

Lightyear Capital LLC

Part 2A of Form ADV: Firm Brochure

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Lightyear Capital LLC (collectively with any subsidiaries “Lightyear”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Ellan Ben-Hayon, at (212) 328-0559 or Ellan.Benhayon@lycap.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

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

Item 2: Material Changes

This brochure has been amended to reflect recent amendments and other enhancements to disclosures in the Governing Fund Documents (as defined below). Item 5 has expanded upon the description of certain fees and expenses, and Item 8 has expanded upon the description of investment strategies and the description of potential risk factors and conflicts of interest for Lightyear.

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Item 4: Advisory Business

Lightyear Capital LLC, a Delaware limited liability company founded in 2000, is a private equity firm located in New York, NY. Lightyear and its subsidiaries, Lightyear Capital II, LLC, Lightyear Capital III, LLC, and Lightyear Capital IV, LLC (the “Affiliated Advisers”), provide investment advisory services to several private equity funds (each a “Fund” or together the “Funds”). The Funds invest primarily in North America-based middle-market financial services companies.

Investment advice is provided directly to the Funds and not individually to the investors (each an “Investor” or together the “Investors”) in the Funds. In providing services to the Funds, Lightyear formulates each Fund’s investment objectives, directs and manages the investment and reinvestment of each Fund’s assets, and provides reports to Investors. Lightyear provides investment advisory services to each of the Funds pursuant to separate advisory agreements and manages the assets of the Funds in accordance with the limited partnership agreements, private placement memoranda, and other governing documents applicable to each Fund (the “Governing Fund Documents”). The investment guidelines of each Fund are described in the applicable Governing Fund Documents.

Limited partnership interests in the Funds are not registered under the Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered under the Investment Company Act of 1940, as amended. Accordingly, interests in the Funds are privately offered and sold exclusively to Investors satisfying the applicable eligibility and suitability requirements for private transactions within the U.S.

Lightyear is jointly owned by Donald Marron, its Chairman and Founder, and Mark Vassallo, its Managing Member and Managing Partner. As of December 31, 2017, Lightyear managed approximately \$2.3 billion in assets on a discretionary basis.

Item 5: Fees and Compensation

General

The Governing Fund Documents of each Fund set forth in detail the fee structure relevant to each Fund.

Lightyear typically receives compensation from fees based on a percentage of assets under management, carried interest distributions, and payment of certain other fees or expenses as disclosed in the Governing Fund Documents. A description of the carried interest distributions is included in Item 6 below. Investors should review all fees and expenses incurred by the Funds to fully understand the total amount of fees and expenses to be paid by a Fund.

Management Fees

As compensation for investment advisory services rendered to certain of the Funds, Lightyear receives a management fee (the “Management Fee”) based on committed capital through the investment period and on invested capital thereafter, depending on the respective Governing Fund

Documents. Certain of the Funds do not pay a Management Fee to Lightyear. With respect to the other Funds, Lightyear reserves the right to waive or reduce the Management Fee for certain Investors including employees, as the terms of the Management Fee payable are determined in Lightyear's sole discretion. The Management Fee is collected from the Funds quarterly in advance. In the event Lightyear does not provide advisory services with respect to an Investor for the full period for which Management Fees have been paid, such Investor will receive a refund in an amount equal to (1) the Management Fee initially allocated to such Investor minus (2) its portion of the Management Fee recalculated as of the date that such advisory services terminated with respect to such Investor.

Other Fees and Expenses

Each Fund bears offering and organizational expenses subject, in certain cases, to a maximum amount as set forth in such Fund's Governing Fund Documents.

As disclosed in the Governing Fund Documents, Investors will bear indirectly their allocable share of certain expenses charged to the respective Funds. Those expenses will vary by Fund, but typically will include, among other items, taxes; government fees and charges; legal fees and expenses; accounting fees and expenses (including tax professionals); advisor fees and expenses (including investment bankers); consultant fees and expenses (including without limitation, non-employee senior advisors and non-employee operating partners, whose fees may include periodic, finder's, success-based, and/or performance-based fees); administration fees and expenses (including an online reporting website for the Funds); appraisal, valuation, and similar fees and expenses; costs of borrowings and other financings (including hedging costs); insurance costs; expenses associated with the acquiring, holding, monitoring, maintaining, and disposing of investments and all transactions, and other costs related thereto, including, without limitation, expenses associated with the identifying, sourcing, investigating, researching, negotiating, and structuring of investments and potential investments, whether or not consummated (including, among other items, travel and travel-related expenses, fees, and costs of attending industry conferences, and third party research, data, analytics, modeling, structuring, pricing, execution, and other third-party information systems, software, technology, and service fees (including data feeds, subscriptions, reports and similar items)); costs, fees, and expenses (including without limitation the costs, fees and expenses for attorneys and consultants) related to registration, qualification, exemption under and/or legal and regulatory compliance with any applicable U.S. federal, state, local, non-U.S. or other law or regulation relating to the Funds' activities (including, without limitation, expenses relating to the preparation and submission of filings with the SEC (including without limitation the Form PF, Form 13F, Form 13H, Section 16 filings, Schedule 13D filings, and Schedule 13G filings but excluding the Form ADV), U.S. Commodity Futures Trading Commission, the National Futures Association, the U.S. Treasury, the U.S. Internal Revenue Service, and other national, state, provincial or local regulatory authorities in any country or territory and compliance with the Alternative Investment Fund Managers Directive); costs and expenses of any litigation involving the Funds or their investments (and the amount of any judgments or settlements paid in connection therewith); custodian fees and expenses; brokerage commissions; expenses related to the implementation and monitoring of anti-money laundering and cybersecurity policies and procedures related to the Funds' investments or the Investors; expenses of liquidating the Funds; expenses of the Funds' annual meeting(s); expenses of the limited partner advisory committee (the "Advisory Committee") (and its meetings) or any other third party advisory committee of the Funds; any out-of-pocket expenses

incurred in connection with the Funds' legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other law and regulation; and all third party expenses incurred in connection with a proposed investment that is not ultimately made or a proposed disposition of an investment that is not actually consummated, including, without limitation, commitment fees, legal and accounting fees and expenses, printing expenses, and expenses that would have been allocable to co-investors had such investments been made.

Pursuant to the Governing Fund Documents, Lightyear or its affiliates will or may receive acquisition fees, advisory fees, financing fees, monitoring fees, directors' fees, break-up fees and topping fees, commitment fees, divestment fees, and other fees from portfolio companies. A percentage of the aforementioned fees (net of expenses incurred by Lightyear and its affiliates) is applied to reduce future Management Fees payable by the relevant Fund. To the extent a Fund incurs placement fees for the use of a placement agent with respect to a certain Investor, such Investor's share of the Management Fee is reduced on a dollar-for-dollar basis.

Monitoring fees earned by Lightyear or its affiliates in connection with a Fund's investment in a portfolio company may be payable as a fixed dollar amount, may be determined based on the performance of such portfolio company, or may be calculated as a percentage of EBITDA (or other similar metric). The terms of a monitoring agreement may in certain instances provide for an acceleration of fees paid to Lightyear or its affiliates upon termination following certain milestones (such as an initial public offering or sale), which in some cases may extend past the term of the Fund; in such instances, Lightyear may be entitled to or elect to receive a lump-sum termination fee with respect to such arrangements.

Moreover, Lightyear and its employees can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds that will not be subject to any Management Fee offset or otherwise shared with the Funds, Investors and/or portfolio companies. For example, airline travel or hotel stays incurred as Fund expenses typically result in "miles" or "points" or credit in loyalty/status programs, and such benefits or amounts will whether or not *de minimis* or difficult to value, inure exclusively to Lightyear and/or such personnel (and not the Funds, Investors and/or portfolio companies) even though the cost of the underlying service is borne by the Funds, Investors and/or portfolio companies.

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

The general partners (or similar persons or entities, each a "General Partner" or together, the "General Partners") of certain of the Funds receive performance-based compensation in the form of carried interest from their related Funds. A detailed description of the carried interest calculation methodology applicable to a Fund can be found in the relevant Fund's Governing Fund Documents. Generally, carried interest is calculated based on a percentage of the profits generated from each Fund investment and is subject to the satisfaction of a preferred rate of return, the recoupment of allocated losses, fees, and expenses and other criteria set forth in the relevant Governing Fund Documents. Certain of the Funds do not pay carried interest to their respective General Partners.

Item 7: Types of Clients

Lightyear provides investment advisory services to the Funds. Investors will be required to meet certain eligibility and suitability qualifications and make certain representations prior to investing in a Fund. Details concerning applicable Investor suitability criteria and minimum investment commitments are set forth in the respective Governing Fund Documents. Lightyear maintains the discretion to accept less than the minimum investment commitment.

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

The Funds make primarily control investments in North America-based, middle-market financial services companies with the potential for growth. The Funds seek to invest in growth companies that can be strategically repositioned and/or are mispriced. Lightyear's top-down approach consists of conducting in-house studies on industry sectors to identify attractive sub-sectors and companies. The Funds generally target companies where Lightyear believes it can work with management to implement new strategies aimed at optimizing growth through repositioning businesses within the industry.

Lightyear believes that its specialization in the financial services industry enables Lightyear to (i) conduct due diligence efficiently, (ii) work effectively with management teams, and (iii) add long-term value to the businesses in which it invests. Additionally, Lightyear believes that, as a result of its specialization, it has developed an understanding of the regulatory environment surrounding certain financial services sub-sectors and the lack of such expertise can pose a barrier to entry for other investors. Lightyear believes that, through its investment experience, Lightyear has developed a systematic strategy for investing the Funds' capital.

Investing in securities involves the risk of loss. The purchase of interests in a Fund involves a number of significant risks, including but not limited to those listed below. Additional risk factors are disclosed in the private placement memoranda of the relevant Funds. All such risks should be carefully considered by potential Investors before making any investment. As a result of these risks, and other risks inherent in any investment, there can be no assurance that a Fund will meet its investment objectives or otherwise be able to carry out its investment program successfully or that an Investor will receive a return of its capital. The possibility of partial or total loss of capital exists, and Investors must be prepared to bear capital losses that might result from investing in a Fund.

No Assurance of Investment Return

Lightyear cannot provide assurance that it will be able to invest fully its committed capital or be able to choose, make, and realize investments in any particular company or portfolio of companies. There is no assurance that any Fund will be able to generate returns for its Investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described in the relevant Governing Fund Documents. An investment in a Fund should only be considered by persons who can afford a loss of their entire investment. Past performance of any Fund and other investment entities associated with Lightyear is not necessarily indicative of future results. There can be no assurance that projected or targeted returns for any Fund will be achieved.

Concentration of Investments in Financial Services Industries; Financial Services Industry Risk Factors

The Funds focus on investments in the financial services sector. Concentration in a single industry may involve risks greater than those generally associated with diversified acquisition funds, including potential fluctuations in returns. Accordingly, instability, fluctuation, or an overall decline within the financial services industry will likely not be balanced by investments in other industries not as affected. In the event that the financial services sector as a whole declines, losses to Investors may be magnified.

More specifically, financial services institutions have asset and liability structures that are essentially monetary in nature and are directly affected by many factors. Such factors include domestic and international economic and political conditions, broad trends in business and finance, legislation and regulation affecting the national and international business and financial communities, monetary and fiscal policies, interest rates, inflation, currency values, market conditions, the availability and cost of short-term or long-term funding and capital, the credit capacity or perceived creditworthiness of customers and counterparties, and the level and volatility of trading markets.

Financial Services Industry Regulatory Factors

Financial services institutions operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination, and enforcement by regulatory authorities. Failure to comply with any of these laws, rules, or regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties, fines, suspension or expulsion, and termination of deposit insurance, which may have material adverse effects. Changes in laws, rules, or regulations governing financial services institutions could adversely affect portfolio companies and thereby a Fund and returns to Investors. The subsequent adoption of a law or regulation or a change of a law or its regulation or of the interpretation thereof by a court or governmental authority could require the Funds to divest some or all of their investments under unfavorable market conditions.

Bank Investing Regulatory Factors

In order to comply with banking laws, rules, and regulations, the Funds may be required to invest in a manner that may not be as advantageous as the manner of making investments that are not subject to such laws, rules, and regulations. If a Fund acquires a controlling interest in a depository institution or a company that controls a depository institution, various statutory, regulatory, and supervisory restrictions and limitations would apply to the Funds.

Use of Leverage

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. The Funds' investments may involve varying degrees of leverage, as a result of which recessions, operating problems, and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. Any rise in interest rates may significantly increase portfolio company interest expense,

causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, a Fund may suffer a partial or total loss of capital invested in the portfolio company.

The Funds may utilize leverage, directly or indirectly, to finance the Funds' investments in a manner it believes is appropriate, including by way of example, by guaranteeing a portfolio company's borrowings throughout the holding period. The use of leverage involves a high degree of financial risk and will increase the exposure of the investments to adverse economic factors such as rising interest rates, downturns in the economy, or deteriorations in the condition of the investments.

Although borrowings by the Funds have the potential to enhance overall returns that exceed the Funds' cost of funds, they will further diminish returns (or increase losses of capital) to the extent overall returns are less than the Funds' cost of funds. If a Fund defaults on secured indebtedness, the lender may foreclose and the relevant Fund could lose its entire investment in the security for such loan. In addition, tax-exempt Investors should note use of leverage by the Funds may create "unrelated business taxable income."

Subscription Facility and Capital Calls

In accordance with applicable Governing Fund Documents, a General Partner of a Fund may fund the making of investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, the undrawn capital commitments of Investors) prior to calling commitments. The interest expense and other costs of any such borrowings will be expenses of the applicable Fund and, accordingly, decrease net returns of such Fund. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made. In light of the foregoing, a General Partner has an incentive to cause a Fund to borrow in this manner in lieu of drawing down commitments. As a general matter, use of leverage over an extended period of time in lieu of drawing down commitments amplifies returns (either negative or positive) to Investors in a Fund. Additionally, a Fund may guarantee a portfolio company's borrowings under the applicable Fund's subscription facility or otherwise.

Risk of Limited Number of Investments; Dependence on Performance of Certain Investments

The Funds may participate in a limited number of investments and, as a consequence, the aggregate return of a Fund may be substantially adversely affected by the unfavorable performance of any single investment. Moreover, since all of the Funds' investments cannot reasonably be expected to perform well or even return capital, for a Fund to achieve above-average returns, one or a few of its investments must perform very well, and there can be no assurance that this will be the case.

Financial Market Fluctuations

Fluctuations in the market prices of securities may affect the value of the investments held by a Fund. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise.

As a result of the global financial crisis, markets experienced significant volatility. Companies across many sectors of the economy, including the financial services industry, became insolvent, failed to perform on their existing obligations, or entered into bankruptcy or other similar proceedings. These adverse market conditions and the associated disruption of the equity and debt capital markets affected the ability of many businesses to obtain financing for operations.

Renewed volatility and/or a perceived increase in counterparty default risk could adversely affect or restrict the ability of the Funds to sell or liquidate investments at favorable times or for favorable prices or otherwise have an adverse effect on the business and operations of the Funds.

Illiquid and Long-Term Investments

Investments in portfolio companies are currently expected to take several years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures typically will not provide for liquidity of the Funds' investments prior to that time.

In most cases, there will be no public market for the securities held by the Funds at the time of their acquisition. Each Fund will generally not be able to sell its securities publicly unless the sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, there can be no assurances that the Funds' investments can be sold on a private basis. Furthermore, in some cases (e.g., depositary institutions), the Funds may be prohibited by contract, legal, or regulatory reasons from selling portfolio company securities for a period of time or otherwise be restricted from disposing of its investments. The types of investments made by the Funds may require a substantial length of time to realize a return or fully liquidate. The Funds may exit some investments through distributions in kind to the Investors, after which the Investors will bear the risk of holding the securities and must make their own disposition decisions.

Highly Competitive Market for Investment Opportunities

The activity of identifying, completing, and realizing attractive investments is highly competitive and involves a high degree of uncertainty. The Funds will be competing for investments with other private equity investment vehicles, as well as institutional investors, financial institutions, and individual investors. Further, over the past several years, an ever-increasing number of private equity funds have been formed, including those that invest in financial services. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. There can be no assurance that the Funds will be able to invest fully their committed capital or identify, complete, and exit investments which meet the Funds' expectations and/or realize value.

Indemnification

As set forth in the relevant Governing Fund Documents, the Funds typically will be required to indemnify their respective General Partners and their respective affiliates, and their respective employees, agents, stockholders, and other third parties for liabilities incurred in connection with the affairs of the Funds. Members of the Advisory Committee will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the relevant Governing Fund Documents. Such liabilities may be material and may have an adverse effect on the returns to the

Investors. If the assets of the Funds are insufficient to satisfy such obligations, Lightyear may recall distributions previously made to the Investors. It should be noted that the General Partners may cause the Funds to purchase insurance for (or allocate a portion of the premium from the Lightyear's insurance policy as it relates to) the Funds, General Partners, and Affiliated Advisers and their employees, agents and representatives with respect to their Fund-related activities.

Contingent Liabilities Upon Disposition

In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of a portfolio company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. A Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which will be borne by the applicable Fund and may ultimately be required to be funded by proceeds or through the return of capital by Investors.

Management Team

Each portfolio company's day-to-day operations will be the responsibility of its management team. Although Lightyear will be responsible for monitoring the performance of each investment and intends to invest in companies operated by strong management teams, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company in accordance with a Fund's plans.

Follow-On Investments

A Fund may be called upon to provide follow-on funding for its portfolio companies or may have the opportunity to increase its investment in such portfolio companies. There can be no assurance that a Fund will wish to make follow-on investments or that it will have sufficient funds to do so. Any decision by a Fund not to make follow-on investments, or its inability to make such investments, may have a substantial negative impact on a portfolio company in need of such an investment or may diminish a Fund's ability to influence the portfolio company's future development.

Control Person Liability

The Funds are expected to have controlling interests in some of their portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations (including securities laws) or other types of liability in which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to arise, the Funds might suffer significant losses.

Minority Investments; Investments with Third Parties

The Funds may invest as a minority investor in companies and in companies for which the Funds have no right to appoint a director or otherwise exert significant influence or protect its position. In such cases, the Funds will be significantly reliant on the existing management and board of directors of such companies, which may include representation of other financial investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds.

The Funds may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third party involvement, including the possibility that a third party co-investor may have financial difficulties, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives, resulting in a negative impact on such investment. In addition, the Funds may, in certain circumstances, be liable for the actions of its third party co-investors. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Investments in Less Established Companies

A Fund may invest a portion of its assets in the securities of less established companies or early stage companies. Investments in such early stage companies may involve greater risks than generally are associated with investments in more established companies. To the extent there is any public market for the securities held by a Fund, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Start-up enterprises may not have significant or any operating revenues, and any such investment should be considered highly speculative and may result in the loss of a Fund's entire investment therein. There can be no assurance that any such losses will be offset by gains (if any) realized on a Fund's other investments.

Non-U.S. Investments

A Fund may invest a portion of its capital outside of the U.S. Non-U.S. securities have exposure to certain risks not typically associated with investing in U.S. securities, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which the Funds' non-U.S. investments are denominated and costs associated with conversion of investment principal and income from one currency to another; (ii) differences between the U.S. and non-U.S. securities markets, including potential price volatility in, and relative illiquidity of, some non-U.S. securities markets; (iii) the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iv) certain economic, social, and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic, or social instability, and the possibility of expropriation or confiscatory taxation; and (v) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities.

Allocation of Expenses

In accordance with the applicable Governing Documents, the Funds bear certain costs and expenses incurred by the General Partner and/or their respective affiliates in connection with the operation and activities of the Funds. These expenses include (a) expenses incurred in connection with identifying, sourcing, investigating researching, structuring and negotiating proposed investments (including those that are not ultimately consummated) and the acquisition, management, holding, monitoring, maintaining, sale, proposed sale or valuation of investments (including meals, entertainment and travel expenses); and (b) ongoing administrative expenses, including, among other things: telephone charges; internet website hosting and maintenance; contact relationship management software; public relations expenses; costs of reporting to, and other ongoing discussions with, Investors (including travel expenses relating thereto); annual meeting costs and external legal, brokerage, custodial and accounting expenses, including meals, entertainment, lodging and travel expenses (including, on occasion, the use of non-commercial planes on a timeshare basis). To the extent Lightyear determines that any such expenses should be shared by one or more Funds such expense will be allocated among the relevant entities in a manner determined by Lightyear in its discretion. As further detailed in Item 11, a potential co-investor may not be required to pay a pro-rata or other percentage of the fees and expenses with respect to proposed investments that are ultimately not made (i.e., “broken deal expenses”), and a co-investor may not be required to pay a pro-rata or other percentage of the fees and expenses associated with such co-investment; as a result, under such circumstances, all such fees and expenses (prior to and at the time of any such investment and on an ongoing basis) will be borne by the Fund.

No Market for Limited Partnership Interests/Transferability Restrictions

The interests in the Funds have not been registered under the Securities Act or applicable securities laws of any state or non-U.S. jurisdiction. Therefore, the interests cannot be resold unless subsequently registered under the Securities Act and other applicable laws or an exemption from such registration is available. It is not contemplated that registration under the Securities Act or other securities laws will ever be effected. There is no public market for the interests in the Funds and none is expected to develop. In addition, an Investor typically will not be permitted to sell, exchange, transfer (including any mortgage, hypothecation or pledge), assign, securitize, or otherwise dispose of any of its interest without the prior written consent of Lightyear. Investors may not withdraw capital from the Funds, except in certain limited circumstances. Consequently, Investors may not be able to liquidate their investments prior to the end of the relevant Fund’s term.

General Partner Conflicts of Interest

Instances may arise where the interests of Lightyear may potentially or actually conflict with the interests of a Fund and the Investors in the relevant Fund. For example, the existence of the General Partners’ carried interest may create an incentive for Lightyear to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such performance-based arrangement. In addition, the method of calculating the General Partners’ carried interest may result in conflicts of interest between the General Partners, on the one hand, and the Investors, on the other hand, with respect to the management, valuation and disposition of investments, including the timing and sequence of such dispositions.

Cyber Security Breaches and Identity Theft

Cyber security incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Each Fund, its portfolio companies', and their service providers' information and technology systems may be vulnerable to damage or interruption from computer viruses and other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals or service providers, power, communications, or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete, or modify private and sensitive information, including nonpublic personal information and material nonpublic information. Although Lightyear has implemented, and the Funds' portfolio companies and their service providers may implement, various measures to manage risks relating to these types of events, such systems could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. Lightyear does not control the cyber security plans and systems put in place by third party service providers, and such third party service providers may have limited indemnification obligations to Lightyear, a Fund and/or a portfolio company, each of whom could be negatively impacted as a result. Breaches such as those involving covertly introduced malware, impersonation of authorized users, and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing it from being addressed appropriately. Lightyear, a Fund, and/or a portfolio company may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Lightyear's, a Fund's, and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to the Funds (and their beneficial owners), material nonpublic information in possession of and the intellectual property and trade secrets and other sensitive information of Lightyear and/or portfolio companies. Such a failure could harm Lightyear's, a Fund's and/or a portfolio company's reputation, subject any such entity and their respective affiliates to legal claims, regulatory action or enforcement arising out of applicable privacy or other laws and adverse publicity and otherwise affect their business and financial performance.

Risks of Investments in Europe

There is often a high degree of government regulation in European economies, and action by European governments could have a significant effect on market conditions and the value of securities held by the Funds. Action by such governments may directly affect foreign investment in securities of European companies, including through changes in policy with regard to taxation, fiscal and monetary policies, repatriation of profits, and other economic and trade regulations. The European economies may differ favorably or unfavorably from the other economies with regard to the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments. The economies of certain countries depend heavily on international trade and can be adversely affected by the enactment of trade barriers or changes in the economic conditions of their trading partners. Changing political environments, regulatory

restrictions and changes in government institutions and policies in Europe could adversely affect private investments and the performance of the Funds' investments.

Hedging Policies/Risks

In connection with the financing of certain investments, a Fund may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, credit, securities prices and currency exchange. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater, or gains smaller, than losses or gains, as the case may be, in the value of the underlying position. While a Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, credit defaults, securities prices or currency exchange rates may result in a worse overall performance for such Fund than if the Fund had not entered into such hedging transactions. In situations in which a Fund is required to post margin or other collateral with a counterparty, the counterparty may fail to segregate the collateral or may commingle the collateral with the counterparty's own assets. As a result, in the event of the counterparty's bankruptcy or insolvency, a Fund's collateral may be subject to the conflicting claims of the counterparty's creditors, and such Fund may be exposed to the risk of a court's treating the Fund as a general unsecured creditor of the counterparty, rather than as the owner of the collateral. Additionally, such hedging transactions will add to the cost of the investment, may require ongoing cash payments to counterparties, may subject a Fund to the risk that the counterparty defaults on its obligations and may produce different tax consequences to the Investors than would apply if such Fund had not entered into such hedging transactions.

Role of Private Equity Professionals

The success of the Funds will depend in part upon the skill and knowledge of Lightyear's private equity professionals. The interests of these professionals in the General Partners and the Affiliated Advisers should tend to discourage them from withdrawing from participation in the Funds' investment activities. However, there can be no assurance that such professionals will continue to be associated with the General Partners or their respective affiliates throughout the life of any Fund. Certain of the investment professionals involved in one Fund may not be involved in another Fund.

Business with Portfolio Companies and Investors

A portfolio company of a Fund may from time to time provide services to another portfolio company of a Fund, or to a General Partner or its affiliates. Such arrangements are intended to be entered into on an arm's length basis as the parties deem appropriate. In addition, General Partners or their respective affiliates may from time to time utilize the services of one or more Investors and their affiliates on an arm's length basis, as the parties deem appropriate.

Allocation of Personnel

The General Partners and their respective affiliates will devote such time as shall be necessary to conduct the business affairs of the Funds in an appropriate manner. Lightyear personnel will work on other projects, including other Funds and their investments, and possibly other vehicles contemplated

herein and in the Governing Fund Documents. Such personnel will also serve as members of the boards of directors of various companies other than a Fund's portfolio companies. Conflicts may arise as a result of such other activities. The possibility also exists that such companies could engage in transactions which would be suitable for a Fund but in which a Fund might be unable to invest.

Material, Non-Public Information

By reason of their responsibilities in connection with their other activities, certain Lightyear personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Diverse Investor Group

Investors may have conflicting investment, tax and other interests with respect to their investments in a particular Fund. The conflicting interests of individual Investors may relate to or arise from, among other things, the nature of investments made by a Fund, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with the decisions made by the General Partners, including with respect to the nature or structuring of investments that may be more beneficial for one Investor than for another Investor, especially with respect to Investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, the applicable General Partner will consider the investment and tax objectives of the Fund and its Investors as a whole, not the investment, tax or other objectives of any Investor individually.

Allocation of Investment Opportunities

Lightyear may conduct the investment programs of certain Funds in a manner that is similar to the investment program of one or more other Funds. There may be investment opportunities that are suitable to one or more Funds. Lightyear will make allocation decisions between or among the Funds in its discretion, consistent with its fiduciary duties and contractual commitments, and taking into account the respective investment programs, current portfolios and available capital commitments of the applicable Funds (and any other factors it may deem relevant).

Investments Involving Other Funds

A Fund may, from time to time, make an investment in a portfolio company in which one or more other Funds invests in a different part of the capital structure. There may be instances where such a portfolio company may become insolvent or bankrupt and where a Fund's interests in such portfolio company may otherwise conflict with another Fund's interest. To the extent that a Fund holds securities in a portfolio company with rights, preferences and privileges that are different than those held by another Fund in the same portfolio company, Lightyear and its affiliates may be presented with decisions when the interests of multiple Funds are in conflict. It is possible that in a bankruptcy proceeding, a Fund's interest may be subordinated or otherwise adversely affected by virtue of another Fund's involvement and actions relating to such investment.

Conflicts with Portfolio Companies

Officers and employees of the General Partners or Lightyear will serve as directors of certain portfolio companies and, in that capacity, will be required to make decisions that they consider to be in the best interests of the portfolio company. In certain circumstances, for example in situations involving bankruptcy or near insolvency of the portfolio company, actions that may be in the best interest of the portfolio company may not be in the best interests of a Fund, and vice versa. Accordingly, in these situations, there may be conflicts of interests between such individual's duties as an officer or employee of a General Partner and such individual's duties as a director of the portfolio company.

Legal and Regulatory Risks

Legal and regulatory changes could occur during the term of a Fund that may adversely affect such Fund, its portfolio investments or its Investors. For example, a Fund expects to make investments in a number of different industries, some of which are or may become subject to regulation by one or more U.S. federal agencies and by various agencies of the states, localities and counties in which they operate. New and existing regulations, changing regulatory schemes and the burdens of regulatory compliance all may have a material negative impact on the performance of portfolio investments that operate in these industries. Neither the General Partners nor Lightyear can predict whether new legislation or regulation governing those industries will be enacted by legislative bodies or governmental agencies, nor can either of them predict what effect such legislation or regulation might have. There can be no assurance that new legislation or regulation, including changes to existing laws and regulations, will not have a material negative impact on a Fund's investment performance.

Moreover, increased scrutiny and newly proposed legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on the Affiliated Advisers and may divert time and attention from portfolio management activities. In addition, and in particular in light of the changing global regulatory climate, a Fund may be required to register under certain foreign laws and regulations, and need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market interests to potential investors. The effect of any future regulatory change on a Fund could be substantial and adverse. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies.

In addition, Lightyear and its affiliates engage in a broad variety of activities. These activities have in the past, and may in the future, subject Lightyear or one or more of its affiliates to risks of becoming involved in litigation by third parties or may subject Lightyear or any such affiliate to investigations or proceedings initiated by governmental authorities. It is difficult to determine what impact, if any, such litigation may have on Lightyear, or any such affiliate or the Funds. As a result, there can be no assurance that the foregoing will not have an adverse impact on Lightyear, any of its affiliates or the Funds, or otherwise impede a Fund's ability to effectively achieve its objectives.

Counterparty Risk

Some of the markets in which a Fund may effect transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes the applicable Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the applicable Fund to suffer a loss.

Item 9: Disciplinary Information

In the past ten years there have been no legal or disciplinary events involving Lightyear or any of its management persons that are material to an evaluation of Lightyear’s business.

Item 10: Other Financial Industry Activities and Affiliations

Lightyear and the Affiliated Advisers provide investment advisory services to the Funds.

Each of the General Partners is a sponsor of its related Fund and is affiliated with Lightyear.

Certain of the financial services companies owned by the Funds are, or may become, during the course of the Funds’ investment, broker-dealers, investment companies or other pooled investment vehicles, investment advisers, banking or thrift institutions, insurance companies or agencies, or sponsors or syndicators of limited partnerships, among other things. Such financial services companies are operated by management teams that are independent of Lightyear. Lightyear does not believe these relationships pose a material conflict of interest because Lightyear does not use such companies’ services.

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

Lightyear has adopted a written Code of Ethics to help ensure that Lightyear fulfills its role as a fiduciary to the Funds. The Code of Ethics is designed to address and avoid potential conflicts of interest and is applicable to all employees. The Code of Ethics requires employees to pre-clear certain personal securities transactions, report certain personal securities transactions on at least a quarterly basis, provide a detailed summary of certain holdings over which such employees have direct or indirect beneficial ownership upon commencement of employment and annually thereafter, internally report violations of the Code of Ethics to the Chief Compliance Officer, and certify their compliance with the Code of Ethics on an annual basis.

A copy of Lightyear’s Code of Ethics is available upon request by an Investor or prospective Investor from the Chief Compliance Officer.

The General Partner of each Fund typically has a material investment in its related Fund. The foregoing relationships and any actual or potential conflicts of interest arising from these types of relationships are disclosed in the respective Governing Fund Documents.

Employees may be permitted to invest in certain Funds that are organized as employee co-investment vehicles (each an “Employee Fund” or together the “Employee Funds”). As disclosed in the relevant Governing Fund Documents, each Employee Fund typically invests alongside its related Fund, and investment by such Employee Fund is limited to a specific percentage of the amount available for investment by the related Fund. The Employee Funds are allocated their share of certain expenses, such as legal, organizational, consultant, insurance expenses, and expenses associated with un consummated investments. To the extent Lightyear or a related person invests in the same securities as a Fund, Lightyear would take appropriate steps to address potential conflicts of interest based on the specific facts and circumstances in accordance with the relevant Governing Fund Documents.

The General Partner of a Fund provides opportunities to co-invest alongside the Funds to Investors or other persons. The terms of any such investment, including the fees, expenses, and carried interest applicable to such co-investment (prior to and at the time of such investment and on an ongoing basis), if any, will be negotiated by the General Partner and the potential co-investor on a case-by-case basis in their respective sole and absolute discretion. A potential co-investor may not be required to pay a pro-rata or other percentage of the fees and expenses with respect to proposed investments that are ultimately not made (i.e. “broken deal expenses”), and a co-investor may not be required to pay a pro-rata or other percentage of the fees and expenses associated with such co-investment; as a result, under such circumstances, all such fees and expenses (prior to and at the time of any such investment and on an ongoing basis) will be borne by the Fund. In exercising its sole and absolute discretion in giving potential co-investors an opportunity to co-invest in particular investments, the General Partner may consider a wide range of factors pursuant to its internal policies and procedures and the relevant Governing Fund Documents. With respect to proposed investments that are ultimately not made by a Fund in which a co-investment vehicle would have participated, expenses that would have been borne by the co-investment vehicle had such investments been consummated will generally instead be borne solely by the Fund. In addition, Lightyear advises a committed co-investment vehicle for one of its Investors (the “Committed Co-Invest”), which will participate in its pro rata share of certain available co-investment opportunities. The Committed Co-Invest will not be allocated any expenses with respect to proposed investments that are ultimately not made. As a result, all “broken deal” expenses will be borne by the Fund alongside which the Committed Co-Invest invests.

Item 12: Brokerage Practices

Lightyear typically invests in private securities and does not ordinarily transact with financial intermediaries such as broker-dealers. To the extent Lightyear transacts in public securities (e.g., on exit or partial exit), or transacts in other non-private equity investments (e.g., currency hedging), Lightyear will seek to obtain best execution. Lightyear does not consider, in selecting broker-dealers, the receipt of Investor referrals or research from broker-dealers. Lightyear does not participate in any soft dollar arrangements.

The Funds may invest in the same portfolio companies from time to time. Lightyear will aggregate the purchase and sale of securities for multiple Funds as it deems appropriate and in accordance with each Fund's Governing Fund Documents.

Item 13: Review of Accounts

The Funds' portfolio companies are reviewed on a periodic basis, but at least annually, by the Investment Committee. The Investment Committee is comprised of the Chairman and Founder, the Managing Partner, and other Managing Directors. Lightyear's investment professionals meet regularly to monitor portfolio company activities and discuss other issues related to current portfolio company holdings such as market outlook and company fundamentals.

In accordance with the terms of the applicable Governing Fund Documents, Lightyear generally provides the Investors in certain Funds with the following written reports, among others: (i) audited annual financial statements of the relevant Fund, (ii) unaudited quarterly financial statements of the relevant Fund, (iii) a quarterly statement of capital account related to its investment in the relevant Fund, (iv) a quarterly report containing an overview of the investment activity of the relevant Fund, including valuations, and (v) on an annual basis, such other information as is necessary for the preparation of tax returns. Investors in certain other Funds will receive some (but not all) of such written reports.

Item 14: Client Referrals and Other Compensation

Lightyear, upon the raising of a new private fund, typically engages a third party placement agent to introduce prospective Investors to the private fund. To the extent such private fund incurs placement fees for the use of a third party placement agent with respect to a certain Investor, such Investor's share of the Management Fee will be reduced on a dollar-for-dollar basis.

Item 15: Custody

Since Lightyear does not advise separate account clients, Investors will not receive statements from any custodians. Instead, the Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each Investor. The audited financial statements are prepared in accordance with U.S. generally accepted accounting principles and, in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), will be distributed within 120 days of each Fund's fiscal year-end.

Item 16: Investment Discretion

Lightyear performs the day-to-day investment operations of the Funds and has discretionary authority to determine, without obtaining specific consent from the Funds or its Investors, the securities and the amounts to be bought or sold on behalf of the Funds pursuant to the Governing Fund Documents.

The General Partner may agree with Investors in the Funds to waive or modify the application of certain provisions of the Governing Fund Documents via a side letter, without obtaining the consent of any other Investor in such Fund. Side letter terms may include, without limitation, (i) preferential economic terms of investment, (ii) excuse rights applicable to particular investments, (iii) reporting obligations, (iv) waiver of certain confidentiality obligations, (v) consent to certain transfers by the Investor, or (vi) rights or terms necessary in light of particular legal, regulatory, or public policy characteristics of an Investor.

Item 17: Voting Client Securities

Lightyear has authority to vote proxies on behalf of the Funds relating to the portfolio companies in which they invest. In accordance with its fiduciary duty to the Funds and Rule 206(4)-6 under the Advisers Act, Lightyear has adopted and implemented written policies and procedures governing the voting of Fund securities.

The Funds invest primarily in privately-held portfolio companies and may be required to exercise a vote for such companies. Lightyear may also receive proxies in connection with its publicly-traded portfolio companies. In both cases, it is Lightyear's policy to exercise the vote in the best interest of its Funds in accordance with the relevant Governing Fund Documents. If Lightyear believes that a particular vote presents a material conflict of interest, it will determine how to vote, taking into consideration various factors, including the investment objectives and strategies of the relevant Fund, and any procedures set forth in the Governing Fund Documents. In casting votes, Lightyear believes that a material conflict of interest between the Fund and Lightyear does not arise solely as a result of a representative of Lightyear serving as a director of a particular portfolio company. Lightyear will document the factors considered in determining how to vote on a proposal that presents a material conflict of interest.

All proxies that Lightyear receives will be treated in accordance with these policies and procedures. A copy of Lightyear's written proxy voting policies and procedures, as well as a record of how Lightyear has voted, will be maintained and available for review by clients upon written request to the Chief Compliance Officer.

Item 18: Financial Information

Lightyear has not been the subject of a bankruptcy petition at any time during the past ten years and is not aware of any financial condition that is reasonably likely to impair the ability of Funds to meet their contractual commitments.