

ArcLight Capital Partners, LLC

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Part 2A of Form ADV: Firm Brochure
March 27, 2013

This brochure provides information about the qualifications and business practices of ArcLight Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (617) 531-6300 / Compliance@arclightcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about ArcLight Capital Partners, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

There are no material changes to be reported.

Item 3. Table of Contents

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Item 4. Advisory Business

For purposes of this brochure, the “Adviser” or “ArcLight” means ArcLight Capital Partners, LLC, a Delaware limited liability company, as filing adviser; ArcLight Capital Holdings LLC, which serves as subadviser to certain Funds (as defined below), as relying adviser; together (where the context permits) with their affiliates that provide advisory services to and/or receive advisory fees from the Funds. Such affiliates may or may not be under common control with ArcLight Capital Partners, LLC, but possess a substantial identity of personnel and/or equity owners with ArcLight Capital Partners, LLC. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of the Funds (as defined below), or may serve as general partners of the Funds. The filing adviser and the relying adviser are filing a single Form ADV in reliance of guidance promulgated by the SEC’s staff on January 18, 2012 in a letter addressed to the American Bar Association, Business Law Section.

The Adviser provides investment supervisory services to investment vehicles (the “Main Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Adviser may also, from time to time, establish, on a transaction-by-transaction basis, certain investment vehicles through which certain persons may invest alongside one or more Main Funds in a particular investment opportunity (each such vehicle, a “Co-Investment Vehicle”). Co-Investment Vehicles are typically limited to investing in securities relating to the transaction with respect to which they were organized, and will generally exit their investments in a particular investment opportunity at substantially the same time and on substantially the same terms as the applicable Main Fund(s) that are also invested in that investment opportunity.

Additionally, the Adviser may also organize and serve as general partner (or in an analogous capacity) to certain other “feeder” vehicles (each such vehicle, a “Feeder Vehicle”) organized to invest exclusively in a Main Fund.

The Main Funds, Co-Investment Vehicles and Feeder Vehicles are collectively referred to as the “Funds.”

The Funds make primarily long-term private equity and equity-related investments, as well as investments in debt instruments. In accordance with the Funds’ respective investment objectives, investments are generally made in North American energy-related assets and companies. The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. The Adviser may serve as the investment adviser or general partner to the Funds in order to provide such services.

The Adviser provides investment supervisory services to each Fund in accordance with separate investment and advisory, investment management or portfolio management agreements (each, an “Advisory Agreement”), offering documents, limited partnership agreement (or analogous organizational document) or side letters with the Fund’s investors (such side letters, together

with the limited partnership agreement (or analogous organizational document), the “Governing Documents”) of such Fund.

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreement, Governing Documents and offering documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents or offering documents of the applicable Fund.

The indirect principal beneficial owners of ArcLight Capital Partners, LLC are Daniel R. Revers and Robb E. Turner. The Adviser has been in business since 2001. As of December 31, 2012, the Adviser manages a total of \$6,872,800,000 of client assets, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

As compensation for investment supervisory services rendered to the Funds, the Adviser receives from each such Fund, directly or indirectly, an advisory fee (each, an “Advisory Fee”). Advisory Fees paid by a Main Fund are indirectly borne by investors in such Main Fund, including any Funds that invest in such Main Fund (such as Feeder Vehicles).

In addition, the Adviser may perform management, advisory, transaction-related, financial advisory and other services (“Related Services”) for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions. These fees may be substantial. Although these fees are in addition to the Advisory Fees, the Adviser will in some circumstances reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the Advisory Agreement and/or Governing Documents of the applicable Fund. As some Funds might not pay Advisory Fees, any such reduction will not benefit such Funds. Additionally, a portfolio company or, in the case of a prospective portfolio company, a Fund, may reimburse the Adviser for expenses (including without limitation travel expenses, which may include expenses for chartered or first class travel) incurred by the Adviser in connection with its performance of services for, or diligence with respect to, such portfolio company, and such reimbursements are not subject to the sharing 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.

The Adviser and its affiliates also engage and retain senior advisors, advisers, consultants, and other similar professionals who are not employees or affiliates of the Adviser and who may, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, such amounts will not be deemed paid to or received by the Adviser and its affiliates and such amounts will not be subject to the sharing arrangements described above.

The Advisory Fee for a Main Fund is generally based on either (i) capital subscriptions and/or (ii) the lower of (a) the market value of investments or (b) capital contributed to the Main Fund that has not been returned or written off. The Advisory Fee relating to a Co-Investment Vehicle varies for each investor in a Co-Investment Vehicle. The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser, as modified by negotiations with investors in the applicable Fund, and are set forth in such Fund’s Advisory Agreement and/or Governing Documents. The Advisory Fees and other fees and distributions described above are generally subject to waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors. The fee structures described above may be modified from time to time. Fees may differ from one Fund to another, as well as among investors in the same Fund, subject to any applicable contractual “most favored nation” rights.

Advisory Fees are typically paid by the Main Funds to the Adviser semi-annually in advance, no earlier than March 5 (with respect to the period from March 1 through August 31) and September 5 (with respect to the period from September 1 through February 28) of each year, and each Fund allocates the fees to the accounts of the investors in those Funds. The Adviser generally causes

management fees to be deducted from the assets of the Funds.

Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid are generally returned on a prorated basis.

The Advisory Fees paid by a Main Fund will generally be reduced by fees incurred by the Adviser in connection with the organization of such Main Fund that exceed the limit specified in such Main Fund's Governing Documents. In addition, the Adviser may waive or reduce all or a portion of the Advisory Fee paid by a Main Fund, and require investors to contribute an amount equal to such waived fees, in full or partial satisfaction of any obligation of the Adviser and certain employees of the Adviser to invest in such Main Fund.

To the extent provided in the Advisory Agreements and Governing Documents of the Main Funds, the Adviser will pay out of Advisory Fees certain operating expenses, including expenses on account of rent, utilities, office supplies, office equipment and compensation and expense's of the Adviser's members, managers, officers, and employees and other normal operating expenses that relate to the services provided by the Adviser to the Main Funds (other than Carried Interest described in Item 6 below), including any fees payable to any applicable sub-advisers. Consistent with the Funds' Governing Documents, each Main Fund will bear all other reasonable expenses relating to it to the extent not borne by its portfolio companies, including legal, accounting, audit, investment banking, consulting, research, due diligence, tax preparation, filing, custody, transfer, registration, brokerage, finders' fees, advisory board, directors' and officers' insurance, interest, taxes and extraordinary expenses (such as reasonable litigation expenses), indemnification liabilities, taxes, interest and related charges with respect to indebtedness, amounts paid to the Adviser pursuant to the Advisory Agreement or Governing Documents of the applicable Main Fund, insurance premiums, such Main Fund's allocable share of expenses and fees generated in the course of evaluating potential investments, including investments which are not consummated, such Main Fund's allocable share of expenses and fees incurred in the course of making investments and other similar fees and expenses. The Funds may bear part or all of the expenses and fees that arise in the course of the Adviser's evaluation of investments that ultimately are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals.

Additionally, please see Item 6 below regarding "Carried Interest" that the Funds may pay.

Although the Adviser does not generally use the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

The payment by some, but not all, Funds of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) may create an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Carried Interest or Funds paying Carried Interest at a higher rate, or allocate investment opportunities to such Funds.

Generally, and except as may be otherwise set forth in the Governing Documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth investment allocation requirements. Please also see Item 12 below regarding trade aggregation, as well as Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

Item 7. Types of Clients

The Adviser currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the general partner of each such Fund, if applicable) and not individually to investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other entities.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments may be established for investors in the Funds. The general partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the offering documents of such Fund.

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

Methods of Analysis and Investment Strategies

Investment Approach

ArcLight's investment approach is to seek to invest equity capital primarily in high quality assets within the energy industry (the "Energy Industry"). Critical components of this strategy include:

Exploiting Emerging Trends and Segments. ArcLight aims to identify and capitalize on Energy Industry trends and opportunities. ArcLight believes that the key to identifying, analyzing, and structuring investments in the Energy Industry is specialized, in-depth asset-level knowledge.

Leveraging Energy Industry Relationships. ArcLight has developed Energy Industry relationships to provide access to senior corporate management teams and Energy Industry entrepreneurs at the formative stages of their decision-making process.

Partnering with Experienced Teams and Operators. ArcLight seeks to partner with companies and management teams that have complementary technical, operational, and risk management skills. ArcLight relies on its partners to run the day-to-day operations of its portfolio, executing the operational aspects of its investment strategy. Rather than contract for this expertise, ArcLight often works with partners that invest alongside it, to encourage alignment of interests.

Developing Innovative Investment Structures. ArcLight strives to be flexible and creative in developing investment structures that seek to balance the competing requirements and objectives of the diverse parties frequently involved in each transaction.

Pursuing and Executing Multiple Exit Options. Energy Industry investments often have a variety of exit alternatives, many of which are unique to the asset class. ArcLight identifies exit options for each investment, and then monitors and manages the investment to facilitate one or more of these options.

Investment Process

Origination. ArcLight's network of industry relationships include senior management, entrepreneurs, investment and commercial bankers and lawyers, consultants, and other service providers. These relationships have been developed over the past decade by completing hundreds of transactions in the Energy Industry in either a principal or advisory role.

Due Diligence. The due diligence process includes financial, legal, technical, and operational reviews led by the ArcLight investment team and is augmented by the review of our partners and a large network of outside specialists.

Portfolio Management. ArcLight monitors and manages its investments with a portfolio management team supplemented with ongoing participation from the deal origination teams. Both groups work together during the acquisition phase to identify areas for upside as well as potential risks.

Exit Strategy. Multiple exit strategies are analyzed and investments are closely monitored to take advantage of liquidity opportunities as they become available.

The methods of analysis and investment strategies described above may vary between Funds and are subject to the more comprehensive descriptions contained in, among other places, the offering documents of each Fund.

Risks

Investing in securities involves a substantial degree of risk. A Fund may lose all or a substantial portion of its investments, and investors in the Funds must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include the following:

Financial Market Fluctuations. There is no assurance that the financial markets will continue to provide current valuation levels to companies in the energy industry. General fluctuations in the market prices of securities and economic conditions generally, particularly of the type experienced since 2008, may affect a Fund's ability to make investments and the value of the investments held by a Fund. Instability in the securities markets and economic conditions generally may also increase the risks inherent in a Fund's investments. While current market conditions may create opportunities for a Fund to make investments at prices that the Adviser believes are attractive, it creates a number of risks. There is no assurance that U.S. and global economic conditions will not continue to worsen over the life of a Fund. There is no assurance that recent declines in market liquidity and increases in market volatility will not persist for the foreseeable future, or that they will not increase in severity. A Fund may be adversely affected to the extent that it seeks to dispose of any of its portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of an investment at a price that the Adviser believes reflects the investment's fair value. The duration and ultimate effect of current market conditions cannot be predicted. 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.

Long-Term Nature of Portfolio Investments. There may be a significant period of time before the Fund has completed its investment program. Investments may take several years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Losses on unsuccessful investments may be realized before gains on successful investments are realized. Although investments may generate current income, the return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment.

Highly Competitive Market for Investments. The business of identifying and structuring transactions in the energy industry is highly competitive. The Funds will be competing for investments with other funds and institutional investors. Such competition may adversely affect the terms upon which investment can be made. Further, as competition for investment opportunities increase, the number of opportunities for appropriate investments may decrease. Therefore, there can be no assurance that a Fund will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve any particular rate of return, or fully invest its committed capital.

Lack of Diversification. The Funds will concentrate their investments in equity and equity-like securities, together with certain types of debt securities, of companies in the energy industry and related subclasses of assets, and will not be broadly diversified. The energy industry is currently undergoing substantial change as a result of regulatory initiatives at both the federal and state level. As a result, government regulation affecting these companies – as well as other specific risks to the energy industry – will affect the value of a Fund’s portfolio more than they would likely affect a portfolio that was not similarly concentrated. The Funds may, therefore, be subject to greater risk of loss than more broadly diversified funds.

Lack of Control. The Funds’ investments may represent minority positions in portfolio companies, without power individually to exert significant control over such portfolio companies’ boards of directors and management. In such cases, a Fund will rely significantly on the existing management and boards of directors of such companies, which may include representatives of other investors with whom such Fund is not affiliated and whose interests or views may conflict with the interest of such Fund.

Riskiness of Investments. The securities in which the Funds will invest will generally be among the most junior in a portfolio company’s capital structure and thus subject to a greater risk of loss.

Project Risks. The Funds may invest in a number of projects. Such investments expose the Funds to numerous risks, usually without recourse to the general credit of a project sponsor, including without limitation construction, environmental, regulatory, permitting, commissioning, start-up, operating, economic, commercial, political and financial risks. The Funds may also invest in early developmental stage projects, involving risks of failure to obtain or substantial delays in obtaining: (i) regulatory, environmental or other approvals or permits; (ii) financing; and (iii) suitable equipment supply, operating and off take contracts. Further, there is no assurance that these projects will be profitable or generate cash flow sufficient to service their debt or provide a return on or recovery of amounts invested therein.

Construction Risk. The Funds’ investments may involve significant construction risk, including the risk of substantial delay or increase in cost due to a number of unforeseen factors: political opposition; regulatory and permitting delays; delays in procuring sites; strikes; disputes; environmental issues; force majeure; or failure by one or more of the infrastructure investment participants to perform in a timely manner their contractual, financial or other commitments. A material delay or increase in unabsorbed cost could significantly impair the financial viability of

an infrastructure investment project and result in a material adverse effect on a Fund's investment.

Permitting or Approval Risk. The Funds' investment projects may be subject to statutory and regulatory requirements, including those imposed by zoning, environmental, safety, labor and other regulatory or political authorities. Failure to obtain or a delay in obtaining relevant permits or approvals could hinder construction or operation and could result in fines or additional costs for the project entity, which could have a material adverse effect on a Fund's investment projects.

Changes in Regulatory Schemes. The energy industry is highly regulated. The adoption of new laws or regulations, or changes in the interpretation of existing laws or regulations, could have a material adverse effect on portfolio companies and thus on a Fund's ability to meet its investment objectives. Such changes could necessitate the creation of new business models and the restructuring of investments in order to meet regulatory requirements, which may be costly and/or time-consuming.

Technical Risk. Investments in the energy industry may be subject to technical risks, including the risk of mechanical breakdown, spare parts shortages, failure to perform according to design specifications and other unanticipated events which adversely affect operations. While a Fund will seek energy industry investments in which creditworthy and appropriately bonded and insured third parties bear much of these risks, there can be no assurance that any or all such risk can be mitigated or that such parties, if present, will perform their obligations.

Catastrophic and Force Majeure Events. Energy industry investments may be adversely affected by catastrophic and other force majeure events, both in the construction, technical and operational phases, such as fires, earthquakes, adverse weather conditions, changes in law, eminent domain and similar risks.

Co-Investment Risk. The Funds may invest alongside strategic, financial or other third party co-investors. A Fund's ability to achieve certain co-investment objectives assumes that the Fund will be able to negotiate and execute mutually acceptable terms and conditions in respect thereof. Such investments will involve additional risks which may not be present in investments which do not involve a co-investor, including the risk that a co-investor or co-investors may have interests contrary to a Fund's investment objective or may default on their obligations.

Foreign Securities and Currencies. Investments in foreign securities entail certain risks in addition to the risks of investing in U.S. equities. Nationalization or expropriation of assets, confiscatory taxation, political or financial instability, or adverse diplomatic developments could adversely affect the value of a Fund's investments in certain foreign securities. As foreign securities normally are denominated and traded in foreign currencies, the value of a Fund's foreign assets may be affected favorably or unfavorably by currency exchange rates, currency exchange control regulations, foreign withholding taxes and restrictions or prohibitions on the repatriation of foreign currencies. There may be less information publicly available concerning foreign issuers than about U.S. issuers and foreign issuers are not generally subject to accounting, auditing and financial reporting standards and practices comparable to those in the

United States. The securities of some foreign issuers are less liquid and at times more volatile than securities of comparable U.S. issuers. Foreign brokerage commissions and other fees are also generally higher than in the United States. Foreign settlement procedures and trade regulations involve risks (such as delay in payment or delivery of securities or in the recovery of a Fund's assets held abroad) and expenses not present in the settlement of domestic investments. In addition, legal remedies available to investors in certain foreign countries are more limited than those available to investors in the United States or in other foreign countries. If a Fund purchases securities denominated in foreign currencies, a change in the value of any such currency against the U.S. dollar will result in a change in the U.S. dollar value of the Fund's assets. Officials in foreign countries may from time to time take actions in respect of their currencies that could significantly affect the value of a Fund's assets denominated in those currencies or the liquidity of such investments. For example, a foreign government may unilaterally devalue its currency against other currencies, which would typically have the effect of reducing the U.S. dollar value of investments denominated in that currency. A foreign government may also limit the convertibility or repatriation of its currency or assets denominated in that currency. A Fund may, but is not required to, buy or sell foreign currencies and options and futures contracts on foreign currencies for hedging purposes in connection with its foreign investments.

Derivatives. The Funds may invest some of their assets in, or otherwise make use of, derivative instruments such as swaps. Derivatives involve significant transaction costs and are subject to a number of risks, such as interest rate risk, market risk and credit risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate with the underlying asset, rate, or index. Derivatives may be highly illiquid. Due to risks associated with derivatives, including without limitation, interest rate fluctuation, market instability, credit mispricing or improper valuation, a Fund could lose more than the principal amount invested in any derivative transaction and, thereby, suffer a material adverse effect.

Item 9. Disciplinary Information

Item 9 is not applicable to the Adviser.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

Various limited liabilities companies serve as general partners of the Funds. The general partners and the Adviser are under common control. For a description of material conflicts of interest created by the relationship among the Adviser and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

For a discussion of material conflicts of interest created by the investment activities of the Adviser and its related entities, please see Item 11 below.

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

Code of Ethics

The Adviser has adopted a written Code of Ethics that is applicable to all of its partners, officers, directors (or other persons occupying a similar status or performing similar functions) and employees, as well as certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the “Advisers Act”), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser 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 Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser’s Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Thomas G. Kilgore, Chief Compliance Officer, (617) 531-6300 / compliance@arclightcapital.com.

Participation or Interest in Client Transactions

Certain employees and affiliates of the Adviser may invest in the Funds, either through the Funds general partners, as direct investors in the Funds or otherwise. A Fund or its general partner, as applicable, may reduce all or a portion of the Advisory Fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Conflicts of Interest

The Adviser 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, and providing transaction-related, investment advisory, management and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of a Fund may conflict with the interests of the Adviser, other Funds or their respective affiliates. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

Due in part to the fact that potential investors in a Fund may ask different questions and request different information, the Adviser may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

Resolution of Conflicts

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made subject to the relevant Governing Documents and using the Adviser's best judgment, but in its sole discretion. In resolving conflicts, the Adviser may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless the Adviser believes that such investment is consistent with the Fund's investment objectives, strategy and structure;
- Generally, each Main Fund has established an advisory committee (each a "Board of Advisors"), consisting of representatives of investors not affiliated with the Adviser. The Boards of Advisors meet at least annually or more frequently as required to consult with the Adviser as to certain potential conflicts of interest;
- Where the Adviser deems appropriate, unaffiliated third parties 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; and
- Prior to subscribing for interests in a Main Fund or Feeder Vehicle, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

Material Conflicts

The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Fund. Other conflicts may be disclosed in the Governing Documents, the offering documents and throughout this brochure and the brochure should be read in its entirety for other conflicts.

Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities and Fees and Expenses

In connection with its investment activities, the Adviser may encounter situations in which it must determine how to allocate investment opportunities among various clients and other persons, which may include, but are not limited to, the following:

- The Funds;

- Fund 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 Funds in particular transactions entered into by such Fund(s); and
- Fund investors and/or third parties acting as “co-sponsors” with the Adviser with respect to a particular transaction.

In recognition of its fiduciary duties, it is the policy of the Adviser to treat its clients fairly and equitably in the allocation of investment opportunities and transactions more generally. The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities, and will make allocation determinations consistently therewith.

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”). Investment Allocation Requirements may be set forth in the Funds Governing Documents. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the process set forth below.

The Adviser must first determine which Funds will participate in an investment opportunity. The Adviser assesses whether an investment opportunity is appropriate for a particular Fund(s), based on, among other things, the Fund’s investment objectives, diversification requirements, strategies and structure, together with various investment restrictions negotiated with the Fund’s investors as detailed in the Fund’s Governing Documents and offering documents. A Fund’s investment objectives, strategies and structure, together with its investment restrictions, typically are reflected in the Fund’s Governing Documents and/or offering documents. Prior to making any allocation to a Fund of an investment opportunity, the Adviser determines what additional factors may restrict or limit the offering of an investment opportunity to the Fund(s). Possible restrictions include, but are not limited to:

- **Obligation to Offer:** the Adviser may be required to offer an investment opportunity to one or more Funds. This obligation to offer appropriate investment opportunities may be set forth in a Fund’s Governing Documents.
- **Related Investments:** the Adviser may offer an investment opportunity related to an investment previously made by a Fund(s) to such Fund(s) to the exclusion of, or resulting in a limited offering to, other Funds.
- **Legal and Regulatory Exclusions:** the Adviser may determine that certain Funds or investors in such Funds should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.
- **Other restrictions:** Other restrictions may result in a determination that the Fund should not participate in an investment opportunity, including its size, nature or stage of the business, or geographic location.

Once the Funds that will participate in a particular investment have been identified, the Adviser, in its discretion, allocates such investment opportunity among the identified Funds based on

various criteria, including unreserved and uncalled capital, or as specified in a Fund's Governing Documents. In making this determination, the Adviser may consider some or all of a wide range of factors, which may include, but are not necessarily limited to, the following:

- Each Fund's investment objectives and investment focus;
- Transaction sourcing;
- Each Fund's liquidity and reserves;
- Each Fund's investment diversification requirements;
- Lender covenants and other limitations;
- Amount of capital available for investment by each Fund as well as each Fund's projected future capacity for investment;
- Each Fund's targeted rate of return;
- Stage of development of the prospective portfolio company or other investment;
- Composition of each Fund's portfolio;
- The suitability as a follow-on investment for a current portfolio company of a Fund;
- The availability of other suitable investments for each Fund;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable Governing Documents of each Fund.

Subject to any Investment Allocation Requirements, in general, (i) no investor in a Fund 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 the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities may, and typically will, be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons, and (iv) certain persons other than investors in the Funds (e.g., third parties) may be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons.

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to the Adviser and/or the Funds or management teams of the

applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interest of the applicable Fund), and any such excess may be offered to one or more 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 allocate co-investment opportunities with respect to a particular investment among the Funds and other potential co-investors, the Adviser may consider some or all of a wide range of factors, which may include, but are not limited to, the following:

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- Any confidentiality concerns the Adviser 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 potential co-investment party to evaluate the investment opportunity;
- The Adviser's perception of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser;
- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party 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;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity); and
- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, Fund investors and third parties, 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 the Adviser will determine how to allocate investment opportunities using its best judgment, considering such

factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund'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 the Adviser may be subject, discussed herein, did not exist.

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Governing Documents, the Adviser may consider the factors listed above in exercising such discretion. Subject to any restrictions in the Governing Documents of the applicable Fund, the Adviser or its related persons may be asked to identify a limited number of Fund investors or third parties to potentially acquire the interest being transferred.

The appropriate allocation between Funds, Fund investors and third parties of expenses and fees generated in the course of evaluating and making investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser in its good faith discretion, consistent with the Governing Documents of the Funds, as applicable. There may be occasions when one Fund (the "Payor Fund") pays an expense common to multiple funds (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 exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser may have an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit.

In addition, principal executive officers and other personnel of the Adviser invest indirectly in, and may be permitted to invest directly in, Funds and may therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund. 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 Fund.

The Adviser will allocate fees and expenses incurred in connection with the offering and management of a Fund between the Adviser and the Fund in accordance with the Fund's Governing Documents or to the extent not addressed in such Governing Documents in its sole discretion, in each case using good faith and its best judgment.

The Adviser will allocate fees and expenses related to investment opportunities to be borne by the Funds in accordance with the Fund's Governing Documents or to the extent not addressed in such Governing Documents in its sole discretion, in each case using good faith and its best judgment. In making such allocations, the Adviser shall consider relevant factors, including but not limited to:

- Each Fund's pro rata expected participation in an investment opportunity, subject to any applicable Fund restrictions.

- Expected allocations will be reviewed as information regarding expected participation in the investment opportunity changes.
- Once the participating Fund(s) have been identified and a final allocation has been determined, the Adviser amends all previously recorded expenses and fees to reflect the Funds' actual participation in an investment opportunity.

Conflicts Related to Co-Investments by Funds

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Investment opportunities may be appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. 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 may raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company. Certain clients of the Adviser and its affiliates may invest in bank debt and securities of companies in which other clients hold securities, including equity securities. In the event that such investments are made by a Fund, the interests of such Fund may be in conflict with the interest of such other Fund, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided each Fund will supply such additional capital in such amounts, if any, as determined by the Adviser. In addition, a conflict may arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one client of the Adviser in a portfolio company may also raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser. Employees and related persons of the Adviser and its affiliates have made or may make capital investments in or alongside certain Funds, and therefore may have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

From time to time the Adviser may, in its discretion, enter into transactions with investors in one or more Funds to dispose of all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, the Adviser may consider some or all of the factors listed above under "Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities and Fees and Expenses." The sales

price for such transactions will be mutually agreed to by the Adviser and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Adviser. Although the Adviser 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 Fund(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 Fund(s). Any such transactions will comply with the organizational documents of the applicable Fund(s).

Cross-Transactions

In certain cases, the Adviser may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the 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 investment). The Adviser and its affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds. The Funds may also pool their assets in order to create a portfolio to use in a collective financing vehicle. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Funds. To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser will be responsible for (i) considering its respective duties to each Fund, (ii) determining whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtaining any required approvals of the transaction's terms and conditions, which may include approval of the relevant Fund's Board of Advisers. The Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and the Adviser will not effect any such transaction for any Fund where the Adviser may be deemed to own more than 25% of the Fund, unless such transaction complies with the requirements of the Adviser's principal transactions policy, as described below.

Principal Transactions

Section 206 under 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. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a 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 the Adviser's management of the Funds, the Adviser and its affiliates may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act

as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the Governing Documents or offering documents of the Funds generally contain additional restrictions on the ability of the Funds or the Adviser to engage in principal transactions.

Management of the Funds

The Adviser manages a number of Funds that may have investment objectives similar to each other. The Adviser may in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See “*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities and Fees and Expenses*” above. In addition, it is expected that employees of the Adviser responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Adviser, including Funds that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

The Funds may enter into borrowing arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds may be held responsible for the defaulted amount. The Funds will only enter into such joint and several borrowing arrangement when the Adviser determines it is in the best interests of the Funds.

Follow-on Investments

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund may participate in leveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest may arise, 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.

Conflicts Relating to Transactions with Affiliates

The Adviser generally may, in its discretion, and subject to requisite approvals, recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Adviser or a related person of the Adviser (including but not limited to a portfolio company of a Fund) or (ii) an entity or individual with which the Adviser, its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, the Adviser may, because of its financial or other business interest, have an incentive to recommend the related entity or other person even if

another entity or person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund and/or its portfolio companies, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Fee Structure

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

Additionally, as discussed above in Item 6, the general partners of the Funds (except for the Feeder Vehicles) are entitled to Carried Interest under the terms of the Governing Documents of such Funds. The existence of the general partners' Carried Interest may create an incentive for the general partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

Related Services

As described in Item 5 above, the Adviser and its affiliates may perform Related Services for, and will receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds. Such fees will be in addition to any Advisory Fees or Carried Interest paid by the Funds to the Adviser. Consistent with the Funds' Governing Documents, the Adviser may incur expenses, and a portfolio company may reimburse the Adviser for expenses (including without limitation travel expenses, which may include expenses for chartered or first class travel) incurred by the Adviser in connection with its performance of services for such portfolio company. This creates a conflict of interest between the Adviser and its affiliates and the Funds and their investors because the amounts of these fees and reimbursements may be substantial and the Funds and their investors generally do not have an interest in these fees and reimbursements. The Adviser determines the amount of these fees for Related Services and reimbursements in its 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 Funds. The Adviser and its affiliates will in some circumstances reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of the applicable Fund's share of such fees. The amount and nature of this reduction varies from Fund to Fund and is set forth in the Advisory Agreement and/or Governing Documents of the applicable Fund. Entities other than Funds that participate in investments alongside the Funds (such as entities through which the Adviser and its affiliates and certain employees of the Adviser invest alongside the Funds) 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.

Diverse Investor Base with Conflicting Interests

The investors in the Funds 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 Fund. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments.

Business with Portfolio Companies and Investors

Given the collaborative nature of the Adviser's business and the portfolio companies in which the Funds have invested, situations may arise where the Adviser is in the position to recommend portfolio company services to other portfolio companies. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds.

The Adviser may have an incentive to recommend the products or services of certain investors in the Funds, certain third parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

Portfolio companies controlled by a Fund may provide services to certain Fund investors or other portfolio companies. The Adviser 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 Fund.

The Adviser and/or its affiliates may engage in business opportunities arising from a Fund'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).

The Adviser has service providers, including for example, investment bankers, outside legal counsel and pension consultants, who are investors in Funds and/or who provide services to businesses that are competitors of the Adviser. The Adviser may have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services that are beneficial to the Adviser. There is a possibility that the Adviser, 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.

The members of a Main Fund's Board of Advisors are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Fund. The general partner of a Fund may from time to time utilize the services of investors and their affiliates on an arm's

length basis, as it deems appropriate.

Positions with Portfolio Companies

Employees of the Adviser may serve as directors of portfolio companies. In addition, employees of the Adviser may leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio company. Employees are prohibited from receiving consulting, management or other fees personally from portfolio companies.

Side Letter Agreements

The Adviser may enter into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different transfer rights, disclosure obligations, requirements to safeguard confidential information, and broker's and finder's fees. These side letter arrangements are often subject to contractual "most favored nation" protections in a Fund's partnership agreement.

Other Potential Conflicts

The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser and the Funds may engage other common service providers. In such circumstances, there may be a conflict of interest between the Adviser and the Funds in determining whether to engage such service providers, including the possibility that the Adviser 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 Funds.

The Adviser may, in its discretion, have, and may, in its discretion, cause the Funds and/or their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser, as disclosed in the Fund's Governing Documents. The Funds 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 the Adviser and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser 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.

If a Fund purchases in the secondary market at a discount debt securities of a company in which a Fund has, for example, a substantial equity interest, (a) a court might require a Fund 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 Fund 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 Funds permit each such Fund's general partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, confidential or sensitive 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 overall business strategy, despite the potential benefits to such limited partners of receiving such information.

To the extent permitted by law and each Fund's Governing Documents, the Funds indemnify (including the advancement of expenses) each Fund's Adviser and their respective officers, directors, employees, agents, stockholders, members, partners and other affiliates, and the members of the Funds' Boards of Advisors (or the Limited Partner that any such member represents).

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

Item 12. Brokerage Practices

As Funds invest primarily in private equity ventures, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, etc.). However, to meet its fiduciary duties to the Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

Selection of Brokers and Dealers

For each of the Funds, the Adviser has, subject to the direction of such Fund's general partner, if applicable, 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. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek "best execution" of the transaction except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services (as discussed below). "Best execution" means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser's Chief Compliance Officer takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser may consider the use of Electronic Communications Networks ("ECNs") when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, the Adviser's Chief Compliance Officer will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

To the extent consistent with achieving best execution, the Adviser may also consider other business a particular broker or dealer may have done with the Adviser, such as identifying investment opportunities, performing investment banking services and providing services to the Adviser's principals. The Adviser may "pay up" (e.g., pay a higher commission to execute a trade than the lowest available negotiated commission) using a portion of a broker-dealer's brokerage commission (i.e., soft dollars) for brokerage and research services in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended. A broker-dealer providing such brokerage and research services may receive a commission that is in excess of the amount of commission another broker-dealer would have received for effecting that transaction provided

the Adviser determines in good faith that such commission was reasonable in relation to the value of the research and brokerage services provided by the broker-dealer. Any such research service may be broadly useful and of value to the Adviser in rendering investment advice to all or a significant portion of the Funds, or may be relevant and useful for the management of one or only a few Funds' accounts, regardless of whether such account or accounts paid commissions to the broker-dealer through which the research service was provided. The Adviser will only make securities transactions that it in good faith believes are in the best interest of the Fund. A conflict of interest exists when a broker-dealer provides such research services, however, as the Adviser will have an incentive to favor such broker-dealer over others that may charge lower commissions.

Aggregation of Trades

The Adviser and its affiliates may aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions can enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The Adviser and its affiliates may combine orders on behalf of Funds with orders for other Funds for which it or its affiliates have trading authority, or in which it or its affiliation have an economic interest. In such cases, the Adviser and its affiliates generally aggregates trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction.

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon the Adviser's procedures for allocation of investment opportunities, as described in Item 11 above.

Item 13. Review of Accounts

Oversight and Monitoring

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team of investment professionals on an on-going basis. The team generally includes Managing Directors and other investment professionals of the Adviser.

Reporting

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund as soon as practicable after March 15 of each year, as well as quarterly performance reports within 45 days after each fiscal quarter end. The Adviser and the applicable general partner, if any, may from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

Item 14. Client Referrals and Other Compensation

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, the Adviser and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies of Funds.

While not a client solicitation arrangement, the Adviser may from time to time engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons, who are registered as broker-dealers, generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. Advisory Fees received by the Adviser are generally reduced by the amount of such fees.

Item 15. Custody

Item 15 is not applicable to the Adviser.

Item 16. Investment Discretion

Investment advice is provided directly to the Funds, subject to the direction and control of the general partner of each Fund, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements, Governing Documents and offering documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents or offering documents of the applicable Fund.

Co-Investment Vehicles are generally established in order to invest alongside one or more Main Funds in a particular investment opportunity or opportunities, and the Adviser typically has limited discretion to invest the assets of the Co-Investment Vehicles independent of the limitations as set forth in the Governing Documents of the Co-Investment Vehicle and applicable Main Fund.

The assets of a Feeder Vehicle are invested in a Main Fund.

Item 17. Voting Client Securities

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund’s holdings, taking into account the relevant Fund’s investment horizon, the contractual obligations under the relevant Advisory Agreements or Governing Documents, and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser’s general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Adviser’s General Counsel or the relevant Adviser investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds.

Funds generally cannot direct the Adviser’s Vote.

All Voting decisions initially are referred to the Adviser’s General Counsel or appropriate investment professional for a voting decision. In most cases, the Adviser’s General Counsel or investment professional covering the particular investment will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she may rely on any of the information and/or research available to him or her. If the investment professional is making the Voting decision, the investment professional will inform the General Counsel of any such Voting decision, and if the General Counsel does not object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If the investment professional and the General Counsel are unable to arrive at an agreement as to how to vote, then the General Counsel may consult with the Adviser’s Investment Committee as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Funds’ holdings.

The Adviser’s General Counsel has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All Voting decisions will require a mandatory conflicts of interest review by the Adviser’s CCO in accordance with these policies and procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote and/or the Adviser’s affiliates and their clients has an interest in how the Vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The Adviser’s General Counsel will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Where the Adviser's General Counsel deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Adviser's General Counsel shall have the power to retain independent fiduciaries, consultants, or professionals to assist with Voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Thomas G. Kilgore, Chief Compliance Officer, (617) 531-6300 / compliance@arclightcapital.com.

Item 18. Financial Information

Item 18 is not applicable to the Adviser.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to the Adviser.