

Item 1 – Cover Page

Form ADV Part 2 Brochure

July 31, 2012



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This brochure provides information about the qualifications and business practices of Hammond, Kennedy, Whitney & Company, Inc. and its advisory affiliates described herein (collectively “HKW”). If you have any questions about the contents of this brochure, please contact us at (317) 574-6900. 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. HKW is registered as an investment adviser with the SEC. This registration does not, however, imply a certain level of skill or training of any HKW personnel.

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

Item 2 – Material Changes

This brochure has been amended since the previous brochure dated March 30, 2012 in order to include disclosure regarding new Client Funds being managed by HKW and update HKW's assets under management.

Pursuant to SEC rules, HKW will ensure that you receive a summary of any material changes to this brochure and subsequent brochures within 120 days of the close of HKW's fiscal year. You may request the most recent version of HKW's brochure by contacting Julianne Lis-Milam, Partner, General Counsel and Chief Compliance Officer at (317) 705-8816 or jsl@hkwinc.com.

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Item 4 – Advisory Business

Hammond, Kennedy, Whitney & Company, Inc. (“HKW Company”) is a New York corporation that was established in 1903. HKW Company is owned by 5 individual partners who are investment professionals of the firm. HKW Company’s principal place of business is in Indianapolis, Indiana. HKW Company also has an office in New York, New York. Currently, HKW Company and its advisory affiliates provide investment advisory and management services to eight private equity funds that are U.S. limited partnerships (“Client Funds”). Such advisory affiliates serve as general partners (the “General Partners”) to the Client Funds. For purposes of this brochure, the term “HKW” will include HKW Company and the General Partners collectively.

All descriptions of the Client Funds in this brochure, including, but not limited to, their investments, the strategies used in managing the Client Funds, the fees and other costs associated with an investment in the Client Funds, and conflicts of interest faced by HKW in connection with management of the Client Funds are qualified in their entirety by reference to the relevant Client Fund’s respective confidential offering memorandum and governing documents (e.g., a Client Fund’s limited partnership agreements) (collectively, the “Fund Documents”).

Persons reviewing this Form ADV Part 2A should not construe this as an offering of any of the Client Funds described herein, which will only be made pursuant to the delivery of a confidential offering memorandum to prospective limited partners.

HKW generally offers advice on portfolio investments that are within each Client Fund’s investment strategy and objectives. The advice provided by HKW generally focuses on making leveraged buyouts and other equity related investments in privately held businesses in the small end of the middle market and subsidiaries or divisions of public companies. Please refer to Item 8 for a more detailed description of the Client Funds’ investment strategies as well as the securities, and other instruments, purchased by Client Funds under the management of HKW.

HKW has full discretionary authority with respect to the investment decisions of the Client Funds; however, its investment decisions and advice are subject to each Client Fund’s investment objectives and guidelines and as set forth in the relevant Client Fund’s respective Fund Documents.

HKW has the right to enter and has entered into agreements, such as side letters, with certain limited partners of the Client Funds which may impose further restrictions for legal, tax, regulatory or other reasons with respect to participation by such limited partners in certain investments made by the Client Funds. See Item 10 for additional information.

HKW does not participate in wrap fee programs.

As of July 31, 2012, HKW managed \$359,011,292 on a discretionary basis.¹ HKW does not manage assets on a non-discretionary basis. HKW’s assets under management as of July 31, 2012 include uncalled capital commitments of the Client Funds.

Item 5 – Fees and Compensation

HKW and its related persons receive fees based upon the amount of capital limited partners have committed to the Client Funds or the amount of capital invested by a Client Fund as well as performance-based fees (carried interest), all as described in the Fund Documents. HKW and its related persons receive other compensation and reimbursements of expenses, as described further below. The specific payment terms and other conditions of these fees and distributions are set forth in the relevant Fund Documentation.

¹ The amount of HKW’s assets under management as of July 31, 2012 is based on valuations as of March 31, 2012.

Management Fee

Generally, the Client Funds pay a management fee pursuant to the terms of the Fund Documents that is calculated as follows:

During the commitment period (generally 6 years from the initial closing date, or a period terminating on a specified date or a date based on all capital commitments being invested, as set forth in the applicable Fund Documents) - 2% of aggregate capital commitments (excluding amounts attributable to the General Partner and certain limited partners designated by such General Partner); and

After the period set forth above or, in the case of certain Client Funds, the occurrence of events that result in a different date as set forth in the Fund Documents - 2% of aggregate funded capital contributions less certain amounts attributable to realized investments, write downs and offsets, all as described in the Fund Documents (excluding amounts attributable to the General Partner and certain limited partners designated by such General Partner).

As set forth in the Fund Documents, the management fees are determined and paid periodically in accordance with the applicable Fund Documents in advance by the Client Funds. The management fee is paid through capital calls made to limited partners for the amount of each of the Client Funds' respective management fees as may be adjusted by applicable offsets described in the Fund Documents. The General Partners direct such funds to be deposited in the account of the applicable Client Fund and subsequently paid to HKW Company. Limited partners are generally not permitted to withdraw from the Client Fund (except in limited circumstances as set forth in the Fund Documents) such that a fee is generally not required to be refunded prior to end of a billing period.

Two of the Client Funds, HKW Capital Partners III Supplemental L.P.² and HKW Capital Partners III-A Supplemental L.P.³, do not pay a management fee.

The Client Funds may also indirectly receive other fees payable to or expenses reimbursable to the General Partners or their affiliates. For example, HKW Company or its employees, in connection with portfolio companies of a Client Funds, may receive director's fees, transaction fees and advisory fees and may receive break-up fees in connection with unconsummated transactions. Some or all of these fees are generally shared with the limited partners of the Client Funds as described in the Fund Documents through reductions or offsets against management fees that would otherwise be applicable. However, with respect to Client Funds that do not pay a management fee, these fees are generally shared with the limited partners via a distribution to the applicable Client Fund which, in turn, distributes such amounts to the limited partners, as described in the relevant Fund Documents.

Performance-Based Fee (Carried Interest)

The General Partners are allocated a carried interest distribution based on cash generated from the sale of Client Fund portfolio investments. The carried interest distribution will generally be an amount equal to 20% of the profits from each portfolio investment made by a Client Fund after the return of invested capital, certain expenses and fees and a preferred return to the applicable Client Fund limited partners as set forth in the Fund Documents. Carried interest distributions are subject to a clawback based on the aggregate performance of all portfolio investments of such Client Fund. Carried interest distributions are generally allocated to the applicable General Partner's capital account based on cash generated from the sale of a Client Fund portfolio investment. All performance-based fees (carried interest) payable to the Client Fund's General Partner and related persons in connection with all private equity funds sponsored by HKW Company or its affiliates will be effected consistent with the requirements of Section 205 of the Investment Advisers Act of 1940 (the "Advisers Act"), Rule 205-3 and the related grandfathering provisions established thereunder.

² HKW Capital Partners III Supplemental L.P. is reported to the SEC with the private fund identification number 805-6935604813.

³ HKW Capital Partners III-A Supplemental L.P. is reported to the SEC with the private fund identification number 805-7024193928.

Fee Waivers/Reductions

Certain limited partners of the Client Funds have, and may in the future, negotiated different management fees terms than those set forth in the Fund Documents (through side letters). In addition, in accordance with the Fund Documents, in their sole discretion, the General Partners may elect to waive all or part of the management fee that it is otherwise payable pursuant to the terms of the Fund Documents.

Indemnification

Under certain circumstances specified in the Fund Documents, the Client Funds are generally obligated to indemnify HKW and its affiliates and other identified persons; provided, however, that generally limited partners will not be responsible for any amounts beyond the amount of any uncalled capital commitment plus the lesser of either the distributions made to such limited partner or a capped percentage of a limited partner's capital commitments, as described in the relevant Fund Documents.

Participation in Subsequent Closings

Limited partners admitted at any closing after the initial closing are required to pay the respective Client Fund, on a date designated by the relevant General Partner, an amount equal to a portion of their respective capital commitments that would have been drawn down had those persons been limited partners from the time of the initial closing (plus interest). This amount will include the limited partner's proportionate share of management fees (if applicable), fund expenses and original costs of the Client Fund's portfolio investments as set forth in the applicable Fund Documents.

Fees to Related Persons

Legal and Financial Consulting Services

Please see Item 10 for a description of legal and financial consulting services performed by affiliates of HKW Company.

Fund Expenses

As specified in the applicable Fund Documents, the General Partners or HKW Company are responsible for all usual overhead expenses of managing the Client Funds, including compensation for HKW Company's employees, plus the cost of adequate office space and utilities.

The Client Funds bear their organizational costs (generally including the out-of-pocket expenses of the respective General Partner, HKW Company and their agents) up to an amount specified in the Fund Documents. Organizational expenses in excess of that amount generally will be paid by the respective General Partner, but a portion of such excess organizational expenses may be offset against the management fee for certain Client Funds as set forth in the applicable Fund Documents. Certain Client Funds may also bear the costs of placement agents that are utilized in connection with the organizing or formation of the Client Fund as specified in the applicable Fund Documents and are offset against the management fee for such Client Funds.

The Client Funds pay all expenses related to its operations that are not reimbursed by portfolio companies as set forth in the Fund Documents, including (i) fees, costs and expenses related to the purchase and sale of investments; (ii) fees and expenses of custodians, counsel, accountants and consultants; (iii) annual meeting and advisory board expenses; (iv) any taxes, fees or other government charges levied against the applicable Client Fund; (v) insurance; (vi) litigation costs; and (vii) any costs and expense incurred in connection with unconsummated transactions.

The fees described in this Item 5 under "Management Fee" and in Item 10 that are payable to HKW Company or its affiliates are reported annually to the advisory boards of certain Client Funds.

Director Fees

Typically, an HKW partner is named chairman of a portfolio company invested in by the Client Fund and is joined on the board of directors by another HKW person. As a result of these appointments, directors' fees are paid to employees of HKW Company. The management fee charged by the Client Funds is reduced by a portion of such directors' fees as discussed in more detail above under the "Management Fee" section in this Item 5.

Item 6 – Performance-Based Fees and Side-By-Side Management

All Client Funds provide in the applicable Fund Documents that HKW may earn a performance-based fee (carried interest). HKW does not manage any other accounts with the same investment strategy for which a performance-based fee is not charged.

Item 7 – Types of Clients

As noted in Item 4 above, HKW provides discretionary investment advisory and management services to the Client Funds (which are organized as U.S. limited partnerships). Interests in the Client Funds and the Client Funds themselves are not registered under the U.S. Securities Act of 1933, as amended, or the U.S. Investment Company Act of 1940, as amended ("Investment Company Act"), respectively. Accordingly, interests in the Client Funds are offered exclusively to limited partners satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions, and the Client Funds are excepted from the definition of an "investment company" under Sections 3(c)(1) or 3(c)(7) of the Investment Company Act.

Limited partners in the Client Funds are required to complete and submit a subscription agreement binding them to the terms of the relevant Client Fund's respective Fund Documents. Client Funds generally have a minimum capital commitment requirement of either \$1,000,000 or \$5,000,000, which is subject to reduction or waiver at the discretion of the General Partner of each respective Client Fund and in accordance with each Client Fund's Fund Documents.

Limited partners in the Client Funds are generally "accredited investors" within the meaning of Rule 501(a) under the Securities Act of 1933 and are generally either "qualified purchasers" within the meaning of Section 2(a)(51) under the Investment Company Act or "qualified clients" within the meaning of Rule 205-3 under the Advisers Act with a few exceptions as permitted under applicable law.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies, Instruments and Certain Related Risks

The following is a summary of (i) the current strategies and methods of analysis that HKW uses in formulating advice or managing assets (and their material risks) for the Client Funds and (ii) certain material risks associated with the types of securities that HKW primarily recommends to the Client Funds.

The information included in this Brochure does not include every potential risk associated with each investment strategy or security. Limited partners and prospective limited partners in the Client Funds are urged to ask questions regarding risk factors applicable to a particular investment strategy or security, read all product-specific risk disclosures (for example, the relevant Fund Documents) and determine whether a particular strategy or type of security is suitable for his/her/its own account in light of his/her/its circumstances, investment objectives and financial situation. Investing in securities involves risk of loss that limited partners should be prepared to bear.

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The Client Funds focus on acquiring control positions in relatively easy-to-understand companies in the small end of the middle market who are headquartered in the United States based on total enterprise value as set forth in the relevant Fund Documents. These investments are made through leveraged buyouts and other equity related

investments. The Client Funds also seek to maintain a diversified portfolio relative to the amount of capital committed in each Client Fund and to avoid industry concentration. The investment by a Client Fund in any one portfolio company may not exceed a specified percentage of capital commitments of such Client Fund as set forth in the applicable Fund Documents. HKW seeks opportunities from a broad range of industry sectors but from time to time will favor certain sectors. Currently HKW favors three sectors: aerospace, energy/infrastructure and companies that are driven by the aging baby boomer demographic.

In addition to the company characteristics, HKW considers management to be a crucial component of its companies. Client Funds seek companies that have established management who is willing to invest in the company on the same terms as HKW and to establish a true partnership and work collaboratively with HKW in devising clear common objectives and a clear vision for value creation.

HKW regularly reassesses and refines its investment criteria to reflect the lessons learned from its investment and management experience. HKW's investment decision making framework currently comprises its investment criteria (divided into three categories: company criteria, management criteria and deal criteria), the diligence process and the monitoring of its portfolio companies. Each is discussed, in turn, below.

Investment Criteria

HKW targets investments with the following company criteria:

- Total enterprise value within a targeted range, as described in the applicable Fund Documents;
- Stable and predictable cash flows;
- Power in its market niche as evidenced by margins and/or market leadership;
- Sustainable competitive advantage;
- Low risk of competition from low wage countries; and
- Low risk of technological obsolescence.

In addition, HKW assesses the management, primarily avoiding companies with insufficient or departing management, by focusing on the following factors:

- Talent and work ethic of existing personnel;
- Skill and experience of existing personnel in related to the skill needed by the company to execute based on HKW's investment thesis;
- Willingness of management to devote a substantial or meaningful portion of their net worth to purchase equity in the company; and
- Willingness of management to interactively work with HKW to create value.

Finally, HKW assesses the transaction terms based on the following deal criteria:

- are underwritten in a way that has potential to achieve returns on par with HKW's overall historical performance;
- are underwritten in a way that has potential to permit high fixed charge coverage ratios;
- have an attractive entry earnings before interest, tax, depreciation and amortization ("EBITDA") multiple relative to current market conditions for similarly situated companies; and
- have potential for expansion of the EBITDA multiple upon exit.

While HKW believes that smaller companies represent significant opportunities for a variety of reasons, it also acknowledges that such companies often face challenges. HKW approaches these challenges in three main ways: (i) in analyzing new deals, HKW seeks to identify and prioritize areas for improvement during the due diligence process; if there are too many areas identified as requiring improvement, it passes on the proposed investment; (ii) HKW and target company management define value creation objectives and an execution plan up front and (iii) HKW has a dedicated team who is principally focused on portfolio company management and operations, including a person dedicated exclusively to exit strategies for portfolio companies.

Sourcing and Due Diligence

HKW largely identifies suitable investments by focusing on non-brokered deals and dedicated deal sourcing. HKW's dedicated deal generation team continuously seeks appropriate investment opportunities, both for platform investments and follow-on investments, by utilizing its network and calling upon its contacts.

HKW's investment professionals meet as a group each week to review new deals, act on potential investments and discuss select companies in the portfolio of each Client Fund. If a potential target company appears to meet HKW's investment criteria, then based on HKW's knowledge of the particular industry and the strengths of the targeted company, an indication of interest is submitted and, if accepted, preliminary due diligence, sufficient to prepare an investment thesis and a financial model, is commenced. All HKW Company partners must approve the investment before a letter of intent is submitted. Once a letter of intent is executed, a robust due diligence process is initiated. During due diligence, HKW's investment committee reviews reports and findings as they become available and requests further detail and clarification. When due diligence is complete, HKW's investment committee convenes to review an updated investment thesis and financial model and to discuss any outstanding questions. If approved by the investment committee, HKW will then cause the applicable Client Fund to enter into definitive agreements to purchase the company. Generally, management of the company must also invest to ensure that interests are aligned.

Monitoring

Monitoring of portfolio companies is accomplished through frequent communication with management and through several disciplined practices: monthly review of financial statements, quarterly review of progress on value creation objectives with portfolio company management, quarterly board of directors meetings and annual review of year-end audited financial statements for each Client Fund portfolio company.

Typically, an HKW partner is named chairman of a portfolio company and is joined on the board of directors by another HKW person. The chairman of the portfolio company's board of directors is responsible for monitoring the company throughout a Client Fund's ownership period.

If a portfolio company is under-performing, it is typically reviewed by all investment professionals at a weekly meeting. The level of discussions with portfolio company management increases and internal or external reviews of particular aspects of company management or operations may be initiated. If necessary, management is replaced or augmented.

HKW also has a risk committee comprised of current and former senior partners of HKW and certain outside executives. This group meets three times a year to review portfolio company performance and to provide advice and guidance on next steps with particular portfolio companies.

CERTAIN RELATED RISKS

For a description of the specific risks relating to any particular Client Fund, please refer to the applicable Fund Documents for such Client Fund. However, the following risks are generally applicable to the Client Funds.

Business Risks. The Client Funds' investment portfolios consist 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 HKW partners' prior investments is not necessarily indicative of the Client Funds' future results. While the General Partners intend for the Client 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. On any given investment, loss of principal is possible.

Investment in Junior Securities. The securities in which a Client Fund invests 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 a Client Fund's investment once made.

Concentration of Investments. Each Client Fund participates in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, a Client Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Client Fund may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities. It is possible that a Client Fund will 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 generally be required to pay annual management fees to the applicable Client Fund during the commitment period based on the entire amount of their capital commitments to such fund.

Illiquidity; Lack of Current Distributions. An investment in a Client 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 generally expected that this will not 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 a Client Fund (including the annual management fee payable to a General Partner) may exceed its income, thereby requiring that the difference be paid from the applicable Client Fund's capital, including, without limitation, unfunded capital commitments.

Leveraged Investments. A Client Fund may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company. Leverage generally magnifies both a Client 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 state 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. The use of leverage will also result in interest expense and other costs to a Client Fund that may not be covered by distributions made to the Client Fund or appreciation of its investments. 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 a Client 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 a Client 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 applicable Client Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of that Client Fund. Furthermore, should the credit markets be tight at the time a Client Fund determines that it is desirable to sell all or a part of a portfolio company, such Client Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Client Fund invests generally will not be rated by a credit rating agency.

Limited Transferability of Fund Interests. There will be no public market for interests of the Client Funds, and none is expected to develop. There are substantial restrictions upon the transferability of interests of the Client Funds under the Fund Documents and applicable securities laws. In general, withdrawals of interests in the Client Funds are not permitted. In addition, interests in the Client Funds are not redeemable.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for Client Fund investments, and hence, most of the Client Funds' investments will be difficult to value. Certain investments may be distributed in kind to the partners of the Client Funds.

Reliance on the General Partner and Portfolio Company Management. Control over the operation of the Client Funds will be vested with the applicable General Partners, and the future profitability of each Client Fund will depend largely upon the business and investment acumen of HKW principals. The loss of service of one or more of the principals could have an adverse effect on the Client Funds' ability to realize their investment objectives. Limited partners generally have no right or power to take part in the management of the Client Funds, and as a result, the investment performance of the Client Funds will depend on the actions of the General Partners. Although

the General Partners will monitor the performance of each applicable Client Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the Client Funds generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with a Client Fund's objectives.

Conflicting Limited Partner Interests. Limited partners may have conflicting investment, tax, and other interests with respect to their investments in the Client Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the General Partners regarding an investment that may be more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the General Partners generally will consider the investment and tax objectives of the applicable Client Fund and its partners as a whole, not the investment, tax, or other objectives of any limited partner individually.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There has recently been significant discussion regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Client Funds' activities, including the ability of the Client Funds to implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

Need for Follow On Investments. Following its initial investment in a given portfolio company, a Client Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that a Client Fund will make follow on investments or that such Client Fund will have sufficient funds to make all or any of such investments. Any decision by a Client Fund not to make follow on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for such Client Fund to increase its participation in a successful portfolio company or the dilution of the Client Fund's ownership in a portfolio company if a third-party invests in such portfolio company.

Non-U.S. Investments. Client Funds may invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the applicable Client Fund), the application of complex U.S. and non U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Client Funds and/or the partners with respect to a Client Fund's income, and possible non-U.S. tax return filing requirements for the Client Fund and/or the partners. Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Dilution. Limited partners admitted to a Client Fund at subsequent closings will participate in then-existing investments of such Client Fund, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of such Client Fund's existing investments at the time of such contributions.

General Partner's Carried Interest. The fact that the General Partners' carried interest is based on a percentage of net profits may create an incentive for the General Partners to cause the Client Funds to make riskier or more-speculative investments than otherwise would be the case.

Transfer by General Partner. To the extent the General Partners, their partners, the HKW partners and/or their respective affiliates commit to make an investment in a Client Fund, a participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the Fund Documents.

Director Liability. A Client Fund will often obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes the applicable Client Fund's representatives, and ultimately the applicable Client Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

Uncertain Economic and Political Environment. The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a "self reinforcing" economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, continues to be restricted. This may have an adverse effect on the economy generally and on the ability of the Client Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections.

Market Conditions. Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates could have a negative impact on the performance and/or valuation of the portfolio companies. A Client Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007, which can impact the public market comparable earnings multiples used to value privately held portfolio companies. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Client Fund's performance. Following the onset of the credit crisis, the rate of future investment by funds has slowed and may continue to do so as the pricing of new transactions adjusts to reflect the current economic uncertainty and the lack of credit in the markets. Holding periods are also likely to be longer as the rate of realizations slows in light of the deterioration in market conditions for initial public offerings and a decline in mergers and acquisitions activity. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of the credit crisis may also affect a Client Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments. The recent deterioration of the global credit markets has made it more difficult for investment funds such as a Client Fund to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, has dramatically reduced investor demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. A Client Fund's ability to generate attractive investment returns may be adversely affected to the extent a Client Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Client Fund to realize its investments at favorable times or for favorable prices.

Item 9 – Disciplinary Information

Form ADV Part 2 requires investment advisers such as HKW to disclose legal or disciplinary events involving the firm or its partners, officers, or principals that are material to the evaluation of its advisory business or the integrity of its management. HKW has no information to report that is applicable to this item.

Item 10 – Other Financial Industry Activities and Affiliations

HKW Company is an affiliate of the General Partners of the Client Funds in that they are commonly controlled. HKW Company receives a portion of the fees described in Item 5.

As explained in Item 5 above, HKW Company or its employees may receive fees relating to the Client Funds' investments including transaction, advisory, directors, break-up (if the transaction is not consummated) or other similar fees from the portfolio companies invested in by the Client Funds. A portion of such fees are generally allocated to the Client Fund investing in such portfolio companies.

Typically, an HKW partner is named chairman of a portfolio company invested in by the Client Fund and is joined on the board of directors by another HKW person. As a result of their appointments, directors' fees are paid directly to such related persons of the HKW Company. Serving in such capacity may give rise to conflicts to the extent that a partner's fiduciary duties to a portfolio company as a director may conflict with the interests of Client Funds. Disclosure to potential and current limited partners is intended to mitigate this potential conflict of interest. Additionally, the management fee charged by the Client Funds is reduced by a portion of such directors' fees.

A law firm wholly owned by HKW's partner, General Counsel and Chief Compliance Officer, also has an arrangement with five of the Client Funds (HKW Capital Partners II, L.P.⁴, HKW Capital Partners II Supplemental L.P.⁵, HKW Capital Partners III, L.P.⁶, HKW Capital Partners III Supplemental L.P. and HKW Capital Partners IV, L.P.⁷) to act as counsel when such Client Funds purchase or sell portfolio companies. Services provided by her may include negotiating and closing acquisitions and overseeing legal work of a portfolio company's outside counsel as well as providing general corporate advice to the portfolio companies. Such services are provided on an exclusive basis (*i.e.*, not for any clients other than portfolio companies of such Client Funds). Similar services may be provided by her for any new or additional client funds in the future. All such services are and will continue to be performed at a discounted market rate and are charged to the portfolio companies that receive such services. There may be a conflict between her economic interest and what is in the best interests of the Client Funds. Disclosure to potential and current limited partners is intended to mitigate this potential conflict of interest. In connection with certain Client Funds, as required by the Fund Documents, the advisory boards of the relevant Client Funds receive a summary of any fees paid annually.

From time to time, Client Fund portfolio companies may engage the services of an HKW partner to provide financial consulting services. Specifically, where a qualified chief financial officer is not yet present when a portfolio company is acquired by a Client Fund or during a period of transition to a new chief financial officer, the HKW partner may be engaged to play that role on an interim basis. In such instances, the applicable Client Fund portfolio company pays HKW Company a flat fee, which may be adjusted. In connection with certain Client Funds, as required by the Fund Documents, all such fees are reported to the applicable Client Fund's advisory board on an annual basis.

HKW can present potential conflicts of interest to the advisory board for each Client Fund as set forth in the applicable Fund Documents. Each advisory board consists of certain limited partners in each Client Fund.

Letters of Understanding a/k/a "Side Letters"

HKW has the right to enter and has entered into agreements, such as side letters, with certain limited partners of the Client Funds. These agreements have the effect of establishing rights under, altering or supplementing the terms of the Fund Documents in a manner more favorable to such limited partners. Certain side letter terms may be granted to incentivize or permit limited partners to invest with HKW, invest certain amounts or invest with HKW in the future. Side letters entered into with limited partners, and required to be disclosed in accordance with the Fund Documents, are provided to all limited partners also investing in such Client Fund. In certain circumstances, as set

⁴ HKW Capital Partners II, L.P. is reported to the SEC with the private fund identification number 805-2205114785.

⁵ HKW Capital Partners II Supplemental L.P. is reported to the SEC with the private fund identification number 805-2564105184.

⁶ HKW Capital Partners III, L.P. is reported to the SEC with the private fund identification number 805-6716965601.

⁷ HKW Capital Partners IV, L.P. is reported to the SEC with the private fund identification number 805-9657026335.

forth in the applicable Fund Documents, limited partners may be entitled to receive substantively the same materials rights as the rights granted to similarly situated limited partners of the same Client Fund in the disclosed side letters.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

HKW's Code of Ethics provides a standard of conduct for, among other things, the personal trading of HKW's investment professionals. The standard of conduct is based upon fundamental principles of openness, integrity, honesty and trust. Under the Code of Ethics, HKW's investment professionals must provide HKW with initial and annual holdings reports (excluding accounts holding certain securities or discretionary accounts) and their quarterly transactions reports. Pre-clearance of non-exempt and non-reportable personal investment transactions of employees is required. To prevent conflicts of interest, all personal trades made by investment professionals of HKW are reviewed by supervisory personnel (except transactions in investment company securities and/or other exempt transactions including, for example, government securities, money market instruments, money market funds, open-end mutual funds and unit investment trusts). Additionally, all employees are prohibited from trading in securities of any company while in possession of material, non-public information regarding the company. HKW will review violations of its Code of Ethics to determine appropriate internal sanctions. The Code of Ethics also recognizes that as an investment adviser registered under the Advisers Act, HKW has a further obligation to comply with the provisions of the Advisers Act as well as the other U.S. federal securities laws.

Prospective and current limited partners in the Client Funds may obtain a complete copy of HKW's Code of Ethics free of charge by submitting a written request to Julianne Lis-Milam, Partner, General Counsel and Chief Compliance Officer at (317) 705-8816 or jsl@hkwinc.com.

Participation or Interest in Client Transactions and Personal Trading

HKW and its related persons receive certain fees from the portfolio companies (see Item 10 above). This may create a conflict of interest between HKW's obligation to act in the best interests of the Client Funds and the economic interest of HKW and/or its related persons. These fees are reported annually to the advisory board of the applicable Client Fund and are paid consistent with HKW's obligation to seek best execution.

HKW's related persons may invest in a Client Fund directly and/or through a General Partner's interest in a Client Fund. Although not common, HKW's related persons may co-invest in the same securities of a portfolio company alongside Client Funds to the extent HKW has determined such co-investment opportunities are available to avoid industry concentration by a Client Fund and to maintain the diversification requirements in the Fund Documents. Such co-investments cause a conflict between the economic interests of HKW and its related persons and what is in the best interests of the Client Funds. If HKW's related persons participate in co-investments, HKW is required to seek an informed consent from the relevant Client Fund's advisory board as set forth in Fund Documents.

HKW has put in place Personal Trading Policies and Procedures, as set forth in the Code of Ethics and as discussed more fully above in this Item 11, designed, among other things, to address the conflicts of interest that arise in connection with personal trading. Additionally, disclosure to potential and current limited partners is intended to mitigate this potential conflict of interest.

HKW and/or its related persons may receive certain benefits, such as discounts on products or services, from companies in which a Client Fund holds a significant ownership interest.

HKW does not generally engage in principal or cross transactions. However, in accordance with the anti-fraud provisions of the Advisers Act and with HKW's internal compliance policies and procedures, if HKW were to engage in principal or cross transactions, HKW (unless expressly permitted or contemplated by applicable Fund Documents) will not without obtaining the consent of such Client Fund's advisory board prior to the settlement of such transaction: (i) as principal, sell a security to, or buy a security from, any Client Fund; or (ii) cause the Client Funds to participate in cross transactions in which HKW arranges for a Client Fund to buy a security from, or sell a security to, another Client Fund. In particular, HKW will not engage in such transactions without providing

appropriate disclosure and obtaining the prior informed consent from the advisory boards of the relevant Client Funds.

Item 12 – Brokerage Practices

Selection of Broker-Dealers

HKW has the authority to select buy-side and sell-side broker-dealers, investment bankers and related intermediaries (collectively, “broker-dealers”) for Client Funds’ transactions. HKW may engage broker-dealers that assist (i) in identifying and introducing prospective portfolio companies for acquisition, merger or capital investment with respect to buy-side broker-dealers; (ii) divestments of interests in portfolio companies with respect to sell-side broker-dealers; or (iii) other such transactions as determined by HKW. When selecting broker-dealers, HKW will seek “best execution” on an overall basis—*i.e.*, completing Client Fund transactions at the most favorable net price considering all relevant circumstances. In connection with its determination of whether best execution has been obtained, HKW will consider the full range of services available from and the characteristics of each broker-dealer.

In selecting the buy-side broker-dealers the factors HKW considers may include, but are not limited to: (i) past experience HKW has had with broker-dealer; (ii) experience of the broker-dealer; (iii) size and quality of prospective companies that are presented to HKW by the broker-dealer and whether such prospective companies meet the investment criteria of a particular Client Fund; and (iv) the broker-dealer’s brokerage and research products and services (as described below).

In selecting the sell-side broker-dealers, the factors HKW considers may include, but are not limited to: (i) industry knowledge and expertise; (ii) reputation and capabilities of the broker-dealer; (iii) ability to provide access to the right strategic and financial buyers; (iv) past experience HKW has had with the broker-dealer; (v) insights into valuation; (vi) the broker-dealer’s understanding of a portfolio company and ability to position it for sale; and (vii) the broker-dealer’s brokerage and research products and services (as described below).

Transactions involving broker-dealers will generate higher costs which are borne by the relevant Client Fund, and not HKW.

When retaining investment bankers or similar intermediaries for portfolio transactions, HKW is not required to (i) obtain the lowest brokerage commission rates or (ii) combine or arrange transactions to obtain the lowest brokerage commission rates. HKW is also not required to solicit competitive bids. HKW does not negotiate “execution only” commission rates. Thus, if HKW determines in good faith that the amount of commissions charged by a broker-dealer is reasonable in relation to the value of the brokerage and research products or services provided by such broker-dealer, Client Funds may pay commissions to such broker-dealer in an amount greater than the amount another broker-dealer might charge for similar services.

Research and Other Soft Dollar Benefits

Various broker-dealers may provide HKW or its related persons certain research and services at no charge as an incident of doing business with such broker-dealers, but only where (i) there is no arrangement to direct a specific amount of HKW’s business to such broker-dealers in exchange for such items and (ii) HKW does not “pay up” for such items in the form of higher fees or commissions on Client Fund transactions. Such research may include, but is not limited to proprietary and third-party research, which may be written, oral or on-line. Services may include, but are not limited to: research services (which may be in written or oral form or on-line) research concerning market, economic and financial data, statistical information, financial publications, performance measurement data and services, analyses concerning specific portfolio companies, other companies or sectors, market, economic and financial studies and forecasts, on-line pricing and financial information, valuations and related information, attendance fees and accommodations for attending professional conferences, networking and related recreational events, accommodations at conferences and other services, to the extent related in any way to any of the foregoing.

The provision by a broker-dealer of research and other products or services to HKW creates an incentive for HKW or its related persons to select such broker-dealer since HKW and its related persons would not have to pay for such

research and other services as opposed to solely seeking the most favorable execution for a Client Fund. Any research or services provided by a broker-dealer may benefit any Client Fund (regardless of which Client Fund was associated with such research or services) and such benefits may not be proportionate to commission dollars related to the provision of such research, services or property.

Brokerage for Client Referrals

HKW does not consider whether it has received a limited partner referral from broker-dealer in selecting or recommending broker-dealers to the Client Funds.

Directed Brokerage

HKW does not enter into directed brokerage arrangements.

Allocations of Investment Opportunities

HKW is generally limited by the Fund Documents from investing more than one Client Fund in a portfolio company unless the Client Funds invest parallel to each other (*i.e.*, invest on side-by-side basis). HKW has adopted policies and procedures such that in the event there is an investment opportunity of limited availability and the Client Funds do not invest parallel, such an investment will be allocated to one Client Fund (which would include any parallel fund) among the eligible Client Funds in a fair and equitable manner in the best interests of the Client Funds and based on the suitability of the opportunity and the available capital of the relevant Client Fund for such investment.

Transaction Aggregation and Allocation

HKW may enter into transactions, including transactions involving portfolio company platform investments and follow-on investments, on behalf of multiple Client Funds that invest parallel to each other (*i.e.*, invest on side-by-side basis). Allocations among the Client Funds participating in the transaction are made as follows: first, proportionally between all participating Client Funds based on available capital, and next, on the percentage of committed capital among the participating Client Funds.

Item 13 – Review of Accounts

Frequency and Nature of Review of Client Funds' Accounts

Monitoring of portfolio company investments is accomplished through several disciplined practices:

- Frequent communication with company management
- Review of monthly portfolio company financial statements
- Quarterly portfolio company board of directors meetings
- Quarterly review of progress on value creation objectives with portfolio company management
- Annual review of year-end audited financial statements for each portfolio company

Typically, an HKW partner is named chairman of a portfolio company invested in by a Client Fund and is joined on the board of directors by another HKW person. The chairman of the portfolio company's board of directors is responsible for monitoring the company throughout a Client Fund's ownership period. If a portfolio company is under-performing, it is typically reviewed weekly at by all investment professionals. The level of discussions with portfolio company management increases and internal or external reviews of particular aspects of company management or operations may be initiated. If necessary, management is replaced or augmented.

HKW also has a risk committee comprised of its current and former senior partners of HKW and certain outside executives. This group meets three times a year to review portfolio company performance and to provide advice and guidance on next steps with particular portfolio companies.

Reports to Client Funds and Limited Partners

After the end of each fiscal year, the General Partners will furnish (or cause to be furnished) annual financial statements of the Client Funds audited by an independent public accounting firm to every limited partner who has interests in the relevant Client Fund at the end of the fiscal year. Each limited partner in the Client Funds also receives annually their Schedule K-1 and statements with respect to their capital account. Quarterly unaudited portfolio reports are also sent to the limited partners. Such portfolio reports for each Client Fund include generally a balance sheet and income statement, a schedule of investments (including additions, dispositions, and write-offs) made during the quarter, and a statement of a limited partner's capital account. The audited financial statements and unaudited portfolio reports are prepared in accordance with U.S. generally accepted accounting principles. The reports provided to limited partners in the Client Funds are written and the dates of delivery are specified in the Fund Documents.

Item 14 – Client Referrals and Other Compensation

HKW currently does not receive economic benefits from a person other than a Client Fund for providing advice or other advisory services to the Client Funds. However, certain Client Funds compensate a third party placement agent who refers prospective limited partners to HKW for purposes of investing in one of the Client Funds. The placement agent is a broker-dealer registered with the U.S. Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority. All fees for such placement agent services will be ultimately borne through an offset in the management fee received by HKW Company and none of the limited partners in the Client Funds are subject to any increased or additional fees or charges related to such placement agent services. Any such compensation will only be paid by the Client Funds if the limited partner is aware of the fee arrangement (through disclosures in a Client Fund's offering documents) and the arrangement otherwise complies with applicable rules and regulations.

Item 15 – Custody

To the extent required by law, the Client Funds' securities and funds are held by qualified custodians. As described in Item 13, the Client Funds are subject to an annual audit performed by an independent public accounting firm and the audited financial statements are distributed by the General Partners to each limited partner in a Client Fund. Additionally, limited partners in the Client Funds receive quarterly unaudited portfolio reports. The audited financial statements and unaudited portfolio reports are prepared in accordance with U.S. generally accepted accounting principles. Limited partners in the Client Funds are urged to carefully review such statements and reports.

Item 16 – Investment Discretion

HKW has discretionary authority based on the investment objectives, policies and strategies in the relevant Client Fund's respective Fund Documents that, among other things, govern HKW's ability to buy and sell securities or other investments on behalf of the Client Funds. HKW typically assumes this authority through such documents. The terms vary among each Client Fund and potentially restrict HKW's advice concerning investment in certain securities or types of securities.

Item 17 – Voting Client Securities

Generally, HKW does not acquire securities that require it to vote proxies on behalf of the Client Funds. However, HKW has adopted proxy voting policies and procedures designed to ensure that where the Client Funds have delegated proxy voting authority to HKW, all proxies are voted in the best interests of the Client Funds without regard to the interests of HKW or its related persons. Client Funds may not direct HKW's vote in a particular solicitation. Proxies and solicitations will not be sent by HKW, but rather will be sent by the custodian with whom the Client Funds' assets are held or the applicable transfer agent.

From time to time, conflicts may arise between the interests of the limited partners in the Client Funds, on the one hand, and the interests of HKW or its related persons, on the other hand. If HKW determines that it has, or may be

perceived to have, a conflict of interest when voting a proxy, HKW will address matters involving such conflicts of interest on a case-by-case basis in the best interests of the Client Funds, which may include disclosure of the facts surrounding any such material conflict to the advisory boards of the Client Funds for consent before voting.

Limited partners in the Client Funds may obtain a complete copy of HKW's Proxy Voting Policy and Procedures or, to the extent a proxy was voted by HKW for a Client Fund, information on how HKW voted proxies for the relevant Client Fund free of charge by submitting a written request to Julianne Lis-Milam, Partner, General Counsel and Chief Compliance Officer at (317) 705-8816 or jsl@hkwinc.com.

Item 18 – Financial Information

HKW is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the Client Funds, and has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 – Requirements for State-Registered Advisers

Form ADV Part 2 requires responses to Item 19 if an investment adviser is registered with one or more state securities authorities. This item is not applicable to HKW.