

Francisco Partners Management, L.P.

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This brochure provides information about the qualifications and business practices of Francisco Partners Management, LP (“FP” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at 415-418-2900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about FP 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

Francisco Partners Management, L.P. filed its most recent Form ADV Part 2 on April 1, 2013. This annual amendment updates the description of certain business practices of Francisco Partners Management, L.P. and its affiliates.

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Item 4. Advisory Business

Francisco Partners Management, LP (“**FP**” or the “**Firm**”), a registered investment adviser, provides investment advisory services to U.S. and non-U.S. pooled investment vehicles (“**Funds**” or the “**FP Funds**”)¹ that are exempt from registration under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The Funds’ securities are not registered under the Securities Act of 1933, as amended (the “**Securities Act**”), and are privately placed to qualified investors in the United States and elsewhere. FP provides discretionary investment management services through affiliated general partners of the Funds (the “**General Partners**”). Each General Partner operates as a single advisory business with FP and is deemed registered under the Advisers Act, in accordance with SEC guidance, pursuant to FP’s registration.

The primary focus of FP’s investment advisory activity is researching and advising on private equity investments, including buyouts, divisional divestitures, recapitalizations, restructurings and growth equity in middle market technology companies. Such investments often take the form of privately negotiated investment instruments including unregistered equity from both U.S. and non-U.S. issuers. Although the primary focus of each FP Fund is on middle market technology private equity investments, FP may from time to time recommend other types of investments consistent with the respective FP Fund’s investment strategy and objectives, as described in the applicable private placement memorandum and/or limited partnership agreement of each FP Fund.

FP generally provides investment advisory services to each FP Fund pursuant to a separate investment advisory agreement (each, an “**Advisory Agreement**”). Investment advice is provided by FP directly to the FP Funds, subject to the direction and control of the affiliated General Partner of such FP Fund. The FP Funds are collectively referred to in this brochure as “**Clients**” and persons or entities that invest in the Funds are referred to in this brochure as “investors” or “limited partners.” FP provides investment advice and other services directly to the Funds and not individually to the investors of such Funds. The General Partner of each FP Fund may enter into side letter agreements with certain investors in the FP Funds (“side letters”), establishing rights under, or supplementing or alternating the terms of, the applicable limited partnership agreements and subscription agreements relating to such FP Fund with respect to such investors, including by providing, among other things, different information rights, co-investment rights’ and other economic rights that may be material. All such additional rights, terms or conditions are generally disclosed to all limited partners of the relevant FP Funds and with specific disclosed exceptions are also offered to all investors in the applicable FP Fund.

¹ Where applicable, includes wholly owned subsidiaries and alternative investment vehicles related to transactions with FP Funds.

Additionally, from time to time, FP may provide (or agree to provide) certain investors or other persons the opportunity to participate in co-invest opportunities to invest in certain portfolio companies alongside an FP Fund pursuant to the terms of the limited partnership agreement of the applicable FP Fund. Such co-invest vehicles typically invest and dispose of their investments in the applicable portfolio company at the same time and on the same terms as the FP Fund making the investment. From time to time, for strategic and other reasons, a co-invest vehicle may be established to purchase a portion of an investment from an FP Fund. Any such purchase from an FP Fund by a co-invest vehicle or co-investor generally occurs shortly after the FP Fund's completion of the investment to avoid any changes in valuation of the investment.

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

FP was converted to a Delaware limited partnership in 2012 but is part of a private investment firm originally founded in 1999. FP is owned by its senior management and no individual owns 25% or more of the Firm. As of December 31, 2013, FP managed approximately \$5,597,817,226 of Client assets, all of which is managed on a discretionary² basis.

FP does not currently participate as manager in any wrap fee programs.

Item 5. Fees and Compensation

As compensation for investment advisory services rendered to the FP Funds, FP receives from each FP Fund an annual management fee payable semi-annually (with each installment representing a payment in arrears for the one quarter-month period preceding the due date and in advance for the five and three quarter-month period following the due date). Installments of the management fee payable for any period other than a full six-month period are adjusted on a pro rata basis according to the actual number of days in such period. As described below, the management fee may be reduced or waived in some circumstances in connection with the receipt by FP or its related persons of various fees paid by actual or prospective portfolio companies. The management fee is also generally subject to waiver or reduction by the General Partner of such FP Fund, in its sole discretion, in connection with investments made by the General Partner or certain affiliated parties. Any waived portion of the management fee generally is contributed to the relevant Fund and is treated as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund's portfolio on such General Partner's

² FP does not have ultimate investment discretion with respect to the assets of any FP Fund as such discretion is retained by the applicable General Partner of each FP Fund.

behalf. Any such contribution reduces the amount of capital contributions the relevant General Partner would otherwise be required to contribute to the relevant Fund. Any balance of fees or waivers eligible for offset against the management fee which have not been offset by the subsequent reduction of the management fee prior to the dissolution of an FP Fund shall be paid by the General Partner to the investors.

For certain FP Funds, expense reimbursements may be payable to FP or its affiliates. These expense reimbursements are disclosed to investors in the relevant offering documents and/or limited partnership agreements. These expense reimbursements are in addition to the investment advisory fees discussed above. Each FP Fund also generally bears all of the expenses relating to the FP Fund's operations, meetings and activities, 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 FP, including staff out-of-pocket travel (which may include first class travel) and related expenses in connection with the Fund's transactions, and any such costs and expenses relating to potential investments that are not consummated); fees and expenses of custodians, consultants, outside counsel and accountants; the cost of insurance; any taxes, fees or other governmental charges levied against the FP Fund; expenses relating to any audit, investigation, governmental inquiry or public relations undertaking; and the costs and expenses of any litigation relating to the activities or operation of the FP Fund and the amount of any judgments or settlements paid in connection therewith, relating to the business, activities and interests of the FP Fund. In addition, each FP Fund will also indirectly bear certain expenses charged to portfolio companies by FP and its affiliates.

FP and its affiliates will typically perform management, advisory, transaction-related services, financial advisory and other services ("**Related Services**") for, and will receive fees from, actual or prospective portfolio companies or other deal-related investment vehicles of the FP Funds, including such fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions. These fees may be significant and may, in some instances, exceed the management fee. Such fees may be paid in securities of portfolio companies or investment vehicles (or rights thereto) or otherwise.

Although Related Services fees are in addition to the management fees paid by the FP Funds, FP will in some circumstances reduce future management fees in connection with the receipt of these fees. The calculation of such reduction varies from Fund to Fund and is described in the applicable Fund documents. Such reductions will be credited on a regular basis and in general in the subsequent six month period. To the extent any such credit would reduce the management fee for a given management fee period below zero, such credit will be carried forward for future application. To the extent any such excess remains unapplied upon dissolution of a Fund, each partner of such Fund generally will receive its share of such unapplied excess, unless such

partner elects not to receive its share. The amount of these fees is disclosed in the annual financial statements of the applicable FP Fund.

FP and/or its affiliates generally have discretion over whether to charge Related Services fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such fees or other compensation. The receipt of such compensation may give rise to conflicts of interest between the Funds, on the one hand, and FP and/or its affiliates on the other hand. Portfolio company-related fees may also include amounts prepaid in anticipation of future services or otherwise accelerated in certain situations (*e.g.*, an initial public offering), which will be offset against the applicable management fee to the extent set forth in the relevant limited partnership agreement. Furthermore, a Fund 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, the Co-Invest Fund or any other co-investment vehicle.

FP Funds, directly or through portfolio companies in which they invest, may bear the cost of consulting services provided by Francisco Partners Consulting, LLC (“**FP Consulting**”). FP Consulting brings deep operational expertise to its engagements with portfolio companies and the FP Funds. FP Consulting is owned by its senior management and FP Consulting service providers are generally referred to by FP as Operating Partners and Operating Advisors. FP Consulting fees and other compensation are retained by FP Consulting, are not shared with FP and do not reduce the management fees paid by the FP Funds. FP and/or the applicable General Partners generally have discretion over whether to charge consulting fees to a portfolio company and, if so, the fee rate or amount. The receipt by FP Consulting of consulting fees and other compensation may give rise to conflicts of interest between the FP Funds, on the one hand, and FP and or its affiliates on the other hand.

When FP may utilize the services of broker-dealers for limited purposes relating to transaction-related services, such FP 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

FP Funds allocate a portion of their investment profits to their General Partners, which are affiliated with FP, as a “carried interest”, as set forth in each FP Fund’s organizational documents. Such allocation of profits is only allocated to the General Partner when specific conditions are met, including that a preferred return on such amounts has been met. FP Funds also allocate a portion of their investment profits to their General Partners in relation to previous management fee waivers or reductions by the General Partner of such FP Fund in connection with investments made on behalf of the General Partner. The General Partners’ entitlement to performance-based allocations may create an incentive for FP to take risks in managing the FP Funds that it would not otherwise take in the absence of such performance-based arrangements.

As described above, the General Partner receives a carried interest allocation on certain profits in the FP Funds. FP also advises private funds that are not subject to management fees or a carried interest (the “**Parallel Funds**”). While this practice could present a conflict of interest, FP does not believe this arrangement poses a conflict of interest in practice because such Parallel Funds invest in parallel with the Funds that are subject to carried interest. Such investments are generally made and disposed of on the same terms and on a pro rata basis. FP also advises an additional private fund that is not subject to management fees or a carried interest (the “**Co-Invest Fund**”). FP does not believe the Co-Invest Fund poses a conflict of interest in practice because the Co-Invest Fund generally co-invests alongside the FP Funds only to the extent there is an excess investment opportunity that can be allocated to the Co-Invest Fund, and such investment is then made in accordance with the applicable limited partnership agreement and FP’s investment allocation policy.

Item 7. Types of Clients

As described in Item 4 above, FP provides discretionary investment management services to the Funds in accordance with the terms of the Fund documents. Investment in the Funds is generally only available to institutional investors and certain high net worth investors that are “accredited investors” and/or “qualified purchasers,” within the meaning of the Securities Act, and the Investment Company Act, respectively.

Investors may include, among others, governmental and corporate pension and profit sharing plans, endowments, private investment funds, insurance companies, sovereign wealth funds, funds of funds and certain high net worth individuals. Also, employees and other persons associated with the Firm and/or its affiliates, including the General Partner, may make capital contributions to the Funds.

The Funds generally have a specified minimum investment as set forth in the Fund documents. This is subject to discretion, on the part of the General Partner, to accept investment commitments of lesser amounts than the stated minimum. As a general matter, there is no minimum capital commitment amount for investors in certain alternative investment vehicles or co-investment vehicles.

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

Each Fund’s organizational documents set forth the terms of an investment in the Fund and identify the Fund’s investment objectives along with risk factors. The Fund documents contain

additional information on the risks associated with an investment in the respective Fund, and should be reviewed by any prospective investor.

Investment Strategies and Methods of Analysis

FP is focused on middle market technology investing. FP seeks to provide transformational capital in situations involving operational complexity, strategic change or other business inflection points. The Firm typically invests in public company buyouts, divisional spinouts, private company recapitalizations, growth equity and sponsored M&A transactions.

Frequently used components of FP's investment strategy are a value and control orientation and building resiliency into investments both through modest use of leverage and by purchasing highly structured securities with downside protection. Many of the Firm's investments have low purchase price multiples and employ modest leverage. This strategy is intended to result in a portfolio with a prudent risk/reward profile, focus on capital preservation, and portfolio company balance sheet resiliency.

In evaluating potential portfolio companies, FP conducts extensive due diligence to analyze, among other aspects, the company's market and competitive position within that market, cost and revenue drivers, management team, intellectual property, potential growth opportunities and potential sources of investment exit.

The FP investment committee (the "**Investment Committee**") generally meets weekly to discuss potential and pending investment opportunities. Transaction teams prepare a detailed presentation or memorandum on the investment opportunity or transaction to facilitate an in-depth discussion with the Investment Committee regarding the target company or business, the investment thesis and deal tactics. The Investment Committee will generally conduct multiple reviews of a particular investment opportunity or transaction.

Risk Factors

Investing in securities involves a substantial degree of risk. An FP Fund may lose all or a substantial portion of its capital in investments and investors in FP Funds must be prepared to bear the risk of loss of their investments in a Fund. There can be no assurance that the Funds' investment objectives will be achieved or that an investor will receive a return of its capital.

In addition, material risks relating to the investment strategies and methods of analysis described above include the following, each of which is described in more detail in the applicable FP Fund offering document.

Reliance on Management. Decisions with respect to the management of each FP Fund will be made by the General Partner of such FP Fund with the advice of FP. The success of an FP Fund will depend on the ability of its General Partner and FP to identify and consummate investments,

to improve the operating performance of portfolio companies and to dispose of investments of such FP Fund at a profit. The loss of the services of one or more members of the professional staff of FP or the partners of the General Partner of an FP Fund could have an adverse impact on such FP Fund's ability to realize its investment objective. In addition, it is expected that all of the officers and employees responsible for managing a particular FP Fund will continue to have responsibilities with respect to other FP Funds and accounts managed by FP. Thus such persons will have demands made on their time for the investment, monitoring, exit strategy and other functions of other Funds and accounts.

Technology Sector. FP Funds focus on investments in middle market technology companies. Concentration in a single industry may involve risks greater than those generally associated with diversified acquisition funds, including the risk of significant fluctuations in returns. Instability, fluctuation or an overall decline within the technology industry will likely not be balanced by investments in other industries not so affected. In the event that the technology sector as a whole declines, returns to FP Fund investors may decrease.

Competition for Investments. FP expects that a Fund will encounter competition from entities having similar investment objectives, certain of which may possess competitive advantages over a Fund in bidding for investments, including greater financial, technical, marketing, operating 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, as well as an ability to achieve synergistic cost savings in respect of an investment.

Financial Market Fluctuations. General fluctuations in the market prices of securities may affect the value of the investments held by FP Funds. Instability in the securities markets may also increase the risks inherent in the FP Funds' 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.

Changing Economic Conditions. The success of the General Partners' investment strategies could be significantly impacted by changing external economic conditions in the United States and global economies. The stability and sustainability of growth in global economies may be impacted by terrorism or acts of war. Changing economic conditions could potentially adversely impact the valuation of portfolio holdings or the ability to buy or sell portfolio companies.

Leveraged Investments. While investments in highly leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. Some of the FP Funds' investments may involve high degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of the FP Funds' portfolio companies.

Availability of Entry 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. 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 investments and would adversely affect the Fund's returns.

Availability of Additional Financing. After the Funds have financed a company, continued development and marketing of products may require that additional financing be provided from the Fund or third party. No assurance can be made that such additional financing will be available and no assurance can be made as to the terms upon which such financing may be obtained.

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 re-characterize 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.

General Risks Associated with Non-U.S. Investments. Investment in foreign issuers may involve certain special risks due to foreign economic, political and legal climates, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments or capital gains, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against foreign entities. Furthermore, issuers of foreign securities are subject to different, often less comprehensive accounting reporting and disclosure requirements than domestic issuers.

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

Non-Controlled Investments. A Fund may hold less than fifty percent 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.

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 and may restrict the Fund from selling such investment.

Diversification. While diversification is 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 meaningful portion of a Fund's committed capital may be invested in a single industry or portfolio company, a loss with respect to such an industry or portfolio company could have a significant adverse effect on such Fund's returns.

Uncertainty of Financial Projections. FP generally establishes the capital structures 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. If these liabilities were to arise a Fund may suffer a significant loss.

Limitations on Ability to Exit Investments. FP Funds generally exit investments in two principal ways: (i) private sales (including mergers with or acquisitions of its portfolio companies) and (ii) initial and secondary public offerings. At any particular time, one or both of these avenues may not be open to the Funds, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time.

Restricted Securities. A portion of a Fund's investments may consist of securities that are subject to restrictions on resale by such Fund because they were acquired in a "private placement" transaction or because such Fund is deemed to be an affiliate of the issuer of such securities. Generally, a Fund will be able to sell such securities only under Rule 144 under the Securities Act, which permits limited sales under specified conditions, or pursuant to a registration statement under the Securities Act. When restricted securities are sold to the public, the Fund 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 that Act.

Uncertainty Regarding Investments. Although FP makes 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 a Fund 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, the due diligence investigation may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity.

Item 9. Disciplinary Information

None.

Item 10. Other Financial Industry Activities and Affiliations

The following FP affiliated entities are general partners of the respective FP Funds and General Partners.

- Francisco Partners GP III, L.P.
- Francisco Partners GP III Management, LLC
- Francisco Partners GP III (Cayman), L.P.
- Francisco Partners GP III Management (Cayman), Ltd.
- Francisco Partners GP II, L.P.
- Francisco Partners GP II Management, LLC
- Francisco Partners GP II (Cayman), L.P.
- Francisco Partners GP II Management (Cayman), Ltd.
- Francisco Partners GP, LLC

Francisco Partners Operations LLP is an FP affiliate that is located in the United Kingdom and registered with the Financial Conduct Authority.

In addition, certain third parties engaged in the financial services industry have a minority economic or other ownership interest in FP and its affiliated general partner entities. Such persons do not have management rights in FP or such general partners.

FP does not believe that its relationships with the affiliates described above create a material conflict of interest with its Clients.

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

Code of Ethics

FP has adopted a Code of Ethics (“**Code**”) which applies to the Firm and its affiliates and sets forth standards of business conduct that FP requires of its supervised persons. The Code is intended to assist the Firm and its supervised persons in complying with the requirements of Rule 204A-1 under the Advisers Act, as well as provisions of the U.S federal securities laws pertaining to insider trading.

The Code contains a section entitled “Procedures and Policy Statement on Insider Trading” to inform employees and access persons what constitutes material, nonpublic information and the laws and requirements relating to insider trading and confidentiality and FP’s policies in that area.

The Code also sets forth personal trading policies applicable to employees and certain family members and affiliates that are designed to address actual or potential conflicts of interest (or appearances of conflicts) with the Funds (the “**Policies**”).

Employees may not trade for themselves or recommend trading in the securities of a public company while in possession of material, nonpublic information concerning such company, or disclose such information to any person not entitled to receive it. Each employee is required to inform the Firm’s Chief Compliance Officer whenever such employee believes that he or she may have obtained material, nonpublic information regarding a public company. In accordance with the Policies, employees are not permitted to effect transactions individually in public companies that are portfolio investments of any of the Funds without the approval of the Chief Compliance Officer.

The Policies require all FP employees, as well as employees and persons deemed associated persons of the Firm, to report brokerage transactions to the Chief Compliance Officer. Transactions in certain financial products, including certain mutual fund shares, U.S. government securities and certain money market instruments may be excluded from such reporting requirements.

The Policies also require that access persons seek pre-clearance with respect to purchases and sales of most types of securities. These pre-clearance requirements may not apply to transactions in certain investments, including investments in accounts over which the covered person has no direct or indirect control.

A copy of the Code of Ethics is available to any FP Fund, Client or prospective client upon request.

Conflicts of Interest

FP and its affiliates engage in targeted advisory services, including investment activities for their own account (e.g., co-investment vehicles) and for the account of the Funds and providing transaction-related, advisory, management and other services to funds and operating companies, including portfolio companies of the FP Funds.

In the ordinary course of conducting its activities, the interests of an FP Fund or its investors may conflict with the interests of FP or its affiliates or one or more other Funds or with their respective affiliates.

Resolution of Conflicts

FP and its affiliates will deal with all conflicts of interest using its best judgment, but in its sole discretion. In the case of all conflicts involving the FP Funds, the determination as to which factors are relevant, and the resolution of such conflicts, will be made in the sole discretion of FP, except as required by the governing documents of the FP Funds.

The following factors may alleviate, but will not eliminate, conflicts of interest among FP and the FP Funds:

- Certain important conflicts of interest will be addressed pursuant to set procedures, restrictions or other provisions contained in the relevant offering and/or organizational documents for the FP Funds; and
- An Advisory Board of representatives of the limited partners of each Fund will approve or consent to certain material conflict of interest transactions, including those specifically delineated in the organizational documents of the FP Funds and referred to the Advisory Board by such Fund's General Partner.

Potential Sources of Conflicts of Interest

The conflicts of interest encountered by an FP Fund include those discussed below, although the discussion below does not describe all of the conflicts that may be faced by the FP Funds. Other conflicts may be disclosed throughout this document and the document should be read in its entirety for other conflicts.

Conflicts Relating to FP and the General Partners of the FP Funds.

As described above, FP will typically receive fees in connection with its performance of Related Services. Such fees will be in addition to the management fee and the carried interest paid by such FP Fund. FP will determine the amount of these fees in its own

discretion, subject to agreements with sellers, buyers and management teams, the boards of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions. FP is not required by the limited partnership agreements of the FP Funds to provide an FP Fund or its limited partners with information regarding the amounts of these fees, although such fees will be disclosed to the extent required and the amount of such fees are included with other expense items on the Fund's quarterly and annual financial statements.

Although FP receives these fees from actual or prospective portfolio companies or other investment vehicles of an FP Fund, the opportunity to earn these fees creates a conflict of interest between FP, on the one hand, and such FP Fund and its limited partners on the other hand because the amounts of such fees may be substantial, the FP Fund and its limited partners do not have an interest in FP and the rights of the FP Fund and its limited partners to these fees is limited to the reduction of future management fees described above. FP will determine, in good faith but in its discretion, the cost of obtaining services similar to the management, advisory and similar services it provides to portfolio companies of the Funds. Additionally, the existence of each FP Fund's General Partner's carried interest and the opportunity to earn these fees may create an incentive for the general partner of an FP Fund to cause such FP Fund to make more speculative investments than it would otherwise make in the absence of performance-based compensation and such fees.

It is expected that the officers and employees of FP responsible for managing a particular FP Fund will have responsibilities with respect to other FP Funds, including Funds and accounts that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these FP officers and employees across existing and future Funds.

Conflicts Relating to the Purchase and Sale of Investments

Other FP Funds, the General Partners of other FP Funds and employees of FP and its affiliates and certain related persons may invest in transactions in which an FP Fund participates on the basis described in the FP Funds' limited partnership agreements. In addition, other Funds may invest in assets eligible for purchase by an FP Fund. The investment policies, fee arrangements, carried interest, investments owned by FP employees with respect to an FP Fund, and other circumstances of the FP Fund, may vary from those with respect to other Funds. These relationships may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to an FP Fund.

In general, due to the sequential nature in which the Funds are formed, investment opportunities generally are not allocated among Funds. Rather, the respective limited partnership agreement of each Fund sets forth terms with respect to the allocation of

investment opportunities and, in general, a successor Fund does not commence making investments in new portfolio companies until its predecessor Fund has ceased making such new investments. If, however, the Firm determines it is appropriate to allocate a portion of an investment opportunity to a predecessor Fund or successor Fund after consideration of the relevant circumstances (because, for example, a predecessor Fund has remaining available commitments), it may do so in conjunction with a review by the Advisory Boards (as defined in the Fund agreements) of the Funds involved.

FP and the General Partner of the relevant Fund may form parallel funds to facilitate, from a legal, tax or regulatory standpoint, investments by certain foreign or other classes of investors, the structure and terms of which may differ from that of the Funds, but will invest proportionately in all transactions on effectively the same terms and conditions as the Funds.

The Funds may co-invest through partnerships, joint ventures or other entities with third parties that may have economic or business interests or objectives that are different than or conflict with those of the Funds. When attractive investment opportunities exceed certain thresholds of committed capital, FP may seek to limit its exposure by syndicating the investment among limited partners or co-investing with third parties. The General Partner may provide co-investment opportunities to certain limited partners, executives of public companies and certain other persons who provide knowledge with respect to targeted industries, including individuals with CEO-level individual experience as these persons are a potential source of ideas that could benefit the Funds. These co-investment or syndication activities may present conflicts of interest in determining how much of certain investment opportunities will be offered to an FP Fund.

FP also reserves the right to make independent decisions regarding recommendations of when an FP Fund should purchase and sell investments. Conflicts may arise when an FP Fund makes investments in conjunction with an investment being made by another Fund, or in a transaction in which another Fund has already made an investment. Investment opportunities may be appropriate for an FP Fund and another Fund at the same, different or overlapping levels of a portfolio company's capital structure. There can be no assurance that the return on an FP Fund's investment will not be less than the returns obtained by other Funds participating in the transaction.

The appropriate allocation among the Funds of expenses generated in the course of evaluating and making investments may often require judgment, especially where more than one Fund participates. For instance, if an FP Fund and another Fund are considering making an investment that is not consummated, allocation of the expenses generated for the account of such Funds (such as expenses of common counsel and other professionals or FP staff travel (which may include first class travel) and related expenses or third party

consultant expenses) will be made by FP in good faith, subject to any requirements of the governing documents of the Funds, using its best judgment, considering all factors it deems relevant, but in its sole discretion.

FP does not anticipate entering into principal transactions where FP or any of its affiliates purchases or sells any security for its own accounts from or to the accounts of any Fund. In the event that FP or any of its affiliates do engage in a principal transaction, any required approvals, including that of the applicable Fund's limited partnership Advisory Board (as may be required), will be obtained in accordance with the terms of such Fund's limited partnership agreement and such transaction will be undertaken in compliance with Section 206(3) under the Advisers Act.

Conflicts Relating to Existing Investments

Investments to finance follow-on acquisitions are a regular part of the business of the 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 Fund may participate in re-leveraging and recapitalization transactions involving portfolio companies in which other Funds have invested or will invest. Recapitalization transactions may present conflicts of interest, including determinations of whether existing investors are selling 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. FP will address all such conflicts using its best judgment, but in its sole discretion, subject in certain cases to approval by the respective limited partner Advisory Boards.

Other Conflicts of Interest

From time to time FP may consult with or co-invest with other parties in the private equity investment industry. While FP believes that such relationships will result in enhanced investment opportunities for the FP Funds, it is possible that certain opportunities will not be available to the FP Funds as a result of such relationships or, if available, such parties' interests or its obligations to their clients may diverge from the FP Funds' interests. In addition, such parties may possess inside information concerning specific companies that could limit an FP Fund's ability to buy or sell securities issued by such companies.

An FP Fund may have tax-exempt, taxable, foreign and other investors, whereas most limited partners of the General Partners of the FP Funds and other Funds are taxable at individual U.S. rates. Conflicts may 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. FP will address all such conflicts using its best judgment in accordance with the Fund documents.

As described in Item 4 above, a Fund may have entered, or in the future may enter, prior to the closing of such Fund, into side letters with one or more of the Fund's investors which provide such investors with additional or different rights than other investors have pursuant to the Fund documents. Upon the final closing of the Fund, each investor is generally provided an opportunity to opt into available provisions of such side letters through a most-favored-nations provision in the Fund documents.

FP may have incentives to engage FP Consulting, which is associated with FP, to perform certain consulting services rather than engage independent service providers. FP attempts to address this conflict by seeking to (i) agree upon fees that FP believes are reasonable and (ii) require that FP Consulting enter into a contract with each applicable portfolio company whereby the parties agree to the fees and an overview of services to be provided, which will generally be reviewed on annual basis.

As neither FP nor any of its affiliates is registered as a broker-dealer, FP does not engage in agency cross transactions where one Fund purchases or sells any security for its account from or to the account of another Fund. In the event that the Firm causes the Funds to enter into any cross transactions, any required approvals, including that of the applicable Fund's limited partnership Advisory Board (as may be required), will be obtained in accordance with the terms of such Fund's limited partnership agreement.

An FP Fund and one or more other Funds may be deemed or may desire to avoid being deemed to hold "plan assets" subject to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"). With respect to ERISA considerations, FP and certain affiliates may be restricted from entering into certain transactions if the investment would trigger ERISA considerations with respect to an FP Fund, or may be obligated to take certain actions or refrain from taking certain actions in order to avoid an ERISA consideration with respect to such FP Fund.

Please contact the FP compliance department with any additional questions or concerns.

Item 12. Brokerage Practices

FP does not make regular use of brokers for the purposes of purchasing or selling securities on behalf of the Funds because the securities that are typically purchased or sold on behalf of the Funds are acquired and/or disposed of in privately negotiated purchase and sale transactions.

From time to time, the Firm may use a broker to effect transactions in public securities resulting from, or in connection with, portfolio investments. These circumstances include, among other things, the distribution of securities acquired in a transaction effected on behalf of, or in connection with, portfolio investments. In these instances, FP has full discretionary authority with respect to the selection of, and commissions paid to, brokers. If the Firm determines to engage a broker, the Firm will select the broker considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility and responsiveness to the Firm.

FP does not generally aggregate purchases or sales of publicly-traded securities for the Funds. However, in an instance where FP has purchased an investment for more than one Fund, which investment has become or has converted into publicly-traded securities, FP may dispose of such investment as an aggregated sale of publicly-traded securities. To the extent that FP might engage in an aggregated purchase or sale of publicly-traded securities, such aggregated order will be allocated among the applicable Funds on a pro rata basis, unless in the General Partner's good faith judgment a different allocation method is more appropriate under the circumstances.

FP does not receive soft dollar benefits or client referrals from broker-dealers in connection with client transactions.

Item 13. Review of Accounts

The portfolio investments of each FP Fund are continuously reviewed by a team of FP professionals. The team generally includes the senior investment professionals of the Firm. FP closely monitors the portfolio companies of the FP Funds and generally maintains an ongoing position on the Board of Directors of such portfolio companies.

Investors in FP Funds will typically receive, among other items, a copy of audited financial statements of the FP Fund within 120 days after the fiscal year end of such FP Fund. In addition, investors in each FP Fund will typically receive unaudited quarterly financial statements regarding such FP Fund following the end of each financial quarter. Investors in the FP Funds also receive regular reporting updates through quarterly letters, investor meetings, capital account statements and other materials provided on the investor website.

In general, materials are provided electronically.

Item 14. Client Referrals and Other Compensation

FP or its affiliates may utilize a placement agent to assist in the placement of investor interests in the Funds. Any fees paid to any such placement agent generally are in the form of a percentage of capital committed by certain investors. Any placement fees paid by the FP Funds results in a reduction of management fees payable to FP. Any U.S. placement agent will be a broker-dealer registered under the Securities Exchange Act of 1934.

For details regarding economic benefits provided to FP by non-clients, including a description of related conflicts of interest, please see item 11 above. In addition, FP and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies.

Item 15. Custody

FP and the respective General Partner will maintain funds and securities (except for certain “**privately offered securities**” as such term is defined in Rule 206(4)-2 under the Advisers Act) of the Funds with certain qualified custodians.

Each of the Funds is audited annually and the audited financial statements are prepared in accordance with generally accepted accounting principles (“**GAAP**”) by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“**PCAOB**”) and are distributed to all investors in the Funds within 120 days of the end of the Fund’s fiscal year.

Item 16. Investment Discretion

FP has entered into an Advisory Agreement with each Fund. Each such agreement, together with the management authority granted to each Fund’s General Partner pursuant to the Fund’s limited partnership agreement, provides FP with full discretion to determine investments to be purchased and sold on behalf of the Fund and the terms of the related transactions. Limitations on FP’s investment discretion are set forth in the investment management agreement with, and the limited partnership agreements of, the Funds and generally involve certain diversification requirements.

Item 17. Voting Client Securities

While the securities evidencing the private equity investments made by the Funds are not typically the subject of proxies, there could be certain circumstances where FP, having discretionary authority over the Funds, may be asked to vote the securities of such Funds on restructuring or other corporate matters. It is the general policy of FP to vote Client proxies in the interest of maximizing shareholder value. Clients generally may not direct how FP will vote in a particular situation.

FP will also determine whether there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interest of a Fund. FP has adopted policies to address these material conflicts of interest, including referring the matter to the applicable Fund's Advisory Board.

Under certain circumstances, when it is believed to be in the best interests of Clients, FP may vote in a manner that is contrary to the proxy voting principles and guidelines or may refrain from voting.

A copy of FP's written policies and procedures on proxy voting is available to Clients or prospective clients upon request. In addition, any Client or prospective client may obtain specific information as to how certain proxies for securities held in a Fund were voted upon the request of such information.

Item 18. Financial Information

FP does not believe that it has any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients.