

Aurora Management Partners LLC

Part 2A of Form ADV: Firm Brochure

10877 Wilshire Boulevard, Suite 2100
Los Angeles, CA 90024
P: 310.551.0101
www.auroracap.com
www.aurorares.com
www.auroracapgroup.com

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This brochure provides information about the qualifications and business practices of Aurora Management Partners LLC. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer at 310.551.0101. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Aurora Management Partners LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2—Summary of Material Changes

Aurora Management Partners LLC filed its most recent Form ADV Part 2 on March 31, 2018. This annual amendment updates the description of Aurora's business practices, certain risk factors and conflicts of interest.

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Item 4 Advisory Business

Aurora (as defined below) is based in Los Angeles, California, and utilizes two separate investment strategies as described below.

PE Funds – Aurora Capital Partners

First, Aurora Capital Partners Management L.P., a Delaware limited partnership (“ACPM”), and Aurora Management Partners LLC, a Delaware limited liability company (“AMP,” and together with ACPM, the “PE Managers”), are the investment managers for three main private equity funds (the “PE Funds”). The PE Funds focus principally on control investments in middle market businesses with leading market positions, strong cash flow profiles and actionable opportunities for growth in partnership with operating management. The business of managing the PE Funds (together with their predecessor funds), which is sometimes referred to using the trade name “Aurora Capital Partners,” was founded in 1991.

ACPM is the investment manager for the latest PE Funds, namely Aurora Equity Partners V L.P. (together with its parallel funds), and is principally owned and controlled by Joshua R. Klinefelter, John T. Mapes, Michael Marino and Mark D. Rosenbaum. AMP is the investment manager for earlier PE Funds, namely Aurora Equity Partners III L.P. and Aurora Equity Partners IV L.P., (and their respective parallel funds) and is principally owned and controlled by John T. Mapes and Gerald L. Parsky. Each of ACPM and AMP also serve as investment manager for certain of the vehicles related to the PE Funds, and certain of their affiliates act as General Partners (as defined below) of the PE Funds.

Aurora Resurgence

Second, Aurora Resurgence Management Partners LLC, a Delaware limited liability company (“ARMP”), is the investment manager for one main fund (the “Resurgence Fund”). The Resurgence Fund invests in debt and equity securities of middle market companies and targets complex opportunities that are created by operational or financial challenges. The business of managing the Resurgence Fund (together with its predecessor fund), which is sometimes referred to using the trade name “Aurora Resurgence,” was founded in 2007.

ARMP is principally owned and controlled by Gerald L. Parsky and Steven D. Smith.

Relationships and Affiliations; Use of Defined Terms

The following general partner and/ or managing member entities are affiliated with Aurora:

- Aurora Advisors III LLC
- Aurora Advisors IV LLC
- Aurora Capital Partners III L.P.
- Aurora Capital Partners IV LLC
- Aurora Capital Partners V L.P.

- Aurora Fund V UGP LLC
- Aurora Overseas Capital Partners III, L.P.
- Aurora Resurgence Advisors II LLC
- Aurora Resurgence Capital Partners II LLC

(each, a “General Partner”).

In support of the PE Funds and the Resurgence Fund, Aurora Capital Group LLC, a Delaware limited liability company (“ACG”), was formed in recent years to coordinate shared administrative activities such as finance, accounting and legal, and to address certain conflicts that may arise among the various entities. ACG is principally controlled by an executive committee comprised of members of each of the relevant strategies, currently consisting of John T. Mapes (on behalf of the PE Funds), Gerald L. Parsky (as Chairman of the executive committee) and Steven D. Smith (on behalf of the Resurgence Fund).

Because of the related ownership, each of the PE Managers and ARMP and ACG are deemed to be affiliates of each other. Each General Partner, ACPM and ARMP is subject to the Investment Advisers Act of 1940, as amended (the “Advisers Act”) pursuant to AMP’s registration in accordance with SEC guidance. This brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the PE Managers and ARMP, respectively. The entity ACPM was formerly named “Aurora Management Partners V LP.”

When the term “Aurora” is used herein, it means each of the PE Managers and ARMP, in their capacities as investment managers for their respective Funds, as well as the General Partners. For example, by saying “Aurora provides investment advice to pooled investment vehicles,” it is meant to convey that (1) the PE Managers provide investment advice to the PE Funds, and (2) ARMP provides investment advice to the Resurgence Fund. References to “Aurora” herein, therefore, should not be interpreted to mean that the PE Managers and ARMP are acting together in their respective investment manager capacities. The PE Managers and ARMP manage separate investment strategies.

References to a “Fund,” in the specific context of the PE Funds, shall refer to the PE Funds, as applicable, references to a “Fund” herein, in the specific context of Aurora Resurgence, shall refer to the Resurgence Fund, as applicable, and references to any Fund shall include, unless the context requires otherwise, its respective feeder and/or parallel investment vehicles, and co-investment vehicles to the extent Aurora provides advisory services thereto.

Description of Businesses

Aurora provides investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended, and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). The PE Managers currently provide investment advice to three main PE Funds and ARMP currently provides investment advice to the Resurgence Fund. In addition, Aurora provides

investment advisory services to certain feeder vehicles which invest in a Fund and to parallel vehicles, alternative investment vehicles and/or certain co-investment vehicles which invest alongside a Fund in one or more specific portfolio investments. Such vehicles may be established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. There is generally limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

As investment adviser for each Fund, Aurora identifies investment opportunities and participates in the acquisition, management, oversight and disposition of investments for each Fund. Aurora provides these investment advisory services to each Fund pursuant to the limited partnership agreement governing such Fund, as well as separate investment advisory agreements (each an “Advisory Agreement”). The terms of the investment advisory services to be provided by Aurora to a Fund, including any specific investment guidelines or restrictions, are set forth in such Fund’s Advisory Agreement and/or in its limited partnership agreement. Aurora does not tailor its advisory services to the individual needs of any of the investors in the Funds. Advisory services are provided to the Funds based on each Fund’s overall investment guidelines and objectives, as well as the Fund’s overall portfolio characteristics, remaining life, available capital and other factors. Investment advisory services to parallel vehicles, alternative investment vehicles and certain co-investment vehicles typically include identification of the investment opportunity with respect to each such vehicle and participation in the acquisition, management, oversight and disposition of the investment. Such activities are incidental to, and generally consistent with, the determinations made with respect to such investments on behalf of the Funds, although the terms of such vehicles, the timing of investments and dispositions and returns may vary as discussed below.

Aurora does not participate in any wrap fee programs.

As of December 31, 2018, Aurora managed a total of approximately \$2,043,013,537 of regulatory assets under management for the Funds on a discretionary basis. Aurora does not manage any assets on a non-discretionary basis.

Item 5 Fees and Compensation

Aurora is compensated for its investment advisory services based on a percentage of committed capital or invested capital. Generally, each Fund pays Aurora a management fee based on committed capital during its investment period (generally, 5 years, but 2 years and four months in the case of the Resurgence Fund), and thereafter pays Aurora a management fee based on invested capital as set forth in the applicable limited partnership agreement.

Aurora negotiates the management fee rate with investors in each Fund at the time such Fund is established. Aurora is typically entitled to collect management fees from the Funds on a quarterly basis. As described below, the management fee may be reduced or waived in some circumstances in connection with the receipt by Aurora or its affiliates of various fees paid by actual or prospective portfolio companies. The management fee is otherwise generally subject to waiver or reduction with respect to some or all of a Fund’s investors by Aurora in its sole discretion, including in connection with capital commitments made by the relevant General

Partner, its affiliates and certain other advisers and service providers of the Fund, and certain other persons.

Management fees are generally payable in advance of the services rendered. If the Advisory Agreement is terminated (or a Fund is terminated) before the end of the applicable period, management fees generally will be charged on a *pro rata* basis through the date of termination, and any fees paid in advance but not earned will be refunded. To the extent provided for in the limited partnership agreement of a Fund, certain waived portions of the management fee are treated as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to such Fund.

In addition to management fees, some of the General Partners of the Funds receive carried interest distributions from the Funds, which are based on a share of gains in the assets of such Fund, as further discussed in Item 6 below. The calculations used to determine the amounts of such distributions to the General Partners are set forth in the limited partnership agreements of the Funds. Similar to management fee waivers and reductions, Aurora may waive or reduce carried interest with respect to certain investors and other persons in its sole discretion.

Principals or other current or former employees of Aurora generally receive salaries and other compensation derived from, and in certain cases including a portion of, the management fee, carried interest or other compensation received by Aurora or its affiliates.

The Funds generally bear all fees, costs, expenses, liabilities and obligations which are incidental or related to the organization, maintenance or liquidation of the Funds or which are related to the acquisition, carrying and disposition of investments that are not reimbursed by a portfolio company. Each Fund's limited partnership agreement sets forth what categories of fees, costs, expenses, liabilities and obligations may be charged to such Fund, which may vary from Fund to Fund. In general, expenses of the Funds include, but are not limited to: activities with respect to sourcing, structuring, organizing, acquiring, financing, refinancing, holding, managing, operating, valuing, dissolving, winding up, liquidating, restructuring, taking public or private, selling or otherwise disposing of, as applicable, the Fund's portfolio companies and its actual and potential investments or in seeking to do any of the foregoing, whether or not any contemplated transaction or project is consummated and whether or not such activities are successful (*e.g.*, broken deal expenses, including those relating to transactions involving co-investors); indebtedness of, or guarantees made by, the Fund, Aurora, the Fund's General Partner or any exempt partner on behalf of the Fund, including interest with respect thereto or of seeking to put in place any such indebtedness or guarantee; broker, dealer, consultant, underwriter, investment banker, finder and similar services; sales commissions, appraisal fees, brokerage fees, real estate title fees, custodial fees, depositary fees (including a depositary appointed pursuant to EU Alternative Investment Fund Managers Directive ("AIFMD")), Swiss representative and Swiss paying agent (appointed pursuant to the Swiss Collective Investment Schemes Act (as amended) and its implementing ordinance), account and similar service fees; legal, accounting, auditing, administration (including fees and expenses associated with the Fund's third-party administrator for accounting, capital call, distribution, investor reporting, tax and other fund administration services), valuation (including third-party valuations), investment banking, research, information services, trustee, consulting, tax and other professional services, including consulting fees, retainer

fees, compensation, expense reimbursements and other amounts paid to Aurora Advisors (as defined below) for such services (subject to any limitations set out in the applicable Fund's limited partnership agreement); reverse breakup, termination and other similar fees; legal, financing, commitment, origination and similar fees and expenses (including any associated legal, financing, commitment, origination, transaction or other fees and expenses payable to attorneys, accountants, investment bankers, lenders, third-party diligence software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors) whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; directors and officers, errors and omissions liability and other insurance, other than the incremental cost of any insurance coverage with respect to conduct for which a covered person would not be indemnified under the applicable Fund's limited partnership agreement; filing, title, transfer, registration and similar fees and expenses; printing, communications, 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, administrative or regulatory filings or reports (including Form PF and any filings or reports contemplated by AIFMD or any similar law, rule or regulation), or other information (including any licensing, maintenance, upgrade and/or implementation fees, expenses and costs of any investor administrative tools (including software and extranet tools) related to the foregoing); any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information; meetings, proceedings and activities of the Fund's advisory committee; indemnification; record keeping; telephone; actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including any judgment, other award or settlement entered into in connection therewith; the management fee; any taxes, fees and other governmental charges levied against the Fund; the annual investor meeting and any other conference or meeting with any investor(s) and related meal and entertainment expenses; industry conferences; any compliance or regulatory matters related to the Fund; except as otherwise determined by a Fund's General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection with the Fund; any travel (including first or business class commercial air travel, and where appropriate, the cost of chartering private, non-commercial aircraft or other private air travel, including from the Aurora principals or affiliates of the General Partners, at a cost above the cost of first class commercial airfare (if and to the extent allowed under a particular Fund's limited partnership agreement), annual airport lounge fees, ground transportation (including car service) and incidental travel expenses); meals or entertainment expenses relating to any of the foregoing (to the extent a Fund's General Partner believes such entertainment to be reasonable in light of the industry in which the Fund's General Partner operates), including in connection with consummated and unconsummated investment and disposition opportunities; closing dinners; mementos; the costs of hosting or attending training programs, meetings or other events for portfolio companies and/or their personnel; costs of workspaces or shared spaces; costs of conferences (including related travel, lodging or meals) at which either industry trends or specific investment opportunities are discussed; after-hours meals or transportation; any proposed or effective amendments or other alterations to the Fund's partnership agreement or its certificate of limited partnership, including the preparation, distribution and implementation thereof; any organizational expenses; and any private placement

or finder's fees paid by the Fund to third parties in connection with the organization or funding of the Fund. Each Fund's limited partnership agreement also generally specifies a maximum amount of certain types of organizational and related expenses that may be borne by such Fund, in which case organizational expenses incurred in excess of the maximum will be borne directly by Aurora or, if permitted by the applicable limited partnership agreement, by the Fund subject to a corresponding reduction in future management fees. For the avoidance of doubt, unless a Fund's General Partner determines otherwise, the Funds will be responsible for all broken-deal expenses related to an unconsummated transaction, notwithstanding the potential participation of one or more co-investors in such transaction. In addition, certain of the foregoing expenses and costs may be borne by a portfolio company instead of a Fund.

Aurora and its affiliates may perform management, monitoring, advisory, transaction-related, financial advisory and other services for, and in connection therewith, may receive fees from, actual or prospective portfolio companies of the Funds, including such fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, sales and similar transactions. These fees can be significant and are generally paid in cash. Such fees may be payable to Aurora pursuant to a management services or similar agreement with a portfolio company.

Although such fees are in addition to the management fees paid by the Funds, in some circumstances Aurora is required pursuant to a Fund's limited partnership agreement to reduce future management fees in connection with the receipt of these fees. The calculation of such offset varies from Fund to Fund. Between 70% to 100% of fees received by Aurora or its affiliates from portfolio companies, to the extent any such fees are charged, may be offset against future management fees, depending on the Fund, and the calculation of such offset is described in the applicable limited partnership agreements. In some cases, the offset available to a Fund pursuant to the applicable limited partnership agreement excludes the portion of fees that is attributable to the Fund's co-investors in the relevant portfolio company and/or that corresponds to the proportion of the Fund's partners who are exempt from paying management fees, which has the effect of reducing the effective percentage of the Fund's offset. Similarly, in certain circumstances, Aurora expects that co-investors or other parties will negotiate the right to share a portion of such fees from a particular investment, and the above-described offset percentage will be applied after excluding any amounts paid to such persons. The fees described above are disclosed to limited partners of the applicable Fund. In addition to the fees described above, Aurora and its affiliates are also generally entitled to be reimbursed for expenses incurred in connection with the performance of services rendered to portfolio companies of the Funds.

Aurora and/or its affiliates generally have discretion over the rate, timing, method and/or amount of the above-described offset. In most circumstances, such compensation is not reviewed or approved by an independent third party. The fees described above will give rise to potential conflicts of interest between the Funds, on the one hand, and Aurora and/or its affiliates on the other hand.

In addition to the investment advisory services it provides, Aurora has developed a broad network of external resources that it utilizes to seek to improve the operational and financial performance of the Funds' portfolio companies, and thus to seek to increase investor value. Aurora coordinates the delivery of these services to the portfolio companies and typically negotiates the compensation payable to these resources on behalf of the portfolio companies. Aurora generally

works with two separate advisory groups: (i) an executive board (the “Executive Board”), and (ii) a larger group referred to as its executive advisors (the “Executive Advisors”, and together with the Executive Board, the “Aurora Advisors”). The Executive Board members provide ongoing services to all of the portfolio companies of the Funds and participate in annual budget and strategic reviews, perform periodic mentoring and provide executive mentoring. They may also spend significant time consulting on pre-investment diligence and other matters for the Funds. They may also work extensively with the portfolio companies on specified projects and initiatives (such as interim CEO roles). Executive Advisors typically only work with 1-3 portfolio companies, usually in the capacity of an outside board member and, in some cases, work with other investment advisory firms. The Aurora Advisors serve as independent consultants and are neither employed by nor affiliated with Aurora.

The PE Funds and the Resurgence Fund currently utilize different Executive Boards. The PE Funds’ Executive Board currently consists of Todd Dunn, Jim Linder, Michael McLain, Raymond Milchovich and Terry Sutter. The Resurgence Fund’s Executive Board currently consists of Lawrence Bossidy, William Harrison and John Myers.

Executive Board members generally receive a combination of cash consulting fees, which may be paid to the Executive Board member(s) by a Fund or a portfolio company (or may be advanced by Aurora subject to reimbursement by a Fund or a portfolio company) depending on the context, as well as equity awards and other incentive-based compensation from the portfolio companies they serve. Compensation payable to an Executive Board member is typically documented in a written consulting agreement. Executive Advisors are compensated with both cash and equity incentive awards by the portfolio companies, generally in their capacity as board members. Aurora Advisors also generally will be reimbursed by a Fund and/or portfolio company for certain travel and other costs in connection with their services. Aurora Advisors also may be given the opportunity to invest in a Fund or General Partner with waived or reduced management fees and/or waived or reduced carried interest. Aurora Advisors also may receive office space, Aurora email addresses, business cards, healthcare benefits and/or other indicia of employment from Aurora or its affiliates, but are not employees of Aurora. No such compensation, expense reimbursements, benefits or opportunities, which may be substantial, will reduce or otherwise offset the management fee paid by a Fund.

Because the Executive Board members work with the portfolio companies, on new deals (consummated and unconsummated), and at times may work on matters directly for Aurora, Aurora allocates the time spent by such Executive Board members across all such categories. Whenever Aurora determines in its discretion to allocate Executive Board member compensation and expenses to the portfolio companies or to the Funds themselves, this allocation may subject Aurora to potential conflicts of interest; however, such allocations are made pursuant to Aurora’s Expense Allocation Policy. See also Item 8 – “Conflicts of Interest - *Conflicts Related to Allocation of Expenses.*” Once a portion of an Executive Board member’s time and compensation and expense have been allocated to a portfolio company or to a Fund in accordance with the Expense Allocation Policy, the relevant Fund limited partnership agreement dictates what reimbursement, if any, Aurora may seek. For instance, in some Funds, the applicable limited partnership agreement limits the amount of expenses the Fund may pay directly on an annual basis for Executive Board member compensation. If an amount is allocated to such a Fund in excess of such annual limit,

then the Fund would not pay any such excess and Aurora would bear such excess. Neither Aurora nor any of its supervised persons acting on its behalf accepts compensation for the sale of Fund interests or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6 Performance-Based Fees and Side-by-Side Management

Some of Aurora's related persons receive carried interest distributions from the Funds (indirectly through the General Partners or otherwise), which are based on a share of gains in the assets of such Fund. The calculations used to determine the amounts of such distributions to related persons are set forth in the limited partnership agreements of the Funds. Such carried interest distributions may create an incentive for Aurora and such related persons to make investments on behalf of the Fund that may be riskier or more speculative than would be the case in the absence of such distributions.

The terms of the management fee, carried interest distribution and other economic terms differ from Fund to Fund. Aurora also manages accounts that are not charged performance-based compensation, or are charged performance-based compensation in lower percentages or with higher preferred return amounts that must be met before Aurora is compensated. This practice could present a conflict of interest because Aurora has an incentive to favor accounts, including with respect to its allocation of investment opportunities, for which it receives the highest performance-based compensation. Additionally, because Aurora personnel are assigned varying percentages of carried interest from the Funds, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage. To mitigate this potential conflict of interest, the allocation of investment opportunities among Funds is made by Aurora in accordance with the limited partnership agreements of the applicable Funds and Aurora takes into account multiple criteria to derive an allocation that in Aurora's judgment is fair and equitable to each Fund relative to other Funds over the life of such Fund, taking into account all relevant facts and circumstances. Please see Item 8 below for additional detail. Aurora's investment allocation policies take a similar approach with respect to the allocation of follow-on investment opportunities, co-investment opportunities and divestment opportunities.

Item 7 Types of Clients

Aurora provides investment advice to the Funds. Investors in the Funds include insurance companies, public and private pension plans, funds-of-funds, other institutional investors, high net worth individuals, and college and university endowments.

The Funds may have a specified minimum investment set forth in their offering documentation, organizational documents or other governing documents. Such minimums are typically subject to the discretion, on the part of Aurora, to accept lesser capital commitments in certain circumstances.

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

The PE Funds' investment objective is to make investments primarily in the middle market focusing on investment opportunities where the target company's enterprise value ranges from \$100 million to \$1 billion. The Resurgence Fund seeks investment opportunities primarily in the lower middle market with enterprise values ranging typically from \$75 million to \$350 million. Aurora's investment strategy is primarily long-term investment in privately held companies. In evaluating potential portfolio companies, Aurora conducts extensive due diligence to analyze, among other things, the company's industry, competitive positioning and business model.

- The PE Funds invest in businesses the PE Managers believe to be high quality companies with strong and defensible franchise positions and revenue driven by stable demand drivers. The PE Managers place a high premium on preservation of capital (stable businesses) and measuring investor returns first on an unlevered basis.
- The Resurgence Fund targets complex situations that are created by operational or financial challenges either within a company or a broader industry. ARMP acts as a constructive partner with management teams and other stakeholders to help drive financial growth and operational improvements.
- The parallel vehicles, alternative investment vehicles and certain co-investment vehicles invest either in a Fund or alongside a Fund in a specific portfolio investment.

Acquiring an interest in a Fund involves a number of significant risks. Prospective and existing investors are advised to review the offering materials and other constituent documents for full details on each applicable Fund's investment, operational and other actual and potential risks. An investment in a Fund may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of loss of an investment in a Fund. Investment risks include, but are not limited to, the following:

Business Risks. The Funds' investment strategies often involve investing in portfolio companies whose businesses are subject to significant risks, including strategic, financial or other challenges. Each Funds' investment portfolio is expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial loss. Some portfolio companies may be highly leveraged, and the Funds' exit strategies may be uncertain at the time the Funds make an investment in such portfolio companies. The success of the Funds' investments in portfolio companies is highly dependent on the ability of the managers of these companies to successfully navigate these and other challenges.

Future and Past Performance. The performance of Aurora's principals' prior investments is not necessarily indicative of the Funds' future results. No guarantee or representation can be made that a Fund will achieve its investment objective or that Fund investors will receive a return of their capital. All investing involves a risk of loss and the investment strategies pursued by the Funds could lose money over short or even long periods. While Aurora intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can

be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

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

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

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, investors in the Funds will be required to bear management fees through the Funds during their respective investment periods based on the entire amount of the investors' commitments and other expenses as set forth in the respective Fund's limited partnership agreement.

Dynamic Investment Strategy. While Aurora generally intends to seek attractive returns for the Funds primarily through pursuing the investment strategy described in the respective Fund's confidential private placement memorandum, Aurora may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. Aurora may pursue investments outside of the industries and sectors in which Aurora's principals have previously made investments or have internal operational experience.

Leveraged Investments. The Funds may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Funds' opportunities for gain and risk of loss from a particular investment. The cost and availability 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. The use of leverage by the Funds will also result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of its investments. 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 cannot generate adequate cash flow to meet its debt service, the Funds may suffer a

partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Funds. 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, the Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Funds will invest generally will not be rated by a credit rating agency. The Funds may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that the Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by the Funds (including the use of any subscription lines of credit) also will result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of their investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations regarding the amount of time such leverage may remain outstanding. The Funds may incur leverage on a joint and several basis with one or more other Funds and entities managed by Aurora or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provide such guaranties), such amounts may be secured by capital commitments made by its investors and such investors' contributions may be required to be made directly to the lenders instead of the Fund.

Certain Funds enter into credit facilities commonly known as "subscription lines." Amounts borrowed under the credit facility are generally secured by pledges of the relevant General Partner's right to call capital from, and the right of the relevant Fund to receive amounts funded by, investors. Fund-level borrowing subjects Fund investors to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the Fund investors, Fund investors may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any Fund investor claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors. The credit facility may also be secured by other collateral, including the Fund's investments.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's investors and the terms of the limited partnership agreements, it may be higher than the interest rate an investor could obtain individually. To the extent a particular investor's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact an investor's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation.

A credit agreement may contain other terms that restrict the activities of a Fund and the investors or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of an investor's

interest in the Fund. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from investors to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more investors.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for investors that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for an investor with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the investor to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than Investor capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, investors would end up with increased exposure to the underlying investment, which could result in greater losses.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for Fund investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to investors in the Funds and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such investors. After a distribution of securities is made to investors in the Funds, many investors may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such investors may be lower than the value of such securities determined pursuant to the respective Fund's limited partnership agreement, including the value used to determine the amount of carried interest available to Aurora with respect to such investment.

Reliance on Aurora and Portfolio Company Management. Control over the operation of the Funds will be vested with Aurora, and the Fund's future profitability will depend largely upon the business and investment acumen of Aurora's principals. The loss or reduction of service of one or more of Aurora's principals could have an adverse effect on the Funds' ability to realize its investment objectives. In addition, Aurora's principals currently, and may in the future, manage multiple Funds (including other investment products and investments) and the principals may need to devote substantial amounts of their time to such activities, which may pose conflicts of interest in the allocation of the time of the principals. Aurora Advisors and other consultants and service providers will also devote time and attention to other investment funds and other outside activities. Investors in the Funds generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of Aurora. In addition, certain changes in Aurora or circumstances relating to Aurora may have an adverse effect on the Funds or one or more of their portfolio companies including potential acceleration of debt facilities.

Although Aurora will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Funds' objectives.

Projections. Projected operating results of a 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 Aurora 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. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Fund's activities, including the ability of the Fund to effectively and timely address such 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 recent downturn in the U.S. and global financial markets, may complicate or prevent the Fund's 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 Fund may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

In addition, certain tax legislation treats certain allocations of capital gains to service providers by partnerships such as the Funds as short term gain (taxed at higher ordinary income rates) unless the partnership has held the asset which generated such gain for at least three years. This could reduce the after-tax returns of individuals associated with the Funds and the General Partners who were or may in the future be granted direct or indirect interests in the General Partners, which could make it more difficult for the General Partners and its affiliates to incentivize, attract and retain individuals to perform services for the Funds. This could also create an incentive for the Aurora principals to cause the Funds to hold investments for a longer period than would be the case if such three-year holding period requirement did not exist.

Material Non-Public Information; Other Regulatory Restrictions. As a result of the operations of Aurora and its affiliates, Aurora frequently comes into possession of confidential or material non-public information. Therefore, Aurora and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment

which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Aurora's internal policies.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Aurora or the funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of Aurora's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by Aurora or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, Aurora may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that any Fund will make follow on investments or that any 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 debt 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 or the dilution of such Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Non-U.S. Investments. A Fund may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be

given effect during the term of a Fund), the application of complex U.S. and non U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or Fund investors with respect to such Fund's income, and possible non-U.S. tax return filing requirements for such Fund and/or its investors.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Hedging Arrangements; Related Regulations. Aurora may (but is not obligated to) endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. Such Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for Aurora 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.

Public Company Holdings. A Fund's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject such Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including Aurora's principals, and increased costs associated with each of the aforementioned risks.

Distressed Investments. A Fund 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 Aurora 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, such Fund 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 such Fund invested.

Non-controlling Investments. A Fund may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it may be more difficult for such Fund to liquidate its interests than it would be had such Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of such Fund's 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 such Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Director Liability. The Funds will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which they invest. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from such Fund's investment activities.

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 a Fund and its 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 a Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon a Fund's portfolio companies.

Market Conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect a Fund's ability to make investments. 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 a Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event such Fund is 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 Fund to dispose of investments at prices that Aurora 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 to support its investment objective.

Unfunded Pension Liabilities of Portfolio Companies. Certain 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 a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. A Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where a Fund may own an 80% or greater interest in such a portfolio company. If a Fund (or other 80%-owned portfolio companies of a Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of such Fund and the companies in which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this brochure, which may change in the future as the case law and guidance develops.

Monitoring Fees and Transaction Fees. As described above, Aurora and its affiliates may perform management, monitoring, advisory, transaction-related, financial advisory and other services for, and in connection therewith, may receive fees from, actual or prospective portfolio companies of the Funds, including such fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, sales and similar transactions. Subject to the applicable Fund's limited partnership agreement, monitoring fees or transaction fees paid to Aurora or its affiliates by a portfolio company or potential portfolio company generally only will offset the management fee

(to the extent allocable to investors not otherwise designated as “exempt partners” by Aurora) in proportion to the cost of such Fund’s investment in such portfolio company.

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, a Fund and Aurora may be required to make (and/or be responsible for another person’s or entity’s breach of) representations and warranties, *e.g.*, about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, 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. These arrangements may result in contingent liabilities, which would be borne by such Fund and, ultimately, its investors.

Certain Actions and Decisions. While Aurora’s principals generally will manage all aspects of the Funds, certain actions and decisions with respect to the Funds (which generally do not include buying or selling securities on behalf of such Funds) may require the approval of, or may be taken by, one or more committees or other groups of persons associated with Aurora, and the approval, disapproval or taking of any such actions or decisions may be material individually or in the aggregate. The persons comprising any such committees or other groups may manage or otherwise be associated with other investment funds besides the Funds and therefore may have interests that are not aligned, in whole or in part, with those of the Aurora principals.

Illiquidity; Lack of Current Distributions. An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the management fees payable to Aurora) may exceed its income, thereby requiring that the difference be paid from the Funds’ capital, including unfunded investor commitments.

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 Funds’ limited partnership agreements and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

Conflicting Investor Interests. Investors in the Funds may have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by Aurora regarding an investment that may be more beneficial to one Fund investor than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, Aurora generally will consider the investment and tax objectives of the applicable

Fund and its investors as a whole, not the investment, tax, or other objectives of any investor individually.

Significant Adverse Consequences for Default. A Fund's limited partnership agreement typically provides for significant adverse consequences in the event an investor defaults on its commitment or any other payment obligation. In addition to losing its right to potential distributions from the applicable Fund, a defaulting investor may be forced to transfer its interest in the applicable Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

Dilution. Fund investors admitted or that increase their respective commitments to a Fund at subsequent closings generally will participate in then-existing investments of such Fund, thereby diluting the interest of existing investors in such investments. Although any such new investor will be required to contribute its *pro rata* share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of such Fund's existing investments at the time of such contributions.

Aurora's Carried Interest. The fact that Aurora's carried interest is based on a percentage of net profits may create an incentive for Aurora to cause the Funds to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case. See also Item 6 - "Performance-Based Fees and Side-by-Side Management."

Transfers by Aurora. To the extent Aurora, its partners, Aurora's principals and/or their respective affiliates commit to make a direct or indirect investment in or along-side a Fund, a material participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in such Fund's limited partnership agreement.

Limitation of Recourse and Indemnification. Each Fund's limited partnership agreement generally limits the circumstances under which Aurora and its affiliates will be held liable to such Fund. As a result, investors may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, each Fund's limited partnership agreement generally provides that such Fund will indemnify Aurora and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of such Fund. Such indemnification obligations could materially impact the returns to investors.

Litigation. In the ordinary course of its business, a Fund may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of such Fund and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of Aurora's and the principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

Limited Partner Advisory Committee. Aurora generally will appoint one or more investor representatives to an advisory committee for each Fund. The applicable Fund's limited partnership agreement generally provides that to the fullest extent permitted by applicable law, none of the advisory committee members shall owe any fiduciary duties to such Fund or any other Fund investor. In addition, representatives of the advisory committee may have various business and

other relationships with Aurora and its partners, employees and affiliates. These relationships may influence their decisions as members of the advisory committee.

Executive Committee. Aurora has established an executive committee of the firm, currently consisting of John T. Mapes (on behalf of the PE Funds), Gerald L. Parsky (as Chairman of the executive committee) and Steven D. Smith (on behalf of the Resurgence Fund). The executive committee is charged with, among other things, setting the strategy of the firm, with resolving conflicts among firm entities, with approving the appointment of board members to portfolio company boards, with coordinating firm administrative activities such as finance, accounting and legal, and with approving firm marketing and communications. Although Aurora will control the investment activities of the Funds and the executive committee will seek to resolve firm conflicts in a fair and equitable manner, it is possible that the executive committee may from time to time resolve certain firm conflicts in a manner that could be perceived as more advantageous to a particular firm investment product, when compared to another investment product, such as the Funds.

Valuation of Assets. There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, Aurora will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. Valuations are subject to multiple levels of review for approval. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by Aurora may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

Strategic Investments and Co-Investments. Aurora may, in its sole discretion, offer opportunities to invest alongside a Fund in one or more portfolio companies to certain persons, including one or more Fund investors (but not necessarily all investors), lenders, underwriters, bankers, Aurora Advisors, deal sources, Aurora employees and others, in each case in such relative amounts as Aurora may determine in its sole discretion, subject to any limitations and/or co-investment priority provided in a Fund's governing documents and/or investor side letters. Conflicts of interest may arise in the allocation of such opportunities. An allocation of opportunities to invest alongside a Fund may not be in the best interests of such Fund.

In exercising its discretion to allocate opportunities to invest alongside a Fund in one or more portfolio companies to and among potential co-investors and the terms thereof, Aurora may consider some or all of a wide range of factors included below in "Conflicts of Interest." Any investment opportunities provided to any person in accordance with the above will be on such terms and conditions (which may include payment of a management fee or carried interest) as are determined by Aurora in its sole discretion, subject to the terms and any limitations set forth in the applicable Fund's governing documents. The Fund's governing document will also include terms regarding how compensation received by Aurora for co-investments (or similar strategic investments with third-parties in a portfolio company), if any, factors into the management fee offset. In general, and subject to the applicable Funds' limited partnership agreements, transaction fees, monitoring fees, directors fees and similar fees received by Aurora with respect to co-

investments (or similar investments where another third-party has invested in a portfolio company) will not reduce the management fees of a Fund that also has invested in such investment, and as a result, certain Funds generally will only benefit with respect to such Funds' allocable portion of any such fees and not the portion of any fee that relates to such co-investors (or other third-party investors).

A Fund may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of such Fund, or may be in a position to take action contrary to the investment objectives of such Fund. In addition, such Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner.

Co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in Aurora's sole discretion, Aurora is authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

Resurgence Fund-Specific Risks

Credit Risk. Credit risk is the risk that an issuer or borrower will be unable to make principal and interest payments on its outstanding debt obligations when due or otherwise defaults on its obligations to the Resurgence Fund and/or that the guarantors or other sources of credit support for such persons do not satisfy their obligations. The Resurgence Fund's return to its investors would be adversely impacted if an issuer of debt securities or a borrower under a loan in which the Resurgence Fund invests becomes unable to make such payments when due. Although the Resurgence Fund may make investments that Aurora believes are secured by specific collateral the value of which may initially exceed the principal amount of such investments or the Resurgence Fund's fair value of such investments, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of a borrower, the Resurgence Fund could experience delays or limitations with respect to its ability to enforce rights against, and realize the benefits of, the collateral securing an investment. Under certain circumstances, collateral securing an investment may be released without the consent of the Resurgence Fund or the Resurgence Fund's expected rights to such collateral could, under certain circumstances, be voided or disregarded. The Resurgence Fund's investment in secured debt may be unperfected for a variety of reasons, including the failure to make required filings by lenders and, as a result, the

Resurgence Fund may not have priority over other creditors as anticipated. Furthermore, the Resurgence Fund's right to payment and its security interest, if any, may be subordinated to the payment rights and security interests of the senior lender. Certain of these investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In addition, certain instruments may provide for payments-in-kind ("PIK") payments, which increases total risk by deferring current cash payments. In both cases, a portfolio company's ability to repay the principal of an investment (and with PIK instruments interest, as well) may depend on a liquidity event or the long-term success of the company, the likelihood of which is uncertain. With respect to the Resurgence Fund's investments in any number of credit products, if the borrower or issuer breaches any of the covenants or restrictions under the indenture governing notes or the credit agreement that governs loans of such issuer or borrower, it could result in a default under the applicable indebtedness as well as the indebtedness held by the Resurgence Fund. Such default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. This could result in an impairment or loss of the Resurgence Fund's investment or result in a pre-payment (in whole or in part) of the Resurgence Fund's investment.

Even where a loan is secured by a properly perfected first priority security interest in collateral there are inherent credit risks, including, without limitation, the following: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) modification or extension of the loan terms based on the provisions of chapter 11 or similar foreign laws; (iii) lender-liability claims against the Resurgence Fund by the issuer of the obligations; (iv) equitable subordination claims by other creditors; and (v) environmental liabilities that may arise with respect to collateral securing the obligations.

Moreover, the Resurgence Fund may invest in leveraged loans, high yield securities, marketable and non-marketable common and preferred equity securities and other unsecured investments, each of which involves a higher degree of risk than senior secured loans.

Bank Loans and Participations. The Resurgence Fund's investment program may include investment in bank loans and participations. In addition to the same risks as all other secured loans, these obligations are subject to unique risks, including, without limitation: (i) collateral posting obligations that may arise in connection with investments in revolving credit facilities or delayed draw term loans, which gives rise to the risk of loss with respect to posted collateral; and (ii) the risk that ownership through assignment is not feasible and the Resurgence Fund may be required to hold its interest via a participation, which gives rise to counterparty credit risk and limitations on the ability of the Resurgence Fund to directly enforce certain rights (e.g., voting rights). In analyzing each bank loan or participation, ARMP compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Resurgence Fund. Bank loans are frequently traded on the basis of standardized documentation which is used in order to facilitate trading and market liquidity. There can be no assurance, however, that future levels of supply and demand in bank loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue or that the same documentation will be used in the future. The settlement of trading in bank loans often requires the involvement of third parties, such as administrative or syndication

agents and there presently is no central clearinghouse or authority which monitors or facilitates the trading or settlement of all bank loan trades. Often, settlement may be delayed based on the actions of any third party or counterparty, and adverse price movements may occur in the time between trade and settlement, which could result in adverse consequences for the Resurgence Fund.

The Resurgence Fund may acquire interests in bank loans either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest and not with the borrower. In purchasing participations, the Resurgence Fund typically will not have the right to vote on matters requiring a vote of holders of the underlying debt and may have no right to enforce compliance by the borrower with the terms of the loan agreement, or any rights of set-off against the borrower, and the Resurgence Fund may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, if the Resurgence Fund were to hold a participation, it would assume the credit risk of both the borrower and the institution selling the participation to the Resurgence Fund. In certain circumstances investing in the form of participation may be the most advantageous or only route for the Resurgence Fund to make or hold any such investment, including in light of limitations relating to local laws or the willingness of administrative agents or borrowers to allow the Resurgence Fund to become a direct lender.

Where the Resurgence Fund acquires a participation interest in a bank loan, the form of agreement documenting the acquisition can vary based on the contract law governing the debt. Where the contract is governed by New York law, the agreement is also generally governed by New York law and is intended to be structured as a “true participation,” providing the Resurgence Fund with a beneficial ownership right in the proceeds payable in relation to the bank debt. This structure can limit the Resurgence Fund’s counterparty credit risk exposure against the institution selling the participation, and if the seller files for bankruptcy during the life of the agreement, the court may ring-fence proceeds related to the bank debt for the benefit of the Resurgence Fund and other participants. Where the contract is based under English law (or the law of another European jurisdiction), the agreement documenting the participation in many instances will be English or local law governed and structured as a derivative agreement between the Resurgence Fund and the institution selling the debt. This structure generally carries a higher risk for the Resurgence Fund because: (i) the derivative agreement grants no beneficial ownership interest in the proceeds paid to the selling institution, providing the Resurgence Fund with only an unsecured claim against the selling institution in the event of its bankruptcy during the life of the agreement; and (ii) the possibility that the agreement will be treated as a “security-based swap” pursuant to Title VII of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”).

There is a risk that a derivative agreement documenting the purchase of a participation interest satisfies the definition of a “security-based swap.” A transaction generally satisfies this definition if structured as an exchange of payments based on the value of interest or another rate, instrument of indebtedness, or other financial or economic interest, transferring the financial risk without also conveying a current or future direct or indirect ownership interest in an asset. If found

to be a security-based swap, this will be considered a “security” for the purposes of the Securities Act, and the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). The relevant trade associations in the U.S. and Europe are currently communicating with both the CFTC and the SEC for such derivative agreements to be specifically exempted under the Dodd-Frank Act, but there is no conclusion to date. The implications of a derivative contract being a “security-based swap” may result in increased costs, liabilities and compliance risks on behalf of the Resurgence Fund, including the following: (i) activities based on a security-based swap will be subject to anti-fraud and anti-manipulation provisions under federal securities laws and the Resurgence Fund may be restricted from selling the participation interest under the agreement while in possession of material non-public information without first disclosing such information to its counterparty; this makes for compliance difficulties in light of bank loans’ private nature in Europe; (ii) the Resurgence Fund may be subject to certain margin, reporting, record keeping, and position limits mandated under the Dodd-Frank Act; (iii) the sale of a security-based swap may be subject to registration requirements under Section 5 of the Securities Act; and (iv) the transactions in a security-based swap may be subject to the same regulations applicable to securities under the Exchange Act, including margin, capital and books and records requirements applicable to registered broker-dealers.

Defaulted Securities or Instruments. The Resurgence Fund may invest in the securities or instruments of companies involved in bankruptcy proceedings, reorganizations and financial restructurings and may have a more active participation in the affairs of the issuer than is generally assumed by an investor. This may subject the Resurgence Fund to litigation risks or prevent the Resurgence Fund from disposing of securities or instruments. As more fully discussed below, in a bankruptcy or other proceeding, the Resurgence Fund as a creditor may be unable to enforce or experience significant delays and expense when enforcing its rights in any collateral or may have its security interest in any collateral challenged, disallowed or subordinated to the claims of other creditors. The process of seeking to enforce claims or rights, including over any applicable collateral, may entail incurrence of significant expenses, including both monetary and otherwise. For example, there may be a need to engage third party advisors such as legal counsel and/or forensic accountants. There may be a requirement to indemnify third parties, such as any trustee, or provide rights of contribution or other forms of expense reimbursement. In seeking to enforce its rights, the Resurgence Fund may need to make certain public disclosure of its positions or other information relating to its investment and other activity, which may result in adverse consequences to the Resurgence Fund or may encourage the Resurgence Fund to seek alternative enforcement mechanisms to avoid or minimize any such adverse consequences. These considerations may be particularly pronounced in non-U.S. jurisdictions, where special challenges (such as a more broad right to disregard security interests based on equitable considerations) may be present.

Bankruptcy and Other Proceedings. Bankruptcy or insolvency proceedings are often adversarial, lengthy, and complex, involve multiple and diverse constituents seeking to maximize their recovery from a debtor with limited assets (which often results in some classes of stakeholders receiving little or no recovery), and involve the exercise of equitable authority on the part of the bankruptcy court or other competent authority. Many of the events in or affecting bankruptcies or insolvencies are beyond the control of the creditors and other stakeholders. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court or other competent authority would not approve actions which may be

contrary to the interests of the Resurgence Fund. Furthermore, there are instances under applicable law where creditors' liens may be avoided and claims may be subordinated.

Generally, the duration of a bankruptcy case can only be roughly estimated and such estimates may later prove inaccurate. The reorganization of a portfolio company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the portfolio company and the Resurgence Fund; it is subject to unpredictable and lengthy delays, and, during the process, the portfolio company's competitive position may erode, key management may depart and the portfolio company may not be able to invest adequately in its business. In some cases, the portfolio company may not reorganize and may liquidate some or all of its assets. In the case of the Resurgence Fund's debt investments, the debt of companies in financial reorganization will, in most cases, not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental value. Such investments can result in a total loss of principal.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for the purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Resurgence Fund's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other changes with respect to, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite substantial.

When a company seeks relief under the U.S. Bankruptcy Code (or has a petition filed against it), an automatic stay prevents all entities, including creditors, from foreclosing or taking other actions to enforce claims, perfect liens or reach collateral securing such claims. Creditors who have claims against the company prior to the date of the bankruptcy filing must petition the court to permit them to take any action to protect or enforce their claims or their rights in any collateral. Such creditors may be prohibited from doing so if the court concludes that the value of the property in which the creditor has an interest will be "adequately protected" during the proceedings. If the bankruptcy court's assessment of adequate protection is inaccurate, a creditor's collateral may be wasted without the creditor being afforded the opportunity to preserve it. Thus, even if the Resurgence Fund holds a secured claim, it may be prevented from collecting the liquidation value of the collateral securing its debt, unless relief from the automatic stay is granted by the court. Bankruptcy proceedings are sometimes litigious, time consuming, highly complex, and driven extensively by facts and circumstances, which can result in challenges in predicting outcomes. The equitable power of bankruptcy judges also can result in uncertainty as to the ultimate resolution of claims.

Security interests held by creditors are closely scrutinized and frequently challenged in bankruptcy proceedings and may be invalidated for a variety of reasons. For example, security interests may be set aside because, as a technical matter, they have not been perfected properly under the Uniform Commercial Code or other applicable law. If a security interest is invalidated, the secured creditor loses the value of the collateral and because loss of the secured status causes the claim to be treated as an unsecured claim, the holder of such claim will almost certainly

experience a significant loss of its investment. There can be no assurance that the security interests will not be challenged vigorously and found defective in some respect.

Moreover, debt may be disallowed or subordinated to the claims of other creditors if the creditor is found guilty of inequitable conduct resulting in harm to other parties with respect to the affairs of a company filing for protection from creditors under the U.S. Bankruptcy Code. Creditors' claims may be treated as equity if they are deemed to be contributions to capital, or may be equitably subordinated if a creditor attempts to control the outcome of the business affairs of a company prior to its filing under the U.S. Bankruptcy Code. If a creditor is found to have interfered with the company's affairs to the detriment of other creditors, the creditor may be held liable for damages to injured parties. The risk of equitable subordination of claims is substantially higher if the Resurgence Fund holds both claims and significant equity in the debtor. While the Resurgence Fund will attempt to avoid taking the types of action that would lead to equitable subordination or creditor liability, there can be no assurance that such claims will not be asserted or that the Resurgence Fund will be able successfully to defend against them.

While the challenges to liens and debt described above normally occur in a bankruptcy proceeding, the conditions or conduct that would lead to an attack in a bankruptcy proceeding could in certain circumstances result in actions brought by other creditors of the debtor, shareholders of the debtor or even the debtor itself in other state or federal proceedings. As is the case in a bankruptcy proceeding, there can be no assurance that such claims will not be asserted or that the Resurgence Fund will be able to defend against them successfully.

The Resurgence Fund may elect to serve on an official or unofficial creditors' committees if a company against which the Resurgence Fund holds debt commences a bankruptcy case. To the extent the Resurgence Fund assumes an active role in any legal proceeding involving the debtor or serves on a committee, the Fund may be prevented from disposing of securities or instruments issued by the debtor due to the Resurgence Fund's possession of material, non-public information concerning the debtor. In addition, misuse of such confidential information could result in the equitable subordination of the Resurgence Fund's claim. As a member of an official committee the Resurgence Fund would owe a fiduciary duty to other unsecured creditors, the breach of which could lead to damage claims or equitable subordination of the Resurgence Fund's claim.

From time to time, the Resurgence Fund may invest in or extend loans to companies that have filed for protection under Chapter 11 of the U.S. Bankruptcy Code or equivalent protections under the laws of other jurisdictions. These debtor-in-possession or "DIP" loans are most often revolving working-capital facilities put into place at the outset of a Chapter 11 case to provide the debtor with both immediate cash and the ongoing working capital that will be required during the reorganization process. While such loans are generally less risky than many other types of loans as a result of their seniority in the debtor's capital structure and because their terms have been approved by a federal bankruptcy court order, it is possible that the debtor's reorganization efforts may fail and the proceeds of the ensuing liquidation of the DIP lender's collateral might be insufficient to repay in full the DIP loan.

In addition, portfolio companies located in non-U.S. jurisdictions may be involved in restructurings, bankruptcy proceedings and/or reorganizations that are not subject to laws and regulations that are similar to the U.S. Bankruptcy Code and the rights of creditors afforded in

U.S. jurisdictions. To the extent such non-U.S. laws and regulations do not provide the Resurgence Fund with equivalent rights and privileges necessary to promote and protect its interest in any such proceeding, the Resurgence Fund's investments in any such portfolio company may be adversely affected. For example, bankruptcy law and process in a non-U.S. jurisdiction may differ substantially from that in the U.S., resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

Investments in Restructurings. The Resurgence Fund may make investments in restructurings which, as more fully described above, could involve portfolio companies that are experiencing or are expected to experience financial difficulties which may never be overcome. The return on investment sought or targeted by the Resurgence Fund in any investment in a restructuring may depend upon the restructuring progressing in a particular manner or resulting in a particular outcome (including regarding the conversion or repayment of the Resurgence Fund's investments). There can be no assurance that any such outcome, development or result will occur or be successful and, as a result, the premise underlying the Resurgence Fund's investment may never come to fruition and the Resurgence Fund's returns may be adversely affected. Additionally, investments in restructurings could, in certain circumstances, subject the Resurgence Fund to lender liability claims, which may exceed the value of the Resurgence Fund's original investment therein. Payments to the Resurgence Fund on account of claims against a debtor may be avoidable as preferences or fraudulent transfers and distributions to the Resurgence Fund by a portfolio company on account of an equity interest may be avoidable as improper dividends or fraudulent transfers. Distributions by the Resurgence Fund to its investors may be reclaimed if any payment or distribution by a debtor or portfolio company is later determined to have been a fraudulent conveyance or a preferential payment. In restructurings, whether constituting liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the restructuring either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security or instrument the value of which will be less than the purchase price the Resurgence Fund paid for the security in respect to which such distribution was made. The Fund may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed restructuring is consummated.

Companies Emerging From Bankruptcy May be Unable to Discharge Certain Indebtedness or Obligations. Companies in which the Resurgence Fund invests may have been the subject of bankruptcy proceedings prior to the Resurgence Fund's investment or during the period that the Resurgence Fund is invested in such companies. When a company files for Chapter 11 relief, most of its debts and obligations likely would be dischargeable under section 1141(d) of the U.S. Bankruptcy Code. The ability of a company to obtain a discharge of its debts and obligations would depend on a number of factors. First, obtaining a Chapter 11 discharge requires confirmation of a plan of reorganization providing for the continuation of the debtor's business. Were a company to cease to do business pursuant to its plan, or to otherwise liquidate under Chapter 7 or Chapter 11, then it would not be eligible for a discharge. Second, while confirmation of a corporate debtor's plan generally discharges it from all of its debts that arose prior to

confirmation (except to the extent that the plan or the order confirming the plan provides for payment of those debts) there are certain debts or obligations of a corporate debtor that cannot be discharged. These include: (i) taxes owed by the debtor for which the debtor filed fraudulent tax returns; (ii) certain environmental liabilities; and (iii) debts owed to a domestic governmental unit for fraudulent activities in connection with obtaining money, property, services or an extension, renewal or refinancing of credit, or owed as a result of an action filed under Subchapter III of chapter 37 of title 31 or any similar state statute. Claims under Subchapter III of chapter 37 of title 31 include claims made under the False Claims Act. The False Claims Act, a federal law that imposes liability on persons and companies who defraud the federal government, includes a “qui tam” provision that allows people (so-called “whistleblowers” or “relators”) who are not affiliated with the government to file actions on the government’s behalf.

Any claims against a company that were not discharged in its bankruptcy case would remain obligations of the company after confirmation of its plan of reorganization which could adversely affect the future performance of the Resurgence Fund’s investment in such company and the performance of the Resurgence Fund.

Equitable Remedies. Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer; (ii) engages in other inequitable conduct to the detriment of other creditors or the borrower; (iii) engages in fraud with respect to, or makes misrepresentations to other creditors, or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called “equitable subordination”). The Resurgence Fund may purchase creditor claims subsequent to the commencement of a bankruptcy case. If the seller of the claim has engaged in any of the types of misconduct described above the claims purchased may be subject to equitable subordination even after the claim is acquired by the Resurgence Fund. The Resurgence Fund will seek to conduct its activities in a manner that would not form the basis for a successful cause of action based upon the equitable subordination doctrine; however, because of the often contentious nature of bankruptcy and insolvency proceedings, the Resurgence Fund may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the issuer should be equitably subordinated.

Conflicts of Interest

There are a number of potential conflicts of interest that apply to Aurora, its principals, the Funds and any future investment products. These potential conflicts include, without limitation, the following:

Conflicts Related to Investment Products Other than the Existing Funds

In accordance with the limitations set forth in the limited partnership agreements of the Funds, Aurora’s principals, along with certain affiliates of Aurora and their respective principals and other Aurora investment professionals, currently manage, and in the future intend to manage, several other investment funds (possibly including other investment products) and investments

similar to those in which the Funds will be investing and may direct certain relevant investment opportunities to those investment funds, products and investments. Such other investment funds and investments that Aurora's principals, certain affiliates of Aurora and their respective principals and other Aurora investment professionals may control or manage may compete with a Fund or companies acquired by a Fund.

Aurora's principals may spend a significant portion of their time and attention pursuing investment opportunities for other investment funds and products and other than on behalf of the Funds. Aurora's principals and Aurora's investment staff may manage and monitor such investment funds, products and investments; the principals also may pursue business activities outside of Aurora, in accordance with the limitations set forth in the limited partnership agreements of the Funds. Aurora believes that the significant investment of Aurora's principals in the Funds, as well as such principals' interest in the carried interest, operate to align, to some extent, the interest of the principals with the interest of Fund investors, although the principals have or may have economic interests in such other investment funds, products and investments as well and receive management fees and carried interests relating to these interests. Aurora's principals will continue to manage the Funds' investments, but also may and likely will focus investment activities on other opportunities and areas unrelated to the Funds' investments. Certain investments may be allocated between a Fund and such other investment funds and products in a manner as set forth in the applicable Fund's limited partnership agreement.

In addition to the general potential conflicts described in the two preceding paragraphs, Gerald Parsky is a partner and investment committee member of Arrowhead Investment Management LLC ("Arrowhead"), an investment adviser that seeks to invest primarily in junior debt, and he is a partner of Endurance Management Partners LP ("Endurance"), a newly formed investment adviser that will seek to make control investments in businesses with the expectation of a longer hold period (typically 10 to 20 years) than traditional private equity investments (3 to 7 years), and therefore may dedicate a significant portion of his time to such activities. Mr. Parsky may also pursue other opportunities outside Aurora. Although Aurora currently believes that the Funds and such other businesses, including Arrowhead and Endurance, generally have different investment focuses, Aurora has developed certain policies to address potential conflicts of interest that may arise as a result of Mr. Parsky's position with Arrowhead, Endurance and other businesses, or as a result of a Fund and other businesses having similar investment focuses in the future. Such conflicts could be presented in connection with, but are not limited to, cross-transactions between a Fund and a fund managed by such other businesses, investing in the same portfolio company and at different levels of such company's capital structure and the possession of confidential information regarding investments of a Fund and such other funds. The policies adopted to address such conflicts generally prohibit transactions between a Fund and such other funds, limit investments by a Fund in a portfolio company of such other funds and require the confidentiality of information relating to a Fund's investments and prospective investments. While the policies seek to mitigate such conflicts, there can be no assurance that such conflicts will be resolved in a manner that is most favorable to a Fund. For example, a Fund may be precluded from making an investment because one or more of such other funds already have taken an interest in the target company. Certain members of the Resurgence Fund Executive Board also serve as advisors to Arrowhead and are expected to serve as advisors to Endurance. Mr. Parsky, together with the Resurgence Fund Executive Board members, is also pursuing other products outside of

Aurora, including products that may compete with one or more Aurora Funds for investment opportunities. As part of these non-Aurora activities, Mr. Parsky and the Resurgence Fund Executive Board members, and potentially other Aurora Advisors may, at their election spend a significant portion of their time and attention pursuing investment opportunities for such other products. These activities could be viewed as creating a conflict of interest in that their time and effort will not be devoted exclusively to the business of Aurora. Aurora does not believe that such activities create a relationship or arrangement that is material to Aurora's business, nor does Aurora anticipate any material conflicts of interest. However, to the extent any such conflicts arise, Aurora will seek to mitigate or avoid any conflicts of interest to the extent reasonably possible.

Conflicts Related to Which Fund or Other Investment Product Should Take Advantage of a Particular Investment Opportunity.

From time to time, Aurora will be presented with investment opportunities that would be suitable not only for a Fund, but also potentially for other Funds and other investment vehicles operated by advisory affiliates of Aurora. In determining which investment vehicles should participate in such investment opportunities, Aurora and its affiliates are subject to conflicts of interest. Except as required by the relevant limited partnership agreements, Aurora is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of Aurora in a portfolio company may also raise the risk of using assets of a client of Aurora to support positions taken by other clients of Aurora.

Aurora must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. Aurora generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's limited partnership agreement, as well as factors including but not limited to: differences with respect to available capital (*e.g.*, current or anticipated capital available for investment, including anticipated follow-on investments, if applicable), size, and remaining life of each applicable Fund; the nature of the investment opportunity (including the size and anticipated follow on investment requirements); potential conflicts of interest (including whether a Fund has an existing investment in the opportunity in question); the relevant allocation of investment opportunity provisions and restrictions in each Fund's governing documents; tax, legal or regulatory considerations; and current and anticipated market conditions. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund may invest together with other Funds advised by an affiliated adviser of Aurora in the manner set forth in the relevant Fund's limited partnership agreement and Aurora's allocation policy. Aurora will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable consistent with Aurora's obligations and may take into consideration factors such as those set forth above.

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Aurora

and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions may be taken for one or more Funds that adversely affect other Funds.

Aurora's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While Aurora will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Aurora may be subject, discussed herein, did not exist.

Conflicts Related to Co-Investment

Aurora will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and any such excess may be offered to one or more potential co-investors, including third parties, as determined by the Funds' limited partnership agreements, side letters and Aurora's procedures regarding allocation. Aurora's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: strategic value of a prospective co-investor to the underlying investment opportunity (including assisting the applicable Fund or any alternative investment vehicle in sourcing, securing, consummating, refinancing or restructuring an investment), the ability of a person to react promptly to such opportunity to invest alongside such Fund, and/or a person's commitment to or investment in (or the likelihood of any such commitment to or investment in) such Fund, and/or one or more existing or subsequent partnerships, companies, accounts or other investment vehicles managed or advised by any of Aurora and its affiliates, their respective employees or Aurora's principals. In accordance with the Funds' limited partnership agreements, Aurora may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by Aurora or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Subject to the Funds' limited partnership agreements, co-investment opportunities may be offered to some and not to other Fund investors, and the consideration of the factors set forth above may result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments may receive none. When and to the extent that employees and related persons of Aurora and its affiliates make capital investments in or alongside certain Funds, Aurora and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Conflicts Related to Allocation of Expenses

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

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

In addition, as described above, portfolio companies and the Funds typically pay certain fees to Aurora Advisors and other consultants (including consultants introduced or arranged by Aurora and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset management fees as described herein. Aurora Advisors generally make use of Aurora resources or otherwise are associated with Aurora. Aurora Advisors generally receive investment opportunities, reimbursements and other compensation that do not offset management fees of any Fund, as described herein. Although the use of the services of the Aurora Advisors and the allocation of compensation paid to them by Aurora, its affiliates and/or the portfolio companies subjects Aurora and/or its affiliates to potential conflicts of interest, Aurora believes that such services improve portfolio company performance and thus inure to the benefit of the Funds that own the portfolio companies. Although Aurora seeks to retain Aurora Advisors with a view to improving portfolio company performance, a number of factors may result in limited or no improvements in portfolio company performance from such retention. In addition, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Conflicts Arising in Other, General Matters.

In certain cases, Aurora will have opportunity (but, subject to any applicable restrictions or procedures in the relevant Fund's limited partnership agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Aurora will use its discretion to select such transferees based on suitability and other factors, and unless required by the relevant Fund's limited partnership agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

As a result of the Funds' controlling interests in portfolio companies, Aurora and/or its affiliates typically have the right to appoint portfolio company board members (including current

or former Aurora personnel or persons such as Aurora Advisors serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Aurora and/or its affiliates and/or to Aurora Advisors. Unless such amounts are subject to the applicable Funds' limited partnership agreements' offset provisions, they will be in addition to any management fees or carried interest paid by a Fund to Aurora.

Additionally, a portfolio company typically will reimburse Aurora or service providers retained at Aurora's discretion for expenses (including without limitation travel expenses) incurred by Aurora or such service providers in connection with its performance of services for such portfolio company. This subjects Aurora and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Aurora determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements and the audited financial statements of the applicable portfolio company.

Aurora generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) Aurora or a related person of Aurora (which may include a portfolio company of such Fund), (ii) an entity with which Aurora or its affiliates or current or former members of their personnel has a relationship or from which Aurora or its affiliates or their personnel otherwise derives financial or other benefit or (iii) certain limited partners or their affiliates. For example, Aurora may be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or other businesses. This discretion subjects Aurora to conflicts of interest, because although Aurora selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, Aurora may have an incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest such as an investor's historical or potential future relationship with Aurora, or Fund investments made or to be made by such investor. There is a possibility that Aurora, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or Aurora), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not Aurora has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Aurora and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Aurora and/or its affiliates; conversely, current or former personnel or executives of Aurora and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by Aurora, and/or provide services directly to Aurora, its Funds and/or portfolio companies. For example, Timothy J. Hart, a former Partner and General Counsel

of Aurora, is no longer employed by Aurora but has been retained to provide legal services to Aurora, the General Partners, the Funds, and/or the portfolio companies, and is expected to make use of certain Aurora resources, including an email address and office space. Any compensation paid or expenses incurred in connection with Mr. Hart's services will be allocated amongst Aurora, the General Partners, the Funds, and/or the portfolio companies in accordance with Aurora's expense allocation policies and procedures. Any such compensation or expense reimbursement paid to Mr. Hart will not reduce or otherwise offset the management fee paid by a Fund. Mr. Hart also retains carried interest with respect to certain Funds. Similarly, Aurora, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Aurora and/or its affiliates, and/or the Funds or other investment vehicles they advise. Aurora may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Aurora information about markets and industries in which Aurora operates (or is contemplating operations) or will provide other services that are beneficial to Aurora. Aurora may have a conflict of interest in making such recommendations, in that Aurora has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

In certain circumstances, current or former Aurora or Aurora Advisor personnel may serve in interim or part-time roles at a portfolio company, or may provide services to a portfolio company as a secondee or in similar capacities, while maintaining certain benefits, support services or indicia of employment at Aurora. Under such arrangements, Aurora and/or the relevant portfolio company may pay all or a portion of the personnel costs of such employee, or supervise or oversee such employee. These arrangements have the potential to create conflicts of interest, in that amounts paid by a portfolio company in connection with secondee relationships will not result in additional offsets to the management fee.

Aurora, its affiliates, and equity holders, officers, principals and employees of Aurora and its affiliates may buy or sell securities or other instruments that Aurora has recommended to a Fund. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to any restrictions in the Funds' limited partnership agreements and any policies and procedures set forth in Aurora's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of Aurora have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore may have additional conflicting interests in connection with these investments.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because management fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when Aurora may not otherwise have done so.

Additionally, Aurora, its personnel, affiliates or others designated by Aurora may from time to time receive compensation in the form of portfolio company securities for management, monitoring, advisory, transaction-related, financial advisory and other services. To the extent any such securities are received, after any applicable offset provisions in the relevant limited partnership agreements are applied (typically based on the then-present value of such securities), Aurora and/or such other recipients will be permitted to retain such securities, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or the Aurora or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund).

Aurora and/or its affiliates may enter into side letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Aurora from time to time organizes programs under which portfolio companies owned by the Funds are able to participate in purchasing, vendor or similar arrangements with Aurora, its affiliates and other portfolio companies. Program participants expect to receive discounts negotiated with various vendors and service providers on a groupwide basis. Aurora allocates fees and costs for program among the relevant portfolio companies and Aurora. Aurora and its affiliates may also participate in the program in exchange for an allocable portion of such fees and costs, and receive similar benefits and discounts as the portfolio companies participating therein. No such amounts will result in additional offsets to the management fee. Aurora believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the negotiated discounts rates for goods and services are discounted relative to those widely available in the market.

Aurora may have incentives from time to time to use or to recommend products or services of one portfolio company to another, which may involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Aurora has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option.

In borrowing on behalf of a Fund, Aurora is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the

use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs. Aurora will effect such borrowings in a manner it believes to be fair and equitable to the relevant Fund, and consistent with Aurora's obligations to the Fund under its governing documents.

Any of these situations subjects Aurora and/or its affiliates to potential conflicts of interest. Aurora attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Aurora's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, Aurora will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Aurora consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund(s) and such other investment vehicles. See also Item 11 below.

Item 9 Disciplinary Information

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

Item 10 Other Financial Industry Activities and Affiliations

Steven D. Smith (ACG, ARMP), is a registered representative of a broker-dealer but there is no relationship or arrangement that is material to Aurora's advisory business, nor any material conflicts of interest, as a result of his status as a registered representative of a broker-dealer.

Neither Aurora nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities.

As noted above in Item 8, Gerald L. Parsky (ACG, ARMP, AMP), is a partner and investment committee member of Arrowhead, and is also a partner of Endurance.

Other than as described above, neither Aurora nor any of its management persons have any relationship or arrangement that is material to Aurora's advisory business or to the Funds with any related person who is a broker-dealer, municipal securities dealer or government securities dealer

or broker; investment company or other pooled investment vehicle; other investment adviser or financial planner; futures commission merchant, commodity pool operator or commodity trading advisor; banking or thrift institution; accountant or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of limited partnerships.

AMP is affiliated with other Aurora investment advisers registered with the SEC under the Advisers Act pursuant to AMP's registration in accordance with SEC guidance. These entities operate as a single advisory business together with AMP and serve as managers, managing members or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

More particularly, (i) AMP shares certain common owners and partners with ARMP, ACPM and ACG, (ii) certain AMP officers and employees serve dual functions for each of AMP, ARMP, ACPM and ACG, and (iii) AMP, ARMP, ACPM and ACG share a principal place of business. All of the Aurora entities operate pursuant to a single consolidated compliance program pursuant to a written Compliance Manual and Code of Ethics adopted by Aurora in accordance with the requirements of the Advisers Act. A single compliance officer oversees compliance efforts with respect to these policies and procedures for each of ACPM, AMP, ARMP and ACG.

Aurora does not recommend or select other investment advisers for the Funds or have other business relationships with other investment advisers that create a material conflict of interest.

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

Aurora has adopted a written Code of Ethics which applies to all of employees, and any person who enters into a significant consulting or other similar agreement with Aurora that is not specifically exempted. The Code of Ethics requires Aurora employees to serve the best interests of Aurora clients in compliance with Aurora's status as a fiduciary, to comply with applicable federal securities laws and to report any violations of the Code of Ethics promptly to Aurora's Chief Compliance Officer. Among other things, each of Aurora's access persons (as defined in the rules and regulations promulgated under the Advisers Act) is generally required to pre-clear personal securities transactions and is also required to provide copies of periodic account statements, annual securities holdings reports and quarterly securities transactions reports. The Code of Ethics also includes insider trading policies and procedures. Aurora makes its Code of Ethics available to any investor or prospective investor who requests a copy. To request a copy, please contact Aurora's Chief Compliance Officer.

Aurora seeks to mitigate or avoid any conflicts of interest, to the extent reasonably possible. Despite such efforts, potential or actual conflicts of interest may still exist from time to time. Aurora has carefully considered, and evaluate on an ongoing basis, the conflicts of interest that are inherent in Aurora's business and have adopted policies and procedures to properly address and disclose such conflicts. In certain situations, Aurora may consult with its advisory committee of limited partners of the affected Fund and/or retain the assistance of a third party to evaluate and resolve such conflicts. The following are descriptions of the types of conflicts of interests that may arise and how Aurora seeks to address such conflicts.

From time to time, Aurora officers, directors or affiliates may wish to co-invest in a transaction in which one of the Funds is making an investment. This may create a conflict of interest between the Fund and the relevant officer, director or affiliate. Pursuant to the limited partnership agreements of each of the Funds, co-investments are offered pursuant to specifically negotiated terms and conditions.

From time to time, Aurora may cause one of the Funds to buy or sell securities in which one of Aurora's officers, directors or affiliates has a material financial interest. In addition, Aurora and its affiliates may perform management, advisory, transaction-related, financial advisory and other services for, and in connection therewith, may receive fees from, actual or prospective portfolio companies of the Funds, including such fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, sales and similar transactions. The existence of such relationships may create a conflict of interest between the Fund and the relevant officer, director or affiliate. These potential conflicts are addressed in the limited partnership agreements of the Funds. Generally, transactions of this nature must be fair to the Fund and on terms no less favorable to the Fund than could be obtained on an arm's-length basis and/or must be approved by the limited partners of the Fund or an advisory committee of limited partners of the Fund. In some instances, reporting and notice requirements apply as well and will be provided in a timely manner.

From time to time, Aurora may cause one of the Funds to purchase an investment from another Fund (known as a cross trade), which may create a conflict of interest in how Aurora allocates that trade and the price and other terms of such trade. Such transactions may arise in the context of re-balancing an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. Any such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another 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. Such cross trade must be approved by the limited partners of the applicable Funds and/or an advisory committee of limited partners of such Funds to the extent specified in the limited partnership agreements of the Funds. In such a case, Aurora will comply with applicable notice requirements in the limited partnership agreements of the Funds and will provide appropriate disclosure to the applicable advisory committees and/or limited partners regarding the proposed cross trade. In the absence of required consent, Aurora will not proceed with the transaction.

Item 12 Brokerage Practices

Aurora invests primarily in privately negotiated investments, although Aurora may occasionally acquire, sell or distribute public securities on behalf of the Funds. When investing in privately-negotiated transactions, Aurora believes it satisfies best execution responsibilities through careful negotiation of the terms of the investment.

With respect to those limited instances in which Aurora purchases, sells or distributes publicly-traded securities on behalf of an Aurora client through a broker-dealer, Aurora will seek to satisfy best execution obligations by considering all relevant facts and circumstances. Aurora will generally seek competing bids and look for whether the transaction represents the best

qualitative execution, including the price and size of the order, the trading characteristics of the securities involved, the value of research provided by each broker, the broker's execution abilities, commission rates, financial responsibility and responsiveness. However, Aurora may execute trades through broker-dealers that have acted as placement agents on behalf of the Funds or otherwise assisted capital-raising efforts so long as Aurora has determined that such broker-dealer is capable of delivering best execution in respect of Aurora trades on behalf of Aurora clients.

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

Aurora does not generally have any soft dollar arrangements with any brokers whereby Aurora can direct a broker to pay for external research services from a soft dollar account. To the extent Aurora aggregates orders for the purchase or sale of securities on behalf of multiple clients, Aurora will aggregate such orders as Aurora deems appropriate and in the best interest of the participating clients, subject to any applicable provisions in the Fund's limited partnership agreements.

Item 13 Review of Accounts

Aurora manages the Funds on a day-to-day basis, as needed. The Funds' portfolio companies are closely reviewed by Aurora principals and other investment professionals on a periodic basis. Audited financial statements are generally prepared for each of the Funds following the end of each fiscal year, and unaudited financial statements are prepared for each of the Funds following the end of each fiscal quarter, in each case subject to the terms of the Funds' limited partnership agreements.

Item 14 Client Referrals and Other Compensation

As noted above in response to Items 5 and 11, Aurora and its affiliates may perform management, monitoring, advisory, transaction-related, financial advisory and other services for, and in connection therewith, may receive fees from, actual or prospective portfolio companies of the Funds, including such fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, sales and similar transactions. These fees can be significant and are generally paid in cash. Although such fees are in addition to the management fees paid by the Funds, in some circumstances Aurora is required pursuant to a Fund's limited partnership agreement to reduce future management fees in connection with the receipt of these fees. The calculation of such offset varies from Fund to Fund and is described in the applicable limited partnership agreements. In some cases, the offset available to a Fund pursuant to the applicable limited partnership agreement excludes the portion of fees that is attributable to the Fund's co-investors in the relevant portfolio company and/or that corresponds to the proportion of the Fund's partners who are exempt from

paying management fees, which has the effect of reducing the effective percentage of the Fund's offset. The fees described above are disclosed to limited partners of the applicable Fund. In addition to the fees described above, Aurora and its affiliates are also generally entitled to be reimbursed for expenses incurred in connection with the performance of services rendered to portfolio companies of the Funds.

Aurora has entered into solicitation agreements pursuant to which it compensates third parties for the purpose of introducing potential investors during the fundraising period for a Fund. The compensation and expense reimbursements vary, but compensation is generally based on the capital committed by the referred investors. Aurora discloses the use of such placement agents to its referred investors. Any fees payable to any such placement agents will be borne by Aurora indirectly through an offset against the management fees paid by the Funds, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, lodging, meal and entertainment expenses, typically are borne by the relevant Fund(s). Aurora currently is under an agreement with Park Hill Group LLC (the "Placement Agent"), pursuant to which it pays a fee to the Placement Agent for its prior solicitation of investors in a Fund, calculated as a percentage commitments made by investors to such Fund.

Item 15 Custody

Aurora or its affiliates may have, or may be deemed to have, custody of certain of the funds and securities of the Funds. Aurora is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule") and satisfies or will satisfy its Custody Rule obligations with respect to each Fund by either: (i) complying with the provisions of the so-called "Pooled Vehicle Annual Audit Exception" with respect to such Fund, which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year or (ii) complying with the requirements related to quarterly delivery of account statements and annual independent verification, and any other applicable requirements of the Custody Rule with respect to such Fund. The Funds complying with (ii) above and their investors receive account statements on a quarterly or more frequent basis from Wells Fargo Bank, N.A. or another qualified custodian. Such Funds and their investors should carefully review those account statements and are urged to compare those account statements to other statements they may receive, including statements from Aurora, if any.

Item 16 Investment Discretion

Aurora and its affiliates generally have discretionary authority to make all investment determinations on behalf of the Funds. As a general policy, Aurora does not allow clients to place limitations on this authority. The limited partnership agreements of the Funds, however, generally impose some limitations on our investment discretion, which limitations can only be waived by the Fund's limited partners. Similarly, pursuant to the terms of the Funds' limited partnership agreements, Aurora and/or its affiliates may enter into side letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory

or other similar reasons. Aurora assumes this discretionary authority pursuant to the terms of the Funds' limited partnership agreements.

Item 17 Voting Client Securities

Aurora has adopted a Proxy Voting Policy to comply with Rule 206(4)-6 promulgated under the Advisers Act. The Proxy Voting Policy, which is designed to ensure that Aurora votes proxies in the best interest of the Funds and provide the Funds with information about how their proxies are voted, contains procedures that have been reasonably designed to prevent and detect fraudulent, deceptive or manipulative acts by Aurora. The Proxy Voting Policy is only applicable to investments by the Funds in public securities.

It is Aurora's policy to vote proxies in the interest of maximizing shareholder value. To that end, Aurora votes in a way that Aurora believes, consistent with Aurora's fiduciary duty, will cause the value of the shares to increase the most or decline the least. Consideration is given to both the short- and long-term implications of the proposal to be voted on when considering the optimal vote. In voting proxies, Aurora believes its policies address any conflicts of interest between our interests on the one hand and the interests of the Funds.

The Funds are not able to direct our vote in a particular solicitation.

Aurora maintains records of all proxy statements received and votes cast in an easily accessible place for five years. Investors and prospective investors in the Funds may request information from Aurora about how it voted the securities held by the Funds. Aurora makes its Proxy Voting Policy available to any investor or prospective investor who requests a copy. To request a copy, please contact Aurora's Chief Compliance Officer.

Item 18 Financial Information

Aurora does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. However, when Aurora receives monitoring or transaction fees that are required to offset future Fund management fees, or when a Fund pays placement agent fees or excess organizational expenses that are required to offset future Fund management fees, in either case as specified in each Fund's limited partnership agreement, the amount of the future management fee offset may remain outstanding for more than six months and may extend through the termination date of the Fund. Depending on the terms of a particular Fund's limited partnership agreement, upon a Fund's termination the remaining unapplied management fee offset balance may be refunded by the General Partner to the limited partners or may expire with no obligation to refund.

Aurora has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 Requirements for State-Registered Advisers

Not applicable.