

INVESTMENT ADVISER BROCHURE

VESTAR CAPITAL PARTNERS

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Vestar Capital Partners (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (212) 351-1600. 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.

The Management Company is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding the Management Company is also available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

This annual amendment updates the description of the business practices of the Management Company and its affiliates and incorporates certain non-material changes. Capitalized terms used in this section are used as defined in this Form ADV Part 2A.

The Management Company filed its last Form ADV Part 2A on March 31, 2015.

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ADVISORY BUSINESS

Vestar Capital Partners (the “**Management Company**”), a registered investment adviser, is a New York general partnership. The Management Company and its affiliated investment advisers provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. The Management Company commenced operations in 1993.

The Management Company’s clients include the following (each, a “**Fund**,” and collectively, the “**Funds**”):

- Vestar Capital Partners III, L.P.
- Vestar Capital Partners IV, L.P.
- Vestar Employees IV, LLC
- Vestar Executives IV, L.P.
- Vestar AIV Holdings A L.P.
- Vestar AIV Holdings B L.P.
- Vestar AIV Employees, Ltd.
- Vestar AIV Employees Wilton Re, Ltd.
- Vestar Capital Partners V, L.P.
- Vestar Capital Partners V-A, L.P.
- Vestar Capital Partners V-B, L.P.
- Vestar Co-Invest V, L.P.
- Vestar Executives V, L.P.
- Vestar Capital Partners VI, L.P.
- Vestar Capital Partners VI-A, L.P.
- Vestar Co-Invest VI, L.P.
- Vestar Executives VI, L.P.

Vestar Employees IV, LLC, Vestar AIV Employees, Ltd., Vestar AIV Employees Wilton Re, Ltd., Vestar Co-Invest V, L.P., Vestar Investors V, L.P. Vestar Co-Invest VI, L.P. and Vestar Investors VI, L.P. are collectively hereinafter referred to as the “**Vestar Co-Invest Funds**.”

Vestar Executives IV, L.P., Vestar AIV Holdings B L.P., Vestar Executives V, L.P., and Vestar Executives VI, L.P. are collectively hereinafter referred to as the “**Vestar Executive Funds.**” Vestar Capital Partners IV, L.P. and Vestar AIV Holdings A L.P. are collectively hereinafter referred to as the “**Vestar IV Funds.**” Vestar Capital Partners V, L.P., Vestar Capital Partners V-A, L.P., and Vestar Capital Partners V-B, L.P. are collectively hereinafter referred to as the “**Vestar V Funds.**” Vestar Capital Partners VI, L.P. and Vestar Capital Partners VI-A, L.P. are collectively hereinafter referred to as the “**Vestar VI Funds.**” The Funds, together with future private investment funds to which the Management Company or its affiliates provide investment advisory services, are collectively hereinafter referred to as “**Private Investment Funds.**” In addition, Vestar also manages vehicles that were formed to allow certain investors to invest in certain portfolio company investments made by the Funds (such vehicles are collectively hereinafter referred to as the “**Vestar Co-Invest Vehicles**”). To the extent applicable, references herein to the Funds or the Private Investment Funds are deemed to include the Vestar Co-Invest Vehicles. The Management Company also may form special purpose vehicles and alternative investment vehicles not listed herein.

The following registered investment advisers are affiliated with the Management Company:

- Vestar Associates III, L.P.
- Vestar Associates Corporation III
- Vestar Associates IV, L.P.
- Vestar Associates Corporation IV
- Vestar AIV Associates, L.P.
- Vestar AIV Managers Ltd.
- Vestar Associates V, L.P.
- Vestar Managers V Ltd.
- Vestar Associates VI, L.P.
- Vestar Managers VI Ltd.

(each, a “**General Partner**” and, together with the Management Company and their affiliated entities, “**Vestar**”).

Each General Partner is registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, all of which, together with the Management Company, operate as a single advisory business. Additionally, Vestar/Colorado Impact, LLC (“**VCI**”), is registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. VCI, an affiliate of the Management Company

and part of the Management Company's advisory business, is the investment adviser and general partner of Colorado Impact Fund I, L.P. The business practices of VCI are described in a separate brochure.

Interests in the Funds are privately offered to qualified investors in the United States and elsewhere. The Funds and any other Private Investment Funds that may be formed by Vestar at a later date are expected to invest through negotiated transactions in operating entities, generally referred to herein as "portfolio companies." Vestar's investment advisory services to Private Investment Funds consist of identifying and evaluating investment opportunities, negotiating the terms of and consummating investments, managing and monitoring investments, and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted. Where such investments consist of portfolio companies, the senior principals or other personnel of Vestar may serve on such portfolio companies' respective boards of directors, may serve as officers of or consultants to such portfolio companies, and may otherwise act to influence control over management of portfolio companies in which Private Investment Funds have invested. Under certain circumstances, such senior principals or other personnel of Vestar may be compensated directly by the portfolio company to whom they are providing services.

Vestar's advisory services for Private Investment Funds are detailed in the applicable private placement memorandum or other offering document, in each case as supplemented from time to time (each, a "**Memorandum**") and limited partnership or similar governing agreements (each, a "**Limited Partnership Agreement**" and together with the Memorandum, the "**Governing Documents**") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in Private Investment Funds participate in the overall investment program for the applicable fund, but Investors may be excused from a particular investment due to legal, regulatory, or other agreed-upon circumstances pursuant to the relevant Limited Partnership Agreement. The Funds or Vestar may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under or altering or supplementing the terms of the relevant Fund's Limited Partnership Agreement.

Additionally, from time to time, Vestar may provide (or agree to provide) certain investors or other persons, including Vestar's personnel and/or certain other persons associated with Vestar (to the extent not prohibited by the applicable Limited Partnership Agreement) co-investment opportunities (including the opportunity to participate in Vestar Co-Invest Vehicles) that will invest in certain portfolio companies alongside a Private Investment Fund. Such Vestar Co-Invest Vehicles' investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on substantially the same terms as the Private Investment Fund making the investment. However, from time to time, for strategic and other reasons, a Vestar Co-Invest Vehicle may purchase a portion of an investment from a Private Investment Fund. Any such purchase from a Private Investment Fund by a Vestar Co-Invest Vehicle generally occurs shortly after the Private Investment Fund's completion of the investment to avoid any changes in valuation of the investment, and the Vestar Co-Invest Vehicle may be charged interest on the purchase to compensate the relevant Private Investment Fund for the holding period, and generally will be required to reimburse the relevant Private Investment Fund for costs related to such investments.

As of December 31, 2015, Vestar managed \$4,279,472,719 in client assets on a discretionary basis. The principal owner of the Management Company is Vestar Management Corporation II, a corporation whose sole stockholder is Daniel S. O'Connell.

FEES AND COMPENSATION

As summarized below, in general, Vestar receives a management fee and a carried interest in connection with advisory services. Investors in the Funds also bear certain fund-related expenses. The following is a general description of fees, compensation, and expenses of the Funds. Different Funds may charge different levels of fees and certain Funds may not charge certain fees, compensation, or expenses that other Funds charge. The Governing Documents relating to each of the Funds describe fees, compensation and expenses in greater detail. Each Fund's fee schedule has been omitted in this Brochure, because Vestar currently only charges fees to clients that are "qualified purchasers" as defined under the Investment Company Act of 1940, as amended. Vestar may receive additional compensation in connection with management and other services performed for portfolio companies of Private Investment Funds and such additional compensation will, as more fully described below, offset in whole or in part the management fees otherwise payable to the Management Company.

Management Fees

For the Vestar V Funds, the management fee paid to the Management Company (the "**Management Fee**") generally will equal a specified percentage of (i) the aggregate amount of capital contributions to the Fund and waived Management Fees less (ii) the aggregate amount of distributions to partners in respect of commitments attributable to (a) realized investments plus write downs of unrealized investments at the time the Management Fee is paid and (b) fees and expenses paid and allocated to such investments specified in clause (a).

For the Vestar VI Funds, from the applicable effective date until the end of the applicable commitment period or upon the occurrence of certain other events as set forth in the applicable Limited Partnership Agreement, the Vestar VI Funds generally will pay the Management Company an annual management fee, payable partially in advance and partially in arrears, equal to a specified percentage of aggregate commitments. Upon the earlier of the expiration of the commitment period or upon the occurrence of certain other events as set forth in the applicable Limited Partnership Agreement, the Management Fee for the Vestar VI Funds generally will equal a specified percentage of (i) the aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written-down.

The Vestar III Funds and the Vestar IV Funds no longer pay Management Fees.

Installments of the Management Fee payable for any period other than a full six-month period (including the first Management Fee payment) will be adjusted on a pro rata basis according to the actual number of days of such period.

For the Vestar VI Funds and Vestar V Funds, the Management Fees also generally will be offset by a specified percentage of break-up fees received by Vestar and the monitoring, transaction, and other fees paid by a Fund's portfolio companies to Vestar. Through November

30, 2015, the offsets for the Vestar VI Funds and the Vestar V Funds are 100% and 80%, respectively. Effective December 1, 2015, the fee offset for Vestar V became 100%. Vestar may retain any remaining amount of such fees that are not offset. To the extent an offset credit would reduce the Management Fee for a given period below zero, the credit is generally carried forward for application against future Management Fees payable. To the extent any offset credit excess remains unapplied upon the dissolution of a Fund, in the Vestar VI Funds, Vestar V Funds and Vestar IV Funds, respectively, each investor will receive its share of such unapplied excess, unless such investor elects not to receive such share. For Vestar III Funds, Vestar generally retains all such break-up, monitoring, and transaction fees resulting in excess credits. Vestar does not typically receive fees of the type referred to in this paragraph from, or on behalf of or with respect to investments made by the Vestar Co-Invest Vehicles.

The Management Fee also may be reduced by an amount determined by the General Partner. A portion of the waived Management Fee is treated by the Limited Partnership Agreements as a deemed capital contribution by the relevant General Partner; this amount is in addition to the amount of capital such General Partner is required to contribute to such Private Investment Fund. In the event of such a reduction, the limited partners of the relevant Fund then may be required to make a pro rata contribution according to their respective Commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such reduction as described above and, as a result, the exercise of such reduction may result in an acceleration of investor capital contributions. Management Fees so reduced are not subject to the offsets described above, and the amount of such waived or reduced Management Fees may be significant.

The Vestar Co-Invest Funds, Vestar Executive Funds and Vestar Co-Invest Vehicles generally do not pay Management Fees. All limited partners or other beneficial owners of the Vestar Co-Invest Funds are current or former employees of Vestar.

It is expected that any future Private Investment Funds will have a similar management fee structure.

Carried Interest

Generally, each General Partner will receive a carried interest with respect to the Funds it manages equal to a specified percentage of all realized profits, subject to satisfying a specified percentage preferred return (without compounding), as more fully described in the Governing Documents. The carried interest distributed to a General Partner is subject to a potential giveback at the end of life of a Fund if the respective General Partner has received excess cumulative distributions.

The Vestar Co-Invest Funds and Vestar Co-Invest Vehicles generally do not pay carried interest. All limited partners or other beneficial owners of the Vestar Co-Invest Funds are current or former employees of Vestar.

It is expected that any future Private Investment Funds will have a similar carried interest structure.

Other Information

Vestar may, through side letters or otherwise, exempt certain investors in Private Investment Funds from payment of all or a portion of Management Fees and/or carried interest. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by Vestar and/or its affiliates, or through other Private Investment Funds that co-invest with the Funds. Vestar professionals invest in Vestar Co-Invest Funds and these entities do not bear Management Fees or carried interest. Additionally, the Management Company may permit investors, affiliated with the Management Company or otherwise, to invest through Vestar Co-Invest Vehicles that may not bear Management Fees or carried interest.

The Funds and other Private Investment Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Limited Partnership Agreements, over the term of the Funds (or the relevant Private Investment Fund, as applicable), and investors generally are not permitted to withdraw or redeem interests in the Funds (or other relevant Private Investment Fund, as applicable).

Principals or other current or former employees of Vestar may receive a portion of the Management Fee, carried interest, or other compensation received by the General Partner.

In addition to any Management Fee or carried interest payable to the General Partners or the Management Company, each Fund bears certain expenses. As set forth more fully in the applicable Memorandum or Limited Partnership Agreement of each Fund, each Fund generally bears all expenses relating to the Fund's activities, investments, and business to the extent not reimbursed by portfolio companies or applied to reduce transaction fees. Although the specific list of expenses may vary to some extent in the Memoranda or Limited Partnership Agreements, these expenses generally include, but are not limited to, (i) all costs, expenses, liabilities and obligations attributable to acquiring, holding, and disposing of a Fund's investments (including interest on money borrowed by the Fund or Vestar on behalf of the Fund, registration expenses and brokerage, finders', custodial, travel and other fees), (ii) legal, accounting, auditing, insurance (including directors and officers and errors and omissions liability insurance), consulting, financing, appraisal, filing, and other fees and expenses (including expenses associated with the preparation of Fund financial statements, tax returns, and Schedule K-1s or any other limited partner reports), (iii) certain expenses of a Fund's advisory board, (iv) costs, expenses, and liabilities of a Fund (including litigation and indemnification costs and expenses, judgments, and settlements), (v) all out-of-pocket fees and expenses incurred by a Fund or Vestar (without duplication) in connection with any conference or meeting of the limited partners, (vi) all out-of-pocket fees and expenses incurred by a Fund or Vestar (without duplication) relating to investment and disposition opportunities for the Fund not consummated (including legal, accounting, auditing, insurance, consulting, finders', filing and other fees and expenses, financing commitment fees, real estate title and appraisal costs, printing and/or transaction break-up fees), (vii) the Management Fee, (viii) any taxes, fees, and other governmental charges levied against the Fund, (ix) any placement fees, (x) all costs and expenses incurred in connection with the organization, management, operation, winding-up, liquidation, and dissolution of any alternative investment vehicles, and (xi) certain organizational expenses. As noted above, each Fund will generally also bear expenses indirectly from the payment by portfolio companies of

expenses similar to those outlined in the preceding sentence. Brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” each General Partner receives a carried interest allocation on certain realized profits of certain of the Funds. A carried interest allocation represents an investment adviser’s compensation based on a percentage of net profits of the Funds it manages. Vestar also manages the Vestar Co-Invest Funds and the Vestar Co-Invest Vehicles, which are not charged a performance-based fee. This practice could present a conflict of interest because Vestar has an incentive to favor accounts for which it receives a performance-based fee. Vestar addresses this potential conflict of interest generally by investing all active Funds in each portfolio company investment *pro rata* based on fund commitments at substantially the same time and on substantially the same terms and disposing of such investments in a similar manner. In addition, each Vestar Co-Invest Vehicle is formed to invest in only one particular portfolio company of a Fund and is generally only given the opportunity to invest when there is an excess investment opportunity over the amount first allocated to the applicable Fund. Such investment is made at substantially the same time and on substantially the same terms as the investment of the applicable Fund and is disposed of in a similar manner.

TYPES OF CLIENTS

Vestar provides investment advice to the Funds. Private Investment Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in Private Investment Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Vestar and its affiliates and members of their families.

The Funds generally have a minimum investment amount of \$10 million for third-party investors. The Vestar Co-Invest Funds, Vestar Executive Funds, and Vestar Co-Invest Vehicles generally accept lower investment amounts. In most circumstances, investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment in the Funds. Generally, investors must be (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and (ii) either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act of 1940, as amended. To the extent legally permitted, Vestar retains the discretion to waive such minimum investment amounts and qualification requirements.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Vestar is a private equity investment firm that focuses on organizing and investing in management buyouts, recapitalizations, and growth equity investments. Vestar seeks the development of a diversified portfolio of private equity investments in middle-market companies with enterprise values generally ranging from \$100 million to \$1.0 billion. Vestar may also participate in investment opportunities in companies with enterprise values greater than \$1.0 billion through co-investments with either other unaffiliated private equity funds or certain of a Funds' existing investors so long as such investments are consistent with Vestar's overall investment strategy.

The following is a summary of the investment strategies and methods of analysis generally employed by Vestar on behalf of the Funds and a summary of certain risks involved with Vestar's investment strategy and an investment in the Funds. More detailed descriptions of the Funds' investment strategies and methods of analysis and risks are included in the applicable Memorandum and other Governing Documents for each Fund. The investment strategies and methods of analysis and risks described in this section also generally apply to the Vestar Co-Invest Vehicles.

Investment and Operating Strategy

Vestar's principals are investment-focused rather than transaction-driven. Vestar pursues investments where the Vestar principals identify potential value levers through the application of Vestar's industry expertise and operating and strategic capabilities.

Due Diligence and Value Lever Identification

The emphasis during the evaluation process for any investment is always on the maximization of value, the reduction of risk, and the preservation of capital. This involves not only a detailed study of each company's financial, operational, and competitive performance and prospects, but also in-depth business, accounting, tax, legal, and industry-specific due diligence. Vestar retains accountants, attorneys, consultants, and industry experts or executives to assist in analyzing investment prospects. Vestar's due diligence process takes place over an extended period, often in excess of six months. Decision making is an iterative process during this period, involving the entire investment team. Vestar has an investment committee which is comprised of Vestar's managing directors (the "Investment Committee"). The Investment Committee meets on regular basis. Significant issues or concerns that are raised by any of the Vestar principals during Investment Committee meetings typically are addressed to the satisfaction of the Investment Committee either through additional due diligence or by changing the investment terms and structure (or otherwise), or the transaction does not proceed.

The Vestar principals bring a creative and flexible approach to the structuring of investment transactions. Vestar focuses on investment merit and value creation and is not constrained by "cookie cutter" formulas or overly-restrictive investment guidelines. Vestar may make equity and equity-related investments and generally attempts to structure transactions that optimize the financial and operational benefits for the business and participants involved.

Vestar believes there is significant opportunity to invest in companies in which it has developed or can develop a meaningful competitive edge through its industry focus and operating and strategic capabilities. Vestar believes its ability to identify value levers that are aligned with the domain expertise that Vestar has developed over time creates an investment edge that enables Vestar to capitalize on potential value that it believes cannot be readily discerned or realized by other investors. Some of the value levers include an ability to (i) revitalize or extend strong brands or franchises; (ii) reposition products or services to capture new market opportunities; (iii) expand existing products or services into adjacent markets; and identify platform companies that can benefit from attractive follow-on acquisitions; and (v) find stable but under-developed companies that can be transformed through operational improvements.

Industry Focus Creates Differentiated Insights

Vestar's investment team is organized into the following industry groups: consumer, diversified industries, and healthcare. Vestar believes this industry focus results in deeper, more informed knowledge of the opportunities in each of these sectors. When meeting with management teams, Vestar's industry specialization allows it to engage in meaningful dialogue with these management teams, thereby potentially giving Vestar a competitive advantage in securing meaningful investment opportunities for the Funds.

Integrated Approach

In evaluating new investment opportunities, Vestar places a strong emphasis on the quality and commitment of a company's management team. The Vestar investment approach has always emphasized careful and thorough due diligence. Operating professionals are actively involved in due diligence, particularly where the Vestar principals have identified the need for post-closing operational improvements or transition and integration activities. Once a transaction has been completed, the investment and operating professionals work together to manage risk and maximize value in all portfolio investments.

Investment decisions are made after extensive review and in-depth deliberation. All Vestar professionals are expected to present their views, and contrarian opinions are encouraged. The Vestar principals meet frequently to discuss new investment opportunities as presented and updated by the industry-focused deal teams.

The principals are highly focused on value maximizations and realizations, continuously monitoring portfolio company valuations and the health of the capital markets.

Proactive Thematic Approach

Vestar's investment and operating professionals create proactive themes that synthesize investment ideas developed through their deep industry knowledge and vast relationship networks. These themes are then reviewed and vetted by the Investment Committee, which analyzes the merits of the investment concept relative to the potential opportunity set. The investment team then proactively targets companies, often avoiding competitive auction processes. This approach also seeks to maximize Vestar's full potential by pursuing investments

that are expected to benefit significantly from Vestar's intellectual capital and operational resources.

Value Maximization and Risk Management

Vestar seeks to enhance its investment returns through active involvement in all aspects of the investment process. Vestar's investment and operating professionals work together to focus on the day-to-day monitoring of portfolio investments and to provide management with support and guidance on activities such as follow-on acquisitions, divestitures, operational improvements, organizational development, systems implementations, and the structuring of compensation programs. The interaction of Vestar's operating professionals with multiple layers of portfolio company management - not just the CEO or CFO - has the added benefit of serving as an early warning system for potential issues.

Focus on Realizations

The Vestar principals' broad network of contacts enables them to monitor continuously various realization opportunities available to portfolio companies. The Vestar principals proactively pursue realizations by seeking the most attractive exit opportunities based on prevailing market conditions, a portfolio company's performance, and the potential for further value improvements.

Risks of Investment

The Funds and their investors bear the risk of loss that Vestar's investment strategy entails. The risks involved with Vestar's investment strategy and an investment in the Funds include, but are not limited to:

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

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

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

Lack of Sufficient Investment Opportunities. It is possible that a Fund will not be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing private equity transactions is highly competitive and

involves a high degree of uncertainty. The Funds expect to encounter competition from entities having similar investment objectives. Potential competitors include other investment funds, business development companies and other financial investors investing directly or through affiliates. Certain of these entities may possess competitive advantages over a Fund in pursuing investment opportunities, including greater financial, technical, marketing and other resources, higher risk tolerances, different risk assessments, lower return thresholds, lower cost of capital and access to funding sources unavailable to a Fund. However, limited partners in each Fund will be required to bear annual Management Fees through such Fund during the commitment period based on the entire amount of investors' commitments to that Fund, and such other expenses as set forth in the relevant Governing Documents.

Potential for Departure from Planned Investment Strategy. While Vestar generally intends to make private equity investments as described herein, Vestar has the ability under its Governing Documents to pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process, and investment techniques as it determines appropriate. In the event that Vestar departs from its initial investment strategy for a particular Fund and pursues investments outside of the industries and sectors in which Vestar's principals previously made investments this departure may result in unanticipated investment losses to such Fund.

Leveraged Investments. The Funds generally make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, and the state of those markets is very difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to a Fund that may not be covered by distributions made to the Fund or appreciation of its investments. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair the company's ability to operate its business as desired and/or to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be tight at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Funds will invest generally will not be rated by a credit rating agency. A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). To the extent a Fund provides such guaranties, such amounts may be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of a Fund's investments, and therefore, each Fund's investments are generally difficult to value precisely. The absence of a public market or other readily available tools for valuing a Fund's investments may result in investments being over valued relative to the amount of consideration that can be actually obtained for such investments in an arm's length transaction. In addition, Vestar has the option of distributing certain investments in kind to the investors in the Funds and in the event that investors receive in kind distributions of investments for which there is no readily available liquid trading market the investors may suffer losses when seeking to liquidate such investments, as many investors may decide to liquidate within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by the investors may be lower than the value of such securities as determined pursuant to the relevant Limited Partnership Agreement, including the value used to determine the amount of carried interest available to the General Partner with respect to such investment.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Vestar in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

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

Non-U.S. Investments. A Fund may invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the subject Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to such Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the partners.

Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) fewer well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices, and requirements comparable to those that apply to U.S. companies.

Currency and Exchange Rate Risks. A portion of a Fund's assets may be invested in companies outside of the U.S., and income and gains received by a Fund from or with respect to such investments may be in non U.S. currencies. Changes in currency exchange rates may materially and adversely affect the value of a Fund's portfolio and the unrealized appreciation or depreciation of investments as measured in U.S. dollars. Each Fund will compute its performance results and any other calculations in U.S. dollars and distribute its income and gains in U.S. dollars. The General Partner may attempt to hedge, and the limited partners are not restricted from hedging, against foreign currency exchange rate risks by utilizing spot and forward foreign exchange contracts, foreign currency options or other instruments. However, the General Partner may decide not to hedge against such risks or to do so only in part, and there can be no assurance that the General Partner will be able to do so successfully or cost-effectively. The limited partners may not have sufficient, timely information about the nature and extent of the exchange rate risks to adequately hedge their risk. Also, because investments may be made and realized in currencies other than U.S. dollars and debt securities may be denominated in currencies other than U.S. dollars, a limited partner may recognize a foreign currency gain or loss (ordinary, not capital) when payment is received with respect to such debt securities or when such limited partner or a Fund disposes of foreign currency or such debt securities.

A Fund (including for this purpose any alternative investment entities or parallel investment entities) may hedge utilizing instruments that are regulated by the U.S. Commodity Futures Trading Commission (the "CFTC"), and in such event the General Partner and/or its affiliates intend to qualify for an applicable exemption from registration with the CFTC as a commodity pool operator ("CPO") with respect to such Fund (and/or such entities) pursuant to an exemption under CFTC Regulation 4.13(a)(3), which requires filing a notice of exemption with National Futures Association. The General Partner and/or its affiliates may pursue an alternative exemption from CPO registration, or else register with the CFTC. Certain of the General Partners have filed a notice of exemption pursuant to CFTC Regulation 4.13(a)(3) with respect to certain of the Funds.

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

Non-controlling Investments. A Fund may hold meaningful minority stakes in portfolio companies. In addition, during the process of exiting investments (for example, as might occur if portfolio holdings are taken public), a Fund at times may hold minority equity stakes of varying

sizes. As is the case with minority holdings in general, such minority stakes that a Fund may hold generally will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

Director Liability. A Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately such Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

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

Healthcare Regulation, Reimbursement and Reform. Various segments of the healthcare industry are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement programs. While each Fund intends to make investments in companies that comply with relevant laws and regulations, certain aspects of their operations may not have been subject to judicial or regulatory interpretation. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements or reimbursement programs, could have a material adverse effect on the operations of the companies in which a Fund invests. Recent legislative changes have had, and will likely continue to have, a significant impact on the healthcare industry. In addition, various legislative proposals related to the healthcare industry are introduced from time to time at the United States federal and state level, and any such proposals, if adopted, could have a significant impact on the healthcare industry.

Legal and Regulatory Risks. The Funds are subject to regulation by laws at local and national levels and in multiple jurisdictions, including foreign countries. Specific and general regulations addressing capital markets, including tax laws and regulations, whether in the United States or abroad, could increase the cost of acquiring, holding, or divesting portfolio investments, the profitability of investments, and the costs of operating the Funds. Additional regulation could also increase the risk of third-party litigation.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) has resulted in extensive rulemaking and regulatory changes that will affect private fund managers, the funds that they manage and the financial industry as a whole. Those changes include new recordkeeping and reporting requirements that will add costs to the legal, operations and compliance obligations of Vestar and increase the amount of time that Vestar spends on non-investment related activities. The Dodd-Frank Act affects a broad range of market participants with whom the Funds interact or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders and broker-dealers. Regulatory changes that affect other market participants are likely to change the way in which Vestar conducts business with counterparties. It is difficult to anticipate the effect of these and other regulatory changes on Vestar and the Funds. It may take years to understand the effect of the Dodd-Frank Act on the financial industry as a whole, and therefore, the continued uncertainty may make markets more volatile, and it may be more difficult for Vestar to execute the investment strategy of the Funds.

Pay-to-Play Laws, Regulations and Policies. A number of U.S. states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including those seeking investments by public retirement funds. The SEC has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or its covered associates, including certain of its executives, employees or agents makes a contribution to certain elected officials or candidates or otherwise coordinates or solicits any person or political action committee to make a contribution to a government entity or to a political party of a state in which Vestar provides or is seeking to provide investment advisory services to a government entity. If Vestar or any of its employees or affiliates or any service provider acting on their behalf fails to comply with such laws, regulations or policies, such non-compliance could have an adverse effect on the Funds.

Availability of Financing. A Fund’s ability to invest in portfolio companies may depend on the availability and terms of any financing required or desirable with respect to such investments. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior or subordinated financings for transactions. A decrease in the availability of financing (or an increase in the interest cost) for leveraged transactions, whether due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders, would impair a Fund’s ability to consummate these transactions and would adversely affect the Fund’s returns. In addition, recently federal bank holding companies have adopted rules whereby there are now specific limits on the amount of leverage that they are willing to provide to a borrower, regardless of its size or other characteristics. This restriction also limits the availability of financing for the Funds.

Growth Equity Transactions. A Fund may make growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total

loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Material Non-Public Information. As a result of the operations of Vestar and its affiliates, Vestar frequently comes into possession of confidential or material non-public information. Therefore, Vestar and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Vestar's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

Conflicts of Interest

Vestar and its related entities engage in a broad range of advisory and non-advisory activities, including providing transaction-related, investment advisory, legal, management and other services to Funds and portfolio companies. In the ordinary course of Vestar conducting its activities, the interests of a Fund may conflict with the interests of Vestar, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein.

Vestar currently manages a number of Funds that are similar to each other, and each of the Funds has made investments that are similar to investments made by other Vestar Funds. Vestar's investment staff will continue to manage and monitor such investment funds and investments. However, until such time as Vestar is permitted to raise a successor family of Funds to a family of Funds, Vestar will pursue appropriate investment opportunities principally for the benefit of the most recent family of Funds (*e.g.*, until such time as Vestar is permitted by the Vestar VI Funds' Governing Documents to raise a Vestar VII family of funds, applicable investment opportunities will be pursued principally for the benefit of the Vestar VI Funds), subject to certain limited exceptions. In addition, Vestar believes the significant investment by Vestar in the Funds, as well as Vestar's interest in the carried interest, operate to align, to some extent, the interest of Vestar with the interest of the partners in any particular Fund. Investments that Vestar may control or manage through certain Funds may compete with companies acquired by other Funds. At such time as Vestar is permitted to raise a successor family of Funds to a particular family of Funds, Vestar will continue to manage such Funds' investments but also likely will focus its investment activities on other opportunities and areas unrelated to such Funds' investments.

From time to time, Vestar may provide opportunities to other parties to co-invest with a Fund in a particular investment made by such Fund through a Vestar Co-Invest Vehicle. In determining which other parties should participate, and the extent of such participation, in such

investment opportunities, Vestar and its affiliates may be subject to conflicts of interest. Vestar attempts to resolve such conflicts of interest in light of its obligations to investors in such investment vehicles it manages, and attempts to allocate investment opportunities among Vestar, the Funds, other Private Investment Funds, and such other parties in a fair and equitable manner and consistent with Vestar's fiduciary obligations, the Governing Documents and the Vestar investment allocation policy. Where necessary, Vestar consults and receives consent to conflicts from an advisory board consisting of limited partners of the Funds or the Private Investment Funds. When and to the extent that employees and related persons of Vestar and its affiliates make capital investments in or alongside certain Funds, Vestar and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

As a result of the Private Investment Funds' controlling interests in portfolio companies, a General Partner and/or its affiliates typically have the right to appoint portfolio company board members, or influence their appointment and to determine or influence the determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Vestar such as transaction and/or advisory fees. Such amounts will be in addition to any Management Fees or carried interest paid by a Fund to the relevant General Partner or the Management Company. Additionally, the Management Company, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers, and other market participants, including managers of private funds, banks, and brokers. Certain of those persons will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Vestar and/or the Private Investment Funds or other investment vehicles they advise. Vestar and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Vestar and/or its affiliates; conversely, former personnel or executives of Vestar and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by Vestar.

A portfolio company typically will reimburse Vestar or service providers retained at Vestar's discretion for expenses (including without limitation travel expenses) incurred by Vestar or such service providers in connection with their performance of services for such portfolio company. This subjects Vestar and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements may be substantial. Vestar determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to Vestar or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

Vestar generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) Vestar or a related person of Vestar (which may include a portfolio company of such Fund) or (ii) an entity with which Vestar or its affiliates or current or former members of their personnel has a relationship or from which Vestar or its affiliates or their personnel otherwise derives financial or other benefit. This subjects Vestar to conflicts of interest, because although Vestar selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, Vestar may have an incentive to recommend the related or other person because of its financial or other business interest. There is a possibility that Vestar, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not Vestar has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Vestar may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Vestar information about markets and industries in which Vestar operates (or is contemplating operations) or will provide other services that are beneficial to Vestar. Vestar may have a conflict of interest in making such recommendations, in that Vestar has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by Vestar, are reimbursed by a Fund and/or its portfolio companies, Vestar may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Because Vestar's carried interest is based on a percentage of net realized profits, it may create an incentive for Vestar to cause a Fund to make riskier or more speculative investments than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when the Vestar may not otherwise have done so.

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

advisory committee consisting of limited partners of the relevant Fund and such other investment vehicles.

DISCIPLINARY INFORMATION

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

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As described under “Advisory Business” above, the Management Company is affiliated with other Vestar investment advisers registered with the SEC under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. These affiliated investment advisers, together with the Management Company, operate as a single advisory business and serve as general partners of the Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Vestar has adopted the Vestar Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”), which sets forth standards of conduct that are expected of Vestar principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Vestar personnel to:

- report their personal securities transactions;
- pre-clear certain types of securities transactions; and
- comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any client or prospective client upon request to Steven Della Rocca, the Chief Compliance Officer, at (212) 351-1600. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Vestar and its affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Vestar and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Vestar. Accordingly, should Vestar or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public or non-public company, Vestar generally would be prohibited from communicating such information to clients, and Vestar will have no responsibility or liability for failing to disclose such information to clients as a result of complying with, and following their policies and procedures designed to

comply with, applicable law. Similar restrictions may be applicable as a result of Vestar personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of Vestar and its affiliates may directly or indirectly own an interest in Private Investment Funds, primarily through the Vestar Co-Invest Funds. Vestar believes that such interests do not create a conflict of interest and instead operate to align the interests of Vestar personnel with that of the Private Investment Funds.

The Funds and other Private Investment Funds, including the Vestar Co-Invest Vehicles, may invest together in the manner set forth in the Limited Partnership Agreements. Vestar will allocate investment opportunities in a fair and equitable manner and consistent with its fiduciary obligations, the Governing Documents and Vestar's investment allocation policy, which is set forth in Vestar's Compliance Manual.

Vestar and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar.

BROKERAGE PRACTICES

Vestar does not regularly engage in public securities transactions through the Funds or otherwise, however, to the extent it does so, it follows the brokerage practices described herein.

Vestar focuses on securities transactions of private companies and generally purchases and sells such companies through privately negotiated transactions in which the advisory services of a broker-dealer may be retained. Vestar may also distribute securities to investors in the Funds or sell such securities, including through a broker-dealer, if a public trading market exists.

If Vestar sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Vestar. In such event, Vestar will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Vestar may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) gross compensation paid to the broker; and (v) the financial strength of the broker.

Vestar has no contractual duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Vestar generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the

part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

As a general matter, to the extent research is provided by brokers it is used to benefit Vestar's Private Investment Funds. However, each and every research service may not be used for the benefit of each and every Private Investment Fund managed by Vestar, and brokerage commissions paid by one Private Investment Fund may apply towards payment for research services that might not be used in the service of such Private Investment Fund. To the extent that Vestar allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Private Investment Funds' interest in receiving most favorable execution. To the extent Vestar uses "soft dollars" on behalf of the Funds, it will seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

Vestar does not anticipate engaging in significant public securities transactions; however, to the extent that Vestar engages in any such transactions, orders for purchase or sale of securities placed first will be executed first and within a reasonable amount of time of order receipt. To the extent that orders for Private Investment Funds are completed independently, Vestar may also purchase or sell the same securities or instruments for several Private Investment Funds simultaneously.

In Vestar's private company securities transactions on behalf of the Funds, Vestar may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, Vestar may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although Vestar generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

REVIEW OF ACCOUNTS

The investments made by the Private Investment Funds are generally private, illiquid, and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Vestar closely monitors companies in which the Private Investment Funds invest, and the Chief Compliance Officer periodically checks to confirm that each Private Investment Fund is maintained in accordance with its stated objectives.

Vestar will generally provide to its limited partners: (i) audited financial statements annually; (ii) unaudited financial statements for the first three quarters of each fiscal year; (iii) annual tax information necessary for each partner's U.S. tax returns; (iv) descriptive investment information for each portfolio company after each investment and (v) quarterly and annual reports on the performance of the Funds.

CLIENT REFERRALS AND OTHER COMPENSATION

As discussed in the “Fees and Compensation” section, Vestar and/or its affiliates may receive certain fees from a Fund’s portfolio companies. As described in the Governing Documents and herein under “Management Fees,” a specified percentage of any such fees received are offset against the Management Fees paid by an applicable Private Investment Fund.

From time to time, Vestar may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in an applicable Fund. Any fees payable to any such placement agents are borne by Vestar indirectly through an offset against the Management Fee.

CUSTODY

Vestar has established an account with the following qualified custodians to hold funds and securities on behalf of the Funds: Citizens Bank, Providence, Rhode Island; First Republic Bank, Boston, Massachusetts; JPMorgan Chase Bank N.A., New York, New York; Wells Fargo Shareowner Services, St. Paul, MN; SGG S.A., Luxembourg; TMF Group (Luxembourg) S.A. (f/k/a Equity Trust Co.), Luxembourg; Societe Generale Group, Luxembourg; American Stock Transfer & Trust Company, LLC, Brooklyn, New York; and Broadridge Corporate Issuer Solutions, Brentwood, New York.

INVESTMENT DISCRETION

Vestar has discretionary authority to manage investments on behalf of the Funds. As a general policy, Vestar does not allow limited partners to place limitations on this authority. Pursuant to the terms of the Limited Partnership Agreements, however, Vestar may enter into “side letter” arrangements with certain limited partners whereby the terms applicable to such limited partner’s investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Vestar assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of the Funds.

VOTING CLIENT SECURITIES

Vestar has adopted the Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for a Fund’s (and any Private Investment Fund’s) portfolio investments. The Proxy Policy seeks to ensure that Vestar votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Vestar generally believes its interests are aligned with those of a Fund’s investors through the principals’ beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Vestar may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund’s advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Vestar does not consider service on portfolio company boards by Vestar personnel or Vestar’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy

Policy sets forth certain specific proxy voting guidelines followed by Vestar when voting proxies on behalf of a Fund. Clients or prospective clients should contact Steven Della Rocca, the Chief Compliance Officer, at (212) 351-1600, if they would like a copy of Vestar's complete Proxy Policy or information regarding how Vestar voted proxies for particular portfolio companies. Such information will be provided to such persons at no charge.

FINANCIAL INFORMATION

Vestar does not require or solicit prepayment of management fees more than six months in advance and is not otherwise required to make any disclosure under this item of the Brochure.

INVESTMENT ADVISER BROCHURE
VESTAR/COLORADO IMPACT, LLC

Vestar/Colorado Impact, LLC
1555 Blake Street
Denver, Colorado 80202
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March 2016

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Vestar/Colorado Impact, LLC (the “Management Company” or “VCI”). If you have any questions about the contents of this Brochure, please contact us at (303) 226-1717. 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.

VCI is a wholly owned subsidiary of Vestar Capital Partners (“VCP”), which is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training. VCI is a relying adviser to VCP’s registration in accordance with SEC guidance.

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

MATERIAL CHANGES

This annual amendment describes the business practices of VCI and is provided separate from the Form ADV Part 2A of VCP and its other affiliates. Capitalized terms used in this section are used as defined in this Form ADV Part 2A.

VCP and its affiliates filed its most recent Form ADV Part 2A on March 30, 2016.

There are no material changes to this Brochure as compared to the Brochure filed by VCI last year.

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ADVISORY BUSINESS

Vestar/Colorado Impact, LLC (“VCI”) is a Delaware limited liability company and a registered investment adviser. VCI generally provides investment supervisory services to its clients, which consist of private investment-related funds. VCI was formed and commenced operations in April 2014. This Brochure describes the business practices of VCI, which operates as part of VCP’s advisory business.

VCI is the investment adviser and general partner of the Colorado Impact Fund I, L.P. (the “Fund”). VCI is registered under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), pursuant to VCP’s registration in accordance with Securities and Exchange Commission (“SEC”) guidance. The Fund, together with future private investment funds to which VCI provides investment advisory services, are collectively referred to as “**VCI Private Investment Funds.**” Current and future private investment funds to which VCP and its affiliates other than VCI provide investment advisory services, are collectively referred to as “**VCP Private Investment Funds,**” and the VCI Private Investment Funds and the VCP Private Investment Funds are collectively referred to as the “**Vestar Private Investment Funds.**”

VCP is a New York general partnership and a registered investment adviser. VCP commenced operations in 1993. VCP and its affiliated entities other than VCI are collectively referred to as “**Vestar Capital,**” and Vestar Capital and VCI are collectively referred to as “**Vestar.**” The business practices of Vestar Capital are described in a separate brochure.

Interests in the Fund are privately offered to qualified investors in the United States and elsewhere. The Fund and any other VCI Private Investment Funds that may be formed by VCI at a later date are expected to invest through negotiated transactions in operating entities. VCI’s investment advisory services to VCI Private Investment Funds consist of identifying and evaluating investment opportunities, negotiating and consummating investments, managing and monitoring investments, and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted. Where such investments consist of portfolio companies, the senior principals or other personnel of VCI may serve on such portfolio companies’ respective boards of directors, may serve as officers of or consultants to such portfolio companies, and may otherwise act to influence control over management of portfolio companies held by VCI Private Investment Funds.

VCI’s advisory services for VCI Private Investment Funds are detailed in the applicable limited partnership agreements or similar agreements (each a “**Limited Partnership Agreement**”) and/or term sheet, investor materials and list and description of certain risk factors (together with the Limited Partnership Agreement, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in VCI Private Investment Funds participate in the overall investment program for the applicable fund, but such investors may be excused from a particular investment due to legal, regulatory, or other applicable constraints. The Fund or VCI may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, altering, or supplementing the Fund’s Limited Partnership Agreement.

Additionally, from time to time, VCI may provide (or agree to provide) certain investors or other persons the opportunity to participate in co-invest vehicles that will invest in certain portfolio companies alongside a VCI Private Investment Fund. Such co-invest vehicles typically invest and dispose of their investments in the applicable portfolio company at the same time and on the same terms as the VCI Private Investment Fund making the investment. However, from time to time, for strategic and other reasons, a co-invest vehicle may purchase a portion of an investment from a VCI Private Investment Fund. Any such purchase from a VCI Private Investment Fund by a co-invest vehicle generally occurs shortly after the VCI Private Investment Fund's completion of the investment to avoid any changes in valuation of the investment, and the co-invest vehicle may be charged interest on the purchase to compensate the relevant VCI Private Investment Fund for the holding period.

As of December 31, 2015, VCI managed \$61,952,072 in client assets on a discretionary basis. VCI is a wholly-owned subsidiary of VCP. The principal owner of VCP is Vestar Management Corporation II, an entity whose sole owner is Daniel S. O'Connell.

FEES AND COMPENSATION

VCI does not charge the Fund a management fee in connection with advisory services. Investors in the Fund do bear certain fund expenses. The following is a general description of expenses of the Fund. The Limited Partnership Agreement of the Fund describes expenses in greater detail. VCI may make certain "Incentive Pool" payments to VCI's employees and consultants as described below under "Carried Interest." VCI or its affiliates may receive additional compensation in connection with management and other services performed for portfolio companies of VCI Private Investment Funds as described below under "Management Fees".

Management Fees

The Fund does not pay any management fee to VCI. However, the Fund will pay certain expenses (and will reimburse VCI for such expenses to the extent they are incurred by VCI) as provided under "Other Information" below. Certain of these reimbursements to VCI could be considered an advisory fee. The total amount of these reimbursements is capped on an annual basis, as more fully explained under "Other Information" below.

VCI and its affiliates may receive break-up, monitoring, transaction and other fees paid by the Fund's portfolio companies to VCI and its affiliates. To the extent received by VCI, such fees will be used to pay (and will be applied to) past and future "VCI Expense Reimbursements", as described under "Other Information" below. To the extent such fees are not used to pay or are not applied to VCI Expense Reimbursements, VCI will retain such fees.

Co-investment vehicles, if any, are not expected to pay management fees.

Carried Interest

The Fund may make payments for a bonus incentive pool (the “**Incentive Pool**”) directly or indirectly to certain employees of, or consultants to, VCI (which payments could be considered a “carried interest”); *provided* that the Incentive Pool shall not exceed over the term of the Fund an aggregate of five percent (5%) of the Fund’s aggregate net profits; *provided, further*, that no payments may be made with respect to the Incentive Pool until the Fund’s partners at the time of any such Incentive Pool payment shall have earned at least a 7% annual internal rate of return (IRR) on their capital contributions (as reflected through aggregate distributions and their capital account balances). The Incentive Pool only will be paid to the employees of or consultants to the Fund or VCI, but will not be paid to James P. Kelley (a manager of VCI, principal of Vestar and investor in the Fund) or any employee of VCP.

Co-investment vehicles, if any, are not expected to make Incentive Pool payments or pay carried interest.

Other Information

The Fund bears certain expenses. As set forth in the Limited Partnership Agreement, the Fund is required to pay all costs and expenses relating to the Fund, including all ordinary administrative and overhead expenses incurred in connection with managing, originating and monitoring investments; salaries, rent, equipment, travel, organization and administrative expenses (to the extent not reimbursed by a portfolio company of the Fund); legal, auditing, consulting and accounting expenses; expenses of the Fund’s advisory committee; annual meetings of the Fund’s limited partners; insurance expenses; taxes; all third-party expenses in connection with transactions consummated or not consummated; costs and expenses incurred in the holding, purchase, sale or exchange of securities acquired or considered for acquisition by the Fund (whether or not ultimately consummated), including, but not by way of limitation, private placement fees, finder’s fees, interest on, fees and expenses related to borrowed money, real property or personal property taxes on investments, and brokerage fees; costs and expenses relating to the preparation and distribution of reports to the Fund’s partners; costs and expenses relating to partner meetings and advisory committee matters; all other amounts incurred or paid by VCI relating to the Fund; and the Incentive Pool. If VCI incurs any such expenses, the Fund is required to reimburse VCI for such expenses (the “**VCI Expense Reimbursements**”).

The total amounts payable by the Fund to VCI in any calendar year for VCI Expense Reimbursements shall not exceed 2.5% of the total capital commitments of the Fund. However, the following payments are excluded from and not subject to the 2.5% limit: the Incentive Pool; organizational expenses (not to exceed \$150,000); taxes, audit fees, expenses incurred in connection with the maintenance of bank or custodian accounts; all expenses incurred in connection with the registration of the securities held by the Fund; expenses incurred by VCI in serving as the Fund’s tax matters partner; the cost of liability and other insurance premiums; all costs and expenses arising out of the Fund’s indemnification obligations under the Limited Partnership Agreement; all non-transactional legal fees and expenses; and liabilities arising from litigation relating to the Fund. Also, the Fund generally will bear expenses indirectly from the payment by portfolio companies of expenses similar to those outlined in the preceding sentence.

In addition, brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” the Fund may make payments relating to the Incentive Pool, as described under the section above titled “Carried Interest.”

TYPES OF CLIENTS

VCI provides investment advice to VCI Private Investment Funds, including the Fund. VCI Private Investment Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in VCI Private Investment Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Vestar and its affiliates and members of their families.

The Fund generally has a minimum investment amount of \$2 million for third-party investors. Co-investment or similar investment vehicles for principals or other employees of VCI and/or Vestar or their affiliates may accept lower investment amounts. In most circumstances, investors in the Fund must meet certain suitability and net worth qualifications prior to making an investment in the Fund. Generally, investors must be (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and (ii) either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act of 1940, as amended. To the extent legally permitted, VCI retains the discretion to waive such minimum investment amounts and qualification requirements.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

VCI is a private equity investment firm that focuses on organizing and investing in growth equity investments that VCI believes have the ability to have a positive impact on Colorado communities. VCI seeks the development of a diversified portfolio of private equity investments in emerging companies beyond proof of concept with revenues of at least \$0.5 million to \$2 million.

The following is a summary of the investment strategies and methods of analysis generally employed by VCI on behalf of the Fund and a summary of certain risks involved with VCI’s investment strategy and an investment in the Fund. More detailed descriptions of the Fund’s risks are included in the Governing Documents.

Investment and Operating Strategy

VCI may make equity, debt and equity-related investments and will invest only in companies that have material operations in or a nexus in or to Colorado and that VCI determines

have or will have a positive community impact. Positive community impact may include, but is not limited to, improving community health, conserving natural resources, developing clean technology and other environmentally positive businesses, or improving public education, workforce development, or economic development in targeted Colorado communities.

VCI's investment strategy is different from VCP Private Investment Funds in these material respects:

- VCI will invest only where it can ascertain a positive and measurable social impact in the Colorado community arising from the operations of the investee company;
- VCI will generally only invest capital for growth as opposed to shareholder liquidity or buyout; and
- the targeted size of VCI's investments is \$2-6 million per investment versus significantly larger targeted investment size in VCP Private Investment Funds.

Positive community impact will generally be ascertained by determining whether the products or services of the investee company contribute to improved outcomes in community health (including, among other things, accessibility to quality affordable healthcare), the conservation of natural resources, or public education, or, alternatively, economic development in targeted Colorado communities.

Integrated and Proactive Approach

VCI is committed to investing in Colorado companies that will provide a competitive economic return in addition to making a positive community impact. Using its vast relationship network, including that of its advisory council which is comprised of chief executive officers and other industry leaders in Colorado, VCI proactively targets such companies, thereby avoiding competitive auction processes. This approach seeks to maximize VCI's full potential by pursuing investments that are expected to benefit significantly from VCI's intellectual capital and operational resources.

In evaluating new investment opportunities, VCI places a strong emphasis on the quality and commitment of a company's management team. The VCI investment approach emphasizes careful and thorough due diligence. VCI's professionals are actively involved with investee companies post investment, particularly where VCI has identified the need for post-closing operational improvements or transition and integration activities. Once a transaction has been completed, VCI professionals work to manage risk and maximize value in all portfolio investments.

Investment decisions are made after extensive review and in-depth deliberation. All VCI professionals are expected to present their views, and contrarian opinions are encouraged. The VCI professionals meet frequently to discuss new investment opportunities.

All VCI professionals are highly focused on value maximizations and realizations, continuously monitoring portfolio company valuations and the health of the capital markets.

Value Maximization and Risk Management

VCI seeks to enhance its investment returns through active involvement in all aspects of the investment process. VCI's professionals work together to focus on the day-to-day monitoring of portfolio investments and to provide management with support and guidance on activities such as follow-on acquisitions, divestitures, operational improvements, organizational development, systems implementations, and the structuring of compensation programs. VCI believes that the interaction of VCI's professionals with multiple layers of portfolio company management – not just the CEO or CFO – has the added benefit of serving as an early warning system for potential issues.

Focus on Realizations

VCI believes that the broad network of contacts that the VCI professionals have enables it to monitor continuously various realization opportunities available to its portfolio companies. The VCI professionals seek to proactively pursue realizations where consistent with its relationship with co-investors and the best interests of the investee company by seeking the most attractive exit opportunities based on prevailing market conditions, a portfolio company's performance, and the potential for further value improvements.

Risks of Investment

The Fund and its investors bear the risk of loss that VCI's investment strategy entails. The risks involved with VCI's investment strategy and an investment in the Fund include, but are not limited to:

Business Risks. The Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial or total losses of invested capital.

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

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

Lack of Sufficient Investment Opportunities. It is possible that the Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring investments in privately held companies such as those targeted by the Fund can be highly competitive and involves a high degree of uncertainty.

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

Dependence on Key Personnel. The success of the Fund will be highly dependent on the financial and managerial expertise of VCI's management team. There can be no assurance that members of the management team will continue to be associated with VCI or the Fund, as none of these persons is under any contractual obligation to remain with VCI or the Fund. Furthermore, these individuals are not required to devote all or substantially all of their business time to the Fund's affairs. These individuals will continue to be involved with other activities, including, possibly, newly created partnerships or funds.

Nature of Fund Investments; High Degree of Risk. The Fund intends to make privately negotiated equity, equity-related and debt investments in businesses with material operations in or a nexus to Colorado, which will subject the Fund to the fluctuations and risks of the economy of Colorado to a large extent. In addition, the Fund currently expects to focus in certain business sectors (including health care, healthy foods, education, clean tech and other environmentally positive businesses and other sectors consistent with its mission to invest for positive social impact) and/or businesses located in urban or rural areas targeted for particular need for economic development and growth of quality jobs for their residents. Although VCI's management team have significant experience in middle market private equity, especially acquisitions of control positions, they do not have experience in making smaller investments of the size that the Fund will make. In addition, they have no experience making investments on behalf of social impact funds, such as the Fund.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of the Fund's investments, and hence, most of the Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners.

Projections. Projected operating results of a company in which the Fund invests normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

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

Public Company Holdings. The Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including VCI principals, and increased costs associated with each of the aforementioned risks.

Non-controlling Investments. The Fund may hold meaningful minority stakes in portfolio companies. In addition, during the process of exiting investments (as might occur if portfolio holdings are taken public), the Fund at times may hold minority equity stakes of varying sizes. As is the case with minority holdings in general, such minority stakes that the Fund may hold generally will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

Director Liability. The Fund will often seek to obtain the right to appoint a representative to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

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

Healthcare Regulation, Reimbursement and Reform. Various segments of the healthcare industry are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement programs. While the Fund intends to make investments in companies that comply with relevant laws and regulations, certain aspects of their operations may not have been subject to judicial or regulatory interpretation. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements or reimbursement programs, could have a material adverse effect on the operations of the companies in which the Fund invests. Recent legislative changes have had, and will likely continue to have, a significant impact on the healthcare industry. In addition, various legislative proposals related to the healthcare industry are introduced from time to time at the United States federal and state level, and any such proposals, if adopted, could have a significant impact on the healthcare industry.

Legal and Regulatory Risks. The Fund is subject to regulation by laws at local and national levels and in multiple jurisdictions, including foreign countries. Specific and general regulations addressing capital markets, including tax laws and regulations, whether in the United States or abroad, could increase the cost of acquiring, holding, or divesting portfolio investments, the profitability of investments, and the costs of operating the Fund. Additional regulation could also increase the risk of third-party litigation.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) has resulted in extensive rulemaking and regulatory changes that will affect private fund managers, the funds that they manage and the financial industry as a whole. Those changes include new recordkeeping and reporting requirements that will add costs to the legal, operations and compliance obligations of VCI and increase the amount of time that VCI spends on non-investment related activities. The Dodd-Frank Act affects a broad range of market participants with whom the Fund interacts or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders and broker-dealers. Regulatory changes that affect other market participants are likely to change the way in which VCI conducts business with counterparties. It is difficult to anticipate the effect of these and other regulatory changes on VCI and the Fund. It may take years to understand the effect of the Dodd-Frank Act on the financial industry as a whole, and therefore, the continued uncertainty may make markets more volatile, and it may be more difficult for VCI to execute the investment strategy of the Fund.

Pay-to-Play Laws, Regulations and Policies. A number of U.S. states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including those seeking investments by public retirement funds. The SEC has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or its covered associates, including certain of its executives, employees or agents makes a contribution to certain elected officials or candidates or otherwise coordinates or solicits any person or political action committee to make a contribution to a government entity or to a political party of a state in which VCI provides or is seeking to

provide investment advisory services to a government entity. Currently, VCI does not provide investment advisory services to any governmental entities, but if in the future it does, if VCI or any of its employees or affiliates or any service provider acting on their behalf fails to comply with such laws, regulations or policies, such non-compliance could have an adverse effect on the Fund.

Growth Equity Transactions. The Fund seeks to make growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Conflicts of Interest

VCI expects to manage the Fund differently from VCP Private Investment Funds because of the Fund's focus on investments having a positive community impact with a nexus to Colorado and the projected smaller dollar amount of investment by the Fund in portfolio companies compared to the dollar amount of investments typically made by VCP Private Investment Funds. VCI will have employees that will be dedicated solely to VCI and the Fund; however, James P. Kelley will continue his work on behalf of Vestar and other VCP Private Investment Funds. In addition, VCI expects to utilize certain of VCP's resources, which will be shared among the Fund and the VCP Private Investment Funds. The VCP Private Investment Funds generally charge management fees and carried interest, which could cause a conflict of interest in the allocation of such shared resources. VCI believes the significant investment by James P. Kelley, the managing member of VCI, in the Fund, as well as the interests of certain of the other VCI investment professionals in the Fund (as well as the different investment focus of the Fund), operate to align the interest of VCI with the interest of the partners in the Fund. Investments that Vestar may control through certain Vestar Private Investment Funds may compete with companies acquired by other Vestar Private Investment Funds, including possibly the Fund (despite the Fund's focus on investments having a positive community impact with a nexus to Colorado and the expected smaller dollar amount of investment in Fund portfolio companies compared to VCP Private Investment Funds).

From time to time, VCI may provide opportunities to other parties to co-invest with the Fund in a particular investment made by the Fund. In determining which other parties should participate, and the extent of such participation, in such investment opportunities, VCI and its affiliates may be subject to conflicts of interest. VCI attempts to resolve such conflicts of interest in light of its obligations to investors in such investment vehicles it manages, and attempts to allocate investment opportunities among VCI, the Fund, other VCI Private Investment Funds, and such other parties in a fair and equitable manner and consistent with VCI's fiduciary obligations, the Governing Documents and the investment allocation policy. Where necessary, VCI will consult and receive consent to conflicts from an advisory board consisting of limited partners of the Fund or the future VCI Private Investment Funds (if any).

As a result of the VCI Private Investment Funds' expected significant interests in portfolio companies, VCI and/or its affiliates typically are expected to have the right to appoint, or influence the appointment of, board members to such portfolio companies and to determine or influence the determination of their compensation. From time to time, portfolio company board members approve reimbursements, compensation and/or other amounts payable to VCI, which could create certain conflicts of interest. In addition, since (a) VCI is permitted to retain certain fees from portfolio companies (as described under "Fees and Compensation") in connection with the Fund's investments after they are applied to past and future VCI Expense Reimbursements, and (b) these fees are not subject to forfeiture to the Fund to the extent that such fees are not used to pay or are not applied to past and future VCI Expense Reimbursements, VCI and its principals could have a conflict of interest in connection with approving transactions that generate such fees. In addition, portfolio companies may from time to time pay certain fees to third party consultants (including consultants introduced or arranged by the VCI and/or its affiliates that

may regularly provide services to one or more Private Investment Fund portfolio companies). Any of these situations subjects VCI and/or its affiliates to potential conflicts of interest.

DISCIPLINARY INFORMATION

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

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As described under “Advisory Business” above, VCI is affiliated with other Vestar Capital investment advisers registered with the SEC under the Advisers Act pursuant to VCP’s registration in accordance with SEC guidance.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

VCI has adopted the Vestar Code of Ethics and Securities Trading Policy and Procedures (the “Code”), which sets forth standards of conduct that are expected of principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Vestar personnel to:

- report their personal securities transactions;
- pre-clear certain types of securities transactions; and
- comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any client or prospective client upon request to Steven Della Rocca, the Chief Compliance Officer, at (212) 351-1600. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Vestar and its affiliated persons, including VCI, may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Vestar and its affiliated persons, including VCI, will be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Vestar, including VCI. Accordingly, should Vestar or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Vestar, including VCI, will be prohibited from communicating such information to clients, and Vestar, including VCI, will have no responsibility or liability for failing to disclose such information to clients as a result of complying with, and following their policies and procedures designed to comply with, applicable law. Similar restrictions may be applicable as a result of Vestar personnel, including VCI

personnel, serving as directors of public companies and may restrict trading on behalf of clients, including the Fund.

Principals and employees of Vestar, including VCI, and its affiliates may directly or indirectly own an interest in Vestar Private Investment Funds, primarily through co-invest funds. Vestar believes that such interests do not create a conflict of interest and instead operate to align the interests of Vestar personnel with that of the Vestar Private Investment Funds.

The Fund and other VCI Private Investment Funds, including co-invest funds, may invest together in the manner set forth in the Limited Partnership Agreement. VCI will allocate investment opportunities in a fair and equitable manner and consistent with its fiduciary obligations, the Limited Partnership Agreement and the Vestar investment allocation policy, which is set forth in Vestar's Compliance Manual.

Vestar, including VCI, and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Fund, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Fund, even though their investment objectives may be the same or similar.

BROKERAGE PRACTICES

VCI focuses on securities transactions of private companies and generally purchases and sells such companies through privately negotiated transactions in which the services of a broker-dealer may be retained. However, VCI may also distribute securities to investors in the Fund or sell such securities, including through a broker-dealer, if a public trading market exists. Although VCI does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If VCI sells publicly traded securities for the Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Vestar. In such event, VCI will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, VCI may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) gross compensation paid to the broker; and (v) the financial strength of the broker.

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

As a general matter, to the extent research is provided by brokers it is used to benefit the VCI Private Investment Funds. To the extent that VCI allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on VCI Private Investment Funds' interest in receiving most favorable execution. To the extent VCI uses "soft dollars" on behalf of the Funds, it will seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

VCI does not anticipate engaging in significant public securities transactions; however, to the extent that VCI engages in any such transactions, orders for purchase or sale of securities placed first will be executed first and within a reasonable amount of time of order receipt. To the extent that orders for VCI Private Investment Funds are completed independently, Vestar may also purchase or sell the same securities or instruments for several Vestar Private Investment Funds simultaneously. From time to time, Vestar, including VCI, may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time.

If VCI engages in securities transactions on behalf of the Fund, VCI may retain one or more broker-dealers or investment banks, the costs of which will be borne by the Fund and/or its portfolio companies. In determining to retain such parties, VCI may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although VCI generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Fund may not pay the lowest commission or fee for such services.

REVIEW OF ACCOUNTS

The investments made by the VCI Private Investment Funds are generally private, illiquid, and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, VCI closely monitors companies in which the VCI Private Investment Funds invest, and the Chief Compliance Officer periodically checks to confirm that each VCI Private Investment Fund is maintained in accordance with its stated objectives.

VCI will generally provide to the limited partners of the VCI Private Investment Funds: (i) audited financial statements annually; (ii) for each of the first three quarters of each fiscal year, a summary of acquisitions and dispositions of investments made by and significant events of the Fund during such quarter; (iii) annual tax information necessary for each partner's U.S. tax returns; and (iv) descriptive investment information for each portfolio company after each investment.

CLIENT REFERRALS AND OTHER COMPENSATION

As discussed in the “Fees and Compensation” section, VCI and/or its affiliates may receive certain fees from the Fund’s portfolio companies.

CUSTODY

VCI, through Vestar, has established an account with Vectra Bank, Denver, Colorado, to hold funds and securities on behalf of the Fund.

INVESTMENT DISCRETION

VCI has discretionary authority to manage investments on behalf of the Fund. As a general policy, VCI does not allow limited partners to place limitations on this authority. Pursuant to the terms of the Limited Partnership Agreement, however, VCI may enter into “side letter” arrangements with certain limited partners whereby the terms applicable to such limited partner’s investment in the Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. VCI assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of the Fund.

VOTING CLIENT SECURITIES

VCI has adopted the Vestar Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for the Fund’s (and any Vestar Private Investment Fund’s) portfolio investments. The Proxy Policy seeks to ensure that VCI votes proxies (or similar instruments) in the best interest of the Fund, including where there may be material conflicts of interest in voting proxies. VCI generally believes its interests are aligned with those of the Fund’s investors through the principals’ beneficial ownership interests in the Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that VCI may address the conflict using several alternatives, including by seeking the approval or concurrence of the Fund’s advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. VCI does not consider service on portfolio company boards by VCI personnel or VCI’s receipt of fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by VCI when voting proxies on behalf of the Fund. Clients or prospective clients should contact Steven Della Rocca, the Chief Compliance Officer, at (212) 351-1600, if they would like a copy of the complete Proxy Policy or information regarding how VCI voted proxies for particular portfolio companies. Such information will be provided to such persons at no charge.

FINANCIAL INFORMATION

VCI does not require or solicit prepayment of management fees more than six months in advance and is not otherwise required to make any disclosure under this item of the Brochure.