

February 2012

Corporate Partners LLC
Part 2A of Form ADV
The Brochure

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This brochure provides information about the qualifications and business practices of Corporate Partners LLC (“CP”). If you have any questions about the contents of this brochure, please contact David Boemo at (212) 632-6386. 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. Registering as an investment advisor with the SEC does not imply a certain level of skill or training.

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

Item 2 Material Changes

This brochure contains information about CP upon its initial registration as an investment adviser with the SEC. There have been no material changes since its adoption.

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Item 4 Advisory Business

CP is an independent private equity firm formed under the laws of the state of Delaware as a limited liability company. CP is 100% owned by CPXR, LLC, which is 100% owned by its Managing Members Mr. Kagan, Mr. Wambold, and Mr. Zepf, each of whom is also a Managing Principal of CP. The Managing Principals each bring decades of investment expertise and experience to CP and its affiliates.

CP serves as an investment manager and provides discretionary advisory services to related investment vehicles including private investment partnerships. Currently, this includes Corporate Partners II Limited (“CP II”), a Cayman Islands exempted company, and Corporate Partners II AIV LP (“AIV”), an alternative investment vehicle to the CP II Fund, (collectively, the “CP II Fund”).

The CP II Fund seeks to make direct private equity investments (“Portfolio Investments”) in mid-sized companies (“Portfolio Companies”). As an investor the CP II Fund typically takes a significant minority stake and is generally the largest shareholder in a company. The CP II Fund typically invests in companies with established business models that do not require high financial leverage. The CP II Fund generally seeks to enhance value through financing important corporate development initiatives and to introduce longer-term, sophisticated shareholder capital and perspective.

The CP II Fund will generally seek to make investments ranging from \$15 to \$110 million.

CP is the successor to the North American Private Equity business of Lazard Alternative Investments LLC (“LAI”), Lazard’s non-market alternative investments business in North America. CP became an independent advisory firm via management acquisition in 2009.

Mr. Wambold co-founded and managed Lazard’s first institutional private equity fund, Corporate Partners, L.P. (the “CP I Fund”), which launched in 1988 with \$1.65 billion in committed capital. Mr. Wambold was subsequently joined by Mr. Zepf (from Morgan Stanley Private Equity) in 1989 and Mr. Kagan (from Lazard Corporate Finance) in 1990, and they served as Managing Directors of LAI. Mr. Wambold became CEO of LAI in 1999, and Mr. Kagan and Mr. Zepf began to lead LAI’s North American Private Equity business in 2001. The CP II Fund was launched in 2005 with \$1.1 billion in committed capital and made its first investment in 2006.

As of December 31, 2011, CP managed approximately \$550 million of investments and undrawn commitments on behalf of the CP II Fund.

In providing services to the CP II Fund, CP formulates the investment objectives, directs and manages the investment and reinvestment of assets, and provides periodic reports to its investors. Investment advice is provided directly to the CP II Fund and not individually to its shareholders. CP manages the assets of the CP II Fund in accordance with the terms of the Shareholders Agreement and other governing documents.

Shares in the CP II Fund are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the CP II Fund is not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests or shares in the CP II Fund are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements of private transactions within the United States.

Item 5 Fees and Compensation

Management Fees

CP receives a management fee payable by the CP II Fund (the “Management Fee”), which is payable quarterly in advance. The Management Fee is generally calculated as 1.5% of actively invested capital (the cost basis of all Portfolio Investments that have not been disposed of).

Carried Interest Allocations

Carried interest is a share of the net profits realized on the disposition of investments that is paid to the CP II Fund’s carried interest shareholders. The CP II Fund is subject to a carried interest of 20% of profits on distributions derived from the disposition of investments or securities after a preferred return of 9% per annum. The carried interest shareholders are Corporate Partners II Holdings LLC (“CP Holdings”), and affiliated entity of CP, and CP II LFXR LLC (“LFXR”), an affiliated entity of LAI.

Other Fees

CP receives both directors and monitoring fees directly from certain Portfolio Companies, which are payable either quarterly or monthly in advance.

Detailed information regarding the fees charged to the CP II Fund is provided in the CP II Fund's Shareholders Agreement and other governing documents. The CP II Fund will generally pay all expenses related to its own operations, including fees, costs and expenses directly related to the purchase and sale of securities, expenses of counsel, accountants and other consultants and professionals, any insurance, indemnity or litigation expense or the costs and expenses of any lenders, investment banks and other financing sources and any taxes, fees or other governmental charges levied against the CP II Fund, and any such costs incurred in connection with transactions which are not consummated. Out-of-pocket expenses associated with completed transactions will be reimbursed by Portfolio Companies or capitalized as part of the acquisition price of the transaction. Investors should review all fees charged by CP II Fund and its affiliates to fully understand the total amount of fees to be paid by the CP II Fund and, indirectly, its shareholders.

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

An affiliated entity of CP, CP II Holdings, receives a portion of a carried interest of up to 20% from the CP II Fund, which calculation is based on the profits generated on the sale or disposition of CP II Fund assets.

The carried interest may create an incentive for the Board of Directors of the CP II Fund, appointed by CP II Holdings, to approve more speculative investments and make different decisions regarding the timing and manner of the realization of such investments, than would be made if such carried interest were not allocated to CP II Holdings.

Item 7 Types of Clients

CP provides discretionary investment advisory services to the CP II Fund. In addition, the CP II Fund may enter into letter agreements or other similar arrangements (collectively, "Side Letters") with one or more shareholders that have the effect of establishing rights under, or altering or supplementing the terms of the CP II Fund's Shareholders Agreement or any subscription agreement of the CP II Fund. As a result of such Side Letters, certain shareholders may receive additional benefits that other shareholders will not receive. The other shareholders will have no recourse against the CP II Fund or any of its affiliates in the event that certain shareholders receive additional or different rights or terms as a result of such Side Letters.

Investors will be required to meet certain suitability qualifications, such as being an "accredited investor" within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act and being a "qualified purchaser" as set forth in Section 3(c)(7) of the Investment Company Act. Also, shareholders will be required to make certain representations when investing in the CP Fund, 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 that (iii) they have the ability to bear the economic risk of an investment in the CP II Fund. Details concerning applicable investor suitability criteria are set forth in the respective CP II Fund's Shareholder's Agreement and subscription materials, which are furnished to each shareholder.

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

CP intends to leverage its Managing Principals' decades of private equity investing experience and diverse backgrounds (private equity, restructuring, turnarounds, alternative investment

strategies, investment banking, corporate finance and strategic advice) in order to source and convert enhanced equity investments. The specific sectors that CP targets include, but will not be limited to, financial services, power and energy, technology and media and telecommunications, consumer, general industrial and business services, and healthcare.

The CP II Fund's investment objective is to generate significant capital appreciation by making private investments principally in equity or equity-oriented securities (including preferred stock and debt securities purchased in connection with equity investments, or which offer equity-like returns) of targeted companies. The CP II Fund intends to invest in Portfolio Companies with established business models that do not require high financial leverage, which it believes new capital will create a step change in value. CP takes an active role advising the Portfolio Company's management teams, including representation in the Boards and Board Committees.

The CP Fund seeks investment opportunities typically ranging from \$15 million to \$110 million in middle-market companies with enterprise values typically ranging from \$50 million to \$500 million. The CP II Funds may utilize a broad range of negotiated transaction structures and terms including security structure that provide for downside protection with opportunity for upside returns (e.g., conversion feature, reset/ratchet, rank, yield, other rights and protections), governance arrangements provide for influence through board/committee representation and contractual rights, and exit/liquidity rights (e.g., redemption/maturity, put, drag-along/forced sale, registration rights, etc.).

CP proposes new investments to the CP Fund Investment Committee for approval. The Investment Committee is comprised of Messrs. Kagan, Wambold and Zepf in addition to two LAI appointed senior executives, Mr. Albert H. Garner and Mr. Barry W. Ridings. CP's investment decision-making process generally includes informal, collaborative discussions on an ongoing basis and a formal approval by the Investment Committee for each new investment. The subsequent Portfolio Company monitoring processes, which are designed to ensure the timely and successful execution of each investment's business plan, involve periodic reviews of valuation parameters, investment performance, and disposition opportunities.

All investing involves a risk of loss and the investment strategy offered by CP could lose money over short or even long periods of time. An investment in the CP II Fund may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in the CP II Fund. No guarantee or representation is made that the CP II Fund will achieve its investment objective or that shareholders will receive a return of their capital. *Risks and potential conflicts of interest include, but are not limited to, the following:*

Past Performance Not Indicative of Future Results. The past performance of CP's portfolio investments is not necessarily indicative of future results. Among other factors, many of CP's current portfolio investments are unrealized. The actual realized proceeds on these unrealized investments will depend on each company's future operating results, the value of the assets and market conditions at the time of any realization, the amount of any related transaction costs and the timing and manner of realization. The investment returns realized from these unrealized investments may differ materially from the returns generated by realized investments. There can

be no assurance that the CP II Fund will generate investment returns commensurate with CP's historical performance.

No Assurance of Investment Return. There is no assurance that the CP II Fund will be able to choose, make and realize investments in any particular company. There is no assurance that the CP II Fund will be able to generate returns for their investors, or that the returns will be commensurate with the risks of investing in the type of companies and transactions targeted by CP. There can be no assurance that projected or targeted returns for the CP II Fund will be achieved or that a shareholder will receive a return of its capital. An investment in the CP II Fund should only be considered by persons who can afford a loss of their entire investment.

Reliance on CP and its Affiliates. CP and its affiliates have exclusive responsibility for CP II Fund activities. Shareholders have no rights or powers to take part in the management of the CP II Fund or to make investment decisions, including disposition decisions, and will not receive the level of Portfolio Company financial information that will be available to CP and its affiliates. The success of the CP II Fund depends on the skill and ability of the Managing Principals to identify and consummate suitable investments and to dispose of such investments at a profit. The loss of the services of one or more of the Managing Principals could have an adverse impact on the CP II Fund's prospects and its ability to realize its investment objectives. There can be no assurance that each of the Managing Principals will continue to be affiliated with the CP II Fund throughout their anticipated terms.

Other Activities. The Managing Principals and other employees of CP devote only such portion of their time to the affairs of the CP II Fund as they in good faith consider necessary for the proper performance of their duties. Other activities of CP may require those individuals to devote varying amounts of their time to matters unrelated to the business of the CP II Fund. In addition, the Managing Principals and other employees of CP may take on additional activities in the future. CP's other activities may pose conflicts in the allocation of management resources, including the time and attention of the Managing Principals. The CP II Fund will have no interest in these other activities.

Regulatory Considerations. The provision of business services in all parts of the world is governed by different statutes, rules and regulations promulgated by international, national, state and local government entities. These regulations cover all aspects of the provision of business services, including the quality of service provided by the entity, as well as determine whether an entity is qualified to provide such services. The form and content of these regulations can be subject to all types of political, market and social forces at every level of regulatory authority. For example, some regulations govern the qualifications and/ or ownership of entities that seek to provide regulated services to protect consumers or to control the concentration of economic power in a specific market segment. Under these rules, entities wishing to provide certain services may need to be licensed or obtain some other authorization to provide services. Moreover, these entities may be subject to ownership and control restrictions, limitations on rates, specific technical requirements, reporting requirements, and the payment of various fees, taxes or other levies. Accordingly, regulation can have a dramatic effect on any entity. Additionally, there is no assurance that governments or regulatory agencies will not adopt new laws or regulations, revise their view of existing rules and regulations, or take other actions that will have an adverse effect on an industry or the ability of an entity to provide specific services or otherwise impact companies in which the CP II Fund may have invested. Furthermore, some regulations concerning ownership and control of certain types of entities may prevent certain potential investors in the CP II Fund from making, or could prevent the CP II Fund from making, certain investments that it

might otherwise desire to make. These same regulations or others might also prevent investors in the CP II Fund from making certain investments outside the CP II Fund. Additional information concerning the risks discussed above can be found in the CP II Fund's Shareholders Agreement and other governing documents.

Unspecified Investments. A purchaser of an interest in the CP II Fund must rely upon the ability of CP and its affiliates to identify structure and implement investments consistent with the CP II Fund investment objectives and policies. The CP II Fund may be unable to find a sufficient number of attractive opportunities to meet their investment objectives.

Risks in Effecting Operating Improvements. The CP II Fund invests in assets, with the goal of improving the financial performance of these assets by working with boards of directors and management teams. Identifying and implementing potential operating improvements at Portfolio Companies is difficult and entails a high degree of uncertainty. There can be no assurance that the CP II Fund will be able to successfully identify and implement such improvements or that such improvements, if made, will result in improved financial performance.

Investments in Corporate Divestitures. The CP II Fund may invest a portion of their assets in securities of companies that have been formed through divestitures from larger corporations. Investments in such companies may involve greater risks than are generally associated with investments in more established companies. Companies that are divested from larger corporations have no experience operating as separate, standalone entities and may not have accounting, human resources or other systems in place to support their operations. Such companies may also require extensive restructuring, new management expertise and a significant commitment of financial and managerial resources from the CP II Fund. Accordingly, some Portfolio Investments may be considered highly speculative and there can be no assurance that the CP II Fund will be able to transform these businesses into successful, stand-alone companies.

Assumption of Contingent Liabilities. In connection with an investment, the CP II Fund may assume, or invest in a Portfolio Company subject to, contingent liabilities. These liabilities may be material and may include liabilities associated with pending litigation, regulatory investigations or environmental actions, among other things. To the extent these liabilities are realized, they may materially adversely affect the value of the Portfolio Company. In addition, if the CP II Fund has assumed or guaranteed these liabilities, the obligation would be payable from the assets of the CP II Fund, including the unfunded commitments of shareholders.

Investments in Turnaround Situations. The CP II Fund may make investments in Portfolio Companies that are experiencing or are expected to experience financial difficulties, including companies that are producing a net losses or negative operating EBITDA. There can be no assurance that the companies' financial difficulties will be overcome. In addition, such investments could subject the CP II Fund its shareholders to certain additional potential liabilities. For example, under certain circumstances, payments to the CP II Fund and distributions by the CP II Fund to the shareholders may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payout.

Reliance on Portfolio Company Management Teams. Each Portfolio Company's day-to-day operations will be the responsibility such company's management team. Although CP will be responsible for monitoring the performance of each investment, there can be no assurance that the existing management team, or any successor, will be able to operate the Portfolio Company successfully or implement any operational improvements. In addition, the CP II Fund expects to invest in businesses or divisions that have been divested from strategic sellers and do not have centralized management structures or teams. There can be no assurance that such Portfolio

Companies will be able to successfully build management structures and attract and retain suitable management personnel.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing an investment in and successfully disposing of Portfolio Companies is highly competitive and involves a high degree of uncertainty. The CP II Fund will encounter competition from other entities having similar investment objectives. Potential competitors include other investment funds and corporations, business development companies, strategic industry acquirers and other financial investors investing directly or through affiliates. Further, over the past decade, an ever-increasing number of private equity 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 CP and its affiliates. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to the CP II Fund and adversely affecting the terms upon which investments can be made. There can be no assurance that the CP II Fund will be able to identify or invest in Portfolio Companies satisfying their investment criteria or that such investments will satisfy the CP II Fund's return objectives. Likewise, there can be no assurance that the CP II Fund will be able to realize the values of their investments or that they will be able to invest their committed capital.

Risk of Fewer, Larger Investments. The CP II Fund may have a limited number of Portfolio Investments. As a consequence, the aggregate returns of the CP II Fund may be substantially adversely affected by the unfavorable performance of any single Portfolio Company. Moreover, other than as set forth in the Shareholders Agreement and other governing documents, investors have no assurance as to the degree of diversification of the CP II Fund investments. In addition, up to 20% of the aggregate amount of Capital Commitments may be invested in any one Portfolio Company at any given time.

Use of Leverage. The CP II Fund's Portfolio Investments may include 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 than investments in non-leveraged companies. The CP II Fund's 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 media sector) may have a more pronounced effect on the profitability or survival of these Portfolio Companies. Moreover, rising interest rates may significantly increase Portfolio Companies' interest expense, causing losses and/ or an inability to service debt levels. If a Portfolio Company cannot generate adequate cash flow to meet debt obligations, the CP II Fund may suffer a partial or total loss of capital invested in the Portfolio Company.

Non-U.S. Investments. The CP II Fund may invest a portion of their aggregate Commitments outside the United States. The Managing Principals of CP have previously made only a limited number of significant investments outside the United States. Non-U.S. investments involve certain factors not typically associated with investing in U.S. transactions, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the CP II Fund's foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign markets, including differences in rules and regulations, potential price volatility in and relative liquidity of some foreign

securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) economic, social and political conditions, including foreign exchange control regulations, restrictions on foreign investment and repatriation of capital, the possibility of expropriation or confiscatory taxation, and political, economic or social instability; (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; and (v) less developed corporate laws regarding fiduciary duties and the protection of investors. Prospective investors should also note the considerations discussed in the Shareholders Agreement and other governing documents.

Investments with Third Parties. The CP II Fund may co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring non-controlling interests in certain Portfolio Companies. As a result, the CP II Fund may have a limited ability to protect their position therein. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party partner or co-investor may have financial difficulties resulting in a negative impact on such investment, including the CP II Fund's ability to exit the investment, may have economic or business interests or goals which are inconsistent with those of the CP II Fund, or may be in a position to take action contrary to the CP II Fund's investment objectives. In addition, the CP II Fund may in certain circumstances be liable for the actions of its third party partners or co-investors.

Minority Investments. The CP II Fund generally invests in minority positions of companies for which the CP II Fund has limited right to exert significant influence. In such cases, the CP II Fund will be significantly reliant on the existing management and board of directors, which may include representatives of other investors with whom the CP II Fund is not affiliated and whose interests may conflict with the interests of the CP II Fund. While the CP II Fund generally expects that appropriate minority shareholder rights will be obtained to protect its interest to the extent possible, there can be no assurance that such minority shareholder rights will be available or that such rights will provide sufficient protection of the CP II Fund's interests.

No Market for Shareholder Interests. Shares in the CP II Funds will not be readily marketable and are generally neither redeemable nor transferable without the prior written consent of CP and its affiliates, which may be given or withheld in CP and its affiliate's sole discretion. An investment in the CP II Fund is a long-term commitment. It is anticipated that there will be a significant period of time (up to six or more years) before the CP II Funds will have completed their investments in Portfolio Companies. Shares in the CP II Fund have not been and will not be registered under the Securities Act, the securities laws of any state or the securities laws of any other jurisdiction, and therefore cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws, or unless an exemption from registration is available. There will be no public market for shares in the CP II Fund and none is expected to develop. Accordingly, it may be difficult to obtain reliable information about the value of shares in the CP II Fund. Each shareholder will be required to represent that it is a qualified investor under applicable securities laws and that it is acquiring its shares for investment purposes and not with a view to resale or distribution. Further, each shareholder must represent that it will only sell or transfer its shares in the CP II Fund with prior written consent from CP and its affiliates to a qualified investor under applicable securities laws or in a manner permitted by the Shareholders Agreement and other governing documents and consistent with those laws. Except in extremely limited circumstances, voluntary withdrawals from the CP II Fund will not be permitted. Consequently, shareholders may not be able to liquidate their investments prior to the end of the

CP II Fund's term and must be prepared to bear the risks of an investment in the CP II Fund for an extended period of time.

Illiquid and Long-Term Investments. Many of the CP II Fund's investments will be highly illiquid. There can be no assurance that the CP II Fund will be able to monetize such investments in a timely manner, or at all. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the shareholders. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the investment is made. The CP II Fund will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act. In some cases, the CP II Fund may be prohibited by contract from selling certain securities for a period of time, and as a result may not be permitted to sell a Portfolio Investment at a time it might otherwise do so. Even where the CP II Fund holds freely tradable publicly traded securities, the CP II Fund's position may represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity in the event that the CP II Fund wished to dispose of or reduce their position in such company by selling shares into the market. As a result, there most likely will be little or no near-term cash flow available to the shareholders from their investments in the CP II Fund.

Investments Longer Than Term of CP Funds. The CP II Fund may make investments that cannot be advantageously disposed of prior to the date that the CP II Fund is dissolved, either by expiration of the CP II Fund's term or otherwise. Although CP and its affiliates expect that investments will either be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the CP II Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, the CP II 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 assets and may be responsible for the content of disclosure documents under applicable securities laws. The CP II Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which will be borne by the CP II Fund, and shareholders may be required to return amounts distributed to them to pay for the CP II Fund's indemnity obligations.

Hedging Policies/ Risks. In connection with the acquisition, holding, financing, refinancing or disposition of certain investments, the CP II Fund may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices or currency exchange. The costs of such hedging techniques will be borne by the CP II Fund. While hedging transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the CP II Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the CP II Fund than if they had not entered into hedging transactions.

U.S. Dollar Denomination of Interests. Interests in the CP II Fund are denominated in U.S. dollars. Investors subscribing for interests in any country in which U.S. dollars are not the local currency should note that changes in the value of exchange between U.S. dollars and such currency may have an adverse effect on the value, price or income of the investment to such investor. There may be foreign exchange regulations applicable to investments in foreign

currencies in certain jurisdictions. Each prospective investor should consult with his or her own counsel and advisors as to all legal, tax, financial and related matters concerning an investment in the interests.

Indemnification. The CP II Fund will be required to indemnify CP and its affiliates, and each of their respective officers, directors, agents, members, and employees, any other person who serves at the request of CP and its affiliates on behalf of the CP II Fund as an officer, director, agent, member or employee of any other entities for liabilities incurred in connection with the affairs of the CP II Fund and otherwise as provided in the Shareholders Agreement and other governing documents. Such liabilities may be material and may have an adverse effect on the returns to the shareholders. For example, in their capacity as directors of Portfolio Companies, the Principals and other affiliates of CP may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of the CP II Fund would be payable from the assets of the CP II Fund, including the Unfunded Commitments of the shareholders. If the assets of the CP II Fund are insufficient, CP and its affiliates may recall distributions previously made to the shareholders (subject to certain limitations set forth in the Shareholders Agreement and other governing documents).

Provision of Managerial Assistance. CP and its affiliates intend to use reasonable efforts to avoid having the assets of the CP II Fund constitute “plan assets” of any plan subject to Title I of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended, and may, in this regard, elect to operate the CP II Fund as a “venture capital operating company” (“VCOC”) within the meaning of regulations promulgated under ERISA or meet another exemption from the ERISA “plan asset” regulations. Operating the CP II Fund as a VCOC requires that the CP II Fund obtain rights to substantially participate in or substantially influence the conduct of the management of a number of the CP II Fund’s Portfolio Companies. The CP II Fund will typically designate one or more directors to serve on the board of directors of each Portfolio Company as to which it obtains such rights. The designation of directors and other measures contemplated could expose the assets of the CP II Fund to claims by a Portfolio Company, its security holders and its creditors, as well as other persons who have a claim against the Portfolio Company.

ERISA Considerations. In the event that CP and its affiliates operate the CP II Fund so as to qualify as a VCOC, as discussed above, the CP II Fund may be restricted or precluded from making certain investments. In addition, it could be necessary for CP and its affiliates to liquidate an investment at a disadvantageous time in order to avoid holding ERISA “plan assets,” resulting in lower proceeds to the CP II Fund than might have been the case without the need to qualify as a VCOC.

Liability of the CP Funds and the Shareholders. Except as provided below, the total liability of a shareholder is limited to the amount of its Commitment, except in certain circumstances whereby such shareholder was involved in the management or otherwise engaged in the business of the CP II Fund or externally represented the CP II Fund. Any shareholder’s commitment is susceptible to risk of loss as a result of any liability of the CP II Fund irrespective of whether such liability is attributable to an investment to which such shareholder contributed any capital. If the CP II Fund is otherwise unable to meet its obligations, the shareholders may, under applicable law, be obligated to return, with interest, distributions previously received by them, pursuant to any rules regarding fraudulent conveyances, to the CP II Fund or to creditors whose interests have been injured. In addition, a shareholder may be liable under applicable bankruptcy law to return a distribution made during the CP II Fund’s insolvency. For additional information on the liability of shareholders, see the Shareholders Agreement and other governing documents.

Legal, Tax and Regulatory Risks. Legal, tax and regulatory changes could occur during the term of the CP II Fund that may adversely affect the CP II Fund, Portfolio Companies or shareholder. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. Moreover, the provision of business services in all parts of the world is governed by different statutes, rules and regulations promulgated by international, national, state and local government entities. These regulations cover all aspects of the provision of business services and determine whether an entity is qualified to provide such services.

Absence of Regulatory Oversight. While the CP II Fund may be considered similar in some ways to an investment company, the CP II Fund are not required and do not intend to register as such under the Investment Company Act of 1940, as amended. Accordingly, the shareholders are not afforded the protections of the Investment Company Act.

Effect of Carried Interest. The existence of CP and its affiliate's carried interest may create an incentive for CP and its affiliates to make more speculative investments on behalf of the CP II Fund than it would otherwise make in the absence of such performance based arrangement. In addition, if distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property, as determined in accordance with procedures specified in the Shareholders Agreement and other governing documents. An independent appraisal generally will not be required and is not expected to be obtained.

Conflicts of Interests. CP and its affiliates may receive certain fees from Portfolio Companies in connection with the purchase, monitoring or disposition of investments or in connection with unconsummated transactions (e.g., transaction, director's, break-up and monitoring fees). Except as set forth in the Shareholders Agreement, shareholders will receive no benefit from such fees paid to CP and its affiliates. CP and its affiliates will endeavor to make sure that conflicts of interest do not work to the detriment of the CP II Fund.

Material, Non-Public Information. As a result of their responsibilities in connection with Portfolio Companies or their other activities, CP and its affiliates, the CP II Fund or their employees may acquire confidential or material, non-public information or otherwise be restricted from initiating transactions in certain securities. The CP II Fund will not be able to act upon any such information. Due to these restrictions, the CP II Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Diverse Shareholder Group. The shareholders may have conflicting investment, tax and other interests with respect to their investments in the CP II Fund. The conflicting interests of individual shareholders may relate to or arise from, among other things, the nature of investments made by the CP II Fund, the structuring of acquisitions of investments and the timing of dispositions of investments. As a consequence, conflicts of interest may arise in connection with decisions made by CP and its affiliates, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor, especially with respect to investor's individual tax situations. In selecting and structuring investments appropriate for the CP II Fund, CP and its affiliates will consider the investment and tax objectives of the CP II Fund and its shareholders as a whole, not the investment, tax or other objectives of any shareholder individually.

Other Activities and Relationships. The Managing Principals will serve as members of the boards of directors of various companies and may participate in other activities outside of CP.

Conflicts may arise as a result of such activities. The possibility exists that the companies with which one or more of the Managing Principals is involved could engage in transactions that would be suitable for the CP II Fund, but in which the CP II Fund might be unable to invest.

Item 9 Disciplinary Information

Neither CP nor any of its management persons have been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of CP's advisory business or the integrity of its management.

Item 10 Other Financial Industry Activities and Affiliations

Employees of CP may serve as directors and officers of certain Portfolio Companies and, in that capacity, will be required to make decisions that consider the best interests of such Portfolio Companies and their respective shareholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a Portfolio Company, actions that may be in the best interests of the Portfolio Company may not be in the best interests of the CP II Fund, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individual's duties as an employee of CP and such individual's duties as a director or officer of such Portfolio Company.

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

CP has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act that is predicated on the principal that CP owes a fiduciary duty to the CP II Fund. Accordingly, employees of CP must disclose or avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interest of the CP II Fund.

CP's employees that are access persons must have written clearance for all transactions involving initial public offerings and private placements before completing the transactions. CP may disapprove any proposed transaction, particularly if the transaction appears to pose a conflict of interest or otherwise appears improper. CP also endeavors to maintain current and accurate records of all personal securities accounts of its access persons in an effort to monitor all such activity. A copy of CP's Code of Ethics is available upon request.

CP, its employees or a related entity will have investment in the CP II Fund. For example, the Managing Member for CP is 100% owned by CP's Managing Principals. In addition, CP and certain of its employees will participate in the Fund's investment program by agreeing to commit a certain percentage of the CP II Fund's total capital commitments or a certain amount as defined in the CP II Fund Shareholders Agreement. Therefore, CP, its employees or a related entity participate in transactions effected for the CP II Fund.

Item 12 Brokerage Practices

CP focuses on making investments in private securities, thus it does not ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments. To the limited extent CP transacts in public securities it intends to select brokers based upon the broker's ability to provide best execution for the CP II Fund. CP

is generally authorized to make the following determinations, subject to the CP II Fund's investment objectives and restrictions, without obtaining prior consent from the CP II Fund or any of their investors: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

In making its decisions regarding the allocation of brokerage transactions for the CP II Fund, CP will consider a variety of factors including but not limited to: (i) the ability to effect prompt and reliable executions at favorable prices; (ii) 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; (iii) the financial strength, integrity and stability of the broker-dealer or counter party; and (iv) the competitiveness of commission rates in comparison with other broker-dealers. Although CP will generally seek competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. 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.

CP does not participate in any soft dollar arrangements outside of receiving research available to other institutional investors. Research services received from brokers and dealers are supplemental to CP's own research effort. Outside of routinely available research, CP's policy is to bear the cost of research it receives and does not direct trading activity in lieu of payments for research or other services.

Item 13 Review of Accounts

CP focuses on making private equity investments. All investments are reviewed and approved by the Investment Committee, which is comprised of CP's Managing Principals and two appointees of LAI. CP investment professionals review the portfolio companies on a regular basis and CP's investment professionals meet regularly to discuss investment ideas, economic developments, industry outlook and other issues related to current portfolio holdings and potential investment opportunities.

CP provides shareholders with quarterly reports and capital account statements, capital call/distribution notices, and periodic press releases. Shareholders also receive annual audited financial statements.

Item 14 Client Referrals and Other Compensation

Generally, CP does not compensate any person for client referrals. However, during a fundraising cycle, CP may compensate placement agents who introduce new investors that commit capital to a Fund. The amount paid to placement agents is based on point-in-time negotiation and all placement fees will be fully disclosed to investors referred by placement agents.

Item 15 Custody

All client assets are either held in custody by unaffiliated broker/dealers or banks or are uncertificated securities obtained from an issuer in a private transaction. However CP has access to client accounts since it serves as the managing member of the CP II Fund. Shareholders will not receive statements from custodians. Instead, the CP II Fund is subject to an annual audit and

the audited financial statements are distributed to each shareholder. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 90 days of the CP II Fund's fiscal year end.

Item 16 Investment Discretion

CP generally has discretionary authority to determine, without obtaining specific consent from the CP II Fund or shareholders, the securities and amount to be bought or sold. Any limitations on authority are included in the CP II Fund's Shareholders Agreement and other governing documents.

Item 17 Voting Client Securities

CP does not have the authority to vote securities held by the CP II Fund. Such authority to vote is carried out by the CP II Fund's Board of Directors on behalf of the CP II Fund. In general, the Directors vote in the interest of maximizing shareholder value. To that end, the Directors vote in a way that they believe, consistent with their fiduciary duties, will cause the value of the issue to increase the most or decline the least. Consideration is given to both the short and long term implications of the proposal to be voted on when considering the optimal vote.

Item 18 Financial Information

CP has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.