists of a direct equity investment in a Chinese company. In certain industries there is no guarantee that a Fund will be able to obtain such approvals. Moreover, even when approval is forthcoming, the time and process required to secure approval may be largely determined by MOFCOM and other government authorities based on considerations outside of a Fund's control. Current laws and regulations provide MOFCOM and other regulators with significant discretion to delay or restrict foreign investment for broad public policy reasons. Further, MOFCOM has the power to require that the terms of an investment be altered as a precondition to approval. Altered terms can include the amount of ownership granted, as well as governance and liquidity rights.

Under the PRC Provisions on the Acquisition of Domestic Enterprises by Foreign Investors (the "M&A Provisions"), which were enacted in 2003 and significantly amended in 2006, MOFCOM has broad authority to prohibit acquisitions where a foreign investor would (i) acquire industry leadership or a dominant position in any sector; (ii) acquire ownership of a well-known brand or trademark; or (iii) obtain undue influence over China's economic security or key domestic enterprises. Warburg Pincus cannot predict how MOFCOM and other regulators in China will apply their authority under the M&A Provisions to investments proposed by a Fund. Although the M&A Provisions generally provide that MOFCOM will respond to approval applications within 30 days, in practice PRC regulatory authorities have discretion to extend the review period for a variety of reasons. Delay or refusal by MOFCOM or other authorities to grant necessary approvals could adversely affect a Fund's ability to make direct investments in potential portfolio companies. In addition, the process of securing necessary approvals for the purchase or disposal of portfolio companies may result in a level of expenses to a Fund which

exceeds the level of expenses necessary to make investments of a similar nature in other jurisdictions. Such additional expenses would have an impact on the results of such portfolio investments, as well as a Fund.

Investments in India

Foreign investment in securities of Indian companies is still restricted or controlled to varying degrees. These restrictions may at times limit or preclude foreign investment, increase the costs and expenses of investments by a Fund in Indian companies and may require the approval of the Reserve Bank of India (“RBI”), the Government of India (through the Foreign Investment Promotion Board) and/or other governmental entities. The sale of securities by a Fund to Indian residents and other non-residents of India may also require the prior approval of government entities and the RBI. In addition, such approval will generally be required to convert the proceeds from the sale of portfolio investments from the currency of investment to U.S. dollars and to repatriate such amounts. While in some instances such approvals are routinely granted, in others approval may be more difficult to obtain and may be granted only subject to certain conditions, if at all. There can be no assurance that a Fund will be able to obtain all the approvals necessary to implement its investment program fully.

Indian takeover regulations contain certain provisions that may delay, deter or prevent a future takeover or change in control of Indian companies. These provisions may discourage or prevent a third party from acquiring control of an Indian company, even if a change in control would result in the purchase of equity shares of such company that would be beneficial to a Fund. In addition, foreign investment in Indian companies is subject to certain minimum valuation and pricing guidelines. Such minimum valuation and pricing guidelines may restrict the ability of a Fund to make investments in Indian companies at attractive prices. RBI has also prescribed certain maximum valuation and pricing guidelines for persons and corporations resident outside India that sell shares of Indian companies to resident Indian persons and corporations. Such maximum valuation and pricing guidelines may restrict the ability of a Fund to sell its investments in Indian companies at a higher valuation than may be available in the absence of the aforesaid restrictions prescribed by the RBI.

Industry Sector Risks

Healthcare. Healthcare and life sciences related companies are generally subject to greater governmental regulation than other industries at both the U.S. state and federal levels. Changes in governmental policies may have a material effect on the demand for or costs of certain products and services. A healthcare or life sciences related company must receive government approval before introducing new drugs and medical devices or procedures. This process may delay the introduction of these products and services to the marketplace, resulting in increased development costs, delayed cost recovery and loss of competitive advantage to the extent that rival companies have developed competing products or procedures, adversely affecting the company’s revenues and profitability. Failure to obtain governmental approval of a key drug or device or other regulatory action could have a material adverse effect on the business of a portfolio company. Expansion of facilities by healthcare related providers is subject to “determinations of need” by the appropriate government authorities. This process not only increases the time and cost involved in these expansions, but also makes expansion plans uncertain, limiting the revenue and profitability growth potential of healthcare related facilities operators and negatively affecting the price of their securities. Moreover, in recent years both local and national governmental budgets have come under pressure to reduce spending and control healthcare costs, which could both adversely affect regulatory processes and public funding available for healthcare products, services and facilities. In March 2010,

the Affordable Care Act was signed into law. The Affordable Care Act has had a significant impact on the healthcare sector in the U.S. and consequently has the ability to affect the companies within the healthcare industry. The effects of the Affordable Care Act on the healthcare sector cannot be predicted and the Affordable Care Act may affect the performance of a Fund's investments. Certain healthcare and life sciences related companies depend on the exclusive rights or patents for the products they develop and distribute. Patents have a limited duration and, upon expiration, other companies may market substantially similar "generic" products that are typically sold at a lower price than the patented product, causing the original developer of the product to lose market share and/or reduce the price charged for the product, resulting in lower profits for the original developer. Finally, because the products and services of healthcare and life sciences related companies affect the health and wellbeing of many individuals, these companies are especially susceptible to product liability lawsuits.

Technology/Media/Telecommunications. The market for technology is characterized by periodic new product introductions, innovations and evolving industry standards. The emerging nature of these products and services with their rapid evolution will require technology companies that are portfolio investments of a Fund to continually improve the performance, features and reliability of their products or services, particularly in response to possible competitive offerings. There can be no assurance that these companies will be successful in achieving widespread acceptance of their products or services before competitors offer products and services with features and performance similar to those of such technology companies. In addition, the widespread adoption of new technologies or standards could require substantial expenditures by such technology companies to modify or adapt their products or services. Such expenditures could affect the profitability of these technology companies and in turn the operating results and financial condition of a Fund. A Fund may make investments in communications companies. Communications companies are subject to changes in their businesses due to evolving levels of governmental regulation or deregulation as well as the development of communication technologies. Competitive pressures within the communications industry are intense and the securities of communications companies may be subject to significant price volatility. In addition, because the technology and communications industries are subject to significant changes in technology, the companies that a Fund may invest in may face competition from technologies being developed or to be developed in the future by other entities, which may make such companies' products and services obsolete. Finally, while all companies may be susceptible to network security breaches, certain technology and communication companies may be particular targets of hacking and potential theft of proprietary or consumer information or disruptions in service, which could have a material adverse effect on their businesses.

Energy. Investments in the energy sector by a Fund may be subject to a variety of risks including, but not limited to: (i) the risk that the technology employed in an energy project will not be effective or efficient; (ii) risks that regulations affecting the energy industry will change in a manner detrimental to the industry; (iii) environmental liability risks related to energy properties and projects; (iv) risks of equipment failures, fuel interruptions, loss of sale and supply contracts or fuel contracts, decreases or escalations in power contract or fuel contract prices, bankruptcy of key customers or suppliers, tort liability in excess of insurance coverage, inability to obtain desirable amounts of insurance at economic rates and acts of God or other catastrophes; and (v) the risk of changes in values of companies in the energy sector whose operations are affected by changes in prices and supplies of energy fuels (prices and supplies of energy fuels can fluctuate significantly over a short period of time due to changes in international politics, energy conservation, the success of exploration projects, the tax and other regulatory policies of various governments and the economic growth of countries that are large consumers of energy, as well as other factors). Moreover, a Fund may make investments in energy companies operating

outside of North America and Western Europe. Significant oil and gas deposits are located in emerging markets countries where corruption and security may raise significant risks, in addition to the other risks of investing in emerging markets. In addition, the Middle East, where a Fund's portfolio companies may operate, has recently seen widespread social unrest.

Financial Services. Financial services companies have asset and liability structures that are essentially monetary in nature and are directly affected by many factors, including domestic and international economic and political conditions, broad developments in business and finance, legislation and regulation affecting the state, national and international business and financial communities, monetary and fiscal policies, interest rates, inflation, currency values, market conditions, the availability and cost of short-term or long-term funding and capital, the credit capacity or perceived creditworthiness of customers and counterparties, and the level and volatility of trading markets. A change in any of these factors could adversely impact the value of financial instruments held by and the balance sheets of financial services companies. Financial services companies operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. Failure to comply with any of these laws, rules or regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties, fines, license suspension or termination of deposit insurance. In addition, in order to comply with banking and insurance laws, rules and regulations, a Fund may be required to invest in a manner that may not be as advantageous as the manner of making investments that are not subject to such laws, rules and regulations. The upheavals in the U.S. and global financial markets that began in 2008 illustrated the possibility of extraordinary and unprecedented uncertainty and instability in such markets.

Real Estate. Investments in real estate may be subject to a variety of risks, including, but not limited to, risks associated with the burdens of ownership of real property, general and local economic conditions, changes in supply of and demand for competing properties in an area (as a result, for instance, of overbuilding), fluctuations in the average occupancy and room rates for hotel properties, the financial resources of tenants, changes in building, environmental and other laws, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, changes in government regulations (such as rent control), changes in real property values, tax rates, changes in interest rates, and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable, negative developments in the economy that depress travel activity, environmental liabilities, contingent liabilities on disposition of assets, terrorist attacks, war and other factors that are beyond the control of Warburg Pincus.

Risk of Early-Stage Investments

A Fund may make early-stage investments, including investing in start-up companies. While such investments offer the opportunity for significant gains, they also involve a high degree of business and financial risk and can result in substantial losses. Among these risks are the general risks associated with investing in companies at an early stage of development or with little or no operating history, companies operating at a loss or with substantial variations in operating results from period to period and companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Investment by a Fund in start-ups may depend significantly on an entrepreneur or management team that Warburg Pincus has selected. Early stage companies may face intense competition, including from companies with greater financial resources, more

extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Borrowing; Portfolio Company Leverage

A Fund may make investments, either through leveraged buyouts or otherwise, in portfolio companies that have a leveraged capital structure. To the extent that any investment is made in a company with a leveraged capital structure, such investment may be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a downturn in the economy or deterioration in the condition of such company or its industry. In the event that such a company is unable to generate sufficient cash flow to timely meet principal and interest payments on its indebtedness, the value of a Fund's investment in such portfolio company could be significantly reduced or even eliminated. Additionally, lenders would typically have a claim that has priority over any claim by a Fund to such assets in an insolvency event or proceeding. The use of leverage will result in costs to a Fund that may not be covered by distributions made to a Fund or appreciation of its investments.

A Fund may be authorized to borrow funds, from time to time, for investment or other specific business purposes and to provide guarantees of or other credit support for the obligations of third parties, subject to certain limitations provided in a Fund's governing documents. Such borrowing may be used, among other things, to purchase portfolio investments as they become available in advance of the receipt of anticipated funds from capital contributions from investors. As security for such borrowing, guarantees or other credit support, a Fund may grant liens on any of a Fund's assets to the lender or other counterparty which assets may not necessarily be limited to a single portfolio investment. Such lender or other counterparty would, accordingly, have a claim that has priority over any claim by an investor of a Fund to such assets in an insolvency event or proceeding. In addition, to support borrowing, each Fund and Warburg Pincus, as applicable, may have the right, at its option, to pledge all or a portion of uncalled capital commitments, the right of Warburg Pincus to deliver notices to investors demanding capital contributions and any account into which such capital contributions are made; provided, that no investor will be obligated to pledge its interest in a Fund. Although borrowings by a Fund may enhance overall returns, they may further diminish returns (or increase losses) to the extent overall returns are less than a Fund's cost of funds.

Risks in Effecting Operating Improvements

In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of a Fund or the management of a portfolio company to restructure and implement improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that a Fund will be able to successfully identify and implement such restructuring programs and improvements.

Uncertainty of Financial Projections

A Fund may use financial projections to help analyze a potential investment or future capital raises and financing for portfolio companies or other transactions. Projected operating results will often be based on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse effect on the reliability of such financial projections.

Control Person Liability

As a growth investor, Warburg Pincus is often not the controlling shareholder in a portfolio company. However, it is expected that a Fund will have controlling interests in certain of its portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws) and other types of liability, for which the limited liability generally afforded to investors may be ignored. If these liabilities were to arise, a Fund might suffer significant losses. In addition, it is expected that representatives of Warburg Pincus will serve as directors of certain of the portfolio companies, including public companies, and as such, may have duties to persons other than a Fund.

Lack of Unilateral Control

Warburg Pincus is not expected to have unilateral control of most of its portfolio companies. In addition, a Fund may make minority equity investments in portfolio companies where there is the possibility that the portfolio companies may be controlled by persons who have economic or business interests or goals that are inconsistent with those of a Fund or may be in a position to take action contrary to a Fund's business interests, and a Fund may not be in a position to limit or otherwise protect the value of a Fund's investment. When taking non-control positions, a Fund will seek to obtain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes value.

Third-Party Involvement

A Fund may co-invest in portfolio companies with other institutional investors including, on occasion, private equity funds of other sponsors or investors. Such investments may involve risks not present in investments in which such co-investors are not involved, including the possibility that a co-investor of a Fund may at any time have economic or business interests or goals which are inconsistent with those of a Fund or may be in a position to take action contrary to the investment objectives of a Fund or may not have capital available for follow-on investments. In addition, an investor that participates in co-investments may be in a position to obtain additional information regarding the investee portfolio company that may not generally be available to the investors in a Fund.

Regulation and Enforcement; Litigation

The growth of the private equity industry, and the increasing size and reach of transactions, has prompted additional governmental and public attention to the private equity industry and its practices. In addition, numerous regulatory initiatives have been launched and significant legislation has been enacted as a result of the severe global market volatility and dislocations, financial institution failures and defaults and large financial frauds in recent years. Regulation generally, as well as regulation more specifically addressed to the private equity industry, including tax laws and regulation, whether in the U.S. or outside of it, could increase the cost of acquiring, holding or divesting portfolio investments, the profitability of enterprises and the cost of operating a Fund or the ability of a Fund to engage in certain transactions. Additional regulation could also increase the risk of third-party litigation. The transactional nature of the business of a Fund exposes a Fund and Warburg Pincus generally to this risk of third-party litigation. Warburg Pincus has historically been subject to such litigation.

Under a Fund's governing documents, a Fund will generally be responsible for indemnifying Warburg Pincus for costs it may incur with respect to such litigation not covered by insurance.

Material Non-Public Information

From time to time, Warburg Pincus and its personnel may come into possession of material non-public information concerning specific companies, including as a result of certain Warburg Pincus professionals serving on the boards of directors of portfolio companies. Under applicable securities laws, this may limit the flexibility of Warburg Pincus to buy or sell securities issued by such companies. A Fund's investment flexibility may be constrained as a consequence of the inability of Warburg Pincus to use such information for investment purposes. Warburg Pincus has policies and procedures in place that are intended to prevent the misuse of material non-public information by its personnel, although there can be no assurance that such misuse will never take place.

Hedging Policies/Risks

In connection with certain portfolio investments, a Fund may employ hedging techniques designed to reduce the risks of adverse movements in interest rates and currency exchange rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Therefore, while a Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates or currency exchange rates may result in a weaker overall performance for a Fund than if it had not entered into such hedging transactions. Further, there may be circumstances where a Fund elects not to employ hedging techniques. In such circumstances, the lack of a hedge may permit a Fund to take advantage of favorable movements in interest rates and currency exchange rates but may expose a Fund to risks of adverse interest rate or currency exchange rate movements.

Item 9. Disciplinary Information

Neither the Firm nor its management persons have been subject to legal or disciplinary events that are material to the Firm's advisory business or that would be material to existing or prospective investors' evaluation of the Firm's advisory business or the integrity of its management persons.

Item 10. Other Financial Industry Activities and Affiliations

With respect to our international investment management business, we may rely on the personnel and resources of our wholly owned "Relying Advisers" disclosed on Section 1.B. of Schedule D of Form ADV Part 1. Each Relying Adviser and its personnel operate under the supervision and compliance oversight of the Firm.

Industry Relationships

We have numerous business relationships throughout the financial industry that assist us with the full spectrum of our investment activities and administrative matters for our Funds, including providing credit facilities to both the Funds and Warburg Pincus. We do not have any specific relationships with third party financial institutions that we consider to be material to our advisory business, other than an arrangement with an affiliate of Bank of America Corporation that is entitled to an 11% passive participation in the carried interest of certain existing

Funds formed prior to Warburg Pincus Private Equity XI, L.P. In connection with fundraising efforts, we have entered into arrangements with financial institutions to sponsor or arrange feeder funds to invest in a Fund and have engaged local placement agents in jurisdictions outside of the United States in satisfaction of local regulatory requirements relating to investors in a Fund in those jurisdictions.

The Firm's Capital Markets Group manages our relationships with broker/dealers and investment and commercial banks. In addition to providing transaction execution, these relationships may serve to provide insight and opportunities to the Firm, our Funds and portfolio companies. We select financial institutions to execute transactions on behalf of the Funds on a "best execution" basis (see Item 12. Brokerage Practices) and also assist portfolio companies with their selection of financial institutions for capital markets transactions entered into by portfolio companies, such as debt and equity financings or mergers and acquisitions. Although the Firm does not charge fees to portfolio companies for assisting with capital markets transactions, such relationships will give rise to conflicts of interest from time to time as between the Firm, the Funds and portfolio companies.

As with other private equity fund sponsors, as part of Warburg Pincus' business, the Firm and its employees have developed many relationships with third parties which have the potential to raise conflicts of interest. Such third parties include, but are not limited to, investment bankers, consultants, professional advisors (such as attorneys and accountants), private equity and venture capital investors, investors in the Warburg Pincus Funds, co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees of Warburg Pincus. Certain of such third parties may: introduce investment opportunities to Warburg Pincus; arrange for, or facilitate the financing, the purchase or recapitalization of potential portfolio companies; introduce portfolio companies to potential acquisition or merger candidates; introduce Warburg Pincus to potential buyers of portfolio company securities; facilitate the disposition of portfolio company securities; provide investment banking, consulting or advisory services to Warburg Pincus, the Warburg Pincus Funds or portfolio companies; invest in Warburg Pincus Funds; co-invest in portfolio companies; or provide other significant business or investment services to Warburg Pincus, the Warburg Pincus Funds and portfolio companies. Such third parties may receive direct commercial compensation from a portfolio company, a Fund or Warburg Pincus for providing these services, which compensation and services are intended to be on arm's length terms. Employees of Warburg Pincus may obtain personal financial and other services on an arm's length basis from banking institutions that also provide services to the Funds and portfolio companies.

Throughout our history, we have been active investors in the financial services sector, in particular in banking and insurance, and our Funds' portfolios will often include a number of financial services companies. While any given portfolio company, including a financial services portfolio company, may from time to time provide services to us, our Funds or other portfolio companies in the ordinary course of business, we do not actively incorporate our financial services portfolio companies with our advisory business. To the extent we engage a financial services portfolio company to provide services to us, we will seek to do so at an arm's length basis on prevailing market terms.

Sheridan Production Partners

In 2006, Warburg Pincus, together with an experienced management team in the oil and gas industry, established Sheridan Production Partners ("Sheridan"), headquartered in Houston, Texas, which through its two oil and gas investment partnerships, Sheridan Production Partners I and Sheridan Production Partners II, makes direct

investments in mature, producing oil and gas properties in the U.S. (the “Sheridan Partnerships”). Warburg Pincus professionals have made substantial investments in and are entitled to receive a substantial portion of the carry and management fee with respect to the Sheridan Partnerships. In addition, certain Warburg Pincus investment professionals are involved in the activities of the Sheridan Partnerships, including Co-President Charles R. Kaye, who along with other energy team investment professionals are members of the respective investment committees of the manager of the Sheridan Partnerships. Warburg Pincus also provides certain services to Sheridan including fund administration and reporting, investor relations and, from time to time, assistance on matters relating to the capital markets at no charge.

Warburg Pincus believes the investment objectives of Sheridan (which makes direct investments in mature, producing oil and gas properties and seeks relatively lower risks and returns) are separate and distinct from the investment objectives of any of our Funds with respect to energy opportunities. Sheridan’s investment activities are separately conducted by the Sheridan management team, other than as set forth above.

Although the operations of Sheridan are separate from Warburg Pincus, there exists the potential for conflicts of interest potentially affecting our Funds with respect to the relationship between Warburg Pincus, its investment professionals, and Sheridan and the Sheridan Partnerships. For example:

- The Sheridan Partnerships may acquire assets owned by or dispose of assets to a Fund portfolio company(s).
- The Sheridan Partnerships may compete for acquisitions of producing properties with a Fund portfolio company(s).
- The Sheridan Partnerships may acquire assets owned by, or dispose of assets to, publicly-traded entities in which a Fund or Warburg Pincus investment professional(s) has an equity ownership stake.
- The Sheridan Partnerships may acquire, own and dispose of a joint venture, working or other financial interest in a property in which a Fund or Warburg Pincus investment professionals have an equity ownership stake.
- Oil and gas produced from properties owned by the Sheridan Partnerships may be transported in pipelines or processed by companies in which a Fund or, through their interests in prior Funds, Warburg Pincus investment professionals have an equity ownership stake.
- A Fund or companies in which a Fund or, through their interests in prior Funds, Warburg Pincus investment professionals have an equity stake may seek to recruit professionals currently employed or sought by Sheridan. The market for experienced exploration and production (“E&P”) executives and personnel is very competitive. Sheridan management may seek to recruit or retain personnel currently employed or sought by entities in which a Fund or, through their interests in prior Funds, Warburg Pincus investment professionals have an equity ownership stake.

- The Sheridan Partnerships may acquire oil field and other services or purchase goods and equipment from companies in which a Fund or, through their interests in prior Warburg Pincus funds, Warburg Pincus investment professionals have an equity ownership stake.
- Conflicts may arise between the duties of Warburg Pincus and its affiliates to Sheridan and their duties to a Fund and its portfolio companies.
- Warburg Pincus investment professionals engaged in the activities on behalf of a Fund related to the E&P business serve on the Sheridan investment committees and serve on the boards of directors of a number of E&P companies. Conflicts may arise among the individual's duties to a Fund, duties as a member of the Sheridan investment committees and duties as a director of any other company.
- Warburg Pincus has offered to certain Sheridan professionals, and Sheridan has offered to certain Warburg Pincus professionals to invest in their respective funds, on a no fee, no carry basis.

Although the Firm and our Funds' partnership agreements establish procedures that seek to avoid, mitigate or manage such conflicts, there can be no assurance that all such conflicts will be resolved in favor of a Fund.

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

Code of Ethics and Personal Trading

We have adopted a Code of Ethics pursuant to Advisers Act Rule 204A-1, which sets forth fiduciary principles and certain standards of business conduct for the Firm and our employees. The principles affirmed in our Code of Ethics include a requirement to act in the best interest of our Funds and Fund investors, to avoid personal conflicts of interest, to appropriately use our position of trust and to protect and prevent the misuse of non-public information that we possess.

Our Code of Ethics includes employee personal trading restrictions such as a general prohibition from personal trading in our portfolio companies (other than pre-approved sales of distributions-in-kind) and other companies while they are under review by the Firm. It also includes requirements for record-keeping, reporting, disclosure and attestations by our employees. The Firm actively seeks to avoid conflicts of interest from our employees' personal investments and activities by requiring pre-clearance of most personal investments and outside business activities, declining to approve or establishing procedures to manage potential conflicts from personal investments or activities, and requiring escalation of actual conflicts of interest to the Firm's Compliance Officer. The Firm has also established an Oversight Committee to assist with respect to internal policies and procedures relating to compliance matters.

Clients may request a copy of our Code of Ethics by writing to Warburg Pincus LLC, 450 Lexington Avenue, New York, New York 10017, Attention: Chief Compliance Officer.

Participation in Client Transactions

We are active investors in our Funds, with the Firm and our professionals committing significant amounts of their own capital to invest alongside or through the Funds. The Firm and our professionals may also acquire Fund interests from time to time in secondary transactions. Generally, our professionals are not permitted to make personal investments in our portfolio companies other than through their investment in our Funds or parallel funds. We believe this structure serves to align the interests of our Firm and our professionals with those of our Funds and our investors.

The Firm may elect from time to time, in lieu of selling securities of a portfolio company for cash on behalf of a Fund, to make a distribution-in-kind of marketable securities to all investors in the Fund, including the Firm and our professionals (either deriving from Firm or personal investments in the Funds or from our carried interest), allowing distributees to make their own selling decisions. After a distribution-in-kind, the Firm and our professionals will refrain from selling such securities for their own account for a period of time to allow investors to dispose of such securities should they determine to do so. In addition, distributions-in-kind are generally valued based on the average closing price of the security across a certain number of days following the distribution.

To further mitigate potential conflicts of interest, Warburg Pincus operates as one firm and one partnership with a single carried interest structure for allocating profits among the Firm's partners and other professionals. A substantial portion of our professionals' compensation is directly linked to the investment performance of our Funds. The Firm does not separately take investment banking or transaction fees, nor do we take fees for the financial, consulting or advisory services provided to our portfolio companies, and any such fees received, including directors' fees paid to our professionals for service as directors of portfolio companies, are applied to offset management fees paid to us or are otherwise allocated to our Funds.

It is common that as part of an investment we make for our Funds we will seek to have representation on a portfolio company's board of directors in order to enhance the Firm's oversight and ability to influence the strategic direction of the portfolio company. As a general matter, a representative of the Firm who serves as a portfolio company director owes duties to the portfolio company and its shareholders. In limited circumstances, the director may face a conflict of interest between the director's duties to the portfolio company and a Fund. If a material conflict of interest should arise with respect to a board matter, the director may be required to act in the best interests of the portfolio company and its shareholders, which interests may be different than those of a Fund.

Allocation of Investment Opportunities with Other Entities and Conflicting Fiduciary Duties to Other Entities

The Firm generally makes new investments for one Fund at any given time and does not make investments for another Fund until the predecessor Fund is substantially fully invested or committed. A follow-on investment opportunity in a portfolio company is generally reserved for the Fund that originally invested in the portfolio company, subject to the guidelines and restrictions of the Fund's governing documents and/or approval of the Fund Advisory Committees and available capital in the Fund. During the transition period from a predecessor Fund to its successor Fund, investment opportunities may be allocated among the two Funds pursuant to

guidelines and restrictions of the respective Fund governing documents and/or as approved by the relevant Fund Advisory Committees.

Warburg Pincus may, from time to time, be presented with investment opportunities that fall within the investment objective of a Fund and other investment funds sponsored by Warburg Pincus. In such circumstances, Warburg Pincus expects to allocate such opportunities among a Fund and such other Warburg Pincus funds on a basis that Warburg Pincus determines in good faith is appropriate taking into consideration such factors as the capital available to a Fund and such other funds, the size of the transaction, the amount of potential follow-on investing that may be required for such investment and the other portfolio investments of a Fund and such other funds, the relation of such opportunity to the investment strategy of a Fund and such other funds, and reasons of portfolio balance, timing of expected capital requirements and expected distributions, and a Fund and one or more such other funds may co-invest, subject, in each case, to the applicable requirements of the Fund's governing documents and the governing agreements of the other Warburg Pincus funds.

Except as expressly permitted in a Fund's governing documents, none of the Firm's professionals will be allocated investment opportunities that are suitable for a Fund, without the consent of the Fund's Advisory Committee.

Co-investments

Warburg Pincus may, but will be under no obligation to, offer co-investment opportunities to any persons, including investors, strategic investors or other third-parties, including other private equity funds not affiliated with Warburg Pincus, the exact terms of which will be set by Warburg Pincus, but may include the opportunity to co-invest on a no-fee, no-carry basis. Warburg Pincus will not provide such co-investment opportunities until Warburg Pincus has determined, in good faith, the appropriate portion of the applicable investment opportunity to be taken by a Fund. Such co-investments will generally be limited to the capital invested in the applicable portfolio company and may not bear the expenses associated with developing and consummating the investment opportunity or post-closing monitoring expenses, in each case not reimbursed by the portfolio company. Potential co-investors may also not bear broken deal expenses borne by the Fund.

Transactions Between Warburg Pincus Funds

On occasion, Warburg Pincus may determine that it is in the best interests of a Fund and another Warburg Pincus fund that the Fund should invest in an existing portfolio company of such other fund, or such other fund should invest in an existing portfolio company of a Fund. Generally such transactions would be subject to the approval of the Advisory Committees. In addition, portfolio companies of a Fund may engage in transactions in the ordinary course of their respective businesses with other portfolio companies of a Fund or other investment funds sponsored by Warburg Pincus.

Potential Conflicts in Calculation and Allocation of Certain Partnership Costs and Expenses

The governing documents of a Fund provide that the Fund will be responsible for all costs and expenses in connection with its operation, other than the costs and expenses that will be the responsibility of Warburg Pincus. To the extent possible, third-party expenses incurred in connection with consummated transactions will be borne by the respective portfolio companies. While Warburg Pincus does not charge any fees for its employees who provide capital markets, IT, communications or other shared services for the benefit of portfolio companies, its out-of-pocket expenses are generally reimbursed by the applicable portfolio company or a Fund. A conflict of

interest could arise in the determination by Warburg Pincus whether certain costs or expenses that are incurred in connection with the operation of a Fund meet the definition of partnership operational expenses for which a Fund is responsible, or whether such expenses should be borne by Warburg Pincus. A Fund will be reliant on the determinations of Warburg Pincus in this regard, and also in regard to the allocation of investment expenses and any common operating expenses as between a Fund and the other Warburg Pincus funds and any other affiliates of Warburg Pincus. There can be no assurance that errors will not arise in such allocations.

Item 12. Brokerage Practices

Our investment strategy typically involves making direct long-term investments in companies on behalf of our Funds. As such, the Firm does not routinely trade public securities on behalf of Funds. Our utilization of broker/dealers and investment and commercial banks (“Securities Firms”) most often involves exiting a portfolio company investment either in an underwritten offering or through open market sales, or to advise us in the purchase or sale of an investment. From time to time we will also invest in a company through a private placement or underwritten offering or accumulate or add to a position through open market purchases. We have discretionary authority to select Securities Firms to act on behalf of our Funds, and may have significant influence with respect to a portfolio company’s selection of Securities Firms in connection with capital markets transactions.

Each Fund’s governing documents generally restrict the ability of the Firm to invest in a portfolio company for more than one Fund. From time to time, however, subject to the Firm’s policies and procedures and the applicable Funds’ governing documents, the Firm may cause more than one Fund to invest in the same portfolio company. From time to time, we may engage a Securities Firm to purchase or sell the same securities on behalf of more than one Fund. When practicable, the Firm will dispose of shares held in separate Funds side-by-side at the same time. The Firm, however, is not required to do this. Securities trades across multiple Funds that are not aggregated may be subject to higher transaction costs than if they had been aggregated.

The Firm selects Securities Firms on a “best execution” basis. Best price, after giving effect to commissions and transaction costs, is a factor in this decision, but the Firm takes into account many other factors of best execution for a specific transaction, including reputation, creditworthiness and financial stability of the Securities Firm, the quality of services, such as market-making, distribution and execution, clearing and settlement and research as well as the Firm’s business relationship with the Securities Firm. Accordingly, transactions may not be executed at the lowest available price or commission.

The Firm has no formal arrangements with Securities Firms to receive research or other products or services other than execution, and the Firm does not have any soft dollar or commission sharing agreements in place that would require the Firm to provide any specified amount of brokerage to a Securities Firm. The Firm, however, receives research reports from paid subscription services as well as free of charge from Securities Firms that may provide or seek to provide services to the Firm, the Funds or portfolio companies. Any information received from Securities Firms is consistent with the safe harbor for brokerage and research services under Section 28(e) of the Securities Exchange Act of 1934. When the Firm receives research or other information or opportunities from a Securities Firm free of charge, it could be viewed as receiving a benefit it does not have to pay for, and the Firm could be viewed as having an incentive to select or recommend a Securities Firm for a transaction on behalf of a

Fund or portfolio company based on its interest in receiving such benefits rather than on receiving most favorable execution.

The Firm's Capital Markets group manages our relationships with Securities Firms, and monitors the capital markets for opportunities for our Funds and portfolio companies.

Item 13. Review of Accounts

As discussed above in Item 8. Methods of Analysis, Investment Strategies and Risk of Loss, investments are reviewed quarterly by our Executive Management Group, and are discussed at the Firm's regular quarterly review meetings. Investors in our Funds receive written annual reports with audited financial statements, and quarterly unaudited financial statements.

Item 14. Client Referrals and Other Compensation

The Firm does not participate in arrangements with non-Clients that result in the Firm receiving an economic benefit for providing investment advice or other advisory services to its Clients. Neither the Firm nor any of its related persons compensate any person that is not a supervised person of the Firm for client referrals.

Item 15. Custody

Pursuant to applicable regulation, we are considered to have custody of cash and securities of our Funds. We maintain such cash and securities with independent qualified custodians.

Our Funds are audited annually by Ernst & Young LLP, which is registered with and subject to regular inspection by the Public Company Accounting Oversight Board, and audited financial statements are delivered to investors in our Funds.

Item 16. Investment Discretion

Our affiliates serve as general partners of the Funds. Along with our own capital commitments to our Funds, we invest and manage third party investors' capital contributions to our Funds on a discretionary basis in accordance with the investment objectives, guidelines and restrictions set forth in each Fund's offering and/or governing documents. Our discretionary authority is contractually established pursuant to our Funds' governing documents. Such authority remains in effect throughout the life of a Fund and may only be terminated in limited circumstances. Our Funds' governing documents typically set certain limits on investments such as concentration limits and geographic sub-limits.

Item 17. Voting Client Securities

We have discretionary authority to vote the securities held by our Funds pursuant to our Funds' governing documents. Our policy is to vote securities or proxies in the best interests of our Funds, consistent with our investment advisory mandate to maximize our Funds' long-term investment returns.

It is common, and our investors anticipate, that the investments we select for our Funds will include representation on a portfolio company's board of directors in order to enhance the Firm's oversight and ability to influence the strategic direction of the portfolio company. Given our participation in board matters, our Funds' best interests are most often served by voting in support of a board's recommendations.

If a conflict of interest should arise with respect to a proxy vote, the Firm will independently review and evaluate the proxy proposal and the circumstances surrounding the conflict to determine the vote that would be in the best interest of the Funds. Certain conflicts of interest may be presented to the Advisory Committee of the applicable Fund, which consists of representatives of certain investors in the Fund.

Additionally, we believe that the Firm's interests and those of our Funds are aligned through our own investment in the Funds, and we do not anticipate a situation where our interests would conflict with maximizing long-term investment returns for the Funds.

Clients may obtain information about how the Firm voted proxies on their behalf or more information about our proxy voting policies by written request to our Chief Compliance Officer at Warburg Pincus LLC, 450 Lexington Avenue, New York, NY 10017.

Item 18. Financial Information

We are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our Clients. We have not been the subject of a bankruptcy petition within the preceding ten years.