

Item 1. Cover Page

Silver Lake Technology Management, L.L.C.

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**Part 2A of Form ADV: Firm Brochure
March 28, 2014**

This brochure provides information about the qualifications and business practices of Silver Lake Technology Management, L.L.C. If you have any questions about the contents of this brochure, please contact us at (650) 233-8120. 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 Silver Lake Technology Management, L.L.C. 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

This brochure contains the following material changes from the last firm brochure dated as of March 28, 2013:

- As of February 28, 2014, Sahil W. Desai became the Chief Compliance Officer for Silver Lake Technology Management, L.L.C.
- Additional risk factors and conflicts of interest have been added.

Item 3. Table of Contents

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Item 4. Advisory Business

For purposes of this brochure, unless otherwise noted, the “Adviser” means each of (i) Silver Lake Technology Management, L.L.C. (“Silver Lake Technology Management”); (ii) Silver Lake Management Company II, L.L.C., Silver Lake Management Company III, L.L.C., and Silver Lake Management Company IV, L.L.C. (collectively, “Silver Lake Partners”); (iii) Silver Lake Management Company Sumeru, L.L.C. (“Silver Lake Sumeru”); (iv) Silver Lake Kraftwerk Management Company, L.L.C. (“Silver Lake Kraftwerk”); (v) Silver Lake Financial Management Company, L.L.C. (“Silver Lake Credit”); and (vi) Silver Lake Waterman Management Company, L.L.C. (“Silver Lake Waterman”); including (where the context permits) their general partners and affiliates that manage investments for, provide advisory services to, and/or receive Advisory Fees from the Funds (as defined below) (collectively the “Advisers”). Such affiliates are controlled by, or under common control with, Silver Lake Technology Management, but possess a substantial identity of personnel and/or equity owners with Silver Lake Technology Management. Such affiliates may be formed for tax, regulatory, or other purposes in connection with the organization of the Funds (as defined below).

The Adviser provides investment management and/or 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, from time to time, establish certain investment vehicles through which certain employees, members, officers, and independent contractors of the Adviser and/or their family members, officers and employees of the Adviser’s affiliates and/or their family members, certain business associates, certain investors in the Main Funds, or other persons close to the firm may invest alongside one or more Main Funds in one or more investment opportunities. Such vehicles, referred to herein as “co-investment vehicles,” generally are contractually required, as a condition of investment, to purchase and exit their investments in each investment opportunity at substantially the same time, and on substantially the same terms, as the applicable Main Fund that is invested in that investment opportunity. Co-investment vehicles in which employees of, and certain senior advisors to, the Adviser invest are referred to herein as “Employee Co-Investment Vehicles,” and collectively with the Main Funds, as “Funds” and each individually as a “Fund”.

The Adviser operates its business across five segments, consisting of:

- (i) *Silver Lake Partners*, which primarily focuses on private investments in large scale companies within the technology, technology-enabled, and related growth industries, using a broad variety of investment types and transaction structures.
- (ii) *Silver Lake Sumeru*, which primarily focuses on private investments in middle-market companies within the technology, technology-enabled, and related growth industries using a broad variety of investment types and transaction structures.
- (iii) *Silver Lake Kraftwerk*, which primarily focuses on providing growth equity capital to business innovators in the energy and resource sectors.

- (iv) *Silver Lake Credit*, which primarily focuses on investments across the credit markets, making investments in both private and public debt instruments. Silver Lake Credit has notified its limited partners that it has elected to wind down the Fund. Silver Lake has begun an orderly liquidation of the Fund and is in the process of returning capital to limited partners.
- (v) *Silver Lake Waterman*, which primarily focuses on debt investments in later-stage private companies in the technology, technology-enabled, and other growth industries.

The Adviser's investment management and/or investment supervisory 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, sub-adviser, or general partner to the Funds in order to provide such services.

The Adviser provides investment management and/or investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund (the "Organizational Documents"), separate investment management agreements (each such investment management agreement, an "Advisory Agreement"), and/or side letters with investors (collectively, the "Governing Documents").

Investment advice is provided directly to the Funds, and not individually to the investors in the Funds. Investment restrictions for the Funds, if any, are generally established in the Governing Documents or offering documents of the applicable Fund.

Silver Lake Technology Management is indirectly owned by certain members of its senior management as well as the California Public Employees' Retirement System ("CalPERS"). Each of Silver Lake Partners, Silver Lake Kraftwerk, and Silver Lake Credit is a wholly-owned subsidiary of Silver Lake Technology Management, and Silver Lake Technology Management is engaged as a sub-adviser by each. Silver Lake Waterman is wholly owned through an intermediate entity by Silver Lake Technology Management and Rick Stubblefield and Shawn O'Neill, Co-Group Heads and Managing Directors of Silver Lake Waterman, and Silver Lake Technology Management is engaged as a sub-adviser by Silver Lake Waterman. Silver Lake Sumeru is owned by Silver Lake Technology Management and Ajay Shah, Group Head and Managing Director of Silver Lake Sumeru, and Silver Lake Technology Management is engaged as a sub-adviser by Silver Lake Sumeru. Silver Lake Technology Management has been in business since 1999; Silver Lake Management Company II, L.L.C. (formerly known as Silver Lake Management Company, L.L.C.) since 2003; Silver Lake Management Company III, L.L.C. since 2006; Silver Lake Management Company IV, L.L.C. since 2012; Silver Lake Management Company Sumeru, L.L.C. since 2007; Silver Lake Kraftwerk Management Company, L.L.C. since 2010; Silver Lake Financial Management Company, L.L.C. since 2007; and Silver Lake Waterman Management Company, L.L.C. since 2012. As of March 28, 2014, the Adviser manages approximately \$23.86 billion 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 (except for Employee Co-Investment Vehicles) an advisory fee (each, an “Advisory Fee”). Advisory Fees paid by a Fund are indirectly borne by investors in such Fund, but such Advisory Fees are added to the cost of investment prior to any Carried Interest (as defined below in Item 6) being taken by the Adviser.

In addition, the Adviser and its affiliates may perform management, 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. Furthermore, fees for Related Services are often established upon the initial consummation of an investment. The terms of such fee agreements may provide for a periodic fee which may be fixed or determined based on the performance of the portfolio company. There are also certain circumstances (such as the occurrence of an initial public offering or strategic exit) which may accelerate the payment of the fee. In many cases with respect to the implementation of such arrangements, there is not an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest may exist in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

Although fees for Related Services 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 Governing Documents of the applicable Fund. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds. Additionally, a portfolio company may reimburse the Adviser for expenses (including, without limitation, travel expenses, which may include expenses for chartered or first-class travel and, in the case of certain of the Funds, compensation expenses relating to time spent by member(s) of the Value Creation Team (described below) effecting operational improvements) incurred by the Adviser in connection with its performance of services for such portfolio company, and such reimbursements may not be subject to 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, advisors, consultants, and other similar professionals who are not employees or affiliates of the Adviser and who may 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 precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser through negotiations with investors in the applicable Fund, and are set forth in such Fund’s 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. Fees may differ from one Fund to another, as well as among investors in the same Fund.

Advisory Fees charged to, and received from, the Funds are generally payable quarterly in advance. 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 Fund will generally be reduced by the amount of fees paid by such Fund to persons acting as a placement agent in connection with the offer and sale of interests in such Fund to certain potential investors, as well as by expenses incurred by the Adviser in connection with the organization of such Fund that exceed a limit specified in such Fund's Governing Documents. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds.

To the extent provided in the Governing Documents, the Adviser will pay out of Advisory Fees all costs and expenses associated with the performance of its services under the Advisory Agreement, except costs and expenses designated in the Governing Documents as expenses to be borne by the relevant Fund. Expenses to be borne by a Fund (and as a result the investors) can be substantial and will reduce returns to investors. All costs and expenses of operating a Fund will be borne thereby. Such costs and expenses generally include all fees, costs, and expenses directly related to the purchase, monitoring, and sale of securities, expenses of custodians, legal counsel, accountants, administrators, tax advisors, consultants (including, but not limited to, consulting fees incurred by a Fund for the benefit of its portfolio company), brokers, agents, valuation firms, and other advisors and professionals, any insurance, indemnity, or litigation expense, or the costs and expenses of any lenders, investment banks, and other financing sources, out-of-pocket expenses incurred in connection with a Fund's legal, administrative, and regulatory compliance with U.S. federal, state, local, non-U.S., or other laws and regulations (including without limitation, expenses and other charges allocated or relating to such Fund's activities (including the preparation and filing of Form PF (for some Funds) and other regulatory filings of the Adviser and its affiliates relating to such Fund's activities)), expenses related to annual meetings of investors (for some Funds), limited partner advisory committee meetings, and investor reporting and any taxes, fees or other governmental charges levied against the Fund. A Fund may also reimburse the Adviser for expenses related to the organization and marketing of the Fund, as well as the expenses related to transactions which are not consummated, and such reimbursements are not subject to the sharing arrangements described above. The costs and expenses in connection with investigating and monitoring prospective or actual transactions can be substantial. In addition, each investor will bear its pro rata share of the Fund's and the Adviser's organization and startup expenses, including legal, accounting, filing, capital raising, and other organization expenses. Expenses incurred and borne by the Funds may include, without limitation, research expenses, travel expenses (including private charter, first class, and/or business class airfare, lodging, ground transportation, and travel meals), and out-of-pocket expenses such as business meals. In addition, a Fund will be responsible for all fees and expenses due for any legal, financial, accounting, consulting, or other third party advisors or any lenders, investment banks, and other financing sources in connection with transactions that are not consummated and that the Adviser does not elect to pay. Out-of-pocket expenses associated with completed transactions generally will be reimbursed by portfolio companies, capitalized as part of the acquisition price of the transaction or reimbursed by the relevant Fund. For a discussion of material conflicts of interest created by the allocation of such expenses, please see Item 11 below.

Additionally, please see Item 6 below regarding “Carried Interest” that Funds may pay.

To the extent the Adviser utilizes the services of broker-dealers to effect portfolio transactions for a 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

With respect to each Fund (except for Employee Co-Investment Vehicles), a portion of the profits, if any, of each such Fund generally is distributed to the Adviser as “carried interest” (the “Carried Interest”), pursuant to such Fund’s Governing Documents.

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, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds; (ii) independent investment teams for each of Silver Lake Partners, Silver Lake Sumeru, Silver Lake Kraftwerk, Silver Lake Credit, and Silver Lake Waterman; (iii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously; and/or (iv) contractual provisions and procedures setting forth investment allocation requirements. Additionally, the Adviser will devote such time as necessary to conduct the business affairs of each Fund in an appropriate manner. Please also see Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser, as well as Item 12 below regarding trade aggregation.

Item 7. Types of Clients

The Adviser currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds 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, government owned investment companies, 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 are typically 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

The Adviser's investment strategies are discussed in more detail below. The following descriptions are qualified in their entirety by reference to the Governing Documents and private placement memorandum of each Fund. Unless otherwise indicated, references below to a "Fund" or the "Funds" refer to those Funds that engage in the relevant strategy and not to all Funds generally; similarly, references to an "Adviser" refer to the Silver Lake advisory entity that engages in the relevant strategy, and not to the Adviser generally.

Silver Lake Partners: The Funds of Silver Lake Partners (with approximately \$21.95 billion in assets under management) primarily focus on private investments in large scale companies within the technology, technology-enabled, and related growth industries. The Adviser intends to effect this strategy using a broad variety of investment types and transaction structures, as well as a wide range of investment securities. Transactions may take many forms, including buyouts, spinouts, strategic investments, recapitalizations, turnarounds, restructurings, strategic toehold stakes, carveouts, acquisition financing, distressed securities, and structured securities. The Funds may invest in a number of different types of securities, including common stock, preferred stock, debt, convertibles, options, warrants, and combinations thereof.

The Adviser's ideal target company has (i) an established industry position, (ii) sustainable and profitable business model, (iii) a strong management team or one that the Adviser believes it can enhance, (iv) proprietary core technologies, (v) sound business processes, (vi) opportunities for value creation, and (vii) growth prospects that enhance returns. The Funds invest in companies that the Adviser believes are important participants in a variety of critical sectors. The Funds' investments vary with respect to size and structure. The Adviser generally expects to focus on companies with enterprise values ranging from approximately \$500 million to \$20 billion or greater. The Funds generally expect to invest between approximately \$200 million and \$1 billion or more in equity per company (in one or more transactions), often supplemented by third-party debt and/or co-investor equity. The Funds occasionally invest in smaller companies, particularly where such investments possess unusually high growth opportunities and, therefore, prospects for outsized risk-adjusted returns.

Silver Lake Sumeru: The Silver Lake Sumeru Fund primarily focuses on private investments in middle-market companies within the technology, technology-enabled, and related growth industries. The Adviser intends to effect this strategy using a broad variety of investment types and transaction structures, as well as a wide range of investment securities. Transactions may take many forms, including buyouts, spinouts, strategic investments, recapitalizations, turnarounds, restructurings, strategic toehold stakes, carveouts, acquisition financing, distressed securities, and structured securities. The Funds may invest in a number of different types of securities, including common stock, preferred stock, debt, convertibles, options, warrants, and combinations thereof.

The Adviser's ideal target company generally will have (i) a core advantage related to technology, brand, or vertical market expertise, (ii) a business model that can generate attractive growth and profitability, (iii) a strong management team or one that the Adviser believes it can

enhance, (iv) sound business processes, (v) opportunities for value creation, and (vi) growth prospects that enhance returns. The Adviser generally expects to focus on companies with enterprise values ranging from approximately \$50 million to \$500 million, and to make investments typically of between approximately \$25 million and \$150 million in equity per company (in one or more transactions).

Silver Lake Kraftwerk: The Silver Lake Kraftwerk Fund primarily focuses on providing growth equity capital to companies in the energy and resource sectors. Although investments will vary with respect to size and structure, the Adviser expects primarily to make minority investments in equity and equity-linked securities of between \$20 million and \$75 million.

The Adviser's ideal target company has what the Adviser considers to be (i) an innovative solution addressing a large end market, (ii) proven technology in commercial deployment, (iii) a rapid growth trajectory, and (iv) a strong management team or one that the Adviser believes it can enhance.

Silver Lake Waterman: The Adviser's objective for the Silver Lake Waterman Fund is to make debt investments, potentially with warrants, in later-stage private technology, technology-enabled, and other growth companies. The Fund is a licensed small business investment company (an "SBIC"), and it participates in a longstanding public/private partnership with the U.S. Small Business Administration (the "SBA"). The Fund, subject to the terms of the Small Business Investment Company Program (which is administered by the SBA), has access to up to \$150 million of leverage at a maximum 2:1 debt to equity ratio at rates that are fixed after draw for 10 years in poolings that take place twice a year. The SBA debt may be recycled throughout the Fund's investment period. Silver Lake Waterman has an Oversight Committee. The Oversight Committee is composed of two Managing Partners of Silver Lake Technology Management and the two Group Heads of Silver Lake Waterman.

The Adviser expects the Silver Lake Waterman Fund to make debt investments of between \$5 million and \$25 million in later-stage private companies and may also make similar investments in public companies if it believes that the characteristics of the investments meet the Fund's desired return and risk objectives.

Investment Approach of Silver Lake Partners, Silver Lake Sumeru, Silver Lake Kraftwerk, and Silver Lake Waterman:

The general investment strategy and approach of Silver Lake Partners, Silver Lake Sumeru, Silver Lake Kraftwerk, and Silver Lake Waterman is to (i) apply deep industry sector expertise, (ii) focus on attractive business models and/or companies with core advantages, (iii) invest in growth, (iv) conduct thorough due diligence, (v) add value to portfolio companies, and (vi) leverage the Silver Lake organization and investment platform.

Apply Deep Industry Sector Expertise

The Adviser believes that specialization is particularly critical within technology, since technology investing requires understanding of the associated technology, familiarity

with industry-specific business models, relationships, and credibility within the sector. Moreover, technology companies regularly face crucial operating decisions relating to revenue generation, supply chain management, and technological change. When sourcing transactions, the Adviser (i) utilizes its extensive network of relationships with industry executives and advisors to generate unique and proprietary investment opportunities and (ii) employs its sector understanding and risk assessment to devise investment formats and capital structures it believes are appropriate for the company's business plan. The Adviser structures its investments to enable investment in growth that, even if implying more conservative capital structures in certain cases, can lead to superior returns and exit alternatives. When executing transactions, the Adviser employs deep due diligence capabilities. When managing investments, the Adviser assists technology executives with the value creation process by serving as an active investor and in many instances by deploying a Value Creation Team (described below). Finally, when realizing investments, the Adviser uses its knowledge of technology trends, competitive landscapes, and the public and private markets to determine the timing and mode of exit, including identifying potential strategic partners for portfolio companies.

Focus on Attractive Business Models and/or Companies with Core Advantages

The Adviser focuses on well-positioned companies within the technology industry. In the technology industry, market leaders often achieve better growth and profitability than less well-positioned competitors. Market leaders often are also able to sustain their businesses and grow market share during cyclical economic downturns. Moreover, leaders help to define industry standards, benefit as customers consolidate spending, and enjoy economies of scale that bolster margins and returns on equity. The Funds generally focus on market leading businesses and companies vying for leadership. A technology leader usually possesses the following characteristics: leading market share or the ability to compete for leading market share, established customer base, strong brand, sound business model, proprietary technology, sustainable revenue and cash flow, and experienced management. The Funds also evaluate investments in companies that are undergoing financial distress or operational challenges but whose underlying technologies or business models form a foundation for potential future growth or leadership. Distressed companies usually are characterized by poor financial performance, impaired credits, or non-operating issues such as legal and regulatory challenges. However, these companies sometimes have strong customer bases or differentiated offerings that can be revitalized in connection with an investment.

Invest in Growth

The Adviser seeks to invest in companies that possess not only established business models and sustainable competitive advantages, but also revenue and profit growth opportunities. The Adviser targets companies whose core businesses support "base case" private equity returns but whose embedded growth potential can generate significant upside, or persistent alpha that enhances exit prospects and can lead to outsized returns. The Adviser has observed that many leading technology companies, unlike many companies in other sectors, enjoy both established business and significant growth

opportunities that result from sector-wide growth and dynamism. The Adviser seeks to identify companies with core business and growth prospects that are potentially undervalued by the public and private capital markets.

Conduct Thorough Due Diligence

The Adviser's intensive due diligence process follows a methodology that includes (i) evaluating the addressable market opportunity and the ability to compete, (ii) assessing management, (iii) evaluating underlying technology and customer satisfaction, (iv) identifying value drivers, (v) creating a fully articulated bottom-up business model, and (vi) building a "Value Creation Plan". The Adviser's mission is to function as a value-added partner to the management teams of technology companies competing for market leadership. Therefore, assessing the management team is a critical first step in any due diligence process. Second, the Adviser evaluates underlying technology and customer satisfaction. Third, the Adviser identifies value drivers, which are formed through a combination of company-specific due diligence investigations and the Adviser's insights into the broader industry. Fourth, the Adviser creates a fully articulated bottom-up business model that crystallizes the business plan and translates it into projected financials and investment returns. This process also helps the Adviser to design appropriate investment formats and capital structures. Finally, in partnership with management and based on due diligence findings, the Adviser helps to formulate a Value Creation Plan for improving the business. Through its thorough due diligence capabilities, coupled with its specialized sector knowledge, the Adviser seeks to create an information advantage and "alpha" in the portfolio.

Add Value to Portfolio Companies

Supplementing the Adviser's focus on value creation, the Adviser established an internal "Value Creation Team" that is dedicated to effecting operational improvements in its portfolio companies. The Value Creation Team is specifically focused on helping existing and future portfolio companies identify and create business improvement opportunities. A number of senior advisors and special advisors to the Adviser are included as part of the Value Creation Team. These senior advisors and special advisors, while not employees, members, personnel, or affiliates of the Adviser, are independent leading professionals who have a strategic relationship with the Adviser and are available to provide valuable advice and services to the Adviser and its portfolio companies. The insights and benefits provided to portfolio companies by these senior advisors and special advisors complement the efforts of the Value Creation Team.

Leverage the Silver Lake Organization and Investment Platform

Since its inception, Silver Lake has continuously strived to improve its investment processes and its strategy. Silver Lake has also continued to strengthen and broaden its capabilities. Enhancements include: growing the number of investment and value creation professionals to approximately 110; broadening its global presence by opening offices in London, Tokyo, Hong Kong, and Shanghai; forming a dedicated Value

Creation Team to assist portfolio companies; and significantly augmenting its professional staff in finance, legal, compliance, communications, investor relations, and other administrative functions. All Silver Lake strategies share a common philosophy: focus on growing markets where innovation creates opportunities; specialize in a complex sector and differentiate with deep domain expertise and a dedicated team; and target an underserved capital need. Many synergies exist within Silver Lake's investment platform: improved deal flow across all Funds; expansive and deep industry expertise and insight; extensive relationships; rigorous investment processes; proven investment judgment; and the benefits from shared operations. As a result, the Funds will be able to benefit from Silver Lake's established investment platform and market leadership.

Additional Notes about Silver Lake Waterman's Investment Approach:

Focus on Later-Stage Growth Companies

The Adviser believes that later-stage growth companies are attractive targets for debt investments because companies with an established core business, a track record of growth, and significant opportunities for continued expansion will find the Adviser's solution-oriented debt financing compelling, as it is both less dilutive and easier to integrate into existing capital structures than growth equity. The Adviser will specifically focus on finding companies that generally meet any combination of the following criteria, in its view: (i) demonstrated scale, typically between \$10 million to \$75 million in revenue; (ii) a path to profitability; (iii) a predictable and repeatable sales model with high levels of customer satisfaction; (iv) a well-understood and defensible market position; (v) coherent growth plans; (vi) a strong and stable management team; and (vii) an engaged board of directors. The Adviser intends to build and manage a portfolio of 30-40 companies over the life of the Fund with these types of characteristics, diversified across sectors within the technology, technology-enabled, and other growth industries.

Seek to Protect the Fund's Principal

The Adviser is focused on protecting the principal of its debt instruments because debt instruments have contractual interest payments that create current income for the Fund. The Adviser intends to invest in companies with enterprise value significantly greater than the Fund's loan exposure. In general, the Adviser will seek to be covered by enterprise value that is at least two times the value of the Fund's debt instruments. Additionally, the Adviser generally will lend to companies on a secured basis where the Fund has a senior secured lien (or second lien behind a limited amount of commercial financing) against all or substantially all of the assets of a business. The Adviser intends to utilize a rigorous and thorough due diligence process to make underwriting decisions, modeled after Silver Lake's comprehensive processes. When assessing business models and management teams, the Adviser will use its extensive experience and relationships to understand not only the long-term value drivers in a business, but also the management depth, investor syndicate, and overall team stability. In assessing exit potential, the Adviser will build detailed, bottom-up models based on public and private market fundamentals and seek guidance from experienced advisors, to understand a potential portfolio company's ability to complete an initial public offering or merger and

acquisition exit. The Adviser will also build a merger and acquisition “matrix” to ascertain the range and likelihood of possible acquisition outcomes, the breadth of logical acquirers, and potential valuation ranges under a variety of scenarios.

Silver Lake Credit: The Adviser’s objective for Silver Lake Credit is to provide superior risk adjusted returns to the Fund’s investors by (i) performing proprietary credit analysis to invest opportunistically across the capital structure of an issuer, primarily in debt (including, without limitation, loans, high yield bonds, convertible bonds, trade claims, and mezzanine debt), as well as debt derivative products (including credit default swaps) and equities or other equity linked investments; (ii) seeking to generate “alpha” through sector specialization; (iii) seeking to manage market directional risk through appropriate levels of diversification both through the number and type of investments, as well as macro hedges; and (iv) utilizing instruments and strategies intended to outperform throughout a credit cycle, including periods where stressed and distressed investments may provide the highest risk adjusted returns, which may include specific issuer shorts or macro shorts as directional trades or as hedges on the long portion of the portfolio.

Investment Approach of Silver Lake Credit:

Silver Lake Credit has notified its limited partners that it has elected to wind down the Fund. Silver Lake has begun an orderly liquidation of the Fund and is in the process of returning capital to limited partners. Prior to the wind down election, the Adviser sought to translate knowledge of complex sectors into a superior understanding and execution of investing opportunities. The Adviser utilized detailed, bottom up, fundamental credit analysis coupled with this strong sector expertise for identifying market opportunities and selecting investments for the majority of the Fund’s portfolio. The Fund applied levels of leverage after considering the risk/reward of each investment and invested over time in order to capture ongoing market opportunities.

The Fund has invested across markets, primarily in credit investments. Though the Fund’s primary focus was U.S. corporate credit opportunities, the Fund has also invested in non U.S. debt securities and credit products, as well as equity or equity linked securities of U.S. and non-U.S. issuers. The Fund has also acquired equity investments through conversions of debt instruments into equity (either through an exercise of a conversion feature of the debt instrument or through a restructuring of borrower’s capital structure).

Investment Types and Portfolio Composition

The Fund has primarily invested across the credit markets, including investments in both private and public debt securities. Though it was focused primarily on domestic credit opportunities, the Fund has also invested in non-U.S. debt securities and credit products.

Prior to the wind down election, the Adviser sought to invest the Fund primarily in the following types of investments: loans, high yield debt, credit default swaps, collateralized loan obligations, special situation investments (such as mezzanine financing), or middle market loans. The Adviser also invested in convertible bonds, preferred equity, and

common equity in companies for which the investment team has established a compelling thesis. The Adviser also utilized public equity as part of a hedging or shorting strategy.

The Adviser constructed its views on asset allocation around valuation parameters and risk assessment rather than around specific asset types, allowing the fund to focus on potential investments with the most attractive valuation opportunities.

Use of Leverage

The Adviser used leverage depending on the risk measurement applied, totaling a level that did not exceed approximately three times the Fund's net asset value. The Adviser believed leverage would enhance, but would not be the primary driver of, returns in the Fund. Leverage was used judiciously, and levels were monitored by, among others, the Adviser's Strategy Committee.

Alternative ways the Fund used leverage include margin extended by its prime broker and leverage embedded in credit default swaps, total rate of return swaps, and other credit derivatives. The Fund also invested in assets that are themselves levered, such as buying tranches of subordinated notes or equity in a collateralized debt obligation fund. In addition to these techniques, the Fund also entered into other borrowing arrangements and created other subsidiaries that entered into borrowing arrangements.

Risks

Risks Applicable to All Funds

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 generally to all of the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for all of the Funds, include the following:

Concentration of Investments in a Single Industry: The Funds' portfolio companies will generally be concentrated in a single industry or sector, namely technology. Concentration in a single industry may involve risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. The industry in which the Funds invest is challenged by various factors, including rapidly changing market conditions and/or participants, new competing products, services and/or improvements in existing products. The Funds' portfolio companies will compete in this volatile environment. There is no assurance that products or services sold by the portfolio companies will not be rendered obsolete or adversely affected by competing products and services or that the portfolio companies will not be adversely affected by other challenges. Instability, fluctuation, or an overall decline within a single industry or sector will likely not be balanced by investments in other industries not so affected. In the event that such industries or sectors as a whole decline, returns to limited partners may decrease.

Financial Market Fluctuations: General fluctuations in the market prices of securities and interest rates may adversely affect the value of a Fund's investments and/or increase the risks associated inherent in a Fund's investments. The ability of companies, businesses, projects or assets to refinance debt securities may depend on their ability to obtain financing, including by selling new securities in the high-yield debt or bank financing markets. The precarious state of global credit markets, coupled with the global financial system generally, may make it significantly more difficult than had been in the recent past for financial sponsors to obtain favorable financing terms for its investments. The U.S. economy has experienced and continues to experience significant declines in employment, household wealth, and lending and the global credit markets continue to experience substantial disruption, liquidity shortages, and financial instability. Because of the unprecedented nature of these events, the ultimate impacts on global markets are unpredictable and may not be immediately apparent, and may adversely affect a Fund and its investments. While the Adviser expects that the current industry environment may yield attractive investment opportunities for a Fund, there can be no assurances that conditions in the global financial markets will not worsen and/or adversely affect one or more of a Fund's portfolio companies (including with respect to performing under or refinancing their existing obligations), its access to capital or leverage, its ability to effectively deploy its capital or realize investments on favorable terms or its overall performance.

A Fund's investment strategy and the availability of opportunities satisfying a Fund's risk-adjusted return parameters relies in part on the continuation of certain trends and conditions observed in the financial markets and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast, or predict future events, and, in any event, past performance is not necessarily indicative of future results. There can be no assurance that the assumptions made or the beliefs and expectations currently held by the Adviser will prove correct, and actual events and circumstances may vary significantly.

Valuation of Assets. There is no actively traded market for most of the securities owned by the Funds. When estimating fair value, the Adviser will apply a methodology based on its best judgment that is appropriate in light of the nature, facts, and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Fund's assets.

No Assurance of Investment Return: None of the Funds, the Advisers, and their respective affiliates can provide any assurance whatsoever that a Fund will be successful in choosing, making, and realizing investments in any particular company or portfolio of companies. There is no assurance that a Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance that any limited partner will receive any distributions from a Fund. Accordingly, an investment in a Fund should only be considered by persons for whom a speculative, illiquid, and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment. Past performance of

investment entities associated with Silver Lake and its affiliates is not necessarily indicative of future results. There can be no assurance that a Fund will achieve its investment objectives or that performance objectives of the Fund will be achieved.

Use of Leverage: While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. A Fund's investments may involve varying degrees of leverage, as a result of which recessions, operating problems, and other general business and economic risks (as well as particular risks associated with investing in technology companies described above) may have a more pronounced effect on the profitability or survival of such companies. Moreover, any rise in interest rates may significantly increase a portfolio company's interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, a Fund may suffer a partial or total loss of capital invested in the portfolio company.

Risk of Limited Number of Investments; Dependence on Performance of Certain Investments: The Funds may participate in a limited number of investments and, as a consequence, the aggregate return of a Fund may be substantially adversely affected by the unfavorable performance of any single investment. Moreover, since all of a Fund's investments cannot reasonably be expected to perform well, or even return capital, for the Fund to achieve above-average returns, one or a few of its investments must perform very well. There can be no assurance that this will be the case. In addition, other than as set forth in a Fund's Governing Documents, investors have no assurance as to the degree of diversification of the Fund's portfolio investments, either by geographic region or asset type. To the extent a Fund concentrates investments in a particular issuer, industry, security, or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto.

Highly Competitive Market for Investment Opportunities: The activity of identifying, completing, and realizing attractive investments that fall within a Fund's investment objective is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. The Funds will be competing for investments with other private investment vehicles, as well as individuals, companies, financial institutions, and other investors. Further, over the past several years, an ever-increasing number of private equity funds have been or are being formed (and many such existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. It is possible that competition for appropriate investment opportunities may increase, which may also require the Funds to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Funds and adversely affecting the terms upon which investments can be made. Participation in auctions will also increase the pressure on the Fund with respect to pricing of a transaction. Moreover, the Funds may incur bid, due diligence, or other costs on investments which may not be successful. As a result, a Fund may not recover all of its costs, which would adversely affect returns. Additionally, competition for investment opportunities from other investment vehicles has increased on a global scale. Private equity and other funds, whether located in Europe, Asia or other emerging market regions, are making global competition increasingly intense. While the Adviser has offices in certain locations outside of the U.S., there can be no assurance that such offices will provide for a local footprint that equals the resources available to funds that are

headquartered in such non-U.S. jurisdictions. The addition of new non-U.S. sponsors to the market, as well as any reductions or changes in staffing or closing of any non-U.S. offices by the Adviser (possibilities for which there can be no assurance they will not occur) could intensify this effect. There can be no assurance that a Fund will be able to locate, complete, and exit investments which satisfy the Fund's investment objective, or realize upon their values, or that it will be able to invest fully its committed capital.

Minority Investments; Investments with Third Parties: The Funds may invest in minority positions of companies and in companies for which the Funds have no right to appoint a director or otherwise exert significant influence or protect its position. In such cases, the Funds will be significantly reliant on the existing management and board of directors of such companies, which may include representation of other financial investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds.

The Funds may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives. In addition, the Funds may in certain circumstances be liable for the actions of their third-party co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Investments Longer than Term: A Fund expects to make investments that may not be advantageously disposed of prior to the date that such Fund will be dissolved, either by expiration of such Fund's term or otherwise. Although the general partner of such Fund expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution as a general partner has a limited ability to extend the term of a Fund, such Fund may have to sell, distribute, or otherwise dispose of investments at a disadvantageous time as a result of dissolution. In addition, although upon the dissolution of a Fund its general partner is generally required to use reasonable efforts to reduce to cash and cash equivalents such assets of such Fund as the general partner shall deem it advisable to sell, subject to obtaining fair market value for such assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the limited partners of such Fund will occur.

Intellectual Property: Companies in the technology, technology-enabled, and other growth industries are often highly dependent upon intellectual property. Accordingly, an investment in a Fund may involve a higher level of risks than an investment that is diversified across sectors that are less dependent upon intellectual property value. A Fund may be dependent upon the value of its portfolio companies' intellectual property. Portfolio companies may incur substantial costs to protect intellectual property, including litigation to enforce intellectual property rights and defend against intellectual property violation claims from other companies. Litigation would involve a high degree of uncertainty. If the portfolio companies are unable to protect the value

of their intellectual property or are found to violate other companies' intellectual property rights, or incur substantial legal costs, the value of the portfolio investments could be materially impaired, and a Fund could incur losses.

Investment in Restructurings: Certain Funds may make investments in restructurings that involve portfolio companies that are experiencing, or are expected to experience, severe financial difficulties, which may never be overcome and may cause a portfolio company to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject the Funds to certain additional potential liabilities, which may exceed the value of a Fund's original investment therein. For example, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated, or disallowed, or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Funds and distributions by the Funds to the limited partners may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment or a similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by local statutes 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.

Speculative Nature of Investments in Distressed Debt: The Funds may invest in distressed debt securities and instruments. Investments in distressed debt securities and instruments are inherently speculative and are subject to a high degree of risk. Companies experiencing financial distress are often those operating at a loss or with substantial variations in operating results from period to period. Companies experiencing financial distress may be involved in insolvency proceedings and have the need for substantial additional capital to support continued operations or to improve their financial condition and may have very high amounts of leverage. Distressed companies may have further inability to service their debt obligations during an economic downturn or periods of rising interest rates, may not have access to more traditional methods of financing, and may be unable to repay debt by refinancing.

The value of distressed debt securities and instruments tends to be more volatile and may have an increased price sensitivity to changing interest rates and adverse economic and business developments than other securities and instruments. Distressed debt securities and instruments are often more sensitive to company-specific developments and changes in economic conditions than other securities and instruments. Furthermore, distressed debt securities and instruments are often unsecured and may be subordinated to senior debt.

Investments in Less Established Companies: The Funds may invest a portion of their assets in the securities of less established companies, or early stage companies. To the extent there is any public market for the securities held by the Funds, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Start-up enterprises may not have significant or any operating revenues, and any such investment should be considered highly speculative and may result in the loss of a Fund's entire investment therein. The foregoing factors may increase the difficulty of valuing

such investments. In addition, there can be no assurance that any such losses will be offset by gains (if any) realized on a Fund's other investments.

Sovereign Risk: The right of certain portfolio companies of a Fund to generate, produce or sell its products may be granted by or derive from approval by governmental entities and are subject to special risks, including the risk that the relevant governmental entity will exercise sovereign rights and take actions contrary to the rights of a Fund or the relevant portfolio company under the relevant agreement. There can be no assurance that the relevant governmental entity will not legislate, impose regulations, or change applicable laws or act contrary to the law in a way that would materially and adversely affect the business of any portfolio company.

Investments in Public Companies: A Fund's investment portfolio may contain securities or instruments issued by publicly held companies. Such portfolio investments may subject the Funds to risks that differ in type or degree from those involved with portfolio investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities or instruments at certain times, increased likelihood of shareholder litigation against such companies' board members, and increased costs associated with each of the aforementioned risks.

Investments in Private Companies: The Funds are expected to invest in privately held companies, which may increase the risk of investing in such Funds. These companies will typically be smaller in scale and less capitalized than larger, more established businesses, and therefore particularly susceptible to economic downturns. The availability of information about private companies may be limited, and to the extent it is available, it may be unreliable. In addition, privately-held companies may have higher degrees of managerial risk due to a dependence upon a smaller number of managers. For these reasons, investments in private companies involve a high degree of risk and uncertainty, and therefore may cause the Funds to incur losses.

Additional Capital: The companies in which the Funds invest may from time to time require additional financing to satisfy their working capital requirements or business development strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing (whether from the a Fund or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a portfolio company may have to raise additional capital at a price unfavorable to the existing investors, including a Fund. A Fund may make additional equity and/or debt investments or exercise warrants, options, or convertible securities that were acquired in the initial investment in such a portfolio company in order to preserve its proportionate ownership when a subsequent financing is planned, or to protect its investment when such portfolio company's performance does not meet expectations. To the extent a portfolio company receives additional funding in subsequent financings and such Fund(s) does not participate in such additional financing rounds, the equity interests of such Fund(s) in such portfolio company may be diluted. The availability of capital is generally a function of market conditions that are beyond the control of a Fund or any portfolio company. There can be no assurance that the portfolio companies will be able to

predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. Accordingly, it is possible that one or more of the portfolio companies of the Funds will be unable to raise additional financing, resulting in a loss for such Fund and a negative impact on returns to limited partners of such Fund.

Non-U.S. Investments: A Fund may invest a portion of its aggregate capital commitments outside of the U.S. Non-U.S. securities involve certain risk factors not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which a Fund's foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation; (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; and (v) less developed corporate laws regarding creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors. Additionally, certain countries in which a Fund may invest have in the past, and may in the future, experience political and social instability that could adversely affect a Fund's investments in such countries. Such instability could result from, among other things, popular unrest associated with demands for improved political, economic, and social conditions and popular unrest in opposition to government policies that facilitate direct foreign investment. Governments of certain of these countries have exercised and continue to exercise substantial influence over many aspects of the private sector. A Fund generally does not intend to obtain political risk insurance. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the return from investments. Exchange control regulations, expropriation, confiscatory taxation, nationalization, restrictions on repatriation of capital, renunciation of foreign debt, political, economic or social instability, or other economic or political developments could adversely affect the assets of a Fund held in a particular country.

Currency and Exchange Rate Risks: A portion of the Funds' portfolio investments, and the income received by the Funds with respect to such portfolio investments, may be denominated in currencies other than U.S. dollars. However, the books of the Funds will be maintained, and contributions to and distributions from the Funds generally will be made, in U.S. dollars. Accordingly, changes in currency exchange rates may adversely affect the dollar value of portfolio investments and the amounts of distributions, if any, to be made by the Funds. In addition, the Funds will incur costs and execution risk when converting portfolio investment proceeds from one currency to another. The Adviser may enter into hedging transactions designed to reduce such currency risks, but it does not expect to eliminate the Funds' exposure to exchange rate fluctuations.

Hedging; Derivative Instruments: The Funds may, directly or indirectly, use various derivative instruments for hedging purposes. Thus, while the Funds may benefit from the use of these

hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Funds than if they had not entered into such hedging transactions. The Funds also may use derivative instruments to approximate or achieve the economic equivalent of an otherwise permitted portfolio investment (as if the Fund directly invested in the securities, loans, or claims of the subject portfolio company) or if such instruments are related to an otherwise permitted portfolio investment. Use of derivative instruments presents various risks. For example, when used for hedging or synthetic investment purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged or tracked may prevent the Funds from achieving the intended hedging effect or expose the Funds to the risk of loss. Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Funds may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which a Fund may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Fund to the potential of greater losses. Derivative instruments that may be purchased or sold by the Funds may include instruments not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments that are not traded on an exchange. The risk of nonperformance by the counterparty on such an instrument may be greater and the ease with which the Funds can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange traded instrument. The stability and liquidity of derivative investments depend in large part on the creditworthiness of the parties to the transactions. If there is a default by the counterparty to such a transaction, the Funds will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs that could result in a loss to the Funds. Furthermore, there is a risk that any of such counterparties could become insolvent. Also, it should be noted that in purchasing derivative instruments, the Funds typically will not have the right to vote on matters requiring a vote of holders of the underlying investment. Moreover, derivative instruments, and the terms relating to the purchase, sale, or financing thereof, are also typically governed by complex legal agreements. As a result, there is a higher risk of dispute over interpretation or enforceability of the agreements. It should also be noted that the regulation of derivatives is evolving in the U.S. and in other jurisdictions and is expected to increase, which could impact the Funds’ ability to transact in such instruments and the liquidity of such instruments.

The Funds may take advantage of investment opportunities with respect to derivative instruments that are neither presently contemplated nor currently available, but which may be developed in the future, to the extent such opportunities are both consistent with the Funds’ respective investment objectives and legally permissible. Any such investments may expose the Funds to unique and presently indeterminate risks, the impact of which may not be capable of determination until such instruments are developed and/or the Adviser determines to make such an investment.

Investments in Bridge Financings: From time to time, the Funds may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Fund's control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investments may remain outstanding. In such event, the interest rate on such loans or the terms of such interim investments may not adequately reflect the risk associated with the position taken by a Fund.

General Economic and Market Conditions: The technology sector generally and the success of the Funds' investment activities in particular will both be affected by general economic and market conditions, as well as by changes in applicable laws, trade barriers, currency exchange controls, and national and international political and socioeconomic circumstances in respect of the countries in which the Funds may invest. These factors may affect the level and volatility of securities prices and the liquidity of the Funds' portfolio investments, which could impair the Funds' profitability or result in losses. In addition, general fluctuations in the market prices of securities and interest rates may affect the Funds' investment opportunities and the value of the Funds' portfolio investments. The Adviser's financial condition may be adversely affected by a significant economic downturn, and it may be subject to legal, regulatory, reputational, and other unforeseen risks that could have a material adverse effect on the Adviser's businesses and operations (including those of the Funds). A sustained downturn in the U.S. or global economy (or any particular segment thereof) will have a pronounced impact on the Funds and could adversely affect the Funds' profitability, impede the ability of the Funds' portfolio companies to perform under or refinance their existing obligations, and impair the Funds' ability to effectively deploy its capital or realize upon portfolio investments on favorable terms. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

Legal, Tax, and Regulatory Risks: Legal, tax, and regulatory changes could occur during the term of a Fund that may adversely affect the Fund, its portfolio companies, or partners. For example, from time to time, the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. The Funds intend to invest in portfolio companies that operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination, and enforcement by regulatory authorities. New and existing regulations and burdens of regulatory compliance may directly impact the business and results of the operations of, or otherwise have a material adverse effect on, portfolio companies that are subject to regulation. Failure to comply with any of these laws, rules, and regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines, which may have material adverse effects. Additionally, foreign investment in securities of companies in certain of the countries in which the Funds may invest is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment above certain

ownership levels or in certain sectors of the country's economy and increase the costs and expenses of a Fund. While regulation of investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital, or the proceeds of sales by foreign investors and foreign currency. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities or instruments held by the Funds, and income on such securities or instruments or gains from the disposition of such securities or instruments may be subject to withholding taxes or other taxes imposed by certain countries where the Funds invest or in other jurisdictions.

Force Majeure Risk: Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, weather, earthquakes, war, terrorism, and labor strikes. Some force majeure events may adversely affect a party's ability to perform its obligations, under a contract or otherwise, until it is able to remedy the force majeure event. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, substantial litigation, or penalties for regulatory or contractual non-compliance. In some cases, project agreements can be terminated if the force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. Force majeure events that are incapable of, or costly to, cure may also have a permanent adverse effect on a portfolio company.

Fund Expenses: Expenses to be borne by a Fund (and as a result the limited partners of such Fund) include all fees, costs, and expenses directly related to the purchase, monitoring, and sale of securities, expenses of custodians, counsel, accountants, administrators, tax advisors, consultants, brokers, agents, valuation firms, and other advisors and professionals, any insurance, indemnity, or litigation expense, the costs and expenses of any lenders, investment banks, and other financing sources, out-of-pocket expenses incurred in connection with the Fund's legal, administrative, and regulatory compliance with U.S. federal, state, local, non-U.S., or other laws and regulations (including without limitation, expenses, and other charges allocated or relating to the Fund's activities (including the preparation and filing of Form PF and other regulatory filings of the Adviser and its affiliates relating to the Fund's activities)), and any taxes, fees, or other governmental charges levied against the Fund. In addition, a Fund will be responsible for all fees and expenses due any legal, financial, accounting, consulting, other advisors, any lenders, investment banks, and other financing sources in connection with transactions which are not consummated.

Risks Applicable to Silver Lake Kraftwerk

In addition to the risks described above, the following risks are applicable to Silver Lake Kraftwerk:

Investments Dependent on Commodity and Energy Prices: The performance of many or all of the investments of the Fund will likely depend upon prevailing prices of electricity and other commodities, such as oil, natural gas, coal, and ethanol/biodiesel, as well as other natural

resources. As energy derived from traditional fossil fuels becomes more expensive, the value of clean technologies and renewable energy resources should increase as well. Conversely, if new oil or coal deposits are found, or if the cost of producing energy from these sources decreases significantly for other reasons, the demand for clean technologies and renewable energy resources may decrease. Commodity prices have been volatile and will likely continue to be volatile in the future. Commodity prices are subject to wide fluctuation in response to relatively minor changes in supply and demand, governmental regulation, market uncertainty, and a variety of additional factors that are beyond the control of the Adviser or the Fund. These factors include, without limitation, changes in consumer demand, weather conditions and temperature fluctuations, market uncertainty, domestic and foreign governmental regulations, the price and availability of alternative fuels, the competitive position of traditional fossil fuels as a source of energy as compared with other energy sources, refining and production capacity, the cost of production inputs for alternative fuels such as ethanol/biodiesel, political conditions in the Middle East, Africa, South America, Russia, and other oil producing regions, actions of the Organization of Petroleum Exporting Countries (“OPEC”), foreign supply of oil, the implementation of new drilling and energy harvesting initiatives, the price of foreign imports, and overall economic conditions.

Additionally, recent technological progress in pollution control equipment for coal-fired generation plants may make it feasible for utilities to continue to operate those plants under newly mandated clean air regulations. Coal is plentiful in the U.S., and continued use of coal in electric generation facilities will also apply downward pressure to the value of clean technologies and renewable energy resources.

Rapidly Evolving Market: The market for clean technologies and renewable energy resources is emerging and rapidly evolving, and its future success is uncertain. If alternative energy resources and technologies prove unsuitable for widespread commercial deployment, or if demand for such resources or products fails to develop sufficiently, the Fund’s portfolio companies could be unable to generate enough revenue to achieve and sustain profitability. In addition, demand for alternative energy resources and products may not develop or may develop more slowly than anticipated. Many factors will influence the widespread adoption of clean or alternative energy technologies and the demand for derivative energy products, including cost-effectiveness, the availability of governmental subsidies and other similar incentives for alternative energy producers, and the performance and reliability of alternative energy resources and technology.

Government Support for Cleantech and Alternative Energy: Clean technologies and other alternative energy projects currently enjoy wide support from national, state, and local governments and regulatory agencies designed to finance the development of clean technologies and alternative energy resources, such as the federal production tax credit, various renewable and alternative portfolio standard requirements enacted by several states, alternative energy credits, and state-level utility programs, such as system benefits charge and customer choice programs. Similar support, initiatives, and arrangements exist in non-US jurisdictions as well. The combined effect of these programs is to subsidize, in part, the development, ownership, and operation of clean technologies and alternative energy projects, particularly in an environment

where the low cost of traditional fossil fuels may otherwise make the cost of producing energy from renewable sources uneconomic.

The operation and financial performance of portfolio companies involved in the development, ownership, and/or operation of clean technologies and alternative energy projects may be significantly dependent on state policies and regulatory frameworks that support renewable energy sources. Some of the US states or other jurisdictions in which such portfolio companies may be located may have Renewable Portfolio Standards (“RPS”) requirements that support the sale of electricity generated from renewable energy sources. These RPS requirements impose renewable energy purchase obligations or targets on electric utilities and other retail energy suppliers. Electric utility suppliers may satisfy their RPS requirements by purchasing renewable energy or renewable energy credits (“RECs”) from producers of electricity generated from renewable sources. There can be no assurance that government support for renewable energy will continue, that favorable legislation will pass, or that the electricity produced by such portfolio companies will qualify for support through the RPS programs. The elimination of, or reduction in, government policies that support renewable energy could have a material adverse effect on a portfolio company’s financial condition or results of operation. Any reduction in or elimination of these programs may have an adverse effect on development of clean technologies and alternative energy projects.

Emissions Trading and Market: The market for trading emissions credits and carbon allowances is rapidly expanding but remains undeveloped relative to the markets for trading other commodities. The trading of emissions credits and carbon allowances is primarily done in illiquid over-the-counter markets. The lack of liquidity and price asymmetries in the market for trading emissions credits, coupled with uncertainty surrounding the development and expansion of environmental regulations, present significant risks for the participants in such trading markets. There can be no assurance that the Fund will be able to identify investments that generate emissions credits or otherwise successfully monetize any such emissions credits once obtained.

Energy Generation and Related Infrastructure Asset Risks, Business and Operating Risks: Investment in energy and related infrastructure businesses and/or assets involves several business-related risks. Portfolio company revenues can be affected by a number of factors including economic conditions, political events, competition, regulation, and the financial position and business strategy of counterparties. In addition, operating costs can be influenced by a wide range of factors, many of which may not be under the control of the owner/operator, including the breakdown or failure of equipment or processes, labor disputes, industrial accidents, and the need to comply with the directives of central and local government authorities. Unanticipated changes in the availability or price of inputs necessary for the operation of projects and/or assets may adversely affect the overall profitability of an investment. Events outside the control of a portfolio company, such as demographic changes, economic growth, increasing fuel prices, government macroeconomic policies, fee rates, social stability, technical obsolescence, competition from or other forms of energy, natural disasters (such as fire, floods, earthquakes, and typhoons), changes in weather, changes in demand for services, defective design or construction, bankruptcy or financial difficulty of a major counterparty, acts of war or terrorism, and other unforeseen circumstances and incidents could significantly reduce the revenues

generated or significantly increase the expense of constructing, operating, maintaining, or restoring infrastructure facilities. In turn, this may impair a portfolio company's ability to repay its debt, make distributions to the Fund, or even result in termination of an applicable power purchase or other agreement. As a general matter, the operation and maintenance of energy generation and other facilities involve various risks, including labor issues, failure of technology to perform as anticipated, structural failures, and accidents. It is expected that applicable portfolio companies will maintain insurance to protect against certain risks, where available on reasonable commercial terms, such as business interruption insurance that is intended to offset loss of revenues during an operational interruption; however, such insurance is subject to customary deductibles and coverage limits, and may not be sufficient to recoup all of a portfolio company's losses. There can be no assurance that a portfolio company's insurance would cover liabilities resulting from claims relating to the design, construction, maintenance, or operation of the infrastructure facilities or other assets in which the Fund may invest, lost revenues, or increased expenses resulting from such damage. Furthermore, once energy generation and related infrastructure assets of portfolio companies become operational, they may face competition from other energy generation and related infrastructure assets in the vicinity of the assets they operate, the presence of which depends in part on governmental plans and policies.

Regulatory Approvals: The Fund may invest in portfolio companies it believes have obtained all material federal, state, local, or non-U.S. approvals required to operate. In addition, the consent or approval of certain regulatory authorities may be required in order for the Fund to acquire or hold certain portfolio companies. The Fund's portfolio companies could be adversely affected to the extent regulations or applicable laws change or become increasingly stringent as a result of judicial or administrative interpretations with respect thereto. Moreover, additional regulatory approvals may become applicable in the future as a result of the foregoing or for other reasons. There can be no assurance that the Fund's portfolio companies will be able to obtain all required regulatory approvals or once obtained to maintain such approvals in accordance with the requirements applicable thereto. Failure or delay in obtaining any applicable regulatory approvals could adversely affect the business of the Fund and impede the Fund's ability to effectively achieve its investment objective.

High Capital Costs: Energy projects, including those which focus on renewable energy sources, typically involve relatively high levels of upfront capital investment which entails a certain degree of risk. The return on investment in companies with high capital costs may not be achieved. If technologies underlying renewable energy or cleantech projects prove unsuitable for widespread commercial deployment, or if demand for such resources or products fails to develop sufficiently, the business of the Fund may be adversely affected.

Political and Societal Challenges: Energy and related projects will be subject to siting requirements. For example, wind energy projects are subject to certain site controls imposed by the U.S. Federal Aviation Administration ("FAA") and must obtain determinations of no hazard to air navigation from the FAA's Air Traffic Airspace Branch prior to commencing, and upon completing, installation of wind turbines, since the turbines may pose hazards to air traffic due to their height. Siting of energy projects is also frequently subject to regulation by applicable state, county, and local authorities. Proposals to site a renewable or alternative energy plant may be challenged by a number of parties, including special interest groups based on alleged security

concerns, disturbances to natural habitats for wildlife, and adverse aesthetic impacts, including the common “not in my backyard” phenomenon. Concerns can also arise regarding some of the techniques used in the extraction of shale gas in order to enhance recovery, such as the use of natural gas hydraulic fracturing (also known as “fracking”), which may require governmental permits or approvals and which have recently been the subject of heightened environmental concerns and public opposition in some jurisdictions. The failure of any portfolio company to receive, renew, or maintain any required permits or approvals, or any inability to satisfy any requirement of any permits or approvals, may result in increased compliance costs, the need for additional capital expenditures, or a suspension of project operations.

Regulatory Risk: Energy and related resources investments may be subject to numerous federal and state energy laws and regulations, including, without limitation, the Federal Power Act (“FPA”), the Energy Policy Act of 2005, the Public Utility Holding Company Act of 2005 (“PUHCA”), and the Public Utility Regulatory Policies Act (“PURPA”). Changes in applicable energy laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures. If a portfolio company fails to comply with these requirements, it could also be subject to civil or criminal liability and the imposition of fines. Federal and state energy policies, law, and regulation supporting the creation of wholesale energy markets is currently, and may continue to be, subject to challenges, modifications, and restructuring proposals, which may result in limitations on the commercial strategies available to the portfolio companies for the sale of power.

Under the FPA, the Federal Energy Regulatory Commission (“FERC”) regulates wholesale sales of electricity and the transmission of electricity in interstate commerce by “public utilities” as defined under the FPA and places constraints on the conduct of their businesses, including, among other things, rate and corporate regulation. In addition, the portfolio companies are subject to regulation by state agencies.

If certain conditions are not met, the FERC has the authority to deny, as well as later revoke or revise market-based rate authority and require sales to be made based on cost of service rates. Even where market-based rate authority has been granted, the FERC may impose various forms of market mitigation measures, including price caps, bidding rules, and operating restrictions, where it determines that potential market power might exist and that the public interest requires such potential market power to be mitigated. Failure to obtain or loss of market-based rate authority for any portfolio company could have a material adverse effect on such portfolio company’s revenues and business.

In addition, PUHCA provides, in relevant part, that any entity that owns, controls, or holds the power to vote 10% or more of the outstanding voting securities of a “public utility company” (which is defined to include an “electric utility company”) or a company that is a “holding company” of a public utility company or public utility holding company, is subject to certain regulations granting the FERC access to books and records and oversight over certain affiliate transactions. While it is expected that each portfolio company engaged in energy generation will have filed or will file a self-certification with the FERC stating that it is an exempt wholesale generator (“EWG”) and/or a “Qualifying Facility” (“QF”) under PUHCA prior to commencing operation, there is no guarantee that regulatory or other changes will not result in the loss of such

EWG status or QF status or prevent other portfolio companies from obtaining such status, in which case the Fund and certain of its affiliates may become subject to regulation under PUHCA. State regulatory commissions may in some instances also have access to books and records of holding companies.

Portfolio companies may also face regulatory risk imposed by various transmission providers and operators, including regional transmission operators and independent system operators, and their corresponding market rules. Transmission providers have FERC-approved tariffs that govern access to their transmission systems. These tariffs may contain provisions that limit access to the transmission grid or allocate scarce transmission capacity in a particular manner. Regulatory changes in a jurisdiction where a portfolio company is located may make the continued operation of such portfolio company infeasible or economically disadvantageous, and any expenditures made to date by such portfolio company may be wholly or partially written off. The locations of the portfolio companies may also be subject to government exercise of eminent domain power or similar events. Any of these changes could significantly increase the regulatory-related compliance and other expenses incurred by the portfolio companies and could significantly reduce or entirely eliminate any potential revenues generated by one or more portfolio companies, which could materially and adversely affect returns to the Fund.

Documentation and Other Legal Risk: In addition to the matters described above regarding power purchase agreements, energy generation, and related resources projects are also typically governed by other complex legal agreements. As a result, there is a higher risk of dispute over interpretation or enforceability of the agreements. It is not uncommon for energy generation and related resources assets to be exposed to a variety of other legal risks including, but not limited to, legal action from special interest groups. Interest groups may use legal processes to seek to impede particular projects to which they are opposed. See “Political and Societal Challenges” above.

Interconnection and Delivery Risk: Portfolio companies engaged in energy production, generation, and/or transmission may deliver energy to its off-takers by interconnecting to the transmission network and may have interconnection agreements in place to do so. In order to be connected to a transmission network, a portfolio company may be required to meet certain technical specifications. If a portfolio company does not meet, or ceases to comply with, these specifications, such portfolio company may incur liabilities and penalties, including disconnection from the network. A portfolio company also faces the risk that its ability to deliver energy consistent with expectations could become constrained due to failure of the interconnection provider to complete any necessary system upgrades within the timeframe contemplated. Additionally, due to the way interconnection lines are managed, the required system upgrade costs are not yet fully known and it is possible these costs could be higher than anticipated. In addition, pursuant to interconnection agreements, the transmission owners and/or operators may retain the right to interrupt or curtail transmission deliveries as required in order to maintain the reliability of the transmission network. As such, portfolio companies may face curtailment of output due to system congestion, outages, technical incidents, or other circumstances impacting transmission network operations, and transmission owners and/or operators may fail to meet contracted obligations or terminate affected contracts. Any such curtailment of output could adversely affect the revenues of a portfolio company. Transmission

owners also will not usually compensate electricity generators, including portfolio companies, for lost income due to any congestion, network outages, or other technical incidents. In addition, if a portfolio company fails to meet the milestones in the interconnection process, such portfolio company may lose its position in the transmission planning queue, which may result in significant increased cost and delay.

Rate Risk: The Fund may invest in portfolio companies that derive substantially all of their revenues from wholesale or other sales of electricity or services related thereto, such as storage or grid management services. Users of the applicable service provided by a portfolio company may react negatively to any adjustments to the applicable rates, or public pressure may cause relevant government authorities to challenge such rates (or eliminate any direct or indirect subsidies supporting such rates). In addition, adverse public opinion, or lobbying efforts by specific interest groups, could result in governmental pressure on portfolio companies to reduce their rates, or to forego planned rate increases or forego direct or indirect subsidies. The Adviser cannot guarantee that governmental entities with which portfolio companies have rate agreements will not try to negotiate or require lower rates or change policies regarding subsidies. If public pressure or government action forces portfolio companies to restrict their rate increases or reduce their rates, and they are not able to secure adequate compensation to restore the economic balance of the relevant concession agreement, the Fund's business, financial condition, and results of operations could be materially and adversely affected.

Environmental Risk: National and local environmental laws and regulations affect the operations of renewable energy generation businesses. The Fund may invest in portfolio companies that are subject to changing and increasingly stringent environmental and health and safety laws, regulations, and permit requirements, and there can be no guarantee that all costs and risks regarding compliance with environmental laws and regulations can be identified. Standards are set by these laws and regulations regarding certain aspects of health and environmental quality, and they provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, joint and several obligations to remediate and rehabilitate current and former facilities and locations where operations are, or were, conducted or where materials were disposed of. New and more stringent environmental and health and safety laws, regulations and permit requirements or stricter interpretations of current laws or regulations could impose substantial additional costs on portfolio companies or potential investments and could create liabilities which did not exist at the time of acquisition and that could not have been foreseen. Compliance with such current or future environmental requirements does not ensure that the operations of portfolio companies will not cause injury to the environment or to people under all circumstances, or that portfolio companies will not be required to incur additional unforeseen environmental expenditures. Moreover, failure to comply with any such requirements could lead to, among other things, government fines and stop-work injunctions and could have a detrimental impact on the financial performance of a portfolio company. There can be no assurance that portfolio companies will at all times comply with all applicable environmental laws, regulations, and permit requirements. Past practices or future operations of portfolio companies could also result in material personal injury or property damage claims.

Under certain circumstances, environmental authorities and other parties may seek to impose personal liability on the limited partners of a partnership (such as the Fund) subject to environmental liability. However, a limited partner investor in the Fund may reduce its risk of such personal liability by avoiding activities with respect to the portfolio companies other than as specifically contemplated by the partnership agreement of such Fund.

Operations and Maintenance Risk: The operations of renewable energy generation and related assets and businesses are exposed to unplanned interruptions caused by significant catastrophic events, such as the force majeure type events described above, as well as by major plant breakdown, pipeline, or electricity line rupture or other disaster. Operational disruption, as well as supply disruption, could adversely impact the cash flows available from these assets. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged interruption may result in permanent loss of customers, substantial litigation, or penalties for regulatory or contractual non-compliance. Moreover, any loss from such events may not be recoverable under relevant insurance policies. Business interruption insurance is not always available, or economic, to protect the business from these risks. Industrial action involving employees or third parties may disrupt the operations of resources projects. Renewable energy generation and related resources projects are exposed to the risk of accidents that may give rise to personal injury, loss of life, damage to property, disruption to service, and economic loss.

Risks Applicable to Silver Lake Credit

In addition to the risks described above, the following risks are applicable to Silver Lake Credit:

Leverage: The Fund intends to utilize leverage directly and indirectly. Alternative ways the Fund may use leverage include margin extended by its prime brokers and leverage embedded in credit default swaps, total rate of return swaps, and other credit derivatives. In addition to these techniques, the Fund may enter into other borrowing arrangements and may create other subsidiaries that enter into borrowing arrangements.

The use of leverage will increase the volatility of the Fund. While the use of borrowed funds will increase returns if the Fund earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage will decrease returns if the Fund fails to earn as much on such incremental investments as it pays for such funds. The effect of leverage may therefore result in a greater decrease in the net asset value of the Fund than if the Fund were not so leveraged.

The banks and dealers that provide financing to the Fund may apply essentially discretionary margin, haircut, financing, and collateral valuation policies; charges by banks and dealers in any of the foregoing may result in large margin calls, loss of financing, and forced liquidation of positions at disadvantageous prices. The use of leverage will also result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. In addition, the companies in which the Fund will invest may be highly leveraged, thereby increasing the credit risk inherent in each investment. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of

debt service, and may impair its ability to finance future operations and capital needs. In addition, this leverage could accelerate and magnify declines in the value of the Fund's investments in the leveraged portfolio companies in a down market. In the event any company in which the Fund has invested cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in such company, which could adversely affect the Fund's returns.

Credit Risk and Interest Rate Risk: Debt portfolios are subject to credit and interest rate risk. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument and securities which are rated by rating agencies are often reviewed and may be subject to downgrade. The Fund cannot guarantee the adequacy of the protection of the Fund's interests, including the validity or enforceability of loans and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, the Fund cannot assure that claims may not be asserted that might interfere with enforcement of the Fund's rights. In the event of foreclosure, the Fund or an affiliate of the Fund may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in loss to the Fund. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

"Interest rate risk" refers to risks associated with market changes in interest rates. Rising or falling interest rates may have adverse or positive effects on investments made by the Fund, as well as on the Fund's financing arrangements.

Nature of Fund Investments: The Fund will have broad discretion in making investments. The Fund's investments will generally consist of debt obligations, securities, and assets that have significant risks as a result of business, financial, market, or legal uncertainties, which can result in substantial losses. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on the Fund's investments. Prices of the Fund's investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Fund's activities and the value of the Fund's investments. The Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

Loans: The Fund expects that a portion of its investments will consist of interests in loans originated by banks and other financial institutions. The loans invested in by the Fund will be term loans and revolving loans, may pay interest at a fixed or floating rate, and may be senior or subordinated. Purchasers of loans are predominantly commercial banks, investment funds, and investment banks. As secondary market trading volumes for loans increase, new loans are frequently adopting standardized documentation to facilitate loan trading, which should improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity

will continue. In addition, the Fund will make investments in stressed or distressed loans which are often less liquid than performing loans.

The Fund may acquire interests in loans either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest, not with the borrower. In purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, and the Fund may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, the Fund will assume the credit risk of both the borrower and the institution selling the participation.

High Yield Debt: A substantial portion of the high yield debt in which the Fund intends to invest will be rated below investment-grade by one or more nationally recognized statistical rating organizations or will be unrated but of comparable credit quality to obligations rated below investment-grade, and have greater credit and liquidity risk than more highly rated debt obligations. High yield debt is generally unsecured and may be subordinate to other obligations of the obligor. The lower rating of high yield debt reflects a greater possibility that adverse changes in the financial condition of the obligor or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the ability of the obligor to make payment of principal and interest. Many issuers of high yield debt are highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations. Overall declines in the below investment-grade bond and other markets may adversely affect such issuers by inhibiting their ability to refinance their debt at maturity. High yield debt is often less liquid than higher rated securities.

High yield debt is often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. High yield debt has historically experienced greater default rates than has been the case for investment-grade securities. The Fund may also invest in equity securities issued by entities with unrated or below investment-grade debt.

Credit Default Swaps and Other Credit Derivatives: The Fund may make investments in credit default swaps or other credit derivatives. These transactions generally provide for the transfer from one counterparty to another of certain credit risks inherent in the ownership of a financial asset such as a loan or a high yield debt security. Such risks include, among other things, the risk (i) of default and insolvency of the obligor of such asset, (ii) that the credit of the obligor or the underlying collateral will decline, or (iii) that credit spreads for like assets will change (thus affecting the market value of the financial asset). The transfer of credit risk pursuant to a credit derivative may be complete or partial, and may be for the life of the related asset or for a shorter period. Credit derivatives may be used as a risk management tool for a pool of financial assets, providing the Fund with the opportunity to gain exposure to one or more reference loans or other

financial assets (each, a “reference asset”) without actually owning such assets in order, for example, to reduce a concentration risk or to diversify a portfolio. Conversely, credit derivatives may be used by the Fund to reduce exposure to an owned asset without selling it in order, for example, to maintain relationships with clients, to avoid difficult transfer restrictions, manage illiquid assets, or hedge declining credit quality of the financial asset.

Credit default swaps and other credit derivatives are subject to many of the same types of risks described above in “Hedging; Derivative Instruments”; for example, in the event that the Fund enters into a credit derivative with a counterparty which subsequently becomes insolvent or files a bankruptcy case, the credit derivative may be terminated in accordance with its terms and the Fund’s ability to realize its rights under the credit derivative and its ability to distribute the proceeds could be adversely affected.

Credit default swaps and other credit derivatives are a relatively recent development in the financial markets. Consequently, there are certain legal, tax, and market uncertainties that present risks in entering into such credit default swaps and other credit derivatives. There is currently little or no case law or litigation characterizing credit default swaps or other credit derivatives, interpreting their provisions, or characterizing their tax treatment. In addition, additional regulations and laws may apply to credit default swaps or other credit derivatives that have not heretofore been applied. There can be no assurance that future decisions construing similar provisions to those in any swap agreement or other related documents or additional regulations and laws governing credit default swaps or other credit derivatives will not have a material adverse effect on the Fund.

The use of leverage will significantly increase the sensitivity of the market value of credit default swaps or other credit derivatives to changes in the market value of the reference assets. The reference assets are subject to the risks related to the credit of the underlying obligors. These risks include the possibility of a default or bankruptcy of the obligors or a claim that the pledging of collateral to secure a loan constituted a fraudulent conveyance or preferential transfer that can be subordinated to the rights of other creditors of the obligors or nullified under applicable law.

Credit default swaps may be required to be settled by physical delivery. The Fund may be exposed to a counterparty which is unable to source the securities that it is obliged to deliver under the instrument. Further, since such credit derivatives involve a determination of when a credit event has taken place; there is scope for conflict as to what constitutes a credit event and whether one has occurred. For example, disputes may arise as to whether certain types of “restructuring” or “succession events” constitute credit events. Although the derivative contracts seek to address a broad range of scenarios, there is nevertheless a significant scope for disagreement which is magnified by such instruments being relatively recent developments.

Structured Product and Total Return Swaps: The Adviser expects to invest in structured products and total return swaps. Investments in structured products will typically consist of equity or subordinated debt securities issued by a private investment fund that invests, on a leveraged basis, in the loan, high yield debt, or other asset groups. Investments in total return swaps will similarly permit the Fund to gain exposure to a portfolio of assets on a leveraged basis.

Investments in structured products and total return swaps will be subject to a number of risks, including risks related to the fact that the structured products and total return swaps will be leveraged. Utilization of leverage is a speculative investment technique and will generally magnify the opportunities for gain and risk of loss borne by an investor in the equity or subordinated debt securities issued by a structured product or in a total return swap. Many structured products contain covenants designed to protect the providers of debt financing to such structured products; similarly, total return swaps may contain covenants designed to protect the swap counterparty. A failure to satisfy those covenants could result in the untimely liquidation of the structured product or total return swap, and a complete loss of the Fund's investment therein. In addition, if the particular structured product is invested in, or a total return swap reference portfolio contains, a security in which the Fund is also invested, this would tend to increase the Fund's overall exposure to the credit of the issuer of such securities, at least on an absolute, if not on a relative basis.

The value of an investment in a structured product or total return swap will depend on the investment performance of the assets in which the structured product invests or which are included in the total return swap's reference portfolio. Investments in both structured products and total returns swaps are therefore subject to all of the risks associated with an investment in those assets. These risks include the possibility of a default by, or bankruptcy of, the issuers of such assets or a claim that the pledging of collateral to secure any such asset constituted a fraudulent conveyance or preferential transfer that can be subordinated to the rights of other credits of the issuer of such asset or nullified under applicable law. The Fund will not own such assets directly and will therefore not benefit from general rights applicable to the holders of assets, such as the right to indemnity and the rights of setoff, or have voting rights with respect to such assets, and in such cases, all decisions related to such assets, including whether to exercise certain remedies, will be controlled by the structured product or the swap counterparty if it has acquired the asset. Structured products and total return swaps are a relatively recent development in the financial markets. Consequently, there are certain tax and market uncertainties that present risks relating to investing in structured products and total return swaps.

Distressed Investments: The Fund may invest in securities and obligations of issuers that are experiencing significant financial or business difficulties (including companies involved in bankruptcy or other reorganization and liquidation proceedings). Such investments involve substantial risks not normally associated with investments in healthier companies, including adverse business, financial, or economic conditions that can lead to defaulted principal and interest payments and insolvency proceedings. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid, if at all, only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments, and the amount of any recovery may be affected by the relative seniority of the Fund's investment in the capital structure of the issuer. The Fund may lose a substantial portion or all of its investments in a troubled loan or equity interest, or may be required to accept cash or securities with a value less than the Fund's investments. In certain periods, there may be little or no liquidity in the markets for these securities or instruments. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such entities. Troubled companies also may be adversely affected by

state and Federal 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.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied), or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security in respect to which such distribution was made.

Short Selling: The Fund is authorized to invest in or short, public and quasi-public securities. Such investments involve a high degree of risk. In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or dealer. Because the seller remains liable to return the underlying security that it borrowed from the broker or dealer, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. As a result, the Fund will engage in short sales only where it believes the value of the security will decline between the date of the sale and the date the Fund is required to return the borrowed security. The making of short sales exposes the Fund to the risk of liability for the market value of the security that is sold, an unlimited risk due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase.

Options: The Fund may purchase and sell options on securities on international securities exchanges and in the domestic and international over-the-counter markets. The seller ("writer") of an uncovered put option assumes the risk of a decline in the market price of the underlying security or currency below the exercise price of the option. The seller of a put option which is covered (*e.g.*, the writer has a short position in the underlying security or currency) assumes the risk of an increase in the market price of the underlying security or currency above the sales price (in establishing the short position) of the underlying security or currency, plus the premium received, and gives up the opportunity for gain on the underlying security or currency below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security or currency above the exercise price of the option. The writer of a call option that is covered (*e.g.*, the writer holds the underlying security or currency) assumes the risk of a decline in the market price of the underlying security or currency less the premium received, and gives up the opportunity for gain on the underlying security or currency above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option.

Options on securities may be cash settled, settled by physical delivery, or settled by entering into a closing purchase transaction. In entering into a closing purchase transaction, the Fund may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium it received when the option was written.

Forward Trading: Forward contracts and options thereon, unlike future contracts are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread from the price at which they were prepared to sell. Disruptions can occur in any market traded by the Fund due to unusually high trading volume, political intervention, or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the Adviser would otherwise recommend, to the possible detriment of the Fund. Market illiquidity or disruption could result in major losses to the Fund.

Convertible Securities: The Fund may invest in convertible securities, which are bonds, debentures, notes, preferred stocks, or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted, or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics, and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by the Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock, or sell it to a third-party. Any of these actions could have an adverse effect on the Fund’s ability to achieve its investment objective.

Contingent Liabilities: The Fund may from time to time incur contingent liabilities in connection with an investment. For example, the Fund may purchase from a lender a revolving credit facility that has not yet been fully drawn. If the borrower subsequently draws down the facility, the Fund would be obligated to fund the amounts due. The Fund may acquire delayed draw term loans, where the lender has made a commitment to the borrower to lend with a pre-defined future draw period and it may also enter into agreements pursuant to which it agrees to assume responsibility for default risk presented by a third-party, and may, on the other hand, enter into agreements through which third-parties offer default protection to the Fund.

Middle-Market Companies: The Fund may invest in small and/or less well established companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product

diversification, and competitive strength of larger corporations. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. In addition, due to thin trading in some of those securities, an investment in those securities may be less liquid than an investment in many larger capitalization stocks. When making large sales, the Fund may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller company securities.

Event-Driven Special Situations: The Fund's strategies will, from time to time, involve investments in "event-driven" special situations such as recapitalizations, spinoffs, corporate and financial restructurings, litigation, or other catalyst-orientated situations. The Adviser believes these types of investments often have downside risk relative to their current valuations. The Adviser could, however, be incorrect in its assessment of the downside risk associated with an investment, thus resulting in a significant loss to the Fund. Investments in such securities are often difficult to analyze and have limited trading histories and have limited in-depth research coverage. Although the Fund intends to utilize appropriate risk management strategies, such strategies cannot fully insulate the Fund from the risks inherent in its planned activities. Moreover, in certain situations, the Fund may be unable to, or may choose not to, implement risk management strategies because of the costs involved or other relevant circumstances.

Highly Volatile Instruments: The prices of derivative instruments, including credit default swaps, forward contracts, swaps, and options are highly volatile. Price movements of forward contracts and other derivative contracts in which the Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationship, trade, fiscal monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene directly by regulation in certain markets, particularly those in currencies and financial instrument options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Fund is also subject to the risk of failure of any exchange on which its positions trade or of their clearing houses.

Counterparty Risk: The Fund may effect a portion of its transactions in "over-the-counter" or "interdealer" markets or through private transactions. The participants in such markets and counterparties in such private transactions are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. This may expose the Fund to the risk that a counterparty will not settle a transaction because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty.

Loans of Portfolio Securities: The Fund may lend portfolio securities on terms customary in the securities industry, enter into reverse repurchase agreements, or enter into other transactions

constituting a loan of the Fund's assets. By doing so, the Fund would attempt to increase its income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, the Fund could experience delays in recovering the securities it lent. To the extent that the value of the securities the Fund lent has increased, the Fund could experience a loss if such securities are not recovered.

Investments in Undervalued Assets: One of the primary objectives of the Fund is to invest in undervalued assets. The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

The Fund may be forced to sell, at a substantial loss, assets which it believes are undervalued. In addition, the Fund may be required to hold such assets for a substantial period of time before realizing their anticipated value. During this period, a portion of the Fund's funds would be committed to assets purchased, thus possibly preventing the Fund from investing in other opportunities. In addition, the Fund may finance such purchases with borrowed funds and thus will have to pay interest on such funds during this waiting period. Finally, withdrawals by limited partners, margin calls, and other events related to the Fund's indebtedness and/or liabilities could force the Fund to have to sell assets at prices that are less than their fair value.

Potential Illiquidity of Fund Investments: The market value of the Fund's investments will fluctuate with, among other things, changes in market rates of interest, general economic conditions and economic conditions in particular industries, the condition of financial markets, and the financial condition of the issuers of the Fund's investments. In addition, the lack of an established, liquid secondary market for some of the Fund's investments may have an adverse effect on the market value of the Fund's investments and on the Fund's ability to dispose of them. Additionally, the Fund's investments may be subject to certain transfer restrictions that may also contribute to illiquidity. Therefore, no assurance can be given that, if the Fund is determined to dispose of a particular investment held by the Fund, it could dispose of such investment at the prevailing market price. Such illiquidity may adversely affect the price and timing of liquidation of the Fund's investments upon the redemption of a limited partner's interest, to pay Fund expenses, or to pay the management fee.

A portion of the Fund's investments will consist of securities that are subject to restrictions on resale by the Fund because they were acquired in a "private placement" transaction or because the Fund is deemed to be an affiliate of the issuer of such securities. Generally, the 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 to be an underwriter or possibly a controlling person, with respect thereto for the purposes of the Securities Act and be subject to liability as such under the Securities Act.

Post-reorganization Securities: Post-reorganization securities typically entail a higher degree of risk than investments in securities which have not undergone a reorganization or restructuring.

Moreover, post-reorganization securities can be subject to heavy selling or downward pricing pressure after the completion of a bankruptcy reorganization or restructuring. If the Adviser's evaluation of the anticipated outcome of an investment situation should prove incorrect, the Fund could experience a loss.

Projections: Projected operating results of a company in which the Fund invests normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Risks Applicable to Silver Lake Waterman

In addition to the risks described above, the following risks are applicable to Silver Lake Waterman:

Unavailability of Leverage: The Silver Lake Waterman Fund is licensed as an SBIC. Being licensed as an SBIC does not automatically assure that the Fund will receive SBA debenture funding. Receipt of SBA debenture funding is dependent upon the Fund continuing to be in compliance with SBA regulations and policies and there being funding available. For example, the SBA has the right to restrict the leverage available if it determines that the Fund does not have adequate management. In the event that one or more of the principals were to cease or decrease his level of involvement in the management of the Fund, the SBA will likely restrict leverage until it determines the Fund has adequate management, which may require the addition of one or more qualified replacements acceptable to the SBA. The availability of qualified replacements with background and experience similar to that of the principals may be extremely limited, and there can be no assurance that the Fund will be able to identify one or more qualified replacements or that any replacements proposed by the Fund will be acceptable to SBA. Furthermore, the amount of SBA debenture funding available to SBICs is dependent upon annual Congressional authorizations and in the future, may be subject to annual Congressional appropriations. There can be no assurance that there will be sufficient debenture funding available at the times desired by the Fund, thereby reducing the Fund's ability to make portfolio investments and implement its investment strategy.

Regulation by the SBA: The Fund is subject to SBA regulations and policies which may change during the life of the Fund in ways that might require the Fund to alter its business activities or that may otherwise have a negative impact on the Fund. Current SBA regulations provide the SBA with certain rights and remedies if the Fund violates their terms. A key regulatory metric for the SBA is the extent of "Capital Impairment," which is the extent of realized (and, in certain circumstances, net unrealized) losses incurred by an SBIC compared with such SBIC's Regulatory Capital (as defined under SBA regulations). Interest payments, management fees, organization, and other expenses are included in determining "realized losses". SBA regulations preclude the full amount of "unrealized appreciation" from investments from being considered when calculating Capital Impairment in certain circumstances. Remedies for regulatory violations are graduated in severity depending on the seriousness of Capital Impairment or other regulatory violations. For minor regulatory infractions, warnings are often given. For serious infractions, the use of debentures may be limited or prohibited, outstanding debentures can be declared to be immediately due and payable, restrictions on distributions and making new investments may be imposed, management fees may be required to be reduced, and investors may be required to pay their unfunded capital commitments to the SBIC. In severe cases, the SBA may require the limited partners to remove the Fund's general partner or its officers, directors, managers, or partners, or the SBA may obtain appointment of a receiver for the Fund.

Use of SBA Debenture Leverage: The Fund borrows money under the SBA debenture program, which increases the risk of investing in the Fund. The use of leverage magnifies the potential for both losses and gains with respect to portfolio investments. Leverage is generally considered a speculative investment technique, and there can be no assurance that the Fund will generate

returns that exceed the crossover point whereby the use of leverage results in net returns to limited partners that exceed the returns generated had the Fund been unleveraged. Leverage could allow the Fund to acquire portfolio investments that in total are substantially larger than the Fund's capital commitments, thereby amplifying the effects of changes in the value of portfolio investments upon distributions and returns to the partners both negatively and positively. As a result of the commitment fees, repayment obligations, and semi-annual interest payments to which SBA debentures are entitled, the Fund's investors may realize a lower return than they otherwise would have if they had made an investment in a fund that did not use SBA leverage, and may realize no return when they would have realized a positive return if they had made an investment in such a fund. Lenders of senior securities to the Fund, including the holders of SBA debentures, will have fixed dollar claims on the Fund's assets that are senior in priority to the claims of the Fund's limited partners. SBIC regulations currently permit an SBIC to borrow up to \$150 million, subject to an overall limit of two times Regulatory Capital, among other things. As a result, maximum leverage for the Fund would be achieved if the Fund's capital commitments are equal to \$75 million, or a 2:1 ratio of leverage to commitments. Because the Fund's aggregate capital commitments are \$100 million, the leverage ratio, and the benefits of such leverage, are reduced. The payments to which SBA debentures are entitled may reduce or eliminate returns to the limited partners if the Fund does not generate sufficient returns in excess of such payments. In addition, because the portfolio investments may be illiquid, the Fund may be unable to dispose of them or may be required to dispose of them at a disadvantageous price in the event that the Fund needs to do so to satisfy repayment obligations under the SBA debentures, and, as a result, the Fund may incur losses.

Limits on Distributions: Pursuant to SBA regulations, an SBIC with outstanding debentures may distribute cumulative realized profits (less unrealized losses on investments) to its investors, but it may not return more than 2% of its Regulatory Capital to investors in any fiscal year without the SBA's prior approval. Historically, the SBA has permitted repayments in excess of 2% only pursuant to an approved "wind-up" plan filed by an SBIC pursuant to which the SBA determines that repayment of the outstanding debentures is adequately assured. These limits on distributions may result in investors in the Fund receiving "phantom income".

Changes in Interest Rates: Because the Fund utilizes SBA debentures to fund a significant portion of its portfolio investments, a material percentage of the Fund's returns will rely upon the spread between the cost of capital at which the Fund borrows, and the interest rates at which the Fund deploys capital. The interest rate on SBA debentures is generally fixed after draw for up to 10 years in poolings of SBA leverage that take place twice per year, while the interest rates on the portfolio investments are generally set at the time that capital is deployed, and may have both fixed and floating rate components for an expected duration to maturity of 3-5 years. Because the interest rates at which the Fund borrows will generally be fixed, while the interest rates at which the Fund deploys capital will adjust over time, the spread between these two interest rates may decline during a period of falling interest rates. The Fund may not capture the same benefit of falling interest rates for its cost of capital that the Fund may have captured had it borrowed on a floating rate basis. Furthermore, because the Fund is expected generally to borrow SBA debentures with a term of up to 10 years, while lending money to portfolio companies with an expected duration of 3-5 years, the Fund may have the opportunity to reinvest capital in additional portfolio investments in accordance with the terms of the Fund's partnership

agreement. Reinvestment entails additional risks, including the risk that reinvested proceeds will have lower interest rates. As a result, a significant change in interest rates could have a material adverse effect on the Fund's returns. Additionally, in periods of rising interest rates, the interest rate on SBA debentures that have not yet been drawn down by the Fund could be fixed at higher rates than at present, potentially reducing the spread between the Fund's cost of capital and the interest rates at which the Fund deploys capital, thereby reducing the Fund's returns. Although the Adviser will attempt to maintain an attractive spread, there can be no assurance that increased costs can effectively be passed on to the portfolio companies over time.

Restriction on Investments: Because the Fund is licensed as an SBIC in order to access SBA debentures, the Fund is subject to SBA regulatory restrictions that materially limit the types of investments that the Fund may pursue and which may place the Fund at a competitive disadvantage to other funds that are not subject to such restrictions. There can be no assurance that the potential benefits of accessing SBA debentures will outweigh the costs of complying with SBA regulatory restrictions. In particular, the Fund is limited to invest in qualified small businesses that do not exceed certain size restrictions, and also faces restrictions on how investments may be structured and priced. As more particularly described in the U.S. Code of Federal Regulations 13 CFR §§ 101 to 121.201, the Fund may generally only invest in businesses that have both a tangible net worth of less than \$18 million and net income of less than \$6 million, although there is an alternative test based on gross revenues or number of employees tied to the predominant industry of the business. Furthermore, the Fund must invest at least 25% of its invested funds in "smaller enterprises" that have both a tangible net worth of less than \$6 million and net income of less than \$2 million or meet the alternative test. Net income tests are generally based upon the average after tax income of the prior two years. Additionally, as more particularly described in U.S. Code of Federal Regulations 13 CFR § 107.855, the Fund is subject to cost of money restrictions that generally prohibit the Fund from charging interest rates in excess of 14% per annum on debt investments with equity features, with the exception of certain fees, and 19% per annum on straight debt. The Fund is also subject to additional restrictions on the minimum duration of its debt investments and the structure of its prepayment fees, among other things. Accordingly, the scope of these restrictions may increase the risk of investing in the Fund.

Equity Investments: Portfolio investments generally are composed of debt investments and they typically include a warrant or other equity or equity-linked component and, from time to time, the Fund may make direct equity investments by purchasing equity securities. In structuring each portfolio investment, the Adviser considers the relative amounts of current income and equity appreciation to pursue, the sum of which can offer varying degrees of risk and return. The interest rates and warrants that the Adviser can negotiate and structure with regard to portfolio investments, and the proportion of these components, is determined by the Adviser on a deal-by-deal basis and in accordance with circumstances and market conditions. In addition, the Fund may acquire the rights to purchase equity in the course of its business, and accordingly, the Fund may make direct equity investments in companies pursuant to these rights. These investments are determined by the general partner. Equity investments have the potential to enhance returns, but there can be no assurance that the Fund's equity investments will be successful. Both warrants and direct equity investments may not appreciate in value and may experience losses. Direct equity investments typically involve a greater risk of loss of principal than the Fund's core

holdings of debt investments with attached equity securities or warrants. Warrants frequently have a cashless exercise option that may enable the Fund to realize a gain without incurring the risk of a material cost basis, whereas direct equity investments will always have a cost basis at risk of loss. Additionally, from time to time the Adviser may determine that it is appropriate to exercise a warrant for cash instead of using any cashless exercise option, which would entail the same risks as a direct equity investment. The Fund is subject to SBA regulations that limit the Fund's direct equity investment activity and the maximum amount of losses or capital impairment that the Fund may incur before the SBA takes remedial action that may be contrary to the interests of the Fund and its partners. The pursuit of direct equity investments may increase the risk that the Fund will be unable to service its debt, including its SBA debentures, due to the fact that direct equity investments generally do not provide significant current income. As a result, the pursuit of direct equity investments increases the risk that the Fund will incur losses. In addition, the making of direct equity investments also increases the risk that the Fund may fail to make the payments to the SBA required in connection with its use of SBA debentures, and therefore the risk that the Fund will fail to comply with SBA regulations. The performance of direct equity investments may be substantially lower than expected and therefore materially impact the Fund's ability to generate superior risk-adjusted returns. Equity investments are inherently more risky than debt investments, more volatile, more difficult to realize, and therefore may raise the risk of investing in the Fund for limited partners or cause the Fund to incur losses.

Deferred Interest Income: Typically, the Fund's debt investments will be structured with varying interest rates that are to be paid in cash on a regular basis, although debt investments may also include a portion of interest income structured as payment in-kind or non-cash pay. As such, there may be a deferred income component in the Fund's debt investments under which interest will be accrued upon such debt investments' principal balances and due at the maturity of such debt investments. This means that a portion of the Fund's interest rate income may not be paid in cash and may not be available for distributions at the same time that it contributes to the Fund's reported returns, potentially generating a tax liability. The proportion of the Fund's interest income that is structured as deferred income will be determined by the Adviser based upon circumstances and market conditions on a deal-by-deal basis. There is less certainty in the collection of deferred interest income than there is in the regular collection of interest payments paid in cash, which may increase the risk of investing in the Fund.

Value of Collateral: The Fund may be dependent upon the value of a security interest in the tangible or intangible assets of its portfolio companies to mitigate credit risk and provide an additional source of repayment for the debt due to Fund. Evaluating the potential value of the Fund's collateral involves a high degree of uncertainty, in part due to the fact that companies in the technology, technology-enabled, and other growth industries operate in a rapidly evolving marketplace in which the value of their products, services, and assets is subject to considerable fluctuation or reduction. Additionally, structuring and implementing a security interest that can effectively access collateral involves risks. If the assets securing the Fund's debt investments deteriorate in value, or if the Fund's security position is subordinated to or otherwise compromised by other interests seeking repayment from the same collateral, the Fund may not be able to recover the principal balance of its debt investments or any unpaid interest or fees, and may experience losses. These potential losses may be exacerbated by the Fund's use of leverage.

Risk of Subordination: The Fund invests primarily in portfolio companies through debt investments. Some of the portfolio companies will be permitted to incur indebtedness that ranks senior to the Fund's debt investments. The terms of this indebtedness may provide that holders thereof are entitled to payments of interest or principal on or before the dates on which the Fund is entitled to receive payments in respect of its debt investments. This indebtedness may prohibit portfolio companies from paying interest or principal on the Fund's debt investments in the event of a default. In the event of default, insolvency, liquidation, or bankruptcy of a portfolio company, holders of indebtedness senior to those of the Fund will generally be entitled to full payment before the Fund receives any payment. At such time, holders of such indebtedness by means of their senior security position may exert influence over the portfolio companies that is inconsistent with the Fund's interests, including possibly effecting a restructuring that is unfavorable to the Fund's class of debt securities, and accordingly, the Fund may incur losses. Indebtedness that ranks equal in payment priority with that of the Fund, or *pari passu*, will share in proceeds on a pro-rata basis with the Fund, and accordingly, there may not be sufficient proceeds to ensure repayment of the Fund's debt, and the Fund may incur losses. Additionally, portfolio investments that the Fund structures as secured debt investments, may be recharacterized by a bankruptcy court and subordinated to the claims of other creditors, depending upon the facts and circumstances including the degree of involvement in management or control wielded by the Fund. The Fund may also be subject to lender liability claims for actions taken by the Fund with regard to a portfolio company's business, including providing material assistance with management or exerting control, among other actions.

Prepayment of Portfolio Investments: The Fund is subject to risk that the Fund's debt investments will be prepaid prior to maturity, thereby reducing the amount of interest income earned on these investments. Prepayments occur frequently at the time of liquidity events, such as public offerings or mergers and acquisitions. The investment terms upon which the Fund makes investments are regulated by the SBA and typically allow for prepayments with specified penalties that reduce over time. When the Fund experiences a prepayment, proceeds may be invested in temporary investments that are lower yielding than typical investments, and there may be delays in reinvesting capital. Prepayments that occur after the end of the Fund's investment period may not be reinvested, meaning that the Fund may not be able to replace the interest income lost due to the prepayment, potentially lowering the Fund's returns. Reinvestment may be at lower yields than the Fund had previously attained, or may involve higher degrees of risk of principal loss. At the same time, there are inherent risks if the Fund does not receive adequate prepayment of investments. There is significant timing uncertainty concerning prepayment of the portfolio investments. There can be no assurance that the Fund will experience prepayments in amounts or at times that are favorable, and as a result the Fund's returns and distributions could be materially impaired.

Illiquid and Long-Term Investments: It is anticipated that there will be a significant period of time (up to six years or more) before the Fund will have completed making its investments in portfolio companies. The Adviser anticipates that the Fund's debt investments will often take from three to five years from the date of initial investment to reach maturity, when the principal balance of the Fund's debt investments is due and payable. Certain events, such as a prepayment, default, or a negotiated restructuring of terms, may shorten or lengthen the term of

these debt investments. The Fund's warrants and direct equity investments will not generally have a contractual maturity date, and the timing of their realization, if any, is highly uncertain and unpredictable. Warrants generally expire five to ten years after their issuance. If exercised, the underlying equity securities generated by warrants may require additional time to be liquidated, the amount of which is highly uncertain. Actual time to realization may vary considerably due to the fact that the portfolio investments will generally be structured with both debt and equity components that may be realized at different times and through different mechanisms of liquidity. The Fund's debt investments will typically be structured to provide for current income to the Fund through periodic payments of interest and fees. Subject to SBA regulations on distributions, current income generated by the Fund may be able to be distributed to limited partners provided that cumulative distributions do not exceed cumulative realized earnings less unrealized depreciation on portfolio investments. However, cash flows realized by the Fund during the Fund's six-year investment period may be reinvested into additional portfolio investments at the discretion of the general partner. In light of the foregoing, it is likely that no significant return of principal will occur until six and possibly ten or more years from the date of closing of the Fund, and distributions of interest or fees or other cash flows are subject to the aforementioned restrictions. Often, there will be no readily available market for debt or equity and equity-linked portfolio investments. Disposition of such investments may require a lengthy time period or may result in distributions in-kind to investors. A lack of liquidity for the Fund's investments may adversely impact the Fund's ability to sell or realize any of its portfolio investments, or may prevent the Fund from doing so at a favorable price. As a result, the Fund may incur substantial losses.

The Fund's ability to realize returns on its warrants and direct equity investments will be dependent upon portfolio companies ultimately achieving a liquidity event, either through a merger or acquisition, a reorganization, or public offering of equity. To a certain extent, the Fund's debt investments may also depend upon portfolio companies achieving a liquidity event, as debt investments are frequently repaid out of proceeds from a public offering or merger or acquisition. Portfolio companies will be relatively small in relation to publicly-traded companies, which may reduce their ability to achieve a successful liquidity event for the Fund. In most cases, there will be no public market for the securities held by the Fund at the time of their acquisition. The Fund will generally not be able to sell a portfolio investment in the public market unless its sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, the Fund likely will be prohibited by contract or other limitation in some cases from selling a portfolio company's securities or other instruments for a period of time (*e.g.*, due to limitations on sale arising from contractual lockups, obligations to receive consent to transfer or assign interests, or rights of first offer), and as a result may not be permitted to sell a portfolio investment at a time it might otherwise desire to do so. To the extent that there is no liquid trading market for an investment, the Fund may be unable to liquidate that investment or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers for the portfolio investments will be found. Similarly, due to the nature of the underlying investments, the sale of such portfolio companies may be subject to various regulatory approvals. Furthermore, companies in the technology, technology-enabled, and other growth industries by their nature are subject to industry cyclicity, downturns in demand, market disruptions, and the lack of available capital for potential purchasers and are therefore often difficult or time consuming to liquidate. Upon dissolution of the Fund or as

otherwise provided in the Fund's partnership agreement, portfolio investments may be distributed in-kind so that limited partners may then become minority debt holders or shareholders in a number of unlisted companies (and as a consequence be unable to protect their interests effectively).

Passive Investments; Inability to Control: Portfolio investments will primarily be structured as debt investments. As a debt investor, the Fund does not generally expect to control the portfolio companies or to have the right to appoint a director or otherwise exert significant influence or protect its position. While the Fund may negotiate financial covenants in conjunction with some of the Fund's debt investments that limit or otherwise restrict some of the business operations of the portfolio companies or provide the Fund with certain rights, such covenants are not designed to provide the Fund with control of the portfolio companies and may in fact present additional risks such as those associated with lender liability. Additionally, to the extent that the Fund owns equity securities in a portfolio company, such investments will not generally provide the Fund with a control position. In each such case, the Fund will be significantly reliant upon the existing management and board of directors, which may include representation of other financial investors with whom the Fund is not affiliated and whose interests may conflict with those of the Fund. Accordingly, the Fund is subject to risk that portfolio companies may make business decisions with which the Adviser may disagree, and the Fund will have limited recourse. A lack of liquidity for the portfolio investments may prevent the Fund from disposing of portfolio investments when such a conflict occurs, and as a result, the Fund may incur losses.

Covenants and Cross-Defaults: The Fund may negotiate financial covenants in conjunction with some of the Fund's debt investments, or may invest in portfolio companies that are subject to the financial covenants of other lenders. A portfolio company's failure to meet financial or operating covenants negotiated by the Fund or other lenders could result in one or more defaults and, potentially, acceleration of principal and interest repayment of its debt and foreclosure upon its assets, which could trigger a cascade of cross-defaults under other legal agreements and ultimately jeopardize the portfolio company's ability to operate and meet its obligations under the debt investments that the Fund holds. As a result, it is possible that the existence of covenants may lead to suboptimal investment outcomes for the portfolio investments compared to investing in portfolio companies without financial covenants, and as a result, the Fund may incur losses. Additionally, the Fund may incur additional expenses in the process of resolving issues arising in connection with breaches of covenants and defaults.

Legal, Tax, and Regulatory Risks: Legal, tax, and regulatory changes could occur during the term of the Fund that may adversely affect the Fund, its portfolio companies, or partners. In particular, the Fund is licensed as an SBIC under the SBA debentures program and will be affected by any changes to the regulations governing the SBA's debentures program. For example, from time to time, the code of federal regulations is amended to change the amount of financing or the cost of financing available to SBIC funds under the debentures program. The size restrictions and cost of money limitations respectively governing in which small businesses the Fund may invest and on what terms the Fund may do so, may change in accordance with SBA regulations. For example, SBA regulations recently changed under the 2009 American Reinvestment and Recovery Act, or "ARRA," increasing the leverage available to any one particular SBIC from \$137 million to up to \$150 million. Also, the ARRA increased the total

amount of leverage available to a group of SBIC funds under common control from \$137 million to up to \$225 million. Although recent changes have been favorable, there can be no assurance that future changes to SBA regulations will be of benefit to the Fund and may in fact be contrary to the interests of the Fund and impair returns. The Fund will not request any ruling from the U.S. Internal Revenue Service (“IRS”) as to any federal income tax consequences relating to the structure or operation of the Fund. There can be no assurance that any tax position taken by the Fund will not be challenged by the IRS. One such tax risk is that a limited partner may be allocated income and gain that is taxable for federal (and possibly state and local) income tax purposes without a corresponding cash distribution and without the ability to withdraw funds from the Fund to pay the tax thereon.

Item 9. Disciplinary Information

Item 9 is not applicable to the Adviser.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

Certain entities controlled by or under common control with Silver Lake Technology Management serve as general partners of the Funds. For a description of any material conflicts of interest created by the relationship between the Adviser and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

Affiliate Advisers

Silver Lake Technology Management currently has seven adviser subsidiaries based in the United States: Silver Lake Management Company II, L.L.C.; Silver Lake Management Company III, L.L.C.; Silver Lake Management Company IV, L.L.C.; Silver Lake Management Company Sumeru, L.L.C.; Silver Lake Financial Management Company, L.L.C.; Silver Lake Kraftwerk Management Company, L.L.C.; and Silver Lake Waterman Management Company, L.L.C.

Although the Adviser employs its own investment advisory personnel, the Adviser also utilizes the services of and obtains assistance from Silver Lake Europe LLP; Silver Lake Asia Limited; Silver Lake Asia, LLC, Japan Branch; Silver Lake (Shanghai) Investment Consulting Co., Ltd.; and Silver Lake Cayman, L.P. (collectively, the “Foreign Affiliate Sub-Advisers”). The Foreign Affiliate Sub-Advisers, to the extent they assist the Adviser in rendering investment advice with respect to one or more Funds, are considered “participating affiliates” of the Adviser and comply with the required record keeping and inspection provisions of the Advisers Act set forth in the *Uniao de Bancos de Brasileiros S.A.* (July 28, 1992) no-action letter and similar SEC staff no-action positions. The Adviser subjects each of the Foreign Affiliate Sub-Advisers and their respective employees to the Adviser’s regulatory oversight and its Code of Ethics (see Item 11) together with its other compliance policies and procedures as adopted pursuant to the requirements of the Advisers Act (in addition to applicable local laws and regulations). Certain Foreign Affiliate Sub-Advisers are registered with the regulatory authorities in their local jurisdiction based on their particular business and requirements of local law. Typically, these Foreign Affiliate Sub-Advisers identify, evaluate and monitor investment opportunities and

investments in the foreign jurisdictions in which they are located solely to advise the Adviser on investment opportunities for a Fund. The Foreign Affiliate Sub-Advisers also meet with potential and current non-U.S. investors but do not make investment-related decisions.

The Funds will have certain conflicts with the Adviser, affiliates of the Adviser, and other clients advised by the Advisers or affiliates of the Adviser. Consequently, for purposes of Items 6 and 11, (i) “Adviser” includes Silver Lake Partners, Silver Lake Sumeru, Silver Lake Credit, Silver Lake Kraftwerk, Silver Lake Waterman, and the Foreign Affiliate Sub-Advisers, and (ii) “Fund” includes any Fund advised by the Adviser.

Related Investment Advisers

One or more Funds advised by the Adviser and/or affiliates of the Adviser may be deemed to control Interactive Data Pricing and Reference Data LLC. (“Interactive Data”), a subsidiary of Interactive Data Corporation (“IDC”), by virtue of such Funds’ investment in IDC. Interactive Data (CRD No. 110037) is an investment adviser registered with the SEC. Interactive Data provides evaluated prices, reference data, and global securities pricing designed to support financial institutions’ and investment funds’ pricing activities, securities operations, research, and portfolio management.

Certain Funds may use Interactive Data as a source of pricing information with respect to securities held by the Funds. In recommending to a Fund that it contract for services with Interactive Data, the Adviser may, because of its financial interest in Interactive Data, have an incentive to recommend Interactive Data even if another entity is more qualified to provide the applicable services and/or can provide such services at a lesser cost. Additionally, IDC may have an incentive to provide valuations that are advantageous to the Adviser. However, the Adviser believes that these potential conflicts are addressed in several ways. First, the Adviser has no involvement in Interactive Data’s day-to-day securities evaluation services. Furthermore, Interactive Data’s evaluations are not tailored to the individual needs of its clients, including the Adviser. Each of Interactive Data’s clients receives the same evaluation for the same security for a given point in time. Finally, Interactive Data is a nationally-recognized, leading independent valuation service used throughout the investment management industry, and it routinely provides similar services to other investment advisers.

Ajay B. Shah, the Group Head and a Managing Director of Silver Lake Sumeru, is expected to dedicate his time primarily to Silver Lake Sumeru but is also currently involved in managing the affairs of SCP Management Company, LLC, an investment adviser exempt from registration under the Advisers Act under the so-called “Private Fund Adviser Exemption”, and certain of its affiliates, including Shah Capital Partners, Inc. Shah Capital Partners, Inc. manages two investment partnerships, Shah Capital Partners, LP, and Shah Special Opportunities Fund, LP. Neither of these investment partnerships makes new investments and both partnerships are in the runoff phase of their life. Mr. Shah receives compensation from SCP Management Company, LLC or its affiliates in the form of profit sharing.

Richard D. Stubblefield, Jr., a Co-Group Head and Managing Director of Silver Lake Waterman, is expected to dedicate his time primarily to Silver Lake Waterman, but he also manages and is

compensated for managing the liquidating trusts related to Lighthouse Capital Partners III, IV, and V, investment partnerships managed by affiliates of Lighthouse Capital Partners, Inc., a registered investment adviser. These investment partnerships do not make new investments and are in runoff. Mr. Stubblefield also receives compensation related to a license agreement between Lighthouse Management Partners VI, LLC or its affiliates and Searchlight Management Company, the successor Management Company to Lighthouse Capital Partners, Inc.

Related Broker-Dealer

One or more Funds advised by the Adviser and/or affiliates of the Adviser may be deemed to control Virtu Financial, LLC (“Virtu LLC”) by virtue of such Funds’ investment in Virtu LLC. Virtu LLC, is the parent company of Virtu Financial Capital Markets LLC (“VFCM”) (CRD No. 45986) and Virtu Financial Execution Services LLC (“VFES”) (CRD No. 154358) (Virtu LLC, VFCM, and VFES, collectively, “Virtu”), each of which is a broker-dealer registered with the SEC. Outside of the ownership interest in Virtu by advisory clients of the Adviser noted above, Virtu does not currently engage in any transactions with or on behalf of any advisory clients of the Adviser or the Affiliate Advisers. However, it is possible in the future that the Adviser may recommend to a Fund or a portfolio company that it use Virtu’s services. The Adviser may, because of its financial interest in Virtu, have an incentive to recommend Virtu even if another entity is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

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 members, officers, and employees, as well as officers and employees of its affiliates (“together, “Adviser Personnel”) and certain independent contractors (collectively, “Adviser Covered Persons”). 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 Covered Persons and their covered family members generally 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; however, with limited exceptions, Adviser Covered Persons and their family members are prohibited from holding the securities of individual companies in the technology sector. Under the Code of Ethics, Adviser Covered Persons are required to file certain periodic reports with the Adviser 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 Covered Persons 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 Covered Persons are also required promptly to report any violation of the Code of Ethics of which they become aware. Adviser Covered Persons are required to certify annually their 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: Sahil W. Desai, Chief Compliance Officer: Silver Lake, 2775 Sand Hill Road, Suite 100, Menlo Park, CA 94025.

Participation or Interest in Client Transactions

The Adviser and certain Adviser Personnel may invest in and alongside the Funds, either through the general partner, 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.

Due in part to the fact that potential investors in a Fund (including a purchaser of a limited partner’s interests in a secondary transaction) or a co-investment opportunity (see below) 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.

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, co-investment vehicles, or their respective affiliates. A description of certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

The Adviser may, from time to time, establish certain investment vehicles through which certain Adviser Personnel, and independent contractors and/or their family members of the Adviser, and/or family members of the Adviser’s affiliates, certain limited partners of the Main Funds, certain business associates, or other persons close to the firm may invest alongside one or more Main Funds in one or more investment opportunities. Such vehicles generally are contractually required, as a condition of investment, to purchase and exit their investments in each investment opportunity at substantially the same time and on substantially the same terms as the applicable Main Fund that is invested in that investment opportunity. Such co-investment vehicles (including Employee Co-Investment Vehicles) typically do not pay Advisory Fees or Carried Interest.

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 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. Conflicts may be managed by, without limitation:

- establishing an information barrier to segregate the information within the Adviser which may give rise to a conflict, although the Adviser is only able to do this in certain circumstances since it currently generally runs a unified business;
- segregating responsibilities of individuals or causing any affected individual to appropriately recuse himself or herself from any relevant matter;
- seeking to ensure that the interests of the Adviser and the Funds are aligned to the greatest extent practicable and to minimize non-conforming treatment or the creation of differential interests in the structuring of the applicable arrangement;
- acting in a manner prescribed in the relevant Fund documents (*e.g.*, allocating transaction fees between the Adviser and a Fund in accordance with the fee sharing provisions set forth in the relevant partnership agreement); or
- disclosing the existence of such conflicts in the relevant Fund documents (*e.g.*, a Fund's private placement memorandum).

In addition, many Funds have established an advisory committee, consisting of representatives of CalPERS as well as other investors that are not affiliated with the Adviser. The advisory committees meet as required (but not less than twice a year) to consult with the Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion.

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 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

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 Main Funds;
- any co-investment vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Fund(s) (the investors in such co-investment vehicles may include employees, business associates, and other "friends and family" of the Adviser or its personnel; individuals and entities that are also investors in one or more Main Funds ("Adviser Investors") and/or individuals and entities that are not investors in any Main Funds ("Third Parties"));

- Adviser 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
- Adviser Investors and/or Third Parties acting as “co-sponsors” with the Adviser with respect to a particular transaction.

The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities and will make allocation determinations consistently therewith.

The Funds may be subject to investment allocation requirements (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Requirements may be set forth in the Fund’s Governing Documents.

The procedures set out below address how the Adviser ensures that investment opportunities and their attendant fees and expenses are allocated fairly and equitably among the Funds to the extent the Investment Allocation Requirements of a Fund permit the Adviser to use its discretion to allocate a specific investment opportunity.

The following factors, without limitation, may be taken into account when determining an allocation:

- a Fund’s existing positions in a particular security or issuer;
- the liquidity of a particular Fund;
- a Fund’s investment policies and restrictions, guideline limitations, or investment objectives;
- the size of a particular Fund;
- transaction sourcing;
- diversification;
- lender covenants;
- the tax implications of an investment for a particular Fund;
- the remaining investment period and/or life of the particular Fund;
- legal, regulatory, and contractual restrictions for a particular Fund; and
- such other factors as the Adviser may reasonably deem relevant.

To the extent that the Adviser of a Fund and the Adviser of another Fund are interested in contemporaneously making an investment, the Advisers will work in good faith towards mutual agreement on an allocation prior to the consummation of the initial purchase of an opportunity. To the extent such Advisers are unable to reach a mutual agreement on an investment allocation, the matter will be referred, if applicable, to the Funds’ Investment or Strategy Committees, and if no such committee exists, to the Silver Lake Managing Partners and/or Conflicts Committees to

determine, in its good faith judgment taking into account all relevant factors, the appropriate allocation for the Funds.

Additionally, to the extent an investment opportunity is appropriate for both a Fund principally designed as an investment vehicle for third party investors unaffiliated with the Adviser (collectively, “Third Party Funds” and each individually, a “Third Party Fund”), and a Fund principally designed as an investment vehicle for the permanent capital or employees of the Adviser (collectively, the “Internal Funds” and each individually, an “Internal Fund”), such investment opportunity will only be allocated to an Internal Fund if there is additional capacity to participate in such opportunity beyond full participation by all Third Party Funds for which such investment opportunity is appropriate, as determined by the Adviser in good faith, in accordance with the partnership agreement of such Third Party Fund.

One or more Funds may invest in securities of publicly traded companies that are actual or potential portfolio companies of one or more other Funds. The investment objectives and trading activities of the various Funds with respect to the same securities may vary between and among Funds.

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, (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, (iv) certain persons other than investors in the Funds may be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons, and (v) co-investors may purchase their interests in a portfolio company at the same time as the Funds or may purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer).

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 to certain participants in the applicable deal by contract, such as consultants and advisors 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 interests 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 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 person or entity (in terms of, for example, staffing, expertise, and other resources) to participate efficiently and

expeditiously in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Funds(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 potential co-investment party with specific information relating to the investment opportunity in order to permit such person or entity to evaluate the investment opportunity;
- the Adviser's evaluation of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of such person or entity to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser;
- the Adviser's evaluation 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 potential co-investment party 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 the Funds or future Funds of the Adviser.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among various potential investors 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.

To the extent the Adviser has discretion over granting or withholding consent to a secondary transfer of interests in a Fund pursuant to such Fund's Governing Documents, the firm may consider the factors listed above and such other factors as it may deem appropriate under the circumstances in exercising such discretion.

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, and to the extent not addressed in the Fund's Governing Documents, in the Adviser's sole discretion, in each case using good faith and its best judgment.

The Adviser will allocate fees and expenses to be borne by the Funds in accordance with the Fund's Governing Documents or to the extent not addressed in such documents or agreements in its sole discretion, in each case using good faith and its best judgment. In making allocations of fees and expenses related to investment opportunities, the Adviser generally shall adhere to the following procedures:

- The Adviser will allocate expenses across Funds based on each Fund's pro rata participation in an investment opportunity, subject to any applicable Fund restrictions.
- The Adviser will track and allocate fees and expenses associated with each investment opportunity (by use of deal codes or other appropriate methods).

Broken deal expenses typically are not allocated to co-investment vehicles. Such vehicles do not share in or otherwise benefit from any transaction fees earned by the Adviser.

A Fund may sell down an interest in its portfolio companies to co-investors. Subject to a Fund's Governing Documents, the Fund may charge (or may decide not to charge) a co-investor (such as a Fund investor or third party) interest costs for the time period between the closing of such Fund's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor. Additionally, the Fund may bridge an investment with a short-term loan facility pending the receipt of capital contributions from the Fund investors. Subject to a Fund's Governing Documents, the General Partner may charge (or may decide not to charge) the Fund (including the Fund investors) interest costs incurred in connection with such loan for the time period between the receipt of funds from such loan to the date on which the loan is paid off by the 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, Carried Interest, 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 directly or 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.

Valuation of Assets

The Adviser is responsible for the valuation of each Fund's assets, in accordance with such Fund's Governing Documents and valuation policies. There is no actively traded market for

most of the securities owned by the Funds. Securities and all other assets for which no market prices are available will be valued at such value as the Adviser may reasonably determine.

Valuations are generally subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Fund's assets.

It is the Adviser's policy to determine the "fair value" of the Funds (with the exception of Silver Lake Waterman, which applies SBA guidelines) in accordance with U.S. Generally Accepted Accounting Principles, particularly Accounting Standard Codification 820, Fair Value Measurements. When estimating fair value, the Adviser will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. With respect to the Funds, the exercise of such discretion by the Adviser may give rise to conflicts of interest, as such valuations affect performance calculations.

Conflicts Related to Purchases and Sales

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 different Funds at the same, different, or overlapping levels of a portfolio company's capital structure. Additionally, the Fund may buy or sell securities or other instruments in companies in which the Adviser, its affiliates or their Adviser Personnel are invested. Adviser Personnel have made or may make capital investments in or alongside certain Funds, and therefore may have additional conflicting interests in connection with these investments. Conflicts in respect of these transactions may arise in determining the terms of investments, particularly where these clients or Adviser Personnel 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 may invest in bank debt and securities of companies in which other clients or Adviser Personnel 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 or Adviser Personnel, 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 or Adviser Personnel may or may not provide such additional capital, and if provided will be supplied in such amounts, if any,

as determined by the applicable Adviser or Adviser Personnel. 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 or Adviser Personnel in a portfolio company may also raise the risk of using assets of a client of the Adviser to support positions taken by Adviser Personnel other clients of the Adviser. There can be no assurance that the return of a Fund participating in these transactions would be equal to and not less than another Fund or Adviser Personnel participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A Fund may invest in opportunities that other Funds have declined, and likewise, a Fund may decline to invest in opportunities in which other Funds have invested.

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*". 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 Governing Documents of the applicable Fund(s).

Cross-Transactions

While the Governing Documents of the Funds limit the ability of the Adviser to engage in such transactions, 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 and/or its 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 may receive management or other fees in connection with its 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.

To address these conflicts of interest, the Adviser must comply with the conditions set forth in the Governing Documents of the applicable Fund. For example, the Adviser may be required to notify the limited partner advisory committee of the relevant Fund if another Fund owns over 1%

of the equity of the company being sold, and the Adviser may be required to obtain the approval of the limited partner advisory committee of the relevant Fund if another Fund owns over 5% of the equity of the company being sold. Additionally, 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's internal legal and compliance team will be responsible for confirming that the Adviser (i) considers its duties to each Fund, (ii) determines 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) obtains any required approvals of the transaction's terms and conditions. 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 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 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*" 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 certain obligations. If one Fund defaults on such an arrangement, the other Funds may be held responsible for the defaulted amount. The Funds have no current intention to

do so and will only enter into such joint and several borrowing arrangements 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 releveraging 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 the Adviser

The Adviser generally may, in its discretion, contract with any related person of the Adviser (including but not limited to a portfolio company of a Fund) to perform services for the Adviser in connection with its provision of services to the Funds. When engaging a related person to provide such services, the Adviser may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser generally may, in its discretion, recommend to a Fund, a portfolio company thereof, or a third party service provider utilized by the Adviser, a Fund, or 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 with which the Adviser or a member of its personnel has a relationship or from which the Adviser or its 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 or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser and Adviser Personnel may buy or sell securities or other instruments that the Adviser has recommended to Funds. In addition, Adviser Personnel may buy securities in transactions offered to but rejected by Funds. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements, and other circumstances of these investments may vary from those of the Funds. If Adviser Personnel have made large capital investments in or alongside the Funds they may have conflicting interests with respect to these investments.

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. Such expenses may include airfare (whether private charter, first class, and/or business class), which can be substantial.

Fee Structure

Because there is a fixed investment period after which capital from investors in certain 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 Advisers are entitled to Carried Interest under the terms of the Organizational Documents of certain Funds. The existence of the Adviser's Carried Interest may create an incentive for the Adviser 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 may perform Related Services for, and will receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds. Fees for Related Services are often established upon the initial consummation of an investment. The terms of such fee agreements may provide for a periodic fee which may be fixed or determined based on the performance of the portfolio company. There are also certain circumstances (such as the occurrence of an initial public offering or strategic exit) which may accelerate the payment of the fee. In many cases with respect to the implementation of such arrangements, there is not an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest may exist in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

Fees for Related Services 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 such expenses (including without limitation travel expenses, which may include expenses for chartered or first-class travel and, in the case of certain of the Funds, compensation expenses relating to time spent by member(s) of the Value Creation Team (described below) effecting operational improvements) incurred by the Adviser in connection with its performance of services for such portfolio company, and such reimbursements may not be subject to the sharing arrangements described below. The Adviser and its affiliates also engage and retain senior advisors, advisors, consultants, and other similar professionals who are not employees or affiliates of the Adviser and who may 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 below. This creates a conflict of interest between the Adviser 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 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 Governing Documents. Entities other than the Main Funds that participate in investments alongside the Main Funds (such as the Employee Co-Investment Vehicles through which the Adviser and certain employees and affiliates of the Adviser invest alongside the Main 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. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds. Except as set forth in the offering documents and/or Governing Documents of a Fund, the investors will receive no benefit from such fees.

Diverse Membership

Investors may have conflicting investment, tax, and other interests with respect to their investments in the Funds. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Funds, the structuring or the acquisition of investments, and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with the decisions made by the Adviser, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Funds, the Adviser will consider the investment and tax objectives of the Funds, not the investment, tax, or other objectives of any investor individually.

Business with Portfolio Companies and Investors

At times, the Adviser recommends a 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 or lowest cost option available to the portfolio companies held by the Funds and could result in higher expenses for the portfolio company as well as an advantage for the Fund holding the service-providing portfolio company.

The Adviser may have an incentive to recommend the products or services of certain investors in the Funds, certain Third Parties (including lending sources), 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 or lowest cost option available to the Funds or the portfolio companies and could result in higher expenses for the portfolio company as well as an advantage for the Fund holding the service-providing portfolio company.

The Adviser 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 and outside legal counsel 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. In these instances the Adviser uses reasonable efforts to mitigate such conflicts and uses good faith efforts to negotiate market terms for such law firm and service providers' services.

Certain members of a Fund's advisory committee 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.

Allocation of Personnel

The Adviser will devote such time as necessary to conduct the business affairs of the Funds in an appropriate manner. Adviser personnel will work on other projects, including its prior funds and their investments, and possibly other vehicles and activities. Such personnel will also serve as members of the boards of directors of various companies other than portfolio companies. Conflicts may arise as a result of such other activities. The possibility exists that such companies could engage in transactions which would be suitable for the Funds, but in which the Funds might be unable to invest.

Material, Non-Public Information

By reason of their responsibilities in connection with their other activities, certain personnel of an Adviser may acquire material non-public information or other confidential information or be restricted from initiating transactions in certain securities. The Funds advised by such Adviser and Funds advised by a different Adviser will not be free to act upon any such information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Positions with Portfolio Companies

Employees and members of the Adviser may serve as directors of portfolio companies. Such persons are required to remit to the Adviser any remuneration they may receive as directors on behalf of the Adviser. In addition, employees of the Adviser may leave the employment of the Adviser and become an officer or employee of a portfolio company.

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 excuse rights applicable to particular investments (which may increase the percentage interest of a Fund's other investors in, and contribution obligations of a Fund's other investors with respect to, such Fund's investments), waiver of certain confidentiality obligations, different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Advisory Affiliates

As described in Item 10 above, each Adviser may have its own clients. Clients of the Advisers may invest in the same portfolio companies, including in the same security or in different securities of such a portfolio company. Interests of the Adviser's clients may therefore conflict with the interests of the clients of these affiliates. For instance, see "*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*" and "*Conflicts Related to Purchases and Sales*" above for more information.

Other Potential Conflicts

Investors should be aware that there will be instances that may arise where the interests of affiliates of the Adviser may potentially or actually conflict with the interests of the Funds and the investors. If any matter arises that the general partner or the Adviser determines in its good faith judgment constitutes an actual or potential conflict of interest, the general partner or the Adviser may take such actions as may be necessary or appropriate to ameliorate such conflict. By investing in the Funds, each investor will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

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 a Fund and the Adviser, the parties may engage separate counsel in the sole discretion of the Adviser, and in litigation and other circumstances separate representation may be required. Legal counsel of the Adviser and the Funds renders legal services to the Adviser and the Funds and does not represent the interests of any investor in a Fund. 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. 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.

The Organizational Documents of certain Funds permit each such Fund's general partner, or its affiliates, to lend money to the applicable Fund. Such lending arrangements create conflicts of interest between the applicable general partner or affiliate and the Fund acting as borrower.

Furthermore, pursuant to the Organizational Documents of the Funds, the general partner of each Fund, or its affiliates, may receive distributions in kind from an investment disposition. In the event the general partner of a Fund, or its affiliates, receive such a distribution, such general partner may act in its own interest with respect to its share of securities and may determine to sell the distributed securities, or hold on to the distributed securities for such time as such general partner shall determine. The ability of a general partner of a Fund to act in its own interest with respect to such distributed shares creates a conflict of interest between such general partner or affiliate, as an adviser to such Fund, and such Fund.

The Organizational 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, information may be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The general partner may elect to withhold certain information to such limited partners for reasons relating to the general partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Silver Lake Technology Management is indirectly owned in minority part by CalPERS, which is also an investor in certain Funds. The Adviser may have an incentive to provide more favorable terms to CalPERS than to other investors, or manage the Fund's investments in a manner beneficial to CalPERS, as a result of CalPERS' ownership interest in the Adviser.

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

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 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. "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 relevant deal team takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, among others, the following: quality of execution (accurate and timely execution, clearance and fair error/dispute resolution); reputation, financial strength, integrity and stability; block trading and block positioning capabilities; willingness to execute difficult transactions; willingness and ability to commit capital; access to underwritten offerings and secondary markets; ongoing reliability; overall costs of a trade (*i.e.*, net price paid or received) including commissions, mark-ups, mark-downs or spreads in the context of the Adviser's knowledge of negotiated commission rates currently available and other current transaction costs; nature of the security and the available market makers; desired timing of the transaction and size of trade; confidentiality of trading activity; market intelligence regarding trading activity; and the receipt of prime brokerage and related services, including capital introduction and introductions to management and research and industry information. 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 indentifying investment opportunities or potential investors or performing investment banking services. 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.

The relevant deal teams and the Adviser's Chief Compliance Officer ("CCO") are responsible for periodically determining broker-dealer eligibility and for reviewing broker-dealer trading volumes, prices, commissions, other transaction costs, and the overall quality of execution, among other things.

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 often employ this practice because larger transactions may 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 affiliates have an economic interest. In such cases, the Adviser and its affiliates generally aggregate 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 (other than Funds that are advised by Silver Lake Credit) 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.

With respect to Funds that are advised by Silver Lake Credit, the Adviser monitors portfolio positions and risk through (i) frequent pipeline meetings and (ii) utilization of the Strategy Committee as needed for insights to monitor and manage market risk, operational risk, liquidity risk, leverage risk, and counterparty risk. In addition, the Adviser regularly evaluates portfolio exposure risk, including diversification analysis, leverage levels, and technical and fundamental factors affecting overall portfolio performance.

Reporting

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 90 days after the fiscal year end of such Fund if required by the Fund's Governing Documents, or within 120 days, as well as quarterly performance reports within 45 days after each of the first three fiscal quarters end if required by the Fund's Governing Documents. The Adviser may from time to time, in its sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as it deems 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 and/or the customers or suppliers of such portfolio companies.

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 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

As the Adviser relies on the “audit exemption” under the Advisers Act custody rule (*i.e.*, Rule 206(4)-2(b)(4)), investors in the Funds will not receive account statements from the Funds’ custodians.

Item 16. Investment Discretion

Investment advice is provided directly to the Funds and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Governing Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents of the applicable 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 consents as a security holder with respect to securities owned by the Funds (“Votes”) for which the Adviser exercises voting authority and discretion. 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 comparable 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 CCO, 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 appropriate investment professional for a voting decision. In most cases, the relevant deal team will make the decision as to the appropriate vote for any particular Vote. In making such decision, the deal team may rely on any of the information and/or research available to it. If the relevant deal team is making the voting decision, it will inform the CCO of any such voting decision, and if the CCO does not object to such decision as a result of his conflict of interest review, the Vote will be voted in such manner.

The Adviser’s CCO 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 CCO will use his best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his independent assessment of the best interests of the Funds.

Where the Adviser's CCO deems appropriate in his sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Adviser's CCO 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: Sahil W. Desai: Chief Compliance Officer, Silver Lake, 2775 Sand Hill Road, Suite 100, Menlo Park, CA 94025.

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.