

Part 2A of Form ADV - Firm Brochure

Item 1. Cover Page

Francisco Partners Management, L.P.

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This brochure provides information about the qualifications and business practices of Francisco Partners Management, LP (“FP” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at 415-418-2900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

Item 2. Material Changes

Francisco Partners Management, L.P. filed its most recent Form ADV Part 2 on March 30, 2018. This amendment contains routine annual updates to the previously filed brochure, including, without limitation, updates to fee and expense language and enhanced conflicts of interest information.

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Item 4. Advisory Business

Francisco Partners Management, LP (together, where the context permits, with the General Partners (as defined below) and other affiliates that provide advisory services to, and/or receive management fees from, the Funds (as defined below) **“FP”** or the **“Firm”**), a registered investment adviser, provides investment advisory services to U.S. and non-U.S. pooled investment vehicles (**“Funds”** or the **“FP Funds”**)¹ that are exempt from registration under the Investment Company Act of 1940, as amended (the **“Investment Company Act”**). The Funds’ securities are not registered under the Securities Act of 1933, as amended (the **“Securities Act”**), and are privately placed to qualified investors in the United States and elsewhere. FP provides discretionary investment management services through affiliated general partners of the Funds (the **“General Partners”**). The General Partners may or may not be under common control with Francisco Partners Management, LP, but possess a substantial identity of personnel and/or equity owners with Francisco Partners Management, LP. Each General Partner operates as a single advisory business with FP and is deemed registered under the Advisers Act, in accordance with SEC guidance, pursuant to FP’s registration.

The primary focus of FP’s investment advisory activity is researching and advising on private equity investments, including buyouts, divisional divestitures, recapitalizations, restructurings and growth equity in middle market and lower-middle market technology companies, with such investments generally referred to herein as “portfolio companies.” Certain FP Funds focus primarily on investing in middle-market opportunities, while other FP Funds focus primarily on investing in smaller, lower-middle market opportunities. Such investments often take the form of privately negotiated investment instruments including unregistered equity from both U.S. and non-U.S. issuers. Although the primary focus of each FP Fund is on middle market or lower-middle market technology private equity investments, FP will from time to time recommend other types of investments, including investments in public companies, consistent with the respective FP Fund’s investment strategy and objectives, as described in the applicable private placement memorandum and/or limited partnership or other operating agreement or governing document (each, a **“Fund Agreement”**) of each FP Fund.

FP generally provides investment advisory services to each FP Fund pursuant to a separate investment advisory agreement (each, an **“Advisory Agreement”**). Investment advice is provided by FP directly to the FP Funds, subject to the direction and control of the affiliated General Partner of such FP Fund. The FP Funds, together with the Parallel Funds (as defined in Item 6), are collectively referred to in this brochure as **“Clients”** and persons or entities that invest in the Funds are referred to in this brochure as “investors” or “limited partners.” FP provides investment advice and other services directly to the Funds and not individually to the investors of such Funds. The applicable General Partner of each FP Fund generally enters into side letter agreements with certain investors in the FP Funds (**“side letters”**), establishing rights under, or supplementing or altering the terms of, the applicable Fund Agreements and subscription agreements relating to such FP Fund with respect to such investors, including by providing, among other things, different information rights, co-investment rights and other economic rights that may be material, reporting rights, excuse or exclusion rights, waiver of

¹ Where applicable, includes wholly owned subsidiaries and alternative investment vehicles related to transactions with FP Funds.

certain confidentiality obligations, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, veto rights and liquidity or transfer rights. Such additional rights, terms or conditions are generally disclosed to all limited partners of the relevant FP Funds, and subject to specific disclosed exceptions and FP policies and are generally also offered to all investors in the applicable FP Fund.

Additionally, from time to time pursuant to the terms of the Fund Agreement of the applicable FP Fund, FP expects to provide (or to agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to FP Funds, certain clients and other parties that may have a relationship with FP, such as limited partners, other private fund sponsors, corporates, certain strategic advisors and single investor vehicles, as described in Item 11 below. Such co-investments may, in certain instances, involve investment and divestment of interests in the applicable portfolio company at the same time and on the same terms as the FP Fund making the investment. From time to time, for strategic and other reasons, a co-investor or co-invest vehicle will be established to purchase a portion of an investment from one or more FP Funds after such FP Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from an FP Fund by a co-invest vehicle or co-investor generally occurs shortly after the FP Fund's completion of the investment to avoid any changes in valuation of the investment, and the co-investor or co-invest vehicle generally will be required to reimburse the relevant FP Fund for related expenses.

Any restrictions on investments in certain types of securities are established by the General Partner of the applicable FP Fund and are set forth in the documentation received by each limited partner prior to investment in such FP Fund. Once invested in an FP Fund, investors cannot impose restrictions on the types of securities in which such FP Fund can invest.

FP was converted to a Delaware limited partnership in 2012 but is part of a private investment firm originally founded in 1999. FP is owned by its senior management and no individual owns 25% or more of the Firm. As of December 31, 2018, FP managed approximately \$11,979,522,836 of Client assets, all of which is managed on a discretionary² basis.

FP does not currently participate as manager in any wrap fee programs.

Item 5. Fees and Compensation

As compensation for investment advisory services rendered to the FP Funds, FP receives from each FP Fund an annual management fee typically calculated based on committed capital or remaining invested capital with respect to each FP Fund, payable either (i) quarterly (in advance) or (ii) semi-annually (with each installment representing a payment in arrears for the one quarter-month period preceding the due date and in advance for the five and three quarter-month period following the due date). Installments of the management fee payable for any period other than a

² FP does not have ultimate investment discretion with respect to the assets of any FP Fund as such discretion is retained by the applicable General Partner of each FP Fund.

full quarterly or semi-annual period are adjusted on a pro rata basis according to the actual number of days in such period. Upon termination of an Advisory Agreement, management fees that have been prepaid but have not been earned are generally returned on a prorated basis. Management fees paid by an FP Fund are indirectly borne by the investors in such FP Fund. As described below, FP is permitted to reduce or waive the management fee in some circumstances in connection with the receipt by FP or its related persons of various fees paid by actual or prospective portfolio companies.

The management fee is also generally subject to waiver or reduction by the General Partner of such FP Fund, in its sole discretion, in connection with investments made in the FP Funds by the applicable General Partner or certain affiliated or related parties. The fee structures described herein may be modified from time to time. Fees may differ from one FP Fund to another, as well as among investors in the same FP Fund.

Certain waived portions of the management fee are treated by the Fund Agreement of the relevant Fund as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf. Any such contribution reduces the amount of capital contributions the relevant General Partner would otherwise be required to contribute to the relevant Fund. Any balance of fees or waivers eligible for offset against the management fee which have not been offset by the subsequent reduction of the management fee prior to the dissolution of an FP Fund shall be paid by the General Partner to the investors.

FP Funds will also allocate a portion of their investment profits to their General Partners, which are affiliated with FP, as a "carried interest," as discussed in Item 6 below.

In addition to the management fee and carried interest payable to FP and the General Partners, respectively, each Fund bears certain expenses. As set forth more fully in the applicable private placement memorandum and/or Fund Agreement of each FP Fund, each FP Fund bears all expenses relating to such FP Fund's activities, investments and business to the extent not reimbursed by a portfolio company, including fees, costs, expenses, liabilities and obligations attributable to structuring, organizing, acquiring, financing, re-financing, holding, managing, operating, valuing, dissolving, winding up, liquidating, restructuring, taking public or private, selling or otherwise disposing of such Fund's investments, interest, legal, auditing, consulting, research, accounting, administration, brokerage, depositary (including pursuant to the EU Alternative Investment Fund Managers Directive (2011/61/EU)), costs associated with a Swiss representative and paying agent (pursuant to the Swiss Collective Investment Schemes Act and the implementation thereof), third-party diligence software and service providers, subject and industry-matter experts, custody, account, finder fees and expenses, insurance premiums for director and officer liability and errors and omissions insurance, cyber-security insurance premiums and extraordinary administrative or operating expenses, including insurance of which FP and its affiliates are beneficiaries, preparation and filing of financial statements, tax returns, reporting, registration, advisory board expenses (including set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related expenses), limited partner meetings and related meal and entertainment expenses, travel (including, where appropriate, meal and entertainment expenses, and as specified in the applicable Fund Agreement, first class commercial airfare or the cost in excess of first class commercial airfare on a limited basis),

extraordinary expenses and other similar fees and expenses, including such fees and expenses, or other liabilities or obligations, incurred for transactions not consummated (“**Broken Deal Expenses**”) (including those attributable to transactions in which co-investment may have been contemplated), and expenses associated with an FP Fund’s compliance with applicable laws and regulations, including regulatory filings as they relate to the FP Fund’s activities, out-of-pocket costs and expenses, if any, associated with any third-party examination or audits (including similar services) of an FP Fund or FP that are attributable to the operation of such FP Fund or requested by one or more investors in an FP Fund, expenses incurred in connection with complying with provisions in investor side letter agreements, including “most favored nation” provisions, the costs and expenses of hosting annual or special meetings of the FP Funds’ investors (including set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related and other expenses). Each FP Fund also bears expenses indirectly to the extent a portfolio company pays expenses, including certain expenses of FP and/or its affiliates. Each General Partner generally will pay all ordinary administrative and overhead expenses incurred in connection with maintaining and operating its office(s), including employees’ salaries, rent, utilities and similar overhead expenses, as specified in the applicable Fund Agreement. As is typical for private equity funds, the FP Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds.

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

From time to time, the General Partner of a Fund may create certain “special purpose vehicles” or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of investors (“**SPVs**”). In the event the general partner creates an SPV, consistent with the Fund Agreement of the applicable Fund, the SPV, and indirectly, the investors thereof, will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV. Expenses of the types borne by a Fund but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain investors in the Fund (including, without limitation, expenses of accounting and tax services) may be borne solely by the Fund.

For certain FP Funds, expense reimbursements are payable to FP or its affiliates. The nature of these expense reimbursements is disclosed to investors in the relevant offering documents and/or Fund Agreements. Additionally, portfolio companies may reimburse certain expenses to FP or its affiliates including, without limitation, travel expenses, which may include expenses for first class travel, private car travel, meals and entertainment expenses (including, as applicable, transportation and meals), social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers, expenses relating to training programs, meetings or other events (to the extent such programs, meetings or events are attended by portfolio company personnel), expenses relating to hiring portfolio company personnel

(including background checks, recruiting and relocation expenses), indemnification expenses, certain legal expenses and similar out-of-pocket expenses, as well as consulting fees and other cash and non-cash compensation and expenses incurred by FP in connection with its performance of services for such portfolio company. These expense reimbursements are in addition to the investment advisory fees discussed above as well as similar expense reimbursements in connection with services provided by Francisco Partners Consulting, LLC (“**FP Consulting**”) as described more fully below in this Item 5.

In certain circumstances, one Fund is expected to pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expense. In certain circumstances, FP is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate. Such allocations require judgments as to methodology that FP makes in good faith but in its sole discretion. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance.

From time to time FP will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or FP on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds and/or other parties. Certain expenses may be the obligation of one particular Fund and may be borne by such Fund or, expenses may be allocated among multiple Funds and entities.

FP, from time to time, enters into arrangements with third-party advisers and consultants who provide services relating to deal-sourcing and investment opportunities, for which such advisers and consultants are paid compensation or other fees. Any fees and expenses associated with such investment opportunities will be allocated to the applicable Fund(s), consistent with the allocation process described above.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to FP’s related policies and the relevant Fund Agreement and/or side letter(s). If a co-invest vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. If a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, Broken Deal Expenses relating to such unconsummated transaction may be borne entirely by the Fund(s), and not by any prospective co-investors that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such Broken Deal Expenses. Any Broken Deal Expenses borne by the Funds in accordance with this paragraph will be allocated to the Fund or Funds selected by FP as proposed investors for such proposed transaction as described above in this Item 5.

FP and its affiliates typically perform management, advisory, transaction-related services, financial advisory and other services (“**Related Services**”) for actual or prospective portfolio companies or other deal-related investment vehicles of the FP Funds, including services in connection with mergers, acquisitions, add-on acquisitions, financings, refinancings, dividend recapitalizations, public offerings, sales and similar transactions. FP and its affiliates may charge fees for such Related Services which have historically and could in the future exceed the management fee. In certain cases, such fees will be paid in securities of portfolio companies or investment vehicles (or rights thereto) or otherwise. In the event of such a distribution or receipt of stock, the recipients, or FP, with respect to stock received as a Related Service fee, may act in their own interest with respect to the share of securities and may determine to sell the distributed securities, or hold the distributed securities for such time as such recipient, or FP, shall determine. The ability of such recipients, or FP, with respect to stock received as a Related Service fee, to act in their own interest with respect to such distributed shares creates a conflict of interest between FP, as an adviser to a Fund, and its affiliates, on the one hand, and the Fund.

Although Related Services fees are in addition to the management fees paid by the FP Funds, FP will in some circumstances reduce future management fees in connection with the receipt of these Related Services fees. The calculation of such reduction varies from Fund to Fund and is described in the applicable Fund Agreements. Generally, under the terms of the applicable Fund Agreement or Advisory Agreement, for purposes of calculating a reduction, such fees charged in connection with the Related Services are net of out-of-pocket expenses incurred by FP in connection with consummated or unconsummated transactions or in connection with generating any such fees. Additionally, any placement fees paid by the FP Funds results in a reduction of management fees. All such reductions will be credited on a regular basis and in general in the subsequent quarterly or six month period, as applicable. To the extent any such credit would reduce the management fee for a given management fee period below zero, such credit will be carried forward for future application. To the extent any such excess remains unapplied upon dissolution of a Fund, each partner of such Fund generally will receive its share of such unapplied excess, unless such partner elects not to receive its share. Generally, the portion of the fees subject to offset allocable to capital invested by an FP Fund, co-investment vehicle or third-party investor that does not pay management fees will be retained by FP and such amounts will not offset the management fee. The amount of these fees is disclosed in the annual financial statements of the applicable FP Fund.

From time to time, FP may (in its sole discretion) agree to pay a portion of a Related Service fee received from an actual or prospective portfolio company to a third party (“Third Party Fee”), such as a consultant, advisor, finder, broker and/or investment bank. In such event, the Third Party Fee is not a fee that FP is entitled to retain and therefore, FP is not required under the terms of the applicable Fund Agreements to share such Third Party Fee with the Funds.

In many cases with respect to the implementation of the arrangements described above, there is not an independent third party involved on behalf of the relevant portfolio company. FP and/or its affiliates have discretion over whether to charge Related Services fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such fees or other compensation. The ability to charge such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and FP and/or its affiliates on the other hand.

FP Funds and their portfolio companies engage FP Consulting to provide management and operational consulting services. Therefore, FP Funds, either directly or through the portfolio companies in which they invest, bear the cost of such consulting services provided by FP Consulting. FP Consulting brings deep operational expertise to its engagements with portfolio companies and the FP Funds. FP Consulting services generally include performing operational analyses, establishing best practices at portfolio companies, identifying, diagnosing and addressing operational issues at specific portfolio companies, serving as an executive or similar officer of a portfolio company or subsidiary thereof, serving as a director of a portfolio company or subsidiary thereof, supporting carve-out activities in corporate divestiture investments, and assisting with operational due diligence reviews of prospective investments. FP Consulting is owned by its senior management and FP Consulting service providers are generally referred to by FP as Operating Partners and Operating Advisors. The nature of the relationship between the FP Funds or their portfolio companies, on the one hand, and FP Consulting and its Operating Partners and Operating Advisors, on the other hand, may vary significantly depending on the nature of the engagement. Such engagements may be memorialized in a formal written agreement or may be informal and are negotiated individually between FP Consulting and each Fund or portfolio company, depending upon the anticipated services to be provided. Certain Operating Partners or Operating Advisors may be subject to contractual obligations to exclusively provide certain services to the FP Funds and/or the portfolio companies. Operating Partners and Operating Advisors may be offered the ability to co-invest alongside Funds, including in investments in which such Operating Partner or Operating Advisor is involved or participates in the management thereof.

FP Consulting fees, including compensation paid to FP Consulting's Operating Partners and Operating Advisors (which may include cash compensation, portfolio company stock options and/or carried interest in the FP Funds), as well as expense reimbursements, are retained by FP Consulting, are not shared with FP and do not reduce the management fees paid by the FP Funds. FP and/or the applicable General Partners have discretion over whether to charge consulting fees to a portfolio company and, if so, the fee rate or amount. FP Consulting fees will, from time to time, also be incurred in respect of portfolio companies and targets that do not become portfolio companies. In the event FP Consulting (directly or indirectly) provides services with respect to the Funds (or to the extent such services are provided without reference to a particular portfolio company), such FP Consulting fees will be allocated among the Funds as determined by the General Partner or FP, as applicable, in a fair and equitable manner consistent with the treatment of other Broken Deal Expenses. The General Partner's determination as to the allocation of such fees and expenses shall be binding on the Fund and its investors.

The fact that FP Consulting charges consulting fees and other compensation to the FP Funds and portfolio companies may give rise to potential conflicts of interest between the FP Funds, on the one hand, and FP and or its affiliates, on the other hand, as discussed under "Conflicts of Interest" below. However, FP believes engaging FP Consulting to perform these services is in the best interest of the Funds.

When FP utilizes the services of broker-dealers for limited purposes relating to transaction-related services for an FP Fund, such FP Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, see Item 12 below.

It is critical that investors refer to the relevant Fund Agreement for a complete understanding of expenses they may pay through an investment in the Funds. The information contained herein is a summary only and is qualified in its entirety by such documents.

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

FP Funds allocate a portion of their investment profits to their General Partners, which are affiliated with FP, as a carried interest, as set forth in each Fund Agreement. Such allocation of profits is only allocated to the General Partner when specific conditions are met, including that a preferred return on such investment has been achieved. FP Funds also allocate a portion of their investment profits to their General Partners in relation to previous management fee waivers or reductions by the General Partner of such FP Fund in connection with investments made on behalf of the General Partner. The General Partners' entitlement to performance-based allocations may create an incentive for FP to take risks in managing the FP Funds that it would not otherwise take in the absence of such performance-based arrangements, although FP generally considers performance-based compensation to better align its interests with those of its investors. Each General Partner of an FP Fund is a related person of FP. Carried interest paid by an FP Fund is indirectly borne by investors in such FP Fund. Certain FP Funds and investors in such FP Funds may incur lower or no carried interest.

As described above, the General Partners receive a carried interest allocation on certain profits in the FP Funds. FP also advises private funds that are not subject to management fees or performance-based compensation (the "**Parallel Funds**"). While this practice could present a conflict of interest, FP does not believe this arrangement poses a conflict of interest in practice because such Parallel Funds invest in parallel with the Funds that are subject to carried interest. Such investments are generally made and disposed of on the same terms and on a pro rata basis. FP also advises a legacy private fund that is not subject to management fees or a carried interest (the "**Employee Fund**"). FP does not believe the Employee Fund poses a conflict of interest in practice because the Employee Fund co-invested alongside the FP Funds only to the extent there was an excess investment opportunity that could be allocated to the Employee Fund, and such investment was then made in accordance with the applicable Fund Agreement and FP's investment allocation policy.

The payment by some, but not all, Funds of carried interest, or the payment of carried interest at varying effective rates based on the performance of a Fund, creates an incentive for FP to disproportionately allocate time, services or functions to Funds paying carried interest at a higher effective rate, or to allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the Fund Agreements of the Funds, this conflict is mitigated by (i) certain limitations on the ability of FP to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously, and/or (iii) contractual provisions and procedures setting forth investment allocation requirements. See also Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by FP.

Item 7. Types of Clients

As described in Item 4 above, FP provides discretionary investment management services to the Funds in accordance with the terms of the Fund Agreements. Investment in the Funds is generally only available to institutional investors and certain high net worth investors that are “accredited investors” and/or “qualified purchasers,” within the meaning of the Securities Act, and the Investment Company Act, respectively.

Investors include, among others, governmental and corporate pension and profit sharing plans, endowments, private investment funds, insurance companies, sovereign wealth funds, funds of funds, family offices and certain high net worth individuals. Also, employees, other persons associated with the Firm and/or its affiliates, including the General Partner, and personnel of FP Consulting or other service providers retained by the Firm have a capital commitment to the Funds.

The Funds generally have a specified minimum investment commitment as set forth in the Fund Agreements, subject to the General Partner’s discretion to accept investment commitments of lesser amounts. As a general matter, there is no minimum capital commitment amount for investors in certain alternative investment vehicles or co-investment vehicles.

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

Each Fund’s Fund Agreement sets forth the terms of an investment in the Fund and identifies the Fund’s investment objectives along with risk factors. The Fund Agreements contain additional information on the risks associated with an investment in the respective Funds, and should be reviewed by any prospective investor.

Investment Strategies and Methods of Analysis

FP is primarily focused on middle market and lower-middle market technology investing. FP seeks to provide transformational capital in situations involving operational complexity, strategic change or other business inflection points. The Funds typically invest in public company buyouts, divisional spinouts, private company recapitalizations, growth equity and sponsored M&A transactions.

Frequently used components of FP’s investment strategy are a value and control orientation and building resiliency into investments both through modest use of leverage and by purchasing highly structured securities with downside protection. Many of the Firm’s investments have low purchase price multiples and employ modest leverage. This strategy is intended to result in a portfolio with a prudent risk/reward profile, focus on capital preservation, and portfolio company balance sheet resiliency.

In evaluating potential portfolio companies, FP conducts extensive due diligence to analyze, among other aspects, the company’s market and competitive position within that market, cost and revenue drivers, management team, intellectual property, potential growth opportunities and potential sources of investment exit.

The FP investment committee (the “**Investment Committee**”) generally meets weekly to discuss potential and pending investment and divestment opportunities. Transaction teams conduct a detailed review of the investment opportunity or transaction to facilitate an in-depth discussion with the Investment Committee regarding the target company or business, the investment thesis and deal tactics. The Investment Committee will generally conduct multiple reviews of a particular investment opportunity or transaction.

Risk Factors

Investing in the Funds involves a substantial degree of risk. An FP Fund may lose all or a substantial portion of its capital in investments and investors in FP Funds must be prepared to bear the risk of loss of their investments in a Fund. There can be no assurance that the Funds’ investment objectives will be achieved or that an investor will receive a return of its capital.

In addition, material risks relating to the investment strategies and methods of analysis described above include the following, each of which is described in more detail in the applicable FP Fund offering document.

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

Reliance on Management. Decisions with respect to the management of each FP Fund will be made by the General Partner of such FP Fund with the advice of FP. The success of an FP Fund will depend on the ability of its General Partner and FP to identify and consummate investments, to improve the operating performance of portfolio companies and to dispose of investments of such FP Fund at a profit. The loss of the services of one or more members of the professional staff of FP or the partners of the General Partner of an FP Fund could have an adverse impact on such FP Fund’s ability to realize its investment objective. In addition, all of the officers and employees responsible for managing a particular FP Fund generally will continue to have responsibilities with respect to other FP Funds and accounts managed by FP. Thus such persons will have demands made on their time for the investment, monitoring, exit strategy and other functions of other Funds and accounts.

Concentration of Investments and Risks Inherently Associated with Technology Companies. FP Funds 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, an FP Fund’s investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. FP Funds typically focus on investments in middle market and lower-middle market technology companies. Instability, fluctuation or an overall decline within the technology industry will likely not be balanced by investments in other industries not so affected. In the event that the technology sector as a whole declines, returns to FP Fund investors may decrease.

Technology companies often face specific risks which the Funds will also be exposed to by concentrating their investment strategy in such companies. Such risks typically include: (1)

rapidly changing science and technologies; (2) new competing products and improvements in existing products which may quickly render existing products or technologies obsolete; (3) scarcity of management, technical, scientific, research and marketing personnel with appropriate training; (4) the possibility of lawsuits related to patents and other intellectual property and their associated rights; and (5) rapidly changing investor sentiments and preferences with regard to technology sector investments.

Many target portfolio companies rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect proprietary rights. There can be no assurance that a Fund or a portfolio company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop technologies substantially equivalent or superior to a company's technologies, or allege patent infringement by a portfolio company. Piracy or any such allegations may adversely affect portfolio company revenue, particularly outside the U.S. in countries where laws are less protective of intellectual property rights. The absence of harmonized patent laws makes it more difficult to ensure consistent respect for patent rights. Reductions in the legal protection for software intellectual property rights could adversely affect portfolio companies.

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. With competition in the private equity industry increasing substantially in recent years, it has become more challenging to identify and complete investments at attractive prices, which may adversely impact returns to limited partners. Regardless of the volume of a Fund's investments, limited partners will be required to bear management fees through the applicable Fund's commitment period based on the entire amount of the limited partners' commitments to such Fund as well as other expenses, in each case as set forth in the applicable Fund Agreement.

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

Financial Market Fluctuations. In recent years, U.S. and global financial markets and the broader current financial environment have been, and continue to be, characterized by uncertainty, volatility and instability. These financial market fluctuations have the tendency to: (i) reduce the availability of attractive investment opportunities for the FP Funds, (ii) affect the FP Funds' ability to make new investments and sell existing portfolio companies, and (iii) impact the value of the investments held by the FP Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the FP Funds' investments. In addition, any reduction in the availability of senior bank debt, high yield debt or other forms of financing available to finance operating businesses and/or to make acquisitions, or the imposition of less favorable terms than have prevailed in recent years to obtain such

financing, could have an adverse effect on the Funds' portfolio companies as well as the Funds' ability to make new investments or sell existing portfolio companies. The ability to realize investments depends not only on a portfolio company's success and its historical results and future prospects, but also on political, market and economic conditions at the time of realization event. There can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that FP Funds will be able to exit from their investments at any particular time or in any particular manner.

Leveraged Investments. FP Funds may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of an investment in a given portfolio company. Leverage generally magnifies both an FP Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (which may be impacted by regulatory restrictions and guidelines), which 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 will also result in interest expense and other costs to an FP Fund that may not be covered by distributions made to such FP Fund or appreciation of its investments. 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 an FP Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates (which recently have been at or near historic lows) and could accelerate and magnify declines in such FP Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, an FP Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of a Fund. The companies in which an FP Fund invests generally are not rated by a credit rating agency. Furthermore, should the credit markets be limited or costly at the time an FP Fund determines that it is desirable to sell all or part of a portfolio company, such FP Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts.

Availability of Entry Financing. A Fund's ability to invest in portfolio companies may depend on the availability and terms of any borrowings that are required or desirable with respect to such investments. A decrease in the availability of financing (or an increase in the interest cost) for leveraged transactions, whether due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders, would impair a Fund's ability to consummate investments and would adversely affect the Fund's returns.

Availability of Additional Financing. After a Fund has financed a company, continued development and marketing of products may require that additional financing be provided from such Fund or third party. No assurance can be made that such additional financing will be available and no assurance can be made as to the terms upon which such financing may be obtained.

Investments in Restructurings. A Fund may invest in restructurings that involve portfolio companies that are experiencing or are expected to experience financial difficulties. Those

financial difficulties may never be overcome, causing the portfolio companies to become subject to bankruptcy proceedings. Investments in restructurings may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions. Such investments could, in certain circumstances, subject a Fund to certain additional potential liabilities that may exceed the value of its original investment.

Investments in Operating Turnarounds and Carve-Outs. In some cases, the success of a Fund's investment strategy will depend, in part, on FP's ability to restructure and effect improvements in the operations of a portfolio company and/or execute a complex divisional carve-out from a corporate seller. There can be no assurance that FP will be able to successfully identify and implement such restructuring programs and improvements or successfully execute such carve-outs.

Early Stage Investments. Certain Funds may make investments in early stage companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by a Fund will be successful.

General Risks Associated with Non-U.S. Investments. Investment in foreign issuers may involve certain special risks due to foreign economic, political and legal climates, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments or capital gains, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against foreign entities. Furthermore, issuers of foreign securities are subject to different, often less comprehensive accounting reporting and disclosure requirements than domestic issuers.

Non-Controlled Investments. A Fund may hold meaningful minority stakes in public or privately held companies and in some cases may have limited minority protection rights. As is the case with minority holdings in general, such minority stakes will not have the control characteristics of majority stakes. Also, it is more difficult for a Fund to liquidate its minority interests than it would be had the Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of the 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 the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Publicly-Traded Securities. A Fund may invest in securities issued by publicly held companies, and may hold publicly-traded securities following a partial exit from an investment. Such investments subject a 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, sensitivity of such companies' securities to movements in the stock market, limitations on the

ability of the Fund to dispose of such securities, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members including FP principals and increased costs associated with each of the aforementioned risks.

Diversification. There is no assurance as to the degree of diversification that will actually be achieved in a Fund's investments. Because a meaningful portion of a Fund's committed capital may be invested in a single industry or portfolio company, a loss with respect to such an industry or portfolio company could have a significant adverse effect on such Fund's returns.

Uncertainty of Financial Projections. FP generally establishes the capital structures of companies in which a Fund invests on the basis of financial projections for such companies, which normally are based primarily on management judgments, with adjustments to such projections made by FP in its discretion. 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 that the projections are developed. General economic factors, which are not predictable, can have a material impact on the reliability of projections. There can be no assurance that the projected results will be obtained and actual results may vary significantly from the projections.

Controlling Interests. Because of its equity ownership, representation on the board of directors and/or contractual rights, a Fund is often considered to control, participate in the management of, or influence the conduct of portfolio companies in which the Funds have invested. The exercise of control over a company imposes additional risks of liability for actions taken by the company. If these liabilities were to arise, a Fund may suffer a significant loss.

Limitations on Ability to Exit Investments. FP Funds generally exit investments in two principal ways: (i) private sales (including mergers with or acquisitions of its portfolio companies) and (ii) initial and secondary public offerings. At any particular time, one or both of these avenues may not be available to the Funds, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time.

Restricted Securities. A portion of a Fund's investments may consist of securities that are subject to restrictions on resale by such Fund because they were acquired in a "private placement" transaction or because such Fund is deemed to be an affiliate of the issuer of such securities. Generally, a Fund will be able to sell such securities only under Rule 144 under the Securities Act, which permits limited sales under specified conditions, or pursuant to a registration statement under the Securities Act. When restricted securities are sold to the public, the Funds may be deemed to be an "underwriter," or possibly a controlling person, with respect thereto for the purposes of the Securities Act and be subject to liability as such under that Act. In addition, there can be no assurance that the Funds can sell restricted securities at the same trading price as the equivalent securities that are not restricted.

Uncertainty Regarding Investments. Although FP makes every effort to conduct appropriate due diligence prior to making an investment, the due diligence process is subjective and may be required to be undertaken on an expedited basis in order to take advantage of available investment opportunities. In addition, a Fund is relying on limited resources available to it in the due diligence process, including information provided by the target of the investment and third-

party consultants, legal advisers, accountants and investment banks. As a result, the due diligence investigation may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity.

Material Non-Public Information. As a result of the operations of FP and its affiliates, FP frequently comes into possession of confidential information and occasionally comes into possession of material non-public information. Therefore, FP 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 FP's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

Valuation of Assets. There is no actively traded market for most of the securities owned by the FP Funds. When estimating fair value, FP will apply a methodology consistent with Generally Accepted Accounting Principles (GAAP) based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of FP. 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 will ultimately be sold. Third-party pricing information may at times not be available regarding certain of an FP Fund's assets. With respect to the FP Funds, the exercise of discretion in valuation by FP gives rise to conflicts of interest, as valuations impact FP's track record and the performance allocation in certain FP Funds is calculated based, in part, on these valuations and such valuations affect the amount and timing of performance fees and calculation of advisory fees.

Cybersecurity Risks. Operating companies are subject to ongoing cybersecurity risks. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, and therefore the relevant Fund, to substantial losses.

In addition, FP, the FP Funds' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the FP Funds and their investors, despite the efforts of FP and the FP Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the FP

Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of FP, the FP Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of FP's systems to disclose sensitive information in order to gain access to FP's data or that of the FP Funds' investors. A successful penetration or circumvention of the security of FP's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the FP Funds, FP or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, FP may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation.

Tax Reform Risks. President Trump signed into law a broad-based reform of the Internal Revenue Code of 1986, as amended (the "IRC") on December 22, 2017 (the "Tax Act"). There are significant uncertainties regarding the interpretation and application of the Tax Act. While additional guidance on the Tax Act is expected, the timing, scope and content of such guidance are not known. Changes to the IRC made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to the FP Funds and their limited partners. Changes to the IRC made by the Tax Act include treating carried interest as short-term capital gain for U.S. federal income tax purposes if certain new holding period requirements are not met. FP's position may differ from the tax position of its investors. The new requirements could affect decisions relating to investments and dispositions, including the structure of investments and the timing and structure of dispositions by the Funds, which could adversely affect returns for investors. In addition, these new holding period requirements could subject employees or other individuals who hold direct or indirect interests in FP to higher rates of U.S. federal income tax on such carried interest than was the case under prior law. This could make it more difficult for FP to incentivize, attract and retain individuals to perform services for the Funds.

Item 9. Disciplinary Information

None.

Item 10. Other Financial Industry Activities and Affiliations

Various FP affiliated entities are general partners of the respective FP Funds and General Partners. For a description of material conflicts of interest created by the relationship among FP, the Funds, and the General Partners, as well as a description of how such conflicts are addressed, see Item 11 below.

Francisco Partners Operations LLP is an FP affiliated investment adviser that is located in the United Kingdom and registered with the Financial Conduct Authority.

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

Code of Ethics

FP has adopted a Code of Ethics (“**Code**”) which applies to the Firm and its affiliates and sets forth standards of business conduct that FP requires of its supervised persons. The Code is intended to assist the Firm and its supervised persons in complying with the requirements of Rule 204A-1 under the Advisers Act, as well as provisions of the U.S. federal securities laws pertaining to insider trading.

The Code contains a section entitled “Procedures and Policy Statement on Insider Trading” to inform employees and access persons what constitutes material, nonpublic information and the laws and requirements relating to insider trading and confidentiality and FP’s policies in that area.

The Code also sets forth personal trading policies and reporting requirements applicable to employees and certain family members and affiliates that are designed to address actual or potential conflicts of interest (or appearances of conflicts) with the Funds (the “**Policies**”).

The Policies require all FP employees, as well as employees and persons deemed access persons of the Firm, to report brokerage transactions to the Chief Compliance Officer. Transactions in certain financial products, including certain mutual fund shares, U.S. government securities and certain money market instruments are excluded from such reporting requirements.

The Policies also require that access persons seek pre-clearance with respect to purchases and sales of most types of securities. These pre-clearance requirements do not apply to transactions in certain investments, including investments in accounts over which the access person has no direct or indirect investment discretion, influence or control.

FP employees who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. FP employees are also required to promptly report any violation of the Code of Ethics of which they become aware. FP employees are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any FP Fund, Client or prospective client upon request to: Compliance@franciscopartners.com.

Participation or Interests in Client Transactions

Certain employees and affiliates of FP may invest in and alongside the FP Funds, either through the General Partners, as direct investors in the FP Funds, or otherwise. An FP Fund or its General Partner, as applicable, may reduce all or a portion of the management fee and carried interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, see “Conflicts of Interest” immediately below.

Conflicts of Interest

FP and its affiliates provide targeted advisory services, including investment activities for their own account (*e.g.*, co-investment vehicles) and for the account of the Funds and transaction-related, advisory, management and other services to funds and operating companies, including portfolio companies of the FP Funds. FP will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the FP Funds in an appropriate manner, as required by the relevant Fund Agreement, although the FP Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of conducting its activities, the interests of an FP Fund or its investors may conflict with the interests of FP or its affiliates or one or more other Funds or with their respective affiliates.

Resolution of Conflicts

FP and its affiliates will deal with all conflicts of interest using their best judgment and discretion. In the case of all conflicts involving the FP Funds, the determination as to which factors are relevant, and the resolution of such conflicts, will be made in the sole discretion of FP, except as required by the Fund Agreements of the FP Funds. In resolving conflicts, FP considers various factors, including the interests of the applicable FP Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below.

The following factors may alleviate, but will not eliminate, conflicts of interest among FP and the FP Funds:

- Certain conflicts of interest will be addressed pursuant to set procedures, restrictions or other provisions contained in the relevant Fund Agreements;
- FP has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest;
- Prior to subscribing for an interest in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund; and
- An advisory board of representatives of the limited partners of each Fund (“**Advisory Board**”) will approve or consent to certain material conflict of interest transactions, including those specifically delineated in the Fund Agreements of the FP Funds and referred to the Advisory Board by such Fund’s General Partner.

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

Potential Sources of Conflicts of Interest

The potential conflicts of interest encountered by an FP Fund include those discussed below, although the discussion below does not describe all of the potential conflicts that will be faced by the FP Funds. Other conflicts are disclosed throughout this document, and the document should be read in its entirety for other conflicts.

Conflicts Relating to FP and the General Partners of the FP Funds.

As described above, FP may receive fees in connection with its performance of Related Services. Such fees will be in addition to the management fee and the carried interest paid by such FP Fund. FP will determine the amount of these fees, if any, in its own discretion, subject to agreements with sellers, buyers and management teams, the boards of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions. As a result of the Funds' controlling interests in portfolio companies, FP and/or its affiliates typically have the right to appoint portfolio company board members, 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 FP and/or its affiliates. FP is not required by the Fund Agreements of the FP Funds to provide an FP Fund or its limited partners with information regarding the amounts of these fees, although such fees will be disclosed to the extent required and the amount of such fees are included with other expense items on the Fund's quarterly and annual financial statements.

The opportunity to receive fees from actual or prospective portfolio companies or other investment vehicles of an FP Fund creates a conflict of interest between FP, on the one hand, and such FP Fund and its limited partners on the other hand because the amounts of such fees over time is expected to be substantial, the FP Fund and its limited partners do not have an interest in FP, and the rights of the FP Fund and its limited partners to these fees is limited to the reduction of future management fees described above. Also, because there is a fixed investment period when capital may be invested by the FP Fund, and after which capital from investors in FP Funds may only be drawn down in limited circumstances, and because management fees are, at certain times during the life of an FP Fund, based upon capital invested by such FP Fund, this fee structure may create an incentive to invest capital when FP may not otherwise have done so.

FP generally exercises its discretion to recommend to an FP Fund or to a portfolio company thereof that it contract for services with (i) FP or a related person of FP (which may include a portfolio company of such FP Fund), (ii) an entity with which FP or its affiliates or current or former members of their personnel has a relationship, (iii) an entity from which FP or its affiliates or their personnel otherwise derives financial or other benefit or (iv) FP Consulting. This subjects FP to conflicts of interest, because although FP selects service providers based on the best interest of the Fund that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant FP Fund, FP may have an incentive to recommend the related or other person because of its financial, familiarity, performance or other business interest. There is a possibility that FP, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not FP 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. FP may have incentives to engage, for example, FP Consulting, which has a dedicated relationship with FP and the portfolio companies, to perform certain consulting services rather than engage independent service providers. FP attempts to address this conflict by seeking to (i) agree upon fees that FP believes are reasonable and (ii) with respect to FP Consulting, require that FP Consulting enter into a contract with each applicable Fund and portfolio company whereby the parties agree to the fees and an overview of services available to be provided, which will generally be reviewed on annual basis. As discussed above, FP Consulting fees and other compensation are retained by FP Consulting, are not shared with FP and do not reduce the management fees paid by the FP Funds. In addition, from time to time, portfolio companies and the FP Funds pay certain fees to other consultants introduced or arranged by FP and/or its affiliates that may regularly provide services to one or more portfolio companies, and such fees also do not offset the management fee. Additionally, portfolio companies occasionally provide opportunities for FP Consulting and other consultants to receive an interest in such portfolio companies and reimburse costs and expenses incurred by FP Consulting and such consultants. FP Consulting and other consultants also may have a limited partner interest in the General Partners and/or one or more Funds because FP Consulting is not an affiliate of FP. Such investments, reimbursements and other compensation paid to FP Consulting and other consultants will not offset the management fee of any Fund.

The officers and employees of FP responsible for managing a particular FP Fund generally have responsibilities with respect to other FP Funds, including Funds and accounts that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these FP officers and employees across existing and future Funds.

Similar to fees earned in connection with Related Services, a portfolio company typically will reimburse FP, FP Consulting, or service providers retained at FP's discretion for expenses (including without limitation travel expenses) incurred by FP or such service providers in connection with its performance of services for such portfolio company. FP selects service providers and determines the amount of reimbursements for such services in good faith in its discretion; however, the amount of such reimbursements over time is expected to be substantial.

Allocation of Investment Opportunities

In certain cases, other FP Funds, the General Partners of other FP Funds and certain related persons invest in transactions in which an FP Fund participates on the basis described in the FP Funds' Fund Agreements. In addition, other Funds may invest in assets eligible for purchase by an FP Fund. The investment policies, fee arrangements, carried interest, investments owned by FP employees with respect to an FP Fund, and other circumstances of the FP Fund, generally vary from those with respect to other Funds. Employees and related persons of FP have, and are expected to continue to have, capital investments in certain Funds and therefore may have additional conflicting interests in connection with these investments. These relationships also may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to an FP Fund. Investments by more than one Client of FP in a portfolio company may also raise the risk of using assets of one Client of FP to support positions taken by other Clients of FP. There can be no assurance that any Fund's return from a transaction will be

equal to and not less than another Fund participating in the same transaction or that it will be as favorable as it would have been had such conflict not existed.

When FP is presented with an investment opportunity that is suitable for more than one FP Fund, FP will follow the Fund Agreements of the affected Funds. Such Fund Agreements generally set forth terms with respect to the allocation of investment opportunities. In most cases, a successor Fund (as such term is described in the respective Fund Agreement) does not commence making investments in new portfolio companies until its predecessor Fund has ceased making such new investments. If, however, the Firm determines it is appropriate to allocate a portion of an investment opportunity to a predecessor Fund or successor Fund after consideration of the relevant circumstances (because, for example, a predecessor Fund has remaining available commitments), it may do so in conjunction with a review by the Advisory Boards of the applicable Funds.

However, from time to time multiple FP Funds will seek to make new investments concurrently, and investment opportunities arise that are appropriate for more than one Fund or other investment vehicle. In determining which Funds and investment vehicles should participate in such investment opportunities, FP and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. FP attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by FP's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among such entities in a fair and equitable manner. FP generally will allocate investment opportunities based on each Fund's investment strategy and scope under the respective Fund Agreements, among other relevant factors, which also include, each Fund's investment objectives and focus; transaction sourcing; each Fund's liquidity and reserves; structural and operational differences between the Funds; each Fund's diversification (including the actual, relative or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio); lender covenants and other limitations; any "ramp-up" period of a newly established Fund; amount of capital available for investment by each Fund as well as each Fund's projected future capacity for investment; stage of development of the prospective portfolio investment and anticipated holding period of the portfolio investment; composition of each Fund's portfolio; the suitability as a follow-on investment for a current portfolio investment of a Fund; the availability of other suitable investments for each Fund; supply or demand of an investment opportunity at a given price level; risk considerations; cash flow considerations; the centrality of an investment to a Fund's strategy; asset class restrictions; the seniority of an investment and other capital structuring criteria; industry and other allocation targets; minimum and maximum investment size requirements; tax implications; whether an investment opportunity requires additional consents or authorizations from the Fund, investors or third parties; whether an investment opportunity would enable a Fund to qualify for certain programmatic benefits or discounts that are not readily available to other Funds including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental institutions; legal, contractual or regulatory constraints; and any other relevant limitations imposed by or conditions set forth in the Fund Agreements. For example, FP generally would allocate a lower-middle market technology company opportunity requiring an investment below a certain dollar threshold to a Fund with a specific investment strategy and scope that focuses primarily on such investments, rather than to other Funds that focus primarily on larger investments. FP, in its sole discretion, may allocate investment opportunities, which may

include a review by the Advisory Boards of the applicable Funds if multiple Funds invest in the same opportunity. The Firm will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund. The application of the factors set forth above will often result in allocation on a non-pro rata basis and there can be no assurance that a Fund will participate in all investment opportunities that fall within its investment objectives.

FP and the General Partner of the relevant Fund have formed parallel funds to facilitate, from a legal, tax or regulatory standpoint, investments by certain foreign or other classes of investors, the structure and terms of which may differ from that of the Funds, but will invest proportionately in all transactions on effectively the same terms and conditions as the Funds.

The Funds may co-invest through partnerships, joint ventures or other entities with third parties that may have economic or business interests or objectives that are different than or conflict with those of the Funds. When attractive investment opportunities exceed certain thresholds of committed capital, FP can seek to limit exposure by syndicating the investment among other FP Funds, limited partners or co-investing with third parties, as determined by the relevant Fund Agreements, side letters, and FP's procedures regarding allocation. FP's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to those discussed herein. FP generally will allocate co-investment opportunities to applicable FP Funds whose investment objectives are consistent with the applicable investment up to an amount of the transaction deemed prudent by their respective General Partners, taking into account conflicts provisions in the relevant Fund Agreements, investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits and other relevant factors, including risk.

Any excess amount over that allocated to the applicable FP Funds generally will be allocated to certain clients and other parties that may have a relationship with FP, such as limited partners, other private fund sponsors, corporates, and certain strategic advisors and single investor vehicles. Participation in co-investments is limited to persons with such knowledge and experience in financial and business matters necessary to make them capable of evaluating the merits and risks of the prospective investment. The relevant FP Fund's General Partner will determine, in its sole discretion, whether a limited partner and/or other person is eligible to participate in any co-investment opportunity and may consider some or all of a wide range of factors, which may include: whether a potential co-investor has the financial resources to provide the requisite capital in a timely fashion; the sophistication and experience of the potential co-investor and its ability to promptly respond to and complete a co-invest opportunity; the size of the potential co-investor's commitment to existing FP Funds; the ability of the potential co-investor to make meaningful contributions to the transaction; the overall strategic benefit to the portfolio company of offering a co-investment opportunity to the potential co-investor; any interests a potential co-investor has in any competitors of the portfolio company; the expertise of the potential co-investor with respect to the geographic location or business activities or industry of the prospective target company; the investment objectives of the potential co-investor; the legal or regulatory constraints (including tax constraints) that the proposed investment is expected to raise; whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Funds and/or FP; and the reporting, public relations, competitive, confidentiality or other issues that also arise as a result

of the co-investment. The factors above are not listed in order of importance or priority and FP is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. These co-investment or syndication activities may present conflicts of interest in determining how much of certain investment opportunities will be offered to an FP Fund. See Item 6 above for a discussion of side-by-side management.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by FP or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. In general, (i) no investor in an FP Fund has a right to participate in any co-investment opportunity and investing in an FP Fund does not give an investor any rights, entitlements or priority to co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of FP or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities typically will be offered to some and not other FP investors, in the sole discretion of FP or its related persons, and investors may be offered a smaller amount of co-investment opportunities than originally requested, and (iv) certain persons other than investors in the FP Funds (e.g., consultants, joint venture partners, persons associated with a portfolio company and other third parties), rather than one or more investors in an FP Fund, will, from time to time, be offered co-investment opportunities, in the sole discretion of FP or its related persons. Additionally, non-binding acknowledgements of interest in co-investment opportunities do not require FP to notify the recipients of such acknowledgements if there is a co-investment opportunity.

FP'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 FP will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to the FP Funds under the circumstances over time and considering relevant factors, there can be no assurance that an 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 FP may be subject, discussed herein, did not exist.

In the event FP determines to offer an investment opportunity to co-investors, there can be no assurance that FP will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Fund, or that expenses incurred by the FP Fund with respect to the syndication of the co-investment will not be substantial. Further, it is possible that a potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of an FP Fund and as a result, may take a different view from FP as to appropriate strategy for an investment or may be in a position to take a contrary action to an FP Fund's investment objective. In the event that FP is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the FP Fund may consequently hold a greater concentration and have exposure in the related investment opportunity than was initially

intended, which could make the FP Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto.

Subject to any relevant restrictions or other limitations contained in the Fund Agreements, the appropriate allocation among the Funds of expenses generated in the course of evaluating and making investments often requires judgment, especially where more than one Fund participates. For instance, if an FP Fund and another Fund are considering making an investment that is not consummated, allocation of the expenses generated for the account of such Funds (such as expenses of common counsel and other professionals or FP staff travel (which may include first class travel) and related expenses or third party consultant expenses) will be made by FP in good faith, subject to any requirements of the Fund Agreements of the Funds, using its best judgment, considering all factors it deems relevant, but in its sole discretion. In exercising such discretion, FP may be faced with a variety of potential conflicts of interest. The allocations of such expenses also may not be proportional in any particular case. 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, to the extent FP has discretion over a secondary transfer of interests in a Fund pursuant to the Fund Agreements or is asked to identify potential purchasers in a secondary transfer, FP will do so in its sole discretion, generally taking into account the following factors: evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations; perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future FP Funds and/or FP and the expected amount of negotiations required in connection with a potential purchaser's investment; whether the potential purchaser would subject FP, the applicable FP Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens; a potential purchaser's investment into another FP Fund (including any commitment into a future fund); requirements in the Fund Agreements; and such other facts as it deems appropriate under the circumstances in exercising such discretion.

Cross Transactions and Principal Transactions

In certain cases, FP will cause a Fund to purchase investments from another Fund, or it will cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or FP might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, FP, its affiliates and/or their professionals (i) will, from time to time, have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). FP and its affiliates receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and generally are entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting any such transactions, FP follows the requirements set forth in the Fund Agreements.

FP does not anticipate entering into principal transactions where FP or any of its affiliates purchases or sells any security for its own accounts from or to the accounts of any Fund. In the event that FP or any of its affiliates do engage in a principal transaction, any required approvals, including that of the applicable Fund's limited partnership Advisory Board (as may be required), will be obtained in accordance with the terms of the applicable Fund Agreement and such transaction will be undertaken in compliance with Section 206(3) of the Advisers Act.

Subject to the Fund Agreements, each FP Fund also reserves the right to make independent decisions regarding recommendations of when an FP Fund should purchase and sell investments. Conflicts may arise when an FP Fund makes investments in conjunction with an investment being made by another Fund, or in a transaction in which another Fund has already made an investment. An FP Fund may not, for example, invest through the same investment vehicles or have the same access to credit or investment strategies as other Funds. Occasionally, this will 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.

Conflicts Relating to Purchases and Sales of Investments

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by other Funds or in a transaction where another Fund has already made an investment. Investment opportunities are, from time to time, appropriate for more than one Fund at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring raise conflicts of interest. In the event that one FP Fund has a controlling or significantly influential position in a portfolio company, it will have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Funds that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company.

If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided each Fund will supply such additional capital in such amounts, if any, as determined by FP. In addition, a conflict will arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one Client of FP in a portfolio company will also raise the risk of using assets of a Client of FP to support positions taken by other clients of FP or that a client may remain passive in a situation in which it is entitled to vote. In addition, there may be differences in timing of

entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. These variations in timing may be detrimental to a Fund.

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

Employees and related persons of FP and its affiliates have made or may make capital investments in or alongside certain Funds, and therefore will have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

From time to time FP will, in its discretion, enter into transactions with investors in one or more Funds to dispose of all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, FP will consider some or all of the factors it deems to be relevant. The sales price for such transactions will be mutually agreed to by FP and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by FP. Although FP is not obligated to solicit competitive bids for such sales transactions or to seek the highest available price, it will first determine that such transactions are in the best interests of the applicable Fund(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s). Any such transactions will comply with the Fund Agreement of the applicable Fund(s).

The Funds will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Fund agrees that upon the closing of a transaction with respect to a potential portfolio company, it will purchase equity securities in a transaction. Furthermore, in certain instances the Funds will also enter into: (a) limited guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential portfolio company is not consummated, it will pay a percentage of the total value of the transaction or a fixed amount as a "reverse termination fee" to the seller entity or (b) full guarantee arrangements where such Funds agree to close a transaction even if the debt financing for such transaction is not available or has not been funded. While certain co-investment vehicles with investments contractually tied to the Fund are generally obligated to pay their proportionate share of the equity purchase price and/or the reverse termination fee (whether pursuant to the applicable Funds' Fund Agreements or otherwise), such co-investment vehicles may not be direct parties to the equity commitment arrangements or limited guarantees. In such a case, in the unlikely event that a co-investment vehicle defaults on such arrangement, the Fund could be held responsible for the entire equity purchase price or reverse termination fee, or obligations, as applicable.

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

FP, its affiliates, and partners, officers, principals and employees of FP and its affiliates may buy or sell securities or other instruments that FP has recommended to Funds. Officers, principals and employees of FP may also buy securities in transactions offered to but rejected by Funds. A conflict of interest may arise because such investing FP personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by FP on behalf of the Fund. In such circumstances, the investing FP personnel will share with or reimburse the relevant Fund(s) and/or FP for any expenses incurred in connection with the investment opportunity in such amounts as determined by FP in its sole discretion.

Management of the Funds

FP may give advice or take actions with respect to the investments of one or more Funds that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. As a result, Funds with similar strategies will not hold the same securities or achieve the same performance. In addition, a Fund may not be able to invest through the same investment vehicles or have access to similar credit facilities. These differences will result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

From time to time, FP may consider and reject an investment opportunity on behalf of one Fund and FP or an affiliate of FP may subsequently determine to have another Fund make an investment in the same company. A conflict of interest arises because one Fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by FP on behalf of the original Fund considering the investment. In circumstances where the subsequent Fund considers but does not make an investment in the opportunity, the subsequent Fund or Funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment. In circumstances where the subsequent Fund does make an investment in the opportunity, the investing Fund will be responsible for the cost of the evaluation, investigation, and due diligence undertaken in considering the investment.

In addition, FP receives and generates various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics. This information may, in certain instances, include material non-public information received or generated in connection with efforts on behalf of one Fund's investment (or prospective investment) in a portfolio company. As a result, FP is better able to anticipate macroeconomic and other trends, and otherwise develop

investment strategies. FP may from time to time enter into information sharing and confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. FP may from time to time use this information in a manner that may provide a material benefit to FP, its affiliates, or to certain other Funds without compensating or otherwise benefitting the Fund or Funds from which such information was obtained. In addition, FP may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. FP may from time to time utilize such information to benefit FP and its affiliates or certain Funds in a manner that may otherwise present a conflict of interest but does not intend to specifically disclose such conflicts to the relevant Funds.

The Funds will, from time to time, enter into borrowing arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds may be held responsible for the defaulted amount. The Funds will only enter into such joint and several borrowing arrangements when FP determines it is in the best interests of the Funds.

Conflicts Relating to Existing Investments

Investments to finance follow-on acquisitions are a regular part of the business of the Funds. Follow-on investments may present conflicts of interest, including determination of the equity component and other terms of the new financing. In addition, a Fund may participate in re-leveraging and recapitalization transactions involving portfolio companies in which other Funds have invested or will invest. Recapitalization transactions may present conflicts of interest, including determinations of whether existing investors are selling at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms, and determining the desirability of leverage for the applicable portfolio company. FP will address all such conflicts using its best judgment, but in its sole discretion, subject in certain cases to approval by the respective limited partner Advisory Boards.

Fee Structure

Additionally, as discussed above in Item 6, the General Partners of many FP Funds are entitled to carried interest under the terms of the Fund Agreements of such Funds. Such General Partners are affiliates of FP. The existence of the General Partners' carried interest creates an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation. However, the investment made by FP or its affiliates in a Fund, the clawback obligation of the General Partner (as described below), and the fact that the preferred return is calculated on an aggregate basis reduces the incentive to make speculative investments or otherwise time the sale of an investment in a manner motivated by the personal benefit of FP's personnel.

Pursuant to the Fund Agreements, the General Partner may be required to return excess amounts of carried interest as a "clawback". This clawback obligation may create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a

Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner.

Fund Level Borrowing

The Funds from time to time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses, to pay management fees, to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors), to make payments under hedging transactions, or to cover any shortfall resulting from an investor's default or exclusion. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all limited partners in such Fund on a pro-rata basis, including the General Partner. In addition, credit facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds, in which case such borrowed funds would be guaranteed by such Funds.

To the extent the Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's investors generally make correspondingly later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. As a result, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and may make net IRR calculations higher than they otherwise would be without fund-level borrowing, as these calculations generally depend on the amount and timing of capital contributions. While the Fund will bear the expense of borrowed funds, such borrowings can also increase the carried interest received by the Fund's General Partner by decreasing the amount of distributions from the Fund that are required to be made to Fund investors in satisfaction of any preferred return. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings.

Borrowing by the Fund will generally be secured by capital commitments made by the limited partners to the Fund and/or by the Fund's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of borrowings by the Fund may cause the realization of Unrelated Business Taxable Income.

Business with and Among Portfolio Companies and Investors

Given the collaborative nature of FP's business and the portfolio companies in which the Funds have invested, there are often situations where FP is in the position of recommending portfolio company services to other portfolio companies of the Funds, which may involve fees, commissions, servicing payments and/or discounts to FP, an affiliate, or a portfolio company. FP will generally have a conflict of interest in making such recommendations, in that FP has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service.

FP generally has an incentive to recommend the products or services of certain investors or prospective investors in the Funds, certain third parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

Portfolio companies controlled by a Fund have in the past, and may, from time to time in the future provide services to certain Fund investors. FP has an incentive to cause the portfolio company to favor those investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

FP and/or its affiliates may engage in business opportunities arising from a Fund's investment in a portfolio company. This creates a conflict of interest, as such interests are a benefit arising from the Fund's investment and may vary from the applicable Fund's interest (e.g., whether to make a follow-on investment and, if so, how much should be allocated to the Fund).

In certain instances, a Fund's portfolio company competes with, is a customer of, or is a service provider to, another Fund's portfolio company. In providing advice to a portfolio company's business, FP is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by FP to a portfolio company may have adverse consequences to a separate portfolio company owned by another Fund. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company, withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price, increasing its own prices or commencing litigation against another portfolio company.

A Fund's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Funds managed by FP that, although FP determines to be consistent with the requirements of such Funds' Fund Agreement, may not have otherwise been entered into but for the affiliation with FP, and which may provide economic or other benefits to affiliates of FP that are not subject to the management fee offset provisions described herein. For example, FP has in the past and may in the future cause portfolio companies to enter into agreements regarding group procurement (which may depend on the volume of services purchased under these agreements and which may be pooled across multiple portfolio companies and discounted due to scale), benefits management, data management and/or mining, technology development, purchase or title and/or other insurance policy (which may be pooled across multiple portfolio companies and discounted to scale) and other similar operational initiatives that may result in fees, better pricing, rebates, servicing payments, commissions or similar payments and/or discounts to FP, its affiliates or a portfolio company, including related to a portion of the savings achieved by the portfolio company. While FP may have a conflict of interest because its economic benefit may incentivize FP to maintain such arrangements, FP believes that such agreements benefit the portfolio companies due to increased access to quality products and services at beneficial pricing and FP's benefits from such arrangements are reduced because FP only benefits on at the same rate as the portfolio companies. However, it should not

be assumed that a company related to, or otherwise affiliated with FP will only take actions that are beneficial to, or not opposed to, the interests of a Fund and its portfolio companies.

Certain members of a Fund's Advisory Board are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Fund. The General Partner of a Fund will, from time to time, utilize the services of investors and their affiliates on an arm's length basis with commercially reasonable terms, as it deems appropriate.

Service Providers

Services required by a Fund (including some services historically provided by FP or its affiliates to the Funds) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties in the discretion of FP or its affiliates. FP and its affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of FP personnel. Such services may include, without limitation, deal sourcing, information technology, license software, depository, data processing, client relations, administration, custodial, accounting, legal and tax support and other similar services. Outsourcing may not occur universally for all Funds and accordingly, certain costs may be incurred by a Fund for a third-party service provider that is not incurred for comparable services by other Funds. The decision by FP to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future. The costs and expenses of any such third-party service providers will be borne by the Funds.

FP and/or its affiliates may engage certain service providers to provide services to FP, the Funds and/or the portfolio companies, including services during the due diligence and acquisition process. Such service providers are, in certain circumstances, investors in a Fund or affiliates of such investors and may include, for example, investment or commercial bankers, outside legal counsel, pension consultants and/or other investors who provide services (including mezzanine and/or lending arrangements). The engagement of any such service provider may be concurrent with an investor's admission to a Fund, or during the term of such investor's investment in the Fund. This creates a conflict of interest, as FP may give such investor preferred economics or other terms with respect to its investment in a Fund, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor.

Additionally, employees of FP or its affiliates, and/or their family members or relatives may have ownership, employment, or other interests in such service providers. These relationships that FP may have with a service provider can influence FP in determining whether to select, or recommend such service provider to perform services for a Fund or a portfolio company. FP will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide FP information about markets and industries in which FP operates or is interested or will provide other services that are beneficial to FP. Although FP selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that FP, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be

obtained from another person. While FP often does not have visibility or influence regarding advantageous service rates or arrangements, there will be situations in which FP receives more favorable service rates or arrangements than the Funds or their portfolio companies.

FP or its affiliates and service providers often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required and the time demands of the service provider. As a result, to the extent the services required by FP or its affiliates differ from those required by the Funds and/or its portfolio companies, FP and its affiliates will pay different rates and fees than those paid by the Funds and/or its portfolio companies.

Positions with Portfolio Companies

Employees of FP serve as directors of, or observers on boards with respect to, certain portfolio companies. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflicts with those of the Fund, it is expected that the interests will be aligned. In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employees' fiduciaries duties among the two portfolio companies may create a conflict of interest. Such employees are required to remit any remuneration they may receive as directors to the applicable Funds.

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

From time to time employees of FP may also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest and/or following the termination of such employee's employment with FP. In such circumstances, any compensation or fees received by such former employee is not subject to the advisory fee offset described above, or otherwise shared with the Funds and/or investors.

In connection with co-investment opportunities, some co-investors (which may include one or more investors in the Funds) may be provided with the opportunity to serve on the board of directors or board of advisors of the applicable portfolio company. Positions on board of directors or board of advisors of such portfolio companies provide such co-investors with voting rights, access to information and the ability to potentially influence the operations and decision-making of the portfolio company that are not available to other investors in the Funds. In certain cases, co-investors have contractual rights that require the approval of the co-investors for certain major actions relating to the applicable portfolio company, such as a sale of the company or the issuance of additional equity by the company. Such rights may limit the ability of FP to take actions with respect to the portfolio company that FP considers to be in the best interests of the Funds.

Advisory Board Rights

Generally, each FP Fund has established an Advisory Board, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted

to designate a member to the Advisory Board. The Advisory Board may also have the ability to approve conflicts of interests with respect to FP and the applicable FP Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the Advisory Board. Representatives of the Advisory Board may have various business and other relationships with FP and its partners, employees and affiliates. These relationships may influence the decisions made by such members of the Advisory Board.

In addition, members of one FP Fund's Advisory Board may also be a member of another FP Fund's Advisory Board. In such instances, a conflict of interest exists because the Funds on which such overlapping Advisory Board members may have conflicting interests and such Advisory Board members may be requested to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote.

Other Conflicts of Interest

The Fund Agreements of a Fund establish complex arrangements among the Funds, FP, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Fund Agreements, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While FP will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

From time to time, FP will consult with or co-invest with other parties in the private equity investment industry. While FP believes that such relationships will result in enhanced investment opportunities for the FP Funds, it is possible that certain opportunities will not be available to the FP Funds as a result of such relationships or, if available, such parties' interests or its obligations to their clients may diverge from the FP Funds' interests. In addition, such parties may possess inside information concerning specific companies that could limit an FP Fund's ability to buy or sell securities issued by such companies.

FP Funds have tax-exempt, taxable, foreign and other investors, whereas most limited partners of the General Partners of the FP Funds and other Funds are taxable at individual U.S. rates. Conflicts may exist with respect to various structuring, investment and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax-exempt investors, conflicts among the interests of domestic and foreign investors, and conflicts between the interests of investors and management. For these reasons, among others, decisions may be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations. FP will address all such conflicts using its best judgment in accordance with the Fund Agreements.

As described in Item 4 above, the Funds have entered, or in the future may enter, prior to the closing of such Fund, into side letters with one or more of the Fund's investors which provide such investors with additional or different rights than other investors have pursuant to the Fund

Agreements, including but not limited to different information rights, co-investment rights, and liquidity or transfer rights.

FP and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, FP and/or its affiliates, the parties may engage separate counsel in the sole discretion of FP and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, FP and the Funds and the portfolio companies of the Funds will, from time to time engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to FP, the Funds, and/or the portfolio companies. This may result in FP receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or FP receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between FP, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that FP will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies.

FP and its personnel have in the past received, and may from time to time in the future receive, certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in “miles” or “points” or credit in loyalty/status programs to FP and/or its personnel, and such rewards and/or amounts will exclusively benefit FP and/or such personnel and will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies.

FP has in the past caused, and may in its discretion in the future cause, the Funds and/or their portfolio companies to have ongoing business dealings, arrangements or agreements with persons who are former employees or executives of FP. The Funds and/or their portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between FP and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that FP may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

Investors may be introduced to FP, or may invest in a Fund, by a third-party consultant from which FP or a related person purchases products and to which FP or a related person may make payments, including in connection with conferences sponsored or hosted by the third-party consultant.

FP has in the past caused, and may from time to time in the future cause, one or more FP Funds to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable General Partner, FP and/or their respective directors, officers, employees, agents, representatives, members of the Advisory Board and other indemnified parties, against liability in connection with the activities of the Funds. This may include a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by FP that cover one or more Funds and/or FP (including their respective directors, officers, employees, agents, representatives, members of the Advisory Board and other indemnified parties). FP will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or FP on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

As neither FP nor any of its affiliates is registered as a broker-dealer, FP does not engage in agency cross transactions where one Fund purchases or sells any security for its account from or to the account of another Fund. In the event that the Firm causes the Funds to enter into any cross transactions, any required approvals, including that of the applicable Fund’s limited partnership Advisory Board (as may be required), will be obtained in accordance with the terms of the applicable Fund Agreement.

An FP Fund and one or more other Funds may be deemed or may desire to avoid being deemed to hold “plan assets” subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). With respect to ERISA considerations, FP and certain affiliates may be restricted from entering into certain transactions if the investment would trigger ERISA considerations with respect to an FP Fund, or may be obligated to take certain actions or refrain from taking certain actions in order to avoid an ERISA consideration with respect to such FP Fund.

Any of these situations subjects FP and/or its affiliates to potential conflicts of interest. As discussed herein, FP attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by FP’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, FP will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict.

Contact the FP compliance department with any additional questions or concerns.

Item 12. Brokerage Practices

From time to time, the Firm uses a broker to effect transactions in public securities resulting from, or in connection with, portfolio investments. These circumstances include, among other things, the distribution of securities acquired in a transaction effected on behalf of, or in connection with, portfolio investments. In these instances, FP has full discretionary authority with respect to the selection of, and commissions paid to, brokers. If the Firm determines to engage a broker, the Firm will select the broker considering the range and quality of its brokerage services, its execution capability and trade efficiency, level of trading expertise, commission rate, infrastructure, financial responsibility, responsiveness to the Firm and other similar factors.

From time to time, FP aggregates purchases and sales of publicly-traded securities for the Funds. FP often employs this practice because larger transactions may enable it to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. FP and its affiliates may combine orders on behalf of Funds with orders for other Funds for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, FP and its affiliates generally aggregate trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction. To the extent that FP might engage in an aggregated purchase or sale of publicly-traded securities, such aggregated order will be allocated among the applicable Funds on a pro rata basis, unless in the General Partner's good faith judgment a different allocation method is more appropriate under the circumstances.

FP does not receive soft dollar benefits or client referrals from broker-dealers in connection with client transactions.

Item 13. Review of Accounts

The portfolio investments of the FP Funds are generally private, illiquid and long-term in nature, and accordingly FP's review of them is not directed toward a short-term decision to dispose of securities. However, the portfolio investments of each FP Fund are continuously reviewed by a team of FP professionals. The team generally includes the senior investment professionals of the Firm. FP closely monitors the portfolio companies of the FP Funds and generally maintains an ongoing position on the Board of Directors of such portfolio companies.

Investors in FP Funds will typically receive, among other items, a copy of audited financial statements of the FP Fund within 120 days after the fiscal year end of such FP Fund. In addition, investors in each FP Fund will typically receive unaudited quarterly financial statements regarding such FP Fund following the end of each financial quarter. Investors in the FP Funds also receive regular reporting updates through quarterly letters, investor meetings, capital account statements and other materials provided on the investor website. FP and the applicable General Partner will from time to time, in their sole discretion, provide additional information relating to such FP Fund to one or more investors in such FP Fund as they deem appropriate.

In general, investor materials are provided electronically.

Item 14. Client Referrals and Other Compensation

While not a client solicitation arrangement, FP or its affiliates have, and in the future could, utilize a placement agent to assist in the placement of investor interests in the Funds. Any fees paid to any such placement agent generally are in the form of a percentage of capital committed by certain investors. Any placement fees paid by the FP Funds results in a reduction of management fees payable to FP. As some Funds do not pay management fees, any such reduction will not benefit such Funds.

For details regarding economic benefits provided to FP by non-clients, including a description of related conflicts of interest, please see Item 11 above. In addition, FP, its affiliates and/or related persons may, in certain instances, receive discounts on products and services provided by portfolio companies.

Item 15. Custody

FP and the respective General Partner will maintain funds and securities (except for certain “privately offered securities” as such term is defined in Rule 206(4)-2 under the Advisers Act) of the Funds with certain qualified custodians.

Each of the Funds is audited annually and the audited financial statements are prepared in accordance with GAAP by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“PCAOB”) and are distributed to all investors in the Funds within 120 days of the end of the Fund’s fiscal year.

Item 16. Investment Discretion

FP has entered into an Advisory Agreement related to each Fund. Investment advice is provided directly to the Funds, subject to the discretion and control of the General Partner of each Fund, and not individually to the investors in the Funds. Each such agreement, together with the management authority granted to each Fund’s General Partner pursuant to the Fund’s Fund Agreement, provides FP with full discretion to determine investments to be purchased and sold on behalf of the Fund and the terms of the related transactions. Limitations on FP’s investment discretion are set forth in the investment management agreement with, and the Fund Agreements of, the Funds and generally involve certain diversification requirements.

Item 17. Voting Client Securities

FP has adopted proxy voting policies and procedures to address how it will vote proxies, for a Fund’s portfolio investments.

It is the general policy of FP to vote Client proxies in the interest of maximizing shareholder value. While the securities evidencing the private equity investments made by the Funds are not typically the subject of proxies, there could be certain circumstances where FP, having

discretionary authority over the Funds, may be asked to vote the securities of such Funds on restructuring or other corporate matters.

Clients generally may not direct how FP will vote in a particular situation.

FP will also determine whether there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interest of a Fund. FP has adopted policies to address these material conflicts of interest, including referring the matter to the applicable Fund's Advisory Board.

Under certain circumstances, when it is believed to be in the best interests of Clients, FP will vote in a manner that is contrary to the proxy voting principles and guidelines or will refrain from voting.

A copy of FP's written policies and procedures on proxy voting is available to Clients or prospective clients upon request. In addition, any Client or prospective client may obtain specific information as to how certain proxies for securities held in a Fund were voted upon the request of such information.

Item 18. Financial Information

Item 18 is not applicable.