



Diamond Castle Holdings, LLC

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March 8, 2013

This Brochure provides information about the qualifications and business practices of Diamond Castle Holdings, LLC. If you have any questions about the contents of this Brochure, please contact Linda Grogan, Chief Compliance Officer, at (212) 300-1900. 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.

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

Item 2 – Material Changes:

On July 30, 2012, the Brochure was amended to include the most recent audited balance sheet as of December 31, 2011. The initial version of this Brochure, dated February 10, 2012, contained the unaudited balance sheet of the same date.

On March 8, 2013, the Brochure was amended to remove David Wittels as a Managing Member and to update the remaining members' equity interest.

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Item 4 – Advisory Business:

Diamond Castle Holdings, LLC (the “Adviser”), a Delaware Limited Liability Company, was established in 2004.

Background

The Adviser, an investment firm headquartered in New York, provides portfolio management and administrative services to private equity funds (each, a “Fund” and collectively, the “Funds”).

Each of Andrew Rush, Michael Ranger and Ari Benacerraf (the “Managing Members”), each a founding member, holds a 33.33% equity interest in the Adviser.

Advisory Services

The Adviser provides investment advisory services to private equity funds with respect to the Funds’ private equity investments by investigating, analyzing, structuring and negotiating potential investments, monitoring the performance of portfolio companies and advising the Funds as to disposition opportunities. The Adviser’s investment strategy is described in Item 8 below and set forth more fully in the private placement memorandum (as supplemented or amended, the “Private Placement Memorandum”) of the Funds. The Adviser provides services to each Fund in accordance with the limited partnership agreement of such Fund (the “Partnership Agreement”) and, where applicable, the management agreement between the Adviser, the Fund and the general partner of such Fund (each, a “Management Agreement”). The Adviser’s sole clients are the Funds. The Adviser’s investment advice to the Funds is limited to the type of advice described in this Brochure, as supplemented by the Private Placement Memorandum, Partnership Agreement and/or Management Agreement of each Fund.

Fund Structure

The Adviser currently serves as the investment manager for the Funds and investigates, analyzes and structures potential investments for the Funds. The Funds are generally organized as Delaware limited partnerships. Each Fund is controlled by a general partner that is an affiliate of the Adviser, and such general partner is ultimately responsible for the management and conduct of the activities of such Fund.

The general partners of certain Funds may establish feeder partnerships, alternative investment funds, parallel funds or other investment vehicles to address tax, regulatory or other concerns of certain existing or prospective limited partners. In addition, if the general partner of a Fund elects to make co-investment opportunities available to limited partners, the general partner may establish a co-investment fund to facilitate such co-investments, the terms of which may differ from the applicable Fund.

The Funds generally pursue three types of equity investments: leveraged buyouts, growth capital and structured financings. In addition, the Funds generally focus on investments

in the energy and power, healthcare and financial services sectors, each of which is an industry sector in which the Adviser has significant investment experience. However, a Fund may vary such focus and strategy to take advantage of changing economic and financial market conditions and attractive opportunities that may arise in other industry sectors.

Investment Restrictions

Each Partnership Agreement contains or incorporates by reference restrictions on investing in certain securities or types of securities. Such restrictions may be waived in certain cases with the consent of a Fund's advisory committee in accordance with such Fund's Partnership Agreement. The advisory committee consists of representatives of limited partners of such Fund who are not affiliated with the Adviser.

Management of Client Assets

As of December 31, 2012, the Adviser managed \$1,820,500,000 of client assets, based on total capital commitments to the Funds, including uncalled capital commitments, on a discretionary basis and no client assets on a nondiscretionary basis.

Item 5 – Fees and Compensation:

Adviser Compensation

Certain Funds pay the Adviser an annual management fee (the "Management Fee") in accordance with each such Fund's Partnership Agreement and Management Agreement, as negotiated collectively with the investors of each such Fund. The Management Fee is payable to the Adviser in semi-annual installments in advance, and will be calculated with respect to (and may be drawn down from) each limited partner in accordance with the respective Fund's Partnership Agreement.

During the Investment Period (as defined in the Partnership Agreements) of the Funds, which ended December 31, 2010, the Adviser generally received Management Fees equal to 1.5% of the capital commitments and thereafter the Adviser generally received, and continues to receive, Management Fees equal to 1.5% of the capital contributions to the Funds which remain invested in portfolio investments. Certain of the Funds, however, pay no Management Fee.

Each semi-annual installment of the Management Fee is calculated with respect to each limited partner and is generally reduced by an amount equal to (i) such limited partner's *pro rata* share of Excess Organizational Expenses (as defined in the Partnership Agreements), (ii) such limited partner's *pro rata* share of any directors' fees, transaction, monitoring or break-up fees and other similar advisory fees received by the Manager (collectively, "Fee Income") and (iii) contributions made by such limited partner to the Fund to pay any placement fees paid or payable by the Fund (with the result that placement fees are borne by the Adviser). All fees mentioned above are billed by the applicable Fund and paid to the Adviser. All such fees will be allocated between the relevant Fund and any related co-investing entities on the basis of capital committed by each limited partner to the relevant investment.

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

Item 6 below discusses the distribution of carried interest, an additional performance-based compensation paid to certain related persons of the Adviser.

Allocation of Fees and Expenses

The Adviser pays all normal operating expenses incidental to the provision of day-to-day administrative services to the Funds, including its own overhead. The Funds pay all costs, expenses and liabilities in connection with their respective operations, including (i) the Management Fee, (ii) costs and expenses relating to the purchase, holding and sale of portfolio investments (to the extent such expenses are not reimbursed), (iii) expenses incurred in connection with transactions not consummated, (iv) insurance premiums, (v) taxes, (vi) fees and expense of accountants, counsel and consultants, fees, costs and expenses of the advisory committee and the executive board, (vii) costs and expenses of reporting to partners and of the annual meetings, (viii) extraordinary expenses, including litigation expenses and (ix) costs of winding up and liquidating the respective Funds. Any Fund expenses advanced by the Adviser or its affiliates are reimbursed by the respective Fund.

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

Pursuant to the Partnership Agreements of certain Funds, the general partners of such Funds, each a related person of the Adviser, are entitled to receive “carried interest” with respect to each limited partner, which is equal to twenty percent of such limited partner's investment profits. Such “carried interest” is only allocated to the general partner when specific conditions are met, including the return of all capital contributed to the Fund by investors for investments, and the receipt of a preferred return of 8% on all such capital contributed. Certain of the Funds, however, do not provide for any carried interest distributions to the Adviser's related persons.

The existence of the general partner's carried interest may also create an incentive for the general partner and the Adviser to make more speculative investments on behalf of the Fund than they would otherwise make in the absence of such carried interest. To help align the interests of the general partner and the Adviser with those of the limited partners, the general partner invests, either in or alongside the Funds, a certain percentage of the total capital commitments of the limited partners.

Item 7 – Types of Clients:

As described in Item 4 above, the Advisers' sole clients are the Funds. Limited partners in certain of the Funds are generally required to make a minimum commitment of \$10,000,000, but the applicable general partner has the discretion to, and has at times, waived this minimum commitment in certain circumstances. Limited partners in certain other Funds are generally required to make a minimum commitment of \$250,000, but the applicable general partner has the discretion to, and has at times, waived the minimum commitment in certain circumstances.

Limited partner interests in the Funds may be purchased only by investors that are (i) “accredited investors” as defined in Regulation D of the U.S. Securities Act of 1933, as amended, and (ii) (x) “qualified purchasers” for purposes of section 3(c)(7) of the Investment Company Act of 1940, as amended or (y) investing in a Fund with less than 100 beneficial owners for purposes of section 3(c)(1) of the Investment Company Act of 1940, as amended.

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

Methods of Analysis and Investment Strategies

The investment strategy of the Funds is to realize significant long-term capital gains by making three main types of equity investments: leveraged buyouts, growth capital and structured financings. Leveraged buyouts are acquisitions of mature businesses, where significant returns may be achieved through the growth of the business, the growth of profitability and the prudent use of leverage. Growth capital investments are investments in which proceeds are used for the expansion of a proven business model, where value is generally built through very rapid growth. Structured equity investments are investments in mature businesses that are structured with debt-like features that provide downside protection, while preserving significant equity upside. Structured equity investments are often made to address special situations or particular capital needs of a company. The Funds generally focus on investments in the energy and power, healthcare, and financial services sectors, each of which is an industry sector in which the Adviser has significant investment experience. However, a Fund may vary such focus and strategy to take advantage of changing economic and financial market conditions and attractive opportunities that may arise in other industry sectors.

The Adviser typically obtains information with respect to potential portfolio companies from management and other representatives of such companies. The Adviser relies on its deep knowledge of the industry sectors it focuses on to locate attractive investment opportunities for the Funds. The Adviser follows due diligence procedures designed to identify and quantify opportunities for revenue growth, increased efficiency and, ultimately, an increase in value in respect of potential investment opportunities. When evaluating the individual merits of each potential investment, the Adviser focuses on the level of risk inherent in each industry sector and generally will not seek investments for the Funds in businesses with excessively high regulatory, reimbursement or commodity risks.

Certain Risks Relating to the Investment Strategies of the Funds

Investing in securities involves a risk of loss that clients should be prepared to bear, including the risks discussed below. These risks are generally applicable to the investment strategy of each Fund. The risks summarized below are described in greater detail in the Private Placement Memorandum provided to the limited partners of the Funds. The risks include those related to:

- changes in general economic conditions;
- lack of diversification;

- illiquidity of investments;
- investments in portfolio companies with high levels of debt;
- reliance on the expertise of investment professionals of the Adviser and its affiliates;
- potential conflicts of interest among the Funds or between the Funds on the one hand and the Adviser, and its affiliates and investment professionals, on the other hand;
- difficulty of locating sufficient suitable investment opportunities;
- highly competitive market for investments;
- failure or inability of a Fund to make a follow-on investment in a portfolio company;
- exposure to portfolio company and third-party claims;
- potential liabilities relating to portfolio company bankruptcies or restructurings;
- potential liabilities in connection with the disposition of investments;
- limited ability to exercise management control of portfolio company operations;
- certain additional economic, political, regulatory and other risks, including the volatility of the equity markets and securities markets generally; and
- certain additional taxations in foreign jurisdictions due to changes in taxation treaties.

There are certain risks (in addition to risks related to our investment strategy) associated with investing in the Funds, which are also described in the Private Placement Memorandum.

Item 9 – Disciplinary Information:

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to clients' evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no information to disclose that is applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations:

The general partners of the Funds are affiliated with the Adviser by common ownership. Otherwise, the Adviser and its related persons do not have any relationships or arrangements with financial services companies that pose material conflicts of interest. Should conflicts of interest arise in the context of these common ownership relationships, they will be addressed in accordance with the Code of Ethics (described in further detail in Item 11 below), and in the Partnership Agreements of the Funds, as applicable.

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

Code of Ethics

The Adviser has adopted a Compliance Manual and a Code of Ethics pursuant to SEC Rule 204A-1 under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”) for all Supervised Persons of the Adviser. The Code of Ethics describes the Adviser’s high standard of business conduct and its fiduciary duty to the Funds under the Advisers Act. “Supervised Persons” include (i) any officer, director (or other person occupying a similar status or performing similar functions) or employee of the Adviser and (ii) any other person who provides investment advice on behalf of the Adviser and is subject to the Adviser’s supervision and control.

The Code of Ethics was adopted in order to establish the standard of conduct expected of the Adviser’s Supervised Persons and to ensure that the Adviser’s duties to the Funds under the Advisers Act are met. Supervised Persons must, at all times, act in accordance with the Adviser’s fiduciary duty to the Funds. Each Supervised Person should (i) at all times place the interests of the Funds before his or her own interests, (ii) act with honesty and integrity with respect to the Funds and the Funds’ investors, (iii) never take inappropriate advantage of his or her position for his or her personal benefit, (iv) make full and fair disclosure of all material facts, particularly where the Adviser’s or Supervised Person’s interests may conflict with the Funds and (v) have a reasonable, independent basis for his or her investment advice.

The Compliance Manual includes provisions relating to the confidentiality of information relating to limited partners, a prohibition on insider trading, a prohibition on disseminating rumors, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, restrictions and reporting obligations relating to making political contributions and anti-money laundering and sanctions policies, among other matters. All employees of the Adviser must submit an annual certificate of compliance for the Compliance Manual and the Code of Ethics to the Chief Compliance Officer.

In addition, the Adviser has adopted a strict personal securities transactions policy under its Code of Ethics which forbids any Supervised Person from engaging in any insider trading and from disclosing or using material non-public information in violation of applicable law. “Access Person” includes all directors, officers and partners of the Adviser and any other employee that the Chief Compliance Officer Designates as such. The Code of Ethics also requires pre-clearance of many transactions, and restricts trading in close proximity to a Fund’s investment activity. Certain classes of securities have been designated as exempt from certain trading restrictions under the Code of Ethics, based upon a determination that exempting such securities would not materially interfere with the best interests of the Funds. Subject to certain limited exceptions, Access Persons are also required by the Code of Ethics policy to:

- report personal investment transactions to the Chief Compliance Officer on a quarterly basis;
- pre-clear personal securities transactions; and

- report securities holdings to the Chief Compliance Officer on an annual basis.

Employee trading is continually monitored by the Chief Compliance Officer under the Code of Ethics in order to reasonably prevent and, if necessary, address conflicts of interest between the Adviser, Supervised Persons and the Funds.

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

Participation or Interest in Client Transactions

The Adviser investigates and structures potential investments of the Funds, as described in Item 16 below. The Managing Members of the Adviser will have a material financial interest in these investments through their commitment to the applicable general partner, as described in Item 6 above. The Adviser has adopted written policies to ensure compliance with the provisions of each Partnership Agreement and a Code of Ethics that addresses potential conflicts of interest involving the Adviser and its related persons.

Allocation of Investment and Sale Opportunities Policy

Investment opportunities are allocated based upon the provisions of the applicable Partnership Agreement. If the relevant Partnership Agreement does not address the manner in which an investment opportunity should be allocated, the Adviser will allocate the opportunity between or among the Funds in good faith, in accordance with the allocation policies and procedures set forth in its Compliance Manual (the "Investment Allocation Considerations"). This policy governs the appropriate allocation of opportunities with respect to co-investments, follow-on investments and sale opportunities, and provides that when determining these allocations the Adviser will consider the following factors: (i) the size, nature and type of investment or sale opportunity; (ii) principles of diversification of assets; (iii) the investment guidelines and limitations of the Funds; (iv) cash availability, including cash that becomes available through leverage; (v) the magnitude of the investment; (vi) a determination by the Adviser that the investment or sale opportunity is inappropriate, in whole or in part, for one or more of the Funds; (vii) applicable transfer or assignment provisions; (viii) proximity of a Fund to the end of its specified term, if any; or (ix) such other factors as the Adviser may reasonably deem relevant.

The Investment Committee will review all allocations between or among different Funds to ensure that such allocations are made on a fair and equitable basis in accordance with the Adviser's investment allocation policies and Private Placement Memorandum, and applicable regulatory restrictions.

Personal Financial Interests

The Adviser has adopted a conflicts of interest policy in order to address the conflicts of interest that could arise if the Adviser were to recommend that a Fund invest in the same securities or related securities in which the Adviser or a related person currently holds an investment. Under such policy, no Supervised Person may recommend to the Adviser that a

Fund make a particular investment without first disclosing his or her interest in the potential transaction (if such an interest represents a conflict of interest) to certain designated parties. In some instances, the Supervised Person must seek prior authorization from the Chief Compliance Officer to conduct a transaction with such designated person, if such an interest exists and represents a conflict of interest.

An Access Person may under certain circumstances invest in securities of a portfolio company of the fund, subject to review by the Chief Compliance Officer for potential conflicts of interest.

Item 12 – Brokerage Practices:

The Adviser focuses on making investments in private securities, thus it does not generally deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments, for client transactions. To the extent that the Adviser transacts in publicly-traded securities, the Adviser selects brokers and counterparties based upon the broker or counterparty's ability to provide best execution for the Funds as described in the Adviser's Compliance Manual. In general, this means obtaining the best net results so that the Funds' costs or the amounts received by the Funds are most favorable under all of the circumstances.

The factors in determining best execution include, but are not limited to, (i) the Adviser's knowledge of negotiated commission rates and spreads currently available; (ii) the nature of the security or instrument being traded; (iii) the size and type of the transaction; (iv) the nature and character of the markets for the security or instrument to be purchased or sold; (v) the desired timing of the trade; (vi) the activity existing and expected in the market for the particular security or instrument; (vii) the confidentiality of the transaction; (viii) the execution, clearance, and settlement capabilities, as well as the reputation and perceived soundness of the broker selected and other brokers considered; (ix) the Adviser's knowledge of actual or apparent operational problems of any broker; (x) the broker's or dealer's execution services rendered on a continuing basis and in other transactions and (xi) the reasonableness of spreads or commissions.

Although the Adviser generally seeks competitive commission rates and dealer spreads, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved that would thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services. When executing a transaction in any investment with or for a Fund, the Adviser intends to take all reasonable steps to ensure that the counterparty is reliable and that the terms and circumstances of the transaction are the best available on the relevant market at the time of execution for transactions of the same size and nature.

Research and Other Soft Dollar Benefits

The Adviser, as a matter of policy, does not effect soft dollar transactions and does not enter into soft dollar arrangements in respect of transactions for any Funds. If the Adviser determines to do so, it will endeavor to do so within the "safe harbor" provided by Section 28(e) of the Exchange Act. While the Adviser receives proprietary research from certain brokerage

firms, it does not take the value of such research into account in selecting brokers. In addition, the Adviser maintains a gift policy which requires the reporting and/or pre-approval of certain gifts, travel and entertainment received by Supervised Persons in order for such gifts, travel and entertainment to be reviewed by compliance personnel for any appearance of, or actual, conflicts of interest.

Aggregation of Client Accounts

The purchase or sale of securities may be aggregated for various Funds to the extent that more than one Fund is acquiring or selling securities in the same portfolio company. Where a sale opportunity is identified for an investment held by two or more Funds, the opportunity will be allocated in accordance with the applicable Partnership Agreements and the Allocation Policies described in Item 11 above. The Adviser will generally aggregate the securities that are to be disposed of, if that is the most efficient means to dispose of the securities.

Item 13 – Review of Accounts:

The investments made by the Funds are generally private, illiquid and long-term in nature. Investments are monitored by the Adviser on a regular basis. Due to the nature of the Funds' investments, the Adviser's review process for each Fund is not directed toward a short-term decision to dispose of investments. However, the Adviser's investment professionals closely monitor each Fund's investments by meeting weekly to review the current portfolio, follow-on opportunities or realizations within the portfolio and discuss any potential opportunities available to the Funds. In addition, the valuation committee, which includes the investment committee, the Chief Financial Officer and the Controller, meets quarterly to value the current portfolio.

Investors in certain Funds receive annual audited financial statements. All investors in the Funds receive a quarterly written report that provides an update on the respective Fund's activity and any changes to valuations. All investors receive capital statements and financials on a quarterly basis or a yearly basis, depending upon the Fund they are invested in.

Item 14 – Client Referrals and Other Compensation:

While not a client solicitation arrangement, the Adviser may, from time to time, engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain prospective investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests in the applicable Fund that are accepted by the applicable Fund's general partner with respect to such prospective investors. Such fees will be negotiated individually between the Adviser and such person.

Item 15 – Custody:

The Adviser is deemed to have custody for purposes of the Advisers Act of each Fund's cash and securities by virtue of its relationship with such Fund's general partner. Except as permitted by the Advisers Act, such cash and securities are maintained in accounts established with qualified

custodians, as defined in Rule 206(4)-2 of the Advisers Act (each, a “Qualified Custodian”). Such accounts are in the name of the relevant Fund.

Certain Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Such Fund's audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to each investor within 120 days of such Fund's fiscal year end. Limited partners in such Funds will not receive statements from any custodians. Certain other Funds are not subject to an annual audit. The Qualified Custodian for such other Funds will directly provide an account statement, on a quarterly basis, to (i) the limited partners in such Funds and (ii) the Adviser. Each such limited partner should carefully review every account statement received from the Qualified Custodian and the Adviser urges the limited partners to compare such account statements with the account statement received from the Adviser.

Item 16 – Investment Discretion:

The Adviser has discretion to recommend investments for each Fund to the general partner of such Fund without the consent of the limited partners, subject to the limitations set forth in the Partnership Agreement and/or Management Agreement of such Fund. However, the management and the conduct of the activities of each Fund remain the ultimate responsibility of such Fund's general partner, each of which is an affiliate of the Adviser.

Item 17 – Voting Client Securities (Proxy Voting):

The Adviser has adopted written policies and procedures regarding proxy voting (the “Proxy Voting Policies”) as part of the Compliance Manual. The Funds are primarily invested in private portfolio company investments and it is not expected that the Adviser will be required to vote proxies with respect to the assets owned by the Funds. In the event that the Adviser is required to vote proxies on behalf of a Fund, it is the Adviser's policy to exercise the proxy vote in the best interest of the applicable Fund, taking into consideration all relevant factors, including without limitation, acting in a manner that the Adviser believes will maximize the economic benefits to the Fund and promote sound corporate governance by the issuer. Whenever the Adviser is required to exercise a vote for a privately-held portfolio company, the Adviser applies the standards and procedures described above.

The Adviser seeks to avoid material conflicts of interest between its own interests and the interests of the Funds. The Adviser generally has a representative on the board of directors of a portfolio company, and proxies are typically (but not always) cast in accordance with board recommendation. In situations where the Adviser is required to vote the proxy for a company in which related persons of the Adviser serve on the board of directors, the Adviser has determined that this does not inherently present a conflict of interest, as the sole purpose of this representation is to maximize the return of the Fund's investment in such portfolio company.

All conflicts of interest related to proxy voting will be resolved pursuant to the Adviser's Proxy Voting Policies in a manner consistent with the best interests of the relevant Fund. In situations where the Adviser's compliance committee (the “Proxy Conflict Committee”)

perceives a material conflict of interest, the Adviser may: (i) disclose the conflict to the relevant Fund's advisory board and obtain such advisory board's informed consent as to the fact that a material conflict exists in voting such Fund's proxy in the manner favored by the Adviser, (ii) defer to the voting recommendation of an independent third-party provider of proxy services or (iii) take such other action in good faith that protects the interests of the Funds.

The Adviser will provide the limited partners, upon request, with (i) information pertaining to proxies voted by the Adviser on behalf of the Funds and (ii) a copy of the Adviser's complete Proxy Voting Policies.

Item 18 – Financial Information

At this time, the Adviser has no financial commitments that impair its ability to meet contractual or fiduciary commitments to the Funds. The Adviser has not been the subject of a bankruptcy proceeding. Please see the attached most recent audited balance sheet along with the unaudited balance sheet for the most recent fiscal year end.

DIAMOND CASTLE HOLDINGS, LLC

BALANCE SHEET

December 31, 2011

DIAMOND CASTLE HOLDINGS, LLC
New York, New York

BALANCE SHEET

December 31, 2011

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Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS

Members
Diamond Castle Holdings, LLC
New York, New York

We have audited the accompanying balance sheet of Diamond Castle Holdings, LLC (the "Company") as of December 31, 2011. The balance sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on the balance sheet based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit of the balance sheet provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Diamond Castle Holdings, LLC as of December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP

Crowe Horwath LLP

New York, New York
June 28, 2012

DIAMOND CASTLE HOLDINGS, LLC
BALANCE SHEET
December 31, 2011

ASSETS

Current assets

Cash and cash equivalents	\$ 7,742,219
Due from related parties	4,198,341
Prepaid expenses and other current assets	<u>182,589</u>
	12,123,149

Restricted cash	1,238,828
Property and equipment, net	<u>44,115</u>

Total assets	<u><u>\$ 13,406,092</u></u>
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LIABILITIES AND MEMBERS' EQUITY

Current liabilities

Accounts payable and accrued expenses	\$ 4,344,600
Deferred management fees	<u>98,713</u>
	4,443,313

Deferred rent payable	<u>242,906</u>
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Total liabilities	<u><u>4,686,219</u></u>
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Commitments and contingencies (Notes 6 and 7)

Members' equity	<u>8,719,873</u>
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	<u><u>\$ 13,406,092</u></u>
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See accompanying notes to balance sheet.

DIAMOND CASTLE HOLDINGS, LLC
NOTES TO BALANCE SHEET
December 31, 2011

NOTE 1 – ORGANIZATION AND BUSINESS

Diamond Castle Holdings, LLC (the "Company") is a Delaware Limited Liability Company formed in August 2004. The Company is a New York based private equity investment firm that works in partnership with management teams to execute leveraged buyouts and make growth capital and equity-like investments in public and private companies.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

For purposes of the balance sheet, cash and cash equivalents, which are held at various financial institutions, include time deposits, money market accounts, and all highly liquid debt instruments with original maturities of three months or less when purchased. The Company maintains cash in bank deposit accounts, which, at times, exceeds federally insured limits. The Company has not experienced any losses on these accounts.

Restricted cash

Restricted cash consists of an account held at a bank in the Company's name as collateral for an unconditional irrevocable letter of credit issued in connection with the Company's office lease as described in Note 6 to these financial statements.

Due from related parties

Due from related parties are reported at their net realizable value. At December 31, 2011, the Company did not consider any unpaid balances uncollectible.

Property and equipment

Property and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred. Additions, improvements and replacements are capitalized. Depreciation of property and equipment is provided for by the straight-line method over the estimated useful lives of the related assets. The useful lives of property and equipment range from three to seven years.

Impairment of long lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is considered to be impaired when the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. The amount of impairment loss, if any, is measured as the difference between the net book value of the asset and its estimated fair value.

Revenue recognition

Management fees are recorded when earned in accordance with the terms of their respective executed agreements with managed funds.

Management fees are received in advance, semi-annually, on each April 1 and October 1, and are recorded as deferred management fees when received and recognized ratably to income during a six month period as described above. At December 31, 2011, the Company had \$98,713 of deferred management fees recorded on the balance sheet related to management fees received in advance on October 1, 2011.

DIAMOND CASTLE HOLDINGS, LLC
NOTES TO BALANCE SHEET
December 31, 2011

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

The Company has elected to be treated as a Partnership for Federal and New York State income tax purposes. As such, no provision or liability is made for Federal and State income taxes since such obligations are the responsibility of the individual members. A provision is made for the New York City Unincorporated Business Tax.

The Company accounts for New York City Unincorporated Business Taxes using the liability method, which requires the determination of deferred tax assets and liabilities, based on the differences between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which differences are expected to reverse. The net deferred tax asset is adjusted by a valuation allowance, if, based on the weight of available evidence, it is more likely than not that some portion or all of the net deferred tax asset will not be realized. The Company's deferred taxes are primarily comprised of differences in depreciable lives of property and equipment. As of December 31, 2011 deferred taxes were not considered material.

The Company adopted guidance issued by the Financial Accounting Standards Board with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The adoption had no effect on the Company's financial statements. The Company does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

The Company recognizes interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Company has no amounts accrued for interest or penalties as of December 31, 2011.

The income tax returns of the Company for 2010, 2009, and 2008 are subject to examination by federal, state and city taxing authorities. Such examinations could result in adjustments to net income or loss, which changes could affect the income tax liability of the individual members.

Estimates

The preparation of a balance sheet in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Accordingly, actual amounts could differ from those estimates.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

The adoption of recently effective accounting standards did not have a material effect on the Company's balance sheet, nor does the Company believe that any other recently issued but not yet effective, accounting standards will have a material effect on the Company's balance sheet when adopted.

DIAMOND CASTLE HOLDINGS, LLC
NOTES TO BALANCE SHEET
December 31, 2011

NOTE 4 – DUE FROM RELATED PARTIES

The managing members of the Company are also the managing members and/or general partners of the investment funds that are managed by the Company.

Due from related parties represents amounts receivable from the managed funds in relation to expenses paid by the Company on behalf of the Funds, which are reimbursable to the Company in accordance with the management agreements.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment, at cost, consists of the following:

Furniture and fixtures	\$ 74,335
Office equipment	298,053
Software	<u>100,773</u>
	473,161
Less accumulated depreciation	<u>(429,046)</u>
Property and equipment, net	<u><u>\$ 44,115</u></u>

NOTE 6 – COMMITMENTS

The Company is subject to a non-cancellable operating lease for office space. Under the terms of this agreement, the Company is required to maintain a cash security deposit held at a financial institution, subject to scheduled reductions thereon based on the Company's assets under management as stated in the agreement. The Company maintains an unconditional irrevocable letter of credit associated with this deposit. The deposit for this line of credit, plus accrued interest, is shown as restricted cash in the accompanying balance sheet.

The future minimum lease payments for the non-cancellable operating lease are as follows:

Year ending December 31,

2012	\$ 1,419,864
2013	1,419,864
2014	1,419,864
2015	1,419,864
2016	<u>591,610</u>
Total	<u><u>\$ 6,271,066</u></u>

The lease provides for rent abatements and/or scheduled increases in base rent. Rent expense is charged to operations ratably over the term of the lease. Deferred rent payable in the accompanying balance sheet represents the cumulative rent expense charged to operations from inception of the lease in excess of required lease payments to date.

DIAMOND CASTLE HOLDINGS, LLC
NOTES TO BALANCE SHEET
December 31, 2011

NOTE 7 – CONTINGENCIES

In August 2008, certain managed Funds of the Company (the "Funds") filed a complaint in the Supreme Court of the State of New York, against IAC / Interactivecorp ("IAC") as defendant. The Funds allege that IAC, as seller of a portfolio company held by the Funds, breached representations and warranties and covenants in the purchase agreement. The Funds allege that were it not for these breaches of the purchase agreement, the investment in the portfolio company by the Funds, totaling \$105.3 million, would not have been made. Motions to dismiss the claim by IAC were denied in 2010 and again denied on appeal in 2011, and the litigation is proceeding at this time. The Funds intend to vigorously pursue this complaint, but the outcome of the action cannot be determined at this time.

On January 14, 2011, IAC filed claims in the same proceeding against the Funds and the Manager (the "Company") based on alleged interactions with the CEO of the portfolio company prior to the closing of the acquisition. IAC seeks the dismissal of the Funds claims against IAC and compensatory and punitive damages in an unspecified amount. The Company believes IAC's counter-claim is without merit and intends to vigorously contest the defendant's counterclaims, but the outcome of the action cannot be determined at this point in time. As of December 31, 2011, no accruals relating to this litigation have been made in the balance sheet.

NOTE 8 – INDEMNIFICATIONS

In the normal course of business, the Company enters into contracts that contain a variety of indemnifications with its employees, suppliers and service providers. Further, the Company indemnifies its Members and officers who are, or were, serving at the Company's request in such capacities. The Company's maximum exposure under these arrangements is unknown as of December 31, 2011. The Company does not anticipate recognizing any significant losses relating to these arrangements.

NOTE 9 – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to December 31, 2011 to determine the need for any adjustments to and/or disclosures in the balance sheet for the year ended December 31, 2011. Management has performed their analysis through June 28, 2012, the date the balance sheet was available to be issued.

DIAMOND CASTLE HOLDINGS, LLC

**BALANCE SHEET
(UNAUDITED)**

December 31, 2012

DIAMOND CASTLE HOLDINGS, LLC
New York, New York

BALANCE SHEET
(UNAUDITED)
December 31, 2012

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DIAMOND CASTLE HOLDINGS, LLC
BALANCE SHEET
(UNAUDITED)
December 31, 2012

ASSETS

Current Assets

Cash and cash equivalents	\$ 10,556,937
Due from related parties	1,210,773
Prepaid expenses and other current assets	<u>77,005</u>

11,844,715

Restricted cash	1,238,974
Property and equipment, net	<u>28,477</u>

Total assets	<u><u>\$ 13,112,166</u></u>
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LIABILITIES AND MEMBERS' EQUITY

Current Liabilities

Accounts payable and accrued expenses	\$ 1,890,679
Income taxes payable	101,045
Deferred management fees	<u>3,441,816</u>

5,433,540

Deferred rent payable	<u>187,909</u>
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Total liabilities	<u>5,621,449</u>
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Commitments and contingencies (Notes 6 and 7)

Members' equity	<u>7,490,717</u>
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\$ 13,112,166

See accompanying notes to balance sheet.

DIAMOND CASTLE HOLDINGS, LLC
BALANCE SHEET
(UNAUDITED)
December 31, 2012

NOTE 1 – ORGANIZATION AND BUSINESS

Diamond Castle Holdings, LLC (the “Company”) is a Delaware Limited Liability Company formed in August 2004. The Company is a New York based private equity investment firm that works in partnership with management teams to execute leveraged buyouts and make growth capital and equity-like investments in public and private companies.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

For purposes of the balance sheet, cash equivalents, which are held at various financial institutions, include time deposits, money market accounts, and all highly liquid debt instruments with original maturities of three months or less when purchased. The Company maintains cash in bank deposit accounts, which, at times, exceeds federally insured limits. The Company has not experienced any losses on these accounts.

Restricted cash

Restricted cash consists of an account held at a bank in the Company’s name as collateral for an unconditional irrevocable letter of credit issued in connection with the Company’s office lease as described in Note 6 to these financial statements.

Due from related parties

Due from related parties are reported at their net realizable value. At December 31, 2012, the Company did not consider any unpaid balances uncollectible.

Property and equipment

Property and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred. Additions, improvements and replacements are capitalized. Depreciation of property and equipment is provided for by the straight-line method over the estimated useful lives of the related assets. The useful lives of property and equipment range from three to seven years.

Impairment of long lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is considered to be impaired when the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. The amount of impairment loss, if any, is measured as the difference between the net book value of the asset and its estimated fair value.

DIAMOND CASTLE HOLDINGS, LLC
BALANCE SHEET
(UNAUDITED)
December 31, 2012

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Management fees are recorded when earned in accordance with the terms of their respective executed agreements with managed funds.

Management fees are received in advance, semi-annually, on each April 1 and October 1, and are recorded as deferred management fees when received and recognized ratably to income during a six month period as described above. At December 31, 2012, the Company had \$3,441,816 of deferred management fees recorded on the balance sheet related to management fees received in advance in October 2012.

Income taxes

The Company has elected to be treated as a Partnership for Federal and New York State income tax purposes. As such, no provision or liability is made for Federal and State income taxes since such obligations are the responsibility of the individual members. A provision is made for the New York City Unincorporated Business Tax.

The Company accounts for New York City Unincorporated Business Taxes using the liability method, which requires the determination of deferred tax assets and liabilities, based on the differences between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which differences are expected to reverse. The net deferred tax asset is adjusted by a valuation allowance, if, based on the weight of available evidence, it is more likely than not that some portion or all of the net deferred tax asset will not be realized.

The Company adopted guidance issued by the Financial Accounting Standards Board with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. The adoption had no effect on the Company’s financial statements. The Company does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

The Company recognizes interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Company has no amounts accrued for interest or penalties as of December 31, 2012.

The income tax returns of the Company for 2011, 2010, and 2009 are subject to examination by federal, state and city taxing authorities. Such examinations could result in adjustments to net income or loss, which changes could affect the income tax liability of the individual members.

DIAMOND CASTLE HOLDINGS, LLC
BALANCE SHEET
(UNAUDITED)
December 31, 2012

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of a balance sheet in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Accordingly, actual amounts could differ from those estimates.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

The adoption of recently effective accounting standards did not have a material effect on the Company's balance sheet, nor does the Company believe that any other recently issued but not yet effective, accounting standards will have a material effect on the Company's balance sheet when adopted.

NOTE 4 – DUE FROM RELATED PARTIES

The managing members of the Company are also the managing members and/or general partners of the investment funds that are managed by the Company.

Due from related parties represents amounts receivable from the managed funds in relation to expenses paid by the Company on behalf of the Funds, which are reimbursable to the Company in accordance with the management agreements.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment, at cost, consists of the following:

Furniture and fixtures	\$ 74,335
Office equipment	303,391
Software	<u>100,773</u>
	478,499
Less accumulated depreciation	<u>(450,022)</u>
Property and equipment, net	<u><u>\$ 28,477</u></u>

DIAMOND CASTLE HOLDINGS, LLC
BALANCE SHEET
(UNAUDITED)
December 31, 2012

NOTE 6 – COMMITMENTS

The Company is subject to a non-cancellable operating lease for office space. Under the terms of this agreement, the Company was required to secure a \$1,238,974 unconditional irrevocable letter of credit. The deposit for this line of credit is shown as restricted cash in the accompanying balance sheet.

The future minimum lease payments for the non-cancellable operating lease is as follows:

<u>Year ending December 31,</u>	
2013	1,419,864
2014	1,419,864
2015	1,419,864
2016	<u>591,610</u>
Total	<u>\$ 4,851,202</u>

The lease provides for rent abatements and/or scheduled increases in base rent. Rent expense is charged to operations ratably over the term of the lease. Deferred rent payable in the accompanying balance sheet represents the cumulative rent expense charged to operations from inception of the lease in excess of required lease payments to date.

NOTE 7 – CONTINGENCIES

In November, 2012 One Asia (HK) Ltd. Submitted a Request for Arbitration against the Company, along with certain managed Funds of the Company (the "Fund"). In November, 2006 One Asia invested alongside the Funds in PRC, LLC. PRC, LLC entered bankruptcy and was a complete loss for the Funds and One Asia during 2008. One Asia's request claims damages of up to \$32 million resulting from alleged misrepresentations and inducement, as well as various breaches during the acquisition process.

The Funds and the Company believe MMC's and One Asia (HK) Ltd.'s claims are without merit and intend to vigorously contest these claims, but the outcome of the actions cannot be determined at this point in time. As of December 31, 2012, no accruals or valuation adjustments have been made in this balance sheet.

DIAMOND CASTLE HOLDINGS, LLC
BALANCE SHEET
(UNAUDITED)
December 31, 2012

NOTE 8 – INDEMNIFICATIONS

In the normal course of business, the Company enters into contracts that contain a variety of indemnifications with its employees, suppliers and service providers. Further, the Company indemnifies its Members and officers who are, or were, serving at the Company's request in such capacities. The Company's maximum exposure under these arrangements is unknown as of December 31, 2012. The Company does not anticipate recognizing any significant losses relating to these arrangements.

NOTE 9 – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to December 31, 2012 to determine the need for any adjustments to and/or disclosures in the balance sheet for the year ended December 31, 2012. Management has performed their analysis through February 27, 2013, the date the balance sheet was available to be issued.

