
Berkshire Partners

Form ADV
Part 2A: Firm Brochure
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This brochure provides information about the qualifications and business practices of Berkshire Partners LLC. If you have any questions about the contents of this brochure, please contact us at (617) 227-0050 or Compliance@berkshirepartners.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

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

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Item 2.

Berkshire Partners LLC is pleased to provide its clients with this Brochure, which is the firm's Form ADV Part 2A. This Brochure contains important information about the business practices of the Adviser (as defined below), as well as a description of potential conflicts of interest relating to the firm's advisory business that could affect a client's account with the Adviser. The Adviser has experienced no material changes since its last Form ADV submission.

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Item 4. Advisory Business

For purposes of this Brochure, the “Adviser” means Berkshire Partners LLC, a Massachusetts limited liability company, together (where the context permits) with its affiliates that provide advisory services to and/or receive advisory fees from the Funds (as defined below). Such affiliates may or may not be under common control with Berkshire Partners LLC but possess a substantial similarity of personnel and/or equity owners with Berkshire Partners LLC. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of the Funds or may serve as general partners of the Funds. For the avoidance of doubt, the term “Adviser” does not include Stockbridge Partners LLC (together with its affiliates, including general partner entities, that provide advisory services to and/or receive fees from pooled investment vehicles and other clients advised by Stockbridge Partners LLC, “Stockbridge”), which is an investment adviser and an affiliate of Berkshire Partners LLC, and which has prepared a separate brochure and Form ADV.

The Adviser provides investment advisory services to investment vehicles (the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), the securities of which are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Funds make primarily long-term private equity and equity-related investments. In accordance with the Funds’ respective investment objectives, the Funds’ investments historically have been focused in industries where the Adviser has developed particular expertise, including: consumer products and retail, business services, transportation, industrial manufacturing and communications. The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments.

The Adviser provides investment advisory services to each Fund in accordance with separate investment advisory, investment management or portfolio management agreements, as applicable (each, an “Advisory Agreement”), the governing agreement (such as a limited partnership agreement or analogous organizational document) of such Fund (each, an “Organizational Document”) and/or side letters with limited partners of the Funds (“Side Letters,” and together with the Advisory Agreements and the Organizational Documents, the “Governing Documents”).

Investment advice is provided directly to the Funds (subject to the discretion and control of the applicable general partner, if applicable), and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the applicable Governing Documents of each Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents or offering documents of the applicable Fund.

The Adviser is wholly owned by BPSP, L.P., a subsidiary of Berkshire Partners Holdings LLC. The Adviser has been in business since 1986. As of December 31, 2013, the Adviser

managed a total of \$8,541,776,754 of client assets, all of which is managed on a discretionary basis.

The Adviser does not participate in wrap fee programs.

Item 5. Fees and Compensation

As compensation for investment advisory services rendered to the Funds, the Adviser receives from each such Fund an advisory fee (each, an “Advisory Fee”). Advisory Fees paid by a Fund are indirectly borne by investors in such Fund.

In addition, the Adviser and its employees may serve on boards of directors and perform management, advisory, transaction-related, financial advisory and other services (“Related Services”) for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions (“Portfolio Company Fees”). These Portfolio Company Fees may be substantial. Although these fees are in addition to the Advisory Fees, the Adviser will in some circumstances reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the Governing Documents of the applicable Fund. Any such reduction of a Fund’s Advisory Fees will be limited to the extent of such Fund’s proportionate interest in any such portfolio company. Additionally, consistent with the applicable Funds’ Governing Documents, the Adviser may incur expenses (including, without limitation, travel expenses, which may include expenses for first class or chartered travel, lodging and other out-of-pocket costs, and expenses for the performance of certain services, which may include amounts paid to consultants), and a portfolio company may reimburse the Adviser for such expenses incurred by the Adviser in connection with its performance of services for such portfolio company; such reimbursed expenses are generally not included in the definition of “Portfolio Company Fees” above, in accordance with the terms of the applicable organizational documents, and such reimbursements are not subject to the sharing arrangements described above. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below. In addition, from time to time, the Adviser may retain, or may assist a portfolio company with retaining, other companies or individuals, including third party advisors such as specialized consultants or external executives, to provide strategic advice or operational support and similar or related services. These services may include support to the portfolio company regarding, among other items, the company’s management, the company’s operations, revenue and margin enhancement (including determining sales and marketing strategy), finance (including metrics and reporting), human capital (including executive recruitment), information technology, customer service, sustainability, real estate matters and similar operational matters. Payment by a portfolio company, or reimbursement to the Adviser by the portfolio company, for such services is also not subject to the sharing arrangements described above.

The Adviser and its affiliates may also engage and retain senior advisors, consultants, and other similar professionals who are not employees or affiliates of the Adviser and who may, from time to time, receive payments for such services from, or allocations with respect to,

portfolio companies and/or other entities. In such circumstances, such amounts will not be deemed paid to or received by the Adviser and its affiliates and such amounts will not be subject to the sharing arrangements described above.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser, as agreed with investors in the applicable Fund, and are set forth in such Fund's Governing Documents. The Advisory Fees and other fees and distributions described above are generally subject to waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis. The fee structures described above may be modified from time to time. Fees may (but generally do not) differ from one Fund to another.

Advisory Fees are payable on the tenth day of each January and July (for the six-month period from January 1 through June 30 and July 1 through December 31, respectively) until termination of the relevant Advisory Agreement.

To the extent an Advisory Agreement is terminated and not otherwise replaced, prepaid Advisory Fees will be returned.

The Adviser may waive or reduce all or a portion of the Advisory Fee paid by a Fund in full or partial satisfaction of any obligation of the Adviser and certain employees of the Adviser to invest in such Fund. The Adviser may, in its sole discretion, waive all or any installment of an Advisory Fee with respect to any Fund.

To the extent provided in the Governing Documents of the Funds, the Adviser will pay out of Advisory Fees all normal overhead expenses of the general partner, including compensation for its employees, rent, utilities and other such expenses (not including Carried Interest described in Item 6 below). Consistent with the partnership agreements or other organizational documents of the Funds, each Fund, in addition to the expenses contemplated by the applicable Organizational Document, will be responsible for all other expenses of such Fund that are not reimbursed by acquired companies, including legal, auditing, consulting (including, but not limited to, consulting fees incurred by the applicable Fund for the benefit of its portfolio company), financing and accounting fees and expenses; expenses associated with the Fund's financial statements, tax returns and schedules; unreimbursed transactional costs for transactions that have substantially progressed but do not close and other expenses associated with the acquisition, holding and disposition of the Fund's assets.

Additionally, please see Item 6 below regarding "Carried Interest" that the Funds may pay.

Although the Adviser does not often utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

With respect to each Fund, a portion of the profits of each such Fund may be allocated to the capital account of and may be distributed to its general partner, if any, as “carried interest” (the “Carried Interest”). Each general partner of a Fund is a related person of the Adviser. Carried Interest paid by a Fund is indirectly borne by investors in such Fund.

The payment by some, but not all, Funds of Carried Interest and the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) may create an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Carried Interest or Funds paying Carried Interest at a higher rate, or allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the Governing Documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth Investment Allocation Requirements (as defined below). Please also see Item 11 below regarding allocation for additional information relating to how the Adviser generally addresses conflicts of interest.

Item 7. Types of Clients

The Adviser currently provides investment advisory services to the Funds. Investment advice is provided directly to the Funds (subject to the discretion and control of the applicable general partner, if applicable) and not individually to investors in a Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” or “knowledgeable employees,” each as defined in the 1940 Act (and rules promulgated thereunder), and may include, among others, university endowments, public and private pensions, foundations, financial and other institutions, insurance companies and high net worth individuals.

The Adviser generally requires minimum commitments of \$10 million for all Funds, but the Adviser may, in its sole discretion, permit investments below the minimum amounts set forth in the offering documents of such Fund.

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

Methods of Analysis and Investment Strategies

The Adviser’s investment strategy is generally to:

- Invest in businesses that, because of their strategic position, have attractive growth prospects;
- Partner with high quality management teams that are meaningful equity holders and that are committed to continuous improvement of the companies they operate;

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- Utilize the Adviser's experience, internal capacities and external resource base to serve effectively as active investors, directors and advisors to portfolio companies; and
- Structure prudently the capitalization of its companies to ensure growth while enhancing equity returns.

The Adviser participates in many types of transactions, which generally fall into one of the following seven categories:

- *Management recapitalizations.* The Adviser assists in organizing recapitalizations of businesses in which management retains significant ownership. The Adviser participates as either a majority or minority partner.
- *Leveraged buyouts ("LBOs").* The Adviser organizes LBOs (including turnarounds) and participates in buyouts organized by management and other investment partners.
- *Growth capital investments.* The Adviser provides equity to companies in need of late stage growth capital to support organic growth or acquisition strategies.
- *Corporate carve-out transactions.* The Adviser invests in divisions or subsidiaries of larger corporations with a view that those businesses will be able to operate more effectively as independent companies.
- *Take-private transactions.* The Adviser partners with management teams of public companies to take those companies private in order to provide a more constructive environment to pursue long-term growth objectives.
- *Investments in publicly traded securities.* The Adviser invests in marketable securities in instances where its analytical, operational and/or strategic skills and insights provide an appropriate return opportunity.
- *Privatizations.* The Adviser assists in converting government-owned organizations into private businesses.

Risks

All securities investments involve a substantial degree of risk. A Fund may lose all or a substantial portion of its investments, and investors in the Funds must be prepared to bear the risk of a complete loss of their investments. Making an investment in a Fund is speculative. In addition, there may be occasions when the Adviser will encounter potential conflicts of interest in connection with the Funds. In evaluating whether to make an investment in a Fund, potential investors should consider all information contained in a Fund's offering documents, including the considerations and risk factors set forth therein.

Material risks relating to the investment strategies and methods of analysis described above and to the types of securities typically purchased by or for the Funds, include the following:

Business Risks

Nature of Investments. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. A Fund's portfolio companies may be highly leveraged and, therefore, may be more sensitive to adverse

business or financial developments or economic factors. Moreover, rising interest rates may have a more pronounced effect on the profitability or survival of such companies. If a portfolio company cannot generate sufficient cash flow to meet principal or interest payments on its indebtedness, the Fund may suffer a partial or total loss of capital invested in such portfolio company.

General Economic Conditions. General economic conditions may affect a Fund's activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by a Fund or considered for prospective investment. A Fund's investments can be expected to be sensitive to the performance of the overall economy. A negative impact on economic fundamentals and consumer confidence would likely increase market volatility and reduce liquidity, both of which could have a material adverse effect on the performance of a Fund's investments. No assurances can be given as to the effect of these economic conditions on a Fund's investment objectives.

Financial Market Fluctuations. General fluctuations in the market prices of securities and economic conditions generally, particularly of the type experienced since 2008, may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments and the value of the investments held by the Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' investments. The public securities markets have seen increased volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by the tightening of the credit markets, and the ongoing financial turmoil and uncertainty. It is unclear what the repercussions of this market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present and it may well continue to be volatile for the foreseeable future. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable to a Fund to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of the Funds to buy, sell and partially dispose of their portfolio company investments. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market and a Fund may find itself unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted. 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.

Valuation of Assets. There is no actively traded market for most of the securities owned by the Funds. When estimating fair value, the Adviser will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information is generally unavailable regarding certain of a Fund's assets. With respect to the Funds, the exercise of discretion in valuation by the Adviser may give rise to conflicts of interest, as the performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect performance calculations.

Geopolitical Risks. An unstable geopolitical climate and continued threats of terrorism could have a material effect on general economic conditions, market conditions and market liquidity. Additionally, a serious pandemic or a natural disaster could severely disrupt the global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer confidence may increase the risk of default of particular investments, negatively impact market value, increase market volatility and cause credit spreads to widen and reduce liquidity, all of which could have an adverse effect on the Fund's returns. No assurance can be given as to the effect of these events on the value of or markets for investments.

Illiquid and Long-Term Investments. Although a Fund's investments may generate current income, the return of capital and the realization of gains, if any, from an investment generally will most likely occur only upon the partial or complete disposition of such investment. While a Fund investment may be sold at any time, it is generally expected that the disposition of most of a Fund's investments will not occur for a number of years after such investments are made. Usually, a Fund will make investments in securities for which there is not a public market at the time of their acquisition. A Fund generally will not be able to sell such securities publicly unless their sale is registered under applicable securities laws, or will be able to sell the securities only under Rule 144 or other rules under the Securities Act, which permit only limited sales under specified conditions. In addition, in some cases, a Fund may be prohibited or limited by contract from selling certain securities for a period of time and, as a result, may not be permitted to sell an investment at a time it might otherwise desire to do so.

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. There can be no assurance that a Fund will be able to identify and complete investments that satisfy its investment objective, or realize the value of such investments, or that it will be able to invest fully its commitments. Each Fund will be competing for

investment opportunities against various other groups, including industry participants, investment firms and merchant banks.

Portfolio Company Management Risks. Although the Adviser will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management, there can be no assurance that the existing management of such companies will operate a company successfully.

Future and Past Performance. Although the Adviser has had significant experience and success in making investments in portfolio companies, the past performance of these investments is not necessarily indicative of the future results of such Fund's investments. In view of recent market dislocation and the current geopolitical situation, it is possible that significant disruptions in, or historically unprecedented effects on, the financial markets and/or the businesses and projects in which the Funds invest may occur, which could diminish any relevance that historical performance data of the Adviser may have to the future performance of each Fund. Investors should have the ability to sustain the loss of their entire investment in a Fund.

Concentration of Investments; Potential Lack of Diversification. Each Fund will participate in a limited number of investments and, as a consequence, the aggregate return of a Fund may be substantially adversely affected by the performance of a single investment. Furthermore, a Fund may invest in fewer portfolio companies and be concentrated in a few industries, and the returns of a Fund may be substantially impacted by adverse developments in a particular portfolio company or industry in which the Fund has greater concentration.

Disposition of Private Investments; Potential Return of Distributions. Many of a Fund's investments will involve private securities. In connection with the disposition of an investment in private securities, a Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. A Fund also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in the incurrence of contingent liabilities that may ultimately yield funding obligations that must be satisfied by the investors to the extent of distributions made to such investor.

Control Position. Each Fund will generally seek investment opportunities that allow the Fund to have a meaningful influence on the management, operations and strategic direction of the portfolio companies in which it invests. The exercise of control and/or meaningful influence over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability general characteristic of such company's operations may be ignored. The exercise of control and/or meaningful influence over a portfolio company could expose the assets of a Fund to claims by such portfolio company, its security holders and its creditors. While the Adviser intends to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Non-Controlling Investments. Each Fund may hold non-controlling interests in certain portfolio companies, including in the form of marketable securities, debt securities or similar debt or equity-like instruments, and, therefore, may have a limited ability to protect its position in such investments. Any other control persons with respect to such portfolio companies may have economic or business interests or goals that are inconsistent with those of a Fund and such Fund may not be in a position to limit or otherwise protect the value of such investments. However, appropriate rights generally will be sought in such circumstances to protect a Fund's interests.

Regulatory Risks. New legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect such Fund. New laws or revised regulations may be imposed by the SEC, the U.S. Federal Reserve or other banking regulators, other governmental regulatory authorities, non-U.S. governments or self-regulatory organizations that supervise the financial markets. The Funds may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these governmental regulatory authorities or self-regulatory organizations. The regulatory environment for private investment funds and advisers thereto is evolving, and changes in the regulation of private investment funds or such advisers may adversely affect the value of the investments held by a Fund and the ability of the Adviser to execute such Fund's investment strategy. The impact of any such future laws or regulations is uncertain and could have a substantial and adverse impact on the Fund and its investors.

Non-U.S. Investments. A Fund may invest globally, including in portfolio companies located in emerging markets. Foreign securities involve 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 foreign currencies in which a Fund's foreign investments may be denominated, and costs associated with conversion of investment principal and income from one currency into another, (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative illiquidity of some foreign 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 and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital and the risks of political, economic or social instability, (v) obtaining foreign governmental approvals and complying with foreign laws, and (vi) the possible imposition of foreign taxes on income and gains recognized with respect to such securities. Anti-fraud and anti-insider trading legislation in these countries may be rudimentary. There may be no prohibitions or restrictions on the ability of management to terminate existing business operations, sell or otherwise dispose of the assets of a portfolio company, or otherwise materially affect the value of the company without the consent of the company's shareholders. Anti-dilution protection also may be very limited. In these countries, the concept of fiduciary duty on the part of the management or directors of companies to shareholders may be limited. The legal systems in these countries may offer no effective means for a Fund to seek to enforce its rights or otherwise seek legal redress or to seek to enforce foreign legal judgments.

Expedited Transactions. Investment analyses and decisions by the Adviser may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Adviser at the time an investment decision is made may be limited, and the Adviser may not have access to detailed information regarding the investment. Therefore, no assurance can be made that the Adviser will have knowledge of all circumstances that may adversely affect an investment.

Management Risks

Reliance on Managing Directors. The success of a Fund depends in substantial part upon the skill and expertise of the managing directors of the Adviser and others providing investment advice with respect to a Fund. There can be no assurance that these key investment professionals will continue to be associated with the Adviser throughout the life of such Fund. The loss of key personnel could have a material adverse effect on a Fund's ability to realize its investment objectives. In addition, the managing directors of the general partner for one Fund are generally also managing directors of the general partners of each other Fund and the Adviser. Thus, they will have demands made on their time for the investment, monitoring, exit strategy and other functions of all Funds and the Adviser.

Board Participation. A Fund may be represented on the boards of directors of certain of its portfolio companies or may have its representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to such Fund's investment strategy and may enhance the Adviser's ability to manage the investments, they may also have the effect of impairing the Adviser's ability to sell the related securities when, and upon the terms, it may otherwise desire, and may subject the Adviser and a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, each Fund will indemnify such Fund's general partner and the Adviser from such claims.

Litigation. Litigation can and does occur in the ordinary course of the management of an investment portfolio of securities. A Fund may be engaged in litigation both as a plaintiff and as a defendant. This risk is somewhat greater where a Fund exercises control or significant influence over a portfolio company's direction, including as a result of board participation. Such litigation can arise as a result of portfolio company default, portfolio company bankruptcies and/or other reasons. In certain cases, such portfolio companies or their constituents may bring claims and/or counterclaims against a Fund, such Fund's general partner, the Adviser and/or their respective principals and affiliates alleging violations of securities laws and corporate, contractual and other typical claims and counterclaims seeking significant damages. To the extent that (i) a Fund has not been able to protect itself through insurance, indemnification or other rights against the portfolio companies, (ii) a Fund is not entitled to such protections, or (iii) the portfolio company is not solvent, the expense of defending against claims made against a Fund by third parties and paying any amounts pursuant to settlements or judgments would be borne by such Fund pursuant to indemnification obligations and reduce net assets. The Adviser, a Fund's general partner and others may be indemnified by a Fund in connection with such litigation, subject to certain conditions.

Item 9. Disciplinary Information

Item 9 is not applicable to the Adviser.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

As mentioned above, various entities serve as general partners of the Funds, and each general partner of a Fund is a related person of the Adviser. For a description of material conflicts of interest created by the relationship among the Adviser and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

Affiliated Adviser

The Adviser has one affiliated adviser that is material to its advisory business – Stockbridge. Stockbridge is separately registered as an investment adviser with the SEC and, like the Adviser, is a wholly-owned subsidiary of BPSP, L.P. Stockbridge pursues a marketable securities strategy and primarily invests in publicly traded securities. For a description of material conflicts of interest created by the relationship between the Adviser and its affiliated adviser, as well as a description of how such conflicts are addressed, please see Item 11 below.

Affiliated Pooled Investment Vehicles

The pooled investment vehicles advised by Stockbridge are, by virtue of the Adviser's relationship with Stockbridge, affiliated with the Adviser and the Funds. Although they have different investment objectives, the Funds may from time to time participate in transactions alongside the pooled investment vehicles and other clients advised by Stockbridge. For a description of material conflicts of interest created by the relationship between the Adviser and any such affiliated pooled investment vehicles or accounts, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

Code of Ethics

The Adviser has adopted a written code of ethics (the "Code of Ethics") that is applicable to (i) all of its managing directors, principals, partners, officers (or any person performing similar functions) and employees; (ii) every natural person (whether or not an employee of the Adviser) that is subject to the Adviser's supervision and control that (a) has access to nonpublic information regarding a Fund's purchase or sale of securities, (b) is involved in making securities recommendations to a Fund, or (c) has access to nonpublic securities recommendations to a Fund, as well as officers and employees of Stockbridge and certain independent contractors; and (iii) members of the household of any of the natural persons listed under (i) and (ii) (collectively, "Adviser Personnel"). The Code of Ethics, which is

designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the “Advisers Act”), establishes guidelines for professional conduct and personal trading procedures, including certain preclearance and reporting obligations. The Code of Ethics prohibits Adviser Personnel (other than certain Advisory Directors of the Adviser) from purchasing certain “covered securities” for their own accounts. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser’s Chief Compliance Officer (“CCO”) as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, unwinding of any applicable trade, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to Compliance@berkshirepartners.com.

Participation or Interest in Client Transactions

The Adviser and certain employees of the Adviser and Stockbridge may invest in and alongside the Funds, either through the general partners, as direct investors in the Funds or through separate investment vehicles. A Fund or its general partner, as applicable, may waive or reduce all or a portion of the Advisory Fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “*Conflicts of Interest*” immediately below.

Although all investors in a Fund receive a standard set of offering materials for a Fund, including a private placement memorandum, applicable Governing Documents and such other due diligence information that the Adviser believes may be helpful in evaluating an investment in such Fund, potential investors in a Fund (including purchasers of a limited partners’ interests in a secondary transaction) or a co-investment opportunity (see below) may ask different questions and request different information in addition to the information the Adviser provides to all prospective investors. In response to such requests, the Adviser may provide additional or more detailed information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

Conflicts of Interest

The Adviser and its related entities engage in a broad range of activities, including investment activities for their own account and for the accounts of other investment funds, and providing transaction-related, investment advisory, management and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of a Fund may conflict with the interests of the Adviser, other Funds or their respective affiliates. Certain of these conflicts of interest, as well as a description of how the Adviser addresses such conflicts of interest, can be found below.

The Adviser may, from time to time, establish certain investment vehicles through which certain employees of the Adviser or Stockbridge, certain business associates, other “friends of the firm” or other persons may invest alongside one or more Funds in one or more investment opportunities. The establishment of certain of these vehicles, referred to herein as “co-investment vehicles,” may be required by a Fund’s Governing Documents. Co-investment vehicles generally are contractually required, as a condition of investment, to purchase and sell each investment opportunity at substantially the same time and substantially the same terms as the applicable Fund that is invested in that investment opportunity. Such co-investment vehicles generally do not pay Advisory Fees or Carried Interest.

Resolution of Conflicts

In the case of all conflicts of interest, the Adviser’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser’s best judgment, but in its sole discretion. In resolving conflicts, the Adviser may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions set forth in a Fund’s Governing Documents and/or in the Adviser’s Compliance Policies and Procedures Manual;
- Conflicts of interest related to the allocation of opportunities between the Adviser and Stockbridge are mitigated because the Funds generally pursue different investment strategies from Stockbridge;
- Generally, each Fund has established an advisory committee, consisting of representatives of investors not affiliated with the Adviser. Each Fund’s advisory committee meets as required to consult with the Adviser as to certain potential conflicts of interest as requested by the Adviser. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;
- Where the Adviser deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

Conflicts

The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the potential conflicts that may be faced by a Fund. Other conflicts may be disclosed throughout this Brochure and the Brochure should be read in its entirety for other conflicts.

Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities

In connection with its investment activities, the Adviser may encounter situations in which it must determine how to allocate investment opportunities among various clients and other persons, which may include, but are not limited to, the following:

- The Funds and funds or accounts advised by Stockbridge (“Stockbridge Funds”);
- Any co-investment vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Fund(s) (the investors in such co-investment vehicles may include employees, business associates and other “friends and family” of the Adviser or its personnel; individuals and entities that are also investors in one or more Funds (“Adviser Investors”); and/or individuals and entities that are not investors in any Funds (“Third Parties”));
- Adviser Investors and/or Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s); and
- Adviser Investors and/or Third Parties acting as “co-sponsors” with the Adviser with respect to a particular transaction.

The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities and will make allocation determinations consistently therewith.

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Requirements may be set forth in a Fund’s Governing Documents or offering documents. Investment opportunities suitable for the Funds may be available for the participation of more than one Fund at any given time. Investment Allocation Requirements govern the allocation of investment opportunities exclusively among the Funds. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser takes into account such factors that it determines in its sole discretion to be relevant, consistent with the Adviser’s private equity fund business model for the Funds. The Adviser will seek to make all allocations of investment opportunities among the Funds in a fair and equitable manner.

Subject to any Investment Allocation Requirements and Side Letter considerations, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity; (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors; (iii) co-investment opportunities may, and typically will, be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons; (iv) certain persons other than investors in the Funds (e.g., Third Parties) may be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons; and (v) co-investors may purchase their interests in a portfolio company at the same time as the Funds or may purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer).

The Adviser will determine (in its sole discretion) if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated to certain participants in the applicable deal, such as consultants and advisors to the Adviser and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interests of the applicable Fund), and any such excess may be offered to one or more co-investors as set forth in the following paragraphs.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the Funds and other potential co-investors, the Adviser may consider some or all of a wide range of factors, which may include, but are not limited to, the following:

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- Any confidentiality concerns the Adviser may have that may arise in connection with providing the other parties with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- The Adviser's evaluation of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser;
- The Adviser's evaluation of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media

or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;

- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity); and
- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, Adviser Investors and Third Parties, and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject, discussed herein, did not exist.

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Governing Documents, the Adviser may consider the factors listed above in exercising such discretion. Subject to any restrictions in the Governing Documents of the applicable Fund, the Adviser or its related persons may be asked to identify a limited number of Adviser Investors or Third Parties to potentially acquire the interest being transferred.

The appropriate allocation between Funds, Stockbridge Funds, Adviser Investors, the Adviser and Third Parties of expenses and fees generated in the course of evaluating potential investments that are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser (and, in the case of Stockbridge Funds, Stockbridge) in its good faith discretion, consistent with the Governing Documents of the Funds, as applicable. Such expenses typically are not allocated to co-investment vehicles. There may be occasions when one Fund (the "Payor Fund") pays an expense common to multiple funds (the "Allocated Funds") (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will generally reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund.

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In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser may have an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit.

In addition, officers and other personnel of the Adviser invest indirectly in and may be permitted to invest directly in Funds and may therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

Conflicts Related to Purchases and Sales

Conflicts may arise when a Fund makes investments in conjunction with an investment being made or sold by other Funds or Stockbridge Funds or in a transaction in which another Fund or Stockbridge Fund has already made an investment. Investment opportunities may be appropriate for Funds and/or Stockbridge Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company. Certain clients of the Adviser and Stockbridge may invest in bank debt and securities of companies in which other clients hold securities, including equity securities. In the event that such investments are made by a Fund, the interests of such Fund may be in conflict with the interests of such other Fund or Stockbridge Fund, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds or Stockbridge Funds may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided, each Fund will supply such additional capital in such amounts, if any, as determined by the Adviser. In addition, a conflict may arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one client of the Adviser or of Stockbridge in a portfolio company may also raise the risk of using assets of a client of the Adviser or of Stockbridge to support positions taken by other clients of the Adviser or of Stockbridge. Employees and related persons of the Adviser and Stockbridge have made or may make capital investments in or alongside certain Funds or Stockbridge Funds and, therefore, may have additional conflicting interests in connection with these

investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A Fund (or the Adviser on a Fund's behalf) may invest in opportunities that other Funds or Stockbridge Funds have declined, and likewise, a Fund (or the Adviser on a Fund's behalf) may decline to invest in opportunities in which other Funds or Stockbridge Funds have invested.

A Fund could be disadvantaged because of activities conducted by the Adviser or Stockbridge in respect of another Fund or Stockbridge Fund as a result of, among other things: (i) legal restrictions on the combined size of positions that may be taken for all accounts managed by the Adviser or Stockbridge, thereby limiting the size of a Fund's position, (ii) the difficulty of liquidating an investment for more than one Fund where the market cannot absorb the sale of the combined positions, and (iii) the regulatory filing obligations that could be imposed on the Adviser or Stockbridge as a result of the Adviser's affiliation with Stockbridge (e.g., due to Stockbridge and the Adviser (and their affiliates) being treated as members of a "group," resulting in aggregation of their holdings for purposes of their regulatory filing obligations). Furthermore, in the case of certain acquisitions and dispositions of securities, a Fund (or the Adviser, Stockbridge or a Stockbridge Fund) could be required to make regulatory filings and could become subject to short-swing profit disgorgement rules with respect to such acquisitions and dispositions, due to its affiliation with Stockbridge or a Stockbridge Fund (and being treated as members of a "group" with Stockbridge and such funds and accounts), where such Fund and the Adviser would not have been subject to such filing obligations and short-swing profit rules in the absence of their affiliation with Stockbridge. These filing obligations and short-swing profit rules may cause the Adviser to make investment decisions different from the decisions it would have made in the absence of affiliation with Stockbridge.

A Fund could be disadvantaged because of the possession by the Adviser of any non-public material information as a result of its relationship with Stockbridge, which may, amongst other things, restrict such Fund's ability to buy or sell securities at times when the Adviser would otherwise wish for such Fund to do so.

From time to time the Adviser may, in its discretion, enter into transactions with investors in one or more Funds to dispose of all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, the Adviser may consider some or all of the factors listed above under "*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities.*" The sales price for such transactions will be mutually agreed to by the Adviser and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Adviser. Although the Adviser is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable Fund(s), taking into account the sales price and the other terms and conditions of the transaction. Any such transactions will comply with the Governing Documents of the applicable Fund(s).

Cross-Transactions

In certain cases, the Adviser may cause a Fund to purchase investments from another Fund or Stockbridge Fund, or it may cause a Fund to sell investments to another Fund or Stockbridge Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, Stockbridge and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and Stockbridge may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction and may also be entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Funds (e.g., the Governing Documents of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund). To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's CCO will be responsible for confirming that the Adviser (a) considers its respective duties to each Fund; (b) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party; and (c) obtains any required approvals of the transaction's terms and conditions, including, if required by a Fund's Governing Documents or otherwise, advisory committee approval. The Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and the Adviser will not effect any such transaction for any Fund where the Adviser may be deemed to own more than 25% of the Fund, unless such transaction complies with the requirements of the Adviser's principal transactions policy, as described below.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent prior to the settlement of any principal transaction. In connection with the Adviser's management of the Funds, the Adviser and Stockbridge may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the offering

documents, or Governing Documents of the Funds may contain additional restrictions on the ability of the Funds or the Adviser to engage in principal transactions.

Management of the Funds

The Adviser manages a number of Funds that may have investment objectives similar to each other. The Adviser may in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See “*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*” above. In addition, it is expected that employees of the Adviser responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Adviser (and, in the case of certain employees, with respect to Stockbridge Funds), including funds that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

Follow-on Investments

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund may participate in leveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest may arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

Conflicts Relating to the Adviser

The Adviser generally may, in its discretion, contract with any related person of the Adviser (including, but not limited to a portfolio company of a Fund or Stockbridge Fund) to perform services for the Adviser in connection with its provision of services to the Funds. When engaging a related person to provide such services, the Adviser may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser generally may, in its discretion, recommend to a Fund or to a portfolio company (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Adviser or a related person of the Adviser (including but not limited to a portfolio company of a Fund) or (ii) an entity with which the Adviser or Stockbridge or a member of their personnel has a relationship or from which the Adviser or Stockbridge or their personnel otherwise derives financial or other benefit. When making such a recommendation, the Adviser may, because of its financial or other business interest, have

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an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser, Stockbridge and partners, managing directors, officers, principals and employees of the Adviser and Stockbridge may buy securities in transactions offered to but rejected by Funds, or may buy securities in transactions that were not available at appropriate levels for Fund investment. In addition, certain Advisory Directors of the Funds may co-invest in the same securities in which the Funds are invested. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. If officers, principals and employees of the Adviser have made large capital investments in or alongside the Funds they may have conflicting interests with respect to these investments.

Certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund and/or its portfolio companies. However, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses since other mitigating factors may prevail over cost.

Fee Structure

Because there is a fixed investment period after which capital from investors in the Funds may only be drawn down in limited circumstances and because Advisory Fees may, at certain times during the life of the Funds, depend on the capital invested by the Funds, this fee structure may create an incentive to deploy capital when the Adviser may not otherwise have done so.

Additionally, as discussed above in Item 6, the general partners of most Funds are entitled to Carried Interest under the terms of the Organizational Documents of such Funds. Such general partners are affiliates of the Adviser. The existence of the general partners' Carried Interest may create an incentive for the general partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

Related Services

As described in Item 5 above, the Adviser (and its employees) may perform Related Services for, and may receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds. Such fees will be in addition to any Advisory Fees or Carried Interest paid by the Funds to the Adviser. Consistent with the Funds' Governing Documents, the Adviser may incur expenses, and a portfolio company may reimburse the Adviser for certain expenses (including, without limitation, travel expenses, which may include expenses for first class or chartered travel, lodging and other out-of-pocket costs) incurred by the Adviser in connection with its performance of services for such portfolio company. Such reimbursements are not subject to the sharing arrangements described above. This creates a conflict of interest between the Adviser and the Funds and their

investors because the amounts of these fees and reimbursements may be material and the Funds and their investors generally do not have an interest in these fees and reimbursements. The Adviser determines the amount of these fees for Related Services and reimbursements in its own discretion, subject to agreements with sellers, buyers and management teams, the board of directors of or lenders to portfolio companies and/or Third Party co-investors in its transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Funds. The Adviser will in some circumstances reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt by the Adviser of fees for Related Services in connection with such Fund or its investments. The amount and nature of this reduction varies from Fund to Fund and is set forth in the Governing Documents of the applicable Fund. The Adviser may also receive fees for Related Services in respect of entities other than Funds that participate in investments alongside the Funds (such as entities through which the Adviser and certain employees of the Adviser invest alongside the Funds) and in respect of such investments, and the Advisory Fees will generally not be reduced in connection with the receipt of such fees for Related Services. In many cases with respect to the implementation of such arrangements, there is not an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest may exist in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

Diverse Membership

The investors in the Funds are expected to include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors may have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Adviser, 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 Adviser will consider the investment and tax objectives of the applicable Fund, not the investment, tax or other objectives of any investor individually.

Business with Portfolio Companies and Investors

Given the collaborative nature of the Adviser's business and the portfolio companies in which the Funds have invested, there are situations where the Adviser is in the position of recommending portfolio company services to other portfolio companies. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds.

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The Adviser may have an incentive to recommend the products or services of certain investors in the Funds, certain Third Parties or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

Certain service providers of the Adviser, including, for example, investment bankers, outside legal counsel and pension consultants, invest in Funds and/or provide services to businesses that are competitors of the Adviser. The Adviser may have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services that are beneficial to the Adviser. There is a possibility that the Adviser, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another service provider.

Certain members of a Fund's advisory committee are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Fund. The Adviser may from time to time utilize the services of investors and their affiliates on an arm's length basis, as it deems appropriate.

Positions with Portfolio Companies

Employees of the Adviser or Stockbridge may serve as directors or consultants or in similar capacities for portfolio companies. The Adviser and Stockbridge and their respective employees are entitled to receive management, directors', consulting and other similar fees and compensation from portfolio companies for such services, provided that the amount of such fees and other compensation is reasonable in relation to the work involved and bears a reasonable relation to fees and compensation charged for similar work by third parties. A portion of such fees, which are paid to the Adviser, Stockbridge or such employees directly, are typically credited against the Advisory Fee payable by a Fund, and if such portion of such fees exceeds the Advisory Fee, such excess shall be credited against the Advisory Fee payable by such Fund in subsequent periods. In addition, employees of the Adviser may leave the employment of the Adviser and become an officer or employee of a portfolio company.

Side Letter Agreements

The general partner, on behalf of a Fund, may enter into certain Side Letter arrangements with certain investors in a Fund providing such investors with additional or different rights or terms than such investor would otherwise have pursuant to the applicable partnership agreement or such investor's subscription agreement, including but not limited to specific tax treatment, opt-out rights or remedies for certain prohibited investments or prohibitions against the use of the limited partner's name for promotional use.

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Advisory Affiliates

As described in Item 10 above, Stockbridge, an affiliate of the Adviser, has its own clients. Although Stockbridge focuses primarily on a different investment strategy than the Adviser, clients of the Adviser and Stockbridge may invest in the same portfolio companies, including in the same security or in different securities of such a portfolio company. Interests of the Adviser's clients may therefore conflict with the interests of the clients of Stockbridge. For instance, see "*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*" and "*Conflicts Related to Purchases and Sales*" above for more information.

Other Potential Conflicts

The Adviser and the Funds will generally engage common legal counsel and other advisors in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds and the Adviser, the parties may engage separate counsel in the sole discretion of the Adviser, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser and the Funds may engage other common service providers. In such circumstances, there may be a conflict of interest between the Adviser and the Funds in determining whether to engage such service providers, including the possibility that the Adviser may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds.

The Adviser may, in its discretion, have, and may, in its discretion, cause the Funds and/or their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser. The Funds and/or their portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between the Adviser and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

The Adviser may represent creditors or debtors prior to or in proceedings under Chapter 11 of the Bankruptcy Code. From time to time, the Adviser may serve as advisor to creditor or equity committees. This involvement, for which the Adviser may be compensated, may limit or preclude the flexibility that the Funds may otherwise have to make investments.

If a Fund purchases in the secondary market at a discount debt securities of a company in which a Fund has, for example, a substantial equity interest, (i) a court might require a Fund to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (ii) a Fund might be prevented from enforcing such securities at their full face value if the issuer of such

securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

The Governing Documents of certain Funds may permit the Adviser to restrict the information provided to certain limited partners or investors in such Fund in certain circumstances. For instance, information may be restricted in the case of limited partners that are subject to Freedom of Information Act or similar requirements. The Adviser may elect to restrict access to certain information with respect to such limited partners for reasons relating to the Adviser's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Certain employees of the Adviser provide research, trust, administrative, reporting and similar services to the Managing Directors of the Adviser and certain of their family members and estate planning vehicles and investment research to the Managing Directors, in each case with respect to personal investment activities. Such services could potentially present a conflict of interest between the Adviser and the Funds. However, the Adviser believes any potential conflicts of interest are substantially mitigated because (i) the investments are not investments that would be suitable for a Fund, (ii) the investments are reportable by the Managing Directors and subject to preclearance pursuant to the Code of Ethics, (iii) such employees are not involved in the provision of investment advice to the Funds and (iv) such employees generally do not have investment discretion with respect to such personal investment activities.

Please see the discussion above under the sub-heading "*Resolution of Conflicts*" for a description of the means by which the Adviser and its related persons may seek to alleviate conflicts of interest among the Funds or other persons.

Item 12. Brokerage Practices

The Funds invest primarily in private equity investments; however, the Adviser anticipates that investments in publicly traded securities will occur from time to time (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, significant holdings in public companies where a Fund may obtain or seek to obtain significant influence, etc.). To meet its fiduciary duties to the Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

Selection of Broker-Dealers

For each of the Funds, the Adviser has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek "best execution" of the transaction except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services (as discussed below). "Best execution" means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security),

taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser's Best Execution Committee takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser may consider the use of Electronic Communications Networks ("ECNs") when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, the Adviser's Best Execution Committee, in consultation with the Adviser's Compliance Committee, periodically monitors broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

To the extent consistent with achieving best execution, the Adviser may also consider other business a particular broker or dealer may have done with the Adviser, such as identifying investment opportunities, performing investment banking services and providing services to the Adviser's principals. The Adviser may "pay up" (e.g., pay a higher commission to execute a trade than the lowest available negotiated commission) using a portion of a broker-dealer's brokerage commission (i.e., soft dollars) for brokerage and research services in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended.

A broker-dealer providing such brokerage and research services may receive a commission that is in excess of the amount of commission another broker-dealer would have received for effecting that transaction provided the Adviser determines in good faith that such commission was reasonable in relation to the value of the research and brokerage services provided by the broker-dealer. Any such research service may be broadly useful and of value to the Adviser in rendering investment advice to all or a significant portion of the Funds, or may be relevant and useful for the management of one or only a few Funds' accounts, regardless of whether such account or accounts paid commissions to the broker-dealer through which the research service was provided. The Adviser will only make securities transactions that it in good faith believes are in the best interest of the Fund. A conflict of interest may exist when a broker-dealer provides such research services, however, as the Adviser will have an incentive to favor such broker-dealer over others that may charge lower commissions.

Aggregation of Orders

The Adviser may aggregate (or bunch) the orders of more than one Fund (and Stockbridge Fund) for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions may enable them to obtain

better overall prices, including lower commission costs or mark-ups or mark-downs. The Adviser may combine orders on behalf of Funds with orders for other Funds (and Stockbridge Funds) for which it or Stockbridge has trading authority, or in which it or Stockbridge has an economic interest. In such cases, the Adviser may aggregate trade orders for publicly traded securities so that each participating Fund (and Stockbridge Fund) will receive the average price for each execution of a transaction. There may, however, be instances in which trade aggregation could result in a less favorable transaction than a particular Fund would have obtained by trading separately. Similarly, when orders are not bunched, there may be circumstances when purchases or sales of portfolio securities for one or more Funds will have an adverse effect on other Funds.

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon the Adviser's procedures for allocation of investment opportunities, as described in Item 11 above.

Item 13. Review of Accounts

Oversight and Monitoring

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies.

The Adviser's involvement typically includes regular communication with management (e.g., weekly "flash" reports, monthly reviews, quarterly board meetings and annual budgeting sessions), participation in strategic planning sessions and industry trade shows, and frequent, informal conversations and meetings. In addition, the Adviser has created a team of individuals to provide regular oversight over and involvement in portfolio company development.

The Adviser undertakes a regular annual planning process during which it evaluates its investment strategy and the financial and human resources needed to execute it. The entire investment staff meets to review the macroeconomic environment, assess the Adviser's performance against its stated annual objectives and discuss new objectives for the coming year. Shortly thereafter, several days are typically put aside by the Adviser's Managing Directors to finalize priorities and targets for the coming year and to consider longer term trends affecting the Adviser's business. At that time, special projects are developed for follow-up during the year.

Reporting

Within 60-90 days following the consummation of each investment in a portfolio company, the Adviser prepares and delivers to each investor a description of such investment and the portfolio company in which it was made. Within 45 days after the end of each calendar quarter (other than a fiscal year-end), the Adviser typically prepares and delivers to each applicable Fund investor quarterly financial statements, including fair value of the Fund's

investments. After the end of each fiscal year, the Adviser causes an audit of the financial statements of the Fund to be made by an independent public accountant of nationally recognized status. A copy of such audit is delivered to each such investor, generally within 90 days (but in no event later than 120 days) after the end of each of such Fund's fiscal year, and includes a report on the Fund's activities during the year prepared by the relevant Fund's general partner, the Fund's general partner's good faith estimate of the fair value of the Fund's investments as of the end of such year and a statement showing the balances in each investor's capital account as of the end of such year. The Adviser may from time to time, in its sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

Item 14. Client Referrals and Other Compensation

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, the Adviser and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

Item 15. Custody

Item 15 is not applicable to the Adviser.

Item 16. Investment Discretion

The Adviser provides investment advice directly to each Fund pursuant to written Advisory Agreements with such Fund (subject to the discretion and control of the general partner of each Fund, if applicable) and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Governing Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents of the applicable Fund.

Item 17. Voting Client Securities

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds ("Votes"). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund's holdings, taking into account the relevant Fund's investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser's general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the

Adviser's CCO, General Counsel or the relevant Adviser investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds.

Funds generally cannot direct the Adviser's Vote.

All voting decisions initially are referred to the Adviser's CCO or appropriate investment professional for a voting decision. In most cases, the investment professional covering the particular investment will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she may rely on any of the information and/or research available to him or her. If the investment professional is making the voting decision, the investment professional will inform the CCO or internal legal counsel of any such voting decision, and if the CCO or internal legal counsel does not object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If at any time any investment professional becomes aware of any potential or actual conflict of interest or perceived conflict of interest regarding any particular voting decision, he or she is required to contact the Adviser's General Counsel. If any investment professional is pressured or lobbied either from within or outside of the Adviser with respect to any particular voting decision, he or she is required to contact the Adviser's General Counsel. If the investment professional and the CCO are unable to arrive at an agreement as to how to vote, then the CCO may consult as to the appropriate Vote with the Adviser's Compliance Committee, which will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Funds' holdings.

The Adviser's CCO has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All voting decisions will require a mandatory conflicts of interest review by the Adviser's CCO in accordance with the Adviser's Voting Policies and Procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote and/or Stockbridge and its clients has an interest in how the Vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The Adviser's General Counsel will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds and in accordance with the Funds' and the Adviser's contractual obligations.

Where the Adviser's General Counsel or Compliance Committee deems appropriate in his, her or its sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Adviser's General Counsel or Compliance Committee have the power to retain independent fiduciaries, consultants or professionals to assist with voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Compliance@berkshirepartners.com.

Item 18. Financial Information

There is no financial condition that is reasonably likely to impair the Adviser's ability to meet contractual commitments to clients. Further, the Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to the Adviser.