



CONVERSUS CAPITAL, L.P.

**INTERIM FINANCIAL REPORT
(UNAUDITED)**

For the quarter ended March 31, 2008

TABLE OF CONTENTS

Conversus at a Glance.....	3
Note on Naming and Other Conventions.....	4
Operating Summary	4
Business Overview.....	5
Investment Results	6
Non-GAAP Financial Measurement.....	7
Portfolio Summary	8
Investment Strategy and Capital Deployment	10
Portfolio Diversification	12
Portfolio and Investment Activity.....	14
Investment Portfolio.....	17
Overview of Publicly Held Equity Securities.....	19
Market Commentary	20
Forward-Looking Statements.....	21
Statement of Responsibility	22
Liquidity and Capital Resources.....	23
Distribution Policy	24
Composition of Portfolio Investments	25
Directors, Advisors and Key Information.....	28
Unaudited Combined Financial Statements.....	F-1

CONVERSUS AT A GLANCE

Our Company	Conversus Capital, L.P. (“Conversus LP”) <ul style="list-style-type: none"> • Guernsey Limited Partnership • Listed on Euronext Amsterdam • Symbol: CCAP • 73,158 units outstanding as of March 31, 2008 • Website: www.conversus.com
Mission	To deliver liquid access to top-tier private equity while steadily building net asset value over time.
Investment Strategy	<ul style="list-style-type: none"> • Largest publicly traded portfolio of third party private equity investments • Fully invested portfolio of top-tier, diversified and seasoned private equity investments • Permanent capital vehicle reinvesting the proceeds of the current portfolio in new funds, acquiring new funds on the secondary market and making direct co-investments • Sophisticated financial management with public company corporate financial tools to maximize efficiency of the balance sheet and operate with little cash drag • Offering unitholders long-term capital appreciation with an expected 2%-3% annual yield
Alignment of Interests	<ul style="list-style-type: none"> • 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 subject to lock-up
Investment Manager	Conversus Asset Management, LLC (“CAM” or “Investment Manager”) <ul style="list-style-type: none"> • Leverages the platforms of sponsors Bank of America and Oak Hill Investment Management to source new opportunities with dedicated deal flow from both entities • Deep and experienced investment team comprised of twenty investment professionals with over 200 years of combined experience

Key Operating Metrics (Amounts in 000s except per unit data)	As of March 31, 2008	As of December 31, 2007	Increase / (Decrease)
Net Asset Value	\$2,044,596	\$2,106,344	(2.9)%
Net Asset Value per Unit	\$27.95	\$28.73	(2.7)%
Funded Assets	\$2,114,779	\$2,107,793	0.3 %
Unfunded Commitments	\$870,947	\$818,616	6.4 %
Units Outstanding	73,158	73,302	(0.2)%
Unit Price	\$22.30	\$23.50	(5.1)%
Market Capitalization	\$1,631,412	\$1,722,597	(5.3)%

NOTE ON NAMING AND OTHER CONVENTIONS

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.

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 5 of the unaudited 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 ended March 31, 2008:

Summary Operating Results For the Quarter Ended March 31, 2008	
Net Change in Unrealized Appreciation	\$ (87,641)
Net Realized Gains	48,716
Investment Income	4,079
Total Expenses	(14,340)
Net Decrease in Net Assets	\$ (49,186)

- The net change in unrealized appreciation of \$87.6 million is comprised of net unrealized depreciation of \$31.8 million related to private holdings and net unrealized depreciation of \$63.1 million mainly related to the public equity securities held by the private equity funds in which we are invested. These unrealized losses were partially offset by unrealized currency gains on non-U.S. dollar denominated investments of \$7.3 million.
- Of the \$48.7 million in realized gains, \$41.2 million were previously recognized as unrealized gains related to private holdings and were reversed during the quarter. These reversals are the primary driver behind the net unrealized depreciation of \$31.8 million in the private holdings referred to above.
- Net investment income of \$4.1 million is mainly dividend and interest income.
- Total expenses of \$14.3 million include \$6.4 million of management fees payable to CAM and \$3.7 million of management fees and expenses paid to the private equity funds in which we have invested. These expenses do not include any performance fees or carried interest earned by the general partners of the funds in which we are invested. The remaining \$4.3 million of expenses represents the general operating expenses of Conversus, which consist primarily of professional services fees, compensation expense and operating expenses reimbursed to CAM pursuant to a services agreement.

- The cash balance as of March 31, 2008 was \$22.2 million.
- There was \$76.0 million outstanding under our collateralized fund obligation program as of March 31, 2008.
- The decrease in net assets of \$49.2 million resulted in losses per unit outstanding of \$0.67.

BUSINESS OVERVIEW

Conversus is a permanent capital vehicle designed to offer unitholders long-term capital appreciation through a seasoned, diversified and high-quality portfolio of private equity investments. We can remain fully invested by reinvesting the cash flow from our current portfolio in new private equity investments by making commitments to new funds, purchasing funds on the secondary market and making direct co-investments in individual companies.

Conversus was formed through the execution of a global offering of \$1,835.1 million in July 2007 and the use of those proceeds, as well as borrowings under our collateralized fund obligation program, to purchase a seasoned, diversified and high quality portfolio of private equity fund interests from BAC. The initial portfolio included 168 private equity fund interests managed by 104 general partners, representing a funded investment NAV of \$1,917.2 million and unfunded commitments of \$616.5 million.

Our core investment strategy is 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 pursue opportunities to make purchases of secondary portfolios of funds with risk exposures and vintages that diversify our portfolio, are favorably priced or are otherwise attractive to us. Additionally, we may invest up to 20.0% of our total investments over time in direct private equity co-investments which will allow us to select specific portfolio company investments with the potential for superior returns, in part because of the possibility of reduced fees and carried interest. We believe our investment strategy allows unitholders to share in the value created over time by new funds to which we make commitments, while benefiting from the current cash flows generated by the more seasoned funds in our portfolio.

Since our portfolio is mature and cash flowing, we can operate with low levels of cash. All of the capital we raised in our global offering was immediately invested. We currently expect to meet capital calls on unfunded commitments from the cash flows on existing assets or through borrowings under our \$650.0 million credit facility which is committed until July 2012.

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 comprising employees of CAM and OHIM. The senior members of this group average 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

Since Conversus commenced operations, our investment performance has been strong, as reflected in the increase in NAV from our global offering through March 31, 2008. We have achieved substantial NAV growth primarily due to the quality and maturity of our portfolio. As of March 31, 2008, we had an investment NAV of \$2,114.8 million with \$870.9 million of unfunded commitments and an NAV of \$2,044.6 million, or \$27.95 per unit. By comparison, our initial NAV was \$1,835.1 million, or \$25.00 per unit. Thus, NAV per unit has increased 11.8% since our global offering in July 2007.

The NAV as of March 31, 2008 primarily reflects the valuation of private holdings based on statements received from our general partners as of December 31, 2007. These statements were generally received in March and April 2008. As such, the current estimate of March 31, 2008 NAV of \$2,044.6 million, or \$27.95 per unit updates the estimate of \$2,019.6 million, or \$27.61 per unit provided on April 10, 2008 in our monthly NAV release. The revised NAV per unit of \$27.95 represents a decrease of 2.7% from the December 31, 2007 NAV per unit of \$28.73.

During the quarter ended March 31, 2008, net realized gains in the private holdings in our portfolio and unrealized gains associated with the acquisition of secondary portfolios of funds partially offset unrealized gain reversals in our private holdings and unrealized losses in the public equity securities held by the private equity funds in which we are invested. The unrealized losses experienced in the public equity securities were consistent with broad weakness in the global equity markets.

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 in accordance with generally accepted accounting standards in the United States (“non-GAAP”). Non-GAAP measurements do not have any standardized meaning and are therefore 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 unitholder 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 chooses to also consider Conversus’ performance on a purely operational basis and calculates adjusted NAV by removing these capital transactions and the related impact on the shares outstanding. The following table displays the reported NAV per unit as well as management’s calculation of the adjusted NAV per unit.

	As of March 31, 2008	As of December 31, 2007	Increase / (Decrease)
Net Asset Value, as reported	\$2,044,596	\$2,106,344	(2.9) %
Unitholder Distributions	18,367	9,188	99.9
Units Repurchased	8,778	4,836	81.5
New Units Issued	(3,014)	(2,454)	22.8
Adjusted Net Asset Value	\$2,068,727	\$2,117,914	(2.3)
Units Outstanding, as reported	73,158	73,302	(0.2)
Units Repurchased	372	202	84.2
New Units Issued	(128)	(102)	25.5
Adjusted Units Outstanding	73,402	73,402	0.0
NAV per Unit, as reported	\$27.95	\$28.73	(2.7)
Adjusted NAV per Unit	\$28.18	\$28.85	(2.3) %

On an adjusted basis, NAV per unit was \$28.18 as of March 31, 2008 representing an increase of 12.7% since Conversus’ global offering and a decrease of 2.3% from an adjusted NAV per unit of \$28.85 as of December 31, 2007.

PORTFOLIO SUMMARY

We used all of the net proceeds from the global offering, as well as borrowings under our credit facility, to purchase from BAC an initial fund portfolio that included 168 private equity fund interests managed by 104 general partners at an aggregate purchase price of \$1,917.2 million, with unfunded commitments of \$616.5 million. The purchase price was 100% of the March 31, 2007 NAV of the assets as reported by the general partners, adjusted for cash movements from April 1, 2007 through the applicable transfer date.

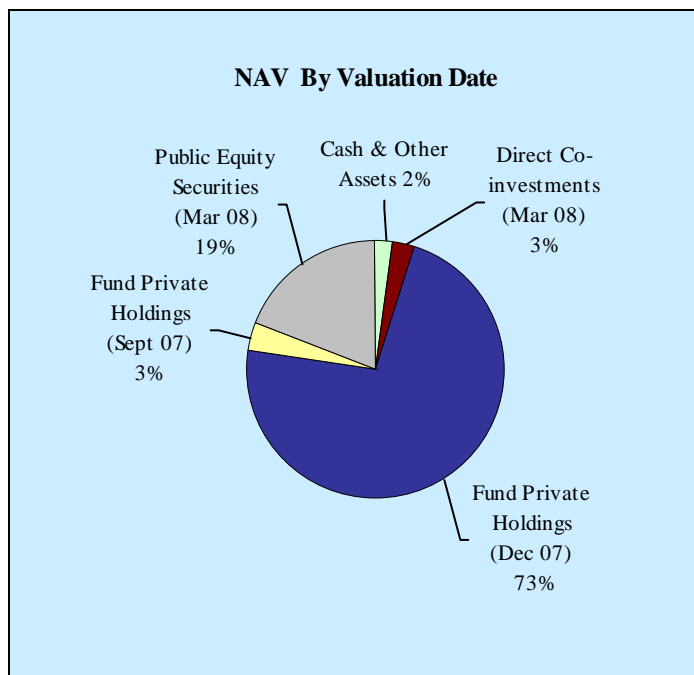
During the quarter ended March 31, 2008, we closed two primary fund commitments totaling \$70.0 million and two purchases of secondary portfolios of funds, consisting of eight fund investments at a total transfer price of \$84.8 million, with \$16.9 million of unfunded commitments. The following tables display the portfolio allocation among investment types and the commitment summary as of March 31, 2008.

Portfolio Allocation as of March 31, 2008				
	Number of Investments	Net Asset Value	Unfunded Commitments	Total Exposure
Fund Investments	195	\$ 2,049,971	\$ 870,947	\$ 2,920,918
Direct Co-investments	3	60,491	-	60,491
Publicly Held Securities (*)	11	4,317	-	4,317
Total Private Equity Investments	209	\$ 2,114,779	\$ 870,947	\$ 2,985,726

(*) Represents publicly traded equity securities distributed to us from our fund investments

Commitment Summary as of March 31, 2008	
	Fund Investments
Unfunded Commitments as of December 31, 2007	\$818,616
New Commitments	86,948
Net Commitments Funded	(34,617)
Unfunded Commitments as of March 31, 2008	\$870,947

The chart below segments our net asset value as of March 31, 2008 by the most recent valuation date of the investments. As of March 31, 2008, 73% of our net asset value is comprised of private holdings in our fund investments which have been valued using December 31, 2007 valuations from our general partners, adjusted for cash flows through March 31, 2008. 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 as of March 31, 2008 and a discount has been 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 net asset values.



INVESTMENT STRATEGY AND CAPITAL DEPLOYMENT

Our goal is to maintain a mature, diversified and high quality portfolio of private equity investments. We believe our current portfolio is consistent with that goal. Going forward, we expect at least 80.0% 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 20.0% 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 currently expect that no more than 15.0% of our total investments will be invested in any single general partner, no more than 7.5% will be invested in any single fund and no more than 5.0% 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.

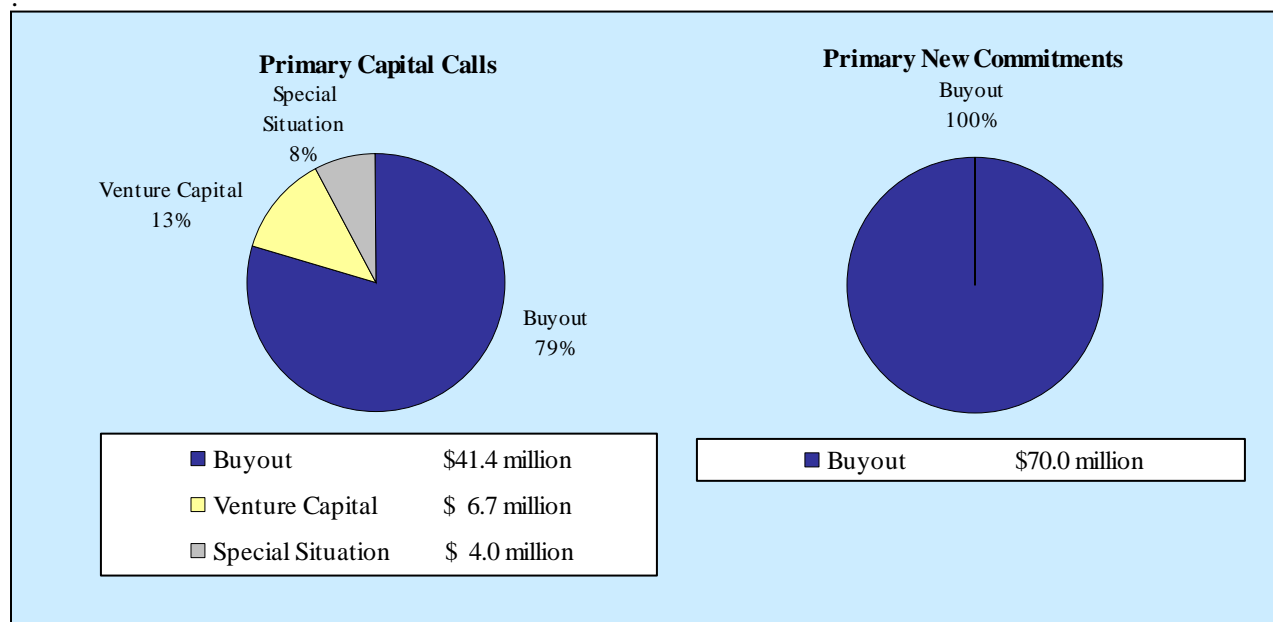
Over the near term, we will continue to focus on increasing exposure to portfolio companies outside of the U.S., reflecting our desire to manage risk by diversifying further and to increase our returns by investing in faster growing economies. In light of recent activity levels in the buyout market and the credit markets broadly, we believe that our portfolio would benefit from additional exposure to special situation investments, particularly distressed, and we will seek to make investments in this area as appropriate. The best general partners have always emphasized operational improvements that grow cash flow and build franchises in their portfolio companies, and we believe that capability will be particularly critical in the current environment. We will continue to focus on the general partners who we believe are best positioned to execute operational improvements successfully.

To maintain our attractive position on the private equity J-curve, we will continue to focus on making direct co-investments and purchasing 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 selected vintage years, investment stages, industries, geographic and other characteristics. Transaction volume in the secondary market slowed immediately following the market dislocation that began in mid 2007; however, we have observed a recent increase in the number of secondary sales processes launched or communicated to the market. We have completed two secondary transactions, both acquired at a discount to the general partners' reported NAV. In March and April, we closed the majority of a third secondary transaction involving the purchase of a substantial portfolio from CalPERS, which significantly increases our exposure to special situation assets. This portfolio had a total NAV of \$183.0 million and unfunded commitments of \$24.0 million, both as of June 30, 2007, the transaction's cut-off date. In March, we closed on five of the funds in this portfolio at a transfer price of \$71.0 million, and we closed on another three funds in April at a transfer price of \$23.8 million. We are optimistic that an increased supply of secondaries over the coming months will create opportunities for those with market insight, liquidity and execution capability such as Conversus.

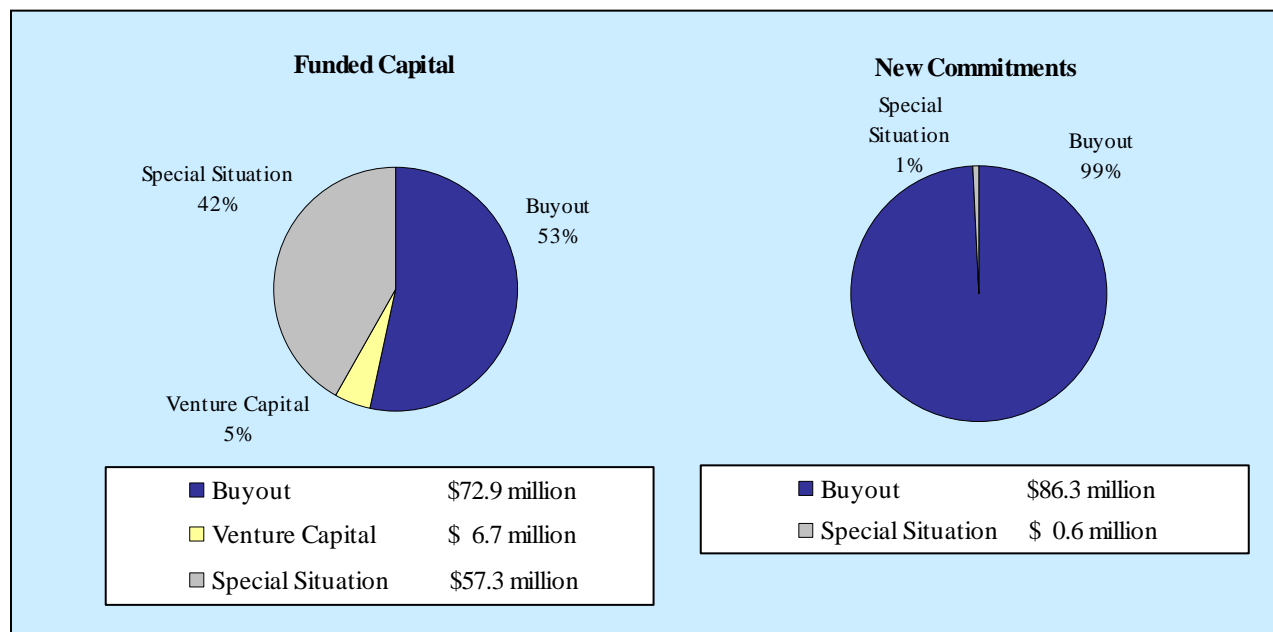
During the quarter ended March 31, 2008, we funded \$52.1 million in capital calls relating to investments and collected \$94.8 million in distributions. These cash flows exclude capital calls relating to management fees and other expenses paid to the funds in which we are invested, distributions of unused capital and purchases of secondary portfolios of funds. During the quarter, Conversus closed on the purchase of two secondary portfolios of funds at a total transfer price of \$84.8 million, composed of the first \$71.0 million of the CalPERS transaction and another \$13.8 million secondary purchase. Taking into account the secondary portfolio acquisitions, the total funded capital for investments was \$136.9 million.

Buyout funds accounted for 76.4% of capital called by fund investments during the first quarter of 2008. As expected, capital called by our fund investments came largely from more recent vintage year funds, with the 2006 and 2007 vintage year funds accounting for 53.6% and 20.3% of calls, respectively.

The following charts display capital calls and new commitments for primary fund investments for the quarter ended March 31, 2008, broken down by investment type. These charts exclude purchases of secondary portfolios of funds.

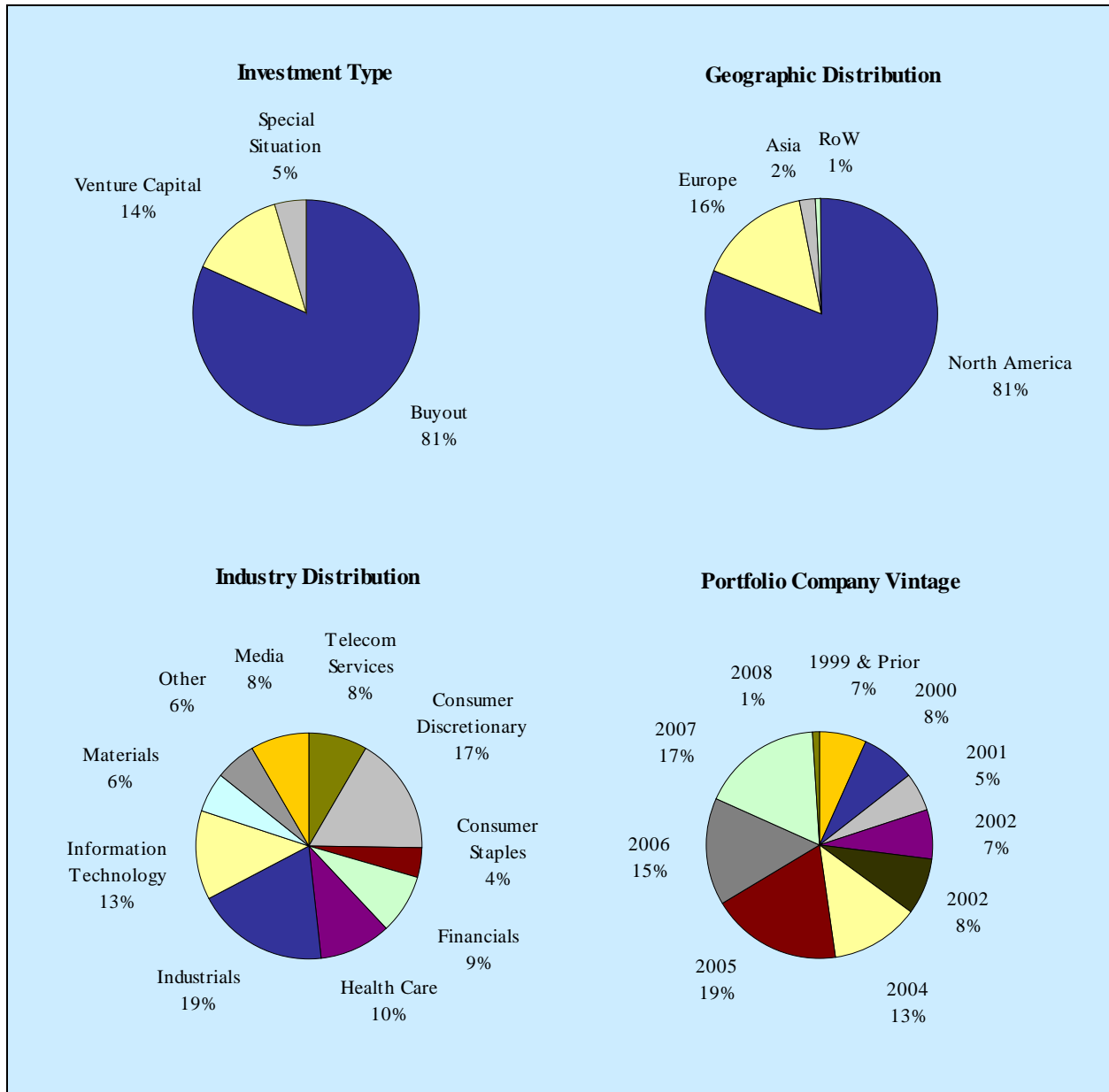


The following charts display total funded capital and total new commitments for the quarter ended March 31, 2008, broken down by investment type. Total funded capital and new commitments include both primary and secondary activity.



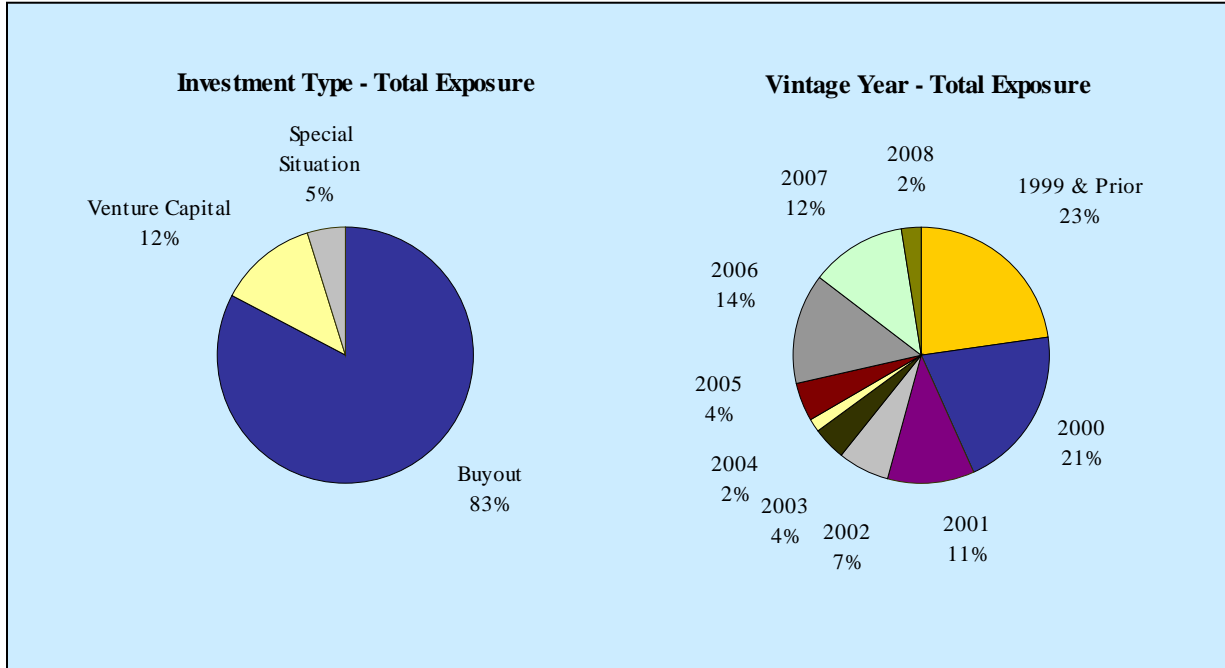
PORTFOLIO DIVERSIFICATION - NAV

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 March 31, 2008.



PORTFOLIO DIVERSIFICATION – FUND LEVEL 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 March 31, 2008.



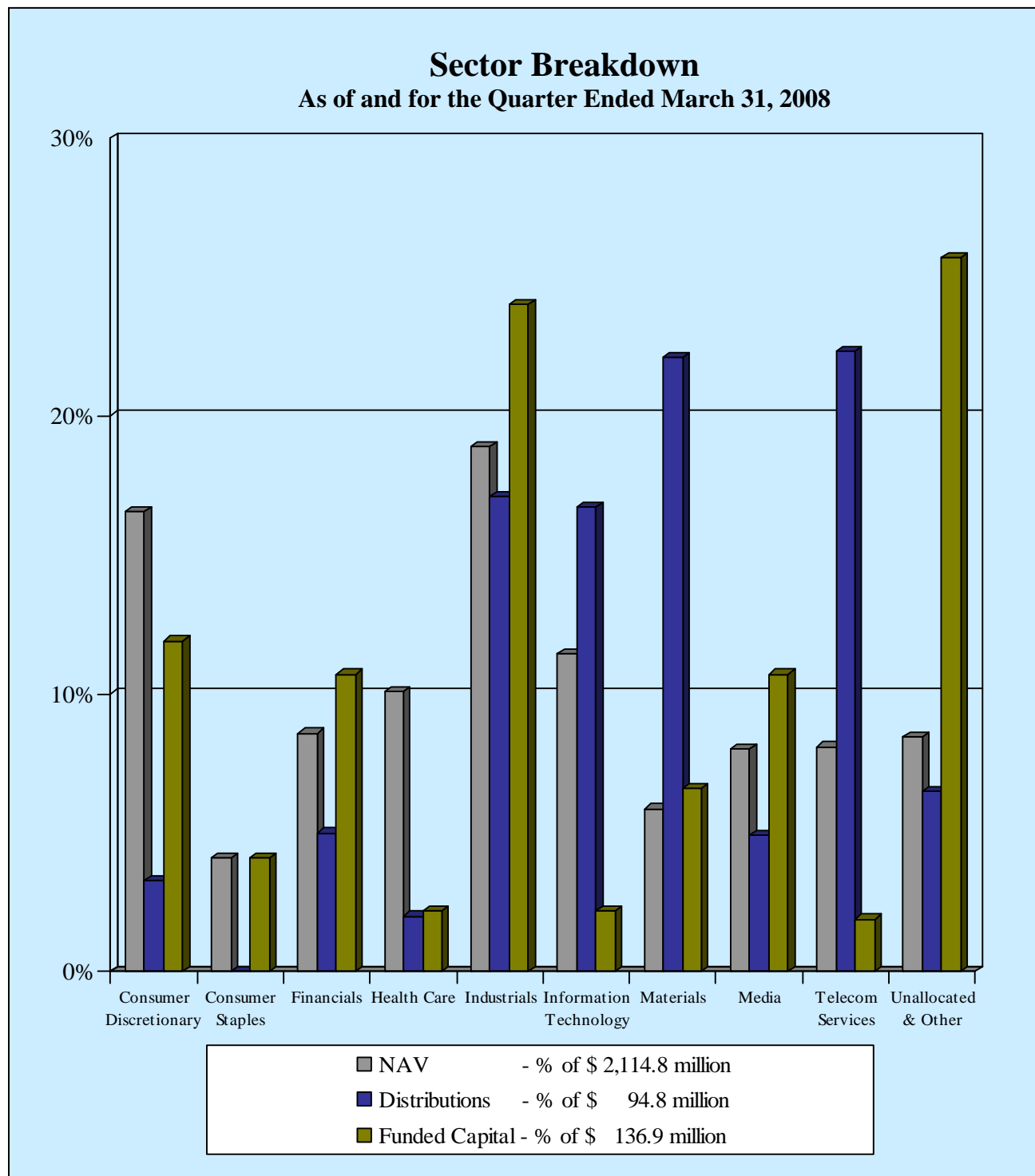
PORTFOLIO AND INVESTMENT ACTIVITY

We received total distributions of \$94.8 million for the quarter ended March 31, 2008, including \$41.4 million representing return of capital, \$49.5 million of net realized gains and \$3.9 million of investment income. Telecommunications Services (22.3%), Materials (22.1%) and Industrials (17.1%) were the sectors with the highest levels of distributions, making up 61.5% of the total distributions received during the period. As expected, most distributions are from older vintage year investments, consistent with our mature point on the private equity J-curve. More specifically, 72.0% of our distributions were from underlying portfolio company investments made in years 2005 (33.8%), 2004 (25.4%) and 2003 (12.8%).

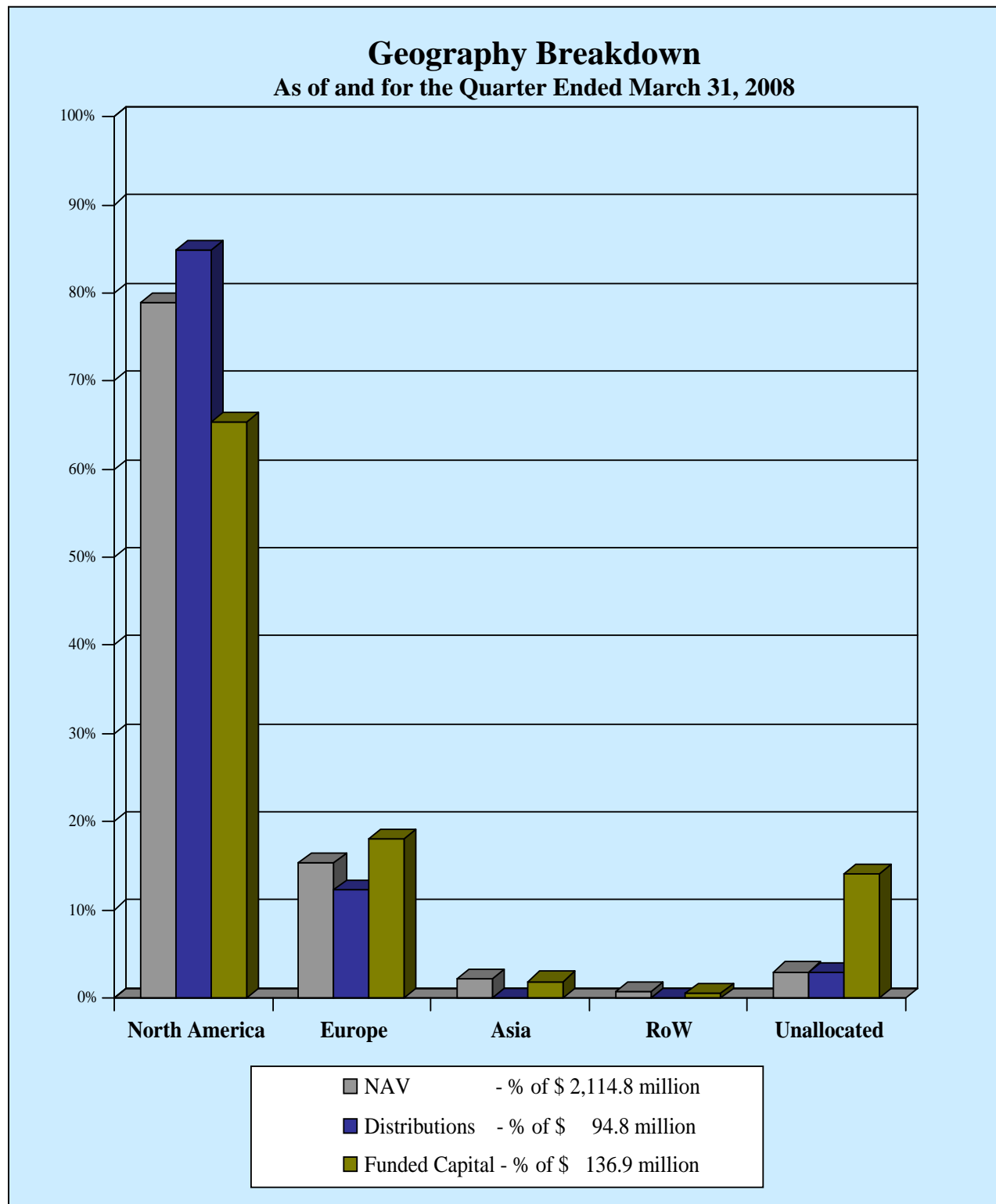
During the quarter ended March 31, 2008, the majority of the net realized gains (90.7%) came from four sectors: Telecommunications Services (34.2%), Information Technology (22.2%), Materials (20.2%) and Industrials (14.1%). Of the net realized gains, 81.9% came from buyout funds, while venture capital funds contributed 13.1%. A total of 77.1% of the net realized gains came from underlying portfolio company investments made in years 2005 (47.4%), 2004 (15.7%) and 2003 (14.0%).

Investment Activity for the Quarter Ended March 31, 2008	
	Fund Investments
Funded Capital	\$ 136,905
Return of Capital	\$ 41,405
Realized Gains	49,479
Investment Income	3,870
Total Distributions	\$ 94,754

The following chart displays, by industry sector, the relative percentages of funded capital and distributions for the quarter ended March 31, 2008 and the relative percentage of investment NAV as of March 31, 2008. Portions of the funded capital and distributions categorized as “Unallocated & Other” represent calls and distributions for which we did not receive adequate information from the general partners to allow for sector categorization. These amounts will be classified in the proper sector once additional information is received from the general partner.



The following chart displays, by geographic region, the relative percentages of funded capital and distributions for the quarter ended March 31, 2008 and the relative percentage of investment NAV as of March 31, 2008. Funded capital and distributions categorized as “Unallocated” represent calls and distributions for which we did not receive adequate information from the general partners to allow for geographic categorization. These amounts will be classified in the proper geographic region once additional information is received from the general partner.



INVESTMENT PORTFOLIO

The following table displays the composition of our investment portfolio based on investment NAV as of March 31, 2008. See pages 25 to 27 of this financial report for a complete listing of our investments as of March 31, 2008.

Composition of Investment Portfolio as of March 31, 2008					
	# of Holdings	Investment NAV	% of Investment NAV	Total Exposure ^(^)	% of Total Exposure
Buyout Funds >\$7.5 billion	7	\$ 105,633	4.99%	\$ 310,763	10.41%
Buyout Funds \$5 to \$7.5 billion	9	180,047	8.51	269,768	9.04
Buyout Funds \$3 to \$5 billion	18	402,244	19.02	538,322	18.03
Buyout Funds \$1 to \$3 billion	38	407,498	19.27	573,714	19.22
Buyout Funds \$500 million to \$1 billion	23	302,165	14.29	337,086	11.29
Buyout Funds <\$500 million	43	277,205	13.12	390,097	13.06
Total Buyout Funds	138	1,674,792	79.20	2,419,750	81.05
Venture Capital Funds	46	281,908	13.33	366,066	12.26
Special Situation Funds	11	93,271	4.41	135,102	4.52
Total Fund Investments	195	2,049,971	96.94	2,920,918	97.83
Direct Co-investments	3	60,491	2.86	60,491	2.03
Publicly Held Securities ^(*)	11	4,317	0.20	4,317	0.14
Total Investment Portfolio	209	\$2,114,779	100.00%	\$2,985,726	100.00%

(^) Total Exposure represents investment NAV plus remaining unfunded commitments
 (*) Represents publicly traded equity securities distributed to us from our fund investments

The following table displays, in alphabetical order, our twenty-five largest private equity fund investments as of March 31, 2008, based on investment NAV. These funds represent \$836.6 million, or 39.6% of our total investment NAV as of March 31, 2008.

Top Twenty-Five Fund Investments as of March 31, 2008
Apollo Investment Fund IV, L.P.
Apollo Investment Fund V, L.P.
Apollo Investment Fund VI, L.P.
Blackstone Capital Partners IV, L.P.
Clayton, Dubilier & Rice Fund VII, LP
Fenway Partners Capital Fund II, LP
Financial Technology Ventures II (Q), L.P.
Green Equity Investors IV, L.P.
Hicks, Muse, Tate & Furst Equity Fund V, L.P.
KKR 1996 Fund
KKR 2006 Fund, L.P.
KKR Millennium Fund, L.P.
Littlejohn Fund II, L.P.
M/C Venture Partners V, L.P.
Nautic Partners V, L.P.
OCM (Oaktree) Opportunities Fund VI, L.P.
OCM (Oaktree) Principal Opportunities Fund III, L.P.
Spectrum Equity Investors IV, L.P.
Thomas H. Lee Equity Fund V, L.P.
Thomas H. Lee Equity Fund VI, L.P.
Trident III, L.P.
Warburg Pincus Private Equity VIII, L.P.
Warburg, Pincus International Partners, L.P.
Welsh, Carson, Anderson & Stowe VIII, L.P.
Welsh, Carson, Anderson & Stowe IX, L.P.

OVERVIEW OF PUBLICLY HELD EQUITY SECURITIES

The table below lists, in alphabetical order, our twenty largest public equity securities held indirectly through one or more of our private equity fund investments, as of March 31, 2008, based on investment NAV. These twenty publicly held equity securities represent \$187.8 million in investment NAV or 47.0% of our total publicly held equity securities portfolio of \$400.0 million as of March 31, 2008.

In total, public equity securities held indirectly through one or more of our private equity fund investments represented 18.9% of the total investment NAV as of March 31, 2008, while the top twenty positions listed below comprised 8.9% of the total investment NAV as of March 31, 2008. No individual public equity security position represented more than 1.5% of total investment NAV as of March 31, 2008.

Top Twenty Publicly Held Equity Securities as of March 31, 2008
Acura Pharmaceutical
Allied Waste Industries, Inc.
Burger King
CB Richard Ellis
Eurand Pharmaceutical Holdings, B.V.
Gemalto
Hertz Corp
Hughes Communications
J. Crew Group, Inc.
Legrand S.A.
MetroPCS, Inc.
NetFlix.com, Inc.
Paris Re Holdings Limited
Regency Gas Services
Rexel S.A.
Rockwood Holdings
Sally Beauty Holdings
Shenzhen Development Bank Co
Sirius Satellite Radio, Inc.
Warner Chilcott PLC

MARKET COMMENTARY

Over the last several months, unprecedented volatility in the public markets and dramatic contraction in the availability of leverage have substantially reduced overall activity levels for private equity investments, especially for the largest leveraged buyouts. Deal flow is stronger in the middle and lower middle market where opportunities are more abundant and financing accessible. New deals have been capitalized with less debt, at wider credit spreads and with more restrictive covenants than those closed a year ago. On the other hand, with less levered capital structures, this new equity carries less risk, thereby potentially improving risk-adjusted returns. Firms with more diversified platforms are taking advantage of the credit dislocation by acquiring debt packages priced and financed to yield private equity returns. Conversus will seek to participate in these opportunities.

The market dislocation and the related decrease in investment pace follow a period of substantial capital raising by private equity firms. There are several implications of this overhang. First, fundraising is slowing down. The best funds remain oversubscribed, but access is getting easier. We believe this trend benefits Conversus, as it enhances our ability to secure improved allocations in the very best funds. Those funds recognize the attractiveness of an investor with a growing, permanent capital base dedicated to private equity.

Second, private equity deals in the emerging economies where the credit markets remain open have not slowed down to the same degree as have deals in the U.S. and Western Europe. These deals depend less on debt financing and appear to face less broad economic headwinds. We seek access to those deals through both funds focused on Asia and the rest of the world and the larger funds that target the best risk adjusted returns on a global basis.

Most importantly, the private equity business provides a natural hedge to the business cycle. Private equity has historically prospered in periods of market dislocations. Private equity firms excel at getting paid for providing liquidity and certainty of execution when both are in short supply.

The strongest general partners have proven their ability to make money across all phases of an economic cycle, and many are poised to deploy substantial capital in the opportunities currently available. Leverage and financial engineering alone will not create attractive returns in the current environment. The best general partners have demonstrated their ability to add value to portfolio companies by growing revenues and reducing expenses to increase cash flow, by making smart add-on acquisitions and by knowing how and when to sell. Today, these general partners are nimble, putting capital to work in moderate sized transactions where debt is available, in growth equity and minority investments that do not require substantial leverage, PIPES and in distressed and special situations.

Current market conditions are also presenting attractive opportunities in the secondary market for fund investors. Sellers have increasingly used secondaries as a portfolio management tool to re-balance asset allocation in light of lower public security values, to create liquidity or to streamline general partner relationships. Buyers pursue secondaries to acquire assets on attractive terms and to complement their existing portfolio. Secondaries help a buyer remain invested on the upswing of the J-curve, a key goal of Conversus.

With positive cash flows from our portfolio and the availability of our credit facility, Conversus is well-positioned to take advantage of the opportunities created by the current market conditions. Through our vintage year diversification and mix of primaries, secondaries and direct co-investments, we believe Conversus provides an attractive way to access the current deal flow of these proven, top-tier general partners.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements. Forward-looking statements speak only as of the date of the document in which they are made and relate to expectations, beliefs, projections (including anticipated economic performance and financial condition), future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts and are subject to risks and uncertainties including, but not limited to, statements as to:

- our future operating results;
- our business prospects and the prospects of our investments and private equity as a whole;
- the impact on private equity returns of market trends, including the availability of capital;
- the impact of investments that we expect to make;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of our investments to achieve their objectives;
- differences between our investment objectives and the investment objectives of the private equity funds in which we invest;
- the rate at which we deploy our capital in private equity fund investments, direct co-investments and temporary investments;
- our expected financings and investments;
- the continuation of the Investment Manager as our service provider and the continued affiliation with the Investment Manager of its key investment professionals;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our underlying private equity funds and our underlying portfolio companies.

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.

The forward-looking statements are based on beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Factors and events that could cause our business, financial condition, liquidity and results of operations to vary materially include, among other things, general economic conditions, securities market conditions, private equity market conditions, the level and volatility of interest rates and equity prices, competitive conditions, liquidity of global markets, international and regional political conditions, regulatory and legislative developments, monetary and fiscal policy, investor sentiment, availability and cost of capital, technological changes and events, outcome of legal proceedings, changes in currency values, inflation, credit ratings and the size, volume and timing of transactions, as well as other risks described elsewhere in this report and other documents filed with the Netherlands Authority for the Financial Markets ("AFM").

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 unaudited 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 unaudited 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, the rules of Euronext Amsterdam 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 Board of Directors confirms that they have complied with the above requirements in preparing these combined financial statements. The Board of Directors is 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.

LIQUIDITY AND CAPITAL RESOURCES

The investments in our portfolio generate cash from time to time. This cash is in the form of distributions and dividends on 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 through the Investment Partnership and its subsidiaries, to make distributions to Conversus LP's unitholders in accordance with Conversus LP's distribution policy and to pay our operating expenses.

Our initial source of liquidity consisted of the net proceeds of the global offering and the initial issuance on the closing date of notes under Conversus LP's collateralized fund obligation program. Current and future liquidity will 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 common units or other securities (if any) and borrowings under the collateralized fund obligation program.

Conversus LP depends on the Investment Partnership to distribute cash to it in a manner that allows it to meet its expenses as they become due and to make distributions to unitholders in accordance with Conversus LP's distribution policy. 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 and it may be required to delay or cancel the cash distributions it intends to make to Conversus LP's unitholders pursuant to Conversus LP's distribution policy.

Conversus LP has entered into a collateralized fund obligation program with Citigroup Global Markets Inc. or one of its affiliates (the "Purchaser") pursuant to which Conversus LP has the ability to issue up to \$650.0 million of notes to the Purchaser on a continuous basis over the five year term of the program.

Because we employ an over-commitment strategy when making investments in private equity funds, the amount of capital we commit for future private equity investments may exceed 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.

DISTRIBUTION POLICY

Conversus LP has adopted a distribution policy under which it intends to make quarterly cash distributions to unitholders that, on an annual basis (when combined with any withholding taxes paid by us on our unitholders' behalf that would be creditable by or refundable to a U.S. unitholder), will equal, in the aggregate, at least (i) 10.0% of the estimated realized long-term capital gains (including any realized built-in gains) and qualified dividend income realized during the calendar year plus (ii) 20.0% of the estimated amount of other taxable income realized during the calendar year, each as determined under the U.S. tax code. We expect this policy to equate to an expected annual dividend yield of 2.0% or greater on our unit price. These quarterly cash distributions may not be sufficient to cover all of the annual tax liabilities of a U.S. taxable investor in respect of an investment in our common units or restricted depository units ("RDUs") (although when viewed over the entire period that an investor holds common units or RDUs, the aggregate amount of quarterly tax distributions may, depending upon the circumstances, largely offset or perhaps exceed the aggregate amount of tax liabilities because such quarterly tax distributions take into account realized built-in gains, which will correspondingly increase a U.S. holder's tax basis in the common units (or RDUs)), and may not be sufficient to cover all of the tax liabilities of other taxable investors.

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

On March 17, 2008, Conversus made a cash distribution for the first quarter of 2008 of \$0.125 per unit, or \$9.2 million, to unitholders of record as of February 29, 2008.

On May 6, 2008, the Board of Directors approved a cash distribution for the second quarter of 2008 of \$0.125 per unit, or \$9.2 million to unitholders of record as of May 30, 2008.

COMPOSITION OF PORTFOLIO INVESTMENTS

Total Portfolio <i>(US\$ in millions)</i>	# of Holdings	Estimated NAV	Total Exposure*
(Includes Direct Co-investments and Public Equity Securities Distributions)	209	\$2,114.8	\$2,985.7
Total Funds	# of Funds	Estimated NAV	Total Exposure*
	195	\$2,050.0	\$2,920.9
Total Buyout Funds	# of Funds	Estimated NAV	Total Exposure*
	138	\$1,674.8	\$2,419.7
Buyout Funds >\$7.5 billion	# of Funds	Estimated NAV	Total Exposure*
	7	\$105.6	\$310.8
1 Apollo Investment Fund VI, L.P.	5	KKR 2006 Fund, L.P.	
2 Apollo Overseas Partners VII, L.P.	6	Permira IV, L.P.	
3 Bain Capital Fund X, L.P.	7	TPG Partners VI, L.P.	
4 Carlyle Partners V, L.P.			
Buyout Funds \$5 - \$7.5 billion	# of Funds	Estimated NAV	Total Exposure*
	9	\$180.1	\$269.7
1 Apax Europe V-A, LP	6	New Mountain Partners III, L.P.	
2 Blackstone Capital Partners IV, L.P.	7	PAI Europe V	
3 Green Equity Investors V, LP	8	Third Cinven Fund US No. 3 Limited Partnership	
4 KKR 1996 Fund	9	Warburg Pincus Private Equity VIII, L.P.	
5 KKR Millennium Fund, L.P.			
Buyout Funds \$3 - \$5 billion	# of Funds	Estimated NAV	Total Exposure*
	18	\$402.2	\$538.3
1 Apollo Investment Fund IV, L.P.	10	PAI Europe IV-B, L.P.	
2 Apollo Investment Fund V, L.P.	11	Silver Lake Partners II, L.P.	
3 BC European Capital VII-4	12	Thomas H. Lee Equity Fund V, L.P.	
4 Blackstone Capital Partners III L.P.	13	Thomas H. Lee Equity Fund VI, L.P.	
5 Carlyle Partners III, L.P.	14	TPG Asia V, L.P.	
6 Clayton, Dubilier & Rice Fund VI, L.P.	15	TPG Partners III, L.P.	
7 Clayton, Dubilier & Rice Fund VII, LP	16	Warburg Pincus Equity Partners, L.P.	
8 CVC European Equity Partners III LP	17	Welsh, Carson, Anderson & Stowe IX, L.P.	
9 Madison Dearborn Capital Partners IV, L.P.	18	Welsh, Carson, Anderson & Stowe VIII, L.P.	
Buyout Funds \$1 - \$3 billion	# of Funds	Estimated NAV	Total Exposure*
	38	\$407.5	\$573.7
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	Nautic VI-A, LP	
8 Carlyle Partners II, L.P.	27	Providence Equity Partners IV, L.P.	
9 Crestview Capital Partners	28	Ripplewood Partners II/Side-by-Side Fund, L.P.	
10 Crestview Partners II (Cayman), L.P.	29	Second Cinven Fund US No. 2 Limited Partnership	

Composition of Portfolio Investments (continued)

11 CVC European Equity Partners II LP	30 Spectrum Equity Investors IV, L.P.		
12 Diamond Castle Partners IV, L.P.	31 TowerBrook Investors III, L.P.		
13 EQT III (fka EQT Northern Europe)	32 TPG Partners II, L.P.		
14 Green Equity Investors III, L.P.	33 Trident II, L.P.		
15 Green Equity Investors IV, L.P.	34 Trident III, L.P.		
16 Hicks, Muse, Tate & Furst Equity Fund V, L.P.	35 Trident IV, LP.		
17 Hicks, Muse, Tate & Furst Europe Fund, L.P.	36 Vestar Capital Partners IV, L.P.		
18 Industri Kapital 2000 Limited Partnership III	37 Warburg, Pincus International Partners, L.P.		
19 J.W. Childs Equity Partners III, L.P.	38 Weston Presidio Capital IV, LP		
Buyout Funds \$500 million - \$1 billion	# of Funds	Estimated NAV	Total Exposure*
	23	\$302.2	\$337.1
1 Aurora Equity Partners II, LP	13 Code Hennessy & Simmons IV, L.P.		
2 Bain Capital VII Coinvestment Fund, L.P.	14 Fenway Partners Capital Fund II, LP		
3 Bear Stearns Merchant Banking Partners II, LP	15 Industri Kapital 1997 Limited Partnership III		
4 Blum Strategic Partners, L.P.	16 Kelso Investment Associates V, L.P.		
5 Boston Ventures Limited Partnership V	17 Littlejohn Fund II, L.P.		
6 Boston Ventures Limited Partnership VI	18 M/C Venture Partners V, L.P.		
7 Brentwood Associates Private Equity III, L.P.	19 Newbridge Asia III		
8 Bruckmann, Rosser, Sherrill & Co. II, LP	20 Parthenon Investors II, LP		
9 Calera Capital Partners III, L.P.	21 Quad-C Partners VI, LP		
10 CCG Investment Fund, L.P.	22 Vestar Capital Partners III, L.P.		
11 Charlesbank Equity Fund V, LP	23 Warburg Pincus Ventures International		
12 Clayton, Dublier & Rice Fund VII Coinvest, L.P.			
Buyout Funds <\$500 million	# of Funds	Estimated NAV	Total Exposure*
	43	\$277.2	\$390.1
1 AIG Altaris Health Partners, L.P.	23 Friedman, Fleischer & Lowe Capital Partners, L.P.		
2 Alta Communications IX, L.P.	24 German Equity Partners II, LP		
3 American Industrial Partners Capital Fund III, L.P.	25 GMT Communications Partners II, LP		
4 Asia Alternatives Capital Partners II, L.P.	26 Graham Partners Investments, LP		
5 Atlantic Equity Partners III, L.P.	27 Great Hill Equity Partners II, LP		
6 Bain Capital VI Coinvestment Fund, LP	28 Great Hill Equity Partners, LP		
7 Brazos Equity Fund, LP	29 Greenbriar Equity Fund, LP		
8 Bruckmann, Rosser, Sherrill & Co. III, L.P.	30 Harvest Partners IV, LP		
9 Calera Capital Partners II (Fremont Partners), L.P.	31 ING Furman Selz Investors III LP		
10 CapStreet II, L.P. (fka Summit Capital II)	32 Marathon Fund Limited Partnership IV		
11 Carousel Capital Partners II, LP	33 Parthenon Investors, L.P.		
12 Catterton Partners IV	34 Pouschine Cook Capital Partners, L.P.		
13 CEA Capital Partners USA, LP	35 Quad-C Partners V, LP		
14 Centre Capital Investors III, L.P.	36 Ripplewood Partners, LP		
15 Chisholm Partners IV, LP	37 Riverside Capital Appreciation 1998 Fund, LP		
16 Code, Hennessy & Simmons II, LP	38 Seaport Capital Partners II, LP		
17 Euroknights IV US NO. 2, LP	39 T3 Partners II, L.P.		
18 Europe Capital Partners IV, LP	40 T3 Partners, L.P.		
19 European Acquisition Capital Fund II	41 Trivest Fund III, LP		
20 Evercore Capital Partners, L.P.	42 U.S. Equity Partners II (Offshore), L.P.		
21 FFC Partners I, LP (fka FFT Partners I)	43 William Blair Capital Partners VII QP, L.P.		
22 FFC Partners II, L.P.			

Composition of Portfolio Investments (continued)

Venture Capital Funds		# of Funds	Estimated NAV	Total Exposure*
		46	\$281.9	\$366.1
1	ABS Capital Partners IV, LP	24	Morgenthaler Partners VI, LP	
2	APAX Excelsior VI, LP	25	Morgenthaler Partners VII, LP	
3	Austin Ventures VII, L.P.	26	MPM BioVentures III, L.P.	
4	Austin Ventures VIII, L.P.	27	New Enterprise Associates 10, LP	
5	Azure Venture Partners I, LP	28	New Enterprise Associates 9, LP	
6	Battery Ventures VI, L.P.	29	Polaris Venture Partners III, L.P.	
7	Bay City Capital Fund V, L.P.	30	Polaris Venture Partners IV, L.P.	
8	Bay City Capital IV, L.P.	31	Redpoint Ventures II, LP	
9	Bay Partners X, L.P.	32	RRE Ventures III-A, LP	
10	Essex Woodlands Health Ventures Fund IV, LP	33	Sigma Partners 6, L.P.	
11	Essex Woodlands Health Ventures Fund V, LP	34	Sigma Partners IV, L.P.	
12	Financial Technology Ventures (Q), LP	35	Sigma Partners V, L.P.	
13	Financial Technology Ventures II (Q), L.P.	36	Spectrum Equity Investors III, L.P.	
14	Foundation Capital Fund III, L.P.	37	TA Associates Advent VIII	
15	Foundation Capital IV, L.P.	38	TA IX, L.P.	
16	Foundation Capital Leadership Fund, L.P.	39	TCV II (Q), L.P.	
17	FTVentures III, L.P.	40	TCV III (Q), L.P.	
18	Index Ventures Growth I, LP	41	TCV IV, L.P.	
19	InterWest Partners VII, L.P.	42	TCV VII(A), L.P.	
20	Interwest Partners VIII, L.P.	43	TL Ventures V, LP	
21	Meritech Capital Partners II L.P.	44	U.S. Venture Partners VI, L.P.	
22	Morgan Stanley Dean Witter Venture Partners IV L.P.	45	U.S. Venture Partners VIII, L.P.	
23	Morgan Stanley Venture Partners 2002 Fund, L.P.	46	WPG Venture Associates IV	
Special Situation Funds		# of Funds	Estimated NAV	Total Exposure*
		11	\$93.3	\$135.1
1	Avenue Special Situations Fund V, L.P.	7	OCM Opportunities Fund VIIb, L.P.	
2	BIA Digital Partners, LP	8	OCM Principal Opportunities Fund III, L.P.	
3	Gleacher Mezzanine Fund I, LP	9	OCM Principal Opportunities Fund, L.P.	
4	OCM Opportunities Fund V, L.P.	10	TA Subordinated Debt Fund L.P.	
5	OCM Opportunities Fund VI, L.P.	11	WCAS Capital Partners III, L.P.	
6	OCM Opportunities Fund VII, L.P.			
Direct Co-investments		# of Holdings	Estimated NAV	Total Exposure*
		3	\$60.5	\$60.5
Public Equity Securities Distributions		# of Holdings	Estimated NAV	Total Exposure*
		11	\$4.3	\$4.3
* Total Exposure equals Estimated NAV plus remaining unfunded commitments.				

DIRECTORS, ADVISORS AND KEY INFORMATION

<p><i>Independent Board of Directors</i> Paul Guilbert (Chairman) Laurance R. (Laurie) Hoagland, Jr., Dr. Per Johan Strömberg</p> <p><i>Non-Voting Advisors</i> Charles Bowman J. Taylor Crandall Peter F. Dolan Leon Shahinian</p> <p>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.</p>	<p><i>Investor Information</i> 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</p>
<p><i>Registered Office</i> 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</p>	<p><i>Independent Accountants</i> 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</p>
<p><i>Investment Manager</i> Conversus Asset Management, LLC</p> <p>190 South LaSalle Street, Suite 1500 Chicago, Illinois, 60603 Tel: +1 312 261 9700 Fax: +1 312 261 9701</p> <p>and</p> <p>Bank of America Plaza 101 South Tryon Street, Suite 2440 Charlotte, North Carolina, 28280 Tel: +1 704 307 4865</p>	<p><i>Independent Valuator</i> 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</p>

<p><i>Depository Bank</i> 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</p>	<p><i>Paying Agent</i> ABN AMRO Bank N.V. Client Service Desk Securities Operations Kemelstede 2 4817 ST BREDA The Netherlands</p>
<p><i>Investor Relations Contacts</i> Tim Smith Chief Financial Officer Conversus GP, Limited Trafalgar Court, Les Banques St. Peter Port, Guernsey GY1 3QL Channel Islands Tel: +44 1481 745 175 Fax: +44 1481 745 176 e-mail: tim.smith@conversuscapital.com</p>	<p>Andrew Greenebaum / Anne Rakunas Investor Relations Integrated Corporate Relations e-mail: anne.rakunas@icrinc.com</p>
<p><i>Public Relations Contact</i> Brian Ruby Integrated Corporate Relations e-mail: brian.ruby@icrinc.com</p>	



CONVERSUS CAPITAL, L.P.

**COMBINED FINANCIAL STATEMENTS
(UNAUDITED)**

For the quarter ended March 31, 2008

INDEX TO UNAUDITED COMBINED FINANCIAL STATEMENTS

Report of Independent Accountants.....	F-3
Combined Statement of Net Assets	F-4
Combined Statement of Operations	F-5
Combined Statement of Changes in Net Assets	F-6
Combined Statement of Cash Flows.....	F-7
Combined Condensed Schedule of Investments.....	F-8
Notes to the Combined Financial Statements	F-11
Financial Highlights.....	F-26

Report of Independent Accountants

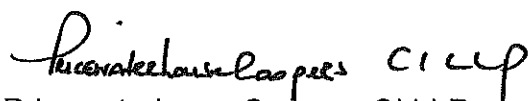
To the Board of Directors of the General Partner and shareholders of Conversus Capital, L.P.

We have reviewed the accompanying combined statement of net assets of Conversus Capital, L.P. and Conversus Investment Partnership, L.P. (collectively "Conversus"), including the combined condensed schedule of investments as of March 31, 2008, and the related combined statements of operations, of changes in net assets, and of cash flows for the three month period ended March 31, 2008, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the responsibility of management and the General Partner of Conversus.

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

This report has been prepared for and only for the General Partner and shareholders of Conversus Capital, L.P. as a body, and for no other purpose. We do not 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.

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



PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
May 28, 2008

COMBINED STATEMENT OF NET ASSETS

As of March 31, 2008 and December 31, 2007

(In thousands except for per unit amount)

	March 31, 2008	December 31, 2007 (Audited)
Assets		
Investments, at fair value <i>(Note 3)</i> (cost \$1,962,469 as of March 31, 2008; \$1,867,842 as of December 31, 2007)	\$ 2,114,779	\$ 2,107,793
Cash and cash equivalents	22,241	44,140
Receivables and prepaid expenses	1,953	1,508
Total Assets	<u>2,138,973</u>	<u>2,153,441</u>
Liabilities		
Management fees payable <i>(Note 2)</i>	6,504	6,292
Performance fees payable <i>(Note 2)</i>	6,152	9,491
Notes and interest payable <i>(Note 5)</i>	76,219	26,329
Other	5,502	4,985
Total Liabilities	<u>94,377</u>	<u>47,097</u>
NET ASSETS	<u>\$ 2,044,596</u>	<u>\$ 2,106,344</u>
Net Assets consist of:		
General Partner's capital	\$ -	\$ -
Limited Partners' capital (73,530 units issued and 73,158 units outstanding as of March 31, 2008 73,504 units issued and 73,302 units outstanding as of December 31, 2007)	2,053,374	2,111,180
Treasury units <i>(Note 6)</i> (373 units as of March 31, 2008 and 202 units as of December 31, 2007)	(8,778)	(4,836)
NET ASSETS	<u>\$ 2,044,596</u>	<u>\$ 2,106,344</u>
NET ASSET VALUE PER UNIT OUTSTANDING	<u>\$ 27.95</u>	<u>\$ 28.73</u>

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

COMBINED STATEMENT OF OPERATIONS

For the quarter ended March 31, 2008

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

	March 31, 2008
	<hr/>
Investment Income	
Dividends	\$ 2,790
Interest and other income	1,289
Total Investment Income	<hr/> 4,079 <hr/>
Expenses	
Fund fees and expenses	3,671
Management fees <i>(Note 2)</i>	6,381
Other general and administrative expenses	4,288
Total Expenses	<hr/> 14,340 <hr/>
Net Investment Loss	<hr/> (10,261) <hr/>
Net Realized Gains and Net Decrease in Unrealized Appreciation on Investments	
Net realized gains on investments	48,716
Net decrease in unrealized appreciation on investments	(87,641)
Net Realized Gains and Net Decrease in Unrealized Appreciation on Investments	<hr/> (38,925) <hr/>
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	<hr/> \$ (49,186) <hr/>
LOSS PER UNIT	<hr/> \$ (0.67) <hr/>

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

COMBINED STATEMENT OF CHANGES IN NET ASSETS

For the quarter ended March 31, 2008

(US\$ in thousands)

	March 31, 2008
Increase/(Decrease) in assets resulting from operations	
Net investment loss	\$ (10,261)
Net realized gains on investments	48,716
Net decrease in unrealized appreciation on investments	(87,641)
Net decrease in net assets resulting from operations	(49,186)
Increase/(Decrease) in net assets resulting from capital transactions	
Proceeds from issuance of common units to Oak Hill Investment Management	560
Distributions to unitholders	(9,179)
Treasury unit purchases	(3,943)
Net decrease in net assets resulting from capital transactions	(12,562)
NET DECREASE IN NET ASSETS	(61,748)
NET ASSETS AT BEGINNING OF PERIOD	2,106,344
NET ASSETS AT END OF PERIOD	\$ 2,044,596

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

COMBINED STATEMENT OF CASH FLOWS

For the quarter ended March 31, 2008

(US\$ in thousands)

	March 31, 2008
	2008
Cash flows from operating activities	
Net decrease in net assets resulting from operations	\$ (49,186)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash used in operating activities:	
Net realized gains on investments	(48,716)
Net decrease in unrealized appreciation on investments	87,641
Purchases of investments	(136,008)
Distributions from underlying investments	90,097
Changes in operating assets and liabilities:	
Net increase in receivables and prepaid expenses	(445)
Net increase in management fees payable	212
Net decrease in performance fees payable	(3,339)
Net increase in interest and other payables	407
Net cash used in operating activities	(59,337)
Cash flows from financing activities	
Proceeds from issuance of common units to Oak Hill Investment Management	560
Purchase of treasury units	(3,943)
Distributions to unitholders	(9,179)
Issuances of notes	75,000
Repayments of notes	(25,000)
Net cash provided by financing activities	37,438
NET CHANGE IN CASH AND CASH EQUIVALENTS	(21,899)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	44,140
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 22,241
Supplemental cash flow disclosure	
Cash paid for interest	\$ 531

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

COMBINED CONDENSED SCHEDULE OF INVESTMENTS

As of March 31, 2008

(US\$ in thousands)

	<u>Cost</u>	<u>Fair Value</u>	<u>% of Net Assets</u>	<u>Unfunded Commitment</u>
FUND INVESTMENTS				
US				
Buyout	\$ 1,395,683	\$ 1,488,492	72.80%	\$ 651,514
Venture Capital	264,808	281,729	13.78	80,784
Special Situation	82,384	93,271	4.56	41,832
Total U.S.	<u>1,742,875</u>	<u>1,863,492</u>	<u>91.14</u>	<u>774,130</u>
Non-US				
Buyout	153,774	186,300	9.11	93,444
Venture Capital	166	179	0.01	3,373
Total Non-US	<u>153,940</u>	<u>186,479</u>	<u>9.12</u>	<u>96,817</u>
Total Fund Investments	<u>1,896,815</u>	<u>2,049,971</u>	<u>100.26</u>	<u>870,947</u>
DIRECT INVESTMENTS ⁽¹⁾				
Direct Co-Investments				
US				
Industrials	35,000	35,491	1.75	-
Telecommunication Services	25,000	25,000	1.22	-
Publicly Traded Securities ⁽²⁾				
US				
Energy	449	478	0.02	-
Health Care	387	267	0.01	-
Industrials	1,086	852	0.04	-
Information Technology	1,434	1,299	0.06	-
Materials	568	413	0.02	-
Telecommunication Services	1,730	1,008	0.05	-
Total Direct Investments	<u>65,654</u>	<u>64,808</u>	<u>3.17</u>	<u>-</u>
TOTAL	<u><u>\$ 1,962,469</u></u>	<u><u>\$ 2,114,779</u></u>	<u><u>103.43%</u></u>	<u><u>\$ 870,947</u></u>

⁽¹⁾ Industry classifications are based on the North American Industry Classification System ("NAICS").

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

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

COMBINED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)

As of December 31, 2007 (Audited)

(US\$ in thousands)

	<u>Cost</u>	<u>Fair Value</u>	<u>% of Net Assets</u>	<u>Unfunded Commitment</u>
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.	<u>1,656,595</u>	<u>1,862,040</u>	<u>88.40</u>	<u>731,470</u>
Non-US				
Buyout	146,268	180,409	8.57	83,864
Venture Capital	-	-	0.00	3,282
Total Non-US	<u>146,268</u>	<u>180,409</u>	<u>8.57</u>	<u>87,146</u>
Total Fund Investments	<u>1,802,863</u>	<u>2,042,449</u>	<u>96.97</u>	<u>818,616</u>
DIRECT INVESTMENTS ⁽¹⁾				
Direct Co-Investments				
US				
Industrials	35,000	35,769	1.70	-
Telecommunication Services	25,000	25,000	1.19	-
Publicly Traded 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 Direct Investments	<u>64,979</u>	<u>65,344</u>	<u>3.10</u>	<u>-</u>
TOTAL	<u><u>\$ 1,867,842</u></u>	<u><u>\$ 2,107,793</u></u>	<u><u>100.07%</u></u>	<u><u>\$ 818,616</u></u>

⁽¹⁾ Industry classifications are based on the North American Industry Classification System ("NAICS").

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

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

COMBINED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)

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

Industry ⁽¹⁾	March 31, 2008		December 31, 2007 (Audited)	
	Fair Value	% of Total Net Assets	Fair Value	% of Total Net Assets
Industrials	\$ 387,913	18.97%	\$ 372,410	17.68%
Consumer Discretionary	349,516	17.10	330,817	15.71
Information Technology	258,123	12.62	272,579	12.94
Health Care	212,962	10.42	219,055	10.40
Telecommunication Services	170,990	8.36	206,868	9.82
Financials	173,670	8.49	170,643	8.10
Media	170,514	8.34	168,194	7.99
Materials	124,129	6.07	137,801	6.54
Other Industries	115,111	5.63	107,972	5.13
Consumer Staples	86,399	4.23	83,726	3.97
Other (Net other assets held by underlying funds)	65,452	3.20	37,728	1.79
TOTAL	\$ 2,114,779	103.43%	\$ 2,107,793	100.07%

⁽¹⁾ Industry classification of investments is determined at the individual portfolio company level for private equity fund investments, direct co-investments and publicly traded securities and is 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 N.V., Eurolist by 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 the subsidiaries of the Investment Partnership. 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 and the Class A, B and C limited partners of the Investment Partnership, 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 Conversus GP and the independent members of the Board 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. Class C limited partner interests in the Investment Partnership have been issued to Conversus Asset Management, LLC (“CAM”) in connection with 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 8). CPC has no operations and is a vehicle through which its owners will receive performance fees from the Investment Partnership.

The Class B limited partner interests held by CPC entitle it to receive a performance fee from the Investment Partnership, based on the Investment Partnership’s investment performance (see Note 2). The Class C limited partner interests held by CAM entitle it to receive the profits interest portion of the management fee (see Note 2).

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%.

Conversus LP received gross proceeds of \$1,835.1 million in connection with its global offering of common units, before giving effect to fees and expenses of the global offering of \$6.6 million, resulting in aggregate net proceeds to Conversus of \$1,828.5 million. The fees and expenses related to the offering were reflected as a reduction of capital in the combined statement of net assets. All of the net proceeds from the global offering were used to purchase the funds in the initial fund investment portfolio on July 6, 2007 from affiliates of BAC, at a purchase price (including transaction costs) of approximately \$1,843.0 million. In addition, there was a reimbursement on July 6, 2007 to BAC of approximately \$5.2 million for fees paid on behalf of Conversus LP prior to its commencement of operations. Additional funding for the portfolio purchase, cash for operations and future investments came from Conversus LP's issuance, on the closing date of the global offering, of \$145.0 million of notes under Conversus LP's collateralized fund obligation program (see Note 5).

Subsequent to the closing of the global offering on July 6, 2007, the acquisition of the final fund interests in the initial portfolio purchased from BAC was completed. The complete initial fund portfolio included 168 private equity fund interests managed by 104 managers, representing an aggregate purchase price of \$1,917.2 million, with unfunded commitments of \$616.5 million. The aggregate initial purchase price was based on the March 31, 2007 NAV of the assets as reported by the general partners, adjusted for cash movements from April 1, 2007 through the applicable transfer date.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

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

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 separate the changes relating to currency exchange rates from those relating to changes in the fair value of investments held. These fluctuations are combined and included in the net change in unrealized appreciation/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 and disclosures of contingent assets and liabilities at 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 for consistent presentation.

Valuation of Investments

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

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

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 partner's capital on the Combined Statement 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 appreciation on investments in the Combined Statement of Operations.

Income

Interest Income

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

Realized Gains and Losses on Investments

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

Expenses

Other general and administrative expenses represent professional fees and administrative expenses, including compensation to Conversus' Chief Financial Officer and Directors, operating expenses reimbursed to CAM pursuant to the services agreement, 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, 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 to cover the amount of the profits interest for the period. As is the case for the quarter ended March 31, 2008, to the extent that there has not been sufficient appreciation in Conversus' net asset value, the profits interest will be accrued, but will only be paid to CAM at such time as there has been a sufficient increase in Conversus' net asset value. During the quarter ended March 31, 2008, management fees to CAM of \$6.4 million were incurred. As of March 31, 2008 and December 31, 2007, \$6.5 million and \$6.3 million, respectively, of management fees were payable.

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 10.0% performance fee from the Investment Partnership based on increases in net asset value, subject to a 7.0% 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 quarter ended March 31, 2008. As of March 31, 2008 and December 31, 2007, \$6.2 million and \$9.5 million, respectively, of performance fees were payable.

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 unitholders are not regarded as arising or accruing from a source in Guernsey in the hands of that unitholder if, being an individual, the unitholder 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 the 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 is registered in Guernsey as an exempt partnership. The States of Guernsey Income Tax Authority (the "Authority") has granted Conversus LP exemption from Guernsey income tax under the provision of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989, and Conversus LP was charged a nominal annual exemption fee in 2007. Effective January 1, 2008, the Authority abolished the exempt regime for some entities. At the same time the standard rate of income tax for entities was reduced from 20.0% to 0.0%. Therefore, some entities previously exempt from tax under the provision of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 are now taxed at 0.0%. However, the Authority has confirmed that collective investment schemes such as Conversus LP can continue to apply for exempt status.

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 30.0% 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 35.0%). 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 30.0%.

Unitholders 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 has adopted SFAS 159 and it 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 (also called 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 is currently evaluating the potential impact of this pronouncement on its combined financial statements.

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 defined 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: Quoted prices in the markets that are not active, that is, markets in which there are few transactions for the assets, the prices are not current, price quotations vary substantially, markets in which little information is released publicly, or inputs 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 March 31, 2008 by level and 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 March 31, 2008			
(US\$ in thousands)			
	Level 1	Level 2	Level 3
Investments	\$ 4,317	-	\$2,110,462
Cash and Cash Equivalents	22,241	-	-
Total Assets	\$ 26,558	-	\$2,110,462

Conversus has assessed its position and concluded that all of its investments are classified as Level 3 with the exception of directly held publicly traded securities. These investments, along with cash and cash equivalents, are classified as Level 1.

The following table summarizes the change in the fair value of Level 3 financial assets:

Level 3 Financial Assets for the quarter ended March 31, 2008	
(US\$ in thousands)	
	Investments
Balance as of December 31, 2007	\$ 2,103,217
Distributions	(89,313)
Realized Gains	48,676
Net Decrease in Unrealized Appreciation	(86,706)
New Investments	135,486
Net Transfers out of Level 3	(898)
Balance as of March 31, 2008	<u>\$ 2,110,462</u>

Valuation Methodology

Investments in private equity funds do not have a readily available market and are valued using pricing based on the fair value of each private equity fund, which necessarily incorporates estimates made by 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 net asset values.

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 net asset value) and/or a discounted cash flow or liquidation analysis will 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 up until 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 net asset values 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 approximately 20.0% of investment NAV with an annual target of reviewing approximately 80.0% of the investment NAV, exclusive of any direct co-investments, directly held publicly traded securities and publicly traded securities owned by the private equity funds in which Conversus is invested. For the period from January 1, 2008 through March 31, 2008, Duff & Phelps reviewed approximately 29.4% of the investment NAV for which market quotations were not readily available (exclusive of any direct co-investments, directly held publicly traded securities and publicly traded securities owned by the private equity funds in which Conversus is invested), through limited procedures as outlined in Conversus LP’s engagement letter with Duff & Phelps. Upon completion of the limited procedures, Duff & Phelps concluded that the fair value, on an aggregate basis, of those investments subjected to the limited procedures 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 is a reasonable estimate of fair value.

Investments

Conversus has investments in private equity funds, direct co-investments and public securities. All investments are carried at fair value, and the methods and assumptions used to assess the fair value are discussed in Note 3.

Notes and Interest Payable

Conversus’ notes payable are valued according to the terms of the collateralized fund obligation program discussed in Note 5. The notes utilize a variable interest rate based on the overnight, one, two or three month LIBOR rate plus a fixed premium. Interest rates on the notes will continue to reflect current market conditions; therefore, Conversus believes cost approximates fair value.

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. Collateralized Fund Obligation Program

Concurrently with the closing of the global offering, for the purpose of providing Conversus with an additional source of liquidity, Conversus LP entered into a collateralized fund obligation program pursuant to which Conversus LP has the ability to issue up to \$650.0 million of notes to the purchaser on a continuous basis, subject to certain conditions precedent. The collateralized fund obligation has a term of five years ending 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 difference between a fixed percentage of \$200.0 million (the minimum average outstanding notes balance) and this fixed percentage applied to all notes issued over a three year period.

The program is secured by a first priority security interest in the cash accounts maintained by Conversus. All distributions from Conversus' private equity fund investments and Conversus' direct private equity investments must be deposited into these accounts.

After the occurrence of an event of default or trigger termination event as defined in the collateralized fund obligation program, the notes may become immediately due and payable. In such case, or if a payment would result in a trigger termination event, no payments out of the cash accounts will be permitted without the prior written consent of the purchaser, 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.

The program contains certain investment guidelines that include concentration limits with respect to the diversification of Conversus' private equity fund portfolio. Mandatory repayments will be required if Conversus fails to maintain certain ratios.

To the extent that less than \$200.0 million of notes are outstanding, on average, during the first three years of the program, Conversus LP will be liable to pay the purchaser specified fees. These fees are calculated as a fixed percentage of \$200.0 million for three years less the actual interest accrued over the first three years of the program. No fees have been accrued as of March 31, 2008 as Conversus LP believes that it will meet the minimum outstanding notes requirement. No other fees or costs are incurred as a part of the collateralized fund obligation program other than interest charged on drawn amounts.

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

Summary of Activity for the quarter ended March 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	-	75,000	75,000
Notes Repurchased	-	(25,000)	(25,000)
As of March 31, 2008	\$ 1,000	\$ 75,000	\$ 76,000
Interest Charged	\$ 16	\$ 405	\$ 421

The notes bear interest at a rate equal to the overnight, one, two or three month LIBOR rate plus a fixed premium. The outstanding Class A notes of \$1.0 million as of March 31, 2008 and December 31, 2007 had interest rates of 5.78% and 6.64%, respectively. The Class B notes of \$75.0 million outstanding as of March 31, 2008 had an interest rate of 4.30% and the Class B notes of \$25.0 million outstanding as of December 31, 2007 had an interest rate of 6.30%

6. Partners' Capital

Conversus LP's common units represent limited partner interests in Conversus LP and are issued in registered form. Holders of common units 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 holder of Conversus LP's common units 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 holders of common units are not granted any preemptive or other similar right to acquire additional interests in Conversus LP. In addition, the holders of Conversus LP's common units 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 entered into a liquidity enhancement agreement on November 29, 2007 (the "Agreement") with ABN AMRO Bank N.V. London Branch ("ABN"). The Agreement provides the parameters and requirements for Conversus' liquidity enhancement policy. Under the Agreement, ABN has sole discretion, in the name and for the account of Conversus 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 at a price which is lower than the last published net asset value per unit except that units can be re-issued out of Treasury for purposes of allowing OHIM to meet its reinvestment obligations (see Note 12). The aggregate number of units which may be purchased in accordance with the Agreement is subject to a maximum of five percent of the total number of units outstanding as of November 29, 2007 unless Conversus elects to increase such maximum. 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 shall remain in force for a period of twelve months subject to extension for further consecutive periods of twelve months at the election of Conversus. The Agreement may, however, be terminated at any time by either Conversus or ABN. During the quarter ended March 31, 2008, Conversus repurchased 170,489 units at an average price of \$23.13. In total, 372,544 Conversus units were held in treasury as of March 31, 2008 and 202,055 units were held in treasury as of December 31, 2007.

During the quarter ended March 31, 2008, Conversus issued 25,553 common units, in the form of restricted depository units ("RDUs"), to OHIM. The units issued were subscribed to by OHIM in

partial fulfillment of OHIM's obligation to invest 25.0% of its share of performance fees received by CPC until it reaches a \$25.0 million commitment level as set forth in the Offering Memorandum dated June 19, 2007. For the quarter ended March 31, 2008, OHIM made an election to increase its reinvestment to 37.5% of its performance fee. The issuance was based on the Conversus LP average closing price for the ten days leading up to and including December 31, 2007 and related to the performance fees paid to CPC for the period ended December 31, 2007.

During the quarter ended March 31, 2008, Conversus paid a distribution of \$0.125 per unit, or \$9.2 million, to unitholders of record as of February 29, 2008.

7. 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 Chief Financial Officer and Directors of Conversus. 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, plus adjustments in the market value of Conversus LP's unit. Subsequent to vesting but prior to payment, compensation expense (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 quarter ended March 31, 2008, Conversus granted awards to each of its Independent Directors and its Chief Financial Officer which will be paid pursuant to the terms above and will vest on specified dates during the period of July 6, 2008 through February 10, 2010.

Each member of Conversus GP's Independent Board of Directors receives annual compensation of \$62,500 in cash and is eligible for \$62,500 in phantom equity awards. For the quarter ended March 31, 2008, compensation expense of \$0.2 million was recognized. As of March 31, 2008 and December 31, 2007, \$0.2 million was payable with respect to Directors' compensation and phantom equity awards.

The chart below summarizes phantom equity award activity for the quarter ended March 31, 2008:

Summary of Phantom Equity Plan for the quarter ended March 31, 2008		
	Unvested	Vested
Outstanding, January 1, 2008	13,200	-
Issued	19,642	-
Vested	(4,400)	4,400
Forfeitures	-	-
Settled	-	-
Outstanding, March 31, 2008	28,442	4,400

8. 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 \$15,000 per trust plus one-time set up fees of \$10,000 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 quarter ended March 31, 2008, expenses reimbursable to CAM under the services agreement of \$0.7 million were incurred and the total amount payable to CAM under the services agreement was \$0.8 million as of March 31, 2008 and \$0.6 million as of December 31, 2007.

Concurrently with the closing of the global offering, CAM 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 investment professionals, which are not reimbursed to CAM by the Service Recipients, 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 quarter ended March 31, 2008, expenses reimbursable to CAM under the subadvisory and services agreement of \$30,000 were incurred and the total amount payable to CAM under the subadvisory and services agreement was \$0.7 million as of March 31, 2008 and \$0.7 million as of December 31, 2007.

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

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 quarter ended March 31, 2008, expenses of \$0.4 million have been incurred and \$1.1 million was payable to Northern Trust with respect to fund

accounting and administration services as of March 31, 2008. As of December 31, 2007, \$0.7 million was payable for these services.

9. Commitments and Contingencies

Conversus holds interests in 195 private equity investments, including private equity funds, direct co-investments and publicly held securities with remaining unfunded commitments of \$870.9 million as of March 31, 2008. In addition, Conversus intends to commit to make capital contributions to private equity funds from time to time 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. In addition, Conversus may be required to fund capital calls that are made by general partners to recoup past distributions as a result of liabilities incurred in respect of prior investments. 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 collateralized fund obligation 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' results of operations or financial condition

10. Losses per Unit Outstanding

The losses per unit due to the decrease in net assets resulting from operations, for the quarter ended March 31, 2008, is calculated by dividing the net decrease in net assets for the quarter by the weighted average number of units outstanding during the quarter, as outlined in the table below:

Losses per Unit Outstanding for the quarter ended March 31, 2008 (Amounts in thousands except for per unit amount)	
Net decrease in net assets resulting from operations	\$ (49,186)
Weighted average number of units outstanding	73,218
Loss per unit outstanding	\$ (0.67)

11. Risks

Conversus is exposed to a number of market risks due to the types of investments it makes. Its exposure to market risks relates, among other things, to changes in the values of publicly traded and private securities that are held for investment, movements in prevailing interest rates and changes in foreign currency exchange rates. CAM, as the service provider under the services agreement, is responsible for monitoring all market risks and for carrying out risk management activities relating to Conversus' investments.

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 securities of companies in which Conversus has investments may be volatile and can fluctuate due to a number of factors beyond its control. In accordance with U.S. GAAP, Conversus is required to value investments in publicly traded securities based on current market prices at the end of each accounting period, which could lead to significant changes in the net asset values and operating results that Conversus reports from quarter to quarter.

Interest Rate Risks

As described in Note 9, Conversus will, from time to time, incur indebtedness to support its 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 5, or make it more difficult or expensive for Conversus to obtain debt financing in the future, and could decrease the returns that its investments generate.

Conversus is subject to additional risks associated with changes in prevailing interest rates due to the fact that its capital is invested in private equity funds that hold (or Conversus may invest directly in) portfolio companies whose capital structures may have a significant degree of indebtedness.

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 net asset values from quarter to quarter.

Hedging Arrangements and Risk Management

When managing its exposure to market risks and foreign currency exposure risk, Conversus may 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, 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 seek or 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, it may not be possible to fully or perfectly limit Conversus' 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 March 31, 2008, there were no derivatives or hedging instruments outstanding.

12. Subsequent Events

On April 3, 2008, Conversus completed the purchase of three funds at a transfer price of \$23.8 million from the portfolio of funds acquired from CalPERS. The remaining funds Conversus has committed to purchase from CalPERS are expected to close in the second or third quarter of 2008. CalPERS directly owns 2.0 million common units in Conversus LP which were purchased in the initial offering of Conversus LP and were still held at the time of this transaction.

On May 6, 2008, the Board of Directors approved a cash distribution for the second quarter of 2008 of \$0.125 per common unit, to unitholders of record as of May 30, 2008. The approved distribution represents an annualized yield of approximately 2.3% based upon the closing price of Conversus LP units on the declaration date. This distribution is in accordance with Conversus' stated distribution policy.

On May 8, 2008, Conversus re-issued 43,625 common units in the form of RDUs, out of treasury, to OHIM. The units issued were subscribed to by OHIM in partial fulfillment of OHIM's obligation to invest 25.0% of its performance fee until it reaches a \$25.0 million commitment level as set forth in the Offering Memorandum dated June 19, 2007. For the quarter ended March 31, 2008, OHIM made an election to increase its reinvestment to 37.5% of its performance fee. The issuance was based on the Conversus LP average closing price for the ten trading days prior to and including December 31, 2007 and related to the final calculation of the performance fees due to CPC for the quarter ended December 31, 2007.

FINANCIAL HIGHLIGHTS

For the quarter ended March 31, 2008

(US\$ in thousands except per unit amounts)

	March 31, 2008
<u>Per Unit Operating Performance</u>	
NET ASSET VALUE PER UNIT AT BEGINNING OF PERIOD	\$ 28.73
Decrease from operating activities	
Net investment loss	(0.14)
Net realized gains on investments	0.67
Net decrease in unrealized appreciation on investments	(1.20)
Total decrease from operating activities	(0.67)
Total decrease due to distributions	(0.13)
Net repurchases of units	0.02
NET ASSET VALUE PER UNIT AT END OF PERIOD	\$ 27.95
TOTAL RETURN	(2.27)%
<u>Supplemental Information</u>	
Weighted average net assets during the period	\$ 2,030,346
Percentage to weighted average net assets:	
Net investment loss ⁽²⁾	(2.01)%
Fund fees and expenses ⁽¹⁾	0.72
Management fees ⁽¹⁾	1.26
Operating expenses ⁽²⁾	0.83
Total Expenses	2.81%
Net realized gains on investments	2.40 %
Net unrealized depreciation on investments	(4.32)%

⁽¹⁾ Amounts annualized

⁽²⁾ Amounts annualized except for one-time costs incurred during the period