

INVESTMENT ADVISER BROCHURE

THAYER | HIDDEN CREEK MANAGEMENT, L.P.

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Thayer | Hidden Creek Management, L.P. (“THCM”). If you have any questions about the contents of this Brochure, please contact Lisa Costello at (202) 371-0150 and/or lcostello@thayerhiddencreek.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 authority.

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

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

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ADVISORY BUSINESS

Thayer | Hidden Creek is a private investment management firm, including Thayer | Hidden Creek Management, L.P. (“THCM”), a registered investment adviser, and several other registered investment advisory entities and other organizations affiliated with Thayer | Hidden Creek (collectively, “Thayer | Hidden Creek”), that manages approximately \$864.1 million in private fund assets. Thayer | Hidden Creek began operating under its current management and investment strategy in 2003, although it evolved out of another advisory business, which began operating in 1994.

THCM, a Delaware limited partnership, provides investment advisory services to private investment funds. THCM commenced operations in 2005.

THCM and its affiliated investment advisers, TC Equity Partners IV, L.L.C. (“TC Equity IV”), TC Equity Partners V, L.L.C. (“TC Equity V”) and THCP Management II, L.P. (“THCP Management II”, and together with TC Equity IV, TC Equity V and THCM, the “Advisers”) were formed to provide “investment supervisory services” to their clients, which consist of private investment-related funds. Each of THCM, TC Equity IV, TC Equity V, and THCP Management II and their affiliates conducts business primarily under the name “Thayer | Hidden Creek.”

TC Equity IV is the general partner of Thayer Equity Investors IV, L.P. (“Thayer IV”), TC Equity V is the general partner of Thayer Equity Investors V, L.P. (“Thayer V”) and THCP Management II is the general partner of Thayer | Hidden Creek Partners II, L.P. (“THCP II” and together with Thayer IV and Thayer V, the “Funds,” and together with any future private investment fund, “Private Investment Funds”). TC Equity IV, TC Equity V and THCP Management II (each a “General Partner,” and collectively the “General Partners”) each has the authority to make all investment decisions for Thayer IV, Thayer V and THCP II, respectively, and has advisory responsibilities for the operations of the relevant Fund. Pursuant to the applicable fund partnership agreements (and certain assignments and amendments thereof), TC Equity IV, TC Equity V and THCP Management II assigned the advisory responsibilities with respect to Thayer IV, Thayer V and THCP II, respectively, to THCM. In addition, management agreements exist between certain Advisers and Thayer IV, Thayer V and THCP II. More specifically, there is (i) a management agreement between THCM, TC Equity IV and Thayer IV, (ii) a management agreement between THCM, TC Equity V and Thayer V and (iii) a management agreement between THCM, THCP Management II and THCP II.

THCM also serves as the managing member and investment adviser of TC Co-Investors IV, L.L.C. (“Co-Investors IV”), the sole manager and investment adviser of TC Co-Investors V, L.L.C. (“Co-Investors V”), and the investment adviser of THC Co-Investors II, L.P. (“Co-Investors II”) (each, a Delaware limited partnership or Delaware limited liability company, and collectively, the “Co-Invest Funds”).

The Funds are private equity funds and invest through negotiated transactions in operating entities. THCM’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. Each Fund makes investments

predominantly in non-public companies, although each Fund may invest in public companies subject to any limits set forth in the Fund's governing documents. In addition, a Fund may hold public company investments as a result of a sale of all or a part of such Fund's investment in a portfolio company, such as when a portfolio company goes public or is sold to a public company for stock. When investing in portfolio companies, the senior principals or other personnel of THCM or its affiliates serve on such portfolio companies' respective boards of directors or otherwise act to influence the management of portfolio companies held by a Fund, generally until the Fund exits the investment.

THCM's advisory services for the Funds are detailed in the applicable private placement memoranda, management agreements and limited partnership or limited liability company agreements and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in the Funds 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.

As of December 31, 2010, THCM managed approximately \$864.1 million in client assets on a discretionary basis. THCM's principal owners are Daniel M. Dickinson (including interests held by an affiliated entity), Scott D. Rued, Douglas P. McCormick and Frederick V. Malek (including interests held by affiliated entities) and its general partner is Thayer | Hidden Creek Partners, L.L.C., a Delaware limited liability company. Thayer | Hidden Creek Partners, L.L.C. is managed by a Board of Directors whose members are Daniel M. Dickinson, Scott D. Rued, Douglas P. McCormick and Frederick V. Malek.

FEES AND COMPENSATION

In general, THCM receives a management fee in connection with advisory services it provides to the Funds. The General Partners of the Funds receive a carried interest. For each Fund, the carried interest distributed to a General Partner is subject to a potential giveback at the end of the Fund's life if the General Partner has received excess cumulative distributions. For THCP II, THCP Management II is also subject to an interim giveback on the 7th anniversary of its initial closing, the 10th anniversary of its initial closing and upon a key person event (see THCP II's Partnership Agreement for details). The Co-Invest Funds do not pay management fees or carried interest. Principals or other employees of the General Partners may receive a portion of the performance fees or carried interest received by the General Partners or their affiliates. THCM or other Thayer | Hidden Creek entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of Private Investment Funds and such additional compensation will offset in whole or in part the management fees otherwise payable to THCM. Investors in the Private Investment Funds also bear certain fund expenses. Investors should review each Fund's partnership agreement (each, a "Partnership Agreement") for details regarding the fee structures summarized below.

Management Fees and Carried Interest

Thayer IV and Thayer V

The annual management fee (“Management Fee”) is a maximum of 2.0% of aggregate investor capital commitments for the first \$500 million of such commitments and 1.50% for commitments in excess of \$500 million payable semi-annually in advance (subject to potential reductions due to waivers and offsets under certain circumstances) and commences from the Fund’s initial closing (whether or not an investor was admitted at an initial or subsequent closing). Beginning the earlier of (i) the fifth anniversary of the final closing date, or (ii) the date the first capital call is received by a Private Investment Fund with aggregate commitments of at least \$300 million formed by the General Partner or its principals whose primary investment criteria is substantially similar to the Fund’s (as more fully described in the Partnership Agreement), or (iii) following certain events limiting capital calls for new investments in the Partnership Agreement, the Management Fee shall be 2.0% of all invested capital commitments less distributions of capital and any write-offs of portfolio investments and shall be reduced by 0.20% each year to a minimum of 1% (e.g., to 1.8%, 1.6%, 1.4%, etc.). The Management Fee will be payable until all portfolio investments are distributed or until the General Partner’s relationship with the Fund is terminated for other reasons (as described in the Partnership Agreement). The Fund’s organizational documents permit the Management Fee to be waived and for the General Partner to receive a credit against capital contributions otherwise owed. In addition, the General Partner will receive a carried interest or performance fee from investors in the Fund equal to 20% of all realized or distributed capital appreciation above a threshold level (as more fully described in the Partnership Agreement).

The following information supplements the description of the Thayer IV information above:

As of August 2003, the General Partner of Thayer IV agreed to defer a portion of the management fees otherwise payable in July 2003 and January 2004 to be paid each year beginning January 2005 through January 2007 as more fully described in the Partnership Agreement. In addition, the General Partner of Thayer IV agreed to certain reductions in the management fee with respect to two Thayer IV portfolio companies.

On March 4, 2009, TC Equity IV and the majority limited partners consented to and approved a two-year extension to the term of Thayer IV (*i.e.*, through May 20, 2011).

On March 31, 2009, TC Equity IV issued Amendment No. 4 to Thayer IV’s Partnership Agreement which states that effective July 1, 2009, the annual management fee shall be the lesser of (a) the post-commitment management fee percentage multiplied by the net invested amount and (b) two percent (2.0%) of the fair market value of Thayer IV’s assets, each as of the first day of each semi-annual period with respect to which the management fee is payable.

THCP II

The Management Fee is a maximum of 2.0% of aggregate investor capital commitments payable semi-annually in advance (subject to potential reductions due to offsets under certain circumstances) and commences from the Fund’s initial closing (whether or not an investor was

admitted at an initial or subsequent closing). Beginning the earlier of (i) the sixth anniversary of the initial closing date, or (ii) the commencement of a Private Investment Fund formed by the General Partner or its principals whose primary investment criteria is substantially similar to the Funds (as more fully described in the Partnership Agreement), or (iii) following certain events limiting capital calls for new investments in the Partnership Agreement, the Management Fee shall be no greater than 2.0% of all invested capital commitments less distributions of capital and a portion of any writedowns and write-offs of portfolio investments and shall be reduced by 0.20% each year to a minimum of 1% (*e.g.*, to 1.8%, 1.6%, 1.4% etc). The Management Fee will be payable until all portfolio investments are distributed or until THCM's relationship with the Fund is terminated for other reasons (as described in the Partnership Agreement). In addition, the General Partner will receive a carried interest or performance fee from investors in the Fund equal to 20% of all realized or distributed capital appreciation above a threshold level (as more fully described in the Partnership Agreement).

It is expected that any future Private Investment Funds (if any) will have a similar fee structure.

Other Information

Each Fund invests on a long-term basis. Accordingly, investment advisory and other fees are paid during the term of the Fund, and investors generally are not permitted to withdraw or redeem interests in the Fund.

Certain Private Investment Funds managed by the General Partners and/or their affiliates may exempt certain persons from payment of Management Fees and/or carried interest, or not charge any such fees or carried interest, and may include as investors personnel or owners of the General Partners or their affiliates, persons with family or other relationships with the General Partners or their affiliates, service providers for the General Partners or their affiliates, or other unaffiliated parties. For example, THCM serves as investment adviser to Co-Investors IV, Co-Investors V and Co-Investors II, and does not charge these funds investment advisory fees or performance fees. For a discussion of potential conflicts of interest that may exist, please see "Participation or Interest in Client Transactions" herein.

In addition, participants in the General Partners effectively do not pay Management Fees or carried interest on their indirect interests in the Private Investment Funds.

In addition to the Management Fee and carried interest, each Fund bears certain expenses. As set forth in the applicable Partnership Agreement, the Funds generally bear all expenses to the extent not paid by portfolio companies, including investment, legal, accounting, travel, consulting, brokerage, finder's fees, custody, registration, insurance, advisory board, interest, taxes, extraordinary expense and other similar fees and expenses, but not THCM expenses in connection with maintaining and operating its offices (such as compensation of its employees, rent, utilities and general office expenses.). Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices." The Co-Invest Funds may bear certain investment-related expenses. Any such expenses are allocated on a case-by-case basis as further described in such Co-Invest Fund's governing documents.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” the Advisers receive a carried interest allocation on certain realized profits in Thayer IV, Thayer V and THCP II. The Co-Invest Funds are not charged a performance-based fee. While this practice could present a conflict of interest, the Advisers do not believe this arrangement poses a conflict of interest in practice because the Co-Invest Funds coinvest alongside the Funds only to the extent there is an excess investment opportunity that can be allocated to the Co-Invest Funds in accordance with the relevant Partnership Agreements and the Advisers’ investment allocation policy.

TYPES OF CLIENTS

The Advisers provide investment advice to Private Investment Funds. Private Investment Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in Private Investment Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of the Advisers and their affiliates. The Advisers may also act as an adviser to certain co-investment vehicles, including the Co-Invest Funds, that invest side-by-side with the Private Investment Funds.

Thayer IV and Thayer V generally have minimum investments of \$10 million, THCP II generally has a minimum investment of \$5 million, in each case, which may be waived by its General Partner. The Co-Invest Funds’ minimum investment amounts are determined on a case-by-case basis in accordance with the Advisers’ investment allocation policy. Thayer IV, Thayer V and THCP II interests were offered and sold solely to accredited investors and qualified purchasers (or qualified knowledgeable Thayer | Hidden Creek personnel).

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Each General Partner selected THCM to provide day-to-day investment advisory services to the Funds, under the supervision of the applicable General Partner. The Advisers share common owners and personnel. Accordingly, the Advisers’ investment methodology is described below.

The investment strategy of the Advisers is to seek to increase the value of, and to find desirable exit opportunities for, the investments in Private Investment Funds. This strategy may involve the use of information generated by individuals or entities not affiliated with the Advisers. Sources of such information include, but are not limited to, research provided by institutions and the brokerage community, internally and externally generated analysis of potential opportunities, specialized consultants, industry experts, industry and trade publications, as well as direct contact with management of potential portfolio companies and related due diligence.

The Advisers focus on a lower middle to middle market, industry specific strategy. The Advisers believe that lower middle to middle market companies are attractive investment opportunities because they generally have potential for organic and acquisition-driven growth, opportunities for improving operating performance and limited access to public and private equity or debt. While the Advisers focus on lower middle to middle market companies, they may invest in companies that have enterprise values outside of that range.

The Advisers historically have focused on making investments in industries in which they have management contacts, and, with respect to Thayer V and THCP II, the Advisers also have focused, and continue to focus, on investing in those industries in which the Advisers believe they have substantial operating experience. With respect to both Thayer IV and Thayer V, the Advisers focused on making investments in middle market companies. The investments currently remaining in Thayer IV include companies in the following two industries: testing and measurement services and electronics manufacturing. With respect to Thayer V, the Advisers focused on investing in companies in the industrial products and services sectors as they are believed to have good fundamentals. The investment periods for Thayer IV and Thayer V have ended. With respect to THCP II, the Advisers focus on making investments in lower middle market companies (with revenue ranges between \$20 and \$200 million and EBITDA between \$5 and \$20 million) in the industrial products and services industry.

The Advisers generally follow an investment process which seeks to: (i) generate a continuous flow of quality, proprietary deal leads; (ii) subject potential transactions to a multi-stage screening process with certain hurdles at each stage; (iii) institute the appropriate controls and monitoring mechanisms to facilitate the ability of the Advisers' professionals to add value to portfolio companies; and (iv) maximize the value of investments upon exit.

There can be no assurance that the Advisers will achieve the investment objectives of each Fund and a loss of investment may be possible.

Risks of Investment

Each Fund and its investors bear the risk of loss that the Advisers' investment strategy entails. Investors should review each Fund's private placement memorandum and each General Partner's Form ADV Part 2 for information regarding risks specific to each Fund. In general, the risks involved with the Advisers' investment strategy and an investment in each Fund include, but are not limited to:

Business Risks. The Fund's investment portfolio will 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 Principals' prior investments is not necessarily indicative of the Fund's future results. While the General Partner intends for the Fund 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 the 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. The 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 Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return. Furthermore, because the Fund raised less capital than the targeted amount, the Fund may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities. It is possible that the 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 be required to pay annual management fees during the Fund's investment period based upon the entire amount of their commitments.

Illiquidity; Lack of Current Distributions. An investment in the 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 the Fund (including the annual management fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital.

Leveraged Investments. The 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 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. 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 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 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 Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be tight at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

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

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

Reliance on the General Partner and Portfolio Company Management. The Fund has no operating history and will be entirely dependent on the General Partner. Control over the operation of the Fund will be vested entirely with the General Partner, and the Fund's future profitability will depend largely upon the business and investment acumen of the Principals. The loss of service of one or more of the Principals could have an adverse effect on the Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of the Fund, and as a result, the investment performance of the Fund will depend entirely on the actions of the General Partner. Although the General Partner will monitor the performance of each 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 Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management of such companies will continue to operate a company successfully.

Projections. Projected operating results of a company in which the Fund invests normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Conflicting Investor Interests. Limited partners may have conflicting investment, tax, and other interests with respect to their investments in the Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the General Partner 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 Partner generally will consider the investment and tax objectives of the Fund and its Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, the 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 the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the 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 or may result in a lost opportunity for the Fund to increase its participation in a successful operation.

Non-U.S. Investments. Each Fund may invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions, subject to the limitations set forth in its Partnership Agreement. 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 Fund), the application of complex U.S. and non-U.S. tax rules to crossborder investments, possible imposition of non-U.S. taxes on the Fund and/or the Partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the 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.

Significant Default Penalties. The Partnership Agreement provides for significant penalties and other adverse consequences in the event a Limited Partner defaults on its commitment or other payment obligations. In addition to losing its right to potential distributions from the Fund, a defaulting Limited Partner may be forced to transfer its interest in the Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

Limited partners admitted to the Fund at subsequent closings will participate in then-existing investments of the 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 the Fund's existing investments at the time of such contributions.

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

Public Company Holdings. The Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including the Principals, and increased costs associated with each of the aforementioned risks.

Director Liability. The Fund will typically obtain the right to appoint a representative(s) to the board of directors of the companies in which it invests. Serving on the board of directors of a portfolio company exposes the Fund's representatives, and ultimately the 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, is currently restricted. This may have an adverse effect on the economy generally and on the ability of the Fund and its 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, reducing the accuracy of the financial projections. Furthermore, such uncertainty may have an adverse effect upon the portfolio companies in which the Fund makes investments.

Conflict of Interest. In general, during a Fund's investment period, the Principals will pursue all appropriate investment opportunities exclusively through that Fund, subject to certain limited exceptions. However, the Principals manage other investment funds with similar investments, and may direct certain relevant investment opportunities to one or more Private Investment Funds. Each Adviser attempts to resolve such conflicts of interest in light of its obligations to investors in its Private Investment Funds and the obligations owed by THCM's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among the Funds, other Private Investment Funds and such investment vehicles in a fair and equitable manner. Where necessary, the Advisers consult and receive consent to conflicts from an advisory committee consisting of limited partners of the Fund and such other investment vehicles. The Principals and the General Partner's investment staff will continue to manage and monitor such investment funds and investments. The significant investment of the Principals in the Fund, as well as the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the Partners, although the Principals have economic interests in such other investment funds and investments as well and receive management fees and carried interests relating to these interests. Such other investment funds and investments that the Principals may control may compete with the Fund or companies acquired by the Fund. Following the investment period, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to the Fund's investments.

Because a General Partner's carried interest is based on a percentage of net realized profits, it may create an incentive for the General Partner to cause a Fund to make riskier or more speculative investments than would otherwise be the case.

DISCIPLINARY INFORMATION

On August 12, 2004, Thayer Capital Partners, TC Equity IV, THCM (at the time known as TC Management Partners IV, L.L.C.) and Mr. Frederic V. Malek (collectively, “Thayer”), without admitting or denying any of the findings except as to jurisdiction, consented to the entry of an order (the “Order”) by the Securities and Exchange Commission (Administrative Proceeding File No. 3-11585), making findings and imposing remedial sanctions and a cease-and-desist order with respect to future violations. The Order finds that, in connection with a 1998 investment made by the State of Connecticut Pension Fund (the “Connecticut Pension Fund”) in Thayer IV, Thayer willfully violated Section 17(a)(2) of the Securities Act of 1933, as amended, and Section 206(2) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), because Thayer failed to disclose material facts to the Connecticut Pension Fund including that, at the request of the Connecticut Treasurer, the Treasurer’s Associate, who had no previous involvement with the proposed investment, was paid a fee in connection with the Treasurer’s investment of state pension funds with Thayer IV for which he did no meaningful work. In addition, Thayer was censured under the Advisers Act and paid a penalty totaling \$250,000 of which \$100,000 was paid by Mr. Malek.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

TC Equity Partners IV, L.L.C., TC Equity Partners V, L.L.C. and THCP Management II, L.P. are the General Partners of Thayer IV, Thayer V and THCP II, respectively. Some of the Principals, officers, employees and/or consultants of the General Partners serve THCM or other affiliates in similar capacities. Each of the General Partners is registered with the SEC under the Advisers Act.

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

The Advisers have adopted a Code of Ethics and Securities Trading Policy and Procedures (the “Code”) that sets forth standards of conduct that are expected of the Advisers’ principals and employees and addresses conflicts that arise from personal trading. The Code requires certain of the Advisers’ personnel to report their personal securities transactions, prohibits all of the Advisers’ personnel from directly or indirectly acquiring beneficial ownership of securities in an initial public offering, and prohibits all of the Advisers’ personnel from directly or indirectly acquiring beneficial ownership of securities in a limited offering without first obtaining approval from the Advisers’ Chief Compliance Officer. A copy of the Code will be provided to any investor or prospective investor upon request to the Chief Compliance Officer at (202) 371-0150. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that assures that the interests of the clients take precedence.

The Advisers and their affiliated persons may come into possession from time to time of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, the Advisers and their affiliated persons would be prohibited from improperly disclosing or using

such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Advisers.

Accordingly, if the Advisers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers would be prohibited from communicating such information to clients, and the Advisers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of the Advisers' personnel serving as directors of public companies and may restrict trading on behalf of clients.

Principals and employees of the Advisers and their affiliates may directly or indirectly own an interest in the Private Investment Funds, including through the Co-Invest Funds. To the extent that co-investment vehicles exist, such vehicles may invest side-by-side in one or more of the same portfolio companies as the Private Investment Funds. As discussed above under "Methods of Analysis, Investment Strategies and Risk of Loss," each Adviser attempts to resolve such conflicts of interest in light of its obligations to investors in its Private Investment Funds and the obligations owed by THCM's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among the Funds, other Private Investment Funds and such investment vehicles in a fair and equitable manner.

The Advisers may recommend the purchase or sale of securities for client accounts in which one or more of their members, officers, directors, employees (and members of their families) or affiliates ("affiliated persons"), directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the clients of the Advisers or the Fund. TC Equity IV, TC Equity V and THCP Management II have agreed to commit \$20 million, \$7.5 million and \$11.7 million, respectively, to Thayer IV, Thayer V and THCP II, respectively.

BROKERAGE PRACTICES

The Advisers focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers may also distribute securities to investors in Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Although THCM does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If the Advisers sell publicly traded securities for the Funds, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. The Advisers select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers may consider a variety of factors, including: (i) prompt execution of orders, (ii) the reliability, integrity, financial condition and execution capability of the firm being considered for effecting transactions in light of the size

and difficulty of executing the order, (iii) the price and (iv) the capabilities of firms to supply research services.

The Advisers have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to minimize the expenses incurred for effecting client transaction to the extent consistent with the interests and policies of the accounts. Although the Advisers generally seek competitive commission rates, they will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them. Such research services include economic research, market strategy research, industry research, company research, fixed income data services, computer based quotation equipment and research services, and portfolio performance analysis. As a general matter, research provided by these brokers may be used to service all of the Advisers clients. However, each and every research service may not be used for the benefit of each and every account managed by the Advisers, and brokerage commissions paid by one account may apply towards payment for research services that might not be used in the service of that account. Research services may be shared between the Advisers and their affiliates.

There is no agreement or formula for the allocation of brokerage business on the basis of research services. The Advisers may, in their discretion, cause the Funds to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where the Advisers have determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, the Advisers would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

The Advisers will periodically determine which brokers have provided research that has been helpful in the management of client accounts. To the extent consistent with the Advisers’ goal to obtain best execution for their clients, the Advisers may seek to place a portion of the trades that they direct with the brokers who are identified through this process. The Advisers are able to furnish a continuous investment program to their clients by using information provided by broker-dealers as well as other research. The Advisers consider access to such information to be an important element of investment decision making.

Orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for client accounts are completed independently, the Advisers may also purchase or sell the same securities or instruments for a number of accounts simultaneously. From time to time, the Advisers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution

and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund of the Advisers is favored over any other client. When an aggregated order is filled in its entirety, each participating client account generally will receive the average price obtained on all such purchases or sales made during such trading day. When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a pro rata basis to each Private Investment Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such account. Each Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to pro rata allocations are permissible provided they are fair and equitable to Private Investment Funds over time.

REVIEW OF ACCOUNTS

The investments made by the Private Investment Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Advisers closely monitor companies in which their clients invest and generally will maintain an ongoing oversight position in such companies (including representation on the board of directors of such companies). The Advisers' Chief Compliance Officer periodically reviews each Fund's investments to confirm that the Fund is invested in accordance with its stated objectives as set forth in its governing documents.

Each Fund generally provides to its limited partners: (i) annual audited financial statements, (ii) annual tax information necessary for each limited partner's tax return, and (iii) quarterly unaudited financial and other information. Each Co-Invest Fund generally provides to its members or limited partners, as applicable: (i) annual audited financial statements, (ii) annual tax information necessary for such member or limited partner's tax return, and (iii) the audited financial statements and quarterly reports provided to the limited partners of the Fund to which the Co-Invest Fund relates.

CLIENT REFERRALS AND OTHER COMPENSATION

From time to time, the Advisers may enter into solicitation arrangements pursuant to which the Advisers compensate persons for client referrals that result in a potential investor becoming a limited partner in a Private Investment Fund. Any fees and expenses payable to any such placement agents will be borne by THCM or the applicable General Partner indirectly through an offset against the Management Fee or otherwise.

The Advisers and/or their affiliates may provide various management and financial analysis services to companies in a Private Investment Fund's portfolio and may receive compensation from these companies in connection with such services. This compensation may, in many cases, offset a portion of the Management Fees paid by a Private Investment Fund and, in certain cases such as transaction fees, may be offset up to the amount received as further described in a Private Investment Fund's partnership agreement. See "Fees and Compensation."

CUSTODY

The Advisers maintain custody of the Funds' assets held in each respective Fund's name with Wachovia Bank, a division of Wells Fargo Bank, NA., 1753 Pinnacle drive, McLean, VA 22102 and JP Morgan, 4 New York Plaza, 21st Floor, New York, NY 10004, each a qualified custodian.

INVESTMENT DISCRETION

THCM has discretionary authority to manage investments on behalf of the Funds and the Co-Invest Funds pursuant to their respective governing documents and the management agreements described under "Advisory Business." As a general policy, the Advisers do not allow clients to place limitations on this authority. Pursuant to each Partnership Agreement, however, the General Partner may enter into "side letter" arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in the 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.

VOTING CLIENT SECURITIES

In accordance with SEC rules the Advisers have adopted Proxy Voting Policies and Procedures (the "Proxy Policy") to address how they vote proxies for the Funds' portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies. The General Partners and their affiliates generally believe their interests are aligned with the Funds' investors through the General Partners' ownership interest in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event, however, there is or may be a conflict of interest between an Adviser and a Fund in voting proxies, the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of the Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. The Advisers do not consider their personnel's service on portfolio company boards or their receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines the Advisers follow when voting proxies on behalf of the Funds. If you would like a copy of the Advisers' complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, please contact the Advisers' Chief Compliance Officer at 202-371-0150 and it will be provided to you at no charge.

FINANCIAL INFORMATION

THCM does not have any other events requiring disclosure under this item of the Brochure.