



THIRD SECURITY, LLC (“Third Security”) is an investment adviser registered with the Securities and Exchange Commission (“SEC”). There are other types of financial services professionals (e.g., broker-dealers) with differing services and fees who can help you with financial investment decisions. It is important for you to understand those differences. The SEC provides free and simple tools that allow you to research firms and financial professionals at www.investor.gov/CRS.

WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

Third Security manages life-science focused venture capital investment funds on behalf of accredited investors and qualified clients. In addition to managing these funds, Third Security provides general portfolio management services on a discretionary basis exclusively to Mr. Randal J. Kirk, his immediate family and entities created for their benefit. We refer herein to Mr. Kirk and his immediate family members as our “Retail Investors.”

As part of our standard services, we *monitor* the performance of each Retail Investor’s account on a regular basis and regularly evaluate whether investments made for Retail Investors are consistent with each Retail Investor’s investment objectives, restrictions and risk parameters, if any.

We exercise *limited discretionary authority* with respect to the accounts managed for Retail Investors. Retail Investors provide investment directives with respect to the management of their portfolios and we exercise discretionary authority within the parameters set forth in specific investment directives. With respect to equity securities, Retail Investors make the ultimate decision regarding purchases and sales, including the timing. We execute the purchase or sale of equity securities in our discretion in an attempt to achieve the best pricing in the time allotted to make the trades. With respect to debt securities, Retail Investors determine how much money to allocate and we exercise discretionary authority to purchase and sell debt securities.

Our investment advice covers a *limited selection of investments*. We *do not have a minimum account size or investment amount* in order for a Retail Investor to open or maintain an account.

Information on our private funds can be found in Item 5 of our Form ADV Brochure (the “Brochure”) which can be found at www.adviserinfo.sec.gov. See Brochure Item 4 for more information about our services and Item 7 for more information regarding account and investment minimums.

Ask us: Given my financial situation, should I choose an investment advisory service? Why or why not?

Ask us: How will you choose investments to recommend to me?

Ask us: What is your relevant experience, including your licenses, education and other qualifications? What do those qualifications mean?

WHAT FEES WILL I PAY?

Third Security charges *performance-based fees*, in the form of *carried interest*, to certain of the funds that we manage.

These fees are payable to the funds’ respective general partners, which are owned indirectly by Third Security, Mr. Kirk and certain employees of Third Security. Certain Retail Investors have invested in these funds that charge performance-based fees. The carried interest consists of a certain percentage of a fund’s distributions in excess of limited partner capital contributions and expenses. The percentage of carried interest earned on a fund in which Retail Investors have invested is *13%*. The carried interest amount is determined following the realization of a fund’s investment, including an investment that has been written off, and is calculated on a cumulative basis. Third Security does not charge management fees, asset-based fees, fixed fees, or wrap fees to Retail Investors.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

For more detailed information on the calculation of carried interest and fees for Retail Investors and private funds, see Item 5 of our Brochure.

Ask us: Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN ACTING AS MY INVESTMENT ADVISER? HOW ELSE DOES YOUR FIRM MAKE MONEY? WHAT CONFLICTS OF INTEREST DO YOU HAVE?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. ***You should understand and ask us about these conflicts because they can affect the investment advice we provide you.*** Here are some examples to help you understand what this means. The following disclosure briefly summarizes some of these potential or actual conflicts, but is not intended to be an exhaustive list of all such conflicts.

- We may give advice and recommend certain investments to other clients we manage, which advice or investments may be identical to, or differ, from advice given to, or investments recommended or bought or sold for, another client, including Retail Investors, even though their investment objectives may be the same or similar.
- The general partners of our funds receive incentive compensation.
- Third Security and our employees are not required to devote a specified amount of time to managing the portfolio of any particular client, including Retail Investors.
- Our employees may buy or sell securities in their personal accounts, which may also be purchased or sold on behalf of funds managed by us.
- We may participate in related-party transactions.
- We may receive compensation from certain portfolio companies in which our clients, including Retail Investors, invest, which we refer to as “portfolio companies,” (i) for the service of our employees, or Mr. or Mrs. Kirk, on the boards of directors of these portfolio companies, (ii) pursuant to a services agreement entered into between any such portfolio company and us, and (iii) in connection with Mr. Kirk’s service as an executive officer of any such portfolio company.

Read more about our conflicts of interest and how we manage them in Item 12 of our Brochure.

Ask us: How might your conflicts of interest affect me, and how will you address them?

HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?

Our employees receive a base salary and are not compensated based on the amount of client assets he or she services, the time or complexity of a client’s needs, the products sold, sales commissions, or revenue that Third Security earns from its advisory services or recommendations, other than in the form of carried interest as set forth above. Our employees do not receive compensation for investments bought from/sold to a Retail Investor for/from other accounts we manage (“Principal Trades”). We have in the past engaged in Principal Trades, which are subject to certain consent and disclosure requirements and entail a number of conflicts of interest.

DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

Neither we nor our financial professionals have any legal or disciplinary events. You may visit investor.gov/CRS for a free and simple search tool to research our firm and our financial professionals.

Ask us: As a financial professional, do you have any disciplinary history? For what type of conduct?

CONTACT AND ADDITIONAL INFORMATION

Retail Investors may learn more about our investment professionals, by reviewing our Brochure Supplement. A copy of the Brochure Supplement and Relationship Summary may be obtained by sending an email to compliance.officer@thirdsecurity.com.

Third Security encourages Retail Investors to report any problems, questions or concerns directly to Marcus E. Smith, our Chief Compliance Officer, at 540.633.7900, by email at compliance.officer@thirdsecurity.com, or by sending correspondence to 1881 Grove Avenue, Attn: Compliance Officer, Radford, Virginia 24141.

Ask us: Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?