

Blue Ridge Capital, L.L.C.

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This brochure provides information about the qualifications and business practices of Blue Ridge Capital, L.L.C. If you have any questions about the contents of this brochure, please contact Investor Relations at (212) 446-6200 or inquiries@blueridgelp.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Additional information about Blue Ridge Capital, L.L.C. also is available on the SEC website at www.adviserinfo.sec.gov.

Material Changes

Blue Ridge Capital, L.L.C. has made the following changes to this brochure in connection with its annual updating amendments due within 90 days of the end of the firm's 2016 fiscal year:

Updated the amount of client assets managed on discretionary basis as of December 31, 2016 reflecting generally the aggregate net asset values of the Funds. (Item 4, page 1).

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4. Advisory Business

Blue Ridge Capital, L.L.C. (“Blue Ridge” or the firm) was founded in May 1996. John Griffin is the managing member and the principal owner of Blue Ridge.

Blue Ridge provides discretionary investment management and administrative services to two private investment funds, one onshore and one offshore, that generally employ a long-short strategy (the “Flagship Funds”). Blue Ridge also provides discretionary investment management and administrative services to another private investment fund (formed in a master-feeder structure with an onshore and offshore feeder) that generally employs a long-only strategy (the “Long Fund,” and together with the Flagship Funds, the “Funds”).

Interests in the Funds are offered only on a private-placement basis. Additional information about the Funds’ investment strategy and principal investment objectives is included below in Section 8.A of this brochure.

Blue Ridge also manages on a discretionary basis two other private funds whose investors are limited to eligible employees, their family members, and former employees (which are referred to in this brochure as the “employee-only funds”). The employee-only funds invest respectively in other private funds and in private equity issuers. Blue Ridge currently does not manage any separate accounts.

Blue Ridge managed on a discretionary basis approximately \$6,948,900,000 of client assets as of December 31, 2016. This amount reflects generally the aggregate net asset values of the Funds. The computation of this amount differs from the computation of “regulatory assets under management” required by Item 5.F in Part 1A of Form ADV.

5. Fees and Compensation

A. General Compensation

As explained more fully in each Fund’s offering documents, Blue Ridge receives an asset-based fee/allocation of 1.5% annualized for management and administrative services provided to the Flagship Funds and an asset-based fee of 1.0% or 1.5% annualized (depending on the class of interests subscribed) for management and administrative services provided to the Long Fund. Additionally, affiliates of Blue Ridge who are the Flagship Funds’ general partners (Blue Ridge Capital Holding LLC and Blue Ridge Capital Offshore Holdings LLC) receive annually a 20% incentive allocation of the Flagship Funds’ capital appreciation during each year subject to a high-water mark. An affiliate of Blue Ridge who is the Long Fund’s general partner (Blue Ridge Capital Long GP, LLC) receives annually a 17.5% or 20% incentive allocation (depending on the class of interest subscribed) of the Long Fund’s capital appreciation exceeding the performance of the MSCI World Index, subject to a high-water mark. The calculation of the asset-based fee/allocation and incentive allocation is based upon both realized and unrealized gains. Blue Ridge may in its sole discretion elect to waive or reduce the asset-based fee/allocation and incentive allocation with respect to the capital account of any investor, including investors who

are affiliated with Blue Ridge, or who have agreed to limit their withdrawals for extended periods of time by entering into lock-up-agreements.

Also as explained more fully in the Flagship Funds' offering documents, Blue Ridge may acquire for the Flagship Funds financial instruments and assets which Blue Ridge believes either lack a readily assessable market value or should be held until the resolution of a special event or circumstance. Such financial instruments and assets may be designated as "special investments," which are also commonly referred to as "side pocket" investments. As a general matter, the calculation of the asset-based fee/allocation includes the value of any special investments, which for this purpose are valued at their fair market value (as determined by Blue Ridge). The calculation of the incentive allocation, however, does not include special investments until a realization event (e.g., the investment is sold) or a deemed realization event (e.g., a private holding becomes public).

Blue Ridge does not receive any compensation or incentive allocation for its management of the two employee-only funds.

B. Assessment of Compensation

As explained more fully in each Fund's offering documents, the asset-based fee/allocation and incentive allocation (if earned) are deducted directly from each fee-paying investor's capital account.

For the Flagship Funds, a portion of the asset-based fee/allocation is paid to Blue Ridge on the first day of each fiscal quarter based on each Flagship Fund's total assets including assets designated as special investments. A *pro rata* amount of this asset-based fee/allocation is charged on any capital contributions made by new or existing investors on any date that does not fall on the first day of a fiscal quarter, based on the actual number of days remaining in the partial fiscal quarter. Such fee is paid upon contribution of the additional funds to each respective Flagship Fund. In the case of a withdrawal by an investor other than as of the last day of a fiscal quarter, a *pro rata* portion of the fee is repaid by Blue Ridge to the withdrawing investor.

The remaining portion of the asset-based fee/allocation is generally received by Blue Ridge at the end of each quarter (depending on the performance of the Flagship Funds). If an investor contributes capital or withdraws capital, in whole or in part, other than at the end of the quarter, the amount of the remaining asset-based fee/allocation is calculated as of the date of the contribution or the withdrawal and will be assessed to the investor accordingly.

For the Long Fund, the full asset-based fee is paid to Blue Ridge on the first day of each fiscal quarter based on the Fund's total assets. As with the Flagship Funds, a *pro rata* portion of the asset-based fee is charged on any capital contributions made by new or existing investors on any date that does not fall on the first day of a fiscal quarter, based on the actual number of days remaining in such partial fiscal quarter. Such fee is paid upon the contribution of the additional funds to the Long Fund. In the case of a withdrawal by an investor other than as of the last day

of a fiscal quarter, a *pro rata* portion of the fee is repaid by Blue Ridge to the withdrawing investor.

The incentive allocation for the Flagship Funds and the Long Fund (if earned) is assessed and deducted annually. If an investor withdraws capital, in whole or in part, other than at the end of a fiscal year, an incentive allocation (if earned) will be calculated as of the date of the withdrawal and will be assessed to the investor.

Also as explained more fully in the Flagship Funds' offering documents, investors who have participated in a special investment generally will not be able to withdraw from their capital accounts any amounts allocated to the special investment until the realization or deemed realization of the special investment. An incentive allocation (if earned) will be assessed upon the realization or deemed realization of the special investment.

C. Expenses

In addition to the asset-based fee/allocation and incentive allocation, the Funds bear their own expenses as described more fully in each Fund's offering documents. These expenses include, for example, custodian fees, brokerage fees and other transaction costs; research services and other third-party research-related expenses; sub-advisory fees (if any); accounting expenses; regulatory expenses; the cost of third-party software and systems relating to trading, risk management and operations infrastructure; insurance expenses; entity-level taxes; organizational expenses; and fees paid to third-party service providers, such as prime brokers, administrators, lawyers, accountants and consultants. Additional information about brokerage is provided in Section 12 of this brochure.

Blue Ridge may from time to time incur expenses jointly on behalf of two or more Funds, including on behalf of Funds that pursue different investment strategies (*e.g.* the Flagship Funds and the Long Fund). Although Blue Ridge will attempt to allocate such expenses on a basis that it considers equitable, there can be no assurance that such expenses will, in all cases, be allocated equitably among the Funds. In the event that two or more Funds participate in an investment, Blue Ridge will allocate investment-related expenses, including research, among such Funds on a *pro rata* basis or on such other basis Blue Ridge considers equitable, taking into consideration the assets of the respective Funds and other factors deemed relevant.

6. Performance-Based Fees and Side-By-Side Management

As explained in the section above on fees and compensation, Blue Ridge manages the three Funds (disregarding the master-feeder structures) and the general partners of the Funds receive from such Funds an incentive allocation, which for purposes of this discussion is referred to as a performance-based fee. The general partners of the Flagship Funds receive a performance-based fee from the Flagship Funds equal to 20% of such Funds' annual capital appreciation, subject to a high-water mark. Also as explained above, the general partner of the Long Fund receives a performance-based fee from the Long Fund equal to 17.5% or 20% incentive allocation (depending on the class of interests subscribed) of the Long Fund's annual capital appreciation exceeding the performance of the MSCI World Index, subject to a high-water mark. The variation of performance compensation structures between the Long Funds and the Flagship

Funds creates an incentive for Blue Ridge to direct the best investment ideas to, or to allocate or sequence trades in favor of, the Funds that are expected to pay higher performance compensation in a given year. Blue Ridge attempts to mitigate this conflict of interest by allocating investment opportunities among the Funds fairly and equitably over time, taking into account a number of considerations, discussed below in Section 12.E of this Brochure.

Blue Ridge does not manage any third-party separate accounts. Therefore, Blue Ridge believes that the firm and its personnel do not face a conflict of interest to favor the Funds over other accounts.

Also, as noted previously, Blue Ridge manages two employee-only funds, and does not receive any compensation for its management of these funds. These two funds invest respectively in other private funds generally viewed as inappropriate for the Funds and in private equity issuers where the opportunity is generally viewed as too small (generally less than \$5 million) for the Funds. Due to the absence of any fees charged to these funds (and their distinct investment programs), Blue Ridge believes it does not have an incentive to favor the Funds over the employee-only funds based on fee structures. Additional information about the allocation of investment opportunities, including among the Funds and the employee-only funds, is included in Section 12.E of this brochure.

In addition and as a general proposition, the performance-based fees that the affiliated general partners receive from the Funds may create an incentive for the firm to cause the Funds to make investments that are riskier or more speculative than would be the case if the firm did not charge performance-based fees. In addition, since the performance-based fee is calculated on a basis that includes unrealized appreciation of each Fund's assets, the incentive may be greater than if such allocation were based solely on realized gains.

7. Types of Clients

As noted above, Blue Ridge's clients are the Funds, interests in which are offered to investors only on a private-placement basis. The offering documents provide generally that an investor must make an initial contribution of at least \$1,000,000 and any follow-on investments of at least \$1,000,000. Blue Ridge typically requires investors to make substantially higher initial and follow-on contributions. Blue Ridge also has discretion to accept initial and follow-on investments of lesser amounts.

With respect to the Flagship Funds, investors generally have the right to withdraw any amount of their investment in the Funds (other than amounts relating to "special investments") at the end of each fiscal year on 90 days' prior written notice, although certain investors have agreed to limit their withdrawals for extended periods by entering into lock-up agreements.

With respect to the Long Fund, investors generally have the right to withdraw any amount of their investment in the Fund on 60 days' prior written notice following the expiration of certain "lock-up" periods. "Lock-up" periods expire on the one- or three-year anniversary of an investor's initial investment in the Funds (depending on the class of interests subscribed). Amounts not withdrawn on the expiration of a lock-up period are subject to subsequent one- or three-year lock-up periods, as applicable.

Notwithstanding these withdrawal terms, the general partner of each Fund is entitled to suspend withdrawals if it believes that doing so is in the Fund's best interest.

8. Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis and Investment Strategies

As explained more fully in each Fund's offering documents, Blue Ridge's investment strategy for all of the Funds is based upon a fundamental, research-intensive, security selection process. While attention is paid to general macroeconomic conditions, the firm believes that the underlying stock selection process is the critical determinant to achieving investment results.

- *The Flagship Funds.* As explained more fully in the Flagship Funds' offering documents, the Flagship Funds' principal investment objective is to achieve risk-adjusted capital growth primarily through investments in equity securities, including derivatives and other equity-related instruments. In circumstances deemed appropriate by Blue Ridge, the Flagship Funds may make investments in bonds or other fixed-income securities issued by private issuers or governmental entities. The Flagship Funds' portfolios will generally include both (i) long positions in securities of companies which, in the firm's view, have characteristics such as an outstanding, proven management team, a history of successful capital allocation and a reasonable valuation relative to the company's growth rate or intrinsic value, and (ii) short positions in securities of companies with characteristics indicating, in the firm's view, fundamental problems such as poor management, a flawed business strategy and a general market misperception of its prospects. The Flagship Funds invest in securities of both U.S. and non-U.S. issuers. The Flagship Funds invest in a variety of equity or debt related instruments, including bank loans, equity and non-equity related swaps, options, commodities, foreign currencies, futures and forward contracts, as well as any other instruments deemed appropriate by the firm, in order to seek to both maximize returns and minimize risk.
- *The Long Fund.* As explained more fully in the Long Fund's offering documents, the Long Fund's principal investment objective is to achieve capital appreciation by investing in a limited number of equity and equity-related securities. The Long Fund will generally hold between ten and thirty equity and equity-related securities of companies with average daily trading volumes of approximately \$20 million or greater at the time of the initial investment. These investments will generally reflect the largest long equity and equity-related holdings of the Flagship Funds. The Long Fund may purchase or write options and invest in both derivative products and other instruments, including currency and interest rate positions, both to hedge existing positions as well as to create independent profit opportunities. The Long Fund may use leverage in its investment program. In addition, the Long Fund may hedge a particular investment or its entire portfolios by, among other things, selling short one or more securities or utilizing derivative instruments. The Long Fund invests in securities of both U.S. and non-U.S. issuers.

The portfolio strategies employed by Blue Ridge for one Fund could conflict with the transactions and strategies employed by Blue Ridge in managing one or more other Funds and may affect the prices and availability of the financial instruments and assets in which such other Funds invest. Conversely, participation in specific investment opportunities may be appropriate, at times, for multiple Fund that employ differing investment objectives.

In addition, the Long Fund is structured as a master-feeder fund which may present certain conflicts of interest. For example, different tax considerations applicable to feeder funds that invest in the master fund may result in the master fund structuring or disposing of an investment in a manner or a time that is more advantageous (or disadvantageous) for tax purposes to one feeder fund or its investors. In selecting and structuring investments appropriate for the Long Fund, Blue Ridge will consider the investment and tax objectives of the Long Fund and its underlying investors as a whole, not the investment, tax or other objectives of any individual investor in such Fund.

As a result of the differing investment strategies of the Funds and the other considerations discussed above, Blue Ridge will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any Fund solely because Blue Ridge purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any other Fund if Blue Ridge believes such security, transaction or investment opportunity would not be suitable, practical or desirable for the client. Nor will Blue Ridge have an obligation to effect an investment on behalf of two or more Funds on a *pari passu* or *pro rata* basis. Instead, it is the policy of Blue Ridge to allocate investment opportunities fairly and equitably over time. Additional information about Blue Ridge's allocation of investment opportunities is provided in Section 12.E of this brochure.

B. Risk of Loss

As a general matter, investing in securities involves a risk of loss that investors should be prepared to bear. Moreover, and as explained more fully in each Fund's offering documents, the specialized investment program of each Fund involves a substantial degree of risk. Examples of such risks include, but are not limited to:

- Illiquidity of investments (including with respect to those investments designated as "special investments," as described in Section 5.A of this brochure);
- General economic and market conditions, such as interest rates, availability of credit and inflation rates, that may affect the level and volatility of prices of securities, commodities or other financial instruments and the liquidity of the Funds' investments;
- The use of margin transactions, short sales, leverage, options on securities, commodities, futures and forward contracts, which practices can, in certain circumstances, maximize the adverse impact to which the Funds may be subject;

- The possibility of substantial investments in securities of non-U.S. corporations and non-U.S. countries, including emerging markets, which involve liquidity, political and other types of risks not usually associated with investing in securities of U.S. companies and U.S. government securities;
- Counterparty risks, including settlement and default risks, when effecting transactions in “over-the-counter” or “interdealer” markets;
- Legal, tax and regulatory changes that are likely to occur during the term of the Funds and that may adversely affect the Funds; and
- With respect to the Long Fund, portfolio concentration risks, including the risk that, because the Long Fund generally invests in a limited number of securities, their portfolios will be more susceptible to liquidity constraints, fluctuations in value resulting from adverse economic conditions, and changes in performance of individual securities than more diverse portfolios would be.

These and other investment risks are described more fully in the Funds’ offering documents.

9. Disciplinary Information

There are no legal or disciplinary events that are material to a client’s or prospective client’s evaluation of Blue Ridge’s advisory business or the integrity of Blue Ridge’s management.

10. Other Financial Industry Activities and Affiliations

As noted above, Blue Ridge manages two employee-only funds that invest respectively in other private funds and in private equity issuers. Since Blue Ridge also manages the employee-only funds, it is possible that Blue Ridge may face, in certain circumstances, competing fiduciary duties it owes to both the Funds and the employee-only funds. Due to the different investment strategies employed by the Funds on one hand and the employee-only funds on the other hand, Blue Ridge believes that the potential conflicts are limited. Nevertheless, any conflicts that do arise could affect the prices and availability of the financial instruments and assets in which the Funds invests. Conversely, participation in specific investment opportunities may be appropriate, at times, for the Funds and the employee-only funds. It is the policy of Blue Ridge to allocate investment opportunities fairly and equitably over time. Additional information about Blue Ridge’s allocation of investment opportunities is provided in Section 12.E of this brochure.

Blue Ridge and its personnel will devote to the Funds as much time as deemed reasonably necessary and appropriate. By the terms of the Funds’ operating documents, Blue Ridge is not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Funds and/or may involve substantial time and resources of Blue Ridge. These activities could be viewed as creating a conflict of interest in that the time and effort of Blue Ridge and its personnel will not be devoted exclusively to the business of the

Funds, but will be allocated between the business of the Funds and the management of the monies of other advisees of Blue Ridge and its personnel.

From time to time, Blue Ridge may cause the Funds to effect transactions with, or obtain soft dollar services from, parties with whom Blue Ridge or its affiliates may have material relationships or parties that employ, or are otherwise affiliated with, investors in the Funds. In the event Blue Ridge causes the Funds to engage in brokerage transactions with such parties, Blue Ridge will do so only where consistent with its policy to seek “best execution.” Additional information about Blue Ridge’s brokerage practices is provided in Section 12 of this brochure.

Blue Ridge may in the future enter into arrangements with placement agents to solicit investors in the Funds. If Blue Ridge does engage placement agents, they would be subject to a conflict of interest because they will be compensated by Blue Ridge in connection with their solicitation activities. Investors solicited by any such placement agents will be advised of, and asked to consent to, any compensation arrangements relating to their solicitation.

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

A. Code of Ethics and Personal Trading

To help ensure the satisfaction of Blue Ridge’s fiduciary obligations to its clients, the firm has adopted a Code of Ethics (the “Code”). The Code incorporates the following general principles that all employees are expected to uphold: (i) employees must at all times place the interests of clients first; (ii) all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest must be avoided or appropriately mitigated; (iii) employees must not take any inappropriate advantage of their positions of trust and responsibility; (iv) information concerning the identity of securities and financial circumstances of the Funds, including the Funds’ investors, must be kept confidential; and (v) independence in the investment decision-making process must be maintained at all times.

The Code also places restrictions on personal trading by employees. As a general matter, employees are not permitted to engage in transactions in single-name, publicly-traded equity securities for their personal accounts. Employees may invest in certain types of securities that are unlikely to present a conflict of interest, such as open-end mutual funds and municipal securities, subject in certain cases to pre-clearance by the compliance department. In addition, employees may be permitted to invest in privately issued securities, including interests in private investment funds managed by third parties, subject to pre-clearance. These private investments may present a conflict of interest in that the Funds may also be eligible to invest in such securities and the personal investments may impact the ability of the Funds to purchase or sell such securities. The compliance department takes this potential conflict into consideration when determining whether to approve, and if so what limitations to place on, such personal transactions. For clarification, the pre-approval requirement and certain prohibitions generally do not apply to trading in personal accounts over which neither the employee nor any of his or her family members have investment discretion. Finally, the Code requires employees to disclose their personal securities holdings and transactions to Blue Ridge on a periodic basis.

In addition to restrictions on personal trading, the Code also addresses and places limits on the giving and receiving of gifts and entertainment, service on outside boards of directors and other outside business activities generally. Blue Ridge's personnel are required to certify to their compliance with the Code on a periodic basis. Clients and prospective clients may request a copy of the Code by contacting Investor Relations at the phone number or e-mail address listed on the first page of this brochure.

As noted previously, Blue Ridge manages two employee-only investment funds. Investments by these funds are reviewed by the compliance department to ensure there are no conflicts with the firm's fiduciary duty to the Funds and the investments are reviewed at the firm's Trading Oversight Committee meetings.

Finally, Blue Ridge also maintains insider trading policies and procedures that are designed to prevent the misuse of material, nonpublic information. Blue Ridge's personnel are required to certify their compliance with the firm's insider trading policies and procedures on a periodic basis.

B. Additional Financial Interests in Client Transactions

Blue Ridge may from time to time direct one Fund to sell securities to another Fund through broker-assisted or internal cross transactions for rebalancing purposes and any such transactions would typically occur at year end. In effecting any such cross transactions, Blue Ridge will not charge a transaction-based fee (although brokers may), but may nevertheless have a potentially conflicting division of loyalties and responsibilities regarding both parties to such transactions. Blue Ridge believes, however, that such transactions may be beneficial to both Funds in that the transactions may limit any adverse price impact of open market transactions and reduce transaction costs. In addition, Blue Ridge determines the price of the securities transactions using its internal valuation procedures. To the extent that such cross transactions may be viewed as a principal transaction due to the ownership interest in the Funds by Blue Ridge or its personnel, Blue Ridge will comply with all applicable requirements of the Advisers Act.

In addition, should the ownership interest in the Funds by Blue Ridge or its personnel result in a Fund being deemed a principal account of the firm, Blue Ridge expects that it will continue to effect rebalancing transactions, typically at year end. In such circumstances, Blue Ridge would effect the rebalancing transactions through broker-dealers in the open market. Such open market transactions may result in an adverse price impact and would result in the Funds incurring applicable commissions or markups or markdowns.

Blue Ridge personnel may in limited circumstances serve as directors of, or in a similar capacity with, companies, the securities of which are purchased, held or sold on behalf of the Funds. Such service may create conflicts of interest such as an incentive to buy or hold the securities of those companies for the Funds, and may restrict the ability of the firm to purchase and sell securities on behalf of the Funds due to the potential receipt of material, nonpublic information ("Inside Information"). Blue Ridge seeks to minimize any such conflicts and restrictions by careful consideration of transactions in such companies' securities.

12. Brokerage Practices

A. General Practices

Blue Ridge has complete discretion in deciding what brokers and dealers to use for the execution of securities transactions for the Funds and in negotiating the rates of compensation the Funds pay. Securities transactions made by Blue Ridge on behalf of the Funds generate a substantial amount of brokerage commissions and other compensation, all of which the Funds, and not Blue Ridge, are obligated to pay. In addition to using brokers as “agents” and paying commissions, Blue Ridge may buy or sell securities on behalf of the Funds directly from or to dealers acting as principal at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers. Blue Ridge also may utilize the services of one or more brokers who specialize in providing trading services and such broker’s commissions will be added to the commissions charged to the Funds by the executing broker.

B. Broker-Dealer Selection Criteria

In choosing brokers and dealers to effect portfolio transactions for the Funds, Blue Ridge seeks to obtain “best execution” for the Funds’ transactions. In evaluating whether a broker-dealer will provide best execution, Blue Ridge may consider various factors, including price discovery, commission rates, reliability, financial responsibility, ability to manage market impact, strength of the broker-dealer and ability of the broker-dealer to efficiently execute transactions, commitment of capital and the broker-dealer’s provision or payment of the costs of research and other services or property which are of benefit to the Funds and Blue Ridge. Execution ability includes performance criteria such as minimization of total trading costs, errors, incomplete trades and market impact, speed, advanced technology and infrastructure, and maximization of price improvement. Blue Ridge, however, does not necessarily consider each factor in every trade. In addition, and subject to its obligation to seek best execution, Blue Ridge is not required to consider any particular criteria, need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Blue Ridge maintains policies and procedures to review the quality of executions, including periodic reviews by the firm’s investment and compliance professionals.

C. Use of Soft Dollars

Where, considering all relevant factors, Blue Ridge believes a broker-dealer can provide best execution, the firm may select a broker-dealer in recognition of the value of various research or other products or services, beyond transaction execution, that the broker-dealer provides to the Funds or the firm. Further, the amount of compensation the Funds pay to such broker-dealer may be higher than what another, equally capable broker-dealer might charge. The use of commissions or “soft dollars” (including dealer markups and markdowns arising in connection with certain riskless principal transactions) for research and research-related services will come within the safe harbor for the use of soft dollars provided under Section 28(e) of the Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e).

Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the selection considerations described above. When Blue Ridge uses Fund brokerage commissions (or markups or markdowns) to obtain research or other products or services, Blue Ridge receives a benefit because the firm does not have to produce or pay for the research products or services. As a result, Blue Ridge has a conflict of interest due to the incentive to select broker-dealers based on the firm's interest in receiving the research or other products or services, rather than on the Funds' interest in receiving best execution. Blue Ridge believes, however, that this conflict is mitigated because, pursuant to the Funds offering documents, the Funds are otherwise required to pay for research expenses.

Generally, research services provided by broker-dealers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, computer software, and meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives. In some cases, research services are generated by third parties but are provided to Blue Ridge by or through broker-dealers.

From time to time, expenses for soft dollar benefits and other research services may be incurred jointly by two or more Funds, including Funds that pursue different investment objectives, such as the Flagship Funds and the Long Fund. Although Blue Ridge will attempt to allocate such expenses on a basis that it considers equitable, there can be no assurance that such expenses will be allocated equitably among such parties in all cases. In the event that the Long Funds and the Flagship Fund participate together in an investment, Blue Ridge will allocate the research expenses associated with that investment among the Funds on a *pro rata* basis or on such other basis it considers equitable, taking into consideration the assets of the respective Funds and other factors deemed relevant by Blue Ridge.

Blue Ridge maintains various procedures to monitor its receipt of soft dollar benefits. These procedures include regular meetings of the firm's Trading Oversight Committee where members of the committee review such matters as total commissions paid, commissions paid to individual broker-dealers, average commission rates, ratios of total commissions paid to commissions paid for soft dollar benefits, and changes from prior quarters. In addition, Blue Ridge investment professionals periodically review the value of the soft dollar benefits received. Blue Ridge investment and compliance professionals also review requests for new research services that are generated by third parties.

Where a product or service obtained with soft dollars provides both research and non-research assistance to Blue Ridge (i.e., a "mixed use" item), Blue Ridge will make a good faith allocation

of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Blue Ridge's allocation of the costs of such benefits and services between those that primarily benefit Blue Ridge and those that primarily benefit the Funds.

Finally, from time to time, Blue Ridge may cause the Funds to effect transactions with, or obtain soft dollar services from, parties with whom Blue Ridge or its personnel may have material relationships or parties that employ, or are otherwise affiliated with, investors. In the event Blue Ridge causes the Funds to engage in brokerage transactions with such parties, Blue Ridge will do so only where consistent with its policy to seek best execution.

D. Brokerage for Client Referrals

Blue Ridge does not receive client (or investor) referrals from broker-dealers or third parties in return for selecting broker-dealers to execute Fund transactions. Blue Ridge has, however, entered into agreements on behalf of the Funds with certain broker-dealers that act as prime brokers on behalf of the Funds. From time to time, Blue Ridge's personnel may speak at conferences and programs for potential investors interested in investing in private funds which are sponsored by those broker-dealers. These conferences and programs may be a means by which Blue Ridge can be introduced to potential investors in the Funds. Currently, neither Blue Ridge nor the Funds compensate prime brokers for organizing such "capital introduction" events or for any investments ultimately made by prospective investors attending such events (although either may do so in the future). While such events and other services provided by a prime broker may influence Blue Ridge in deciding whether to use the prime broker in connection with brokerage, financing and other activities for the Funds, Blue Ridge will not commit to allocate a particular amount of brokerage to a prime broker in any such situation.

E. Allocation and Aggregation of Transactions

It is the policy of Blue Ridge to allocate investment opportunities fairly and equitably over time. Pursuant to this policy, investment opportunities are typically allocated *pari passu* between the Flagship Funds based on the percentage of each Fund's assets. The Long Fund generally holds between 10 and 30 positions that generally reflect the largest long equity and equity-related holdings of the Flagship Funds. Where a long equity or equity-related position is appropriate for the Long Fund as a result of becoming one of the largest such holdings of the Flagship Funds, the investment will generally be held by the Long Fund and the Flagship Funds *pari passu* based on the ratio of each position to the targeted positions in the Flagship Funds. The process of achieving a *pari passu* allocation will differ depending on whether or not the position is held by the Flagship Funds prior to the time that it becomes one of their largest holdings. If the position is held by the Flagship Funds prior to such time, then individual trades generally will be disproportionately allocated to the Long Fund to permit it to "catch up" to the Flagship Funds until the Funds are invested *pari passu*. If the position is not held by the Flagship Funds, then individual trades will be allocated among the Flagship Funds and the Long Fund on a *pari passu* basis beginning with the initial trade. The Long Fund's "catch-up" allocation may affect the prices and availability of the trades that are thereafter allocated to the Flagship Funds, and, conversely, any trading by the Flagship Funds that occurs prior to catch-up allocation (*i.e.*

trading that causes an investment to become one of the Flagship Funds' largest positions and thereby become appropriate for the Long Fund) may affect the prices and availability of the trades that are allocated to the Long Fund during and after the "catch-up" process.

In making allocation decisions between and/or among the Funds, Blue Ridge will also take into account, among other considerations: (i) whether the risk-return profile of the proposed investment is consistent with the Fund's investment objectives and program, whether such objectives are considered in light of the specific investment under consideration or in the context of the Fund's overall holdings; (ii) the potential for the proposed investment to create an imbalance in a Fund's portfolio (taking into account expected inflows and outflows of capital); (iii) liquidity requirements of the Fund; (iv) potentially adverse tax consequences; (v) regulatory and other restrictions that would or could limit a Fund's ability to participate in a proposed investment; (vi) the ramp-up period for newly launched funds; and (vii) the need to re-size risk in a Fund's portfolio. Such considerations may (and are often expected to) result in allocations among the Funds on other than a *pari passu* basis. Any material deviations are reviewed by the firm's compliance professionals and senior management, as well as discussed at the Trading Oversight Committee meetings.

From time to time, Blue Ridge's trading activities on behalf of the Funds may generate opportunities for the Funds to purchase securities offered in initial public offerings ("IPOs") or shortly thereafter. While Blue Ridge may cause the Flagship Funds to invest in certain IPOs, the Long Fund typically will not invest in IPOs.

Subject to the factors described above, where two or more Funds participate in a single investment, Blue Ridge typically does, but is not obligated to, aggregate orders to reduce transaction costs. A determination not to aggregate orders may result in higher transaction costs to one or more of the Funds that participate in such investment. When an aggregated order is filled through multiple trades at different prices on the same day, the Funds will receive the average price with transaction costs allocated *pro rata* based on the initial order, but may be modified on a basis that Blue Ridge deems appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations.

Finally, as discussed previously, Blue Ridge also manages two employee-only investment funds that invest respectively in other private funds and in private equity issuers. Blue Ridge maintains policies and procedures to ensure the fair and appropriate allocation of investment opportunities among the Funds on the one hand and the employee-only funds on the other hand. As a general matter, the private equity fund invests in opportunities generally viewed as too small for the Funds and the fund of funds invests in other funds generally viewed as inappropriate for the Funds. In the event that an opportunity arises to invest in another private fund and the opportunity is deemed appropriate for one or more Funds and the fund of funds, Blue Ridge will generally give priority to the Funds in allocating the investment opportunity.

F. Trade Errors

As a result of indemnification and exculpation provisions provided in each Fund's respective partnership agreement (which generally impose liability on Blue Ridge only in the case of willful

misconduct or gross negligence), any negative or positive results of trading errors will generally be borne by the Funds rather than by Blue Ridge, so long as Blue Ridge adheres to the standard of care set forth in the partnership agreements. Trading errors might include, for example, keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. Investors in the Funds should assume that trading errors (and similar errors) could occur. In determining whether Blue Ridge has satisfied the standard of care such that the Funds are responsible for a loss resulting from a trade error, Blue Ridge will have a conflict of interest between its economic interest and the economic interest of the Funds. Finally, the standard of care set forth in the partnership agreements does not constitute a waiver of any legal rights to the extent (and only to the extent) that any applicable U.S. federal securities laws or any other laws provide that such rights are not permitted to be contractually waived.

13. Review of Accounts

The firm's investment professionals, led by the portfolio manager and including a team of analysts, review the Funds' portfolios on a frequent and regular basis. The investment professionals engage in a collaborative effort to source, research and size investments. Aspects of this process include in-depth, value-added research, regular investment staff meetings, and discussions regarding the merits of a particular investment idea and how it fits into the portfolios.

Investors in the Funds receive a written monthly statement from their Fund's administrator documenting the change in their capital account balance for the month. Investors in the Funds also receive a quarterly commentary letter prepared by Blue Ridge. In addition, certain investors may request additional information and reports. Other investors may not receive some or all of the items provided in response to such requests and, as a result, the requesting investors may be able to act on such additional information before the non-receiving investors.

Blue Ridge also issues annual audited financial statements to investors for their respective Fund and, if applicable, the information necessary for investors to complete their annual federal income tax returns.

14. Client Referrals and Other Compensation

As noted in Section 12.D of this brochure, Blue Ridge does not compensate any person for client or investor referrals. Blue Ridge may in the future enter into arrangements with placement agents to solicit investors in the Funds. If Blue Ridge does engage placement agents, they would be subject to a conflict of interest because they will be compensated by Blue Ridge in connection with their solicitation activities. Investors solicited by any such placement agents will be advised of, and asked to consent to, any compensation arrangements relating to their solicitation.

Also as described in Section 12.D of this brochure, Blue Ridge has entered into agreements on behalf of the Funds with certain broker-dealers that act as prime brokers on behalf of the Funds and Blue Ridge's personnel may speak at "capital introduction" events sponsored by those broker-dealers.

In addition, from time to time, the Funds may accept investments from full-service financial firms who are investing on their own behalf or on behalf of third-parties. The financial services firms may have related entities that include broker-dealers and Blue Ridge may from time to time utilize these broker-dealers when Blue Ridge believes that a particular broker-dealer provides best execution for client transactions. Blue Ridge does not take these investments into consideration when determining which broker-dealers to use to execute client transactions, and Blue Ridge maintains various internal controls for this purpose.

15. Custody

Blue Ridge is deemed to have custody of the Funds' assets under the applicable Advisers Act rule. In accordance with that rule, Blue Ridge distributes to investors on an annual basis audited financial statements prepared in accordance with generally accepted accounting principles within 120 days of each Fund's fiscal year end. The financial statements are prepared by an independent public accountant that is registered with the Public Company Accounting Oversight Board. Investors should carefully review the annual financial statements and compare the statements with information about their respective Fund that has been provided by Blue Ridge or the Funds' administrator.

16. Investment Discretion

Blue Ridge manages the Funds on a fully discretionary basis. Investors are not permitted to place any limitations on this authority.

17. Voting Client Securities

As part of its discretionary management of the Funds' portfolios, Blue Ridge also has the authority to vote the Funds' securities, and clients do not have the ability to direct Blue Ridge to vote in any particular solicitation.

Blue Ridge has adopted proxy voting policies and procedures aimed at achieving the firm's overall goal of voting proxies in the best interest of the Funds. Blue Ridge's general policy is to vote proxies in accordance with the recommendation of a company's management. Blue Ridge, however, may vote opposite a recommendation in limited circumstances, particularly in matters deemed "non-routine," such as matters that (i) may measurably change the structure, management control, or operation of the company; (ii) may measurably change the terms of, or fees and expenses associated with, an investment in the company; and (iii) are inconsistent with customary industry standards and practices in a manner that may measurably impact the value of an investment in the company. In certain circumstances, Blue Ridge also may refrain from voting proxies, including for example where Blue Ridge believes that voting would be inappropriate taking into consideration the cost of voting the proxy (including liquidity restrictions that may be imposed in certain non-U.S. jurisdictions) and the anticipated benefit to the Funds.

Blue Ridge believes that its policies and procedures setting parameters for voting combined with its independent, private ownership structure significantly limit the potential for conflicts of interest in the proxy voting process. If a conflict of interest were to arise, the policies and

procedures set forth potential measures to address the conflict which may include for example referral to a third party. Clients may obtain a copy of Blue Ridge's proxy voting policies and procedures and information about how the firm voted their securities by contacting Investor Relations at the phone number or e-mail address listed on the first page of this brochure.

From time to time, Blue Ridge may receive notices regarding class action lawsuits involving securities that are or were held by the Funds. As a general matter, Blue Ridge refrains from serving as the lead plaintiff in class action matters but may participate by submitting proofs of claims. If Blue Ridge does participate in a class action law suit and ultimately receives proceeds, the proceeds typically will be credited to the Funds for the benefit of the current investors.

18. Financial Information

Blue Ridge has no financial condition reasonably likely to impair its ability to meet contractual commitments to the Funds. Blue Ridge also has not been the subject of a bankruptcy petition at any time since its inception.