

Lehman Brothers Private Equity Advisers, LLC

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I. Cover Page

This brochure provides information about the qualifications and business practices of Lehman Brothers Private Equity Advisers, LLC. If you have any questions about the contents of this brochure, please contact us at 646-285-9449. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Lehman Brothers Private Equity Advisers, LLC, also is available on the SEC's website at www.adviserinfo.sec.gov.

Date: March 27, 2015

II. Material Changes

This Brochure does not contain any material changes from the Brochure dated February 28, 2014.

Our Brochure may be requested by contacting Lehman Brothers Private Equity Investor Relations at 646-285-9449 or PE_IR@lehmanholdings.com.

Additional information about Lehman Brothers Private Equity Advisers, LLC is also available via the SEC's web site www.adviserinfo.sec.gov.

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IV. Advisory Business

Lehman Brothers Private Equity Advisers, LLC (“LBPEA” or the “Registrant”) provides investment advice to private investment funds. LBPEA is an indirect, wholly owned subsidiary of Lehman Brothers Holdings Inc. (“LBHI”) and a related person to numerous LBHI subsidiaries. LBHI is an international financial services firm headquartered in New York. On September 15, 2008, LBHI announced that it filed a petition under Chapter 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York. Certain subsidiaries, including LBPEA, and other U.S. asset management subsidiaries, were excluded from the Chapter 11 filing. The Board of Directors of LBHI authorized the filing of the Chapter 11 petition in order to protect its assets and maximize value. LBHI emerged from bankruptcy on March 6, 2012. LBPEA was not subject to the bankruptcy case of its parent.

On December 6, 2011, the Bankruptcy Court entered an order (the “Confirmation Order”) confirming the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors (the “Plan”). The Plan and the Confirmation Order were attached as Exhibit 2.1 and Exhibit 2.2, respectively, to LBHI’s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 14, 2011. LBHI’s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 14, 2011 contains a summary of the Plan. On March 6, 2012 (the “Effective Date”), the Plan became effective and a notice of the Effective Date of the Plan (the “Notice of Effective Date”) was filed with the Bankruptcy Court.

The Registrant monitors and recommends the manner and timing of dispositions of portfolio investments and provides such other services (including certain administrative services necessary for the operation of the Partnerships).

The Registrant has entered into various sub-advisor relationships with other registered investment advisers (Trilantic Capital Management LLC – IARD Number 152331, Zais Group LLC – IARD Number 108371, and Silverpeak Real Estate Partners L.P. – IARD Number 156018), and certain other non-registered investment advisers (collectively the “Sub-Advisors”). The Registrant has delegated to the Sub-Advisors discretion to make all investment decisions and certain other tasks for certain of the Partnerships (as defined below). Accordingly, the Registrant is no longer making the investment decisions for these Partnerships. The Registrant’s current investment advisory business consists of supervising the work of the Sub-Advisors and providing direct advisory services to certain Partnerships. The Registrant is not soliciting or accepting new clients.

The Registrant has been providing investment advisory services since June 18, 2001 and is principally owned by Lehman Brothers Holdings Inc. The information in this Brochure is subject to the governing documents of LBPEA and the Partnerships.

A. Advisory Services

The Registrant provides investment advisory services as described above and acts as the management company to various partnerships and other investment vehicles and employee securities companies (each, a “Partnership”). The Partnerships generally invest in private equity securities. In addition, the Registrant selects other advisers to serve as sub-advisers to the Partnerships.

B. Tailored Services

Generally, the Registrant does not tailor advisory services to the individual needs of its clients. The Partnerships’ general partners and the Sub-Advisors exercise final approval over the selection of investments and determine the amount of capital committed to each investment. Each limited partnership agreement has investment criteria that each general partner must adhere to when investing in certain securities.

C. Wrap Fee Programs

The Registrant does not provide portfolio management services to wrap fee programs.

D. Client Assets

The Registrant manages client assets as described above. As of December 31, 2014, the following assets are under LBPEA’s supervision:

Discretionary Basis	\$ <u>413,053,434</u>
Non-Discretionary Basis	-
Total Assets under Management	<u>\$ <u>413,053,434</u></u>

V. Fees and Compensation

A. Management Fees

Either the Partnership or the general partner of each Partnership pays a management fee to the Registrant pursuant to the terms of the investment advisory agreement entered into between the

Registrant and the Partnership (or the general partner), typically semi-annually in advance. Where a Partnership pays a management fee, such management fee is typically based on capital commitments (or invested capital, if the management fee is calculated for a period after the end of a Partnership's "investment period"). In general, the management fee with respect to each Partnership varies based upon the aggregate level of the capital commitments or invested capital, as the case may be, within the Partnership. Pursuant to the respective partnership agreements, the annual fixed management fee is generally 1.0-2.0% of each limited partner's committed capital or invested capital, as the case may be, to the Partnership. The terms of the management fee payable to the Registrant may vary among the Partnerships.

Under some partnership agreements, the general partner of a Partnership may be entitled to a performance fee, typically 20% of the profits of each limited partner (other than certain affiliates), although higher or lower amounts may be charged. Any such performance fee is payable upon the terms described in each Partnership's respective partnership agreement. The general partners believe that based on representations made by and course of dealings with the limited partners of the Partnerships, each such limited partner understands the proposed method of compensation and its risks. Such performance fee may be based upon a percentage of returns beyond a specified return (e.g., a "preferred return") to each limited partner. In most cases, where a general partner receives distributions in respect of its allocation in excess of the performance fee, the general partner will repay such excess to such limited partner upon termination of the applicable Partnership.

All fees charged by the Registrant will be in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended. Economic arrangements may vary and are subject to the terms of each Partnership's respective partnership agreement. In view of the bankruptcy of LBHI described above, audited financial statements of the Registrant are not available.

B. Additional Fees and Expenses

In addition to the management fees described above, the individual Partnerships are generally responsible for a number of expenses that are incurred by or on behalf of the Partnership. General expenses and fees that could be expected to be incurred by a Registrant-managed Partnership include without limitation:

- Commissions, brokerage fees or similar charges incurred due to the purchase and sale of securities
- Normal and extraordinary investment management, legal, custodial, auditing, tax and accounting services provided to the Partnerships
- Other non-recurring or extraordinary expenses properly chargeable to the business of the Partnerships

- Insurance expenses

For more information, please see the respective Partnership's governing documents.

C. Compensation for Sale of Securities or Other Investment Products

As a registered investment adviser, the Registrant is required to disclose whether any officer, partner, director, or employee receives compensation for the sale of specific securities or other investment products. However, information required by this Item is not applicable to the Registrant.

VI. Performance-Based Fees and Side-By-Side Management

The Registrant does not receive performance-based fees.

VII. Types of Clients

The Registrant's clients are the Partnerships. The Partnerships generally invest in private equity securities. The minimum investment by a limited partner of a Partnership ranges from \$250,000 to \$5,000,000 (excluding employee partnerships for which investment minimums are significantly lower), depending on the Partnership and in each case subject to waiver in the general partner of each Partnership's sole discretion.

VIII. Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis & Investment Strategies

For Partnerships where no sub-advisory relationship exists, the Registrant believes an analysis of exit alternatives is its primary focus and it seeks to position applicable investments for sale via the public or private markets within an appropriate time frame.

The Registrant has selected Sub-Advisors as described in Item IV and receives and reviews reports with respect to the assets managed by the Sub-Advisors. Each Sub-Advisor selects appropriate methods of analysis and investment strategies.

B. Risk Factors

Private equity investing involves a high degree of business and financial risk that can result in substantial losses. Any investment in a Partnership is highly speculative, involves a high degree of risk, and could result in the loss of part or all of an investor's capital contribution. Therefore, investors should not invest in a Partnership unless they can bear such a loss. An investment in a Partnership is suitable only for sophisticated investors with substantial other assets and who are capable of making an informed, independent decision as to the risks involved in an investment in

the Partnership.

Registrant-managed Partnerships participate in a limited number of portfolio investments in a limited number of markets and industries. Thus, the performance of each Partnership is closely linked to the performance of these target markets. Partnerships can be severely impacted by adverse developments in and of the target markets.

The Partnerships' exposure to financial risks is both direct (through its holdings of assets and liabilities directly subject to these risks) and indirect (through the impact of these risks on the overall valuation of its investments). The investments of the Partnerships are generally not traded in an active market, but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The investments of the Partnerships each hold a portfolio of investments in underlying companies or securities. These portfolio company investments vary as to type of security held by the underlying partnership (debt or equity, publicly traded or privately held), stage of operations, industry, geographic location, geographic distribution of operations, and size, all of which may impact the susceptibility of their valuation to market price risk.

Market conditions for publicly traded and privately held investments in portfolio companies held by the partnerships may affect their value in a manner similar to the potential impact on direct co-investments made by the Partnerships in publicly traded and privately held securities. The partnership investments of the Partnerships may also hold financial instruments (including debt and derivative instruments) in addition to their investments in portfolio companies that are susceptible to market price risk and therefore may also affect the value of the Partnerships investments. As with any individual investment, market prices may vary from composite index movements.

C. Recommending Specific Security-Types

The Registrant does not recommend specific types of securities to clients.

IX. Disciplinary Information

As a registered investment adviser, the Registrant is required to disclose all material facts regarding any legal or disciplinary events that would materially affect an evaluation of the Registrant or the integrity of its management.

Information required by this Item is not applicable to the Registrant.

X. Other Financial Industry Activities and Affiliations

The Registrant is affiliated with the following financial industry entities: Lehman Brothers Private Fund Advisers, L.P. and, Lehman Brothers Private Fund Management, L.P., are registered investment advisers and are under common control with the Registrant. No new limited partners are solicited to invest in the Partnerships. For additional information, please see Sections 7A and 7B of Schedule D of Form ADV Part 1.

The Registrant does not recommend or select other investment advisers to its clients where the Registrant receives direct compensation from these advisers.

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

A. Code of Ethics

The Registrant participates in a compliance program and has adopted policies and procedures which impose certain conditions and restrictions as to transactions for proprietary accounts or the accounts of employees. The Registrant instills in its employees an awareness of the fiduciary principles, which govern the advisory business and a sensitivity to conflicts of interest that may arise as a result of our business. The Registrant has adopted a Code of Ethics, which addresses: standards of business conduct, compliance with applicable federal securities laws and regulations, insider trading, and personal investments by employees. Clients may request a copy of the Code of Ethics by contacting the investor relations division at 646-285-9449. Key elements of the Registrant's Code of Ethics include the following:

- Placing interests of the Registrant's clients and investors first at all times.
- Conducting all personal securities transactions in a manner consistent with the Code of Ethics and all other applicable Registrant's policies include a personal investment policy.
- Appropriately managing any actual or potential conflict of interest.
- Keeping material, nonpublic information concerning, for instance, the identity or security holdings and financial circumstances of portfolio companies and/or investors confidential.
- Maintaining independence in the investment decision process.
- Prompt reporting to the Chief Compliance Officer any violations of the Registrant's Code of Ethics.
- Employees are required to certify annually that they have complied with the Registrant's Code of Ethics.

B. Conflicts of Interest

The Registrant has a general policy against employees misusing information obtained in the course of rendering their services or taking investment positions that are detrimental to the advisory clients of the Registrant, requiring approvals prior to allowing any such purchases. As part of an overall internal compliance program, policies and procedures have been adopted that impose certain conditions and restrictions as to transactions for proprietary accounts or the accounts of employees. Such policies and procedures are designed to prevent, among other things, any improper or abusive conduct wherever any potential conflict of interest may exist with respect to a client.

The Registrant's related persons participate directly or indirectly in the Partnerships' investments pursuant generally to the terms of the partnership agreements. Such participation in each investment will be on substantially the same terms and conditions as the Partnerships. The sale or disposition by the Registrant's related persons must also be consummated in accordance with internal policies and applicable law.

When one or more Partnerships managed by the Registrant are prepared to invest in, or desire to dispose of, the same security, available investment or sales opportunities will be allocated in a manner believed by the Registrant to be fair and reasonable to each Partnership.

From time to time, the Registrant or its related persons co-invest with the Partnerships. All such co-investments are acquired and disposed of on the same terms and at the same times as the parallel investments of the Partnerships.

The Registrant is authorized to retain entities affiliated with LBHI to provide advisory services with respect to the acquisitions and dispositions of securities of portfolio companies. Generally, the partnership agreements stipulate that the terms of any business conducted with affiliates or related persons must be on economic terms that are materially no less favorable to the Partnerships or portfolio company than would be obtained in a transaction with an unaffiliated party.

XII. Brokerage Practices

The Registrant has the authority to select brokers or dealers to be used and commission rates paid, where applicable. The Registrant considers factors including industry expertise, best execution, qualified custodian and commission costs when selecting brokers or dealers. The Registrant has entered into sub-advisor relationships with the Sub-Advisors for certain Partnerships and has delegated to the Sub-Advisors discretion to make all investment decisions and certain other matters, including selecting broker and dealers. The Sub-Advisors selects brokers for its securities transactions based on a number of factors. Please see the Sub-Advisors' select Form ADVs for more information.

XIII. Review of Accounts

The Registrant's only investment advisory clients are the Partnerships. The investments made by the Partnerships are generally long-term in nature. Accordingly, the review process is not directed towards short-term decisions to purchase or sell securities. However, the Registrant carefully monitors companies and other entities in which the Partnerships invest and generally maintains an ongoing evaluation of such companies and other entities (including, in some cases, representation by the Registrant or the general partner on the board of directors). The Registrant's or the general partners' senior officers actively involved with the particular Partnership will conduct all reviews of investments by that Partnership or if there is a sub-advisory relationship, the Sub-Advisor will perform these functions.

The Registrant will make available the books and records of the Partnerships as and to the extent provided in the partnership agreements. Generally, the Registrant will provide annual audited reports to the limited partners of the Partnerships, and for certain Partnerships, the Registrant also will send unaudited financial statements and other information on a quarterly or semi-annual basis. Each year, the Registrant or the Sub-Advisor will assist the Partnerships in the preparation of reports setting forth information necessary for the limited partners to complete their tax returns.

XIV. Client Referrals and Other Compensation

The Registrant or a related person do not have any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients. The Registrant's Code of Ethics generally prohibits employees from accepting gifts, favors, and other inducements from counterparties or service providers, other than certain common business courtesies. In addition, the Registrant or a related person directly or indirectly does not compensate any person who is not a supervised person of the Registrant for client referrals.

XV. Custody

The funds and securities of the Partnerships are held by qualified custodians except that uncertificated private securities are held by the Registrant or its affiliates. Each Partnership, except for specific circumstances where the limited partners have consented to not require such an audit or due to bankruptcy issues an audit is currently not possible, is audited at least annually by an independent public accountant registered with, and subject to regulation inspection by, the Public Company Accounting Oversight Board. All investors receive audited financial statements within 120 or 180 days of the end of the Partnership's fiscal year as required by applicable regulation or partnership agreement. All Limited Partners should carefully review these statements.

XVI. Investment Discretion

The Registrant has discretionary authority to manage securities accounts on behalf of clients. The Registrant selected the Sub-Advisors and has delegated to the Sub-Advisors discretion to make all investment decisions for Partnerships that have entered into sub-advisory relationships. See Item IV above.

XVII. Voting Client Securities

The Registrant and the Sub-Advisors provide investment advisory services to the Partnerships. The Registrant has adopted written proxy voting policies and procedures (the “Policy”) because the Registrant may be deemed to have authority to vote proxies relating to other portfolio companies in which the Partnerships invest on behalf of its clients. It is the Registrant’s general policy to vote proxy proposals, amendments, consents or resolutions (collectively, “proxies”) in a manner that serves the best interest of the Partnerships managed by the Registrant, as determined by the Registrant in its discretion, taking into account factors described in the Policy. The Policy addresses the Registrant’s general voting policy, specific policies for routine and non- routine matters and conflicts of interest. Investors in a Partnership may obtain copies of the Policy, and information about how a Partnership’s proxies were voted, by submitting a written request to the Registrant.

XVIII. Financial Information

Information required by this Item is not applicable to the Registrant. See Item V.