

# **TPG Capital Advisors, LLC**

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

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

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

## **ITEM 2 – MATERIAL CHANGES**

Capital Advisors's most recent update to Part 2A was made in March 2012. Capital Advisors is now updating Part 2A. The following is a material change:

- Updated information regarding affiliated broker-dealer activities and compensation.

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#### **ITEM 4 – ADVISORY BUSINESS**

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

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

Capital Advisors from time to time also may form capital around a particular strategy or theme, or may establish, on a transaction-by-transaction basis, investment vehicles and accounts through which certain persons may generally invest alongside one or more Funds (each such pooled investment vehicle and account, a “Co-Investment Vehicle”). Generally, when a Co-Investment Vehicle is established for a particular transaction, it is contractually required, as a condition of its investment, to exit its investment at the same time and on the same terms as the applicable Fund that also is invested in such transaction. In certain cases, Co-Investment Vehicles may pursue investments that are not pursued by a Fund.

The only advisory clients of Capital Advisors are the Funds and certain Co-Investment Vehicles (collectively, the “Capital Advisors Vehicles”).

Capital Advisors was formed as a Delaware limited liability company in 2010 but is part of a private investment firm originally founded in 1992. The principal owners are David Bonderman and James Coulter.

As an investment adviser, Capital Advisors identifies investment opportunities and participates in the acquisition, management, monitoring and disposition of investments for each Capital Advisors Vehicle. Capital Advisors primarily provides investment advisory services related to private equity investments in various industries, including leveraged acquisitions and recapitalizations, turnarounds, traditional buyouts and investments in growth companies. Such private equity investments take the form of privately-negotiated investment instruments, including unregistered equity securities of both U.S. and non-U.S. issuers. Although the primary focus of Capital Advisors Vehicles is generally on private equity investments, Capital Advisors also may from time to time offer advice on investments in, among other things, performing and distressed bank and other loans, high yield bonds, investment grade bonds, mezzanine/private placements, structured products, credit-based securities and claims, swap transactions (including

total rate of return swaps and credit default swaps), derivative instruments, equities, short sales, currency hedging transactions, financings and debt originations, real estate, energy assets, securities lending arrangements and repurchase agreements, in each case to the extent consistent with the applicable Capital Advisors Vehicle's investment objectives and strategies (please see Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss, below).

Capital Advisors generally provides investment advisory services to each Capital Advisors Vehicle pursuant to a separate investment advisory agreement (each, an “Advisory Services Agreement”). The terms of the investment advisory services to be provided by Capital Advisors to a Capital Advisors Vehicle, including any specific investment guidelines or restrictions, are set forth in the Capital Advisors Vehicle's Advisory Services Agreement. Investment guidelines for the Capital Advisors Vehicles, if any, are generally established in the organizational or offering documents of the applicable Capital Advisors Vehicle and/or side letter agreements negotiated with investors in the applicable Capital Advisors Vehicle. Investment advice is provided directly to the Capital Advisors Vehicles, and not individually to the investors in the Capital Advisors Vehicles.

Capital Advisors or its related entities also may enter into side letter agreements with certain investors in the Capital Advisors Vehicles providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights. While Capital Advisors and its related entities have no obligation to offer all such additional rights, terms or conditions, to any other investor in such Capital Advisors Vehicles, Capital Advisors and its related entities generally disclose the existence of such arrangements to all limited partners of the relevant Capital Advisors Vehicles. Once invested in a Capital Advisors Vehicle, investors generally cannot impose additional investment guidelines or restrictions on such Capital Advisors Vehicle.

As of January 1, 2013, Capital Advisors managed on a discretionary basis a total of \$ 56,972,600,000 of client assets.

## **ITEM 5 – FEES AND COMPENSATION**

Capital Advisors generally charges asset-based investment advisory fees to the Capital Advisors Vehicles. Advisory fees paid by a Capital Advisors Vehicle are indirectly borne by investors in such Capital Advisors Vehicle. Such investment advisory fees are deducted from Capital Advisors Vehicle assets and generally payable quarterly or semi-annually in advance, depending upon the Capital Advisors Vehicle. The amount of any investment advisory fee is prorated for periods of less than a full billing cycle at the beginning or end of Capital Advisors's provision of investment advisory services, and any prepaid amount in excess of the prorated fee will be returned upon termination of investment advisory services. Capital Advisors's investment advisory agreements generally restrict a Fund's ability to terminate the agreement. The specific restrictions may vary depending on the nature of the Fund.

The precise amount of, and the manner and calculation of, the advisory fees for each Capital Advisors Vehicle are established by Capital Advisors, as modified by negotiations with investors in the applicable Capital Advisors Vehicle, and are set forth in such Capital Advisors Vehicle's

Advisory Services Agreement, organizational documents, offering documents and/or other documentation received by each investor prior to investment in such Capital Advisors Vehicle (together with any applicable side letters, “Governing Documents”).

For certain Funds, expense reimbursements (including, among other things, expenses related to in-house services and employees or consultants providing accounting, tax and operational support, specialized operations/consulting services, regulatory or legal advice, or related or similar services to the Capital Advisors Vehicles or their portfolio companies) may be payable by the Funds to Capital Advisors or its affiliates. These expense reimbursements are generally disclosed to investors under the Governing Documents. These expense reimbursements are in addition to the investment advisory fees discussed above. Consistent with the Governing Documents of the Funds, each Fund also generally bears all of the expenses relating to its activities, operations and meetings (other than expenses resulting from the fraud, gross negligence or willful misconduct of its general partner or Capital Advisors) including, without limitation, fees, costs and expenses directly related to the discovery, investigation, development, making, management, monitoring and disposition of investments (including any such costs and expenses incurred by Capital Advisors and any such costs and expenses relating to potential investments that are not consummated); fees and expenses of custodians, consultants, economists, counsel, tax professionals and accountants; clearing and settlement charges; the cost of insurance; any taxes, fees or other governmental charges levied against the Fund; expenses relating to any audit, investigation, governmental inquiry or public relations undertaking; due diligence, research and investment-related travel expenses; and the costs and expenses of any indemnification or litigation relating to the activities or operation of the Fund and the amount of any judgments or settlements paid in connection therewith, relating to the business, activities and interests of the Fund.

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

In addition, Capital Advisors or the affiliated general partners of the Capital Advisors Vehicles may receive customary transaction fees, acquisition and disposition fees, monitoring and directors’ fees, organization, financing, divestment, break-up and topping fees, commitment fees, financial consulting fees, advisory fees, origination fees and other fees for services provided to portfolio investments of the Capital Advisors Vehicles related to the making, disposition, or management of portfolio investments by the Capital Advisors Vehicles (“Related Services”). These fees may be substantial and are generally not negotiated on an arm’s length basis. Although these fees for Related Services are in addition to the advisory fees, Capital Advisors will in some circumstances be obligated to reduce the amount of advisory fees paid by the applicable Capital Advisors Vehicle by an amount equal to all or a portion of such fees for Related Services. The specific amount and manner of such reduction is generally set forth in the Governing Documents of the applicable Capital Advisors Vehicle. As some Capital Advisors Vehicles do not pay advisory fees (*e.g.*, certain Co-Investment Vehicles), any such reduction will not benefit such Capital Advisors Vehicles. Furthermore, a Capital Advisors Vehicle will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion

of any fee allocable to another entity, including, if applicable, a Co-Investment Vehicle. Additionally, a portfolio company may reimburse Capital Advisors for expenses (including without limitation travel expenses, which may include expenses for chartered or first class travel) incurred by Capital Advisors in connection with its performance of services for such portfolio company, and such reimbursements are not subject to the reduction arrangements described above. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

Capital Advisors has an affiliate, TPG Capital BD, LLC (“TPG BD”), which is a broker-dealer registered with the Securities and Exchange Commission. TPG BD places securities and instruments issued by certain private investment funds that Capital Advisors and related entities manage individually or through their principals, as well as securities and instruments issued by other entities not related to Capital Advisors or its related entities. In addition, TPG BD may participate in underwriting syndicates and/or selling groups with respect to the securities and instruments of portfolio companies of certain Capital Advisors Vehicles or may otherwise be involved in the public or private placement of such securities or instruments and the syndication of opportunities to co-invest in portfolio companies alongside certain Capital Advisors Vehicles and third parties, and/or may provide advisory services to such portfolio companies. TPG BD does not expect to be the lead underwriter in such syndicates or groups. In connection with these transactions, TPG BD may directly or as part of an underwriting syndicate buy from such portfolio companies of Capital Advisors Vehicles the securities issued. TPG BD may also, in some cases, act as a broker in transactions on behalf of Capital Advisors Vehicles. Also, TPG BD or other affiliated entities may, alone or with other parties, arrange lines of credit to Capital Advisors Vehicles, portfolio companies of Capital Advisors Vehicles and third-party borrowers. TPG BD and other affiliates of Capital Advisors may receive fees, commissions and other compensation in respect of the activities described above. While such fees, commissions and other compensation are believed by Capital Advisors to be reasonable and generally charged at rates that Capital Advisors believes are at market rate for the relevant activities, such compensation may not in each case be negotiated at arm’s length and from time to time may be in excess of fees, commissions or other compensation that may be charged by an unaffiliated party. Capital Advisors Vehicles generally will not have the right to share in, or have management fee offsets for, any compensation received by TPG BD. See Item 11 below for more information regarding TPG BD.

Additionally, portfolio companies of Capital Advisors Vehicles may also be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Capital Advisors Vehicles that may involve fees and/or servicing payments to Capital Advisors or its affiliates. For example, portfolio companies are generally afforded the option (but are not required to) participate in a program with Capital Advisors, its affiliates and other portfolio companies pursuant to which consultants of an affiliate of Capital Advisors negotiate favorable procurement arrangements. As part of this program, an affiliate of Capital Advisors receives fees from portfolio companies choosing to participate in the program (such fees being designed to cover the cost of administering the program) and Capital Advisors and its affiliates are entitled to the favorable procurement terms. These fees generally are not subject to management fee offsets or otherwise shared with the relevant Capital Advisors Vehicles.

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

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

## **ITEM 7 – TYPES OF CLIENTS**

See Item 4 – Advisory Business.

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

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

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

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

In each Fund, Capital Advisors seeks to build a portfolio that is diversified with respect to transaction type, geographical exposure (as distinct from "domicile") and sector. Capital Advisors also generally seeks to maintain investment balance across industries that it believes are stable or otherwise attractive and industries with attractive long-term growth trends. Capital Advisors aims to identify "second derivative" correlations to avoid overweighting to single macroeconomic factors that may affect different industries and geographies. Capital Advisors also sources and presents to investors in certain Funds investment opportunities tailored to meet

pre-determined investment strategies, and such opportunities may be pursued through a one-investor Fund that represents a separately managed account for such investor. Such strategies include making investments with shorter durations and different targeted returns than those found in traditional private equity Funds. Investments in Funds that represent separately managed account arrangements may be made on a discretionary basis, and such investments may or may not be made alongside other Funds.

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

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

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

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

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

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

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

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

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

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

Capital Advisors sources and invests across the globe, in a variety of sectors. Capital Advisors primarily makes “effective majority control” investments and/or growth equity investments and will consider select investments in early-stage opportunities. Capital Advisors seeks to diversify Funds by industry and to optimize the capital structure of its portfolio companies to enhance equity returns, using leverage in select situations.

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

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

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

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

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

Capital Advisors seeks to source investment opportunities through relationships with the academic community, executives and scientists in the pharmaceutical and biotechnology industries, other venture capital firms, the Capital Advisors global platform and a network of entrepreneurs and executives.

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

The investment strategies described above, and other strategies that may be pursued by the Capital Advisors Vehicles, involve a substantial degree of risk, and the Capital Advisors Vehicles may lose all or a substantial portion of the value of their investments. Material risks relating to the investment strategies and methods of analysis described above are described in more detail in the applicable Fund's offering document and representatives of Capital Advisors or its affiliates are available to discuss with potential investors risks involved in the strategies pursued by a Capital Advisors Vehicle.

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

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

Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' investments. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of the Funds to buy, sell and partially dispose of their portfolio company investments. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable to a Fund to sell these securities when Capital Advisors believes it is most advantageous to do so, or without adversely affecting the stock price. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that Capital Advisors believes reflect the fair value of such investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise. There can be no assurance that the market will, in the future, become more liquid than it is at present and it may well continue to be volatile for the foreseeable future.

A Fund may be materially adversely affected by the foregoing events, or by similar or other events in the future. In the long term, there may be significant new regulations that could limit the activities of Capital Advisors and the investment opportunities it pursues or change the functioning of capital markets, and there is the possibility that the severe worldwide economic downturn could continue for a period of years. Consequently, Capital Advisors may not be

capable of, or successful at, preserving the value of Fund assets, generating positive investment returns or effectively managing Fund risks.

*Competition for Investments.* The Funds expect to encounter competition from entities having similar investment objectives. Potential competitors include other investment funds, business development companies and other financial investors investing directly or through affiliates. Certain of these entities may possess competitive advantages over a Fund in pursuing investment opportunities, including greater financial, technical, marketing and other resources, higher risk tolerances, different risk assessments, lower return thresholds, lower cost of capital and access to funding sources unavailable to a Fund. In addition, a substantial number of private investment funds have been formed over the past several years, and many funds have grown substantially in size, resulting in an unprecedented amount of capital available for investment in such opportunities.

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

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

*Potential Lack of Diversification.* While diversification is generally a Fund objective, there is no assurance as to the degree of diversification that will actually be achieved in a Fund's investments. Because a substantial portion of certain Funds' committed capital may be invested in a single portfolio company or asset, a loss with respect to any single portfolio investment could have a significant adverse effect on a Fund's returns. Co-Investment Vehicles formed for the purpose of pursuing a particular investment strategy or a particular transaction will be particularly exposed to the legal and financial risks associated with that strategy or transaction, as applicable, and may not be able to achieve a level of diversification comparable to the Funds.

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

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

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

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

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

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

*Increased Regulatory Scrutiny.* The financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense and increasing regulatory oversight. Such scrutiny may increase Capital Advisors's and the Funds'

exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may impose administrative burdens on Capital Advisors, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert Capital Advisors's time, attention and resources from portfolio management activities. It is anticipated that, in the normal course of business, Capital Advisors's officers will have contact with governmental authorities and/or be subjected to responding to inquiries or examinations. Funds may also be subject to regulatory inquiries concerning their securities positions and trading.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") aims to reform various aspects of the U.S. financial markets. In connection with the Dodd-Frank Act, there has been and will continue to be extensive rulemaking and regulatory changes that will affect private fund managers, the funds that they manage and the financial industry as a whole. Those changes include new recordkeeping and reporting requirements that will add costs to the legal, operations and compliance obligations of Capital Advisors and increase the amount of time that Capital Advisors spends on non-investment related activities. The Dodd-Frank Act also will affect a broad range of market participants with whom the Funds interact or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders and broker-dealers. Regulatory changes that affect other market participants are likely to change the way in which Capital Advisors conducts business with counterparties. Until the effectiveness of implementation of all such regulatory changes, it is difficult to anticipate the effect on Capital Advisors and the Funds. It may take years to understand the effect of the Dodd-Frank Act on the financial industry as a whole, and therefore, the continued uncertainty may make markets more volatile, and it may be more difficult for Capital Advisors to execute the investment strategy of the Funds.

The European Union's (the "EU's") Alternative Investment Fund Managers Directive (the "AIFM Directive") must be transposed into the national laws of EU Member States by July 22, 2013 and applied as from that date, subject to certain grandfathering and transition positions. The AIFM Directive contains many ambiguities, some but not all of which have been addressed in draft regulations and guidance of the European Commission and the European Securities Markets Authority (the "Implementing Measures"). The AIFM Directive will harmonize the regulation of "managers" of "alternative investment funds" ("AIFs") in the EU, including imposing minimum requirements that will have to be met by EU managers of AIFs and non-EU managers that market AIF interests to EU professional investors. EU Member States may impose stricter conditions on marketing to professional investors. EU member states may also impose the same or stricter conditions on marketing of AIF interests to "retail" investors, including some high net worth individuals. The AIFM Directive, the Implementing Measures, changes to or increased enforcement of related national legislation and interpretive rules could have an adverse effect on Capital Advisors and/or the Funds.

*Material Non-Public Information.* By reason of their responsibilities in connection with their other activities, Capital Advisors or its affiliates' senior professionals may acquire confidential or material non-public information or be otherwise restricted from initiating transactions in certain securities. A Fund will not be free to act upon any such information. Due to these

restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

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

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

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

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

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

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

*Non-U.S. Investments.* A Fund may make investments outside of the United States and Canada, including in certain emerging foreign markets. Investments in the securities of foreign issuers may be restricted or controlled to varying degrees. Such investments require consideration of certain risks typically not associated with investing in U.S. securities or property. Such risks include, among other things, trade balances and imbalances and related economic policies, potential price volatility in, and relative illiquidity of, some non-U.S. securities markets, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the U.S. or foreign governments, U.S., foreign or other withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, and political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations. Laws and regulations of foreign countries may impose restrictions that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. There may be less publicly available information about certain foreign companies than would be the case for comparable companies in the United States, and certain foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Some countries require governmental approval prior to investments by foreign persons, limit the amount of investment by foreign persons in a particular company or restrict investment by foreign persons to a specific class of securities of a company that may have less advantageous terms than the classes available for purchase by nationals. Certain countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. A Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital or earnings, as well as by the application to the Fund of restrictions on investments. In addition, because a Fund's investments in other countries will likely be denominated in the currencies of such countries, a change in the value of these currencies against the U.S. dollar may result in a corresponding change in the U.S. dollar value of the Fund's assets denominated in those currencies.

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

*Real Estate.* Certain Funds may invest in real estate and make investments for which real estate is an incidental but significant portion of the investment's asset base or value. In addition, certain separately managed accounts may have an investment strategy that is focused on real estate. Investments in real estate may include, but are not limited to, investments in private platform, corporate control and public company investments, and may consist of both debt and equity assets. There are numerous risks related to the ownership and operation of real estate, including fluctuations in the overall economy, national and local real estate conditions, dependence on cash flow, management direction and quality, increased competition with respect to rental rates, property attractiveness and location, financial condition of tenants, buyers, and sellers of properties, quality of maintenance, insurance, and management services, natural disasters, and changes in operating costs. Government laws and regulations also may affect the results of a real estate investment, including those governing or related to usage, improvements, zoning, the environment, taxes and securitization of residential and commercial mortgages, as do the levels of unemployment and interest rates and the availability of financing. In addition, the real estate markets have experienced significant volatility in recent years.

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

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

compensation arrangements relating to such investments, including incentive compensation arrangements.

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

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

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

*Business and Market Risks.* The investments made by a Fund may involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions, and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks. The possibility of partial or total loss of capital will exist, and investors should not invest unless they can readily bear the consequences of such loss.

Co-Investment Vehicles may be subject to some or all of the foregoing risks, depending on the risks associated with the applicable transaction or investment strategy. To the extent certain Co-Investment Vehicles pursue investments or strategies that are not pursued by the Funds, such Co-

Investment Vehicles may be subject to additional risks, as described in their respective offering documents.

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

Not applicable.

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

Capital Advisors has an affiliate, TPG BD (CRD no. 143876), which is a broker-dealer registered with the Securities and Exchange Commission. TPG BD places securities and instruments issued by certain private funds that Capital Advisors and related entities manage individually or through their principals, as well as securities and instruments issued by other entities not related to Capital Advisors or its related entities.

TPG BD may, from time to time, manage or otherwise participate in underwriting syndicates and/or selling groups with respect to securities and instruments issued by portfolio companies of a Capital Advisors Vehicle or be involved in the public or private placement of such securities. TPG BD does not expect to be the lead underwriter in such syndicates or groups. In connection with these transactions, TPG BD may directly or as part of an underwriting syndicate buy from such portfolio companies of Capital Advisors Vehicles the securities issued. TPG BD may, in some cases, act as a broker in transactions on behalf of Capital Advisors Vehicles. TPG BD may also, from time to time, participate in the syndication of opportunities to co-invest in portfolio companies alongside certain Capital Advisors Vehicles and provide advisory services to portfolio companies of Capital Advisors Vehicles. In addition, TPG BD may, alone or with other parties (including other entities affiliated with Capital Advisors and its affiliates), arrange lines of credit to portfolio companies of Capital Advisors Vehicles, Capital Advisors Vehicles and other third party borrowers.

TPG BD and other affiliates of Capital Advisors may receive fees, commissions and other compensation in respect of the foregoing activities. TPG BD and other affiliates of Capital Advisors may, in connection with such activities, from time to time hold positions in instruments or securities issued by portfolio companies. TPG BD may act as the placement agent for a Capital Advisors Vehicle in respect of securities or instruments issued by the Capital Advisors Vehicle (although no commissions or other compensation is received by TPG BD from such Capital Advisors Vehicles or their investors for such service). While fees, commissions and other compensation paid to TPG BD are generally believed by Capital Advisors and its affiliates to be reasonable, such compensation is not in each case negotiated at arm's length and from time to time may be in excess of fees, commissions or other compensation that would be charged by an unaffiliated third party. Capital Advisors uses TPG BD as broker-dealer in any transaction only if such use is consistent with Capital Advisors's fiduciary duties. Capital Advisors Vehicles generally do not have the right to share in the compensation received by TPG BD for its role in any transaction.

The relationship Capital Advisors has with TPG BD may give rise to a conflict of interest between Capital Advisors and Capital Advisors Vehicles that have an interest in any portfolio companies or investment vehicles with respect to which TPG BD provide services. In particular,

Capital Advisors may have an incentive to seek to influence the decision by a portfolio company's management to retain TPG BD, or to otherwise transact with TPG BD, instead of other unaffiliated broker-dealers or other service providers or counterparties that may be more appropriate or offer better terms. Capital Advisors could also have an incentive to structure portfolio company transactions, including related co-investment opportunities, so that they require the use of a broker-dealer (and consequently provide an opportunity for TPG BD to be retained by a portfolio company or acquisition company established for the relevant transaction and generate commissions, syndication fees, arranging fees or other compensation).

TPG BD may act as placement agent in respect of investment funds that are sponsored and managed by third-party investment managers, including funds that may compete with Capital Advisors Vehicles. In providing such services to, or with respect to, a competitor fund or company, TPG BD will not take into consideration the interests of the relevant portfolio companies or Capital Advisors Vehicles.

Capital Advisors generally will evaluate any such transactions on a case-by-case basis to address any such conflicts. Transactions involving a Capital Advisors Vehicle and TPG BD are also reviewed with regard to the appropriateness of the transaction and any fiduciary obligations. In addition, Capital Advisors reviews such transactions with outside counsel to ensure that the requirements of Section 206(3) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), in respect of principal transactions between any Capital Advisors Vehicle and Capital Advisors or its affiliates (including TPG BD) are complied with in the context of such transactions.

For a description of material conflicts of interest created by Capital Advisors's relationship with TPG BD, please see Item 11 below.

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

TPG Global Advisors, LLC

TPG Global, LLC

TPG Capital, LLC

TPG Capital, L.P.

TPG International, LLC

TPG RE, LLC

TPG Opportunities Partners, L.P.

TOP – New York, Inc.

TPG RE – New York, Inc.

TPG China, Ltd

TPG Capital (Australia) Pty Ltd

TPG Capital – New York, Inc.

TPG Capital – Japan, Ltd.

TPG Capital – Brasil Assessoria De Investimentos E Participacoes LTDA

TPG Capital – Luxembourg, S.a.r.l.

TPG Capital (Beijing), Ltd.

TPG Growth Advisors (India) Private Limited

TPG Capital - India Private, Limited  
TPG Capital - China, Limited  
TPG Growth Capital (Asia) Limited  
TPG Capital - Russia, S.a.r.l.  
TPG Capital, LLP  
TPG Capital - France SAS

For a description of material conflicts of interest created by the relationship among Capital Advisors and its affiliated advisers, as well as a description of how such conflicts are addressed, please see Item 11 below.

TSL Advisers, LLC, and TSL Advisers-NY, Inc., affiliates of Capital Advisors, serve as investment advisers with respect to a business development company.

Various entities serve as general partners of the Capital Advisors Vehicles, and are related persons of Capital Advisors. For a description of material conflicts of interest created by the relationship among Capital Advisors and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

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

Capital Advisors has adopted a comprehensive Code of Ethics that is applicable to all of its officers and employees, officers and employees of certain independent contractors, certain temporary personnel, and also to certain affiliates of Capital Advisors and their officers and employees (collectively, “Capital Advisors Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Capital Advisors Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Capital Advisors Vehicle, subject to the terms of the Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Capital Advisors Vehicles. If officers, principals and employees of Capital Advisors have made large capital investments in or alongside the Capital Advisors Vehicles they may have conflicting interests with respect to these investments. The Code of Ethics generally permits such transactions, however, only if (i) the transaction is “pre-cleared” by Capital Advisors’s Chief Compliance Officer or his designee or (ii) the transaction is exempt from pre-clearance under the Code of Ethics. Under the Code of Ethics, Capital Advisors Personnel also are required to file certain periodic reports as required by Rule 204A-1 under the Advisers Act.

Capital Advisors will provide a copy of its Code of Ethics to any Capital Advisors Vehicle or prospective client upon request.

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

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

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

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

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

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

Capital Advisors and the Related Advisers, certain employees and affiliates of Capital Advisors and the Related Advisers, and certain other persons associated with Capital Advisors and executives of current and former portfolio companies of Capital Advisors Vehicles may invest in Capital Advisors Vehicles, either through their general partners, as limited partners or otherwise, to facilitate participation by such persons in portfolio investments made by Capital Advisors Vehicles. A Capital Advisors Vehicle may in its discretion reduce all or a portion of the management fee and performance allocation related to investments held by such persons.

### **Resolution of Conflicts**

Each of Capital Advisors and the other Related Advisers will deal with all conflicts of interest using its best judgment, but in its sole discretion. When conflicts arise between a Capital Advisors Vehicle and a Related Fund, Capital Advisors will represent the interests of such Capital Advisors Vehicle, and the applicable Related Adviser will represent the interests of the Related Fund. In resolving conflicts, Capital Advisors and the other Related Adviser may consider various factors, including the interests of the funds and accounts they advise in the

context of both the immediate issue at hand and the longer term course of dealing among such Capital Advisors Vehicle and the Related Fund. When conflicts arise between a Capital Advisors Vehicle and another Capital Advisors Vehicle, Capital Advisors will resolve the conflict. In doing so, it may consider various factors, including the interests of such Capital Advisors Vehicle and the other Capital Advisors Vehicle with respect to the immediate issue and/or with respect to the longer term course of dealing among the funds. In the case of all conflicts involving a Capital Advisors Vehicle, Capital Advisors's determination as to which factors are relevant, and the resolution of such conflicts, will be made in Capital Advisors's sole discretion.

The following factors may alleviate, but will not eliminate, conflicts of interest:

- A Capital Advisors Vehicle will not make any investment unless Capital Advisors and the Capital Advisors Vehicle's general partner believe that such investment is an appropriate investment considered solely from the viewpoint of such Capital Advisors Vehicle;
- Many important conflicts of interest may be resolved pursuant to set procedures, restrictions or other provisions contained in the relevant offering and/or organizational documents for the Capital Advisors Vehicles;
- With respect to the Funds, the advisory committees for a Fund, whose members are not affiliated with the general partner of such Fund, generally play an important role in resolving conflicts of interest by approving or disapproving decisions that involve certain conflicts of interest referred to it by such Fund's general partner in accordance with the relevant offering and/or organizational documents for the Fund;
- When Capital Advisors deems appropriate in its sole discretion, unaffiliated third-party service providers may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price. In addition, the willingness of a third-party investor to make an investment on the same or similar terms as a Capital Advisors Vehicle may demonstrate the fairness of the transaction to such Capital Advisors Vehicle;
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund; and
- Capital Advisors may in limited circumstances erect temporary information barriers to restrict the transfer of confidential information between business units, if deemed appropriate.

#### Potential Conflicts of Interest

The material conflicts of interest that may be encountered by a Capital Advisors Vehicle include those discussed below, although the discussion below does not necessarily describe all of the

conflicts that may potentially be faced by a Capital Advisors Vehicle. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

### *Principal Transactions*

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

In connection with Capital Advisors’s management of the Capital Advisors Vehicles, Capital Advisors and/or the Capital Advisors Vehicles may, in certain circumstances, engage in principal transactions, as described more thoroughly below.

Also, from time to time, affiliates of Capital Advisors or the Related Advisers, who may control, be controlled by or be under common control with Capital Advisors, the Related Advisers and/or their respective affiliates, will provide seed capital to help fund a new Fund. In doing so, Capital Advisors, the Related Advisers and/or their respective affiliates may purchase securities that are later transferred into the Fund in exchange for a percentage ownership in such Fund. Capital Advisors reviews such transactions with outside counsel to ensure that the requirements of Section 206(3) of the Advisers Act in respect of principal transactions are complied with in the context of such transactions.

Capital Advisors has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that the requisite disclosures be made to the applicable Capital Advisors Vehicle regarding any proposed principal transactions, if required by the Advisers Act or applicable law, and the Capital Advisors Vehicle’s prior consent to the transaction be received. In addition, the Governing Documents relating to the Capital Advisors Vehicles may contain additional restrictions on the ability of the Capital Advisors Vehicles or Capital Advisors to engage in principal transactions and disclosures regarding principal transactions that are likely to arise in the activities of Capital Advisors Vehicles.

### *Participation of TPG BD in Capital Advisors Vehicle Transactions*

As noted above under “Other Financial Industry Activities and Affiliations,” Capital Advisors has an affiliate, TPG BD, which may from time to time participate in underwriting syndicates and/or selling groups with respect to securities or instruments issued by portfolio companies of Capital Advisors Vehicles or may otherwise be involved in the public or private placement of such securities or instruments and the syndication of opportunities to co-invest in portfolio companies alongside certain Capital Advisors Vehicles. TPG BD does not expect to be the lead underwriter in such syndicates or groups. In connection with these transactions, TPG BD may directly or as part of an underwriting syndicate buy from such portfolio companies of Capital

Advisors Vehicles the securities issued. TPG BD may also, in some cases, act as a broker in transactions on behalf of Capital Advisors Vehicles. TPG BD may also, alone or with other lenders, arrange lines of credit to portfolio companies of Capital Advisors Vehicles and other third party borrowers. TPG BD and other affiliates of Capital Advisors may receive fees, commissions and other compensation in respect of the foregoing activities, and TPG BD, Capital Advisors and affiliates of Capital Advisors may, in connection with such activities, from time to time hold positions in instruments or securities issued by portfolio companies. TPG may also act as the placement agent for a Capital Advisors Vehicle (although no commissions or other compensation is received by TPG BD from such Capital Advisors Vehicles or their investors for such service).

As discussed in Item 10, transactions involving a Capital Advisors Vehicle and TPG BD are generally reviewed by Capital Advisors with regard to the appropriateness of the transaction and the firm's fiduciary obligations. In addition, Capital Advisors reviews such transactions with outside counsel to ensure that the requirements of Section 206(3) of the Advisers Act in respect of principal transactions between any Capital Advisors Vehicle and Capital Advisors or its affiliates (including TPG BD) are complied with in the context of such transactions. TPG BD may have access to confidential and/or material non-public information regarding Capital Advisors Vehicles or their portfolio companies and, subject to applicable law, may use such information in connection with financing and other services provided by TPG BD.

#### *Financial Interest in Capital Advisors Vehicle Transactions*

As described above in response to Item 5, Capital Advisors and its affiliates may receive financial advisory and monitoring and transaction fees and other compensation for services provided to portfolio companies of Capital Advisors Vehicles. Such parties may also receive accelerated monitoring fees, "break-up" fees, and other compensation with respect to Capital Advisors Vehicle portfolio company investments (including unconsummated or terminated transactions).

As noted in response to Item 5, Capital Advisors Personnel may serve on the boards of portfolio companies of Capital Advisors Vehicles. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of Capital Advisors Vehicles, but, because the Capital Advisors Vehicles will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned.

Capital Advisors Personnel may also serve as directors, or otherwise be associated with, companies that are competitors of portfolio companies of certain Capital Advisors Vehicles. It would be expected that the interests of a competitor company would often not be aligned with those of a Capital Advisors Vehicle or its portfolio company. In addition, portfolio companies of Capital Advisors Vehicles may, from time to time, make discounts and other benefits available to Capital Advisors Personnel in connection with products or services offered by such companies. Portfolio companies of Capital Advisors Vehicles may also be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Capital Advisors Vehicles that may involve fees and/or servicing payments to Capital Advisors or its

affiliates which are not subject to management fee offsets or otherwise shared with the relevant Capital Advisors Vehicles.

Capital Advisors and its affiliates may offer co-investment opportunities and enter into strategic partnerships directly or indirectly with investors that commit significant capital to a range of Capital Advisors's and its affiliates' platform of products, investment ideas and asset classes. Such arrangements may include Capital Advisors or its affiliates granting certain preferential terms to such investors. Depending on the Governing Documents of any Capital Advisors Vehicle into which such vehicles and accounts invest, such preferential terms may not be subject to the "most favored nation" provisions of the Capital Advisors Vehicle.

#### *Allocation of Investment Opportunities, Fees, and Expenses*

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

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

For each such Capital Advisors Vehicle or other person discussed above, subject to applicable legal, contractual or similar restrictions, Capital Advisors generally may decide, in its sole

discretion, whether Capital Advisors or a related person may seek to charge any fees or to receive any performance-based compensation or allocations in connection with such investment opportunities.

The Capital Advisors Vehicles are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”). Investment Allocation Requirements may be set forth in the Governing Documents of the Capital Advisors Vehicles. Prior to making any allocation to a Capital Advisors Vehicle of an investment opportunity, Capital Advisors generally determines whether it may be required to offer an investment opportunity to one or more Capital Advisors Vehicles. This obligation to offer investment opportunities is in most cases set forth in a Capital Advisors Vehicle’s Governing Documents. To the extent the Investment Allocation Requirements of a Capital Advisors Vehicle do not include specific allocation procedures and/or allow Capital Advisors discretion in making allocation decisions among the Capital Advisors Vehicles, Capital Advisors generally will follow the process set forth below.

Capital Advisors must first determine which Capital Advisors Vehicles will, or are required to, participate in an investment opportunity. Capital Advisors generally assesses whether an investment opportunity is appropriate for a particular Capital Advisors Vehicle, based on the Capital Advisors Vehicle’s investment objectives, strategies and structure. A Capital Advisors Vehicle’s investment objectives, strategies and structure typically are reflected in the Capital Advisors Vehicle’s Governing Documents.

Once the Capital Advisors Vehicles that will participate in an investment opportunity have been identified, Capital Advisors, in its discretion, decides how to allocate such investment opportunity among the identified Capital Advisors Vehicles. In allocating such investment opportunity, Capital Advisors may consider some or all of a wide range of factors, which may include, but are not necessarily limited to, the following:

- The Capital Advisors Vehicle’s investment objectives and investment focus;
- The Capital Advisors Vehicle’s liquidity and reserves;
- The sourcing of such investment opportunity within Capital Advisors;
- The expected amount of capital required for the investment as well as the Capital Advisors Vehicle’s projected future capacity for investment;
- The Capital Advisors Vehicle’s targeted rate of return;
- The stage of development of the prospective portfolio company or other investment;
- The existing portfolio of investments of the Capital Advisors Vehicle;
- The risk profile of the investment opportunity;
- The expected life cycle of the Capital Advisors Vehicle;
- The relative amounts of capital available for investment by the relevant Capital Advisors Vehicles;

- Any allocation targets (*e.g.*, industry targets and size targets) of the Capital Advisors Vehicle;
- Capital Advisors Personnel who will monitor and oversee such investment opportunity;
- The ability of the Capital Advisors Vehicle to accommodate structural, timing or other aspects of the investment process;
- Legal, tax, contractual, regulatory or other considerations deemed relevant in good faith; and
- Any other factors deemed relevant by the Allocation Team.

Capital Advisors will determine if the amount of an investment opportunity in which a Fund will invest exceeds the amount Capital Advisors determines would be appropriate for such Fund (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as consultants and advisors to Capital Advisors and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by Capital Advisors to be in the best interests of the applicable Fund), and any such excess may be offered to one or more Co-Investment Vehicles or other co-investors pursuant to the procedures included in such Funds' Governing Documents and as set forth in the following paragraphs.

In exercising its discretion to decide how to allocate co-investment opportunities with respect to a particular investment opportunity among the Funds, the Co-Investment Vehicles, and related vehicles and other accounts and persons (such as Capital Advisors Investors and Third Parties), Capital Advisors may consider some or all of a wide range of factors, which may include, but are not limited to, the following:

- Capital Advisors's evaluation of the size and financial resources of the other account or person and Capital Advisors's perception of the ability of that account or person (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Capital Advisors Vehicles without harming or otherwise prejudicing such Capital Advisors Vehicles, in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- Any confidentiality concerns Capital Advisors may have that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such account or person to evaluate the investment opportunity;
- Capital Advisors's perception of its (or its Related Advisers') past experiences and relationships with the other account or person, such as the willingness or ability of the other account or person to respond promptly and/or affirmatively to potential investment opportunities previously offered by Capital Advisors (or its Related Advisers);
- Capital Advisors's perception of whether the investment opportunity may subject the other account or person to legal, regulatory, reporting, public relations, media or other

burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;

- Capital Advisors's evaluation of whether the profile or characteristics of the other account or person may have an effect on the viability or terms of the proposed investment opportunity and the ability of the Capital Advisors Vehicles to take advantage of such opportunity (for example, if the other account or person is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the other account or person, or the jurisdiction in which the other account or person is based, may affect the likelihood of a Capital Advisors Vehicle being able to capitalize on a potential investment opportunity); and
- Whether Capital Advisors believes, in its sole discretion, that allocating investment opportunities to an account or person will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to the Capital Advisors Vehicles or Capital Advisors.

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

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

A Capital Advisors Vehicle may, from time to time, make co-investments with a Related Fund in transactions sourced by a Related Adviser, or vice versa. Limited partners in the Funds may also make co-investments with the Capital Advisors Vehicles in portfolio companies, as may Capital Advisors and its affiliates.

In addition, to the extent Capital Advisors has discretion over a secondary transfer of interests in a Capital Advisors Vehicle pursuant to such Capital Advisors Vehicle's Governing Documents, Capital Advisors may consider the factors listed above in exercising such discretion. Subject to

any restrictions in the Governing Documents of the applicable Capital Advisors Vehicle, Capital Advisors or its related persons may be asked to identify a limited number of Capital Advisors Investors or Third Parties to potentially acquire the interest being transferred.

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

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

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

Capital Advisors will generally allocate fees and expenses to be split between Capital Advisors and the Capital Advisors Vehicles and/or portfolio companies (including fees and expenses incurred in the offering of the Capital Advisors Vehicle, management of the Capital Advisors Vehicle, and investment opportunities), in each case in accordance with the Capital Advisors Vehicle's Governing Documents. To the extent not addressed in such documents or agreements, such fees and expenses generally will be allocated by Capital Advisors in its sole discretion, in each case using good faith and its best judgment. Because certain expenses are paid for by a Capital Advisors Vehicle and/or its portfolio companies or, if incurred by Capital Advisors, are reimbursed by a Capital Advisors Vehicle and/or its portfolio companies, Capital Advisors may not necessarily seek out the lowest cost options when incurring (or causing a Capital Advisors Vehicle or its portfolio companies to incur) such expenses.

There may be occasions when one Capital Advisors Vehicle (the "Payor Fund") pays an expense common to multiple Capital Advisors Vehicles (the "Allocated Funds") (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund.

In resolving conflicts, Capital Advisors may consider various factors, including the interests of the applicable Capital Advisors Vehicles with respect to the immediate issue and/or with respect to their longer term courses of dealing. In the case of all conflicts involving the Capital Advisors Vehicles or other accounts or persons, Capital Advisors's determination as to which factors are relevant, and the resolution of such conflicts, generally will be made in Capital Advisors's sole discretion.

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

#### *Conflicts Related to Purchases and Sales*

In certain rare instances, Capital Advisors may cause a Capital Advisors Vehicle to purchase investments from another Capital Advisors Vehicle or a Related Fund, or it may cause a Capital Advisors Vehicle to sell investments to another Capital Advisors Vehicle or a Related Fund. In connection with such transactions, Capital Advisors, the Related Advisers and/or their professionals (i) may have significant investments or intentions to invest in the Capital Advisors Vehicle or a Related Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the underlying investment). Capital Advisors and the Related Advisers may receive management or other fees in connection with their management of the relevant Capital Advisors Vehicles and/or Related Funds involved in such a transaction or in connection with the transaction itself, and may also be entitled to share in the investment profits of the relevant Capital Advisors Vehicles and/or Related Funds. Capital Advisors, the Related Advisers and their professionals may be presented with certain conflicts of interest in effecting these transactions. To address these conflicts of interest, Capital Advisors will cause a Capital Advisors Vehicle to engage in such transactions only if it determines that the terms and

conditions of such transaction are substantially as advantageous to such Capital Advisors Vehicle as the terms it would obtain in a comparable arm's-length transaction with a third party. For additional information regarding transactions between Capital Advisors Vehicles, including a discussion of related conflicts of interest, please see Item 12, under "Cross Transactions."

Conflicts may also arise when a Capital Advisors Vehicle makes investments in conjunction with an investment being made by other Capital Advisors Vehicles or Related Funds, or in a company in which another Capital Advisors Vehicle or a Related Fund has already made an investment. Investment opportunities may be appropriate for one or more Capital Advisors Vehicles and Related Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may also arise in determining the terms of investments, especially when Capital Advisors and/or other Related Advisers control the structure of a transaction and its capitalization. For example, if a Capital Advisors Vehicle is investing in debt securities, it may have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants and events of default) that are more restrictive than a Related Fund or another Capital Advisors Vehicle, as an equity owner, may desire. In addition, a conflict may arise in allocating an investment opportunity if the potential investment target could be acquired by either a Capital Advisors Vehicle or a portfolio company of another Capital Advisors Vehicle. Investments by more than one client of Capital Advisors in a portfolio company may also raise the risk of using assets of a client of Capital Advisors to support positions taken by other clients of Capital Advisors. While expected to be very infrequent, similar conflicts could arise to the extent that TPG BD holds securities of a portfolio company.

There can be no assurance that the return on a Capital Advisors Vehicle's investments will be the same as the returns obtained by other Capital Advisors Vehicles or Related Funds participating in a given transaction. Employees and related persons of Capital Advisors and the other Related Advisers have made or may make capital investments in or alongside certain Capital Advisors Vehicles or Related Funds, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments. Each of Capital Advisors and the other Related Advisers generally will determine all matters relating to structuring transactions and capitalizing portfolio companies, including the amount and terms of securities and allocation of securities among a Capital Advisors Vehicle and the involved Related Funds, using its best judgment considering all factors it deems relevant, but in its sole discretion. The allocation of securities as among Capital Advisors Vehicles and as between Funds and other Capital Advisors Vehicles and Related Funds may be affected by a fund's stage in its lifecycle. For example, a newly organized fund may seek to purchase a disproportionate amount of investments until it is substantially invested.

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

From time to time, Capital Advisors or a Related Adviser may come into possession of material, non-public information. In such cases, Capital Advisors Vehicles and Related Funds could be

restricted indefinitely in transactions involving a particular issuer. Consequently, the possession of material, non-public information by Related Advisers may limit the ability of a Capital Advisors Vehicle to buy and sell investments. Capital Advisors may in limited circumstances erect information barriers to restrict the transfer of confidential information between Related Advisers or business units, if deemed appropriate. Furthermore, Capital Advisors and the Related Advisers may agree from time to time to “cross” any such information barriers, and Capital Advisors may from time to time impose restrictions on transactions involving particular issuers in its sole discretion taking into account all factors it deems relevant in the collective interest of Capital Advisors and the Related Advisers. In addition, Capital Advisors may be restricted by contract from using confidential information that it, or a Related Adviser, has for the benefit of a Capital Advisors Vehicle.

### *Conflicts Relating to Existing Investments*

Further conflicts may arise once a Capital Advisors Vehicle has made an investment in a company in which another Capital Advisors Vehicle or a Related Fund has also invested. For example, questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, raise conflicts of interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Capital Advisors Vehicles or Related Funds may or may not provide such additional capital, and if provided, each Capital Advisors Vehicle and each Related Fund generally will supply such additional capital in such amounts, if any, as determined by Capital Advisors and the other relevant Related Advisers in their sole discretion. Capital Advisors and each other Related Adviser will resolve all such conflicts using their best judgment but in their sole discretion, subject in certain cases to approval by the advisory committees of the participating investment funds.

Investments to finance follow-on acquisitions are a regular part of the business of the Capital Advisors Vehicles and certain Related Funds. Follow-on investments may present conflicts of interest, including determination of the equity component and other terms of the new financing. In addition, a Capital Advisors Vehicle may participate in releveraging and recapitalization transactions involving portfolio companies in which other Capital Advisors Vehicles or Related Funds have invested or will invest. Recapitalization transactions may present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. Capital Advisors and each other Related Adviser will resolve all such conflicts using their best judgment but in their sole discretion, subject in certain cases to approval by the respective advisory committees of the participating investment funds.

Capital Advisors Vehicles and/or the Related Funds may in many cases own a significant or controlling percentage of the common equity of portfolio companies which, depending upon the amount of equity owned by them, any relevant contractual arrangements between such portfolio

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

If a Capital Advisors Vehicle purchases in the secondary market at a discount debt securities of a company in which a Capital Advisors Vehicle has, for example, a substantial equity interest, (a) a court might require a Capital Advisors Vehicle to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Capital Advisors Vehicle might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

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

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

### *Management of the Capital Advisors Vehicles*

Capital Advisors manages a number of Capital Advisors Vehicles that may have investment objectives similar to each other. Capital Advisors may in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Capital Advisors Vehicles. Allocation of available investment opportunities between the Capital Advisors Vehicles and any such investment fund could give rise to conflicts of interest. See "*Allocation of Investment Opportunities*" above. In addition, it is expected that employees of Capital Advisors responsible for managing a particular Capital Advisors Vehicle will have responsibilities with respect to other Capital Advisors Vehicles managed by Capital

Advisors, including Capital Advisors Vehicles that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

### *Valuation of Assets*

Capital Advisors is responsible for the valuation of each Capital Advisors Vehicle's assets, in accordance with such Capital Advisors Vehicle's Governing Documents and valuation policies. There is no actively traded market for most of the securities owned by the Capital Advisors Vehicles. Securities and all other assets for which no market prices are available will be valued at such value as Capital Advisors may reasonably determine. Valuations are generally subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of Capital Advisors. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Capital Advisors Vehicle's assets.

It is Capital Advisors's policy to determine the "fair value" of the Capital Advisors Vehicles in accordance with U.S. Generally Accepted Accounting Principles, particularly Accounting Standard Codification 820, Fair Value Measurements. When estimating fair value, Capital Advisors will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. With respect to the Capital Advisors Vehicles, the exercise of such discretion by Capital Advisors may give rise to conflicts of interest, as the performance allocation in certain Capital Advisors Vehicles is calculated based on these valuations and such valuations affect performance calculations.

### *Fee Structure*

Because there is a fixed investment period after which capital from investors in certain Capital Advisors Vehicles may only be drawn down in limited circumstances and because advisory fees are, at certain times during the life of those Capital Advisors Vehicles, based upon capital invested by the Capital Advisors Vehicles, this fee structure may create an incentive to deploy capital when Capital Advisors may not otherwise have done so.

### *Conflicts Relating to the General Partners, Capital Advisors and Certain Related Advisers*

Capital Advisors generally may, in its discretion, contract with any related person of Capital Advisors (including but not limited to a portfolio company of a Capital Advisors Vehicle or a family member of Capital Advisors Personnel) to perform services (including but not limited to brokerage services) for Capital Advisors in connection with its provision of services to the Capital Advisors Vehicles. When engaging a related person to provide such services, Capital Advisors may have a financial, personal or other business incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Capital Advisors generally may, in its discretion, recommend to a Capital Advisors Vehicle or to a portfolio company thereof that it contract for services or, in providing services to a Capital Advisors Vehicle, may directly engage with (i) a related person of Capital Advisors (including but not limited to a portfolio company of a Capital Advisors Vehicle) or (ii) an entity or person with which or whom Capital Advisors or a member of its personnel has a relationship or from which or whom Capital Advisors or a member of its personnel otherwise derives financial, personal or other benefit. When making such a recommendation, Capital Advisors or a member of its personnel may, because of their financial, personal or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

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

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

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

#### *Related Services*

As described in Item 5 above, Capital Advisors may perform Related Services for, and will receive fees or reimbursements from, actual or prospective portfolio companies or other investment vehicles of the Capital Advisors Vehicles. This creates a conflict of interest between Capital Advisors and the Capital Advisors Vehicles and their investors because the amounts of these fees and reimbursements may be substantial and the Capital Advisors Vehicles and their investors generally do not have an interest in these fees and reimbursements. Capital Advisors generally determines the amount of these fees for Related Services and reimbursements in their own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Capital Advisors Vehicles.

Capital Advisors will in some circumstances be obligated to reduce the amount of advisory fees paid by the applicable Capital Advisors Vehicle by an amount equal to all or a portion of such fees for Related Services. The specific amount and nature of this reduction varies among Capital Advisors Vehicles and is generally set forth in the Governing Documents of the applicable Capital Advisors Vehicle. Entities other than Capital Advisors Vehicles that participate in investments alongside the Capital Advisors Vehicles (such as entities through which Capital Advisors and certain employees and affiliates of Capital Advisors invest alongside the Capital Advisors Vehicles) may have a right to share in such fees, and advisory fees will generally not be reduced in connection with the receipt of such entities' share of such fees. As some Capital Advisors Vehicles do not pay advisory fees (*e.g.*, certain Co-Investment Vehicles), any such reduction will not benefit such Capital Advisors Vehicles. Furthermore, a Capital Advisors Vehicle will only benefit with respect to its allocable portion of any such fee.

Capital Advisors will provide the Capital Advisors Vehicles or their limited partners with information regarding the amounts of those fees if and to the extent required by the relevant Governing Documents. In addition, portfolio companies sometimes disclose these fees in materials such as debt offering memoranda.

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

#### *Diverse Membership*

The investors in the Capital Advisors Vehicles generally are expected to include U.S. taxable and tax exempt entities, and institutions from jurisdictions outside of the United States. Such investors may have conflicting investment, tax and other interests with respect to their investments in a Capital Advisors Vehicle. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by a Capital Advisors Vehicle, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by Capital Advisors, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Capital Advisors Vehicle, Capital Advisors generally considers the investment and tax objectives of the applicable Capital Advisors Vehicle as a whole, rather than the investment, tax or other objectives of any individual investor within that Capital Advisors Vehicle.

#### *Business with Portfolio Companies and Investors*

Given the collaborative nature of Capital Advisors's business and the portfolio companies in which some Capital Advisors Vehicles have invested, there are often situations in which Capital Advisors is in the position of recommending portfolio company services to other portfolio companies. Capital Advisors may have a conflict of interest in making such recommendations, in that Capital Advisors has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Capital Advisors Vehicles, while the products or services recommended may not be necessarily be the best available to the portfolio companies held by the Capital Advisors Vehicles or the most favorably priced.

Capital Advisors may, in its discretion, have, and may, in its discretion, cause the Capital Advisors Vehicles and/or certain of their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of Capital Advisors or a Related Adviser. The Capital Advisors Vehicles and/or their portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between Capital Advisors and the Capital Advisors Vehicles (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that Capital Advisors may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

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

Portfolio companies controlled by a Capital Advisors Vehicle may provide services to certain Capital Advisors Vehicle investors. Capital Advisors may have an incentive to cause the portfolio company to favor those investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Capital Advisors Vehicle.

Capital Advisors may engage in business opportunities arising from a Capital Advisors Vehicle's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company).

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

### *Other Potential Conflicts*

Capital Advisors Vehicles and the Related Funds will often engage common legal counsel and other advisers to represent all of the Capital Advisors Vehicles and/or the Related Funds in a particular transaction, including a transaction in which a Capital Advisors Vehicle, other Capital Advisors Vehicles or Related Funds have conflicting interests because they are investing in different securities of a single company. In the event of a significant dispute or divergence of interest between a Capital Advisors Vehicle, other Capital Advisors Vehicles or Related Funds, such as in a work-out or other distressed situation, separate representation may become desirable, in which case Capital Advisors and the other Related Advisers may hire separate counsel in their sole discretion, and in litigation and other circumstances, separate representation may be required. Law firms engaged to represent Capital Advisors Vehicles and Related Funds, partners in those firms or entities affiliated with those firms may be investors in such Capital Advisors Vehicle, other Capital Advisors Vehicles or Related Funds, and may also represent one or more portfolio companies or limited partners of such Capital Advisors Vehicle, other Capital Advisors Vehicles and/or Related Funds. Additionally, Capital Advisors and the Capital Advisors Vehicles may engage other common service providers. In such circumstances, there may be a conflict of interest between Capital Advisors and the Capital Advisors Vehicles in determining whether to engage such service providers, including the possibility that Capital Advisors may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Capital Advisors Vehicles.

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

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

payable disclosed in a Capital Advisors Vehicle's Governing Documents, generally will require approval of the Capital Advisors Vehicle's advisory committee. Affiliates of Capital Advisors or the general partner of a Capital Advisors Vehicle will benefit from these arrangements.

From time to time Capital Advisors may, in its discretion, enter into transactions with investors in one or more Capital Advisors Vehicles to dispose of all or a portion of certain investments held by one or more Capital Advisors Vehicles. In exercising its discretion to select the purchaser(s) of such investments, Capital Advisors may consider some or all of the factors listed above under "Allocation of Investment Opportunities, Fees and Expenses". The sales price for such transactions will be mutually agreed to by Capital Advisors and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by Capital Advisors. Although Capital Advisors is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable Capital Advisors Vehicle(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Capital Advisors Vehicle(s). Any such transactions will comply with the Governing Documents of the applicable Capital Advisors Vehicle(s).

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

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

Capital Advisors may serve on committees in proceedings under Chapter 11 of the Bankruptcy Code or prior to such filings, and this involvement, for which Capital Advisors may be compensated, may limit or preclude the flexibility that the Capital Advisors Vehicles may otherwise have to make investments.

If a Capital Advisors Vehicle purchases in the secondary market at a discount debt securities of a company in which a Capital Advisors Vehicle has, for example, a substantial equity interest, (a) a court might require a Capital Advisors Vehicle to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Capital Advisors Vehicle might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

The Governing Documents of certain Capital Advisors Vehicles generally permit the general partner of each such Capital Advisors Vehicle to cause such Capital Advisors Vehicle to distribute such general partner's share of securities resulting from an investment disposition by such Capital Advisors Vehicle to such general partner or its affiliates in kind, while disposing of limited partners' share of such securities and distributing the net cash proceeds of such sale of securities to the limited partners. This ability creates conflicts of interest between the general partner and the limited partners of the applicable Capital Advisors Vehicle, because the general partner may have an incentive to cause the Capital Advisors Vehicle to exit an investment at a time that may result in limited partners receiving a lesser return on such investment than would be the case if the general partner was prohibited from receiving its proceeds from investments in kind (or was otherwise required to receive its share of investment proceeds in the same form as limited partners).

The Governing Documents of certain Capital Advisors Vehicles generally permit each such Capital Advisors Vehicle's general partner to withhold information from certain limited partners or investors in such Capital Advisors Vehicle in certain circumstances. For instance, information may be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The general partner may elect to withhold certain information to such limited partners for reasons relating to the general partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Please see the discussion above under the sub-heading "*Resolution of Conflicts*" for a description of the means by which Capital Advisors and its related persons may seek to alleviate conflicts of interest among the Capital Advisors Vehicles or other persons.

## **ITEM 12 – BROKERAGE PRACTICES**

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

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

In selecting brokers or dealers, Capital Advisors generally will consider various factors, including: the reputation, experience and financial stability of the broker-dealer; the ability to maintain Capital Advisors's anonymity; the ability to provide competitive pricing; the size and timing of the transaction; the ability and willingness to commit capital and provide prompt and accurate execution and settlement; whether the broker-dealer makes a market in a security and/or finds sources of liquidity; the nature of the market for the security and the difficulty of execution; the broker-dealer's trading expertise, including its ability to minimize total trading costs and to

trade without unduly impacting the market; the belief that the broker-dealer charges a fair and reasonable fee for each trade, and that the Capital Advisors Vehicles have been treated fairly and honestly in prior trades; and the quality of execution, quality of the broker-dealer relationship, quality of service rendered by the broker-dealer in prior transactions, and quality of any proprietary research and investment ideas.

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

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

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

### ***Cross Transactions***

Generally, Capital Advisors does not effect cross transactions between Capital Advisors Vehicles (a “cross-fund transaction”); however, they may be effected in rare instances. Such cross-fund transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Capital Advisors Vehicle may not receive the best price otherwise possible, or Capital Advisors might have an incentive to improve the performance of one Capital Advisors Vehicle by selling underperforming assets to another Capital Advisors Vehicle in order, for example, to earn fees. Additionally, in connection with such transactions, Capital Advisors (i)

may have significant investments, or intentions to invest, in the Capital Advisors Vehicle that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). Capital Advisors may receive management or other fees in connection with their management of the relevant Capital Advisors Vehicles involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Capital Advisors Vehicles.

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

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

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

### ***Trade Aggregation***

In pursuing its investment objectives, Capital Advisors may cause Capital Advisors Vehicles to purchase and sell publicly-traded securities through brokers. If Capital Advisors has determined to sell or purchase a publicly-traded security at the same time for more than one Capital Advisors Vehicle, the Chief Compliance Officer shall ensure that combined orders for all Capital Advisors Vehicles are generally placed while assigning pre-order allocations. If an order for more than one Capital Advisors Vehicle cannot be fully executed, Capital Advisors may "bunch" buy or sell order for two or more Capital Advisors Vehicles into a single large order, and place the bunched order with a single broker or dealer for execution. In many instances, such "bunching" of orders can result in lower commissions, a more favorable net price or more efficient execution than if each Capital Advisors Vehicle's order were placed separately. There may, however, be instances in which order bunching results in a less favorable transaction than a particular Capital Advisors Vehicle would have obtained by trading separately. Similarly, when orders are not bunched, there may be circumstances when purchases or sales of portfolio securities for one or more Capital Advisors Vehicles will have an adverse effect on other Capital Advisors Vehicles. Capital Advisors is not obligated to place all transactions on a "bunched" basis. Capital Advisors generally will seek to avoid putting any Capital Advisors Vehicle at an advantage or disadvantage compared to other Capital Advisors Vehicles that are buying or selling the same security. Each Capital Advisors Vehicle participating in a "bunched" order generally will

participate at the same price as all other participants, and all transaction costs on the order will be allocated pro rata to all participating Capital Advisors Vehicles.

### **ITEM 13 – REVIEW OF ACCOUNTS**

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

The investment portfolios of the Funds are generally private, illiquid and long- or medium-term in nature; accordingly, Capital Advisors's review of them is not directed toward a short-term decision to dispose of securities. However, Capital Advisors closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies.

In addition, with respect to investments such as bank and other loans, financings, originations and related credit, fixed income and other instruments and claims, Capital Advisors and its affiliates' professionals continually review and analyze existing investment positions to attempt to identify issues early on and to take action when necessary. Capital Advisors and its affiliates' professionals meet periodically with members of Capital Advisors's investment review committee to update them on such portfolio positions and related matters.

#### ***Reporting***

Capital Advisors generally does not provide formal written reports to any Capital Advisors Vehicle unless specifically requested by the general partner of the vehicle. Capital Advisors generally reports to investors in a Capital Advisors Vehicle in accordance with the Governing Documents of the applicable Capital Advisors Vehicle.

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

For information regarding any economic benefits provided to Capital Advisors by non-clients, including a description of related conflicts of interest, please see "Other Financial Industry Activities and Affiliations" above. In addition, as discussed in Item 11, Capital Advisors and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies held by Capital Advisors Vehicles.

### **ITEM 15 – CUSTODY**

Not applicable.

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

Pursuant to the Advisory Services Agreement of each Fund and certain Co-Investment Vehicles, and subject to the direction and control of the general partner of such Fund or Co-Investment Vehicle, Capital Advisors generally performs the day-to-day investment operations of each such Fund and Co-Investment Vehicle in accordance with the terms and conditions of the Advisory Services Agreement and partnership agreement of such Fund or Co-Investment Vehicle.

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

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

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

It is the general policy of Capital Advisors to vote or to give consent on all matters presented to security holders in any proxy or similar request, and its policies and procedures have been designed with that in mind. However, Capital Advisors reserves the right to abstain on any particular vote or otherwise to withhold its vote or consent on any matter if, in the judgment of certain professionals within Capital Advisors and its affiliates, the costs associated with voting such proxy outweigh the benefits to the applicable Capital Advisors Vehicles or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the applicable Capital Advisors Vehicles.

Capital Advisors Vehicles generally cannot direct Capital Advisors's vote.

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

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

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

**ITEM 18 – FINANCIAL INFORMATION**

Not applicable.