CONVERSUS CAPITAL, L.P.

ANNUAL FINANCIAL REPORT

For the year ended December 31, 2009

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CONVERSUS AT A GLANCE

Our Company	Conversus Capital, L.P. [1] • Guernsey Limited Partnership • Listed on Euronext Amsterdam by NYSE Euronext • Symbol: CCAP • 72,367,104 units outstanding as of December 31, 2009 • Website: www.conversus.com
Mission	To provide immediate exposure to a diversified portfolio of private equity assets, access to best-in-class general partners and consistent NAV returns that outperform the public markets
Highlights	• Largest publicly-traded portfolio of third party private equity funds • Fully invested portfolio of top-tier, diversified and seasoned private equity investments • Sophisticated financial management with public company corporate financial tools to maximize efficiency of the balance sheet and operate with little cash drag
Alignment of Interests	• Strong corporate governance, with an Independent Board of Directors and an Independent CFO • Performance driven compensation structure for investment manager • Substantial investments by sponsors and management
Investment Manager	Conversus Asset Management, LLC • Leverages the platforms of sponsors Bank of America and Oak Hill Investment Management • Experienced investment team comprised of 22 investment professionals with over 200 years of combined experience

Key Metrics (Amounts in 000's except per unit data)	**As of December 31, 2009**	**As of December 31, 2008**	**Increase / (Decrease)**
Net Asset Value	$ 1,700,560	$ 1,516,373	12.1 %
Units Outstanding	72,367	72,728	(0.5)%
Net Asset Value per Unit	$ 23.50	$ 20.85	12.7 %
Unit Price	$ 11.27	$ 10.40	8.4 %
Market Capitalization	$ 815,576	$ 756,371	7.8 %
Investment NAV	$ 1,907,572	$ 1,726,979	10.5 %
Unfunded Commitments	$ 731,727	$ 831,495	(12.0)%
Cash and Cash Equivalents	$ 32,313	$ 49,912	(35.3)%
Notes and Interest Payable	$ 229,004	$ 238,230	(3.9)%
Weighted Average Portfolio Company Life	4.8 years	4.0 years	20.0 %
Weighted Average Fund Life	7.6 years	7.0 years	8.6 %

[1]Conversus Capital, L.P. is an authorized closed-ended investment scheme for Guernsey regulatory purposes and is subject to the supervision of the Guernsey Financial Services Commission and market conduct supervision by the Authority for the Financial Markets in the Netherlands.

NOTE ON NAMING AND OTHER CONVENTIONS

Conversus Capital, L.P. ("Conversus LP") makes all of its investments through Conversus Investment Partnership, L.P. ("Investment Partnership"), a Guernsey limited partnership, and its subsidiaries. Conversus LP, the Investment Partnership and the Investment Partnership's subsidiaries are collectively referred to as "Conversus." Where we use the terms "we," "ours," "us" and other such terms, we refer to Conversus.

Conversus Asset Management, LLC is referred to as "CAM" or the "Investment Manager."

Bank of America Corporation is referred to as "BAC" and Oak Hill Investment Management, L.P. (together with OHIM Investors, L.P.) as "OHIM."

The estimated net asset value ("NAV") of Conversus is referred to as "total NAV" or simply "NAV" and includes all net balance sheet items of Conversus. The NAV of Conversus' investments is referred to as "investment NAV."

Our collateralized fund obligation program (see Note 6 of the combined financial statements) is referred to as the "credit facility," the "collateralized fund obligation program" or "the Program."

Derivative instruments held to partially hedge market exposure on our public equity securities are referred to as "derivative instruments," "derivatives" or "swaps."

Distributions and calls from fund investments are alternatively referred to "organic cash flows" or "net organic cash flows."

All amounts set forth in this report are in thousands, unless otherwise noted, except for per unit data. All dollar amounts are in U.S. dollars.

OPERATING SUMMARY

The following table displays a summary of operating results for the quarters ended December 31, 2009 and December 31, 2008.

Summary Operating Results
For the Quarters Ended:

	December 31, 2009	December 31, 2008
Net Change in Unrealized Depreciation on Investments	$ 152,137	$ (273,991)
Net Realized Losses	(259)	(11,017)
Investment & Other Income	3,997	2,682
Total Expenses	(15,298)	(22,239)
Net Increase/(Decrease) in Net Assets	$ 140,577	$ (304,565)

- The net change in unrealized depreciation on investments of $152.1 million for the quarter ended December 31, 2009 was comprised of net unrealized gains of $121.2 million related to private holdings and net unrealized gains of $38.4 million related to public equity securities, partially offset by unrealized losses of $5.9 million on a derivative instrument held to partially hedge market exposure on our public equity security portfolio and $1.6 million in unrealized foreign currency losses. The net change in unrealized depreciation on investments of $274.0 million for the quarter ended December 31, 2008 was comprised of net unrealized losses of $201.4 million related to private holdings, net unrealized losses of $82.2 million related to public equity securities and $5.8 million in unrealized foreign currency losses, partially offset by an unrealized gain of $15.4 million on a derivative instrument.

- Net realized losses were $0.3 million for the quarter ended December 31, 2009 which included $18.9 million in portfolio company write-offs by general partners. In comparison, net realized losses were $11.0 million for the quarter ended December 31, 2008 which included $25.5 million in portfolio company write-offs by general partners.
- For the quarters ended December 31, 2009 and December 31, 2008, net investment and other income was $4.0 million and $2.7 million, respectively. This income was mainly comprised of dividend and interest income.
- Total expenses for the quarters ended December 31, 2009 and December 31, 2008 were $15.3 million and $22.2 million, respectively. Further expense detail can be found in the tables that follow.
- The increase in net assets from operations of $140.6 million during the quarter ended December 31, 2009 resulted in a gain per unit outstanding of $1.94. The decrease in net assets from operations of $304.6 million during the quarter ended December 31, 2008 resulted in a loss per unit outstanding of $4.18.

The following table displays a summary of operating results for the year ended December 31, 2009 and December 31, 2008.

Summary Operating Results
For the Years Ended:

	December 31, 2009	December 31, 2008
Net Change in Unrealized Depreciation on Investments	$ 239,729	$ (568,688)
Net Realized Gains	4,170	73,567
Investment & Other Income	10,662	15,062
Total Expenses	(67,153)	(72,290)
Net Increase/(Decrease) in Net Assets	$ 187,408	$ (552,349)

- The net change in unrealized depreciation on investments of $239.7 million for the year ended December 31, 2009 was comprised of net unrealized gains of $155.8 million related to public equity securities, net unrealized gains of $106.1 million related to private holdings and $5.1 million in unrealized foreign currency gains, partially offset by net unrealized losses of $27.3 million related to derivative instruments. The unrealized losses on the derivatives included a reversal of $11.8 million of previously recognized unrealized gains which became realized when a derivative instrument matured (see Note 5 of the combined financial statements). The net change in unrealized depreciation on investments of $568.7 million for the year ended December 31, 2008 was comprised of net unrealized losses of $381.8 million related to private holdings, net unrealized losses of $191.6 million related to public equity securities and $18.0 million in unrealized foreign currency losses, partially offset by $22.7 million in unrealized gains on a derivative instrument.

- Net realized gains were $4.2 million for the year ended December 31, 2009, including $11.8 million in realized gains related to the maturity of a derivative instrument, partially offset by portfolio company write-offs of $37.0 million by general partners. In comparison, net realized gains were $73.6 million for the year ended December 31, 2008.
- For the years ended December 31, 2009 and December 31, 2008, net investment and other income was $10.7 million and $15.1 million, respectively.
- Total expenses for the year ended December 31, 2009 and December 31, 2008 were $67.2 million and $72.3 million, respectively. Further expense detail can be found in the tables that follow.
- The increase in net assets from operations of $187.4 million during the year ended December 31, 2009 resulted in a gain per unit outstanding of $2.59. The decrease in net assets from operations of $552.3 million during the year ended December 31, 2008 resulted in a loss per unit outstanding of $7.56.

The following table displays operating expenses and related annualized operating percentages based on weighted average net assets for the quarters ended December 31, 2009 and December 31, 2008.

Total Expenses and Operating Percentages
For the Quarters Ended:

	December 31, 2009		December 31, 2008	
	Expense	**Percentage**	**Expense**	**Percentage**
Fund Fees and Expenses	$ 5,879	1.47%	$ 11,567	1.93%
Net Management Fees	4,553	1.14	5,361	1.22
Interest	1,140	0.29	2,247	0.51
Professional Service Fees	1,768	0.44	2,656	0.61
Personnel	1,502	0.38	711	0.16
Public Company Costs	686	0.17	697	0.16
Other General and Administrative	(230)	(0.05)	(1,000)	(0.20)
Total Expenses	$ 15,298	3.84%	$ 22,239	4.39%

- Fund fees and expenses represent charges by the general partners of the funds in which Conversus is invested and are expensed in the period to which they relate. These fees and expenses do not include performance fees or carried interest earned by the general partners. Fund fees and expenses are highly dependent on the billing cycles of the underlying general partners of our investments and will fluctuate on a quarterly basis.
- Management fees are paid to CAM based on an aggregate amount of (i) 1.0% per annum of the value of Conversus' non-cash assets and (ii) 0.5% per annum of Conversus' aggregate unfunded commitments. Of such amount, one-third is paid quarterly in cash ("cash management fee"), in arrears, and two-thirds is earned in the form of a contingent profits interest in the Investment Partnership. The contingent profits interest is paid quarterly, in arrears, to the extent that there has been appreciation in Conversus' NAV. CAM has agreed to irrevocably waive its right to 30% of the contingent profits interest while Conversus operates under a realization strategy. This waiver was effective as of July 1, 2009 and results in annual savings of $4.6 million to Conversus based upon investment NAV and unfunded commitment levels as of December 31, 2009. Management fees in the operating expense tables are shown net of the fees waived.
- Interest expense represents the interest incurred on amounts borrowed under the credit facility. The expense reflected weighted average balances outstanding of $249.8 million and $215.9 million for the quarters ended December 31, 2009 and December 31, 2008, respectively. The balances outstanding had weighted average rates of 1.7% and 3.5% as of December 31, 2009 and December 31, 2008, respectively.

- Professional service fees represent accounting, audit, tax, legal, compliance and related costs. The decrease from the fourth quarter of 2009 when compared to the same period in 2008 was a result of lower legal fees.
- Personnel expense includes compensation and benefits for CCAP's employees as well as employee costs reimbursed to CAM for administrative personnel under a services agreement (see Note 9 to the combined financial statements). The increase from 2008 to 2009 was a result of an increase in head count at CCAP and CAM in 2009 as well as higher phantom equity award expense which is referenced to Conversus LP's unit price.
- Public company costs consist of insurance, third party valuation fees, Board of Director compensation, investor relations and regulatory expenses.
- Other General and Administrative expenses include income taxes, occupancy, travel, training, recruitment and miscellaneous employee and other costs. The credits for the fourth quarters of 2009 and 2008 both related to income tax refunds received during the periods.

The following table displays operating expenses and related annualized operating percentages based on weighted average net assets for the years ended December 31, 2009 and December 31, 2008.

Total Expenses and Operating Percentages *For the Years Ended:*				
	December 31, 2009		**December 31, 2008**	
	Expense	**Percentage**	**Expense**	**Percentage**
Fund Fees and Expenses	$ 22,357	1.45%	$ 26,076	1.33%
Net Management Fees	19,425	1.26	24,501	1.25
Interest	6,544	0.42	5,391	0.28
Professional Service Fees	5,667	0.37	7,184	0.37
Personnel Expense	4,761	0.31	3,380	0.17
Public Company Costs	2,719	0.18	2,371	0.12
Other General and Administrative	5,680	0.36	3,387	0.17
Total Expenses	$ 67,153	4.35%	$ 72,290	3.69%

- Interest expense reflected weighted average balances outstanding of $254.1 million and $123.2 million for the years ended December 31, 2009 and December 31, 2008, respectively. The balances outstanding had weighted average rates of 1.7% and 3.5% as of December 31, 2009 and December 31, 2008, respectively.
- Professional service fees were lower for 2009 when compared to 2008 due to lower legal fees.
- Personnel expense was higher for the year ended December 31, 2009 than the year ended December 31, 2008 due to an increase in head count at CCAP and CAM in 2009 as well as higher phantom equity award expense which is referenced to Conversus LP's unit price.
- Public company costs increased from the year ended December 31, 2008 when compared to the year ended December 31, 2009 due to higher insurance costs.
- Other General and Administrative expenses increased for the year ended December 31, 2009 when compared to the year ended December 31, 2008 due to increased income taxes and increased fees related to the credit facility.

BUSINESS OVERVIEW

Conversus is designed to provide unit holders with immediate exposure to a diversified portfolio of private equity assets, access to best-in-class general partners and consistent NAV returns that outperform the public markets. We are invested in a portfolio that includes commitments to new, or primary funds, funds purchased on the secondary market and direct co-investments in individual companies. We believe that the quality, diversity and maturity of our portfolio, our financial flexibility and our commitment to governance and transparency are our competitive strengths. During the second quarter of 2009, we implemented a realization strategy and discontinued, for now, substantially all new investment activity. This strategy, and the circumstances under which we would return to an active investment strategy, are further described in "Investment Strategy."

Since our inception in July 2007, our core investment strategy has been to invest in new private equity funds managed by general partners with a history of strong performance. To augment returns from this core strategy, we have purchased portfolios of funds in the secondary market with risk exposures and vintages that diversify our portfolio, are favorably priced or are otherwise attractive to us. Additionally, we have invested in a limited number of direct private equity co-investments which allow for the selection of specific portfolio company investments with the potential for superior returns, in part because of the possibility of reduced fees and carried interest. While operating in realization mode we will actively manage our current portfolio of funded investments and unfunded commitments to maximize unit holder value. We will continue to review our strategy in response to market conditions and will make strategic decisions consistent with the goal of maximizing unit holder value.

Since our portfolio is mature and cash flowing, we can operate with low levels of cash. We currently expect to meet capital calls on unfunded commitments with the cash flows from existing assets and through borrowings under our credit facility which has a maximum availability of $650.0 million, subject to covenants, and is committed until July 2012 (see Note 6 of the combined financial statements).

CAM implements our investment policies and procedures and carries out the day-to-day management and operations of our business pursuant to a services agreement. CAM is owned by BAC, OHIM, certain members of CAM's management and our strategic investors, the California Public Employees Retirement System ("CalPERS") and affiliates of Harvard Management Company, Inc. (an investment vehicle for the Harvard University Endowment). CAM leverages the platforms of BAC and OHIM in sourcing and evaluating investments on behalf of Conversus. We believe the depth and breadth of the commercial activities of BAC and OHIM provide valuable perspectives into general market and industry trends, which enhance the ability of CAM to manage our investments and identify attractive investment opportunities.

Our portfolio is managed by the investment team comprised of employees of CAM and OHIM. The senior members of this group average over 15 years of experience in private equity and alternative asset management. CAM's Investment Committee includes senior investment professionals from CAM, BAC and OHIM.

INVESTMENT RESULTS

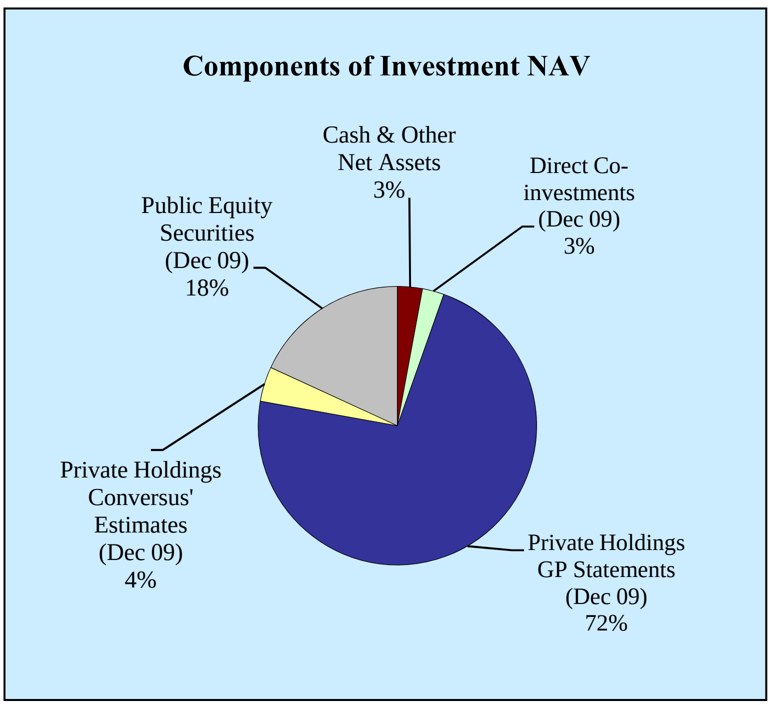
As of December 31, 2009, we had an NAV of $1,700.6 million, or $23.50 per unit. By comparison, our NAV as of December 31, 2008 was $1,516.4 million, or $20.85 per unit.

During the year ended December 31, 2009, our public equity securities experienced unrealized gains of $155.8 million, our private holdings experienced unrealized gains of $106.1 million, and we had unrealized gains of $5.1 million related to foreign currency. These unrealized gains were partially offset by unrealized losses of $27.3 million related to derivative instruments.

For the year ended December 31, 2009, net realized gains were $4.2 million. Gross realized gains were $74.6 million, which included an $11.8 million realized gain related to the maturity of a derivative, while gross realized losses were $33.4 million. The net realized gain of $4.2 million also included $37.0 million in general partner write-offs during the year.

As of December 31, 2009, 72% of the investment NAV was comprised of private holdings valued based on general partner estimates as of December 31, 4% was comprised of private holdings valued as of December 31 based upon Conversus' estimates and 3% was comprised of direct co-investments valued as of December 31 based on Conversus' estimates. A further 18% of the investment NAV was comprised of public equity securities and a derivative marked to market as of December 31. The remaining 3% of the investment NAV represented cash and other net assets held by the funds in which Conversus is invested.

The chart below summarizes the various components of our investment NAV as of December 31, 2009.



INVESTMENT STRATEGY

Realization Strategy

Despite Conversus' distinguishing characteristics as represented by its portfolio, financial flexibility and commitment to governance and transparency, our units are trading at a significant discount to our reported NAV. We are disappointed with this performance and believe it does not reflect the value of our high-quality portfolio or the distinct strengths of our business model. In the second quarter of 2009, in response to the significant discount at which our units were trading, we determined that a realization strategy was in the best interest of our unit holders.

Under the realization strategy, we have discontinued substantially all investments and new commitments to focus on realizing the value of the existing portfolio by applying cash flow to fund capital calls and expenses, repay debt and, over time, return capital to unit holders through unit repurchases and cash distributions. We continue to actively manage the current portfolio of funded investments and unfunded commitments, as well as our liquidity and capital resources, to maximize unit holder value. Active management could include asset sales or swaps. During this phase, we will continue to gain exposure to the attractive opportunities we believe are presented by the market through the unfunded commitments that will be called and deployed by our top-tier general partners.

We will consider a return to a growth strategy if we believe three criteria are met: (i) the market price for our units fairly reflects the value of the portfolio, (ii) the trading volume in our units provides sufficient liquidity for investors and (iii) the reflection of fair value in the unit price and the level of trading volume are sustainable. We will continue to review our strategy in response to market conditions and will make strategic decisions consistent with the goal of maximizing unit holder value.

We have taken these proactive steps in order to increase the confidence of investors that the value of Conversus' portfolio will be delivered to our unit holders over time. We currently envision this to be achieved either through a fairly valued stock price or, if the market does not recognize that value, through cash flow to unit holders.

Long-term Investment Strategy

We believe that our portfolio is distinguished by its maturity, diversity and quality. Since our inception, the portfolio has been constructed in accordance with the long-term, core principles described below. While we are in realization mode, we will continue to follow these core principles, to the extent applicable, and we will actively manage the portfolio accordingly. We will consider proactive steps, if necessary, to retain a balance in our portfolio consistent with our long-term investment strategy.

On a long-term basis, we expect at least 80% of our total investments will be invested directly in new private equity funds and in existing funds purchased on the secondary market. We expect no more than 20% of our total investments will be invested in direct co-investments. However, we may deviate from these percentages if CAM deems it advisable. In terms of concentrations, we expect that no more than 15% of our total investments will be invested in funds managed by any single general partner, no more than 7.5% will be invested in any single fund and no more than 5% will be invested in any single direct co-investment. Our investment policies do not contain fixed requirements, and these limits may be exceeded under certain circumstances. This flexible investment mandate allows us to be responsive to market conditions and opportunistic in seeking the best risk adjusted returns. Moreover, the cash flow from our mature portfolio and our credit facility provide us with the ability to continue investing through various market conditions and phases of economic cycles.

To maintain our attractive position on the private equity J-curve, we have made direct co-investments and purchased portfolios of funds in the secondary market. Direct co-investments may increase exposure to a fund's most promising investments, frequently with partial or complete avoidance of fees and carried interest. Secondary transactions generally represent more seasoned portfolios, and they may offer more appealing risk-reward and liquidity profiles than primary commitments. Secondaries may also be a useful tool for adding exposure to select vintage years, investment stages, industries, geographic regions and other characteristics.

The recent credit crisis has substantially limited the ability of general partners to create returns through leverage. The best general partners have always emphasized operational improvements that grow cash flow and build franchises in their portfolio companies, and we believe this capability will be particularly critical in the current environment. We believe this expertise is well-represented in our current portfolio, and we will continue to focus on the general partners who we believe are best positioned to execute operational improvements successfully.

INVESTMENT PORTFOLIO

The following tables display our summary portfolio allocation, summary of unfunded commitments and the composition of our investment portfolio based on investment NAV as of December 31, 2009. See pages 31 to 33 of this financial report for a complete listing of our investments by fund as of December 31, 2009.

Portfolio Allocation as of December 31, 2009

	Number of Investments	Investment NAV	Unfunded Commitments	Total Exposure
Fund Investments	216	$ 1,850,034	$ 731,727	$ 2,581,761
Direct Co-investments	3	48,113	-	48,113
Public Equity Securities *	13	9,425	-	9,425
Total Investments	232	$ 1,907,572	$ 731,727	$ 2,639,299

* Represents publicly traded equity securities distributions from our fund investments, direct public equity purchases and derivative instruments

Commitment Summary for the Year Ended December 31, 2009

	Fund Investments
Unfunded Commitments as of January 1, 2009	$ 831,495
New Commitments	4,429
Net Commitments Funded	(118,784)
FX and Other Adjustments	14,587
Unfunded Commitments as of December 31, 2009	$ 731,727

Composition of Investment Portfolio as of December 31, 2009					
	# of Holdings	**Investment NAV**	**% of Investment NAV**	**Total Exposure ^**	**% of Total Exposure**
Buyout Funds					
Buyout Funds >$7.5 billion	9	$ 143,765	7.5%	$ 342,496	13.0%
Buyout Funds $5 to $7.5 billion	8	166,959	8.8	219,000	8.3
Buyout Funds $3 to $5 billion	21	328,072	17.2	456,460	17.3
Buyout Funds $1 to $3 billion	37	326,277	17.1	433,700	16.4
Buyout Funds $500 million to $1 billion	24	199,557	10.5	249,539	9.5
Buyout Funds <$500 million	42	214,855	11.2	295,956	11.1
Total Buyout Funds	141	1,379,485	72.3	1,997,151	75.6
Venture Capital Funds	57	300,530	15.8	403,419	15.3
Special Situation Funds	18	170,019	8.9	181,191	6.9
Total Fund Investments	216	1,850,034	97.0	2,581,761	97.8
Direct Co-investments	3	48,113	2.5	48,113	1.8
Public Equity Securities *	13	9,425	0.5	9,425	0.4
Total Investments	**232**	**$ 1,907,572**	**100.0%**	**$ 2,639,299**	**100.0%**

^ Total Exposure represents investment NAV plus unfunded commitments
* Represents publicly traded equity securities distributions from our fund investments, direct public equity purchases and derivative instruments

The following table displays, in alphabetical order, our seventy-five largest private equity fund investments based on investment NAV as of December 31, 2009. In total, the Top 75 funds represented 71% of our total investment NAV and 44% of our unfunded commitments as of December 31, 2009.

Top 75 Fund Investments by Investment NAV as of December 31, 2009
($ in millions)

Fund	Asset Class	Vintage Year	Investment NAV**	Unfunded Commitments	Total Exposure
AIG Altaris Health Partners, L.P.	Buyout	2003	*	*	*
Alta Communications IX, L.P.	Buyout	2003	*	*	*
Apollo Investment Fund IV, L.P.	Buyout	1998	$13.0	$0.2	$13.2
Apollo Investment Fund V, L.P.	Buyout	2001	32.3	3.6	35.9
Apollo Investment Fund VI, L.P.	Buyout	2006	28.9	4.4	33.3
Apollo Overseas Partners VII, L.P.	Buyout	2008	14.3	38.3	52.6
Atlantic Equity Partners III, L.P.	Buyout	1999	9.3	0.2	9.5
Aurora Equity Partners II, LP	Buyout	1998	14.1	0.0	14.1
Avenue Special Situations Fund V, L.P.	Special Situation	2007	37.9	0.0	37.9
Bay City Capital IV, L.P.	Venture Capital	2005	9.7	7.0	16.7
BC European Capital VII	Buyout	2000	18.6	0.0	18.6
Blackstone Capital Partners III L.P.	Buyout	1997	12.5	2.2	14.7
Blackstone Capital Partners IV, L.P.	Buyout	2003	22.8	3.0	25.8
Blackstone Communications Partners I, L.P.	Buyout	2000	9.2	2.5	11.7
Brentwood Associates Private Equity III, L.P.	Buyout	1999	11.6	0.0	11.6
Bruckmann, Rosser, Sherrill & Co. II, LP	Buyout	1999	11.6	0.3	11.9
Calera Capital Partners III, L.P.	Buyout	2001	*	*	*
Carlyle Partners III, L.P.	Buyout	2000	8.5	5.1	13.6
Carlyle Partners V, L.P.	Buyout	2007	12.2	34.6	46.8
Catterton Partners IV	Buyout	2000	*	1.5	*
CCG Investment Fund, L.P.	Buyout	2000	*	*	*
Chisholm Partners IV, LP	Buyout	1999	11.0	0.8	11.8
Clayton, Dubilier & Rice Fund VI, L.P.	Buyout	1999	13.4	6.2	19.6
Clayton, Dubilier & Rice Fund VII Coinvest, L.P.	Buyout	2006	12.6	3.2	15.8
Clayton, Dubilier & Rice Fund VII, L.P.	Buyout	2005	45.4	4.1	49.5
Crestview Capital Partners	Buyout	2005	18.5	1.4	19.9
CVC European Equity Partners III LP	Buyout	2001	*	*	*
Diamond Castle Partners IV, L.P.	Buyout	2005	16.8	11.0	27.8
Essex Woodlands Health Ventures Fund V, LP	Venture Capital	2000	13.8	0.0	13.8
Fenway Partners Capital Fund II, LP	Buyout	1998	12.7	1.1	13.8
FFC Partners II, L.P.	Buyout	1999	12.7	0.8	13.5
Financial Technology Ventures II (Q), L.P.	Venture Capital	2001	21.0	0.3	21.3
Foundation Capital IV, L.P.	Venture Capital	2002	*	*	*
Friedman, Fleischer & Lowe Capital Partners, L.P.	Buyout	1999	12.6	2.1	14.7
Green Equity Investors IV, L.P.	Buyout	2003	21.0	0.6	21.6
Green Equity Investors V, LP	Buyout	2006	11.5	26.9	38.4
Hicks, Muse, Tate & Furst Equity Fund V, L.P.	Buyout	2000	*	3.5	*
Industri Kapital 2000 Limited Partnership III	Buyout	2000	8.5	0.0	8.5
JPMorgan Global Investors, L.P.	Buyout	2001	*	*	*
KKR 1996 Fund, L.P.	Buyout	1997	*	0.0	*

Top 75 Fund Investments by Investment NAV as of December 31, 2009 (continued)
($ in millions)

Fund	Asset Class	Vintage Year	Investment NAV**	Unfunded Commitments	Total Exposure
KKR 2006 Fund, L.P.	Buyout	2006	*	22.4	*
KKR Millennium Fund, L.P.	Buyout	2002	*	0.0	*
Lighthouse Capital Partners V, L.P.	Venture Capital	2002	10.0	1.4	11.4
Littlejohn Fund II, L.P. (Monarch)	Buyout	1999	*	*	*
Lone Star Fund VI (U.S.), L.P.	Special Situation	2008	12.9	3.4	16.3
M/C Venture Partners V, L.P.	Venture Capital	2000	34.3	0.5	34.8
Madison Dearborn Capital Partners IV, L.P.	Buyout	2000	10.8	0.0	10.8
Marathon Fund Limited Partnership IV	Buyout	1999	12.3	0.7	13.0
Metalmark Capital Partners, L.P.	Buyout	2006	*	12.8	*
Nautic Partners V, L.P.	Buyout	2000	23.5	2.4	25.9
Newbridge Asia III, L.P.	Buyout	2000	*	*	*
OCM Opportunities Fund VI, L.P.	Special Situation	2005	21.7	0.0	21.7
OCM Opportunities Fund VII, L.P.	Special Situation	2007	10.9	0.0	10.9
OCM Opportunities Fund VIIb, L.P.	Special Situation	2008	23.0	3.0	26.0
OCM Principal Opportunities Fund III, L.P.	Special Situation	2004	16.2	0.0	16.2
OHA Leveraged Loan Portfolio, L.P.	Special Situation	2008	*	*	*
Polaris Venture Partners III, L.P.	Venture Capital	2000	13.0	0.4	13.4
Providence Equity Partners IV, L.P.	Buyout	2000	*	1.4	*
Quad-C Partners VI, LP	Buyout	2001	9.7	2.1	11.8
Ripplewood Partners II/Side-by-Side Fund, L.P.	Buyout	2002	*	2.5	*
Seaport Capital Partners II, LP	Buyout	2000	14.1	0.8	14.9
Spectrum Equity Investors IV, L.P.	Buyout	2000	20.3	1.5	21.8
TCV IV, LP	Venture Capital	2000	12.3	0.9	13.2
Thomas H. Lee Equity Fund V, L.P.	Buyout	2001	34.6	2.1	36.7
Thomas H. Lee Equity Fund VI, L.P.	Buyout	2006	47.2	48.9	96.1
TL Ventures V, L.P.	Venture Capital	2000	*	*	*
TPG Partners III, L.P.	Buyout	2000	*	*	*
Trident III, L.P.	Buyout	2004	32.8	0.2	33.0
Trident IV, LP.	Buyout	2006	18.6	9.0	27.6
U.S. Equity Partners II (Offshore), L.P.	Buyout	2002	13.8	10.1	23.9
Vestar Capital Partners IV, L.P.	Buyout	2000	12.6	0.8	13.4
Warburg Pincus Private Equity VIII, L.P.	Buyout	2001	20.8	0.0	20.8
Warburg, Pincus International Partners, L.P.	Buyout	2000	18.5	0.0	18.5
Welsh, Carson, Anderson & Stowe IX, L.P.	Buyout	2000	20.1	1.5	21.6
Welsh, Carson, Anderson & Stowe VIII, L.P.	Buyout	1998	15.4	0.0	15.4
Total for Top 75 Fund Investments			$ 1,360.1	$ 318.4	$ 1,678.5
Total Investments			$ 1,907.6	$ 731.7	$ 2,639.3
% of Total Reflected in Top 75 Funds			71%	44%	64%

* The general partner of the fund has requested that fund level NAV and/or unfunded commitments not be disclosed
** Investment NAV is calculated based on Conversus' valuation methodology (see Note 3 of the combined financial statements) and has not been prepared or approved by the relevant investment fund or its general partner

The following table displays, in alphabetical order, our ten largest fund families based on investment NAV as of December 31, 2009. These funds represented 38% of our total investment NAV and 35% of our unfunded commitments as of December 31, 2009.

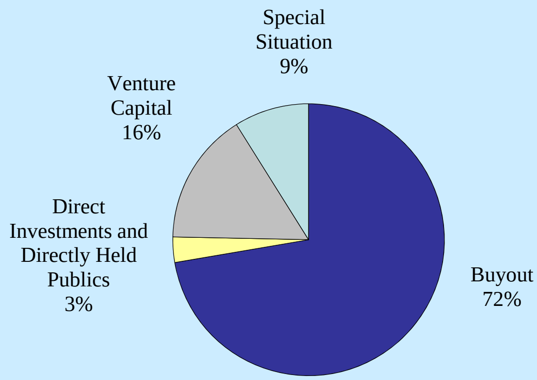
Top 10 Fund Families by Investment NAV as of December 31, 2009						
Apollo	Stone Point Capital					
Blackstone	TPG					
Clayton, Dubilier and Rice	Thomas H. Lee					
Kohlberg, Kravis, Roberts	Warburg Pincus					
OakTree	Welsh, Carson, Anderson and Stowe					

($ in millions)		Investment NAV		Unfunded Commitments		Total Exposure
Total for Top 10 Fund Families	$	731.0	$	256.8	$	987.8
Total Investments	$	1,907.6	$	731.7	$	2,639.3
% of Total in Top 10 Fund Families		38%		35%		37%

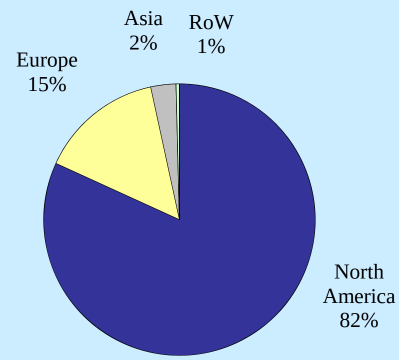
PORTFOLIO DIVERSIFICATION – NAV

The following charts display our investment NAV by investment type at the fund level and the geographic distribution, industry distribution and vintage at the underlying portfolio company level as of December 31, 2009.

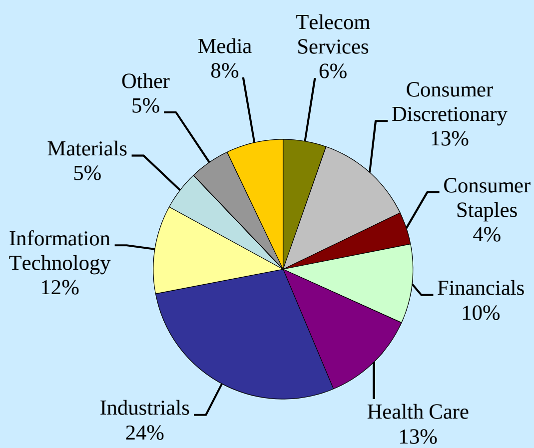
Investment Type



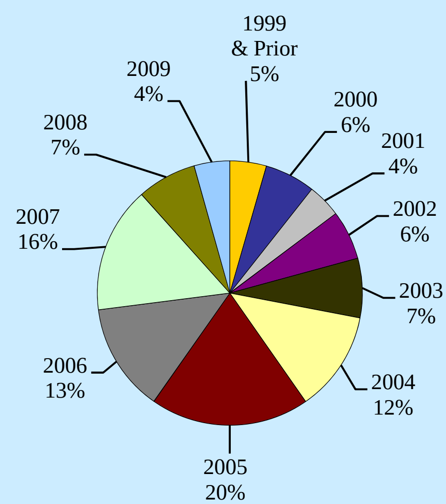
Geographic Distribution



Industry Distribution

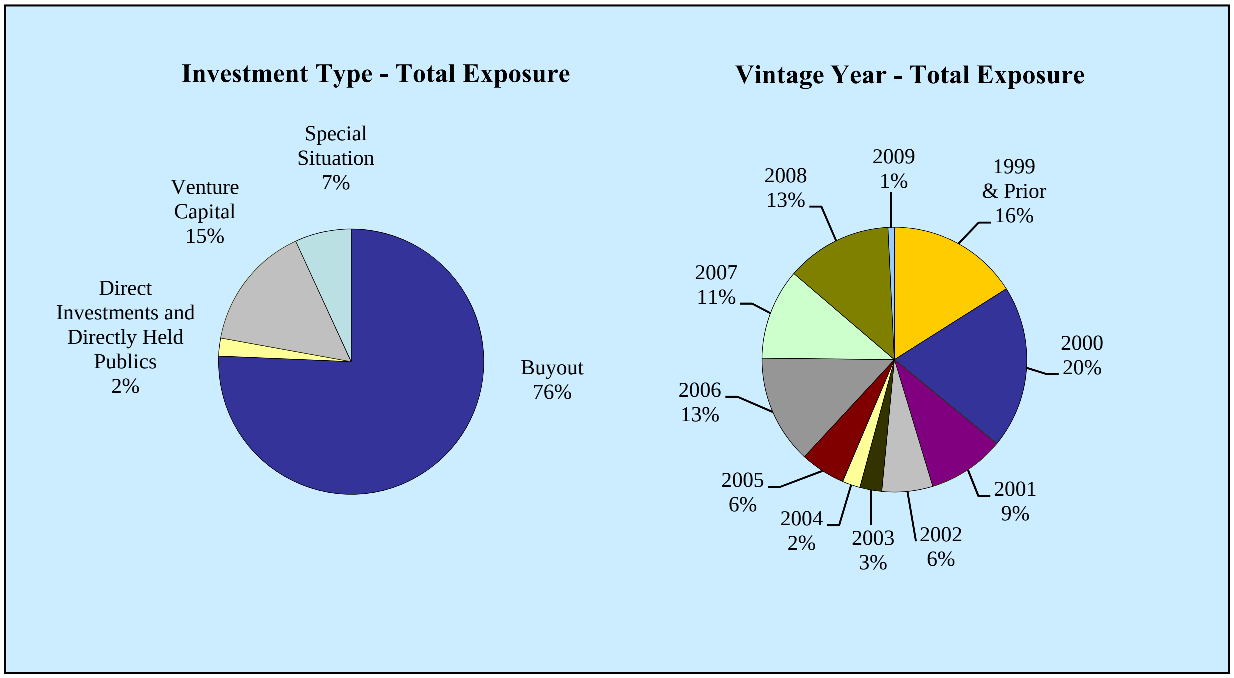


Portfolio Company Vintage



PORTFOLIO DIVERSIFICATION – TOTAL EXPOSURE

The following charts display our private equity investment portfolio based on total exposure (investment NAV plus unfunded commitments) at the fund level as of December 31, 2009.



PORTFOLIO DIVERSIFICATION – INVESTMENTS

The following chart summarizes portfolio statistics calculated based on Conversus' 121 fund families as of December 31, 2009.

Investment NAV per Fund Family ($ millions)	< $20	$20-$50	> $50
# Fund Families	99	15	7

Top 10 Fund Families → 38% of Investment NAV

Top 20 Fund Families → 54% of Investment NAV

The following chart summarizes portfolio statistics calculated based on Conversus' 216 fund investments as of December 31, 2009.

Investment NAV per Fund ($ millions)	< $10	$10-$50	> $50
# Funds	152	62	2

Top 10 Funds → 22% of Investment NAV

Top 50 Funds → 58% of Investment NAV

The following chart summarizes portfolio statistics calculated at the portfolio company level for Conversus' 1,885 portfolio companies as of December 31, 2009.

Investment NAV per Portfolio Company ($ millions)	< $5	$5-$20	> $20
# Portfolio Companies	1,813	70	2

Top 10 Companies → 10% of Investment NAV

Top 50 Companies → 28% of Investment NAV

PUBLIC EQUITY SECURITIES

The table below lists our twenty largest public equity securities held either directly or indirectly through one or more of our private equity fund investments, as of December 31, 2009, based on investment NAV. These twenty public equity securities totaled $183.2 million or 52.2% of our total public equity securities portfolio of $350.7 million as of December 31, 2009.

In total, public equity securities held either directly or indirectly through one or more of our private equity fund investments, including derivatives, represented 18.1% of the total investment NAV as of December 31, 2009, while the top twenty positions listed below comprised 9.6% of the total investment NAV as of December 31, 2009.

Top 20 Public Equity Securities as of December 31, 2009

		Market Value	% of Total Publics
1	Shenzhen Development Bank Co	$ 19,121	5.5%
2	Warner Chilcott PLC	16,071	4.6
3	Legrand S.A.	15,476	4.4
4	Dollar General Corporation	13,984	4.0
5	Rexel S.A.	10,270	2.9
6	PartnerRe Ltd.	10,247	2.9
7	MetroPCS, Inc.	8,766	2.5
8	Hertz Corp	8,736	2.5
9	Switch & Data Facilities Company, Inc.	8,503	2.4
10	Rockwood Holdings	8,388	2.4
11	Sally Beauty Holdings	8,240	2.3
12	Republic Services Group	7,920	2.3
13	Whole Foods Market, Inc.	7,435	2.1
14	Hughes Communications	7,011	2.0
15	CB Richard Ellis	6,789	1.9
16	NetFlix.com, Inc.	5,969	1.7
17	Select Medical Corporation	5,536	1.6
18	Avago Technologies	5,343	1.5
19	Burger King	4,881	1.4
20	Warner Music Group	4,519	1.3
	Total Top 20 Public Equity Securities	$ 183,205	52.2%
	Total Public Equity Securities	$ 350,733	
	Derivative Market Value	$ (4,620)	
	Total Public Equity Securities and Derivative	$ 346,114	
	Total Public Equity Securities and Derivative Value as % of Investment NAV	18.1%	

CASH FLOW ACTIVITY

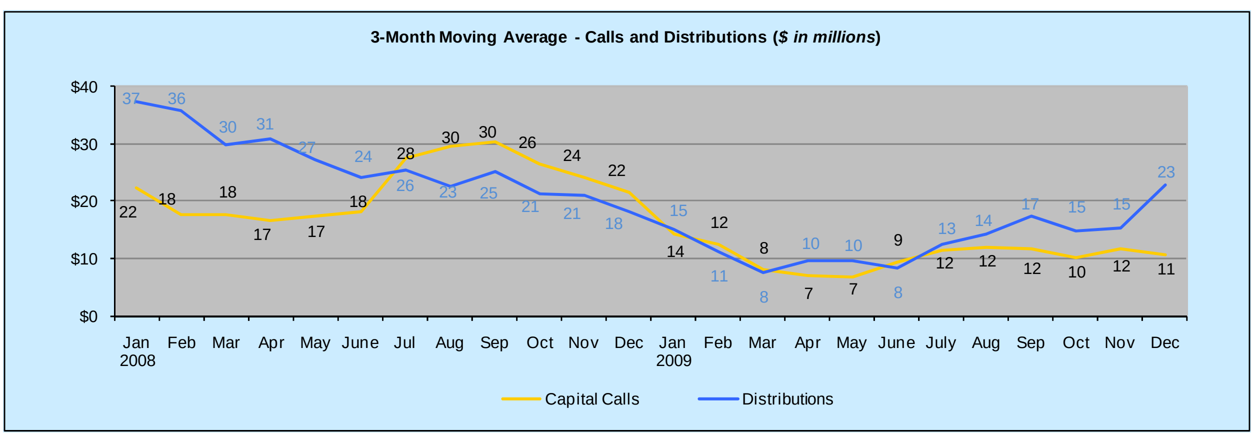
The maturity and quality of Conversus' diversified portfolio were clearly demonstrated by our cash flows in 2009. The 3-month moving average (see chart below) shows the upward trend in distributions during the second half of the year while capital calls remained relatively flat throughout the year. For the year ended December 31, 2009, our organic portfolio generated $49.0 million of positive cash flow and was cash flow positive in ten of the twelve months in 2009. We believe that the resiliency of our cash flows through the recent period of extraordinary dislocation is a distinguishing feature of our portfolio.

Although we have adopted a realization strategy, we continue to participate in new deals through our $731.7 million of unfunded commitments, much of which will be called and deployed by our general partners in an environment that we expect to be attractive. For the year ended December 31, 2009, we funded capital calls of $118.8 million (excluding the impact of secondary purchases), representing 14.3% of beginning of year unfunded commitments. During the year ended December 31, 2009, we completed three secondary purchases at a total transfer price of $10.3 million, plus $4.4 million of unfunded commitments. All secondary purchases occurred in the first quarter of 2009. Taking into account secondary purchases, total funded capital for investments for the year ended December 31, 2009 was $129.1 million.

Capital calls of $118.8 million in 2009 included $82.6 million for buyout funds, $18.7 million for venture funds and $17.5 million for special situation funds. Capital called by our fund investments came largely from more recent vintage year funds, with 65.2% of the calls coming from fund vintage years 2008 (26.2%), 2007 (20.1%) and 2006 (18.9%).

For the year ended December 31, 2009, we received distributions of $167.8 million, representing 9.7% of beginning of year investment NAV. Buyout funds comprised 68.4% of the distributions, venture funds comprised 15.0% and special situation funds comprised 8.8% with the remaining 7.8% coming from sales of directly held public equities.

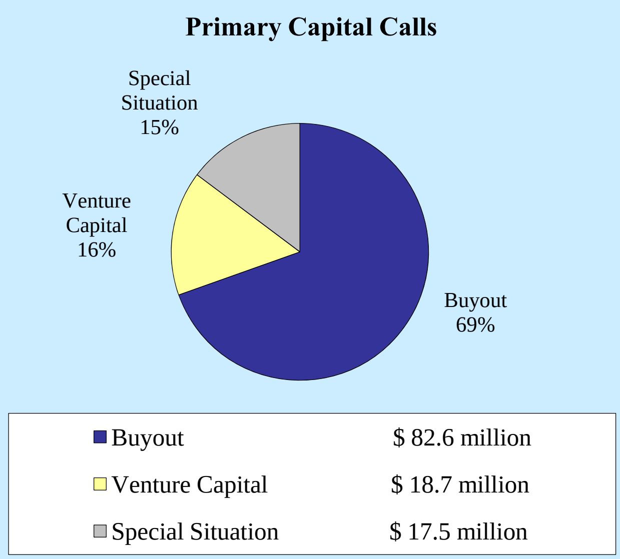
The sectors with the highest levels of distributions during the year were Industrials (23.1%), Consumer Discretionary (13.8%), Financials (11.7%) and Information Technology (11.5%). These sectors accounted for 60.1% of the total distributions received. The majority of distributions were from underlying portfolio company investments made in years 2008 (13.9%), 2006 (13.2%), 2005 (12.0%) and 2003 (12.0%).

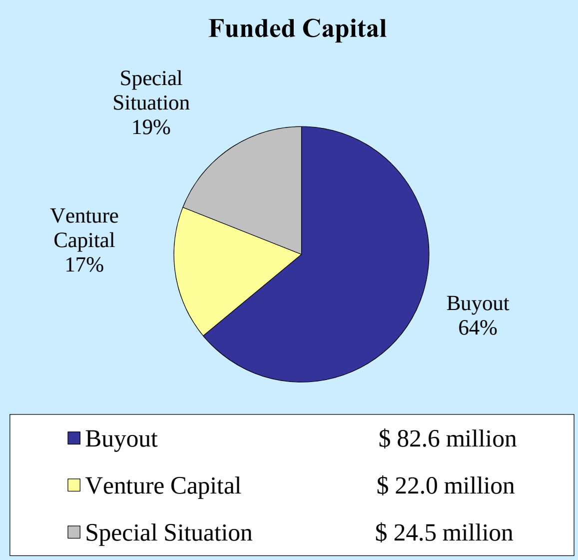


The following chart displays total investment activity for the year ended December 31, 2009.

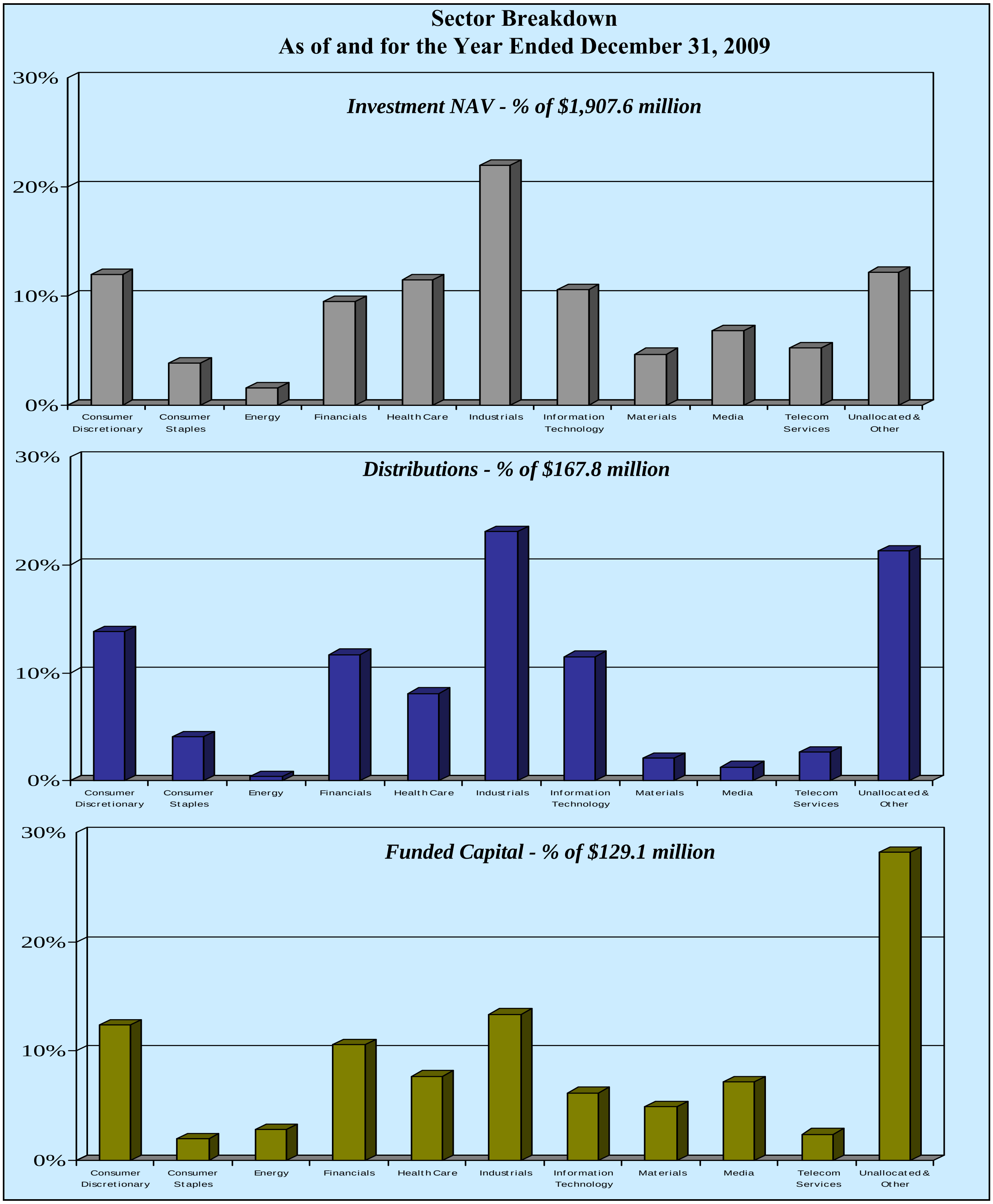
Investment Activity	
	Year ended December 31, 2009
Funded Capital	$ 129,110
Return of Capital	$ 169,012
Realized Gains	4,170
Investment Income	10,662
Refunded Capital and Other	(16,087)
Total Distributions	$ 167,757
Realized Losses from Non-Cash Write-offs	$ (36,962)

The following charts display primary capital calls and total funded capital (includes secondary purchases) for the year ended December 31, 2009 by investment type.

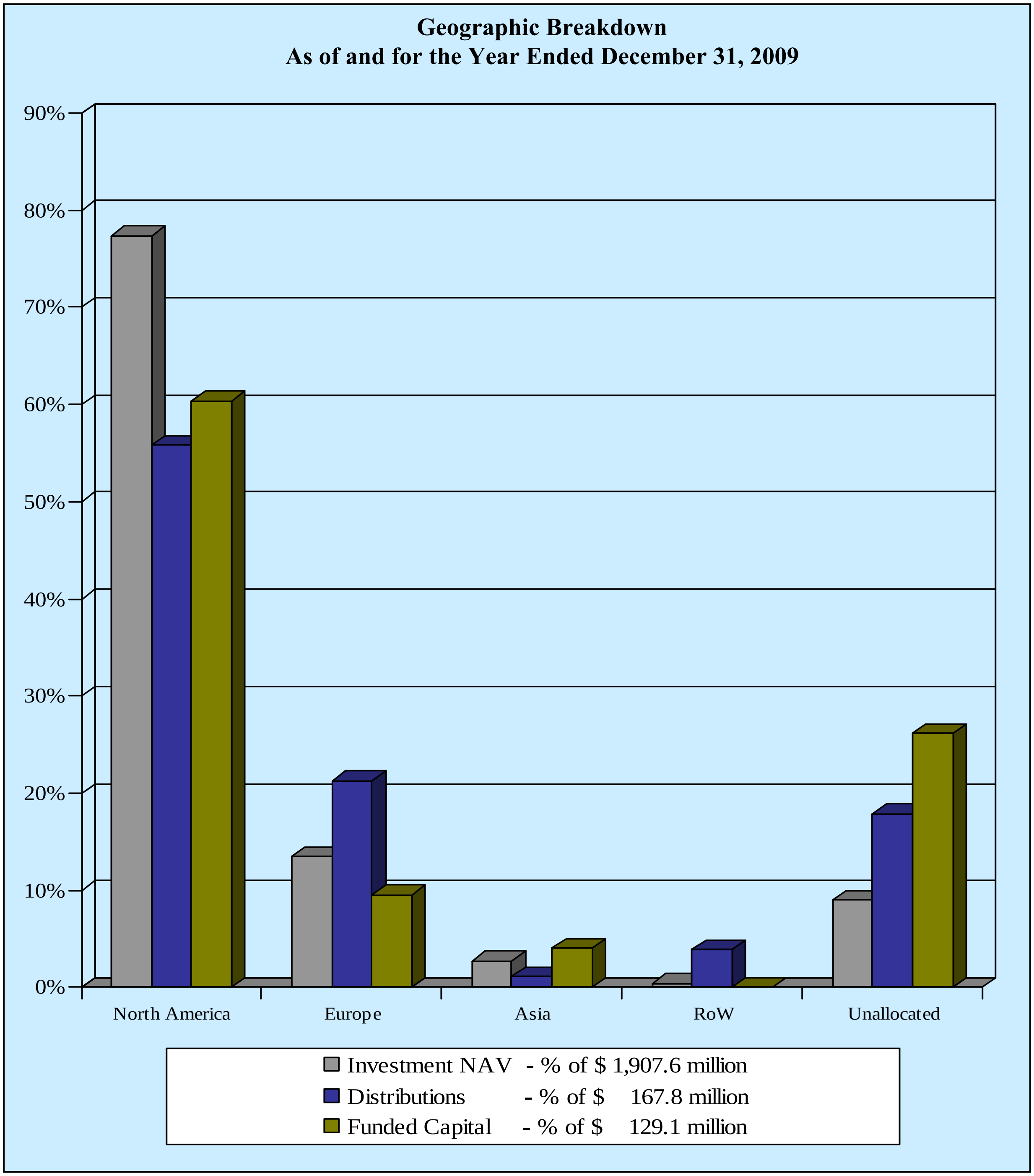




The following charts display, by industry sector, the relative percentage of investment NAV as of December 31, 2009 and the relative percentages of distributions and funded capital for the year ended December 31, 2009. Portions of the investment NAV, funded capital and distributions are categorized as "Unallocated & Other." This category includes: (i) other industries such as utilities and real estate (ii) cash flow activity for which we have not received adequate information from the general partners to allow for sector categorization or (iii) activity in special situation and buyout funds related to debt investments. For the year ended December 31, 2009, approximately 18% and 11% of the total distributions and funded capital, respectively, related to debt investments.



The following chart displays, by geographic region, the relative percentages of funded capital and distributions for the year ended December 31, 2009 and the relative percentage of investment NAV as of December 31, 2009. Portions of the investment NAV, funded capital and distributions are categorized as "Unallocated." This category includes (i) cash flow activity for which we have not received adequate information from the general partners to allow for geographic categorization or (ii) activity in special situation and buyout funds related to debt investments. For the year ended December 31, 2009, approximately 18% and 11% of the total distributions and funded capital, respectively, related to debt investments.



MARKET COMMENTARY AND OUTLOOK

As we look back, 2009 was a year of exceptional volatility and rapid market movements. After a dismal first quarter, both equity and debt markets experienced a recovery that was remarkable in both its speed and breadth. By year end, conditions appeared to have stabilized, but investors remained focused on high unemployment, regulatory uncertainty and constrained credit.

New private equity investment activity was slow during the year with a slight upward trend toward the end of the year. The market was characterized by a high proportion of smaller deals and growth investments requiring more equity and less debt. Buyout funds actively purchased debt at significant discounts to par in the early stages of the year, and then moved away from this strategy as pricing of both bonds and leveraged loans recovered. Conditions improved steadily during the year for buyout investments as the high yield markets became quite accommodating, setting a record for annual volume, and bank lending began to firm. By year end, several traditional buyout deals of size were announced, such as TASC, Starbev and IMS Health, and there were signs that larger transactions appeared to be achievable.

With limited new investing activity, general partners concentrated on protecting and creating value in their existing portfolio companies through revenue growth and expense reductions. Given the resiliency shown in our portfolio, it appears that many of the top-tier general partners were quick to take decisive and effective action, consistent with the alignment of interest that characterizes private equity. In general, we believe that valuation increases in 2009 were supported by improving fundamentals, not just rising multiples.

In 2009, general partners were particularly focused on the balance sheets of portfolio companies facing near term debt maturities and high overall leverage levels. The credit market strengthening, led by a robust high yield market, allowed numerous portfolio companies to address these challenges through refinancings, amendments and extensions. As we entered 2010, stronger portfolio companies began to position themselves to exploit the operating leverage created in the downturn and to benefit from potential growth opportunities in the next phase of the cycle.

With respect to our portfolio, distributions ramped up significantly in the fourth quarter as exit markets gradually opened up over the course of the year. Trade sales constituted the largest portion of distributions, a full one third of all exits in 2009, with the largest deals including Wyle Holding, Athenix, AEG and Buscape.com. In addition, funds began to liquidate some of the debt purchased during the depth of the credit crunch toward the end of the year.

Consistent with the broad equity rally that began in the first quarter of 2009, the IPO window in the US opened for stronger companies. In our portfolio, IPO activity built over the course of 2009 with two IPOs in the first half of the year, two in the third quarter and then three per month in the fourth quarter. The thirteen companies that completed IPOs represented aggregate NAV of $46 million in our year end portfolio, with the largest being Dollar General, Select Medical and Avago. As we enter 2010, our IPO pipeline remains robust, with 14 companies representing $26 million of NAV having filed for IPOs at year-end. While IPOs, if completed, typically generate only modest immediate cash distributions, we believe that a period of firm equity markets could lead to meaningful cash distributions from our public equities over the medium term.

The fundraising environment for new funds remains quite challenging with only $250 billion raised in 2009, a 60% decrease from the 2006-2008 pace. Established general partners need significantly longer to raise a fund than historically required and several high profile firms have struggled to reach their target fund size. A significant portion of the limited partner community remains capital constrained. Facing that landscape, general partners will be motivated to generate liquidity for their limited partners and to demonstrate success over the next several quarters. We believe that the large cash balances held by public companies relative to historical norms, along with other factors, will facilitate general partners' desire for exits in the near term and 2010 could produce a significant increase in distributions relative to 2009, particularly for seasoned portfolios such as Conversus'. Our pipeline of announced exits supports that view.

In the secondary market, pricing began to firm in mid-2009 and appears to have followed a rapid upward trend through the end of the year. High quality, mature funds now command prices of at least 80% of NAV in our view, while the same funds would have priced at half that level in early 2009. Younger funds, with a higher proportion of unfunded to invested capital, were difficult to move at any price in early 2009, and today we believe the better funds can be sold for at least 70% of NAV. Despite the rally, we believe that current discounts remain wide in comparison to historical levels and present an attractive opportunity for buyers.

History strongly suggests that the best opportunities in private equity occur during the bottom of the GDP growth cycle and continue for several years. Our general partners know this pattern well, and they will be active investors with our $732 million of unfunded commitments. New deal activity is clearly ramping up in the private equity world, and it appears the credit markets continue to thaw. We believe Conversus is well positioned to benefit from an investing environment which we expect to be attractive.

LIQUIDITY AND CAPITAL RESOURCES

We utilize leverage under our credit facility and employ an over-commitment strategy, and thus we are subject to the associated risks as explained in this report and in the combined financial statements.

As of December 31, 2009, $229.0 million in principal and interest borrowings were outstanding under the credit facility with Citigroup pursuant to which Conversus LP has the ability to issue up to $650.0 million of notes to Citigroup on a continuous basis over the five year term of the Program, subject to conditions and covenants (see Note 6 of the combined financial statements).

The investments in our portfolio generate cash from time to time. This cash is in the form of distributions and dividends on equity investments, payments of interest and principal on fixed income investments and cash consideration received in connection with the realization of investments. We use our cash primarily to make investments, such as meeting capital calls, through the Investment Partnership and its subsidiaries, to pay our operating expenses and to repay debt.

Current and future liquidity depend primarily on cash distributions generated by the private equity fund investments, direct private equity co-investments and temporary investments that we make, capital contributions that we receive in connection with the issuance of additional units or other securities (if any) and borrowings under the credit facility.

Conversus LP depends on the Investment Partnership to distribute cash in a manner that allows it to meet its expenses as they become due. If Conversus LP does not receive cash distributions from the Investment Partnership or other entities in which Conversus LP has an interest, it may not be able to meet its expenses when they become due.

As of December 31, 2009, we had unfunded commitments of $731.7 million, representing an over-commitment level of 38.4% (unfunded commitments as a percentage of investment NAV) compared with an over-commitment level of 48.1% as of December 31, 2008. Because we employ an over-commitment strategy when making investments in private equity funds, the amount of capital we have committed for future private equity investments exceeds our available cash at a given time. Any available cash that we hold is temporarily invested in accordance with our cash management policy, which provides liquidity for funding capital calls that may be made by the private equity funds to which we have made commitments.

Through cash flows from our portfolio and prudent portfolio management, we believe that our liquidity position remains solid. We ended the year with a cash balance of $32.3 million and total principal and interest outstanding of $229.0 million under our credit facility. Public equity securities on our balance sheet plus the related derivative as of December 31, 2009 provide an additional $9.4 million in potential liquidity. The $341.3 million of public equities held by our general partners may, over time, be another source of liquidity. Consistent with the maturity profile of our portfolio, our $731.7 million of unfunded commitments included $197.1 to funds that were beyond their investment period.

While overall activity levels remain relatively light, our distributions exceeded capital calls by $49.0 million in our organic portfolio during 2009. Given that exit markets remain constrained, the broader private equity sector may see capital calls increase from current low levels more quickly than distributions. However, we expect the maturity and quality of our portfolio to continue to positively impact the pace of our distributions in comparison to the broader market, and our organic cash flow over recent periods supports that view. We believe it is unlikely that our capital calls would exceed our distributions over substantial periods in the medium term, although we have planned for potential imbalances. Rather, we believe that our distributions could continue to outpace calls, at least over the near term, assuming stable economic conditions. Nonetheless, we continue to be keenly focused on maintaining financial flexibility to participate in either further recovery in the markets or weather unexpected market turmoil. We believe that Conversus currently has sufficient liquidity tools to comfortably navigate either scenario through 2010.

NON-GAAP FINANCIAL MEASUREMENT

In evaluating our performance and results of operations, management reviews a financial measure, referred to as "adjusted NAV," which is not determined in accordance with generally accepted accounting principles in the United States ("non-GAAP"). Non-GAAP measurements do not have any standardized meaning and are unlikely to be comparable to similar measures presented by other companies. As management believes the adjusted NAV to be useful and relevant in assessing our operational performance, we believe it is important to provide information with respect to this non-GAAP measurement so as to share this perspective of management. This non-GAAP financial measure should be considered in the context of our results reported under accounting principles generally accepted in the United States ("U.S. GAAP").

The NAV per unit and the change in NAV per unit over time are important indicators of Conversus' overall portfolio performance. U.S. GAAP requires that all capital transactions, including unit holder distributions, unit repurchases and unit issuances, be included in the reporting of NAV as well as in the number of shares outstanding, both of which are used to calculate the NAV per unit. Conversus' management also considers performance on a purely operational basis and calculates adjusted NAV by removing these capital transactions and the related impact on the shares outstanding since our inception. The following table displays the reported NAV per unit, as well as management's calculation of the adjusted NAV per unit.

Non-GAAP Financial Measurement - Adjusted NAV

	As of December 31, 2009	As of December 31, 2008	Increase / (Decrease)
Net Asset Value, as reported	$ 1,700,560	$ 1,516,373	12.1 %
Unit Holder Distributions	36,623	36,623	0.0
Units Repurchased	19,909	16,688	19.3
New Units Issued	(4,046)	(4,046)	0.0
Adjusted Net Asset Value	$ 1,753,046	$ 1,565,638	12.0 %
Units Outstanding, as reported	72,367	72,728	(0.5)%
Units Repurchased	1,207	846	42.8
New Units Issued	(172)	(172)	0.0
Adjusted Units Outstanding	73,402	73,402	0.0 %
NAV per Unit, as reported	$ 23.50	$ 20.85	12.7 %
Adjusted NAV per Unit	$ 23.88	$ 21.33	12.0 %

FORWARD-LOOKING STATEMENTS AND CERTAIN RISKS

This report contains certain forward-looking statements and an investment in Conversus involves certain risks. In some cases, forward-looking statements can be identified by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "will" and "would," or the negative of those terms or other comparable terminology. Forward-looking statements speak only as of the date of the document in which they are made and include statements relating to expectations, beliefs, projections (which may include statements regarding future economic performance, and the financial condition, results of operations, liquidity, investments, business, net asset value and prospects of Conversus), future plans and strategies and anticipated results thereof, anticipated events or trends and similar matters that are not historical facts.

By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future, and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Factors that could cause actual results to vary from our forward-looking statements and other risks and uncertainties to which Conversus is subject include, but are not limited to, the following:

- our investment strategy may not be successful in generating attractive rates of return or in otherwise meeting its objectives;
- changes in our financial condition, liquidity (including availability and cost of capital), cash flows and ability to meet our funding needs and satisfy our contractual obligations;
- our limited operating history and the limited track record of our Investment Manager;
- our historical performance since inception and the historical performance of our initial portfolio for periods prior to our inception may not be indicative of our future performance;
- we may be unable to successfully identify and consummate value-enhancing transactions;
- we may be unable to obtain reliable access to new funds managed by top-performing managers;
- the ability of the funds and portfolio companies in which we invest to achieve their business, operating, financial, investment and other objectives, including realizations;
- changes in the relationship with the Investment Manager as our service provider;
- changes in the relationship between the Investment Manager and BAC, OHIM and each of their respective key investment professionals;
- our organizational, ownership and investment structure may create certain conflicts of interest and our units are non-voting securities;
- securities market conditions (including changes to applicable regulations, investor sentiment, and the trading price, discount to NAV, liquidity and volatility of our units);
- private equity market conditions (including our performance and the performance of the funds and companies in which we have invested, timing and size of cash distributions and capital calls and changes in our NAV);
- competitive conditions;
- international, national and regional political conditions (including potential regulatory and tax reform); and
- the risks, uncertainties and other factors discussed elsewhere in this report (including, but not limited to, the combined financial statements) and in the filings made with the AFM available on the Conversus website (www.conversus.com).

The foregoing is not a comprehensive list of the risks and uncertainties to which we are subject. Except as required by applicable law, we undertake no obligation to update or revise any forward-looking statements to reflect any change in our expectations, or any changes in events, conditions or circumstances on which any forward-looking statement is based. In light of these risks, uncertainties and assumptions, the events described by our forward-looking statements might not occur. We qualify any and all of our forward-looking statements by these cautionary factors.

STATEMENT OF RESPONSIBILITY

Substantially all Conversus' investments are made through the Investment Partnership and its subsidiaries. Therefore, in order to present meaningful financial statements, the accounts of Conversus LP and the Investment Partnership have been combined as permitted under U.S. GAAP. All material balances between Conversus LP and the Investment Partnership have been eliminated.

We prepare combined financial statements on an annual, semi-annual and quarterly basis in accordance with U.S. GAAP. Our fiscal year ends on December 31. We prepare our statements in accordance with U.S. GAAP rather than Dutch GAAP or International Financial Reporting Standards as permitted under Dutch and European law. In the instance where contradictory legislation is passed, Conversus could be required to prepare its combined financial statements on a basis other than U.S. GAAP.

The combined financial statements are the responsibility of the respective managing general partner, acting through its Board of Directors, of each of Conversus LP and the Investment Partnership (collectively, the "Managing General Partner"). The Managing General Partner is responsible for preparing combined financial statements which give a true and fair view of the state of affairs of Conversus and of the profit or loss of Conversus for the applicable period, in accordance with applicable Guernsey law, Dutch law and in accordance with U.S. GAAP. In preparing this financial report, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the combined financial statements; and
- prepare the combined financial statements on the going concern basis unless it is inappropriate to assume that Conversus will continue in business.

The Directors confirm that they have complied with the above requirements in preparing these combined financial statements. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Conversus. They are also responsible for safeguarding the assets of Conversus and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each Director confirms that, so far as he is aware, there is no relevant audit information of which Conversus' auditor is unaware; and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that Conversus' auditor is aware of that information.

PRINCIPAL RISKS

This financial report (including without limitation the combined financial statements) summarizes the principal risks affecting Conversus. Additional risks and uncertainties that are currently unknown or that are not believed to be principal risks may also adversely affect the results of operations or financial condition of Conversus. If any of the principal risks actually occur, the results of operations and financial condition of Conversus would likely be negatively impacted.

COMPOSITION OF PORTFOLIO INVESTMENTS

($ in millions)

Total Portfolio	# of Holdings	Estimated NAV	Total Exposure
(Includes Direct Co-investments and Public Equity Securities and Derivatives)	232	$1,907.6	$2,639.3

Total Funds	# of Funds	Estimated NAV	Total Exposure
	216	$1,850.1	$2,581.8

Total Buyout Funds	# of Funds	Estimated NAV	Total Exposure
	141	$1,379.6	$1,997.2

Buyout Funds >$7.5 billion	# of Funds	Estimated NAV	Total Exposure
	9	$143.8	$342.5

	Fund Name	*Vintage Year*		*Fund Name*	*Vintage Year*
1	Apollo Investment Fund VI, L.P.	2006	6	KKR 2006 Fund, L.P.	2006
2	Apollo Overseas Partners VII, L.P.	2008	7	PAI Europe V, L.P.	2007
3	Bain Capital Fund X, L.P.	2008	8	Permira IV, L.P.	2006
4	Carlyle Partners V, L.P.	2007	9	TPG Partners VI, L.P.	2008
5	CVC European Equity Fund V, L.P.	2008			

Buyout Funds $5 - $7.5 billion	# of Funds	Estimated NAV	Total Exposure
	8	$167.0	$219.0

	Fund Name	*Vintage Year*		*Fund Name*	*Vintage Year*
1	Apax Europe V-A, LP	2001	5	KKR 1996 Fund, L.P.	1997
2	Blackstone Capital Partners IV, L.P.	2003	6	KKR Millennium Fund, L.P.	2002
3	Green Equity Investors V, LP	2006	7	New Mountain Partners III, L.P.	2007
4	J.P. Morgan Global Investors, L.P.	2001	8	Warburg Pincus Private Equity VIII, L.P.	2001

Buyout Funds $3 - $5 billion	# of Funds	Estimated NAV	Total Exposure
	21	$328.0	$456.5

	Fund Name	*Vintage Year*		*Fund Name*	*Vintage Year*
1	Apollo Investment Fund IV, L.P.	1998	12	PAI Europe IV-B, L.P.	2005
2	Apollo Investment Fund V, L.P.	2001	13	Silver Lake Partners II, L.P.	2004
3	BC European Capital VII	2000	14	Third Cinven Fund US No. 3 Limited Partnership	2002
4	Blackstone Capital Partners III L.P.	1997	15	Thomas H. Lee Equity Fund V, L.P.	2001
5	Carlyle Partners III, L.P.	2000	16	Thomas H. Lee Equity Fund VI, L.P.	2006
6	Clayton, Dubilier & Rice Fund VI, L.P.	1999	17	TPG Asia V, L.P.	2007
7	Clayton, Dubilier & Rice Fund VII, LP	2005	18	TPG Partners III, L.P.	2000
8	Clayton, Dubilier & Rice Fund VIII, L.P.	2008	19	Warburg Pincus Equity Partners, L.P.	1998
9	CVC European Equity Partners III LP	2001	20	Welsh, Carson, Anderson & Stowe IX, L.P.	2000
10	Lindsay Goldberg III-A, L.P.	2008	21	Welsh, Carson, Anderson & Stowe VIII, L.P.	1998
11	Madison Dearborn Capital Partners IV, L.P.	2000			

Buyout Funds $1 - $3 billion	# of Funds	Estimated NAV	Total Exposure
	37	$326.3	$433.7

	Fund Name	*Vintage Year*		*Fund Name*	*Vintage Year*
1	Alchemy Plan (BOA), L.P.	1997	20	Kelso Investment Associates VI, LP	1998
2	Apollo Investment Fund III, L.P.	1995	21	Madison Dearborn Capital Partners III, LP	1999
3	Bain Capital Fund VII, L.P.	2000	22	Metalmark Capital Partners, L.P.	2006
4	Blackstone Capital Partners II L.P. (CECC)	1993	23	Morgan Stanley Capital Partners III	1994
5	Blackstone Communications Partners I, L.P.	2000	24	Morgan Stanley Dean Witter Capital Partners IV,	1999
6	Capital Z Financial Services Fund II, L.P.	1998	25	Nautic Partners V, L.P. (fka Navis Partners V)	2000
7	Carlyle Europe Partners, L.P.	1998	26	Providence Equity Partners IV, L.P.	2000
8	Carlyle Partners II, L.P.	1994	27	Ripplewood Partners II/Side-by-Side Fund, L.P.	2002
9	Crestview Capital Partners	2005	28	Second Cinven Fund US No. 2 Limited	1998
10	Crestview Partners II (Cayman), L.P.	2009	29	Spectrum Equity Investors IV, L.P.	2000
11	CVC European Equity Partners II LP	1998	30	TowerBrook Investors III, L.P.	2008
12	Diamond Castle Partners IV, L.P.	2005	31	TPG Partners II, L.P.	1997
13	EQT III (fka EQT Northern Europe)	2001	32	Trident II, L.P.	1999
14	Green Equity Investors III, L.P.	1999	33	Trident III, L.P.	2004
15	Green Equity Investors IV, L.P.	2003	34	Trident IV, LP.	2006
16	Hicks, Muse, Tate & Furst Equity Fund V, L.P.	2000	35	Vestar Capital Partners IV, L.P.	2000
17	Hicks, Muse, Tate & Furst Europe Fund, L.P.	1999	36	Warburg, Pincus International Partners, L.P.	2000
18	Industri Kapital 2000 Limited Partnership III	2000	37	Weston Presidio Capital IV, LP	2000
19	J.W. Childs Equity Partners III, L.P.	2002			

Composition of Portfolio Investments (continued)

Buyout Funds $500 million - $1 billion			**# of Funds**	**Estimated NAV**	**Total Exposure**
			24	**$199.6**	**$249.5**
	Fund Name	*Vintage Year*		*Fund Name*	*Vintage Year*
1	Asia Alternatives Capital Partners II, L.P.	2008	13	Code Hennessy & Simmons IV, L.P.	1999
2	Aurora Equity Partners II, LP	1998	14	Fenway Partners Capital Fund II, LP	1998
3	Bain Capital VII Coinvestment Fund, L.P.	2000	15	Industri Kapital 1997 Limited Partnership III	1997
4	Blum Strategic Partners, L.P.	1998	16	Irving Place Capital Partners II, L.P.	2000
5	Boston Ventures Limited Partnership V	1996	17	Littlejohn Fund II, L.P.	1999
6	Boston Ventures Limited Partnership VI	2000	18	Nautic VI-A, LP	2007
7	Brentwood Associates Private Equity III, L.P.	1999	19	Newbridge Asia III, L.P.	2000
8	Bruckmann, Rosser, Sherrill & Co. II, LP	1999	20	Parthenon Investors II, LP	2001
9	Calera Capital Partners III, L.P.	2001	21	Quad-C Partners VI, LP	2001
10	CCG Investment Fund, L.P.	2000	22	Riverside Capital Appreciation Fund V, L.P.	2008
11	Charlesbank Equity Fund V, LP	2000	23	Vestar Capital Partners III, L.P.	1997
12	Clayton, Dubilier & Rice Fund VII Coinvest, L.P.	2006	24	Warburg Pincus Ventures International	1997

Buyout Funds <$500 million			**# of Funds**	**Estimated NAV**	**Total Exposure**
			42	**$214.9**	**$296.0**
	Fund Name	*Vintage Year*		*Fund Name*	*Vintage Year*
1	AIG Altaris Health Partners, L.P.	2003	22	Friedman, Fleischer & Lowe Capital Partners, L.P.	1999
2	Alta Communications IX, L.P.	2003	23	German Equity Partners II, LP	1999
3	American Industrial Partners Capital Fund III, L.P.	2000	24	GMT Communications Partners II, LP	2000
4	Atlantic Equity Partners III, L.P.	1999	25	Graham Partners Investments, LP	1999
5	Bain Capital VI Coinvestment Fund, LP	1998	26	Great Hill Equity Partners II, LP	2001
6	Brazos Equity Fund, LP	2000	27	Great Hill Equity Partners, LP	1999
7	Bruckmann, Rosser, Sherrill & Co. III, L.P.	2007	28	Greenbriar Equity Fund, LP	2000
8	Calera Capital Partners II (Fremont Partners), L.P.	1997	29	Harvest Partners IV, LP	2001
9	CapStreet II, L.P. (fka Summit Capital II)	2000	30	ING Furman Selz Investors III LP	2000
10	Carousel Capital Partners II, LP	2001	31	Marathon Fund Limited Partnership IV	1999
11	Catterton Partners IV	2000	32	Parthenon Investors, L.P.	1999
12	CEA Capital Partners USA, LP	1997	33	Pouschine Cook Capital Partners, L.P.	1999
13	Centre Capital Investors III, L.P.	1999	34	Quad-C Partners V, LP	1998
14	Chisholm Partners IV, LP	1999	35	Ripplewood Partners, LP	1996
15	Code, Hennessy & Simmons II, LP	1994	36	Riverside Capital Appreciation 1998 Fund, LP	1998
16	Euroknights IV US NO. 2, LP	2000	37	Seaport Capital Partners II, LP	2000
17	Europe Capital Partners IV, LP	1999	38	T3 Partners II, L.P.	2001
18	European Acquisition Capital Fund II	1998	39	T3 Partners, L.P.	2000
19	Evercore Capital Partners, L.P.	1997	40	Trivest Fund III, LP	2000
20	FFC Partners I, LP (fka FFT Partners I)	1996	41	U.S. Equity Partners II (Offshore), L.P.	2002
21	FFC Partners II, L.P. (fka FFT Partners II)	1999	42	William Blair Capital Partners VII QP, L.P.	2001

Composition of Portfolio Investments (continued)

Venture Capital Funds				**# of Funds**	**Estimated NAV**	**Total Exposure**
				57	**$300.5**	**$403.4**
	Fund Name	*Vintage Year*		*Fund Name*		*Vintage Year*
1	ABS Capital Partners IV, LP	2000	30	Morgenthaler Partners VI, LP		2000
2	APAX Excelsior VI, LP	2000	31	Morgenthaler Partners VII, LP		2001
3	Austin Ventures VII, L.P.	1999	32	MPM BioVentures III, L.P.		2002
4	Austin Ventures VIII, L.P.	2001	33	New Enterprise Associates 10, LP		2000
5	Azure Venture Partners I, LP	2000	34	New Enterprise Associates 13, L.P.		2009
6	Battery Ventures VI, L.P.	2000	35	New Enterprise Associates 9, LP		1999
7	Bay City Capital Fund V, L.P.	2007	36	Pinnacle Ventures Equity Fund II-O, L.P.		2008
8	Bay City Capital IV, L.P.	2005	37	Polaris Venture Partners III, L.P.		2000
9	Bay Partners X, L.P.	2001	38	Polaris Venture Partners IV, L.P.		2002
10	Essex Woodlands Health Ventures Fund IV, LP	1998	39	Redpoint Ventures II, LP		2000
11	Essex Woodlands Health Ventures Fund V, LP	2000	40	RRE Ventures III-A, LP		2001
12	Essex Woodlands Health Ventures VIII-A, L.P.	2008	41	Sigma Partners 6, L.P.		2001
13	Financial Technology Ventures (Q), LP	1998	42	Sigma Partners IV, L.P.		1998
14	Financial Technology Ventures II (Q), L.P.	2001	43	Sigma Partners V, L.P.		1999
15	Foundation Capital Fund III, L.P.	2000	44	Spectrum Equity Investors III, L.P.		1999
16	Foundation Capital IV, L.P.	2002	45	TA Associates Advent VIII		1997
17	Foundation Capital Leadership Fund, L.P.	2000	46	TA IX, L.P.		2000
18	FTVentures III, L.P.	2007	47	TCV III (Q), L.P.		1999
19	Index Ventures Growth I, LP	2008	48	TCV IV, LP		2000
20	Institutional Venture Partners XI, L.P.	2005	49	TCV VII(A), L.P.		2008
21	InterWest Partners VII, L.P.	1999	50	TL Ventures III, L.P.		1997
22	InterWest Partners VIII, L.P.	2000	51	TL Ventures IV, L.P.		1999
23	InterWest Partners X, L.P.	2008	52	TL Ventures V, L.P.		2000
24	Lighthouse Capital Partners V, L.P.	2002	53	TL Ventures VII, L.P.		2008
25	Lightspeed Venture Partners VIII, L.P.	2008	54	U.S. Venture Partners VI, L.P.		1999
26	M/C Venture Partners V, L.P.	2000	55	U.S. Venture Partners VIII, L.P.		2001
27	Meritech Capital Partners II L.P.	2000	56	U.S. Venture Partners X, L.P.		2008
28	Morgan Stanley Dean Witter Venture Partners IV, L.P.	1999	57	WPG Venture Associates IV		1997
29	Morgan Stanley Venture Partners 2002 Fund, L.P.	2002				
Special Situation Funds				**# of Funds**	**Estimated NAV**	**Total Exposure**
				18	**$170.0**	**$181.2**
	Fund Name	*Vintage Year*		*Fund Name*		*Vintage Year*
1	Avenue Special Situations Fund II, L.P.	2000	10	OCM Opportunities Fund VI, L.P.		2005
2	Avenue Special Situations Fund III, L.P.	2002	11	OCM Opportunities Fund VII, L.P.		2007
3	Avenue Special Situations Fund IV, L.P.	2006	12	OCM Opportunities Fund VIIb, L.P.		2008
4	Avenue Special Situations Fund V, L.P.	2007	13	OCM Principal Opportunities Fund III, L.P.		2004
5	BIA Digital Partners, LP	2001	14	OCM Principal Opportunities Fund, L.P.		1996
6	Gleacher Mezzanine Fund I, LP	2001	15	OHA Leveraged Loan Portfolio, L.P.		2008
7	Highland Restoration Capital Partners Offshore, L.P.	2008	16	TA Subordinated Debt Fund L.P.		2000
8	Lone Star Fund VI (U.S.), L.P.	2008	17	TPG Credit Strategies Fund, L.P.		2006
9	OCM Opportunities Fund V, L.P.	2004	18	WCAS Capital Partners III, L.P.		1997
Direct Co-investments				**# of Holdings**	**Estimated NAV**	**Total Exposure**
				3	**$48.1**	**$48.1**
Public Equity Securities and Derivatives				**# of Holdings**	**Estimated NAV**	**Total Exposure**
				13	**$9.4**	**$9.4**

Notes:
Total Exposure equals Investment NAV plus unfunded commitments.
Vintage year is the earlier of the first capital call or the date the fund began operations

DIRECTORS, ADVISORS AND KEY INFORMATION

Independent Board of Directors Paul G. Guilbert (Chairman) Laurance R. (Laurie) Hoagland, Jr., Dr. Per Johan Strömberg ***Non-Voting Advisors*** J. Taylor Crandall James D. Forbes Leon G. Shahinian The address of each person named above is: c/o Conversus GP, Limited., Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL, Guernsey, Channel Islands.	***Investor Information*** Exchange: Euronext Amsterdam Trading symbol: CCAP Listing date: June 29, 2007 Currency: USD Bloomberg: CCAP NA Reuters: CCAP.AS
Registered Office Conversus Capital, L.P c/o Conversus GP, Limited Trafalgar Court, Les Banques St. Peter Port, Guernsey, GY1 3QL, Channel Islands ccap@conversus.com Tel: +44 1481 745 175 Fax: +44 1481 745 176	***Independent Accountants*** PricewaterhouseCoopers CI LLP P.O. Box 321 National Westminster House, Le Truchot, St. Peter Port, Guernsey, GY1 4ND, Channel Islands Tel: +44 1481 752 000 Fax: +44 1481 752 001
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Depository Bank The Bank of New York 101 Barclay Street, 22 West New York, New York 10286 United States Attention: Conversus Capital, L.P. Tel: +1 212 815 4502 or +1 212 815 2715 Fax: +1 212 571 3050	***Paying Agent*** ABN AMRO Bank N.V. Client Service Desk Securities Operations Kemelstede 2 4817 ST BREDA The Netherlands
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CONVERSUS CAPITAL, L.P.

COMBINED FINANCIAL STATEMENTS
(AUDITED)

For the year ended December 31, 2009

INDEX TO AUDITED COMBINED FINANCIAL STATEMENTS

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers CI LLP
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Guernsey GY1 4ND
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Report of Independent Auditors

To the Board of Directors of the General Partner and partners of
Conversus Capital, L.P.:

In our opinion, the accompanying combined statements of net assets, including the combined condensed schedules of investments, and the related combined statements of operations, of changes in net assets and of cash flows presents fairly, in all material respects, the combined financial position of Conversus Capital, L.P. and Conversus Investment Partnership, L.P. (collectively "Conversus") as at 31 December 2009 and 2008, and the results of their operations, and their cash flows for the year ended 31 December 2009, in conformity with accounting principles generally accepted in the United States of America. These combined financial statements are the responsibility of Conversus' management and the Directors of the General Partner of Conversus Capital, L.P. Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits of these combined financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Directors, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements have been properly prepared in accordance with The Limited Partnerships (Guernsey) Law, 1995.

This report, including the opinion, has been prepared for and only for the partners as a body in accordance with the Section 18 of The Limited Partnerships (Guernsey) Law, 1995 and for no other purpose. We do not in giving this opinion accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers CI LLP

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
30 March 2010

COMBINED STATEMENTS OF NET ASSETS

As of December 31, 2009 and December 31, 2008
(US$ in thousands except for per unit amounts)

	December 31, 2009	December 31, 2008
Assets		
Investments, at fair value *(Note 3)* (cost $1,996,580 as of December 31, 2009; $2,055,716 as of December 31, 2008)	$ 1,912,192	$ 1,726,979
Cash and cash equivalents	32,313	49,912
Receivables and prepaid expenses	3,087	1,840
Total Assets	1,947,592	1,778,731
Liabilities		
Management fees payable *(Note 2)*	4,553	18,121
Derivative instrument *(Note 5)*	4,620	-
Notes and interest payable *(Note 6)*	229,004	238,230
Other	8,855	6,007
Total Liabilities	247,032	262,358
NET ASSETS	**$ 1,700,560**	**$ 1,516,373**
Net Assets		
General Partners' capital	$ -	$ -
Limited Partners' capital (73,530 units issued and 72,367 units outstanding as of December 31, 2009; 73,530 units issued and 72,728 units outstanding as of December 31, 2008)	1,719,437	1,532,029
Treasury units *(Note 7)* (1,163 units as of December 31, 2009; 802 units as of December 31, 2008)	(18,877)	(15,656)
NET ASSETS	**$ 1,700,560**	**$ 1,516,373**
NET ASSET VALUE PER UNIT OUTSTANDING	**$ 23.50**	**$ 20.85**

These accounts were approved by the Board of Directors on March 30, 2010 and signed on its behalf by:

Mr. Paul Guilbert	**Mr. Laurance R. Hoagland, Jr.**	**Dr. Per Johan Strömberg**
Independent Director, Chairman	Independent Director	Independent Director

The accompanying notes are an integral part of the combined financial statements.

COMBINED STATEMENT OF OPERATIONS

For the year ended December 31, 2009
(US$ in thousands except for per unit amount)

Investment Income		
Dividends	$	4,871
Interest and other income		5,791
Total Investment Income		10,662
Expenses		
Fund fees and expenses		22,357
Management fees		21,652
Interest		6,544
Professional service fees		5,667
Personnel		4,761
Public company costs		2,719
Other general and administrative		5,680
Total Expenses		69,380
Management fees waived		(2,227)
Total Expenses, Net of Fees Waived		67,153
Net Investment Loss		(56,491)
Net Realized Gains and Net Change in Unrealized Depreciation on Investments		
Net realized gains on investments		4,170
Net change in unrealized depreciation on investments		239,729
Net Realized Gains and Net Change in Unrealized Depreciation on Investments		243,899
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	**$**	**187,408**
GAIN PER UNIT OUTSTANDING	**$**	**2.59**

The accompanying notes are an integral part of the combined financial statements.

COMBINED STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2009
(US$ in thousands)

Increase in net assets resulting from operations		
Net investment loss	$	(56,491)
Net realized gains on investments		4,170
Net change in unrealized depreciation on investments		239,729
Net increase in net assets resulting from operations		187,408
Decrease in net assets resulting from capital transactions		
Treasury unit purchases		(3,221)
Net decrease in net assets resulting from capital transactions		(3,221)
NET INCREASE IN NET ASSETS		**184,187**
NET ASSETS AT BEGINNING OF PERIOD		**1,516,373**
NET ASSETS AT END OF PERIOD	**$**	**1,700,560**

The accompanying notes are an integral part of the combined financial statements.

COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2009
(US$ in thousands)

Cash flows from operating activities		
Net increase in net assets resulting from operations	$	187,408
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Net realized gains on investments		(4,170)
Net change in unrealized depreciation on investments		(239,729)
Purchases of investments		(109,876)
Distributions from underlying investments		173,182
Changes in operating assets and liabilities:		
Net increase in receivables and prepaid expenses		(1,247)
Net decrease in management fees payable		(13,568)
Net increase in interest and other payables		3,550
Net cash used in operating activities		**(4,450)**
Cash flows from financing activities		
Purchases of treasury units		(3,221)
Issuances of notes		62,537
Repayments of notes		(76,800)
Purchased interest		4,335
Net cash used in financing activities		**(13,149)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(17,599)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**49,912**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$**	**32,313**
Supplemental cash flow disclosure		
Cash paid for interest	$	5,843
Cash paid for taxes	$	4,484
Supplemental non-cash flow disclosure		
In-kind public equity security distributions received	$	13,011

The accompanying notes are an integral part of the combined financial statements.

COMBINED CONDENSED SCHEDULE OF INVESTMENTS

As of December 31, 2009
(US$ in thousands)

	Cost	Fair Value	% of Net Assets	Unfunded Commitments
FUND INVESTMENTS				
North America				
Buyout	$ 1,320,170	$ 1,226,620	72.1%	$ 531,716
Venture Capital	313,779	299,649	17.6	100,842
Special Situation	141,174	170,019	10.0	11,172
Total North America	1,775,123	1,696,288	99.7	643,730
Europe, Asia and RoW				
Buyout	142,957	152,865	8.9	85,951
Venture Capital	1,059	881	0.1	2,046
Total Europe, Asia and RoW	144,016	153,746	9.0	87,997
Total Fund Investments	1,919,139	1,850,034	108.7	731,727
DIRECT INVESTMENTS (1)				
Direct Co-Investments				
Industrials	35,371	31,863	1.9	-
Telecommunication Services	25,000	16,250	0.9	-
Total Direct Co-Investments	60,371	48,113	2.8	-
Publicly Traded Equity Securities (2)				
Consumer Discretionary	-	-	0.0	-
Consumer Staples	-	-	0.0	-
Energy	573	315	0.0	-
Financials	6,213	5,608	0.3	-
Health Care	315	245	0.0	-
Industrials	8,742	6,894	0.6	-
Information Technology	681	563	0.0	-
Materials	546	420	0.0	-
Total Publicly Traded Equity Securities	17,070	14,045	0.9	-
Derivative Instrument	-	(4,620)	(0.2)	-
Total Direct Investments	77,441	57,538	3.5	-
TOTAL	**$ 1,996,580**	**$ 1,907,572**	**112.2%**	**$ 731,727**

(1) Industry classifications are determined at the individual portfolio company level and are based on the North American Industry Classification System ("NAICS").

(2) Publicly traded equity securities represent equity security distributions from fund investments and direct public equity investments.

The accompanying notes are an integral part of the combined financial statements.

COMBINED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)

As of December 31, 2008
(US$ in thousands)

	Cost	Fair Value	% of Net Assets	Unfunded Commitments
FUND INVESTMENTS				
North America				
Buyout	$ 1,367,262	$ 1,115,856	73.6%	$ 586,691
Venture Capital	327,286	302,161	19.9	118,429
Special Situation	131,689	112,162	7.4	23,290
Total North America	1,826,237	1,530,179	100.9	728,410
Europe, Asia and RoW				
Buyout	151,389	111,932	7.4	100,659
Venture Capital	686	673	0.0	2,426
Total Europe, Asia and RoW	152,075	112,605	7.4	103,085
Total Fund Investments	1,978,312	1,642,784	108.3	831,495
DIRECT INVESTMENTS (1)				
Direct Co-Investments				
Industrials	35,000	34,151	2.2	-
Telecommunication Services	25,000	17,500	1.2	-
Total Direct Co-Investments	60,000	51,651	3.4	-
Publicly Traded Equity Securities (2)				
Consumer Discretionary	196	199	0.0	-
Consumer Staples	351	285	0.0	-
Energy	573	214	0.0	-
Financials	4,860	1,766	0.1	-
Health Care	934	761	0.1	-
Industrials	5,603	3,309	0.2	-
Information Technology	2,114	1,341	0.1	-
Materials	685	309	0.1	-
Other	264	212	0.0	-
Telecommunication Services	1,824	1,450	0.1	-
Total Publicly Traded Equity Securities	17,404	9,846	0.7	-
Derivative Instrument	-	22,698	1.5	-
Total Direct Investments	77,404	84,195	5.6	-
TOTAL	**$ 2,055,716**	**$ 1,726,979**	**113.9%**	**$ 831,495**

(1) Industry classifications are determined at the individual portfolio company level and are based on the NAICS.

(2) Publicly traded equity securities represent equity security distributions from fund investments and direct public equity investments.

The accompanying notes are an integral part of the combined financial statements.

COMBINED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)

As of December 31, 2009 and December 31, 2008
(US$ in thousands)

	December 31, 2009		December 31, 2008	
Industry [1]	**Fair Value**	**% of Total Net Assets**	**Fair Value**	**% of Total Net Assets**
Industrials	$ 419,586	24.7%	$ 370,991	24.5%
Consumer Discretionary	229,018	13.5	213,728	14.1
Health Care	218,629	12.9	183,733	12.1
Information Technology	201,589	11.8	195,784	12.9
Financials	181,062	10.6	145,265	9.6
Media	130,306	7.7	128,174	8.5
Telecommunication Services	98,404	5.8	125,763	8.3
Other Industries	92,087	5.4	79,322	5.2
Materials	90,182	5.3	72,254	4.8
Consumer Staples	74,200	4.4	74,976	4.9
Other (Net other assets)	172,509	10.1	136,989	9.0
TOTAL	**$1,907,572**	**112.2%**	**$1,726,979**	**113.9%**

(1) Industry classifications are determined on a look-through basis at the individual portfolio company level and are based on the NAICS.

The accompanying notes are an integral part of the combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. Business Overview

Conversus Capital, L.P. ("Conversus LP") is a Guernsey limited partnership established on May 29, 2007. Conversus LP is composed of a general partner, Conversus GP, Limited ("Conversus GP"), a Guernsey limited company which holds 100% of the voting interests of Conversus LP, and the limited partners of Conversus LP, represented by common units that are non-voting. The limited partnership interests in Conversus LP trade on the regulated market of Euronext Amsterdam by NYSE Euronext ("Euronext") under the symbol "CCAP."

Conversus LP owns all of the Class A limited partner interests in Conversus Investment Partnership, L.P. ("Investment Partnership"), a Guernsey limited partnership through which substantially all of Conversus LP's investments are made directly or indirectly through its subsidiaries. The Investment Partnership is composed of a general partner, Conversus Investment GP, Limited ("Investment GP"), a Guernsey limited company, which holds 100% of the voting interests of the Investment Partnership, as well as the Class A, B and C limited partners, all of which are non-voting. Conversus LP and the Investment Partnership are referred to collectively as "Conversus." The independent members of the Board of Directors of Conversus GP and the independent members of the Board of Directors of Investment GP are collectively referred to as the "Board of Directors."

Conversus Participation Company, LLC ("CPC") owns all Class B limited partner interests in the Investment Partnership. CPC has no operations and is a vehicle through which its owners receive performance fees from the Investment Partnership (see Note 2). Class C limited partner interests in the Investment Partnership have been issued to Conversus Asset Management, LLC ("CAM"). CAM contributed $0.1 million for the Class C limited partner interests. These interests entitle CAM to receive the profits interest portion of the management fee (see Note 2).

CAM and CPC are both owned by Bank of America Corporation ("BAC"), Oak Hill Investment Management, L.P. ("OHIM"), the California Public Employees Retirement System ("CalPERS"), affiliates of Harvard Management Company, Inc. (an investment vehicle for the Harvard University Endowment) ("Harvard") and certain members of CAM's management. CAM is Conversus' investment manager and carries out the day-to-day management and operations of Conversus' business, pursuant to a services agreement (see Note 9).

Conversus LP makes substantially all of its investments through the Investment Partnership and its subsidiaries and expects that Conversus LP's only investment assets will be Class A limited partner interests in the Investment Partnership and a 1% economic interest in certain of the Investment Partnership's subsidiaries. Conversus GP or the Investment Partnership controls each of these subsidiaries.

The Investment Partnership holds investments through a series of Delaware limited partnerships and non-U.S. corporations, none of which individually hold more than 20% of the Investment Partnership's gross assets. The Investment Partnership does not have and does not expect to have more than 20% of the gross assets of the Investment Partnership invested in any single underlying subsidiary. Conversus LP owns 1% of the economic interests in certain of these subsidiaries and the Investment Partnership owns the remaining 99%.

Realization Strategy

During the second quarter of 2009, Conversus implemented a realization strategy designed to deliver the value of its portfolio to investors. The realization strategy is designed to increase the confidence of investors that the value of Conversus' current portfolio will be delivered to its unit holders over time. Conversus has discontinued substantially all investments and new commitments and is focused on realizing the value of the existing portfolio by applying cash flow to fund capital calls and expenses, repay debt and, eventually, return capital to unit holders through unit repurchases and cash distributions. Conversus will continue to manage actively its current portfolio of funded investments and unfunded commitments as well as its liquidity and capital resources to maximize unit holder value.

Conversus will consider a return to a growth strategy if it believes three criteria are met: (i) the market price for its units fairly reflects the value of the portfolio, (ii) the trading volume in its units provides sufficient liquidity for investors and (iii) the reflection of fair value in the unit price and the level of trading volume are sustainable. Conversus will continue to review its strategy in response to market conditions and will make strategic decisions consistent with the goal of maximizing unit holder value.

2. Summary of Significant Accounting Policies

Basis of Presentation

The combined financial statements for Conversus are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Conversus has received approval from the Netherlands Authority for the Financial Markets ("AFM") to prepare its combined financial statements in accordance with U.S. GAAP rather than Dutch GAAP or International Financial Reporting Standards. In the instance where such approval is withdrawn by the AFM or contradictory legislation is passed, Conversus could be required to prepare its combined financial statements on a basis other than U.S. GAAP.

As disclosed in Note 1, Conversus LP owns all of the Class A limited partner interests in the Investment Partnership. Conversus LP does not own the general partner interests of the Investment Partnership, and therefore does not control the Investment Partnership. However, Conversus GP and Investment GP are controlled by the same Guernsey charitable trust. Therefore, Conversus LP and the Investment Partnership are under common control. Substantially all of Conversus' investments are made through the Investment Partnership and its subsidiaries. In order to present meaningful financial statements, the accounts of Conversus LP and the Investment Partnership have been combined as permitted under U.S. GAAP.

Principles of Combination

These combined financial statements include the accounts of Conversus LP combined with the Investment Partnership. The accounts of the Investment Partnership represent the consolidated accounts of the Investment Partnership and its subsidiaries. All material balances between Conversus LP, the Investment Partnership and subsidiaries of the Investment Partnership have been eliminated.

Currency

Conversus' functional currency is the U.S. dollar as a majority of its investments are denominated in U.S. dollars. When valuing investments that are denominated in currencies other than the U.S. dollar, Conversus converts the values of such investments into U.S. dollars based on prevailing exchange rates as of the end of the applicable accounting period.

Conversus does not separately report the changes relating to currency exchange rates from those relating to changes in the fair value of investments in the combined financial statements. These fluctuations are combined and included in the net change in unrealized depreciation on investments in the Combined Statements of Operations.

Use of Estimates

The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities as of the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Valuation of Investments

Conversus accounts for its investments at fair value in accordance with U.S. GAAP. Investments include private equity investments, publicly traded equity securities and a derivative instrument. The Board of Directors and the Chief Financial Officer are ultimately and solely responsible for estimating the fair value of investments in good faith. Due to their inherent uncertainty, the estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed, and such differences could be material to the combined financial statements.

Derivative Instruments

Derivative instruments are recorded at estimated fair value and are shown on the Combined Statements of Net Assets with changes in fair value reflected in the net change in unrealized depreciation on investments in the Combined Statements of Operations.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in the bank and liquid investments with maturities, at the date of acquisition, not exceeding 90 days.

Treasury Units

Conversus LP's purchases of its own common units are recorded as treasury units under the cost method and are shown as a reduction of partners' capital on the Combined Statements of Net Assets.

Transactions in Foreign Currency

Foreign currency transactions are translated at the rate of exchange prevailing on the date of the transaction. The value of investments that are denominated in currencies other than the U.S. dollar are stated by converting the value of such investments into U.S. dollars based on the rate in effect on the last business day of each applicable accounting period, and the related gains/losses are included in the net change in unrealized depreciation on investments in the Combined Statements of Operations.

Income

Interest Income

Conversus may earn interest income from its private equity investments and from its cash and cash equivalents. Interest is recorded when earned, or when it is reported to Conversus by the private equity funds in which it is invested.

Dividend Income
Conversus may earn dividend income from its publicly traded equity securities or from its private equity investments. To the extent that a dividend represents a distribution of operating income, it is recorded when declared, or when it is reported to Conversus by the general partners. When a dividend represents a distribution resulting from a recapitalization, it is recorded as a return of capital and any related realized gain or loss is recognized.

Realized Gains and Losses on Investments
Realized gains and losses are recognized when Conversus is made aware of the closing of a transaction, which, in the case of underlying portfolio companies in private equity investments, normally occurs when the distribution is received or when Conversus is notified by a general partner that a portfolio company has been written off. For publicly traded equity securities, realizations are recorded on the trade date. Any realized gains or losses associated with direct co-investments and derivative instruments are recorded on the date of a transaction closing.

Public Equity Security Distributions
In-kind public equity security distributions from fund investments are recorded as of the declaration date and any associated gains or losses are included in net realized gains or losses on investments in the Combined Statements of Operations. The public equity security distributions are initially recorded at the value of the distribution received and subsequently marked to market at the end of each month.

Fund Fees and Expenses
Management fees and partnership expenses are charged by the general partners of the funds in which Conversus is invested and are expensed in the period to which they relate. These fees and expenses do not include performance fees or carried interest earned by the general partners.

Management Fees
CAM is entitled to management fees from the Investment Partnership in an aggregate amount of (i) 1.0% per annum of the value of Conversus' non-cash assets and (ii) 0.5% per annum of Conversus' aggregate unfunded commitments. Of such amount, one-third is paid quarterly in cash ("cash management fee"), in arrears, and two-thirds is earned in the form of a profits interest in the Investment Partnership. This profits interest is paid quarterly, in arrears, to the extent that there has been appreciation in Conversus' net asset value ("NAV"). CAM has voluntarily agreed to irrevocably waive its right to 30% of the profits interest while Conversus operates under the realization strategy. This waiver was effective beginning July 1, 2009.

For the year ended December 31, 2009, management fee expense, net of the waiver, totaled $19.4 million. As of December 31, 2009 and December 31, 2008, cash management fees of $1.9 million and $1.8 million, respectively, were accrued. Profits interest of $2.7 million and $16.3 million was accrued as of December 31, 2009 and December 31, 2008, respectively.

Performance Fees
Performance fees are calculated at the end of each applicable quarter, based on the results to date. Each quarter, CPC is entitled to a 10% performance fee from the Investment Partnership based on increases in NAV, subject to a 7% preferred return to the Investment Partnership and a high water mark for the three year period ending as of the calculation date. No performance fees were incurred during the year ended December 31, 2009, and there were no performance fees payable as of December 31, 2009 or December 31, 2008.

Other Expenses
Interest expense represents interest incurred through the collateralized fund obligation program (see Note 6).

Professional service fees represent accounting, audit, tax, legal and related costs.

Personnel expense includes compensation and benefits for Conversus' employees as well as employee costs reimbursed to CAM for administrative personnel under a services agreement (see Note 9).

Public company costs include insurance, third party valuation fees, Board of Director compensation, investor relations and regulatory expenses.

Other general and administrative expenses include taxes, occupancy, travel, training, recruitment and miscellaneous employee expenses.

Phantom Equity Incentive Plan
Based on the terms of the Phantom Equity Incentive Plan, Conversus accounts for phantom equity as liability awards under ASC 718-10, *Stock Compensation*. Grants are referenced to Conversus LP's unit price.

Income Taxes
Conversus LP, the Investment Partnership and the Investment Partnership's subsidiaries are not subject to taxation in Guernsey.

Under current Guernsey law, Conversus' income that is wholly derived from international operations and any distributions paid to Conversus LP's unit holders are not regarded as arising or accruing from a source in Guernsey in the hands of that unit holder if, being an individual, the unit holder is not solely or principally resident in Guernsey, or, being a company, is not resident in Guernsey. It is the intention of Conversus GP and Investment GP to ensure that Conversus' business is conducted in such a way as to constitute international operations for the purposes of the relevant legislation.

Conversus LP has made a protective election to be treated as a partnership for U.S. federal income tax purposes and manages its affairs so that it should not be treated as a publicly traded partnership that is taxable as a corporation. An entity that is treated as a partnership for U.S. federal income tax purposes is not a taxable entity and incurs no U.S. federal income tax liability. Instead, each partner is required to take into account its allocable share of items of income, gain, loss and deductions of the partnership in computing its U.S. federal income tax liability, regardless of whether cash distributions are made.

Investments made in entities that generate U.S. source income may indirectly subject Conversus LP and/or the Investment Partnership to certain U.S. federal and state income tax consequences. A U.S. withholding tax at the rate of 30% may be applied on the distributive shares of any U.S. source dividends and interest (subject to certain exemptions) and certain other income received directly or through one or more entities treated as either partnerships or disregarded entities for U.S. federal income tax purposes. Conversus LP's intention is to minimize income which could be deemed to be effectively connected with a U.S. trade or business.

Income from an investment that is effectively connected with a U.S. trade or business is subject to U.S. federal and state income taxation. The U.S. requires withholding on effectively connected income at the highest U.S. regular income tax rate. Such income effectively connected with a U.S.

trade or business (net of the U.S. regular income tax rate) may also be subject to a branch profits tax at a rate of up to 30%.

Under ASC 740-10, *Accounting for Uncertainty in Income Taxes* ("ASC 740-10"), management is required to determine whether a tax position of Conversus is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax liability to be recognized is measured as the largest amount of liability that is greater than fifty percent likely of being realized upon ultimate settlement which could result in Conversus recording a tax liability that would reduce partners' capital.

As of December 31, 2009 and 2008, management concluded that there was no material impact on Conversus' tax liabilities, financial position or results of operations under ASC 740-10. Conversus' management has determined that there is no material tax liability resulting from unrecognized tax liabilities related to uncertain tax positions taken or expected to be taken in future tax returns, which has not been recorded in the combined financial statements. Conversus is also not aware of any tax positions for which it is reasonably possible that the total amounts or unrecognized tax liabilities will significantly change in the next twelve months.

Conversus files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, Conversus is subject to examination by federal, state, local and foreign jurisdictions, where applicable. As of December 31, 2009, the tax years that remain subject to examination by the relevant taxing authorities are 2007 through 2009.

Conversus has no knowledge of any tax returns under examination. Conversus evaluated its federal and state filings, and did not note any potential material penalties or interest.

Unit holders in certain jurisdictions could have tax consequences from ownership of Conversus LP's units, including making required tax payments in excess of any distributions received in any specific year. Conversus LP has not taken such tax consequences into account in the preparation of these combined financial statements.

3. Fair Value of Financial Assets and Liabilities

A fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value is established under ASC 820-10, *Fair Value Measurements and Disclosures* ("ASC 820-10"). The three levels of the hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, as of the measurement date. These include quoted prices in markets that are not active, quoted prices in active markets but with restrictions impacting fair value and quoted prices in active markets for similar assets or liabilities. This level also includes inputs other than quoted prices that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Inputs are unobservable for the assets and liabilities. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or similar asset) at the measurement date.

The following tables display Conversus' financial assets and liabilities that were accounted for at fair value as of December 31, 2009 and December 31, 2008, by fair value hierarchy. As required by ASC 820-10, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Financial Assets and Liabilities at Fair Value as of December 31, 2009 (US$ in thousands)				
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets and Liabilities				
Fund Investments				
Buyout	$ -	$ -	$ 1,379,485	$ 1,379,485
Venture Capital	-	-	300,530	300,530
Special Situation	-	-	170,019	170,019
Direct Co-Investments	-	-	48,113	48,113
Publicly Traded Equity Securities	14,045	-	-	14,045
Derivative Instrument	-	(4,620)	-	(4,620)
Total Investments	14,045	(4,620)	1,898,147	1,907,572
Cash and Cash Equivalents	32,313	-	-	32,313
Total Financial Assets and Liabilities	$ 46,358	$ (4,620)	$ 1,898,147	$ 1,939,885

Financial Assets at Fair Value as of December 31, 2008 (US$ in thousands)				
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
Fund Investments				
Buyout	$ -	$ -	$ 1,227,788	$ 1,227,788
Venture Capital	-	-	302,834	302,834
Special Situation	-	-	112,162	112,162
Direct Co-Investments	-	-	51,651	51,651
Publicly Traded Equity Securities	9,846	-	-	9,846
Derivative Instrument	-	22,698	-	22,698
Total Investments	9,846	22,698	1,694,435	1,726,979
Cash and Cash Equivalents	49,912	-	-	49,912
Total Financial Assets	$ 59,758	$ 22,698	$ 1,694,435	$ 1,776,891

Conversus has assessed its financial assets and liabilities and concluded that all are classified as Level 3 with the exception of the derivative instrument (Level 2), directly held publicly traded equity securities (Level 1) and cash and cash equivalents (Level 1).

The following table summarizes the change in fair value of Level 3 financial assets for the year ended December 31, 2009.

Level 3 Financial Assets (US$ in thousands)		
		Investments
Beginning Balance as of January 1, 2009	$	1,694,435
Distributions		(148,367)
Realized Gains		(7,293)
Net Change in Unrealized Depreciation		262,513
New Investments		107,135
Transfers out of Level 3		(10,276)
Ending Balance as of December 31, 2009	$	1,898,147

Valuation Methodology

Investments in private equity funds do not have a readily available market and are generally valued based on the fair value of each private equity fund as reported by the respective general partner, which necessarily incorporates estimates made by those general partners. Conversus believes that this value, in most cases, represents fair value as of the relevant statement date, although, if other factors lead Conversus to conclude that fair value provided by the general partner does not represent actual fair value, Conversus will adjust the value of the investment from the general partner's estimate. Conversus estimates fair value based on publicly available information and the most recent financial information provided by the general partners, as adjusted for cash flows since the date of the most recent financial information. Additionally, the value of public equity securities known to be owned by the private equity funds, based on the most recent information reported to Conversus by the general partners, have been marked to market as of the last quoted price on the reporting date. Where applicable, a discount is applied to such securities based on an estimate of the discount applied by the general partners (to account for restrictions or other constraints) in calculating NAV.

The transfer of each of Conversus' investments in private equity funds generally requires the consent of the corresponding private equity fund manager, and the transfer of certain fund investments is subject to rights of first refusal or other preemptive rights, further limiting Conversus from transferring an investment in a private equity fund. The weighted average life of Conversus' fund investments was 7.6 years as of December 31, 2009. The weighted average remaining contractual life for Conversus' fund investments prior to any extensions is 3.5 years based upon the funds' stated termination date. It is common practice for general partners to extend the life of a fund for a period of several years beyond the original termination date. Thus, it is likely that the average remaining life for Conversus' fund investments is materially greater than 3.5 years. Historical J-curves analysis for private equity investments indicates that the average life for a fund is fifteen years.

Direct co-investments are carried at fair value, as estimated by Conversus. In estimating fair value, Conversus considers the value assigned to such investment by the fund with which Conversus has co-invested, to the extent known. Conversus also considers the estimated fair value based on the projected enterprise value at which the underlying company could be sold in an orderly disposition over a reasonable period of time and in a transaction between willing parties other than in a forced sale or liquidation. In these instances, market multiples considering specified financial measures (such as EBITDA, adjusted EBITDA, cash flow, net income, revenues or NAV) and/or a discounted cash flow or liquidation analysis can be used. Consideration may also be given to such factors as the company's historical and projected financial data, valuations given to comparable companies, the size and scope of the company's operations, the company's strengths, weaknesses, applicable restrictions on transfer, industry information and assumptions, general economic and market conditions and other factors deemed relevant. Conversus may also engage the services of a third party valuation firm to assist with valuing the asset.

Valuations for private equity funds acquired in secondary purchases are determined on a fund by fund basis taking into consideration a number of factors including: the purchase price paid for the fund, the valuation applied by the general partner in the most recently available statements (adjusted for cash flows through the purchase date), the conditions under which the assets were purchased, market and economic conditions at the time of purchase and other factors considered relevant at the time of the transaction. The public equity securities known to be owned within the purchased private equity fund, based on the most recent information reported to Conversus by the general partners, have been marked to market and a discount applied to such securities based on an estimate of the discount applied by the general partners (to account for restrictions or other constraints) in calculating NAV in the month in which the assets are purchased. Subsequent valuations follow aforementioned valuation guidelines for investments in private equity funds.

Duff & Phelps, LLC ("Duff & Phelps"), an independent valuation firm, provides third party valuation consulting services to Conversus LP which consist of certain limited procedures that Conversus LP identifies and requests them to perform. On a quarterly basis, Duff & Phelps reviews valuations covering a minimum of 20% of investment NAV with an annual target of reviewing approximately 80% of the investment NAV, exclusive of any direct co-investments, directly held publicly traded equity securities and publicly traded equity securities owned by the private equity funds in which Conversus is invested. Upon completion of the limited procedures outlined in Conversus LP's engagement letter with Duff & Phelps, Duff & Phelps concluded that the fair value as estimated by Conversus LP, on an aggregate basis, of those investments subjected to the limited procedures as of December 31, 2009 did not appear to be unreasonable.

4. Disclosures about Fair Value of Financial Instruments

Disclosures of estimated fair values for all financial instruments and the methods and assumptions used by management to estimate the fair value for each type of financial instrument are required under ASC 825-10, *Financial Instruments*.

Short-term Assets and Liabilities
For items that are short-term in nature, such as cash and cash equivalents, receivables, prepaid expenses, management fees payable and other liabilities, Conversus estimates that the carrying value approximated fair value as of December 31, 2009 and December 31, 2008.

Notes and Interest Payable
Conversus' notes payable are valued according to the terms of the collateralized fund obligation program discussed in Note 6. The notes utilize a variable interest rate based on the overnight, one or three month LIBOR rate plus a fixed premium. Conversus' notes payable contain certain terms and provisions which make it impracticable to precisely estimate fair value. However, Conversus believes the fair value of its notes payable does not differ materially from its carrying amount.

5. Derivative Instruments

Conversus has entered into total return swaps with Citigroup ("Citi") as the counterparty to manage market risk associated with publicly traded equity securities (see Note 12). Under the total return swap (the "swap") agreements, Citi makes a payment at the maturity date to Conversus based on a set rate over the life of the swap while Conversus makes or receives a payment to/from Citi at the maturity date based on the performance of the S&P 500 Total Return index over the life of the swap.

Conversus entered into a $75 million notional swap with Citi in 2008 which matured in the third quarter of 2009. The maturity resulted in a cash payment to Conversus of $11.8 million and a realized gain of $11.8 million in 2009 which is included in realized gains on investments in the Combined Statement of Operations. The estimated fair value of the swap as of December 31, 2008 was an unrealized gain of $22.7 million.

Conversus entered into a $100 million notional swap with Citi in September 2009. The swap matures in October 2010 and the estimated fair value of the swap as of December 31, 2009 was an unrealized loss of $4.6 million.

For the year ended December 31, 2009, the total unrealized losses on swaps were $27.3 million. This amount was partially offset by realized gains of $11.8 million, resulting in a total net loss of $15.5 million on the Combined Statement of Operations.

The table below summarizes terms of the swaps.

Summary of Total Return Swaps
(US$ in thousands)

Counterparty	Notional Amount	Underlying Index	Floating Amount Received	Payment Frequency	Maturity Date	Estimated Fair Value as of December 31, 2009	Estimated Fair Value as of December 31, 2008
Citigroup	$100,000	S&P 500 Total Return	1-month USD LIBOR minus 16 bps	At Maturity Date	October 22, 2010	$ (4,620)	N/A
Citigroup	$75,000	S&P 500 Total Return	1-month USD LIBOR minus 16 bps	At Maturity Date	Matured – September 22, 2009	N/A	$ 22,698

The swaps are terminated and settled if, for any reason, the collateralized fund obligation program (see Note 6) terminates or if Conversus defaults.

6. Collateralized Fund Obligation Program

Conversus LP has entered into a collateralized fund obligation program (the "Program") with Citi pursuant to which Conversus LP has the ability to issue up to $650.0 million of notes to Citi on a continuous basis, subject to certain conditions and covenants. The Program has a term of five years terminating in July 2012, and Conversus LP has the right to repurchase some or all of the outstanding notes at any time. Conversus LP has the option to terminate the Program on six months notice upon payment of an early termination fee. This early termination fee is calculated as: the product of a fixed percentage of $200.0 million and three, less the fixed percentage accrued and paid on all notes issued over the life of the Program, from inception through the early termination date.

The Program is secured by a first priority security interest in the cash accounts maintained by Conversus. All distributions from Conversus' investments must be deposited into these accounts.

Ratio covenants included in the Program that can require prepayment of the notes and limit the borrowing base are as follows:

1. Commitment Ratio – Minimum of 35% - Ratio of (a) the undrawn amount of the Program plus cash and cash equivalents to (b) total unfunded commitments. As of December 31, 2009 and December 31, 2008, the commitment ratio was 60% and 56%, respectively.
2. Loan-to-value Ratio – Maximum of 40% - Ratio of (a) the drawn amount of the Program plus accrued interest plus unrealized loss on the swap, if any, to (b) the total NAV of investments plus cash and cash equivalents. As of December 31, 2009 and December 31, 2008, the loan-to-value ratio was 13% and 14%, respectively.
3. NAV Ratio – Minimum of 50% - Ratio of (a) the total NAV to (b) total NAV of investments plus unfunded commitments. As of December 31, 2009 and December 31, 2008, the NAV ratio was 64% and 59%, respectively.

The Program also contains certain investment guidelines that include concentration limits with respect to the diversification of Conversus' private equity fund portfolio, as well as other conditions and covenants that Conversus must adhere to during the life of the Program. Failure to adhere to these conditions and covenants could result in an event of default or trigger termination event. If Conversus fails to comply with the terms of the Program, Citi is not obligated to provide additional advances under the Program.

After the occurrence of an event of default or trigger termination event as defined in the Program, the notes may become immediately due and payable. In such case, or if a payment would result in such an event, no payments out of the cash accounts would be permitted without the prior written consent of Citi, except to meet capital calls and similar obligations required by Conversus' private equity investments and to make distributions to pay management fees or performance fees, as defined in Note 2. Conversus determined it was in compliance with all covenants and conditions as of December 31, 2009 and December 31, 2008.

To the extent that less than $200.0 million of notes and accrued and unpaid interest are outstanding, on average, during the first three years of the Program, Conversus LP will incur a minimum issuance fee. This minimum issuance fee is calculated as: the product of a fixed percentage of $200.0 million and three, less the fixed percentage accrued and paid on all notes issued over the first three years of the Program. Any calculated minimum issuance fee can be paid by Conversus or would be added to the principal balance of Class A Notes outstanding as of the third anniversary of the Program. Minimum issuance fees of $1.1 million were accrued as of December 31, 2009. No minimum issuance fees were accrued as of December 31, 2008. Other than interest charged on drawn amounts and the termination and minimum issuance fees described, no fees or costs are payable to Citi as a part of the Program.

When permitted by the terms of the Program, Conversus may incur additional long-term indebtedness in connection with future investment activity.

The table below summarizes activity under the Program during the year ended December 31, 2009.

Summary of Program Activity for the Year Ended December 31, 2009
(US$ in thousands)

	Class A Notes	Class B Notes	Accrued Interest	Total
As of December 31, 2008	$ 1,000	$ 229,265	$ 7,965	$ 238,230
Notes Issued/Purchased Interest	-	62,537	4,335	66,872
Repayments of Notes/Interest	-	(76,800)	(5,842)	(82,642)
Interest Expense	-	-	6,544	6,544
As of December 31, 2009	$ 1,000	$ 215,002	$ 13,002	$ 229,004
Interest Expense	$ 26	$ 6,518	$ 6,544	

The notes bear interest at a rate equal to the overnight, one or three month LIBOR rate plus a premium which is fixed over the life of the Program. Unpaid interest is capitalized and added to the principal balance of the notes. The Class A Notes outstanding as of December 31, 2009 and December 31, 2008 had interest rates of 1.68% and 5.72%, respectively. The Class B Notes outstanding as of December 31, 2009 and December 31, 2008 had weighted average interest rates of 1.65% and 3.50%, respectively.

7. Partners' Capital

Conversus LP's common units represent limited partner interests in Conversus LP and are issued in registered form. Unit holders are not entitled to the withdrawal or return of capital contributions in respect of Conversus LP's common units, except to the extent, if any, that distributions are made to such holders pursuant to Conversus LP's limited partnership agreement. Except to the extent expressly provided in Conversus LP's limited partnership agreement, a unit holder does not have priority over any other holder of Conversus LP's common units, either as to the return of capital contributions or as to profits, losses or distributions. The unit holders are not granted any preemptive or other similar right to acquire additional interests in Conversus LP. In addition, unit holders do not have any right to have their common units redeemed by Conversus LP.

Conversus LP currently owns all of the Class A limited partner interests in the Investment Partnership. Class A interests are not entitled to the withdrawal or return of any capital contributions in respect of Class A limited partner interests, except to the extent, if any, which distributions are made to such holders in terms of the Investment Partnership's limited partnership agreement, upon the liquidation of the Investment Partnership or otherwise required by applicable law. The Class B limited partner interests in the Investment Partnership are held by CPC. Class B interests have no preemptive or other similar rights to acquire any additional interests in the Investment Partnership. The Class C limited partner interests in the Investment Partnership are held by CAM. Class C interests have no preemptive or other similar rights to acquire any additional interests in the Investment Partnership.

Conversus LP entered into a liquidity enhancement agreement (the “Agreement”) in November 2007 with Royal Bank of Scotland (“RBS”). The Agreement provides the parameters and requirements for Conversus LP’s liquidity enhancement policy. Under the Agreement, RBS has sole discretion, in the name and for the account of Conversus LP and subject to all applicable legal and regulatory requirements, to effect buy-backs of units and sales of units held in treasury on Euronext within the parameters set out in the Agreement. Units will not be sold out of treasury under the Agreement at a price which is lower than the last reported NAV per unit. The aggregate number of units which may be purchased in accordance with the Agreement is subject to a maximum of 3.7 million units, which represented five percent of the total number of units outstanding as of November 29, 2007. Conversus LP can elect to increase such maximum. Pursuant to applicable laws, the maximum price which may be paid for a unit is an amount equal to the higher of (a) the price of the last independent trade and (b) the highest current independent bid price for units on Euronext.

Pursuant to the terms of the Agreement, in December 2009, Conversus notified RBS that it had elected to extend the terms of the Agreement for an additional twelve months. Repurchase activity under the Agreement was suspended in April 2009 and remains suspended despite the term extension of the Agreement. The Agreement may be terminated at any time by either Conversus LP or RBS.

During the year ended December 31, 2009, Conversus LP repurchased 361,141 units at an average price of $8.92 per unit. In total, 1,162,940 and 801,799 Conversus LP units were held in treasury as of December 31, 2009 and December 31, 2008, respectively.

Conversus LP has also engaged RBS to act as Liquidity Provider to render brokerage services with respect to Conversus’ LP common units listed on Euronext. Under the engagement, RBS issues a continuous quote in the Euronext order book, in compliance with applicable laws.

OHIM is obligated to invest 25% of its share of performance fees received by CPC in Conversus units until it reaches a $25.0 million commitment level. OHIM has made an election to increase its reinvestment to 37.5% of its performance fee. Conversus issued no units to OHIM during the year ended December 31, 2009. Since the global offering, Conversus LP has issued 171,669 common units to OHIM, representing a total reinvestment of $4.0 million. The issuances are based on the Conversus LP average closing price for the ten days leading up to and including the last day of the period to which they relate.

8. Phantom Equity Plan and Directors Compensation

Conversus has established a long term incentive plan under which it may make discretionary grants of phantom equity to certain qualified persons. Vesting of the phantom equity awards will be determined on a grant by grant basis. Pursuant to the phantom equity plan, these awards are referenced to Conversus LP’s unit price and will be settled in cash, typically at the earlier of the fifth anniversary of the grant or the termination of the recipient's employment or association with Conversus.

Conversus will ultimately record compensation expense equal to the amount of cash for which the awards are settled. During the vesting period, compensation expense is recorded on a straight-line basis, adjusted for changes in the market value of Conversus LP’s units. Subsequent to vesting but prior to payment, compensation expense or benefit will be recorded based on the changes in Conversus LP’s unit price, resulting in an increase or decrease in the associated phantom equity liability.

During the year ended December 31, 2009, Conversus granted phantom equity awards which will be paid pursuant to the terms above and vest on specified dates through December 31, 2012.

For the year ended December 31, 2009, total phantom equity award expense was $0.7 million. As of December 31, 2009 and December 31, 2008, $1.1 million and $0.3 million, respectively, was payable with respect to total phantom equity awards.

The chart below summarizes the unit activity of the phantom equity plan for the year ended December 31, 2009.

Summary of Phantom Equity Plan

	Unvested	Vested
Outstanding, January 1, 2009	32,013	12,042
Issued	124,737	-
Vested	(27,613)	27,613
Forfeitures	-	-
Settled	-	-
Outstanding, December 31, 2009	129,137	39,655

Each member of Conversus GP's Independent Board of Directors receives annual compensation of $62,500 in cash and $62,500 in phantom equity awards. For the year ended December 31, 2009, Board of Director compensation expense was $0.4 million. As of December 31, 2009 and December 31, 2008, $0.3 million and $0.1 million, respectively, was payable with respect to Board of Director compensation.

9. Related Parties

The sole shareholders of Conversus GP and Investment GP are two Guernsey charitable trusts, Conversus Charitable Trust I and Conversus Charitable Trust II. Conversus Charitable Trust I is considered the ultimate controlling party. The trustee of each of the Charitable Trusts is Northern Trust Fiduciary Services (Guernsey) Limited, which is independent of CAM, BAC and OHIM and is formed under the laws of Guernsey. The trust administration fees for the Charitable Trusts are paid by the Investment Partnership. The applicable fees are currently a minimum annual fee of $25,000 per trust. The trustee for the Charitable Trusts is affiliated with Conversus' Guernsey administrator, Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust"). The Trustee's duties are to the Charitable Trusts and not to Conversus LP or the Investment Partnership, and no material fees are payable by Conversus under the trust administration arrangements.

Conversus LP, Conversus GP, Investment GP, the Investment Partnership and the Investment Partnership's subsidiaries (the "Service Recipients") have entered into a single services agreement with CAM pursuant to which CAM has agreed to carry out the day-to-day management and operations of the respective businesses. Under the services agreement, CAM is entitled to management fees, as discussed in Note 2, as well as the reimbursement of all fees, costs and expenses incurred in connection with the management and operation of the Service Recipients' businesses, including compensation and benefits associated with administrative personnel. CAM is not reimbursed for compensation or benefits associated with the provision of investment services by investment professionals. For the year ended December 31, 2009, total expenses reimbursable to CAM under the services agreement were $4.0 million. The total amount payable to CAM under the services agreement as of December 31, 2009 and December 31, 2008 was $1.6 million and $1.4 million, respectively.

CAM has entered into a subadvisory and services agreement with OHIM. Under the subadvisory and services agreement, OHIM performs those functions and has such authority as may be delegated to it by CAM. Pursuant to the subadvisory and services agreement, CAM is required to reimburse OHIM for its portion of certain fees and expenses incurred by CAM, as well as other fees, costs and expenses incurred by OHIM. Pursuant to the services agreement, the Service Recipients are required to reimburse CAM for certain out of pocket and other administrative fees paid to OHIM, such as expenses incurred in connection with travel, professional service fees and the pro rata portion of certain overhead costs. For the year ended December 31, 2009, total expenses reimbursable to CAM under the subadvisory and services agreement were $0.05 million. The total amount payable to CAM under the subadvisory and services agreement as of December 31, 2009 and December 31, 2008 was $0.03 million and $0.1 million, respectively.

Conversus GP has retained Northern Trust and its affiliates to act as its Guernsey administrator to provide certain accounting services, including the accounting and administration of the private equity funds in which Conversus has invested. Paul Guilbert, Chairman of the Board of Directors of Conversus GP, is employed by Northern Trust. For the year ended December 31, 2009, total administration expenses were $1.5 million. The total amount payable to Northern Trust for fund accounting and administration services as of both December 31, 2009 and December 31, 2008 was $0.7 million.

BAC, OHIM, CalPERS, and Harvard, who are owners of CAM, are also unit holders of Conversus LP. From time to time, Conversus may invest alongside these unit holders in private equity fund investments or direct co-investments.

10. Commitments and Contingencies

As of December 31, 2009, Conversus held interests in 232 investments, including private equity funds, direct co-investments and publicly traded equity securities and had unfunded commitments to private equity funds of $731.7 million. In addition, Conversus may make capital commitments to private equity funds in the future and may make purchases of existing private equity funds in the secondary market, many of which will be subject to additional funding requirements. Conversus generally employs an over-commitment strategy when making investments in private equity funds in order to maximize the amount of its capital that is invested at any given time. When an over-commitment strategy is employed, the aggregate amount of capital committed by Conversus to private equity funds at a given time may exceed the aggregate amount of cash that Conversus has available for immediate investment. Because the managers of private equity funds will typically be permitted to make calls for capital contributions following the expiration of a relatively short notice period, employing an over-commitment approach requires Conversus to time investments and manage available cash in a manner that allows the funding of its capital commitments when capital calls are made. CAM is primarily responsible for managing Conversus' cash and the timing of its investments. CAM takes into account expected cash flows to and from its investments and amounts available from the issuance of notes under the Program when planning investment and cash management activities with the objective of seeking to ensure that Conversus is able to honor its commitments to funds when they become due. Conversus believes it currently has sufficient liquidity to meet this over-commitment strategy.

In the normal course of business, Conversus enters into contracts which contain indemnification provisions, including, but not limited to, purchase contracts, service agreements and subadvisory agreements. Among other things, these indemnification provisions may be related to Conversus' conduct, performance or the occurrence of certain events. These indemnification provisions will vary based on the contract. Conversus may in turn obtain indemnifications from other parties in certain contracts. These indemnification provisions are not expected to have a material impact on Conversus' combined results of operations or financial condition.

11. Gain per Unit Outstanding

The gain per unit outstanding due to the change in net assets resulting from operations for the year ended December 31, 2009 is calculated by dividing the net change in net assets by the weighted average number of units outstanding during the year, as outlined in the table below.

Gain per Unit Outstanding (US$ in thousands except for per unit amount)	**Year Ended December 31, 2009**
Net change in net assets resulting from operations	$187,408
Weighted average number of units outstanding	72,410
Gain per unit outstanding	$ 2.59

12. Risks

Conversus is exposed to a number of risks due to the types of investments it makes and its structure. Its exposure to risk relates to, among other things, changes in the values of publicly traded equity securities and private securities that are held for investment, movements in prevailing interest rates, changes in foreign currency exchange rates, changes in the laws and regulations under which it operates, general market and economic conditions and the management of liquidity resources.

Securities Market Risks

Conversus and the private equity funds in which it invests may make investments in portfolio companies whose securities are offered to the public in connection with the process of exiting an investment. The market prices and values of publicly traded equity securities of companies in which Conversus has investments may be volatile and can fluctuate due to a number of factors beyond its control. Conversus values investments in publicly traded equity securities based on current market prices at the end of each accounting period, which could lead to significant changes in the NAV and operating results of Conversus.

Interest Rate Risks

As described in Note 10, Conversus will, from time to time, incur indebtedness to support its over-commitment strategy and its liquidity needs. An increase in interest rates could increase the cost of making payments under the Program, as described in Note 6, or make it more difficult or expensive for Conversus to obtain debt financing in the future, and could decrease the returns that its investments generate.

Foreign Currency Risks

Conversus' functional currency is the U.S. dollar because a majority of its investments are denominated in U.S. dollars. As a result, the investments that are carried as assets in the combined financial statements are stated in U.S. dollars. When valuing investments that are denominated in currencies other than the U.S. dollar, the values of such investments are converted into U.S. dollars based on prevailing exchange rates as of the end of the applicable accounting period. Due to the foregoing, changes in exchange rates between the U.S. dollar and other currencies could lead to significant changes in NAV.

Counterparty Credit Risk

Conversus has entered into agreements providing for services and transactions that expose Conversus to risk in the event that the counterparties do not meet the terms of such agreements. Conversus may be exposed to a concentration of credit risk in the Program where there is currently a single lender (see Note 6), the swap agreement under which there is a lone counterparty (see Note 5) and in depository and accounting administration services where Conversus utilizes a single service provider (see Note 9).

Conversus depends on the Program's sole lender to provide funds as requested pursuant to the Program. To the extent that the lender fails to perform under the terms of the Program, the non-performance may have a detrimental impact on Conversus' ability to meet its funding requirements.

Under current market conditions, the availability of new financing is not assured. To the extent that new financing is required and available, the terms for such financing may be significantly less favorable to Conversus than the terms in the current Program, with lenders seeking higher rates, additional equity requirements and more restrictive covenants.

Hedging Arrangements and Risk Management

When managing its exposure to market risks, Conversus is authorized to use forward contracts, options, swaps, caps, collars and floors or pursue other strategies or use other forms of derivative instruments (see Note 5) to limit its exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates and currency exchange rates. Conversus anticipates that the scope of risk management activities it undertakes will vary based on the level and volatility of interest rates and public equity indexes, prevailing foreign currency exchange rates, the type of investments that are made and other changing market conditions. The use of hedging transactions and other derivative instruments to reduce the effects of a decline in the value of a position does not eliminate the possibility of fluctuations in the value of the position or prevent losses if the value of the position declines. However, such activities can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of the position. Such transactions may also limit the opportunity for gain if the value of a position increases. Moreover, it may not be possible to limit the exposure to a market development that is so generally anticipated that a hedging or other derivative transaction cannot be entered into at an acceptable price.

Although Conversus may enter into hedging transactions in order to reduce its exposure to market risks, unanticipated market changes may result in poorer overall investment performance than if the transaction had not been executed. In addition, the degree of correlation between price movements of the instruments used in connection with hedging activities and price movements in a position being hedged may vary. Moreover, for a variety of reasons, Conversus may not be successful in establishing a perfect correlation between the instruments used in a hedging or other derivative transaction and the position being hedged. An imperfect correlation could prevent Conversus from achieving the intended result and create new risks of loss. In addition, Conversus will not be able to fully limit exposure against all changes in the values of its investments, because the values of its investments are likely to fluctuate as a result of a number of factors, some of which will be beyond Conversus' control, and it may not be able to respond to such fluctuations in a timely manner or at all.

Conversus may also invest in private equity related derivative instruments to enhance its returns as part of its investment strategy. Such efforts may prove unsuccessful and result in losses in excess of amounts invested.

Regulatory Risk
Conversus, and the funds and companies in which it invests, are subject to a variety of laws and regulations by national, regional and local governments and supranational organizations. These laws and regulations, and their interpretation and application, may change from time to time and those changes could have a material adverse effect on the results of operations or financial position of Conversus.

Tax Risk
Conversus, and many of the funds and companies in which it invests, have a complex and multi-jurisdictional structure and are subject to a variety of tax laws and tax regulations by national, regional and local governments and supranational organizations. These tax laws and regulations (including the applicable tax rates), and their interpretation and application, may change from time to time and those changes could have a material adverse effect on the results of operations or financial position of Conversus.

Market Risk
The private equity funds and direct private equity investments in Conversus' portfolio may be materially affected by conditions in the global financial markets and economic conditions. The capital and credit markets have experienced unprecedented volatility and disruption over recent periods. Uncertainty created by market and economic conditions and a tightening of credit could lead to declines in valuations of equity and debt securities without regard to the underlying financial condition of the issuer in certain cases.

The global financial markets and economic conditions may become dislocated or deteriorate, due to a variety of factors beyond the control of Conversus. The general partners of the funds held by Conversus may face reduced opportunities to sell and realize value from their existing portfolio companies, and many of these portfolio companies employ substantial indebtedness that may be difficult to extend or replace and which may magnify the impact of any valuation changes. Changes in market or economic conditions, including an increase in interest rates or lack of available credit, could have a material adverse effect on the results of operations and financial position of Conversus.

The rate of capital calls from the private equity funds in which Conversus invests may increase significantly. As a passive investor with very limited rights, Conversus has virtually no ability to influence the activities of the funds in which it invests or their portfolio companies. Moreover, it may not be possible for Conversus to raise new capital in the debt or equity markets or to sell assets on acceptable terms. If Conversus were not able to fund a capital call when due, it may lead to a default under the fund documents and give the fund in which Conversus invested a variety of remedies. Any such default could also be a default under the Program. A failure by Conversus to meet its capital call obligations may have a material adverse effect on the results of operation and financial position of Conversus.

Valuation Risk

Investment valuations for which there is no readily available market, such as the illiquid assets in Conversus' portfolio, require estimates and assumptions about matters that are inherently uncertain. Given this uncertainty, the fair values of such investments as reflected in the estimated NAV of Conversus may not reflect the prices that would actually be obtained when such investments are sold.

13. Subsequent Events

As announced on February 8, 2010, Harvard sold a block of Conversus units. Pursuant to organizational documents of the Company, Harvard's right to appoint a Non-voting Advisor to the Company's Board of Directors automatically terminated when Harvard's ownership fell below a specific threshold as a result of the sale of CCAP units.

In accordance with ASC 855-10, *Subsequent Events*, Conversus has evaluated subsequent events for recognition or disclosure through March 30, 2010, which was the date after which these Combined Financial Statements were available to be issued. Other than the subsequent event disclosed above, Conversus noted no other events requiring recognition or disclosure that occurred subsequent to December 31, 2009 and through March 30, 2010.

Financial Highlights

For the year ended December 31, 2009
(US$ in thousands except for per unit amounts)

Per Unit Operating Performance

NET ASSET VALUE PER UNIT AT BEGINNING OF YEAR	**$**	**20.85**
Increase / (decrease) from operating activities		
Net investment loss		(0.78)
Net realized gains on investments		0.06
Net change in unrealized depreciation on investments		3.31
Total increase from operating activities		2.59
Other		0.06
NET ASSET VALUE PER UNIT AT END OF YEAR	**$**	**23.50**
TOTAL RETURN		12.70 %

Supplemental Information

Weighted average net assets during the period	**$**	**1,542,376**
Key percentages based on weighted average net assets:		
Net investment loss		(3.66) %
Expenses		
Fund fees and expenses		1.45
Net management fees		1.26
Interest		0.42
Professional service fees		0.37
Personnel		0.31
Public company costs		0.18
Other general and administrative		0.36
Total Expenses		4.35 %

Beginning July 1, 2009, CAM voluntarily agreed to waive its right to 30% of the profits interest portion of its management fees. Absent this waiver, the percentage for management fees would have been approximately 1.40% for the year ended December 31, 2009.