

KELSO & COMPANY, L.P.

FORM ADV PART 2A

The Brochure

March 2024

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This Brochure provides information about the qualifications and business practices of Kelso & Company, L.P. (“Kelso” or the “Adviser,” “we,” “us” or “our”). If you have any questions about the contents of this Brochure, please contact us at (212) 350-7700. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Kelso is registered as an investment adviser with the SEC. Registration does not imply that a registered adviser has achieved a certain level of skill, expertise, or training in providing advisory services to its clients.

Additional information about the Adviser is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

While material changes have not been made since the prior annual ADV amendment dated as of March 31, 2023, several changes have been made to the Brochure to enhance and clarify the description of Kelso's practices, and to reflect evolving industry practices. These changes include, without limitation:

*Item 4 – Advisory Business: This section has been updated to reflect (i) the promotion of a partner, (ii) clarifying edits to the description of advisory business, (iii) the updated Kelso XI Commitment (as defined hereinafter) reflecting the amount as of the final closing of Fund XI (as defined hereinafter), and (iv) the updated Regulatory Assets Under Management;

*Item 5 – Fees and Compensation: This section has been updated to provide certain clarifying information on certain fees and expenses; and

*Item 10 – Other Financial Industry Activities and Affiliations: This section has been updated to reflect additional information regarding certain conflicts of interest.

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Item 4 - Advisory Business

Generally

The firm was established in 1971 by Louis Kelso, who is commonly referred to as the inventor of the Employee Stock Ownership Plan (“ESOP”). The firm operated as an advisory firm throughout most of the 1970s, assisting numerous companies with change-of-control transactions structured through ESOPs. The firm is one of the founding firms in private equity, with over 40 years of investment experience. In 1980, the firm formed its first investment partnership to make direct equity investments in companies, helping to pioneer the structures utilized in the early days of the private equity industry. Kelso & Company, L.P. (“Kelso”) is a Delaware limited partnership, and has been registered as an investment adviser with the Securities and Exchange Commission (“SEC”) since March, 2012. Kelso focuses on middle-market private equity investments primarily in North America. Our principal place of business is New York, New York.

Principal Owners

The Adviser is principally controlled by its general partner, Kelso & Company, LLC, a Delaware limited liability company, and is beneficially owned by the Partners (as defined below).

The day-to-day affairs of the Adviser are generally managed by Philip E. Berney, Frank J. Loverro, Christopher L. Collins, A. Lynn Alexander, Frank K. Bynum, Jr., David L. Cohen, James J. Connors, II, Stephen C. Dutton, Matthew S. Edgerton, William C. Frayer, Michael B. Goldberg, Alec J. Hufnagel, Joseph M. Kopilak, Henry Mannix III, George E. Matelich, Howard A. Matlin, Church M. Moore, Beth G. Neumann, Michael P. Nichols, Frank T. Nickell, Stanley de J. Osborne, David I. Wahrhaftig, Thomas R. Wall, IV, and William Woo (collectively, the “Partners”).

Advisory Services

The Adviser provides investment advisory services to privately offered funds, which are investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “40 Act”), and whose securities are not registered under the Securities Act of 1933, as amended. The Adviser currently serves as the investment manager for Kelso Investment Associates VII, L.P. and KIA VII Feeder, L.P. (collectively, “Fund VII”), Kelso Investment Associates VIII, L.P. and KIA VIII Feeder, L.P. (collectively, “Fund VIII”), Kelso Investment Associates IX, L.P. and KIA IX Feeder, L.P. (collectively, “Fund IX”), Kelso Investment Associates X, L.P. and KIA X Feeder, L.P. (collectively, “Fund X”) and Kelso Investment Associates XI, L.P. and KIA XI Feeder, L.P. (collectively, “Fund XI”, and together with Fund VII, Fund VIII, Fund IX and Fund X, the “Primary Funds”), as well as certain related investment vehicles and other funds described below. KIA VII Feeder, L.P., KIA VIII Feeder, L.P., KIA IX Feeder, L.P., KIA X Feeder, L.P., and KIA XI Feeder, L.P. (each, a “Feeder Fund”, and collectively, “Feeder Funds”) are “feeder” vehicles organized to invest exclusively in the relevant Primary Fund.

The investment strategy of the Adviser is described in Item 8 below and set forth more fully in the private placement memoranda (as supplemented or amended, the “Private Placement Memoranda”) of each Primary Fund. The Adviser provides services to each Primary Fund or other Fund (described below), as applicable, in accordance with the limited partnership or similar governing agreement of such Primary Fund or other Fund, as applicable (each, a “Partnership Agreement”), and the management agreement between the Adviser and such Primary Fund or other Fund, as applicable (each, a “Management Agreement”). The Adviser’s investment advice to the Primary Funds and to certain other Funds, is limited to the type of advice described in this Brochure.

Fund Structure

As a general matter, the Primary Funds are managed by the Adviser, which investigates, analyzes, structures and negotiates potential investments. The Adviser has general authority to recommend investments to the general partner of each Primary Fund (the “General Partners”), subject to the limitations set forth in the Management Agreements and Partnership Agreements of the Primary Funds. The management and the conduct of the activities of each Primary Fund remain the ultimate responsibility of such Primary Fund’s General Partner. The General Partner of each Primary Fund is an affiliate of the Adviser.

The Adviser may establish additional vehicles to allow certain persons to invest alongside a Primary Fund in one or more investment opportunities (each such vehicle, a “Co-Investment Fund”). Such Co-Investment Funds include: KEP VI, LLC, a Delaware limited liability company (“KEP VI”), KEP X, LLC, a Delaware limited liability company (“KEP X”), KEP XI, LLC, a Delaware limited liability company (“KEP XI”), KSN Fund IX, L.P., a Delaware limited partnership (“KSN IX”), KSN Fund X, L.P. a Delaware limited partnership (“KSN X”) and KSN Fund XI, L.P., a Delaware limited partnership (“KSN XI”, and together with KEP VI, KEP X, KEP XI, KSN IX and KSN X and their related vehicles, the “Kelso Investment Funds”). The Kelso Investment Funds provide the Adviser’s employees, outside directors, consultants and advisors, other executives and portfolio company management teams (collectively, the “Kelso Investors”) with the opportunity to invest alongside certain Primary Funds in all deals (*e.g.*, KSN IX, KSN X and KSN XI have been formed to invest alongside Fund IX, Fund X and Fund XI, respectively). Commencing with Fund IX, the Adviser established a co-investment program pursuant to which Co-Investment Funds have been formed to invest alongside Fund IX, Fund X, and Fund XI in certain specific investments. The Advisor may form other Co-Investment Funds in the future.

Traditionally, KEP VI (which, historically, was the sole Kelso Investment Fund) had elected an investment percentage in advance for each year to participate in all investments (including follow-on investments) made by Fund VII and Fund VIII during such year. However, the Kelso Investment Funds investing alongside Fund IX (together with the general partner of Fund IX) have instead committed in the aggregate a fixed amount equal to \$625 million to invest in or alongside Fund IX, which commitment will not be reduced except in connection with the termination of employment or affiliation of certain persons with the Adviser (such amount, the “Kelso IX Commitment”). The Kelso Investment Funds investing in or alongside Fund X have committed to invest approximately 11% of third-party capital commitments (the “Kelso X

Commitment”). The Kelso Investment Funds investing in or alongside Fund XI have committed to invest approximately 14% of third-party capital commitments (the “Kelso XI Commitment”). As a general matter, any investment by a Co-Investment Fund (including Kelso Investment Funds) will be on terms and conditions not more favorable than the terms and conditions of the investment by the applicable Primary Fund. Co-investment opportunities may be made available through limited partnerships or other entities, the terms of which are permitted to differ from those of the applicable Primary Fund. Kelso is not expected to offer co-investment with respect to all of the relevant Primary Fund’s investments. While the General Partner generally intends to make co-investment opportunities available to Limited Partners (and may also make such opportunities available to affiliates or designees of Limited Partners or other persons), there can be no assurances with respect to the amount of any co-investment opportunity that will be made available in connection with the applicable Primary Fund. Being a Limited Partner of the applicable Primary Fund does not entitle any Limited Partner to a right to participate in any co-investment opportunity.

In connection with a follow-on investment, if the side-by-side investment percentage changes with respect to the investment made by a Kelso Investment Fund during the period between the date of the initial investment and the date of the follow-on investment, the share of the follow-on investment allocated to such Kelso Investment Fund will be based upon the side-by-side investment percentage at the time such follow-on investment is made in accordance with the applicable Partnership Agreement or similar governing agreement of such Kelso Investment Fund. Additionally, in the event that a Co-Investment Fund (other than a Kelso Investment Fund) is called upon to provide follow-on funding, to the extent not obligated to provide follow-on funding, such Co-Investment Fund will generally have the opportunity to participate in such follow-on investment based upon its then existing sharing percentage. However, if the members of a Co-Investment Fund elect not to participate in a follow-on investment, and certain but not all of the members decide to participate in such additional investment, the members that do not participate will generally suffer a proportional dilution of their overall investment.

In addition, the Adviser may offer certain interested co-investors and other third-parties the opportunity to invest directly or indirectly in the debt and/or equity capital structure of a portfolio company. The terms of any such debt investment opportunity may be more or less favorable than terms that may be available from other third-party debt investors.

The General Partner will have the right in connection with any investment to structure the participation of some or all of the Limited Partners in one or more portfolio investments through one or more alternative investment vehicles (“Alternative Investment Vehicles”) if, in the judgment of the relevant General Partner, the use of such vehicle or vehicles would allow the applicable Primary Fund or its investors to address certain legal or regulatory constraints that may arise in connection with a transaction or transactions or invest in such transaction or transactions in a more tax efficient manner and/or would facilitate participation in certain types of investments. Any Alternative Investment Vehicle generally will contain terms and conditions substantially similar to those of the applicable Primary Fund (except as may be advisable to address such legal, regulatory or tax constraints) and will be managed by Kelso or an affiliate thereof. The profits and losses of an Alternative Investment Vehicle generally will be aggregated with those of the applicable Primary Fund for purposes of determining distributions by either the applicable Primary

Fund or such vehicle, unless the General Partner elects otherwise in its sole discretion based on a determination that such aggregation could increase the risk of any adverse tax or other consequences.

The Primary Funds, Co-Investment Funds (including the Kelso Investment Funds), Feeder Funds, Alternative Investment Vehicles and certain other funds are collectively referred to as the “Funds.”

The general partners and other managing entities of the Funds described above are collectively referred to as the “General Partners” in this Brochure. The limited partners, investors and members of the Funds described above are collectively referred to as “Limited Partners” in this Brochure.

Investment Restrictions

The advice provided by the Adviser and its affiliates to each Fund is tailored to meet the individual investment objectives and restrictions of each Fund. Each Partnership Agreement imposes restrictions on investing in certain securities or types of securities.

Management of Client Assets

As of December 31, 2023, the Adviser had Regulatory Assets Under Management totaling \$16,585,927,863 on a discretionary basis. Kelso does not manage assets on a nondiscretionary basis. The term “Regulatory Assets Under Management” is defined by the SEC in the instructions to Form ADV, and is calculated in accordance with the requirements prescribed by the SEC.

Item 5 - Fees and Compensation

Adviser Compensation

The Adviser is paid an annual management fee (the “Management Fee”) in accordance with the Partnership Agreement and Management Agreement of each Fund, as applicable, a portion of which may be borne by Alternative Investment Vehicles formed in connection with certain transactions of a Primary Fund, as applicable. Co-Investment Funds (including Kelso-Investment Funds) generally do not pay Management Fees, however certain Co-Investment Funds will be subject to an administrative allocation intended to cover the Adviser’s administrative costs. Management Fees are generally payable to the Adviser in tri-annual installments in advance, funded by drawdowns of unfunded capital commitments of the Limited Partners or out of distributable proceeds and gains of the Funds, as applicable, in each case in accordance with each Fund’s Partnership Agreement.

Management Fees have not been paid in respect of Fund VII and Fund VIII since 2014 and 2018, respectively.

The Management Fees paid to Fund IX are generally calculated with respect to each Limited Partner on a blended basis taking into account both the capital commitments of Limited

Partners and total capital used for investments through the end of the investment period. Thereafter the Management Fee is a percentage of funded capital commitments that remain invested in Fund IX's portfolio companies. Limited Partners in Fund IX have chosen between two different Management Fee schedules, which vary in timing and percentage.

Fund X and Fund XI have a Management Fee structure pursuant to which the Management Fee is initially based (during the applicable commitment period) on a percentage of the capital commitments of Limited Partners, and thereafter steps down, to a lesser percentage, of funded capital commitments plus outstanding borrowings used for investments. Management Fees are subject to a nine-month fee deferral period.

The Management Fee calculated with respect to each Limited Partner of the Primary Funds is typically subject to reduction in each period for certain amounts, including: (a) such Limited Partner's *pro rata* share of any placement fees paid or payable by the applicable Primary Fund in such calendar year (with the result that placement fees are borne by the Adviser); (b) such Limited Partner's *pro rata* share of a percentage (specified in the relevant Partnership Agreement) of director's fees, investment fees, consulting fees, break-up fees, advisory fees, monitoring fees or other similar fees received in the previous calendar year by the Adviser in respect of the Primary Fund's investments to the extent such fees exceed unreimbursed expenses (collectively, "Fee Income"); and (c) such Limited Partner's *pro rata* share of any Organizational Expenses (defined in "Additional Fees and Expenses" below) that were paid by the Primary Fund in the previous calendar year and that exceed the threshold set forth in the respective Partnership Agreement. For purposes of the preceding sentence, a Limited Partner's *pro rata* share is based on the aggregate capital commitments of the Limited Partners to such applicable Primary Fund. Any excess Management Fee reductions will be carried forward if necessary to offset future Management Fee payments.

Fee Income relating to investment activities will generally be allocated among the applicable Primary Funds, Kelso Investment Funds and other Funds (if any) in accordance with each applicable limited partnership agreement. Fee Income allocated to a Primary Fund will reduce the Management Fees of such Primary Fund as described above. Fee Income allocated to a Kelso Investment Fund will be retained by the Adviser. For Fund IX and Fund X, Fee Income allocated to a Co-Investment Fund (other than any Kelso Investment Fund) that does not benefit from a fee offset (in the case of a Management Fee that has been subject to offset) is allocated to the Primary Fund. For Fund XI, Fee Income allocated to a Co-Investment Fund (other than any Kelso Investment Funds) offsets the Management Fees payable by such Co-Investment Fund (if any) and any excess is retained by the Adviser. If upon the dissolution of Fund IX, Fund X or Fund XI, as applicable, there is unapplied Fee Income remaining after all applicable reductions in the Management Fee payable, each Limited Partner of Fund IX, Fund X or Fund XI, respectively, will be entitled to elect to receive its *pro rata* share of such unapplied Fee Income. The Adviser will be entitled to retain any remaining Fee Income attributable to non-electing Limited Partners of Fund IX, Fund X or Fund XI, respectively, as well as remaining Fee Income relating to prior Primary Funds that do not have an election mechanic.

The Management Agreements of the Funds generally provide that upon termination of the Management Agreement, the Adviser shall repay to the Fund or to a replacement manager, as directed by the Fund's General Partner, the unearned portion (computed on the basis of the number of days elapsed), if any, of any Management Fees previously paid to the Adviser.

Certain related persons of the Adviser also receive "carried interest" (a form of performance-based compensation), as discussed in Item 6. Engagement by the Adviser of a financial intermediary, such as a broker dealer, and any commissions paid in connection with Fund investments are discussed in Item 12.

Additional Fees and Expenses

In addition to the Management Fee and, if applicable, carried interest and the administrative allocation, the Funds (and indirectly their Limited Partners) bear (to the extent not reimbursed by a portfolio company or other third party) certain costs and expenses incurred by the Adviser and/or its affiliates in connection with the operation of the Funds. These costs and expenses generally include: fees and expenses related to consummated portfolio company investments, proposed but unconsummated investments, temporary investments (including fees and expenses related to the identifying, structuring, evaluating, holding, acquiring, negotiating, monitoring, financing (including interest relating thereto) or disposing of portfolio company investments and proposed but unconsummated investments; and legal, accounting, audit, due diligence, analytics, modeling, pricing, third-party information systems, software, technology, database, service fees, brokerage, banking, consulting, appraisal, market research, travel, accommodation, entertainment and other expenses) to the extent such fees and expenses are not reimbursed by a portfolio company or other third person; any unreimbursed portfolio company fees or expenses; interest on and all out-of-pocket costs, fees, expenses and liabilities related to or arising from any indebtedness, guarantees, credit support and hedging activities; insurance premiums protecting the Funds and their affiliates from liabilities in connection with Fund affairs; certain litigation expenses; fees and expenses incurred in connection with the Funds' legal and regulatory compliance with U.S. federal, state, local non-U.S. or other law and regulation (including expenses associated with the preparation of financial statements, Form PF, tax returns and Schedules K-1), including, without limitation, all costs and expenses incurred in connection with compliance with the Advisers Act of 1940, as amended (the "Advisers Act") (other than the preparation of the Manager's Form ADV and costs of any SEC examination of the Manager as a registered investment adviser); expenses associated with applicable information technology and maintenance of books and accounts; legal, custodial, administration, auditing, accounting, regulatory and compliance expenses, ongoing registration fees charged by regulators and jurisdictions in which the Funds and any Alternative Investment Vehicles make investments; and any fees, costs and expenses incurring in complying with any disclosure, reporting and other similar obligations under applicable laws and any other secondary legislations, rules and/or guidance); auditing, tax preparation, out-of-pocket communication costs, appraisal, valuation and consulting fees; expenses related to organizing companies through which portfolio company investments are made, including organizing and operating Alternative Investment Vehicles; taxes or other governmental charges payable by the Funds; reimbursement of expenses of the advisory committee; costs and expenses that are classified as extraordinary expenses under generally accepted accounting principles; damages related to investments or

activities undertaken in connection with the Funds; costs of reporting to Limited Partners (including travel expenses related thereto) and to governmental authorities with respect to the Funds; costs related to a defaulting Limited Partner and expenses in winding up or liquidating the Fund or any Alternative Investment Vehicle; annual registration fees and registered office fees and expenses; any taxes, fees, duties or other governmental charges levied against the Funds (including in connection with any audit, investigation, settlement or review); fees, costs and expenses incurred in connection with ongoing investor relations with Limited Partners (including, without limitation, reasonable travel, travel-related and entertainment expenses related thereto), in each case to the extent not otherwise paid by such Limited Partners; certain costs and expenses of any Fund meetings (including, without limitation, annual general meetings), including travel, lodging and related expenses of certain attendees of such meetings (including employees of the Adviser, officers, board members and advisers of the Funds' portfolio companies and certain professional service providers of the Funds); expenses related to the implementation and monitoring of anti-money laundering, anti-bribery, environmental, social, and governance, cybersecurity and privacy policies, procedures and controls; costs and expenses incurred in connection with any modifications to or compliance with the applicable Partnership Agreement, the management agreement, side letters or any other constituent or related documents of the Funds; and costs and expenses associated with any consummated or unconsummated transfer of interests in the Funds, to the extent not otherwise borne by the applicable transferring parties.

Co-Investment Funds formed to invest in one or more investments (as opposed to co-investing in all investments) will generally not be required to share in any broken-deal expenses, which expenses shall be borne by the applicable Primary Fund and any other Co-Investment Fund co-investing with such Primary Fund in all investments. Notwithstanding the foregoing, co-investors who have committed to participate in a transaction and have undertaken an obligation to bear a share of broken-deal expenses in the event such transaction is not consummated will bear a share of such expenses.

The types of fees and expenses that are generally charged and shared by the Funds in connection with identifying, evaluating, structuring and negotiating proposed investments (including those that are not ultimately consummated by the Funds) and the acquisition, management, holding, sale, proposed sale or valuation of investments include, where contemplated by the applicable Partnership Agreement, among other things: meals, entertainment, lodging, travel expenses and related incidentals (collectively, "Travel Expenses"). Travel Expenses associated with the acquisition, identification, evaluation, structuring, holding, monitoring, and disposition of investments (including firm meetings related thereto) may include the use of private airplanes or charters where the cost is justified by greater efficiency or security, cost or better access to destinations, as the Adviser determines is appropriate. Any use by the Adviser or its affiliates of a private airplane owned by certain Kelso Partners in their personal capacity, if applicable, will be arranged on an arms-length basis. In these cases, the allocable cost of such time-sharing arrangements, where determined to be reasonably appropriate, will be charged to the applicable Funds or to portfolio companies of the Funds. To the extent not otherwise reimbursed by a portfolio company or any party other than the Funds, the General Partners may agree to base the amount of reimbursement for private air travel costs or expenses that would be borne by a Fund

as Fund expenses on the cost of first-class commercial airfare generally available for similar travel itineraries.

The Adviser typically enters into agreements with the portfolio companies of the Funds which provide for reimbursement of out-of-pocket expenses and whereby each portfolio company indemnifies the Adviser and its affiliates, including the applicable Fund and any other investing entities, against all claims, liabilities, damages, costs and expenses, including legal fees, to which they may be or become subject by reason of their providing services to or their investment in the portfolio company. Portfolio Companies generally also have typical indemnification obligations relating to officers, directors and other parties. The Adviser may also receive monitoring, directors, consulting, break-up or other fees in connection with the Funds' investment activities. The terms of a monitoring agreement may in certain instances provide for an acceleration of fees paid to the Adviser upon termination following certain milestones, (such as an initial public offering, change of control or sale). In such instances, the Adviser may be entitled to a lump-sum termination fee with respect to such arrangements. In general, the aggregate management fee that a Primary Fund pays the Adviser is reduced by a portion of such fees that are allocated to the Primary Fund in accordance with the Primary Fund's Partnership Agreement. These payments by portfolio companies could also reduce the Fund's returns.

The Funds also bear all costs in connection with their respective formation and organization, and the offering of interests in such Funds (collectively, the "Organizational Expenses"), *provided* that, to the extent that these fees and expenses exceed the threshold set forth in the relevant Partnership Agreement, such excess will be borne by the Adviser. In addition, the Adviser will ultimately bear all fees of any placement agent for the Funds (as described in "Adviser Compensation" above). All Fund expenses are allocated in accordance with each Fund's Partnership Agreement. In those instances where the expenses incurred relate to more than one Fund (*e.g.*, insurance, investor conference or transaction costs) the Adviser, in its good faith discretion, will allocate the cost to each Fund typically based on either the Fund's *pro rata* share of total capital invested or its *pro rata* share of the total market value of the Funds who benefitted from such expenses.

The relevant Fund will indemnify the General Partner, the Advisor and their affiliates, and their respective shareholders, members, officers, employees, agents and partners and any other person who serves at the request of the General Partner (*i*) as a member of the advisory committee (together with the Limited Partner that such member represents and such member's shareholders, members, officers, employees, agents and partners), and (*ii*) on behalf of the relevant Fund as an officer, director, partner, employee or agent of any other entity (in each case, a "Covered Person"), against all claims, liabilities, damages, costs and expenses, including legal fees, to which they may be or become subject by reason of their activities either on behalf of the relevant Fund or in connection with the applicable Partnership Agreement, except to the extent that such claims, liabilities, damages, costs or expenses are determined to have resulted from (*a*) in the case of a Covered Person other than a Covered Person referred to in clause (*b*), such Covered Person's gross negligence, fraud, willful malfeasance or certain willful violations of the applicable Partnership Agreement or U.S. law and (*b*) in the case of a voting member of the advisory committee acting in such capacity, such Covered Person's bad faith.

Except as set forth above, the Funds will not pay the Adviser's costs and expenses. Thus, the Adviser is not reimbursed by the Funds for its normal operating overhead, salaries of the Adviser's employees, rent and other expenses incurred in maintaining the Adviser's place of business. The Adviser will from time to time seek the benefit of certain third party industry advisors and operating managers (collectively referred to as, the "Kelso Specialist Network"), investors and their affiliates or other third parties unaffiliated with the Adviser or the Kelso Specialist Network, in each case on an arm's length basis as they deem appropriate, to provide services including consulting, sourcing, reporting, investing, assisting in due diligence, monitoring or managing portfolio companies of the Primary Funds. Depending on the circumstances, members of the Kelso Specialist Network may receive as consideration for such services compensation, profits interests or other remuneration from portfolio companies, the Primary Funds (including applicable Kelso Investment Funds) or the Adviser. Members of the Kelso Specialist Network may also have the option to participate in a Kelso Investment Fund, which invests alongside certain Primary Funds in all investments, or to invest directly in certain portfolio companies. In addition, the portfolio companies of the Primary Funds will from time to time provide services to other portfolio companies of the Primary Funds, or to the Adviser. Such arrangements (if any) will be entered into on an arm's length basis as the parties deem appropriate.

Services required by the Funds (including some services historically provided by the Adviser to the Funds) may be outsourced in whole or in part to third parties in the discretion of the Adviser or the General Partners in connection with operations of the applicable Funds, and the expenses of such third parties will be Fund expenses. Such outsourced services may include deal sourcing, asset management, information technology, licensed software, data processing, trading, settlement, client relations, administration, custodial, accounting, legal and tax support and other services. Outsourcing may not occur uniformly for all Funds and, accordingly, certain costs may be incurred by a Fund through the use of third-party service providers that are not incurred for comparable services used by other Funds. The decision by the Adviser to initially perform particular services in-house for a Fund will not preclude a later decision to outsource such services, or any additional services, in whole or in part to third parties. The costs, fees or expenses of any such third-party service providers will be treated as expenses borne by the applicable Funds.

The Adviser and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds and their portfolio companies, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as a Fund or account expenses typically result in cash rebates, "miles," "points" or credit in loyalty/status programs, and such benefits and/or amounts will exclusively benefit the Adviser and/or such personnel even though the cost of the underlying service is borne by the Funds. The value of such benefits and perquisites will neither be subject to an offset against management fees payable to the Funds nor will otherwise be shared with the Funds and/or portfolio companies.

This list is not intended to be exhaustive and can vary from Fund to Fund. Prospective and existing Limited Partners of the Funds are advised to review the applicable Fund offering and organizational documents (including the Partnership Agreement) for a more extensive description of the fees and expenses associated with an investment in the Funds.

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

Pursuant to the Partnership Agreement of each Primary Fund or other Fund, as applicable, the applicable General Partner (a related person of the Adviser) is entitled to receive a performance-based fee (referred to as “carried interest”) with respect to each Limited Partner. Alternative Investment Vehicles established in connection with a Primary Fund will generally bear a portion of the carried interest in respect of such Primary Fund. Carried interest is generally paid out of the proceeds realized from the applicable investments of the Primary Funds. Carried interest paid by a Fund is indirectly borne by investors in such Fund. Co-Investment Funds, which include the Kelso Investment Funds through which the Kelso Investors participate, generally are not subject to carried interest.

Although as a general matter the Adviser will be selecting investments for a single Primary Fund at any given time (other than the overlapping period when a predecessor Fund and successor Fund are both able to make investments), the existence of carried interest may incentivize the Adviser to favor one Fund over another Fund. The Adviser’s policies relating to the allocation of investment and sale opportunities among the Funds is described in more detail in Item 11.

The existence of the General Partner’s carried interest may also create an incentive for the General Partner and Adviser to make more speculative investments on behalf of each Primary Fund than it would otherwise make in the absence of such carried interest. To help align the interests of the General Partner and Adviser with those of the Limited Partners, the General Partner and the Kelso Investors, including the members of the Kelso Specialist Network generally invest a substantial amount of capital in or alongside the relevant Primary Fund. In Fund IX, Fund X and Fund XI, the percentage invested by the Kelso Investors in each Fund IX, Fund X or Fund XI investment, respectively, will be a fixed percentage of aggregate Fund IX, Fund X or Fund XI capital commitments, respectively, to such Primary Fund and the Kelso IX Commitment, Kelso X Commitment or Kelso XI Commitment, as applicable, subject to further adjustment as set forth in Item 11. As of December 31, 2023, this percentage in Fund IX, Fund X and Fund XI was approximately equal to 24%, 13% and 17%, respectively.

Item 7 - Types of Clients

The Adviser provides investment advisory services and administrative services to the Funds and not directly to the Limited Partners of the Funds. The Funds are exempt from registration under the 40 Act. Limited Partner interests, other than with respect to certain Kelso Investment Funds, may be purchased only by investors that are (1) (a) “accredited investors,” as defined in Regulation D of the U.S. Securities Act of 1933, as amended, and (b) (other than with respect to certain Co-Investment Funds) “qualified purchasers” as such term is defined pursuant to the 40 Act. Investors in the Funds include, without limitation, pension plans, high net worth individuals, trusts, financial institutions, and other U.S. and non-U.S. corporations.

Minimum investments are typically \$10 million, although this may be waived at our discretion.

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

Methods of Analysis and Investment Strategies

The investment strategy of the Funds is to seek to realize significant long-term capital gains by investing in equity, equity-related and other securities and obligations of entities (a) formed to effect, or that are the subject of, leveraged buy-out transactions, (b) that are being recapitalized or (c) that require capital for operations or business expansion. The Funds primarily pursue investment opportunities in growing middle-market companies across a broad range of industries.

The Adviser typically obtains information with respect to potential portfolio companies from management teams, commercial and investment bankers, attorneys, accountants, appraisal firms, consultants and other advisors and intermediaries of such companies. The Adviser utilizes carefully designed and rigorous due diligence procedures to identify and quantify the productivity, cost structure and working capital improvement opportunities that can realistically be achieved with respect to each potential investment.

To facilitate this investment strategy, the Adviser focuses its analysis on businesses that generally: (i) possess experienced and talented management teams; (ii) have a history of strong earnings and cash flows; (iii) maintain a significant market presence characterized by proprietary products or value-added services with sustainable franchises; (iv) generate a sufficiently high return on assets to support an appropriate level of debt; and (v) exhibit the potential for substantial growth in equity value.

Certain Risks Relating to the Investment Strategies of the Funds

An investment in a Fund involves a high degree of risk and, therefore, should be undertaken only by investors capable of evaluating the risks of such Fund and bearing the risks it represents. There can be no assurance that the Fund will be able to achieve its investment objectives or that investors will receive a return of their capital.

General. An investment in a Fund requires a long-term commitment, with no certainty of any return. The General Partner expects to make investments that it perceives as having the potential for substantial returns but which accordingly may involve substantial risks. There most likely will be little or no near-term cash flow available to Limited Partners. Many of a Fund's investments will be highly illiquid, and it is expected that Limited Partners will achieve liquidity on their investments only when they receive interim distributions and upon termination of the relevant Fund. Certain of a Fund's investments may be in businesses with little or no operating history. Fund investments are expected to be primarily in portfolio companies with high levels of debt or may be in leveraged buyouts. Leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available income. Such investments are inherently more sensitive to declines in revenues and to increases in expenses.

Risk of Capital Loss; Lack of Diversification. An investment in a Fund involves a high degree of risk. A Fund may not be highly diversified, and since a Fund's investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the aggregate performance of a Fund and the total returns to the Limited Partners. Lack of diversification would expose a Fund to losses disproportionate to market declines in general if there were disproportionately greater adverse price movements in the particular investments held by such Fund. To the extent a Fund invests a relatively high percentage of its assets in a limited number of portfolio companies, industries or sectors, a Fund will be more susceptible than a more widely diversified investment partnership to the negative consequences of a single corporate, economic, political or regulatory event.

Investment Environment and General Economic Conditions. The success of a Fund's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a Fund and a Fund's investments), trade and tariff barriers, currency exchange controls, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts, or security operations) as well as by numerous other factors outside the control of the General Partner, Kelso or their respective affiliates. A Fund could incur material losses even if the General Partner reacts quickly to difficult market conditions, and there can be no assurance that a Fund will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future.

Fluctuations in the market prices of securities may affect the value of the investments held by a Fund. Instability in the securities markets may also increase the risks inherent in a Fund's investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market, bank loan market or otherwise. Additionally, investments made by a Fund may be sensitive to the performance of the overall economy. A negative impact on economic fundamentals and consumer and business confidence would likely increase market volatility and reduce liquidity, both of which could have a material adverse effect on the performance of investments made by a Fund, and a Fund's ability to execute its investment strategy. The returns on a Fund's investments may therefore be lower in certain periods.

It is not possible to predict whether there will be volatility in the markets or what impact such volatility could have on a Fund or the existing portfolio managed by Kelso. A recession, slowdown or sustained downturn in the U.S. or global economy (or any particular segment thereof) or weakening of credit markets could have a material adverse effect on a Fund's and the portfolio companies' profitability, impede the ability of the portfolio companies to perform under or refinance their existing obligations and impair a Fund's ability to effectively exit investments on favorable terms. Any of the foregoing events could result in substantial or total losses to a Fund in respect of certain investments.

Terrorism, Natural Disasters and Major Events. The threats of terrorist strikes and the fear of prolonged global conflict have exacerbated volatility in the financial markets and caused consumer, corporate and financial confidence to weaken, increasing the risk of a "self-reinforcing"

economic downturn, which may have an adverse effect upon the portfolio companies in which a Fund makes investments. Economic and political uncertainty also increases the difficulty of modeling market conditions, which may reduce the accuracy of Kelso's financial projections.

The performance of a Fund's portfolio companies may be affected by additional catastrophic events. A major disruption to the operations of a Fund and a Fund's portfolio companies as a result of force majeure events may cause a Fund or a Fund's portfolio companies to suffer losses due to damage to a Fund's or a Fund's portfolio companies' operations as a result of any of the foregoing. The occurrence of any such event could have a material adverse effect on the value of a Fund's investment.

A pandemic, such as COVID-19, could have a material adverse impact on companies, local economies in the affected jurisdictions and also on the global economy, as cross-border commercial activity and market sentiment are increasingly impacted by the outbreak and government and other measures seeking to contain its spread. In addition to such developments potentially having adverse consequences for certain portfolio companies in which a Fund invests and the value of a Fund's investments therein, the operations of Kelso (including those relating to the Kelso investment professionals) could be adversely impacted, including through quarantine measures and travel restrictions imposed on Kelso or its affiliates' personnel or service providers based or temporarily located in affected countries, or any related health issues of such personnel or service providers. A Fund's operations could be disrupted if any of its or its affiliates' key personnel contracts COVID-19 and/or any other infectious disease. Any of the foregoing events could materially and adversely affect a Fund's ability to source, manage and divest its investments and its ability to fulfill its investment objectives.

Uncertain Economic, Social, and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, and/or other sources of political climate, social, and/or economic unrest, including sanctions, restrictions and counter-measures by governments of NATO member states and other countries relating to the 2022 invasion of Ukraine by Russia. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners, and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by a Fund and/or result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon a Fund's portfolio companies.

The European Union's Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (as amended from time to time, the "SFDR") sets out certain ESG and sustainability disclosure requirements for alternative investment fund managers undertaking fund

management activities or marketing fund interests to investors within the EEA. The SFDR, along with other sustainability and ESG requirements that may, in the future, be imposed by other jurisdictions in which Kelso does business and/or in which a Fund is marketed, may result in additional compliance costs, disclosure obligations or other implications or restrictions on a Fund or for Kelso, including the requirement to capture information or data about a Fund or its investments and undertake a periodic assessment of the principal adverse impacts of a Fund's impact on sustainability factors.

Climate Change Risks. Scientists have concluded that increasing concentrations of greenhouse gases in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods and other climatic events. Companies and their suppliers are vulnerable to the increasing impact of climate change. Such extreme weather events can cause power outages and network disruptions that may result in disruption to operations and may impact their ability to manufacture and ship product, which may negatively impact revenue. Disasters created by extreme conditions could cause significant damage to or destruction of their facilities resulting in temporary or long-term closures of their facilities and operations and significant expense for repair or replacement of damaged or destroyed facilities. There are numerous technological improvements or innovations that support the transition to a lower carbon economy. Consumer preferences, as well as regulatory incentives, may alter consumer choices, which could impact demand for products. Both the speed and nature of any such changes could increase costs, reduce demand for certain products, and reduce profitability.

Competitive Nature of the Fund's Business. The business of a Fund is highly competitive and involves a high degree of uncertainty. Although Kelso has been successful in identifying suitable investments in the past, it will be competing for investments with other sources of capital, including other private equity funds, direct investment firms, merchant banks, strategic investors and industrial groups, and the General Partner may be unable to identify a sufficient number of attractive investment opportunities for a Fund to meet its investment objectives. Additional funds with similar investment objectives to a Fund are likely to be formed in the future by other unrelated parties. Other investors may make competing offers for investment opportunities that are identified and consummating such transactions may be subject to a multitude of uncertainties. There can be no assurance that a Fund will be able to locate, complete and exit investments which satisfy a Fund's objectives.

Illiquidity. Investment in a Fund requires the financial ability and willingness to accept significant risk and illiquidity. An investment in a Fund requires a long-term commitment, with no certainty of return. There is no public market for the interest in a Fund, and none is expected to develop. In addition, interests in a Fund are not transferable, except with the consent of the General Partner, which may be withheld by the General Partner in its sole discretion, and are subject to the terms and conditions of the Partnership Agreement. The Limited Partners generally may not withdraw capital from a Fund, and there generally will be little or no near-term cash flow distributed by a Fund.

Business and Regulatory Risks of Private Equity Funds. Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect a Fund, its portfolio companies or its investors. The legal, tax and regulatory environment for private equity funds is evolving. Changes in the regulation and market perception of such funds, including changes to existing laws and regulations and increased criticism of the private equity and alternative asset industry by some politicians, government representatives, regulators and market commentators, may adversely affect the ability of a Fund to pursue its investment strategy, its ability to obtain leverage and financing and the value of investments held by a Fund. In recent years, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies have led to increased governmental, as well as self-regulatory, scrutiny of the private equity and alternative investment industry in general, and certain legislation proposing greater regulation of the industry periodically is considered by the governing bodies of both U.S. and non-U.S. jurisdictions. There can be no assurance that a Fund, the General Partner, Kelso, a Fund's portfolio companies or their respective affiliates will be able, for financial reasons or otherwise, to comply with future laws and regulations, and any regulations that restrict the ability of a Fund to implement its investment strategy could have a material adverse impact on a Fund.

As a registered investment adviser under the Advisers Act, Kelso is required to comply with a variety of periodic reporting- and compliance-related obligations under applicable federal and state securities laws (including the obligation of Kelso and its affiliates to make regulatory filings with respect to the Fund and its activities under the Advisers Act (including Form PF)). Following the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010 (the "Dodd-Frank Act"), the SEC has conducted a number of examinations and bringing a number of enforcement actions focused on the private equity industry. In light of the heightened regulatory environment in which Kelso operates and the increasing regulatory burdens applicable to private investment funds and their investment advisors, it has become increasingly expensive and time-consuming for Kelso and its affiliates to comply with such regulatory reporting- and compliance-related obligations. Further increases in the regulatory burdens applicable to private investment funds, generally, or a Fund, the General Partner or Kelso, in particular, may result in increased expenses associated with a Fund's activities and additional resources of Kelso being devoted to such regulatory reporting- and compliance-related obligations, which may reduce overall returns for investors in a Fund or have an adverse effect on the ability of a Fund to effectively achieve its investment objectives.

Cybersecurity Breaches. Cybersecurity incidents and cyberattacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. The information and technology systems of Kelso, the Primary Funds, portfolio companies, and their respective service providers may be vulnerable to damage or interruption from computer viruses and other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals or service providers, power, communications or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Cybersecurity threats may involve unauthorized access to sensitive information, including, without limitation, information regarding the Limited Partners' and Kelso's investment activities, and portfolio company activities, or could render data or systems unusable, any of which could result in

significant losses. Any cybersecurity attacks against Kelso, the General Partner, a Fund or portfolio companies could lead to the loss of sensitive information essential to such entities' operations and could have a material adverse effect on such entities' reputations, financial positions or cash flows, could lead to financial losses from remedial actions or loss of business, or could lead to potential liability. Kelso does not control the cybersecurity plans and systems put in place by third-party service providers, and such third-party service providers may have limited indemnification obligations to Kelso, the General Partner, a Fund or any portfolio company, each of whom could be negatively impacted as a result. Breaches such as those involving covertly introduced malware, attempts to induce Kelso personnel (or third-party agents) to provide data or payments under false pretenses (*e.g.*, via a falsified email), unauthorized release of confidential or otherwise protected information, including personal information relating to Limited Partners, and corruption of data, and other electronic security breaches could lead to disruptions in critical systems, potentially resulting in further harm and could require Kelso, the General Partner, a Fund or any portfolio company to make a significant investment to fix or replace such systems. Although Kelso has implemented various measures to manage risks relating to these types of events, if the information and technology systems of Kelso, a Fund, portfolio companies, and their respective service providers are compromised, become inoperable for extended periods of time or cease to function properly, Kelso, a Fund, portfolio companies, and/or a service provider may have to make a significant investment to fix or replace such systems. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to a Fund (and its Limited Partners) or portfolio companies (and their clients), material non-public information relating to, and the intellectual property and trade secrets and other sensitive information of, Kelso or portfolio companies.

On May 25, 2018, the EU's General Data Protection Regulation ("GDPR") came into effect. The GDPR aims to modernize the legal framework of data protection and privacy in Europe to ensure the consistent protection of personal data by making businesses more accountable for compliance with applicable requirements and by increasing the rights of individuals, relative to companies, to control the use of their personal data. Accordingly, onerous penalties may be imposed for breaches of the GDPR, including for a failure to accord EU data subjects their specified rights in a range of matters regarding the processing of their personal data or for a failure to report cybersecurity breaches or to implement or maintain appropriate cybersecurity systems and protocols. While a Fund will endeavor to maintain systems to avoid such breaches and penalties and to mitigate the business impacts of individuals' increased privacy rights, there can be no assurance that these systems will always be effective in doing so. In the event of fines or damages due to noncompliance with such data privacy and cybersecurity laws, or related expenses such as the cost of investigation or legal defense, there may be a business impact on a Fund. The GDPR establishes rules relating to the processing of personal data and to the free movement of personal data. Prospective investors should note that it is expected that they will provide "Personal Data" (as defined in the GDPR and which may include special categories of Personal Data pursuant to Article 9 thereof), as part of their subscription to a Fund and in their interactions with a Fund, the applicable General Partner, the Manager, their respective affiliates and/or delegates. The Funds, acting through their respective General Partners, may obtain Personal Data concerning investors and prospective investors from internal and external sources.

Dependence on Key Personnel; Firm Evolution. The success of a Fund depends in substantial part on the skill and expertise of the Kelso Partners and Kelso's investment professionals to identify and evaluate investment opportunities, to negotiate and arrange the closing of transactions, to stimulate good performance by acquired companies and to arrange the timely disposition of securities at a profit. There can be no assurance that Kelso or the General Partner will continue to generate an adequate stream of investment opportunities. In addition, there can be no assurance that the Kelso Partners and Kelso's other professionals will continue to be employed by Kelso throughout the life of a Fund. The loss of key personnel in any area could have a material adverse effect on a Fund or services provided to Limited Partners.

Co-investments with Third Parties. The Fund may co-invest in portfolio companies with third parties (including Kelso and its affiliates) through partnerships, joint ventures or other arrangements. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of a Fund, may be in a position to take action contrary to a Fund's investment objectives or may default on its obligations. In addition, a Fund may, under certain circumstances, be liable for actions of its third-party co-venturers or partners.

Leverage. Certain of the investments may be in businesses with high levels of debt or may be investments in leveraged buyouts; leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available income. Although the General Partner will seek to use leverage in a manner it believes is prudent, the leveraged capital structure of such investments will increase the exposure of a portfolio company to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of such portfolio company or its industry. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses and recessions, operating problems and other general business, and economic risks may have a more pronounced effect on the profitability and survival of such investments. Leveraging the capital structure of a portfolio company will mean that third parties, such as banks, may be entitled to the cash flow generated by such investments prior to a Fund receiving a return. The securities in which a Fund will invest generally will be the most junior in what typically will be a complex capital structure, and thus subject to the greatest risk of loss. In addition, there can be no guarantee that debt facilities will be available at commercially attractive rates throughout the term of a Fund or when due for refinancing such that a Fund or the applicable portfolio company will be exposed to less favorable terms or rates upon a refinancing, or that any facilities negotiated will be fully utilized. If a portfolio company cannot generate adequate cash flow to meet debt obligations, a Fund may suffer a total loss of capital invested in such company. Although leverage will increase investment returns if a Fund earns a greater return on the investments purchased with borrowed funds than it pays for use of those funds, the use of leverage will decrease the returns of a Fund if it fails to earn as much on investments purchased with borrowed funds as it pays for the use of those funds. Moreover, because the General Partner does not receive distributions of carried interest until a Limited Partner has received the "Preferred Return" the General Partner's ability to use leverage could provide an incentive for the General Partner to cause a Fund to use leverage in order to accelerate how quickly the Preferred Return is

achieved, thereby allowing the General Partner to receive its carried interest earlier than it would absent a Fund's incurrence of such leverage.

Investments in Debt. A Fund may invest in certain debt instruments, including bank loans and unsecured bonds. Such investments may be below investment grade or unrated, and therefore face ongoing uncertainties and exposure to adverse business, financial or economic conditions. It is possible an economic downturn could adversely affect the ability of the issuers of such investments to repay principal and pay interest thereon and increase the incidence of default of such investments. Certain of a Fund's debt investments may be unsecured and may be structurally or contractually subordinated to substantial amounts of indebtedness, all or a significant portion of which may be secured. Such debt investments may not be protected by financial covenants or limitations upon additional indebtedness or the provision of collateral to other indebtedness, and there may be no minimum credit rating (or any credit rating) for such debt investments. There can be no assurance that a portfolio company will generate sufficient cash to service its debt obligations, and, in any such case, a Fund may suffer a partial or total loss of invested capital. In addition, depending on fluctuations of the equity markets, warrants and other equity securities held by a Fund may become worthless. A debt obligation that is fully bearing payment-in-kind (PIK) interest will generally have a higher risk of non-payment of interest since there will be no cash payments of interest from the issuer prior to maturity or refinancing. Also, a default on debt that is held by a Fund or a sudden and extreme increase in prevailing interest rates may cause a decline in a Fund's asset value.

Non-Control Investments. A Fund may make investments in portfolio companies (including, but not limited to, through single-asset secondary investments) of which a Fund does not control the business or affairs. In such circumstances, there is no assurance that a Fund will be able to protect its investment or exert any influence over the business decisions of such portfolio companies. The performance of each such investment will rely significantly on the management and boards of directors of such portfolio companies, which may include representatives of other investors with whom a Fund is not affiliated and whose interests or views may conflict with those of a Fund. In addition, majority shareholders in a portfolio company may exert significant influence and control in ways that could adversely affect a Fund's interests, including actions that dilute a Fund's interests or prevent a Fund from acquiring additional interests in such portfolio company.

Middle Market Companies. Investments in middle-market companies, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies. Medium-sized companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult by requiring sales to other private investors.

Recourse to the Fund's Assets. A Fund's assets, including any investments made by a Fund and any capital held by a Fund, are available to satisfy all liabilities and other obligations of a Fund.

If a Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to a Fund's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability. Accordingly, a Limited Partner could find its interest adversely affected by a liability arising out of a single investment.

Reliance on Management of Portfolio Companies. While the General Partner intends to invest in companies with proven management teams in place, there can be no assurance that such management will continue to operate successfully. Although Kelso will monitor the performance of each investment, a Fund will rely upon management to operate the portfolio companies on a day-to-day basis. In addition, certain of a Fund's investments may be in businesses with limited operating history. Disagreements with management or other shareholders (including other private equity firms) may limit a Fund's ability to bring about operating, strategic or other changes in such companies and may limit exit opportunities.

Bankruptcy of Portfolio Companies. A Fund may make investments in portfolio companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various U.S. federal and state and non-U.S. laws in connection with such bankruptcy proceedings could operate to the detriment of a Fund. There is also a risk that a court may subordinate a Fund's investment to other creditors or require a Fund to return amounts previously paid to it by a portfolio company that becomes insolvent or files for bankruptcy.

Absence of Regulatory Oversight. While a Fund may be considered similar in some ways to an investment company, it is not required and does not intend to register as such under the Investment Company Act and, accordingly, Limited Partners are not accorded the protections of the Investment Company Act. In addition, pursuant to an exemption from registration with the CFTC, the General Partner and/or Kelso is not required to register with the CFTC as a CPO and thus is not required to deliver a disclosure document (as defined under the CFTC rules) to investors or to comply with any of the other disclosure, reporting and recordkeeping requirements of the U.S. Commodity Exchange Act and the CFTC rules. Therefore, Limited Partners will not be afforded any of the protections of such acts or rules.

Item 9 - Disciplinary Information

The Adviser has no information to disclose that is applicable to this Item.

Item 10 - Other Financial Industry Activities and Affiliations

The General Partners of the Primary Funds are affiliated with the Adviser by common ownership.

The officers and employees of Adviser and its affiliates will devote such time as the General Partners and the Adviser, in their sole discretion, deem necessary to carry out the investment objectives and activities of the applicable Primary Funds. A number of officers of the Adviser serve as officers and/or employees of affiliates of the Adviser and may spend a significant portion of their business time on matters unrelated to any Primary Fund. As a result, conflicts of interest may arise, including with respect to allocating management time, services and functions, between the General Partners and the Adviser, on the one hand, and such affiliates (including the Primary Funds), on the other hand.

Should conflicts of interest arise, they will be addressed in accordance with the Code of Ethics (described in further detail in Item 11), the Partnership Agreements and the Adviser's compliance policies and procedures, as applicable.

Potential Conflicts of Interest

Investors should be aware that there will be situations where Kelso and its affiliates may encounter potential conflicts of interest in connection with the Funds' investment activities.

Conflicts with Portfolio Companies. Officers and employees of Kelso may serve as directors of certain portfolio companies and, in that capacity, may be required to make decisions that they consider to be in the best interests of the portfolio company. In certain circumstances, for example in situations involving bankruptcy or near insolvency of the portfolio company, actions that may be in the best interest of the portfolio company may not be in the best interests of the relevant Fund, and vice versa. Accordingly, in these situations, there may be conflicts of interest between such individuals' duties as officers or employees of Kelso and such individuals' duties as directors of portfolio companies.

Business with Portfolio Companies and Investors. A portfolio company of one Fund may from time to time provide services to another portfolio company of such Fund, to Kelso, to its affiliates, to another Fund or to Kelso employees. Such arrangements will be entered into on an arm's-length basis, as the parties deem appropriate. In addition, Kelso or its affiliates may from time to time utilize the services of investors and their affiliates on an arm's-length basis, as they deem appropriate, and in accordance with Kelso's applicable policies and procedures. Certain of Kelso's

employees and/or members of the KSN may provide services including sourcing, investing, monitoring or management to one or more portfolio companies of a Fund.

Outsourcing. Services required by a Fund (including some services historically provided by Kelso to Primary Funds) may for certain reasons, including efficiency considerations, be outsourced in whole or in part to third parties in the discretion of Kelso in connection with the operation of a Fund, and the expenses of such third parties will be a Fund expense. Such outsourced services may include, without limitation, deal sourcing, asset management, information technology, licensed software, data processing, trading, settlement, client relations, administration, custodial, accounting, legal and tax support and other services. Outsourcing may not occur uniformly for all Funds and, accordingly, certain costs may be incurred by a Fund through the use of third-party service providers that are not incurred for comparable services used by other Funds. The decision by Kelso to initially perform particular services in-house for a Fund will not preclude a later decision to outsource such services, or any additional services, in whole or in part to third parties. The costs, fees or expenses of any such third-party service providers will be treated as expenses borne by the relevant Fund.

Cross Transactions. Subject to the terms of the applicable partnership agreement, a Fund is permitted to enter into cross transactions. A cross transaction generally refers to a transaction where one client account managed by an investment manager or its affiliates seeks to acquire an investment that another client account of such investment manager seeks to sell. Cross transactions may create conflicts of interest because a Fund or its affiliates are on both sides of the transaction. To the extent permitted by the relevant partnership agreement, Kelso is permitted to purchase or sell a security or asset for a Fund at the same time as a sale or purchase of the same security or asset for another Fund. The valuation of investments transferred between Funds involves conflicts of interest, in particular given the private nature of the assets.

Relationship with Other Kelso Funds. Kelso also manages the Primary Funds, which include, successor funds with similar investment objectives. A Fund may invest in portfolio companies in which another Primary Fund has been or will be investing. Further, Kelso may determine to allocate certain investments to one Fund prior to an earlier Fund having completed its investment program. Allocation of available investment opportunities among Primary Funds, which could give rise to conflicts of interest, will be made by Kelso in its good faith discretion. However, Kelso will not allocate investment opportunities based, in whole or in part, on the relative fee structure or amount of fees paid by any Primary Fund or on the profitability of any Primary Fund. The appropriate allocation among Primary Funds of expenses and fees generated in the course of evaluating and making investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorneys' fees and the fees of other professionals, will be determined by the General Partner in its good faith discretion. There may be circumstances when Kelso has considered a potential investment in a portfolio company on behalf of a Primary Fund and has determined not to make such investment, and an investment is subsequently made in such portfolio company by another Primary Fund. Such Fund could benefit from Kelso's diligence and/or from costs borne by the other Primary Fund.

Use of Placement Agents. Pursuant to a contractual arrangement among Kelso and certain placement agents (each, a “Placement Agent”) in respect of the relevant Primary Fund, each Placement Agent is providing certain solicitation services with respect to certain limited partnership investments in such Primary Fund. Various potential and actual conflicts of interest exist and/or will arise from a Placement Agent’s business activities and relationships with Kelso, its affiliates and the investors whom it solicits. Due to the placement fee that is to be paid to a Placement Agent, such Placement Agent has a significant economic incentive to solicit investors to commit capital to the relevant Primary Fund, resulting in a material conflict of interest on the part of such Placement Agent. The cost to an investor of any investment by such investor in a Primary Fund is not increased by the placement fee. Any portion of the placement fee paid by a Primary Fund will result in a corresponding management fee offset, with the result that such fees are ultimately borne by the Manager. No Placement Agent is an affiliate of the Manager for purposes of the Advisers Act, and no Placement Agent is a current client of, or investor in any product managed or advised by, the Manager. Each Placement Agent is generally entitled to certain indemnification obligations arising out of or in connection with Kelso’s engagement, and the applicable Primary Fund may be required to reimburse a Placement Agent for expenses incurred, absent gross negligence, fraud or willful misconduct or a breach by a Placement Agent of the applicable placement agreement.

Resolution of Conflicts. A Fund will establish the Advisory Committee, consisting of representatives of Limited Partners not affiliated with the General Partner. The Advisory Committee will meet as required to consult with the General Partner as to potential conflicts of interest. On any issue involving actual conflicts of interest, the General Partner will be guided by its good faith discretion and may consult with the Advisory Committee. Subject to terms of the applicable Partnership Agreement, a cross transaction or the Fund’s investment in portfolio companies of other Primary Funds will likely require the consent of the Advisory Committee, and may, in certain circumstances, require the consent of the Limited Partners. In addition, prior to causing a Fund to enter into a contract or transaction with Kelso, other than as permitted by the applicable Partnership Agreement, the General Partner or any of their respective affiliates, the General Partner shall consult in advance with the relevant Advisory Committee and shall not take any such action if the Advisory Committee has disapproved such contract or transaction during such consultation, unless such action is approved by a majority in interest of the Limited Partners. The General Partner will retain ultimate responsibility for all decisions relating to the operation and management of a Fund, including, but not limited to, investment decisions. If the General Partner consults with the Advisory Committee as to certain potential conflicts of interest, the Advisory Committee may consent to matters that could be disadvantageous to some investors, including those investors who do not designate a member to the Advisory Committee. Members of an Advisory Committee and their affiliates may have various business and other relationships with Kelso and its partners, employees and affiliates or may have an ownership interest in, be involved in the acquisition of, or otherwise have economic interests relating to existing or potential portfolio companies. The presence of these other relationships and circumstances may influence the decisions of the members of the Advisory Committee.

Compliance with Anti-Money Laundering Requirements. In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, the Adviser

may request prospective and existing investors to provide additional documentation verifying, among other things, such investor's identity and source of funds. The Adviser may decline to accept a subscription if this information is not provided or on the basis of such information that is provided. Requests for documentation and additional information may be made at any time during which an investor holds an interest. The General Partner may be required to provide this information, or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the investors that the information has been provided. The Adviser will take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures, as well as related requests that may be made by financial institutions with which a Fund has relationships. Governmental authorities are continuing to consider appropriate measures to implement anti-money laundering policies, and at this point it is unclear what steps the Adviser may be required to take; however, these steps may include prohibiting an investor from making further contributions of capital to a Fund, depositing distributions to which an investor would otherwise be entitled into an escrow account, causing the withdrawal of an investor from a Fund or the forced sale of its interest. In addition, a Fund will disclose any information required in connection with the Bank Secrecy Act, the USA PATRIOT Act and other anti-money laundering, anti-terrorism and similar laws, rules and regulations, to the extent applicable.

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

Code of Ethics

The Adviser has adopted a code of ethics (the "Code of Ethics") pursuant to SEC Rule 204A-1 under the Advisers Act for all "Supervised Persons" of the Adviser. "Supervised Persons" include (a) any partner, officer, director (or other person occupying a similar status or performing similar functions) or employee of the Adviser and (b) any other person who provides investment advice on behalf of the Adviser and is subject to the Adviser's supervision and control.

The Code of Ethics establishes the standard of conduct expected of all of the Adviser's Supervised Persons, in light of the Adviser's duties to the Funds under the Advisers Act. The Code of Ethics is based on the principle that the Adviser owes a fiduciary duty to the Funds for which the Adviser (or a related person) serves as a General Partner and fund manager. At all times the Adviser's Supervised Persons must (i) place the interest of the Funds ahead of their own personal interests, (ii) conduct personal securities transactions in full compliance with the Code of Ethics, (iii) avoid taking inappropriate advantage of his or her position with the Adviser and (iv) comply with applicable Federal securities laws and regulations.

The Code of Ethics includes provisions relating to the fiduciary duties of Supervised Persons, a prohibition on insider trading, the confidentiality of information concerning the Funds, their portfolio companies, Limited Partners and the Adviser, and reporting obligations relating to

securities holdings and transactions, among other matters. Each of the Adviser's employees is required to provide the Chief Compliance Officer with a written acknowledgement of his or her receipt of the Code of Ethics and any amendments, and thereafter must certify on an annual basis to having read and understood the Code of Ethics.

The Code of Ethics forbids any Supervised Person from engaging in any insider trading and from disclosing or using material non-public information in violation of applicable law. The Code of Ethics generally restricts trading in close proximity to Fund investment activity. All of the Adviser's Supervised Persons are required by the personal securities transactions policy in the Code of Ethics to:

- pre-clear certain personal securities transactions;
- report personal securities holdings to the Chief Compliance Officer after becoming an employee;
- report personal securities transactions to the Chief Compliance Officer quarterly; and
- report personal securities holdings to the Chief Compliance Officer annually.

Employee trading is routinely monitored by the Chief Compliance Officer pursuant to the Code of Ethics in order to reasonably prevent or address conflicts of interest among the Adviser, Supervised Persons and the Funds.

In addition, all Supervised Persons must provide both annual and quarterly reports confirming their compliance with different policies and procedures in the Code of Ethics.

The Funds, Limited Partners and prospective investors in the Funds may request a copy of the Code of Ethics by contacting the Adviser's Chief Compliance Officer.

Participation or Interest in Client Transactions

The Adviser investigates and structures potential investments of the Funds, as described in Item 16. Partners have a material financial interest in these investments through their commitment to the General Partners and to the Kelso Investment Funds, as described in Items 4 and 6. The Adviser has adopted a Code of Ethics and has designed written policies to ensure its compliance with the provisions of each Partnership Agreement addressing potential conflicts of interest involving the Adviser and its related persons. From time to time one Fund may sell an investment to another Fund as long as the transaction is carried out in accordance with the procedures for handling conflicts of interest in each such Fund's Partnership Agreement and, to the extent applicable, Section 206(3) of the Advisers Act. Additionally, while the Fund has made investments through special purpose vehicles ("SPVs"), and may continue to do so in the future, the Adviser views such SPVs as part of the Funds and the Adviser receives no additional benefit from advising the SPVs.

Allocation of Investment and Sale Opportunities Policy

Investment opportunities are allocated among Funds based upon the provisions of the applicable Partnership Agreements. To the extent that a relevant Partnership Agreement does not address the manner in which the investment opportunity should be allocated, the Adviser will allocate the opportunity between or among the Funds in good faith, according to the policies and procedures set forth in its written compliance policies and procedures (the “Allocation Policies”). The Allocation Policies govern the appropriate allocation of investment opportunities and provide that when determining these allocations, the Adviser will consider the following factors: (i) the size, nature, risk profile and type of investment opportunity; (ii) principles of diversification of assets, including, without limitation, in respect of geography, investment size and sector; (iii) the investment guidelines, limitations and investment strategies of each Fund; (iv) cash availability and leverage capabilities of each Fund; (v) the magnitude of the investment; (vi) a determination by the Adviser that the opportunity is inappropriate, in whole or in part, for one or more of the Funds; (vii) proximity of a Fund to the end of its specified investment or liquidation period; (viii) applicable transfer or assignment provisions (ix) applicable law; (x) follow on obligations; or (xi) such other factors as the Adviser deems relevant in good faith.

Similarly, the sale of an investment held by two or more such Funds where a sale opportunity or exit strategy has been identified, generally will be allocated on a pro rata basis and at substantially the same time, unless the other Fund wishes to hold some or all of such investment until a later date and the Adviser determines that it would not be contrary to the best interests of the Funds. The Funds are generally prohibited by the applicable Partnership Agreements from (1) selling investments to other Funds or purchasing investments from the other Funds, (2) causing any portfolio company to issue or sell any securities to any other Funds or (3) acquiring securities of any portfolio company held by the other Funds. These provisions may be amended by a majority in interest of the Limited Partners of the applicable Fund(s).

The Adviser or its affiliates may be required to address potential conflicts of interests between Funds relating to investment and sale opportunities. Subject to the provisions of the Partnership Agreements of the affected Funds, on any matter involving a conflict of interest, the Adviser or its affiliates will be guided by its duties to each Fund and will seek to resolve such conflict in good faith. However, if necessary to resolve such conflict, the Adviser or its affiliates reserve the right to cause one affected Fund to take such steps as may be necessary to minimize or eliminate the conflict, even if that would require such account to (a) forego an investment opportunity or divest investments that, in the absence of such conflict, it would have made or continued to hold or (b) otherwise take action that may have the effect of benefiting the Adviser, any of its affiliates, or another Fund and may not be in the best interest of the affected Funds.

In addition, with respect to Fund IX, Fund X and Fund XI, if a certain investment opportunity (i) will cause such Fund to exceed its investment limitation or (ii) the General Partner has determined in its sole discretion that it is desirable for such Fund to invest less than the maximum amount permitted under the Partnership Agreement, the General Partner will cause such Fund to take less than its full *pro rata* share of the investment opportunity and the General Partner may offer the available remaining portion of the investment opportunity (the “Excess Amount”)

to one or more persons as a co-investment opportunity or permit the Kelso Investment Funds to make such investment with an intent to transfer the Excess Amount to one or more Limited Partners or third parties. In the event that the Kelso Investment Funds are unable to transfer any portion of the Excess Amount, the Kelso Investment Funds will be permitted to retain the untransferred portion of the Excess Amount as an investment. As a result, the Kelso Investment Funds may hold more than their *pro rata* share of certain investments.

Allocation of Co-Investments

The Adviser is not obligated to offer Limited Partners co-investment opportunities and may offer co-investment opportunities in investments made by the Primary Funds to one or more interested parties (including affiliates of Limited Partners, prospective limited partners and other third-parties, and Co-Investment Funds formed specifically to participate in such investment alongside the Primary Fund) pursuant to the terms of the applicable Partnership Agreements, regardless of whether or not the Adviser offers such co-investment opportunity to any Limited Partners of the applicable Primary Fund. In addition, although these co-investment opportunities are typically equity investments, the Adviser may offer co-investment opportunities to different interested parties across the debt and/or equity capital structure of a portfolio company. Determinations regarding the allocation of such opportunities may be made by the Adviser in its sole discretion based on a broad range of considerations, including (a) commercial considerations relating to the applicable portfolio company, (b) an investor's ability to provide strategic value to a particular portfolio investment (such as by having relevant experience in the sector or existing relationships with management or other relevant parties), (c) an investor's stated desire to participate in co-investments (including as expressed in a side letter by a Limited Partner), (d) a determination by the Adviser of the appropriateness of offering a co-investment opportunity, an investor's reliability and history of making similar co-investments, an investor's ability to evaluate and execute such co-investment in the requisite time period and the approval of transaction counterparties, (e) an investor's ability to commit to invest in a short period of time, (f) an investor's ability to commit to a significant portion of such opportunity, (g) the economic terms on which an investor may agree to participate, (h) whether and to what extent an investor has accepted prior co-investment opportunities offered to it, (i) the ability of an investor to provide debt financing in connection with such investment, (j) the ability of an investor to enter into an equity commitment letter or similar agreement with respect to such investment or (k) any other legal, regulatory or tax consideration or any such other factors as the Adviser deems relevant, which may include subjective determinations such as working relationships and strategic benefits to the Adviser or to the Funds. Such opportunities may also be offered alongside the Primary Fund or directly in the portfolio company. Limited Partners are not required to participate in co-investment opportunities offered by the Adviser. However, participating in a Primary Fund does not entitle any Limited Partner to be offered or to participate in any co-investment opportunities in investments made by the Primary Funds and such opportunities have been, and typically will be, offered to some and not other Limited Partners or, at times, to prospective limited partners and other third-parties who are not investors in the applicable Primary Fund. Certain Limited Partners may be offered fewer co-investment opportunities than other Limited Partners with the same, larger or smaller capital commitments in the applicable Primary Fund, and some Limited Partners may receive no such offers while other Limited Partners with capital commitment of the same,

higher or lower amounts may receive substantial offers for such opportunities. Additionally, members of the Kelso Specialist Network may have the opportunity to participate in a Kelso Investment Fund or invest directly or indirectly in a portfolio company.

The performance of co-investments is not aggregated with that of the relevant Fund for purposes of determining the General Partner's carried interest or management fees under the applicable Partnership Agreement. Kelso does not expect to charge management fees in respect of co-investments as a general matter, although co-investors may be subject to an administrative allocation intended to cover Kelso's administrative costs. Unlike co-investment vehicles that co-invest in all of a Fund investments, co-investors in one or more specific investments (including persons who co-invest, or are approached to co-invest, with some regularity) will generally not be required to share in broken-deal expenses that are paid by the relevant Fund, either with respect to a co-investment opportunity that is not consummated or with respect to other potential investments that may be offered to such Fund.

Item 12 - Brokerage Practices

Due to the nature of the investments made by the Primary Funds, which are primarily in private securities, broker-dealers are not generally used for transactions other than in limited circumstances as advisors in certain mergers and acquisitions. However, when executing transactions on behalf of the Primary Funds through a broker, dealer or underwriter, the Adviser's objective will be to seek "best execution". Kelso has full discretionary authority in selecting broker-dealers for the Funds' transactions, as applicable. To the extent Kelso is selecting brokers for performing portfolio executions, various factors including, but not limited to, the financial stability, experience, capability based on previous and pending transactions, and reputation of the broker, the quality of the investment research, investment strategies, settlement, recordkeeping and other ancillary services will be taken into account.

Research and Soft Dollar Benefits

Kelso does not currently maintain any soft dollar arrangements in respect of transactions for any Funds. If Kelso determined to enter into any soft dollar arrangements, Kelso will endeavor to do so within the "safe harbor" provided by Section 28(c) of the Securities and Exchange Act of 1934.

Aggregation of Client Trades

The purchase or sale of securities will be aggregated for various Funds to the extent that more than one Fund is acquiring or selling securities in the same portfolio company. Where a sale opportunity is identified for an investment held by two or more Funds, the opportunity will be allocated in accordance with the applicable Partnership Agreements and the "Allocation of

Investment Opportunities” section described in Item 11. The Adviser will generally aggregate the securities that are to be disposed of if that is the most efficient means to dispose of the securities.

Item 13 - Review of Accounts

The Adviser closely monitors companies in which the Primary Funds invest, and maintains an ongoing oversight position in such companies (including, where relevant, representation on the board of directors of such companies). Because investments made by the Funds are generally private, illiquid, and long-term in nature, the Adviser’s review process is not directed toward a short-term decision to dispose of securities. The Adviser’s investment professionals analyze the viability of anticipated exit strategies during the investment decision-making process and continually evaluate potential exit strategies throughout the life of a portfolio company investment. In determining the ultimate timing of a full or partial exit, the transaction teams consider the company’s strategic progress, growth prospects, business environment, capital markets and overall economic conditions. Final investment decisions and exit strategies are made by a majority vote of the investment partners who sit on the applicable Primary Fund’s investment committee, excluding any investment partners that are part of the transaction team for the relevant transaction.

Each Fund’s financial accounts are maintained and monitored by a dedicated Fund controller under the supervision of the CFO. In addition, each Fund’s financial statements are audited on an annual basis by an independent third-party accounting firm. Audited financial statements are provided to investors in each Primary Fund, generally within 120 days’ of the end of a Fund’s fiscal year. Unaudited financial statements and investor-specific account statements are generally provided to investors in each applicable Fund within 45-60 days’ of the end of such Fund’s fiscal quarter. The Adviser provides an annual report to the Limited Partners of each Primary Fund. The annual report contains the audited financial statements of the respective Fund, which are prepared in accordance with generally accepted accounting principles. Quarterly reports describing the applicable Primary Fund’s portfolio investments are generally provided to applicable investors on a quarterly basis.

Item 14 - Client Referrals and Other Compensation

Kelso has engaged certain unaffiliated placement agents to provide solicitation services. For these services, the placement agents will receive a fee from Kelso or relevant Fund based on the capital commitments that certain investors make to the relevant Fund. Placement agent Fees charged will, to the extent borne by Kelso or the relevant Fund, be offset by a reduction in the management fees charged by Kelso (with the effect that the fees will be borne by Kelso).

Item 15 - Custody

The Adviser is deemed to have custody of each Fund’s cash and securities by virtue of its relationship with such Fund’s General Partner. Except as permitted by the Advisers Act, such cash and securities are maintained in accounts established with qualified custodians, as defined in Rule 206(4)-2 of the Advisers Act. Such accounts are in the name of the relevant Fund.

The Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Each Fund's audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to each Fund's investors within 120 days of such Fund's fiscal year end.

Item 16 - Investment Discretion

The Adviser has full discretion to recommend investments for each Fund to the General Partner of a Fund, subject to the limitations set forth in the Management Agreement and Partnership Agreement of such Fund.

Item 17 - Voting Client Securities

The Funds invest primarily in private companies, which typically do not issue proxies. The Adviser has adopted written policies and procedures regarding proxy voting (the "Proxy Voting Policy") in the event that the Adviser is required to vote proxies on behalf of a Fund. It is the Adviser's policy to exercise any proxy proposals received in connection with publicly traded portfolio companies of the Funds, in the best interest of the applicable Fund, taking into consideration all relevant factors, including, without limitation, acting in a manner that the Adviser believes will maximize the ultimate long-term economic value of the relevant Fund. Whenever the Adviser is required to exercise a vote for a privately-held portfolio company, the Adviser applies the same standards and procedures. The Adviser seeks to avoid material conflicts of interest between its own interests on the one hand, and the interests of the Funds on the other.

It is the general policy of the Adviser to vote or give consent on all matters presented to security holders in any proxy. However, the Adviser reserves the right to abstain on any particular vote or otherwise withhold its vote or consent on any matter if, in the judgment of the members of the Adviser's Compliance Committee, the costs associated with voting such proxy outweigh the benefits to the Fund or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the relevant Fund. All conflicts of interest related to proxy voting will be resolved in a manner consistent with the best interests of the relevant Fund. All proxy voting decisions will require mandatory conflicts of interest review by the Chief Compliance Officer or designee.

Item 18 - Financial Information

The Adviser has no financial commitments that impair its ability to meet its contractual or fiduciary commitments to the Funds. The Adviser has not been the subject of a bankruptcy proceeding.