

Item 1. Cover Page

Madison Dearborn Partners, LLC

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Part 2A of Form ADV: Firm Brochure
March 29, 2019

This brochure provides information about the qualifications and business practices of Madison Dearborn Partners, LLC. If you have any questions about the contents of this brochure, please contact us at info@mdcp.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Madison Dearborn Partners, LLC is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

This brochure, dated March 29, 2019, serves as an update to Madison Dearborn Partners, LLC's brochure dated March 30, 2018 (the "Prior Brochure"). This brochure contains routine annual updates to the Prior Brochure, as well as certain other updates, including those regarding Item 4 [Advisory Business], Item 5 [Fees and Compensation], Item 8 [Risks], Item 10 [Other Financial Industry Activities and Affiliations], and Item 11 [Conflicts of Interest].

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Item 4. Advisory Business

Madison Dearborn Partners, LLC, a registered investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”), is a Delaware limited liability company. For purposes of this brochure, the terms “MDP” and “Adviser” mean Madison Dearborn Partners, LLC, together (where the context permits) with its affiliated general partners of the Funds (as defined below) and other affiliates that provide advisory services to and/or receive management fees from the applicable Funds. Such affiliates are typically under common control with Madison Dearborn Partners, LLC and in the event they are not under such common control, they possess a substantial identity of personnel and/or equity owners with Madison Dearborn Partners, LLC. Madison Dearborn Partners, LLC is owned by certain of its current principals (the “Principals”) and former principals. Since MDP’s formation in 1992, its funds have invested in over 140 companies.

MDP provides investment advisory services and may provide sub-advisory services to or on behalf of investment vehicles (the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). Investment advice is provided to the Funds (directly or indirectly) and not individually to the investors in the Funds.

MDP’s advisory services consist of: (a) identifying and evaluating investment opportunities, (b) structuring, negotiating and consummating investments on behalf of the Funds, (c) managing and monitoring such investments, and (d) disposing of such investments. Although the primary focus of each Fund is on private equity and equity-related investments, MDP may from time to time recommend other types of investments consistent with each such Fund’s investment strategy and objectives. Investments are generally made in companies doing business in the following industry sectors: basic industries; business & government software and services; financial and transaction services; health care; and telecom, media and technology services. MDP personnel often serve on a portfolio company’s board of directors or otherwise act to influence control or management of portfolio companies held by the Funds.

MDP provides investment advisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund, separate investment advisory agreements, sub-advisory agreements, or contractual side letters with such Fund’s investors (collectively, “Governing Documents”). Investment restrictions for the Funds, if any, are generally established in the Governing Documents of the applicable Fund. Once invested in a Fund, investors do not have the contractual right to impose additional restrictions on the types of securities or investments in which such Fund may invest.

As of December 31, 2018, MDP manages a total of \$11,743,555,581 of client assets, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

The Adviser or its affiliates generally receive Management Fees and Carried Interest (each as defined below) or similar performance-based remuneration from the Funds. A Fund, and/or its portfolio companies may also make other payments to the Adviser or its affiliates for services provided to the portfolio companies which, in certain circumstances, reduces the Management Fee payable to the Adviser. Additionally, consistent with the Governing Documents of a Fund, the Fund or its portfolio company typically bears certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Fund and/or the portfolio companies. Further details about certain common fees and expenses are set forth below.

Management Fees

As compensation for investment advisory services rendered to the Funds, MDP typically receives a management fee (each, a “Management Fee”) from each such Fund. Management Fees paid by the Funds are borne by certain investors in such Funds, including any other Funds that invest in such Fund. The precise amount of, and the manner and calculation of, the Management Fee may differ from one Fund to another, as well as investors in the same Fund, and are set forth in such Fund’s Governing Documents received by each investor prior to investment in such Fund.

The Management Fee is typically calculated as a percentage of the total capital commitment of the investors from the effective date of the Fund through the earlier of the end of such Fund’s active investment period or the date on which MDP is entitled to receive a Management Fee from a successor fund. After such time (or after certain other events specified in the Governing Documents), the Management Fee is generally calculated based on total capital contributions (less permanent write-downs and returns of capital). Management Fees are paid quarterly in advance through a capital call made to applicable investors. Pursuant to the Governing Documents, MDP is also permitted to collect its Management Fee by offsetting a Fund’s cash on hand (for example, from proceeds received from an investment) or by utilizing a Fund’s capital call line to pay these Management Fees (and call capital from such Fund’s investors at a later date).

The Management Fees paid by a Fund will generally be reduced by: (a) the amount of fees paid to placement agents by such Fund, to the extent set forth in such Fund’s Governing Documents, (b) the amount of fees and expenses incurred in connection with the organization of such Fund that exceed a limit specified in such Fund’s Governing Documents, and (c) a negotiated percentage of Transaction Fees (as defined in and discussed in the following paragraphs). For Funds and investors who do not pay a Management Fee, any reduction in the Management Fees as described herein will not benefit such Funds or investors.

The Management Fees and other fees and distributions described herein are generally subject to modification, waiver or reduction by MDP in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter or other arrangements, which, depending on the Governing Documents of such Fund, is not required to be disclosed to other investors in the same Fund. To the extent the Adviser elects to voluntarily waive or reduce Management Fees, such election does not

permanently modify the Adviser's right to charge such amounts in the future. Some Funds (such as co-investment Funds that are formed to invest in a particular transaction alongside a Fund) do not pay a Management Fee and such Funds typically do not share in any Transaction Fees (as defined below). Certain investors in the Funds who are current or former principals, employees, specified advisers (such as executive partners and industry advisory group members) of MDP and certain other investors designated by MDP (collectively, "Affiliated Partners") typically invest directly or indirectly in the Funds, and Management Fees with respect to such investments are usually waived. Please also see Item 6 below for additional information on "Carried Interest" which is typically waived with respect to Affiliated Partners.

In addition, MDP may enter into economic and/or other fee sharing arrangements with respect to one or more investors thereof, the rights of which will not generally be made available to other investors.

Upon termination of the Governing Documents related to a Fund, Management Fees that have been prepaid are generally returned on a prorated basis to applicable investors.

Transaction Fees

Transaction Fees Paid by Portfolio Companies or Prospective Portfolio Companies

MDP and its active partners often provide consulting, transaction-related, financial advisory, monitoring, operational support and other services for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of a Fund, including fees in connection with structuring investments in such portfolio companies, as well as mergers, acquisitions, add-on acquisitions, consulting, investments, commitments, financings and refinancings and other restructurings, recapitalizations, public offerings, sales, divestments, terminations or other dispositions, other similar transactions, and closing fees, in each case in connection with a Fund's investment in, monitoring of, or sale of any such portfolio company. In addition, MDP and its active partners receive fees in cash or equity in connection with serving on the board of directors of certain portfolio companies. MDP also negotiates the right to receive fees in cash or equity in connection with an unconsummated transaction (commonly known as break-up fees). The amount and timing of such break-up fees are generally specified in the agreement or other documentation governing the transaction. Monitoring agreements with portfolio companies often provide that monitoring fees will continue to be paid even after an initial public offering or other disposition of shares so long as the applicable Fund continues to hold shares in such portfolio company and MDP or its active partners continue to provide the monitoring services. All the fees described in this paragraph are referred to as "Transaction Fees" and the services described in this paragraph are referred to as "Related Services."

There are also certain circumstances (such as the occurrence of an initial public offering or sale of the portfolio company) which accelerate the payment of such fees or provide for a negotiated settlement of such fees (also defined as "Transaction Fees"). Since the agreements with the portfolio companies providing for such fees often have prolonged terms (or automatic renewal provisions), the effect of such acceleration may be substantial (particularly if such offering or sale occurs early in the life of a Fund's investment in such portfolio company) and the benefit to MDP may also be substantial, especially for those Funds that do not have a 100% Transaction Fee offset to Management Fees. MDP has and may in the future waive its rights to some or all of any such accelerated fee after taking into account various

factors, including the Firm's assessment of (a) in the case of an initial public offering, how payment of such accelerated fee might affect the success of such offering and whether and the extent to which director fees will be paid to MDP active partners for their board services after such offering, (b) the portfolio company's financial condition and performance of a Fund's investment in such portfolio company, (c) the amount of fees (including such accelerated fee) received by other investors in such portfolio company and (d) the effect of such accelerated fee on the equity of or management's equity incentives in such portfolio company.

Under the terms of the applicable Governing Documents, "Transaction Fees" do not include directors' fees and/or director stock awards that are earned for board services to a company at a time when the Funds no longer own an interest in such company (e.g., a former portfolio company) (and such amounts are therefore not offset against the Management Fee and the limited partners of such Funds do not receive any benefit from such amounts). In addition, the fees, retainers, compensation, profits or equity interest, and other stock awards received: (a) from a portfolio company or prospective portfolio company by MDP's industry advisory group members, executive partners, or other persons retained by MDP or its affiliates (other than active partners of Madison Dearborn Partners, LLC) primarily to provide manufacturing, sales marketing, technology, human resources, acquisition integration / rationalization, cost management, and/or other operations services, acquisition or other due diligence, or similar services, and other similar consultants, (b) from a portfolio company or prospective portfolio company by Consultants (as defined below), or (c) from a portfolio company by the General Partner (as defined in Item 10 below), its active partners or the affiliates of the General Partner or its active partners for non-investment services provided to such portfolio company by non-investment professionals (including for this purpose, all legal, accounting, human resources, information technology, capital markets, operating, and tax personnel), are not included as "Transaction Fees" under the applicable Governing Documents and therefore not offset against the Management Fee and such persons are not required to share such compensation or such amounts received with the Funds. Furthermore, MDP may (in its sole discretion), agree to pay (or cause to be paid by the applicable portfolio company or Funds) a transaction success fee (whether in the form of cash, securities or otherwise) to other third parties, such as advisers, finders, brokers, and/or banks ("Third Party Fees"). In some cases, the amount of such Third Party Fees has the effect of reducing the amount of any applicable Transaction Fee that would otherwise be paid to MDP. In such events, MDP is not required under the terms of the applicable Governing Documents to share such Third Party Fees with the Funds and MDP is not required under such Governing Documents to offset such Third Party Fees against the Management Fee payable by a Fund.

Generally, under the terms of the applicable Governing Documents, for purposes of calculating any Management Fee offset, Transaction Fees are net of various out-of-pocket costs and expenses, including costs and expenses incurred by MDP in connection with consummated or unconsummated transactions (including travel expenses, such as "black car" or private car transportation, charter/private and first class airfare or equivalent, and lodging, meals and entertainment expenses) or in connection with generating any such fees.

Transaction Fees are often substantial and are paid in cash, in securities of portfolio companies or investment vehicles (or rights thereto) or otherwise. To the extent Transaction Fees consist of non-cash consideration, such non-cash consideration is generally not treated as a Transaction Fee until the receipt

of net cash proceeds thereof (and as a result, such non-cash consideration is not offset against the Management Fee until the receipt of net cash proceeds).

Although these Transaction Fees are in addition to the Management Fees, MDP is required under the terms of the Governing Documents, to share such (or a percentage of such) Transaction Fees with the applicable Funds. Such sharing is often made by MDP through offsetting the amount of such Transaction Fees that are for the benefit of such Fund, against certain expenses (as discussed above) and the amount of Management Fees to be paid by the Management Fee paying investors. The definition and calculation of the amount of such Transaction Fees and the amount of the offset of Transaction Fees to Management Fees and expenses is described in the applicable Governing Documents and may differ from one Fund to another, as well as among investors in the same Fund. MDP may elect to share a greater percentage of any such Transaction Fees than is required under the applicable Governing Documents for any reason (and any such election does not permanently modify the Transaction Fee amount that is required to be shared in the future). The Transaction Fees described above are generally subject to waiver or reduction by MDP in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter or other arrangements (and the Governing Documents of a Fund determine whether such side letters are required to be disclosed to other investors in the same Fund). Some Funds (such as co-investment Funds that are formed to invest in a particular transaction alongside a Fund) do not pay Management Fees and such Funds typically do not share in any Transaction Fees. For investors who do not pay a Management Fee in a Management Fee paying Fund, Transaction Fees allocable to such investors will not benefit such investors beyond the amount of Transaction Fees that is offset against expenses. Generally, the portion of any such Transaction Fees allocable to a non-Management Fee paying investor within a Management Fee paying Fund in excess of expenses are retained by MDP.

MDP determines the amount of these fees for the services provided and reimbursements described below in its own discretion, subject to agreements with shareholders and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements are often not required by the Governing Documents of a Fund to be disclosed to investors. The payment of Transaction Fees by portfolio companies will, in some, but not all, circumstances create a conflict of interest between MDP and its affiliates and the Funds and their investors because the amounts of these Transaction Fees and reimbursements described below are often substantial and could appear to influence MDP's decisions with respect to such portfolio company. For instance, MDP or its active partners, on behalf of MDP, may receive stock of a portfolio company as a Transaction Fee due to their service on the board of such portfolio company. Such recipients, or MDP, with respect to stock received as a Transaction Fee, may act in their own interest with respect to these securities and may determine to sell such securities, or hold on to such securities for such time as such recipient or MDP, shall determine.

Other Amounts Paid by Portfolio Companies or Funds

MDP, a Fund and/or its portfolio companies often retain Consultants (as defined below) to provide services to a Fund and/or its portfolio company. Such service providers include: (a) former employees, officers or partners of the Adviser, (b) affiliates of the Adviser, (c) current or former employees, officers or directors of such affiliates, (d) current or former portfolio companies of the Funds, (e) current or former employees, officers or directors of such portfolio companies, and (f) third party consultants

(including finders or brokers, individual consultants, consulting firms, executive search firms, public relations firms, external executives, senior advisers, operating partners, operating executives, strategic partners, executive partners and industry advisory group members) (such persons described in clauses (a) through (f), collectively, “Consultants”). Industry advisory groups are generally comprised of executive partners, company executives (including current or former portfolio company executives), retired executives, and/or industry experts. The services provided by these Consultants include (but are not limited to) investment or strategic idea generation, deal sourcing, investment evaluation, due diligence, acquisition, holding, recapitalization, restructuring, refinancing, transition services, environmental, social and governance, value creation, evaluation of operational aspects (such as business, finance, strategy, legal, compliance, manufacturing, sales, marketing, human resources, recruiting, public relations, cybersecurity, information technology, accounting and finance) of such companies, and/or services related to the disposition of such portfolio companies. Specifically, it is common for industry advisory group members and executive partners (who are also Consultants) to be retained by a Fund and/or a portfolio company to provide consulting services and/or to serve on a portfolio company’s board of directors (and as a result, such persons receive multiple sources of compensation). The compensation structure for Consultants vary and can include any or all of the following: (i) a retainer or fixed fee, (ii) fees based on an hourly/daily/weekly or other rate, (iii) success based fees, including transaction fees in connection with the investment or sale of a portfolio company, (iv) profits or equity interest at the portfolio company or other incentive-based compensation, (v) expense reimbursement (including for travel, such as “black car” or private car transportation, charter/private and first class airfare or equivalent, meals and entertainment), (vi) retention of “miles” or “points” or credit in loyalty/status programs and/or (vii) board of director fees or equity awards from the applicable portfolio company (all of the fees, compensation, interests, awards and benefits described in this paragraph are referred to as, “Consulting Fees and Expenses”). Such Consulting Fees and Expenses can be material and are generally paid by the applicable Funds and/or portfolio companies and are not included in the definition of Transaction Fees. In order for the Funds or portfolio companies to have greater accessibility to certain Consultants (e.g., industry advisory group members), such Consultants may be engaged through a retainer or fixed fee agreement; the Funds or portfolio companies typically bear the expense of retainer or fixed fees which may cause the Funds or portfolio companies to pay more than if such services were paid on an hourly rate schedule. On occasion, a Fund retains a Consultant to provide services to a portfolio company where such portfolio company does not reimburse such Fund for the fees and expenses of such Consultant. In such instances, the Fund will disproportionately bear the costs of such Consultant vis-à-vis other shareholders in such portfolio company. To the extent Consulting Fees and Expenses are not paid or reimbursed by portfolio companies, the Consulting Fees and Expenses are paid by the Funds. From time to time, MDP may elect to pay for Consulting Fees and Expenses that could be charged as a partnership expense to the Funds; such election does not modify the definition of “partnership expense” or preclude MDP from charging such Consulting Fees and Expenses to the applicable Funds in the future.

Please also see Item 11 below regarding the use of Consultants, the amount of Consulting Fees and Expenses paid to them and for additional information relating to how conflicts of interests are generally addressed by MDP.

Amounts Reimbursed by Portfolio Companies or Prospective Portfolio Companies

Portfolio companies of the Funds commonly reimburse MDP for expenses (including (a) travel expenses, such as “black car” or private car transportation, charter/private and first class airfare or equivalent, (b) lodging, meals and entertainment expenses (including closing dinners and mementos, social and entertainment events with portfolio company management, directors, customers, clients, brokers and service providers), (c) expenses relating to training programs, meetings or other events (to the extent such programs, meetings or events are attended by portfolio company personnel), (d) expenses relating to hiring portfolio company personnel (including background checks and recruiting expenses), (e) indemnification expenses, (f) Consulting Fees and Expenses (as described above) and (g) similar out-of-pocket expenses incurred by MDP in connection with its performance of Related Services for such portfolio companies (including services as a board member or board observer of such portfolio company) or in connection with a Fund’s investment in such portfolio companies). A prospective portfolio company occasionally enters into “expense reimbursement” agreements pursuant to which such company agrees to pay MDP for out-of-pocket expenses even if such deal is not consummated. Such reimbursed expenses described in the prior two sentences are not “fees” that are included in the definition of Transaction Fees (and such amounts are therefore not offset against the Management Fee) under the terms of the applicable Governing Documents.

In many cases with respect to the implementation of such fee/expense arrangements described in this section and elsewhere in this brochure, although the management team of the portfolio company is commonly involved in such arrangements, there is not an independent third party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest exists in the determination of any such fees, expense reimbursements and other related terms in the applicable agreement with the portfolio company.

Partnership Expenses

Adviser Expenses

To the extent provided in the Governing Documents of the Funds, MDP is responsible for paying certain ordinary overhead and administrative expenses, including salaries, rent and equipment expenses, and ongoing legal and consulting costs and expenses incurred in connection with MDP’s compliance with its own regulatory requirements under the Advisers Act and the Alternative Investment Fund Managers Directive (“AIFMD”) (but certain costs incurred in connection with a Fund’s compliance with such Fund’s regulatory requirements under the Advisers Act and AIFMD are paid by the applicable Fund as a “partnership expense”). In addition, MDP typically bears the cost (through an offset against the Management Fee) of: (a) organizational costs that exceed a negotiated cap (commonly referred to as the “excess organizational costs”) and (b) placement fees payable to any placement agent in connection with the formation of the applicable Fund. MDP is not responsible for (i) Fund partnership expenses or (ii) organizational expenses of a Fund that fall below the cap agreed to with investors.

Fund Expenses

Pursuant to the Governing Documents of the applicable Fund, each Fund will bear all fees, costs, expenses, liabilities and obligations relating to its activities, business, portfolio companies, or actual or

potential investments, to the extent not borne by its portfolio companies or MDP (as described under “Adviser Expenses” above), including those attributable to:

- activities with respect to structuring, organizing, identifying, sourcing, negotiating, consummating, diligencing (including any subscriptions to any periodicals, databases or research services), bidding on, owning, acquiring, financing, re-financing, holding, monitoring, hedging, trading, managing, operating, valuing, dissolving, winding up, liquidating, restructuring, taking public or private, selling or otherwise disposing of, as applicable, such Fund’s portfolio companies and its actual and potential investments, or in seeking to do any of the foregoing (including 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,
- indebtedness of, or guarantees, including payment of fees and expenses, and repayment of principal and interest with respect thereto, or of seeking to put in place any such indebtedness or guarantee,
- broker, dealer, underwriting, loan administration, private placement fees, sales commissions, investment banker, financing sources, finder and similar services,
- brokerage, sale, custodial, depository (including a depository appointed pursuant to AIFMD), Swiss representative and Swiss paying agent, trustee, record keeping, registered agent, service of process agent, account and similar services,
- legal (including legal fees and expenses incurred in connection with regulatory proceedings or investigations relating to such Fund), accounting, research, actuarial, auditing, administration (including fees and expenses associated with any third-party administrator), appraisal, valuation (including fees paid to third party valuations, fairness or solvency opinions, agents, appraisals or pricing services), consulting (including consultants performing services as part of an investment or investment strategy initiative), advisory, environmental, social and governance, regulatory, tax, industry and subject-matter experts and other professional services, including consulting fees, retainer fees, fixed fees and other compensation, and reimbursement of expenses paid to industry advisory group members for such services,
- reverse break-up, termination and other similar fees,
- financing, commitment, origination and similar fees and expenses (including expenses of loan servicers and similar service providers),
- insurance premiums of any directors and officers liability, general partner liability, management liability, cybersecurity, errors and omissions liability, representation and warranty, end of fund, transaction indemnity, crime coverage and other insurance (including any costs and expenses related to any retention or deductibles and broker fees, costs and commissions), and any

consultants or other advisors utilized in connection with any such insurance policies and expenses related to actual or potential claims or actions and negotiations related to enforcement or collection of insurance claims,

- filing, title, transfer, survey, registration and other similar fees and expenses,
- printing, communications, mailing, courier, marketing and publicity,
- the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedules K-1 or similar forms, administrative, compliance or regulatory filings, information, or reports (including Form PF and any Fund-related filings or reports contemplated by AIFMD, Bureau of Economic Analysis Reports or any similar law, rule or regulation),
- developing, licensing, acquiring, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, compliance, administration, investor reporting, investment opportunity tracking systems) or other administrative or reporting tools (including subscription-based services),
- any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information,
- activities or proceedings of the Fund's Advisory Board (including out-of-pocket expenses for Advisory Board members, the Adviser, permitted observers and other persons attending or otherwise participating in such meetings),
- indemnification (including legal and any other fees, costs and expenses incurred or advanced in in defense or settlement of any claim),
- actual, threatened or otherwise anticipated litigation or governmental inquiry, investigation or proceeding, mediation, arbitration or other dispute resolution process, including costs and expenses related to discovery for any judgment, other award or settlement entered into in connection therewith,
- the Management Fee (as described above),
- any taxes, fees and other governmental charges levied against such Fund, and expenses incurred in connection with any tax audit, inquiry, investigation, settlement or review, and any costs and expenses of or related to the "partnership representative" of the Partnership,
- the annual limited partner meeting and any other conference or meeting or webcast with any limited partner(s),

- any fee, cost, expense, liability or obligation relating to any alternative investment vehicle (including the controlling entities of such alternative investment vehicle) or its activities, business, portfolio companies or actual or potential investments, any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles on behalf of certain investors, and other costs and expenses related to the structuring and restructuring of any Fund-related entity,
- termination, liquidation, winding up or dissolution of indirectly and directly owned legal entities (including portfolio companies and related entities),
- defaults by partners in the payment of any capital contributions,
- compliance with laws, rules, regulations, policies, directives or special measures (including those that relate to privacy, data protection, know-your-customer, anti-money laundering, sanctions, anti-terrorism or environmental, social or governance considerations) and regulations, including regulatory filings as they relate to the Fund's activities and out-of-pocket costs and expenses, if any, associated with any third party examination or audit (including similar services) of a Fund or MDP that are attributable to the operation of such Fund or requested by one or more investors in a Fund,
- amendments to, monitoring compliance with, and waivers, consents or approvals pursuant to investor documents (including side letter agreements and similar agreements), including the preparation, distribution and implementation thereof and including costs and expenses incurred in connection with the most-favored nations side letter process,
- unreimbursed costs and expenses incurred in connection with a transfer or proposed transfer, name change, internal restructuring or change in registered agent,
- certain travel (which may include "black car" or private car transportation, ride sharing transportation services, charter/private and first class airfare or equivalent, other modes of transportation, travel booking and cancellation fees), lodging, meals and entertainment relating to any of the foregoing (including in connection with consummated and unconsummated investment and disposition opportunities), or relating to the categories above,
- any Organizational Expenses,
- any Placement Fees (which will ultimately be borne by the General Partner (as an offset against the Management Fee or otherwise), and
- any other fees, costs, expenses, liabilities or obligations approved by the Advisory Board.

A Fund also typically bears expenses (indirectly) as a result of the reimbursement by its portfolio companies to the Adviser of expenses similar to those listed above, including travel, lodging, meals and

entertainment (including those incurred in connection with add-on acquisition due diligence, board meetings, plant or site visits and closing dinners). See the discussion above under “*Amounts Reimbursed by Portfolio Companies or Prospective Portfolio Companies.*”

Each Fund will typically bear “organizational expenses” which generally means all fees, costs, and expenses incurred in connection with the organization, structuring, funding and start-up of such Fund and its general partner, including travel, advertising, printing, legal, capital raising, accounting, regulatory compliance (including the initial notifications, preliminary registrations, filings and compliance contemplated by the AIFMD or any similar law, rule or regulation), and any administrative or other filings, including preparation of the Private Placement Memorandum, preparation of and negotiations with respect to the Organizational Documents, presentations, diligence questionnaires, letters and other materials, subscription documents and any side letters or similar agreements or marketing materials, and any out-of-pocket costs and expenses incurred by third-party placement agents, finders or other Persons performing similar services in connection with the organization and funding of the Funds but not including any expenses incurred in connection with any most-favored-nations side letter process (which is a “partnership expense”). Organizational expenses above an agreed upon cap are typically borne by the Adviser through an offset to the Management Fee.

In addition, MDP, from time to time, engages one or more service providers to perform certain functions in relation to the Funds, which services may include coordination of the Funds’ legal entity management function, legal services, accounting services, execution and recordkeeping associated with applicable tax elections and filings, support for the valuation process and investor correspondence, investor data management and reporting requests as well as data collection required for various regulatory reporting which with the Funds are required to comply. In certain instances, employees of such service providers dedicate substantially all of their time to the Funds. These expenses related to such service provider employees are borne by the Funds.

From time to time, the general partner of a Fund may create certain “special purpose vehicles,” “holding companies” or similar structuring vehicles for purposes of accommodating certain tax, legal, regulatory or other considerations of investors or the transaction (“SPVs”). In the event the general partner creates an SPV, consistent with the Governing Documents of the Fund, the SPV, and indirectly, the investors thereof, will typically bear all expenses related to its organization, formation, maintenance and dissolution as well as other expenses incurred for the benefit of the SPV. Expenses of the types borne by a Fund but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain investors in the Fund (including, without limitation, expenses of legal, accounting and tax services) or other investors, may be borne by the Fund (and not such investors).

The Funds from time to time retain an operating executive or group of operating executives (“Executive Team”) as Consultants, who among other things assist the Funds with seeking and conducting due diligence on prospective portfolio companies. If a Fund consummates an investment in such prospective portfolio company, in certain circumstances, this Executive Team will either become the executives of: (a) the prospective operating company or (b) a holding company that is created to acquire and manage several prospective operating companies in the same industry for the purpose of creating synergies across, and adding value to, such companies. Before a transaction is consummated, the costs to retain such Executive Team are a Fund partnership expense. Once a transaction is consummated, the operating company and the holding company’s costs and expenses (including compensation for their personnel,

which compensation may include, among other things, profit or equity participation in the holding company (if any) or the underlying operating companies) would be borne by the applicable company (and, therefore, indirectly borne by the Fund and its investors). Such costs and expenses are not Transaction Fees and will not offset the Management Fee.

Since the definition of Fund partnership expenses often differs from one Fund to another, limited partners should review the terms of the applicable Governing Documents and not rely on the summary provided above. The Fund partnership expenses as described above are subject to waiver or reduction by the Adviser in its sole discretion. To the extent the Adviser elects to voluntarily waive or reduce Fund partnership expenses, such election does not permanently modify the Adviser's right to charge such amounts in the future.

Co-Investment Vehicle Expenses

A co-investment vehicle, or other similar vehicle, is often formed to facilitate the investment by investors to invest alongside a Fund in connection with the consummation of a transaction. In the event a co-investment vehicle is created and the transaction closes, the investors in such co-investment vehicle will typically bear all expenses related to its organization and formation and other expenses incurred for the benefit of the co-investment vehicle. The co-investment vehicle typically bears its pro rata portion of expenses (e.g., based on capital invested in the transaction) incurred in the making of an investment (for example, due diligence expenses), and managing and selling such investment.

If a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not consummated transaction, such as attorney fees and the fees of other professional advisers (collectively, "Unconsummated Deal Costs") would therefore be borne 100% by the Funds involved in such proposed transaction. To the extent a co-investment vehicle is formed or co-investors have otherwise committed to invest in the proposed transaction, but the transaction is not ultimately consummated, the Funds (and not the co-investment vehicle or co-investors) typically bear all formation and other expenses incurred for the benefit of the co-investment vehicle, including Unconsummated Deal Costs. Unconsummated Deal Costs may include, among other things, legal, accounting advisory, consulting or other third party expenses (including amounts payable to Consultants and other third parties), any travel and travel-related and accommodation expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for proposed investments, any break-up fees, reverse termination fees, topping, termination or other similar fees, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed but unconsummated transaction.

Co-investment vehicles are not always created for each transaction that involves co-investors and in such instances, the co-investors commonly purchase the same securities as the Funds (instead of securities of a co-investment vehicle). Legal and other costs that are incurred by the portfolio company in negotiating with such co-investors are generally borne by the portfolio company, similar to legal costs incurred to negotiate and implement the debt financing and management equity terms for such transaction (and as a result, such expenses are ultimately borne by all investors in such portfolio company).

Allocation of Expenses

From time to time, MDP will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or MDP on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds and/or other parties. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the allocation process.

The appropriate allocation among Funds, Fund Investors and Third Parties (each as defined below), of fees and expenses (including Unconsummated Deal Costs and other expenses that do not relate to a specific transaction, such as premiums for insurance) will be determined by MDP and its affiliates in their sole discretion, in each case using good faith and their best judgment, consistent with the Governing Documents of the Funds, as applicable. As used herein, the term “Fund Investors” means investors in one or more Funds, including Affiliated Partners. As used herein, the term “Third Parties” means individuals and entities who are not current employees of Madison Dearborn Partners, LLC, and such term includes Consultants, joint venture partners, and directors, officers, employees and advisers of a portfolio company of a Fund and other advisers to MDP and/or the Funds. As used herein, the term “co-investor” includes Fund Investors and Third Parties.

As described above, in transactions that are not consummated, Unconsummated Deal Costs (such as attorney fees and the fees of other professionals) are generally borne by the applicable Funds and not a potential co-investor. This is typically the case because as of the date the transaction is no longer being pursued, the potential co-investor has not yet agreed to participate in such transaction or agreed to pay such expenses. Specifically, Consultants (which includes MDP executive partners and industry advisory group members) do not pay any Unconsummated Deal Costs incurred by the Funds. This is the case even if such persons are given opportunities to select which co-investments they want to make.

On occasion, MDP invites co-investors to evaluate a transaction prior to the signing of definitive agreements with a prospective portfolio company; MDP has and may in the future (but is not required to), enter into expense sharing agreements with such co-investors. The terms of such expense sharing agreements are determined between MDP and such co-investor and may not be proportionate to the amount of the anticipated equity investment of each investor (and as a result, the Funds may bear a greater proportion of such expenses). Without an expense sharing agreement, all of the costs of pursuing a transaction (such as attorney fees and the fees of other professionals) are borne by the applicable Funds.

As described in Item 11 below under “*Conflicts Related to Purchases and Sales of Investments*”, a Fund has in the past and is likely to in the future, sell down an interest in its portfolio companies to co-investors. Subject to the applicable Governing Documents, MDP (on behalf of the Funds) may charge (or may decide not to charge) a co-investor (such as a Fund Investor or Third Party) interest costs (including out-of-pocket interest costs) for the time period between the closing of the applicable Fund’s investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor. Subject to the applicable Governing Documents, MDP (on behalf of the Funds) has the discretion to determine the purchase price to be paid by such co-investors in such sell down (and MDP is able to consider a variety of factors in determining the purchase price, including the effect of foreign currency fluctuations impacting such portfolio company investment).

There are also occasions when one Fund (the “Payor Fund”) pays an expense common to multiple funds (the “Allocated Funds”) (e.g., legal expenses for a transaction in which such Allocated Funds participate or are expected to participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligations to reimburse the Payor Fund.

MDP will allocate fees and expenses to be split between the Fund and MDP (including fees and expenses incurred in the offering of the Fund, management of the Fund and its portfolio companies, and investment opportunities), in each case in accordance with the Fund’s Governing Documents. To the extent not addressed in such documents or agreements, such fees and expenses will be allocated by MDP in its sole discretion, in each case using good faith and its best judgment. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance.

Carried Interest Payments

Please see Item 6 below regarding “Carried Interest” that the Funds pay.

Brokerage Fees

Although MDP does not frequently utilize the services of brokers or dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker or dealer for purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

Item 6. Performance-Based Fees and Side-By-Side Management

With respect to each Fund other than current co-investment Funds (i.e., an investment vehicle that is formed to invest in a particular transaction alongside a Fund), a portion of the profits of each such Fund is distributed to its general partner as “carried interest” (the “Carried Interest”) based on parameters set forth in the applicable Governing Documents (for example, certain funds include investment performance hurdles that must be met before Carried Interest is earned). Each general partner of a Fund is a related person of MDP. Carried Interest paid by a Fund is borne by investors in such Funds, other than investors who are designated “Affiliated Partners” under the applicable Governing Documents. “Affiliated Partners” include current or former principals, employees and specified advisers (such as executive partners and industry advisory group members) of MDP and certain other investors designated by MDP and Carried Interest with respect to such investors is typically waived. The payment of Carried Interest by a Fund (directly or indirectly) to its general partner reduces amounts that would otherwise be available for distribution to other investors in such Fund.

The payment by some, but not all Funds, of Carried Interest creates an incentive for MDP to disproportionately allocate time, services or functions to Funds paying or expected to pay Carried Interest or Funds paying or expected to pay Carried Interest at a higher rate, or disproportionately allocate investment opportunities to such Funds. Generally, and except as otherwise set forth in the

Governing Documents of the Funds, this conflict is mitigated by (a) certain limitations on the ability of MDP to establish new investment funds with primary investment objectives, strategy and scope that are substantially similar to those of a current Fund, (b) specified active investment periods for each Fund, (c) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (d) contractual provisions and procedures setting forth investment allocation requirements. Please also see Item 11 below for additional information relating to how conflicts of interests are generally addressed by MDP.

Item 7. Types of Clients

MDP currently provides investment advisory services to the Funds. Investment advice is provided directly to the Funds and not individually to investors in such Funds. MDP or its personnel may provide investment advisory services or sub-advisory services to other funds or investment vehicles in the future, subject to restrictions in the applicable Governing Documents.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “accredited investors” as that term is defined in Regulation D under the Securities Act, and/or “qualified purchasers” or “knowledgeable employees,” each as defined in the 1940 Act, and include, among others, public pension plans, corporate pension plans, endowments, sovereign wealth funds, fund of funds, and high net worth individuals. In some cases, service professionals or service providers to the Adviser, the Funds and/or portfolio companies are investors in a Fund.

MDP does not have a minimum size for a Fund.

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

Methods of Analysis and Investment Strategies

The Funds seek to achieve superior returns through investments in a wide range of private equity, equity-related, and other transactions. The Funds seek to: (a) invest in businesses with tangible value appreciation opportunities and (b) partner with management to execute a value creation plan.

Prior to making an investment, MDP conducts an extensive review, diligence and analysis of a potential transaction. This analysis includes a review of the prospective portfolio company and its industry in which it operates and a number of other parameters, including but not limited to, whether the prospective portfolio company:

- Has a strong and defensible market position or a record of market innovation;
- Has a significant franchise or competitive advantage;
- Has a product line serving a diversified base of customers and growing markets;
- Has a history of strong cash flow and predictable earnings and a record of withstanding industry or economy-wide downturns;

- Has a talented and committed management team that (i) has a proven track record, (ii) will make a meaningful personal investment in the transaction, (iii) will be motivated by equity incentives consistent with the goals of the applicable Fund, and (iv) can work effectively with MDP;
- Has a material amount of regulatory or other legal risks and issues; and
- Has prospects for achieving superior returns (after balancing risks) and liquidity for the Fund's investors within an approximate five-year time frame.

Risks

Investing in private equity funds involves a substantial degree of risk. A Fund may lose all or a substantial portion of the value of its investments, and investors in a Fund must be prepared to bear the risk of loss of the value of their investments. **Prior to making a commitment to invest in a Fund, prospective investors should carefully review the applicable Governing Documents and Private Placement Memorandum of such Fund and consult with their own financial, legal and tax advisers.** Material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include but are not limited to, the following (additional risks are described throughout this brochure, including under Item 11, “*Conflicts of Interest*”):

GENERAL RISKS

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

Future and Past Investments and Performance. Newly formed Funds have no prior operating history or track record. The performance of the Principals’ prior investments is not necessarily indicative of the Funds’ future results. An investment in one Fund does not represent an interest in any investment or investment portfolio of any other Fund. There can be no assurance that the risk/return profile of an investment in one Fund will resemble that of any other Fund. On any given investment, loss of principal is possible. While MDP intends for the Funds to make investments that have estimated returns commensurate with the expected risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. In addition, a Fund’s investments may differ from previous investments made by the Principals in a number of respects, including but not limited to, target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure, and holding period.

Lack of Sufficient Investment Opportunities. There can be no assurance that MDP or the General Partner will be able to identify, or that a Fund will be able to complete, portfolio investments that satisfy such Fund’s rate of return objectives or, if completed, realize such investments for fair or attractive values. The business of identifying, structuring and completing private equity transactions is highly competitive. Over the past several years, an ever-increasing number of investment funds have been or are being 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 Funds likely will be formed in the future. Some of the Funds' competitors for investment opportunities may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than the General Partner, MDP, 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. MDP expects that competition for appropriate investment opportunities will remain high and may increase, which may increase the likelihood that the Funds will participate in auctions for investments, the outcome of which cannot be guaranteed. As a result, the Funds may experience difficulty identifying and consummating investments, and the terms upon which investments can be made may be less favorable than obtained by any prior MDP Fund. To the extent that the Funds encounter significant competition for investments, returns to limited partners may decrease. In addition, it is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified and consummated. Regardless of the extent to which the commitments of the limited partners are invested, the limited partners will be required to bear through the Funds: (a) Management Fees during the investment period based on the entire amount of the limited partners' commitments (i.e., not just the amount of capital contributed) and (b) other expenses as described above and as set forth in the applicable Governing Documents, in each case, even if the Funds fail to make any investments.

Reliance on the General Partner and Portfolio Company Management. Investors will be relying on the ability of MDP, the General Partner and the Principals to identify and evaluate the investments to be made by the Funds. Control over the operation of the Funds will be vested with the Adviser, and the Funds' future profitability will depend largely upon the business, financial and investment acumen of the Principals and other employees of the Adviser. The loss or reduction of service of one or more of these individuals could have an adverse effect on the Funds' ability to realize its investment objectives. Other investment activities of the Adviser (to the extent not prohibited by the Funds' Governing Documents) may require such individuals to devote substantial amounts of their time to matters unrelated to a particular Fund, including the Adviser's existing or future investment activities, which poses conflicts of interest in the allocation of time of these individuals. Investors in the Funds generally have no right or power to take part in the control, management, direction or operation of the affairs of the Funds, and, as a result, the investment performance of the Funds will depend on the actions of the Adviser. In addition, certain changes in the Adviser or circumstances relating to the Adviser may have an adverse effect on the Funds or one or more of their portfolio companies, including potential acceleration of debt facilities. Although the Adviser will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that such companies can recruit or retain the talent that it needs or that the management of such companies will be able or willing to successfully operate a portfolio company in accordance with the applicable Fund's objectives.

RISKS RELATING TO INVESTMENTS

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

Concentration of Investments. The Funds will participate in a limited number of investments and may make several investments in one industry or one industry segment or within a short period of time. The Funds are not required under their Governing Documents to proportionately invest across the various industry sectors. As a result, the Funds' investment portfolios could become highly concentrated, and the performance of a few holdings or of a particular industry or the timing of the Funds' investments may substantially affect such Funds' aggregate return. Furthermore, to the extent that the capital raised by a Fund is less than the targeted amount, such Fund may invest in fewer portfolio companies and thus be less diversified.

Bridge Financing and Over-Commitment. The Funds may lend to portfolio companies on a short-term, unsecured basis or may otherwise invest in a portfolio company with the expectation of a subsequent refinancing or syndication of a portion of such investment to co-investors or other persons or entities prior to or after the closing of such investment. In such a situation, the Funds will bear the risk that any refinancing may not occur and/or a sale of a portion of such investment may not be sold or may only be sold on unattractive terms. In such event, the Funds may have more risk associated with such investment or a larger overall investment in such portfolio company than originally anticipated (and reduced diversification). In addition, regardless of whether a portion of such investment is sold to co-investors or other persons or entities, the Funds may bear the entire portion of any reverse break-up or termination fees or other fees, costs and expenses related to such investment (which are borne by the investors of such Funds).

Leveraged Investments. The Funds will often make use of leverage by having a portfolio company incur debt to finance a portion of the Funds' investment in a given portfolio company. Leverage generally magnifies both the Funds' opportunities for gain and risk of loss from a particular investment. The cost, availability and other terms of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage or acceptable terms for such 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. The use of leverage also imposes restrictive financial and operating covenants on a company, 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. The leveraged capital structure of portfolio companies will increase the exposure of the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Funds' investments in the leveraged portfolio companies in a down market. In the event any portfolio company within a Fund cannot generate adequate cash flow to meet its debt service, such Fund may suffer a partial or total loss of capital invested in such portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time the Funds determine that it is desirable to sell all or a part of a portfolio company, such Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Funds will invest may not be rated by a credit rating agency. If a portfolio company is unable to obtain favorable financing terms, refinance its indebtedness or maintain a desired or optimal level of financial leverage,

the Funds may hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from such portfolio company, which would likely adversely affect the Funds' returns. Any failure by lenders to provide previously committed financing could also expose the Funds to potential claims by sellers of prospective portfolio companies that such Funds may have contracted to purchase (e.g., claims for damages or the payment of a reverse break-up, termination or other similar fee if such Funds do not close such new investment, which would be a partnership expense and therefore borne by the investors of such Funds).

Borrowing by the Funds; Use of the Funds' Credit Facility The Funds will often borrow money (in addition to leverage at the portfolio company level). This borrowing by the Funds is made pursuant to a revolving credit facility (also known as a capital call line). Capital call lines are bank loans that enable Funds to use borrowed money, rather than investor capital, to make investments or pay partnership expenses. The Funds' use of such facilities will be determined by the applicable General Partner, and the performance of the Funds may be impacted by how the General Partner causes the Funds to utilize such facilities. The use of leverage by the Funds also will result in interest expense and other costs to the Funds (e.g., lender facility fee) that may not be covered by distributions made to such Funds or appreciation of their investments. The Funds 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 may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, a Fund's credit facility often allows portfolio companies to borrow funds directly through such facility, and such Fund may charge the portfolio company borrower higher interest rates than the interest rate that such Fund pays pursuant to such credit facility. The Funds also from time to time, guaranty a portfolio company's debt or are liable for obligations relating to a portfolio company and in such situations, it is not expected that the Funds would be compensated for providing such guaranty or exposure to such liability. To the extent the Funds incur leverage (or provide such guaranties), such amounts may be secured by capital commitments made by the Funds' investors and such investors' contributions may be required to be made directly to the lenders instead of such Funds.

In an adverse market environment, the use of a credit facility creates risks of higher investor payment default (for example, if the investor is required to make large capital contributions in a short period of time). Conflicts of interest arise in that the use of such credit facilities delays the need for investors to make certain contributions to the Funds, which may enhance such Funds' performance figures and thereby benefit the General Partner and its affiliates. The use of borrowed funds at the Fund level impacts (which could be material) the calculations of returns (e.g., net internal rate of return and net multiple of money) as well as Carried Interest that a Fund's General Partner receives, as these calculations generally depend on the amount and timing of capital contributions (for example, the use of borrowed funds at the Fund level can increase the amount of a General Partner's Carried Interest). Tax-exempt investors should note that the use of leverage by a Fund may cause the realization of "unrelated business taxable income."

Projections. Projected operating results of a portfolio company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the Adviser in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed (including, assumptions based on potential operational improvements, market opportunities, competitive dynamics, acquisitions, management

capabilities, and expansion of product lines or geography). There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, often have a material effect on the reliability of projections.

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

Director Liability. Certain of the Funds will often obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the portfolio companies in which they invest. These representatives include employees and officers of the Adviser and under the Governing Documents, the Funds typically indemnify such persons in connection with their activities relating to such Funds (including involvement with their portfolio companies). Serving on the board of directors (or similar governing body) of a portfolio company exposes such Funds' representatives, and ultimately the Funds, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies and the Adviser do obtain may be insufficient (whether due to coverage amount, policy terms or otherwise) to adequately protect officers and directors from such liability (and if not covered by insurance, such liability will be a Fund partnership expense). In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Funds' investment activities and portfolio companies.

Risks Relating to Conduct at a Portfolio Company. There can be no assurance that the Funds will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor portfolio companies on an ongoing basis or that any risk management procedures implemented will be adequate. In the event of fraud by a portfolio company or any of its affiliates, the Funds may suffer a partial or total loss of an investment. Under certain circumstances, payments to the Funds (and therefore, the investors) may be reclaimed, including if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Co-Investments. The allocation of co-investment opportunities could be made to one or more persons for any number of reasons on terms to be determined by MDP in its sole discretion, which may cause conflicts of interest with a Fund and Fund Investors. For additional information regarding the allocation of co-investment opportunities, please see "*Allocation of Co-Investment Opportunities and Secondary Transactions*" in Item 11 below. For additional information regarding the allocation of co-investment vehicle expenses, please see "*Co-Investment Vehicle Expenses*" in Item 5 above.

Hedging Arrangements; Related Regulations. The General Partner may (but is not obligated to) endeavor to manage the Funds' or any portfolio company's currency exposures, interest rate exposures or other exposures using hedging techniques. The Funds 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 some cases, particularly in OTC contexts, hedging arrangements will subject the Funds 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 Funds to additional liquidity risks, if such contracts cannot be adequately settled. Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission ("CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

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

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, the Funds and their affiliates may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, including those relating to the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, and may be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate (and such obligations to indemnify can survive for some period of time after the disposition of such investment). These arrangements may result in contingent liabilities, which would be borne by the Funds and, ultimately, its investors. In many cases, these liabilities survive the dissolution of the applicable Funds and the investors of such Funds will remain liable for such obligations (and in some cases, be required to return amounts previously distributed to such investors).

Dynamic Investment Strategy. The Funds are generally not restricted in terms of the percentage of its capital that can be invested in a particular industry. Subject to the terms of applicable Governing Documents, the General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. The General Partner also may pursue investments outside of the sectors or regions in which

the Principals have previously made investments. There can be no assurance that the investment portfolio of a new Fund will resemble the portfolio of any prior Fund.

Control Investments. The Funds, either alone or together with co-investors, is expected to typically hold controlling interests in many of the portfolio companies in which it invests. The exercise of such control by the Funds may result in additional risks of liability for violations of governmental regulations (including securities laws), failure to supervise management or other types of liability in which the general limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Funds might suffer significant and material losses. Even when the Funds prevail in any such claims for liability, it may incur significant costs of defending against those claims. If the Funds co-invest with another investment fund (including another Fund), an investor invested in such other investment fund may have exposure to a single portfolio company through more than one fund, potentially multiplying such investor's losses.

Active Management. The Funds often take majority positions in a portfolio company, which may be alongside other investors, such as institutions, other pooled investment vehicles, and management. Depending upon the amount of equity owned by the Funds, any relevant contractual arrangements between a portfolio company and such Funds, and other relevant factual circumstances, such majority position could result in an extension of the ninety-day bankruptcy preference period to one year or longer with respect to payments made to such Funds. In addition, because of its equity ownership, representation on the board of directors, and/or contractual rights, the Funds may often be thought to control, participate in the management of or influence the conduct of such portfolio companies. This could expose the assets of the Funds to claims by such portfolio company, its employees, its other security holders, its creditors, its customers, or governmental agencies.

Investments with Third Parties and Non-Controlling Investments. The Funds may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments often involve risks not present in investments where a third party is not involved, including the possibility that a third party co-investor or partner may at any time have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the investment objectives of the Funds. In addition, the Funds may in certain circumstances be liable for actions of its third party co-investor or partner. The Funds may hold minority stakes in privately held or public companies. In such instances, the Funds may have limited liquidity rights and management and/or control rights with respect to the operation of such companies and may be entirely dependent on the decisions of the portfolio company and/or third-party investors. As is the case with minority holdings in general, such minority stakes that the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the Funds hold a minority stake, it may be more difficult for the Funds to liquidate their interests than it would be had the Funds owned a controlling interest in such company. Even if the Funds have contractual rights to seek liquidity of their minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Funds, especially in cases where the interests of the other investors in, or management of, such company have different business and investment objectives and goals.

Non-U.S. Investments and Operations. The Funds often invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Investments in non-U.S. securities or instruments or companies that have non-US

operations, involve certain considerations not typically associated with investing in U.S. securities and instruments and operations, including risks relating to: (i) currency exchange matters; (ii) exposure to fluctuations in interest rates payable with respect to the Funds or portfolio companies; (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 (including withholding taxes) on income, gains and gross sales or other proceeds recognized with respect to non-U.S. securities or instruments (including the imposition of such taxes as a result of the formation by the General Partner of an alternative investment vehicle outside of the United States); (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 Funds and/or certain investors (including as a result of the formation by the General Partner of an alternative investment vehicle outside of the United States); (x) differing and potentially less well-developed or well-tested corporate laws, including those 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 Funds may be less influential than other market participants in jurisdictions where it, the General Partner, and/or MDP does not have a significant presence, and it may have greater difficulty enforcing its legal rights in a non-U.S. jurisdiction. Furthermore, certain of the Funds' 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 Funds in a manner that will minimize exposure to the foregoing risks and to take these factors into consideration in making investment decisions for the Funds, there can be no assurance that adverse developments with respect to such risks will not adversely affect the assets that are held in non-U.S. jurisdictions.

Non-U.S. Currency Risks. Although many of the Funds' investments are expected to be U.S. dollar denominated, an investment that is denominated in a non-U.S. currency is 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 Funds 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 Funds and/or the portfolio 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 Funds are denominated in U.S. dollars, and 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 Funds. Foreign exchange regulations may be applicable to investments in certain jurisdictions. Any fees, costs and expenses incurred by a non-U.S. investor in converting its local currency to U.S. dollars in order to make capital contributions to the Funds will be borne solely by such non-U.S. investor, will be in addition to the amounts required to be contributed, and will not be part of the commitment of such non-U.S. investor.

Growth Equity and Certain Other Transactions. The strategy of many of the Funds includes targeting growth-equity investments and investments in specified industry sectors. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Purchases of a division of a company also involve a high degree of business and financial risk and can result in substantial or total loss. These risks may be more acute with growth-equity, divisional purchases, and certain industry sectors such as healthcare. Portfolio companies often face intense competition, including competition from companies with greater financial resources, more extensive research and development, sales and marketing, customer services and support and other capabilities and a larger number of qualified managerial and technical personnel. Purchases of a division from a company involve risks that are different than a purchase of an entire company, such as the need to immediately recruit new executives, transition functions (e.g., accounting, legal, tax, human resources, information technology), and develop new processes and procedures, all of which take time and expense. Companies in which the Funds invest could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, or an economic downturn. The Funds' portfolio companies (especially those that are growth-equity) may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support their business (including additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources).

Risks in Effecting Operating Improvements. The success of the Funds' investment strategy (and targeted rate of return for an investment) is likely to depend, in part, on the ability of the Funds, the Principals and portfolio company management to effect improvements in the operations of certain portfolio companies (including the implementation of synergies within the portfolio company or between such portfolio company and an acquisition target of such portfolio company). Identifying and implementing operational improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements may divert the attention of key portfolio company personnel and disrupt normal business. There can be no assurance that the Funds and the Principals will be able to successfully identify and implement such improvements.

Risks Relating to Due Diligence of Potential Investments. Before making an investment, the General Partner will often conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to such investment. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto, and the General Partner often relies on the advice received from such third parties. The due diligence investigation carried out with respect to any investment opportunity is unlikely to reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital.

Adequacy and Availability of Insurance; Catastrophic Events. The Funds' portfolio companies often utilize insurance and other risk management products (to the extent available on commercially reasonable terms) to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance. However, it may not always be practicable or feasible for portfolio companies to have prudent insurance and other risk management products. Moreover, it will not be possible to insure against all such risks, and insurance proceeds received may be inadequate to completely or even adequately cover losses incurred. Certain losses of a catastrophic nature such as those caused by wars, earthquakes, hurricanes, tornadoes, floods, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates as to adversely impact the portfolio company's and/or the Funds' profitability. In general, losses related to terrorism are becoming harder and more expensive to insure against, and most insurers are excluding terrorism coverage from their all-risk policies. As a result, it is unlikely that any of the Funds' investments will be insured against damages attributable to acts of terrorism (or certain other losses of a catastrophic nature). If a major uninsured loss were to occur with respect to an investment, the Funds could lose both its capital invested in, and anticipated profits related to, such investment.

The Funds may seek to obtain representation and warranty insurance in connection with certain transactions in an effort to insure against losses from breaches of representations or warranties in the agreements related to such transaction. In particular, the General Partner may use such insurance in lieu of conducting more comprehensive due diligence when the Funds participate in a competitive bid process. Representation and warranty insurance could result in the Funds bearing, directly or indirectly, additional costs and expenses and may not be a complete substitute for direct recovery against the counterparty to such transaction. Additionally, the market for representation and warranty insurance continues to evolve and insurers may not be able to adequately cover losses, particularly following an event that broadly affects the industry.

Public Company Holdings. The Funds' investment portfolio may contain securities (including debt) issued by publicly held companies. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities at certain times (including due to the participation by MDP personnel on the portfolio company's board of directors), increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Principals, and increased costs associated with each of the aforementioned risks.

Distressed Investments. The Funds may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the General Partner will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required,

the Funds may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which the Funds invested.

Investments Longer than Term. In general, the Funds have a ten year term, subject to an ability to extend such term pursuant to the Governing Documents. It is possible that at the end of the term (as extended, if any), a Fund will still have interests in a portfolio company or have liabilities that may not be resolved. The General Partner has a limited ability to extend the term of the Funds, and the Funds 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 Funds' dissolution, such trusts may incur operating and formation expenses. In addition, there can be no assurance with respect to the timeframe in which the Funds' winding-up and final distribution to the investors will occur.

Consultants. As discussed above under Item 5, MDP, the Funds, and their portfolio companies engage Consultants (which includes executive partners, industry advisory group members and Executive Teams) to provide services to, or in connection with, a Fund or one or more portfolio companies. Consultants from time to time: (a) co-invest with the applicable Fund in one or more portfolio companies, in each case, on terms to be determined by MDP in its sole discretion and/or (b) receive a profits (e.g., carried interest) or other equity interest in a portfolio company (the terms of which may be different than the profits or equity interest owned by the applicable Fund) or other incentive-based compensation. The amount of Consulting Fees and Expenses of these Consultants (including a profits or equity interest) may be determined according to one or more methods, including, but not limited to, the value of the time spent by the Consultant, an allocation for overhead and other fixed costs of such consultant, a percentage of the value of a portfolio company, a percentage of the amount of the applicable Fund's capital invested in and/or committed to a portfolio company, a profits interest determined in whole or in part by the return achieved by the applicable Fund, amounts charged by other providers for comparable services (although, MDP often does not conduct a market check to compare rates for similar services), and/or amounts that other third parties have paid or have offered to pay for such services. Consultants provide services on an exclusive or non-exclusive basis and their Consulting Fees and Expenses may be material. Consultants also may be retained by a Fund along with other funds sponsored by MDP, an affiliate of MDP, and/or by one or more portfolio companies of such Fund or other funds, which can create conflicts in determining the appropriate compensation paid by each fund or portfolio company and the prioritization of a Consultant's services. Some Consultants, because of their roles (e.g., a Consultant may also be an employee, executive, board member, investor or adviser of a portfolio company), may have a conflict of interest with respect to the services performed by them (for example, if a Consultant is an executive of a portfolio company of a Fund, but provides services in connection with a different Fund portfolio company (or vice versa), such person's time and attention is being spent on other business matters besides the company where he/she is employed). Some Consultants are retained by the Funds, with the goal of having such Consultants become executives of a portfolio company that is sourced by them or for which they assisted in due diligence (as described under "Fund Expenses" above). In order for the Funds to have greater accessibility to certain Consultants (e.g., industry advisory group members), such Consultants may be engaged through a retainer or fixed fee agreement; the Funds typically bear the expense of retainer fees or fixed fees which may cause the Funds to pay more than if such services were paid on an hourly rate schedule. Material Consulting Fees and Expenses are often incurred for transactions that are not consummated. MDP does not necessarily seek out the lowest cost options or confirm such fees are comparable to the market rates

for such services when incurring (or causing a Fund or its portfolio companies to incur) Consulting Fees and Expenses. See the discussion below under Item 11, “*Conflicts of Interest*.”

RISKS RELATING TO LAWS AND REGULATIONS

Impact of Government Regulation, Reimbursement and Reform. The Funds and their portfolio companies operate in highly regulated environments and are subject to extensive legal and regulatory requirements and limitations; such regulations and burdens of regulatory compliance directly impact their businesses and could have a material adverse effect on, the Funds and such portfolio companies. Specifically, certain industry segments in which the Funds invest, including various segments of the healthcare, financial services, outsourced governmental services and telecommunications industries, are (or may become) (a) highly regulated at both the federal and state levels in the United States and internationally, (b) subject to frequent regulatory change and (c) highly dependent upon various government (or private) reimbursement programs. While the Funds intend to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including in particular the healthcare, financial services, outsourced governmental services and telecommunications industries, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which the Funds invest. By way of example, the healthcare and financial services industries have been, and will likely continue to be, significantly impacted by legislative changes, and various U.S. federal, state or local or non-U.S. legislative proposals related to such industries are introduced from time to time, which, if adopted, could have a significant impact on such industries in general and/or on companies in which the Funds invest.

Enhanced Regulatory Scrutiny of Private Equity. Enhanced governmental scrutiny and/or increased regulation of the private equity industry may continue. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds’ activities, including the ability of the Funds to effectively and timely address these regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives. The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the downturn in the U.S. and global financial markets, may complicate or prevent the Funds’ efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Funds may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

Alternative Investment Fund Managers Directive. The EU Alternative Investment Fund Managers Directive (the “AIFMD”) regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area (“EEA”). If a Fund is actively marketed to investors domiciled or having their registered office in the EEA: (a) such Fund and the General Partner will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in the Fund incurring additional costs and expenses and the Adviser spending more time on such matters and less time to focus on such Fund’s

transactions and portfolio companies, (b) such Fund and/or the Adviser may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which would result in such Fund incurring additional costs and expenses or otherwise affect the management and operation of such Fund, (c) the Adviser will be required to make detailed information relating to such Fund and its investments available to regulators and third parties, and (d) the AIFMD will also restrict certain activities of such Fund in relation to EEA portfolio companies including, in some circumstances, such Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership, which may in turn affect the operations of such Fund generally. In certain circumstances, MDP, the General Partner and the Funds will rely on "reverse-solicitation" rules established by the applicable country. In the event that it is determined that MDP, the General Partner and the Funds should not have relied on reverse-solicitation with respect to a particular investor, such investor may have the right to withdraw from such Funds and/or void its obligations owed to such Funds. Any fees, costs and/or expenses incurred by the Funds, the General Partner, MDP and/or their respective affiliates in connection with complying with AIFMD or otherwise marketing the Funds to investors in the EEA will be expenses of such Funds and thus borne by all investors. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for a Fund to raise its targeted amount of commitments.

Data Protection Regulation. Compliance with current and future privacy, data protection and information security laws and regulations could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of the Funds' and/or a portfolio company's current or planned business activities. These laws and regulations are likely to increase costs for the Funds and/or a portfolio company, and a failure to comply could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of the Funds and/or a portfolio company, as well as have an impact on reputation. EU data protection law previously in effect was derived from the Data Protection Directive (Directive 95/46/EC) and had been implemented by national legislation across all 28 European Union ("EU") member states. On May 25, 2018, the General Data Protection Regulation (EU 2016/679) (the "GDPR") replaced the pre-existing legislation. The GDPR seeks to harmonize national data protection laws across the EU, whilst at the same time, modernizing the law to address new technological developments. As a regulation, the GDPR applies to data controllers and data processors in all EU member states, immediately upon coming into effect, without the need for implementation in each member state. The GDPR notably has a greater extra-territorial reach and will have a significant impact on data controllers and data processors (i) with an establishment in the EU, (ii) which offer goods or services to EU data subjects or (iii) which monitor EU data subjects' behaviour within the EU. The new regime imposes more stringent operational requirements on both data controllers and data processors and introduces significant penalties for non-compliance, with fines of up to 4% of total annual worldwide gross income or €20 million (whichever is higher), depending on the type and severity of the breach. The EU Commission's Regulation on Privacy and Electronic Communications, which aims to reinforce trust and security in the digital single market by updating the legal framework on electronic privacy, is in the process of being finalised and is expected to come into force in early 2019.

Tax Information Exchange Regimes; FATCA Withholding Tax on Certain Non-U.S. Entities. The United States, pursuant to the "Foreign Account Tax Compliance Act" or "FATCA" has entered into numerous intergovernmental agreements with various jurisdictions concerning the exchange of

information as a means to combat tax evasion. The United Kingdom has entered into similar agreements with various jurisdictions. Other countries are also considering such agreements, and the Organisation for Economic Co-operation and Development has developed a worldwide tax information exchange standard pursuant to which many countries have now signed multilateral agreements for the exchange of information. One or more of these information exchange regimes are likely to apply to the Funds and/or alternative investment vehicles, and may require MDP to collect and share with applicable taxing authorities information concerning limited partners (including identifying information and amounts of certain income allocable or distributable to them). In addition, FATCA generally imposes a withholding tax of 30% on a non-U.S. entity's share of most payments attributable to investments in the United States, including dividends, interest, and, beginning on January 1, 2019 (or the date of publication of the final regulations, whichever is later), gross proceeds of a disposition of stock, unless the non-U.S. entity complies with certain conditions or an exception applies. The regulations exempt certain categories of non-U.S. entities (including certain governmental investors and tax-exempt organizations and pension funds) from the requirement to register and report, but otherwise impose obligations on such entities to collect information concerning their account holders and in certain cases withhold upon payments to "recalcitrant account holders" and/or close their accounts. Failure to comply with the conditions of an applicable exception generally will result in the non-U.S. entity becoming subject to the 30% withholding tax on all of the withholdable payments to it. Possible future changes in U.S. federal tax laws arising out of tax reform discussions could have an adverse effect on the Funds or their partners or portfolio companies.

Tax Reform Risks. Changes to the Internal Revenue Code of 1986, as amended and any changes in tax laws or interpretation of such laws may be adverse to the Funds and their partners. Changes to the taxation of carried interest could also cause MDP investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. This might make it more difficult for MDP to incentivize, attract and retain these professionals, which may have an adverse effect on MDP's ability to achieve the investment objectives of the Funds. In addition, this can create a conflict of interest as the tax position of MDP may differ from the tax positions of the Funds and/or the investors and therefore, these rules may have an additional impact on the investment decisions made by the Funds, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the Tax Cut and Jobs Act gives MDP an incentive to cause a Fund to hold an investment for longer than 3 years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than 3 years.

Taxes in Excess of Distributions; "Phantom" or "Dry" Income. The Funds are expected to be treated as a partnership for U.S. federal income tax purposes. Each investor will be taxed on its share of taxable income from the Funds, regardless of whether it has received any distributions from such Funds. Such taxable income is commonly referred to as "phantom" or "dry" income. Because of the nature of the Funds' investment activities, the Funds may generate taxable income in excess of cash distributions to investors, and no assurance can be given that the Funds will make cash distributions to cover such tax liabilities as they arise. Accordingly, each investor should ensure that it has sufficient cash flow from other sources to pay all tax liabilities resulting from such investor's interests in the Funds.

Sanctions Compliance Considerations. Economic sanction laws in the United States and other jurisdictions may prohibit or otherwise restrict the General Partner, the Funds, the portfolio companies

and their respective officers, directors and employees from engaging in transactions in or relating to certain countries and relating to certain individuals and entities. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") and U.S. Department of State administer and enforce laws, executive orders and regulations establishing U.S. economic and trade sanctions. These types of sanctions and similar laws and regulations in non-U.S. jurisdictions may significantly restrict the Funds' direct or indirect investment activities (and the applicable portfolio companies) in certain countries. The economic sanctions and related laws of different jurisdictions in which the Funds make investments also may conflict with one another, such that compliance with all applicable laws may be difficult. The costs of monitoring compliance with OFAC or other relevant sanctions can be significant. Failure by the General Partner, the Funds or any of the Funds' portfolio companies to comply with OFAC or other relevant sanctions could have serious legal and reputational consequences, including civil and criminal penalties, which in turn could materially and adversely affect the results of operations of the Funds and/or a portfolio company.

Anti-Corruption & Anti-Boycott Considerations. The U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act ("UKBA") and other anti-corruption and anti-bribery laws, as well as U.S. anti-boycott regulations may impact the General Partner, the Funds and the Funds' portfolio companies. In recent years, U.S. regulators have been increasingly focused on private equity sponsors' compliance with the FCPA. Any determination that the Adviser, the Funds, the portfolio companies or any of their respective officers, directors or employees has violated the FCPA, the UKBA or other applicable anti-corruption laws, anti-bribery laws, or U.S. anti-boycott regulations, could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and/or a general loss of investor confidence, any one of which could adversely affect the Funds' and the Adviser's business prospects, financial position and/or portfolio companies, as well as the ability to achieve its investment objective and/or conduct its operations.

Antitrust Laws, Regulation and Enforcement. The growth of the private equity industry and the increasing size and reach of private equity transactions has prompted additional governmental attention to the industry and its practices. Acquisition by the Funds of equity securities may result in reporting and compliance obligations under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other similar laws, rules and regulations in non-U.S. jurisdictions ("Antitrust Laws"). Compliance with Antitrust Laws could significantly delay the closing of a transaction, lead to deal abandonment, increase the cost of operating the Funds and the portfolio companies, and/or infringe upon the ability of the Funds and their portfolio companies to engage in certain transactions.

CFIUS & National Security/Investment Clearance Considerations. Certain investments by the Funds that involve the acquisition or sale of a business connected with or related to national security or critical infrastructure may be subject to review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS") and/or non-U.S. national security/investment clearance regulators depending on the structure, beneficial ownership and control of interests in the Funds. In the event that CFIUS or another regulator reviews one or more of the Funds' proposed investments or existing portfolio companies, there can be no assurances that the Funds will be able to maintain, or proceed with, such investments or sale of such portfolio companies on terms acceptable to the Funds. CFIUS or another regulator may seek to impose limitations on or prohibit one or more of the Funds' investments. Such limitations or restrictions may prevent the Funds from maintaining or pursuing investments or sale transactions, which could adversely affect the Funds' performance with respect to such investments (if consummated) and thus the Funds' performance as a whole. In addition, certain of the Funds' investors

are non-U.S. investors, and in the aggregate, are expected to comprise a substantial portion of the Funds' aggregate commitments, which increases both the risk that investments may be subject to review by CFIUS, and the risk that limitations or restrictions will be imposed by CFIUS or other non-U.S. regulators on the Funds' investments. In the event that restrictions are imposed on any investment by the Funds due to the non-U.S. status of an investor or other related CFIUS or national security considerations, the General Partner may choose to restrict such investor's ability to invest in any such portfolio investment and further, if applicable, restrict such investor's rights to participate in or vote on certain decisions of the Advisory Board with respect to such investment. However, there can be no assurance that any restrictions implemented on any such investor will allow the Funds to maintain, or proceed with, any investment or sale of a portfolio company.

RISKS RELATING TO ILLIQUIDITY AND DISTRIBUTIONS

Limited Transferability of Fund Interests. There will be no public market for interests in the Funds, and none is expected to develop. There are substantial restrictions upon the transferability of interests in the Funds under the Governing Documents and applicable securities laws. In general, withdrawals of Fund interests are not permitted other than in certain circumstances described in the Governing Documents. In addition, Fund interests are not redeemable.

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

A Fund's ability to dispose of investments may be limited for several reasons (some or all of which may be outside of such Fund's control), 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 Funds invest and an active mergers and acquisitions (or recapitalizations and reorganizations) market, among other factors.

In-Kind Distributions. The Funds may make distributions in-kind (including of its portfolio company securities) to the extent permitted by the applicable Governing Documents. In the event an in-kind distribution is made, securities or other property distributed shall be valued and accounted for as provided in the applicable Governing Documents. Investors who receive portfolio company securities may liquidate such holdings within a short period of time, which could have an adverse impact on the price of such securities held by other investors. It may be difficult to liquidate such securities or property at a price or within a time period that is determined to be ideal by an investor. Specifically, an investor may not be able to sell such securities or other property at a price at which such shares were valued by the Adviser in the distribution. The value used to determine the applicable Carried Interest

with respect to such distribution may be higher than the value obtained by an investor in a sale of the securities or other property received. Furthermore, securities or other property distributed in-kind may not be readily marketable or saleable and may have to be held by investors for an indefinite period of time.

Valuation of Assets. Generally, there will be no readily available market for a substantial number of the Fund's investments, and hence, most of the Funds' investments will be difficult to value. When estimating fair value, MDP will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. MDP also considers other factors that provide an overall perspective on the value of the investment, including, but not limited to, market conditions, sales and margins metrics, original acquisition multiples, implied multiple from company-specific transactions, third party offers, current and projected operating performance subsequent to the acquisition of the investment, impact of fluctuations in foreign currency exchange rates or debt. Valuations are subject to multiple levels of review for approval and are valued in accordance with the procedures set forth in MDP's Valuation Policies. In addition, a Fund's Advisory Board is also able to contest valuations pursuant to its Governing Documents. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and will often differ from the prices at which such securities may ultimately be sold. Third party pricing information may at times not be available regarding certain of a Fund's assets. The exercise of discretion in valuation by MDP gives rise to conflicts of interest, because valuations impact MDP's track record and in connection with determining the amount and timing of distributions and/or giveback of Carried Interest. As a result, it is possible for there to be situations where MDP is incentivized to influence or manipulate the valuation of investments. There can be no assurances that the value for a particular portfolio company will be obtained and actual results often vary significantly from the valuations.

RISKS RELATING TO THE GENERAL PARTNER'S RECEIPT OF FEES AND CARRIED INTEREST

Transaction Fee Acceleration or Settlement. Agreements made with portfolio companies have and may in the future require the acceleration or settlement of future Transaction Fees payable by a portfolio company at the sale or public offering of such portfolio company and an agreed upon value of such fees may be paid to the Adviser or its affiliates at such time. These fees may be substantial, particularly in the event such circumstances occur early in the life of a Fund's investment in such portfolio company. The calculation of the agreed upon value may be based on the expected hold period by an MDP Fund of its investment in such portfolio company and such estimated hold period may be longer than the actual hold period of such investment (which would result in a higher amount being paid than would have otherwise been the case without the acceleration). The payment of these fees could benefit the General Partner disproportionately vis-à-vis its limited partners.

In addition, the Adviser or the General Partner may waive their respective rights to some or all of any such Transaction Fees after taking into account various factors, including the General Partner's assessment of (a) in the case of an initial public offering, how payment of such accelerated or settlement fee might affect the success of such offering and whether and the extent to which director fees will be paid to "affiliated partners" for their board services after such offering, (b) the portfolio company's financial condition and performance of the Fund's investment in such portfolio company, (c) the amount of fees (including such accelerated or settlement fee) received by other investors in such portfolio company and (d) the effect of such accelerated or settlement fee on the equity of or management's equity incentives in such portfolio company.

General Partner's Carried Interest. The fact that the General Partner's Carried Interest is based on a percentage of net profits may create an incentive for the General Partner to cause a Fund to make riskier or more speculative investments or to hold onto an investment longer or shorter than otherwise would be the case in absence of such performance-based compensation.

OTHER RISKS

Significant Adverse Consequences for Default. The Governing Documents of the Funds provide for significant adverse consequences in the event a limited partner defaults on its Commitment or any other payment obligation. In addition to losing its right to potential distributions from the Funds, a defaulting limited partner may be forced to transfer its limited partner interest in the Funds for an amount that is less than the fair market value of such limited partner interest and that may be paid over a period of up to ten years, without interest. If a limited partner fails to pay its commitment when due, and the amount of capital contributions made by the non-defaulting investors plus any borrowings made by the Fund is inadequate to cover the defaulted capital contribution, such Fund may be unable to pay its obligations when due. As a result, such Fund may be subjected to significant penalties that could materially and adversely affect returns to its limited partners (including to non-defaulting limited partners).

Dilution. Investors admitted or who increase their respective capital commitments to the Funds at subsequent closings generally will participate in then-existing investments of the Funds, thereby diluting the interest of existing investors in such investments. Although any such new investor generally will be required to contribute its pro rata share of previously made capital contributions and a yield thereon, there can be no assurance that this contribution will reflect the fair value of the Funds' existing investments at the time of such contributions. This dilution risk can result in conflicts of interest between the General Partner and limited partners, including but not limited to, unrealized investments that have appreciated in value and the General Partner's interests to increase Fund size and resulting management fees and additional carried interest potential.

Transfer by General Partner. To the extent the General Partner, its partners, the Principals and/or their respective affiliates commit to make a direct or indirect investment in or alongside the Funds, a material participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the Governing Documents.

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 unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' portfolio companies.

Market Conditions. The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally, may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments and the value of the investments held by the Funds. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when MDP believes it is most advantageous to do so, or without adversely affecting the stock price. Volatility and illiquidity in the financial sector may have a material adverse effect on the ability of the Funds to buy, sell and partially dispose of their portfolio company investments. Such adverse effects may include the requirement of the Funds to pay break-up, termination or other fees and expenses in the event such Funds are not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of such Funds to dispose of investments at prices that MDP believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to raise funding in support of its investment objective.

Cybersecurity Issues. The information technology systems of MDP, the Funds, the Funds' portfolio companies and/or their respective service providers 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). These situations may cause significant interruptions in MDP's, the Funds' and/or a portfolio company's operations and may result in a failure to maintain the security, confidentiality or privacy of sensitive data (including information relating to investors or their personnel and/or their beneficial owners). Such

incidents could cause MDP, the Funds, the Funds' portfolio companies and/or their respective service providers to be in violation of laws, incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, MDP and the Funds may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and updated cybersecurity, identity theft, unauthorized use of proprietary information, adverse customer or investor reaction or litigation. Similar types of operational and technology risks are also present for the companies in which the Funds invests, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

Liability of Limited Partners. The Funds are typically formed as a limited partnership. Generally, a limited partner is not expected to be personally liable for the debts of the Funds, however, in the event a Fund is otherwise unable to meet its obligations, the limited partners may, under applicable law, be obligated to repay amounts previously received by them, subject to certain limitations set forth in the Governing Documents. In addition, a partner's commitment is susceptible to risk of loss (i.e., the General Partner will be able to call capital from the partners) as a result of any liability of the Fund, irrespective of whether such liability is attributable to an investment.

Limited Partner Disclosure of Information. The General Partner expects that certain limited partners will be entities that are subject to public disclosure requirements, including U.S. state public records or similar freedom of information laws that may compel public disclosure of confidential information regarding the Funds, its investments and/or the limited partners. In recent years, an increasing number of requests for disclosure of fund documents (including partnership agreements, subscription agreements and Side Letters) have been made in respect of entities subject to such requirements. The Funds may incur expenses in connection with responding to any such disclosure request. There can be no assurance that such confidential information (including such limited partner's, its affiliates' and their respective officers', directors' and employees' names, contact information, direct or indirect beneficial owners, tax status and other tax-related information, and any other personally identifiable information) will not be disclosed to a governmental authority, regulatory or self-regulatory organization, financial institution and/or other persons or entities in connection with the Funds' anti-money laundering procedures, any applicable law, rule, regulation or order or otherwise. In addition, under the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC has the authority to require private equity fund advisers, such as MDP, to file additional reports with the SEC regarding their funds and investment activities. Any public disclosure of such information could have an adverse effect on the Funds, their portfolio companies and/or their limited partners.

Amendment of Governing Documents. The Governing Documents allow certain provisions of such documents to be amended without an investor's consent and such amended provisions may adversely impact such investor.

Item 9. Disciplinary Information

MDP does not have any legal or regulatory events required to be disclosed pursuant to Item 9.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

Various limited partnerships or other entities (the “General Partners”) serve as general partners of the Funds, and Principals of MDP are partners of one or more of the General Partners. Madison Dearborn Partners, LLC or a “relying adviser” (as described below) is the ultimate general partner of the General Partners. For a description of material conflicts of interest created by the relationship among MDP and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

Relying Advisers

Each of MDP Global Investors II Limited and MDP Global Investors III Limited is a “relying adviser” of MDP. These relying advisers operate as a single advisory business together with MDP and serve as managers or general partners of private investment funds and other pooled vehicles and share some common owners, officers, partners, employees, consultants or persons occupying similar positions. The relying advisers are subject to MDP’s Code of Ethics and compliance programs adopted pursuant to the requirements of the Advisers Act.

Other Related Persons

MDP, through various Funds, is an investor in several insurance businesses, including: (a) NFP Corp. and its affiliated entities (collectively, “NFP”), a benefits, insurance, and wealth management business, (b) The Ardonagh Group, Broker Net and their affiliated entities (collectively, “Ardonagh”), a vertically integrated insurance broker with retail and wholesale brokerage, underwriting services and other insurance services, (c) The Amynta Group and its affiliated entities (collectively, “Amynta”), an insurance distribution network that provides warranty and insurance brokerage services through other insurance carriers and underwriters, and (d) Navacord Corp. and its affiliated entities (collectively “Navacord”), a commercial insurance broker predominately distributing commercial property and casualty products across a variety of end markets, with a small presence in personal property and casualty and benefits and pension (NFP, Ardonagh, Amynta, and Navacord collectively, the “Insurance Portfolio Companies”). In addition, MDP, through various Funds, is an investor in several consulting businesses, including (x) Ankura Consulting Group, LLC and its affiliated entities (“Ankura”), a professional services firm focused on the legal, risk, cybersecurity and compliance practice areas and (y) Kaufman Hall & Associates, LLC and its affiliated entities (“Kaufman Hall”), a healthcare management consulting and enterprise performance management software company (Ankura and Kaufman Hall, collectively, the “Consulting Portfolio Companies”). The Insurance Portfolio Companies and the Consulting Portfolio Companies are operated and managed completely separately from MDP. MDP does not have any involvement in the day-to-day business operations of these companies. MDP does not control or direct the insurance or consulting recommendations that an Insurance Portfolio Company or Consulting Portfolio Company makes to its clients and all such recommendations in connection with the services provided to such clients are solely made by the applicable portfolio company. MDP, the Funds and their respective portfolio companies from time to time retain or utilize the services provided by an Insurance Portfolio Company or Consulting Portfolio Company, including due diligence and/or

insurance-related services. Please see Item 11 below for a discussion of conflicts related to the retention of service providers by MDP and/or the Funds.

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

Code of Ethics

In accordance with Rule 204A-1 under the Advisers Act, MDP has adopted a written Code of Ethics that is applicable to all of its managing directors and above, principals, directors, vice presidents, associates, officers (or any person performing similar functions) and employees, and certain other persons who are subject to MDP's supervision and control (such as executive partners who are expressly designated by the CCO as being subject to the Code of Ethics) (collectively, "Adviser Personnel"). The Code of Ethics also applies to certain family members of Adviser Personnel (such persons together with Adviser Personnel, "Covered Persons"). The Code of Ethics requires compliance with the federal securities laws and limit personal trading by Covered Persons in a wide range of publicly traded securities (for example, subject to certain exceptions, Covered Persons cannot purchase publicly traded common stock). If permitted by the Code of Ethics, Covered Persons seeking to make a trade in certain types of securities covered by this policy require pre-clearance from MDP's Chief Compliance Officer (or a designee). Under the Code of Ethics, Adviser Personnel are required to report certain accounts they and their related Covered Persons use for the trading in securities as described by such policy and file certain periodic reports (including reports of personal securities transactions and holdings) with MDP's Chief Compliance Officer. The Code of Ethics helps MDP detect and prevent potential conflicts of interest relating to investments and securities trading.

Adviser Personnel may be subject to remedial actions in the event of a breach by such person and/or their related Covered Persons of the Code of Ethics, including, but not limited to, additional training, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Madison Dearborn Partners, LLC, 70 W. Madison Street, Suite 4600, Chicago, Illinois 60602, Attention: Chief Compliance Officer.

Participation or Interest in Client Transactions

MDP and certain of its current and former personnel and advisers (such as executive partners and industry advisory group members) invest in the Funds, either through the General Partners, as direct investors in the Funds or otherwise. Management Fees and Carried Interest assessed on such investments are commonly waived by MDP or a Fund, as applicable. In addition, subject to the terms of the Governing Documents, certain of MDP's advisers (such as executive partners and industry advisory group members) also invest directly or indirectly, in the investments being made by the Funds. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "*Conflicts of Interest*" immediately below.

Due in part to the fact that potential or existing investors in a Fund (including potential investors in a co-investment vehicle or seller or purchaser of a limited partner's interests in a secondary transaction) often ask different questions and request different information, MDP provides certain information to one or more prospective or current investors that it does not provide to all of the prospective or current investors.

Conflicts of Interest

Subject to the terms of the Governing Documents, MDP, its related entities and their respective personnel (including the Principals) engage in a broad range of activities, including investment activities for their own accounts and for the accounts of the Funds and other investment vehicles, and providing consulting, management, advisory, sub-advisory, transaction-related, financial advisory, operational support and other services to funds, investment vehicles and operating companies (including portfolio companies of MDP-related funds). In the ordinary course of conducting these activities, the interests of a Fund will, from time to time conflict with the interests of MDP, other funds or their respective personnel and affiliates. Certain of these conflicts of interest, as well as a description of how MDP addresses such conflicts of interest, can be found below, although the discussion below does not necessarily describe all of the conflicts that may be faced by MDP and/or its Funds. Other conflicts are disclosed throughout this brochure (including in Item 5 and Item 8) and this brochure should be read in its entirety for other conflicts.

Conflicts and Resolution of Conflicts - General

In the case of all conflicts of interest, MDP's determination as to which factors are relevant, and the resolution of such conflicts, will be made using MDP's best judgment, but in its sole discretion. In resolving conflicts, MDP considers various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. On any issue involving actual conflicts of interest, subject to the terms of the applicable Governing Documents, MDP will be guided by its good faith discretion. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless MDP believes that such investment is an appropriate investment considered from the viewpoint of such Fund;
- Many important conflicts of interest will generally be resolved by defined procedures, restrictions or other provisions contained in the Governing Documents for the Funds or MDP compliance policies and procedures;
- Many of the Funds have established a Fund Advisory Board, consisting of representatives of investors not affiliated with MDP. A Fund's Advisory Board may review transactions between the applicable Fund and MDP or its employees and affiliates and other potential conflicts of interest referred to it by MDP, in its discretion, as provided under the Governing Documents of the applicable Funds. In addition, in order to provide more transparency, MDP may, when it deems it to be appropriate, from time to time provide to its Fund Advisory Boards, information relating to conflicts of interest;

- MDP has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest;
- Where MDP in its sole discretion deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker or other third party to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in a new Fund (except for a co-investment vehicle or alternative investment vehicle), each investor receives information (e.g., through the Form ADV and private placement memorandum) relating to significant potential conflicts of interest arising from the proposed activities of the Fund. Prior to a transfer of limited partnership interest in a Fund, the purchaser of such interest is also provided access to MDP's Form ADV, which describes significant potential conflicts of interest.

Although certain provisions of a Fund's Governing Documents are designed to protect the interests of investors in situations where conflicts may exist, these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives.

Allocation of Investment Opportunities Among Clients

In connection with its investment activities, MDP encounters situations in which it must determine how to allocate investment opportunities among various Funds and other persons, including, but not limited to, the following:

- Among the applicable Funds, which include (a) sub-advised Funds, (b) Funds organized as parallel investment entities that have been formed to invest side-by-side with one or more other Funds (either in all transactions entered into by such Fund(s) or in a limited subset of such investments) and (c) Funds that have been formed to facilitate investments by certain business associates and other "friends and family" of MDP or its personnel (such as an "executive fund");
- Among the applicable Funds and alternative investment vehicles that have been formed to address, for example, specific tax, legal, business, accounting or regulatory-related matters that arise in connection with a transaction or transactions;
- Among the applicable Funds and co-investment vehicles that are formed to invest in particular transactions entered into by an applicable Fund (the investors in such co-investment vehicles often include individuals and entities that are also Fund Investors and/or Third Parties);
- Among the applicable Funds and Fund Investors who wish to make direct investments (i.e., not through a co-investment vehicle) in particular transactions entered into by an applicable Fund; and
- Among the applicable Funds and Third Parties who wish to make direct investments (i.e., not through a co-investment vehicle) in a particular transaction entered into by an applicable Fund

(including Third Parties acting as “co-sponsors” with MDP with respect to a particular transaction).

The Funds are generally subject to investment allocation requirements set forth in their respective Governing Documents (collectively, “Investment Allocation Requirements”). To the extent the Investment Allocation Requirements of a Fund permit MDP to use its discretion in, or do not address the procedures for, making allocation decisions among different Fund families or among the Funds and other persons, MDP has adopted written policies and procedures relating to the allocation of investment opportunities which permit MDP to consider some or all of a wide range of factors, including but not limited to, each Fund’s investment objectives, strategy, scope and focus (including targeted rates of return, size of transaction and size of equity investment), active investment period, partnership term, amount of capital available for investment and expenses (including desirability to use recyclable capital) and projected future capacity for investment, whether an investment opportunity requires additional consents or authorizations from the Fund, investors or third parties, and diversification (including the actual, relative or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio) and portfolio risk considerations. MDP will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund. The application of the Investment Allocation Requirements and factors set forth above will often result in allocation on a non-pro rata basis and there can be no assurance that a Fund will participate in all investment opportunities that fall within its investment objectives.

In addition, current and former MDP personnel and advisers (such as executive partners and industry advisory group members) of MDP invest indirectly or directly in the Funds (and therefore participate indirectly in investments made by such Funds). Such interests will vary Fund by Fund and may create an incentive to allocate particularly attractive investment opportunities to the Fund in which such personnel hold a greater interest. The existence of these varying circumstances presents a conflict of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

Allocation of Co-Investment Opportunities and Secondary Transactions

MDP will determine if the amount of an investment opportunity exceeds the amount MDP determines would be appropriate for the Funds (after taking into account additional capital to be contributed by other Funds and any co-sponsors, as well as any portion of the opportunity allocated to certain participants by contract in the applicable deal, such as consultants and advisers to MDP and/or the Funds (which includes executive partners and industry advisory group members); to board of directors, management teams, consultants, advisers or roll-over equity holders of the applicable portfolio company; to strategic investors, executives of current or former portfolio companies or any other co-investors determined by MDP to be in the best interest of such Funds), and any such excess may be offered to one or more co-investors pursuant to the procedures included in such Funds’ Governing Documents and/or MDP’s compliance policies and procedures, as summarized in the following paragraphs.

Subject to any Investment Allocation Requirements, in general, (a) no investor in a Fund has a right to participate in any co-investment opportunity (nor any priority to co-investment opportunities), (b) decisions regarding whether and to whom to offer and the amount of any co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of MDP

or other participants in the transaction, (c) co-investment opportunities typically will be offered to some but not other Fund Investors, in the sole discretion of MDP and investors may be offered a smaller amount of co-investment opportunities than originally requested or may not be offered any amount of co-investment opportunities (even if they have expressed interest in co-investing), (d) Third Parties will, from time to time be offered co-investment opportunities, in the sole discretion of MDP, (e) MDP intends to offer co-investment opportunities to executive partners and industry advisory group members, as well as directors, officers, employees, advisers and roll-over equity holders of a portfolio company, and (f) Fund Investors and/or Third Parties will generally purchase their interests in a portfolio company either at the same time as the Funds, or purchase such interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Additionally, non-binding acknowledgements of an investor's interest in co-investment opportunities are not Investment Allocation Requirements and do not require MDP to (x) provide co-investment opportunities to such investor or (y) notify such investor if there is a co-investment opportunity.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment to and among potential co-investors and the terms and amounts thereof, MDP considers some or all of a wide range of factors, including, but not limited to, one or more of the following:

- MDP's evaluation of the co-investor's level of interest in investment opportunities (including whether a potential co-investor has expressed an interest in participating in co-investment opportunities, such co-investor's level of interest in a particular industry or type of business, and size and financial resources of the potential co-investor);
- MDP's perception of the ability of that potential co-investor (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investor has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required);
- Whether MDP believes, in its sole discretion, that allocating investment opportunities to a potential co-investor (who may be Fund Investors or potential investors in the Funds or future Funds) will help establish, recognize, strengthen and/or cultivate relationships that may provide longer-term benefits (including strategic, sourcing or similar benefits) to MDP, the Funds or future Funds of MDP, or the applicable portfolio company;
- MDP's evaluation of its past experiences and relationships with the potential co-investor, such as the willingness or ability of such person or entity to respond promptly and/or affirmatively to potential investment opportunities previously offered by MDP and the expected amount of negotiations required in connection with a potential co-investor's commitment;
- The character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);
- Level of demand for participation in such co-investment opportunity;

- MDP's evaluation of whether the profile or characteristics of the potential co-investor may have a positive or negative impact on the viability, prospects or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investor is involved in the same industry as a prospective portfolio company in which a Fund wishes to invest, or if the identity of the potential co-investor, or the jurisdiction in which the potential co-investor is based, may affect the terms, structure, or cause other issues with respect to the investment or the Fund's participation in such investment opportunity);
- MDP's evaluation of whether the investment opportunity may subject the prospective portfolio company, the Funds or the potential co-investor to legal, tax, regulatory, competitive, confidentiality, contractual, reporting, public relations, media or other burdens that make it less desirable for such co-investor to participate in a potential investment opportunity;
- The Firm's desire to limit or minimize the number of potential co-investors approached on any investment opportunity in order to, among other concerns, (a) reduce the chances of an inadvertent disclosure of the existence of an investment opportunity and/or other confidential information, (b) reduce the amount of additional due diligence burden on the potential investment, and (c) reduce any delay in timing caused by the inclusion of a new potential co-investor;
- MDP's evaluation that a particular co-investor has provided value in sourcing, establishing or developing relationships, participating in diligence and/or negotiations for such potential transaction, financing related to such transaction or is expected to provide value to the business or operations of a portfolio company (including financing relating to such company) post-closing;
- The ability of a potential co-investor to aid in operating or monitoring of a portfolio company or the possession of certain expertise by a potential co-investor and the potential co-investor's chemistry with the management team of the potential portfolio company, and whether the potential co-investor has any existing positions in the potential portfolio company;
- Any interests a potential co-investor has in any competitors of the potential portfolio company;
- MDP's evaluation of the level of support given by a particular co-investor to MDP or its Funds (including size of commitment to current or previous Funds, number of Funds such party has invested in, size of commitment by such co-investor to an MDP Fund relative to its commitment range in other private equity funds and potential commitment to future Funds) and/or whether MDP believes the co-investor has demonstrated a long-term and/or continuing commitment to the success of MDP, its Funds or the applicable portfolio company; and
- Such other facts as the Firm deems appropriate under the circumstances in exercising such discretion.

The above factors are not listed in order of importance or priority. MDP will be under no obligation to consider all of the factors described above in any particular investment and some factors may be more or

less important depending upon the nature of the particular investment and circumstances. MDP's exercise of its discretion in allocating investment opportunities among various persons, including the Funds, Fund Investors and Third Parties, often will not, result in proportional allocations among such persons, and such allocations often will be more or less advantageous to some such persons relative to other such persons. For example, MDP may be incentivized to offer a co-investment opportunity to certain persons over others based on its, or a Fund's, economic arrangement with such persons. The allocation of co-investment opportunities may involve a benefit to MDP that is not shared with the Funds. While MDP will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest discussed herein, did not exist.

In the event MDP determines to offer an investment opportunity to potential co-investors, there can be no assurance that such co-investors will invest in such opportunity or that the terms and conditions of such co-investment will be as favorable for the applicable Funds as anticipated by MDP. In connection with these co-investment processes, the applicable Funds incur expenses (which may be substantial) which are often not shared (i.e., paid for) by prospective co-investors. For additional information regarding co-investment vehicle expenses, please see "*Co-Investment Vehicle Expenses*" in Item 5 above. If these co-investors do not invest in such opportunity (in whole or in part), a Fund may hold a greater interest in such portfolio company than was initially intended, which could make such Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect to this investment.

As noted above, it is very common that the directors, officers, employees, Consultants and/or other advisers of a portfolio company, as well as Consultants to the Funds, co-invest in such portfolio company. The terms of such co-investment (including the amount to be co-invested) are negotiated on a case by case basis with each such person. Separate from such co-investment, such persons also occasionally receive incentive equity awards (whether in the form of restricted stock, profits interest, stock options, or otherwise) of a portfolio company, and MDP Funds typically do not receive such incentive equity awards. Although the co-investment and receipt of incentive equity awards by such persons dilute the Funds' ownership in their portfolio companies, such issuances and grants are generally made to compensate and/or motivate such persons and align their interests with those of the Funds.

MDP or its affiliates may establish dedicated co-investment vehicles for specific investors in order to facilitate investments by the relevant investors as co-investment parties alongside a Fund. Any such vehicle will be established at MDP or its affiliates' sole discretion and MDP and its affiliates have no obligation to offer a similar opportunity to any other investor.

In addition, a potential conflict of interest often arises in the event that a Fund Investor requests to transfer its interest in a Fund in a secondary transaction. Subject to any restrictions in the Governing Documents of the applicable Fund, MDP or its related persons: (a) are often asked to identify or consent to a limited number of Fund Investors or Third Parties to potentially acquire the interest being transferred (and will make any suggestions at its sole discretion) and/or (b) have, and may in the future, purchase such interests from such Fund Investor (without the consent of any other investor). To the extent MDP has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's

Governing Documents, MDP may consider the factors listed above and such other factors (e.g., the impact such transfer would have on such Fund's credit facilities, if any) as it may deem appropriate under the circumstances in exercising such discretion. A purchaser's potential investment in another Fund (including any commitment to a future fund) may also be considered by MDP in determining whether to grant or withhold its consent to a secondary transfer of interests in a Fund to such purchaser. Additionally, non-binding acknowledgements of an investor's interest in purchasing secondary interests are not binding upon MDP and do not require MDP to (x) provide such secondary purchase opportunity to such investor or (y) notify such investor if there is such an opportunity.

Conflicts Related to Purchases and Sales of Investments

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Investments by more than one client of MDP in a portfolio company can be perceived as using assets of a client of MDP to support positions taken by other clients of MDP. MDP or its affiliates may also express inconsistent or contrary views of commonly held investments or of market conditions more generally. In addition, there may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. These variations in timing may be detrimental to a Fund. There can be no assurance that the return of a Fund participating in 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. In addition, follow-on investments of a portfolio company in a prior Fund may be made by the newer Fund if the prior Fund does not have sufficient reserves (as determined by the Adviser) for the follow-on investment after taking into account any reserves and expected anticipated expenses or potential liabilities. Any such follow-on investment would be subject to the applicable conflict procedures set forth in the respective Governing Documents for such Funds.

Investment opportunities may be appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. For example, certain clients of MDP and its affiliates are permitted to invest in bank debt and securities of companies in which other clients hold securities, including equity securities. Conflicts arise in determining the terms of these investments, particularly where these clients invest in different types of securities in a single portfolio company. Decisions about what action should be taken in a troubled situation, including whether or not to modify or waive covenants, enforce claims, whether or not to advocate or initiate a refinancing, restructuring or liquidation inside or outside of bankruptcy, and the terms of any such activities raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company. In the event that one Fund has a controlling or significantly influential position in a portfolio company, it will have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Funds that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company. The involvement of such Funds at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, the Funds will be prohibited from exercising voting or other rights, and will be subject to claims by other creditors with respect to the

subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided, each Fund will supply such additional capital in such amounts, if any, as determined by MDP.

If a Fund purchases in the secondary market at a discount, debt securities of a company in which a Fund has, for example, a substantial equity interest, (a) a court might require a Fund to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Fund might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

The application of a Fund's Governing Documents and MDP's policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Funds in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

In addition, a conflict arises in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Employees and related persons of MDP and its affiliates have made and in the future may make capital investments in or alongside certain Funds, raising additional conflicting interests in connection with these investments.

From time to time MDP, in its discretion, has entered (and may in the future enter) into transactions with a person who is a Fund Investor or affiliated with such investor, who agree to purchase all or a portion of certain investments held by one or more Funds or who agree to provide financing (including senior and mezzanine debt) to the Funds' investments and portfolio companies. In exercising its discretion to select the purchaser(s) of such investments, MDP considers various factors, including but not limited to, some or all of the factors listed above under *"Allocation of Co-Investment Opportunities and Secondary Transactions."* The sales price for such transactions will be mutually agreed to by MDP (and perhaps by co-investors in such portfolio company) and such purchaser(s). The terms of the debt financing for MDP's investments and portfolio companies are also subject to mutual agreement of the parties involved, which often include the management team of the portfolio company. Although MDP is not obligated to solicit competitive bids for such transactions or to seek the highest available price (in the case of a sale transaction) or the lowest debt financing rates (in the case of a financing transaction), it will first determine that such transaction is in the best interests of the applicable Fund(s) and applicable portfolio company, taking into account the applicable price and the other terms and conditions of the transaction (including but not limited to, speed and certainty of closing). There can be no assurance that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s) or portfolio company. Any such transactions will comply with the Governing Documents of the applicable Fund(s).

Subject to the terms of the applicable Governing Documents, a Fund is permitted to invest in opportunities that other Funds have declined, and likewise, a Fund is permitted to decline to invest in opportunities in which other Funds have invested.

To the extent the terms of the applicable Governing Documents require multiple Funds to acquire interests in the same portfolio company (such as the case when a new Fund has been raised and there is available capital (as determined by the Adviser) to invest from the prior Fund), there are situations where the disposition of such interests are not made on a proportional basis. For example, this can happen when the “Fund life” of such prior Fund has ended (i.e., it is in the final stages of winding up). MDP has the discretion to determine that, based on its consideration of each Fund’s best interests, it will liquidate such interests held by the prior Fund, prior to or on a disproportionate basis than, the liquidation of such interests held by the newer Fund.

A Fund has in the past and is likely to, in the future, sell down an interest in its portfolio companies to co-investors. Subject to the applicable Governing Documents, MDP (on behalf of the Funds) may charge (or may decide not to charge) a co-investor (such as a Fund Investor or Third Party) interest costs (including out-of-pocket interest costs) for the time period between the closing of the applicable Fund’s investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor. Subject to the applicable Governing Documents, MDP (on behalf of the Funds) has the discretion to determine the purchase price to be paid by such co-investors in such sell down (and MDP is able to consider a variety of factors in determining the purchase price, including the effect of foreign currency fluctuations impacting such portfolio company investment).

The Funds will, from time to time, enter into equity commitment letters where such Funds agree that upon the closing of a transaction with respect to a potential portfolio company, they will purchase equity securities in a transaction. Furthermore, in certain instances the Funds will also enter into: (a) limited guarantee arrangements where such Funds agree that if a transaction with respect to a potential portfolio company is not consummated, they will pay a percentage of the total value of the transaction as a “reverse termination fee” to the seller entity and (b) full guarantee arrangements where such Funds agree to close a transaction even if the debt financing for such transaction is not available or has not been funded. Co-investors in a potential transaction do not typically enter into such equity commitment letters, limited guarantees or full guarantees and as a result, such co-investors are not obligated to pay any portion of such equity commitments, reverse termination fee or obligations.

The Funds, from time to time, co-invest with third parties. These investments may involve risks that would not otherwise be present in investments where a third party is not involved. Such risks include, among other things, the possibility that the third party may have differing economic or business goals than those of the Fund, or that the third party may be in a position to take actions that are inconsistent with the investment objectives of the Funds. There may also be instances where the Funds will be liable for the actions of such third party co-investors. There can be no assurance that the return of a Fund participating in a transaction with a third party would have been as favorable as it would have been had such conflict not existed.

Conflicts would also arise in situations where MDP could potentially cause portfolio companies owned by different Funds or other vehicles managed or controlled by MDP or its affiliates (“Other Vehicles”) to merge in whole or part with each other or to be purchased or sold in whole or in part to each other. Such transactions may lead to a conflict of interest because MDP controls the Funds, Other Vehicles and/or portfolio companies on each side of such transactions. Depending on the transaction structure, such transaction may disproportionately benefit the purchasing, selling, or merging Fund or Other Vehicle (or MDP as a result of its interests in a Fund or Other Vehicle, as applicable), and the other

Fund or Other Vehicle may incur expenses or forego gains that would have been obtained had it not exited such company or companies. Determining consideration or other terms of such transactions may create a conflict of interest because of the terms (including the fee terms) of the Funds or Other Vehicles and MDP's interest in such Funds or Other Vehicles. Such acquisition or merger may also lead to the other Fund or Other Vehicle, as applicable, holding the remaining portion of the company, if any, longer than it otherwise would have, which may increase the risk for loss. As a fiduciary to each Fund in such a transaction, MDP will act in the best interests of each Fund (as determined in its sole discretion), but there is no assurance that such transaction will be equally profitable or advantageous to each participating Fund and Other Vehicle, as applicable. MDP will resolve all such conflicts using its best judgment but in its sole discretion, subject in certain cases to approval by the applicable Fund Advisory Board of the participating Funds. There can be no assurance that any such conflicts can be resolved in a manner that is beneficial to each Fund.

Cross-Transactions

Subject to the terms of the applicable Governing Documents, a Fund can purchase investments from another Fund or a Fund can sell investments to another Fund (including through the purchase or sale of interests by a Fund from or to a co-investment Fund that is managed by MDP or its affiliates). MDP and its affiliates generally receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and are entitled to share in the investment profits of the relevant Funds. Such transactions create conflicts of interest because: (a) MDP, its affiliates and personnel typically have material investments in certain of these Funds and (b) by not exposing such buy and sell transactions to market forces, a Fund selling its interests may not receive the best price otherwise possible or a Fund purchasing these interests may pay a price higher than what a third party would pay for such interests, or (c) MDP might have an incentive to sell the interests held by one Fund to another Fund in order, for example, to earn fees or enhance the overall performance of the applicable Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To address these conflicts of interest, in connection with effecting such transactions, MDP will follow the Governing Documents of the relevant Funds (e.g., the Governing Documents of certain Funds and their associated parallel Fund(s) typically provide for the rebalancing of investments at certain times and at a cost set forth in those documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund and such parallel Fund(s)). To the extent such matters are not addressed in the Governing Documents of the Funds, MDP will (a) consider its respective duties to each Fund and review transactions for compliance with each Fund's Governing Documents, (b) determine whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party (which third party may also be an existing investor in the applicable portfolio company investment), and (c) obtain any required approvals (including, if applicable, Fund Advisory Board approval) of the transaction's terms and conditions.

Furthermore, to the extent required by the relevant Funds' limited partnership agreements or otherwise in the sole discretion of MDP, MDP may seek to mitigate the conflicts identified above by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price). In certain circumstances, MDP may determine that the

willingness of a third party (which third party may also be an existing investor in the applicable portfolio company investment) to transact on the same terms demonstrates the fairness of the relevant transaction to the Fund under then-current market conditions. MDP intends that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

Under certain circumstances, MDP may wish to reduce the investment of one or more Funds in an investment and increase the investment of other Fund(s) in such investment, and may, therefore, effect such transactions by directing the transfer of such investment between such Funds. Any incremental costs and expenses associated with any such transaction will be borne by such Funds on a pro rata basis or, otherwise, in accordance with such Funds' Governing Documents.

Principal Transactions

Section 206(3) under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's prior consent to the transaction. In connection with MDP's management of the Funds, MDP and its affiliates typically do not engage in principal transactions. However, MDP has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including the requirement that Principals use reasonable efforts to disclose any economic interest held by them in a prospective portfolio company that is actively being reviewed by a Fund, disclosures required by Section 206(3) of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the Governing Documents relating to the Funds generally contain additional provisions addressing principal transactions.

Management of the Funds and other Investments

MDP manages a number of Funds that have investment objectives, strategy or scope similar to each other. Subject to the Governing Documents, MDP expects that it or its personnel will in the future establish, advise or sub-advise one or more additional funds or investment vehicles with investment objectives, scope or strategy similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds or between the Funds and any other fund or investment vehicle could give rise to conflicts of interest. See "*Allocation of Investment Opportunities Among Clients*" above.

Conflicts of interest also arise in allocating time, services or functions of the MDP Principals and employees. Subject to the Governing Documents, it is expected that the Principals and employees of MDP responsible for managing a particular Fund will have responsibilities with respect to other funds and investment vehicles managed by MDP or its personnel, including funds and investment vehicles that are raised in the future (e.g., funds with similar as well as different investment objectives, strategies, and scope). Specifically, even when a new Fund is established, MDP and its Principals and employees spend a material amount of time managing prior Funds and such Funds' existing and in-process

investments. With respect to conflicts created by sequential Funds (e.g., Funds VI and VII), these conflicts are partially mitigated by provisions regarding the allocation of investment opportunities contained in the applicable Governing Documents of such Funds.

Although MDP generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund bears liability for all or part of the obligations of another Fund, in certain circumstances, lenders, purchasers of portfolio companies and other parties negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In each such case, MDP intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In addition, the Funds will, from time to time, enter into arrangements that require the Funds to be jointly and severally liable. Although unlikely, if one Fund defaults on such arrangement, the other Funds will be held responsible for the defaulted amount. The Funds will only enter into such joint and several arrangements when MDP determines it is in the best interests of the Funds and is in compliance with the terms of the applicable Governing Documents.

In addition, subject to the Governing Documents and the Firm's Code of Ethics, MDP's Principals also invest in, control and/or manage businesses (including companies that operate within one of MDP's industry sectors) or other investment vehicles (e.g., hedge funds, debt funds, search funds, or other investment funds) ("Personal Investments"); typically, the MDP Principals are passive investors in such Personal Investments. Such Personal Investments may either compete with the Funds or Fund portfolio companies, and subject to the applicable Fund's Governing Documents, such Personal Investments may also hold securities of portfolio companies of the Funds, which creates conflicts of interest. These Personal Investments have purchased, and may in the future purchase, interests from or sell interests to, the Funds (for example, an MDP Principal is a passive investor in a private investment fund that is not affiliated with MDP; that other private investment fund sells its portfolio company to an MDP Fund or that other private investment fund invests in a portfolio company of an MDP Fund). In addition, these Personal Investments include debt funds that have, and may in the future, invest in debt of certain current or prospective portfolio companies; in some cases, the MDP Principal provides an introduction of such debt fund as a potential lender to a current or prospective portfolio company. As a result, such MDP Principal, through such Personal Investment, would indirectly hold debt securities of such portfolio company. With respect to conflicts created by a Personal Investment, these conflicts are partially mitigated by the requirement that each MDP employee is required to pre-clear such investment and where such Personal Investment is made in a fund vehicle, the MDP Principal is typically a passive investor and such person does not control or have any input to the investment decisions being made by such fund vehicle. These conflicts are further mitigated by the fact that the economics received by the MDP Principal derived from an interest in a Fund materially exceed the economic benefit received with respect to a Personal Investment. While MDP Principals' significant Fund investments generally operate to align such persons' interests with the Funds, such MDP Principals may have differing interests from the Fund with respect to certain investments (for example, the availability and timing of liquidity).

In addition, MDP receives and generates various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers,

suppliers, competitors and other metrics. This information may, in certain instances, include confidential information received or generated in connection with efforts on behalf of one Fund's investment (or prospective investment) in a portfolio company. MDP has in the past and may, from time to time in the future, in certain instances, use this information in a manner that may provide a material benefit to MDP, its affiliates, other Funds, and/or their portfolio companies without compensating or otherwise benefitting the Fund or portfolio company from which such information was obtained. MDP has in the past and is likely in the future to utilize such information to benefit MDP, its affiliates or certain Funds in a manner that may otherwise present a conflict of interest but does not intend to specifically disclose such conflicts to the relevant Funds.

Follow-on Investments

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. Although not common for MDP, a Fund may participate in releveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. MDP would seek consent of the applicable Fund Advisory Board for such transactions to the extent required under the applicable Governing Documents. See also the discussion under "*Cross-Transactions*" above.

Fee Structure

Because the Management Fee is, at certain times during the life of the Funds, based upon unreturned capital contributions, this fee structure may create an incentive to deploy capital when MDP would not otherwise have done so and to forego an opportunity to liquidate an investment when MDP may otherwise have done so. Additionally, as discussed above in Item 6, the General Partners (who are affiliates of MDP) of many Funds are entitled to Carried Interest under the terms of the Governing Documents of such Funds. The existence of the Carried Interest or the potential to receive more Carried Interest with respect to particular Funds may create an incentive for MDP to cause such Funds to make additional, riskier or more speculative investments than they would otherwise make in the absence of performance-based compensation and to take more liquidity risk with existing investments than they would otherwise make in the absence of such Carried Interest. However, the investments made by MDP or its Principals in a Fund, the "giveback" obligation of the General Partner (as described below) and the fact that the preferred return is calculated on an aggregate basis reduces the incentive to make speculative investments or otherwise time the sale of an investment in a manner motivated by the personal benefit of MDP's Principals.

Pursuant to the Governing Documents, the General Partner may be required to return excess amounts of Carried Interest as a "giveback." This giveback obligation may create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a giveback situation for the General Partner.

The General Partner may elect to receive its Carried Interest in the form of an in-kind distribution of securities of a portfolio company, including for purposes of permitting one or more General Partner personnel to donate such securities to charity (which may include private foundations, fund or other charities so chosen by such personnel). Any tax efficiencies to such General Partner personnel associated with this form of charitable giving may have the effect of reinforcing or enhancing the General Partner's incentives otherwise resulting from the existence of its Carried Interest and therefore, the General Partner may have a conflict of interest in making decisions on behalf of the Funds (including, for instance, the timing of disposition or distribution of investments).

The conflicts of interest created by the receipt of such fees, reimbursements and/or offsets to the Management Fee are also described in Item 5 above.

Fund Level Borrowing

The Funds often borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt), including through the use of a capital call line (also known as a subscription line). Borrowings by a Fund are typically secured by capital commitments made by Fund investors to such Fund. To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions or to the extent a Fund is required to make payments as a result of its guaranty of portfolio company debt, such Fund's investors generally will be required to make later capital contributions, but the Fund will bear the expense of interest and fees on such borrowed funds. As a result, a Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and the amount of Carried Interest such Fund's General Partner receives, as these calculations generally depend on the amount and timing of capital contributions. Because the use of leverage (including guarantees) at the Fund level can make net IRR calculations higher or lower than it otherwise would be without fund-level borrowing and can increase the amount of a General Partner's Carried Interest, the General Partner may be incentivized to utilize (or increase its utilization of) such leverage. Any borrowing by a Fund or a guaranty by a Fund of portfolio company debt will diminish returns (or increase losses on capital) to the extent overall returns are less than such Fund's cost of funds. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings.

Related Services

As described in Item 5 above, MDP and its active partners may perform Related Services for, and may receive Transaction Fees from, actual or prospective portfolio companies or other investment vehicles of the Funds. Such fees will be in addition to any Management Fees or Carried Interest paid by the Funds (directly or indirectly) to MDP. Consistent with the Funds' respective Governing Documents, a portfolio company often reimburses MDP for expenses (including travel expenses, such as "black car" or private car transportation, charter/private and first class airfare or equivalent, lodging, and meals and entertainment expenses) incurred by MDP in connection with its performance of services for such portfolio company. This creates a conflict of interest between MDP and its affiliates on the one hand and the Funds and their investors on the other hand, because the amounts of these fees and reimbursements may be substantial and the Funds and their investors generally have only a specified

interest in these fees. Please see Item 5 above for a discussion of how fees for Related Services and reimbursements are treated.

Diverse Investors

The investors in the Funds generally include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors generally relate to or arise from, among other things, the nature of investments made by a Fund and the structure of the acquisition or disposition of such investments. As a consequence, conflicts of interest arise in connection with decisions made by MDP or its affiliates, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In structuring, acquiring and disposing of investments appropriate for a Fund, MDP and its affiliates will generally consider the investment and tax objectives of the applicable Fund and the investors as a whole, unless otherwise required by the Governing Documents.

Positions with or Services to Portfolio Companies; Portfolio Company Conflicts

Employees or officers of MDP often serve as directors of, or observers on boards with respect to, portfolio companies of the Funds. In those circumstances, it is customary for such professionals to receive director's fees, stock options and/or other equity compensation in connection with such services. All or a portion of such fees may be defined as "Transaction Fees" under the applicable Governing Documents and are shared with the applicable Fund investors to the extent provided in the applicable Governing Documents, as described in Item 5 above.

Decisions made by a director may subject MDP, its affiliate or a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims.

From time to time, employees of MDP may also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest (e.g., former portfolio company). Such companies are not portfolio companies of the Fund and as a result, in these circumstances, any compensation or fees received by such MDP employee is not subject to the Management Fee offset described above, or otherwise shared with the Funds and/or their investors. From time to time, former employees of MDP may be asked to serve as directors of, or observers with respect to, a current Fund portfolio company. Compensation or fees received by such former MDP employee is not subject to the Management Fee offset described above, or otherwise shared with the Funds and/or their investors. Please see the discussion above under Item 5 for additional details.

On occasion, in connection with the sale of a portfolio company, a Fund continues to own an interest in a "holding company" (the parent of the underlying portfolio company) and MDP or such Fund will be named or act as a "Seller's Representative" (or other similar role) with respect to various post-closing matters (such as administering post-closing earn out payments to the sellers). Such roles and activities may subject MDP, its affiliate or a Fund to claims they would not otherwise be subject to in the absence of these roles / activities.

Certain MDP personnel may be seconded to one or more portfolio companies and provide finance, legal, business, operating, strategic and other services to such portfolio companies and the compensation and expenses for such personnel during the secondment may be borne by the portfolio companies. Subject to the applicable Governing Documents, the compensation and expense reimbursement received by such MDP personnel or MDP from such portfolio company are not included as Transaction Fees and are not offset against the Management Fees payable by a Fund. In addition, employees of MDP have in the past and may in the future, on occasion leave the employment of MDP or its affiliates and become an officer or employee of a portfolio company, which shifts the burden of compensation of such person from MDP to the portfolio company. Conversely, employees of a portfolio company have in the past and may in the future, on occasion leave the employment of the portfolio company and become an employee of MDP or its affiliates, which may adversely affect such portfolio company.

In addition, to the extent MDP's legal, accounting, tax or other non-investment personnel provide non-investment services to a portfolio company, such services may be charged by MDP to the portfolio company at a rate agreed to between MDP and such portfolio company (for legal and accounting services, the rate to be charged by MDP is likely to be at a discount to the rate charged by similarly experienced employees of the main third party law firm or accounting firm representing the Funds). The compensation received by MDP for such services are not defined as "Transaction Fees" under the applicable Governing Documents (and as a result, is not offset against the Management Fee or Fund expenses). Please see the discussion above under Item 5.

MDP's recommendation of Consultants to provide services to a Fund or portfolio company often causes such Fund or portfolio company to have on-going business dealings, arrangements or agreements with persons who are current / former employees or executives of MDP or current / former executive partners or industry advisory group members of MDP. The Funds or their portfolio companies typically will bear, directly or indirectly, the cost of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between the Adviser and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

In addition, certain portfolio companies controlled by a Fund may from time to time in the future engage in activities that could adversely affect another Fund and/or its portfolio company, including, for instance, as a result of laws and regulations or certain jurisdictions (such as bankruptcy, environmental, consumer protection and/or labor or union laws) that may not recognize or permit the segregation of assets and liabilities between separate entities. Such laws, regulations or jurisdictions may also allow for recourse against assets that are under common control with, or part of the same economic group as the entity that has incurred the liability. This may result in the assets of a Fund and/or a portfolio company being used to satisfy the obligations or liabilities of another Fund or its portfolio company.

At times, the Funds may acquire portfolio companies that compete in certain geographic areas or sectors with portfolio companies held by other Funds, which can result in competition among such portfolio companies for lenders, products, service providers or customers, among others. In addition, a portfolio company may provide services or sell products to another portfolio company (whether of the same Fund or a different Fund). In providing advice to a portfolio company's business, MDP is not obligated to,

and need not, take into consideration the interests of other relevant portfolio companies. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio company may have adverse consequences to a separate portfolio company owned by the same or another Fund. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company, increase its own prices, purchase assets from, or sell assets to another portfolio company at a price that is disadvantageous to the other portfolio company, or commence litigation against another portfolio company.

In most cases, directors have fiduciary and other duties to their portfolio companies. While conflicts of interest may arise in the event that an MDP employee's fiduciary duties as a director conflicts with those of the Fund, it is expected that the interests will be aligned. In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employee's fiduciary duties among the two portfolio companies may create a conflict of interest. At times, because of such duties or other legal reasons (e.g., information that is attorney-client privileged), such directors may not be able to share confidential information concerning such portfolio company with MDP, which information could otherwise be beneficial for MDP to understand.

Side Letter Agreements

MDP often enters into certain side letters agreements with certain investors in a Fund ("Side Letters") providing such investors with different or preferential rights or terms, including but not limited to, different or preferential fee structures, other preferential economic rights, rights not to invest in a particular type of company (which, if exercised, will increase the percentage of interest of the participating investors in, and contribution obligations of such investors with respect to, such investments), information rights, disclosure rights, rights or terms necessary in light of particular legal, regulatory or public policy characteristics of a particular investor, co-investment rights, withdrawal, liquidity or transfer rights. Such Side Letters may create conflicts of interest among investors in a Fund because MDP, pursuant to its Side Letters, may be required to act in a different manner than it otherwise would have in the absence of such arrangements. The Governing Documents of a Fund describe when an arrangement or document constitutes a "Side Letter" and when a Side Letter is required to be disclosed to other investors in the same Fund. Although many Side Letters are not required to be disclosed to other investors in the same Fund, such non-disclosable Side Letters may be provided to certain investors upon their request.

Some investors receive additional information that is not received by other investors. This may happen for various reasons including as a result of Side Letters with such investors, requests for such information from such investor or otherwise.

Recommendation and Retention of Service Providers

Services required by a Fund (including some services historically provided by MDP or its affiliates to the Funds) may be outsourced in whole or in part to third parties in the discretion of MDP or its affiliates. MDP and its affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of MDP personnel. Such services may include, without limitation, deal sourcing, information technology, recruiting, talent management, license software, depository, data processing, client relations, operational, administration, custodial, accounting, legal and

tax support and other similar services. Outsourcing may not occur universally for all Funds and accordingly, certain costs may be incurred by a Fund for a third party service provider that is not incurred for comparable services by other Funds. The decision by MDP to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third party service provider in the future. The costs and expenses of any such third party service providers will be borne by the Funds.

The same law firm and service providers (such as consultants) are often retained by MDP, the Funds, and/or their respective portfolio companies. For example, a law firm or consultant may be retained by these parties with respect to a particular transaction in which all such entities are involved or by each of them separately with respect to different matters. Members of such law firm or other service providers may be investors (directly or indirectly) in a Fund or a portfolio company and may also represent other investors in such Fund or portfolio company. In the event of a significant dispute or divergence of interest between MDP and/or its affiliates, the Funds, their respective portfolio companies, and/or Fund Investors, the parties may need to engage separate counsel. Such separate representation could increase the ultimate costs to the Funds and/or portfolio companies than otherwise would have been incurred.

In addition, MDP generally may, in its discretion, contract with any related person of MDP (including but not limited to a portfolio company of a Fund, executives of a portfolio company, and/or investors in a Fund). In addition, MDP and its Principals and employees commonly recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) Consultants, (ii) an entity or person who also provides services to MDP (including but not limited to law firms, accounting firms, consultants, lenders, commercial or investment bankers and group purchasing organizations), (iii) other portfolio companies (including the Insurance Portfolio Companies and/or the Consulting Portfolio Companies), or (iv) an entity or person with whom MDP or its affiliates or a member of their personnel and/or their family members or relatives has a relationship or from which MDP or its affiliates or their personnel otherwise derives financial or other benefit (including benefits such as Personal Investment opportunities or the receipt of gifts and/or entertainment). The existence of and nature of such relationships raises conflicts of interest between MDP and/or its personnel, on the one hand, and the Funds and its portfolio companies, on the other hand, in determining whether to engage such service providers and if engaged, on what terms and conditions. MDP has a potential conflict of interest in entering such contracts or making such recommendations, because MDP or its personnel may, because of its or such person's financial, business or personal interest or relationships (e.g., discounted fees or receipt of gifts or entertainment they would not receive absent such engagement), have an incentive to recommend a service provider even if a different entity or person is more qualified to provide the applicable services and/or can provide such services at a lesser cost. An investor in a Fund (or an affiliate of such investor) may also be a service provider to or enter into a business relationship with, such Fund, another fund managed by MDP or one of its affiliates, or one of their portfolio companies (including providing mezzanine and other lending arrangements to such portfolio companies). This can create a conflict of interest, as MDP may give such investor preferred economics or other terms with respect to its investment in a Fund, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor, absent such service provider or business relationship. In addition, because certain expenses are paid by a Fund and/or its portfolio companies or, if incurred by MDP, are reimbursed by a Fund and/or its portfolio companies, MDP may not necessarily seek out the lowest cost options or confirm such fees

are comparable to the market rates for such services when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

The conflicts of interest discussed above are partially mitigated by the following. MDP uses reasonable efforts to mitigate such conflicts by requesting that the law firm or service provider enter into separate engagement letters with each party and/or separately bill each applicable entity and using good faith efforts to negotiate appropriate terms for such law firm and service providers' services. Service providers often charge varying amounts or have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required and the time demands of the service provider. As a result, to the extent the services required by the Adviser or its affiliates differ from those required by the Funds and/or its portfolio companies, the Adviser and its affiliates will pay different rates and fees than those paid by the Funds and/or its portfolio companies. Notwithstanding the foregoing, the Adviser generally does not negotiate for any arrangement with a service provider that provides for a lower rate or discount than those available to a Fund or a portfolio company for comparable services. When recommending the services of a portfolio company, including an Insurance Portfolio Company and/or a Consulting Portfolio Company ("Provider") to the Funds or another portfolio company ("Recipient"), MDP typically does so because it believes that the services offered by the Provider are at least as good as (and in many cases, better than) the services provided by the Provider's competitors and that the Provider's services have comparable (or in some cases, more desirable) terms and conditions. In addition, MDP Principals have agreed to comply with the firm's Code of Business Conduct, pre-clear private investments and pre-clear certain gifts and entertainment. Please also see the discussion below under "*Other Potential Conflicts*."

Distributions of Securities

The Governing Documents of certain Funds permit MDP to cause such Fund to distribute its share of securities resulting from an investment disposition by such Fund to MDP, its related General Partner entities or their partners in-kind, while disposing of the limited partners' share of such securities and distributing the net cash proceeds of such sale of securities to such limited partners. This ability creates conflicts of interest between MDP, its related General Partner entities or their partners, and the limited partners of the applicable Fund, because MDP may have an incentive to cause the Fund to exit an investment at a time that may result in limited partners receiving a lesser return on such investment than would be the case for MDP, its related General Partner entities or their partners, because such persons would be able to keep such securities for future upside. In the event the General Partner or its partners, receive such a distribution, the General Partner and such partners will generally act in their own interest with respect to their share of securities and will determine to sell the distributed securities or hold on to the distributed securities for such time as they determine. The ability of the General Partner and its partners to act in their own interest with respect to such distributed shares creates a conflict of interest between the General Partner or its partners, as an adviser to the Fund, and the Fund.

Other Potential Conflicts

The Governing Documents of a Fund establish complex arrangements among the Funds, MDP, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the

Governing Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While MDP will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

Subject to the applicable Fund's Governing Documents and the policies and procedures set forth in MDP's Code of Ethics, MDP, its affiliates, and partners, members, officers, Principals and employees of MDP and its affiliates may (directly or indirectly) buy or sell securities or other instruments: (a) that MDP has recommended to the Funds, (b) that were offered to the Funds and reviewed by such Funds but were determined by MDP not to be an appropriate investment for such Funds, and/or (c) that were not offered to the Funds. A conflict of interest may arise in such instances because such persons will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Fund. In such circumstances, expenses incurred by the relevant Fund in connection with the investment opportunity will generally be reimbursed to such Fund by such persons. Some of these Personal Investment opportunities include companies that compete with the portfolio companies of the Funds. A conflict of interest can arise in the event such persons take action (for example, by providing additional funding) with respect to a Personal Investment that could be disadvantageous or competitive to the portfolio company of the Funds. Personal Investments are typically passive investments, are required to be pre-approved by MDP and such persons are subject to confidentiality restrictions which prohibit them from using portfolio company confidential information for the benefit of their Personal Investments. These policies help mitigate the potential conflicts of interest described in this section. In connection with the purchase or sale of such Personal Investments, time will be spent by such persons in evaluating, negotiating, monitoring and disposing of such investments. Subject to the applicable Fund's Governing Documents, time spent in connection with these other investment activities can be material, which can result in such person devoting more time and attention to such Personal Investments and less time and attention to the activities of the Funds, which creates a conflict of interest. In addition, such investing Adviser Personnel may also make a Personal Investment in private equity funds, hedge funds, real estate funds and other similar investment vehicles, which may include potential competitors of the Funds. The investors in the Funds will not benefit from any such Personal Investments.

Certain portfolio companies of the Funds participate in a group purchasing organization pursuant to which they each receive favorable procurement terms, including fees, incentive payments, rebates, discounts or other financial benefits. The Adviser also participates in such group purchasing organization and is eligible to receive favorable terms that are consistent with those provided to all members (including portfolio companies of the Funds) of such group purchasing organization. Specifically, the Adviser does not expect to receive any fees or discounts that are greater than those that are received by its Funds or portfolio companies (for the same type and amount of purchases). Any discounted amounts or other economic benefits received by MDP are neither offset against the Management Fee nor otherwise shared with the relevant Funds.

MDP and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund and its portfolio companies, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in "miles" or

“points” or credit in loyalty/status programs to MDP and/or its personnel, and such rewards and/or amounts will exclusively benefit MDP and/or such personnel and will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies. In addition, airline travel (and other related travel expenses) incurred as a Fund expense for MDP personnel traveling for Fund-related purposes (including travel related to a portfolio company, a prospective portfolio company, or other Fund-related matters) may benefit such MDP personnel to the extent the trip also has a personal purpose.

MDP and its affiliates may hire part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an investor, portfolio company, former portfolio company, investment target, or service provider. Although MDP uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee MDP can control all such conflicts of interest and there may be a continuing appearance of a conflict of interest.

Investors may be introduced to MDP, or may be brought into a Fund, by a third party from which MDP or a related person purchased products and to which MDP or a related person may make payments, including in connection with conferences sponsored or hosted by the third party.

The General Partner of a Fund will appoint one or more limited partner representatives to such Fund’s Advisory Board. The Fund Advisory Board may have the ability to approve conflicts of interests with respect to the Adviser and the applicable Fund, which could be disadvantageous to the investors. Members of one Fund’s Advisory Board may also be a member of another Fund’s Advisory Board. In such instances, a conflict of interest exists because the Funds on which such overlapping Advisory Board members serve may have conflicting interests and such Advisory Board members may be requested to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote. Any approval or consent given by such Fund Advisory Board tends to be binding on such Fund and all of its investors. Fund Advisory Boards are also generally authorized to give approvals or consents required under the Advisers Act, including under Section 206(3) of the Advisers Act. To the extent that an investor is not represented by a member of the Fund’s Advisory Board, such investor will have no influence over matters submitted to such Fund Advisory Board for approval. The Governing Documents will provide that to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary duties to the Funds or any other partner. In addition, representatives of the Advisory Board may have various business and other relationships with MDP and its partners, employees and affiliates, as well as other private equity sponsors unrelated to MDP. These relationships may influence their decisions as members of the Advisory Board. Although these relationships can influence their decisions as members of the Advisory Board, this conflict of interest is partially mitigated by the fact that the Funds’ Advisory Boards consist of several members (and each member has one vote).

MDP has and may in the future, cause one or more Funds to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable general partner, MDP and/or their respective directors, officers, employees, agents, representatives, members of the Advisory Board and other indemnified parties (the “Insured Parties”), against liability in connection with their activities. This may include all or a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by MDP that cover one or more Funds and/or MDP, including the Insured Parties. MDP will determine

the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or MDP on a fair and reasonable basis, consistent with the Governing Documents of the Funds, as applicable, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

The Governing Documents of certain Funds permit MDP, or its affiliates, to lend money to the applicable Fund. Such lending arrangements create conflicts of interest between MDP or its applicable affiliate and the Fund acting as borrower.

The Governing Documents of certain Funds permit MDP to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, information will typically be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. MDP may elect to withhold certain information to such limited partners for reasons relating to MDP’s public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Item 12. Brokerage Practices

As the Funds invest primarily in private equity transactions, MDP anticipates that the use of brokers or dealers for trading in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies). However, to meet its fiduciary duties to the Funds, MDP has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

Selection of Brokers and Dealers

For each of the Funds, MDP or an affiliate has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker or dealer, MDP will seek “best execution” of the transaction except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services as described below. “Best execution” means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances described below. After taking into account such circumstances, MDP may not necessarily pay the lowest commission.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, MDP’s applicable investment team and/or the Chief Financial Officer will take into account all factors that they deem relevant to the broker’s or dealer’s execution capability, including, by way of illustration, price, the amount of the commission or discount, the size and structure of the transaction (e.g., underwritten offering), the nature of the market for the security, ability to find sources of liquidity, ability to make trades without unduly impacting the market, speed of execution, experience with and knowledge of the underlying security or its issuer, the reputation, experience and financial stability of the broker or dealer, legal requirements (e.g., market-maker status for certain Rule 144 trades), and the

quality of service rendered by the broker or dealer in other transactions. MDP does not have a duty or obligation to seek in advance, competitive bidding for the most favorable commission rate applicable to a particular transaction or to select any broker or dealer on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of broker or dealer fees.

To the extent consistent with achieving best execution, MDP may also consider other business a particular broker or dealer may have done with MDP, such as identifying investment opportunities, performing investment banking services and/or providing services to MDP’s Principals and employees. MDP has no formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from Fund transactions (so called “soft dollar” arrangements). MDP receives such research that it believes is made available to other institutional investors and generally does not “pay up” (e.g., pay a higher commission to execute a trade than the lowest available negotiated commission) using a portion of a broker or dealer’s brokerage commissions paid by a Fund (i.e., soft dollars) for brokerage and research services that fall within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended. MDP will only make securities transactions that it in good faith believes are in the best interest of the Fund. A conflict of interest exists when a broker or dealer provides such research services, however, as MDP will have an incentive to favor such broker or dealer over others that may charge lower commissions. MDP generally does not make use of “soft dollars” at the current time.

Aggregation of Trades

MDP and its affiliates may aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security. MDP often employs this practice because larger transactions can enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. MDP and its affiliates may combine orders on behalf of Funds with orders for other funds for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, MDP and its affiliates generally aggregates trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction.

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon MDP’s procedures for allocation of investment opportunities, as described in Item 11 above.

Item 13. Review of Accounts

Oversight and Monitoring

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly MDP’s review of them is not directed toward a short-term decision to dispose of securities. However, MDP closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies, including in most cases, through representation on the board of directors of such companies. In addition, MDP and its designees often will constitute a majority of the board of directors of companies financed by the Funds, since many of the Funds’ investments are control investments. After MDP consummates a transaction, the Principals, on an ongoing basis, closely monitor the progress of portfolio companies in the implementation of their

business strategies and their performance. In addition, MDP has established a separate committee (called the Portfolio Support Group) designated to monitoring portfolio company performance, which provides an additional level of review of each portfolio company on a periodic basis.

Reporting

Investors in the Funds typically receive, among other things, a copy of audited financial statements and a quarterly performance report of the relevant Fund within 90 days after the fiscal year end of such Fund, as well as quarterly performance reports within 45 days after the end of each of the first three fiscal quarters of each fiscal year. In addition, investors in the Funds generally receive required tax information; information concerning the Funds' portfolio companies; and Fund and portfolio company information as part of MDP's annual investors' meeting. The investors in a particular Fund may receive different reports and information than the foregoing, depending on the Governing Documents applicable to such Fund. In addition, MDP will from time to time, in its sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as it deems appropriate or as may be required pursuant to side letters negotiated with such investors.

Item 14. Client Referrals and Other Compensation

For details regarding economic benefits provided to MDP by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, MDP, its personnel and other related persons will, in certain instances, receive discounts on or complimentary products or services (e.g., baseball cards) provided by current or former portfolio companies of the Funds and/or the customers or suppliers of such portfolio companies. Such discounts or complimentary products or services (e.g., baseball cards) are similar to those provided to management or employees of such portfolio companies.

While not a client solicitation arrangement, MDP has in the past, and may from time to time in the future engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests in such Fund to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. In addition, placement agent expenses, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s). Management Fees received by MDP are generally offset by the amount of such placement fees paid for by the Fund (and as a result, the Adviser generally bears the costs of such placement fees). Please see above discussion under Item 5.

Item 15. Custody

To the extent assets of a Fund are held by one or more custodial banks and such Fund is not subject to an annual audit by an independent public accounting firm subject to inspection by the Public Company Accounting Oversight Board, such custodial banks send account statements to investors in such Fund. Fund Investors that receive such account statements should carefully review those statements and compare to the account statements provided by MDP, if applicable.

Item 16. Investment Discretion

Investment advice is provided directly to the Funds, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Governing Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents or offering documents of the applicable Fund. Examples of investment restrictions for private equity Funds include, among others, restrictions on the amount of capital that can be invested in a particular portfolio company and the amount of capital that can be invested outside of the United States and Canada. Such restrictions may in certain cases be waived in accordance with the applicable Governing Documents of a Fund with the consent of such Fund's Advisory Board, consisting of representatives of investors in such Fund who are not affiliated with the Adviser.

Co-investment vehicles and alternative investment vehicles are generally established in order to invest alongside or in the place of one or more Funds in a particular investment opportunity or opportunities, and MDP typically has limited discretion to invest the assets of the co-investment vehicles or alternative investment vehicles independent of the limitations as set forth in the Governing Documents of the co-investment vehicle or alternative investment vehicle and applicable Fund.

Item 17. Voting Client Securities

MDP has established written policies and procedures setting forth the principles and procedures by which MDP votes or gives consent with respect to securities owned by the Funds ("Votes"). The guiding principle by which MDP casts all Votes is to vote in the best interests of each Fund. The Funds generally cannot direct MDP's Vote.

MDP will typically hold one or more seats on the board of directors of a portfolio company owned by a Fund. Subject to the principles set forth above and applicable Governing Documents, MDP, on behalf of the Funds, will typically vote in accordance with the recommendation of MDP's board designee(s). In all other cases, but subject to applicable Governing Documents, voting decisions initially are referred to the appropriate investment professional for a voting decision. MDP's Chief Compliance Officer has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. MDP's Chief Compliance Officer will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Copies of the relevant proxy log(s), identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Madison Dearborn Partners, LLC, 70 W. Madison Street, Suite 4600, Chicago, Illinois 60602, Attention: Chief Compliance Officer.

Item 18. Financial Information

Item 18 is not applicable to MDP.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to MDP.