

**INVESTMENT ADVISER BROCHURE**

**THOMA BRAVO, LLC**

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**March 2015**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Thoma Bravo, LLC (“Thoma Bravo, LLC”). If you have any questions about the contents of this Brochure, please contact us at (312) 254-3300. 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 authority.**

Thoma Bravo, LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Thoma Bravo (as defined herein) is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2.           Material Changes**

Thoma Bravo, LLC filed its most recent Brochure on July 22, 2014. This annual amendment updates the description of the business practices of Thoma Bravo, LLC and its affiliates, as well as certain matters relating to the contractual provisions of the Funds (as defined herein).

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## ADVISORY BUSINESS

Thoma Bravo, LLC, a registered investment adviser, is a Delaware limited liability company. Thoma Bravo, LLC and its affiliated investment advisers provide discretionary investment advisory services to their clients, which consist of private equity investment funds. Thoma Bravo, LLC commenced operations in September 2007.

Thoma Bravo, LLC's clients include the following (each, a "**Fund**," and together, the "**Funds**"):

- Thoma Bravo Executive Fund XI, L.P.;
- Thoma Bravo Fund IX, L.P.;
- Thoma Bravo Fund IX AIV, L.P.;
- Thoma Bravo Fund X, L.P.;
- Thoma Bravo Fund X-A, L.P.;
- Thoma Bravo Fund XI, L.P.;
- Thoma Bravo Fund XI-A, L.P.;
- Thoma Bravo Special Opportunities Fund I, L.P.;
- Thoma Bravo Special Opportunities Fund II, L.P.;
- Thoma Bravo Special Opportunities Fund II-A, L.P.; and
- Thoma Bravo Special Opportunities Fund I AIV, L.P.

The following registered investment advisers are affiliated with Thoma Bravo, LLC:

- Thoma Bravo Partners IX, L.P.;
- Thoma Bravo Partners X, L.P.;
- Thoma Bravo Partners XI, L.P.; (together with Thoma Bravo Partners IX, L.P. and Thoma Bravo Partners X, L.P., the "**General Partners**," and the General Partners, together with Thoma Bravo, LLC, "**Thoma Bravo**");
- Segall Bryant & Hamill, LLC; and
- Thoma Cressey Bravo, Inc.

Each General Partner is deemed registered under the Advisers Act pursuant to Thoma Bravo, LLC's registration in accordance with SEC guidance. This Brochure also describes the

business practices of the General Partners, which operate as a single advisory business together with Thoma Bravo, LLC. Unless the context otherwise requires, references in this Brochure to “Thoma Bravo” should be construed to mean the relevant General Partner(s) arranging such services from Thoma Bravo, LLC and/or its affiliates and their respective personnel on behalf of the Funds.

Interests in the Funds are privately offered to qualified investors in the United States and elsewhere. The Funds invest through negotiated transactions in operating entities, generally referred to herein as “**portfolio companies**.” Thoma Bravo’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted, and the Funds have made investments in public companies and may do so in the future. Personnel of Thoma Bravo may serve on portfolio companies’ boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

Thoma Bravo’s advisory services for the Funds are detailed in the applicable private placement memorandum (each, a “**Memorandum**”) and/or limited partnership or other operating agreement (each, a “**Limited Partnership Agreement**” and together with the Memorandum, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in a Fund participate in the overall investment program for the Fund, but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the applicable Limited Partnership Agreement. The Funds or Thoma Bravo may enter into side letters or similar agreements with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing, a Fund’s Limited Partnership Agreement with respect to such investors.

Additionally, from time to time, Thoma Bravo may provide (or agree to provide) certain investors or other persons, including Thoma Bravo’s personnel and/or certain other persons associated with Thoma Bravo and/or its affiliates (to the extent not prohibited by the applicable Limited Partnership Agreement), co-investment opportunities (including the opportunity to participate in co-invest vehicles) to invest in certain portfolio companies alongside a Fund. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment, subject to certain exceptions set forth in the Governing Documents of such Fund, and may be subject to the fees and expenses described herein. However, from time to time, for strategic and/or other reasons, a co-investor (or co-invest vehicle) may purchase a portion of an investment from a Fund. Any such purchase from a Fund by a co-investor (or co-invest vehicle) generally occurs shortly after the Fund’s completion of the investment and prior to any changes in valuation of the investment. The co-investor (or co-invest vehicle) may be charged interest on the purchase to compensate the relevant Fund for the holding period and generally will be required to reimburse the Fund for related costs.

As of December 31, 2014, Thoma Bravo managed approximately \$7,819,400,000 in client assets on a discretionary basis.

Thoma Bravo, LLC and the General Partners are controlled and principally owned by Seth J. Boro, Orlando Bravo, S. Scott Crabill, Lee M. Mitchell, P. Holden Spaht and Carl D. Thoma.

## FEES AND COMPENSATION

In general, Thoma Bravo receives a management fee (the “**Management Fee**”) and a carried interest in connection with advisory services provided to the Funds. Thoma Bravo also receives compensation in connection with management and other services performed for portfolio companies of the Funds, and such compensation may offset in whole or in part the Management Fee otherwise payable to Thoma Bravo. In addition, Thoma Bravo may receive compensation for management and other services performed in connection with co-investments made in portfolio companies of the Funds; however, such compensation will not offset the Management Fee otherwise payable to Thoma Bravo. Investors in the Funds also bear certain fund expenses. It is expected that any future Funds will have a similar fee and compensation structure.

### Management Fees

Commencing on their effective date and during their respective investment periods, the Funds generally will pay Thoma Bravo a Management Fee, quarterly in advance, typically equal to 2% *per annum* of aggregate investor capital commitments (“**Commitments**”). After the expiration of the applicable investment period or earlier upon the occurrence of certain events as set forth in the applicable Limited Partnership Agreement, the Management Fee paid by a Fund typically will equal 2% of (i) aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written-down, as determined in accordance with the applicable Limited Partnership Agreement. The General Partner, its owners and certain other Fund partners affiliated with Thoma Bravo will not pay a Management Fee, and will be excluded from such calculations, in accordance with the applicable Limited Partnership Agreement.

The Management Fee paid by a Fund will be reduced by: (i) any directors’ fees, financial consulting fees or advisory fees paid to Thoma Bravo with respect to any Fund investment; (ii) any transaction fees paid to Thoma Bravo with respect to any Fund investment; and (iii) any break-up fees with respect to investments not completed by such Fund that are paid to Thoma Bravo. The amount of the reduction with respect to the applicable Fund in each case will be equal to 100% of such amounts paid to Thoma Bravo, acting on behalf of such Fund with respect to its investment activities, attributable to the partners of such fund that pay a Management Fee, in accordance with the relevant Limited Partnership Agreement. To the extent that such a reduction would reduce the applicable Fund’s Management Fee for a given period below zero, a credit will be carried forward for future application against payable Management Fees, and if a credit remains upon dissolution (or, in certain specified circumstances, upon the relevant General Partner’s election) a payment will be made crediting limited partners unless a limited partner has elected to waive such amount (e.g., where an adverse tax consequence may result).

As a matter of practice, Thoma Bravo is typically paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment (see also, “Co-Investment” below). Additionally, as detailed under

“Methods of Analysis, Investment Strategies and Risk of Loss—Conflicts of Interest,” amounts paid by portfolio companies to Thoma Bravo Operating Partners (as defined herein) or to consultants or other service providers retained by Thoma Bravo generally will not offset Management Fees of the related Fund(s).

Portfolio company-related fees may also include amounts prepaid in anticipation of future services or otherwise accelerated (*e.g.*, fees prepaid prior to an initial public offering or a sale or merger of a portfolio company), which will be offset against the Management Fee of the relevant Fund with respect to which such fees are received to the extent set forth in the relevant Governing Documents. Prepaid or accelerated fees generally will be based on the anticipated level and duration of services that the General Partner believes at the time of such prepayment or acceleration are likely to be provided by the General Partner to the portfolio company, and may be greater or less than the amount that would ultimately be incurred with respect to the services actually provided by the General Partner over time.

Thoma Bravo reserves the right to waive all or a portion of any future installment of the Management Fee with respect to a Fund, as more fully described in the applicable Limited Partnership Agreement. Waived portions of Management Fee installments may reduce the amount of cash the applicable General Partner would otherwise be required to contribute to such Fund in satisfaction of its Commitment. The limited partners of such Fund may be required to make cash contributions *pro rata* according to their respective Commitments in an amount equal to the contribution that without the waiver would have been made by the General Partner. To the extent any such contribution by the limited partners exceeds the amount of Management Fees of a Fund waived or required to be waived by the applicable General Partner, the Governing Documents require such amounts to be refunded to the limited partners. These limited partner contributions are treated as deemed capital contributions by the applicable General Partner in respect of such General Partner’s Commitment to the applicable Fund. The amount of such waived Management Fees may be significant.

The Management Fee commences as of each Fund’s effective date and is based on aggregate Commitments, regardless of when a limited partner is actually admitted. The Management Fee will be paid out of current income and disposition proceeds of each Fund and, in Thoma Bravo’s discretion, from drawdowns that will reduce unfunded Commitments.

### **Carried Interest**

Each General Partner generally will receive with respect to the relevant Fund a carried interest equal to 20% of all realized profits, as more fully described in the Limited Partnership Agreements. However, as described more fully in the Limited Partnership Agreements, the relevant General Partner generally will not receive a carried interest distribution with respect to a Fund unless immediately after such distribution (i) the value of distributions made to limited partners is equal to or exceeds the aggregate capital contributions of such limited partners or (ii) the aggregate value of investments then held by such Fund is equal to or exceeds a specified percentage of the capital contributions relating to such investments. As further specified in the Limited Partnership Agreements, the carried interest distributed from certain Thoma Bravo Funds could be subject to a potential giveback at the end of the life of a Fund or at certain interim intervals

as provided in the applicable Partnership Agreement if Thoma Bravo has received excess cumulative distributions.

## **Co-Investment**

A General Partner may permit certain investors to co-invest in portfolio companies alongside one or more Funds, and in connection with any such co-investment, Thoma Bravo frequently elects to charge co-investors certain negotiated fees and/or enter into other compensation-related arrangements with such co-investors for advisory services. These advisory services may include one or more of the following: assisting co-investors with due diligence with respect to the relevant co-investment, coordinating reporting and other administrative matters with respect to the relevant co-investment on behalf of the co-investors, structuring the relevant co-investment and/or forming and managing any entity to facilitate the relevant co-investment.

The General Partners have wide latitude to structure and negotiate such advisory services, as well as the amount and manner of payment of any related advisory fees or other compensation. Such advisory fees and other compensation may be paid, directly or indirectly, by a co-investment entity or other vehicle through which a co-investor invests or directly by such co-investor to Thoma Bravo by a payment in cash, securities or other property or from proceeds related to the relevant transaction. In some instances, Thoma Bravo may receive a one-time up-front advisory fee at the time a co-investment is made and/or enter into an arrangement to receive a portion of a co-investor's gain from an investment. Thoma Bravo may also receive ongoing periodic monitoring fees from portfolio companies with respect to ongoing services provided by Thoma Bravo in connection with investments by co-investors. Since co-investments are not made through a Fund, any compensation received in connection with a co-investment do not arise out of the investment activities of a Fund or actions taken directly or indirectly by Thoma Bravo on behalf of a Fund and, therefore, none of such fees and other co-investor-related compensation reduces the Management Fee paid by any Fund.

If a co-investment vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was to be sought ultimately is not consummated, all obligations, liabilities and out-of-pocket fees, costs and expenses relating to such unconsummated transaction will be borne by the Fund(s), and not by any prospective co-investors, that were to have participated in such transaction.

## **Other Information**

Thoma Bravo may exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest. For example, in instances where an affiliate of a Thoma Bravo professional invests in a Fund, such affiliate generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, certain General Partners may exempt certain investors affiliated with such General Partner from payment of the Management Fee with respect to their investment in the relevant Fund by allowing such investors to invest through the relevant General Partner rather than directly into the relevant Fund. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by Thoma Bravo and/or its affiliates, or through other Funds that co-invest with the relevant



investor's Fund. No such exemptions have been made to date by Thoma Bravo to any investors unaffiliated with or unrelated to Thoma Bravo or one or more of its professionals.

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Limited Partnership Agreements, over the term of the Funds and investors generally are not permitted to withdraw or redeem interests in the Funds.

Certain current and former Thoma Bravo professionals will receive a portion of the Management Fee, carried interest or other compensation received by Thoma Bravo.

In addition to the Management Fee and carried interest payable to Thoma Bravo, each Fund bears certain expenses. As set forth in the Limited Partnership Agreements, each Fund will pay all costs, fees and expenses of the Fund that are not reimbursed by portfolio companies, generally including: legal, auditing, consulting, financing, accounting and custodian fees and expenses; expenses associated with the Fund's financial statements, tax returns, Schedule K-1s and any other Fund-related reporting or filing obligations; out-of-pocket expenses incurred in connection with transactions not consummated (including transactions that may have been offered to co-investors); expenses of the advisory committee and annual and other meetings of the limited partners; insurance, including directors' and officers' insurance; other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund. Consistent with each Fund's Governing Documents, some of these costs, fees and expenses may be reimbursed by or charged to portfolio companies, including amounts paid to Operating Partners and other consultants and service providers retained by Thoma Bravo. All or a portion of the cost of fees and expenses reimbursed by or charged to a portfolio company are indirectly borne by the Fund(s) invested in such portfolio company. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds.

Thoma Bravo customarily pays amounts related to costs, fees and expenses of the Funds and thereafter receives reimbursement from the Fund(s) to which such expenses relate. In certain circumstances, one Fund may pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by Funds over time), and be reimbursed by the other Funds by their share of such expense, without interest. While highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. Brokerage fees may be incurred on behalf of the Funds in accordance with the practices set forth in "Brokerage Practices."

Portfolio companies may also reimburse expenses of Thoma Bravo affiliates, including without limitation expenses for private and/or chartered air travel (to be reimbursed, in accordance with Thoma Bravo's practice, at rates not exceeding first class equivalent rates). Thoma Bravo and/or its affiliates generally have discretion over whether to charge a transaction fee, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such compensation. The receipt of such compensation may give rise to conflicts of interest between the Funds on the one hand, and Thoma Bravo and/or its affiliates on the other hand.

Additionally, as described more fully in the Governing Documents of each Fund, it is Thoma Bravo's practice to retain certain Operating Partners (as defined below in "Methods of Analysis, Investment Strategies and Risk of Loss") or other consultants or service providers to provide services to (or with respect to) one or more Funds or certain portfolio companies in which such Funds may invest. Operating Partners generally may provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. These services may also include serving in management or policy-making positions for portfolio companies. In connection with providing any such services to a portfolio company, an Operating Partner receives compensation from the applicable portfolio company; such compensation, which is negotiated with the applicable portfolio company, may be structured to include a flat-rate fee, various incentives, equity or profits interests in the applicable portfolio company or a related entity and/or other similar arrangements. In addition, an Operating Partner may also receive remuneration from Thoma Bravo and/or its Funds or affiliates and/or be entitled to other forms of compensation. Any such compensation received by an Operating Partner will not offset the Management Fee of any Fund as described herein.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under "Fees and Compensation," Thoma Bravo receives a carried interest allocation on certain realized profits in the Funds. A carried interest allocation represents an investment adviser's compensation based on a percentage of net profits of the Funds it manages. Thoma Bravo currently does not manage funds that are not charged a performance-based fee, although it may do so in the future. The practice of managing funds that are not charged a performance-based fee could present a conflict of interest because Thoma Bravo would have a potential incentive to favor Funds for which it receives a performance-based fee. In such event, Thoma Bravo will address any such potential conflict of interest by following its existing investment allocations / co-investment policy (the "**Investment Allocations / Co-Investment Policy**") designed to assist Thoma Bravo to allocate investment opportunities among its clients in a fair and equitable manner, consistent with Thoma Bravo's fiduciary obligations to, and underlying documents (if applicable) for, the relevant Fund or other vehicle.

#### **TYPES OF CLIENTS**

Thoma Bravo provides investment advice to the Funds, which may include investment partnerships or other investment entities formed under U.S. domestic or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the "**Company Act**"). The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Thoma Bravo and its affiliates and members of their families, Operating Partners or other service providers retained by Thoma Bravo.

The Funds generally have a minimum investment amount of \$10 million for third-party investors, although the minimum investment amount may be, and frequently is, waived by the General Partner. In most circumstances, investors in the Funds must meet certain suitability and

net worth qualifications prior to making an investment in the Funds. Generally, investors must be (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and (ii) either “qualified purchasers” or “knowledgeable employees” as defined under the Company Act. Thoma Bravo may waive these qualification requirements under certain circumstances.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **General**

Thoma Bravo applies a differentiated “consolidation” or “buy and build” investment strategy which focuses on creating value by transforming successful middle-market businesses in fragmented, consolidating industry sectors into larger, more profitable and more valuable businesses through rapid operational improvements and strategic add-on acquisitions.

As applied by Thoma Bravo investment professionals, “buy and build” investing involves continual research and analysis of fragmented industries to identify sectors to which the strategy can best be applied. Then, using data generated by this research, and often with the participation of an experienced executive from the sector who typically has agreed to work with Thoma Bravo on an exclusive basis, Thoma Bravo targets value-oriented, control investments in middle-market companies that generate high quality revenue and have other particularly attractive characteristics. When an investment is made, Thoma Bravo’s investment professionals use proprietary operating metrics and extensive consolidation experience to help existing management make immediate operating improvements to increase earnings and identify, complete and integrate strategic add-on acquisitions.

### **Investment and Operating Strategy**

The principal features of the Thoma Bravo investment strategy are as follows:

#### *Continuously Analyze Industry Sectors to Identify Opportunities*

Thoma Bravo reviews and monitors various industry sectors to identify those in which it believes its operational analytics and consolidation capabilities can create substantial value. Thoma Bravo has identified certain sectors of the software industry as areas of opportunity and has made, and expects to continue to make, many investments in these sectors.

Thoma Bravo typically uses networks of relationships and contacts gained by its industry study and its prior experience to identify investment opportunities within a sector. Thoma Bravo generally pursues investment opportunities offered through typical broker or investment bank auction sales only when the company being offered is already known to Thoma Bravo and is in a sector already targeted for investment.

#### *Focus on Control Positions in Mature and Sizeable Middle-Market Companies*

Thoma Bravo typically focuses on the middle-market or upper middle-market, which it defines as companies with revenues between approximately \$100 million and \$1 billion. Thoma Bravo expects to acquire controlling positions in its portfolio companies in most cases, allowing

the flexibility to aggressively implement its strategy without requiring the consensus of an investor group or agreement from a larger owner.

Central to the Thoma Bravo strategy is the identification and acquisition of an initial platform company capable of supporting the growth the firm intends to realize over the life of the investment. A platform company should be of sufficient size to serve as a foundation for both organic growth and carefully selected add-on acquisitions that can be fully integrated with the platform to accelerate growth. It also should possess attractive financial and business fundamentals, such as sustainable revenue growth, high margins and strong return on assets and capital. Thoma Bravo also gives a great deal of weight to the predictability of future financial performance, which can be the result of significant recurring revenue streams, mission critical products and services, barriers to entry, a leading market reputation or a particularly strong competitive position.

#### *Develop Metrics-based Operational Improvement Plan and Execute Quickly*

By quantitatively analyzing the key aspects of a platform company's business, Thoma Bravo seeks to identify opportunities for cost rationalization and margin expansion. Thoma Bravo expects existing management, assisted by Thoma Bravo personnel, to develop an operational improvement plan during the due diligence period that is intended to be implemented promptly after closing of the investment. In circumstances where Thoma Bravo and/or the relevant portfolio company deems it appropriate, a portfolio company may retain, and Thoma Bravo may coordinate the retention of, one or more consultants (including Operating Partners and consultants introduced or arranged by Thoma Bravo and/or its affiliates that may regularly provide services to one or more Fund portfolio companies) or service providers with particular expertise or experience in order to develop such plan, provide other services or serve in certain roles with respect to a portfolio company.

#### *Accelerate Growth with Add-on Acquisitions*

Soon after post-investment operating improvements have been completed, Thoma Bravo expects to execute an add-on acquisition strategy to rapidly grow its portfolio companies. Add-on acquisitions may include purchases to increase scale and market share in a sector and/or purchasing companies in adjacent sectors to increase product and service offerings and leverage existing distribution channels and corporate overhead. Add-on acquisitions generally are purchased at lower valuations than the platform company, thereby lowering the original purchase price multiple while at the same time expanding the potential exit multiple of the business (due to the greater scale and scope of the resulting business). They also generally are financed from the portfolio company's free cash flow and do not require additional equity investment from a Fund.

#### *Retain Existing Management when there is a Shared Vision and Willingness to Adopt the Thoma Bravo Strategy*

When Thoma Bravo acquires a platform company, it expects to partner with the existing management team at that company if, after discussion and due diligence, it is clear that the team shares Thoma Bravo's vision for the business and is willing to implement the necessary operational improvements and manage the integration of add-on acquisitions. Existing management teams

often have important industry and customer relationships and have a demonstrated record in their field. Thoma Bravo believes maintaining existing management reduces investment risk and contributes to the ability to make operational changes quickly without waiting for new managers to complete a “learning curve.” Where necessary, however, Thoma Bravo’s relationships and reputation allow it to recruit executives to replace or supplement existing management.

*Do Not Depend on Leverage Alone or Expansion of the Valuation Multiple to Achieve Targeted Returns*

Leverage (debt from third-party lenders) typically is used in connection with investments by the Funds in portfolio companies and the portfolio companies typically use leverage when making add-on acquisitions or in connection with the payment of dividends or the return of capital to the Funds. Leverage, of course, contributes to the return on equity achieved by a Fund. However, leverage also increases the risk of any investment in which it is used. Thoma Bravo seeks to balance the return benefit of leverage with the accompanying risk of loss of equity if leverage proves too great under the circumstances. When determining whether an investment is likely to reach its return targets, Thoma Bravo assumes use of the amount of leverage it believes to be consistent with the characteristics of the particular investment, not necessarily the maximum leverage available in the debt markets at the time.

**Risks of Investment**

The Funds and their investors bear the risk of loss that Thoma Bravo’s investment strategy entails. The risks involved with Thoma Bravo’s investment strategy and an investment in the Funds include, but are not limited to:

*Business Risks.* A Fund’s investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

*Investment in Junior Securities.* The securities in which the Funds will invest may be among the most junior in a portfolio company’s capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect a Fund’s investment once made.

*Concentration of Investments.* The Funds will participate in a limited number of investments and may seek to make several or even all their investments in one industry or one industry segment. As a result, a Fund’s investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to pay annual Management Fees during the investment period based on the entire amount of their Commitments.

*Illiquidity; Lack of Current Distributions.* An investment in the Funds should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the Management Fee) may exceed its income, thereby requiring that the difference be paid from a Fund's capital, including, without limitation, unfunded Commitments.

*Leveraged Investments; Borrowing and Guarantees.* The Funds may make use of leverage by having a portfolio company incur debt to finance a portion of their investment in such portfolio company (including in respect of companies not rated by credit agencies) or in connection with the payment of a dividend or return of capital to a Fund. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to forecast accurately, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also may impose 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. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be tight at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Funds will invest generally will not be rated by a credit rating agency.

Each Fund may incur indebtedness for borrowed money, including on a joint and several basis with other Funds, but only under limited circumstances, and subject to certain limitations as set forth in the Limited Partnership Agreement of such Fund, including the term of any such indebtedness and the aggregate principal amount of indebtedness that may be outstanding. In addition, a Fund may guarantee the obligations of such Fund's portfolio companies (and any direct or indirect subsidiaries thereof or acquisition vehicles therefor) and other obligations in connection with any Fund investment or Fund expense, subject to certain limitations set forth in such Fund's Limited Partnership Agreement. With respect to any indebtedness incurred or guaranty granted, a Fund may secure such indebtedness or guaranty as set forth in such Fund's Limited Partnership Agreement, including by providing a security interest in the assets of such Fund and giving a lender or other credit party the right to initiate, call and enforce the Fund's right to receive and collect capital contributions and other payments. Where a Fund has entered into any indebtedness with another Fund on a joint and several basis, it is the practice of the applicable General Partners to enter into agreements that provide each Fund with a right of contribution, subrogation or reimbursement. While such rights of contribution, subrogation or reimbursement are intended to facilitate each Fund bearing its proportionate share of the applicable indebtedness, it is possible

that a Fund may bear more than its proportionate share in the event that another Fund is unable to satisfy its obligations. The use of such agreements may also subject Thoma Bravo and the applicable General Partners to conflicts of interest, as described under “Conflicts of Interest.”

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for Fund investments, and hence, most of a Fund’s investments will be difficult to value. Certain investments may be distributed in kind to the partners.

*Reliance on Thoma Bravo and Portfolio Company Management.* Each Fund is dependent on its general partner. Control over the operation of a Fund will be vested with Thoma Bravo, and the Fund’s future profitability will depend largely upon the business and investment acumen of the Thoma Bravo principals. The loss or reduction of service of one or more of the principals could have an adverse effect on a Fund’s ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of the Funds will depend on the actions of Thoma Bravo. In addition, certain changes in Thoma Bravo or circumstances relating to Thoma Bravo may have an adverse effect on a Fund or one or more of its portfolio companies, including potential acceleration of debt facilities. Although Thoma Bravo will monitor the performance of the Funds’ investments, it will primarily be the responsibility of each portfolio company’s management team to operate such portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with such Fund’s objectives.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continues to be significant discussion regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds’ activities, including the ability of a Fund to implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of continued scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent the Funds’ efforts to consummate investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing investments than it otherwise would have.

Additionally, Congress continues to consider legislative changes that would treat certain income allocations to service providers by partnerships such as the Funds (including any carried interest) as ordinary income for U.S. federal income tax purposes. Under current law such income is treated as an allocation of the partnership’s income, which may be taxed at lower rates than ordinary income. Therefore, enactment of any such legislative changes could adversely affect principals, employees or other individuals associated with such Fund or Thoma Bravo who were or may in the future be granted direct or indirect interests in Thoma Bravo entitling such persons to benefit from carried interest. This may reduce such persons’ after-tax returns from a Fund and

Thoma Bravo, which could make it more difficult for Thoma Bravo and its affiliates to incentivize, attract and retain individuals to perform services for the Funds.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, a Fund may provide additional funds to such portfolio company. There is no assurance that a Fund will make such follow-on investments or that such Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a portfolio company or the dilution of such Fund's ownership in a portfolio company if a third party invests in such portfolio company.

*Non-U.S. Investments.* The Funds may invest in portfolio companies that are organized, headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to such Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the partners. Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

*Uncertain Economic and Political Environment.* The current global economic and political climate is one of uncertainty. The continuing impact of the recent recession, particularly in Europe, changes in central bank policies, the threat of terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of an economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, may be restricted in such circumstances. This may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and/or to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities and increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. Furthermore, such uncertainty may have an adverse effect upon portfolio companies in which a Fund makes investments.

*Market Conditions.* Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable



earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Following a listing, the value of publicly traded securities may be volatile and difficult to sell as a block to achieve liquidity. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

*Public Company Holdings.* A Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject the relevant Fund to risks that differ in type or degree from those involved with 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 relevant Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including Thoma Bravo's principals, and increased costs associated with each of the aforementioned risks.

*Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* In the event that the U.S. or global credit markets deteriorate and it becomes more difficult for investment funds such as a Fund to obtain favorable financing for investments, a Fund's ability to generate attractive investment returns may be adversely affected to the extent such Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

*Unfunded Pension Liabilities of 80%-Owned Portfolio Companies.* Recent court decisions have suggested that, where an investment fund owns 80% or more of a portfolio company, the fund (and any other 80%-owned portfolio companies of the fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. A Fund may, from time to time, own an 80% or greater interest in a portfolio company that has unfunded pension fund liabilities. If a Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of such Fund and the companies in which such Fund invests.

## **Conflicts of Interest**

Thoma Bravo and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of the Funds, and providing transaction-related, investment advisory, legal, management and other services to Funds and portfolio companies. In the ordinary course of Thoma Bravo's conducting its activities and the activities of the Funds, the interests of a Fund may conflict with the interests of Thoma Bravo, one or more other Funds, or portfolio companies.

Until Thoma Bravo is permitted by a Fund's Limited Partnership Agreement to raise a successor investment fund to the Fund, Thoma Bravo will pursue all appropriate investment

opportunities principally for the benefit of such Fund, subject to certain exceptions. However, Thoma Bravo and its affiliates currently manage several other investment funds and investments similar to those in which any particular Fund will be investing, and may direct certain relevant investment opportunities to those investment funds and investments. Thoma Bravo's investment staff will continue to manage and monitor such investment funds and investments. Thoma Bravo believes the significant investment by Thoma Bravo in each Fund, as well as Thoma Bravo's interest in the carried interest, operate to align, to some extent, the interest of Thoma Bravo with the interest of such Fund's limited partners, although Thoma Bravo has economic interests in other investment funds and investments as well and receives management fees and carried interests relating to such interests. Other investment funds and investments that Thoma Bravo may control may compete with a Fund or companies acquired by a Fund. At such time as Thoma Bravo is permitted to raise a successor investment fund to a particular Fund, Thoma Bravo will continue to manage the Fund's investments but also will likely focus its investment activities on other opportunities unrelated to such Fund's investments.

From time to time, Thoma Bravo will be presented with investment opportunities that would be suitable not only for a particular Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of Thoma Bravo. In determining which investment vehicles should participate in these investment opportunities, Thoma Bravo and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Thoma Bravo attempts to resolve conflicts of interest in light of its obligations to investors in the investment vehicles it manages, and attempts to allocate investment opportunities among the Funds and such other investment vehicles in a fair and equitable manner and consistent with the relevant Limited Partnership Agreement(s) and the Thoma Bravo Investment Allocations / Co-Investment Policy. Where necessary, Thoma Bravo consults and receives consent to conflicts from an advisory committee consisting of limited partners of the applicable Fund(s) or such other investment vehicles.

Because Thoma Bravo is permitted to retain certain fees from portfolio companies (as described under "Fees and Compensation") in connection with a Fund's investments, it could have a conflict of interest in connection with approving transactions. Thoma Bravo addresses this potential conflict of interest by offsetting 100% of such fees against the Management Fees of the applicable Fund(s).

Additionally, as fees paid by or on behalf co-investors in portfolio companies are not subject to a Management Fee offset, as is the case with certain fees from portfolio companies, the opportunity to receive such co-investment fees could present a conflict of interest, where Thoma Bravo would have a potential incentive to allocate more of an investment opportunity to co-investors than otherwise would be the case. Thoma Bravo seeks to address any such potential conflict of interest by investing in accordance with the Investment Allocations / Co-Investment Policy.

Thoma Bravo or its affiliates generally work with experienced business and financial executives and other professionals to support the management teams of the portfolio companies in which the Funds have invested and to assist in the review and analysis of companies being considered for investment by the Funds. Some of such persons are designated by Thoma Bravo as

“Operating Partners” or “Operating Advisers” or by similar titles (all of such persons collectively referred to herein as “**Operating Partners**”).

Operating Partners may regularly provide services to one or more of the Funds and/or their portfolio companies, make use of Thoma Bravo resources or otherwise be associated with Thoma Bravo. Operating Partners generally are paid for their services by the portfolio companies in connection with which those services are provided. Compensation may be in the form of cash fees, securities of a portfolio company or a share of proceeds upon sale of a portfolio company. Additionally, portfolio companies may provide opportunities for Operating Partners to invest in such portfolio company and reimburse costs and expenses incurred by Operating Partners. Operating Partners also may have a limited partner interest in the General Partners and/or one or more Funds, may receive remuneration from Thoma Bravo and/or its Funds or affiliates and/or be entitled to other forms of compensation. Such investment opportunities, reimbursements and other compensation paid to an Operating Partner will not offset the Management Fee of any Fund as described herein.

Thoma Bravo and/or its affiliates may agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. The use of Operating Partners and the allocation of compensation paid to them by Thoma Bravo, its affiliates and/or the portfolio companies may subject Thoma Bravo and/or its affiliates to potential conflicts of interest. However, Thoma Bravo believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Operating Partner is lower than market rates for the services provided and/or if the quality of the services of the Operating Partner make a greater contribution to the success of the portfolio company. Thoma Bravo also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Thoma Bravo believes will align such persons’ interests with those of the Funds’ limited partners. As a result of the Funds’ controlling interests in portfolio companies, Thoma Bravo and/or its affiliates typically have the right to appoint board members to such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Thoma Bravo and/or its affiliates. Such amounts may be in addition to any Management Fees or carried interest paid by a Fund to Thoma Bravo.

Additionally, as described herein, a portfolio company typically will reimburse Thoma Bravo or service providers retained at Thoma Bravo’s discretion for expenses (including without limitation travel expenses) incurred by Thoma Bravo or such service providers in connection with its performance of services for such portfolio company. This subjects Thoma Bravo and its affiliates to conflicts of interest because the relevant Fund generally does not have an interest or share in these reimbursements, and the amount of such reimbursements may be substantial. Thoma Bravo determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in the relevant Fund, their effect is reflected in such Fund’s audited financial statements, and any fee paid or expense reimbursed to Thoma Bravo or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio

companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

Thoma Bravo generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) Thoma Bravo or a related person of Thoma Bravo (which may include a portfolio company of the relevant Fund) or (ii) an entity with which Thoma Bravo or its affiliates or their current or former personnel have a relationship, which could include a financial interest or other benefit. This subjects Thoma Bravo to conflicts of interest, because although Thoma Bravo selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the Fund, Thoma Bravo may have an incentive to recommend the related or other person because of its financial or other business interest. There is a possibility that Thoma Bravo, 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. Whether or not Thoma Bravo has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Thoma Bravo and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Thoma Bravo and/or its affiliates; conversely, former personnel or executives of Thoma Bravo and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by Thoma Bravo. Similarly, Thoma Bravo, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor that invests) in, engage in transactions with and/or provide services (including services at reduced rates) to, Thoma Bravo and/or its affiliates, and/or the Funds or other investment vehicles they advise. Thoma Bravo may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in such Fund, will provide Thoma Bravo information about markets and industries in which Thoma Bravo operates (or is contemplating operations) or will provide other services that are beneficial to Thoma Bravo. Thoma Bravo may have a conflict of interest in making such recommendations, in that Thoma Bravo has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the relevant Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Fund.

As described herein, where a Fund has entered into any indebtedness with another Fund on a joint and several basis, it is the practice of the applicable General Partners to enter into agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, Thoma Bravo may be subject to conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. Thoma Bravo seeks to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund bear its proportionate share of the applicable indebtedness, without favoritism.

Thoma Bravo, its affiliates, and equityholders, officers, principals and employees of Thoma Bravo and its affiliates may buy or sell securities or other instruments that Thoma Bravo has recommended to a Fund. In addition, subject to the policies and procedures set forth in Thoma Bravo's Code of Ethics (the "**Code**"), officers, principals and employees may buy securities in transactions offered to but rejected by a Fund. The investment policies, fee arrangements and other circumstances of these investments may vary from those of any Fund.

Because Thoma Bravo's carried interest is based on a percentage of net realized profits, it may create an incentive for Thoma Bravo to cause a Fund to make riskier or more speculative investments than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by the Fund, this fee structure may create an incentive to deploy capital when Thoma Bravo may not otherwise have done so. Since Thoma Bravo is permitted to retain certain portfolio company-related fees in connection with Fund investments, it could have a conflict of interest in connection with approving transactions and setting such compensation.

Thoma Bravo may enter into side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

As discussed herein, a General Partner may provide or commit to provide co-investment opportunities to one or more Limited Partners and/or other persons at its discretion, in each case on terms to be determined by the General Partner in its discretion. Conflicts of interest may arise in the allocation of such co-investment opportunities to the extent that such allocation may benefit the General Partner or Thoma Bravo instead of or more than the relevant Fund or is not in the best interests of the Fund or any individual Limited Partner. In exercising its discretion in connection with such co-investment opportunities, the General Partner may consider some or all of a wide range of factors, which may include the likelihood that an investor may invest, or may invest more, in a future fund sponsored by the General Partner or its affiliates. Fund investments made with co-investors may involve risks and conflicts of interests not present in investments where a third-party is not involved, such as where a third-party co-venturer or partner has economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take action contrary to the investment objectives of the Fund. In addition, the Fund may in certain circumstances be liable for actions of its third-party co-investor, co-venturer or partner.

Any of these situations subjects Thoma Bravo and/or its affiliates to potential conflicts of interest. Thoma Bravo attempts to resolve such conflicts of interest in light of its obligations to investors in the Funds and the obligations owed by Thoma Bravo's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among the Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, Thoma Bravo will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Thoma Bravo consults and receives consent to conflicts from an advisory committee consisting of limited partners of the Funds and such other investment vehicles.

## **DISCIPLINARY INFORMATION**

Neither Thoma Bravo nor its management persons have been subject to any material legal or disciplinary events required to be discussed in this Brochure.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As described under “Advisory Business” above, Thoma Bravo, LLC is affiliated with the General Partners, which are registered with the SEC under the Advisers Act pursuant to Thoma Bravo, LLC’s registration in accordance with SEC guidance. The General Partners and Thoma Bravo, LLC operate as a single advisory business. Thoma Bravo, LLC is also under common control with Thoma Cressey Bravo, Inc., a registered investment adviser. In addition, a Thoma Bravo Fund owns a majority interest in Segall Bryant & Hamill, LLC (“SBH”), an investment adviser registered with the SEC, although Thoma Bravo does not have business dealings with SBH (other than to the extent that it is a portfolio company of certain Funds), conduct shared operations or share premises with SBH. Thoma Bravo may appoint one or more of its personnel to serve on SBH’s board of directors. Personnel of Thoma Bravo or of the portfolio companies may purchase services for their own account from SBH.

With the exception of SBH, the investment advisers affiliated with Thoma Bravo, LLC may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

Thoma Bravo has adopted the Code, which sets forth standards of conduct that are expected of Thoma Bravo principals and employees and addresses conflicts that arise from personal trading. The Code requires Thoma Bravo personnel to:

- report their personal securities transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with policies and procedures designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any investor or prospective investor upon request to Amy L. Coleman Redenbaugh, the Compliance Manager, at (312) 254-3346. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Thoma Bravo and its affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Thoma Bravo and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such

person is a client of Thoma Bravo. Accordingly, should Thoma Bravo or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Thoma Bravo would be prohibited from communicating such information to clients, and Thoma Bravo will have no responsibility or liability for failing to disclose such information to clients as a result of following its policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Thoma Bravo personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of Thoma Bravo and its affiliates may, directly or indirectly, own an interest in the Funds or certain co-investment vehicles. Any co-investment vehicles may invest in one or more of the same portfolio companies as the Funds.

Co-invest opportunities may also be presented to certain personnel and/or affiliates of Thoma Bravo, as well as third party investors and other persons, and such co-investments may be effected through co-investment vehicles or directly in a particular portfolio company. Additionally, the Funds may invest together with other entities advised by an affiliated adviser of Thoma Bravo in the manner set forth in the Limited Partnership Agreements. Thoma Bravo will allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with its fiduciary obligations, the underlying documents for the relevant Fund and the Thoma Bravo Investment Allocations / Co-Investment Policy. In the case of co-invests, Thoma Bravo may grant certain third party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities.

Thoma Bravo and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles that may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain Funds may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other Funds or may give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives or advisory committees) in such Funds. However, Thoma Bravo may or may not, in its sole discretion, seek any such waiver and, in any event, there can be no assurance that any waiver sought would be obtained.

### **BROKERAGE PRACTICES**

Thoma Bravo focuses on investing in securities of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may not be retained. Thoma Bravo also engages in “take-private” negotiated transactions involving securities of public companies and in which the services of a broker-dealer may not be retained. However, Thoma Bravo may also acquire public securities through market purchases, distribute securities to investors in the Funds or sell such securities, including through use of a broker-dealer. Although Thoma Bravo does not intend to regularly engage in public

securities transactions, to the extent it does so, it will follow the brokerage practices described below.

If Thoma Bravo sells publicly traded securities for a Fund, it will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Thoma Bravo may consider a variety of factors, including: (i) execution capabilities with respect to the relevant securities or type of order; (ii) commissions charged; (iii) the reputation of the broker being considered; (iv) the gross compensation paid to the broker; and (v) the financial strength of the broker.

Thoma Bravo has no duty or obligation to seek the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of the clients. Although Thoma Bravo generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services or knowledge on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Thoma Bravo seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although Thoma Bravo generally does not make use of such services at the current time and has not made use of such services since its inception. As a general matter, research provided by these brokers would be used to service all of Thoma Bravo’s Funds. However, subject to the relevant Limited Partnership Agreement(s), each and every research service may not be used for the benefit of each and every Fund managed by Thoma Bravo, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

To the extent that Thoma Bravo allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on its interest in receiving such research or other products or services, rather than based on its Funds’ interest in receiving most favorable execution.

Thoma Bravo may purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Thoma Bravo may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of Thoma Bravo is favored over any other Fund. A failure to batch transactions may have the effect of increasing transaction costs. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance



with the amount of securities originally requested for such Fund. Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to the Funds over time.

In Thoma Bravo's private company securities transactions on behalf of the Funds, Thoma Bravo may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, Thoma Bravo may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although Thoma Bravo generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

### **REVIEW OF ACCOUNTS**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Thoma Bravo closely monitors companies in which the Funds invest, and the Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Thoma Bravo will provide to its limited partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company periodically.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

Thoma Bravo and/or its affiliates may provide certain business or consulting services to companies in a Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the relevant Limited Partnership Agreement(s), this compensation may, in many cases, offset a portion of the Management Fees paid by a Fund. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a portfolio company), payments may be in addition to Management Fees.

From time to time, Thoma Bravo may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents will be borne by Thoma Bravo indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

### **CUSTODY**

Thoma Bravo has established an account with the following qualified custodians to hold funds and securities on behalf of the Funds: JP Morgan Chase Bank, N.A., 420 W. Van Buren

Street, 4th Floor, Chicago, IL 60606-3534; and Merrill Lynch, Pierce, Fenner & Smith Incorporated, 600 California Street, 8th Floor, San Francisco, CA 94108.

### **INVESTMENT DISCRETION**

Thoma Bravo has discretionary authority to manage investments on behalf of the Funds. As a general policy, Thoma Bravo does not allow limited partners to place limitations on this authority. Pursuant to the terms of the Limited Partnership Agreements, however, Thoma Bravo may enter into side letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or any other reason agreed to by Thoma Bravo and such limited partner. Thoma Bravo assumes this discretionary authority pursuant to the terms of the Limited Partnership Agreements.

### **VOTING CLIENT SECURITIES**

Thoma Bravo has adopted Proxy Voting Policies and Procedures (the "Proxy Policy") to address how it will vote proxies, as applicable, for a Fund's portfolio investments. The Proxy Policy seeks to ensure that Thoma Bravo votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Thoma Bravo generally believes its interests are aligned with those of a Fund's investors through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Thoma Bravo may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory committee on the proposed proxy vote. Thoma Bravo does not consider service on portfolio company boards by Thoma Bravo personnel or Thoma Bravo's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Thoma Bravo when voting proxies on behalf of a Fund. If you would like a copy of Thoma Bravo's complete Proxy Policy or information regarding how Thoma Bravo voted proxies for particular portfolio companies, please contact Amy L. Coleman Redenbaugh, the Compliance Manager, at (312) 254-3346, and it will be provided to you at no charge.

### **FINANCIAL INFORMATION**

Thoma Bravo does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.

## **SUPPLEMENTAL INFORMATION ABOUT CERTAIN PRINCIPALS OF THOMA BRAVO**

### **Seth Boro**

#### *Educational Background and Business Experience*

Seth Boro, born September 17, 1975, joined Thoma Cressey Bravo, Thoma Bravo's predecessor entity, in 2005 after receiving an MBA from the Stanford Graduate School of Business. He previously was part of the investment team at Summit Partners, a leading private equity firm ("**Summit**"), where he was involved in private equity investments in the technology and business services sectors. Seth also worked as an analyst with investment bank Credit Suisse in Toronto. He became a partner at Thoma Bravo in 2010 and a Managing Partner in 2013. He earned his undergraduate degree from Queen's University School of Business, Kingston, Ontario, Canada, and is a Canadian citizen.

#### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Boro.

#### *Other Business Activities*

Mr. Boro is not engaged in any investment-related business outside of his roles with Thoma Bravo and its affiliated investment advisers.

#### *Additional Compensation*

Mr. Boro does not receive any additional compensation that is required to be disclosed.

#### *Supervision*

As a managing partner of Thoma Bravo, Mr. Boro is part of a team that is responsible for leading the investment activities of Thoma Bravo, but is not subject to the business supervision of any single individual. The Chief Compliance Officer supervises the activities of Mr. Boro with respect to Thoma Bravo's Investment Adviser Compliance Program.

### **Orlando Bravo**

#### *Educational Background and Business Experience*

Orlando Bravo, born September 23, 1970, joined Thoma Cressey Bravo, Thoma Bravo's predecessor entity, shortly after its formation and subsequently developed Thoma Bravo's leadership position in software and technology investing. Over the past eight years, he has led or co-led most of Thoma Bravo's software and related buyouts and major add-on acquisitions and has become recognized as one of the leading private equity investors in the sector. Mr. Bravo previously worked in the Mergers & Acquisitions group of Morgan Stanley & Co. based in New York. He received an MBA degree from the Stanford Graduate School of Business, a law degree from Stanford Law School and an undergraduate degree in Economics and Political Science from Brown University.

#### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Bravo.

#### *Other Business Activities*

Mr. Bravo is not engaged in any investment-related business outside of his roles with Thoma Bravo and its affiliated investment advisers.

#### *Additional Compensation*

Mr. Bravo does not receive any additional compensation that is required to be disclosed.

#### *Supervision*

As a managing partner of Thoma Bravo, Mr. Bravo is part of a team that is responsible for leading the investment activities of Thoma Bravo, but is not subject to the business supervision of any single individual. The Chief Compliance Officer supervises the activities of Mr. Bravo with respect to Thoma Bravo's Investment Adviser Compliance Program.

### **S. Scott Crabill**

#### *Educational Background and Business Experience*

S. Scott Crabill, born February 7, 1970, joined Thoma Cressey Bravo, Thoma Bravo's predecessor entity, in 2002 from the Palo Alto, CA office of Summit, where he invested in and worked with companies in various sectors, including software, technology and business services. Previously, he was with the private equity firm of J.H. Whitney & Co., Stamford, CT, where he was active in middle-market buyouts and growth equity financings across a wide range of industries. He also worked at Hewlett-Packard as a product manager and at Alex. Brown & Sons in corporate finance and in mergers and acquisitions. Mr. Crabill earned a BS degree in Industrial Engineering from Stanford University and an MBA degree from the Stanford Graduate School of Business.

#### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Crabill.

#### *Other Business Activities*

Mr. Crabill is not engaged in any investment-related business outside of his roles with Thoma Bravo and its affiliated investment advisers.

#### *Additional Compensation*

Mr. Crabill does not receive any additional compensation that is required to be disclosed, except for the receipt of residual economic payments due him from his tenure at Summit.

### *Supervision*

As a managing partner of Thoma Bravo, Mr. Crabill is part of a team that is responsible for leading the investment activities of Thoma Bravo, but is not subject to the business supervision of any single individual. The Chief Compliance Officer supervises the activities of Mr. Crabill with respect to Thoma Bravo's Investment Adviser Compliance Program.

## **Lee M. Mitchell**

### *Educational Background and Business Experience*

Lee M. Mitchell, born April 16, 1943, participated in forming both Thoma Bravo and, Thoma Cressey Bravo, its predecessor entity and previously was a partner in Golder, Thoma, Cressey, Rauner, which he joined in 1994 after a career in law, business and investment management. As a partner of Sidley & Austin, Mr. Mitchell specialized in corporate and regulatory matters. He later became CEO of what was then one of the country's largest privately-held communications companies, where he directed investments in media, publishing and marketing services. He has served as chairman of the Chicago Stock Exchange and is a trustee of Northwestern University (where he chaired the Investment Committee), a director of Northwestern Memorial Hospital Corp. of Chicago (where he co-chairs the Investment Committee) and Chairman of the Illinois Venture Capital Association. Mr. Mitchell is a graduate of Wesleyan University and the University of Chicago Law School.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Mitchell.

### *Other Business Activities*

Mr. Mitchell is a director of SBH, a portfolio company of certain Funds managed by Thoma Bravo and an investment adviser registered with the Securities and Exchange Commission; CRD no. 106505. Mr. Mitchell is not engaged in any investment-related business outside of his roles with Thoma Bravo and its affiliated investment advisers.

### *Additional Compensation*

Mr. Mitchell does not receive any additional compensation that is required to be disclosed.

### *Supervision*

As a managing partner of Thoma Bravo, Mr. Mitchell is part of a team that is responsible for leading the investment activities of Thoma Bravo, but is not subject to the business supervision of any single individual. Although in his capacity as Chief Compliance Officer Mr. Mitchell is not required to be supervised with respect to Thoma Bravo's Investment Adviser Compliance Program, Mr. Mitchell will seek any required preclearance of his personal trading from the Compliance Manager.

## **P. Holden Spaht**

### *Educational Background and Business Experience*

P. Holden Spaht, born July 11, 1974, joined Thoma Cressey Bravo, Thoma Bravo's predecessor entity, in 2005 from Morgan Stanley, where he had been with the investment bank's corporate finance department in San Francisco and, previously, with its private equity investment firm, Morgan Stanley Capital Partners, in London. He also has experience as part of the investment team at Thomas H. Lee Partners and at the Morgan Stanley Real Estate Fund. He became a partner in Thoma Bravo in 2010 and a Managing Partner in 2013. Mr. Spaht has an AB degree in Economics from Dartmouth College, where he was a Fulbright Scholar, and an MBA from the Harvard Business School.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Spaht.

### *Other Business Activities*

Mr. Spaht is not engaged in any investment-related business outside of his roles with Thoma Bravo and its affiliated investment advisers.

### *Additional Compensation*

Mr. Spaht does not receive any additional compensation that is required to be disclosed.

### *Supervision*

As a managing partner of Thoma Bravo, Mr. Spaht is part of a team that is responsible for leading the investment activities of Thoma Bravo, but is not subject to the business supervision of any single individual. The Chief Compliance Officer supervises the activities of Mr. Spaht with respect to Thoma Bravo's Investment Adviser Compliance Program.

## **Carl D. Thoma**

### *Educational Background and Business Experience*

Carl D. Thoma, born October 12, 1948, is a co-founder of Thoma Bravo and each of its predecessor firms. He began his career with First Chicago Equity Group where he helped build what then was one of the largest and most active private equity investment firms in the country. In 1980, he established Golder, Thoma & Co. with Stanley Golder. Over the next 18 years, that firm (later known as Golder, Thoma, Cressey, Rauner and commonly referred to as GTCR) raised and invested a series of five successful private equity funds. Mr. Thoma co-founded Thoma Cressey Equity Partners (later renamed Thoma Cressey Bravo) in 1998 and raised and co-managed three additional funds. With Orlando Bravo and the other managing partners at that time, he then co-founded Thoma Bravo. Mr. Thoma has served as president of the National Venture Capital

Association and chair of the Illinois Venture Capital Association. He received an MBA from the Stanford Graduate School of Business and a BA from Oklahoma State University.

*Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Thoma.

*Other Business Activities*

Mr. Thoma is a director of SBH, a portfolio company of certain Funds managed by Thoma Bravo and an investment adviser registered with the Securities and Exchange Commission; CRD no. 106505. Mr. Thoma is not engaged in any investment-related business outside of his roles with Thoma Bravo and its affiliated investment advisers.

*Additional Compensation*

Mr. Thoma does not receive any additional compensation that is required to be disclosed.

*Supervision*

As a managing partner of Thoma Bravo, Mr. Thoma is part of a team that is responsible for leading the investment activities of Thoma Bravo, but is not subject to the business supervision of any single individual. The Chief Compliance Officer supervises the activities of Mr. Thoma with respect to Thoma Bravo's Investment Adviser Compliance Program.