

INVESTMENT ADVISER BROCHURE

PPC INVESTMENT PARTNERS LP

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of PPC Investment Partners LP (“PPC Partners”). If you have any questions about the contents of this Brochure, please contact us at (312) 447-6050. 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.

PPC Partners 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 PPC Partners is also available on the SEC’s website at www.adviserinfo.sec.gov.

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MATERIAL CHANGES

PPC Partners' filed its most recent Form ADV Part 2A on February 1, 2018. This other-than-annual amendment updates the assets under management of PPC Partners and includes additional details relating to the business practices of PPC Partners, including with respect to terms and expenses applicable to the Fund (as defined herein).

ADVISORY BUSINESS

PPC Partners, a Delaware limited partnership, and its advisory affiliates provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. PPC Partners commenced advisory operations on January 1, 2018.

PPC Fund GP II LP (a “**General Partner**,” and together with PPC Partners and their affiliated advisory entities, “**PPC**”) is affiliated with PPC Partners and is subject to the Advisers Act pursuant to PPC Partners’ registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partner, which operates together with PPC Partners as a single advisory business.

PPC’s clients include the following investment vehicles:

- PPC Fund II LP (the “**Main Fund II**”);
- PPC Fund II-A LP (the “**Blocker Fund II**”); and
- PPC Fund II-B LP (the “**AI Fund II**,” and together with Main Fund II and Blocker Fund II, “**Fund II**,” and together with any future private investment fund to which PPC provides investment advisory services, the “**Funds**”).

The Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as “PPC Companies.” PPC’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. PPC typically designates representatives (including senior principals of PPC or other PPC personnel) to serve on the PPC Companies’ respective boards of directors or otherwise act to influence control over management of PPC Companies in which the Funds have invested.

PPC’s advisory services to the Funds are detailed in the applicable private placement memoranda or other offering documents (each, a “**Memorandum**”), limited partnership or other operating agreements or governing documents (each, a “**Partnership Agreement**”) 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 applicable Fund, but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Partnership Agreement. The Funds and/or PPC generally will enter into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the relevant Partnership Agreement with respect to such investors.

Prior to the formation of PPC, members of the PPC investment team were part of Pritzker Group Private Capital (“**PGPC**”), an investment division of Pritzker Group. Historically, PGPC oversaw the investment of proprietary capital in middle-market private companies on behalf of

Pritzker Group. In addition to providing discretionary investment advice to the Funds, PPC also from time to time expects to provide non-discretionary investment advice to the manager of certain investment vehicles, trusts and other estate planning vehicles through which the proprietary capital of Pritzker Group (or related persons thereof) historically has been deployed. Such investment vehicles, trusts and other estate planning vehicles generally are referred to herein collectively as the “**Pritzker Investors.**”

As described in the Partnership Agreement, PPC has contracted to offer certain Pritzker Investors the opportunity to co-invest alongside Fund II in each PPC Company *pro rata* with Fund II (based on Fund II’s and such Pritzker Investors’ respective shares of total commitments for investment and co-investment, respectively, in Fund II PPC Companies), subject to certain variations and limitations further described in the Partnership Agreement. Additionally (and as described in the Partnership Agreement and Memorandum), to the extent PPC determines in its discretion that the amount of an investment opportunity exceeds the amount appropriate for Fund II, PPC expects to provide co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, PPC personnel, certain other persons associated with PPC and the Pritzker Investors (any such amounts would be in addition to the amount co-invested by the Pritzker Investors pursuant to the preceding sentence). Such co-investments typically involve investment and disposal of interests in the applicable PPC Company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the PPC Company (also known as a post-closing sell-down or transfer). 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 to avoid any changes in valuation of the investment. Where appropriate, and in PPC’s sole discretion, PPC is authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions) and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

As of June 1, 2018, PPC managed approximately \$1,542,100,000 in assets from advisory clients and committed co-investors. PPC Management LLC, a Delaware limited liability company, acts as the general partner of PPC Partners. PPC is principally controlled by Anthony N. Pritzker.

FEES AND COMPENSATION

In general, PPC receives a management fee and a carried interest in connection with the advisory services provided to the Funds. PPC or its affiliates also receive additional compensation in connection with management and other services performed for the PPC Companies, and the Fund’s share of such additional compensation will offset in whole or in part the management fees otherwise payable to PPC. Investors in a Fund also bear certain expenses.

Management Fees

Fund II will pay PPC, quarterly in advance, a management fee (the “**Management Fee**”) equal to 1.5% on an annual basis of aggregate Fund II investor capital commitments

(“**Commitments**”). Investors participating in a closing after the initial closing date bear the Management Fee from the initial closing date, including interest thereon. Upon the earliest to occur of certain events specified in the Partnership Agreement (*e.g.*, the expiration of Fund II’s five-year investment period, or the date on which PPC begins to receive management fees with respect to a successor Fund having a similar investment strategy, objective and criteria as Fund II), the Management Fee will be reduced and will equal 1.5% of the aggregate funded Commitments, as reduced by permanent write-downs and distributions constituting returns of capital. Upon the tenth anniversary of the initial closing date of Fund II, the Management Fee will be further reduced (although, in no event, below zero) by an additional 0.1% per year thereafter.

The Management Fee will be payable until all portfolio investments are distributed or until PPC’s relationship with the Fund is terminated for other reasons (as described in the relevant Partnership Agreement). Installments of the Management Fee payable for any period other than a full three-month period are adjusted on a *pro rata* basis according to the actual number of days in such period.

The Management Fee will be reduced by an amount equal to all of a Fund’s *pro rata* share of directors’ fees, financial consulting or advisory fees, monitoring fees, transaction fees and break-up fees, in each case paid to PPC or its partners and employees (such fees, “**Transaction Fees**”). To the extent that such an offset credit would reduce the Management Fee for a given quarterly period below zero, the credit will be carried forward for application against future Management Fees payable in cash, and if a credit remains upon dissolution, a payment will be made to limited partners that have not elected to waive such amount for tax or other reasons.

As a matter of practice, PPC 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 (including the Pritzker Investors). The portion of any such fees received attributable to amounts co-invested (or on behalf or with respect to any co-investors in a Fund investment), which is expected to be significant, will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors.

Additionally, as further described below and in the applicable Memorandum and/or Partnership Agreement of each Fund, it is PPC’s practice to retain certain senior advisors and/or other similar operating consultants (the “**Senior Advisors**”) to provide services to (or with respect to) certain PPC Companies in which one or more Funds invest. Such Senior Advisors generally receive compensation and other amounts described herein, but no such amounts will result in additional offsets to the Management Fee.

Carried Interest

The General Partner will receive a carried interest with respect to the Fund equal to 20% of all realized profits subject to an 8% compound preferred return, as more fully described in the Partnership Agreement. The carried interest distributed to the General Partner is subject to a

potential giveback at the end of life of the Fund, as well as certain interim givebacks, if the General Partner has received excess cumulative distributions.

It is expected that future Funds will have a similar fee structure.

Other Information

PPC is permitted to exempt certain “affiliated partner” investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including PPC and any other person designated by PPC. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by PPC and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where a PPC professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Partnership Agreement, PPC has the right to permit investors, affiliated with PPC or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest.

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 Partnership Agreement, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of PPC generally receive salaries and other compensation derived from and including portions of the Management Fee, carried interest or other compensation received by PPC or its affiliates.

In addition to the Management Fee and carried interest payable to PPC, each Fund bears certain expenses. As set forth more fully in the applicable Memorandum and/or Partnership Agreement of each Fund, a Fund bears all expenses relating to the Fund’s activities, investments and business to the extent not reimbursed by a PPC Company or applied to reduce Transaction Fees, including fees, costs, expenses, liabilities and obligations relating or attributable to: (i) structuring, organizing, negotiating, consummating, financing, refinancing, diligencing, acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, PPC Companies and the Fund’s actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, third-party diligence software and service providers, consultants and similar professionals in connection therewith, any associated fees and expenses related to subscriptions to periodicals or databases and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (ii) indebtedness of, or guarantees made by, the Fund or PPC on behalf of the Fund (including any credit facility, letter of credit or similar credit support), including repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar fees and expenses; (iv) broker,

dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker and similar services; (v) brokerage, sale, custodial, depository (including a depository appointed pursuant to the Alternative Investment Fund Managers Directive (the “AIFMD”)), Swiss representative and paying agent (pursuant to the Swiss Collective Investment Schemes Act (as amended) including any law, rule or regulation relating to the implementation thereof), trustee, record keeping, account and similar services; (vi) legal, accounting, research, auditing, administration (including fees and expenses associated with any third-party administrator and administration, tracking or reporting software), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services), consulting (including consulting and retainer fees and other compensation paid to the Senior Advisors, consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies, and other similar consultants), tax and other professional services; (vii) reverse breakup, termination and other similar fees; (viii) directors and officers liability, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses, including any costs and expenses related to any retention or deductibles; (ix) filing, title, transfer, registration and other similar fees and expenses; (x) printing, communications, marketing and publicity; (xi) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, other communications with Fund partners, or any other administrative, compliance or regulatory filings or reports (including Form PF), including fees and costs of any third-party service providers and professionals related to the foregoing; (xii) compliance with the requirements of the AIFMD (excluding, for clarity, the initial and/or preliminary registrations, filings and compliance relating thereto), including fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xiii) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of the Fund or its limited partners; (xiv) any activities with respect to protecting the confidential or non-public nature of any Fund or limited partner information or data; (xv) to the extent provided in the Partnership Agreement, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the Fund advisory board (including any costs and expenses incurred by representatives of PPC, the members of the advisory board, permitted observers and other persons attending or otherwise participating in meetings of the advisory board) and legal counsel engaged by the advisory board to advise them with respect to any matter relating to the Fund, including any right or obligation of the advisory board with respect thereto; (xvi) indemnification (including any fees, costs and expenses incurred in connection with indemnifying any party pursuant to the Partnership Agreement or otherwise and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreement), except as otherwise set forth in the Partnership Agreement; (xvii) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xviii) any annual limited partner meeting or other periodic, if any, meetings of the limited partners, any other conference or meeting with any limited partner(s), and any periodic executive forum of PPC Company management and other persons, in each case to the extent incurred by the Fund or PPC; (xix) except as otherwise determined by PPC in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its

activities, business, PPC Companies or actual or potential investments (to the extent not borne or reimbursed by a PPC Company of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection with the Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities, and any other costs and expenses related to any structuring or restructuring of the Fund and/or its affiliated entities; (xx) the termination, liquidation, winding up or dissolution of the Fund; (xxi) defaults by investors in the payment of any capital contributions; (xxii) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund and any alternative investment vehicle of the Fund and, to the extent relating to any of the foregoing persons and/or their respective activities, the constituent documents of the General Partner, the General Partner's general partner and PPC Partners, including the preparation, distribution and implementation thereof; (xxiii) (A) complying with any law, regulation or policy related to the activities of the Fund (including any legal fees and expenses related thereto, any regulatory expenses of the General Partner incurred in connection with the operation of the Fund and any costs and expenses related to compliance with any environmental, social and governance investment considerations and policies of the General Partner or the Fund) and/or (B) any litigation or governmental inquiry, investigation or proceeding involving the Fund, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the Partnership Agreement; (xxiv) any litigation or governmental inquiry, investigation or proceeding involving the Fund, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except as set forth in the Partnership Agreement; (xxv) any third-party experts, including independent appraisers, engaged by the General Partner (to the extent the General Partner deems such an engagement advisable under the circumstances) in connection with the Fund considering, making or holding an investment; (xxvi) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer contemplated by the Partnership Agreement; (xxvii) any taxes, fees and other governmental charges levied against the Partnership and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund; (xxviii) distributions to the partners and other expenses associated with the acquisition, holding and disposition of the Fund's investments, including extraordinary expenses; (xxix) unreimbursed expenses and unpaid fees of the Senior Advisors or other persons engaged by the Senior Advisors; (xxx) compliance or regulatory matters related to the Fund, except as otherwise set forth in the Partnership Agreement; (xxxi) any travel (including, where appropriate as determined by the General Partner, the cost of using or chartering private aircraft or other private air travel (including the use of a private aircraft owned or partially owned by PPC, any of its affiliates or any of their respective owners) at a cost not to exceed the cost of corresponding first class commercial airfare, as determined by the General Partner), lodging, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxii) organizational expenses and any most-favored nations process of the Fund; (xxxiii) any placement fees; and (xxxiv) any other fees, costs, expenses, liabilities or obligations approved by the Fund's advisory board.

The Funds also bear expenses indirectly to the extent a PPC Company pays expenses, including expenses of PPC. Excluded from Fund expenses are ordinary administrative and overhead expenses of PPC, which generally include employees' salaries and bonuses (with the

exception of any Senior Advisors that from time to time are employees of PPC), rent, utilities and other similar expenses specified in the Partnership Agreement. 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. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in “Brokerage Practices.”

In certain circumstances, a Fund may be expected to pay an expense common to multiple Funds or the Fund and any applicable co-investors (including without limitation legal expenses for a transaction in which all such Funds or co-investors participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by such other Funds or co-investors by their share of such expense, without interest. While PPC believes such circumstances to be highly unlikely, it is possible that one of the other Funds or a co-investor could default on its obligation to reimburse the paying Fund. In certain circumstances, PPC is expected to advance amounts related to the foregoing and receive reimbursement from the Funds or co-investors to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors (including the Pritzker Investors) to co-invest in PPC Companies alongside one or more Funds, subject to PPC’s related policies and the relevant Partnership Agreement(s) and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear all or a portion of the expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. Expenses related to the structuring, formation and operation of any co-investment holding or aggregator vehicle (*i.e.*, any vehicle through which the Fund invests together with any co-investor) generally will be allocated *pro rata* among the Fund and each co-investor (including the Pritzker Investors, as applicable) participating through such co-investment holding vehicle. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, all expenses relating to such unconsummated transaction will be borne by the Fund(s) and the Pritzker Investors, and not by any prospective co-investors, that were to have participated in such transaction.

PPC generally has discretion over whether to charge transaction fees, monitoring fees or other compensation to a PPC Company and, if so, the rate, timing and/or amount of such compensation. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and PPC on the other hand.

Senior Advisors

Additionally, as further described herein and in the applicable Memorandum and/or Partnership Agreement of each Fund, it is PPC’s practice to retain certain Senior Advisors to provide services to (or with respect to) one or more Funds or certain current or prospective PPC Companies in which one or more Funds invest. Such Senior Advisors generally provide services in relation to the identification, acquisition, holding, improvement and disposition of PPC Companies, including operational aspects of such companies. In certain circumstances, these services also include serving in management or policy-making positions for PPC Companies.

In addition to Senior Advisors, PPC also retains or employs certain persons it designates as “**Functional Advisors**,” who are expected to provide certain services to the Fund, one or more PPC Companies and/or, from time to time, PPC. PPC generally bears the fees, expenses and compensation of its Functional Advisors; however, in certain instances, Functional Advisors may be seconded to a portfolio company or otherwise receive compensation from the Fund or certain PPC Companies or prospective PPC Companies in connection with performing services for, or serving in certain roles with respect to, such PPC Companies; in those instances, the compensation received by such Functional Advisors will not result in offsets to or reductions of the Management Fee.

As described herein and in the Memorandum, Senior Advisors receive compensation, including, but not limited to, cash fees, retainers, transaction fees, a profits or equity interest in a PPC Company, profits or equity interests in one or more Funds or the General Partner, remuneration or reimbursement from PPC and/or its Funds or other affiliates. The amount of such compensation typically is determined according to one or more methods, including retainers, minimum annual amounts, the value (including an allocation for overhead and other fixed costs) of such Senior Advisor’s time, a percentage of the value of the PPC Company, the invested capital exposed to such PPC Company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Any costs related to recruiting Senior Advisors also will be borne by the applicable portfolio company (and, therefore, indirectly by the Fund). Senior Advisors also generally will be reimbursed for certain travel and other costs in connection with their services. As described above, no such amounts will offset the Management Fee. The use of Senior Advisors subjects PPC to conflicts of interest, as discussed under “Conflicts of Interest” below.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” PPC receives a carried interest allocation on certain realized profits in the Fund.

The existence of performance-based compensation has the potential to create an incentive for PPC to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although PPC generally considers performance-based compensation to better align its interests with those of its investors.

TYPES OF CLIENTS

PPC provides investment advice to the Funds. The Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. 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 PPC and its affiliates and members of their families, Senior Advisors or other service providers retained by PPC.

The Fund generally has a minimum investment amount of \$25 million for third-party investors, and interests are offered and sold to qualified purchasers that are also qualified clients or qualified knowledgeable PPC personnel (with the exception of AI Fund II, which generally has a minimum investment amount of \$500,000, and is offered and sold only to accredited investors that also are qualified clients). Such minimum investment amounts may be waived by PPC.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

PPC is a private investment firm focused on making control investments in middle-market manufactured products, healthcare and services companies headquartered in North America. PPC's investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for investments. Investments are predominantly in non-public companies although investments in public companies are permitted.

PPC's investment strategy for the Fund focuses on the acquisition of controlling interests in established middle-market companies within the manufactured products, services and healthcare sectors (the "**Target Sectors**"). PPC seeks companies within the Target Sectors that offer (or have the potential to offer) distinctive, value-added services or products, have defensible market positions, operate in industries with favorable growth trends and have strong core management teams. PPC intends to pursue transactions involving family or founder liquidity events, management-led buyouts, corporate divestitures and/or industry consolidations. PPC typically looks for investment opportunities within the Target Sectors requiring between \$100 and \$300 million in capital investment, although PPC also may acquire larger companies within the Target Sectors, which opportunities have the potential to provide meaningful additional co-investment opportunities.

PPC's sourcing model primarily is designed to identify investment opportunities with the characteristics described above, and where sellers and management teams are aligned with the PPC ownership model, which may entail a longer investment hold period and a greater focus on long-term value creation relative to other private equity sponsors. PPC also believes that its personnel's prior association with, and PPC's ability to leverage, PGPC's network represents an important resource and competitive advantage in consummating the investment opportunities it identifies as attractive for the Funds.

Once an investment opportunity has been identified, PPC takes a collaborative approach to systematically review the quality of the opportunity and determine whether it is a good fit for the Funds, including through weekly meetings with PPC's relevant investment and operations personnel. These meetings help PPC validate actionable investment opportunities, garner broad support across the firm for the prospective investment and identify important diligence concerns and areas of focus. The relevant investment team then prepares a comprehensive business download identifying qualitative merits and risks prior to submitting an initial indication of interest in the prospect.

If an indication of interest is accepted, the relevant investment team (and other relevant service providers and due diligence reviewers) undertake a comprehensive due diligence process. Upon the satisfactory completion of the due diligence process, the relevant investment team presents a final presentation to PPC's investment committee, which includes a review of risks and opportunities, suggested transaction terms and a value-creation plan post-transaction closing. If PPC's investment committee unanimously agrees, PPC will pursue the investment opportunity on behalf of the Fund.

Post-closing, the relevant investment team also presents to other PPC investment and operating personnel key lessons learned in connection with the transaction to help ensure that PPC is able to continually evolve, improve and consolidate institutional knowledge.

There can be no assurance that PPC will achieve the investment objectives of any Fund and a loss of investment is possible.

Investment and Operating Strategy

The PPC strategy from initial investment through exit is exemplified by the following characteristics: (i) leveraging the PPC network and reputation with a preference toward investing in businesses for the long term to attract sellers who care about the direction of their business post-closing; (ii) identifying and supporting a core group of strong senior managers at the PPC Company; (iii) utilize PPC's integrated operating model to implement improvements; (iv) identifying, sourcing and successfully integrating accretive add-on acquisitions; (v) collaborating among Fund PPC Companies to seek new revenue opportunities and identify areas for potential cost savings; and (vi) monitoring investment for appropriate exit timing without artificial limitations on the hold period.

PPC's strategy is aimed at building value at the PPC Companies over time, and anticipates in many cases a longer investment hold period than is common for other private equity funds. Post-acquisition, PPC, its investment and operating personnel work closely with PPC Company management teams to integrate its investment strategy by applying cost-saving and other tested processes with a view towards enhancing PPC Company performance and generating value over the longer-term.

Risks of Investment

Each Fund and its investors bear the risk of loss that PPC's investment strategy entails. The risks involved with PPC's investment strategy and an investment in a Fund include, but are not limited to:

Investments in Private Companies. The Fund's investment portfolio is expected to 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.

Future and Past Performance; Loss of Principal. The performance of prior investments by PPC (or its affiliates or personnel) is not necessarily indicative of a Fund's future results. On any given investment, loss of principal is possible.

General Concentration of Investments; Lack of Diversification. The Fund may invest a significant portion of its aggregate commitments in any single PPC Company (including its direct or indirect subsidiaries) and will likely participate in a limited number of overall investments within the Fund's Target Sectors and investment criteria. If the Fund co-invests with another investment fund, a limited partner invested in such other fund may have exposure to a single PPC Company through more than one fund, potentially multiplying such limited partner's losses.

Given the prior experience of the PPC investment team in certain core industries and the structural requirements of operating the Fund, the Fund may seek to make investments in a single industry segment, in a limited geographic area, in a single asset type and/or within a short period of time, which could create the conditions for a portfolio of investments that exhibit, amongst themselves, a very high degree of correlated returns. As a result of the foregoing, the Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry, or the timing of the Fund's investments, may substantially affect the Fund's aggregate return. In particular, the Fund's investments may be concentrated in the manufactured products, services and/or healthcare sectors. Instability, fluctuation or an overall decline within such sectors likely will not be offset by investments in other sectors and/or industries not similarly affected, which may negatively impact returns to limited partners.

In addition to the foregoing, because the Fund is expected to only make a limited number of investments and such investments generally will involve a high degree of risk, poor performance by even a single investment could materially affect total returns. If certain investments perform unfavorably, then in order for the Fund to achieve attractive returns, one or more of its other investments must perform very well, and there can be no assurance that this will occur.

Unspecified Investments. Limited partners will be relying on the ability of PPC to locate and evaluate the investments to be made by the Fund. The business of identifying, structuring, completing and realizing private equity investments involves a high degree of uncertainty and is subject in some cases to the prevailing capital market, regulatory or political environment. There can be no assurance that PPC will be able to identify, or the Fund will be able to complete, portfolio investments that satisfy the Fund's rate of return objectives or, if completed, realize such investments for fair or attractive values, or that the Fund will be able fully to invest its committed capital.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing private equity transactions is highly competitive. The Fund will encounter competition from other entities having similar investment objectives. Potential competitors include other investment funds, strategic industry acquirers and other financial investors. Over the past several years, an ever-increasing number of investment funds have been formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to the Fund likely will be formed in the future by other unrelated parties. Some of the Fund's competitors for investment opportunities may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than PPC, the Fund and their respective affiliates.

In this highly competitive environment, the valuations of many potential target companies have recently risen to historically high levels as measured by multiples of EBITDA. The General

Partner expects that competition for appropriate investment opportunities may remain high or may increase, which may increase the likelihood that the Fund will participate in auctions for investments, the outcome of which cannot be guaranteed. As a result, the Fund may experience difficulty identifying and consummating investments.

To the extent that the Fund encounters significant competition for investments, returns to limited partners may be negatively affected. In addition, it is possible that the Fund will never be fully invested if enough sufficiently attractive investments are not identified and consummated. Regardless of the extent that the limited partners' Commitments are invested, limited partners will be required to bear Management Fees during the investment period of the Fund based on the entire amount of limited partners' Commitments and other expenses as set forth in the Partnership Agreement.

Investment Timeline. The Fund's investment strategy is expected to be implemented according to a longer and more stable timeline than many private equity funds, as a result, it may from time to time pass on or delay pursuing investment opportunities on behalf of the Fund that it determines to be unsuited for its preferred pace of capital deployment across the investment period. Although PPC intends to pursue on behalf of the Fund all suitable investment opportunities consistent with the investment objectives, criteria and other terms described herein, in certain cases, this pace of deployment may result in the Fund foregoing additional gains or incurring additional losses.

Illiquidity; Lack of Current Distributions. An investment in the Fund 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. While it may be possible for a PPC Company to be sold at any time, it is generally expected that such a sale will not occur until a number of years after the Fund's initial investment in such PPC Company, and the Fund generally will not be able to realize a profit on an investment in a PPC Company until its sale. Before such time, there may be no current return on such investment, and the expenses of operating the Fund (including the Management Fee) may exceed the Fund's income, thereby requiring that the difference be paid from the Fund's capital (including the aggregate unfunded Commitments).

The Fund's ability to dispose of investments may be limited for several reasons, including the absence of an established market for such investments, as well as contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms upon which a disposition could be made. Any possibility of a disposition in the public markets will depend upon favorable market conditions, including receptiveness to initial or secondary public offerings for the companies in which the Fund invests and an active mergers and acquisitions (or recapitalizations and reorganizations) market, among other factors.

Leveraged Investments; Borrowing. The Fund is expected to make use of leverage by incurring or causing certain PPC Companies to incur debt to finance a portion of the Fund's investments in such PPC Companies, including in respect of PPC Companies not rated by credit agencies. Leverage generally magnifies both the Fund's opportunity for higher returns and its risk of loss from a particular investment, and the magnification of the risk of loss may be substantial. The use of leverage by a PPC Company may impose restrictive financial and operating covenants,

in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. Such leverage will increase a PPC Company's exposure to any deterioration in its industry, competitive pressures, adverse economic environment or rising interest rates. As a result, any decline in the value of a leveraged PPC Company may be accelerated and magnified in a market downturn. In the event that any PPC Company cannot generate adequate cash flow to meet its debt service, the Fund may suffer a partial or total loss of capital invested in such PPC Company, which could adversely affect the Fund's returns. Additionally, in such a situation, lenders would typically have a claim that has priority over any claim by the Fund to the assets of such PPC Company in an insolvency event or proceeding.

The cost and availability of leverage is highly dependent on the state of the broader credit markets (which may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult for PPC Companies to obtain or maintain the desired degree of leverage. The availability of leverage also is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) may restrict or otherwise discourage lending that results in companies carrying large amounts of debt. Should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a portion of a PPC Company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts for such PPC Company. If a PPC Company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal level of financial leverage, the Fund may hold a larger-than-expected equity investment in such PPC Company and may realize lower-than-expected returns from such PPC Company, which would likely adversely affect the Fund's returns. Any failure by lenders to provide previously committed financing could also expose the Fund to potential claims by sellers of prospective PPC Companies which the Fund may have been contracted to purchase.

The Fund may also borrow money or guaranty indebtedness (such as a guaranty of a PPC Company's debt) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. Any use of leverage by the Fund may result in interest expense and other costs to the Fund that may exceed distributions made to the Fund or appreciation of its investments. Additionally, the Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by the General Partner or any of its affiliates, and, in connection with incurring such indebtedness, the General Partner may, in its sole discretion, cause the Fund to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when the Fund were to seek to enforce any such right, any such entity could default on its obligation and/or such right may otherwise be unenforceable. To the extent that the Fund incurs leverage or provides any guaranty, such amounts may be secured by the Fund Commitments and other Fund assets. The inability of the Fund to repay any leverage secured by the Fund Commitments could enable a lender to issue a capital call on behalf of the General Partner of the Fund.

Uncertainty of Projections. The Fund may use financial projections to help analyze a potential investment, future capital raises and financing for PPC Companies, or for other transactions. In general, projected operating results of a PPC Company will be based primarily on

financial projections prepared by such PPC Company's management, with adjustments to such projections made by the General Partner in its discretion. In all cases, projections are only estimates of future results that are based upon information received from a PPC Company and third parties and assumptions made at the time the projections are developed. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a PPC Company to realize projected values. There can be no assurance that the results set forth in any projections will be attained, and actual results may differ significantly from projections.

Changes in Investment Focus. The Fund is not restricted in terms of the percentage of its capital that can be invested in a particular industry. Many factors may contribute to changes in emphasis in the construction of the Fund's portfolio of investments, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the actual investment portfolio of the Fund will resemble the portfolio originally contemplated.

Dynamic Investment Strategy. While PPC generally intends to seek attractive returns for the Fund primarily through making investments of the type described herein, PPC may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. PPC may pursue investments outside of the industries and sectors in which it has previously made investments or has internal operational experience.

Risks in Effecting Operating Improvements. The success of the Fund's investment strategy is likely to depend, in part, on the ability of the Fund to effect improvements in the operations of certain PPC Companies. Identifying and implementing operating improvements at PPC Companies entails a high degree of uncertainty. In addition, executing operational improvements may divert the attention of key PPC Company personnel and disrupt normal business. There can be no assurance that the Fund will be able to successfully identify and implement such improvements.

Non-U.S. Operations and Investments. While the Fund intends to make investments in PPC Companies headquartered or with principal places of business located in North America, any acquired PPC Company may have substantial sales or operations outside of the United States and its territories and possessions. Investments in non-U.S. securities or instruments, or investments with a substantial non-U.S. component, involve certain considerations not typically associated with investing in U.S. securities and instruments, including risks relating to (i) currency exchange matters (including fluctuations in the rate of exchange between the U.S. Dollar and the various non-U.S. currencies in which the Fund's non-U.S. investments may be denominated (including risks associated with potentially rapid inflation), and costs associated with conversion of investment principal and income from one currency into another); (ii) exposure to fluctuations in interest rates payable with respect to the instruments in which the Fund invests; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iv) differences between the U.S. and non-U.S. securities markets (including potential price volatility in, and relative illiquidity of, certain non-U.S. securities markets); (v) the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure

requirements, and less or more government supervision and regulation; (vi) certain economic, social and political risks (including potential exchange control regulations, restrictions on non-U.S. investment and repatriation of capital, and the risks of political, economic, governmental or social instability (including the risk of sovereign defaults, regulatory change, and the possibility of expropriation or confiscatory taxation)); (vii) the possible imposition of non-U.S. taxes on income, gains and gross sales or other proceeds recognized with respect to non-U.S. securities or instruments; (viii) the application of complex U.S. and non-U.S. tax rules to cross-border investments; (ix) possible non-U.S. tax return filing requirements for the Fund and/or certain limited partners (x) differing and potentially less well-developed or well-tested corporate laws regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors; (xi) differences in the legal and regulatory environment (including enhanced legal and regulatory compliance); (xii) political hostility to investments by foreign or private equity investors; and (xiii) less publicly available information.

Additionally, the Fund may be less influential than other market participants in jurisdictions where it or PPC does not have a significant presence, and it may have greater difficulty enforcing its legal rights in a non-U.S. jurisdiction. The Fund may be subject to additional risks, which include possible adverse political and economic developments, possible seizure or nationalization of foreign deposits and possible adoption of governmental restrictions which might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. Furthermore, certain of the Fund's investments may be subject to brokerage taxes levied by non-U.S. governments, the effect of which would be to increase the cost of such an investment and reduce the realized gain (or increase the realized loss) on such an investment at the time of its disposition. While the General Partner intends, where it deems appropriate, to manage the Fund in a manner that will minimize exposure to the foregoing risks (although the General Partner does not expect to, in the ordinary course, hedge currency risks) and to take these factors into consideration in making investment decisions for the Fund, there can be no assurance that adverse developments with respect to such risks will not adversely affect the assets of the Fund that are held in certain non-U.S. jurisdictions.

Non-U.S. Currency Risks. Although the Fund's investments are expected to be U.S. Dollar-denominated, any investment that is denominated in a non-U.S. currency would be subject to the risk that the value of the particular currency in which such investment is denominated will change in relation to one or more other currencies, including the U.S. Dollar, which is the currency in which the books of the Fund will be kept and contributions and distributions generally will be made. Among the factors that may affect currency values are trade balances between nations, short-term interest rates, variations in the relative value of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. The Fund and/or the PPC Companies may incur costs in converting investment proceeds from one currency to another. The General Partner may, but it is under no obligation to, employ hedging techniques to manage currency exchange exposure, although there can be no assurance that such techniques will be effective. Interests in the Fund are denominated in U.S. Dollars, and prospective investors in any country in which U.S. Dollars are not the local currency should note that changes in the exchange rate between the U.S. Dollar and such local currency may have an adverse effect on the value, price or income of an investment in the Fund. Foreign exchange regulations may be applicable to investments in certain jurisdictions. Any fees, costs and expenses incurred by a non-U.S. limited partner in converting its local currency to U.S. Dollars in order to make capital

contributions to the Fund will be borne solely by such non-U.S. limited partner, will be in addition to the amounts required to be contributed, and will not be part of the Fund Commitment of such non-U.S. limited partner.

Need for Follow-on Investments. Following its initial investment in a PPC Company, the Fund may determine to provide additional funds or otherwise increase its investment in such PPC Company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There can be no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any determination by the Fund to not make a follow-on investment or its inability to make a follow-on investment may have a substantial negative effect on a PPC Company in need of such follow-on investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such determination or inability may result in a lost opportunity for the Fund to increase its participation in a successful PPC Company or the dilution of the Fund's ownership in a PPC Company to the extent that a third party invests in such PPC Company.

Risks of Extended Term. The term of the Fund and the holding period for its PPC Company investments are expected to be longer than those of many other private equity funds. As a result, certain risks that are generally associated with an investment in a private equity fund may be heightened in respect of an investment in the Fund. For example, an investment in the Fund may be illiquid for a longer period, Management Fees may be payable for a longer period and/or in a greater aggregate amount, and PPC Companies may be more likely to experience employee and/or management turnover during the Fund's holding period with respect thereto, in each case as compared to many other private equity funds.

Economic and Market Conditions. The state of the private equity industry, generally, and the success of the Fund's investment activities, specifically, will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and U.S. and global political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by PPC. Conditions such as financial market volatility, illiquidity and/or decline, a generally unstable economic environment (including as a result of a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) and/or a deterioration in the capital markets may negatively impact the availability of attractive investment opportunities for the Fund, the Fund's ability to make investments, the availability of funding to support the Fund's investment objectives, the performance and/or valuation of the Fund's investments, and/or the Fund's ability to dispose of investments. In addition, such conditions may impact the public market comparable earnings multiples that are frequently used to value privately held PPC Companies and investors' risk-free rate of return. In such an environment, the Fund may be more likely to pay reverse break-up, termination or other fees and expenses in the event that the Fund is not able to close a transaction (whether due to lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices PPC believes reflect the fair value of such investments. Such conditions could result in substantial or total losses to the Fund in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in a PPC Company's capital structure.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic change or unrest. A rapid or significant erosion of confidence may result in a deterioration of credit markets and/or lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and generally will increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections.

Deterioration of Credit Markets. The ability of the Fund and the PPC Companies to effectively execute their respective strategies will be dependent on the health of the U.S. and global credit markets. In the event that, as a result of an economic downturn or otherwise, credit markets deteriorate and it becomes more difficult for investment funds such as the Fund to obtain favorable financing for investments, the Fund's ability to consummate investments may be adversely affected, an effect of which may be a slower-than-anticipated rate of capital deployment by the Fund. A persistent credit market deterioration may result in limited availability of credit to consumers, homeowners and/or businesses, which may lead to an overall weakening of the U.S. economy and/or global economies. In such a situation, PPC Company performance may decline and/or the value of PPC Companies may be diminished. As a result, the Fund's ability to realize its investments at favorable times and/or for favorable prices may be negatively impacted, which also may result in longer-than-anticipated holding periods for investments. Accordingly, a deterioration in credit markets may negatively affect the Fund's ability to achieve its investment objectives and/or generate attractive returns for limited partners.

Healthcare Regulation and Reimbursement. Healthcare and healthcare-related companies are generally subject to greater governmental regulation than most other industries at the U.S. federal, state and local levels, and internationally. In recent years, both local and national governmental budgets have come under pressure to reduce spending and control healthcare costs, which could both adversely affect regulatory processes and public funding available for healthcare products, services and facilities. In March 2010, comprehensive healthcare reform legislation was enacted in the United States through the U.S. Patient Protection and Affordable Care Act, as amended by the U.S. Health Care and Education Reconciliation Act (collectively, the "**Health Care Reform Act**"). These laws are intended to increase health insurance coverage through individual and employer mandates, subsidies offered to lower income individuals, tax credits available to smaller employers and broadening of Medicaid eligibility. While one intent of healthcare reform is to expand health insurance coverage to more individuals, it may also involve additional regulatory mandates and other measures designed to constrain medical costs, including coverage and reimbursement for healthcare services. The Health Care Reform Act has had a significant impact on the healthcare sector in the United States and consequently has the ability to affect the companies within the healthcare industry. There currently is uncertainty surrounding the future of the Health Care Reform Act and whether it will be repealed and replaced or otherwise modified, and any decisions with respect to the Health Care Reform Act likely will have a significant impact on the healthcare industry and the healthcare companies in which the Fund may invest. The ultimate effects of U.S. federal healthcare reform or any future legislation or regulation, or healthcare initiatives, if any, on the healthcare sector, including the modification or repeal of the Health Care Reform Act (whether in whole or in part), whether implemented at the U.S. federal, state or local level, or internationally, cannot be predicted with certainty and such

reform, legislation, regulation or initiatives, including the Health Care Reform Act, may adversely affect the performance of the Fund's investments.

Governmental and Third-Party Payors. In both U.S. and non-U.S. markets, sales of a healthcare company's products and its success will depend in part on the availability of reimbursement from third-party payors such as government health administration authorities and private health insurers. The revenues and profitability of healthcare companies may be affected by the efforts of governmental and third-party payors to contain or reduce the costs of healthcare. In addition, significant uncertainty exists as to the reimbursement status of newly approved healthcare products. There can be no assurance that a healthcare company's proposed products will be considered cost effective or that adequate third-party reimbursement will be available to enable such healthcare company to maintain price levels sufficient to realize an appropriate return on its investment in product development.

Healthcare Research and Innovation. Changes in governmental policies may have a material effect on the demand for or costs of certain products and services. A healthcare or healthcare-related company must receive government approval before introducing new drugs and medical devices or procedures. This process may delay the introduction of these products and services to the marketplace, resulting in increased development costs, delayed cost recovery and loss of competitive advantage to the extent that rival companies have developed competing products or procedures, adversely affecting the company's revenues and profitability. Failure to obtain governmental approval of a key drug or device or other regulatory action could have a material adverse effect on the business of a PPC Company. Moreover, expansion of facilities by healthcare-related providers is subject to "determinations of need" by the appropriate government authorities. This process not only increases the time and cost involved in these expansions, but also makes expansion plans uncertain, limiting the revenue and profitability growth potential of healthcare-related facilities operators.

In addition, research findings (e.g., regarding side effects or comparative benefits of one or more particular treatments, services or products) and technological innovation (together with patent expirations) may make any particular treatment, service or product less attractive if previously unknown or underappreciated risks are revealed, or if a more effective, less costly or less risky solution is or becomes available. Any such development could have a material adverse effect on the companies in which the Fund invests.

Healthcare Company Patents. Certain healthcare and healthcare-related companies depend on the exclusive rights or patents for the products they develop and distribute. Patents have a limited duration and, upon expiration, other companies may market substantially similar "generic" products that are typically sold at a lower price than the patented product, causing the original developer of the product to lose market share and/or reduce the price charged for the product, resulting in lower profits for the original developer. As a result, the expiration of patents may adversely affect the profitability of these companies.

Labor Relations. Certain PPC Companies may have a unionized work force or employees who are covered by a collective bargaining agreement, which could subject any such PPC Company's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a PPC Company's operations and profitability could suffer if it experiences labor

relations challenges. Upon the expiration of any such collective bargaining agreement, a PPC Company may be unable to negotiate a new collective bargaining agreement on terms favorable to it, and its business operations at one or more of its facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating such collective bargaining agreement. A work stoppage at one or more such facility could have a material adverse effect on such PPC Company's business and financial condition. In addition, any such issues may bring scrutiny and attention to the Fund itself, which could adversely affect the Fund's ability to implement its investment objectives.

Unfunded Pension Liabilities of PPC Companies. Recent court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances, less than 80%) of a PPC Company, such fund and any other 80%-owned PPC Companies of such fund might be found liable for certain pension liabilities of such a PPC Company to the extent the PPC Company is unable to satisfy such liabilities. Although the Fund generally intends to manage its investments to minimize any such exposure, the Fund may, from time to time, make an investment in a PPC Company that has unfunded pension fund liabilities, and such an investment may be structured in a manner that results in the Fund or the Fund and a group of related investors acting in concert owning an 80% or greater interest in such PPC Company. If the Fund and/or any other 80%-owned PPC Companies of the Fund were deemed to be liable for such pension liabilities, the Fund and the PPC Companies could be adversely effected.

Investment in Junior Securities. The securities in which the Fund will invest may be among the most junior in a PPC Company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Fund's investments once made.

Litigation. The transactional nature of the Fund's business exposes the Fund and PPC generally to the risk of third-party litigation. Accordingly, in the ordinary course of its business, such persons and entities may be subject to litigation from time to time. Under the Partnership Agreement, the Fund generally will be responsible for indemnifying the General Partner and certain other persons and entities for costs they may incur with respect to such litigation not covered by insurance. The outcome of litigation proceedings may adversely affect the value of the Fund in a material manner, and such litigation may continue without resolution for extended periods of time. Additional regulation could also increase the risks of third-party litigation. Any litigation may consume substantial amounts of PPC's time and attention, and such time and attention, as well as the devotion of other resources, spent in connection with such litigation may, at times, be disproportionate to the amounts at stake in such litigation.

Multi-Step Transactions. In the event the Fund determines to effect an investment in a PPC Company by means of a multi-step transaction (e.g., a first-step cash tender offer, a stock purchase followed by a merger, or a simultaneous acquisition and concurrent merger of two separate companies), there can be no assurance that, following one or more initial steps, the remainder of such investment will be successfully consummated. As a result, the Fund may acquire less control over such a PPC Company or less access to its cash flows to service any debt incurred in connection with its acquisition, in each case relative to what the General Partner originally intended.

Lack of Co-Investment Availability. The Fund's investment strategy is expected to rely significantly on the use of co-investors, including the Pritzker Investors, and in certain cases, other

third-party co-investors. To the extent that the General Partner has identified an investment opportunity that would otherwise be suitable for the Fund, but the General Partner is unable to identify a sufficient number of third-party co-investors, or the co-investors identified by the General Partner do not have sufficient capital available to co-invest in such opportunity, the General Partner may pass on or delay pursuing such opportunity, and the Fund may miss out on additional gains or incur additional losses. A default or failure to fund by a co-investor would be expected to have a similar detrimental effect.

Reliance on PPC Company Management. The success of many of the Fund's PPC Companies will be heavily dependent on the management of such PPC Companies. In general, the management team of each PPC Company will be responsible for its day-to-day operations. Additionally, the capital structure of the Fund's PPC Companies generally will be determined on the basis of financial projections, which will be based in significant part on input from PPC Company management teams. Although the General Partner will be responsible for monitoring the performance of each PPC Company, and the Fund generally intends to invest in PPC Companies with strong management or otherwise recruit strong management to PPC Companies, there can be no assurance that a PPC Company's management team will be able or willing to successfully operate a PPC Company in accordance with the Fund's objectives. PPC Companies may need to attract, retain and develop executives and members of their management teams. The market for executive talent during life of the Fund may be highly competitive. There can be no assurance that the management team of a PPC Company on the date of the Fund's investment in such PPC Company will remain the same or continue to be affiliated with such PPC Company throughout the period in which such PPC Company is held by the Fund. There can be no assurance that any PPC Company will be able to attract, develop, integrate and retain suitable members of its management team.

Early Termination of the Investment Period; Early Dissolution of the Fund. Pursuant to and in accordance with the terms of the Partnership Agreement, the investment period may be cancelled earlier than anticipated and/or the Fund may be dissolved earlier than anticipated. In each case, the Fund's ability to consummate, manage and/or dispose of investments or otherwise achieve its investment objectives is likely to be negatively affected. In the case of early dissolution, the Fund may be required to dispose of investments at a disadvantageous time and/or make in-kind distributions, resulting in limited partners not having their capital invested and/or deployed in the manner originally contemplated.

Investments Longer than Term. Certain of the Fund's investments may not be disposed of prior to the Fund's dissolution. Although the General Partner generally expects that investments will be disposed of prior to the Fund's dissolution or will be suitable for in-kind distribution at the time of the Fund's dissolution, the General Partner has a limited ability to extend the term of the Fund, and the Fund may be required to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of its dissolution. To the extent that such investments are held in trust in connection with the Fund's dissolution, such trusts may incur operating and formation expenses. In addition, there can be no assurance with respect to the timeframe in which the Fund's winding up and final distribution to the limited partners will occur.

Cyber Security. The information technology systems of PPC, the Fund, and/or the Fund's PPC Companies may be vulnerable to damage or interruption from computer viruses, network

failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events (including fires, tornadoes, floods, hurricanes and earthquakes). Although PPC has implemented various measures to manage risks relating to these types of events, if such a system is compromised, becomes inoperable for an extended period of time or ceases to function properly, PPC, the Fund and/or a PPC Company may be required to spend time and/or incur expenses seeking to fix or replace such system or otherwise remedy the effects of such issues. The failure of such a system and/or disaster recovery plan may cause significant interruptions in PPC's, the Fund's and/or a PPC Company's operations and may result in a failure to maintain the security, confidentiality or privacy of sensitive data (including information relating to limited partners and/or the beneficial owners of limited partners). Such a failure could harm PPC's, the Fund's, a PPC Company's, a limited partner's or a beneficial owner of a limited partner's reputation, subject such persons to legal claims, or otherwise affect the business and financial performance of such persons.

Enhanced Scrutiny of Private Equity Industry; Potential Regulatory Changes. Certain media, regulatory and political discourse has been and continues to be focused on enhancing governmental scrutiny and/or increasing regulation of the private equity industry. The combination of such discourse and the public perception that certain alternative asset managers (including private equity firms) may have contributed to the 2008 global financial crisis may negatively impact the Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competitors outside of the alternative asset space. As a result, the Fund may make fewer investments, incur greater expenses or delays in completing or exiting investments, and/or realize lower proceeds on the disposition of investments than it otherwise would have. Moreover, any such enhancement of scrutiny or increase in regulation may adversely impact the Fund's activities (including the Fund's ability to implement PPC Company operating improvements, comply with applicable law and regulation in a manner not materially more burdensome than currently anticipated, or otherwise execute its investment strategy or achieve its investment objectives).

Hedging Arrangements. The General Partner may (but is not obligated to) endeavor to manage the Fund's or any PPC Company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In certain cases, particularly in OTC contexts, hedging arrangements will subject the Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for the General Partner (and/or any of its affiliates) an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or any other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances in which the ability of a Fund or a PPC Company to hedge its exposures becomes limited by such requirements.

Conflicts of Interest

PPC will engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, legal, management and other services to Funds and PPC Companies, including such non-advisory services to PGPC or PPC Companies. PPC will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Partnership Agreement, although each Fund and its respective investments will place varying levels of demand on these over time. In the ordinary course of PPC conducting its activities, the interests of a Fund may conflict with the interests of PPC, one or more other Funds, PPC Companies, the Pritzker Investors or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, PPC will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory boards of the participating Funds.

Pritzker Investors

As described above, certain Pritzker Investors will be offered the opportunity to invest alongside the Fund in each PPC Company investment, as further described in the Partnership Agreement. PPC believes that the investment by the Pritzker Investors in each Fund II PPC Company generally will operate to align the interests of PPC, Fund II and the Pritzker Investors, and guidelines on the allocation of investment opportunities included in the Fund II Partnership Agreement have been designed, in part, to maintain such alignment of interests.

However, in light of the relationships among PPC, the respective direct and indirect owners and employees of PPC and their respective affiliates (collectively, the “**PPC Group**”) and the Pritzker Investors, as well as the significant amounts invested by the Pritzker Investors, certain conflicts among the interests of the PPC Group, the Fund and the Pritzker Investors are likely to arise from time to time. In particular, the PPC Group generally has pre-existing relationships with the Pritzker Investors and their affiliates (including, in many cases, familial relationships) and is expected to have ongoing relationships with the Pritzker Investors and the entities that manage and/or administer the Pritzker Investors (together with their affiliates and employees, the “**Pritzker Entities**”).

Except as otherwise described below, investment opportunities within Fund II’s target investment objectives, strategy, scope and investment criteria/guidelines (the “**Target Criteria**”) generally will be allocated between Fund II, the Pritzker Investors and any additional co-investors in accordance with the Fund’s investment opportunity allocation guidelines, as described in the Fund II Partnership Agreement. PGPC and the Pritzker Investors historically have invested in a broad range of investment opportunities across industry and product types (including, in some cases, those falling within the Target Criteria for Fund II), and are expected to continue to source, make, hold and/or dispose of investments independently of Fund II, and will have no obligation to offer any such opportunities to Fund II investors. The Pritzker Investors generally are not restricted from sourcing, making, holding or disposing of any investment falling outside of Fund II’s Target Criteria independently of Fund II (other than with respect to Fund II PPC Companies); in addition to the foregoing, the Pritzker Investors also may invest in investment opportunities falling within

Fund II's Target Criteria (including any such opportunities recommended by PPC (*e.g.*, in connection with the non-discretionary investment advisory services provided by PPC)), to the extent that PPC determines in its sole discretion that such investment is more suited to be an add-on acquisition in respect of an existing investment held by the Pritzker Investors rather than the subject of a platform investment or add-on investment of Fund II or any of the PPC Companies, respectively. The amount of such other investment activity by the Pritzker Investors is expected to be substantial and, in general, neither such other investments nor any transactions related thereto will be disclosed to Fund II or its limited partners, and neither the Fund nor the limited partners will receive economic or other rights thereto. In certain cases, such other investments may be (or may become) competitive with one or more Fund II PPC Companies or potential PPC Companies.

The potential for other conflicts of interest with the Pritzker Entities includes that: (i) the Pritzker Investors will commit to be Fund II's most significant source of co-investment; (ii) certain Pritzker Investors and/or related entities will directly or indirectly own PPC and have the right to receive allocations of carried interest, distributions of revenue or other economic interests therefrom, although in such capacity they will not participate in the day-to-day business, investment decisions or operations of PPC or Fund II; (iii) PPC expects to receive compensation, including monitoring fees and/or carried interest, with respect to the Pritzker Investors' investments alongside Fund II, without offset to the Management Fee or any other compensation payable by Fund II; (iv) PPC is expected to provide certain non-advisory services such as PPC Company management and other similar services with respect to (A) existing investments held by Pritzker Investors, and (B) any other investments made by the Pritzker Investors independently of the Fund (which other investments may be limited as described above), and, in each case, to receive compensation (including monitoring fees and/or carried interest) in connection therewith; (v) the PPC Group and the Pritzker Entities (and/or, in certain cases, companies owned by either Fund II or the Pritzker Entities) are expected to contract to receive certain services from the same third-party service providers, including in certain cases under umbrella agreements applicable to multiple such parties; (vi) members of the PPC Group are expected to contract to receive certain limited transitional services (including with respect to information technology) from the Pritzker Entities; and (vii) the Pritzker Entities may refer investors, service providers or potential investment or disposition opportunities to Fund II on a non-compensated basis.

The General Partner intends to review the relevant circumstances of these and any other potential conflicts of interest of which it becomes aware in a manner consistent with its duties to Fund II.

Allocation of Investment Opportunities; Co-Investment

During the commitment period of a Fund, all appropriate investment opportunities (as determined in PPC's discretion, and in accordance with the relevant provisions of any applicable Partnership Agreement) will be pursued by PPC principals through such Fund, subject to certain limited exceptions (*e.g.*, the requirement in Fund II to present a specified portion of each investment as a co-investment opportunity for the Pritzker Investors). Following the commitment period of a Fund, PPC principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments. Without limitation, PPC expects in the future to raise other Funds, to the extent permitted by the relevant Partnership Agreement, and PPC or its affiliates may direct certain relevant investment opportunities to such other Funds. In

addition, to the extent such other Funds are formed, PPC personnel will manage and monitor the investments of such Funds until their realization. Such other investments may compete with the PPC Companies of a particular Fund.

From time to time, PPC will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles managed by PPC or its advisory affiliates. In determining which investment vehicles should participate in such investment opportunities, PPC and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one client of PPC in a PPC Company also raises the risk of using assets of a client of PPC to support positions taken by other clients of PPC.

PPC must first determine which Fund(s) or other parties (*e.g.*, the Pritzker Investors) will, or are required to, participate in the relevant investment opportunity in accordance with the Fund's Partnership Agreement. In addition to any requirements in the relevant Partnership Agreement(s), PPC generally assesses whether an investment opportunity is appropriate for a particular Fund based on various factors including but not limited to: a Fund's investment restrictions and objectives (including those set forth in the relevant Fund's Partnership Agreements, where applicable), life cycle, investment and operating guidelines, diversification limits, tax and regulatory considerations and other relevant factors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. PPC will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable consistent with PPC's obligations and may take into consideration factors such as those set forth above.

PPC's allocation of investment opportunities among Funds may not always, and often will not, be proportional based on available capital commitments. Therefore, such allocations may be more advantageous to one Fund relative to another Fund. While PPC will allocate investment opportunities in a way that it believes in good faith is fair and equitable to the applicable PPC Funds, there can be no assurance that the Fund's actual allocation of an investment opportunity, if any, or the terms on which such allocation is made, will be as favorable as they would be if the potential conflicts of interest did not exist.

Following such determination of allocation among Funds, PPC will determine if the amount of an investment opportunity in which one or more Funds (and, the Pritzker Investors, as applicable) will invest exceeds the amount that would be appropriate for such parties and any such excess may be offered to one or more potential co-investors, including, without limitation, limited partners of such Fund (or of another PPC Fund), the Pritzker Investors (which such amounts would be in addition to any amount initially offered to the Pritzker Investors pursuant to the Partnership Agreement), Senior Advisors and third parties, as determined in accordance with the Funds' Partnership Agreements, Side Letters and PPC's procedures regarding allocation. PPC's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: expressed interest in co-investment opportunities; expertise, knowledge and sophistication of the prospective co-investor with respect to the issuer, segment, industry, geographic region or other characteristics relevant to the investment opportunity; perceived ability to quickly execute on transactions (including with respect to the predictability of a prospective co-investor's internal investment approval processes); tax, regulatory, securities laws

and/or other legal considerations (*e.g.*, qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; PPC's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair PPC's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation not being allocated to one or more Funds and practicality of splitting the allocation into smaller tranches; the ability of a prospective co-investor to invest an amount of capital that is consistent with the needs of the investment (including for potential add-on acquisitions and other potential additional investments) and the maximum number of investors that can realistically participate in the transaction; lender requirements as to the identity, creditworthiness or number of co-investors; a prospective co-investor's history of consummating co-investment opportunities with PPC; the prospective co-investor's financial and operational resources and wherewithal to evaluate and participate in the investment opportunity; likelihood that a prospective co-investor would require governance rights that could complicate or jeopardize a particular investment opportunity (or, alternatively, whether a prospective co-investor would be willing to accept a more passive role); the relative size of a prospective co-investor's interest in an underlying PPC Company; a prospective co-investor's known investment policies and restrictions, guideline limitations or investment objectives relevant to the opportunity (including the need for early or recurring distributions); the extent to which a prospective co-investor has previously been offered a greater amount of co-investment opportunities relative to other prospective co-investors; whether PPC believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio company, other PPC Companies, the Funds or PPC; and any other factors PPC considers important in connection with a specific transaction or investment, including, without limitation, expected investment holding period and services provided by the prospective co-investor to the issuer or that otherwise relate to the investment opportunity.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by PPC or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other PPC investors. When and to the extent that employees and related persons of PPC and its affiliates make capital investments in or alongside certain Funds, PPC and its affiliates are subject to conflicting interests in connection with these investments.

There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed. PPC's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While PPC will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is

made, will be as favorable as they would be if the conflicts of interest to which PPC may be subject, discussed herein, did not exist.

Fee and Expense Allocations

Subject to any relevant restrictions or other limitations contained in the Partnership Agreements of the Funds, PPC will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, PPC may be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions generally will be made by PPC or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion (*e.g.*, in determining whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size). Fund II and any future Fund(s) may have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment.

PPC may, in its sole discretion, charge a management fee and/or obtain a carried interest in respect of any co-investment. As a result of the fact that significant co-investments will be made alongside the Fund (including those made by the Pritzker Investors), meaningful portions of any Transaction Fees or compensation paid by any PPC Company or its subsidiaries to PPC or its affiliates will not be allocated to Fund II and will not offset the Management Fee. Consequently, PPC will be subject to potential conflicts of interest in determining which portion of an investment in the relevant PPC Company should be allocated to co-investors.

Expenses related to the structuring, formation and operation of any co-investment holding vehicle generally will be allocated *pro rata* (based on the size of the investment made through such co-investment holding vehicle) among the applicable Fund and each co-investor (including the Pritzker Investors, if applicable) participating through such co-investment holding vehicle, or in such other manner as is determined to be appropriate and practicable by PPC in its sole discretion. In the event that a transaction in which a co-investment with a third party other than the Pritzker Investors was to be sought ultimately is not consummated, all obligations, liabilities and out-of-pocket fees (including any break-up fees), costs and expenses relating to such unconsummated transaction may be borne by the applicable Fund and the Pritzker Investors as, and not by any other potential or expected co-investors, subject to any restrictions set forth in the Partnership Agreement.

As a result of a Fund's controlling interest in the PPC Companies, PPC and/or its affiliates typically have the right to appoint PPC Company board members (including current or former PPC personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, PPC Company board members approve compensation and/or other amounts payable to PPC and/or its affiliates. Unless

such amounts are subject to the Partnership Agreements' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to PPC.

Additionally, a PPC Company typically will reimburse PPC or service providers retained at PPC's discretion for expenses (including without limitation travel expenses) incurred by PPC or such service providers in connection with its performance of services for such PPC Company. This subjects PPC and its affiliates to conflicts of interest because a Fund generally does not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. PPC determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Because certain expenses are paid for by a Fund and/or the PPC Companies or, if incurred by PPC, are reimbursed by a Fund and/or the PPC Companies, PPC may not necessarily seek out the lowest cost options when incurring (or causing a Fund or the PPC Companies to incur) such expenses.

Carried Interest and Management Fees

PPC's carried interest in a Fund is based on a percentage of such Fund's net profits and may create an incentive for PPC to cause the Fund to make riskier or more speculative investments. The fact that, except as may be otherwise provided in the Partnership Agreement, the Management Fee following a Fund's investment period is generally expected to be calculated based on the Fund's invested capital also may create an incentive for PPC to hold an investment longer than otherwise would be the case. In addition, because a Fund has a fixed investment period after which capital from limited partners generally may only be drawn down in limited circumstances, and because the Management Fee, following such investment period, is calculated based upon the capital invested by such Fund, the Management Fee structure may create an incentive for PPC to deploy capital when it might not otherwise do so.

Because PPC will retain the portion of Transaction Fees not allocable to a Fund (*e.g.*, those Transaction Fees allocable to the Pritzker Investors or other co-investors) in connection with Fund investments, it could have a conflict of interest in connection with approving transactions and setting such compensation.

Transactions among PPC Funds

Conflicts of interest may arise if a Fund makes an investment in a PPC Company in conjunction with one or more other Funds. For instance, a Fund may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other Fund(s). This may result in differences in price, investment terms, leverage and associated costs between such Fund and any other Fund. There can be no assurance that the Fund and the other Fund(s) will acquire and/or exit the investment at the same time or on the same terms. As a result, one Fund may be purchasing an investment at a time when another Fund is selling the same or a similar investment, or vice versa. Any such acquisition or disposition may have a positive or negative effect on the market value of the applicable investment of the Fund, and there can be no assurance that the return on one Fund's investments will not be less than the returns obtained by any other Fund(s) participating in the investment. If additional capital is necessary for the PPC Company as a result of financial or other difficulties, or to finance growth or other opportunities, such Fund any any other Fund(s) may or may not provide such additional

capital, and each generally will supply such additional capital in such amounts, if any, as determined in the discretion of PPC, subject the terms of the relevant Partnership Agreement.

If a Fund enters into any indebtedness or guaranty with another Fund on a joint and several basis, PPC (or an affiliate) is expected to enter into one or more agreements that provide each applicable Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, PPC may be subject to conflicts of interest between the applicable Funds. PPC intends to mitigate any potential conflicts by structuring such agreements in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

Retention of Service Providers

PPC generally exercises its discretion to recommend to a Fund or to a PPC Company thereof that it contract for services with (i) PPC (or a related person thereof, which may include PPC Companies of one or more PPC Funds), at rates determined or substantively influenced by PPC; (ii) an entity with which PPC, the Pritzker Investors, any current or former PPC personnel, and/or any of their respective affiliates has a relationship or from which such person derives a financial or other benefit; or (iii) a limited partner or its affiliates. For example, PPC may be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. Such discretion subjects PPC to conflicts of interest because, although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance a PPC Company's performance, PPC may have an incentive to recommend service providers that benefit the financial or business interests of PPC or any of its affiliates. Additionally, there is a possibility that PPC, because of such incentive or for other reasons (including that the retention of certain persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to PPC or one or more Funds), may favor the retention of such a service provider even if a better price and/or quality of service provider could otherwise be obtained. Whether or not PPC or any of its affiliates has a relationship with or receives financial or other benefits from recommending a particular service provider, there can be no assurance that a more qualified and/or lower cost service provider could not be obtained.

PPC also may, from time to time, employ personnel with pre-existing ownership interests in, or who were employed by, PPC Fund PPC Companies, prior investments made by the Pritzker Investors, the Pritzker Investors, or any of their respective affiliates. Conversely, former personnel or executives of PPC or any affiliate of the Pritzker Investors may serve in significant management roles at companies or service providers recommended by PPC or its affiliates. Similarly, PPC and/or its personnel may 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 may invest (or be affiliated with an investor) in, engage in transactions with and/or provide services (including services provided at reduced rates) to PPC, the General Partner or a Fund. PPC may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to the Fund or a PPC Company if such recommendation, for example, is motivated by a belief that such service provider or its affiliate(s) will continue to invest in one or more funds that PPC sponsors and manages, will provide PPC or its affiliates information about markets and industries in which PPC operates (or

is contemplating operations) or will provide other services that are beneficial to PPC or any of its affiliates. PPC may have a conflict of interest in making such recommendations, in that PPC has an incentive to maintain goodwill between itself and the existing and prospective Fund PPC Companies, while the products or services recommended may not necessarily be the best available to such PPC Companies.

Senior Advisors and Other Consultants

In addition, as described above, PPC Companies (and, to a lesser extent, a Fund) typically pay certain fees to Senior Advisors and other consultants (including consultants introduced or arranged by PPC and/or its affiliates) that regularly provide services to one or more PPC Companies, and such fees do not offset the Management Fee as described herein. Senior Advisors generally make use of PPC resources or otherwise are associated with PPC. In some cases, Senior Advisors and/or Functional Advisors are expected to be employees of PPC that spend a portion of their time providing services to PPC and a portion of their time providing services to a Fund or the PPC Companies. Senior Advisors generally receive investment opportunities, reimbursements and other compensation that do not offset the Management Fee of any Fund, as described herein. Although the use of Senior Advisors and the allocation of compensation paid to them by PPC, its affiliates, one or more Funds and/or the PPC Companies thereof subjects PPC and/or its affiliates to potential conflicts of interest, PPC believes that such potential conflicts may be reduced by the anticipated cost savings to PPC Companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of such advisors is lower than market rates for the services provided and/or if the services provided by the Senior Advisors align with PPC's model for the PPC Company and improve PPC Company performance. Although PPC seeks to retain Senior Advisors with a view to reducing costs to PPC Companies (and, ultimately, the Funds) and/or improving PPC Company performance, a number of factors may result in limited or no cost savings from such retention. PPC also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that PPC believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only Senior Advisors and other consultants and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, 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.

Certain Other Conflicts

PPC, its affiliates, and equity holders, officers, principals and employees of PPC and its affiliates may buy or sell securities or other instruments that PPC has recommended to a Fund. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of PPC have are expected to have capital investments in or alongside certain Funds, or in prospective PPC Companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments.

From time to time, PPC has in the past participated, and expects in the future to participate, in joint purchasing, vendor or similar arrangements with its affiliates and other PPC Companies. Participants expect to receive discounts negotiated with various vendors and service providers on

a groupwide basis. Participants participate in the program without cost. PPC and its affiliates also participate in the program, and receive similar benefits and discounts as the PPC Companies participating therein. No such amounts will result in additional offsets to the Management Fee. PPC believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to PPC Companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the negotiated discounts rates for goods and services are discounted relative to those widely available in the market.

From time to time PPC, the Pritzker Investors, (and/or, in certain cases, and/or companies owned by either the Fund or the Pritzker Investors) expect to receive the benefit of “friends and family” and similar discounts from PPC Companies owned by the Funds under which such PPC Companies make their goods and/or services available at reduced rates or without charge. Because the PPC Companies offer such discounts to customers other than PPC or the Pritzker Entities, as part of their standard commercial practices in an effort to expand their respective customer bases, PPC believes that the potential for conflicts of interest relating to such discounts is mitigated. PPC, the Pritzker Entities, and their affiliates and personnel generally refrain from requesting or negotiating for such discounts in the ordinary course.

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

DISCIPLINARY INFORMATION

PPC Partners and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

PPC Partners is affiliated with certain other advisory entities, who are considered registered with the SEC under the Advisers Act pursuant to PPC Partners’ registration in accordance with SEC guidance. These affiliated advisory entities operate as a single advisory business together with PPC Partners and serve as general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

PPC has adopted a Code of Ethics and Securities Trading Policy and Procedures (the “Code”), which sets forth standards of conduct that are expected of PPC principals and employees and addresses conflicts that arise from personal trading. The Code requires certain PPC personnel

to report their personal securities transactions, prohibits or requires pre-clearance for PPC personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits PPC personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the PPC Chief Compliance Officer. In addition, the Code requires such personnel to comply with 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 Brad West, PPC's Chief Compliance Officer, at (312) 447-6050. 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.

PPC and its affiliated persons may come into possession, from time to time, of material non-public 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, PPC 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 PPC.

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

Principals and employees of PPC and its affiliates may directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles may invest in one or more of the same PPC Companies as a Fund. Co-invest opportunities may also be presented to certain affiliates of PPC, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular PPC Company. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies and Risk of Loss."

PPC 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 a Fund, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, 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 vehicles in issuers held by such Funds or may give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds.

BROKERAGE PRACTICES

PPC focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, PPC may also distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although PPC does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If PPC sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by PPC. In such event, PPC will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, PPC may consider a variety of factors, such as: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

PPC has no duty or obligation to seek in advance competitive bidding for 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 such clients. Although PPC generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services 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 PPC seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although PPC generally does not make use of such services at the current time and has not made use of such services since its inception. To the extent that PPC allocates brokerage business in the future on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds’ interest in receiving most favorable execution. To the extent PPC uses “soft dollars” on behalf of the Funds, it will seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

In PPC’s private company securities transactions on behalf of the Funds, PPC may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or the PPC Companies. In determining to retain such parties, PPC may consider a variety of factors, such as: (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 PPC 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, PPC monitors companies in which the Funds invest, and the PPC Chief Compliance Officer (or a designee thereof) periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to its limited partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return, and (iii) descriptive investment information for each PPC Company annually.

CLIENT REFERRALS AND OTHER COMPENSATION

PPC 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 Partnership Agreement, a portion of this compensation will offset the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a PPC Company), these fees may be in addition to Management Fees. *See* "Fees and Compensation."

From time to time, PPC 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 PPC 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). PPC and Fund II have engaged Credit Suisse Securities (USA) LLC (CSS) and Thomas Capital Group, Inc. to act as placement agents in connection with the offering of limited partner interests in Fund II.

CUSTODY

PPC maintains custody of assets held in the name of one or more Funds with the following qualified custodians: Bank of America Merrill Lynch, Chicago, Illinois.

INVESTMENT DISCRETION

PPC has discretionary authority to manage investments made on behalf of each Fund. As a general policy, PPC does not allow clients to place limitations on this authority. Pursuant to the terms of the Partnership Agreement, however, PPC and/or its affiliates may enter into Side Letters 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 other similar reasons. PPC assumes this discretionary authority pursuant to the terms of the Partnership Agreement and powers of attorney executed by the limited partners of such Fund.

In addition, PPC provides non-discretionary investment advice to an entity that oversees the investment activities of the Pritzker Investors. Under the terms of a non-discretionary

investment sub-advisory agreement between PPC and such entity, PPC recommends investment opportunities to such entity, and all decisions with respect to the acquisition or disposition of any recommendation by PPC are the sole responsibility of such entity.

VOTING CLIENT SECURITIES

PPC has adopted Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for any Fund’s portfolio investments. The Proxy Policy seeks to ensure that PPC votes proxies (or similar instruments) in the best interest of its clients, including where there may be material conflicts of interest in voting proxies. PPC generally believes its interests are aligned with those of each Fund’s investors, for example, through the principals’ beneficial ownership interests in such Fund 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 PPC may address the conflict using several alternatives as set forth in the Proxy Policy. Additionally, a Fund’s advisory board may approve PPC’s vote in a particular solicitation. PPC does not consider service on PPC Company boards by PPC personnel or PPC’s receipt of management or other fees from PPC 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 PPC when voting proxies on behalf of a Fund. If you would like a copy of PPC’s complete Proxy Policy or information regarding how PPC voted proxies for particular PPC Companies, please contact Brad West, PPC’s Chief Compliance Officer, at (312) 447-6050, and it will be provided to you at no charge.

FINANCIAL INFORMATION

PPC 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.