CONVERSUS CAPITAL, L.P.

ANNUAL FINANCIAL REPORT

For the year ended December 31, 2008

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CONVERSUS AT A GLANCE

Our Company	Conversus Capital, L.P. [1] • Guernsey Limited Partnership • Listed on Euronext Amsterdam by NYSE Euronext • Symbol: CCAP • 72,728 units outstanding as of December 31, 2008 • Website: www.conversus.com
Mission	To provide immediate exposure to a diversified portfolio of private equity assets, access to best-in-class general partners and consistent NAV returns that outperform the public markets
Investment Strategy	• Largest publicly traded portfolio of third party private equity investments • Fully invested portfolio of top-tier, diversified and seasoned private equity investments • Under the realization strategy, apply cash flow primarily to fund capital calls and expenses, repay debt and, eventually, return capital to unit holders through unit repurchases and distributions • Sophisticated financial management with public company corporate financial tools to maximize efficiency of the balance sheet and operate with little cash drag
Alignment of Interests	• Strong corporate governance, with an Independent Board of Directors and an Independent CFO providing oversight on behalf of investors • Performance driven compensation structure for the Investment Manager • Substantial investments by sponsors, strategic investors, management and investment team
Investment Manager	Conversus Asset Management, LLC • Leverages the platforms of sponsors Bank of America and Oak Hill Investment Management • Deep and experienced investment team comprised of 22 investment professionals with over 200 years of combined experience

Key Operating Metrics (Amounts in 000s except per unit data)	**As of December 31, 2008**	**As of December 31, 2007**	**Increase / (Decrease)**
Net Asset Value	$1,516,373	$2,106,344	(28.0)%
Net Asset Value per Unit	$20.85	$28.73	(27.4)%
Funded Assets	$1,726,979	$2,107,793	(18.1)%
Unfunded Commitments	$831,495	$818,616	1.6 %
Weighted Average Portfolio Company Duration	4.0 years	3.6 years	11.1 %
Weighted Average Fund Life	7.0 years	6.8 years	2.9 %
Units Outstanding	72,728	73,302	(0.8)%
Unit Price	$10.40	$23.50	(55.7)%
Market Capitalization	$756,371	$1,722,597	(56.1)%

[1] Conversus Capital, L.P. is subject to the supervision of the Guernsey Financial Services Commission ("GFSC") and market conduct supervision by the Authority for the Financial Markets in the Netherlands ("AFM").

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 and the Investment Partnership are collectively referred to as Conversus. Where we use the terms "we," "ours," "us" and other such terms, we refer to Conversus.

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

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

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

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

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

OPERATING SUMMARY

The following table displays a summary of our operating results for the quarter and year ended December 31, 2008:

Summary Operating Results

	Quarter ended December 31, 2008	Year ended December 31, 2008
Net Change in Unrealized Depreciation on Investments	$(273,991)	$(568,688)
Net Realized Gains / (Losses)	(11,017)	73,567
Investment & Other Income	2,682	15,062
Total Expenses	(22,239)	(72,290)
Net Decrease in Net Assets from Operations	$(304,565)	$(552,349)

- The net change in unrealized depreciation on investments of $274.0 million for the quarter was comprised of net unrealized depreciation of $201.4 million related to private holdings, net unrealized depreciation of $82.2 million related to public equity securities, $5.8 million in unrealized foreign currency losses and an unrealized gain of $15.4 million on a total return swap (the "swap") held to partially hedge market exposure on our public equity portfolio. The net change in unrealized depreciation on investments of $568.7 million for the year was comprised of net unrealized depreciation of $381.8 million related to private holdings, net unrealized depreciation of $191.6 million related to public equity securities, and $18.0 million in unrealized foreign currency losses and an unrealized gain of $22.7 million related to the swap.

- Net realized losses were $11.0 million for the quarter with $2.5 million in previously recognized unrealized losses which were reversed during the quarter. Net realized gains were $73.6 million for the year, which included previously recognized net unrealized gains of $35.7 million that were reversed during the year.
- For the quarter and year ended December 31, 2008, net investment and other income was $2.7 million and $15.1 million, respectively. This income is mainly comprised of dividend and interest income.
- Total expenses of $22.2 million during the quarter included $11.6 million of management fees and expenses for the private equity funds in which we are invested, $5.5 million of management fees for CAM and $1.0 million in interest and taxes. Total expenses of $72.3 million for the year included $26.1 million of management fees and expenses for the private equity funds in which we are invested, $24.5 million of management fees for CAM, of which $16.3 million have been accrued in the form of a profits interest and not yet paid to CAM (see Note 2 of the audited combined financial statements), and $7.0 million in interest and taxes. The management fees and expenses for our private equity funds do not include any performance fees or carried interest earned by the general partners of the funds. To the extent earned, the performance fees or carried interest are reflected as offsets to the value of the relevant assets. The remaining expenses for the quarter and year of $4.1 million and $14.7 million, respectively, represented the general operating expenses of Conversus, which consisted primarily of professional services fees, compensation expense and expenses reimbursed to CAM pursuant to a services agreement.
- The cash balance as of December 31, 2008 was $49.9 million.
- As of December 31, 2008, a principal balance of $230.3 million was outstanding under the credit facility.
- The decrease in net assets from operations of $304.5 million during the quarter resulted in a loss of $4.18 per unit outstanding, and the decrease in net assets from operations of $552.3 million for the year resulted in a loss of $7.56 per unit outstanding.

The following table displays select operating ratios based on weighted average net assets for the quarter and year ended December 31, 2008:

Select Operating Ratios

	Quarter ended December 31, 2008 (Annualized)	**Year ended December 31, 2008**
Fund fees and expenses	1.93%	1.33%
Management fees	1.22	1.25
Interest expense	0.51	0.28
Other general and administrative expenses	0.74	0.83
Total Expenses	4.40%	3.69%

- Fund fees and expenses are highly dependent on the billing cycles of the underlying general partners of our investments. We expect these fees and expenses to fluctuate on a quarterly basis.
- Interest expense increased during the quarter due to higher average balances outstanding under the credit facility, partially offset by lower average rates.

REVISED SEPTEMBER 30, 2008 ESTIMATED NAV

Due to unprecedented volatility experienced during the fourth quarter of 2008 and consistent with our goal of providing transparency to our investors, we calculated a revised estimated NAV as of September 30, 2008 to provide investors a better perspective on Conversus' portfolio performance during the fourth quarter. The revised estimated NAV per unit of $24.99 is lower than the originally reported amount of $25.85 per unit and reflects the receipt of additional portfolio valuation information represented by general partner statements as of September 30.

Revised Statement of Net Assets as of September 30, 2008

(US$ in thousands except for per unit amount)
(Unaudited)

Assets		
Investments, at fair value (cost $2,051,624)	$	1,996,719
Cash and cash equivalents		56,837
Receivables and prepaid expenses		3,197
Total Assets		2,056,753
Liabilities		
Management fees payable		14,683
Notes and interest payable		210,983
Other		6,676
Total Liabilities		232,342
NET ASSETS	**$**	**1,824,411**
Net Assets consist of:		
General Partners' capital	$	-
Limited Partners' capital (73,530 units issued and 73,008 units outstanding as of September 30, 2008)		1,836,561
Treasury units (522 units as of September 30, 2008)		(12,150)
NET ASSETS	**$**	**1,824,411**
NET ASSET VALUE PER UNIT OUTSTANDING	**$**	**24.99**

BUSINESS OVERVIEW

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

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

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

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

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

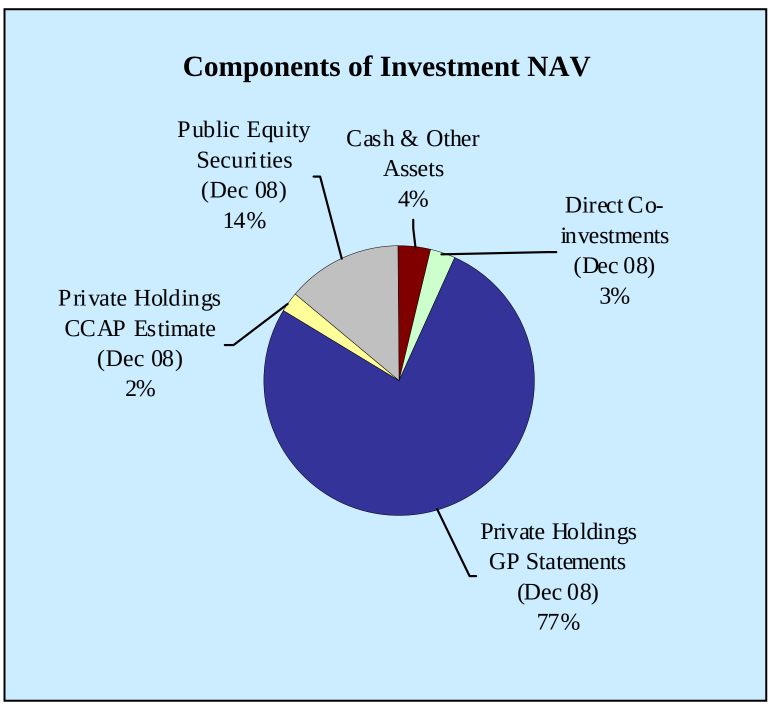
INVESTMENT RESULTS

As of December 31, 2008, we had an investment NAV of $1,727.0 million and an NAV of $1,516.4 million, or $20.85 per unit. By comparison, our NAV as of December 31, 2007 was $2,106.3 million, or $28.73 per unit.

During the year ended December 31, 2008, net realized gains of $73.6 million and an unrealized gain of $22.7 million related to the swap together partially offset unrealized losses of $381.8 million related to our private holdings, unrealized losses of $191.6 million in our public equity securities and unrealized losses of $18.0 million related to foreign currency. The unrealized losses experienced in our public equity securities were reflective of the broad weakness in the global equity markets.

As of December 31, 2008, 77% of the investment NAV was comprised of private holdings valued based on general partner statements as of December 31, 3% was comprised of direct co-investments valued as of December 31, 2008 and 2% was comprised of private holdings valued as of December 31 based upon Conversus' estimates. A further 14% of the investment NAV was comprised of public equity securities, which were marked to market as of December 31, with a discount applied to such securities based on an estimate of the discount applied by the general partners (to account for restrictions and other constraints), and the swap which was marked to market as of December 31. The remaining 4% of investment NAV represented cash and other net assets held by the funds in which Conversus is invested.

The chart below summarizes the various components of our investment NAV as of December 31, 2008.



NON-GAAP FINANCIAL MEASUREMENT

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

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

	As of December 31, 2008	As of December 31, 2007	Increase / (Decrease)
Net Asset Value, as reported	$1,516,373	$2,106,344	(28.0) %
Unit Holder Distributions	36,623	9,188	298.6
Units Repurchased	16,688	4,836	245.1
New Units Issued	(4,046)	(2,454)	64.9
Adjusted Net Asset Value	$1,565,638	$2,117,914	(26.1) %
Units Outstanding, as reported	72,728	73,302	(0.8) %
Units Repurchased	846	202	318.3
New Units Issued	(172)	(102)	68.6
Adjusted Units Outstanding	73,402	73,402	0.0 %
NAV per Unit, as reported	$20.85	$28.73	(27.4) %
Adjusted NAV per Unit	$21.33	$28.85	(26.1) %

INVESTMENT STRATEGY

Implementation of Realization Strategy

Despite Conversus' distinguishing characteristics as represented by its portfolio, financial flexibility and commitment to governance and transparency, our units have traded at a significant discount to our reported NAV. We are disappointed with this performance and believe it does not reflect the value of our high-quality portfolio or the distinct strengths of our business model. Collaborating with the Investment Manager, we have considered various strategic options and determined that a realization strategy is in the best interests of our unit holders at this time.

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

We presently intend to maintain this realization strategy until our units fairly reflect the value of the portfolio by, at a minimum, trading at a sustainable discount level dramatically narrower than current levels. At such time, we will consider whether returning to a growth strategy is in the best interest of our unit holders.

We expect that, over time, the market will more fully recognize the value of our portfolio, and we believe it is likely to be in the best interests of unit holders to return to a growth strategy at some point in the future. In the meantime, we will continue to review our strategy in response to market conditions and will make strategic decisions consistent with maximizing unit holder value.

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

Long-term Investment Strategy

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

On a long-term basis, we expect at least 80% of our total investments will be invested directly in new private equity funds and in existing funds purchased on the secondary market. We expect no more than 20% of our total investments will be invested in direct co-investments. However, we may deviate from these percentages if CAM deems it advisable. In terms of concentrations, we expect that no more than 15% of our total investments will be invested in funds managed by any single general partner, no more than 7.5% will be invested in any single fund and no more than 5% will be invested in any single direct co-investment. Our investment policies do not contain fixed requirements, and these limits may be exceeded under certain circumstances. This flexible investment mandate has allowed us to be responsive to market conditions and opportunistic in seeking the best risk adjusted returns. Moreover, the cash flow from our mature portfolio and our credit facility provide us with the ability to continue investing through various phases of economic cycles, as illustrated by the $268.1 million of capital calls funded during 2008, after the onset of the credit crisis.

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

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

INVESTMENT PORTFOLIO

During the year ended December 31, 2008, we closed sixteen primary fund commitments totaling $222.3 million, funded secondary purchases at a total transfer price of $140.0 million and funded a $10.0 million investment in a portfolio of credit assets. The secondary purchases represented two fully completed transactions and one partially closed transaction consisting of, in total, eighteen fund investments that included $28.0 million of unfunded commitments in addition to the transfer price of $140.0 million.

Portfolio Allocation as of December 31, 2008

	Number of Investments	Net Asset Value	Unfunded Commitments	Total Exposure
Fund Investments	217	$ 1,642,784	$ 831,495	$ 2,474,279
Direct Co-investments	3	51,651	-	51,651
Publicly Held Equity Securities *	21	32,544	-	32,544
Total Investments	241	$ 1,726,979	$ 831,495	$ 2,558,474

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

Commitment Summary as of December 31, 2008	
	Fund Investments
Unfunded Commitments as of December 31, 2007	$818,616
New Commitments	250,313
Net Commitments Funded	(247,396)
FX and Other Adjustments	9,962
Unfunded Commitments as of December 31, 2008	$831,495

The following table displays the composition of our investment portfolio based on investment NAV as of December 31, 2008. See pages 28 to 32 of this financial report for a complete listing of our investments by fund as of December 31, 2008.

Composition of Investment Portfolio as of December 31, 2008

	# of Holdings	Investment NAV	% of Investment NAV	Total Exposure ^	% of Total Exposure
Buyout Funds >$7.5 billion	9	$ 96,001	5.56%	$ 314,282	12.29%
Buyout Funds $5 to $7.5 billion	8	136,138	7.88	191,434	7.48
Buyout Funds $3 to $5 billion	21	291,401	16.87	437,495	17.10
Buyout Funds $1 to $3 billion	37	308,479	17.86	429,124	16.77
Buyout Funds $500 million to $1 billion	25	186,186	10.78	242,814	9.49
Buyout Funds <$500 million	42	209,583	12.14	299,989	11.73
Total Buyout Funds	142	1,227,788	71.09	1,915,138	74.86
Venture Capital Funds	58	302,834	17.54	423,689	16.56
Special Situation Funds	17	112,162	6.49	135,452	5.29
Total Fund Investments	217	1,642,784	95.12	2,474,279	96.71
Direct Co-investments	3	51,651	2.99	51,651	2.02
Publicly Held Equity Securities *	21	32,544	1.89	32,544	1.27
Total Investment Portfolio	**241**	**$1,726,979**	**100.00%**	**$2,558,474**	**100.00%**

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

The following table displays, in order of investment NAV, our twenty-five largest private equity fund investments as of December 31, 2008. These funds represented 37% of our total investment NAV and 16% of our unfunded commitments as of December 31, 2008.

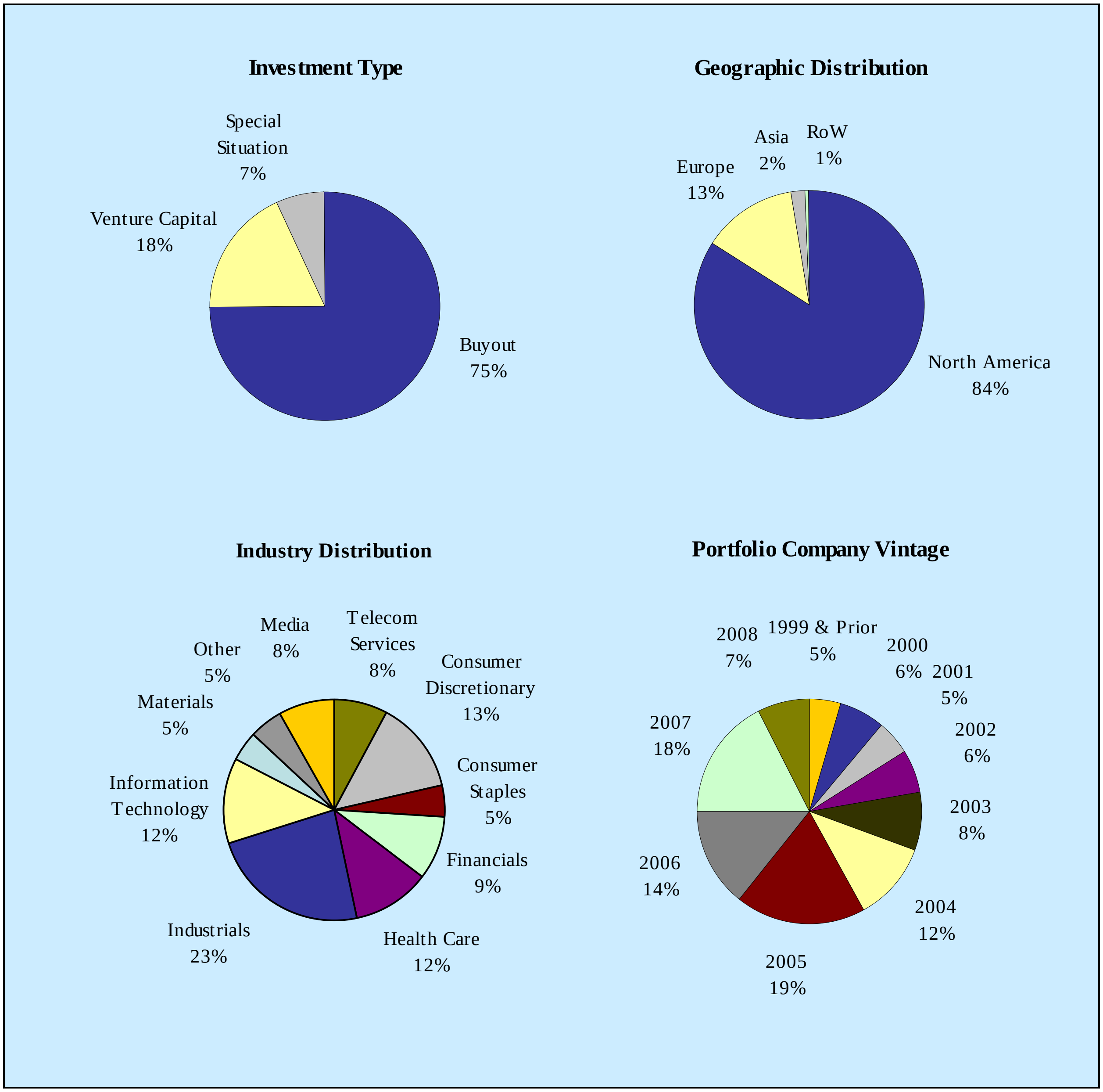
Top 25 Fund Investments by NAV as of December 31, 2008
(in millions)

Fund	Asset Class	Vintage Year	Investment NAV**	Unfunded Commitments	Total Exposure
KKR 2006 Fund, L.P.	Buyout	2006	*	$ 27.1	*
KKR Millennium Fund, L.P.	Buyout	2002	*	0.0	*
Thomas H. Lee Equity Fund VI, L.P.	Buyout	2006	$ 45.1	51.1	$ 96.1
Clayton, Dubilier & Rice Fund VII, L.P.	Buyout	2005	38.5	5.7	44.2
M/C Venture Partners V, L.P.	Venture Capital	2000	37.8	0.9	38.7
Trident III, L.P.	Buyout	2004	31.0	0.4	31.4
Thomas H. Lee Equity Fund V, L.P.	Buyout	2001	28.0	4.4	32.4
Apollo Investment Fund V, L.P.	Buyout	2001	27.8	3.6	31.3
Nautic Partners V, L.P.	Buyout	2000	27.4	3.4	30.8
OCM Opportunities Fund VI, L.P.	Special Situation	2005	22.3	0.0	22.3
Littlejohn Fund II, L.P.	Buyout	1999	*	*	*
Welsh, Carson, Anderson & Stowe IX, L.P.	Buyout	2000	21.4	1.9	23.3
Metalmark Capital Partners, L.P.	Buyout	2006	*	10.7	*
Spectrum Equity Investors IV, L.P.	Buyout	2000	20.7	1.5	22.2
Financial Technology Ventures II (Q), L.P.	Venture Capital	2001	19.7	1.0	20.7
Blackstone Capital Partners IV, L.P.	Buyout	2003	19.5	4.0	23.5
Warburg, Pincus Private Equity VIII, L.P.	Buyout	2001	18.8	0.0	18.8
OCM Principal Opportunities Fund III, L.P.	Special Situation	2004	18.1	0.0	18.2
Green Equity Investors IV, L.P.	Buyout	2003	16.8	0.6	17.4
Lighthouse Capital Partners V, L.P.	Venture Capital	2002	16.8	1.4	18.2
Apollo Investment Fund VI, L.P.	Buyout	2006	16.6	5.0	21.6
Warburg, Pincus International Partners, L.P.	Buyout	2000	16.5	0.0	16.5
Ripplewood Partners II/Side-by-Side Fund, L.P.	Buyout	2002	*	*	*
KKR 1996 Fund, L.P.	Buyout	1997	*	0.0	*
Welsh, Carlson, Anderson & Stowe VIII, L.P.	Buyout	1998	15.3	0.0	15.3
Total for Top 25 Fund Investments			**$ 630.7**	**$ 132.7**	**$ 763.4**
Total Investment Portfolio			**$ 1,727.0**	**$ 831.5**	**$ 2,558.5**
% of Total Reflected in Top 25 Funds			**37%**	**16%**	**30%**

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

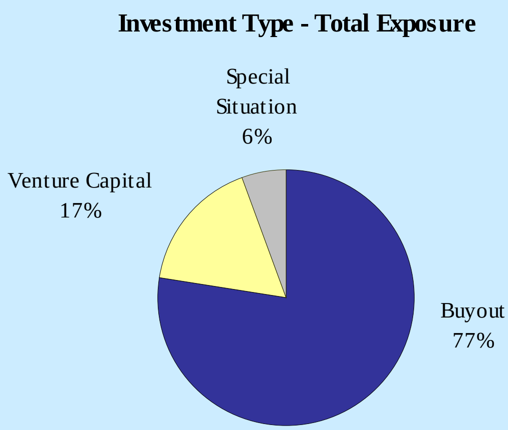
PORTFOLIO DIVERSIFICATION – NAV

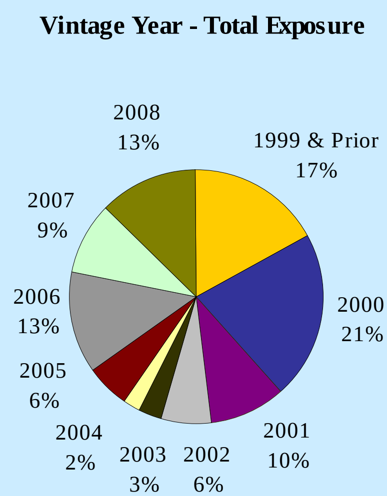
The following charts display our investment NAV by investment type at the fund level and the geographic distribution, industry distribution and vintage at the underlying portfolio company level as of December 31, 2008.



PORTFOLIO DIVERSIFICATION – TOTAL EXPOSURE

The following charts display our private equity investment portfolio based on total exposure (NAV plus unfunded commitments) at the fund level as of December 31, 2008.





INVESTMENT ACTIVITY

For the quarter and year ended December 31, 2008, we funded capital calls relating to investments of $66.4 million and $268.1 million, respectively (excluding the impact of secondary and direct investment purchases). Taking into account secondary and direct investment purchases, total funded capital for investments for the quarter and year ended December 31, 2008 was $77.6 million and $418.1 million, respectively. For the same periods, we received distributions of $54.7 million and $292.1 million, respectively.

Buyout funds accounted for 70.6% of capital called during 2008. As expected, capital called by our fund investments came largely from more recent vintage year funds, with the 2008, 2006 and 2007 vintage year funds accounting for 29.6%, 27.8% and 11.5%, respectively, of capital called during 2008.

During 2008, we completed two secondary transactions and completed the first close on a third secondary portfolio. The first transaction was completed during the first quarter of 2008 at a transfer price of $13.8 million, plus $8.6 million of unfunded commitments. The transfer price for this portfolio represented a discount to the general partners' reported NAV. During the first three quarters of 2008, we held multiple closings on the second transaction, the purchase of a substantial portfolio from CalPERS, which significantly increased our exposure to special situation assets. During the third quarter, we closed on the final fund included in the CalPERS transaction at a transfer price of $19.3 million. The total transfer price for the entire CalPERS portfolio was $125.0 million, plus $19.5 million of unfunded commitments. During the fourth quarter, the first close of a secondary portfolio occurred at a transfer price of $1.2 million. Total secondary purchases during 2008 had a transfer price of $140.0 million plus $28.0 million in unfunded commitments.

Conversus also funded $10 million for an investment in a portfolio of credit assets during the fourth quarter.

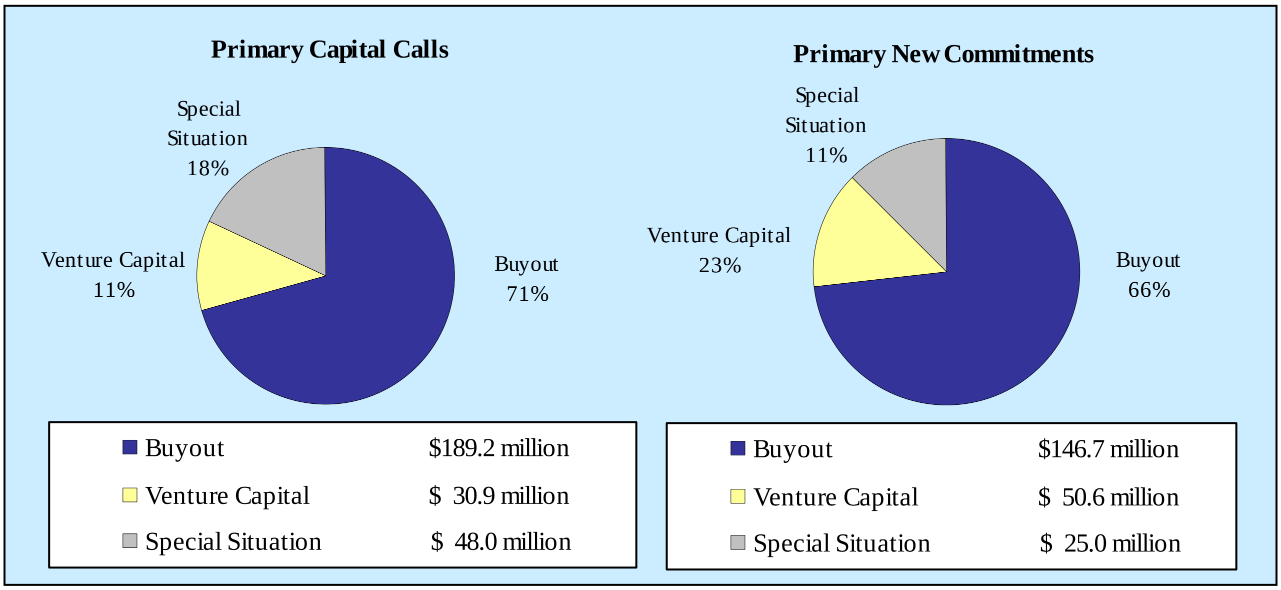
During the fourth quarter, distributions included $53.7 million representing return of capital, $11.0 million of net realized losses, $2.7 million of investment income, and $9.3 million of refunded capital and other transactions. For 2008, distributions included $183.0 million representing return of capital, $73.6 million of net realized gains, $15.0 million of investment income and $20.5 million of refunded capital and other transactions. The sectors with the highest levels of distributions during the year were: Consumer Discretionary (19.1%), Industrials (13.4%), Information Technology (12.9%), Telecommunications Services (12.0%) and Materials (10.4%). These sectors accounted for 67.8% of the total distributions received during the year. As expected, the majority of distributions were from older vintage year investments, consistent with our mature point on the private equity J-curve. Specifically, 50.8% of our distributions were from underlying portfolio company investments made in years 2005 (20.7%), 2003 (15.3%) and 2004 (14.8%).

During the year ended December 31, 2008, the majority of the net realized gains (71.6%) came from four sectors: Telecommunications Services (25.7%), Information Technology (21.3%), Consumer Discretionary (16.2%) and Industrials (8.4%). Of the net realized gains, 81.7% came from buyout funds, while venture capital funds contributed 9.4%. A total of 55.2% of the net realized gains came from underlying portfolio company investments made in years 2005 (23.8%), 2003 (21.6%) and 2004 (9.8%).

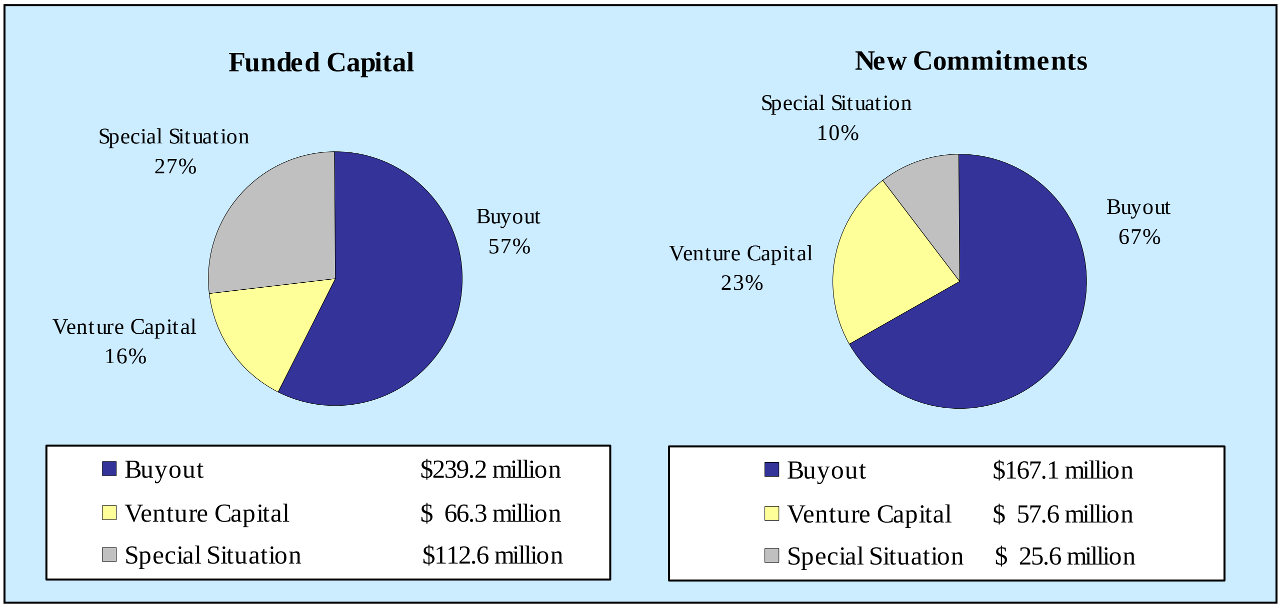
The following chart displays total investment activity for the quarter and year ended December 31, 2008.

Investment Activity	Quarter ended December 31, 2008	Year ended December 31, 2008
Funded Capital	$77,640	$ 418,102
Return of Capital	$ 53,684	$ 182,978
Realized Gains / (Losses)	(10,998)	73,567
Investment Income	2,681	15,062
Refunded Capital and Other	9,288	20,505
Total Distributions	$ 54,655	$ 292,112

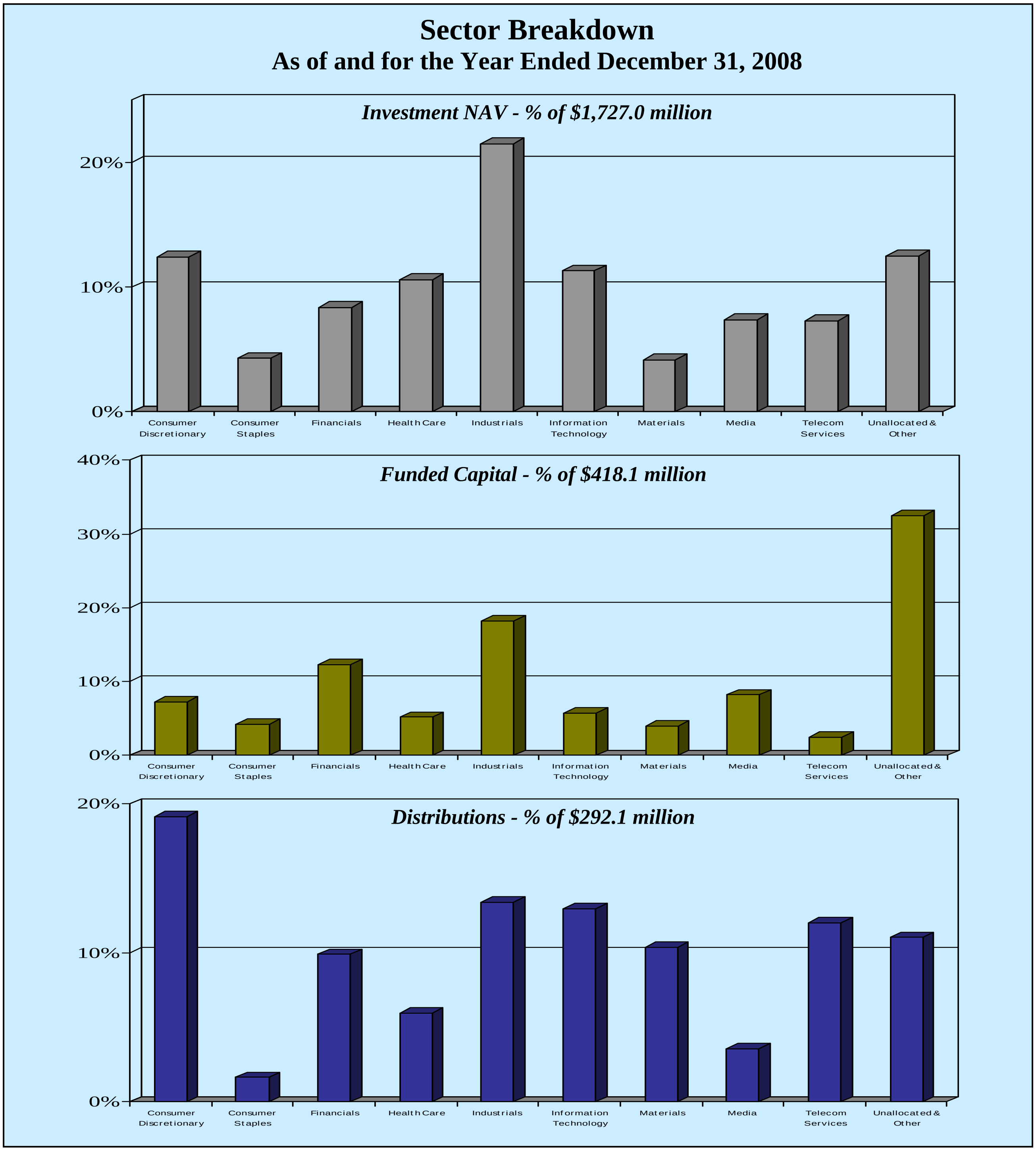
The following charts display capital calls and new commitments for primary fund investments for the year ended December 31, 2008, by investment type. These charts exclude secondary purchases and direct investments.



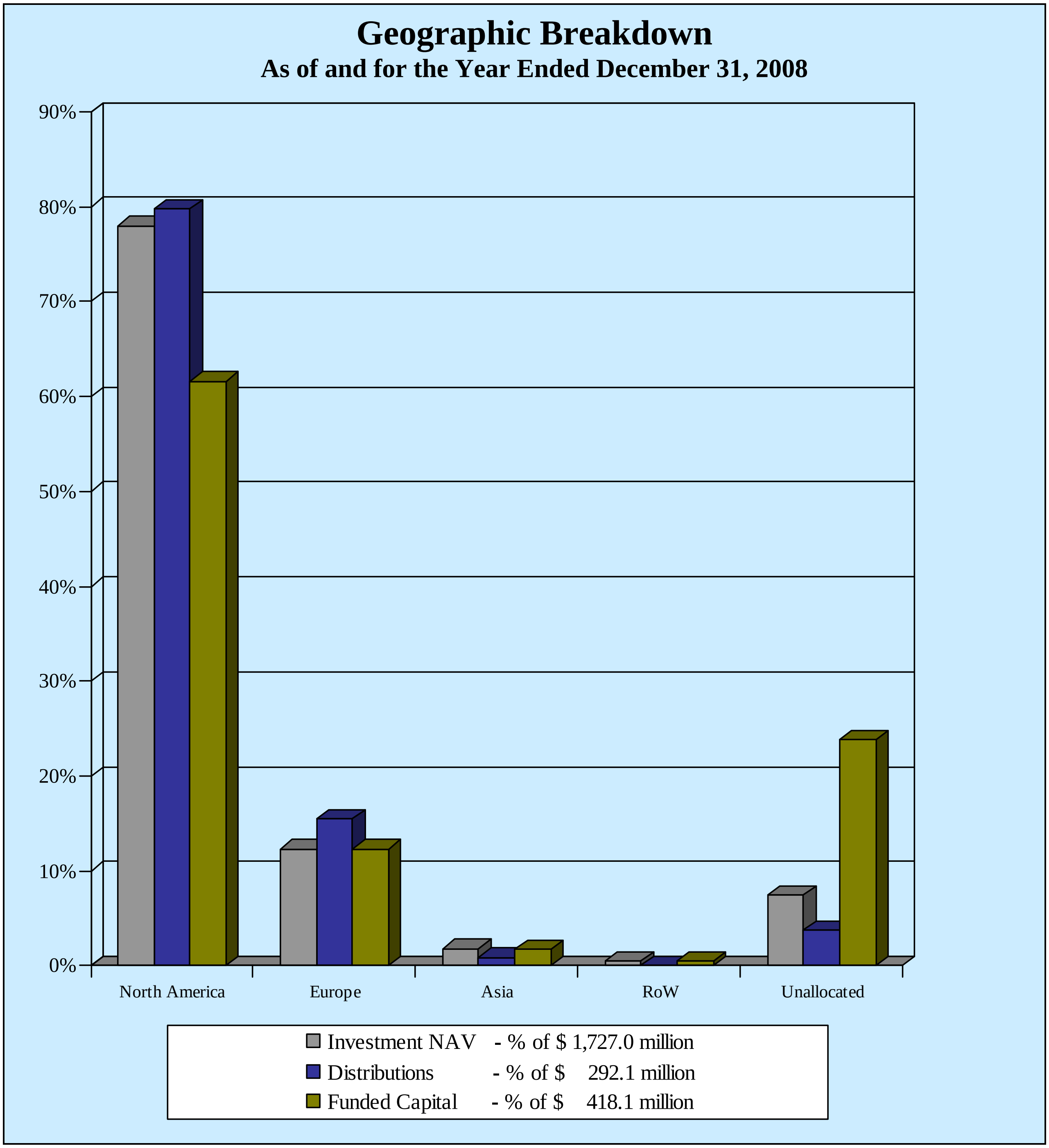
The following charts display total funded capital and total new commitments for the year ended December 31, 2008, by investment type. Total funded capital and new commitments include capital calls related to investments, secondary purchases and direct investments.



The following charts display, by industry sector, the relative percentage of investment NAV as of December 31, 2008 and the relative percentages of funded capital and distributions for the year ended December 31, 2008. Portions of the investment NAV, funded capital and distributions are categorized as "Unallocated & Other" as we have not received adequate information from the general partners to allow for sector categorization. These amounts will be classified in a specific industry sector once additional information is received. For the year, the high percentage of funded capital categorized as "Unallocated and Other" was due to an increased level of investments in performing and distressed debt by buyout and special situation funds, mainly during the second half of 2008.



The following chart displays, by geographic region, the relative percentages of funded capital and distributions for the year ended December 31, 2008 and the relative percentage of investment NAV as of December 31, 2008. Portions of the investment NAV, funded capital and distributions are categorized as "Unallocated" as we have not yet received adequate information from the general partners to allow for geographic categorization. These amounts will be classified in a geographic region once additional information is received from the general partner. As of December 31, 2008, the high percentage of funded capital categorized as "Unallocated" was due to an increased level of investments in performing and distressed debt by buyout and special situation funds, mainly during the second half of 2008.



PUBLICLY TRADED EQUITY SECURITIES

The table below lists our twenty largest public equity holdings held either directly or indirectly through one or more of our private equity fund investments, as of December 31, 2008, based on investment NAV. These twenty publicly traded equity securities totaled $122.3 million in investment NAV or 50.7% of our total publicly traded equity securities portfolio of $241.3 million as of December 31, 2008.

In total, public equity securities held either directly or indirectly through one or more of our private equity fund investments represented 14.0% of the total investment NAV as of December 31, 2008, while the top twenty positions listed below comprised 7.1% of the total investment NAV as of December 31, 2008.

Top 20 Publicly Traded Equity Securities at December 31, 2008

		Market Value	% of Total Public
1	MetroPCS, Inc.	$ 16,776	7.0%
2	Legrand S.A.	13,028	5.4
3	Warner Chilcott PLC	8,568	3.5
4	Shenzhen Development Bank Co	7,801	3.2
5	Republic Services Group	6,935	2.9
6	Burger King	6,319	2.6
7	Sally Beauty Holdings	6,240	2.6
8	Gemalto	5,949	2.5
9	NetFlix.com, Inc.	5,601	2.3
10	Rexel S.A.	4,872	2.0
11	Paris Re Holdings Limited	4,683	1.9
12	Acura Pharmaceutical	4,523	1.9
13	Hughes Communications	4,293	1.8
14	Rental Service Corporation	4,276	1.8
15	Centennial Communications Corp.	4,220	1.7
16	RiskMetrics Group	4,130	1.7
17	Rockwood Holdings	3,845	1.6
18	Eurand Pharmaceutical Holdings, B.V.	3,748	1.6
19	Switch & Data Facilities Company, Inc.	3,500	1.4
20	MedAssets Inc.	3,038	1.3
	Total Top 20 Public Equity Holdings	**$ 122,345**	**50.7%**
	Total Public Equity Holdings	**$ 241,265**	
	Total Public Equity Holdings as % of Investment NAV	**14.0%**	

MARKET COMMENTARY

The fourth quarter of 2008 brought further weakening of macro economic trends and capital market conditions. In October, the U.S. equity markets experienced the steepest one month decline in their history, followed by another significant step down in November. Volatility reached unprecedented levels. The credit markets remained closed, and the broad index of leveraged loans fell to new lows well below the historical bottom. Confidence remained in scarce supply as the crisis impacted virtually all areas of the global economy.

Our investment activity lags the broader markets, as transaction closings follow agreements in principle by several weeks to several months. While new investment activity broadly declined on a global basis in the latter part of 2008, Conversus experienced distributions totaling 3.0% of beginning NAV during the fourth quarter, a solid level given the environment in which we were operating. As expected, the distribution rate has slowed significantly in the first quarter of 2009. We anticipate distributions will remain slow for the next few quarters and potentially beyond, as holding periods for private equity investments are extended.

Our fourth quarter capital calls remained robust, driven by the opportunistic purchases by special situation and buyout funds of performing and distressed debt, a trend which began in mid-year 2008. Over the last three quarters, general partners with diversified investment platforms have been quite active in purchasing performing debt that is priced and financed to create private equity returns. During 2008, at least 29% of our capital calls, or $77 million, was invested in distressed or performing debt. Follow-on investments, as a proportion of our calls, also increased over the latter part of the year, and smaller investments grew as a relative proportion of total calls.

Fundraising by private equity firms has decreased substantially, with many firms extending the time period for which the fund is open. Given the current low levels of fund raising, we believe that there is limited opportunity cost in not making certain primary commitments over the near term. Driven by the slow deal pace and the need for follow-ons, numerous funds are now seeking amendments to extend the investment period or the termination date of the fund. We are also seeing a growing pipeline of annex funds, or similar structures, with capital designated to support the general partner’s existing portfolio companies. We may find selective participation in these opportunities to be an appropriate use of capital. In addition to these opportunities, the supply of secondary portfolios has built over recent quarters and pricing remains attractive.

Throughout 2008, we were nimble and opportunistic in response to market conditions. We adjusted multiple elements of our strategy, such as slowing our primary commitment pace, shifting our emphasis to the secondary market, and hedging a portion of our public equity exposure. In April 2009, we made our most significant adjustment. In response to the trading price of our units falling to a level that we believe bears no relation to the value of our portfolio nor reflects the strengths of our business, CAM proposed, and Conversus implemented, a realization strategy as further described in “Investment Strategy.” We seek to increase investor confidence that they will benefit from the value of the current portfolio, as that will change over time, by either a fairly valued stock price, or if the market does not recognize that value, through cash flow. We believe that this proactive step to address the discount to NAV at which our units are trading demonstrates the strength of our structure and the alignment of interests among the public unit holders, management, and our sponsors, BAC and OHIM who collectively control 18% of the outstanding units.

We do not see a near-term end to the credit crisis, the recessionary trends in the global macro economy or the significant volatility in the capital markets. We are acutely aware of the extraordinary, structural shifts underway in financial markets and the implications for private equity and believe that 2009 will present challenges for private equity and our portfolio. We are confident in our ability to meet these challenges, as we benefit from a deep, experienced investment team, a mature portfolio generating modest cash and a solid liquidity position as of the end of 2008. These attributes underscore our ability to navigate the challenging environment we expect in 2009 and into 2010.

FORWARD-LOOKING STATEMENTS

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

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

- our investment strategy may not be successful in generating attractive rates of return or in otherwise meeting its objectives;
- our limited operating history and the limited track record of our Investment Manager;
- our historical performance since inception and the historical performance of our initial portfolio for periods prior to our inception may not be indicative of our future performance;
- we may be unable to successfully identify and consummate value-enhancing transactions;
- we may be unable to obtain reliable access to new funds managed by top-performing managers;
- the ability of the funds and portfolio companies in which we invest to achieve their business, operating, financial, investment and other objectives, including realizations;
- changes in the relationship with the Investment Manager as our service provider;
- changes in the relationship between the Investment Manager and BAC, OHIM and each of their respective key investment professionals;
- our organizational, ownership and investment structure may create certain conflicts of interest;
- securities market conditions (including investor sentiment, and the trading price, discount to NAV, liquidity and volatility of our common units and RDUs);
- private equity market conditions (including our performance and changes in our NAV);
- competitive conditions;
- international, national and regional political conditions; and
- the risks, uncertainties and other factors discussed elsewhere in this report (including, but not limited to, the audited 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 quarterly basis in accordance with U.S. GAAP. Our fiscal year ends on December 31. We have received approval from the AFM to prepare our 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.

The audited 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 audited 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, the rules of Euronext Amsterdam N.V. and in accordance with U.S. GAAP. In preparing this financial report, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the 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 audited 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 suffer.

LIQUIDITY AND CAPITAL RESOURCES

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

As of December 31, 2008, $230.3 million was outstanding under the credit facility with Citigroup pursuant to which Conversus LP has the ability to issue up to $650.0 million of notes to Citigroup on a continuous basis over the five year term of the program, subject to conditions and covenants (see Note 6 of the audited combined financial statements).

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

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

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

As of December 31, 2008, we had unfunded commitments of $831.5 million, representing an over-commitment level of 48.1%. Because we employ an over-commitment strategy when making investments in private equity funds, the amount of capital we have committed for future private equity investments exceeds our available cash at a given time. Any available cash that we hold is temporarily invested in accordance with our cash management policy, which provides liquidity for funding capital calls that may be made by the private equity funds to which we have made commitments.

Through cash flows from our portfolio and prudent investment pacing, we believe that our liquidity position remains solid. We ended the year with a cash balance of $49.9 million and a principal balance outstanding of $230.3 million under our credit facility. Public securities on our balance sheet plus the swap value as of December 31 provide an additional $32.5 million in potential liquidity. The $208.8 million of public equities held by our general partners may, over time, be another source of liquidity. Consistent with the maturity profile of our portfolio, our $831.5 million of unfunded commitments include $205.0 million to funds that are beyond their investment period.

As described above, we do not expect a near term recovery. When a recovery does begin, it is likely that capital calls will increase from current low levels much more quickly than distributions across the private equity market, although we expect the maturity and quality of our portfolio to positively impact the pace of our distributions. We continue to be keenly focused on maintaining financial flexibility to navigate through an extended macro economic downturn and have planned for potential imbalances in our cash flow resulting from the extraordinarily difficult exit markets. We believe that Conversus currently has sufficient liquidity tools to face a challenging environment in 2009 and 2010.

DISTRIBUTIONS TO UNIT HOLDERS

For the year ended December 31, 2008, Conversus LP made the following distributions to unit holders:

- On March 17, 2008, Conversus made a cash distribution of $0.125 per unit, or $9.2 million, to unit holders of record as of February 29, 2008.
- On June 16, 2008, Conversus made a cash distribution of $0.125 per unit, or $9.1 million, to unit holders of record as of May 30, 2008.
- On September 22, 2008, Conversus made a cash distribution of $0.125 per common unit, or $9.1 million, to unit holders of record as of August 29, 2008.

On November 4, 2008, the Board of Directors elected to discontinue quarterly distributions to unit holders.

COMPOSITION OF PORTFOLIO INVESTMENTS

Total Portfolio	# of Holdings	Investment NAV	Total Exposure*
(Includes Direct Co-investments, Public Equity Securities and Swap)	241	$1,727.0	$2,558.5
Total Funds	**# of Funds**	**Investment NAV**	**Total Exposure***
	217	$1,642.8	$2,474.3
Total Buyout Funds	**# of Funds**	**Investment NAV**	**Total Exposure***
	142	$1,227.8	$1,915.1
Buyout Funds >$7.5 billion	**# of Funds**	**Investment NAV**	**Total Exposure***
	9	$96.0	$314.3

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

Buyout Funds $5 - $7.5 billion	# of Funds	Investment NAV	Total Exposure*
	8	$136.1	$191.4

1 Apax Europe V-A, LP
2 Blackstone Capital Partners IV, L.P.
3 Green Equity Investors V, LP
4 J.P. Morgan Global Investors, L.P.
5 KKR 1996 Fund
6 KKR Millennium Fund, L.P.
7 New Mountain Partners III, L.P.
8 Warburg Pincus Private Equity VIII, L.P.

Buyout Funds $3 - $5 billion	# of Funds	Investment NAV	Total Exposure*
	21	$291.4	$437.5

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

Composition of Portfolio Investments (continued)

Buyout Funds $1 - $3 billion		# of Funds	Investment NAV	Total Exposure*
		37	$308.5	$429.1
1 Alchemy Plan (BOA), L.P.	20 Kelso Investment Associates VI, LP			
2 Apollo Investment Fund III, L.P.	21 Madison Dearborn Capital Partners III, LP			
3 Bain Capital Fund VII, L.P.	22 Metalmark Capital Partners, L.P.			
4 Blackstone Capital Partners II L.P. (CECC)	23 Morgan Stanley Capital Partners III			
5 Blackstone Communications Partners I, L.P.	24 Morgan Stanley Dean Witter Capital Partners IV, LP			
6 Capital Z Financial Services Fund II, L.P.	25 Nautic Partners V, L.P.			
7 Carlyle Europe Partners, L.P.	26 Providence Equity Partners IV, L.P.			
8 Carlyle Partners II, L.P.	27 Ripplewood Partners II/Side-by-Side Fund, L.P.			
9 Crestview Capital Partners	28 Second Cinven Fund US No. 2 Limited Partnership			
10 Crestview Partners II (Cayman), L.P.	29 Spectrum Equity Investors IV, L.P.			
11 CVC European Equity Partners II LP	30 TowerBrook Investors III, L.P.			
12 Diamond Castle Partners IV, L.P.	31 TPG Partners II, L.P.			
13 EQT III (fka EQT Northern Europe)	32 Trident II, L.P.			
14 Green Equity Investors III, L.P.	33 Trident III, L.P.			
15 Green Equity Investors IV, L.P.	34 Trident IV, LP.			
16 Hicks, Muse, Tate & Furst Equity Fund V, L.P.	35 Vestar Capital Partners IV, L.P.			
17 Hicks, Muse, Tate & Furst Europe Fund, L.P.	36 Warburg, Pincus International Partners, L.P.			
18 Industri Kapital 2000 Limited Partnership III	37 Weston Presidio Capital IV, LP			
19 J.W. Childs Equity Partners III, L.P.				

Buyout Funds $500 million - $1 billion		# of Funds	Investment NAV	Total Exposure*
		25	$186.2	$242.8
1 Asia Alternatives Capital Partners II, L.P.	14 Code Hennessy & Simmons IV, L.P.			
2 Aurora Equity Partners II, LP	15 Fenway Partners Capital Fund II, LP			
3 Bain Capital VII Coinvestment Fund, L.P.	16 Industri Kapital 1997 Limited Partnership III			
4 Bear Stearns Merchant Banking Partners II, LP	17 Kelso Investment Associates V, L.P.			
5 Blum Strategic Partners, L.P.	18 Littlejohn Fund II, L.P.			
6 Boston Ventures Limited Partnership V	19 Nautic VI-A, LP			
7 Boston Ventures Limited Partnership VI	20 Newbridge Asia III			
8 Brentwood Associates Private Equity III, L.P.	21 Parthenon Investors II, LP			
9 Bruckmann, Rosser, Sherrill & Co. II, LP	22 Quad-C Partners VI, LP			
10 Calera Capital Partners III, L.P.	23 Riverside Capital Appreciation Fund V, L.P.			
11 CCG Investment Fund, L.P.	24 Vestar Capital Partners III, L.P.			
12 Charlesbank Equity Fund V, LP	25 Warburg Pincus Ventures International			
13 Clayton, Dubilier & Rice Fund VII Coinvest, LP				

Composition of Portfolio Investments (continued)

Buyout Funds <$500 million	# of Funds	Investment NAV	Total Exposure*
	42	**$209.6**	**$300.0**

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

Composition of Portfolio Investments (continued)

Venture Capital Funds		# of Funds	Investment NAV	Total Exposure*
		58	**$302.8**	**$423.7**
1 ABS Capital Partners IV, LP	30 Morgenthaler Partners VI, LP			
2 APAX Excelsior VI, LP	31 Morgenthaler Partners VII, LP			
3 Austin Ventures VII, L.P.	32 MPM BioVentures III, L.P.			
4 Austin Ventures VIII, L.P.	33 New Enterprise Associates 10, LP			
5 Azure Venture Partners I, LP	34 New Enterprise Associates 9, LP			
6 Battery Ventures VI, L.P.	35 New Enterprise Associates 13, LP			
7 Bay City Capital Fund V, L.P.	36 Pinnacle Ventures Equity Fund II-O, L.P.			
8 Bay City Capital IV, L.P.	37 Polaris Venture Partners III, L.P.			
9 Bay Partners X, L.P.	38 Polaris Venture Partners IV, L.P.			
10 Essex Woodlands Health Ventures Fund IV, LP	39 Redpoint Ventures II, LP			
11 Essex Woodlands Health Ventures Fund V, LP	40 RRE Ventures III-A, LP			
12 Essex Woodlands Health Ventures Fund VIII-A, LP	41 Sigma Partners 6, L.P.			
13 Financial Technology Ventures (Q), LP	42 Sigma Partners IV, L.P.			
14 Financial Technology Ventures II (Q), L.P.	43 Sigma Partners V, L.P.			
15 Foundation Capital Fund III, L.P.	44 Spectrum Equity Investors III, L.P.			
16 Foundation Capital IV, L.P.	45 TA Associates Advent VIII			
17 Foundation Capital Leadership Fund, L.P.	46 TA IX, L.P.			
18 FTVentures III, L.P.	47 TCV II (Q), L.P.			
19 Index Ventures Growth I, LP	48 TCV III (Q), L.P.			
20 Institutional Venture Partners XI, L.P.	49 TCV IV, LP			
21 InterWest Partners VII, L.P.	50 TCV VII(A), L.P.			
22 InterWest Partners VIII, L.P.	51 TL Ventures III, L.P.			
23 InterWest Partners X ,L.P.	52 TL Ventures IV, L.P.			
24 Lighthouse Capital Partners V, L.P.	53 TL Ventures V, LP			
25 Lightspeed Venture Partners VIII, L.P.	54 TL Ventures VII, LP			
26 M/C Venture Partners V, L.P.	55 U.S. Venture Partners VI, L.P.			
27 Meritech Capital Partners II L.P.	56 U.S. Venture Partners VIII, L.P.			
28 Morgan Stanley Dean Witter Venture Ptnrs IV, L.P.	57 U.S. Venture Partners X, L.P.			
29 Morgan Stanley Venture Partners 2002 Fund, L.P.	58 WPG Venture Associates IV			

Composition of Portfolio Investments (continued)

Special Situation Funds	# of Funds	Investment NAV	Total Exposure*
	17	$112.2	$135.5

1	Avenue Special Situations Fund II, L.P.	10	OCM Opportunities Fund VI, L.P.
2	Avenue Special Situations Fund III, L.P.	11	OCM Opportunities Fund VII, L.P.
3	Avenue Special Situations Fund IV, L.P.	12	OCM Opportunities Fund VIIb, L.P.
4	Avenue Special Situations Fund V, L.P.	13	OCM Principal Opportunities Fund III, L.P.
5	BIA Digital Partners, LP	14	OCM Principal Opportunities Fund, L.P.
6	Gleacher Mezzanine Fund I, LP	15	OHA Leveraged Loan Portfolio, L.P.
7	Highland Restoration Capital Partners Offshore, L.P.	16	TA Subordinated Debt Fund L.P.
8	Lone Star Fund VI (U.S.), L.P.	17	WCAS Capital Partners III, L.P.
9	OCM Opportunities Fund V, L.P.		

Direct Co-investments	# of Holdings	Investment NAV	Total Exposure*
	3	$51.7	$51.7

Public Equity Securities and Swap	# of Holdings	Investment NAV	Total Exposure*
	21	$32.5	$32.5

* Total Exposure equals Investment NAV plus remaining unfunded commitments

DIRECTORS, ADVISORS AND KEY INFORMATION

Independent Board of Directors Paul Guilbert (Chairman) Laurance R. (Laurie) Hoagland, Jr., Dr. Per Johan Strömberg ***Non-Voting Advisors*** J. Taylor Crandall Peter F. Dolan J. Chandler Martin Leon Shahinian The address of each person named above is: c/o Conversus GP, Limited., Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL, Guernsey, Channel Islands.	***Investor Information*** Exchange: Euronext Amsterdam Trading symbol: CCAP Listing date: June 29, 2007 Currency: USD Bloomberg: CCAP NA Reuters: CCAP.AS Yahoo! Finance: CCAP.AS Google Finance: AMS:CCAP
Registered Office Conversus Capital, L.P c/o Conversus GP, Limited Trafalgar Court, Les Banques St. Peter Port, Guernsey, GY1 3QL, Channel Islands ccap@conversus.com Tel: +44 1481 745175 Fax: +44 1481 745176	***Independent Accountants*** PricewaterhouseCoopers CI LLP P.O. Box 321 National Westminster House, Le Truchot, St. Peter Port, Guernsey, GY1 4ND, Channel Islands Tel: +44 1481 752000 Fax: +44 1481 752001
Investment Manager Conversus Asset Management, LLC 190 South LaSalle Street, Suite 1500 Chicago, Illinois, 60603 Tel: +1 312 261 9700 Fax: +1 312 261 9701 and Bank of America Plaza 101 South Tryon Street, Suite 2440 Charlotte, North Carolina, 28280 Tel: +1 704 307 4865	***Independent Valuation Firm*** Duff and Phelps 55 East 52nd Street, 31st Floor New York, NY 10055 Attention: Paul J. Viscio, Managing Director Tel: +1 212 871 6267 Fax: +1 212 523 0854 e-mail: pj.viscio@duffandphelps.com

Depository Bank The Bank of New York 101 Barclay Street, 22 West New York, New York 10286 United States Attention: Conversus Capital, L.P. Tel: +1 212 815 4502 or +1 212 815 2715 Fax: +1 212 571 3050	***Paying Agent*** ABN AMRO Bank N.V. Client Service Desk Securities Operations Kemelstede 2 4817 ST BREDA The Netherlands
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CONVERSUS CAPITAL, L.P.

COMBINED FINANCIAL STATEMENTS
(AUDITED)

For the year ended December 31, 2008

INDEX TO AUDITED COMBINED FINANCIAL STATEMENTS

PricewaterhouseCoopers CI LLP
PO Box 321
National Westminster House
Le Truchot St Peter Port
Guernsey GY1 4ND
Channel Islands
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Report of Independent Auditors

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

In our opinion, the accompanying combined statements of net assets, including the combined condensed schedules of investments, and the related combined statements of operations, of changes in net assets and of cash flows present fairly, in all material respects, the combined financial position of Conversus Capital, L.P. and Conversus Investment Partnership, L.P. (collectively "Conversus") as at 31 December 2008 and 2007, and the results of their operations, and their cash flows for the year ended 31 December 2008, in conformity with accounting principles generally accepted in the United States of America. These combined financial statements are the responsibility of Conversus' management and the Directors of the General Partner of Conversus Capital, L.P. Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits of these combined financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Directors, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

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

PricewaterhouseCoopers CI LLP
PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
28 April 2009

COMBINED STATEMENTS OF NET ASSETS

As of December 31, 2008 and December 31, 2007
(In thousands except for per unit amounts)

	December 31, 2008	December 31, 2007
Assets		
Investments, at fair value *(Note 3)* (cost \$2,055,716 as of December 31, 2008; \$1,867,842 as of December 31, 2007)	\$ 1,726,979	\$ 2,107,793
Cash and cash equivalents	49,912	44,140
Receivables and prepaid expenses	1,840	1,508
Total Assets	1,778,731	2,153,441
Liabilities		
Management fees payable *(Note 2)*	18,121	6,292
Performance fees payable *(Note 2)*	-	9,491
Notes and interest payable *(Note 6)*	238,230	26,329
Other	6,007	4,985
Total Liabilities	262,358	47,097
NET ASSETS	**\$ 1,516,373**	**\$ 2,106,344**
Net Assets consist of:		
General Partners' capital	\$ -	\$ -
Limited Partners' capital (73,530 units issued and 72,728 units outstanding as of December 31, 2008; 73,504 units issued and 73,302 units outstanding as of December 31, 2007)	1,532,029	2,111,180
Treasury units *(Note 7)* (802 units as of December 31, 2008; 202 units as of December 31, 2007)	(15,656)	(4,836)
NET ASSETS	**\$ 1,516,373**	**\$ 2,106,344**
NET ASSET VALUE PER UNIT OUTSTANDING	**\$ 20.85**	**\$ 28.73**

These accounts were approved by the Board of Directors on April 28, 2009 and signed on its behalf by:

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

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

COMBINED STATEMENT OF OPERATIONS

For the year ended December 31, 2008
(US$ in thousands except for per unit amount)

Investment Income		
Dividends	$	9,777
Interest and other income		5,285
Total Investment Income		15,062
Expenses		
Fund fees and expenses		26,076
Management fees		24,501
Interest expense		5,391
Other general and administrative expenses		16,322
Total Expenses		72,290
Net Investment Loss		(57,228)
Net Realized Gains and Net Change in Unrealized Depreciation on Investments		
Net realized gains on investments		73,567
Net change in unrealized depreciation on investments		(568,688)
Net Realized Gains and Net Change in Unrealized Depreciation on Investments		(495,121)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	**$**	**(552,349)**
LOSS PER UNIT	**$**	**(7.56)**

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

COMBINED STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2008
(US$ in thousands)

Increase/(Decrease) in assets resulting from operations		
Net investment loss	$	(57,228)
Net realized gains on investments		73,567
Net change in unrealized depreciation on investments		(568,688)
Net decrease in net assets resulting from operations		(552,349)
Increase/(Decrease) in net assets resulting from capital transactions		
Proceeds from issuance of Class C interests		71
Proceeds from issuance of common units		1,592
Distributions to unit holders		(27,433)
Treasury unit purchases		(11,852)
Net decrease in net assets resulting from capital transactions		(37,622)
NET DECREASE IN NET ASSETS		**(589,971)**
NET ASSETS AT BEGINNING OF YEAR		**2,106,344**
NET ASSETS AT END OF YEAR	**$**	**1,516,373**

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

COMBINED STATEMENT OF CASH FLOWS
For the year ended December 31, 2008
(US$ in thousands)

Cash flows from operating activities		
Net decrease in net assets resulting from operations	$	(552,349)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash used in operating activities:		
Net realized gains on investments		(73,567)
Net change in unrealized depreciation on investments		568,688
Purchases of investments		(370,852)
Distributions from underlying investments		256,545
Changes in operating assets and liabilities:		
Net increase in receivables and prepaid expenses		(332)
Net increase in management fees payable		11,829
Net decrease in performance fees payable		(9,491)
Net increase in interest and other payables		1,097
Net cash used in operating activities		**(168,432)**
Cash flows from financing activities		
Proceeds from issuance of Class C interests		71
Proceeds from issuance of common units		1,592
Purchase of treasury units		(11,852)
Distributions to unit holders		(27,433)
Issuances of notes		351,826
Repurchase of notes		(140,000)
Net cash provided by financing activities		**174,204**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**5,772**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**44,140**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$**	**49,912**
Supplemental cash flow disclosure		
Cash paid for interest	$	5,315
Cash paid for taxes	$	2,039

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

COMBINED CONDENSED SCHEDULE OF INVESTMENTS

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

	Cost	Fair Value	% of Net Assets	Unfunded Commitment
FUND INVESTMENTS				
US				
Buyout	$ 1,367,262	$ 1,115,856	73.59%	$ 586,691
Venture Capital	327,286	302,161	19.92	118,429
Special Situation	131,689	112,162	7.40	23,290
Total U.S.	1,826,237	1,530,179	100.91	728,410
Non-US				
Buyout	151,389	111,932	7.39	100,659
Venture Capital	686	673	0.04	2,426
Total Non-US	152,075	112,605	7.43	103,085
Total Fund Investments	1,978,312	1,642,784	108.34	831,495
DIRECT INVESTMENTS (1)				
Direct Co-Investments				
US				
Industrials	35,000	34,151	2.25	-
Telecommunication Services	25,000	17,500	1.15	-
Total Direct Co-Investments	60,000	51,651	3.40	-
Publicly Traded Equity Securities (2)				
US				
Consumer Discretionary	196	199	0.01	-
Consumer Staples	351	285	0.02	-
Energy	573	214	0.01	-
Financials	4,860	1,766	0.12	-
Health Care	934	761	0.05	-
Industrials	5,603	3,309	0.22	-
Information Technology	2,114	1,341	0.09	-
Materials	685	309	0.02	-
Other	264	212	0.01	-
Telecommunication Services	1,824	1,450	0.10	-
Total Publicly Traded Equity Securities	17,404	9,846	0.65	-
Derivative Instrument	-	22,698	1.50	-
Total Direct Investments	77,404	84,195	5.55	-
TOTAL	**$ 2,055,716**	**$ 1,726,979**	**113.89%**	**$ 831,495**

(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.

COMBINED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)

As of December 31, 2007
(US$ in thousands)

	Cost	Fair Value	% of Net Assets	Unfunded Commitment
FUND INVESTMENTS				
US				
Buyout	$ 1,364,113	$ 1,531,198	72.69%	$ 598,576
Venture Capital	266,138	297,758	14.14	87,670
Special Situation	26,344	33,084	1.57	45,224
Total U.S.	1,656,595	1,862,040	88.40	731,470
Non-US				
Buyout	146,268	180,409	8.57	83,864
Venture Capital	-	-	-	3,282
Total Non-US	146,268	180,409	8.57	87,146
Total Fund Investments	1,802,863	2,042,449	96.97	818,616
DIRECT INVESTMENTS [(1)]				
Direct Co-Investments				
US				
Industrials	35,000	35,769	1.70	-
Telecommunication Services	25,000	25,000	1.19	-
Total Direct Co-Investments	60,000	60,769	2.89	-
Publicly Traded Equity Securities [(2)]				
US				
Health Care	815	804	0.04	-
Industrials	1,086	1,039	0.05	-
Information Technology	785	632	0.03	-
Materials	563	515	0.02	-
Telecommunication Services	1,730	1,585	0.07	-
Total Publicly Traded Equity Secuities	4,979	4,575	0.21	-
Total Direct Investments	64,979	65,344	3.10	-
TOTAL	**$ 1,867,842**	**$ 2,107,793**	**100.07%**	**$ 818,616**

(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.

COMBINED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)

As of December 31, 2008 and December 31, 2007
(US$ in thousands)

	December 31, 2008		December 31, 2007	
Industry [1]	**Fair Value**	**% of Total Net Assets**	**Fair Value**	**% of Total Net Assets**
Industrials	$ 370,991	24.48%	$ 372,410	17.68%
Consumer Discretionary	213,728	14.09	330,817	15.71
Information Technology	195,784	12.91	272,579	12.94
Health Care	183,733	12.12	219,055	10.40
Media	128,174	8.45	168,194	7.99
Financials	145,265	9.58	170,643	8.10
Telecommunication Services	125,763	8.29	206,868	9.82
Materials	72,254	4.76	137,801	6.54
Other Industries	79,322	5.23	107,972	5.13
Consumer Staples	74,976	4.94	83,726	3.97
Other (Net other assets)	136,989	9.03	37,728	1.79
TOTAL	**$ 1,726,979**	**113.89%**	**$ 2,107,793**	**100.07%**

[1] Industry classifications are determined on a look through basis to the individual portfolio company level and are based on the NAICS.

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. Business Overview

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

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

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

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

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

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

2. Summary of Significant Accounting Policies

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

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

Principles of Combination
These combined financial statements include the accounts of Conversus LP combined with the Investment Partnership. All material balances between Conversus LP and the Investment Partnership have been eliminated.

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

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

Reclassifications
Certain reclassifications of prior period amounts have been made to ensure consistency in presentation.

Valuation of Investments
Conversus accounts for its investments at fair value in accordance with U.S. GAAP. Investments include private equity investments, publicly traded equity securities and derivative instruments. The

Board of Directors and the Chief Financial Officer ("CFO") are ultimately and solely responsible for estimating the fair value of investments in good faith. Due to their inherent uncertainty, the estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed, and such differences could be material to the combined financial statements.

Conversus adopted Statement of Financial Accounting Standards No. ("SFAS") 157, "Fair Value Measurements" on January 1, 2008 (see Note 3).

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

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

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

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

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

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

Realized Gains and Losses on Investments
Realized gains and losses are recognized when Conversus is made aware of the closing of a transaction, which, in the case of underlying portfolio companies in private equity investments, normally occurs when the distribution is received. For publicly traded equity securities, realizations are recorded on the trade date. Any realized gains or losses associated with direct co-investments are recorded on the date of any transaction closing.

Expenses

Interest Expense

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

Other General and Administrative Expenses

Other general and administrative expenses represent professional fees and administrative expenses, including compensation to Conversus' CFO and Directors, operating expenses reimbursed to CAM pursuant to a services agreement (see Note 9), as well as transaction and other costs incurred in conjunction with investment activity.

Fund Fees and Expenses

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

Management Fees

CAM is entitled to management fees from the Investment Partnership in an aggregate amount of (i) 1.0% per annum of the value of Conversus' non-cash assets and (ii) 0.5% per annum of Conversus' aggregate unfunded commitments. Of such amount, one-third is paid quarterly in cash ("cash management fee"), in arrears, and two-thirds is earned in the form of a profits interest in the Investment Partnership. This profits interest is paid quarterly, in arrears, to the extent that there has been sufficient appreciation in Conversus' net asset value ("NAV") to cover the amount of the profits interest. For the year ended December 31, 2008, the profits interest has been accrued; however, it has not been paid to CAM since there has not been a sufficient increase in Conversus' NAV. For the year ended December 31, 2008, management fee expense totaled $24.5 million. As of December 31, 2008 and December 31, 2007, cash management fees of $1.8 million and $2.1 million, respectively, were accrued and profits interest of $16.3 million and $4.2 million, respectively, were accrued.

Performance Fees

Performance fees are calculated at the end of each applicable quarter, based on the results to date. Each quarter, CPC is entitled to a 10% performance fee from the Investment Partnership based on increases in NAV, subject to a 7% preferred return to the Investment Partnership and a high water mark for the three year period ending as of the calculation date. No performance fees were incurred during the year ended December 31, 2008, and there were no performance fees payable as of December 31, 2008. Performance fees payable to CPC as of December 31, 2007 were $9.5 million.

Phantom Equity Incentive Plan

Based on the terms of the Phantom Equity Incentive Plan, CCAP accounts for phantom equity as liability awards under SFAS 123 (R), "Share-Based Payment," which is a revision to SFAS 123, "Accounting for Stock Based Compensation." Grants are referenced to Conversus LP's unit price.

Income Taxes

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

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

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

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

Income from an investment that is effectively connected with a U.S. trade or business would be 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 (currently 35%). 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%.

Unit holders in certain jurisdictions could have tax consequences from ownership of Conversus LP's units. Conversus LP has not taken such tax consequences into account in the preparation of these combined financial statements.

New Accounting Pronouncements
In February 2007, the Financial Accounting Standards Board ("FASB") issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities." Effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007, SFAS 159 permits entities to choose to measure most financial instruments and certain other items at fair value. Conversus did not elect to fair value assets or liabilities not otherwise at fair value; therefore, the adoption of SFAS 159 did not have a material impact on its combined financial statements.

In December 2007, the FASB issued SFAS 160, "Noncontrolling Interests in Consolidated Financial Statements," an amendment of Accounting Research Bulletin ("ARB") 51. SFAS 160 amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest (formerly known as a minority interest) in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. Earlier adoption is prohibited. Conversus does not expect the adoption of SFAS 160 to have a material impact on its combined financial statements.

In March 2008, the FASB issued SFAS 161, "Disclosures about Derivative Instruments and Hedging Activities," an amendment of SFAS 133. This Statement requires enhanced disclosures for derivative and hedging activities and thereby improves the transparency of financial reporting. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This Statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption. Conversus has adopted SFAS 161.

In October 2008, the FASB issued FASB Staff Position No. 157-3 (FSP 157-3), "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active." FSP 157-3 clarifies the application of SFAS 157, "Fair Value Measurements," in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. FSP 157-3 was effective on issuance.

3. Fair Value of Investments and Other Assets

SFAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of this hierarchy are as follows:

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

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

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

The following table displays Conversus' financial assets that were accounted for at fair value as of December 31, 2008 by fair value hierarchy. As required by SFAS 157, financial assets 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 December 31, 2008 (US$ in thousands)				
	Level 1	**Level 2**	**Level 3**	**Total**
Investments	$ 9,846	$ 22,698	$1,694,435	$1,726,979
Cash and Cash Equivalents	49,912	-	-	49,912
Total Assets	$ 59,758	$ 22,698	$1,694,435	$1,776,891

Conversus has assessed its financial assets and concluded that all of its investments are classified as Level 3 with the exception of derivative instruments and directly held publicly traded equity securities. Derivative instruments are classified as Level 2 while directly held publicly traded equity securities, along with cash and cash equivalents, are classified as Level 1.

The following table summarizes the change in fair value of Level 3 financial assets for the year ended December 31, 2008:

Level 3 Financial Assets (US$ in thousands)	
	Investments
Balance as of December 31, 2007	$ 2,103,217
Distributions	(248,581)
Realized Gains	73,080
Net Change in Unrealized Depreciation	(584,230)
New Investments	366,439
Net Transfers out of Level 3	(15,490)
Balance as of December 31, 2008	$ 1,694,435

Valuation Methodology

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

Direct co-investments are carried at the value, to the extent known to Conversus, assigned to such investment by the fund with which Conversus has co-invested. If Conversus believes this value does not reflect fair value, Conversus will assign its own estimate of fair value and may engage the services of a third party valuation firm to attest to its valuation of the asset. To the extent that Conversus assigns its own estimate of the fair value of these direct co-investments, the value attributed to the investment will generally be based on the 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.

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

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

4. Disclosures about Fair Value of Financial Instruments

SFAS 107, "Disclosures about Fair Value of Financial Instruments," requires 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.

Cash and Cash Equivalents
For items that are short-term in nature, such as cash and cash equivalents, the carrying amount approximates fair value.

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

Other Assets and Liabilities
Conversus estimates that carrying value approximates fair value for receivables and prepaid expenses, management fees payable, performance fees payable and other liabilities given their short-term nature.

5. Derivative Instrument

Conversus entered into a total return swap (the "swap") with Citigroup ("Citi") in the third quarter of 2008 to manage market risk (see Note 12) associated with publicly traded equity securities. Under the swap agreement, Citi will make a payment at the termination date to Conversus based on a set rate over the thirteen month life of the swap while Conversus will make a payment to Citi at the termination date based on the S&P 500 Total Return index performance over the thirteen month term.

The swap is recorded at estimated fair value and included in investments on the Combined Statements of Net Assets. Changes in fair value are recorded in the Combined Statement of Operations in the net change in unrealized depreciation on investments. The estimated fair value of the swap as of December 31, 2008 was $22.7 million, and the change in fair value of the swap for the year ended December 31, 2008 was $22.7 million. The table below summarizes terms of the swap.

Summary of Derivative Instruments as of December 31, 2008
(US$ in thousands)

Counterparty	Notional Amount	Underlying Index	Floating Amount Received	Payment Frequency	Termination Date	Unrealized Appreciation
Citigroup	$75,000	S&P 500 Total Return	1-month USD LIBOR minus 16 bps	At Termination Date	September 22, 2009	$ 22,698

The total return swap will terminate and be settled if, for any reason, the collateralized fund obligation program (see Note 6) terminates or if Conversus defaults.

6. Collateralized Fund Obligation Program

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

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

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

1. Commitment Ratio – Minimum of 35% - Ratio of (a) the undrawn amount of the Program plus cash and cash equivalents to (b) total unfunded commitments.
2. Loan-to-value Ratio – Maximum of 40% - Ratio of (a) the drawn amount of the Program plus accrued interest plus unrealized losses on swap, if any, to (b) the total NAV of investments plus cash and cash equivalents.
3. NAV Ratio – Minimum of 50% - Ratio of (a) the total NAV to (b) total NAV of investments plus unfunded commitments.

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

Given recent events in the financial markets and the uncertainty of accessing new financing in these markets, the availability of new equity or debt financing is not assured. To the extent that new financing is required and available, the terms for such financing may be significantly less favorable to Conversus than the terms in the current Program, with lenders possibly seeking higher rates, additional equity requirements and more restrictive covenants.

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

To the extent that less than $200.0 million of notes and accrued and unpaid interest are outstanding, on average, during the first three years of the Program, Conversus LP will incur a minimum issuance fee. This minimum issuance fee is calculated as; the product of a fixed percentage of $200.0 million and three less this fixed percentage accrued on all notes issued over the first three years of the Program. Any calculated minimum issuance fee would be added to the principal balance of Class A Notes outstanding as of the third anniversary of the Program. No minimum issuance fees have been accrued as of December 31, 2008 as Conversus LP believes that it will meet the minimum outstanding notes and interest requirement. No other fees or costs are payable to Citi as a part of the Program other than interest charged on drawn amounts.

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

The table below summarizes activity under the Program during the year ended December 31, 2008.

Summary of Activity for the Year ended December 31, 2008 (US$ in thousands)						
	Class A Notes		Class B Notes		Total	
As of December 31, 2007	$	1,000	$	25,000	$	26,000
Notes Issued		-		344,265		344,265
Notes Repurchased		-		(140,000)		(140,000)
As of December 31, 2008		1,000		229,265		230,265
Interest Payable		87		7,878		7,965
Notes and Interest Payable	$	1,087	$	237,143	$	238,230
Interest Expense	$	54	$	5,337	$	5,391
Weighted Average Notes Outstanding Since Inception					$	93,323

The notes bear interest at a rate equal to the overnight, one or three month LIBOR rate plus a premium which is fixed over the life of the Program. The outstanding Class A notes of $1.0 million as of December 31, 2008 and December 31, 2007 had interest rates of 5.72% and 6.64%, respectively. The Class B notes totaling $229.3 million outstanding as of December 31, 2008 had an interest rate of 3.50% and the Class B notes of $25.0 million outstanding as of December 31, 2007 had an interest rate of 6.30%.

7. Partners' Capital

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

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

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

The Agreement, which was for an original term of twelve months, was extended by Conversus LP for a twelve month period effective November 29, 2008. The Agreement may be terminated at any time by either Conversus LP or RBS. On April 28, 2009, Conversus LP suspended all activity under the Agreement.

During the year ended December 31, 2008, Conversus LP repurchased 643,369 units at an average price of $18.42. In total, 801,799 and 202,055 Conversus LP units were held in treasury as of December 31, 2008 and December 31, 2007, respectively.

On July 15, 2008, Conversus LP engaged RBS to act as Liquidity Provider to render brokerage services with respect to Conversus' LP common units listed on Euronext. Under the engagement, RBS will issue a continuous quote in the order book, in compliance with applicable laws.

During the year ended December 31, 2008, Conversus LP issued 69,178 common units, in the form of restricted depository units ("RDUs"), to OHIM. Of these units, 43,625 units were issued out of treasury. The units issued were subscribed to by OHIM in partial fulfillment of OHIM's obligation to invest 25% of its share of performance fees received by CPC until it reaches a $25.0 million commitment level. OHIM has made an election to increase its reinvestment to 37.5% of its performance fee. Since the global offering, Conversus LP has issued 171,669 common units to OHIM, representing a total reinvestment of $4.0 million. The issuances are based on the Conversus LP average closing price for the ten days leading up to and including the last day of the period to which they relate.

During the year ended December 31, 2008, distributions of $0.125 per unit each were paid on March 17, 2008, June 16, 2008 and September 22, 2008 to unit holders of record as of February 29, 2008, May 30, 2008 and August 29, 2008, respectively. These distributions totaled $27.4 million.

8. Phantom Equity Plan and Directors Compensation

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

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

During the year ended December 31, 2008, Conversus granted phantom equity awards to its CFO and each of its Independent Directors which will be paid pursuant to the terms above and vest on specified dates through February 15, 2010.

Each member of Conversus GP's Independent Board of Directors receives annual compensation of $62,500 in cash and $62,500 in phantom equity awards.

For the year ended December 31, 2008, phantom equity award expense and Board of Director compensation totaled $0.4 million. As of December 31, 2008 and December 31, 2007, $0.3 million and $0.2 million, respectively, was payable with respect to total phantom equity awards and Directors' compensation.

The chart below summarizes the unit activity of the phantom equity plan for the year ended December 31, 2008:

Summary of Phantom Equity Plan

	Unvested	**Vested**
Outstanding, January 1, 2008	13,200	-
Issued	30,855	-
Vested	(12,042)	12,042
Forfeitures	-	-
Settled	-	-
Outstanding, December 31, 2008	32,013	12,042

9. Related Parties

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

Conversus LP, Conversus GP, Investment GP, the Investment Partnership and the Investment Partnership's subsidiaries (the "Service Recipients") have entered into a single services agreement with CAM pursuant to which CAM has agreed to carry out the day-to-day management and operations of the respective businesses. Under the services agreement, CAM is entitled to management fees, as discussed in Note 2, as well as the reimbursement of all fees, costs and expenses incurred in connection with the management and operation of the Service Recipients' businesses, including compensation and benefits associated with administrative personnel. CAM is not reimbursed for compensation or benefits associated with the provision of investment services by investment professionals. For the year ended December 31, 2008, total expenses reimbursable to CAM under the services agreement were $2.7 million. As of December 31, 2008 and December 31, 2007, the total amount payable to CAM under the services agreement was $0.5 million and $0.7 million, respectively.

BAC, OHIM, CalPERS and Harvard who are owners of CAM, are also unit holders of Conversus LP. From time to time, Conversus may invest alongside these unit holders in private equity fund investments or direct co-investments. During 2008, Conversus completed the purchase of a secondary portfolio of funds from CalPERS with a total transfer price of $125.0 million plus $19.5 million of unfunded commitments.

CAM has entered into a subadvisory and services agreement with OHIM. Under the subadvisory and services agreement, OHIM performs those functions and has such authority as may be delegated to it by CAM. Pursuant to the subadvisory and services agreement, CAM is required to reimburse OHIM for its portion of certain fees and expenses incurred by CAM, as well as other fees, costs and expenses incurred by OHIM. Pursuant to the services agreement, the Service Recipients are required to reimburse CAM for certain out of pocket and other administrative fees paid to OHIM, such as expenses incurred in connection with travel, professional service fees and the pro rata portion of certain overhead costs. These fees and expenses are reimbursed to OHIM quarterly in arrears. For the year ended December 31, 2008, total expenses reimbursable to CAM under the subadvisory and services agreement were $0.2 million. As of December 31, 2008 and December 31, 2007, the total amount payable to CAM under the subadvisory and services agreement was $0.1 million and $0.7 million, respectively.

Conversus GP has retained Northern Trust and its affiliates to act as its Guernsey administrator to provide certain accounting services, including the accounting and administration of the private equity funds in which Conversus has invested. Paul Guilbert, Chairman of the Board of Directors of Conversus GP, is employed by Northern Trust. For the year ended December 31, 2008, total administration expenses were $1.5 million. The total amount payable to Northern Trust for fund accounting and administration services was $0.7 million, as of December 31, 2008 and December 31, 2007.

10. Commitments and Contingencies

Conversus holds interests in 241 private equity investments, including private equity funds, direct co-investments and publicly traded equity securities. Conversus has unfunded commitments of $831.5 million as of December 31, 2008. In addition, Conversus may commit to make capital contributions to private equity funds in the future and will make purchases of existing private equity funds in the secondary market, many of which will be subject to additional funding requirements. Conversus generally employs an over-commitment strategy when making investments in private equity funds in order to maximize the amount of its capital that is invested at any given time. When an over-commitment strategy is employed, the aggregate amount of capital committed by Conversus to private equity funds at a given time may exceed the aggregate amount of cash that Conversus has available for immediate investment. Because the managers of private equity funds will typically be permitted to make calls for capital contributions following the expiration of a relatively short notice period, employing an over-commitment approach requires Conversus to time investments and manage available cash in a manner that allows the funding of its capital commitments when capital calls are made. CAM is primarily responsible for managing Conversus' cash and the timing of its investments. CAM takes into account expected cash flows to and from its investments and amounts available from the issuance of notes under the Program when planning investment and cash management activities with the objective of seeking to ensure that Conversus is able to honor its commitments to funds when they become due.

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 due to the decrease in net assets resulting from operations for the year ended December 31, 2008, is calculated by dividing the net decrease in net assets by the weighted average number of units outstanding during the year, as outlined in the table below:

Loss per Unit Outstanding
(Amounts in thousands except for per unit amount)

	Year Ended December 31, 2008
Net decrease in net assets resulting from operations	$(552,349)
Weighted average number of units outstanding	73,086
Loss per unit outstanding	$(7.56)

12. Risks

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

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

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 on the notes, as described in Note 6, or make it more difficult or expensive for Conversus to obtain debt financing in the future, and could decrease the returns that its investments generate.

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

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

Conversus depends on the Program's sole lender to provide funds as requested pursuant to the Program. To the extent that the lender fails to perform under the terms of the Program, the non-performance may have a detrimental impact on Conversus' ability to meet its funding requirements. Given recent events in the financial markets and the uncertainty of accessing new financing in these markets, the availability of new financing is not assured. To the extent that new financing is required and available, the terms for such financing may be significantly less favorable to Conversus than the terms in the current Program, with lenders seeking higher rates, additional equity requirements and more restrictive covenants.

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

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

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

As of December 31, 2008, Conversus had entered into one derivative instrument to partially hedge its market exposure to publicly traded equity securities (see Note 5).

Regulatory Risk
Conversus is subject to a variety of laws and regulations by national, regional and local governments. 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 condition of Conversus.

Tax Risk
Conversus has a complex and multi-jurisdictional structure and is subject to a variety of tax laws and tax regulations by national, regional and local governments. 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 Conversus' results of operations or financial condition.

Market Risk
The private equity funds and direct private equity investments in the portfolio of Conversus may be materially affected by conditions in the global financial markets and economic conditions. The capital and credit markets have experienced unprecedented volatility and disruption over recent periods. The uncertainty created by these market and economic conditions and the tightening of credit have led to declines in valuations of equity and debt securities without regard to the underlying financial condition of the issuer in certain cases. Such declines in valuations have adversely impacted the results of operations of Conversus.

The global financial markets and economic conditions may remain dislocated or continue to deteriorate further, 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. A sustained downturn or worsening of 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 condition of Conversus.

In light of current market conditions, 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, during times of economic dislocation, such as the current market, 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 would also be a default under the Program. A failure by Conversus to meet its capital call obligations may have a material adverse effect on the results of operation and financial condition of Conversus.

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

13. Subsequent Events

As announced on April 28, 2009, Conversus is implementing a realization strategy designed to increase the confidence of investors that the value of Conversus' current portfolio will be delivered to its unit holders over time.

Under the realization strategy, Conversus plans to discontinue substantially all investments and new commitments and plans to focus on realizing the value of the existing portfolio by applying its cash flow to fund capital calls and expenses, repay debt and, eventually, return capital to unit holders through unit repurchases and cash distributions. Conversus plans to continue to actively manage its current portfolio of funded investments and unfunded commitments as well as its liquidity and capital resources to maximize unit holder value.

As announced on April 28, 2009, Conversus LP has suspended unit repurchase activity under its Liquidity Enhancement Agreement with RBS.

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2008
(US$ in thousands except for per unit amounts)

Per Unit Operating Performance

NET ASSET VALUE PER UNIT AT BEGINNING OF YEAR	**$ 28.73**
Decrease from operating activities	
Net investment loss	(0.78)
Net realized gains on investments	1.01
Net change in unrealized depreciation on investments	(7.79)
Total decrease from operating activities	(7.56)
Distributions to unit holders	(0.38)
Conversus unit issuances	0.06
NET ASSET VALUE PER UNIT AT END OF YEAR	**$ 20.85**
TOTAL RETURN	(26.11)%

Supplemental Information

Weighted average net assets during the year	**$ 1,959,036**
Key percentages based on weighted average net assets:	
Net investment loss	(2.92)%
Fund fees and expenses	1.33
Management fees	1.25
Interest expense	0.28
Other general and administrative expenses	0.83
Total Expenses	3.69%