

Item 1. Cover Page

Kohlberg & Co., L.L.C.

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Part 2A of Form ADV: Firm Brochure
March 31, 2017

This brochure provides information about the qualifications and business practices of Kohlberg & Co., L.L.C. If you have any questions about the contents of this brochure, please contact us at (914) 241-7430. 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 Kohlberg & Co., L.L.C. 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.

Item 2. Material Changes

Since Kohlberg & Co., L.L.C.'s last Form ADV Part 2A update dated as of March 30, 2016, certain material changes have been made, including: (i) additional information on fees, expenses and compensation, and (ii) additional information regarding conflicts of interest. We encourage all recipients to read this brochure carefully and in its entirety.

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Item 4. Advisory Business

For purposes of this brochure, the “Adviser” means Kohlberg & Co., L.L.C. (“Kohlberg”), a Delaware limited liability company, together (where the context permits) with its affiliated General Partners of the Fund (as defined below) and other affiliates that provide advisory services to and/or receive advisory fees from the Funds. Such affiliates may or may not be under common control with Kohlberg, but possess a substantial identity of personnel and/or equity owners with Kohlberg. 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.

The Adviser provides investment supervisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). As of March 31, 2017, the Adviser serves as the investment manager for Kohlberg Investors IV, L.P., Kohlberg TE Investors IV, L.P., Kohlberg Offshore Investors IV, L.P., Kohlberg Investors V, L.P., Kohlberg TE Investors V, L.P., Kohlberg Offshore Investors V, L.P., Kohlberg Investors VI, L.P., Kohlberg TE Investors VI, L.P., Kohlberg Investors VII, L.P., Kohlberg Investors VII-B, L.P., Kohlberg Investors VII-C, L.P., Kohlberg TE Investors VII, L.P., Kohlberg TE Investors VII-B, L.P. KRTG Acquisition Company, L.P., Kohlberg Investors VIII, L.P., Kohlberg TE Investors VIII, L.P., Kohlberg Investors VIII-B, L.P., Kohlberg TE Investors VIII-B, L.P. and Kohlberg Investors VIII-C, L.P. (the “Main Funds”). The Adviser may in the future advise Main Funds in addition to those listed herein.

The Adviser has in the past and may in the future, from time to time, establish, on a transaction-by-transaction basis, certain investment vehicles through which certain persons may invest alongside one or more Main Funds in a particular investment opportunity (each such vehicle, a “Co-Investment Vehicle”). Co-Investment Vehicles are typically limited to investing in securities relating to the transaction with respect to which they were organized. As a general matter, the General Partner of a Main Fund may, in certain circumstances, cause a Co-Investment Vehicle to make and dispose of its investment in the particular investment opportunity at substantially the same time, on substantially the same terms and conditions and in the same proportions as the applicable Main Fund(s) that are also invested in that investment opportunity, except as may be necessary because of different tax, legal or regulatory considerations.

Additionally, the Adviser has in the past and may in the future organize and serve as general partner (or in an analogous capacity) to (i) certain other “feeder” vehicles (each such vehicle, a “Feeder Vehicle”) organized to invest exclusively in a Main Fund, (ii) alternative investment vehicles (each, an “Alternative Investment Vehicle”) organized to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions and/or (iii) parallel investment entities that invest side-by-side with one or more of the Main Funds and are formed to facilitate investments by business associates and other “friends and family” of the Adviser or its personnel (each, an “Associates Fund”).

The Main Funds, Co-Investment Vehicles, Feeder Vehicles, Associates Funds and Alternative Investment Vehicles are collectively referred to as the “Funds.” (Although Co-Investment

Vehicles are collectively referred to in this brochure as Clients, some or all Co-Investment Vehicles may not be clients of the Adviser.)

The Funds make primarily long-term private equity and equity-related investments, as well as limited investments in debt instruments. In accordance with the Funds' respective investment objectives, investments are generally made in companies doing business in industrial manufacturing, consumer products and services (including business services, healthcare services and financial services). 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 will serve as the investment adviser or general partner to the Funds in order to provide such services.

The Adviser provides investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund and/or separate investment and advisory, investment management or portfolio management agreements (each, an "Advisory Agreement").

Investment advice is provided directly to the Funds (other than certain Co-Investment Vehicles) and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund, the Advisory Agreements and/or side letter agreements negotiated with investors in the applicable Fund (such documents collectively, a Fund's "Organizational Documents").

The principal owners of Kohlberg are Samuel P. Frieder and James A. Kohlberg. The Adviser has been in business since 1987. As of December 31, 2016, the Adviser manages a total of \$5.0 billion of client assets, \$4.9 billion of which is managed on a discretionary basis and \$0.1 billion of which is managed on a non-discretionary basis.

Item 5. Fees and Compensation

The Adviser or its affiliates generally receive Advisory Fees and Carried Interest (each as defined below) or similar performance-based remuneration from a Fund as described below in more detail. A Fund, and/or its portfolio companies may also make other payments to the Adviser or its affiliates for services provided to the portfolio companies which, in certain circumstances, may reduce the Advisory Fees payable to the Adviser. Additionally, consistent with the Organizational Documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Fund and/or the portfolio companies. Further details about certain common fees and expenses are set forth below.

Advisory Fees

As compensation for investment supervisory services rendered to the Funds, the Adviser receives from each such Fund (except for Associates Funds, Co-Investment Vehicles, Feeder Vehicles and Alternative Investment Vehicles) an advisory fee (each, an "Advisory Fee") typically

calculated based on committed capital, or remaining invested capital, with respect to such Fund. Advisory Fees may be reduced during the life of a Fund. Advisory Fees paid by a Fund may also be reduced by other fees or compensation received by the Adviser or its affiliates that relate to such Fund's activities and investments, or by certain organizational or other expenses borne by such Fund, as described in more detail below. Advisory Fees paid by a Main Fund are indirectly borne by investors in such Main Fund, including any Funds that invest in such Main Fund (such as Feeder Vehicles).

Advisory Fees received from the Funds are payable quarterly in advance. Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid are generally returned on a prorated basis.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser are set forth in each Fund's Organizational Documents received by each investor prior to investment in such Fund. The Advisory Fees and other fees and distributions described herein are generally subject to waiver, modification or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same Fund. Such waiver has in the past and may in the future eliminate any fee offsets that might otherwise have reduced the amount of an Advisory Fee. The fee structures described herein may be modified from time to time. Fees may differ from one Fund to another, as well as among investors in the same Fund.

Certain investors in the Funds, and certain Funds (including Associates Funds, Co-Investment Vehicles, Feeder Vehicles and Alternative Investment Vehicles) will not typically pay Advisory Fees. Notwithstanding that such investors and Funds will not pay Advisory Fees, such investors and such Funds will pay for their pro rata share of certain Fund expenses or the pro rata portion of such investors' expenses will be allocated to the Adviser or the General Partner of the applicable Fund.

The Advisory Fees paid by a Fund will generally be reduced by a percentage of: (1) the amount of fees paid by such Fund to persons acting as a placement agent in connection with the offer and sale of interests in such Fund to certain potential investors and/or (2) certain Other Fees (as defined below) received by the Adviser or its affiliates. The amount and manner of such reduction, if any, is set forth in the Advisory Agreement and/or Organizational Documents of the applicable Fund. To the extent a reduction relates to more than one Fund, the Adviser shall allocate the resulting Advisory Fee reduction among the applicable Fund(s) in proportion to the capital committed to the applicable Fund. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds. Generally, the portion of Other Fees allocable to capital invested by an Associate Fund, Co-Investment Vehicle, Feeder Vehicle, Alternative Investment Vehicle, other Fund, co-investment vehicle or third-party investor that does not pay Advisory Fees will be retained by the Adviser and such amounts will not offset any Advisory Fee.

In addition, the Adviser has in the past and may in the future 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 and affiliates of the Adviser to invest in and alongside such Fund, which

could result in acceleration of investor capital contributions. Waived or reduced Advisory Fees may not be subject to various offsets or the reductions described above. Due to waived or reduced Advisory Fees and/or the timing of receipt of compensation subject to offsets, Fund investors may not receive the full benefit of reductions or offsets (e.g., during periods when the Adviser no longer receives Advisory Fees and receives compensation that would otherwise be subject to offset, the Adviser, depending on certain elections that may be made by Fund investors, may be entitled to retain such compensation without remitting any such amounts to the applicable Fund or its investments).

Other Fees

Fees Payable by Portfolio Companies

In addition, the Adviser and its affiliates have in the past and may in the future perform management, advisory, transaction-related, financial advisory and other services for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with structuring investments in such portfolio companies, as well as mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales or other dispositions and similar transactions with respect to such portfolio companies (“Transaction Fees”).

The Adviser and its affiliates may also receive “monitoring fees” pursuant to monitoring agreements with portfolio companies of the Funds governing the advice, consultation and other similar ongoing services provided by the Adviser to such portfolio companies. The terms of a monitoring agreement may include (among other things) annual automatic renewals and the payment of monitoring fees.

In addition, the Adviser and its affiliates may receive fees in connection with serving on the board of directors of a portfolio company (“Director Fees”) and in connection with an unconsummated transaction (“Break-Up Fees” and, together with Transaction Fees, monitoring fees, Director Fees, and any origination fees, commitment fees, topped bid fees, cancellation fees, closing fees, financial advisory fees, investment banking fees and other similar ancillary fees, the “Other Fees”). The amount and timing of Break-Up Fees received by the Adviser are generally specified in the agreement or other documentation governing the transaction.

Generally, under the terms of the applicable Organizational Documents, for purposes of calculating any Advisory Fee offset, Other Fees are net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees. Other Fees are often substantial and can be paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto) or otherwise. Although Other 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 Other Fees. The amount and manner of such reduction is set forth in the Organizational Documents of the applicable Fund. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds.

The payment of Other Fees by portfolio companies will, in some, but not all, circumstances create a conflict of interest between the Adviser and its affiliates and the Funds and their investors because the amounts of these Other Fees and reimbursements (see “*Expense Reimbursement*”) below are often substantial and the Funds and their investors generally do not have a direct interest in these fees and reimbursements. The Adviser determines the amount of these fees for the services provided 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.

From time to time, the Adviser will, in its discretion, disclose to an investor the amount of Other Fees allocated to the Fund in which such investor has invested in account statements or other similar periodic reports delivered to investors.

From time to time, the Adviser has in the past and may in the future (in its sole discretion), agree to pay a portion of an Other Fee received from an actual or prospective portfolio company to a third party (“Third Party Fee”), such as a consultant, advisor, finder, broker and/or investment bank. In such event, the Third Party Fee is not a fee that the Adviser is entitled to retain and therefore, the Adviser is not required under the terms of the applicable Organizational Documents to share such Third Party Fee with the Funds.

In addition, the Adviser or its investment partners or employees, on behalf of Adviser, may receive stock of a portfolio company as an Other Fee due to service of an investment partner or employee of the Adviser on the board of such portfolio company. In the event of such a distribution or receipt of stock, the recipients, or Adviser may act in their own interest with respect to the share of securities and may determine to sell the distributed securities, or hold on to the distributed securities for such time as such recipient, or the Adviser, shall determine. The ability of such recipients, or the Adviser, with respect to stock received an Other Fee, to act in their own interest with respect to such distributed shares creates a conflict of interest between the Adviser, as an adviser to the Fund, and its Related Persons, on the one hand, and the Fund.

In many cases with respect to the implementation of the arrangements described above, there is not an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

Payments Made to Third Parties

The Adviser and its affiliates also engage and retain senior advisors, advisers, consultants, and other similar professionals who are not employees or affiliates of the Adviser and who have in the past and may in the future, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, the amounts of fees or other compensation received by such persons may be retained by such persons and 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 and will not benefit the Fund or its investors. For a discussion of material conflicts of interest created by the engagement of such persons, please see “*Providers of Operations Support*” in Item 11 below.

Expense Reimbursement

Additionally, portfolio companies have in the past and may in the future reimburse the Adviser for expenses (including without limitation travel expenses, which have in the past and may in the future include expenses for chartered or first class travel, and meals and entertainment expenses, including, as applicable, closing dinners and mementos, car service and meals, social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers), expenses related to training programs, meetings or other events, expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), indemnification expenses, certain legal expenses and similar out-of-pocket expenses), as well as consulting fees and other cash and non-cash compensation and expenses, incurred by the Adviser in connection with its performance of services for portfolio companies, and such reimbursements are generally not included in the definition of “Other Fees” under the terms of the applicable Organizational Documents and 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.

Expenses

Adviser Expenses

To the extent provided in the Organizational Documents of the Funds, the Adviser will pay out of Advisory Fees certain expenses and costs associated with the performance of its services, including organizational expenses of a Fund exceeding a limit specified in the Fund’s Organizational Documents, expenses on account of rent, utilities, office supplies, office equipment, travel, entertainment, compensation, expenses and benefits of its officers, directors and employees (other than Carried Interest described in Item 6 below), insurance (other than premiums for insurance covering persons to be indemnified pursuant to a Fund’s partnership agreement or other organizational document), travel expenses incurred by a Fund’s placement agent and other normal and routine administrative expenses relating to the services and facilities provided by the Adviser to the Funds.

Fund Expenses

Consistent with the Organizational Documents of the Funds, each Fund will bear all other expenses relating to it to the extent not borne by its portfolio companies, including all reasonable expenses incurred in connection with the organization of such Fund and expenses (other than travel expenses) of a Fund’s placement agent, up to a limit specified in the Fund’s Organizational Documents; all documented legal, accounting, investment banking, lenders, consulting, research, due diligence, travel and accommodation and other professional services to a Fund and filing and similar fees paid on behalf of a Fund (including such expenses with respect to transactions that are not consummated) (including expenses that would have been borne by Co-Investment Vehicles), in each case to the extent that such expenses are not reimbursed by entities in which the Fund invests, or proposes to invest and costs of printing certain investor reports; all custody, transfer, administration, registration and similar expenses incurred by a Fund; all brokerage and

finders' fees and commissions and discounts incurred in connection with the purchase or sale of securities; advisory committee expenses (including without limitation, reasonable fees and expenses of legal counsel and financial advisors engaged by the advisory committee) and all expenses incurred in connection with the meetings of the partners; all interest on borrowed funds (if any); all taxes and other governmental charges (if any); all extraordinary expenses, such as litigation expenses; all expenses incurred by a Fund's General Partner in connection with service as tax matters partner as defined in Section 6231(a)(7) of the Internal Revenue Code of 1986, as amended; any and all fees and expenses incurred in connection with a Fund's compliance with the Alternative Investment Managers Directive (if applicable to such Fund) including the fees and expenses or any depository; all premiums and other costs relating to any insurance maintained in connection with the conduct of the business of a Fund, including insurance premiums that benefit the Adviser and its affiliates; and any other fees or expenses incurred by the Adviser or such Fund in connection with such Fund's operations that are not specifically set forth above as being paid by the Adviser. Although the Adviser currently does not have and does not intend to enter into any arrangements whereby expenses that would otherwise be payable by the Adviser are reduced through the use of "soft" or commission dollars, the Adviser is permitted to do so, as discussed in Item 12 below.

As described in Item 4 above, from time to time, the General Partner of a Fund may create AIVs. In the event the General Partner creates an AIV, consistent with the Organizational Documents of the Fund, the AIV, and indirectly, the investors thereof, will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the AIV.

Co-Investment Vehicle Expenses

As described in Item 4 above, in certain cases, a Co-Investment Vehicle may be formed in connection with the consummation of a transaction. In the event a Co-Investment Vehicle is created, the investors in such Co-Investment Vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the Co-Investment Vehicle. The Co-Investment Vehicle will generally bear its pro rata portion of expenses incurred in making an investment.

If a proposed transaction is not consummated, no such Co-Investment Vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not consummated transaction ("Dead Deal Costs") would therefore be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction. Similarly, Co-Investment Vehicle are not typically allocated any share of Break-Up Fees paid or received in connection with such an unconsummated transaction. As a general matter, no co-investor will bear Dead Deal Costs or receive any portion of Break-Up Fees until they are contractually committed to invest in the prospective investment. Furthermore, to the extent a co-investment vehicle is formed in connection with a proposed, but unconsummated transaction, expenses relating to such co-investment vehicle may, in certain situations, be borne by another Fund or Funds.

Expense Allocation

In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser is faced with a variety of potential conflicts of interest. To the extent not allocated to a portfolio company, the Adviser will allocate fees and expenses incurred in the course of evaluating and making investments that are consummated between Funds in accordance with each Fund's Organizational Documents or, to the extent not addressed in such Organizational Documents, pro rata based on the respective total capital commitments of such Funds.

The appropriate allocation between Funds, Adviser Investors (as defined below) and Third Parties of expenses and fees generated in the course of evaluating potential investments which 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 its affiliates in their good faith discretion, consistent with the Organizational Documents of the Funds, as applicable. If multiple Funds evaluate a potential investment that is not consummated, the Adviser generally allocates fees and expenses generated in the course of evaluating such investment among such Funds based on the capital commitments to such Fund. Such expenses typically are not allocated to Co-Investment Vehicles.

The Adviser, from time to time, enters into arrangements with third-party advisers and consultants who provide services relating to deal-sourcing and investment opportunities. Any fees and expenses associated with such investment opportunities will be allocated to the applicable Fund(s), consistent with the allocation process described above.

Carried Interest Payments

Please see Item 6 below regarding "Carried Interest" that Funds may pay.

Brokerage Fees

Although the Adviser does not generally 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 other than Associates Funds and certain Co-Investment Vehicles, a portion of the profits of each such Fund is 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 Main Fund is indirectly borne by any Feeder Vehicles that invest in such Main Fund and by investors in such Main Fund and Feeder Vehicles.

The payment by some, but not all, Funds of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) creates 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 Organizational 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. Please see Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

Item 7. Types of Clients

The Adviser currently provides investment supervisory services to the Funds (other than certain Co-Investment Vehicles). Investment advice is provided directly to the Funds and not individually to investors in such 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” as defined in the 1940 Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, sovereign wealth funds, corporations, limited partnerships and limited liability companies or other entities.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments may be established for investors in the Funds. The General Partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the Organizational Documents of such Fund.

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

Methods of Analysis and Investment Strategies

The Adviser typically makes long-term capital appreciation investments in equity and equity-related securities of middle market companies with enterprise values between \$100 million and \$1 billion and seeks to provide equity capital of \$50 million to \$300 million. The Adviser principally focuses on controlling private equity investments in management buyouts and recapitalizations and seeks to generate attractive rates of return for its investors by improving the operating performance of its portfolio companies by implementing operating and strategic changes to improve efficiency, increase revenue and cash flow and create incremental equity value, rather than relying only on financial engineering.

The Adviser’s primary focus to date has been on traditional manufacturing and service companies. The Adviser has developed particular sourcing and execution expertise within three industry categories: industrial manufacturing; consumer products; and services (business services, healthcare services and financial services).

The Adviser devotes careful attention to due diligence, transaction execution, and investment monitoring. The investment team works closely with management to understand the company's business and markets. They also perform business, legal and accounting due diligence, culminating with the preparation of a business plan. The management of each portfolio company is responsible for seeking to achieve the performance targets set forth in this plan. The Adviser's professionals provide ongoing support in the areas of corporate finance, acquisitions and long-term strategic planning.

The Adviser begins this process during due diligence, whereby it seeks to identify and quantify opportunities for operational improvement, revenue enhancement and business repositioning. The Adviser's diligence culminates in a strategic plan for the portfolio company to be implemented under the Adviser's ownership tenure. The Adviser implements its strategy through the following three phases:

- *Enhancement of Management Capabilities.*
- *Implementation of Operational Improvement Plan; and*
- *Targeted Growth and Business Repositioning.*

Risks

Investing in securities involves 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.

In addition, 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:

Recent 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. 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 depends on their ability to sell new securities in the public high yield debt market or otherwise.

Lack of Liquidity of Investments

A Fund's ability to liquidate certain of its investments in portfolio companies may be limited, as such companies will generally be privately held and the Fund may own a relatively large percentage of the issuers' equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. These limitations on the liquidity of a Fund's investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized in any sale. In addition, a Fund generally will acquire securities in private companies that cannot be sold except pursuant to registration statement filed under the Securities Act or in a private placement or other transaction exempt from the registration under the Securities Act. Unless such a portfolio company registers its shares under the Securities Act, a public sale of such shares will not be available to a Fund, which must then rely on other means to achieve liquidity. A Fund may also be precluded from selling its shares in a public portfolio company for some time after its initial public offering.

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 in accordance with accounting principles generally accepted in the United States of America. 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 may at times not be available for certain Fund's assets. With respect to the Funds, the exercise of discretion in valuation by the Adviser gives 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.

Risk of Limited Number of Investments

The Funds typically only participate in a limited number of portfolio investments and, as a consequence, the aggregate return of a Fund may be substantially adversely affected by the unfavorable performance of even a single portfolio investment. The ability of a Fund's General Partner to satisfactorily achieve diversification is uncertain and failure to do so could adversely affect the performance of a Fund.

Dependence on Key Personnel

A Fund's limited partners will have no right or power to participate in the management of the Fund. A Fund's limited partners must rely on the Fund's General Partner to make investment decisions consistent with such Fund's investment objectives and policies, negotiate and structure the Fund's investments, administer, monitor and add value to the portfolio companies and dispose of such investments. The success of a Fund will depend significantly on the principals of the Adviser. There can be no assurance that the principals or other employees of the Adviser will continue to be employed by the Adviser throughout the life of a Fund. The loss of key personnel could have a material adverse effect on a Fund.

Reliance on Portfolio Company Management

Although the Adviser intends for each Fund to invest in companies with strong and stable management, there can be no assurance that the existing management team of a portfolio company, or any new team, will be able to operate such company successfully. Furthermore, although a Fund's General Partner will monitor the performance of each portfolio company, it will be primarily the responsibility of company management to operate the business on a day-to-day basis.

Highly Competitive Market for Investments

The business of identifying, negotiating, acquiring, monitoring, managing and selling investments is highly competitive, and involves a high degree of uncertainty. Each Fund will encounter competition from other persons or entities with similar investment objectives. These competitors include other investment partnerships as well as corporations, business development companies, leveraged buyout entities, small business investment companies, large industrial and financial companies investing directly or through affiliates, foreign investors of various types and individuals.

Financial Turmoil

Investments in many industries have experienced significant volatility over the last several years and, in particular, unusual and significant economic instability since 2008. The securities markets have seen significant 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/or financial turmoil. While overall economic and financial market conditions have

begun to slowly improve from the depths of the significant recession begun in the latter half of the last decade, recently there has been concern about the prospects for growth in the U.S. economic and other economies. There can be no assurance that such improvement will continue or that market conditions will not begin to deteriorate once again. The ability to realize investments depends not only on the portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of realization of such investments. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when it believes it is most advantageous to do so, or without adversely affecting the stock price. In addition, in the past, many private equity funds have looked to the public securities markets as an exit strategy and there can be no assurance, particularly given the possibility of volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that a Fund will be able to exit from its investments in a portfolio company by listing shares on a securities exchange in the U.S. or abroad.

Volatility in the financial sector may materially adversely affect the ability of a Fund to buy, sell and partially dispose of its portfolio investments, when the Adviser would otherwise believe it to be advantageous to do so or when required to sell or partially dispose of portfolio investments. In addition, volatility in political, market or economic conditions, including an outbreak or escalation of major hostilities, declarations of war, terrorist actions or other substantial national or international calamities or emergencies, could have a material adverse effect upon a Fund and its portfolio companies.

Foreign Investment Risk

The Adviser focuses on investments in companies headquartered in North America. To the extent the Adviser makes investments outside of the United States, the Funds will be exposed to foreign currency exchange rate risk and foreign currency convertibility risk. Market rates of exchange are influenced by many factors that neither the Adviser nor the Funds can control, including, among others, government intervention.

Stressed and Distressed Investments

Investments in stressed and distressed companies may trade significantly below par, are considered speculative, and entail substantial inherent risks (which are generally significantly higher than the risks involved in investing in other companies). In particular, defaulted obligations might be repaid, if at all, only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments, the amount of any recovery may be affected by the relative security of a Fund's investment in the issuer's capital structure, and the recovery could be in the form of instruments or interests different from the instrument or interest providing the basis for the claim and on terms that may differ from prevailing market terms for similar instruments or interests.

Leverage

The leveraged capital structures of a Fund's investments may increase the exposure to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of a portfolio company or its industry. In the event a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the investing Fund's equity investment in such company could be significantly reduced or even eliminated.

Interest Rate and Credit Risk

Leveraged private equity investments are subject to increases in prevailing interest rates which may increase the borrowing costs of portfolio companies, reduce free cash flow, and limit business growth. In addition, debt securities are subject to the risk that the issuer will default on an interest or principal payment. Neither the Adviser nor the Funds can control the factors that influence interest rate risk and credit risk.

Risk of Majority Positions

A Fund may have a controlling interest in a portfolio company (because of its equity ownership, representation on the board of directors and/or contractual rights) either on its own or, in certain cases, with another financial partner or investment fund. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, failure to supervise management, pension and other fringe benefits, violation of governmental regulations (including securities laws) or other types of related liability. If these liabilities were to arise, the Fund might suffer a significant loss in such investment.

To the extent that a Fund owns a controlling stake in or is deemed an affiliate of a particular company, it may also be subject to certain additional bankruptcy or securities laws restrictions that could affect both the liquidity of the Fund's interest and the Fund's ability to liquidate its interest without adversely impacting the price thereof, including insider trading restrictions, the affiliate sale restrictions of Rule 144 of the Securities Act and the disclosure requirements of Sections 13 and 16 of the U.S. Securities Exchange Act of 1934, as amended. Further, to the extent that affiliates of the Fund are subject to such restrictions, the Fund, by virtue of its affiliation with such entities, may be similarly restricted, regardless of whether the Fund stands to benefit from such affiliate's ownership.

Risk of Minority Positions

If, as part of its overall investment strategy, a Fund elects at any time to hold a minority position in one or more portfolio companies, it may not be able to exercise control over such companies.

Risks Upon Disposition of Investments

In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of the portfolio

company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. A Fund may also be required to indemnify the purchasers of such portfolio company or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate or misleading. These arrangements may result in contingent liabilities, which may ultimately have to be funded by such Fund's partners. A Fund's partnership agreement or similar organizational document may contain provisions requiring a Fund's limited partners to make specified contributions in the event of any such claim in respect of a portfolio company.

Conflicts of Interest

Affiliates of a Fund's General Partner engage in a broad spectrum of activities. As a result, there may arise instances where the interests of such General Partner or one of its affiliates conflicts with the interests of a Fund and/or its limited partners. Each Fund's General Partner will endeavor to ensure that these conflicts do not work to the detriment of the Fund. If a conflict such as this arises, it may be presented to a Fund's advisory committee, if any, for review. For a description of material conflicts of interest and a description of how such conflicts are addressed, please see Item 11 below.

Absence of Regulatory Oversight

The Funds are not required and do not intend to register as investment companies under the 1940 Act. Accordingly, the Funds' limited partners are not accorded the protections that would have been available to them if such entities were registered under the 1940 Act. Additional regulatory and tax risk considerations, including those of foreign and domestic bodies, are disclosed in the offering documents of each Fund, as applicable.

Operating Partners

The Adviser may have formal arrangement with certain Operations Support Providers (as defined below) that may be terminable upon notice by either party, or it may have informal arrangements with such persons. The nature of each relationship and time devotion requirements will vary significantly among the Operations Support Providers. There can be no assurance that any of the Operations Support Providers will maintain their anticipated time commitment or continue to serve in such capacities with respect to the Funds and the portfolio companies and/or that the Adviser will be able to procure additional Operations Support Providers in the future.

Cybersecurity Risk

The Adviser, the Funds' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of the Adviser and the Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and its investors. For example, unauthorized third parties may attempt to improperly

access, modify, disrupt the operations of, or prevent access to these systems of the Adviser, the Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of the Funds' investors. A successful penetration or circumvention of the security of the Adviser's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, the Adviser or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Similar types of operational and technology risks are also present for the companies in which the Funds invests, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

Follow-On Investments

The Funds may be presented with the opportunity to make additional, "follow-on" investments in their existing portfolio companies, either because a portfolio company's performance and/or liquidity has been below expectations or because additional capital is required to fund growth. There can be no assurance that a Fund will desire to make follow-on investments or that it will have sufficient funds to do so. Any decision by a Fund not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment and may dilute such Fund's existing investment and/or may diminish the Fund's ability to influence the portfolio company's future development.

Item 9. Disciplinary Information

The Adviser and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to an investor's evaluation of the Adviser or its personnel.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

Various entities (the "General Partners") serve as general partners of the Funds and are typically owned by the principals and certain employees 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.

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") that has been designed to help detect, address and avoid potential conflicts of interests and which is designed to comply with

Rule 204A-1 under the Advisers Act (“Rule 204.A-1”). For purposes of Rule 204A-1, all the Adviser’s members, officers and employees which include the Operating Partners (as defined below) are designated as “access persons” (“Access Persons”).

Rule 204A-1 requires the Adviser to adopt a code of ethics that sets forth a standard of business conduct and compliance with federal securities laws by all Access Persons. Policies and procedures have been adopted to ensure compliance with the provisions of the Code and Rule 204A-1, including certain pre-clearance and reporting obligations of personal securities transactions. Access Persons are generally not permitted to trade in the securities of companies maintained on the Adviser’s restricted list. From time to time, Access Persons may personally acquire or trade in the securities of companies that are being invested in or considered by the Funds as well as companies that strategically overlap with investments of the Funds or are being considered for the Funds. The Adviser typically evaluates these types of circumstances on a case by case basis to determine if any action is required to be taken, e.g., divestiture of the investment by the Access Person, recusal of the Access Person from all aspects relating to the investment decision process on behalf of a Fund, among other actions.

Adviser Personnel are 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 upon request. Please contact the Adviser directly or send a written request to: Kohlberg & Co., L.L.C., 111 Radio Circle, Mt. Kisco, NY 10549.

Participation or Interest in Client Transactions

The Adviser and certain employees and affiliates of the Adviser have in the past and may in the future invest in and alongside the Funds, either through the General Partners, as direct investors in the Funds or otherwise. A Fund or its General Partner, as applicable, has in the past and may in the future 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.

Due in part to the fact that potential investors in a Fund (including potential investors in a Co-Investment Vehicle or purchaser of a limited partner’s interests in a secondary transaction) may ask different questions and request different information, the Adviser has in the past and may in the future provide certain 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 account 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 will, from time to time, conflict with the interests of the Adviser, other Funds or their respective affiliates.

Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

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 will 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 generally mitigate, but will not eliminate, conflicts of interest:

- (1) 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;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant Organizational Documents for the Funds;
- (3) Generally, each Main Fund has established an advisory committee, consisting of representatives of investors not affiliated with the Adviser. The advisory committees meet as required to consult with the Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;
- (4) 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
- (5) Prior to subscribing for interests in a Fund (except for certain Co-Investment Vehicles or an Associates 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 conflicts that may be faced by a Fund. Other conflicts are disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

Allocation of Investment Opportunities

In connection with its investment activities, the Adviser has in the past and may in the future 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 Main Funds, which may include Main Funds organized as parallel investment entities that have been formed to invest side-by-side with one or more of the Funds (either in all transactions entered into by such Fund(s) or in a limited subset of such investments);
- Any Alternative Investment Vehicles that have been formed to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions;
- Any Co-Investment Vehicles that have been formed to invest side-by-side with one or more Main Funds in particular transactions entered into by such Main Fund(s) (the investors in such Co-Investment Vehicles have in the past and may in the future include individuals and entities that are also investors in one or more Funds and/or individuals and entities that are not investors in any Funds (“Third Parties”));
- Any Associates Funds that invest side-by-side with one or more of the Main Funds and have been formed to facilitate investments by certain business associates and other “friends and family” of the Adviser or its personnel (such investors, “Adviser Investors”);
- 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”). Investment Allocation Requirements are generally set forth in the instrument under which the Fund was established (such as a Fund’s Organizational Documents). 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 will allocate investments in a fair and equitable manner.

The Adviser will seek to make all allocations of investment opportunities among the Funds in a fair and equitable manner, and will not favor or disfavor, consistently or consciously, any Fund or class of Funds in relation to any other Funds. Further, the Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund.

In addition, principal executive officers and other personnel of the Adviser invest indirectly in and have been and may in the future 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 presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

With respect to allocating other expenses among Fund(s), Co-Investment Vehicles, Adviser Investors and/or Third Parties as appropriate, to the extent not addressed in the Organizational Documents of a Fund, the Adviser will make any such allocation determination in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable.

Allocation of Co-Investment Opportunities and Secondary Transactions

The Adviser will determine 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 by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers 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 interest of the applicable Fund), and any such excess may be offered to one or more co-investors pursuant to the procedures included in such Funds' Organizational Documents and as set forth in the following paragraph.

Subject to any Investment Allocation Requirements, 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, (iii) co-investment opportunities have in the past and may in the future, and typically will, be offered to some and not to other investors in the Funds, in the sole discretion of the Adviser or its related persons and investors may be offered a smaller amount of co-investment opportunities than originally requested, and (iv) certain persons other than investors in the Funds (e.g., Third Parties) have in the past and may in the future be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons. Additionally, non-binding acknowledgements of interest in co-investment opportunities are not Investment Allocation Requirements and do not require the Adviser to notify recipients of such acknowledgements if there is a co-investment opportunity.

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 will consider some or all of a wide range of factors, which include, but are not limited to, one or more 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 has that may arise in connection with providing the other account or person 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 perception 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 and the expected amount of negotiations required in connection with a potential co-investment party's commitment;
- The potential co-investment amount;
- The Adviser's perception 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 and/or the Adviser.

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 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 is subject, discussed herein, did not exist.

In the event the Adviser determines to offer an investment opportunity to co-investors, there can be no assurance that the Adviser will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Fund or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial. In the event that the Adviser is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Fund may consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto.

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Organizational Documents, or is asked to identify potential purchasers in a secondary transfer, the Adviser will do so in its sole discretion, generally taking into account the following factors:

- The Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- The Adviser's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate a relationship that may provide indirectly longer-term benefits to current or future Funds and/or the Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Adviser, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- Requirements in such Fund's Organizational Documents; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

A purchaser's potential investment into another Fund (including any commitment to a future fund) may be considered, but will not be the sole determining factor considered by the Adviser in determining whether to grant or withhold its consent to a secondary transfer of interests in a Fund.

Conflicts Related to Purchases and Sales

Conflicts arise when a Fund makes investments in conjunction with an investment being made by other Funds or in a transaction where another Fund has already made an investment. Investment opportunities are, from time to time appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions 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 raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company. Certain clients of the Adviser and its affiliates 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 will, at times, conflict with the interest of such other 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 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 will 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 in a portfolio company also raises the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser. Employees and related persons of the Adviser and its affiliates have made or may make capital investments in or alongside certain Funds, and therefore often 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 may sell down an interest in its portfolio companies to co-investors. Subject to the Organizational Documents, the Adviser may charge (or may decide not to charge) a co-investor (such as a Fund investor or Third Party) interest costs for the time period between the closing of the applicable Fund's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

The Funds will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Fund agrees that upon the closing of a transaction with respect to a potential portfolio company, it will purchase equity securities in a transaction. Furthermore, in certain instances the Funds will also enter into limited guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential portfolio company is not consummated, it will pay a percentage of the total value of the transaction as a "reverse termination fee" to the seller entity. While certain Co-Investment Vehicles with investments contractually tied to the Fund (including Co-Investment Vehicles through which employees of the Adviser participate) are generally obligated to pay their proportionate share of the equity purchase price and/or the reverse termination fee (whether pursuant to the applicable Funds' Organizational Documents or otherwise), such Co-Investment Vehicles are generally not direct parties to the equity commitment arrangements or limited guarantees. Therefore, in the unlikely event that a co-investment vehicle defaults on such arrangement, the Fund would be held responsible for the entire equity purchase price or reverse termination fee, as applicable.

Cross-Transactions

In certain cases, the Adviser will, from time to time cause a Fund to purchase investments from another Fund, or it will cause a Fund to sell investments to another 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, its affiliates and/or their professionals (i) will, from time to time 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 its affiliates receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and also are generally 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 Organizational Documents of certain Funds and their associated parallel fund(s) may provide for the rebalancing of investments at certain times and at a cost set forth in those Organizational Documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund and such parallel fund(s)). To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's CCO, in consultation with the Adviser's Managing Member, will be responsible for confirming that the Adviser (i) considers its respective duties to each Fund, (ii) 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 on commercially reasonable terms, and (iii) obtains any required approvals of the transaction's terms and conditions. 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 affect any such transaction for any Fund where the Adviser is 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 to the transaction. In connection with the Adviser's management of the Funds, the Adviser and its affiliates 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 Organizational 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 have investment objectives similar to each other. The Adviser expects that it or its personnel will 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, including funds that may be raised in the future or to proprietary investments made by the Adviser and/or its principals of the type made by a Fund. Conflicts of interest 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 re-leveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest often 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 has in the past and may in the future, in its discretion, contract with any related person of the Adviser (including but not limited to a portfolio company of a 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 has an incentive to recommend the related 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 has in the past and may in the future, in its discretion, recommend to a Fund or to a portfolio company thereof (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 its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, the Adviser, because of its financial or other business interest, has 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, its affiliates, and members, officers, principals and employees of the Adviser and its affiliates has in the past and may in the future buy or sell securities or other instruments that the Adviser has recommended to Funds. Officers, principals and employees of the Adviser may also buy securities in transactions offered to but rejected by Funds. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics and investors will not benefit from any such investments. 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 will have conflicting interests with respect to these investments.

Because 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, 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.

A Fund may, from time to time, lend certain amounts to the Adviser and its affiliates with respect to its pro rata share of an investment in those circumstances in which such Fund is borrowing with respect to the investment on a short term basis. In such circumstances, the Adviser will ensure that any such lending by the Fund is made on a short term basis (based on the Adviser's reasonable belief at the time the investment is made), and is on no more favorable terms than those applicable to the Fund's borrowing terms.

Fee Structure

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

Additionally, as discussed above in Item 6, the General Partners of many 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 creates 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.

Pursuant to the Organizational Documents, the General Partner may be required to return excess amounts of Carried Interest as a "clawback". This clawback obligation may create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner.

Fund Level Borrowing

The Funds from time-to-time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses, to pay management fees, to make or facilitate new or follow-on investments, to make payments under hedging transactions, to cover any shortfall resulting from an investor's default or exclusion or to fund capital contributions at the closing of an investment. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all limited partners in such Fund on a pro-rata basis, including the General Partner. In addition, fund facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds, in which case such borrowed funds would be guaranteed by such Funds.

Although borrowings by the Fund has the potential to enhance overall returns that exceed the Fund's cost of funds, such borrowings increase the potential exposure of the Fund to a particular investment above the level that the Fund would typically have had an investment been limited to

equity. Any such borrowings will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of funds. In addition, borrowings by the Fund are secured by capital commitments made by Fund investors to the Fund as well as by the Fund's assets and the documentation relating to such borrowings provides that during the continuance of a default under such borrowings, the interests of the investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of leverage by the Fund may cause the realization of "unrelated business taxable income." To the extent the Fund uses borrowed funds in advance or in lieu of capital contributions or a portfolio company borrows funds directly through the Fund facility, the Fund's investors generally make correspondingly later capital contributions. As a result, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and may make net internal rate of return calculations higher than it otherwise would be without fund-level borrowing and can impact the carried interest the Fund's General Partner receives, as these calculations generally depend on the amount and timing of capital contributions as well as the level of the organizational structure at which such borrowed funds are borrowed or deployed. In addition, where a portfolio company borrows funds directly through the Fund facility, the applicable Funds may charge the portfolio company borrower higher interest rates than the interest rate the Funds pay pursuant to such financing facility, among other things, to help offset origination and other facility costs.

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 often have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors generally 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 arise in connection with decisions made by the Adviser or its affiliates, including with respect to the nature or structuring of investments, that are 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 and its affiliates 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 often situations where the Adviser is in the position of recommending portfolio company services to other portfolio companies of the Funds or the Adviser or which may involve fees, commissions, servicing payments and/or discounts to the Adviser, an affiliate, or a portfolio company. The Adviser has 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. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service.

The Adviser generally has 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.

Portfolio companies controlled by a Fund may provide services to certain Fund investors. The Adviser may have an incentive to cause the portfolio company to favor those investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

Although unlikely, it is possible that a Fund's portfolio company may compete with, be a customer of, or is a service provider to, another Fund's portfolio company. In providing advice to a portfolio company's business, the Adviser is not obligated to, and need not, take into consideration the interests of the other relevant portfolio companies or Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio company may have adverse consequences to the portfolio company owned by another Fund.

A Fund's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Funds managed by the Adviser that, although the Adviser determines to be consistent with the requirements of such Funds' Organizational Documents, may not have otherwise been entered into but for the affiliation with the Adviser, and which may involve fees and/or servicing payments to affiliates of the Adviser that are not subject to the Advisory Fee offset provisions described herein. For example, the Adviser has in the past and may in the future cause portfolio companies to enter into agreements regarding group procurement (which may depend on the volume of services purchased under these agreements and which may be pooled across multiple portfolio companies and discounted due to scale), benefits management, data management and/or mining, technology development, purchase or title and/or other insurance policy (which may be pooled across multiple portfolio companies and discounted to scale) and other similar operational initiatives that may result in fees, better pricing, rebates, commissions or similar payments and/or discounts being paid to the Adviser, its affiliates or a portfolio company, including related to a portion of the savings achieved by the portfolio company. While the Adviser may have a conflict of interest because its economic benefit may incentivize the Adviser to maintain such arrangements, the Adviser believes that such agreements benefit the portfolio companies due to increased access to quality products and services at beneficial pricing and the Adviser's benefits from such arrangements are reduced because the Adviser only benefits at the same rate as the portfolio companies. However, it should not be assumed that a company related to, or otherwise affiliated with the Adviser will only take actions that are beneficial to, or not opposed to, the interests of a Fund and its portfolio companies.

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

Service Providers

The Adviser and/or its affiliates may engage certain service providers to provide services to the Adviser, the Funds and/or the portfolio companies. Such service providers are, in certain circumstances, investors in a Fund and may include, for example, investment bankers, outside legal counsel, pension consultants and/or other investors who provide services (including mezzanine and/or lending arrangements) to the Adviser, the Funds, the portfolio companies and/or businesses that are competitors of the Adviser. The engagement of any such service provider may be concurrent with an investor's admission to a Fund, or during the term of such investor's investment in the Fund. This creates a conflict of interest, as the Adviser may give such investor preferred economics or other terms with respect to its investment in a Fund, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor.

Additionally, employees of the Adviser or its affiliates, and/or their family members or relatives may have ownership, employment or other interests in, or may receive certain benefits from, such service providers. These relationships that an Adviser may have with a service provider can influence the Adviser in determining whether to select, or recommend such service provider to perform services for a Fund or a portfolio company. The Adviser will 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. Although the Adviser selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that the Adviser, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Providers of Operations Support

The General Partner and the portfolio companies will from time to time retain other companies and individuals ("Operations Support Providers" or "Operating Partners"), which have in the past and may in the future be affiliates or members of the General Partner, employees of such affiliates, portfolio companies of other of the Adviser's Funds, third party consultants (including specialized consultants, external executives, and industry advisory roundtable members), "operating partners" or "senior advisors". The Operations Support Providers are engaged to provide operational support, specialized operations and consulting services and similar or related services to, or in connection with, one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies ("Operations Support Services"). These services may be high level insight or extensive day-to

day roles and have in the past and may in the future include support to the General Partner or portfolio companies regarding, among other things, the company's management (including serving in management positions or participating in determining corporate strategy), the company's supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters. The nature of the relationship with each such Operations Support Provider and the time devotion requirements of each such Operations Support Provider may vary significantly. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated Operations Support Services to be provided. Operations Support Providers may be offered the ability to co-invest alongside Funds, including in investments in which such Operations Support Provider is involved or participates in the management thereof.

Fees and expenses associated with Operations Support Services ("Operations Fees & Expenses") have in the past and may in the future be paid and/or reimbursed by portfolio companies and/or the Funds. Operations Fees & Expenses (including Operations Fees & Expenses incurred in connection with an affiliated Operations Support Provider) may be determined at the discretion of the General Partner taking into account the particular Operations Support Services, may include an annual fee or retainer, a discretionary bonus, a profits or equity interest in the Funds and/or portfolio company or other incentive-based compensation (including Carried Interest in respect of a Fund) to the Operations Support Provider, and will otherwise be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operations Support Provider, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies. The determination of whether a service is an Operations Support Service will be made by the General Partner. Operations Fees & Expenses have in the past and may in the future be incurred in respect of portfolio companies prior to the closing of the investment. In the event one or more Operations Support Providers (directly or indirectly) is providing services with respect to the Funds, such Operations Fees & Expenses will be allocated among the Funds as determined by the General Partner or Adviser, as applicable in a fair and equitable manner. To the extent any such Operations Fees & Expenses are payable to any affiliated Operations Support Provider by the Funds or a portfolio company, such Operations Fees & Expenses will not reduce any fees otherwise payable to the management company or its affiliates. The General Partner's good faith determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Fees & Expenses) and the allocation of such fees and expenses shall be binding on the Fund and its investors.

Although the use of Operations Support Providers and allocation of Operations Fees & Expenses paid to them may subject the Adviser and its affiliates to potential conflicts of interest, the Adviser believes any such potential conflicts of interest are mitigated by the expected savings to

the portfolio companies (and, in turn, the relevant Fund(s)) that will be applied if the cost of the Operations Support Providers are lower than market rates for the services provided, or if the services provided by the Operations Support Providers are consistent with the business strategy the Adviser has for the relevant portfolio company.

Investment Professionals Positions with Portfolio Companies

The Adviser's investment professionals have in the past and may in the future serve as directors of portfolio companies. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflicts with those of the Fund, it is expected that the interests will be aligned. Such investment professionals are required to remit any remuneration they may receive as directors to the applicable Funds. In addition, employees of the Adviser may leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio company.

Operating Partners

Operating Partners are professionals engaged by the Adviser with an orientation towards the operations of portfolio companies. Operating Partners receive compensation both from the Adviser and also directly from each portfolio company to which they are assigned. For agreeing to exclusively serve as an Operating Partner of the Adviser they receive a base salary (and in some cases, benefits) from the Adviser and share in a small percentage of the Carried Interest received by the General Partner of one or more Funds. In addition, Operating Partners have in the past and may in the future serve as a full-time or interim CEO of a portfolio company, for which they receive market-based salary, bonuses (usually annual and sometimes including transaction and success bonuses), and option grants. Operating Partners have in the past and may in the future also serve as Executive Chairman of the Board or Executive Committee of one or more portfolio companies, for which they receive a market-based salary, bonuses (again, usually annual and sometimes including signing or success bonuses), and option grants. Finally, Operating Partners have in the past and may in the future serve as a director of one or more portfolio companies, for which they receive market-based director fees and/or option grants. No compensation paid to the Operating Partners by portfolio companies of the Funds (whether in cash or options) has ever been offset against management fees paid by the Funds to the Adviser.

In addition to sitting on the boards of directors of certain of portfolio companies of the Funds, Operating Partners may also sit on the board of directors of other public or private companies which are not portfolio companies of the Funds ("Outside Companies"). Such Outside Companies may, in certain instances, strategically overlap with current or prospective portfolio companies of the Funds. Operating Partners must report its service on any board of directors of an Outside Company to the Adviser to assist the Adviser in identifying actual or potential conflicts of interest.

Side Letter Agreements; Advisory Committee Rights

The Adviser has in the past and may in the future enter into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms,

including but not limited to different fee structures and other preferential economic rights, information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, co-investment rights, certain rights or terms necessary in light of particular legal, tax, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of legal, tax and regulatory considerations applicable to a particular investor, or transfer rights. Except as otherwise agreed with an investor, the Adviser (or applicable General Partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund.

Generally, each Main Fund has established an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory committee. The advisory committee may also have the ability to approve conflicts of interests with respect to the Adviser and the applicable Main Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee.

Other Potential Conflicts

The Organizational Documents of a Fund establish complex arrangements among the Funds, the Adviser, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Organizational Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

The Adviser and the Funds will generally engage common legal counsel and other advisers 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 have in the past and may in the future be investors in a Fund, and have in the past and may in the future 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, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required.

The Adviser and the Funds have in the past and may in the future engage other common service providers. In such circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the Adviser, the Funds, and/or the portfolio companies. This may result in the Adviser receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or the Adviser receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between the Adviser and the Funds in determining whether to engage such service providers, including the possibility that the Adviser favors 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 and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in “miles” or “points” or credit in loyalty/status programs to the Adviser and/or its personnel, and such rewards and/or amounts will exclusively benefit the Adviser and/or such personnel and will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies.

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.

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, (a) 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 (b) 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 partnership agreements (or analogous organizational documents) of certain Funds permit each such Fund’s General Partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, information may be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The General Partner may elect to withhold certain information to such limited partners for reasons relating to the General Partner’s public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Certain portfolio companies of the Funds are, or have been, counterparties or participants in agreements, transactions or other arrangements with the Adviser, its affiliates, other portfolio companies of the Adviser’s clients, to receive favorable procurement terms, including fees, servicing payments, rebates, discounts or other financial benefits. The Adviser is often eligible to receive favorable terms for its procurement due in part to the involvement of its portfolio companies in such arrangements, and any discounted amounts will not be subject to Advisory Fee offsets or otherwise shared with the relevant Funds.

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

As Funds invest primarily in private equity ventures, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (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, etc.). However, 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.

The Adviser’s business focuses on acquiring private companies. Accordingly, it does not typically trade in public securities. In the limited circumstances where the Adviser purchases public securities as part of a private equity transaction or has such securities as a result of a portfolio company going public, the Adviser will attempt to utilize the services of a broker or dealer that provides the best overall qualitative and quantitative benefits to the Funds.

The Adviser does not have any formal soft dollar arrangements or other arrangements that would commit the Funds to any specific or implied level of trading. As an institutional money manager, the Adviser may receive access to research made available through brokerage counterparties or investment banks. The Adviser believes this research is available to all institutional money managers of similar size.

The Adviser strives to select broker-dealers, investment banks, financial intermediaries and other key service providers that provide the Funds with favorable execution capabilities and qualities. Certain entities are utilized for the Funds due to their presence in specific markets and their ability to trade certain securities or complete specialized types of transactions. Research or additional ancillary services not associated with the transaction provided by such service providers is not a determining factor for engaging a particular service provider.

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 portfolios are reviewed by a team of investment professionals on a periodic basis. The team generally includes a Partner of the Adviser and other investment professionals of the Adviser. Moreover, the Managing Partner and Chief Investment Officer of the Adviser are designated to monitor portfolio company performance. This provides a second level of review of each client portfolio company on a continual basis.

Reporting

Investors in the Funds (except for the Associates Funds) typically receive, among other things, a copy of audited financial statements of the relevant Fund within 90 days after the fiscal year end of such Fund or as soon as practicable thereafter, as well as quarterly summary unaudited reports within 45 days after each of the first three fiscal quarter ends or as soon as practicable thereafter. Investors in the Associates Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund or as soon as practicable thereafter. The Adviser and the applicable General Partner, if any, has in the past and may in the future from time to time, in their 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 has in the past and may in the future, in certain instances, receive discounts on products and services provided by portfolio companies of Funds.

While not a client solicitation arrangement, the Adviser has in the past and may in the future from time to time engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. Advisory Fees received by the Adviser are generally reduced by the amount of such fees. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds.

Item 15. Custody

To the extent possible, the assets of the Funds are held in custody by unaffiliated qualified custodians including broker/dealers or banks. The Adviser is deemed to have access to Investor accounts since its affiliates serve as the General Partners of the Funds. Investors will not receive statements from the custodian. Instead, the Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each Fund's Investors. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 90 to 120 days of a Fund's fiscal year end.

Item 16. Investment Discretion

Investment advice is provided directly to the Funds and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or Organizational Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Organizational Documents of the applicable Fund.

Co-Investment Vehicles and Alternative Investment Vehicles are generally established in order to invest alongside one or more Main Funds in a particular investment opportunity or opportunities, and the Adviser typically has limited discretion to invest the assets of the Co-Investment Vehicles or Alternative Investment Vehicles independent of the limitations as set forth in the organizational documents of such Co-Investment Vehicle or Alternative Investment Vehicle and applicable Main 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 Senior Management 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.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to current investors upon written request to: Kohlberg & Co., L.L.C., 111 Radio Circle, Mt. Kisco, NY 10549.

Item 18. Financial Information

The Adviser has not filed for bankruptcy and does not have any financial condition that would impair its ability to manage the Funds’ portfolios.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to the Adviser.