



Nautic Partners, LLC

*Presentation to the Employees'
Retirement System of the State of
Rhode Island*

December 16, 2015

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Executive Summary

Nautic⁽¹⁾ has produced attractive returns for its investors over its 29 year history, through multiple economic cycles

- **Total Investment Returns:** 17.6% Net IRR and 2.0x Net multiple of invested capital (“MOIC”) over 29 years and 122 investments as of September 30, 2015⁽²⁾
- **Realized Investment Returns:** 29.6% Gross IRR and 2.7x Gross MOIC from 104 realized investments as of September 30, 2015⁽³⁾
- **Performance Since Fleet Spin Out:** Attractive performance since the spin out in 2000:
 - Fund V (2000 vintage year) at 17.3% Net IRR and 2.1x Net MOIC
 - Fund VI (2007 vintage year) at 17.4% Net IRR and 2.2x Net MOIC⁽⁴⁾
 - Fund VII (2014 vintage year) at 121.1% Net IRR and 1.6x Net MOIC^(4,5)

The Nautic investment team is proven and experienced

- Eight managing directors collectively have over 135 years of private equity experience
 - Managing directors average 15 years of tenure at Nautic
- Ten additional investment professionals and three operating advisors provide strong support and deep expertise

Notes:

1. “Nautic” refers to Nautic Partners, LLC and its predecessor. Please see the footnotes at the rear of this presentation for a discussion of Nautic’s history
2. Such cumulative Net MOIC and Net IRR figures include certain unrealized investments. Please see footnotes at the rear of this presentation for more information
3. Net MOIC and Net IRR only available at fund-level and not available for individual investments or exited investments. Excludes investments exited after 9/30/2015
4. Net MOIC and Net IRR of Fund VI and Fund VII exclude blocker expenses associated with certain investments of Nautic Partners VI-A, L.P. and Nautic Partners VII-A, L.P., respectively
5. Due to the short investment period of a Fund VII holding, the Net IRR as of September 30, 2015 is not a meaningful measure of performance and is expected to decrease over time due to the passage of time

Gross MOIC and Gross IRR include all realized proceeds and unrealized value but do not reflect amounts distributed to investors, which are reduced by carried interest, management fees, and other partnership expenses. Net MOIC and Net IRR reflects deductions of such carried interest, management fees, and other partnership expenses. Historical returns achieved by any prior funds or individual investments are not a prediction of future performance or a guaranty of future results, and there can be no assurance that these or comparable returns will be achieved or unrealized values will be realized at values indicated on investments individually or in the aggregate made by any fund advised by Nautic. For important disclosures see additional footnotes (a) through (f) at the rear of this presentation

Executive Summary

Nautic specializes in three sectors:

- Healthcare
- Industrial Products
- Outsourced Services

Nautic seeks to generate value through the growth of portfolio company revenue and earnings by:

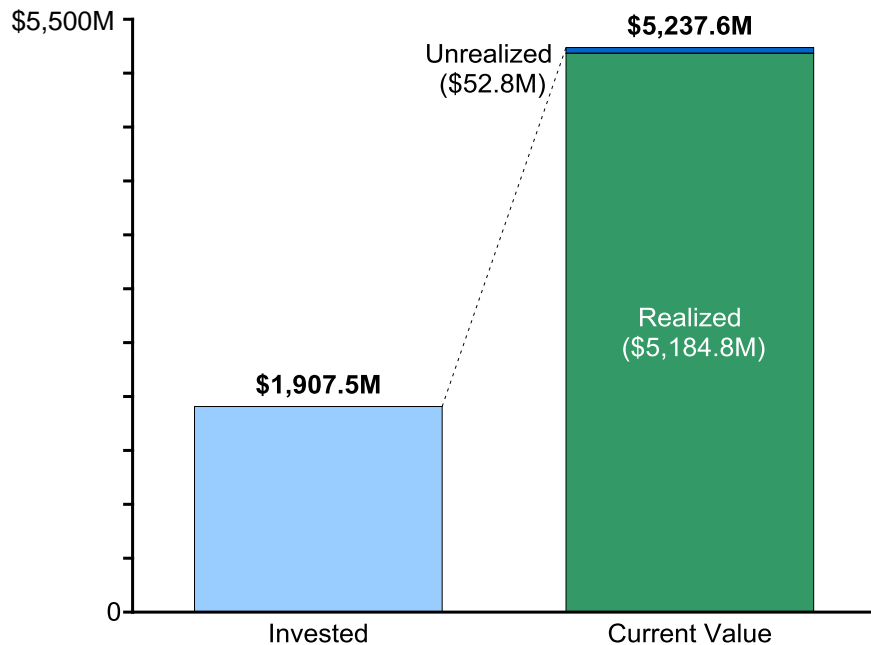
- Upgrading management teams by leveraging Nautic's extensive network of executive relationships within its focus industries
- Completing add-on acquisitions that seek to be accretive both strategically and financially
- Implementing operating initiatives that are designed to increase margins and mitigate risk through improved processes and systems

Twenty-Nine Year Track Record

Exited Investments

Q3 2015 Valuation

29.6% Gross IRR and
2.7x Gross MOIC

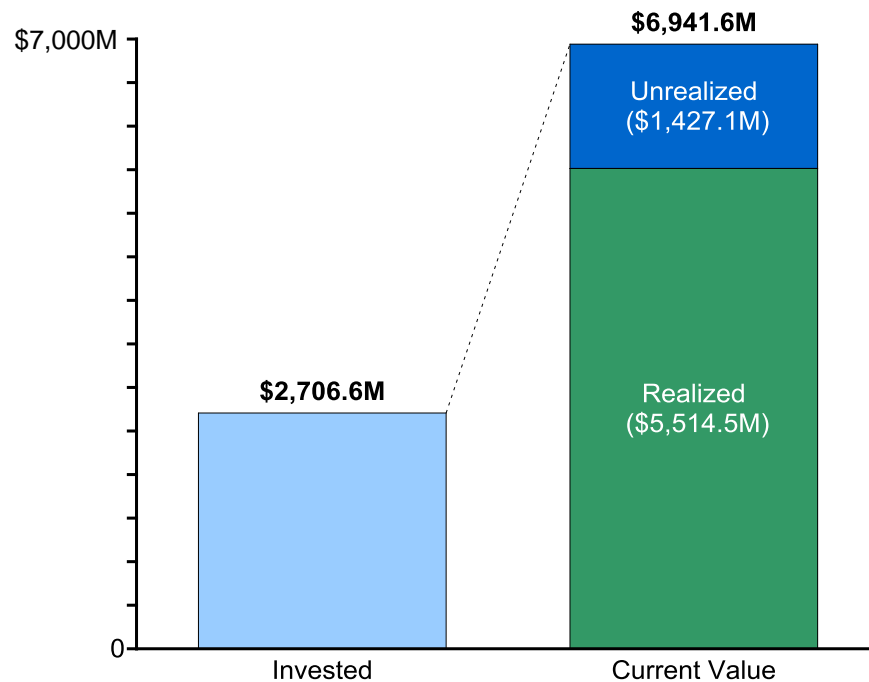


Total Investments: 104

All Investments

Q3 2015 Valuation

28.4% Gross IRR and 2.6x Gross MOIC
17.6% Net IRR and 2.0x Net MOIC



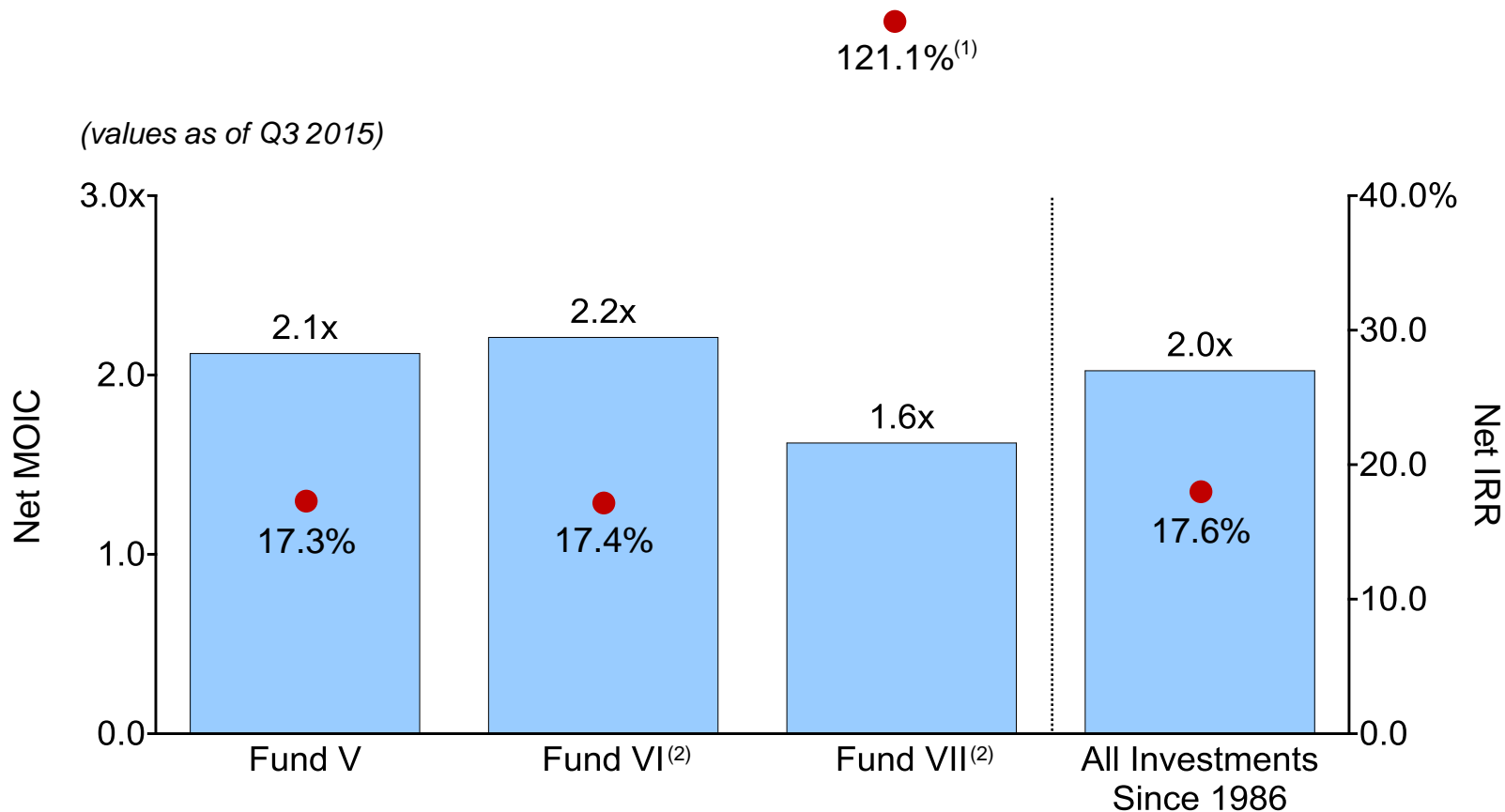
Total Investments: 122⁽¹⁾

Note:

1. Excludes new investment made in Q4 2015

Gross MOIC and Gross IRR include all realized proceeds and unrealized value but do not reflect amounts distributed to investors, which are reduced by carried interest, management fees, and other partnership expenses. Net MOIC and Net IRR reflects deductions of such carried interest, management fees, and other partnership expenses. Historical returns achieved by any prior funds or individual investments are not a prediction of future performance or a guaranty of future results, and there can be no assurance that these or comparable returns will be achieved or unrealized values will be realized at values indicated on investments individually or in the aggregate made by any fund advised by Nautic. For important disclosures see additional footnotes (a) through (f) at the rear of this presentation

Attractive Performance Across The Nautic Funds Since the Spin Out from Fleet in 2000



Notes:

1. Due to the short investment period of a Fund VII holding, the Fund VII Net IRR as of September 30, 2015 is not a meaningful measure of performance and is expected to decrease over time due to the passage of time
2. Net MOIC and Net IRR of Fund VI and Fund VII excludes blocker expenses associated with certain investments of Nautic Partners VI-A, L.P. and Nautic Partners VII-A, L.P., as applicable

Net MOIC and Net IRR reflects deductions of such carried interest, management fees, and other partnership expenses. The historical returns achieved by any prior funds or individual investments are not a prediction of future performance or a guaranty of future results, and there can be no assurance that these or comparable returns will be achieved or that unrealized values will be realized at values indicated on investments individually or in the aggregate made by any fund advised by Nautic. For complete Nautic track record by fund and for important disclosures, see Appendix and additional footnotes (a) through (f) at the rear of this presentation

Deep and Experienced Team

Investment Staff

Name	Title	Area of Focus	Age / Nautic Tenure
<u>Executive Committee and Deal Execution</u>			
Bernie Buonanno	Managing Director	I&S	49 / 22
Chris Crosby	Managing Director	HC	44 / 14
Habib Gorgi	Managing Director	I&S	59 / 30
Scott Hilinski	Managing Director	HC	47 / 20
Doug Hill	Managing Director	I&S	41 / 13
Average Age/Tenure:			48 / 20
<u>Investment Committee and Deal Execution</u>			
Chris Corey	Managing Director	HC	39 / 7
Chris Pierce	Managing Director	I&S	37 / 8
<u>Business Development</u>			
Jim Beakey	Managing Director	Business Development	49 / 9
All MDs Average Age/Tenure:			45 / 15
Allan Petersen	Vice President	Investor Relations, Compliance	38 / 9
Chris Vinciguerra	Vice President	HC	31 / 6
Keith Farrow	Senior Associate	All Sectors	30 / 5
Chris Overmyer	Senior Associate	All Sectors	29 / 0
Edward Sohn	Senior Associate	I&S	31 / 4
Nick Vidnovic	Senior Associate	All Sectors	31 / 0
Sean Wieland	Senior Associate	All Sectors	30 / 0
Ken Lee	Associate	All Sectors	28 / 3
Bill Brinkman	Associate	All Sectors	25 / 0
Johannes Essl	Associate	All Sectors	31 / 0
Greg Singer	Associate	All Sectors	24 / 0
<u>Operating Advisors⁽¹⁾</u>			
Rick Crosier	Operating Advisor	Diligence, Strategy, Operations	
Dave Harrington	Operating Advisor	Healthcare	
Pete Nelson	Operating Advisor	Diligence, Strategy, Operations	

- ✓ Managing Directors have over 135 years of collective private equity experience and an average tenure of 15+ years at Nautic
- ✓ A strong bench of Vice President, Senior Associates and Associates provide added depth and support
- ✓ Operating Advisors contribute valuable skills and industry expertise
- ✓ 19 highly skilled operations staff members provide compliance, finance & accounting, tax, human resources, and information technology capabilities

Sector Expertise: Healthcare

- Two decades of private-equity investing across several healthcare subsectors, seeking companies that offer:
 - Products and services that reduce cost without compromising quality
 - Solutions that work for each of the three main constituents in healthcare: patients, providers, and payers
- In-depth knowledge of complex healthcare issues and trends including regulatory shifts, compliance, provider reimbursement, employer-paid healthcare dynamics, for-profit versus not-for-profit considerations, and value propositions for each component of the ecosystem
- Wide-ranging healthcare network, including relationships with managed care organizations and executives
- Areas of focus:
 - Outsourced services to healthcare payers / insurance administrators
 - Outsourced services to healthcare providers / manufacturers
 - Healthcare providers that are management and operationally intensive
 - Managed care
 - Medical products that are clinically effective, low cost, and low/mid tech

1. For illustrative purposes only. Past performance is not indicative of the Fund's future investment results

Historical returns achieved by any prior funds or individual investments are not a prediction of future performance or a guaranty of future results, and there can be no assurance that these or comparable returns will be achieved or unrealized values will be realized at values indicated on investments individually or in the aggregate made by any fund advised by Nautic. For important disclosures see additional footnotes (a) through (f) at the rear of this presentation

Sector Expertise: Industrial Products

- 29-year history of investing in industrial products, seeking companies with:
 - Growth potential of at least two to three times GDP growth
 - Highly engineered products or solutions
 - Differentiated manufacturing capabilities, technology, or intellectual property
 - Demonstrated pricing power, resulting from a high cost of failure relative to cost of product
 - Meaningful barriers to entry with high customer switching costs
 - Leading market share in a defensible niche
- Current subsectors of focus include:
 - Aerospace
 - Building Products
 - Conventional and Alternative Energy
 - Healthcare Products
 - Aging Infrastructure and Scarce Resources
 - Packaging
 - Specialty Chemicals

1. For illustrative purposes only. Past performance is not indicative of the Fund's future investment results

Historical returns achieved by any prior funds or individual investments are not a prediction of future performance or a guaranty of future results, and there can be no assurance that these or comparable returns will be achieved or unrealized values will be realized at values indicated on investments individually or in the aggregate made by any fund advised by Nautic. For important disclosures see additional footnotes (a) through (f) at the rear of this presentation

Sector Expertise: Outsourced Services

- Active and successful investor in outsourced services for over two decades, seeking companies with:
 - Clear customer value proposition
 - Use of technology / analytics to drive competitive advantage / scale
 - High switching costs for customers
 - Strong recurring revenue base
 - Credible growth potential, preferably due to trends toward outsourcing of a non-core service
- Current subsectors of focus include:
 - Distribution
 - Environmental, Safety, and Compliance
 - Inspection / Maintenance
 - Physical and Cyber Security
 - Product Testing
 - Transportation / Logistics
 - Workforce Management

1. For illustrative purposes only. Past performance is not indicative of the Fund's future investment results

Historical returns achieved by any prior funds or individual investments are not a prediction of future performance or a guaranty of future results, and there can be no assurance that these or comparable returns will be achieved or unrealized values will be realized at values indicated on investments individually or in the aggregate made by any fund advised by Nautic. For important disclosures see additional footnotes (a) through (f) at the rear of this presentation

Value-Added Activities: Management

Nautic Invests in its Executive Networks to Help Build Great Teams in its Portfolio

Network

Broader Executive Network

- 178 I&S key executives
 - 67 “A” relationships
- 183 Healthcare key executives
 - 41 “A” relationships

1st Tier Executive Network

- 56 names
- Contacted each week with Nautic deal flow – develops regular communication
- Resource for companies, deal feedback and angles

Operating Advisors

- Extension of Nautic
- Involved in 11 assignments across Funds VI & VII

Nautic Investment Team

- Contacts and network built through 120 investments, 29 years of experience

Tools and Other Resources

- Weekly email of deal flow to 1st Tier Executive Network
 - Offers consistent touchpoints with Nautic’s identified top-tier executive talent
 - Self-selecting, knowledgeable feedback on deal opportunities and angles
- Use of SalesLogix database to carefully track broader network
 - Ability to screen for executives with relevant experience and competencies
 - Resources for due diligence, management meetings, or portfolio company operations
- Negotiated agreements with key relationships to deliver executive introductions outside of a search process
 - DHR
 - Heidrick & Struggles
 - CMF Associates
 - GLG
 - *Important for finding backable CEOs, future board members or pre-LOI diligence resources and management angles*

Value-Added Activities: Add-on Acquisitions

Completing strategic, carefully selected add-on acquisitions for our portfolio companies is a core part of Nautic's value creation

Nautic track record

- Fund VI -- 16 add-on acquisitions
 - Over \$100 million of EBITDA at closing, including cost synergies
 - Weighted-average purchase multiple of acquisitions was 5.7x, including synergies
- Fund VII -- 3 strategic acquisitions
 - Over \$19 million of EBITDA at closing, including cost synergies
 - Weighted-average purchase multiple of add-ons is 5.2x, including synergies

Value creation path

- Nautic believes its add-on acquisitions have created value through:
 - **Multiple expansion:** By being integrated into larger enterprises, add-on companies can improve valuation multiples by removing limitations such as sub-standard scale, regional isolation, or customer concentration
 - **Cross-selling / revenue synergies:** Increased market potential may exist through cross-selling into complementary customers, sales channels, or geographies
 - **Complementary assets / capabilities:** Merging companies may fill personnel or capability gaps in each, bolstering marketability or eliminating the need for a separate hire or capital investment
 - **Cost synergies:** Acquisitions can increase purchasing power and reduce operating costs within the organization
 - **Financing:** Increasing a platform's scale via acquisition often yields better debt financing terms that enhance equity returns

Value-Added Activities: Operating Initiatives

- Nautic supports its portfolio company management teams in assessing and implementing operating initiatives that grow revenue, increase margins, and mitigate risk through the addition of better people, processes, and systems
- Across Funds VI and VII, we have supported 85% of our portfolio companies on at least one of these five initiatives:
 - Growth Strategy
 - Business & Pipeline Development
 - Pricing Assessment
 - Cost Management
 - IT / Systems
- Engagement with portfolio companies on these operating initiatives depends on where opportunities and/or needs exist, and Nautic endeavors to add significant value when its engagement is warranted
 - In all cases, Nautic relies on management to execute these initiatives
 - Nautic's role is to help set priorities, introduce third parties for support, or engage ourselves as appropriate

Summary of Fund Terms ⁽¹⁾

Target Fund Size:	\$650 million, with a hard cap of \$900 million
GP Commitment:	\$40 million
Investment Focus:	Primarily middle-market private equity and equity-related investments in a variety of growth, consolidation, and buy-out opportunities generally within the healthcare, industrial products, and outsourced services sectors in North America
Investment Period:	Five years from the Effective Date
Term:	Ten years with up to three one-year extensions with consent of a majority of the LPs
Management Fees:	During the Commitment Period, 2% per annum of aggregate commitments; thereafter, 1.65% per annum of aggregate commitments invested in unrealized investments
Transaction Fees:	Any director, transaction, break-up, advisory or other similar fees, net of expenses credited 100% against the management fee
Preferred Hurdle:	8%
Carried Interest:	20%; back-ended carry (European distribution model)
GP Clawback:	Yes

Note:

1. The foregoing information is presented as a high level summary of certain key Fund VIII terms only and is qualified in its entirety by reference to Fund VIII's more detailed Limited Partnership Agreement. All terms remain subject to change prior to the final closing date of Fund VIII

Appendix

Fund Performance Summary (b,c)

(As of September 30, 2015) (\$ in Millions)	Vintage Year	Total Fund Size	Total Capital Invested	Total Realized Proceeds(d)	Unrealized Value(e)	Total Value	Gross Multiple of Invested Capital(a)	Gross IRR(a)	Net Multiple of Invested Capital(a,f)	Net IRR(a,f)
FEP I ("Fund I")	1986									
Exited Investments			\$90.9	\$286.2	--	\$286.2	3.1x	30.9%		
Total Investments		\$90.9	\$90.9	\$286.2	--	\$286.2	3.1x	30.9%	2.5x	23.9%
FEP II / Chisholm Partners II, L.P. ("Fund II")	1993									
Exited Investments			\$92.7	\$340.1	\$0.0	\$340.1	3.7x	50.7%		
Total Investments		\$92.7	\$92.7	\$340.1	\$0.0	\$340.1	3.7x	50.7%	3.4x	39.0%
FEP III / Chisholm Partners III, L.P. ("Fund III")	1996									
Exited Investments			\$201.5	\$682.8	\$0.4	\$683.2	3.4x	44.3%		
Active Investments			\$19.8	\$2.3	\$3.6	\$5.9	0.3x	N/A		
Total Investments		\$225.2	\$221.3	\$685.1	\$4.0	\$689.1	3.1x	39.2%	2.5x	24.2%
FEP IV / Chisholm Partners IV, L.P. ("Fund IV")	1999									
Exited Investments			\$430.8	\$560.3	\$0.0	\$560.3	1.3x	3.3%		
Total Investments		\$515.5	\$430.8	\$560.3	\$0.0	\$560.3	1.3x	3.3%	1.1x	0.7%
Nautic Partners V, L.P. ("Fund V")	2000									
Exited Investments			\$788.1	\$2,426.6	\$4.9	\$2,431.5	3.1x	30.5%		
Active Investments			\$120.2	\$29.6	\$105.5	\$135.1	1.1x	1.4%		
Total Investments		\$1,083.7	\$908.3	\$2,456.2	\$110.4	\$2,566.6	2.8x	27.9%	2.1x	17.3%
Nautic Partners VI, L.P. ("Fund VI")	2007									
Exited Investments			\$303.5	\$888.7	\$47.5	\$936.2	3.1x	29.5%		
Active Investments			\$435.9	\$244.9	\$936.4	\$1,181.3	2.7x	20.5%		
Total Investments		\$783.7	\$739.4	\$1,133.6	\$983.9	\$2,117.5	2.9x	23.9%	2.2x	17.4%
Nautic Partners VII, L.P. ("Fund VII") (1)	2014									
Active Investments			\$223.1	\$53.0	\$328.8	\$381.7	1.7x	133.7%		
Total Investments		\$530.0	\$223.1	\$53.0	\$328.8	\$381.7	1.7x	133.7%	1.6x	121.1%
All Nautic Investments										
Total Exited Investments			\$1,907.5	\$5,184.8	\$52.8	\$5,237.5	2.7x	29.6%		
Total Active Investments			\$799.1	\$329.7	\$1,374.3	\$1,704.1	2.1x	14.4%		
Total Nautic Investments			\$2,706.6	\$5,514.5	\$1,427.1	\$6,941.6	2.6x	28.4%	2.0x	17.6%

Note:

1. Due to the short investment period of a Fund VII holding, the Gross IRR and Net IRR as of 9/30/2015 is not a meaningful measure of performance and is expected to decrease over time due to the passage of time. Gross MOIC and Gross IRR include all realized proceeds and unrealized value but do not reflect amounts distributed to investors, which are reduced by carried interest, management fees, and other partnership expenses. Net MOIC and Net IRR reflects deductions of such carried interest, management fees, and other partnership expenses. Historical returns achieved by any prior funds or individual investments are not a prediction of future performance or a guaranty of future results, and there can be no assurance that these or comparable returns will be achieved or that unrealized values will be realized at values indicated on investments individually or in the aggregate made by any fund advised by Nautic. For important disclosures, please see additional footnotes (a) through (f) at the rear of this presentation.

Footnotes

- a) Multiple of Invested Capital and Internal Rates of Return: Internal rate of return (“IRR”) is calculated quarterly using monthly cash inflows and outflows and the Unrealized Value (as defined below) as a terminal value. Gross Multiple and Gross IRR include all Realized Proceeds (as defined below) and Unrealized Value (as defined below) but do not reflect amounts distributed to investors, which are reduced by carried interest, management fees, and other partnership expenses. Net Multiple and Net IRR reflect deductions of such carried interest, management fees, and other partnership expenses (or in some cases estimates of such deductions assuming the applicable fund charged those fees and expenses as more fully disclosed below). The IRRs with respect to the aggregate Firm performance are calculated as one continuous fund from the Firm’s first investment in 1986 and incorporating the underlying fund revenue and expenses, including assumed expenses, as applicable, for all funds (see also footnote (f)).

Each of Fund VI and Fund VII are comprised of two funds, Nautic Partners VI, L.P. or Nautic Partners VII, L.P. (as applicable, the “Main Fund”) and Nautic Partners VI-A, L.P. or Nautic Partners VII-A, L.P. (as applicable, the “Blocker Fund”). Each fund’s Main Fund and Blocker Fund invest in parallel in all investments pro rata according to capital commitments. Each of the investors in Fund VI and Fund VII had the option to elect which fund to invest in (i.e., the Main Fund or the Blocker Fund) based on its specific circumstances. Each fund’s Blocker Fund is required to make certain investments through blocker structures, which are not required of such fund’s corresponding Main Fund. Such blocker structures may result in each fund’s Blocker Fund recognizing lower returns and higher expenses in connection with such investments as compared to such fund’s corresponding Main Fund. The performance information of each of Fund VI and Fund VII, including the aggregate Firm performance, is presented as if all investors had invested in each fund’s Main Fund. As of September 30, 2015, the Net Multiple and Net IRR for (i) Fund VI’s Blocker Fund are 2.0x and 15.6% and (ii) Fund VII’s Blocker Fund are 1.6x and 121.3%, respectively.

- b) Exited Investments, Active Investments: Exited Investments reflect all investments in which the corresponding fund has sold, liquidated, or otherwise exited its ownership in the entity, its operating subsidiaries, or its operating assets. Active investments reflect all investments in which the corresponding fund still retains an active interest in the entity, its operating subsidiaries, or its operating assets.
- c) Historical Investment Performance: Investment Performance includes all Nautic investments since 1986, including:
- i) Fund I – Comprised of investments made solely by entities related to Fleet totaling \$90.9 million of invested capital.
 - ii) Fund II – Vintage year of 1993 (August) and comprised of Chisholm Partners II, L.P. (“CPII, L.P.”) and co-investments made alongside CPII, L.P. by any Fleet-related entities. This represented the first opportunity for third-party investors to co-invest alongside the Fleet entities.
 - iii) Fund III – Vintage year of 1996 (October) and comprised of Chisholm Partners III, L.P. (“CPIII, L.P.”) and co-investments made alongside CPIII, L.P. by any Fleet-related entities including Kennedy Plaza Partners, an employee co-investment vehicle.
 - iv) Fund IV – Vintage year of 1999 (July) and comprised of Chisholm Partners IV, L.P. (“CPIV, L.P.”) and co-investments made alongside CPIV, L.P. by any Fleet-related entities including Kennedy Plaza Partners II, LLC, an employee co-investment vehicle.
 - v) Fund V – Vintage year of 2000 (June) and comprised of Nautic Partners V, L.P. (“NPV, L.P.”) and Kennedy Plaza Partners III, LLC, an employee co-investment vehicle. This represented Nautic’s first fully-independent private equity investment fund.
 - vi) Fund VI – Vintage year of 2007 (May) and comprised of Nautic Partners VI, L.P., Nautic Partners VI-A L.P., Nautic Partners VI AIV – No. 1, L.P., Nautic Partners VI-A AIV – No. 1, L.P. (collectively “NPVI, L.P.”), and Kennedy Plaza Partners VI, L.P., an employee/executive co-investment vehicle.
 - vii) Fund VII – Vintage year of 2014 (July) and comprised of Nautic Partners VII, L.P. and Nautic Partners VII-A L.P.

Fund I investments were proprietary investments of Fleet and no third-party investors invested in Fund I. Fund I was not a traditional private equity fund, but a collection of investments made through various investment vehicles on behalf of Fleet and certain of its affiliates. Fund I is referred to as a “fund” solely for illustrative purposes. Investments for Fund I were sourced, diligenced, and executed by Habib Gorgi and Robert Van Degna (the “Managers”) but required perfunctory approval via unanimous consent of an executive committee consisting initially of Mr. Van Degna and two Fleet representatives and later in Fund I the committee consisted of both Managers and one Fleet representative. The Fleet representatives approved every transaction that was proposed to them. Beginning in 2001, Mr. Van Degna stepped back from day-to-day activities at Nautic, but remained involved as a member of the Investment Committees of Fund IV and Fund V. Mr. Van Degna has not been involved in subsequent funds. Since Fund I was a collection of proprietary investments on behalf of Fleet and its affiliates, a traditional management fee and carried interest were not charged. However, all fee income received by Fund II and Fund III through August 4, 2000 was paid to the Fleet entity that was in the investor group associated with the specific portfolio company which generated the fee. Each of the Chisholm funds in the Fund II or Fund III investor group paid a management services fee, approximately equal to the management fee they received, to the Fleet entity that employed the staff. Additionally, Fleet bore the expenses to employ and incentivize the Managers and other employees working on private equity investing. Because these expenses cannot be accurately compiled, they are not reflected in the returns of Fund I. To compute Fund I’s Net IRR shown in this presentation, Nautic has assumed the investments were made in a traditional private equity fund that charged a 2% management fee on committed capital during the investment period and a 1.65% management fee during the post-investment period on funded capital less distributed capital, as well as a 20% carried interest after return of capital. No other expenses except for the management fee were included in these calculations. These calculations are

Footnotes

- c) (con't): estimates and meant for illustrative purposes only (see footnote (f) for details on calculations). The returns of Fund I may have been materially lower had it been a traditional private equity fund that charged a management fee, bore traditional partnership expenses, and charged carried interest.

Fund II consisted of approximately 90% proprietary Fleet capital and offered the first opportunity for third-party capital commitments alongside Fleet. Fund III (approximately 80% proprietary Fleet capital) and Fund IV (approximately 60% Fleet capital) continued the trend of permitting more third-party commitments alongside Fleet. Fleet's co-investment with these funds did not bear a traditional management fee or carried interest. Third-party capital invested in these funds paid a 2% management fee throughout each fund's term, a 20% carried interest and bore traditional fund expenses. Investments for Fund II, Fund III and Fund IV were sourced by the Managers and their team. Investment decisions in connection with Fund II, Fund III and Fund IV were made as follows: (i) with respect to the Fleet entities, by an investment committee comprised of the Managers and a Fleet representative; (ii) with respect to the Kennedy Plaza Partners co-invest entities, by the Managers; (iii) with respect to the Chisholm entities in Fund II and Fund III, by the Managers; and (iv) with respect to the Chisholm entity in Fund IV, by an investment committee comprised of four partners, two of whom were the Managers. All investments made by the Managers and their team while they were employees of Fleet are reflected in Fund I through Fund IV except for certain passive investments that were brought to Fleet as a result of Fleet's investment in third-party private equity funds (approximately eight passive investments were made). These co-invest opportunities were passive investments and were not sourced or led by the Managers and therefore are not included in the investment history. In addition, the Managers and their team made certain investments on behalf of Fleet and its affiliates in third-party private equity funds made in a fund of funds structure. These fund of funds investments are also not included in the investment history since Nautic does not make fund of funds investments. Additionally, in March 2013 the successor to Fleet for regulatory reasons sold certain direct and indirect interests in various portfolio companies to an entity formed by certain Nautic professionals. Since these interests continue to be managed in connection with the other applicable investment vehicles, this transaction has not been treated as a realization event.

- d) Realized Proceeds: This represents the sum of gross proceeds generated from dispositions, distributions from flow-through entities, dividends, fee income (including all fees received by the general partner, whether or not such fees resulted in reductions to the management fees or other benefits to the investors), and interest prior to payment of management fees and partnership expenses, which in the aggregate, may be substantial.

- e) Unrealized Value: Unrealized value is the "fair value" of an investment that has not been realized in accordance with Nautic's valuation policy. Publicly traded investments are valued based on the closing market price of the securities owned by the applicable fund as of the reporting date. Non-publicly traded investments are valued using valuation methodologies that include: private market transactions, market-based public multiples, discounted future cash flows, industry specific benchmarks, and executed letters of intent or purchase agreements relating to exit transactions. The actual realized returns of unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale. Nautic believes that such unrealized values are reasonable and appropriate. However, there can be no assurance that proceeds will actually be realized on these investments, or that, if and when realized, the proceeds will be equal to the valuations shown.

- f) Net MOIC and IRR by Fund calculations:

- i) Fund I – Fund I is not a traditional private equity fund as all investments were made solely by Fleet-related entities from 1986-1993 and certain investment made from 1995-1996. Net MOIC and Net IRR are calculated assuming these investments were made through a more traditional private equity structure in two separate pools (Pool 1 (1986-1993) and Pool 2 (1995-1996)) based on: (a) an estimated total fund size including the aggregate cost-basis of all investments and a 10% gross-up for expenses; (b) a 2% management fee based on committed capital during the investment period (six years for Pool 1 and three years for Pool 2); (c) a 1.65% management fee for six years after the investment period based on funded commitments less return of capital; (d) a 20% carried interest after return of capital; and (e) no other expenses being borne by Fund I.
- ii) Fund II – Based solely on CPII, L.P. which charged a 20% carried interest and a 2% management fee (based on committed capital during the investment period and remaining invested capital thereafter) and paid other partnership expenses. Had the Fleet entities that co-invested alongside CPII, L.P. invested through CPII, L.P. or a similar entity, the Net MOIC and Net IRR for these entities would be the same as CPII, L.P.
- iii) Fund III – Based solely on CPIII, L.P. which charged a 20% carried interest and a 2% management fee (based on committed capital during the investment period and remaining invested capital thereafter) and paid other partnership expenses. Had the Fleet entities that co-invested alongside CPIII, L.P. invested through CPIII, L.P. or a similar entity, the Net MOIC and Net IRR for these entities would be the same as CPIII, L.P.
- iv) Fund IV – Based solely on CPIV, L.P. which charged a 20% carried interest and a 2% management fee (based on committed capital during the investment period, then 1.65% of remaining invested capital until June 30, 2010, and then 1.5% of remaining invested capital, less certain unreturned capital associated with realized losses, from July 1, 2010 until June 30, 2011) and paid other partnership expenses. Had the Fleet entities that co-invested alongside CPIV, L.P. invested through CPIV, L.P. or a similar entity, the Net MOIC and Net IRR for these entities would be the same as CPIV, L.P.

Footnotes

f) (con't): Net MOIC and IRR by Fund calculations:

- v) Fund V – Based solely on NPV, L.P. which charged a 20% carried interest and a 2% management fee (based on committed capital during the investment period, then 1.65% (1.5% from June 30, 2010) of remaining invested capital until June 30, 2012) and paid other partnership expenses. Had Kennedy Plaza III, LLC, which co-invested alongside NPV, L.P., invested through NPV, L.P. or a similar entity, the Net MOIC and Net IRR for this entity would be the same as NPV, L.P.
- vi) Fund VI – Based solely on NPVI, L.P. which charged a 20% carried interest and a 2% management fee (based on committed capital during the investment period, then 1.65% of remaining invested capital thereafter) and paid other partnership expenses. Had Kennedy Plaza VI, L.P., which co-invested alongside NPVI, L.P., invested through NPVI, L.P. or a similar entity, the Net MOIC and Net IRR for this entity would be the same as NPVI, L.P. The Net MOIC and Net IRR for Fund VI also excludes blocker expenses associated with certain investments of Nautic Partners VI-A, L.P.
- vii) Fund VII – Based solely on Fund VII which charged a 20% carried interest and a 2% management fee (based on committed capital during the investment period, then 1.65% of remaining invested capital thereafter) and paid other partnership expenses. The Net Multiple and Net IRR for Fund VII also excludes blocker expenses associated with certain investments of Nautic Partners VII-A, L.P.