# CONVERSUS CAPITAL, L.P.
## (in liquidation)

# SEMI-ANNUAL FINANCIAL REPORT

*For the six months ended 30 June 2012*

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## CONVERSUS AT A GLANCE

| The Company | Conversus Capital, L.P. [1] |
|---|---|
| | • Guernsey Limited Partnership<br>• Listed on NYSE Euronext in Amsterdam<br>• Symbol: CCAP<br>• 65,086,212 units outstanding as of 30 June 2012<br>• Website: www.conversus.com |

| **Key Metrics** ($ and units outstanding in 000s except per unit data) | **As of 30 Jun 2012** | **As of 31 Dec 2011** | **% Change** |
|---|---|---|---|
| Net Asset Value | $ 1,441,210 | $ 1,736,676 | (17.0)% |
| Units Outstanding | 65,086 | 64,603 | 0.7% |
| Net Asset Value per Unit | $ 22.14 | $ 26.88 | (17.6)% |
| Unit Price | $ 20.28 | $ 19.96 | 1.6 % |
| Market Capitalization | $ 1,319,944 | $ 1,289,476 | 2.4 % |
| Investment NAV | $ 1,394,620 | $ 1,725,162 | (19.2)% |
| Unfunded Commitments | $ 362,458 | $ 402,124 | (9.9)% |
| Cash and Cash Equivalents | $ 116,626 | $ 82,573 | 41.2% |
| Notes and Interest Payable | $ 1,000 | $ 1,000 | - |
| Wtd. Avg. Fund Life | 8.3 years | 8.3 years | - |

## 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 GP, Limited, a Guernsey limited company, is referred to as "Conversus GP," and serves as the general partner of Conversus LP.

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

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 credit facility (see Note 5 to the combined financial statements) is referred to as the "credit facility," the "collateralized fund obligation program" or the "Program."

[1] Conversus Capital, L.P. is an authorised closed-ended investment scheme for Guernsey regulatory purposes. Conversus Capital, L.P. is registered with the Netherlands Authority for the Financial Markets as a collective investment scheme which may offer participation rights in the Netherlands pursuant to article 2:66 of the Financial Market Supervision Act (Wet op het financieel toezicht).

The net of distributions, capital calls and funded direct co-investments are referred to as "portfolio cash flows." Capital calls plus funded direct co-investments are referred to as "funded capital." Capital calls include fund fees and expenses.

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.

## BUSINESS OVERVIEW

Conversus is designed to provide unit holders with immediate exposure to a diversified portfolio of private equity assets managed by best-in-class general partners while maximizing long-term unit holder value by returning capital to unit holders. We are invested in a portfolio that includes funds purchased on the secondary market, commitments to new, or primary funds, and direct co-investments in individual companies.

On 2 July 2012, Conversus signed a definitive agreement (the "Purchase Agreement") with HarbourVest Structured Solutions II, L.P. ("HarbourVest Structured Solutions") whereby HarbourVest Structured Solutions will acquire the Investment Partnership subsidiaries that hold the Investment Partnership's gross assets. Pursuant to the Purchase Agreement, HarbourVest Structured Solutions will acquire Conversus' private equity fund interests and direct co-investments for approximately $1,439 million, as adjusted for capital calls and distributions subsequent to 30 April 2012. Based on capital calls and distributions between 30 April 2012 and 30 June 2012, the adjusted purchase price as of 30 June 2012 would be $1,385.0 million. HarbourVest Structured Solutions will also assume, upon each closing, the unfunded commitments of the private equity fund interests that are transferred at such closing, as adjusted for capital calls since 30 April 2012. The unfunded commitments totaled $362.5 million as of 30 June 2012. HarbourVest Structured Solutions is not acquiring Conversus' directly held public equity securities or net cash.

The respective obligations of Conversus and HarbourVest Structured Solutions under the Purchase Agreement are subject to various closing conditions, including receipt of any required consents from the general partners of the underlying private equity fund interests. Closings for the transaction will take place in one or more stages, depending on the progress of obtaining required consents and meeting other closing conditions. Conversus intends to make unit holder distributions following each closing under the Purchase Agreement and may make distributions at other times as deemed appropriate. No assurances can be given as to exactly when closings under the Purchase Agreement will occur, when the related unit holder distributions will be paid or the amount of the unit holder distributions.

Subject to certain legal restrictions and a cap on total participation, in lieu of receiving consideration in cash, qualifying Conversus unit holders will be able to elect to maintain their exposure to the portfolio acquired by HarbourVest Structured Solutions by receiving ownership interests in HarbourVest Structured Solutions.

Following the final closing under the Purchase Agreement, Conversus intends to appoint a liquidator to wind up its remaining operations and make a liquidating distribution in accordance with Guernsey law. Upon completion of the liquidation, Conversus will cease to exist. Conversus expects that the final closing under the Purchase Agreement will occur no later than 30 June 2013. The final liquidation period ("Liquidation Period") will include an additional 18 to 24 months beyond 30 June 2013 in order to fully satisfy various legal, reporting and regulatory obligations.

On 2 July 2012, Conversus also signed a definitive agreement to acquire CAM and CPC from their current owners for $42.5 million, less net liabilities assumed (the "CAM/CPC Transaction"). HarbourVest Structured Solutions will reimburse Conversus for up to $25.0 million of this amount. On 2 July 2012, the parties also amended the services agreement to provide that CAM would be reimbursed for its costs for the transition period between signing and closing, but would receive no administrative fee, management fee or contingent profits interest during that period. On 20 July 2012, Conversus completed the CAM/CPC Transaction.

## OPERATING SUMMARY

The following table displays a summary of operating results for the six months ended 30 June 2012.

| Summary Operating Results | | |
|---|---|---|
| Net Change in Unrealized Depreciation on Investments | $ | (228,207) |
| Net Realized Gains on Investments | | 49,474 |
| Investment Income | | 9,038 |
| Operating Expenses | | (29,776) |
| Liquidation Expenses, net | | (56,759) |
| Net Decrease in Net Assets Resulting from Operations and Liquidation Expenses | $ | (256,230) |

- The net change in unrealized depreciation on investments of $228.2 million included net unrealized losses on private holdings of $233.0 million largely driven by the valuation of fund investments and direct co-investments to net realizable value to reflect the terms of the Purchase Agreement. The net change also included net unrealized gains of $6.4 million related to public equity securities and unrealized foreign currency losses of $1.6 million.
- Net realized gains of $49.5 million included $91.8 million in gross realized gains, $28.4 million in gross realized losses and $13.9 million in portfolio company write-offs by general partners.
- Investment income of $9.0 million was mainly comprised of dividend and interest income.
- Operating expenses were $29.8 million. Further details can be found in a table below.
- Liquidation expenses were $56.8 million. Further details can be found in a table below.
- The decrease in net assets from operations and liquidation expenses of $256.2 million resulted in a loss per weighted average unit outstanding of $3.94.

The following table displays operating expenses for the six months ended 30 June 2012.

| Operating Expenses | | |
|---|---|---|
| Performance Fees | $ | 4,396 |
| Management Fees | | 6,553 |
| Fund Fees and Expenses | | 9,097 |
| Professional Service Fees | | 3,054 |
| Personnel | | 2,107 |
| Public Company Costs | | 1,244 |
| Administrative Fees to CAM | | 1,364 |
| Other General and Administrative | | 1,961 |
| Total Operating Expenses | $ | 29,776 |

- Conversus completed the acquisition of CPC on 20 July 2012 and the limited partnership agreement of the Investment Partnership was amended as of such date to eliminate performance fees; therefore, Conversus will not incur performance fees subsequent to 30 June 2012. Prior to the amendment, performance fees were calculated at the end of each applicable quarter, based on the results through the end of that quarter. As of 30 June 2012, CPC was entitled to a 10% performance fee from the Investment Partnership based on increases in net asset value ("NAV"), subject to an annual 7% preferred return to Conversus LP. The performance fee was calculated based on the shorter of the most recent three year period or the period since the last high water mark. For the period beginning 31 December 2011 and ending 31 March 2012, performance fees of $4.4 million were earned by CPC. For the period beginning 31 March 2012 and ending 30 June 2012, no performance fees were earned by CPC.
- On 2 July 2012, the services agreement was amended to provide that no management fees would accrue for the period between that date and closing of the CAM/CPC Transaction, and following the closing of the CAM/CPC Transaction, the services agreement with CAM was amended to eliminate management fees for all future periods; therefore, Conversus will not incur management fees subsequent to 2 July 2012. As of and for the six months ended 30 June 2012, CAM was entitled to management fees from the Investment Partnership in an aggregate amount of (i) 0.75% per annum of the value of Conversus' non-cash assets and (ii) 0.375% per annum of Conversus' aggregate unfunded commitments.
- 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 the investments and fluctuate on a quarterly basis.
- Professional service fees represent accounting, audit, tax compliance, legal and related costs.
- Personnel expense includes compensation and benefits for Conversus' employees.
- Administrative fees to CAM represent amounts payable to CAM under a services agreement. The fees are based on an annual amount of $2.4 million plus 0.10% on assets under management from $1.7 billion to $3.5 billion plus 0.05% on assets under management above $3.5 billion. These fees were suspended on 2 July 2012 and eliminated under the service agreement amendment following the closing of the CAM/CPC Transaction.
- 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 credit facility commitment fees and interest, tax expenses, travel and miscellaneous expenses.

The table below summarizes liquidation expenses for the six months ended 30 June 2012.

| Liquidation Expenses | | |
|---|---|---|
| Net CAM and CPC Purchase Price | $ | 38,758 |
| Credit from HarbourVest Structured Solutions for CAM and CPC purchase | | (25,000) |
| Professional Service Fees (includes transaction fees related to the Purchase Agreement) | | 22,314 |
| Personnel | | 13,127 |
| Other Expenses | | 7,560 |
| Total Liquidation Expenses | $ | 56,759 |

As a result of the Purchase Agreement with HarbourVest Structured Solutions, Conversus has adopted the liquidation basis of accounting as of 30 June 2012. In accordance with the liquidation basis of accounting, an accrued liquidation expense liability has been established for estimated future operating expenses. Estimated future operating expenses include expenses related to the operations of CAM and CPC for periods after their acquisition on 20 July 2012. To estimate future operating expenses, Conversus evaluated its operational requirements, considered regulatory requirements and anticipated resources necessary to complete the transaction with HarbourVest Structured Solutions and manage Conversus to final liquidation. Making these estimates requires assumptions about matters that are inherently uncertain, and actual costs may differ materially from those estimates. Upon adopting the liquidation basis of accounting, Conversus recognized $56.8 million related to future net operating expenses.

- The net purchase price of CAM and CPC was $38.8 million after including net liabilities assumed by Conversus. Conversus intends to dissolve CAM and CPC at or prior to the liquidation of Conversus and therefore has reflected the associated purchase as a liquidation expense in the Combined Financial Statements.
- In accordance with the Purchase Agreement, HarbourVest Structured Solutions will reimburse Conversus for up to $25.0 million of the purchase price of CAM and CPC, subject to various conditions as outlined in the Purchase Agreement.
- Professional service fees include advisory, legal, tax, audit and other fees related to the Purchase Agreement, the future transfer of assets to HarbourVest Structured Solutions, the CAM/CPC Transaction and the ongoing liquidation of Conversus through the Liquidation Period.
- Personnel expenses include compensation, benefits, severance and retention costs for Conversus and CAM personnel that are retained after the CAM/CPC Transaction.
- Other expenses include taxes, public company costs and miscellaneous expenses.

## INVESTMENT RESULTS

As of 30 June 2012, we had NAV of $1,441.2 million, or $22.14 per unit. By comparison, our NAV as of 31 December 2011 was $1,736.7 million, or $26.88 per unit.

During the six months ended 30 June 2012, our portfolio experienced net unrealized losses on private holdings of $233.0 million largely driven by the valuation of fund investments and direct co-investments to net realizable value to reflect the terms of the Purchase Agreement. The net change also included net unrealized gains of $6.4 million related to public equity securities and unrealized foreign currency losses of $1.6 million.

For the six months ended 30 June 2012, net realized gains and investment income were $58.5 million. Gross realized gains were $91.8 million, gross realized losses were $28.4 million, general partner write-offs totaled $13.9 million and investment income was $9.0 million.

## INVESTMENT PORTFOLIO

The following table displays a summary of our portfolio investments as of 30 June 2012. Conversus holds private equity fund investments and direct co-investments at fair value, which is estimated based on the realizable value it expects to receive in connection with the Purchase Agreement. Directly held public equity securities, which are not being sold pursuant to the Purchase Agreement, are held at fair value based on the observable market quotations. See pages 19 to 21 of this financial report for a complete listing of our investments.

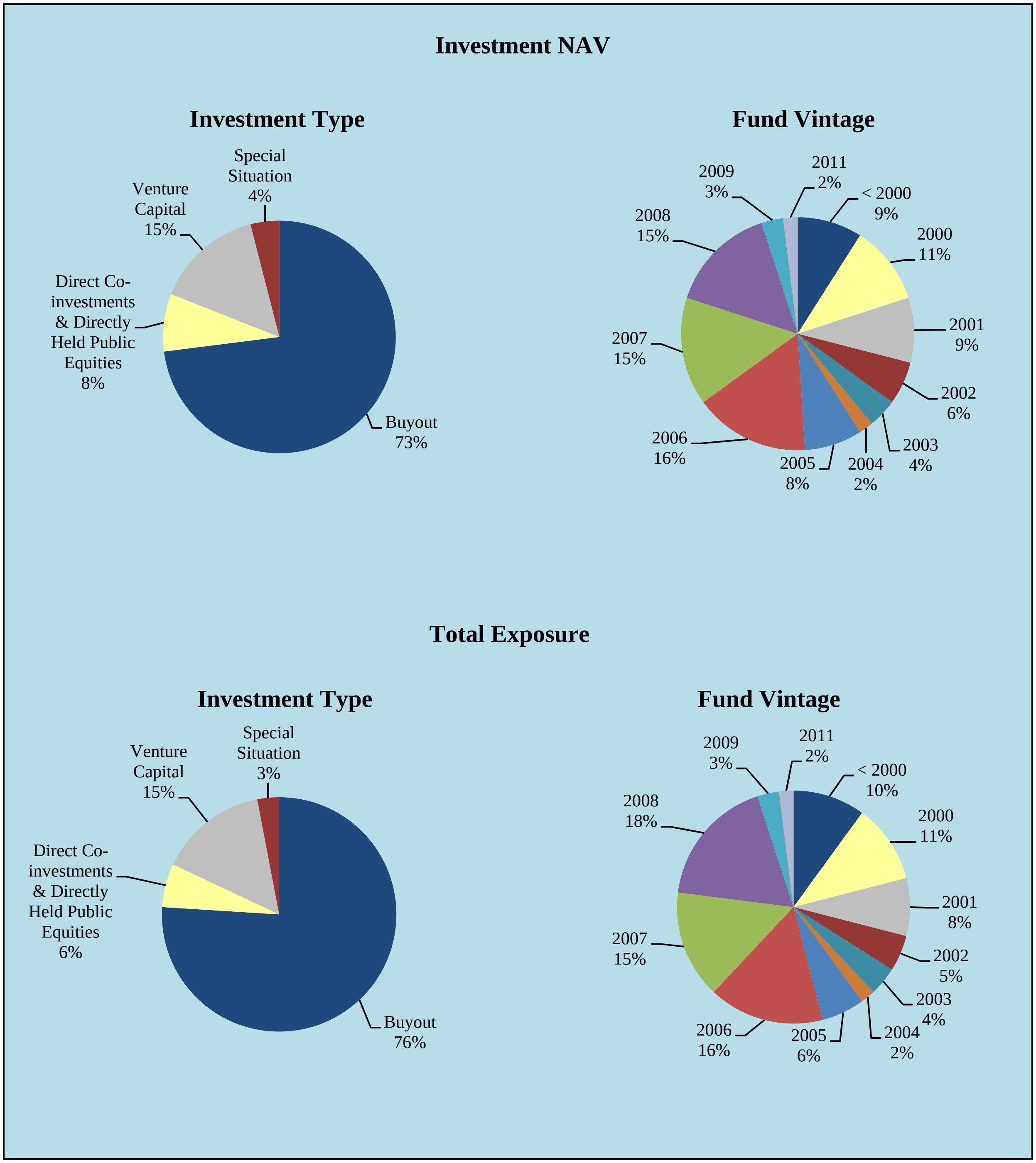
**Portfolio Investments**

| | # of Holdings | Investment NAV | % of Investment NAV | Unfunded Commitments | Total Exposure | % of Total Exposure |
|---|---|---|---|---|---|---|
| Buyout Funds | | | | | | |
| > $7.5 billion | 9 | $ 292,066 | 20.9% | $ 107,073 | $ 399,139 | 22.7% |
| $5 to $7.5 billion | 9 | 156,155 | 11.2 | 23,304 | 179,459 | 10.2 |
| $3 to $5 billion | 20 | 136,636 | 9.8 | 43,146 | 179,782 | 10.2 |
| $1 to $3 billion | 35 | 256,895 | 18.4 | 73,087 | 329,982 | 18.8 |
| $500 million to $1 billion | 23 | 85,055 | 6.1 | 26,796 | 111,851 | 6.4 |
| < $500 million | 37 | 90,093 | 6.5 | 41,675 | 131,768 | 7.5 |
| Total Buyout Funds | 133 | 1,016,900 | 72.9 | 315,081 | 1,331,981 | 75.8 |
| Venture Capital Funds | 56 | 216,953 | 15.6 | 41,491 | 258,444 | 14.7 |
| Special Situation Funds | 14 | 53,247 | 3.8 | 5,886 | 59,133 | 3.4 |
| Total Fund Investments | 203 | 1,287,100 | 92.3 | 362,458 | 1,649,558 | 93.9 |
| Direct Co-investments | 6 | 97,871 | 7.0 | - | 97,871 | 5.6 |
| Public Equity Securities * | 9 | 9,649 | 0.7 | - | 9,649 | 0.5 |
| Total Investments | 218 | $ 1,394,620 | 100.0% | $ 362,458 | $ 1,757,078 | 100.0% |

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

## PORTFOLIO DIVERSIFICATION

The following charts display our investment NAV at the fund level by investment type and fund vintage, as well as our fund investments based on total exposure (investment NAV plus unfunded commitments) at the fund level by investment type and fund vintage as of 30 June 2012.

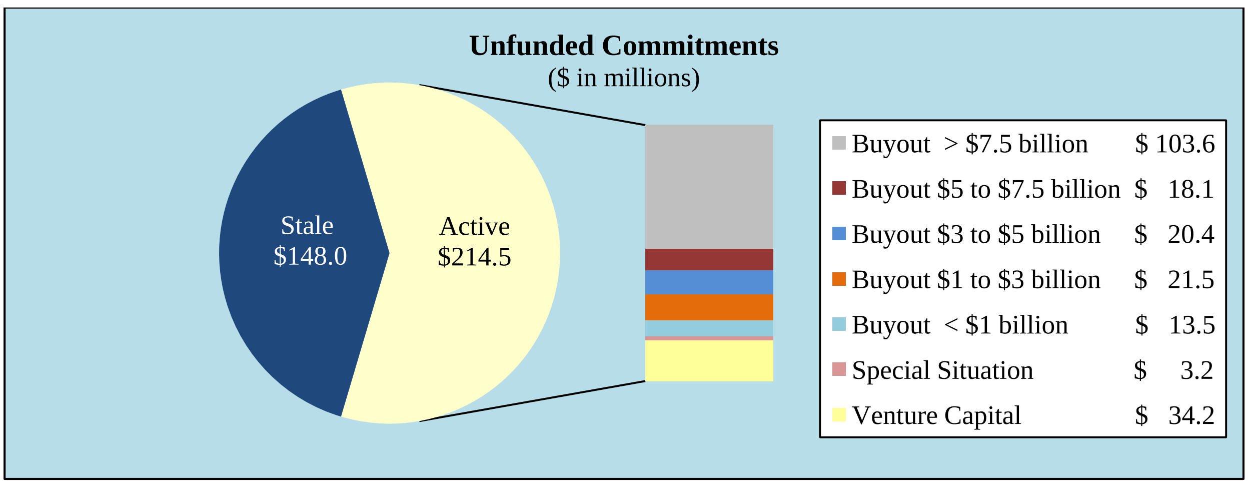


## UNFUNDED COMMITMENTS

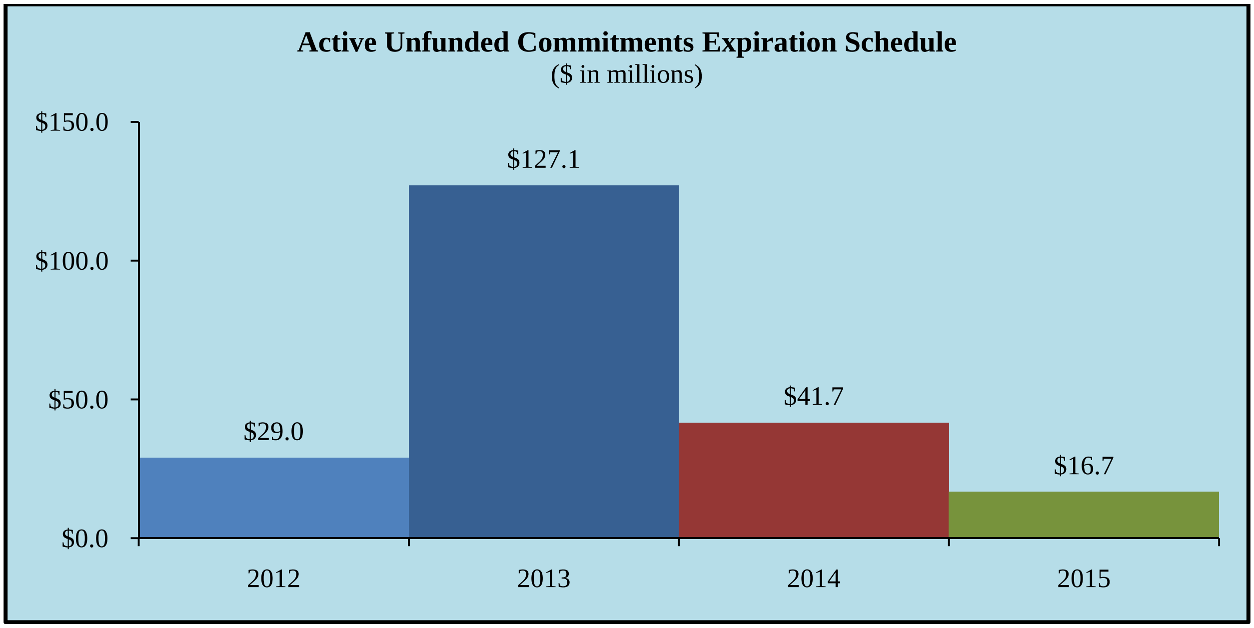
Total unfunded commitments were $362.5 million as of 30 June 2012. The following table displays a summary of our unfunded commitment activity for the six months ended 30 June 2012.

| Unfunded Commitment Activity | | |
|---|---|---|
| Unfunded Commitments as of 1 Jan 2012 | $ | 402,124 |
| Net Commitments Funded | | (49,549) |
| Refunds | | 6,697 |
| Other Adjustments | | 3,186 |
| Unfunded Commitments as of 30 June 2012 | $ | 362,458 |

Of the $362.5 million of total unfunded commitments as of 30 June 2012, $214.5 million represented active unfunded commitments, or commitments to funds that are still operating within the active investment periods defined by their limited partnership agreements, and $148.0 million represented stale unfunded commitments, or commitments to funds operating beyond the defined investment period. In general, after an investment period ends, unless otherwise extended, unfunded commitments can only be called for investments in process, follow-on investments in existing portfolio companies or management fees and expenses. The following chart displays a summary of active and stale unfunded commitments as of 30 June 2012.



Active unfunded commitments of $214.5 million currently have investment periods lasting into 2015. Funds have the ability to request amendments to their limited partnership agreements to extend the investment period or to allow new investments beyond the previously agreed investment period. The following chart displays the year in which the investment period for active unfunded commitments ends, prior to any amendments, as of 30 June 2012.



## PUBLIC EQUITY SECURITIES

The table below lists our directly held public equity securities as of 30 June 2012.

| Public Equity Securities | | Investment NAV |
|---|---|---|
| 1 | United Rentals | $ 4,725 |
| 2 | KKR & Co | 1,223 |
| 3 | Fusion-io | 1,156 |
| 4 | Financial Engines | 1,118 |
| 5 | Packaging Corp of America | 502 |
| 6 | NB Private Equity Partners | 414 |
| 7 | Virtusa | 330 |
| 8 | Imperva | 130 |
| 9 | AtriCure | 51 |
| | Total for Directly Held Public Equity Securities | $ 9,649 |

The table below lists portfolio companies that completed IPOs during the six months ended 30 June 2012.

| | | IPO Date |
|---|---|---|
| 1 | Guidewire Software | Jan 12 |
| 2 | Caesars Entertainment | Feb 12 |
| 3 | GSE Holdings | Feb 12 |
| 4 | Bazaarvoice | Feb 12 |
| 5 | ExactTarget | Mar 12 |
| 6 | CafePress | Mar 12 |
| 7 | Millennial Media | Mar 12 |
| 8 | Rexnord | Mar 12 |
| 9 | Splunk | Apr 12 |
| 10 | Proofpoint | Apr 12 |
| 11 | EverBank Financial | May 12 |
| 12 | Facebook | May 12 |
| 13 | Tesaro | Jun 12 |

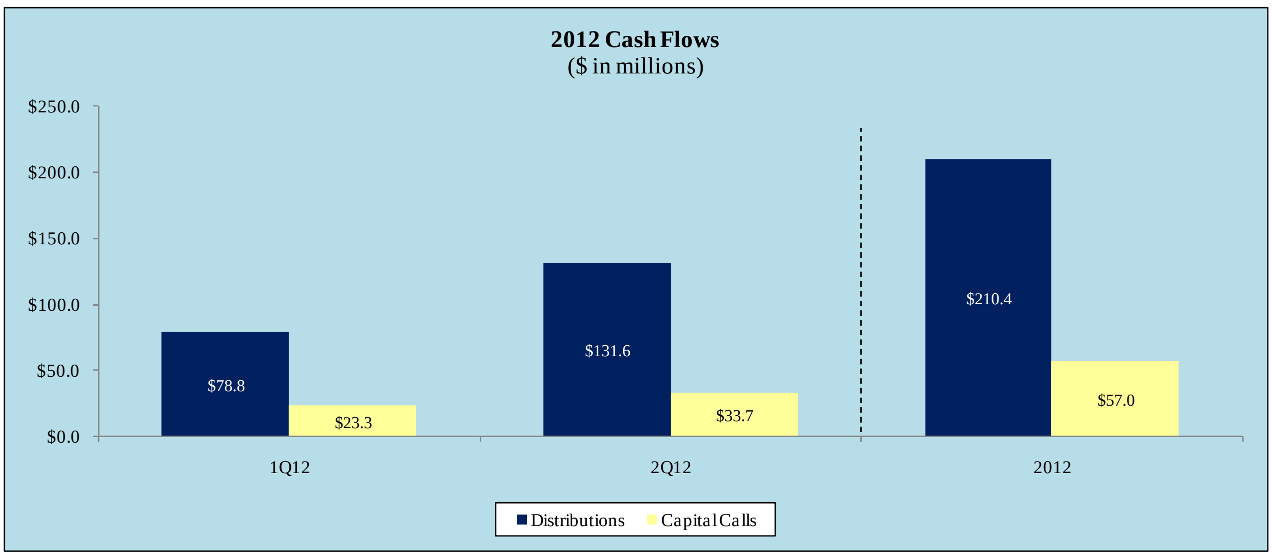
## CASH FLOW ACTIVITY

Our portfolio generated $153.4 million of net positive portfolio cash flow during the six months ended 30 June 2012, with distributions of $210.4 million and capital calls of $57.0 million.

For the six months ended 30 June 2012, capital calls of $57.0 million, which represented 14.2% of the beginning of the year unfunded commitments, consisted of $49.5 million of calls for portfolio company investments and $7.5 million for fund fees and expenses.

Capital calls during the six months ended 30 June 2012 included $42.6 million for buyout funds, $12.0 million for venture funds and $2.4 million for special situation funds. Capital calls came largely from fund vintage years 2008 (50.0%) and 2007 (24.3%).

For the six months ended 30 June 2012, Conversus received distributions of $210.4 million, representing 12.2% of beginning of the year investment NAV. During the six months ended 30 June 2012, buyout funds comprised 69.8% of distributions, venture funds comprised 11.6%, special situation funds comprised 9.2% and the remaining 9.4% came from sales of directly held public equities.

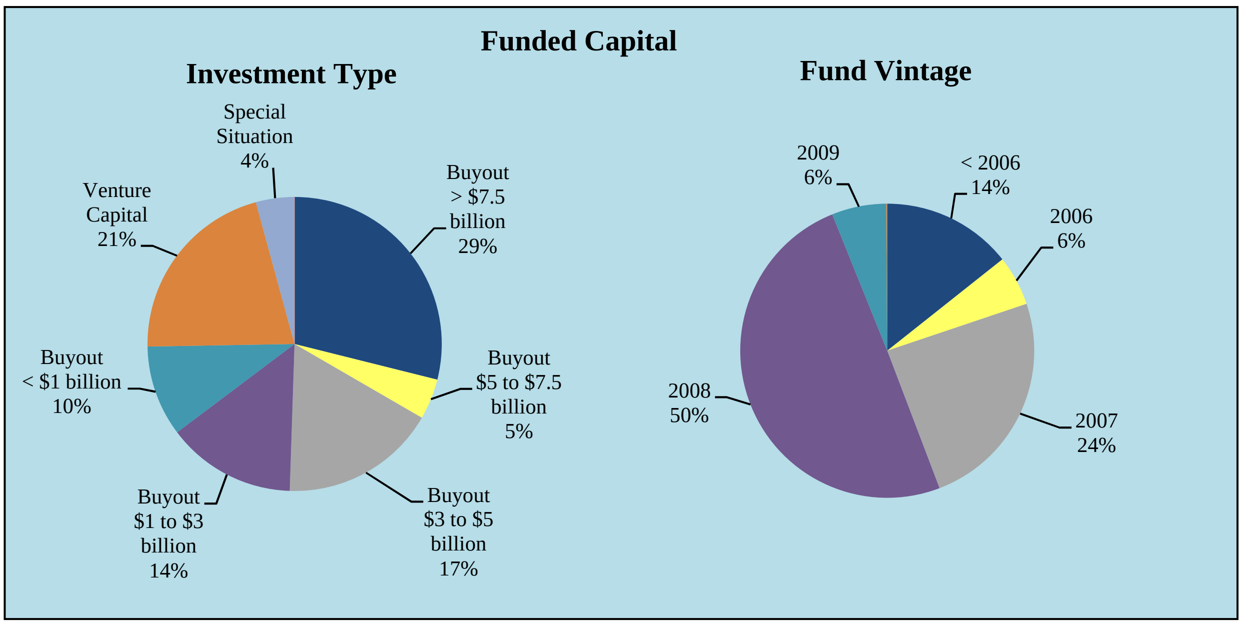


The following table displays investment activity for the six months ended 30 June 2012.

| Investment Activity | | |
|---|---|---|
| Funded Capital | | |
| Investments | $ | 49,549 |
| Fund Fees and Expenses | | 7,487 |
| Total Funded Capital | $ | 57,036 |
| Distributions | | |
| Return of Capital | $ | 150,260 |
| Net Realized Gains* | | 44,402 |
| Investment Income | | 9,028 |
| Refunded Capital | | 6,697 |
| Total Distributions | $ | 210,387 |
| Realized Losses due to Non-cash Write-offs by General Partners | $ | 13,944 |

* Amount excludes realized gains on stock distributions of $5,072

The following charts display funded capital of $57.0 million during the six months ended 30 June 2012 by investment type and fund vintage.



## MARKET COMMENTARY AND OUTLOOK

The first six months of 2012 represented a continuation of the broad market volatility experienced throughout 2011. The year started with generally strong market conditions as companies reported robust business performance and fears ebbed around the European debt crisis. The S&P 500 index rose 12% during the first quarter of 2012, its largest quarterly increase in 14 years, while the FTSE All Share index increased 5%. The tone shifted in the second quarter of 2012 as elections in France and Greece raised new European austerity concerns, U.S. markets reflected uncertainty around future Federal Reserve policy and indications hinted at slowing economic growth in China. The S&P 500 finished a volatile second quarter down 3%, while the FTSE All Share index posted a 4% decline during the same period.

For the first six months of 2012, private equity–backed M&A activity has declined from the relatively sluggish pace set in the second half of 2011. Global private equity-backed M&A transactions for the first half of 2012 amounted to $99 billion which represented a 40% decline from the $164 billion experienced in the second half of 2011, according to Thomson Reuters. In a similar trend, private equity fundraising remained muted totaling $130 billion globally across 300 funds during the first half of 2012, a level essentially flat to the amounts seen in the second half of 2011.

Private equity-backed IPO activity was strong early in 2012 and through the mid-May pricing of Facebook's $16 billion IPO, the third largest in U.S. history. After Facebook's listing, the U.S. market did not experience another IPO until late June. Excluding Facebook, fifty additional private equity-backed IPOs totaling $7 billion were completed in the U.S. during the first six months of 2012.

In summary, the trends of market volatility and broad uncertainty experienced in 2011 have continued into 2012. At the beginning of the year, numerous market indicators such as strong corporate earnings, robust corporate balance sheets and the continued availability of credit for deserving counterparties, supported optimism for private equity. While these reasons for optimism still exist, the concerns that have generated capital market volatility for the past several quarters have not yet been resolved.

## LIQUIDITY AND CAPITAL RESOURCES

The investments in our portfolio generate cash from time to time. This cash is in the form of distributions and dividends on investments, payments of interest and principal on fixed income investments, cash consideration received in connection with the realization of investments and sales of assets. We use our cash primarily to meet capital calls, to return capital to unit holders through cash distributions, to pay operating expenses and to repay outstanding debt. We intend to make distributions to unit holders after each closing under the Purchase Agreement.

Current and future liquidity depend primarily on cash distributions generated by the private equity fund investments, direct private equity co-investments, temporary investments and closings in connection with the Purchase Agreement.

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 30 June 2012, we had unfunded commitments of $362.5 million, representing an over-commitment level of 26.0% (unfunded commitments as a percentage of investment NAV) compared with an over-commitment level of 23.3% as of 31 December 2011. As a result, the amount of capital we have committed for future private equity investments may exceed our available cash at a given time. Any available cash 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.

We believe that our liquidity position is strong. As of 30 June 2012, we had a cash balance of $116.6 million and total net liabilities of $70.0 million. Directly held public equity securities represented an additional $9.6 million in potential liquidity. Consistent with the maturity profile of our portfolio, our $362.5 million of unfunded commitments included $148.0 million to funds that were beyond their investment period as of 30 June 2012.

## DISTRIBUTION POLICY

Distributions to unit holders are based on net cash flow from Conversus' portfolio, the forecast for net cash flows, the timing of closings under the Purchase Agreement and appropriate cash reserves based on the circumstances prevailing at the time. Conversus intends to make unit holder distributions following each closing under the Purchase Agreement and may make distributions at other times as deemed appropriate. No assurances can be given as to exactly when closings under the Purchase Agreement will occur, when the related unit holder distributions will be paid or the amount of the unit holder distributions.

Since Conversus may not be able to provide complete information about the tax status of its investors to the Investment Partnership and to preserve the fungibility of its partnership's common units, Conversus expects that dividends, interest or certain other amounts (generally not including capital gains) from U.S. sources will be subject to U.S. withholding tax (except in the case of holders of RDUs that provide appropriate certifications).

RDUs represent ownership interests in Conversus LP's common units that are on deposit with the Bank of New York, as depository, under a restricted deposit agreement among Conversus LP, the depository and all registered holders and beneficial owners from time to time of the restricted depository receipts ("RDRs"). RDRs are security certificates that evidence ownership of RDUs.

During the six months ended 30 June 2012, Conversus paid cash distributions to unit holders totaling $48.7 million, or $0.75 per unit.

On 16 July, Conversus paid a cash distribution to unit holders totaling $19.5 million, or $0.30 per unit, to unit holders of record as of 9 July.

## 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, forecasts, projections (which may include statements regarding future economic performance, and the financial condition, results of operations, liquidity, cash flows, 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 ability to satisfy the conditions necessary to successfully close the sale of all of the fund interests and direct co-investments to be sold to HarbourVest Structured Solutions under the Purchase Agreement, including obtaining any required GP consents;
- our ability to successfully integrate CAM and CPC;
- the actual level of our operating costs relative to the estimates used to accrue our liquidation expenses;
- 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;
- the ability of the funds and portfolio companies in which we invest to achieve their business, operating, financial, investment and other objectives, including realizations;
- the actual timing and amount of cash distributions to unit holders;
- 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, changes in our NAV and pricing of assets in the secondary market);
- 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 and semi-annual basis in accordance with U.S. GAAP. The combined financial statements for Conversus have been prepared on the liquidation basis as of 30 June 2012 and on a going concern basis for periods up to and for the six months ended 30 June 2012. Our fiscal year ends on 31 December. 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 U.S. GAAP. In preparing the combined financial statements, 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.

## 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) | 218 | $1,394.6 | $1,757.1 |

| Total Funds | # of Funds | Estimated NAV | Total Exposure |
|---|---|---|---|
| | 203 | $1,287.1 | $1,649.6 |

| Total Buyout Funds | # of Funds | Estimated NAV | Total Exposure |
|---|---|---|---|
| | 133 | $1,016.9 | $1,332.1 |

| Buyout Funds >$7.5 billion | # of Funds | Estimated NAV | Total Exposure |
|---|---|---|---|
| | 9 | $292.1 | $399.1 |

| | *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 | Thomas H. Lee Equity Fund VI, 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 |
|---|---|---|---|
| | 9 | $156.2 | $179.5 |

| | *Fund Name* | *Vintage Year* | | *Fund Name* | *Vintage Year* |
|---|---|---|---|---|---|
| 1 | Apax Europe V-A, LP | 2001 | 6 | KKR Millennium Fund, L.P. | 2002 |
| 2 | Blackstone Capital Partners IV, L.P. | 2003 | 7 | New Mountain Partners III, L.P. | 2007 |
| 3 | Green Equity Investors V, LP | 2006 | 8 | Thomas H. Lee Equity Fund V, L.P. | 2001 |
| 4 | J.P. Morgan Global Investors, L.P. | 2001 | 9 | Warburg Pincus Private Equity VIII, L.P. | 2001 |
| 5 | KKR 1996 Fund, L.P. | 1997 | | | |

| Buyout Funds $3 - $5 billion | # of Funds | Estimated NAV | Total Exposure |
|---|---|---|---|
| | 20 | $136.6 | $179.8 |

| | *Fund Name* | *Vintage Year* | | *Fund Name* | *Vintage Year* |
|---|---|---|---|---|---|
| 1 | Apollo Investment Fund IV, L.P. | 1998 | 11 | Madison Dearborn Capital Partners IV, L.P. | 2000 |
| 2 | Apollo Investment Fund V, L.P. | 2001 | 12 | PAI Europe IV-B, L.P. | 2005 |
| 3 | BC European Capital VII | 2000 | 13 | Permira IV, L.P. | 2006 |
| 4 | Blackstone Capital Partners III L.P. | 1997 | 14 | Silver Lake Partners II, L.P. | 2004 |
| 5 | Carlyle Partners III, L.P. | 2000 | 15 | Third Cinven Fund US No. 3 Limited Partnership | 2002 |
| 6 | Clayton, Dubilier & Rice Fund VI, L.P. | 1999 | 16 | TPG Asia V, L.P. | 2007 |
| 7 | Clayton, Dubilier & Rice Fund VII, LP | 2005 | 17 | TPG Partners III, L.P. | 2000 |
| 8 | Clayton, Dubilier & Rice Fund VIII, L.P. | 2009 | 18 | Warburg Pincus Equity Partners, L.P. | 1998 |
| 9 | CVC European Equity Partners III LP | 2001 | 19 | Welsh, Carson, Anderson & Stowe IX, L.P. | 2000 |
| 10 | Lindsay Goldberg III-A, L.P. | 2008 | 20 | Welsh, Carson, Anderson & Stowe VIII, L.P. | 1998 |

| Buyout Funds $1 - $3 billion | # of Funds | Estimated NAV | Total Exposure |
|---|---|---|---|
| | 35 | $256.9 | $330.0 |

| | *Fund Name* | *Vintage Year* | | *Fund Name* | *Vintage Year* |
|---|---|---|---|---|---|
| 1 | Alchemy Plan (BOA), L.P. | 1997 | 19 | Madison Dearborn Capital Partners III, LP | 1999 |
| 2 | Apollo Investment Fund III, L.P. | 1995 | 20 | Metalmark Capital Partners, L.P. | 2006 |
| 3 | Bain Capital Fund VII, L.P. | 2000 | 21 | Morgan Stanley Capital Partners III | 1994 |
| 4 | Blackstone Communications Partners I, L.P. | 2000 | 22 | Morgan Stanley Dean Witter Capital Partners IV, LP | 1999 |
| 5 | Capital Z Financial Services Fund II, L.P. | 1998 | 23 | Nautic Partners V, L.P. (fka Navis Partners V) | 2000 |
| 6 | Carlyle Europe Partners, L.P. | 1998 | 24 | Providence Equity Partners IV, L.P. | 2000 |
| 7 | Carlyle Partners II, L.P. | 1995 | 25 | Ripplewood Partners II/Side-by-Side Fund, L.P. | 2001 |
| 8 | Crestview Capital Partners | 2005 | 26 | Riverside Capital Appreciation Fund V, L.P. | 2008 |
| 9 | Crestview Partners II (Cayman), L.P. | 2009 | 27 | Second Cinven Fund US No. 2 Limited Partnership | 1998 |
| 10 | CVC European Equity Partners II LP | 1998 | 28 | Spectrum Equity Investors IV, L.P. | 2000 |
| 11 | Diamond Castle Partners IV, L.P. | 2005 | 29 | TowerBrook Investors III, L.P. | 2008 |
| 12 | EQT III (fka EQT Northern Europe) | 2001 | 30 | Trident II, L.P. | 1999 |
| 13 | Green Equity Investors III, L.P. | 1999 | 31 | Trident III, L.P. | 2004 |
| 14 | Green Equity Investors IV, L.P. | 2003 | 32 | Trident IV, LP. | 2007 |
| 15 | Hicks, Muse, Tate & Furst Equity Fund V, L.P. | 2000 | 33 | Vestar Capital Partners IV, L.P. | 2000 |
| 16 | Hicks, Muse, Tate & Furst Europe Fund, L.P. | 1999 | 34 | Warburg, Pincus International Partners, L.P. | 2000 |
| 17 | Industri Kapital 2000 Limited Partnership III | 1999 | 35 | Weston Presidio Capital IV, LP | 2000 |
| 18 | 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 |
|---|---|---|---|---|---|---|
| | | | | 23 | $85.1 | $111.9 |
| | *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. | 2002 | 21 | Quad-C Partners VI, LP | | 2001 |
| 10 | CCG Investment Fund, L.P. | 2000 | 22 | Vestar Capital Partners III, L.P. | | 1997 |
| 11 | Charlesbank Equity Fund V, LP | 2000 | 23 | Warburg Pincus Ventures International | | 1997 |
| 12 | Clayton, Dubilier & Rice Fund VII Coinvest, L.P. | 2007 | | | | |

| Buyout Funds <$500 million | | | | # of Funds | Estimated NAV | Total Exposure |
|---|---|---|---|---|---|---|
| | | | | 37 | $90.1 | $131.8 |
| | *Fund Name* | *Vintage Year* | | *Fund Name* | | *Vintage Year* |
| 1 | Altaris Health Partners, L.P. | 2003 | 20 | German Equity Partners II, LP | | 1999 |
| 2 | Alta Communications IX, L.P. | 2003 | 21 | GMT Communications Partners II, LP | | 2000 |
| 3 | American Industrial Partners Capital Fund III, L.P. | 2000 | 22 | Graham Partners Investments, LP | | 1999 |
| 4 | Atlantic Equity Partners III, L.P. | 1999 | 23 | Great Hill Equity Partners II, LP | | 2001 |
| 5 | Brazos Equity Fund, LP | 2000 | 24 | Great Hill Equity Partners, LP | | 1999 |
| 6 | Bruckmann, Rosser, Sherrill & Co. III, L.P. | 2009 | 25 | Greenbriar Equity Fund, LP | | 2001 |
| 7 | Calera Capital Partners II (Fremont Partners), L.P. | 1997 | 26 | Harvest Partners IV, LP | | 2002 |
| 8 | CapStreet II, L.P. (fka Summit Capital II) | 2000 | 27 | ING Furman Selz Investors III LP | | 2000 |
| 9 | Carousel Capital Partners II, LP | 2003 | 28 | Marathon Fund Limited Partnership IV | | 1999 |
| 10 | Catterton Partners IV | 1999 | 29 | Pouschine Cook Capital Partners, L.P. | | 1999 |
| 11 | CEA Capital Partners USA, LP | 1997 | 30 | Quad-C Partners V, LP | | 1998 |
| 12 | Centre Capital Investors III, L.P. | 1999 | 31 | Riverside Capital | | 1998 |
| 13 | Chisholm Partners IV, LP | 1999 | 32 | Seaport Capital Partners II, | | 2000 |
| 14 | Euroknights IV US NO. 2, LP | 2000 | 33 | T3 Partners II, L.P. | | 2001 |
| 15 | Europe Capital Partners IV, LP | 1999 | 34 | T3 Partners, L.P. | | 2000 |
| 16 | Evercore Capital Partners, L.P. | 1997 | 35 | Trivest Fund III, LP | | 2000 |
| 17 | FFC Partners I, LP (fka FFT Partners I) | 1996 | 36 | U.S. Equity Partners II (Offshore), L.P. | | 2002 |
| 18 | FFC Partners II, L.P. (fka FFT Partners II) | 2000 | 37 | William Blair Capital Partners VII QP, L.P. | | 2001 |
| 19 | Friedman, Fleischer & Lowe Capital Partners, L.P. | 1999 | | | | |

# COMPOSITION OF PORTFOLIO INVESTMENTS (CONTINUED)

| Venture Capital Funds | | | | | # of Funds | Estimated NAV | Total Exposure |
|---|---|---|---|---|---|---|---|
| | | | | | 56 | $217.0 | $258.4 |
| | *Fund Name* | *Vintage Year* | | *Fund Name* | | | *Vintage Year* |
| 1 | ABS Capital Partners IV, LP | 2000 | 29 | Morgan Stanley Venture Partners 2002 Fund, L.P. | | | 2002 |
| 2 | APAX Excelsior VI, LP | 2000 | 30 | Morgenthaler Partners VI, LP | | | 2000 |
| 3 | Austin Ventures VII, L.P. | 1999 | 31 | Morgenthaler Partners VII, LP | | | 2001 |
| 4 | Austin Ventures VIII, L.P. | 2001 | 32 | MPM BioVentures III, L.P. | | | 2002 |
| 5 | Azure Venture Partners I, LP | 2000 | 33 | New Enterprise Associates 10, LP | | | 2000 |
| 6 | Battery Ventures VI, L.P. | 2000 | 34 | New Enterprise Associates 13, L.P. | | | 2009 |
| 7 | Bay City Capital Fund V, L.P. | 2007 | 35 | New Enterprise Associates 9, LP | | | 1999 |
| 8 | Bay City Capital IV, L.P. | 2005 | 36 | Pinnacle Ventures Equity Fund II-O, L.P. | | | 2008 |
| 9 | Bay Partners X, L.P. | 2001 | 37 | Polaris Venture Partners III, L.P. | | | 2000 |
| 10 | Essex Woodlands Health Ventures Fund IV, LP | 1998 | 38 | Polaris Venture Partners IV, L.P. | | | 2002 |
| 11 | Essex Woodlands Health Ventures Fund V, LP | 2000 | 39 | Redpoint Ventures II, LP | | | 2000 |
| 12 | Essex Woodlands Health Ventures VIII-A, L.P. | 2008 | 40 | RRE Ventures III-A, LP | | | 2001 |
| 13 | Financial Technology Ventures (Q), LP | 1998 | 41 | Sigma Partners 6, L.P. | | | 2001 |
| 14 | Financial Technology Ventures II (Q), L.P. | 2001 | 42 | Sigma Partners IV, L.P. | | | 1998 |
| 15 | Foundation Capital Fund III, L.P. | 2000 | 43 | Sigma Partners V, L.P. | | | 1999 |
| 16 | Foundation Capital IV, L.P. | 2002 | 44 | Spectrum Equity Investors III, L.P. | | | 1999 |
| 17 | Foundation Capital Leadership Fund, L.P. | 2000 | 45 | TA Associates Advent VIII | | | 1997 |
| 18 | FTVentures III, L.P. | 2007 | 46 | TA IX, L.P. | | | 2000 |
| 19 | Index Ventures Growth I, LP | 2008 | 47 | TCV III (Q), L.P. | | | 1999 |
| 20 | Institutional Venture Partners XI, L.P. | 2005 | 48 | TCV IV, LP | | | 2000 |
| 21 | InterWest Partners VII, L.P. | 1999 | 49 | TCV VII(A), L.P. | | | 2008 |
| 22 | InterWest Partners VIII, L.P. | 2000 | 50 | TL Ventures IV, L.P. | | | 1999 |
| 23 | InterWest Partners X, L.P. | 2008 | 51 | TL Ventures V, L.P. | | | 2000 |
| 24 | Lighthouse Capital Partners V, L.P. | 2002 | 52 | TL Ventures VII, L.P. | | | 2008 |
| 25 | Lightspeed Venture Partners VIII, L.P. | 2008 | 53 | U.S. Venture Partners VI, L.P. | | | 1999 |
| 26 | M/C Venture Partners V, L.P. | 2000 | 54 | U.S. Venture Partners VIII, L.P. | | | 2001 |
| 27 | Meritech Capital Partners II L.P. | 2000 | 55 | U.S. Venture Partners X, L.P. | | | 2008 |
| 28 | Morgan Stanley Dean Witter Venture Partners IV, L.P. | 1999 | 56 | WPG Venture Associates IV | | | 1997 |
| **Special Situation Funds** | | | | | **# of Funds** | **Estimated NAV** | **Total Exposure** |
| | | | | | **14** | **$53.2** | **$59.1** |
| | *Fund Name* | *Vintage Year* | | *Fund Name* | | | *Vintage Year* |
| 1 | Avenue Special Situations Fund IV, L.P. | 2006 | 8 | OCM Opportunities Fund VI, L.P. | | | 2005 |
| 2 | Avenue Special Situations Fund V, L.P. | 2007 | 9 | OCM Opportunities Fund VII, L.P. | | | 2007 |
| 3 | BIA Digital Partners, LP | 2001 | 10 | OCM Opportunities Fund VIIb, L.P. | | | 2008 |
| 4 | Gleacher Mezzanine Fund I, LP | 2001 | 11 | OCM Principal Opportunities Fund III, L.P. | | | 2004 |
| 5 | Highland Restoration Capital Partners Offshore, L.P. | 2008 | 12 | TA Subordinated Debt Fund L.P. | | | 2000 |
| 6 | Lone Star Fund VI (U.S.), L.P. | 2008 | 13 | TPG Credit Strategies Fund, L.P. | | | 2006 |
| 7 | OCM Opportunities Fund V, L.P. | 2004 | 14 | WCAS Capital Partners III, L.P. | | | 1997 |
| **Direct Co-investments** | | | | | **# of Holdings** | **Estimated NAV** | **Total Exposure** |
| | | | | | **6** | **$97.9** | **$97.9** |
| **Public Equity Securities** | | | | | **# of Holdings** | **Estimated NAV** | **Total Exposure** |
| | | | | | **9** | **$9.6** | **$9.6** |

***Notes:***

Total Exposure equals estimated 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**<br>Paul G. Guilbert (Chairman)<br>Laurance (Laurie) R. Hoagland, Jr.<br>Kathryn A. Matthews<br>Dr. Per Johan Strömberg<br><br>**Non-Voting Advisor**<br>Réal Desrochers<br><br>The address of each person named above is:<br>c/o Conversus GP, Limited, Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL Channel Islands | **Investor Information**<br>Exchange: Euronext Amsterdam<br>Trading symbol: CCAP<br>Admission date: 29 June 2007<br>Currency: USD<br>Bloomberg: CCAP NA<br>Reuters: CCAP.AS<br>Google Finance: AMS:CCAP |
| **Registered Office**<br>Conversus Capital, L.P<br>c/o Conversus GP, Limited<br>Trafalgar Court, Les Banques<br>St. Peter Port, Guernsey GY1 3QL<br>Channel Islands<br>ccap@conversus.com<br>Tel: +44 1481 745 175<br>Fax: +44 1481 745 176 | **Independent Auditors**<br>PricewaterhouseCoopers CI LLP<br>Royal Bank Place<br>1 Glategny Esplanade<br>St. Peter Port, Guernsey GY1 4ND<br>Channel Islands<br>Tel: +44 1481 752 000<br>Fax: +44 1481 752 001 |
| **Depository Bank**<br>The Bank of New York<br>101 Barclay Street, 22 West<br>New York, New York 10286<br>Attention: Conversus Capital, L.P.<br>Tel: +1 212 815 5898 or +1 212 815 3982<br>Fax: +1 212 571 3050 | **Paying Agent**<br>ABN AMRO Bank N.V.<br>Department Equity Capital Markets /<br>Corporate Broking<br>Richard van Etten<br>Gustav Mahlerlaan 10<br>P.O. Box 283 (HQ7050)<br>1000 EA Amsterdam<br>The Netherlands<br>Tel: +31 20 343 2000<br>Fax: +31 20 628 8481 |
| **Fund Administrator**<br>Northern Trust<br>Trafalgar Court, Les Banques<br>St. Peter Port, Guernsey GY1 3QL<br>Channel Islands<br><br>Tel: +44 1481 745 406 | |

## DIRECTORS, ADVISORS AND KEY INFORMATION (CONTINUED)

**Investor Relations Contact**
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Managing Directors
Kekst and Company
Tel: +1.212.521.4800
jeremy-fielding@kekst.com or lin-wu@kekst.com

**Joint Corporate Brokers**

| | |
|---|---|
| J.P. Morgan Cazenove | Jefferies Hoare Govett |
| William Simmonds | Gary Gould or Stuart Klein |
| 25 Bank Street | Vintners Place, 68 Upper Thames Street |
| Canary Wharf | London EC4V 3BJ |
| London E14 5JP | United Kingdom |
| England | Tel: +44 20 7029 8682 |
| Tel: +44 20 7134 7361 | |

# CONVERSUS CAPITAL, L.P.
## (in liquidation)

# COMBINED FINANCIAL STATEMENTS
## (UNAUDITED)

*For the six months ended 30 June 2012*

## INDEX TO UNAUDITED COMBINED FINANCIAL STATEMENTS

## REPORT OF INDEPENDENT ACCOUNTANTS

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

We have reviewed the accompanying combined statement of net assets in liquidation of Conversus Capital, L.P. and Conversus Investment Partnership, L.P. (collectively "Conversus")(in liquidation), including the combined condensed schedule of investments as of 30 June 2012, and the related combined statements of operations, of changes in net assets in liquidation, and of cash flows for the six months ended 30 June 2012, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the responsibility of management and the General Partner of Conversus.

A review consists principally of inquiries of Conversus' personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with the auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

On 2 July 2012, Conversus signed a definitive agreement (the "Purchase Agreement") with HarbourVest Structured Solutions II, L.P. ("HarbourVest Structured Solutions") whereby HarbourVest Structured Solutions will acquire the Investment Partnership subsidiaries that hold the Investment Partnership's gross assets. Following the final closing under the Purchase Agreement, Conversus intends to appoint a liquidator to wind up its remaining operations and make a liquidating distribution in accordance with Guernsey law. As a result, on 30 June 2012, Conversus changed its basis of accounting from the going-concern basis to a liquidation basis.

This report has been prepared for and only for the General Partner and partners of Conversus as a body, and for no other purpose. We do accept or assume responsibility for any other purposes 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.

Based on our review, we are not aware of any material modifications that should be made to the accompanying combined interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers CI LLP

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
24 July 2012

## COMBINED STATEMENTS OF NET ASSETS IN LIQUIDATION

*As of 30 June 2012 and 31 December 2011*
*(US$ in thousands except for per unit amounts)*

| | 30 June 2012 (Unaudited) | 31 Dec 2011 (Audited) |
|---|---|---|
| **Assets** | | |
| Investments, at fair value *(Note 3)* (cost $5,379 as of 30 June 2012; $1,607,649 as of 31 Dec 2011) | $ 9,649 | $ 1,725,162 |
| Investments, contracted to be sold, at fair value *(Notes 1 and 3)* (cost $1,499,934 as of 30 June 2012; $0 as of 31 Dec 2011) | 1,384,971 | - |
| Cash and cash equivalents | 116,626 | 82,573 |
| Receivables and prepaid expenses | 2,455 | 2,049 |
| **Total Assets** | 1,513,701 | 1,809,784 |
| **Liabilities** | | |
| Performance fees payable *(Note 2)* | - | 54,715 |
| Management fees payable *(Note 2)* | 2,955 | 6,522 |
| Notes and interest payable *(Note 5)* | 1,000 | 1,000 |
| Other liabilities | - | 10,871 |
| Accrued liquidation expense liability, net *(Note 6)* | 68,536 | - |
| **Total Liabilities** | 72,491 | 73,108 |
| **NET ASSETS** | **$ 1,441,210** | **$ 1,736,676** |
| **Net Assets** | | |
| General Partners' capital | $ - | $ - |
| Limited Partners' capital (66,603 units issued and 65,086 units outstanding as of 30 June 2012; 66,603 units issued and 64,603 units outstanding as of 31 Dec 2011) | 1,470,918 | 1,775,841 |
| Treasury units *(Note 7)* (1,517 units as of 30 June 2012; 2,000 units as of 31 Dec 2011) | (29,708) | (39,165) |
| **NET ASSETS** | **$ 1,441,210** | **$ 1,736,676** |
| **NET ASSET VALUE PER UNIT OUTSTANDING** | **$ 22.14** | **$ 26.88** |

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

# COMBINED STATEMENT OF OPERATIONS

*For the six months ended 30 June 2012*
*(US$ in thousands except for per unit amounts)*
*(Unaudited)*

| | | Six months ended 30 June 2012 |
|---|---|---|
| **Investment Income** | | |
| Dividend income | $ | 5,828 |
| Interest and other income | | 3,210 |
| **Total Investment Income** | | 9,038 |
| **Expenses** | | |
| Performance fees | | 4,396 |
| Management fees | | 6,553 |
| Fund fees and expenses | | 9,097 |
| Professional service fees | | 3,054 |
| Personnel | | 2,107 |
| Public company costs | | 1,244 |
| Administrative fees to CAM | | 1,364 |
| Other general and administrative | | 1,961 |
| **Total Expenses** | | 29,776 |
| **Net Investment Loss** | | (20,738) |
| **Net Realized Gains and Net Change in Unrealized Depreciation on Investments** | | |
| Net realized gains on investments | | 49,474 |
| Net change in unrealized depreciation on investments | | (228,207) |
| **Total Net Realized Gains and Net Change in Unrealized Depreciation on Investments** | | (178,733) |
| **NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS** | | **(199,471)** |
| **LIQUIDATION EXPENSES, NET** *(Note 6)* | | **(56,759)** |
| **NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS AND LIQUIDATION EXPENSES** | **$** | **(256,230)** |
| **LOSS PER UNIT OUTSTANDING FROM OPERATIONS AND LIQUIDATION EXPENSES** | **$** | **(3.94)** |

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

## COMBINED STATEMENT OF CHANGES IN NET ASSETS IN LIQUIDATION

*For the six months ended 30 June 2012*
*(US$ in thousands and Unaudited)*

| | | |
|---|---|---|
| **Increase (Decrease) in Net Assets Resulting from Operations** | | |
| Net investment loss | $ | (20,738) |
| Net realized gains on investments | | 49,474 |
| Net change in unrealized depreciation on investments | | (228,207) |
| **Net Decrease in Net Assets Resulting from Operations** | | (199,471) |
| **Net Decrease in Net Assets from Liquidation Expenses, net** | | (56,759) |
| **Increase (Decrease) in Net Assets Resulting from Capital Transactions** | | |
| Distributions to unit holders | | (48,709) |
| Units issued from treasury | | 9,473 |
| **Net Decrease in Net Assets Resulting from Capital Transactions** | | (39,236) |
| **NET DECREASE IN NET ASSETS** | | **(295,466)** |
| **NET ASSETS AT BEGINNING OF PERIOD** | | **1,736,676** |
| **NET ASSETS AT END OF PERIOD** | **$** | **1,441,210** |

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

## COMBINED STATEMENT OF CASH FLOWS

*For the six months ended 30 June 2012*
*(US$ in thousands and Unaudited)*

| | | |
|---|---|---|
| **Cash Flows from Operating Activities and Liquidation Expenses** | | |
| Net decrease in net assets resulting from operations and liquidation expenses | $ | (256,230) |
| Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities: | | |
| Net realized gains on investments | | (49,474) |
| Net change in unrealized depreciation on investments | | 228,207 |
| Capital called for investments | | (49,549) |
| Distributions from investments | | 201,358 |
| Changes in operating assets and liabilities: | | |
| Net increase in receivables and prepaid expenses | | (406) |
| Net decrease in performance fees payable | | (54,715) |
| Net decrease in management fees payable | | (3,567) |
| Net decrease in other liabilities | | (10,871) |
| Net increase in accrued liquidation expenses, net | | 68,536 |
| **Net Cash Provided by Operating Activities and Liquidation Expenses** | | 73,289 |
| **Cash Flows from Financing Activities** | | |
| Distributions paid to unit holders | | (48,709) |
| Units issued from treasury | | 9,473 |
| **Net Cash Used in Financing Activities** | | (39,236) |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | | **34,053** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | | **82,573** |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **$** | **116,626** |
| **Supplemental Cash Flow Disclosure** | | |
| Cash paid for interest | $ | 18 |
| Cash paid for taxes | $ | 30 |
| **Supplemental Non-Cash Flow Disclosure** | | |
| In-kind public equity security distributions received | $ | 6,751 |

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

## COMBINED CONDENSED SCHEDULE OF INVESTMENTS

*As of 30 June 2012*
*(US$ in thousands and Unaudited)*

| | Cost | Fair Value | % of Net Assets | Unfunded Commitments |
|---|---|---|---|---|
| **INVESTMENTS, AT FAIR VALUE** | | | | |
| **Publicly Traded Equity Securities** (1) (2) | | | | |
| Industrials | $ - | $ 4,725 | 0.4% | $ - |
| Financials | 2,591 | 2,755 | 0.2 | - |
| Information Technology | 2,207 | 1,616 | 0.1 | - |
| Materials | 532 | 502 | 0.0 | - |
| Health Care | 49 | 51 | 0.0 | - |
| **Total Publicly Traded Equity Securities** | 5,379 | 9,649 | 0.7 | - |
| **TOTAL INVESTMENTS, AT FAIR VALUE** | **$ 5,379** | **$ 9,649** | **0.7%** | **$ -** |
| **INVESTMENTS, CONTRACTED TO BE SOLD, AT FAIR VALUE** | | | | |
| **Fund Investments** | | | | |
| **North America** | | | | |
| Buyout | $ 989,962 | $ 925,465 | 64.2% | $ 285,494 |
| Venture Capital | 243,435 | 213,579 | 14.8 | 41,239 |
| Special Situation | 57,411 | 53,247 | 3.7 | 5,886 |
| **Total North America** | 1,290,808 | 1,192,291 | 82.7 | 332,619 |
| **Europe, Asia and RoW** | | | | |
| Buyout | 114,226 | 91,435 | 6.4 | 29,587 |
| Venture Capital | 2,356 | 3,374 | 0.2 | 252 |
| **Total Europe, Asia and RoW** | 116,582 | 94,809 | 6.6 | 29,839 |
| **Total Fund Investments** | 1,407,390 | 1,287,100 | 89.3 | 362,458 |
| **Direct Co-Investments** (1) | | | | |
| Industrials | 52,544 | 58,153 | 4.0 | - |
| Information Technology | 25,000 | 20,863 | 1.5 | - |
| Consumer Discretionary | 10,000 | 13,027 | 0.9 | - |
| Health Care | 5,000 | 5,828 | 0.4 | - |
| **Total Direct Co-Investments** | 92,544 | 97,871 | 6.8 | - |
| **TOTAL INVESTMENTS, CONTRACTED TO BE SOLD, AT FAIR VALUE** | **$ 1,499,934** | **$ 1,384,971** | **96.1%** | **$ 362,458** |

(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 31 December 2011*
*(US$ in thousands and Audited)*

| | Cost | Fair Value | % of Net Assets | Unfunded Commitments |
|---|---|---|---|---|
| **FUND INVESTMENTS, AT FAIR VALUE** | | | | |
| **North America** | | | | |
| Buyout | $ 1,054,470 | $ 1,130,664 | 65.1% | $ 308,589 |
| Venture Capital | 249,033 | 269,238 | 15.5 | 50,061 |
| Special Situation | 66,244 | 93,501 | 5.4 | 5,922 |
| **Total North America** | 1,369,747 | 1,493,403 | 86.0 | 364,572 |
| **Europe, Asia and RoW** | | | | |
| Buyout | 126,446 | 114,660 | 6.6 | 37,140 |
| Venture Capital | 2,269 | 2,561 | 0.1 | 412 |
| **Total Europe, Asia and RoW** | 128,715 | 117,221 | 6.7 | 37,552 |
| **Total Fund Investments** | 1,498,462 | 1,610,624 | 92.7 | 402,124 |
| **DIRECT INVESTMENTS, AT FAIR VALUE [1]** | | | | |
| **Direct Co-Investments** | | | | |
| Industrials | 52,544 | 57,893 | 3.3 | - |
| Telecommunication Services | 25,000 | 20,000 | 1.2 | - |
| Consumer Discretionary | 10,000 | 10,000 | 0.6 | - |
| Health Care | 5,000 | 5,000 | 0.3 | - |
| **Total Direct Co-Investments** | 92,544 | 92,893 | 5.4 | - |
| **Publicly Traded Equity Securities [2]** | | | | |
| Financials | 8,276 | 9,319 | 0.6 | - |
| Industrials | 4,165 | 9,228 | 0.5 | - |
| Telecommunication Services | 1,695 | 1,387 | 0.1 | - |
| Information Technology | 1,030 | 759 | 0.0 | - |
| Energy & Utilities | 945 | 503 | 0.0 | - |
| Materials | 532 | 449 | 0.0 | - |
| **Total Publicly Traded Equity Securities** | 16,643 | 21,645 | 1.2 | - |
| **Total Direct Investments** | 109,187 | 114,538 | 6.6 | - |
| **TOTAL INVESTMENTS, AT FAIR VALUE** | **$ 1,607,649** | **$ 1,725,162** | **99.3%** | **$ 402,124** |

(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.**

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 1. Business Overview

Conversus Capital, L.P. ("Conversus LP") is a Guernsey limited partnership established on 29 May 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 NYSE Euronext in Amsterdam ("Euronext"), the regulated market of Euronext Amsterdam N.V., 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."

On 2 July 2012, Conversus signed a definitive agreement (the "Purchase Agreement") with HarbourVest Structured Solutions II, L.P. ("HarbourVest Structured Solutions") whereby HarbourVest Structured Solutions will acquire the Investment Partnership subsidiaries that hold the Investment Partnership's gross assets. Pursuant to the Purchase Agreement, HarbourVest Structured Solutions will acquire Conversus' private equity fund interests and direct co-investments for approximately $1,439 million, as adjusted for capital calls and distributions subsequent to 30 April 2012. Based on capital calls and distributions between 30 April 2012 and 30 June 2012, the adjusted purchase price as of 30 June 2012 would be $1,385.0 million. HarbourVest Structured Solutions will also assume, upon each closing, the unfunded commitments of the private equity fund interests that are transferred at such closing, as adjusted for capital calls since 30 April 2012. The unfunded commitments totaled $362.5 million as of 30 June 2012. HarbourVest Structured Solutions is not acquiring Conversus' directly held public equity securities or net cash.

The respective obligations of Conversus and HarbourVest Structured Solutions under the Purchase Agreement are subject to various closing conditions, including receipt of any required consents from the general partners of the underlying private equity fund interests. Closings for the transaction will take place in one or more stages, depending on the progress of obtaining required consents and meeting other closing conditions. Conversus intends to make unit holder distributions following each closing under the Purchase Agreement and may make distributions at other times as deemed appropriate. No assurances can be given as to exactly when closings under the Purchase Agreement will occur, when the related unit holder distributions will be paid or the amount of the unit holder distributions.

Subject to certain legal restrictions and a cap on total participation, in lieu of receiving consideration in cash, qualifying Conversus unit holders will be able to elect to maintain their exposure to the portfolio acquired by HarbourVest Structured Solutions by receiving ownership interests in HarbourVest Structured Solutions.

Following the final closing under the Purchase Agreement, Conversus intends to appoint a liquidator to wind up its remaining operations and make a liquidating distribution in accordance with Guernsey law. Upon completion of the liquidation, Conversus will cease to exist. Conversus expects that the final closing under the Purchase Agreement will occur no later than 30 June 2013. The final liquidation period ("Liquidation Period") will extend an additional 18 to 24 months beyond 30 June 2013 in order to fully satisfy various legal, reporting and regulatory obligations.

On 2 July 2012, Conversus signed a definitive agreement to acquire Conversus Asset Management LLC ("CAM") and Conversus Participation Company LLC ("CPC") from their current owners for $42.5 million, less net liabilities assumed (the "CAM/CPC Transaction"). HarbourVest Structured Solutions will reimburse Conversus for up to $25.0 million of this amount, subject to various conditions as outlined in the Purchase Agreement. On 2 July 2012, the parties amended the services agreement to provide that CAM would be reimbursed for its costs for the transition period between signing and closing, but would receive no administrative fee, management fee or contingent profits interest during that period. On 20 July 2012, Conversus completed the CAM/CPC Transaction.

Following the CAM/CPC Transaction, CAM will continue to act as Conversus' investment manager pursuant to an amended services agreement and an amended limited partnership agreement of the Investment Partnership that reflect the new ownership of CAM and CPC (see Note 9). Accordingly, subsequent to the CAM/CPC Transaction, the parties amended the services agreement and the limited partnership agreement of the Investment Partnership to provide that after 20 July 2012, CAM will receive no administrative fee, management fee or contingent profits interest and CPC will receive no performance fees in connection with the services provided under the services agreement

CPC owns all Class B limited partner interests in the Investment Partnership. CPC has no operations and is the vehicle through which its owners received performance fees from the Investment Partnership (see Note 2) prior to the amendment of the limited partnership agreement of the Investment Partnership to eliminate such fees for periods after 2 July 2012. The Class C limited partner interests in the Investment Partnership are owned by CAM. These interests entitled CAM to receive the profits interest portion of the management fee for periods prior to 2 July 2012 (see Note 2).

As of 30 June 2012, CAM and CPC were 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) and members of CAM management. These parties sold their interests to Conversus on 20 July 2012.

Conversus LP has made 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%.

## 2. Summary of Significant Accounting Policies

***Basis of Presentation***

The combined financial statements for Conversus have been prepared on the liquidation basis of accounting as of 30 June 2012 and on a going concern basis for periods up to and for the six months ending 30 June 2012, both 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.

Conversus has adopted the liquidation basis of accounting as of 30 June 2012 as the result of the transaction with HarbourVest Structured Solutions (see Note 1). Upon the completion of all closings pursuant to the Purchase Agreement and the completion of the Liquidation Period, Conversus intends to cease operations. Under the liquidation basis of accounting, an accrued liquidation expense liability has been established for all estimated future operating expenses (including estimated expenses of CAM and CPC after 20 July 2012) through the Liquidation Period. The net accrued liquidation expense liability requires significant estimates, and actual costs may vary materially from those estimates (see Note 6).

The fair value of private equity fund interests and direct co-investments subject to the Purchase Agreement have been estimated based on the realizable values as contemplated in the Purchase Agreement. Directly held public equity securities have been valued at fair value based on observable market quotations. Cash flows related to investments subject to the Purchase Agreement, including capital calls for new investments, fund fees and expenses, dividends, interest and realizations subsequent to 30 April 2012 will be treated as purchase price adjustments under the Purchase Agreement.

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. 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. Foreign currency transactions are translated at the rate of exchange prevailing on the date of the transaction.

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 Statement 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 materially from those estimates.

***Valuation of Investments***

Investments are accounted for in accordance with U.S. GAAP. As of 30 June 2012, Conversus holds private equity fund investments and direct co-investments at fair value, which is estimated based on the realizable value as contemplated in the Purchase Agreement. As of 30 June 2012, directly held public equity securities, which are not being sold pursuant to the Purchase Agreement, are held at fair value based on the observable market quotations. The Board of Directors and the Chief Financial Officer are ultimately and solely responsible for estimating the realizable value and fair value of investments, as applicable, 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.

***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 in Liquidation. Re-issuances or cancellations of treasury units are recorded using the weighted average cost method.

***Distributions to Unit Holders***

Conversus accounts for distributions to unit holders when declared by recording a liability and a reduction of partners’ capital on the Combined Statements of Net Assets in Liquidation.

***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 a realization event, which, in the case of underlying portfolio companies, normally occurs when a distribution is received or when Conversus is notified by a general partner that a transaction has occurred. 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 Statement 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.

***Performance Fees***
Conversus completed the acquisition of CPC on 20 July 2012 and the limited partnership agreement of the Investment Partnership has been amended to eliminate performance fees; therefore, it will not incur performance fees subsequent to 30 June 2012. Performance fees were previously calculated at the end of each applicable quarter, based on the results through the end of that quarter. As of 30 June 2012, CPC was entitled to a 10% performance fee from the Investment Partnership based on increases in net asset value ("NAV"), subject to an annual 7% preferred return to Conversus LP. The performance fee was calculated based on the shorter of the most recent three year period or the period since the last high water mark. For the period beginning 31 December 2011 and ending 31 March 2012, performance fees of $4.4 million were earned by CPC. For the period beginning 31 March 2012 and ending 30 June 2012, no performance fees were earned by CPC. No performance fees were payable to CPC as of 30 June 2012. As of 31 December 2011, performance fees of $54.7 million were payable to CPC.

***Management Fees***
Conversus completed the acquisition of CAM on 20 July 2012 and the services agreement with CAM has been amended to eliminate management fees; therefore, it will not incur management fees subsequent to 30 June 2012. As of and for the six months ended 30 June 2012, CAM was entitled to management fees from the Investment Partnership in an aggregate amount of (i) 0.75% per annum of the value of Conversus' non-cash assets and (ii) 0.375% per annum of Conversus' aggregate unfunded commitments. For the six months ended 30 June 2012, management fee expense totaled $6.6 million. As of 30 June 2012 and 31 December 2011, management fees of $3.0 million and $6.5 million were payable, respectively.

***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. In connection with the adoption of the liquidation basis of accounting, all prepaid management fees were expensed as of 30 June 2012. These fees and expenses do not include performance fees or carried interest earned by the general partners.

***Other Expenses***
For the six months ended 30 June 2012, Conversus recognized expenses on a going concern basis in accordance with U.S. GAAP.

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

Personnel expense includes compensation and benefits for Conversus' employees.

Administrative fees to CAM were paid monthly and based on an annual amount of $2.4 million plus 0.10% on assets under management from $1.7 billion to $3.5 billion plus 0.05% on assets under management above $3.5 billion.

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

Other general and administrative expenses include credit facility commitment fees and interest (see Note 5), tax expenses, travel and miscellaneous 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. In accordance with the liquidation basis of accounting, Conversus has accrued estimated expenses related to the unvested portion of grants in the accrued liquidation expense liability.

***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 30 June 2012 and 31 December 2011, 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 tax due 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 30 June 2012, the tax years that remained subject to examination by the relevant taxing authorities were 2007 through 2012. Conversus has no knowledge of any tax returns under examination. Conversus has evaluated its federal and state filings for all open tax years, 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.

Under the liquidation basis of accounting, Conversus has accrued the estimated future tax liabilities in the accrued liquidation expense liability.

## 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, including the Purchase Agreement.

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 tables below summarize Conversus' financial assets as of 30 June 2012 and 31 December 2011, 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 at Fair Value as of 30 Jun 2012**
(US$ in thousands)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Investments, at realizable value | $ - | $ 1,384,971 | $ - | $ 1,384,971 |
| Publicly Traded Equity Securities | 9,649 | - | - | 9,649 |
| Total Investments | 9,649 | 1,384,971 | - | 1,394,620 |
| Cash and Cash Equivalents | 116,626 | - | - | 116,626 |
| | $ 126,275 | $ 1,384,971 | $ - | $ 1,511,246 |

**Financial Assets at Fair Value as of 31 Dec 2011**
(US$ in thousands)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Fund Investments | | | | |
| Buyout | $ - | $ - | $ 1,245,324 | $ 1,245,324 |
| Venture Capital | - | - | 271,799 | 271,799 |
| Special Situation | - | - | 93,501 | 93,501 |
| Direct Co-Investments | - | - | 92,893 | 92,893 |
| Publicly Traded Equity Securities | 21,645 | - | - | 21,645 |
| Total Investments | 21,645 | - | 1,703,517 | 1,725,162 |
| Cash and Cash Equivalents | 82,573 | - | - | 82,573 |
| | $ 104,218 | $ - | $ 1,703,517 | $ 1,807,735 |

Transfers between levels are recognized based on the actual date of the event that caused the transfer. During the six months ended 30 June 2012, Conversus had transfers from Level 3 to Level 1 of $6.8 million in the form of in-kind distributions. As a result of the transaction with HarbourVest Structured Solutions, the fund investments and direct co-investments, totaling $1,385 million, were transferred to Level 2 at their realizable value as of 30 June 2012. No other transfers occurred during the six months ended 30 June 2012.

The table below summarizes the change in fair value of Level 3 financial assets for the six months ended 30 June 2012.

| **Summary of Changes in Level 3 Financial Assets** (US$ in thousands) | |
|---|---|
| | **Level 3** |
| Balance as of 1 Jan 2012 | $ 1,703,517 |
| Distributions from Investments | (181,654) |
| Net Realized Gains | 47,785 |
| Net Change in Unrealized Depreciation | (227,475) |
| Capital Called for Investments | 49,549 |
| In-Kind Distributions Transferred to Level 1 | (6,751) |
| Investments, Contracted to be Sold, Transferred to Level 2 | (1,384,971) |
| Balance as of 30 Jun 2012 | $ - |

***Valuation Methodology***
As a result of the transaction with HarbourVest Structured Solutions, the fair value of fund investments and direct co-investments are estimated at realizable value, as contemplated in the Purchase Agreement, on the Statement of Net Assets in Liquidation as of 30 June 2012.

Directly held public equity securities are marked to market as of the last quoted price on the reporting date.

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. For fund investments as of 31 December 2011, Conversus believes that the general partner value, in most cases, represented fair value as of the relevant statement date. If other factors led Conversus to conclude that fair value provided by the general partner did not represent actual fair value, Conversus would have adjusted 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, as of 31 December 2011, 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, were marked to market as of the last quoted price on the reporting date. Where applicable, a discount was 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.

As of 31 December 2011, direct co-investments were carried at fair value, as estimated by Conversus. In estimating fair value, Conversus considered the value assigned to such investment by the fund with which Conversus has co-invested, to the extent known. Conversus also considered 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.

## 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, performance fees payable, management fees payable, other liabilities and accrued liquidation expense liability, Conversus estimates that the carrying value approximated fair value as of 30 June 2012 and 31 December 2011.

***Notes and Interest Payable***
Conversus' notes and interest payable are valued according to the terms of the collateralized fund obligation program discussed in Note 5. The notes utilize a variable interest rate based on the one or three month LIBOR rate plus a fixed premium. Conversus believes the fair value of its notes and interest payable did not differ materially from its carrying amounts as of 30 June 2012 and 31 December 2011.

## 5. Credit Facility

Concurrent with the announcement of the Purchase Agreement on 2 July 2012, Conversus terminated the collateralized fund obligation program (as amended, the "Program") and paid the outstanding balance in full.

Prior to the termination of the Program, Conversus LP had the ability to issue notes to Citi on a continuous basis, subject to certain conditions and covenants. The Program provided for the ability to issue up to $175.0 million of notes through December 2012, $137.5 million from January 2013 through December 2013 and $100.0 million from January 2014 through December 2014, which was the maturity date of the Program. Conversus LP had the right to repurchase some or all of the outstanding notes at any time with the exception of $1.0 million of Class A Notes which were to remain outstanding until the maturity or termination of the Program. Conversus LP had the option to terminate the Program on three months' notice upon payment of the outstanding principal amount of the notes plus accrued and unpaid interest thereon at such date.

As of 30 June 2012 the notes bore interest at a rate equal to the one or three month LIBOR rate plus 2.95% on drawn amounts. Interest expense was accrued over one or three month interest periods and paid on the last day of the interest period.

The table below summarizes activity under the Program for the six months ended 30 June 2012.

| **Summary of Program Activity** (US$ in thousands) | **Class A Notes** | **Accrued Interest** | **Total** |
|---|---|---|---|
| Balance as of 1 Jan 2012 | $ 1,000 | $ - | $ 1,000 |
| Interest Expense | - | 18 | 18 |
| Interest Payments | - | (18) | (18) |
| Balance as of 30 Jun 2012 | $ 1,000 | $ - | $ 1,000 |
| Interest Expense | $ 18 | | $ 18 |

The Class A Notes outstanding as of 30 June 2012 and 31 December 2011 had interest rates of 3.42% and 3.53%, respectively.

Conversus paid a commitment fee of 0.75% on undrawn amounts. For the six months ended 30 June 2012, commitment fee expense was $0.9 million.

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

Ratio covenants included in the Program that, if breached, could require prepayment of the notes and limit the borrowing base are as follows:

1. Loan-to-value Ratio – Maximum of 15% - Ratio of (a) the drawn amount of the Program, including accrued interest and swap exposure, to (b) the total NAV of investments plus cash and cash equivalents. As of 30 June 2012 and 31 December 2011, the loan-to-value ratio was 0.1% and 0.1%, respectively.
2. NAV Ratio – Minimum of 57.5% - Ratio of (a) total NAV to (b) total NAV of investments plus unfunded commitments. As of 30 June 2012 and 31 December 2011, the NAV ratio was 82% and 82%, respectively.

The Program also contained certain investment guidelines that included concentration limits with respect to the diversification of Conversus' private equity fund portfolio, as well as other conditions and covenants that Conversus adhered to during the life of the Program. Failure to adhere to these conditions and covenants could have resulted in an event of default or trigger a termination event. If Conversus failed to comply with the terms of the Program, Citi was 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 could have 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 have been 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 30 June 2012 and 31 December 2011.

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

## 6. Accrued Liquidation Expense Liability

As more fully described in Notes 1 and 2, Conversus has entered into a Purchase Agreement with HarbourVest Structured Solutions under which it has agreed to sell all of its private equity fund interests and direct co-investments. Following the final closing under the Purchase Agreement, Conversus intends to appoint a liquidator to wind up its remaining operations and make a liquidating distribution in accordance with Guernsey law. Accordingly, Conversus has adopted the liquidation basis of accounting as of 30 June 2012.

In accordance with the liquidation basis of accounting, an accrued liquidation expense liability has been established for all future operating expenses. Estimated future operating expenses include expenses related to the operations of CAM and CPC for periods after their acquisition on 20 July 2012. To estimate future operating expenses, Conversus evaluated its operational requirements, considered regulatory requirements and anticipated resources necessary to complete the transaction with HarbourVest Structured Solutions and manage Conversus to final liquidation. Making these estimates requires assumptions about matters that are inherently uncertain, and actual costs may differ materially from those estimates. Upon adopting the liquidation basis of accounting, Conversus recognized $56.8 million related to future net operating expenses. In addition, Conversus reclassified $11.7 million in amounts previously included as other liabilities to the accrued liquidation expense liability on the Combined Statements of Net Assets in Liquidation. As of 30 June 2012, the total accrued liquidation expense liability is $68.5 million.

The table below summarizes the accrued liquidation expense liability as of 30 June 2012.

| **Summary of Accrued Liquidation Expense Liability**<br>(US$ in thousands) | | |
|---|---|---|
| Net CAM and CPC Purchase Price | $ | 38,758 |
| Credit from HarbourVest Structured Solutions for CAM and CPC purchase | | (25,000) |
| Professional Service Fees (includes transaction fees related to the Purchase Agreement) | | 25,794 |
| Personnel | | 17,573 |
| Other Expenses | | 11,411 |
| Total Accrued Liquidation Expenses as of 30 Jun 2012 | $ | 68,536 |

***Net CAM and CPC Purchase Price***
Conversus entered into an agreement under which Conversus will purchase CAM and CPC for $42.5 million, less net assumed liabilities. After including the net liabilities, the net purchase price was $38.8 million. Conversus intends to dissolve CAM and CPC at or prior to the liquidation of Conversus and therefore has reflected the associated purchase as a liquidation expense on the Combined Statement of Operations.

***Credit from HarbourVest Structured Solutions for CAM and CPC Purchase***
In accordance with the Purchase Agreement, HarbourVest Structured Solutions will reimburse Conversus for up to $25.0 million of the purchase price of CAM and CPC, subject to various conditions as outlined in the Purchase Agreement.

***Professional Service Fees***
Professional service fees include advisory, legal, tax, audit and other fees related to the Purchase Agreement, the future transfer of assets to HarbourVest Structured Solutions, the CAM/CPC Transaction and the ongoing liquidation of Conversus through the Liquidation Period.

***Personnel Expense***
Personnel expenses include compensation, benefits, severance and retention costs for Conversus and CAM personnel that are retained after the CAM/CPC Transaction.

***Other Expenses***
Other expenses include taxes, public company costs and miscellaneous expenses.

## 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 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. As of 30 June 2012, 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. On 20 July 2012, Conversus purchased CAM and CPC and now indirectly owns the Class B and Class limited partner interests.

Conversus LP previously entered into a Liquidity Enhancement agreement (the "LEC Agreement") with Jefferies Hoare Govett ("Jefferies"). The LEC Agreement was terminated by Conversus in conjunction with the HarbourVest Structured Solutions transaction.

In total, 1.5 million and 2.0 million Conversus LP units were held in treasury as of 30 June 2012 and 31 December 2011, respectively. Conversus LP may, from time to time, cancel some or all units held in treasury.

Prior to the CAM/CPC Transaction, OHIM was obligated to invest at least 25% of its share of performance fees received by CPC in Conversus units until it reached a $25.0 million commitment level. Under this reinvestment obligation, Conversus issued 483,003 units to OHIM during the six months ended 30 June 2012. As of 30 June 2012, Conversus LP had issued 654,672 common units in total to OHIM, representing a total reinvestment of $13.5 million. The issuances were 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 related. OHIM's reinvestment obligations were terminated in connection with the closing of the CAM/CPC Transaction.

During the six months ended 30 June 2012, Conversus LP paid cash distributions to unit holders totaling $48.7 million or $0.75 per unit.

## 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 officers and members of the Board of Directors. Vesting of the phantom equity awards is 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, termination of the recipient's employment with Conversus or termination of the plan.

In accordance with liquidation basis of accounting, Conversus has recorded compensation expense and a liability equal to the amount of cash for which the awards could be settled. The liability will be adjusted for changes in Conversus LP's unit price, resulting in an increase or decrease in the associated liability. The liability will be increased for cash distributions declared to unit holders in an amount equal to the number of phantom units outstanding multiplied by the per unit distribution amount.

During the six months ended 30 June 2012, Conversus issued 6,176 units under the phantom equity plan that vest on various dates through 2013.

For the six months ended 30 June 2012, total phantom equity award expense was $2.3 million. As of 30 June 2012 and 31 December 2011, $6.3 million and $4.5 million, respectively, was payable with respect to total phantom equity awards.

The table below summarizes the unit activity of the phantom equity plan for the six months ended 30 June 2012.

| Summary of Phantom Equity Plan Unit Activity | Unvested | Vested |
|---|---|---|
| Units Outstanding as of 1 Jan 2012 | 112,666 | 156,519 |
| Issued | 6,176 | - |
| Vested | (29,214) | 29,214 |
| Settled | - | (22,000) |
| Units Outstanding as of 30 Jun 2012 | 89,628 | 163,733 |

As of 30 June 2012, each member of Conversus GP's Independent Board of Directors was entitled to annual compensation of $125,000, which consisted of $62,500 in cash and $62,500 in phantom equity awards. For the six months ended 30 June 2012, Board of Director compensation expense was $0.6 million. As of 30 June 2012 and 31 December 2011, $1.7 million and $1.2 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") previously entered into a services agreement with CAM pursuant to which CAM carried out the day-to-day management and operations of the respective businesses. Under the services agreement, for periods through 2 July 2012, CAM was entitled to quarterly management fees, as well as an administrative fee, as discussed in Note 2. In addition to the administrative fee, the Service Recipients reimbursed CAM for investment professional travel related to the management of Conversus' portfolio and certain other direct expenses that CAM incurred on the Service Recipients' behalf. For the six months ended 30 June 2012, total expenses under the services agreement, including the administrative fee, were $1.5 million. The total amount payable to CAM as of 30 June 2012 and 31 December 2011 was $0.2 million and $0.5 million, respectively. On 2 July 2012, in connection with the CAM/CPC Transaction, the services agreement was amended to eliminate the management fee, administrative fee and contingent profits interest for the period between signing and closing. Subsequent to the closing of the CAM/CPC Transaction on 20 July 2012, the services agreement was amended to provide that no future management fees, contingent profits interest or performance fees will be payable.

Prior to the closing of the CAM/CPC Transaction, CAM procured certain services from OHIM under a subadvisory and services agreement with OHIM. Under the subadvisory and services agreement, OHIM performed those functions and had such authority as were delegated to it by CAM. Pursuant to the subadvisory and services agreement, CAM was 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 reimbursed CAM for amounts paid to OHIM for investment professional travel related to the management of Conversus' portfolio and certain other direct expenses that OHIM incurred on the Service Recipients' behalf. For the six months ended 30 June 2012, total expenses under the subadvisory and services agreement were $19,000. The total amount payable to CAM under the subadvisory and services agreement was $9,000 as of both 30 June 2012 and 31 December 2011. The subadvisory and services agreement was terminated in conjunction with the CAM/CPC Transaction. Following the closing of the CAM/CPC Transaction, Oak Hill Administration, an affiliate of OHIM, will continue to provide employee benefits administration services to Conversus during an agreed transition period.

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 six months ended 30 June 2012, total accounting and administration expenses were $0.7 million. The total amount payable to Northern Trust for accounting and administration services as of both 30 June 2012 and 31 December 2011 was $0.7 million.

BAC, OHIM and CalPERS, who were owners of CAM and CPC as of 30 June 2012, are also unit holders of Conversus LP. These parties sold their membership interests in CAM and CPC to Conversus on 20 July 2012.

## 10. Commitments and Contingencies

As of 30 June 2012, Conversus held interests in 218 investments, including private equity funds, direct co-investments and publicly traded equity securities and had unfunded commitments to private equity funds of $362.5 million. 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. 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, Conversus must manage available cash in a manner that allows the funding of its capital commitments when capital calls are made. Prior to the closing of the CAM/CPC Transaction, CAM was primarily responsible for managing Conversus' cash and the timing of its investments. CAM took 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 was able to honor its commitments to funds when they became due. Following the CAM/CPC Transaction, Conversus will manage its own liquidity. Conversus believes it currently has sufficient liquidity to meet outstanding capital commitments.

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. Loss per Unit Outstanding

The loss per unit outstanding due to the change in net assets resulting from operations and liquidation expenses for the six months ended 30 June 2012 is calculated by dividing the net change in net assets from operations and liquidation expenses by the weighted average number of units outstanding during the period, as outlined in the table below.

| **Loss per Unit Outstanding**<br>($ and units outstanding in thousands except for per unit amounts) | | |
|---|---|---|
| | | **Six Months Ended 30 June 2012** |
| Net decrease in net assets resulting from operations and liquidation expenses | $ | (256,231) |
| Weighted average number of units outstanding | | 64,996 |
| Loss per unit outstanding | $ | (3.94) |

## 12. Risks

Conversus is exposed to a number of risks due to the types of investments it makes and its structure and the structure of the Purchase Agreement. 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.

***Risks Related to Purchase Agreement***

On 2 July 2012, Conversus signed a Purchase Agreement to sell its Investment Partnership subsidiaries which includes its private equity fund interests and direct co-investments. The respective obligations of the parties under the Purchase Agreement to close the transactions contemplated thereby are subject to the satisfaction and waiver of various closing conditions, including securing any required transfer approvals from the general partners of the underlying private equity funds and direct co-investments. HarbourVest Structured Solutions is not obligated to purchase any entity for which required transfer approvals cannot be obtained or in respect of which rights of first refusal are exercised, and to the extent this results in exclusion of private equity fund interests or direct co-investments from the vehicles that are transferred to HarbourVest Structured Solutions, the purchase price will be adjusted downward to reflect the value of the excluded investments. If a sufficient number of transfer approvals are not received by the dates specified in the Purchase Agreement, or if the final closing has not occurred by a specified date, either party can terminate the Purchase Agreement. The obligations of the parties are also subject to other conditions, including receipt of required regulatory approvals necessary to offer qualified investors an opportunity to elect to receive interests in HarbourVest Structured Solutions in lieu of cash distributions in connection with the sale to HarbourVest Structured Solutions. While Conversus expects to be able to distribute the full net proceeds received from HarbourVest Structured Solutions to its unit holders, its ability to do so will remain subject to applicable legal requirements and limitations set forth in the limited partnership agreement. As a result, no assurances can be given as to the timing of any closing under the Purchase

Agreement or the precise amount or timing of any distributions of amounts received by Conversus in connection with the Purchase Agreement.

***Risks Related to the CAM/CPC Transaction***

Until 2 July 2012, CAM managed the day to day operations and portfolio of Conversus and the other Service Recipients pursuant to a services agreement. In connection with the CAM/CPC Transaction, and in light of the agreement to sell substantially all of its investments to HarbourVest Structured Solutions, Conversus has acquired CAM and will manage its own operations and portfolio. Although Conversus expects to achieve significant cost savings through the acquisition of CAM compared to the level of management fees previously charged on the portfolio and believes the new arrangements allow a better alignment of services with the needs of Conversus following the agreement with HabourVest Structured Solutions, to the extent the integration of CAM and the in-sourcing of operational and portfolio management activities proves more complex than currently anticipated, it could have a material adverse effect on the results of operations or financial position of Conversus.

***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 5, 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 risk in depository and accounting administration services where Conversus utilizes a single service provider (see Note 9).

***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. 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 operations 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.

## 13. Subsequent Events

In accordance with ASC 855-10, *Subsequent Events*, Conversus has evaluated subsequent events for recognition or disclosure through 24 July 2012, which was the date after which these combined financial statements were available to be issued.

On 2 July 2012, Conversus LP declared a distribution of $0.30 per unit, or $19.5 million in aggregate, to unit holders of record as of 9 July 2012.

On 2 July 2012, Conversus signed a Purchase Agreement with HarbourVest Structured Solutions, whereby HarbourVest Structured Solutions agreed to acquire the Investment Partnership subsidiaries that hold the Investment Partnership's gross assets.

On 2 July 2012, Conversus terminated its credit facility with Citigroup. The final payment of $1.2 million included the repayment of the remaining $1.0 million of Class A Notes outstanding as well as accrued interest and commitment fees.

On 2 July 2012, Conversus signed a definitive agreement to purchase CAM and CPC for $42.5 million less net assumed liabilities. On 20 July 2012, Conversus completed the CAM/CPC Transaction.