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PLATINUM EQUITY ADVISORS, LLC
Form ADV – PART 2A
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This brochure (this “Brochure”) provides information about the qualifications and business practices of Platinum Equity Advisors, LLC. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Mary Ann Sigler, at (310) 228-9597. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Platinum Equity Advisors, LLC is also available on the SEC’s website at:
www.adviserinfo.sec.gov.

Material Changes

This Brochure contains no material changes since Platinum Equity Advisors, LLC (“Advisors”) filed its last brochure on March 28, 2013. We encourage all recipients of this Brochure to read it carefully in its entirety.

Table of Contents

Material Changes.....	2
Table of Contents	2
Advisory Business	2
Fees and Compensation.....	3
Performance-Based Fees and Side-by-Side Management.....	5
Types of Clients.....	7
Methods of Analysis, Investment Strategies and Risk of Loss	8
Disciplinary Information	11
Other Financial Industry Activities and Affiliations	11
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
Brokerage Practices	14
Review of Accounts	15
Client Referrals and Other Compensation.....	16
Custody.....	16
Investment Discretion.....	16
Voting Client Securities	16
Financial Information	17

Advisory Business

Platinum Equity, LLC (“Platinum Equity” and together with Advisors, “Platinum”) was founded in 1995 by its Chairman and Chief Executive Officer, Tom Gores. In 2003, Platinum Equity sponsored its first investment fund and formed Advisors, an affiliate of Platinum Equity, to serve as the investment adviser to the investment funds described herein. In addition, affiliates of Platinum Equity manage and serve as the general partner of each of the investment funds described herein (collectively, the “General Partners”). Limited partners within a particular investment fund are referred to herein as “Limited Partners.” References to “we” or “us” herein refer to Advisors.

Advisors is principally owned and controlled by Tom Gores and his affiliates: Platinum Equity, Platinum Equity Investment Holdings, LLC and the Gores 2003 Investment Trust.

Advisors provides advisory services to private investment funds (each such fund, a “Partnership” and collectively, the “Partnerships”) that make private equity investments in underperforming or undermanaged companies that we believe can benefit from our operational expertise. For purposes of clarification, when discussing the Partnerships in this Brochure, we refer only to our investment funds accepting outside capital from investors.

As of March 18, 2015, we had approximately \$6,426,000,000 of assets under management on a discretionary basis.¹ Our investment objective is to generate significant capital appreciation for the Limited Partners investing in the Partnerships for which we provide investment advisory services. The

¹ Assets under management include unfunded capital commitments and assume all illiquid investments are valued at Platinum Equity’s estimated fair values as of December 31, 2014 as adjusted for material transactions through March 18, 2015.

Partnerships seek to achieve this objective primarily by making private investments in equity, equity-oriented or debt securities which offer equity-like returns of underperforming companies. When advising the Partnerships, we may consider a broad range of transactions, including without limitation management and leveraged buyouts, recapitalizations, privately negotiated control and minority investments, consolidations and roll-ups, spin-offs and carve-outs, and growth equity investments.

Generally, the Partnerships do not invest in other private investment funds. The Partnerships are prohibited from investing in other private investment funds that would result in a net increase in the management fee or carried interest paid by Limited Partners. Accordingly, in those rare instances where a Partnership has invested in another private investment fund, the Partnership does not pay any management fees or carried interest to the private investment fund or its general partner.

Certain affiliates of Platinum, Limited Partners and certain other persons may receive opportunities to co-invest in the portfolio investments of particular Partnerships. Co-investment opportunities for certain Limited Partners and other third-party investors (“Third Party Co-Investments”) are generally in the sole and absolute discretion of the General Partners (except in certain cases where we may be contractually obligated to offer a co-investment opportunity to a Limited Partner that has already been offered to other Limited Partners), taking into account the applicable Partnership’s investment limitations, the size of the investment opportunity and the demand among potential co-investors and provided that the General Partners believe in good faith that any strategic investor to whom such co-investment opportunity is offered will provide business benefits to the respective Partnership, including with respect to sourcing, consummating, managing or exiting the portfolio investment or otherwise. In addition, the General Partners are required to cause the applicable General Partner, Platinum, and/or the members, officers, directors, executives, operating advisors and employees of Platinum, Advisors and their respective affiliates to co-invest in portfolio investments of the Partnerships on the same economic terms and conditions as such Partnerships (“Platinum Co-Investments”), with the amount of such Platinum Co-Investment determined as a percentage (“Co-Investment Percentage”) of the total investment opportunity subject to an annual co-investment cap (“Co-Investment Cap”). The Co-Investment Percentage and Co-Investment Cap are generally determined on an annual basis by the relevant General Partner, except the terms of certain Partnerships require a fixed Co-Investment Percentage for relatively smaller investments.

The General Partner manages the assets of each Partnership in accordance with its particular investment guidelines and the terms of the applicable governing documents of each Partnership (the “Partnership Agreement”). Further details concerning each Partnership’s investment guidelines are set forth in their respective Partnership Agreements. When providing these services to the Partnerships, the General Partners and Advisors direct and manage the investment of each Partnership’s assets and provide reports to investors as described below under “Review of Accounts.” Investment advice is provided directly to each Partnership and not individually to the Limited Partners.

Limited partnership interests in the Partnerships are not registered under the United States Securities Act of 1933, as amended, and the Partnerships are not registered under the United States Investment Company Act of 1940, as amended. Accordingly, interests in the Partnerships are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

Fees and Compensation

The compensation we are eligible to receive comprises a management fee (“Management Fee”) based on a percentage of assets under management; performance-based incentive allocations (“Carried Interest”) and other fees detailed below. The Management Fees and Carried Interest set forth below were negotiated at the time of the initial organization of each Partnership; however, such fees are no longer negotiable after a

Partnership has concluded its fundraising.

Management Fees

Platinum Equity Capital Partners, L.P., together with its Parallel Funds (defined below), is subject to a Management Fee of up to 2% of capital contributions for investments that have not been the subject of a disposition or writedown. We will receive this Management Fee during the remaining term of such Partnership. Platinum Equity Capital Partners II, L.P., together with its Parallel Funds, is subject to a Management Fee of up to 1.5% of capital contributions for investments that have not been the subject of a disposition or writedown. We will receive this Management Fee during the remaining term of such Partnership. Platinum Equity Capital Partners III, L.P., together with its Parallel Funds, is subject to a Management Fee of up to 1.75% of committed capital until the earlier of the end of the “Commitment Period” (as defined in each Partnership Agreement) and the date on which a Successor Fund (as defined below) makes its initial investment, and, thereafter (for the remaining term of the Partnership), is subject to a Management Fee of up to 1.5% of capital contributions for investments that have not been the subject of a disposition or writedown. Certain strategic Limited Partners, including those participating through Parallel Funds, may pay lower Management Fees than those stated above. Management Fees are paid to Advisors quarterly in advance and are pro-rated based on the number of days elapsed in such period. In the case of the last period in which Management Fees are paid to Advisors with respect to a particular Partnership, Advisors will refund the amount of Management Fees allocable to that portion of the quarter which is subsequent to the term of the applicable Partnership.

The Management Fee is subject to offset by certain Monitoring Fees and Other Fees (defined below) received by Advisors and shared with Limited Partners (excluding Limited Partners that are affiliates of Platinum) pursuant to an offset formula defined in the Partnership Agreements. Details concerning Management Fee arrangements for each Partnership are set forth in the respective Partnership Agreement.

Prior to the beginning of each calendar year, we may, in our discretion, waive all or a portion of the Management Fees in connection with a particular Partnership which waived amount will provide us with an additional interest in future distributions. However, we have never made such annual election to date.

Carried Interest

A portion of each Partnership’s net investment proceeds may be distributed to its General Partner as Carried Interest. The manner of calculation of any Carried Interest is disclosed in the relevant Partnership Agreement. Generally, however, 20% of the investment profits of the Partnerships are allocated as Carried Interest to such Partnership’s General Partner, subject to a preferred return of 8% per annum to the Limited Partners and the General Partner’s clawback obligations as provided for in the relevant Partnership Agreement.

Organizational and Partnership Expenses

In addition to Management Fees and Carried Interest, the General Partners and Limited Partners will bear certain operating and organizational expenses of the Partnerships. These fees and expenses will vary but typically include all reasonable legal, accounting, filing, capital raising, and other organizational and offering expenses incurred in the formation of each Partnership and related entities (“Organizational Expenses”). Organizational Expenses in excess of a negotiated cap will be paid by the Partnerships but will reduce the Management Fees otherwise payable by the Limited Partners by an identical amount. Other Partnership fees and expenses can also include all fees, costs and expenses incurred in developing, negotiating, structuring, marketing and disposing of portfolio investments, including financing, legal, accounting, tax, audit, advisory and consulting expenses. In addition, Limited Partners are responsible for

commissions, custodial expenses, litigation, directors' and officers' liability insurance, indemnification obligations and certain broken deal expenses. Other expenses of a Partnership include taxes, fees and similar governmental charges, expenses of liquidating the Partnership and expenses of its Limited Partner advisory committee. The respective Partnership Agreements set forth the specific arrangements regarding operating and organizational expenses for each such Partnership. Prospective Limited Partners are encouraged, to the extent practicable, to inquire about and review all fees and expenses to be paid by the Partnerships and, indirectly, their Limited Partners.

Monitoring Fees and Other Fees

We may charge our Portfolio Companies (defined below) a monitoring fee of up to \$5 million per Portfolio Company per year (the "Monitoring Fees"). We may also receive certain cash and non-cash net transaction, directors' and break-up fees which vary by investment ("Other Fees"). As described above, a portion of the Monitoring Fees and Other Fees are subject to caps which offset or reduce the Management Fees paid by Limited Partners pursuant to a formula set forth in each Partnership Agreement. In addition, we and our affiliates may receive fees from companies that are not portfolio companies of the Partnerships or their affiliates and from those companies involved in the Partnerships' unconsummated transactions, and such fees do not offset Management Fees.

Placement Fees

To the extent a Partnership incurs fees and expenses of a placement agent or other person hired by its General Partner to solicit investors ("Placement Fees"), the Partnership will generally bear such Placement Fees, and its Limited Partners' shares of the Management Fees (to the extent Placement Fees are paid by the Partnership with respect to such Limited Partners' respective investments in the Partnership) will be reduced on a dollar-for-dollar basis. Certain Limited Partners who are prohibited by law or policy from directly or indirectly paying Placement Fees do not pay any share of a Partnership's Placement Fees and thus do not receive any corresponding reduction of their Management Fees.

Performance-Based Fees and Side-by-Side Management

All Partnerships we advise are subject to Carried Interest, as described above. Carried Interest is a performance-based fee based on a share of profits from the assets of a Partnership.

Platinum believes it does not have an incentive to favor certain Partnerships because, as described above, all Partnerships are subject to Carried Interest. Consequently, we believe that no such conflict exists. The fact that the General Partners are compensated based on a share of investment profits from a Partnership may create an incentive for the General Partners to have the Partnerships make investments that are riskier or more speculative than would be the case in the absence of such compensation. Platinum manages this potential conflict of interest by ensuring that no single person makes material investment decisions for the Partnerships that pay performance-based compensation; instead, investment decisions are made by the investment committee of each General Partner. In addition, Platinum and its affiliates maintain interests in each portfolio investment in connection with the Platinum Co-Investment and on the same basis as outside investors; this also serves to alleviate the incentive to engage in riskier or more speculative investments.

A number of affiliated investment vehicles have been created within a fund's structure for various legal, tax, investment or other reasons:

Parallel Funds

For each Partnership, one or more parallel funds (the "Parallel Funds") have been organized by Platinum for

legal, regulatory, tax or other reasons. The Parallel Funds generally invest on a side-by-side basis with the Partnership pro rata in all applicable Partnership investments. The terms of each Parallel Fund can vary from those of the Partnership to which such Parallel Fund relates and each such Parallel Fund can contain certain special economic (including reduced Management Fees) and/or other terms. Certain of these changes are driven by laws, rules, regulations and policies applicable to certain investors which generally are not applicable to other investors. Other changes, including special economic terms, may be granted to investors primarily because each of their capital commitments is significantly higher than the capital commitment of other investors in the applicable Partnership. The terms of the Parallel Funds that differ from those of the related Partnership have included, but are not limited to: (i) lower Management Fees and, in certain cases, different payment schedules for the Management Fees, (ii) increased liability of certain guarantors of the General Partner's obligations (up to a specified cap), (iii) restrictions on transfers, (iv) limitation on indemnity, (v) covenants regarding the incurrence of commercial activity income, (vi) specific excuse rights and (vii) restrictions on the admission of other limited partners to a Parallel Fund. Any investments made by a Parallel Fund are divested on the same terms and at the same time as the related Partnerships' divestments, subject to applicable legal, tax, regulatory and other similar considerations.

Third-Party Co-Investment

Where appropriate, Platinum may determine with respect to a particular investment to offer Third-Party Co-Investments, taking into account the particular investment opportunity, the third-party investors to whom such co-investment opportunity is offered and the investment capacity of the Partnership making such investment. Platinum will allocate the available investment among the Partnerships, the co-investment entity and any other third parties, as it may in its sole discretion determine, and any such investments is divested on the same terms and at the same time as the Partnerships' divestments, subject to applicable legal, tax, regulatory and other similar considerations.

Platinum Co-Investment

A Platinum Co-Investment vehicle invests in each Partnership investment on a side-by-side basis outside of such Partnership in an amount equal to the applicable Co-Investment Percentage of the total investment opportunity subject to the Co-Investment Cap. The relevant Co-Investment Percentage and Co-Investment Cap are generally determined on an annual basis pursuant to the applicable Partnership Agreement, except the Co-Investment Percentage for smaller deals by Platinum Equity Capital Partners III, L.P. and its Parallel Funds is fixed under the terms of their respective Partnership Agreements. Co-Investment Percentages vary depending on the size of the investment opportunity, with smaller deals generally involving a higher co-investment percentage. Such Platinum Co-Investments allow Platinum principals, employees or other affiliates to invest in one or more particular portfolio investments made by the Partnership. Any such investments made by a Platinum Co-Investment vehicle is divested on the same terms and at the same time as the Partnerships' divestments, subject to applicable legal, tax, regulatory and other similar considerations.

Successor Funds

Platinum, the General Partners, and their affiliates will not close on a private equity fund whose principal investment objective is acquiring controlling stakes in underperforming companies (a "Successor Fund") until at least 75% of the capital commitments in existing Partnerships have been invested, committed or reserved for investments, management fees, partnership expenses or organizational expenses or until the end of the applicable investment period. If a Successor Fund is closed after at least 75% of the capital commitments in existing Partnerships are invested, committed or reserved, then until the earlier of the end of the investment period or 85% of the capital commitments in the existing Partnerships are invested, committed or reserved, a Successor Fund may also co-invest alongside the applicable Partnerships on the

same terms and conditions in all material respects. In this case, the investment opportunity is generally allocated 75% to the Partnerships and 25% to the Successor Fund, unless the General Partners determine in good faith that an alternative allocation is fair and reasonable, the investment by the Partnerships is legally or contractually prohibited or, as a result of the application of law, the investment could have a material adverse effect on the Partnerships or the General Partners.

Alternative Investment Vehicles

Alternative investment vehicles are used whenever a General Partner determines in good faith that for legal, tax, regulatory or other reasons it is in the best interests of any or all of the Limited Partners of a Partnership that all or any portion of a particular investment be made through an investment structure outside of the Partnership. Participants in such investments are generally required to make all or a portion of their investments through such alternative investment vehicle, which invests on a parallel basis with or in lieu of the Partnership, and are required to make capital contributions directly to each such alternative investment vehicle to the same extent, for the same purposes and on the same terms and conditions as Limited Partners are typically required to make capital contributions to the applicable Partnership. Each such Limited Partner has the same economic interest in all material respects in the investment made through an alternative investment vehicle as such Limited Partners would have if such investment had been made solely by the Partnership, and the other terms of such alternative investment vehicle are generally substantially identical in all material respects to those of the Partnership, to the extent applicable.

In the future and subject to the terms and conditions of the Partnerships Agreements, we may modify the fund structures discussed above, and we may use other structures to address legal, tax, regulatory or other investment considerations.

Additionally, in order to mitigate and opine upon potential conflicts of interest, each of the Partnerships, together with its respective Parallel Fund(s), has a limited partner advisory committee (each, an “LP Advisory Committee”). The LP Advisory Committees consists of Limited Partners unaffiliated with Platinum who have been selected by the General Partner as representatives of such Partnership’s Limited Partners. The purpose of the LP Advisory Committee is to: (i) review and approve any potential conflicts of interest in any transaction between the Partnership and the General Partner or its employees or affiliates presented to the LP Advisory Committee by the General Partner; (ii) give consents required of the “clients” under the Advisers Act; and (iii) provide advice and counsel on other issues requested by the General Partner or required pursuant to the Partnership Agreement in connection with other potential conflicts of interest, valuation matters, additional fees received by the General Partner and other matters relating to the Partnership. No fees are paid to the members of an LP Advisory Committee, but the members may be reimbursed for reasonable expenses incurred in connection with attending meetings of an LP Advisory Committee.

Types of Clients

We provide advisory services to the Partnerships, as described under “Advisory Business” above.

Each Partnership operates as a pooled investment vehicle. The minimum capital commitment for a Limited Partner of a Partnership is outlined in such Partnership’s private placement memorandum, although the General Partner typically has the authority to waive such minimum.

In the applicable subscription documents, investors are required to make certain representations when investing in a Partnership, including but not limited to, that: (i) they are acquiring an interest for their own account; (ii) they received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment; and (iii) they have the ability to bear the economic risk of an

investment in the Partnership. Each investor will be furnished with a copy of the applicable Partnership Agreement.

Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategy and Analysis

Platinum's investment strategy is to invest in underperforming or undermanaged businesses and apply operational improvements to build enterprise value and seek to generate best-in-class investment returns.

To that end, we opportunistically target companies that are experiencing operational difficulty but exhibit strong underlying business characteristics, including: (i) long-term customer relationships; (ii) products and services or other elements that make the customer base and associated revenues "sticky" and predictable; (iii) established brands; and (iv) value locked in the balance sheet. Because of our comprehensive operations focus and capabilities, we believe we are able to identify and acquire non-core or underperforming assets of large companies, or to take-private public companies, whose value is being negatively impacted by operating challenges, establish those assets as improved standalone businesses, and create and extract value by improving the companies' operations and integrating add-on acquisitions.

The Partnerships primarily invest in North American and Western European companies but also take advantage of investment opportunities in other geographies. Platinum's approach is not industry-specific.

Platinum Equity utilizes a disciplined approach that it has used to create meaningful enterprise value and generate consistent returns over the 19 years since its founding. We use what we call our M&A&O[®] process to execute a unique strategy that focuses on (i) transacting with strategic sellers; (ii) acquiring companies that are underperforming operationally where Platinum can have a substantial impact on operations; (iii) emphasizing downside protection through disciplined entry price, meaningful scaling of businesses and monetization of assets; and (iv) targeting businesses that have the potential to be platforms for add-on acquisitions.

Post-acquisition, Platinum implements a process-oriented transition that prioritizes the stabilization and strengthening of the portfolio investment's operating company ("Portfolio Company"). A team of transition and operations specialists work together with a company's existing management to integrate a transition plan, focus on profitable growth, reduce costs, improve working capital positions and strengthen business processes. During some transitions, members of Platinum's operations team take on interim leadership positions at a Portfolio Company. In addition to providing resources, the team imbues Portfolio Companies with Platinum's values of fiscally conservative operations and creation of sustainable value.

Senior members of Platinum's M&A&O execution team are responsible for managing the full lifecycle of a Portfolio Company under Platinum's ownership, including the platform acquisition, carve-out and transition, growth through both organic initiatives and add-on acquisitions, and ultimately exit via divestiture or other liquidity event.

Risk of Loss

Acquiring an interest in any Partnership involves a number of risks. An investment in a Partnership may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors and requires the financial ability and willingness to accept the high risks and lack of liquidity inherent in an investment in a Partnership. No guarantee or representation is made that any Partnership will achieve its investment objective or that Limited Partners will receive a return of their capital.

All investing involves a risk of loss and the investments we make based on the strategies we offer could lose money over short or even long periods. The description contained below is a brief overview of some of the different market risks related to our investment strategies. A more complete description of applicable risks is available in the private placement memorandum for each Partnership.

General Business and Management Risk. Investments in Portfolio Companies subject the Partnerships to the general risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the company level, interest rate and currency fluctuations, general economic downturns, domestic and foreign political situations and other factors. With respect to management at the Portfolio Company level, many Portfolio Companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the Portfolio Company's performance. While in all cases Advisors will monitor Portfolio Company management, management of each Portfolio Company will have day-to-day responsibility of such Portfolio Company.

Reliance on General Partner and Advisors. Decisions with respect to the management of the Partnerships will be made by the General Partners and Advisors. The General Partners and Advisors will have exclusive responsibility for the Partnerships' activities, and other than as expressly set forth in the applicable Partnership Agreement, Limited Partners will not be able to make investment or other decisions in the management of the applicable Partnership. The success of each Partnership will depend on the skill and ability of the General Partner to identify and consummate suitable investments, to improve the operating performance of investments and to dispose of investments of the Partnership at a profit. The loss of the services of one or more of Advisors' senior investment professionals could have an adverse impact on such Partnership's ability to realize its investment objectives. There can be no assurance that each of the senior investment professionals will continue to be affiliated with such Partnership throughout its anticipated term.

Other Activities. The senior investment professionals and other employees of Advisors will devote only such portion of their time to the affairs of a specific Partnership as they in good faith consider necessary for the proper performance of their duties. Other investment activities of Advisors, including ongoing obligations to the other Partnerships, are likely to require those individuals to devote substantial amounts of their time to matters unrelated to the business of any particular Partnership, including Platinum's existing portfolio of investments, which may pose conflicts in the allocation of management resources. Such Partnership will have no interest in these other activities.

Liquidity Issues. The Partnerships will make investments where there is likely to be no actively traded market. Moreover, many of the Partnerships' investments may be held by relatively few other investors. Under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer or of the asset, the Partnerships may find it more difficult to sell such instruments when Advisors believes it advisable to do so or may be forced to sell them at prices lower than if the instruments were widely held. Thus, the range of disposal strategies available to the Partnerships may be further limited. Finally, dispositions of investments may be subject to contractual and other limitations on transfer, or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms obtainable upon a disposition.

Use of Leverage. The Partnerships' portfolio investments are expected to include investments in companies whose capital structures have significant leverage. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. The Partnerships' investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks (as well as particular risks associated with investing in the industries targeted by the Partnerships) may have a more pronounced effect on the

profitability or survival of such companies. Moreover, rising interest rates may significantly increase Portfolio Companies' interest expense, causing losses and/or the inability to service debt levels. If a Portfolio Company cannot generate adequate cash flow to meet debt obligations, the Partnerships may suffer a partial or total loss of capital invested in the Portfolio Company. In addition, borrowings by the Partnerships may be secured by the Limited Partners' capital commitments as well as by the Partnerships' assets.

Highly Competitive Market for Investment Opportunities. The activity of identifying, acquiring and successfully disposing of Portfolio Companies is highly competitive and involves a high degree of uncertainty. The Partnerships expect to encounter competition from other entities having similar investment objectives. The availability of investment opportunities generally will also be subject to market conditions. In particular, in light of changes in such conditions, including changes in the availability and cost of debt financing, certain types of investments may not be available to a Partnership on terms that are as attractive as the terms on which opportunities were available to predecessor funds. Potential competitors include strategic industry acquirers, other investment partnerships and corporations, business development companies and other financial investors. In recent years, an increasing number of private equity funds and hedge funds have been formed (and many such existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources and more personnel than the General Partners, the Partnerships, Advisors and our affiliates. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to a Partnership and adversely affecting the terms upon which portfolio investments can be made. There can be no assurance that a General Partner will be able to identify or consummate portfolio investments satisfying the Partnership's investment criteria or that such investments will satisfy such Partnership's rate of return objectives. Likewise, there can be no assurance that such Partnership will be able to realize upon the values of its investments or that it will be able to invest its committed capital. To the extent that such Partnership encounters competition for investments, returns to Limited Partners may decrease.

Risk of Fewer, Larger Investments. The Partnerships may participate in a limited number of portfolio investments and, in addition, certain of these investments may require equity investments that are larger than were required in the funds' historical transactions. As a consequence, the aggregate returns of the Partnerships may be substantially adversely affected by the unfavorable performance of any single portfolio investment. Limited Partners have no assurance as to the degree of diversification of the Partnerships' investments, either by geographic region, asset type or sector. In circumstances and in other transactions where the General Partners intend to refinance all or a portion of the capital invested, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of a Partnership having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

Minority Investments. The Partnerships may invest in minority positions in companies over which a Partnership has no right to exert significant influence. In such cases, such Partnership will be heavily reliant on the existing management and board of directors, which may include representatives of other investors with whom such Partnership is not affiliated and whose interests may conflict with the interests of such Partnership.

Contingent Liabilities Upon Disposition. In connection with the disposition of a portfolio investment, a Partnership 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 asset and may be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or

disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities that will be borne by the Partnership, and Limited Partners may be required to return amounts distributed to them to pay for the Partnership's obligations, including indemnity obligations, subject to certain limitations set forth in the Partnership Agreement. Furthermore, under the Delaware Revised Uniform Limited Partnership Act (the "Partnership Act"), the law under which most of the Partnerships are formed, each Limited Partner that receives a distribution in violation of the Partnership Act will, under certain circumstances, be obligated to recontribute such distribution to the Partnership.

Asset Valuations. Generally, there will be no readily available markets for a substantial number of a Partnerships' portfolio investments; hence, many of the portfolio investments will be difficult to value. Valuations of the portfolio investments will be determined primarily by the General Partner, subject in some cases to review by the LP Advisory Committee, and generally will be final and conclusive. Valuations are only estimates of future results that are based upon assumptions made at the time that the valuations are developed. There can be no assurances that the projected results will be obtained, and actual results may vary significantly from the valuations. General economic, political, regulatory and market conditions and the actual operations of the Portfolio Companies, which are not predictable, can have a material impact on the reliability and accuracy of such valuations.

Hedging Policies/Risks. In connection with the financing of certain portfolio investments, the Partnerships may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Partnerships may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates may result in poorer overall performance for any Partnership than if it had not entered into such hedging transactions.

Material, Non-Public Information. By reason of their responsibilities in connection with their other activities, Platinum, the General Partners, their affiliates or their employees may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. Due to these restrictions, the Partnerships may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.

Disciplinary Information

There are no any legal or disciplinary events with respect to us or our management that are material to a client's or prospective client's evaluation of us or the integrity of our management.

Other Financial Industry Activities and Affiliations

Neither Advisors nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Advisors nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associate person of the foregoing entities.

Platinum organizes and sponsors the Partnerships, which are private investment companies. These pooled investment vehicles managed by Advisors are controlled by the General Partners. The General Partners will be responsible for all ultimate decisions regarding transactions of the Partnerships and have full discretion over the management of the Partnerships' investment activities. The General Partners are not separately registered as investment advisers with the SEC; Advisors will provide all investment

advisory services to the Partnerships subject to the Advisers Act and the rules thereunder. In addition, persons acting on behalf of the General Partners are subject to the supervision and control of Advisors. Thus, the General Partners and all of the persons acting on their behalf are “persons associated with” the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act on the General Partners.

The General Partners are affiliates of Platinum. As such, there may be occasions when the General Partners and their affiliates may encounter potential conflicts of interest in connection with the Partnerships. If any matter arises that the General Partners determine in their good faith judgment constitutes an actual conflict of interest, the General Partners may take such actions as they determine in good faith may be necessary or appropriate to ameliorate the conflict (and upon taking such actions the General Partners will be relieved of any liability for such conflict to the fullest extent permitted by law and shall be deemed to have satisfied their fiduciary duties related thereto to the fullest extent permitted by law). These actions include (i) disposing of the security giving rise to the conflict of interest, (ii) appointing an independent fiduciary to act with respect to the matter giving rise to the conflict of interest or (iii) consulting with the LP Advisory Committee regarding the conflict of interest and either obtaining a waiver from the LP Advisory Committee of such conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by the LP Advisory Committee with respect to such conflict of interest.

There can be no assurance that Platinum will resolve all conflicts of interest in a manner that is favorable to the Partnerships. In addition, investors should note that the Partnership Agreements contain provisions that, subject to applicable law, (i) waive duties or consent to the conduct of each General Partner that might not otherwise be permitted pursuant to such duties and (ii) limit the remedies of Limited Partners with respect to breaches of such duties.

Advisors receives certain fees from Portfolio Companies in connection with the purchase, monitoring or disposition of investments or in connection with unconsummated transactions (e.g., transaction, directors’, break-up and Monitoring Fees). Except for certain exclusions set forth in the Partnership Agreements, the Limited Partners receive no benefit from such fees. See “Fees and Compensation—Monitoring Fees and Other Fees” above.

The Partnerships may acquire non-controlling interests in certain Portfolio Companies. The Partnerships may not have control over these companies and, therefore, may have a limited ability to protect their positions therein. In addition, the Partnerships may in certain circumstances be liable for the actions of their third party partners or co-investors. Investments made with third parties in joint ventures or other entities may involve Carried Interests and/or other fees payable to such third-party partners or co-investors.

In connection with any Limited Partner’s subscription for interests in a Partnership, the General Partner of such Partnership may enter into a side letter or other similar agreement with such Limited Partner with respect to such Partnership which has the effect of establishing special economic terms (including reduced Management Fees) or rights under, or altering or supplementing the terms of, the Partnership Agreement with respect to such Limited Partner in a manner more favorable to such Limited Partner than those applicable to other Limited Partners. Such terms or rights in any such side letter or other similar agreement may include, without limitation, (i) excuse rights applicable to particular investments (which may increase the percentage interest of other Limited Partners in, and contribution obligations of other Limited Partners with respect to, such investments); (ii) the General Partner’s agreement to extend certain information rights or additional reporting to such Limited Partner, including, without limitation, to accommodate special regulatory or other circumstances of such Limited Partner; (iii) modification of confidentiality obligations of such Limited Partner; (iv) the General Partner’s agreement to consent to certain transfers by such Limited Partner or other exercises by the General Partner of its discretionary authority under the Partnership Agreement for the benefit of such Limited Partner; (v) restrictions on, or special rights of such

Limited Partner with respect to, the activities of the General Partner; (vi) other rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such Limited Partner; (vii) additional obligations and restrictions of the Partnership with respect to the structuring of Portfolio Companies (including with respect to alternative investment vehicles); or (viii) adjustments with respect to certain economic provisions. Any rights or terms so established in a side letter with a Limited Partner govern solely with respect to such Limited Partner and do not require the approval of any other Limited Partner.

Advisors does not recommend or select other investment advisers for the Partnerships.

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

We have adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act (the “Rule”).

The Rule requires us to adopt a code of ethics that sets forth a standard of business conduct and compliance with federal securities laws by all of our employees. The Code contains policies and procedures that ensure that all personal securities trading by employees are conducted in such a manner as to avoid conflicts of interest or any abuse of an individual’s position of trust and responsibility.

The Code requires, among other things, that employees and certain other individuals designated by our Chief Compliance Officer or General Counsel:

- Act with integrity, competence, dignity, integrity, and in an ethical manner with the public, investors, the public, prospects, third-party service providers, employers and fellow employees;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, trading, promoting Advisors’ services and engaging in other professional activities;
- Adhere to the highest standards with respect to any potential conflicts of interest with the Partnerships;
- Act in the Partnerships’ best interests;
- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- To the extent practicable, avoid or disclose any conflicts of interest that are material to the Partnerships; and
- Conduct all personal securities transactions in a manner consistent with the Code.

The Code prohibits employees from engaging in insider trading, as well as buying or selling certain securities placed on an internal “restricted” list because Platinum has received material non-public information related to the issuer of the securities. Our policy requires employees to: (i) pre-clear certain personal securities transactions; (ii) report personal securities transactions on at least a quarterly basis; and (iii) provide us with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

A copy of the Code will be provided to any Limited Partner or prospective Limited Partner upon request.

We serve, directly or indirectly, as the manager or investment adviser and the General Partners, respectively, to the Partnerships. Employees of Platinum may have a material investment in the investments of the Partnerships. Therefore, we are considered to participate in transactions effected for the Partnerships. We do not believe this arrangement presents any material conflicts of interest because our interests and our employees' interests are aligned with the interest of investors in the Partnerships.

In one instance, certain Partnerships invested in another private investment fund that has a general partner and investment advisor in which certain affiliates of Platinum own a minority interest. We mitigated the conflict inherent in this arrangement by having the LP Advisory Committee approve the investment by the Partnerships in advance, having the Partnerships not pay any fees or carried interest to the private investment fund or its general partner, and ensuring that the investment in the private investment fund was subject to the standard review of the Partnerships' investment committee.

Brokerage Practices

We focus on making investments, through the Partnerships, in both private and public securities. To the extent a Partnership acquires private securities, we do not ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments. In a few limited situations we have paid third-parties who possess industry specific contacts or knowledge for introducing a potential investment opportunity to us. To the extent a Partnership transacts in public securities, we intend to select brokers based upon the broker's ability to provide best execution for the applicable Partnerships. The General Partners are authorized to determine:

- Which securities or other instruments to buy or sell;
- The total amount of securities or other instruments to buy or sell;
- The executing broker or dealer for any transaction; and
- The commission rates or commission equivalents charged for transactions.

The General Partners generally seek competitive commission rates and commission equivalents, but they will not necessarily pay the lowest commission or equivalent. In making their decisions regarding the allocation of brokerage transactions for a particular Partnership and determining best execution, the General Partners consider a variety of factors in addition to cost including, but not limited to:

- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- The operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution;
- The financial strength, integrity and stability of the broker-dealer or counter party;
- The competitiveness of commission rates in comparison with other broker-dealers;
- The nature and extent of customer services (i.e., proprietary research and access to third party research services, the need for anonymity, trade adjustments and the like);

- Past performance and experience with transactions completed on behalf of other Partnerships;
- Nature and frequency of investment coverage; and
- General responsiveness.

In addition, certain transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services. The General Partner may also select a broker-dealer for a particular buy or sell transaction on behalf of a Partnership based, at least in part, on the volume or quality of similar services provided by such broker-dealer to other Partnerships where we believe all of the Partnerships, taken as a whole, can benefit from such arrangements.

We do not participate in any soft dollar arrangements outside of receiving research available to other institutional investors. Research services received from brokers supplement our own research efforts. To the best of our knowledge, these services are generally made available to all institutional investors doing comparable business with such broker-dealers. Research services furnished by brokers may include: written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; and discussion with research personnel.

Because the Partnerships generally do not invest in the same Portfolio Companies, the aggregation of the purchase or sale of securities for multiple accounts is generally not relevant. However, as discussed above under “Performance-Based Fees” and “Side-by-Side Management—Third Party Co-Investment,” the Partnerships may co-invest with third parties and such investments may involve risks not present in investments where a co-investor is not involved, including the possibility that a co-investor may at any time have economic or business interests or goals which are inconsistent with those of the Partnerships, or may be in a position to take action contrary to the Partnerships’ investment objectives. In addition, there may be a limited amount of securities available for investing. Thus, the Partnerships may receive a limited offering due to the presence of co-investors investing with the Partnerships. Additionally, where a Partnership shares an investment opportunity with a Successor Fund, such investment opportunity, and thus the aggregate purchase and sale of securities with respect to such investment opportunity, will generally be allocated 75% to the Partnership and 25% to the Successor Fund, unless the General Partners determine in good faith that an alternative allocation is fair and reasonable, the investment by the Partnerships is legally or contractually prohibited or, as a result of the application of law, the investment could have a material adverse effect on the Partnerships or the General Partners.

Review of Accounts

Investments held by the Partnerships are reviewed on a continuous basis by our professional operations and investment staff. The operations and investment teams meet regularly to discuss the Partnerships’ portfolios, investment ideas, economic developments, current events, and other issues related to current portfolio investments and potential investment opportunities. All Partnership investment and disposition decisions are made by the respective General Partners’ Investment Committee, each of which is chaired by Tom Gores and includes Jacob Kotzubei, Johnny O. Lopez, Philip E. Norment, Louis Samson and Robert J. Wentworth.

We provide written quarterly and annual reports to the Limited Partners in accordance with the terms of each Partnership’s Partnership Agreement. The quarterly package includes investor summary capital account information and asset allocation statements, as well as an investment letter updating Limited Partners on the activity in the applicable Partnership’s portfolio that occurred during the quarter. The

annual reports include audited financial statements and summary capital account information.

Client Referrals and Other Compensation

We periodically pay Placement Fees to placement agents for referring investors to the Partnerships. Such Placement Fees are borne by the Partnerships but offset the Limited Partners' shares of the Management Fees (to the extent Placement Fees are paid by the Partnership with respect to such Limited Partners) on a dollar for dollar basis. Certain Limited Partners who are prohibited by law or policy from directly or indirectly paying Placement Fees do not pay any share of a Partnership's Placement Fees and thus do not receive any corresponding reduction of their Management Fees.

If Platinum or its employees receive break-up fees, topping fees, Monitoring Fees, or other similar fees relating to investments made by a Partnership from third parties, then a portion of such fees reduces Management Fees paid by the Limited Partners in such Partnership pursuant to a formula set forth in the Partnership Agreement and as disclosed above in the "Fees and Compensation" section. In addition, Platinum and its affiliates may receive fees from companies that are not Portfolio Companies of the Partnerships or their affiliates and from those companies involved in the Partnerships' unconsummated transactions, and such fees do not reduce Management Fees.

Also, employees of Platinum who serve on the boards of directors of Portfolio Companies may receive compensation (in the form of cash, stock options or other equity awards) in their capacity as directors. Such direct and indirect compensation received by an employee of Advisors in his or her capacity as a member of the board of directors of a Portfolio Company is transferred for the benefit of the relevant Partnership or applied as a reduction of the Partnership's Management Fees.

Custody

Even though all assets of the Partnerships are held in custody by unaffiliated qualified custodians, we are considered to have custody over the Partnerships' assets. This is because we, directly or through an affiliate, act as the General Partner or managing member to a limited partnership or other comparable pooled investment vehicle that gives us legal ownership or control over the Partnerships' funds and securities. Because Advisors is an SEC-registered investment adviser, it is subject to a number of requirements imposed by Rule 206(4)-2 of the Advisers Act.

To comply with Rule 206(4)-2 and to provide meaningful protection to investors, each Partnership is subject to an annual financial statement audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are prepared in accordance with generally accepted accounting principles, and are distributed to each Limited Partner in a Partnership within 90 days of such Partnership's fiscal year end.

Investment Discretion

The Partnership Agreement of each Partnership provides that we or an affiliate, as the ultimate General Partner of such Partnership, have exclusive and complete authority and discretion in managing the business and affairs of such Partnership, subject only to specific and express limitations provided therein. Thus, without obtaining specific consent from a Partnership or its Limited Partners for each transaction, we have discretionary authority to transact in securities for the Partnership.

Voting Client Securities

The General Partners vote proxies on behalf of each of the Partnerships. Advisors' Chief Compliance

Officer or General Counsel will consult with and provide relevant proxy solicitation information and materials to the appropriate members of Platinum's investment professionals for their review and consideration. The General Partners are responsible for making voting decisions in the best interests of the Partnerships and for providing all required documentation to the Chief Compliance Officer or the General Counsel, in order to comply with the Advisors' record keeping requirements.

Upon request, we will provide Limited Partners with information about how the proxies relevant to such Partnerships are voted. Our complete proxy voting policy and procedures are available to Limited Partners upon request. The Partnerships' proxy voting record is also available to Limited Partners upon request.

Financial Information

Advisors is not required to provide an audited balance sheet because it does not solicit fees more than six months in advance and does not have a financial condition that is likely to impair its ability to meet contractual commitments to the Partnerships or the Limited Partners. None of Advisors, Platinum Equity or the General Partners have ever filed for bankruptcy. Advisors is not aware of any financial condition that is expected to affect its or the General Partners' ability to manage the Partnerships.