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This brochure provides information about the qualifications and business practices of MCG Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at: 617-580-8065, or by email at: mgiese@mcgcapitalmgt.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about MCG Capital Management LLC is available on the SEC's website at: www.adviserinfo.sec.gov, using CRD # 120595. Registration does not imply a certain level of skill or training.

June 3, 2012

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The material changes to this brochure from the version filed in March 2012 are:

- **Change of registration status from SEC registration to state registration**
- **Change in the name of the programs offered to clients.**

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Advisory Business

Firm Description

MCG Capital Management, LLC. ("MCG") was founded in September 2000, switching entity form in 2007.

Michael C. Giese is President of MCG Capital Management LLC, a state registered investment adviser. The firm offers a full range of discretionary investment solutions for small corporate pension plans, trusts, and individual retirement and non-retirement accounts.

The goal of MCG is to produce consistent profitability for client accounts, year after year, regardless of the economic or stock market environment. This gives investors the best possible chance to preserve and grow their wealth.

Michael has spent over 30 years investing and trading in the financial markets. He has been an invited speaker to investment groups, has published articles, and was on the editorial board for a quarterly publication devoted to quantitative and technical analysis. Michael received a B.S. in Astronautical Engineering from the United States Air Force Academy.

MCG does not act as a custodian of client assets. MCG places trades for clients under a limited power of attorney.

Principal Owners

Michael Giese is the sole member of the LLC.

Types of Advisory Services

MCG Capital Management, LLC. provides investment supervisory services, also known as asset management services.

As of December 31, 2011, MCG Capital Management, LLC. managed \$46,788,003 in assets for approximately 47 households. Approximately \$44,893,686 of the money managed by MCG Capital Management LLC is managed on a discretionary basis, the remaining assets are managed on a non-discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented in our client files. After meeting with a prospective client, investment risk tolerance and financial goals are determined. Based on this information an appropriate investment strategy is established.

Agreements may not be assigned without client consent.

Types of Agreements

MCG has one standard agreement for investment advisory services.

Asset Management

MCG offers investors four risk-management programs named: Seasonal, Retirement, Conservative Non-Retirement and Aggressive/Margin. MCG also offers to manage client assets held within a Jefferson National Annuity.

MCG offers investors a trend-following approach using mutual funds and ETFs that are generally oriented to the stock, bond, gold and real estate asset classes. There are two different custodians available to investors.

At Jefferson National, MCG offers to manage existing annuity contracts using our most robust, yet most conservative, bond model.

At Fidelity Investments, MCG offers investors Conservative Retirement, Conservative Non-Retirement and Aggressive/Margin programs; the most comprehensive approach to multiple asset classes, as well as the opportunity to hedge accounts against stock market risk. MCG also offers a Seasonal program that attempts to take advantage of defined seasonal trend opportunities.

Termination of Agreement

A Client may terminate an agreement at any time by notifying MCG in writing. MCG is due a proportionate share of the annual fee based on the amount of time and/or profits attained while the agreement was in effect.

MCG may terminate the aforementioned agreements at any time by notifying the client in writing. MCG is due a proportionate share of the annual fee based on the amount of time and/or profits attained while the agreement was in effect.

Fees and Compensation

Description

MCG generally charges a 1.90% fee based on the assets under management. However, for those accounts that qualify pursuant to SEC Rule 206(4), a performance-based fee will be offered. The performance fee will be 10% of profits plus 0.90% of assets under management. For clients electing a performance-based fee, the basis for Client's account will be the account value on the last trading day of the most recent prior year for which the account showed a profit. The basis may include both cash and existing open positions marked to market. The basis for new accounts will be the initial deposit. The basis will be adjusted for account additions and withdrawals made during the measurement period.

MCG also offers to manage client assets held within a Jefferson National Annuity. MCG charges 1.40% of assets under management for this service.

Clients entering into agreements with MCG prior to 01/02/2010 may have fee schedules different than indicated above.

If a client's contract becomes effective subsequent to the first day of a calendar year, or terminates before the last day of a calendar year, a pro-rated fee is charged. The fee is

determined by applying the agreed upon percentage to the end of year fair market value for the portion of the year the assets are managed. MCG may, at its discretion, combine accounts for clients with multiple accounts for purposes of calculating the appropriate fee.

Fees are negotiable at the discretion of the President or Chief Compliance Officer of MCG Capital Management, LLC.

Fee Billing

Investment management fees are billed annually, in arrears meaning that we invoice you after the billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account. During 2012, fee billing for assets within a Jefferson National Annuity will be billed twice. The annual bill will be conducted in January as in prior years, but there will be a billing in July to transition the annual billing of those accounts to July.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security. Mutual fund shares in which a client's assets may be invested charge investment advisory fees and other expenses as described in the fund's prospectus. These fees are separate from, and in addition to, our fees.

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to MCG.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

MCG reserves the right to stop work on any account that is more than 90 days overdue. In addition, MCG reserves the right to terminate any agreement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in MCG's judgment, to providing proper financial advice.

Performance-Based Fees

Sharing of Capital Gains

The performance fee will be 10% of profits plus 0.90% of assets under management. For clients electing a performance-based fee, the basis for Client's account will be the account value on the last trading day of the most recent prior year for which the account showed a profit. The basis may include both cash and existing open positions marked to market. The basis for new accounts will be the initial deposit. The basis will be adjusted for account additions and withdrawals made during the measurement period.

Types of Clients

Description

MCG generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Account Minimums

MCG generally suggests that the minimum size of an investment account should be \$500,000. However, certain investment accounts, which can reasonably be expected to exceed \$500,000 within a relatively short time, are accepted. MCG may also, at its discretion, accept investment accounts under \$500,000.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

MCG predominantly uses charting, technical and cyclical analysis when selecting investments. However, MCG may look at a variety of other factors which may influence the investment decision.

The main sources of information include research materials prepared by others.

Investment Strategies

The primary investment strategies used in client accounts include long-term purchases, short-term purchases, trading, short sales and margin transactions.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external

factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Affiliations

MCG has no arrangements that are material to its advisory or its clients with any 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.

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

Code of Ethics

The employees of MCG have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

MCG and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the MCG Capital Management, LLC Compliance Manual.

Personal Trading

The Chief Compliance Officer of MCG Capital Management, LLC is Michael Giese. He is the only employee of the company.

Brokerage Practices

Selecting Brokerage Firms

MCG does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. MCG recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates. MCG does not receive fees or commissions from any of these arrangements. MCG uses Fidelity Brokerage Services, LLC and Jefferson Financial. These firms are recommended because they provide the type of order entry platform and web services that are needed to manage multiple accounts.

Best Execution

MCG reviews the execution of trades at each custodian on an on-going basis. The review is documented in the MCG Compliance Manual. Trading fees charged by the custodians are also reviewed on an annual basis. MCG does not receive any portion of the trading fees.

Soft Dollars

MCG does not have any soft dollar arrangements with any firm.

Order Aggregation

MCG aggregates trades whenever possible. The average execution price is given to all participants in a blocked trade.

Review of Accounts

Periodic Reviews

MCG's President, Michael Giese, continuously reviews all accounts. Securities currently held continue to be evaluated for appropriateness within client accounts and new investments are researched daily. Clients provide MCG with full discretionary power to make adjustments within the accounts at the frequency deemed appropriate by Mr. Giese.

Regular Reports

MCG provides a report to clients that may include, but not be limited to, custodial items of interest, market insight or current research. This report is provided at least quarterly.

Client Referrals and Other Compensation

Incoming Referrals

MCG has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. MCG has entered into a solicitor's agreement with the following persons whereby MCG will pay, on an annual basis, a portion of the fees received from the clients that were directly referred to by these individuals. The fees the company charges these clients are not increased due to this arrangement.

The solicitors do not qualify as control persons.

The names of the solicitors we currently have a contract with are:

John Krowiak, 8 Ancient Rubbly Way, Beverly MA 01915.

Referrals Out

MCG does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Custody

Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by MCG.

Investment Discretion

Discretionary Authority for Trading

MCG accepts discretionary authority to manage securities accounts on behalf of clients. MCG has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The client approves the custodian to be used and the commission rates paid to the custodian. MCG does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades. Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

Voting Client Securities

Proxy Votes

MCG does not vote proxies for securities held in customer accounts.

Financial Information

Financial Condition

MCG does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

Business Continuity Plan

General

MCG Capital Management, LLC has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage,

railway accident and aircraft accident. Electronic files are backed up daily; mission critical systems and files are archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

In the event of the loss of the President, clients will be promptly notified and given instructions on how to proceed.

Information Security Program

Information Security

MCG maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

MCG will collect information, such as name, address, social security number, date of birth, current investment holdings, investment history and risk tolerance from its clients during the ordinary course of business.

This information is used for the purpose of designing and maintaining an investment portfolio that is designed to meet the investment goals within a client's risk tolerance level. This information is private client information and will only be disclosed to third parties who provide expert advice and/or custodial services to the Company. Our employees and nonaffiliated third parties have access to this information whenever necessary in performance of their respective duties. This information is also provided to regulatory authorities as necessary when requested by those authorities.

This information is provided to custodians after the customer has completed a new account form for the appropriate custodian. This form constitutes written consent by the client.

Private client information is not disclosed to non-employees unless requested by the client, such as to persons preparing tax returns, trust, or wills for the client or to nonaffiliated third parties who have been hired by the Company to assist in a facet of the administration of the Company, such as to assist in the preparation of our financial statements and tax returns, and to assist in compliance matters, or in the event of a regulatory inquiry.

MCG does not sell client lists or disseminate client information for any purpose not directly related to the provision of investment advisory services. No employee of the Company may release private client information unless the client has specifically authorized it, or the Chief Compliance Officer has approved the release.

All client information will be maintained for a period of at least five years past the termination of the client relationship. Any client information that is determined to be

eligible for destruction shall be shredded prior to its disposal. Routers installed on our computer system will provide protection of client information stored electronically. Clients shall be informed of the Company's privacy policy annually in July. All employees and nonaffiliated third parties who are given access to private client information shall be required to sign a confidentiality agreement at the beginning of said employees employment or nonaffiliated third parties' engagement. All files are to be locked whenever the office is unoccupied. The office is to be locked whenever it is not occupied.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

MCG requires anyone providing investment advice to clients, have both substantial trading experience and expressed written permission from Michael C. Giese, President. The only person providing investment advice on behalf of MCG at this time is Michael C. Giese. Mr. Giese was born in 1952. He attended the United States Air Force Academy and obtained a B.S. in Astronautical Engineering. Mr. Giese has been trading in his own account for over 30 years.

Michael C. Giese, President

Date of birth: June 19, 1952

Educational Background:

- Attended United States Air Force Academy. BS, Astronautical Engineering, 1974.

Business Experience:

- 10/2000 – Present; President, MCG Capital Management LLC.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None