

FORM ADV PART 2A

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March 31, 2011

**Important Disclosure:**

This brochure provides information about the qualifications and business practices of J.P. Morgan Partners, LLC (“**Registrant**” or “**JPMP**”), an investment adviser registered with the United States Securities and Exchange Commission (“**SEC**”). If you have any questions about the contents of this brochure, please contact us at 212.834.5000 or Registrant’s Chief Compliance Officer at [Eileen.E.Ryan@jpmchase.com](mailto:Eileen.E.Ryan@jpmchase.com). Registration with the SEC does not imply that the Registrant or its employees possess a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about the Registrant also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2. MATERIAL CHANGES**

On July 28, 2010, the SEC published “Amendments to Form ADV” which amends the disclosure document that we provide to our client as required by SEC Rules. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to our clients on at least an annual basis. Pursuant to the new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Currently, our Brochure may be requested by contacting Investor Relations at (212) 600-9600, CCMP Capital Advisors, LLC, 245 Park Avenue, 16th floor, New York, NY 10167.

Additional information about J.P. Morgan Partners, LLC is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 4. ADVISORY BUSINESS

### Our Organization

J.P. Morgan Partners, LLC (“**JPMP**” or the “**Registrant**”), a Delaware limited liability company formed on October 11, 2000, is an investment adviser registered with the United States Securities and Exchange Commission (“**SEC**”).

JPMP provides discretionary investment management services to pooled investment vehicles (“**JPMP Clients**”) in accordance with their respective negotiated investment objectives, strategies and guidelines or as otherwise contained in each JPMP Client’s governing documents (i.e., limited partnership agreements). An affiliate of JPMP typically acts as the general partner of a JPMP Client that is a pooled investment vehicle.

Commencing August, 2006, pursuant to one or more investment sub-advisory agreements, JPMP delegated day-to-day management of certain of JPMP Client portfolios to CCMP Capital Advisors, Inc. (the “**Sub-advisor**”) with a view toward winding up the investments of such JPMP Clients.

The JPMP Clients are in the process of winding down their activities. Therefore, any future purchases will occur in the form of follow-on transactions in existing investments.

### Principal Owners

JPMP Capital Corp. owns 100% and is the managing member of Registrant. JPMP Capital Corp. is a wholly owned subsidiary of J.P. Morgan Chase & Co (“**JPMC**”). JPMC is the sole shareholder, and ultimate parent, of the Registrant.

### Types of Services Offered

JPMP generally employs a strategy of long-term investing. JPMP principally offers advice relating to equity and debt securities of private company issuers. These securities are highly illiquid and, although these investments may occasionally generate some current income, the return of capital and realization of gain, if any, from an investment generally will occur only upon the partial or complete disposition of such investment, either through an initial public offering, acquisition by an existing public company, or sale to another private company. In addition, JPMP may enter into “hedging” transactions, such as options transactions or short transactions, with regard to existing positions or foreign currency exposures. No individualized investment advice is provided to any particular investor or limited partner of a JPMP Client.

### Assets Under Management

As of December 31, 2010, the Registrant manages client assets on a discretionary basis in the amount of approximately \$1,564,347,809.00. Registrant does not manage client assets on a non-discretionary basis.

## ITEM 5. FEES AND COMPENSATION

Although JPMP negotiates its compensation with each JPMP Client, JPMP generally earns the following compensation: (i) during the initial investment period, a management fee (“**Management Fee**”) equal to a percentage of the aggregate capital commitment and, thereafter, a management fee equal to the percentage of invested capital minus distributions constituting the cost basis return of capital, and/or (ii) performance based compensation that is calculated based upon a percentage of the JPMP Client’s return on its invested

capital (including any borrowed funds) (“**Performance-Based Compensation**”). The Performance-Based Compensation paid by a JPMP Client generally is paid to an affiliate of JPMP in its capacity as general partner of the JPMP Client.

JPMP Management Fees typically range from 0.0%-1.5% and are payable quarterly in advance. Performance-Based Compensation payable to a JPMP affiliate is approximately 20% of calculated net proceeds and is payable only when and if certain threshold amounts are returned in accordance with the applicable JPMP Client’s limited partnership agreement.

### **Other Fees and Expenses**

Generally JPMP Clients are responsible for all reasonable expenses, including legal, tax and accounting expenses, incurred by the Registrant or its affiliate related to the JPMP Client. The Registrant is responsible for certain of its overhead expenses, including salaries and employee benefits, rent, utilities and out-of-pocket items.

Certain brokerage commissions, transaction fees, and other related costs and expenses may be incurred by JPMP Clients. JPMP Clients may incur other fees and charges imposed by brokers and other third parties, such as investment banking fees, underwriting fees, wire transfer fees, electronic fund fees, fund administration service provider fees, other fees and taxes on brokerage accounts and securities transactions, and all costs that may otherwise be authorized by a limited partnership agreement or approved by a majority in interest of the limited partners or advisory committee.

Please see Item 12 below for further discussion of the factors that Registrant considers in selecting or recommending broker-dealers for JPMP Clients’ transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

## **ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As discussed in Item 5, for its services, the Registrant is entitled to receive Management Fees and an affiliate of the Registrant is entitled to receive Performance-Based Compensation.

None of Registrant’s supervised persons receive performance-based fees. However, certain of the Sub-advisor’s investment professionals are, on an individual basis, eligible to receive performance-based compensation from one or more of JPMP Clients. Accordingly, the Sub-advisor and its personnel may have differing compensatory interests with respect to JPMP Clients. The Registrant has sought to mitigate such potential conflicts of interest by contractually obligating the Sub-advisor to meet professional standards of care in addition to its general fiduciary obligation to act in the best interests of its clients, including JPMP Clients. The Registrant also regularly reviews the activities of the Sub-advisor consistent with these contractual and fiduciary obligations.

## **ITEM 7. TYPES OF CLIENTS**

JPMP Clients are typically pooled investment vehicles exempt from registration under the Investment Company Act of 1940 (the “**Act**”). Certain JPMP Clients are considered “third party funds” as the limited partnerships interests of such vehicles were offered to accredited investors unaffiliated with JPMP at the time of offering. In addition, JPMP Clients include funds that are “employees’ securities companies” as defined in Section 2(a)(13) of the Act, many of which participate pro rata alongside proprietary investment vehicles (the “**Underlying Vehicles**”), made for the account of JPMC or affiliates of JPMC. JPMP also manages participation plans through which certain employees of JPMC or of

entities with close business relationships with JPMC (i.e. “friends plans”) participate and which are linked to the performance of Underlying Vehicles. JPMP also manages third party funds that may have been assigned as a result of mergers and acquisitions or other corporate actions by JPMC (i.e. “legacy funds”).

JPMP does not manage individual investment accounts and does not have any requirements, such as minimum account size, for opening or maintaining an account.

## **ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis and Investment Strategies**

JPMP uses a proprietary methodology in managing client portfolios. JPMP is presently managing client portfolios with a view toward liquidation, and relies upon recommendations from the Sub-advisor. In connection with its portfolio management, JPMP routinely gains access to material, non-public information from the portfolio companies themselves and from other sources. In addition to the sources of information indicated, JPMP may rely on internal research of – and the views of professionals from – its affiliate, JMPS (as defined below), which is an investment banking firm and broker-dealer registered under the Securities Exchange Act of 1934. Although long-term purchases is the principal investment strategy, JPMP has discretion to choose alternative strategies. In addition, JPMP may enter into hedging transactions such as options transactions or short transactions with regard to existing positions or foreign currency exposures.

The investment objective of JPMP Clients is to generate long-term capital appreciation for investors by co-investing on a side-by-side basis with JPMC or its affiliates in various investment opportunities. These investment opportunities are generally through private equity and equity-related investments (including mezzanine debt) in a broad range of industries, regions, asset classes and stages of investment.

The JPMP Clients are in the process of winding down their activities. Therefore, any future purchases will occur in the form of follow-on transactions in existing investments.

### **Risk of Loss**

The risks associated with investing in JPMP Clients, including the risk of total loss of capital, were disclosed to investors in the private placement memorandum for each JPMP Client provided to prospective investors at the time such investors were contemplating participating in the respective JPMP Client. Such risks include, but are not limited to, the following:

- *Uncertain nature of investments.* A JPMP Client may enter into high-risk investment opportunities of all kinds in all markets globally without limitation, including in, but not limited to, equity securities, pooled investment vehicles and investments denominated in foreign currencies. Companies in which a JPMP Client invests may not achieve their expected operational objectives and might experience substantial fluctuations in their operating results. In the case of start-up enterprises, such companies may not have significant operating revenues, and may not be able to finance their continued operations without obtaining substantial financing in the future.
- *Illiquid investments.* Although investments by a JPMP Client occasionally may generate some current income, the return of capital and the realization of gains, if any, from an investment

generally will occur only upon the partial or complete disposition of such investment. It generally is expected that the sale of most of a JPMP's Clients investments will not occur for a number of years after such investments are made. It is unlikely that there will be a public market for most of the securities initially held by a JPMP Client, and such securities may require a substantial length of time to liquidate. A JPMP Client generally will not be able to sell these securities publicly unless their sale is registered under, or exempt from, applicable securities laws.

- *Reliance on management.* Although JPMP will monitor the performance of each investment, it will be primarily the responsibility of company-level management to operate portfolio companies on a day-to-day basis. There can be no assurance that the existing management team of a portfolio company, or any new team, will be able to successfully operate the company. Some companies will depend for their success on the management talents and efforts of one person or a small group of persons whose death, disability or resignation would adversely affect their businesses.
- *Minority investments.* A JPMP Client may make minority equity investments in entities where there is the possibility that the entity in which the JPMP Client invests may have economic or business interests or goals that are inconsistent with those of the JPMP Client, and the JPMP Client may not be in a position to limit or otherwise protect the value of the JPMP Client's investment in the entity.
- *Third party investments.* A JPMP Client may co-invest with third parties through partnerships, joint ventures, or other entities. 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 the JPMP Client, or may be in a position to take action contrary to the JPMP Client's investment objectives.
- *Lack of additional funds.* Following its initial investment in a portfolio company, a JPMP Client may have the opportunity to increase its investment in successful operations or may be asked to provide additional funds to such portfolio company. There is no assurance that a JPMP Client will make follow-on investments or that a JPMP Client will have sufficient resources to make such investments. Any decision not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may result in missed opportunities for the JPMP Client.
- *Possible equity hedging.* JPMP or a JPMP Client may, but is not required to, seek to minimize the risk of a decrease in the value of one or more investments by using certain hedging strategies. The use of hedging strategies is a highly specialized activity and there can be no assurance that their use will achieve the intended result. These hedging strategies may limit the ability of the JPMP Client to profit from the increase in the value of an investment above a certain price.
- *Leverage.* To the extent that any investment is made in a company with a leveraged capital structure, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry. In the event that such a company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the JPMP Client's investment in such portfolio company could be significantly reduced or even eliminated.

- *Non-U.S. investments.* A JPMP Client is expected to invest in the assets and securities of non-U.S. issuers. Investments of this type may be subject to significant price fluctuations and above-average risk. Investments in non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the partnership's foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less governmental supervision and regulation; (iii) certain economic and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation; and (iv) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities.
- *Emerging markets.* Because a JPMP Client may invest a portion of its assets in emerging market countries, investors should consider the following additional risks. Some emerging market countries require prior government approval for foreign investments and the process of obtaining those approvals may require a significant expenditure of time and resources. Governmental approval may also be necessary for the repatriation of investment income, capital and the proceeds of sales of investments by the Partnership. Securities markets in emerging market countries are generally smaller in size, less liquid and experience greater volatility than U.S. securities markets. Political or social instability may also have an adverse effect on emerging markets and the performance of a JPMP Client's investments in such markets.
- *Currency exchange risk.* A JPMP Client may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between foreign currencies and the U.S. dollar, as well as the transaction costs associated with converting foreign currencies into U.S. dollars.
- *Inflation.* Some emerging market countries have experienced substantial rates of inflation in recent years. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economics and securities markets of certain emerging market economies. There can be no assurance that inflation will not become a serious problem in the future and thus have an adverse impact on a JPMP Clients' returns.
- *Lack of liquidity for the interests.* Interests in a JPMP Client are subject to substantial restrictions on transferability. The interests generally may not be transferred without the prior written consent of the general partner of the respective partnership.
- *Certain tax risks.* There can be no assurance that the structure of a JPMP Client or any investments by the JPMP Client will be tax efficient for any particular investor. There can be no assurance that the JPMP Client will distribute sufficient cash to cover the full tax liabilities of a particular investor's pro rata share of the taxable income of the JPMP Client.



## ITEM 9. DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the Registrant's advisory business or the integrity of the Registrant's management.

The Registrant has not been the subject of any regulatory action. However its ultimate parent, JPMC, and its affiliates, have entered into various legal and regulatory settlements without admitting or denying the allegations made in such actions. As part of these settlements, the Registrant, as an advisory affiliate, is required to include certain disclosure in this Form ADV Part 2. Below are such legal/disciplinary events required to be disclosed and which may be material to a client's evaluation of the Registrant's advisory business or the integrity of the Registrant's management. Additional information regarding other disciplinary actions may be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Research Analysts Settlement

In April 2002, the SEC along with several other securities regulators launched a joint investigation into research analyst conflicts of interest at J.P. Morgan Securities LLC (formerly known as J.P. Morgan Securities Inc.) ("JMPS"), an affiliate of JPMP, and eleven other large investment-banking firms. JPMP was not a subject of the investigation. In April 2003, JMPS and nine other firms resolved this matter in what has been referred to as a "global settlement." As part of this settlement, on April 28, 2003, the SEC filed a complaint ("Complaint") against JMPS in the United States District Court for the Southern District of New York (the "District Court"). JPMP was not named as a party in the Complaint. The Complaint alleged that JMPS violated various rules of NASD Inc. ("NASD") and the New York Stock Exchange Inc. ("NYSE"). On April 21, 2003, JMPS executed a Consent in which it neither admitted nor denied the allegations of the Complaint and consented to the entry of a final judgment. The final judgment was entered by the District Court on October 31, 2003 and permanently enjoined JMPS from violating the NYSE and NASD rules cited in the Complaint. It also ordered JMPS to make payments totaling \$80 million and to comply with undertakings set forth in an addendum to the final judgment, which include certain structural and other reforms intended to address research analyst conflicts of interest.

### Enron

On July 28, 2003, the Securities & Exchange Commission filed a complaint in the United States District Court for the Southern District of Texas alleging that during the period of December 1997 to September 2001, JPMC aided and abetted Enron Corp.'s violation of the antifraud provisions of the federal securities laws, Section 10(b) of the Securities Exchange Act of 1934 and Exchange Act Rule 10b-5. The Complaint alleged that Enron Corp. manipulated its reported financial results through a series of commodity derivative transactions known as prepaids which were entered into with JPMC. JPMC consented, without admitting or denying the allegations of the complaint, to the entry of a final judgment. On July 28, 2003 the United States District Court for the Southern District of Texas entered a final judgment, (1) enjoining JPMC, its agents, servants, employees, attorneys, assigns and all persons in active concert or participation with them who receive actual notice of the final judgment by personal service or otherwise from violating, directly or indirectly, Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder; and (2) ordering JPMC to pay a total of \$135,000,000: \$65,000,000 representing disgorgement, prejudgment interest thereon in the amount of \$5,000,000, and a civil penalty of \$65,000,000 pursuant to Section 21(d) of the Exchange Act. No portion of the penalty was waived. JPMC made payment of \$135,000,000 on July 28, 2003.

### Reg. M

On October 1, 2003, the Securities and Exchange Commission filed a complaint (the "Complaint") in the United States District Court for the District of Columbia (the "District Court") alleging that during the

period from March 1999 through August 2000, JMPS, an affiliate of JPMP, violated (i) Rule 101 of Regulation M of the Securities and Exchange Act of 1934 by attempting to induce certain institutional customers to place orders for shares in the aftermarket for certain initial public offerings (“IPOs”) it underwrote during the restricted period of such IPOs and (ii) NASD Inc. Conduct Rule 2110 by persuading one or more institutional investors to take an allocation of one “cold” IPO by promising to reward the customer with an allocation of another upcoming “hot” IPO. JPMP was not named as a party in the Complaint. JMPS consented, without admitting or denying the allegations of the Complaint, except as to jurisdiction, to the entry of a final judgment. On October 8, 2003, the District Court entered the final judgment (1) enjoining JMPS, its officers, agents, servants, employees and attorneys, and all persons in active concert or participation with JMPS who receive actual notice of the final judgment by personal service or otherwise from violating Rule 101 of Regulation M of the Securities and Exchange Act of 1934 and NASD Conduct Rule 2110; and (2) ordering JMPS to pay a civil penalty of \$25,000,000. No portion of the penalty was waived.

#### JMPS Email Retention Settlement

In late 2004, the SEC along with other securities regulators engaged in settlement discussions with JMPS in connection with a joint investigation into the preservation of electronic mail communications by JMPS. As a result of the settlement discussions, on December 16, 2004, JMPS executed an Offer of Settlement in which it neither admitted nor denied any findings and consented to the entry of an attached order by the SEC in anticipation of public administrative and cease-and-desist proceedings to be commenced against it by the SEC pursuant to sections 15(b)(4) and 21C of Exchange Act. On February 14, 2005, the SEC issued the contemplated Order Instituting Proceedings Pursuant to Section 15(b)(4) and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Cease-And-Desist Order, Penalty, and Other Relief in the action In the Matter of J.P. Morgan Securities Inc., Admin. Proc. File No. 3-11828 (the “Order”). The SEC thereby ordered JMPS to cease and desist from committing or causing any violations and any future violations of section 17(a) of the Exchange Act and Rule 17a-4 thereunder, censured JMPS pursuant to section 15(b)(4) of the Exchange Act, and directed JMPS to comply with the undertakings set forth in the Order, including the payment of penalties and fines totaling \$2.1 million. The Order recognized that JMPS neither admitted nor denied the findings therein.

#### WorldCom

Following the bankruptcy of WorldCom Inc. in July 2002, a series of cases were filed throughout the United States. All of the actions asserted claims relating to securities issued by WorldCom, including bonds issued in a private placement in December 2000 (\$2 billion), and public offerings in August 1998 (\$6.1 billion), May 2000 (\$3.5 billion) and May 2001 (\$11.9 billion). Heritage Chase Securities Inc. was a managing underwriter of the August 1998 and May 2000 public offerings. JPMS was lead underwriter of the December 2000 private placement, a managing underwriter of the August 1998 public offering, and co-lead underwriter of the May 2000 public offering. JPMS was co-lead underwriter of the May 2001 public offering, and J.P. Morgan Securities Ltd. (“JPMSL”) was co-manager of the European tranches of that offering. These actions variously named JPMS, JPMC, and JPMSL as underwriters of the various WorldCom bond offerings, along with other defendants. They alleged that WorldCom bond intentionally misstated its financial condition by manipulating its books and records to reduce its costs to artificially inflate its net revenues during periods leading up to the offerings at issue. The complaints also alleged the offering documents omitted disclosures of certain allegedly material facts. The underwriter defendants were alleged to be liable for not discovering or disclosing WorldCom’s conduct.

The actions included a consolidated class action before the US District Court, in the Southern District of New York, as well as a large number of individual plaintiff actions brought by plaintiffs that opted out of the class, most of which actions were transferred to and consolidated before the judge presiding in the class action. In March 2005, JPMC settled the WorldCom class action litigation for a payment of \$2

billion. In connection with all such settlements, JPMC did not admit any wrongdoing or basis for liability to any person relating to the WorldCom offerings.

## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

JPMC and its affiliates engage in and provide a broad range of banking, advisory and investment services to customers. JPMP will generally benefit from the relationships and activities resulting from these services that are expected to generate attractive investment opportunities and analytics. In addition, JPMP expects to use JMPS as a source of potential investments and to utilize the investment research published by its research departments.

JPMC or its affiliates fund Underlying Vehicles, in which certain JPMP Clients have participation interests and invest pro rata alongside. Certain JPMP Clients that have such participation interests in the Underlying Vehicles (e.g., employees' securities companies) may also receive additional capital contributions from affiliates of JPMC to the extent described in the private offering memoranda or other offering documents relating to such JPMP Clients. These arrangements with JPMC and its affiliates is material to the advisory business of the Registrant. Any potential conflicts of interests are mitigated by the alignment of interests in the investments of the JPMP Clients and the Underlying Vehicles.

Effective July 31, 2006, JPMP entered into a sub-advisory agreement with the Sub-Advisor, delegating principal responsibility for monitoring, management and supervisory services with respect to certain client portfolios. JPMP, however, retains overall management responsibility until liquidation of client portfolios. JPMP does not receive compensation directly or indirectly from the Sub-advisor related to the management of JPMP Clients' portfolios. The Sub-Advisor also provides investor relations services to the JPMP Clients. Certain books and records will be retained by the Sub-advisor. In addition, an affiliate of the Registrant is an investor in a pooled investment vehicle, CCMP Capital II Investors, LP, that is managed by an affiliate of the Sub-Advisor.

## **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING CONFORM TO SIXTY WALL**

### **Description of the Registrant's Code of Ethics**

The Registrant has adopted the code of conduct established and maintained by Registrant's ultimate parent, JPMC, as its code of ethics ("**Ethics Code**"). The Ethics Code was adopted pursuant to SEC Rule 204A-1 and sets forth the standards of business conduct for the Registrant's supervised persons, including compliance with applicable federal securities law. Violations of the Ethics Code are required to be reported and provides designated contacts to receive reports of violations. The standards set forth include but are not limited to the receipt and handling of confidential information belonging to clients, JPMC and its affiliates, privacy, public communication, inside information and information barriers, money laundering, anti-corruption, gifts and entertainment, outside business activities and personal securities transactions. The Registrant supplements certain standards related to personal securities transactions to adhere to the requirements of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"), including holdings statements. Supervised persons are required to provide duplicate account statements reflecting public securities transaction and an annual personal holdings report. On an annual basis, Registrant's supervised persons receive training on the Ethics Code and certify compliance.

A copy of the Ethics Code is available upon request.

### **Interest in Client Transactions**

JPMC and its related persons may, as principal, purchase securities from or sell securities to the Partnerships (as defined below) or their limited partners as permitted by the Advisers Act, including Section 206(3) thereof.

The Registrant expects that one or more of its related persons will effect securities transactions for compensation on behalf of JPMP Clients. Such compensation will not exceed the amount such related persons would customarily receive from third parties as compensation for the performance of similar services. Such related persons may also independently effect securities transactions for limited partners who maintain separate accounts with such related person.

The Registrant expects that one or more of its related persons may effect securities transactions as broker to such related person's clients while also acting as broker to JPMP Clients in the same transaction ("agency cross transactions"). Such agency cross transactions will be executed as permitted by the Advisers Act. Brokerage compensation will not exceed the amount such related persons would customarily receive from third parties as compensation for the performance of similar services.

JPMP Clients are generally pooled investment vehicles organized as limited partnerships ("**Partnerships**") and exempt from registration under the Act. The Partnerships' limited partnership agreements expressly authorize the Registrant and its related persons to buy or sell securities in which the Partnerships have invested or have proposed to invest. In addition, the Partnerships' limited partnership agreements expressly authorize JPMC and its related persons to perform investment banking services for, and to receive compensation from, any entity in which the Partnerships have invested or have proposed to invest. JPMC and its related persons currently have no "standing" arrangements to perform such investment banking services. Investment banking compensation may include financial advisory fees, fees in connection with restructurings and mergers and acquisitions, underwriting or placement fees, financing or commitment fees, and brokerage fees, which fees will not be shared with the Partnerships or any limited partner.

Potential conflicts of interest may exist between JPMP and JPMP Clients under certain circumstances in which JPMP or its affiliates, provide services to clients, including those related to securities transactions as agent (or in certain cases as principal) on behalf of the clients. To the extent such potential conflicts exist, JPMP will only engage in the activity giving rise to the conflicts if it first obtains the client's informed consent.

More specific examples of potential conflicts of interest applicable to JPMP, include, but are not limited to:

- JPMC, its affiliates and investment funds under their management or control may hold investments in portfolio companies in which a JPMP Client has invested or proposes to invest;
- JPMC and its affiliates may lend to issuers of securities that are owned or to be purchased by a JPMP Client or to affiliates of those issuers, or may receive guarantees from the issuers of those securities. The proceeds of any investment by a JPMP Client in a particular issuer may be used, directly or indirectly, to secure, repay or redeem a loan or security held by JPMC or one of its affiliates;

- JPMC and its affiliates may act as underwriter to a company in which a JPMP Client holds an investment;
- A JPMP Client may enter into transactions involving loans, high yield securities, derivative instruments or other investments in which JPMC or one of its affiliates serves as the counterparty, principal or agent; and
- The investment activities of a JPMP Client are expected to generate opportunities for JPMC or one of its affiliates to earn fees and other compensation. The fee potential inherent in a particular investment or transaction could be an incentive for JPMC or one of its affiliates to seek to refer or recommend an investment or transaction to JPMP in which a JPMP Client would participate.

As in JPMC's business generally, Registrant will consider the implications of identified actual or potential conflicts of interest arising from the activities described in this Item 11, and will act in accordance with the terms of the limited partnership agreement of the respective JPMP Client and JPMC's internal guidelines and procedures as well as Registrant's fiduciary obligations to JPMP clients.

## **ITEM 12. BROKERAGE PRACTICES**

### **Brokerage Arrangements**

The Registrant is responsible for the placement of the portfolio transactions of JPMP Clients and the negotiation of any commissions paid on such transactions. In selecting a broker dealer in securities transactions by JPMP Clients, the Registrant uses reasonable diligence to ascertain prevailing market prices and considers the full range and quality of a broker's service. In addition to price and commission rate, Registrant takes into account the other factors in achieving best execution which includes, but is not limited to: (1) execution, clearance and settlement capabilities; (2) the nature of security to be traded; (3) the size of the transaction; (4) desired timing of transaction; and (5) market maker capabilities of broker.

### **Trade Aggregation Practices**

Registrant manages the investments of JPMP's Clients. Unless restricted by agreement with a JPMP Client, Registrant will aggregate transactions in the same security for multiple clients or portfolios. Registrant typically allocates transactions on a "pro-rata" basis across all applicable funds/clients at the average price per unit of the total transaction.

## **ITEM 13. REVIEW OF ACCOUNTS**

### **Review of Client Accounts**

Registrant manages the portfolio investments of JPMP Clients. The Registrant does not manage individual advisory accounts or hold itself out as providing financial planning or similarly termed services. The Registrant employs professionals dedicated to monitoring and reviewing JPMP's investment portfolio on a regular basis. Regular monthly meetings are held with representatives of the Sub-advisor, at which JPMP Clients' portfolios are reviewed including, performance, material developments, or such other significant matters that could reasonably have a material effect on a portfolio investment. In addition, on a semi-annual basis, a detailed portfolio review is conducted. These reviews involve the managing director responsible for monitoring the Sub-Advisor's performance and the Registrant's chief financial officer.

## **Reports**

Investors in JPMP Clients receive written annual audited financial statements, capital statements and distribution statements. Further, non-audited written financial statements may be prepared quarterly and sent to investors of certain JPMP Clients.

Pursuant to Rule 206(4)-2(b)(4) of the Advisers Act, audited financial statements of JPMP Clients are prepared in accordance with generally accepted accounting principles by an independent public accountant that is registered with the Public Company Accounting Oversight Board. These audited financial statements are distributed to an investor in a JPMP Client within 120 days of the end of such JPMP Client's fiscal year.

### **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

The Registrant does not refer or otherwise receive compensation for the referral of investors. In addition, the Registrant does not pay compensation for the referral of investors to the Partnership.

### **ITEM 15. CUSTODY**

JPMorgan Chase Bank, N.A. serves as the principal qualified custodian (the “**Custodian**”) of JPMP Client assets, including cash and privately issued securities. Morgan Stanley Smith Barney as well as UBS Investment Bank may, from time to time, act as the qualified custodians of publicly-issued securities owned by JPMP Clients.

### **ITEM 16. INVESTMENT DISCRETION**

As of December 31, 2010, the Registrant manages client assets on a discretionary basis in the amount of approximately \$1, 564, 347, 809.00. Registrant does not manage client assets on a non-discretionary basis.

Registrant received discretionary authority from JPMP Clients at the outset of the advisory relationships to select the identity and amount of securities to be bought or sold. Such authority was provided under the terms of the applicable investment advisory agreements and/or Partnerships' operating agreements, as the case may be. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the applicable JPMP Client.

### **ITEM 17. VOTING CLIENT SECURITIES**

#### **Description of Proxy Voting Policies and Procedures**

The Registrant has adopted proxy voting policies and procedures as required by Rule 206(4)-6 under the Advisers Act. For purposes of Registrant's policies and procedures, proxy voting pertains to proxy statements received from public companies. The policies and procedures address the most common proxy questions such as the selection of directors, approval of financial results, and retention of auditors, which are generally to be voted consistent with the recommendation of company management. In consultation with legal and compliance professionals, Registrant seeks to ensure proxy voting is not improperly influenced by conflicts of interest, such as an affiliated investment banking area seeking fees, and may, when circumstances warrant, certify the consideration of conflicts. The Sub-Advisor has primary responsibility for proxy voting recommendations.

Each JPMP Client may obtain a copy of the Registrant's proxy voting policies and procedures and information about how the Registrant voted any proxies on behalf of a JPMP Client from the Sub-advisor's Investor Relations at (212) 600-9689 or [InvestorRelations@ccmpcapital.com](mailto:InvestorRelations@ccmpcapital.com).

#### **ITEM 18. FINANCIAL INFORMATION**

Registrant is not aware of having any financial condition that is reasonably likely to impair its ability to meet contractual commitments to the Partnership. Registrant has not been subject to a bankruptcy petition within the last ten years.