

ITEM 1 - COVER PAGE

FORM ADV PART 2A AND 2B: FIRM BROCHURE



WAUD CAPITAL PARTNERS, L.L.C.

300 North LaSalle Street
Suite 4900
Chicago, Illinois 60654

Contact: Mark Flower
(312) 676-8425 (phone)
(312) 676-8444 (facsimile)
mflower@waldcapital.com

www.waldcapital.com

November 12, 2012

This Firm Brochure (“**Brochure**”) provides information about the qualifications and business practices of Waud Capital Partners, L.L.C. (referred to herein as “**Adviser**” or “**WCP**”). If you have any questions about the contents of this Brochure, please contact us at (312) 676-8425 or mflower@waldcapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

WCP is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (“**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding WCP is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 MATERIAL CHANGES

The following is a summary of material changes from WCP's last Brochure, which was dated February 14, 2012:

- Item 11 – updated to more adequately describe WCP's participation in client transactions and its personal trading policy.
- Item 15 – updated to reflect WCP's current qualified custodian service providers.

ITEM 3 **TABLE OF CONTENTS**

	<u>Page</u>
Item 1	Cover Page i
Item 2	Material Changes ii
Item 3	Table of Contents..... iii
Item 4	Advisory Business.....1
Item 5	Fees and Compensation2
Item 6	Performance-Based Fees and Side-By-Side Management.....3
Item 7	Types of Clients3
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss4
Item 9	Disciplinary Information6
Item 10	Other Financial Industry Activities and Affiliations7
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading8
Item 12	Brokerage Practices10
Item 13	Review of Accounts11
Item 14	Client Referrals and Other Compensation11
Item 15	Custody.....12
Item 16	Investment Discretion13
Item 17	Voting Client Securities13
Item 18	Financial Information14
	Brochure Supplement.....15

ITEM 4 ADVISORY BUSINESS

Firm Description

Founded in 1993, Waud Capital Partners, L.L.C. (referred to herein as “**Adviser**” or “**WCP**”) and its related entities are a Chicago-based middle-market private equity firm focused on leveraged buyouts, equity, debt and other investments in market-leading companies believed to benefit from WCP’s in-house operating professionals and experience. WCP seeks to acquire companies or create platforms in the U.S. lower middle-market primarily through control-oriented growth equity investments, industry consolidations, buyouts or recapitalizations, and seek companies that generate strong cash flow and can be grown both organically and through add-on acquisitions. WCP partners with management teams to create, acquire, and grow companies that address significant, inefficient, highly fragmented and underserved segments within the healthcare services, business/consumer/government services, logistics/specialty distribution and value-added industrial sectors.

WCP currently manages three limited partnerships (collectively referred to herein as the “**WCP Funds**”) with combined limited partner capital commitments (“**Commitments**”) of \$794 million: Waud Capital Partners, L.P. (“**Fund I**”); Waud Capital Partners II, L.P., Waud Capital Partners QP II, L.P., and Waud Capital Partners FIF II, L.P., (collectively, “**Fund II**”); and Waud Capital Partners III, L.P., Waud Capital Partners QP III, L.P. and Waud Capital Partners FIF III, L.P. (collectively, “**Fund III**”).

The WCP Funds are private equity funds and invest through negotiated transactions in operating entities. WCP’s investment advisory services to the WCP Funds consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public portfolio companies, although investments in public portfolio companies are permitted. The senior principals or other personnel of WCP or its affiliates serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by the applicable Fund.

WCP’s investment advisory services for the applicable WCP Fund are detailed in the applicable private placement memoranda (each, “**Private Placement Memorandum**”) and limited partnership agreement (“**Partnership Agreement**”) and are further described in Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss). WCP provides investment advisory services to the applicable WCP Fund through its affiliated general partner entities (collectively, “**WCP Fund GPs**”), each of which is registered under the Advisers Act pursuant to WCP’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the WCP Fund GPs, which operate as a single advisory business together with WCP, and unless the context otherwise requires, references in this Brochure to “WCP” should be construed to mean the relevant WCP Fund GP arranging such services from WCP and/or its affiliates and their respective personnel on behalf of the WCP Funds.

Limited partners in a WCP Fund participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints. WCP or the relevant WCP Fund, as applicable, have entered into

side letters or other similar agreements with certain limited partners that have the effect of establishing rights under or altering or supplementing the applicable Partnership Agreement.

WCP also manages co-investment vehicles that facilitate co-investments in portfolio companies of the WCP Funds. WCP currently manages two types of co-investment vehicles: one type includes certain WCP Fund limited partners investing in a single WCP portfolio company (“**WCP Fund Co-Invest Vehicles**”), which does or will share the relevant WCP Fund GP with the relevant WCP Fund. The second type of co-investment vehicle includes only WCP senior management employees or WCP affiliated persons (*i.e.*, no third-party investors) investing on a side-by-side basis with the WCP Funds in each portfolio company (“**WCP Employee Co-Invest Vehicles**” and together with the WCP Fund Co-Invest Vehicles, “**WCP Co-Invest Vehicles**”).

As of December 31, 2011, WCP had regulatory assets under management of approximately \$1,032,448,414, all of which are managed on a discretionary basis in WCP’s sole discretion.

Principal Owners/Ownership Structure

The WCP Funds and WCP Fund Co-Invest Vehicles are all owned 1% by their respective general partners, with the remaining interests divided pro rata amongst each Fund’s or Vehicle’s limited partners, according to each limited partner’s capital commitment. The WCP Employee Co-Invest Vehicles are owned 100% by WCP senior management employees or WCP affiliated persons. The WCP Fund GPs are owned by Reeve B. Waud, his related entities and other WCP senior management employees. WCP is ultimately owned and controlled by Mr. Waud.

ITEM 5 FEES AND COMPENSATION

In general, WCP and its affiliates receive a management fee and carried interest in connection with its investment advisory services.

Management fees, generally, are paid by each WCP Fund and WCP Fund Co-Invest Vehicle on a semi-annual basis (each, “**Management Fee Period**”) and are payable as of a date (each such date, “**Management Fee Payment Date**”) five days following the commencement of the relevant Management Fee Period, billed partially in arrears for the first five days and in advance for the remainder of the period. While the WCP Fund is in its investment period (typically a length of six years after the effective date of the WCP Fund), the management fee will equal an amount up to 2.5% per annum of the aggregate Commitments. Generally, upon the first Management Fee Payment Date after the expiration of the investment period, the management fee will be reduced and will equal up to 2.5% per annum of the aggregate funded Commitments, reduced by distributions constituting returns of capital. The specific management fees charged are described in each Fund’s or Vehicle’s Private Placement Memorandum and/or Partnership Agreement.

No management fee is payable by the WCP Employee Co-Invest Vehicles, as investors in these Vehicles are comprised of only senior management employees or affiliated persons of WCP and no third-party investors.

In addition to the management fees, the WCP Funds and the WCP Fund Co-Invest Vehicles bear certain expenses. As set forth in the relevant Partnership Agreement, these Funds or Vehicles bear all expenses to the extent not paid by portfolio companies, including legal, auditing, consulting, financing, accounting and custodian fees and expenses; expenses associated with the financial statements, tax returns and Schedule K-1s; out-of-pocket expenses incurred in connection with transactions not consummated; expenses of the WCP Fund's advisory board and annual meetings of the limited partners of the WCP Funds; insurance; and other expenses associated with the acquisition, holding and disposition of its investments. Similar applicable expenses will be borne by the WCP Employee Co-Invest Vehicles. Also, limited partners in WCP Funds will receive a reduction in management fees with respect to all placement agent fees, if any, and offering and organizational expenses in excess of a maximum amount, if any, specified in the relevant Partnership Agreement. WCP will bear its own expenses in connection with maintaining and operating its offices (such as compensation of its employees, rent, utilities and general office expenses).

ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

WCP or the WCP Fund GPs typically receive performance-based carried interest (“**Carried Interest**”) with respect to the WCP Funds and the WCP Fund Co-Invest Vehicles of up to 20% of all realized profits in excess of an 8% compounded preferred return, subject to a WCP Fund GP catch-up provision as more fully described in the applicable Private Placement Memorandum and/or Partnership Agreement. The Carried Interest allocations distributed to WCP or the relevant WCP Fund GP, as applicable, are subject to a potential claw-back to the extent WCP or the relevant WCP Fund GP is paid in excess of entitled distributions. This performance-based arrangement has been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

The WCP Employee Co-Invest Vehicles do not pay Carried Interest, as investors in these Vehicles are comprised of only senior management employees or affiliated persons of WCP and no third-party investors.

Because limited partners are only charged a management fee and Carried Interest, and not another type of fee such as an hourly or flat fee or asset-based fee, WCP faces no conflict of interest in favoring performance-based fee accounts over other types of accounts.

ITEM 7 TYPES OF CLIENTS

The investments in the WCP Funds and the WCP Fund Co-Invest Vehicles are only offered and sold to institutional investors and certain high-net-worth individuals that are “accredited investors” as defined in the Securities Act of 1933, as amended and are either “qualified clients,” as defined by the Advisers Act or “qualified purchasers” as defined by the Investment Company Act of 1940, as amended. The WCP Funds and the WCP Fund Co-Invest Vehicles generally have specified minimum Commitment amounts of \$1 million. At the sole discretion of the relevant WCP Fund GP, Commitments of less than the minimum amount with respect to a limited partner were accepted. The WCP Funds or the existing WCP Fund Co-Invest Vehicles currently are not accepting new Commitments from limited partners.

The limited partners participating in WCP Funds and the WCP Fund Co-Invest Vehicles may include a broad range of U.S. and non-U.S. individuals and institutional investors, including, among others, corporate pension and profit-sharing plans, endowments, insurance companies, sovereign wealth funds, funds of funds, banks or thrift institutions, other investment entities, trusts, estates or charitable organizations or other corporations or business entities.

For the WCP Employee Co-Invest Vehicles, investors are comprised of qualified senior management employees or affiliated persons of WCP and no third-party investors.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

WCP is a private investment firm focused on leveraged buyouts, equity, debt and other investments in market-leading companies believed to benefit from WCP's in-house operating professionals and experience. WCP seeks to acquire companies or create platforms in the U.S. lower middle-market primarily through control-oriented growth equity investments, industry consolidations, buyouts or recapitalizations. WCP's investment philosophy is to partner with experienced executives to create and/or grow companies that address significant, inefficient, highly fragmented and underserved segments within the following four areas: healthcare services, business/consumer/government services, logistics/specialty distribution and value-added industrial sectors. WCP generally seeks to invest \$20 to \$100 million of equity in each platform investment and employs a disciplined three-phase investment strategy to seek to generate superior risk-adjusted returns.

Investment Strategy

WCP's strategy is to build strategic assets and manage risk by focusing on growth and operational improvements while utilizing prudent leverage to enhance, rather than drive, returns. This strategy may include pursuing the following types of investments: (i) investments in initial platforms grown through follow-on acquisitions (buy and build); (ii) pursuing organic growth to create value (buy and grow); or (iii) partnering with executives prior to platform identification (management-led).

WCP utilizes a three-phase investment strategy whereby it typically invests a portion of its equity commitment up front and reserves capital for growth.

Phase 1 of WCP's three-phase investment strategy begins with identifying an opportunity or industry of interest through top-down research, WCP's extensive referral network, attending industry conferences, identifying what it believes are backable executives and/or selective participation in competitive situations. After identifying an attractive entry point and a management team, WCP commits the necessary capital to pursue the opportunity and makes an initial investment.

Phase 2 begins upon the closing of an investment and generally lasts 12 to 24 months. WCP works closely with management to identify, recruit and hire the necessary human capital, including additional executives, establish IT infrastructure and install thorough reporting systems that are required to position the company for growth. Upon conclusion of this phase, WCP has typically deployed less than 50% of committed capital.

During Phase 3, WCP works with the company to execute its growth strategy and enhance its margins through operational improvements. WCP typically deploys the balance of its committed capital to facilitate organic growth and/or disciplined follow-on acquisitions. WCP considers the risk-adjusted profile of these additional equity investments to be highly attractive. Finally, WCP actively evaluates alternatives and monitors market activity to determine the optimal time to pursue liquidity.

Risks of Investment

No investment is free of risk. Current and prospective WCP Fund limited partners are cautioned that investments in securities involve risk of loss, including the possibility of a complete loss of the amount invested, and that they should be prepared to bear these risks. WCP Funds and their limited partners bear the risk of loss that WCP's investment strategy entails. All current and prospective limited partners should be aware of certain risks involved with WCP's investment strategy and an investment in a WCP Fund, which are generally specified in the relevant Private Placement Memorandum and include, but are not limited to, the following:

Business Risks: Each WCP Fund's investment portfolio consists primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance: The performance of the WCP Funds' and WCP's investment professionals' prior investments is not necessarily indicative of any WCP Fund's future results. While WCP intends for the WCP Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the targeted internal rate of return will be achieved. There can similarly be no assurances that any WCP Fund limited partner will receive any distribution from any WCP Fund. On any given investment, loss of principal is possible.

Investment in Junior Securities: The securities in which each WCP Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

Concentration of Investments: Each WCP Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the WCP Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return.

Lack of Sufficient Investment Opportunities: It is possible that a WCP Fund may never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. However, limited partners will be required to pay management fees during the WCP Fund's commitment period based on the aggregate amount of their Commitments.

Leveraged Investments: A WCP Fund may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage

generally magnifies both the WCP Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the WCP Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the WCP Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the WCP Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the WCP Fund. Furthermore, should the credit markets be tight at the time the WCP Fund determines that it is desirable to sell all or a part of a portfolio company, the WCP Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the WCP Fund will invest generally will not be rated by a credit rating agency.

Illiquidity; Lack of Current Distributions: An investment in any WCP Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating each WCP Fund (including the management fee payable to WCP) may exceed income, thereby requiring the difference be paid from such WCP Fund's capital.

Limited Transferability of Fund Interests: There will be no public market for the WCP Funds' limited partner interests, and none is expected to develop. There are substantial restrictions upon the transferability of any WCP Fund limited partner interests under each WCP Fund's Partnership Agreement and applicable securities laws. In general, withdrawals of WCP Fund limited partner interests are not permitted. In addition, WCP Fund limited partner interests are not redeemable.

Restricted Nature of Investment Positions: Generally, there will be no readily available market for a substantial number of the WCP Fund's investments, and hence, most of the WCP Fund's investments will be difficult to value. Certain investments may be distributed in kind to the limited partners.

ITEM 9 DISCIPLINARY INFORMATION

Like other registered investment advisers, WCP is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a limited partner's evaluation of WCP or the integrity of WCP's management. No events have occurred at WCP that are applicable to this Item.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

WCP is affiliated with the WCP Fund GPs, themselves investment advisers registered with the SEC under the Advisers Act pursuant to WCP's registration in accordance with SEC guidance. These affiliated investment advisers operate as a single investment advisory business together with WCP and serve as managers or general partners of WCP Funds and Co-Invest Vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

WCP is not actively engaged in a business other than (i) giving investment advice to its clients, the WCP Funds and Co-Invest Vehicles, and (ii) managing the portfolio companies owned by the WCP Funds and Co-Invest Vehicles. Neither WCP nor any of its management persons is registered or has an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser or associated person of the foregoing, and WCP does not anticipate such affiliations in the future.

WCP has no arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its investment advisory services, the WCP Funds and Co-Invest Vehicles or their limited partners.

WCP has engaged individuals ("**Operating Partners**") to assist it in researching, identifying and providing recommendations regarding target markets, market segments and companies for potential acquisition or investment. Pursuant to written arrangements, Operating Partners are typically compensated through service payments prior to an acquisition. Upon the successful acquisition of a portfolio company, an Operating Partner generally becomes an executive officer of the portfolio company and/or serves on such portfolio company's board of directors and is then paid directly by such portfolio company. In addition, WCP has engaged a senior operating executive ("**Executive Partner**"), with extensive industry experience within one of WCP's key industry sectors to augment WCP's industry experience during the investment process. The Executive Partner plays an active role working with WCP Fund portfolio companies and serving on such portfolio companies' boards of directors. This Executive Partner is paid directly by each portfolio company as a Member of the Board of Directors.

WCP, on behalf of the WCP Funds and Co-Invest Vehicles, and several of the portfolio companies of the WCP Funds have engaged a portfolio company of Fund II, True Partners Consulting, to perform federal and state tax compliance services and/or special tax consulting projects. The portfolio companies are not required by WCP to select True Partners Consulting as their preparers. These engagements are typically competitively bid; therefore, the fees charged are determined at arm's length.

In the past, WCP has engaged Monument Group, Inc., a placement agent, to solicit investors for Fund III. WCP is currently not in fundraising mode and this relationship is not active.

None of the above relationships create a material conflict of interest with any of the WCP Funds and Co-Invest Vehicles or their limited partners.

WCP has and will continue to develop relationships with professionals who provide services it does not provide, including: legal, accounting, banking, tax preparation, insurance brokerage, investment management services and other personal services. For example, WCP regularly uses Kirkland & Ellis LLP as its legal counsel and PricewaterhouseCoopers LLP as the WCP Funds' auditors.

From time to time, WCP receives training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom it may do business or to whom it may make referrals. At no time will WCP accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider or that WCP believes would create an impermissible conflict of interest.

ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

As fiduciaries, WCP and its partners, principals and employees (“**WCP Supervised Persons**”) have certain legal obligations to put WCP Funds and Co-Invest Vehicles and their limited partner interests ahead of their own. WCP has adopted a Code of Ethics and Securities Trading Policy (“**Code of Ethics**”), which sets forth WCP’s high standards of business conduct and responsibilities to the WCP Funds and Co-Invest Vehicles and their limited partners that are expected of WCP Supervised Persons and addresses conflicts that arise from personal trading. WCP’s Code of Ethics includes provisions relating to standards of business conduct, a prohibition on insider trading, trading rules for personal trading, reporting of personal securities transactions, procedures designed to prevent and detect insider trading, policies and procedures for allowing political contributions, restrictions on the accepting and the giving of significant gifts, reporting of certain gifts and business entertainment items and a social media policy. All WCP Supervised Persons must acknowledge and agree to be bound by the terms of the Code of Ethics annually, or at such time the Code of Ethics is amended.

Current or prospective WCP Fund and Co-Invest Vehicle limited partners may obtain at no charge, a copy of WCP’s Code of Ethics by contacting Mark Flower, WCP’s Chief Compliance Officer, at (312) 676-8425.

Participation or Interest in Client Transactions

It is WCP’s policy that it will not effect, and it has not effected, any principal or agency cross securities transactions for the WCP Funds or Co-Invest Vehicles including cross trades between WCP Funds, WCP Co-Invest Vehicles or limited partner accounts. If this changes, WCP will first obtain the relevant advisory board and/or limited partner approval prior to effecting any principal or agency cross transactions for client or limited partner accounts.

Personal Trading

In certain cases, WCP's business may provide WCP and its employees with access to material non-public (insider) information. The Code of Ethics includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

WCP Supervised Persons are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding these securities or communicating material non-public information to others. WCP has contracted with Compliance11, a compliance software system owned by Charles Schwab, to assist in monitoring personal trading by WCP Supervised Persons in any of their own accounts or any accounts in which they have a direct or indirect beneficial interest. In Compliance11, a restricted list of issuers of securities is maintained about which WCP has possession of material non-public information. This list is then compared to WCP Supervised Persons' personal trading activity, also maintained in Compliance11.

Conflicts of Interest

The Private Placement Memorandum for each WCP Fund details what WCP believes to be the most significant conflicts of interest associated with an investment in the WCP Fund. Some of these conflicts are summarized below; however, this summary does not attempt to describe all of the conflicts of interest associated with an investment in the WCP Funds. Current and prospective limited partners should carefully consider the conflicts of interest herein as well as those outlined in the relevant Private Placement Memorandum, prior to investing in any WCP Fund.

Limited partners should note that there could be occasions when WCP and its affiliates may encounter potential conflicts of interest in connection with a WCP Fund or Co-Invest Vehicle. If any matter arises that WCP determines in its good faith constitutes an actual conflict of interest, WCP may take such actions as may be necessary or appropriate, within the context of such WCP Fund's or Co-Invest Vehicle's Partnership Agreement, to address or mitigate the conflict. These actions may include disposing of the asset giving rise to the conflict, bringing the matter before the relevant WCP Fund's advisory board or appointing an independent fiduciary.

WCP currently manages Fund I, Fund II and Fund III concurrently and each WCP Fund may compete with the other for potential investment and/or exit opportunities. In its discretion, WCP will direct certain relevant investment opportunities to the particular WCP Fund(s), taking into consideration whether the investment opportunity is within a WCP Fund's commitment period and the remaining level of the WCP Fund's Commitments, as well as the WCP Fund's investment restrictions and objectives, strategy, risk profile, time horizon and applicable regulatory restrictions. It is WCP's policy to determine the allocation of an investment opportunity and/or exit opportunity in a manner that it believes is fair and equitable.

WCP Funds and WCP Employee Co-Invest Vehicles invest together on a side-by-side basis in each relevant portfolio company investment in an effort to reduce the potential for any conflict of interest regarding favoring one WCP Fund or WCP Employee Co-Invest Vehicle over another.

WCP senior management employees and WCP affiliated persons have made significant investments in the WCP Funds and Co-Invest Vehicles as permitted by the relevant Partnership Agreements. However, because of the nature of WCP's business, the participation of these WCP investors in these WCP Funds and Co-Invest Vehicles will not interfere with the making or the implementing of decisions that are in the best interest of limited partners; these WCP investors share in the same deals as other limited partners of the WCP Funds and Co-Invest Vehicles and receive distributions proportionally with these limited partners.

The significant investment by WCP senior management employees and WCP affiliated persons, as well as WCP senior management employees' interest in the Carried Interest, operate to align, to some extent, WCP's interest with the interests of the WCP Funds' and Co-Invest Vehicles' limited partners, regardless of the fact that WCP has economic interests in all of the WCP Funds and Co-Invest Vehicles, and receives management fees and Carried Interest with respect to the majority of the WCP Funds and WCP Fund Co-Invest Vehicles.

WCP and its affiliates, partners, principals and employees serve on the boards of WCP Fund portfolio companies. Serving in such capacities may give rise to conflicts of interest to the extent that fiduciary duties to a portfolio company as a director may conflict with the interests of a WCP Fund. In general, however, because the WCP Funds will typically be significant shareholders of such portfolio companies, it is expected that the interests of WCP and such portfolio companies generally will be aligned.

Each WCP Fund's or Co-Invest Vehicle's limited partners include persons or entities that reside in various jurisdictions, including the United States and other countries, who may have conflicting investment, tax and other interests with respect to their investments in each WCP Fund and Co-Invest Vehicle. The conflicting interests of individual limited partners may relate to or arise from, among other things, the nature of investments made by each WCP Fund or Co-Invest Vehicle, the structuring of the acquisition of portfolio companies and the timing of disposition of investments. Such structuring of portfolio companies may result in different returns being realized by different limited partners. As a consequence, conflicts of interest may arise in connection with decisions made by WCP that may be more beneficial for one limited partner than another limited partner, especially with respect to limited partners' individual tax situations. WCP considers the investment and tax objectives of each WCP Fund and Co-Invest Vehicle as a whole, and not the individual investment, tax or other objectives of any particular limited partner.

ITEM 12 BROKERAGE PRACTICES

WCP focuses on securities transactions of private companies for the WCP Funds and Co-Invest Vehicles and generally buys and sells WCP Fund portfolio companies through privately-negotiated transactions. With regard to these private investments, WCP may retain the services of one or more broker-dealers or investment banks, the cost of which may be borne by the WCP Fund and Co-Invest Vehicles. In selecting a broker-dealer or investment banker to effectuate a private fund transaction, WCP may consider a variety of factors, including: (i) capabilities with respect to the types of transactions being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although WCP generally will seek reasonable rates for such services, the market for

such private brokerage transaction services involves more subjective evaluations than public securities brokerage transactions and the WCP Fund may not necessarily pay the lowest commission or fee for such services.

WCP may also distribute publicly-held securities to limited partners in a WCP Fund and Co-Invest Vehicle or may sell publicly-held securities, including through a broker-dealer, if a public trading market exists. Although WCP does not frequently engage in public securities transactions, to the extent it does engage in a public securities transaction, WCP follows the brokerage practices described below.

If WCP sells publicly-traded securities for a WCP Fund and Co-Invest Vehicle, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by WCP. WCP seeks to select brokers on the basis of best price and execution capability. In selecting a broker to execute WCP Fund and Co-Invest Vehicle transactions, WCP will consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

Consistent with WCP seeking to obtain best execution, brokerage commissions on WCP Fund and Co-Invest Vehicle transactions may be directed to brokers in recognition of research furnished by them, although WCP generally does not make use of such services at the current time and has not made use of such services since its inception. To the extent that WCP allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on WCP Funds' and Co-Invest Vehicles' interest in receiving most favorable execution.

ITEM 13 REVIEW OF ACCOUNTS

Mark Flower, Chief Financial Officer and Chief Compliance Officer, reviews the accounts of each of the WCP Funds and Co-Invest Vehicles on a quarterly basis. Mr. Flower also reviews the WCP Funds and Co-Invest Vehicles' accounts whenever a determination is made to make a distribution. WCP furnishes to its limited partners unaudited financial statements for the first three quarters of each fiscal year within 45 days of each quarter's close and an annual audited financial statement within 90 days of the fiscal year end. WCP reviews the valuation of each WCP Fund-held portfolio company quarterly and makes adjustments as necessary. In addition to providing client financial statements on a quarterly basis, WCP provides a summary statement of changes in individual limited partners' capital accounts to each limited partner quarterly. All reports are sent to limited partners in writing, and are delivered electronically.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

WCP receives compensation in the form of management fees paid by the limited partners of the WCP Funds and WCP Fund Co-Invest Vehicles, as disclosed in the applicable Private Placement Memorandum and/or Partnership Agreement. In addition, WCP and/or its affiliates provide certain management and other services to portfolio companies of the WCP Funds and

may receive compensation from the portfolio companies in connection with such services. WCP and/or its affiliates are permitted to retain substantially all monitoring fees, advisory fees, consulting fees, directors' fees, closing fees, breakup fees, commitment fees and any other similar fees from, or on behalf of, WCP Funds portfolio companies (collectively, "**Service Fees**"), although WCP Funds management fees may be offset by a portion of the Service Fees received, as set forth in the applicable Partnership Agreement.

WCP has engaged individuals as Operating Partners and as an Executive Partner in the capacities set forth in Item 10 (Other Financial Industry Activities and Affiliations). The direct payments paid by each portfolio company to the Operating Partners and Executive Partner are considered compensation to the Operating Partners and Executive Partner and not Service Fee payments to WCP.

WCP may, from time to time, enter into solicitation agreements pursuant to which it compensates a third party for limited partner referrals that will result in the provision of investment advisory services by WCP when a prospective limited partner invests in a WCP Fund. Any cash solicitation agreements will comply with Rule 206(4)-3 of the Advisers Act. Placement agents introducing limited partners to WCP may receive compensation from WCP, such as a retainer and/or a percentage of introduced Commitments. Such compensation is to be paid pursuant to the written solicitation agreement with the placement agent. The cost of any such fees will be borne entirely by WCP and not by any affected WCP Fund limited partners; however, the fees and expenses payable may be borne by WCP indirectly through an offset against the management fee payable. In connection with fundraising for Fund III, WCP hired Monument Group, Inc. as a placement agent to solicit prospective limited partners on its behalf. WCP is currently not in a fundraising mode with respect to Fund III as Fund III is closed to new limited partners; thus, this relationship is not active.

ITEM 15 CUSTODY

WCP generally has custody over the assets of each of the WCP Funds and Co-Invest Vehicles. The WCP Funds are subject to an annual financial statement audit in accordance with generally accepted accounting principles ("**GAAP**") as promulgated in the United States, a copy of which will be delivered to the limited partners within 120 days of the relevant fiscal year end. The WCP Co-Invest Vehicles intend to abide by the surprise custody examination and related requirements of the Advisers Act Custody Rule, Rule 206(4)-2.

By WCP's ability to deduct fees and/or expenses from limited partners' accounts, as well as its ability to purchase and sell securities for its limited partners, WCP is deemed to have custody over all WCP Funds and Co-Invest Vehicles; however WCP does not take physical possession of WCP Fund or Co-Invest Vehicle money or securities. Rather WCP maintains custody of all such assets in separate accounts in the name of each of the WCP Funds and Co-Invest Vehicles with the following qualified custodians: The Northern Trust Company and Deutsche Bank Securities, Inc. For each of the WCP Funds and Co-Invest Vehicles herein, The Northern Trust Company serves as the qualified custodian for cash accounts and Deutsche Bank Securities, Inc. serves as the qualified custodian for brokerage accounts for certificated and uncertificated investment securities. WCP receives at least quarterly statements from all qualified custodians. For the WCP Co-Invest Vehicles not subject to annual GAAP audits, The

Northern Trust Company and Deutsche Bank Securities, Inc. send at least quarterly custody statements directly to all limited partners confirming the cash and securities held on behalf of the WCP Co-Invest Vehicle. On a quarterly basis, WCP sends to all limited partners financial statements of the applicable WCP Fund or Co-Invest Vehicle, a summary statement of changes in individual limited partners' capital accounts and an update on each WCP Fund's and Co-Invest Vehicle's portfolio company holdings. The limited partners of the WCP Co-Invest Vehicles are encouraged to review the quarterly financial statements of the applicable Vehicle with the custody statements received, noting that such statements only identify the investments of the Vehicle and not the investments of each individual limited partner.

ITEM 16 INVESTMENT DISCRETION

WCP and the WCP Fund GPs have discretionary authority based upon respective management agreements with each of the WCP Funds and Co-Invest Vehicles, and the applicable Partnership Agreements, to buy and sell securities or other investments on behalf of the WCP Funds or Co-Invest Vehicles and to determine the amount of such investment to be bought and sold. The terms upon which WCP serves as an investment manager of a WCP Fund or Co-Invest Vehicle are established at the time each such WCP Fund or Co-Invest Vehicle is established and are generally disclosed in the Private Placement Memorandum or Partnership Agreement, as applicable, for such WCP Fund or Co-Invest Vehicle. These terms potentially restrict WCP's advice concerning investments in certain securities or types of securities, diversification, geographies and leverage. WCP's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

As a general policy, neither WCP nor the WCP Fund GPs allow limited partners to place limitations on their investment authority. Pursuant to the terms of the applicable Partnership Agreement, however, WCP may enter into "side letter" arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in one or more WCP Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. WCP assumes this discretionary authority pursuant to the terms of the applicable Partnership Agreement and powers of attorney executed by the limited partners of WCP Funds.

A limited partner must execute a subscription agreement and a Partnership Agreement with a WCP Fund or Co-Invest Vehicle to become a limited partner of such WCP Fund or WCP Co-Invest Vehicle. WCP is not permitted to transact any business with a limited partner until these documents are executed.

ITEM 17 VOTING CLIENT SECURITIES

WCP has adopted the WCP Proxy Voting Policies and Procedures (the "**Proxy Policy**") pursuant to SEC Rule 206(4)-6 of the Advisers Act to address how it will vote publicly-traded security proxies, as applicable, for the WCP Funds and Co-Invest Vehicles. As the vast majority of its portfolio companies are private, WCP generally does not have occasion to vote publicly-traded security proxies on behalf of the WCP Funds and Co-Invest Vehicles. However, currently certain WCP Funds and WCP Employee Co-Invest Vehicles own a public company, and when a

public security proxy is distributed for vote in this or any other future public portfolio company holding, WCP votes and will continue to vote the proxy consistent with the best interests of its limited partners.

Pursuant to the Proxy Policy, WCP will generally vote in accordance with management's recommendations unless WCP determines that voting in such a manner is in conflict with the best interests of the WCP Funds and Co-Invest Vehicles and their limited partners. In these cases, WCP will evaluate and vote the publicly-traded security proxies on a case-by-case basis. If it is determined that there is a conflict of interest and it is not material, WCP may vote such proxies notwithstanding the existence of the conflict. If it is determined that the conflict of interest is material, WCP will resolve the conflict in one of several possible ways, such as by consulting the relevant WCP Fund's advisory board to recommend a vote with respect to such proxy. In general, limited partners cannot request that WCP vote in a particular way on any specific proposal.

Current or prospective WCP Fund and Co-Invest Vehicle limited partners may obtain at no charge, a copy of WCP's complete Proxy Policy or information regarding how WCP voted publicly-traded security proxies for particular portfolio companies by contacting Mark Flower, WCP's Chief Compliance Officer, at (312) 676-8425.

ITEM 18 FINANCIAL INFORMATION

Registered investment advisers are required in this item to provide certain financial information or disclosures about their financial condition. WCP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to limited partners, has not been the subject of a bankruptcy proceeding and does not require prepayment of management fees more than six months in advance; as a result, WCP is not required to provide such financial information or disclosures.

BROCHURE SUPPLEMENT

This Brochure Supplement provides information about Waud Capital Partners, L.L.C. that supplements the Brochure. You should have received a copy of the Brochure. Please contact Mark Flower, Chief Compliance Officer, at (312) 676-8425 if you did not receive the Brochure or if you have any questions about the contents of this supplement.

Additional information about WCP is available on the SEC's website at www.adviserinfo.sec.gov.

REEVE B. WAUD

Year of Birth: 1963
Founder and Managing Partner
Waud Capital Partners, L.L.C.
300 North LaSalle Street, Suite 4900
Chicago, Illinois 60654
(312) 676-8400

ITEM 2 EDUCATION BACKGROUND AND BUSINESS EXPERIENCE

Mr. Waud holds a B.A. in Economics from Middlebury College and an M.B.A. from the Kellogg School of Management at Northwestern University.

Mr. Waud is the Founder and Managing Partner of WCP. Over Mr. Waud's twenty-five year private equity career, he has acquired more than 135 companies. Mr. Waud has invested in a wide variety of industries including healthcare services, business and consumer services, specialty distribution, and value-added manufacturing. Prior to founding WCP in 1993, Mr. Waud was an investment professional at Golder, Thoma, Cressey, Rauner, Inc. ("GTCR") where he had investment responsibility for a wide range of portfolio companies that were built through more than thirty acquisitions. Before joining GTCR, Mr. Waud was in the Corporate Finance Group of Salomon Brothers, Inc. and was a founding member of its Venture Capital Group.

ITEM 3 DISCIPLINARY INFORMATION

Mr. Waud has never been the object of any legal or disciplinary event, proceeding or action.

ITEM 4 OTHER BUSINESS ACTIVITIES

Mr. Waud serves as Chairman of the Board of True Partners Consulting, LLC and a member of the Board of Acadia Healthcare Company, Inc. (NASDAQ: ACHC), CarePoint Partners, LLC and Maxum Enterprises LLC. Each of the aforementioned companies is a portfolio company of the WCP Funds and Mr. Waud's appointment on such boards has been designated in the best interest of the WCP Funds and their respective limited partners. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interest may arise between Mr. Waud's fiduciary duties to the portfolio company on which he serves and his duty to WCP, as decisions that are in the portfolio company's best interest may possibly not be in WCP's best interests. As the WCP Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned; however, appropriate measures have been taken whereby Mr. Waud may recuse himself in such circumstances from the decision making process.

Mr. Waud serves on the Board of Directors of Northwestern Memorial Foundation, the philanthropic arm that supports the fundraising, grant-making and stewardship activities of Northwestern Memorial HealthCare ("NMHC"). He is a member of the NMHC Finance Committee, which in addition to overseeing the financials of NMHC and its approximately \$3

billion capital budget, has responsibility for a \$2.5 billion endowment including more than \$500 million in private equity, venture capital, real estate and other alternative investments. He is a trustee of St. Paul's School (Concord, New Hampshire) and the John G. Shedd Aquarium. In addition, he serves on the Visiting Committee of the University of Chicago Harris School of Public Policy. Also, he currently serves as a Chairman of the Board of Whitehall Products, LLC and as an advisor to Green Courte Partners, a private equity, real estate investment firm. These activities are charitable in nature or unrelated to WCP and do not create a potential conflict of interest with WCP Funds, limited partners or portfolio companies.

Outside of his roles with WCP and its affiliated investment advisers, the only investment-related business in which Mr. Waud is engaged is the operation and management of certain family investment entities and these activities do not create a potential conflict of interest with WCP Funds, their limited partners or portfolio companies.

ITEM 5 **ADDITIONAL COMPENSATION**

Mr. Waud does not receive an economic benefit for providing advisory services, other than his share of the ownership interest in the management company, his portion of carried interest and his direct investment interest in the Funds managed by WCP.

ITEM 6 **SUPERVISION**

Mr. Waud does not provide financial advice directly to clients. He is supervised with respect to compliance matters by WCP's Chief Compliance Officer, Mark Flower, (312) 676-8425.

Matthew W. Clary

Year of Birth: 1961

Partner

Waud Capital Partners, L.L.C.

300 North LaSalle Street, Suite 4900

Chicago, Illinois 60654

(312) 676-8400

ITEM 2 EDUCATION BACKGROUND AND BUSINESS EXPERIENCE

Mr. Clary holds a B.A. in Economics from the University of Washington and an M.B.A. from the Kellogg School of Management at Northwestern University.

Mr. Clary joined WCP in 2004 and is a Partner. Prior to joining WCP, Mr. Clary was a founding member and Partner with Banc of America Capital Investors (“BACI”) in Chicago. Mr. Clary originated, structured and managed private equity and mezzanine investments to facilitate leveraged buyouts, recapitalizations and internal growth of middle-market companies. While at BACI, Mr. Clary invested in a variety of industries, including business services, healthcare, logistics and manufacturing. Prior to joining BACI, Mr. Clary was a Senior Associate in the Corporate Banking Group at Bank of America, focused on highly structured and leveraged transactions.

ITEM 3 DISCIPLINARY INFORMATION

Mr. Clary has never been the object of any legal or disciplinary event, proceeding or action.

ITEM 4 OTHER BUSINESS ACTIVITIES

Mr. Clary serves as Chairman of the Board of CarePoint Partners, LLC and a member of the Boards of Acadia Healthcare Company (NASDAQ: AHC), National Security Partners, LLC, CVR Holdco, LLC (D/B/A The Center for Vein Restoration) and Sterling Healthcare Holdings, LLC. The aforementioned companies are portfolio companies of the WCP Funds and Mr. Clary’s appointment on such boards has been designated in the best interest of the WCP Funds and their respective limited partners. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interest may arise between Mr. Clary’s fiduciary duties to the portfolio company on which he serves and his duty to WCP, as decisions that are in the portfolio company’s best interest may possibly not be in WCP’s best interests. As the WCP Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned; however, appropriate measures have been taken whereby Mr. Clary may recuse himself in such circumstances from the decision making process.

ITEM 5 ADDITIONAL COMPENSATION

Mr. Clary does not receive an economic benefit for providing advisory services, other than the regular salary and bonus paid by WCP, his portion of carried interest and his direct investment interest in the Funds managed by WCP.

ITEM 6 **SUPERVISION**

Mr. Clary does not provide financial advice directly to clients. He is supervised with respect to compliance matters by WCP's Chief Compliance Officer, Mark Flower, (312) 676-8425.

DAVID O. NEIGHBOURS

Year of Birth: 1976

Partner

Waud Capital Partners, L.L.C.

300 North LaSalle Street, Suite 4900

Chicago, Illinois 60654

(312) 676-8400

ITEM 2 EDUCATION BACKGROUND AND BUSINESS EXPERIENCE

Mr. Neighbours holds a B.B.A., cum laude, in Finance from the University of Notre Dame.

Mr. Neighbours joined WCP in 2003 and is a Partner. Prior to joining WCP, Mr. Neighbours worked for Citigroup Investments in New York where he was responsible for the analysis, due diligence and execution of numerous private equity, mezzanine and structured product investments in a variety of industries, including communications, consumer products, financial services, healthcare and leisure. Previously, Mr. Neighbours was with Salomon Smith Barney in New York, where he worked in the firm's proprietary investment group, SSB Capital Partners, and prior to that, in the firm's investment banking division.

ITEM 3 DISCIPLINARY INFORMATION

Mr. Neighbours has never been the object of any legal or disciplinary event, proceeding or action.

ITEM 4 OTHER BUSINESS ACTIVITIES

Mr. Neighbours serves as Chairman of the Board of Advanced Reimbursement Management, LLC (D/B/A Adreima) and Optimum Outcomes Healthcare Management, LLC and as a member of the Board of Acadia Healthcare Company (NASDAQ: ACHC), Cogent HMG, Inc., ProNerve Holdings, LLC and True Partners Consulting, LLC. Each of the aforementioned companies is a portfolio company of the WCP Funds and Mr. Neighbours' appointment on such boards has been designated in the best interest of the WCP Funds and their respective limited partners. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interest may arise between Mr. Neighbours' fiduciary duties to the portfolio company on which he serves and his duty to WCP, as decisions that are in the portfolio company's best interest may possibly not be in WCP's best interests. As the WCP Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned; however, appropriate measures have been taken whereby Mr. Neighbours may recuse himself in such circumstances from the decision making process.

Mr. Neighbours was a founding officer of The Healthcare Private Equity Association, a non-profit trade association that represents the U.S. healthcare private equity industry. Mr. Neighbours serves as a member of the Boys and Girls Clubs of Greater Chicago's Corporate Board and as a member of the Rush University Medical Center Associates Board. These

activities are charitable in nature and do not create a potential conflict of interest with WCP's Funds, limited partners or portfolio companies.

ITEM 5 **ADDITIONAL COMPENSATION**

Mr. Neighbours does not receive an economic benefit for providing advisory services, other than the regular salary and bonus paid by WCP, his portion of carried interest and his direct investment interest in the Funds managed by WCP.

ITEM 6 **SUPERVISION**

Mr. Neighbours does not provide financial advice directly to clients. He is supervised with respect to compliance matters by WCP's Chief Compliance Officer, Mark Flower, (312) 676-8425.

MARK D. FLOWER

Year of Birth: 1964
Chief Financial Officer and Chief Compliance Officer
Waud Capital Partners, L.L.C.
300 North LaSalle Street, Suite 4900
Chicago, Illinois 60654
(312) 676-8425

ITEM 2 EDUCATION BACKGROUND AND BUSINESS EXPERIENCE

Mr. Flower holds a B.B.A. in Accounting from the University of Wisconsin and has a CPA designation from the state of Illinois.

Mr. Flower joined WCP in 2004 and is the Chief Financial Officer and Chief Compliance Officer. Prior to joining WCP, Mr. Flower worked for Vector Fund Management, the venture capital arm of the life sciences and healthcare investment bank, Vector Securities International. During his five years with Vector Fund Management, Mr. Flower held the position of CFO and Treasurer. Mr. Flower began his professional career with Arthur Andersen in Chicago, followed by accounting and finance positions with Kemper Financial Services, Kemper Asset Management Company and Iowa Grain Company.

ITEM 3 DISCIPLINARY INFORMATION

Mr. Flower has never been the object of any legal or disciplinary event, proceeding or action.

ITEM 4 OTHER BUSINESS ACTIVITIES

Mr. Flower is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients.

ITEM 5 ADDITIONAL COMPENSATION

Mr. Flower does not receive an economic benefit for providing advisory services, other than the regular salary and bonus paid by WCP, his portion of carried interest and his direct investment interest in the Funds managed by WCP.

ITEM 6 SUPERVISION

Mr. Flower does not provide financial advice directly to clients. He is supervised by WCP's Managing Partner, Reeve Waud, (312) 676-8400.