

Baird Capital Partners Management Company V, LLC

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This brochure provides information about the qualifications and business practices of Baird Capital Partners Management Company V, LLC. If you have any questions about the contents of this brochure, please contact Scott Skie at (312) 609-4664. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Baird Capital Partners Management Company V, LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. Such registration does not imply a certain level of skill or training. Additional information about Baird Capital Partners Management Company V, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

Baird Capital Partners Management Company V, LLC

On December 31, 2019, C. Andrew Brickman, Partner of Baird Capital, resigned from Robert W. Baird & Co. Incorporated (“Baird”). Andrew is no longer a member of the Baird Capital Partners Management Company V, LLC’s Investment Committee.

On August 16, 2019, Michael Bernstein, Partner of Baird Capital, resigned from Baird. Michael is no longer a member of the Baird Capital Partners Management Company V, LLC’s Investment Committee.

Paul Purcell passed away on February 28, 2020. Paul was the Chairman of the Board of Directors of Baird Financial Group, Inc., Baird Holding Company, Baird Financial Corporation and Robert W. Baird & Co. Incorporated. He was also Chairman of Baird Capital and a member of the Baird Capital Partners Management Company V, LLC’s Investment Committee.

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I. Advisory Business

Baird Capital Partners Management Company V, LLC (“Baird Capital V” or the “General Partner”), the registered investment adviser, is a Delaware limited liability company. Baird Capital Partners V Limited Partnership and BCP V Special Affiliates Limited Partnership (collectively, “BCP V” or the “Fund”) were formed with an affiliated fund by the General Partner to make private equity investments, principally leveraged buyouts in U.S. lower middle-market business services and manufactured products companies. The General Partner is also the general partner of the Funds, and has the authority to make the investment decisions for the Funds and control the business and affairs of the Funds. The General Partner was formed by Baird Capital (“BC”), the middle-market private equity group of Robert W. Baird & Co. Incorporated (“Baird”). BC was founded in 1989 and is based in Milwaukee, Wisconsin and Chicago, Illinois. Baird is the principal owner of Baird Capital V. Baird Financial Corporation owns 100% of Baird, Baird Holding Company owns 100% of Baird Financial Corporation and Baird Financial Group, Inc. owns 100% of BHC.

The Funds and any other Private Investment Funds that may be formed by the General Partner (or its affiliates) at a later date or that may otherwise become clients of the General Partner are expected to invest through negotiated transactions in operating entities. The General Partner’s investment advisory services to each Fund consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. As the General Partner provides advisory services to the Funds, the General Partner does not tailor its advisory services to the needs of individual investors nor does it permit individual investors to impose restrictions on investing in certain securities or types of securities. As of December 31, 2019, Baird Capital V managed \$109.3 million on a discretionary basis and no assets on a non-discretionary basis.

II. Fees and Compensation (Capitalized terms not defined herein have the meaning as set forth in the applicable Fund’s partnership agreement)

2.0% Management Fee - the annual management fee (“Management Fee”) is 2% of aggregate commitments payable quarterly in advance (subject to potential reductions due to waivers and offsets under certain circumstances) and commences from the Fund’s Effective Date (as defined in each Fund’s Partnership agreement (the “Partnership Agreement”)), whether or not an investor was admitted at an initial or subsequent closing.

Management Fee Reduction – the management fee payable in any quarterly period will be reduced by 50% of any Breakup, Transaction and Monitoring Fees received by the Management Person during the immediately preceding quarterly period. In addition, beginning the earlier of (i) six years after the initial closing date, or (ii) following certain events (as more fully described in each Partnership Agreement), the Management Fee shall be reduced to 2% of (i) aggregate investment contributions less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or completely written-off. The Management Fee generally will be payable until all portfolio investments are distributed or until the General Partner’s relationship with the Fund is terminated for other reasons (as described in the Partnership Agreement).

Payment of Management Fee - if the investor has specified an account at Baird for the payment of the Management Fee and other expenses, after the General Partner gives notice to the investor, Baird will deduct such fee from the investor’s account. If the investor does not have an account at Baird, the General Partner will notify the investor as to when such fee is payable.

General Partner Option to Waive Management Fee - the Fund’s organizational documents permit the Management Fee to be waived and for a General Partner to receive a credit against capital contributions owed.

Carried Interest - after the General Partner has achieved an 8% compounded annually preferred return, the General Partner will receive a carried interest or performance fee from investors in the Fund equal to 20% of all realized profits (as more fully described in the Partnership Agreement).

Inability to Withdraw - The Funds and other private investment funds invest on a long-term basis. Accordingly, investment advisory and other fees are paid during the term of each Fund and investors generally are not permitted to withdraw or redeem interests in the Fund.

Organizational Expenses - the Fund will reimburse the General Partner for up to \$1.5 million of the Fund’s organizational and startup expenses, including legal, travel, accounting, filing, printing, capital raising and other organizational expenses. The General Partner will bear the cost (through an offset against the Management Fee or otherwise) of all organizational expenses in excess of this amount, if any, and of any placement fees payable to any placement agent in connection with the formation of the Fund.

Other Partnership Expenses - in addition to the Management Fee and organizational and startup expenses, the Fund will pay all other costs and expenses of the Fund that are not reimbursed by portfolio companies, including legal, auditing, consulting, financing, accounting and custodian fees and expenses; expenses associated with the Fund’s financial statements, tax returns and Schedule K-1s; out-of-pocket expenses incurred in connection with transactions not consummated; expenses of the strategic advisory board and operating partners and certain fees paid to strategic advisory board members and operating partners; expenses of the advisory board established by the General Partner and annual meetings of the Limited Partners; insurance; other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund. In addition to the partnership expense information provided herein, see the Fund’s Limited Partnership Agreement for expense information.

General Partner Expenses - the General Partner will pay all ordinary administrative and overhead expenses incurred in connection with managing, originating and monitoring investments, including compensation for employees' salaries, rent, utilities, etc.

Baird and Affiliate Services to the Fund / Fees without Offset – Baird and/or its Affiliates may provide certain services to the Partnership, such as accounting or brokerage services, and may charge the partnership for these services provided that the General Partner in its reasonable discretion believes in good faith that Baird can provide such services at no greater cost than would be the case if an unaffiliated third-party were to provide such services. Baird, in particular, does provide fund-administration services to the Partnership. Fees for such services are not offset against the management fee. The cost of these services is disclosed annually to the Limited Partnership Committee as well as in the footnotes to the annual audited financial statements of the Partnership.

Baird and Affiliate Services to Portfolio Companies / Fees without Offset - historically, Baird, Baird Asia Limited ("BAL") and their affiliates have provided services to the portfolio companies of BCP V. The LPA for the Fund states that, notwithstanding anything to the contrary in the LPA, Baird, BAL and their affiliates may provide certain services to portfolio companies (e.g., investment banking or other financial advisory / consulting services) that are not subject to management fee offset, provided the General Partner believes in good faith that such services can be provided at a reasonable cost relative to the value provided to the portfolio company.

The Adviser intends to encourage the use of such services of Baird or its affiliates when it believes it is in the best interest of the portfolio company. Further despite the language of the LPA that indicates that Baird, BAL and their affiliates may provide certain services, in practice BAL has been engaged to provide services for a majority of the portfolio companies in the Fund that sell products and Baird has also provided investment banking services. The Adviser notes that while historically it did use services provided by BAL, due to a reduced need for such services in China caused by the changing economic climate and a desire to potentially access additional countries, beginning January 1, 2016, all service contracts with BAL have been terminated.

The cost of these services is disclosed annually to the Limited Partnership Committee.

Baird Associates Compensated for Solicitation of Investors in the Fund - Baird and employees of Baird did refer clients to BC and did receive compensation from Baird for those clients that make a commitment to the Fund. This compensation is paid by the General Partner and not by the investor. This payment may give Baird and employees of Baird an incentive to recommend an investment in the Fund based on compensation received, rather than on an investor's needs. To address this potential conflict, the Baird employee recommending the investment in the Fund must make the determination that the investment in the Fund was suitable for that investor. If the investor's investment in the Fund is held in a Baird fee-based account, the investor will not be charged an asset based fee on the value of the investor's BCP V holdings, but will be charged a Management Fee and other fees as described in the Partnership Agreement.

Other Fee Arrangements - The General Partner has not negotiated a fee arrangement other than as described herein with any other investor.

III. Performance-Based Fees

After the General Partner has achieved an 8% compounded annually preferred return, the General Partner will receive a carried interest or performance fee from investors in the Fund equal to 20% of all realized profits (as more fully described in the Partnership Agreement). The fact that the General Partner's carried interest is based on a percentage of net profits may create an incentive for the General Partner to cause the Fund to make riskier or more speculative investments than otherwise would be the case. The significant investment of the members of the investment team (the "Principals") in the Fund and the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the investors, although the Principals have economic interests in other investment funds and investments as well and receive management fees and carried interests relating to those other interests. The General Partner does not currently manage any Funds that do not charge a performance-based fee.

IV. Types of Clients

The General Partner provides investment advice to Private Investment Funds, including the Funds. Private Investment Funds are investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The Private Investment Funds offered by the General Partner and its affiliates do not provide investors with any redemption rights. The investors participating in Private Investment Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, Principals or other employees of the General Partner and its affiliates. Excluding the affiliated fund, the minimum commitment of an investor who is an individual is \$500,000 and the minimum commitment of an institutional investor is \$5 million, although individual investor commitments of lesser amounts may be accepted at the discretion of the General Partner.

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

The Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses that clients should be prepared to bear.

The General Partner will provide day-to-day investment advisory services to each Fund. The investment strategy of the General Partner is to seek to increase the value of, and to find desirable exit opportunities for, the investments in the Fund. The General Partner seeks to provide returns to investors by (i) using their networks to source attractive businesses, (ii) performing detailed deal evaluation and due diligence to select, structure and appropriately price investments, and (iii) actively managing the Fund's investments in conjunction with portfolio company management. Accordingly, the General Partner's investment methodology includes deal flow, detailed due diligence and active portfolio management. The General Partner uses a deal origination model that leverages both the Baird network for proprietary opportunities and Baird's relationships with M&A boutiques and business brokers for other investment opportunities. The General Partner will continue to develop relationships with established networks of company executives, other buyout funds, venture capitalists, consultants, attorneys, academics, accountants, investment bankers, business brokers and analysts to serve as sources of deal flow. The General Partner will perform due diligence activities for identified investment opportunities, encompassing, as appropriate, the industry, competitive position, cost structures, customers, management and financial performance. The General Partner will be actively involved with the Fund's portfolio companies, providing on-going strategic direction and operational support.

BC uses Operating Partners. The relationship of Operating Partners with Baird is that of an independent contractor. With respect to the LPA, Operating Partners are not Active Members, Management Persons, employees or otherwise dedicated resources of Baird or the Adviser. Operating Partners are compensated by the following: a retainer fee paid by the Adviser for fund-level strategic advice, investment sourcing assistance, and investment due diligence assistance, and may also be compensated by portfolio companies for services provided directly to the respective company or companies (e.g., board participation, mentoring and advising management, industry expertise, etc.). Compensation paid by portfolio companies to Operating Partners may include, but may not be limited to, the following forms of compensation: board of director participation fees, stock options or other equity securities and other cash compensation, such as consulting fees. The compensation received by Operating Partners is not used in whole or part to offset the management fee paid by the Fund. In addition, Operating Partners may co-invest their own personal capital in portfolio companies.

In considering participation in the Fund, an investor should be aware of certain risk factors, which include those described in the Private Placement Memorandum and those include, but are not limited to, the following:

Business Risks - the Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Investment in Junior Securities - the securities in which the Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

Concentration of Investments - the Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Fund may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities - it is possible that the Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. However, Limited Partners will be required to pay annual management fees during the Investment Period based on the entire amount of their Commitments.

Illiquidity; Lack of Current Distributions - an investment in the Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Fund (including the annual management fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital.

Limited Transferability of Fund Interests - there will be no public market for the Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Partnership Agreement and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

Restricted Nature of Investment Positions - generally, there will be no readily available market for a substantial number of the Fund's investments, and hence, most of the Fund's investments will be difficult to value. Certain investments may be distributed in kind to the Partners.

Conflicting Investor Interests - Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in the Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the General Partner regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the General Partner generally will consider the investment and tax objectives of the Fund and its Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.

Non-U.S. Investments - the Fund may invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the Partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the Partners.

Public Company Holdings - the Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including the Principals, and increased costs associated with each of the aforementioned risks.

Unfunded Pension Liabilities of 80%-Owned Portfolio Companies - court decisions have suggested that, where an investment fund owns 80% or more of a portfolio company, the fund (and any other 80%-owned portfolio companies of the fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although the Fund intends to manage its investments to minimize any such exposure, the Fund may, from time to time, own an 80% or greater interest in a portfolio company that has unfunded pension fund liabilities. If the Fund (or other 80%-owned portfolio companies of the Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund invests.

Conflict of Interest - the General Partner and the Principals are affiliates of Baird, and Baird has an ownership interest in the General Partner that entitles it to a portion of the carried interest distributions received by the General Partner. As an investment banking firm, Baird provides a range of mergers and acquisitions advisory, consulting and other business services to its clients, some of which may result in conflicts of interest between the Fund, on one hand, and Baird and certain of its clients, on the other hand. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to the Fund and its ability to achieve its investment objectives. The Principals currently manage several other investment funds and investments similar to those in which the Fund will be investing, and may direct certain relevant investment opportunities to those investment funds and investments. In addition, the Principals may spend a portion of their business time and attention pursuing investment opportunities that do not fall within the investment objectives of the Fund for other investment funds and other than on behalf of the Fund. The Principals and the General Partner's investment staff will continue to manage and monitor such investment funds and investments. See the Fund's Limited Partnership Agreement for additional information on the potential conflicts of interest.

VI. Disciplinary Information

There are no legal or disciplinary events that are material to an investor's or prospective investor's evaluation of the Fund or the integrity of the General Partner.

VII. Other Financial Industry Activities and Affiliations

Baird, a Wisconsin corporation and an entity related to the General Partner by virtue of Baird's control of the General Partner, acts as a registered investment advisor to various clients, including individuals, institutions and a registered investment company. Baird is also registered as a broker/dealer. As an investment banking firm, Baird provides a range of mergers and acquisitions advisory, consulting and other business services to its clients, some of which may result in conflicts of interest between the Fund, on one hand, and Baird and certain of its clients, on the other hand. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to the Fund and its ability to achieve its investment objectives. During the Investment Period, the Principals will pursue all appropriate investment opportunities exclusively through the Fund, subject to certain limited exceptions. However, the Principals currently manage several other investment funds and investments similar to those in which the Fund will be investing, and may direct certain relevant investment opportunities to those investment funds and investments, subject to any applicable limitations in the relevant Partnership Agreement. In addition, the Principals may spend a portion of their business time and attention pursuing investment opportunities that do not fall within the investment objectives of the Fund for other investment funds and other than on behalf of the Fund. The Principals and the General Partner's investment staff will continue to manage and monitor such investment funds and investments. The significant

investment of the Principals in the Fund and the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the Partners, although the Principals have economic interests in such other investment funds and investments as well and receive management fees and carried interests relating to these interests. Such other investment funds and investments that the Principals may control may compete with the Fund or companies acquired by the Fund. Following the Investment Period, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to the Fund's investments. Baird has a Conflicts of Interest policy that covers each of the general partners of the private equity funds that are registered investment advisers. This policy also covers Baird and its affiliated entities with respect to the dealings with (i) the various limited partnerships of the general partner and (ii) various companies in which the Funds own an interest. In addition, these policies cover Baird associates with respect to their investments in private securities.

As a result of Baird's ownership of the General Partner and the other powers granted to Baird in the General Partner's limited liability company agreement, Baird can influence certain decisions regarding transactions undertaken by portfolio companies of the Funds. In addition, Baird has provided certain services to the Funds, including accounting, and such fees received for providing such services was not offset against the management fee. Under the terms of each Fund's Partnership Agreement, Baird may charge the Fund for these services; provided that the General Partner believes in good faith that Baird can provide such services at no greater cost than would be the case if unaffiliated third parties were to provide such services.

The General Partner formed BCP V Affiliates Fund Limited Partnership to allow qualified employees to co-invest alongside the Funds. Other general partners of private equity funds that are registered investment advisers and controlled by Baird include the following:

Baird Capital Global Fund Management I LP, a Cayman Islands exempt limited partnership and an entity related to the General Partner by virtue of common ownership and control, is the general partner of Baird Capital Global Fund I LP, Baird Capital Global Fund I-DE LP, BCGF I Special Affiliates LP and BCGF I Affiliates Fund LP, all of which principally invest in buyout and growth equity investments in lower middle-market companies in the U.S., U.K., as well as companies operating in Asia with operations or growth opportunities in China. Baird Venture Partners Management Company I, L.L.C., a Delaware limited liability company and an entity related to the General Partner by virtue of common ownership and control, is the general partner of Baird Venture Partners I (B) Limited Partnership, which invests in early to growth-stage venture capital opportunities. Baird Venture Partners Management Company III, L.L.C., a Delaware limited liability company and an entity related to the General Partner by virtue of common ownership and control, is the general partner of Baird Venture Partners III Limited Partnership, BVP III Affiliates Fund Limited Partnership, and BVP III Special Affiliates Limited Partnership, all of which invest in early to growth-stage venture capital opportunities. Baird Venture Partners Management Company IV, L.L.C., a Delaware limited liability company and an entity related to the General Partner by virtue of common ownership and control, is the general partner of Baird Venture Partners IV Limited Partnership, BVP IV Affiliates Fund Limited Partnership, and BVP IV Special Affiliates Limited Partnership, all of which invest in early to growth-stage venture capital opportunities. Baird Venture Partners Management Company V, L.L.C., a Delaware limited liability company and an entity related to the General Partner by virtue of common ownership and control, is the general partner of Baird Venture Partners V Limited Partnership, BVP V Affiliates Fund Limited Partnership, and BVP V Special Affiliates Limited Partnership, all of which invest in early to growth-stage venture capital opportunities. Baird Capital Partners Asia Management I Limited Partnership, a partnership organized under the laws of the Cayman Islands, is the general partner of Baird Capital Partners Asia I (Cayman) Limited Partnership, Baird Capital Partners Asia I Limited Partnership and BCPA I Affiliates Fund Limited Partnership, all of which make growth equity investments in smaller, high potential companies with substantial operations and growth opportunities in China. Baird Principal Group Management Company I, LLC, a Delaware limited liability company and an entity related to the General Partner by virtue of common ownership and control, is the general partner of Baird Principal Group Partners Fund I Limited Partnership, which makes co-investments in opportunities supporting private equity firms and experienced private equity professionals in transactions in the United States and possibly Europe. Baird Principal Group Management Company II, LLC, a Delaware limited liability company and an entity related to the General Partner by virtue of common ownership and control, is the general partner of Baird Principal Group Partners Fund II Limited Partnership, which makes co-investments in opportunities supporting private equity firms and experienced private equity professionals in transactions in the United States and possibly Europe.

Baird Capital Partners Europe Limited, an English limited company and affiliated with Baird, is regulated and authorized by the Financial Conduct Authority and is the manager of certain partnerships formed to acquire businesses and make investments across a range of industry sectors.

The Principals may spend a portion of their business time and attention pursuing investment opportunities that do not fall within the investment objectives of the Fund for other investment funds and other than on behalf of the Fund. The Principals and the General Partner's investment staff will continue to manage and monitor such investment funds and investments. The significant investment of the Principals in the Fund, as well as the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the Partners, although the Principals have economic interests in such other investment funds and investments as well and receive management fees and carried interests relating to these interests.

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

The General Partner follows a code of ethics (the "Code") for standards of business conduct and personal securities transactions. The Code restricts, among other things, the direct purchase and sale by employees for their own accounts of securities that have been or are in the process of being purchased or sold for client accounts within certain limits. The Code also addresses the approval of associate accounts, trading policy, outside brokerage accounts, reporting of securities and transactions. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that assures that the interests of the clients take precedence. All personal securities transactions must be conducted in a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility. If you would like a copy of the Code, please contact Scott Skie at (312) 609-4664 and it will be provided to you at no charge.

Principals and employees of the General Partner and its affiliates may directly or indirectly own an interest in Private Investment Funds including the Fund. In addition, the General Partner may recommend the purchase or sale of securities for client accounts in which one or more of its members, officers, directors, employees (and members of their families) or affiliates ("affiliated persons"), directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the clients of the General Partner or the Funds. The significant investment of the Principals in the Fund and the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the investors, although the Principals have economic interests in other investment funds and investments as well and receive management fees and carried interests relating to those interests.

Certain employees of Baird, the Adviser and their affiliates were offered the opportunity to participate in a loan program to fund their investments in BCP V. These employees included members of the investment team for the Fund. 1:1 and 3:1 loans were provided by a third party independent financial institution through an agreement between the employee and the financial institution. In addition, certain associates of Baird were also offered the ability to borrow up to \$175,000 from Baird Financial Corporation or an affiliate thereof to make a commitment to the BCP V fund.

Baird, as a broker/dealer, investment banker and investment adviser, continually engages in various securities transactions and trading activities, which could create a conflict of interest with clients. Prior to the final closing of the Fund, Baird may warehouse transactions for the Funds as more fully described in the Partnership Agreement. Also, each of Baird's investment advisory departments has internal procedures in place to ensure that Baird will not act in a principal capacity for any transaction in a client's account absent appropriate prior client approval of the transaction. Accordingly, when acting as an investment adviser, Baird generally acts only in an agent capacity in transactions effected for client accounts. The advisory agreements entered into by clients for the respective Baird investment advisory departments, where applicable, disclose the possibility of Baird's role in potential transactions and the possible conflicts. Each customer confirmation discloses the capacity in which Baird served in the transaction and whether Baird is a market maker in the issue.

IX. Brokerage Practices

The General Partner typically invests in private companies and generally purchases and sells such companies through privately-negotiated transactions with or without the use of a brokers or dealers. Baird may be used as a broker-dealer for such transactions.

The General Partner will typically only engage in public securities transactions when disposing of securities that have become publicly traded. In the event that the General Partner engages in a public security transaction, the General Partner will consider a number of factors in selecting a broker-dealer, including: (i) the commission charged (taking into consideration the size of the order and the price of the security), (ii) the broker-dealer's execution capabilities with respect to the security and (iii) the broker-dealer's general reputation and ability to execute an order in appropriate time frame (i.e., the overall responsiveness of the broker-dealer). Although the General Partner generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. The General Partner does not consider, in selecting a broker-dealers, the receipt of research from broker-dealers. The General Partner, consistent with its duty to seek best execution, will generally use Baird to effect security transactions. The General Partner does not engage in soft dollar arrangements and therefore did not acquire any products or services with client brokerage commissions within the last fiscal year.

From time to time, the General Partner may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating client of the General Partner is favored over any other client. When an aggregated order is filled in its entirety, each participating client account generally will receive the average price obtained on all such purchases or sales made during such trading day. When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a pro rata basis to each client account participating in such buy or sell order in accordance with the amount of securities originally requested for such account. Each client account generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to pro rata allocations are permissible provided they are fair and equitable to clients over time.

X. Review of Accounts

Investments of the Fund made by the General Partner generally are long-term in nature and illiquid. Accordingly, the review process is generally not directed toward short-term sell decisions. However, the General Partner closely monitors companies in which its Funds invest and generally will maintain an ongoing oversight position in such companies.

The Fund will provide to its limited partners (i) annual audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return, (iii) quarterly information describing each new portfolio company investment or the occurrence of any material event relating to any portfolio company investment.

XI. Client Referrals and Other Compensation

The General Partner did enter into solicitation arrangements pursuant to which it compensates persons, including Principals and / or employees of Baird or its affiliates, for client referrals that result in the provision of investment advisory services by the General Partner. This compensation is paid out of the Management Fee and is not paid by the limited partners. The compensation structure for Baird Financial Advisors consisted of two alternatives: (1) Standard Commission - under the Standard Commission structure, Baird Financial Advisors were paid a commission based upon the size of the client's commitment to BCP V. The Baird Financial Advisor earned an aggregate commission of 2% of the client's commitment to BCP V. The Baird Financial Advisor earned a commission of 1% of the client's commitment to BCP V at the time of closing on the client's commitment to BCP V and 20 basis points of the client's commitment to BCP V over each of the next five years for an aggregate commission of 2%; and (2) Asset Based Fee - under the Asset Based Fee structure, Baird Financial Advisors were not paid based upon the amount of the client's commitment to BCP V, but rather were paid based on the client's capital account balance in BCP V. During the term of BCP V, the Baird Financial Advisor was paid annually at the rate of 50 basis points based on the client's average quarterly capital account balance, provided that the total compensation to the Baird Financial Advisor under the Asset Based Fee structure did not exceed the total payment under the Standard Commission structure (i.e., 2% of the client's commitment to BCP V).

In addition, the Fund consists of three partnerships: BCP V Affiliates Fund Limited Partnership, Baird Capital Partners V Limited Partnership and BCP V Special Affiliates Limited Partnership. Certain Baird Financial Advisors invested in the Fund as well as solicited clients to invest in the Fund.

XII. Custody

The General Partner maintains custody of each Fund's assets with Baird, a qualified custodian, to the extent required by the Investment Advisers Act and in accordance with guidance issued by the SEC from time to time. If the limited partner has a Baird account, the limited partner will receive accounts statements from Baird and limited partners should carefully review those statements. Limited partners should also compare the statements received from Baird with the statements received from the General Partner.

XIII. Investment Discretion

As the General Partner provides advisory services to the Funds, the General Partner does not tailor its advisory services to the needs of individual investors nor does it permit individual investors to impose restrictions on investing in certain securities or types of securities. Investors grant discretionary authority to the General Partner to make investments for the Funds. In connection with making a commitment to the Funds, an investor is required to execute a power of attorney granting the General Partner authority to act on the investor's behalf.

XIV. Voting Client Securities

In accordance with SEC requirements, the General Partner has adopted Proxy Voting Policies and Procedures (the "Proxy Policy") to address how the General Partner will vote proxies for each Fund's portfolio investments. The Fund Partnership Agreement grants the General Partner the authority to vote proxies on behalf of the Fund. The Policy seeks to ensure that the General Partner votes proxies (or similar instruments) in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies. The General Partner generally believes its interests are aligned with each Fund's investors through the General Partner's Principals' beneficial ownership interests in the Funds. In the event, however, there is or may be a conflict of interest between the General Partner and the Fund in voting proxies, the General Partner may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. The General Partner does not consider service on portfolio company boards by General Partner personnel or the General Partner's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines the General Partner follows when voting proxies on behalf of the Fund. If you would like a copy of the Proxy Policy or information regarding how the General Partner has voted proxies on behalf of the Fund, please contact Scott Skie at (312) 609-4664 and it will be provided to you at no charge.

XV. Financial Information

The General Partner's financial condition is such that there is no reasonable likelihood that it will impair the General Partner's contractual commitments to the investor.

XVI. Additional Information

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who is an investor. In connection with this requirement, we will ask you for certain information that will allow us to identify you, which is typically provided in the subscription agreement. A corporation, partnership, trust or other legal entity may need to provide other information such as its principal place of business, local office, certified articles of incorporation, a partnership agreement or a trust agreement. We may be required to disclose this information pursuant to applicable laws, rules or regulations, but it will otherwise be retained in confidence according to our privacy policy.

The General Partner's Privacy Notice which includes, but is not limited to, information on the sources of non-public information, disclosure of information and information security is available upon request.