

Part 2A of Form ADV: *Firm Brochure*

VSS FUND MANAGEMENT LLC

**55 East 52nd Street, 33rd Floor
New York, NY 10055**

Telephone: (212)-935-4990

Facsimile: (212)-381-8170

E-mail: sinatraj@vss.com

Web Address: www.vss.com

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This brochure ("Brochure") provides information about the qualifications and business of VSS Fund Management LLC (hereinafter "VSS" or "the Firm" or "we"). If you have any questions about the contents of this Brochure, please contact us at (212) 935-4990 or at sinatraj@vss.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. VSS is a registered investment adviser. Registration as an investment adviser does not imply any particular level of skill or training.

Additional information about VSS is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for VSS is 156600.

Item 2 MATERIAL CHANGES

Pursuant to exemptions which are no longer available, VSS was not previously required to register as an investment adviser with the Securities and Exchange Commission ("SEC"). This Firm Brochure (the "Brochure") is our disclosure document prepared according to the SEC's requirements and rules applicable to registered investment advisers. As you will see, this document is a narrative providing detailed information regarding the Firm, its practices, fees, actual and potential conflicts of interest and key mitigating circumstances, policies and controls.

In the future, we will use this Item 2 to describe any material changes that we make to this Brochure as part of our annual update.

Consistent with SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days after the close of our fiscal year. We may also provide you with other disclosures at other times during the year in the event of any material changes to our business.

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Item 4 ADVISORY BUSINESS

VSS is an SEC registered investment adviser under the 1940 Investment Advisers Act (the "Advisers Act") with its principal place of business in Manhattan, New York. We have been in business since 1987. VSS is wholly-owned by Veronis Suhler Stevenson Holdings LLC ("VSS Holdings"), which is wholly owned by Jeffrey T. Stevenson, John S. Suhler, and two entities that are wholly-owned by John S. Suhler: Veronis, Suhler & Associates, Inc. ("VSA") and VS&A Fund Management Corporation ("FMC"). Mr. Suhler, while still active with VSS, is planning to retire at the end of 2012.

VSS provides investment management services solely to private equity and private structured capital funds (hereinafter collectively, "VSS Funds" or the "Funds"). Unlike other types of private funds, such as hedge funds, private equity and private structured capital funds receive unfunded or partially funded capital commitments from investors during a fundraising stage, and then the Funds are generally closed to new investors. From time to time thereafter, the Fund's General Partner, one of our affiliates, will notify investors to make capital contributions, in proportion to their respective commitments, to enable the fund to make investments. Prior to each capital call, the investment will have been identified and fully vetted through an extensive due diligence and negotiation process. Investments in portfolio companies by the VSS Funds are generally, but not exclusively, in private, illiquid securities.

VSS raised its first private equity fund in 1987 and since that date has managed six private capital funds: four control-oriented equity buyout funds (the "Equity Funds") and two structured capital funds (the "Structured Capital Funds"). VSS's six funds have total committed capital in excess of \$3.1 billion. Through September 30, 2011, the VSS Funds have invested in 68 platform companies, totaling approximately \$2.7 billion of invested capital, and have achieved realizations on 36 of these companies with total proceeds exceeding \$2.5 billion and representing 2.2x the capital invested in these companies.

VSS Equity Funds:

- VS&A Communications Partners, L.P. ("CP I"), vintage year: 1987;
- VS&A Communications Partners II, L.P. ("CP II"), vintage year: 1995;
- VS&A Communications Partners III, L.P., and VS&A Communications Parallel Partners III, LP (collectively "CP III"), vintage year: 1998; and
- VSS Communications Partners IV, L.P., VSS Communications Parallel Partners IV, L.P., VSS Communications Parallel II Partners IV, L.P. (collectively "CP IV"), vintage year: 2004.

VSS Structured Capital Funds:

- VSS Mezzanine Partners, L.P. ("SC I"), vintage year 2004; and
- VSS Structured Capital II, L.P. and VSS Structured Capital Parallel II, L.P. (collectively "SC II"), vintage year 2008.

The VSS Funds are not required to register under the Securities Act of 1933 or the Investment Company Act of 1940 in reliance upon certain exemptions available to issuers whose securities are not publicly offered. VSS manages the Funds on a discretionary basis in accordance with the terms and conditions of each Fund's offering and organizational documents.

The Funds focus on the information, education, media, marketing, and business service industries ("Targeted Industries") in North America and Europe. The VSS team has extensive, industry-specific, strategic and transaction structuring experience that provides a critical perspective on portfolio company operating potential and strategic direction and enables VSS to play a significant role in portfolio company management and operations while maintaining perspective on valuations, financing parameters and exit/liquidation potential.

Over its 25 year investment history, VSS has developed a formal structured investment process that it has utilized across all of its private capital funds. This process includes in-depth due diligence on each proposed investment and identification of exit options. After an investment is made, VSS works closely with portfolio company management to provide strategic operating and financial advice.

A. VSS Equity Funds. The investment objective of each of the VSS Equity Funds is to seek long-term capital appreciation over the course of the Fund's term, generally ten years from the final closing (subject to extension at the sole discretion of the General Partner). The VSS Equity Funds are managed using a similar investment strategy and generally have similar risk profiles. Parallel funds are generally created for each VSS Fund to accommodate the requirements of non-US and certain pension plan investors.

The core tenet of VSS's investment strategy with respect to its Equity Funds is that investment returns will be substantially enhanced through investments in companies that will afford VSS the opportunity to meaningfully impact the exit value of the base business by augmenting organic growth with an active buy-and-build acquisition program. VSS believes that its consistent employment of this buy-and-build strategy has numerous benefits that enhance the Fund's ability to deliver superior risk adjusted returns, including (a) acceleration of organic growth through consolidation of capabilities and competitors, (b) achievement of merger benefits through savings resulting from organizational integration and the advantages of scale, and (c) improvement and optimization of the company's capital structure over the life of the investment.

The Equity Funds typically seek control positions in companies operating in the smaller end of the middle market that satisfy the following investment criteria: (a) strong, stable and predictable cash flows, primarily from recurring sources of revenue; (b) enduring and valuable franchise positions well respected in their market niches; (c) above-average growth characteristics; (d) primary business activities that have significant barriers to competitive entry; (e) strong management teams with demonstrated success in their served market; (f) substantial potential for acquisition-oriented growth through a large number of identifiable add-on acquisitions; and (h) a strong likelihood, at the time of the Fund's exit, of being attractive for sale to a number of strategic buyers. The Funds' geographic focus is primarily North America and, to a lesser extent, Europe.

VSS enjoys a far-reaching relationship network focused on the Targeted Industries. This network includes entrepreneurs and business owners, highly specialized intermediaries, investment banks, and commercial banks, which has enabled VSS to regularly source its platform investments and add-on acquisitions outside of a competitive process.

B. VSS Structured Capital Funds. The investment objective of the VSS Structured Capital Funds is to seek long-term capital appreciation and current income returns over the course of each Funds' term, generally ten years from the final closing, subject to extension at the sole discretion of the General Partner. The investment strategy of the Structured Capital Funds is focused primarily on privately negotiated non-control junior capital investments in established, profitable, middle-market companies in the Targeted Industries in North America and, to a lesser extent, in Europe. Parallel funds are generally created to accommodate the requirements of non-US and certain pension investors. As set forth above, VSS leverages its extensive industry knowledge and contacts to identify investment opportunities for the Structured Capital Funds. VSS may also identify opportunities for a Fund to make investments in different types or levels of equity or debt in portfolio companies held by another VSS Fund.

The Structured Capital Funds generally make investments supporting the following types of transactions:

- Acquisition financing to assist companies with specific transactions
- Liquidity events for owners, diversifying net worth and facilitating estate planning
- Organic growth initiatives, such as new product launches, geographic expansion or capital expenditures projects
- Management buyouts
- Debt recapitalization that provides a more patient capital base

VSS targets companies for the Structured Capital Funds that generate strong and stable cash flows, have enduring and valuable franchise positions, exhibit above-average growth characteristics, maintain a commitment to prudent leverage levels, are led by strong management teams, and enjoy barriers to competitive entry. Typically, investments will be structured as subordinated notes with warrants, but may also include other forms of debt/equity hybrid instruments and other fixed income and equity security investments, such as notes, preferred stock, warrants, and common stock or debt instruments with equity conversion features. VSS seeks to structure each portfolio company investment in a manner that will result in a fixed return combined with an equity component, capturing the attributes of fixed income investing with the potential growth attributes of equity investing.

C. Sub adviser. VSS has engaged its United Kingdom-based affiliate, Veronis Suhler Stevenson International Limited ("VSSIL"), which is 100% owned by VS&A International Holdings LLC, a wholly-owned subsidiary of VSS Holdings, to act as sub adviser for the Funds' European companies, to source transactions and to monitor European investments through board service or other executive positions, to provide strategic operating and financial advice or guidance to European portfolio companies' management, and to identify exit/liquidation opportunities prior to investment. VSS is considering restructuring the European business so that the services currently provided to the Funds through VSSIL will be provided through a newly-created

subsidiary.

D. Assets under Management. As of December 31, 2011, VSS managed approximately \$1.6 billion of assets on a discretionary basis. VSS does not manage any assets on a non-discretionary basis. All assets managed by VSS are owned by the VSS Funds, and VSS does not currently manage any separate accounts.

E. Important Additional Considerations. The information provided herein merely summarizes certain assets of the detailed information provided in each Fund's offering and organizational documents. Each of the Funds is closed and is not admitting new investors. Current Fund investors and prospective investors in any new Fund launched by VSS should be aware of the substantial risks associated with investment as well as the terms applicable to such investment. This and other detailed information will be provided in the Fund offering and organizational documents.

Item 5 FEES AND COMPENSATION

For our services to the Funds, VSS earns management fees as described below. In addition, each Fund's General Partner will be entitled to receive carried interest, a form of performance-based compensation, as described below.

Until termination of the investment period of each Fund (generally five years from the final closing of investment commitments to the Fund) or, if earlier, the final closing of investment commitments to a successor fund, the Management Fee is based upon a percentage of each Limited Partner's capital commitment to the Fund; thereafter, the Management Fee is based upon the cost basis of remaining portfolio companies (less the amount of any permanent write-downs).

After advanced costs and expenses not otherwise reimbursed have been recovered by the General Partner or any of its affiliates, management fees are generally reduced by a percentage (ranging from 50% to 100%) of transaction, break-up and similar fees paid to VSS or its affiliates by portfolio companies. A break-up Fee is a contingent fee provided for in an acquisition agreement that requires a selling company to pay a percentage of the deal if the company backs out of the agreement to sell to the Fund.

Management Fees are charged quarterly, semi-annually or annually in advance. Carried Interest is allocated upon the receipt of proceeds from the sale of any portfolio company or realization or recapitalization of an investment or dividend.

Below is a summary of the Management Fees and Carried Interest charged to the VSS Funds. Limited Partners should refer to the appropriate Fund offering documents for detailed information regarding fees and fee offsets. Any new Fund launched by VSS may have similar or materially different terms than those summarized below.

CP I

CP I has been liquidated in accordance with the terms of its organizational documents, has concluded all operations, and is now dissolved.

CP II and CP III

A. Management Fees. CP II and CP III are each in liquidation phase and are not currently charged a management fee by VSS.

B. Carried Interest. In general, proceeds from realized sales or dividends are distributable as follows. Each Limited Partner will receive first:

- a return of all cumulative contributed capital of the Fund to date; and
- a 7% preferred return on the capital contributions for investments and specified partnership expenses, compounded annually, to date.

after which carried interest distributions may be made:

- 80% to the General Partner and 20% to each Limited Partner until the General Partner has received an amount equal to 20% of the preferred return; and thereafter,
- 80% to such Limited Partner and 20% to the General Partner.

CP IV

A. Management Fee. The management fee for CP IV was 1.75% of total capital commitments until the end of the Fund's investment period on January 31, 2011. Since that time, the management fee has been (a) 1.00% of the Limited Partners' share of the aggregate cost basis (less any permanent write-downs) of portfolio investments held by the Fund at the time the management fee is paid, over (b) the Limited Partner's pro-rata share of waiver contributions for investments then held by CP IV.

Break-Up Fees are credited 80% against the management fee, after recovery of all unreimbursed costs, fees and expenses advanced by VSS or any of its affiliates. In addition, a portion of transaction fees may also be credited against the management fee, but, in general, only if such transaction fees (together with other similar transaction fees paid to third parties) exceed 1.00% of the total enterprise value of the portfolio company (or 0.75% of the total enterprise value in a sale transaction in which the portfolio company is sold for more than \$350 million). The amount of such credit will, in each case, generally be equal to 80% of the product of (x) the amount of all such fees in excess of the 1% (or, if applicable, 0.75%) threshold and (y) the Fund's proportionate interest in the related portfolio company, but in no case an amount greater than 80% of the transaction fees received by VSS Holdings and its affiliates.

B. Carried Interest. In general, proceeds from investments will be distributed as follows. Each Limited Partner will receive first:

- a return of all cumulative contributed capital of the Fund to date; and
- an 8% preferred return on the capital contributions for investments and specified partnership expenses, compounded annually, to date.

after which carried interest distributions may be made:

- 100% to the General Partner until the General Partner has received its 20% on profits; and thereafter,
- 80% to such Limited Partner and 20% to the General Partner.

SC I

A. Management Fee. During the investment period, the management fee for SC1 was 1.5% of total capital commitments of the Limited Partners until the initial closing of SCII (the subsequent fund). At that time, the rate changed to 1% of the Limited Partners' capital commitments for the remainder of the investment period. Since the end of the investment period, the management fee has been calculated based on 1% of funded capital commitments that remain invested in portfolio companies.

Break-Up Fees will be credited 50% and transaction fees will be credited 100% (to the extent such transaction fees exceed 1.00% of the total amount financed) against the management fee, in each case, after recovery of all unreimbursed costs, fees and expenses advanced by us.

B. Carried Interest. In general, proceeds from realized sales or dividends will be distributed as follows. The Limited Partners will receive first:

- a return of all investment costs of all realized investments plus permanent write-downs of unrealized investments; and
- all expenses and fees allocated to the above investments; and
- a 7% preferred return on the capital contributions for investments and specified partnership expenses, compounded annually.

after which distributions will be made:

- 80% to the General Partner and 20% to Limited Partners until the General Partner has received its 20% on profits; and thereafter,
- 80% to all Limited Partners and 20% to the General Partner.

SC II

A. Management Fee. The management fee for SC II is 1.75% of total Capital Commitments of the Limited Partners until the earlier of (i) the end of the Investment Period and (ii) the closing

of a successor structured capital fund; thereafter the fee will be equal to 1.25% of the Limited Partners' funded capital commitments that remain invested in portfolio companies.

Break-Up or similar fees will be credited 100% and 80% of any transaction fees will be credited against the management fee above, in each case after recovery of all unreimbursed costs, fees and expenses advanced or incurred by us.

B. Carried Interest. In general, proceeds from realized sales or dividends will be distributed as follows. The Partners will receive first:

- a return of all investment costs of all realized investments plus write-downs of unrealized investments; and
- all expenses and fees allocated to the above investments; and
- an 8% preferred return on the capital contributions for investments and specified partnership expenses, compounded annually;

after which distributions will be made:

- 80% to the General Partner and 20% to Limited Partners until the General Partner has received its 20% on profits; and thereafter,
- 80% to all Limited Partners and 20% to the General Partner.

Investors should understand the proposed method of compensation and its risks prior to investing in any future VSS Fund. Prospective investors in any new Fund launched by VSS should refer to the Fund offering and organizational documents for information regarding the fees to which VSS and its affiliates will be entitled.

General Information

A. Investments in Funds. The General Partner for each Fund is affiliated with VSS through common ownership and control as well as shared executive officers. The General Partner of each Fund will generally participate in the Fund's investments by investing directly in the Fund. With respect to existing VSS Funds, a portion of this participation may be affected through a reduction of the Management Fee otherwise payable to VSS. Partners and employees of VSS are the members of the General Partner of each Fund, make capital contributions to the General Partner to enable it to make its capital contributions to the Fund, and are entitled to share in the Carried Interest in the Fund (generally in proportion to their capital commitments to the General Partner).

B. Co-Investments. VSS or a Fund's General Partner may make co-investment opportunities available to the Limited Partners and their affiliates as the General Partner determines appropriate and in the best interest of the Funds. Allocation of such opportunities may create a conflict of interest as they are limited by nature, and participation is not possible for all or even most investors in the Funds. In each case, VSS determines which investors will be given the opportunity to co-invest and which will not. We have adopted written Allocation Policies and Procedures designed to ensure that VSS does not favor certain investors over others and that, over time, investors are treated fairly with respect to co-investment opportunities. Investors should note, however, that

VSS's allocation of co-investment opportunities is primarily driven by prior arrangements. For example, VSS will generally give priority to Limited Partners that had at the time of their original capital commitment to the Fund negotiated side letters requiring that VSS provide them with co-investment opportunities. In addition, co-investment opportunities may be allocated to third party investors that are part of a consortium for the particular deal as a way for VSS to complete a deal.

As permitted by the Limited Partnership Agreement of each Fund, certain executive officers and employees of VSS also have direct investments in one or more of the underlying portfolio companies through separate, affiliated entities formed for co-investment purposes.

Employees of VSS and its subsidiaries, and members of the Board of Advisors for the Funds, may also be offered additional opportunities, on a case-by-case basis, to co-invest in portfolio companies with the Funds. These co-investments are limited to and may not exceed a predefined total aggregate percentage of any such investment. VSS has not determined whether employees or members of the Board of Advisors will be granted co-investment opportunities with respect to future VSS Funds.

C. Write-Downs. As disclosed above, following a Fund's investment period, management fees collected by us are calculated based on funded capital commitments that remain invested in portfolio companies less write-downs, which are defined as significant and permanent declines in value. In accordance with each Fund's offering memorandum, these assets are typically valued at cost minus write-downs, as appropriate. Investments are reviewed quarterly by the Fund's investment committee for significant and permanent impairment. As a result of this fee calculation methodology, a conflict of interest is created whereby VSS has incentive to not write-down valuations of portfolio companies as may otherwise be dictated by available market data and prudent fair valuation techniques.

To address this conflict, we have adopted detailed Valuation Policies and Procedures which are tested on a periodic basis by the Chief Financial Officer and which are reviewed by the Funds' investment committees. Significant and permanent writedowns, if any, are reviewed and approved with the concurrence of the relevant Fund's Investor Advisory Committee. In addition, portfolio company valuations are reviewed on at least an annual basis by an independent certified public accountant that is both registered with and subject to regular inspection by the Public Companies Accounting Oversight Board ("PCAOB"), and a copy of the audited financials are sent to each investor within 120 days of each Fund's fiscal year end.

D. Clawbacks. In accordance with the terms of each Fund's Limited Partnership Agreement, upon termination of the Fund carried interest distributions made to its General Partner are subject to clawback to the extent they exceeded the amounts to which the General Partner was entitled as Carried Interest determined on an aggregate basis covering all transactions.

E. Lock-Up. Except as set forth in a Fund's offering documents, an investor in a Fund may not rescind any part of its capital commitment or otherwise withdraw from the Fund. Private Equity/Private Structured Capital Fund investing is only for those who can afford to have capital locked up for long periods of time and who are able to bear the risk of significant losses.

Investors in each Fund should refer to the appropriate Fund's Limited Partnership Agreement and offering documents for complete information regarding lock-ups and penalties or other consequences for failure to comply with capital calls made by the Fund.

F. Other Fees and Expenses. In accordance with the terms of each Fund's offering documents, each of the Funds was responsible for the Fund's organizational expenses up to a specified amount, generally ranging from \$600,000 to \$1,500,000. No Fund is responsible for or otherwise incurs any of the organizational expenses of any other of the Funds.

In addition to fees paid to VSS and its affiliates, a Fund portfolio company may be responsible for fees for structuring and negotiating transactions, including follow-on investments. In accordance with the terms of each Fund's offering documents, VSS will generally offset its Management Fee for a percentage of any transaction fees earned by VSS or its affiliates; the percentages typically range from 50% to 100% on amounts in excess of 1% of the enterprise value of the portfolio company or the target acquisition company. Please refer to Items 10 and 12 of this Brochure for additional information.

VSS investment professionals closely monitor the business activities of the portfolio companies and frequently provide strategic advice and access to industry resources. VSS investment professionals frequently are appointed as directors of portfolio companies in which VSS has a controlling interest. As compensation for these services VSS charges annual monitoring fees to several portfolio companies generally ranging from \$100,000 per annum to \$200,000 per annum. Annual monitoring fees are negotiated and agreed upon with the portfolio company at the time of purchase.

G. Side Letters. VSS or each Fund's General Partner, as appropriate, has entered into and may in the future enter into side letters or otherwise waive or modify certain terms of investment for certain large or strategic investors, including but not necessarily limited to, agreeing to provide co-investment opportunities, increased Fund and portfolio company transparency, and more frequent or varied formats or modes of portfolio reporting. We have never entered into side letters in which we or any Fund General Partner has waived or lowered a Fund's Management Fees or Carried Interest, both of which are non-negotiable.

H. General. Prospective investors in future VSS funds should refer to the appropriate offering and organizational documents for additional important information, terms, conditions and risks involved with investing in the Fund(s).

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

As discussed in Item 5 of this Brochure, each Fund's General Partner, an affiliate of VSS through common ownership and control, will receive Carried Interest, a form of performance-based profits interest. Such a performance-based profits interest is calculated based on a share of aggregate realized profits on assets of the Fund (subject to achieving a preferred return on invested capital as set forth in the applicable Fund's offering documents).

Investors in the Funds, and prospective investors in any new Fund launched by VSS, should note that performance-based profits interest, in some contexts, could create an incentive for an adviser such as VSS to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. However, the long term nature of private equity/private debt fund investing mitigates such risk because carried interest is calculated based on realized, not unrealized gains, leading VSS to focus on fundamentals when making investment and add-on investments for the Funds. In addition, the General Partner also puts its own funds at risk.

At this time, we do not offer advisory services to clients who do not pay performance-based compensation, and therefore, we do not have an incentive to favor performance-based fee accounts over non-performance-based fee accounts. However, in theory, we could have incentive to favor a Fund in which officers and employees of the Firm and General Partner may have more of their personal assets invested. Since we endeavor at all times to put the interest of the Funds first, we take the following steps to address these conflicts:

1. We collect, maintain and document accurate, complete and relevant investor background information to ensure that investment in a Fund is appropriate for the investor's financial goals, objectives and risk tolerance and that the investor is qualified to invest;
2. Pursuant to the terms of each Fund's Limited Partnership Agreement, we will have substantially (though not necessarily entirely) completed the investment phase of one Fund before the launch of a new Fund with similar investment goals and objectives;
3. With respect to Funds managed in parallel and those other limited situations where an "add-on" or other investment may be appropriate for more than one of the Funds, we have implemented written policies and procedures for fair and consistent allocation of investment opportunities among the Funds, in the case of co-investments, and the Limited Partners, subject to the Funds' maturity or stage of investment, availability of remaining capital commitments, availability of interests in the underlying portfolio companies and other appropriate considerations;
4. We periodically compare holdings and performance of Funds with similar strategies to detect any significant performance disparities indicative of possible favorable treatment;

5. With respect to cross-fund investments, where guidelines are not provided in a Fund's Limited Partnership Agreement, the General Partner seeks the consent of the applicable Funds' investor advisory committees to the transaction;
6. We educate our employees regarding the responsibilities of a fiduciary, including the equitable treatment of all clients, regardless of the fee arrangement;
7. We disclose to investors and prospective investors the potential for material conflicts of interest.

Performance-based compensation will only be charged in accordance with the provisions of Rule 205-3 of the Advisers Act and applicable state regulations.

Item 7 TYPES OF CLIENTS

We provide investment management services to several private equity/private debt funds as disclosed in Item 4 of this Brochure. Except in limited instances, the minimum required capital commitment to the Funds has ranged from \$5 million to \$20 million, depending on the Fund. Prospective investors in any new Fund launched by VSS should refer to the appropriate Fund offering documents for information regarding that Fund's minimum required capital commitment and any additional qualifications required for investment.

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

VSS senior professionals' frequent interaction with owners and senior executives of media and communications companies help us to identify investment opportunities for the Funds. From time to time, VSS may also engage traditional investment banks or brokers to generate investment opportunities and/or sales of portfolio companies. Finally, due to our reputation as one of the largest media-focused investment firms and a value-added partner to our portfolio companies, media entrepreneurs often approach VSS as a resource for financing.

As adviser to the Funds, the Firm primarily, though not exclusively, invests in securities issued by private companies. As such, traditional securities analysis is not possible when formulating investment recommendations. Instead, we rely on a robust due diligence process of prospective portfolio companies in determining which to invest in on behalf of the Funds.

VSS employs a disciplined investment process in evaluating potential investments and performs rigorous analysis of the historical and prospective performance of potential portfolio companies. Our due diligence investigation is comprehensive and includes: (a) detailed financial and operational analyses; (b) extensive face-to-face management meetings; (c) primary industry, served market, technology and competitive research; (d) customer calls and reference checks; and (e) additional company and sector specific analyses. The due diligence process is designed to verify our investment thesis by thoroughly understanding the company's strategy, market position, operations and management expertise. In addition, the due diligence process includes the identification of both acquisition candidates and potential strategic buyers. Prior to any

investment, we identify multiple exit options.

Our due diligence process ensures that each deal team benefits from the experience of our senior management and from additional VSS colleagues who have devoted substantial portions of their careers to the particular business activity in which the prospective portfolio company is engaged. In addition, VSS has built a network of lawyers, accountants, information technology and due diligence professionals and consultants with expertise in the Targeted Industries who work with VSS to advise on certain Fund investments from time to time.

VSS professionals also provide guidance to portfolio companies based upon the collective experience of our team of investment professionals. VSS believes its depth of industry expertise makes us a preferred partner for a middle-market media company. Through their prior experiences as owners, operators and advisors, VSS professionals are able to add insight and value through strategic, operating and financial recommendations to maximize growth and profit potential. VSS often introduces add-on acquisition candidates, provides advice on the timing of asset/subsidiary divestitures and exit strategies, consults on financial structuring issues and generally provides a knowledgeable, yet objective, perspective to operating decisions. This wealth of knowledge and experience can be leveraged to assist a portfolio company in defining strategic direction, refining product line expansion, identifying add-on acquisitions, evaluating competitors and facilitating strategic introductions and alliances. VSS has sought and obtained seats on portfolio companies' board of directors or board observation rights with most of its investments for the Funds.

A. Risks of Long-Term Investing through Private Equity/Private Structured Capital Funds. One of the primary risks of a long-term investment strategy is that, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. This risk is particularly pronounced when investing for the long term in privately issued securities due to the absence of an immediate and liquid market for these investments. Any sale of such securities will typically take some time to complete. The company, its competitors or its industry may behave in ways which were not, and in some cases could not have been predicted, leading to significant losses and/or a lack of any attractive exit option.

In addition, as we do not control the management of all portfolio companies; the management of these companies may act in ways which are contrary to our advice and plans for their growth or profitability.

B. Risks in General. Securities investments are not guaranteed and you may lose money on your investments. Investors or prospective investors should carefully review the detailed explanation of the many risks associated with investment as provided in the relevant Fund's offering memorandum.

Item 9 DISCIPLINARY INFORMATION

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither the Firm nor our management personnel have reportable disciplinary events to disclose.

Item 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As disclosed at Item 4 of this Brochure, Jeffrey T. Stevenson, John S. Suhler and two entities owned by Mr. Suhler, VSA and FMC, are the sole owners of VSS Holdings. Mr. Suhler, while still active with VSS, is planning to retire at the end of 2012, VSA was the predecessor entity of VSS Holdings. In 2002, VSA contributed all of its business to Veronis Suhler Stevenson Partners LLC (“VSSP”). VSSP, and its wholly owned subsidiary Veronis Suhler Stevenson LLC (“VSS LLC”), previously provided investment advisory services to third parties. VSSP discontinued its third party advisory business in 2008.

VSSIL is the London based affiliate of VSS. VSSIL is wholly owned by VSS Holdings through its ownership of VS&A International Holdings, LLC. VSSIL is registered with the U.K. Financial Services Authority and is engaged by VSS and acting on behalf of the General Partners of the Funds to provide services in Europe, including but not limited to: identifying suitable investment opportunities; undertaking the preparation required for the initial approach to potential sellers and gaining their support for a proposed transaction; validating an investment opportunity for the Funds by reference to the market dynamics and competitive position of the target business and by undertaking an analysis of existing management; preparing financial projections and undertaking other financial, legal, business and environmental due diligence; preparing further financial projections reflecting the proposed business strategy, including an assessment of follow-on acquisition opportunities and product diversification and a sensitivity analysis, all of which will assist VSS to decide whether or not to proceed with an investment proposal; advising VSS on the documentation associated with an investment proposal, including the sale and purchase agreement and relevant employment contracts and, where requested, assisting VSS to identify suitable co-investors and other sources of finance; monitoring investments undertaken by VSS and advising from time to time in relation to any such investment; handling bank negotiations and relations on behalf of the investments. As disclosed at Item 4 of this Brochure, it is anticipated that our European business will be restructured in the future so that the services currently provided to the Funds through VSSIL will be provided through a newly-created subsidiary.

Each of the Funds has a separate General Partner and each General Partner is related to VSS through common ownership and control. Each General Partner typically shares many of the same executive officers with each other and with VSS. VS&A Equities, L.P. served as General Partner to CP I; VS&A Equities II, LP serves as General Partner to CP II; VS&A Equities III, LLC serves as General Partner to CP III; VSS Equities IV, LLC serves as General Partner to CP IV; VSS Mezzanine, LLC serves as General Partner to SC I; VSS Structured Capital II, LLC serves as General Partner to SC II. CP I and VS&A Equities, L.P. have made final distributions and have been dissolved.

Each General Partner will be entitled to any Carried Interest, as applicable pursuant to the terms and conditions set forth in the appropriate Fund offering documents. Any such allocation will ultimately inure to the benefit of the owners and employees of VSS.

In addition, and as disclosed at Item 5 of this Brochure, VSS or an affiliate of VSS may charge portfolio companies of the Funds a fee for assistance with structuring and negotiating transactions for facilitating transactions involving acquisitions, add-ons, or other purchases for or sales of portfolio companies. Investors should note that the potential for VSS or its parent company to receive additional compensation creates a conflict of interest when selecting a party to facilitate transactions on behalf of the Funds. To address this conflict, and in accordance with the terms of each Fund's offering documents, VSS will generally offset its Management Fee for a percentage of any such transaction fees earned by VSS or its affiliates, typically ranging from 50% to 100% on amounts in excess of 1% of the enterprise value of the portfolio company or the target acquisition company. Please see Item 12 of this Brochure for additional information.

Item 11 CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. The Firm's Code of Ethics includes policies and procedures for the review of quarterly personal securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's associated persons. The Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. The Code of Ethics provides for oversight, enforcement and recordkeeping. A copy of the Code of Ethics is available to our advisory clients and prospective clients, and to investors and prospective investors in one or more of the Funds, upon request to the Chief Compliance Officer, at the Firm's principal office address.

As disclosed at Item 5 of this Brochure, certain executive officers and/or other employees of VSS have invested and may invest a portion of their personal net worth in one or more of the Funds. In addition, certain investment professionals or advisors of VSS may have, as provided in the respective partnership agreement of the Funds, direct side by side co-investment in one or more of the underlying companies in which the Funds have invested.

It is the express policy of the Firm that no person employed by VSS or any of its affiliates may usurp an investment opportunity which may be appropriate for one or more of the Funds without first presenting the opportunity to our Investment Committee, particularly when there is limited availability for participation in the opportunity.

As these situations represent a conflict of interest, we have established the following restrictions in order to ensure its fiduciary responsibilities:

1. No officer or employee of the Firm may prefer his or her own interest to that of an advisory client. Co-investments are limited to and may not exceed the maximum aggregate percentage of the total investment made by the Fund as defined in the appropriate Fund's offering documents.
2. We maintain a list of all the Firm's securities holdings and by each of our employees, and anyone associated with this advisory practice with access to advisory

recommendations. These holdings are reviewed on a regular basis by the Chief Compliance Officer.

3. All of our principals and employees must act in accordance with all applicable Federal and state regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

The Advisers Act makes it unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, to knowingly sell any security to, or purchase any security from, a client without disclosing to the client in writing the capacity in which the adviser is acting and obtaining the client's consent to the transaction. This rule may apply to certain transactions involving accounts in which investment advisers have interests, such as private fund investments by the Firm's owners, principals, or employees. The SEC has indicated that when an investment adviser and/or its controlling persons own more than 25% of a fund's outstanding securities, it would be effectively treated as a principal transaction if such an account were to engage in a trade with another client account or fund. Such levels of participation in any one of the Funds by our owners, principals or employees is limited by the terms of each Fund's partnership agreements and/or offering documents though side-by-side investments are typically allowed.

Without obtaining the consent of an Investor Advisory Committee established for each Fund, neither VSS nor any General Partner or other affiliated person shall engage in a principal trade with any of the Funds, that is a purchase from or sell of securities to a Fund from a proprietary or person account other than through side-by-side investments as provided for in the respective Limited Partnership Agreement.

Item 12 BROKERAGE PRACTICES

VSS, directly or in conjunction with each Fund's General Partner or other affiliates, is responsible for all parts of the investment cycle including deal sourcing and origination, investment decision-making, deal negotiation and transaction structuring, portfolio management (the act of overseeing the investments that we have made) and exit strategies. VSS will typically make direct investments on behalf of the Funds in privately-held companies. Rarely will the Fund acquire securities of publicly traded companies, except in connection with a merger of a privately held portfolio company with a company that is publicly traded.

Each direct investment is carefully structured through negotiations by VSS as well as various professionals engaged by us to facilitate a particular deal, as appropriate. These professionals may include attorneys, accountants, consultants, information technology and due diligence professionals and others. In addition, and as disclosed at Items 5 and 10 of this Brochure, VSS [or its parent company VSS Holdings], may charge the portfolio companies of the Funds a fee for assistance with structuring and negotiating transactions. To address this potential conflict, and in accordance with the terms of each Fund's offering documents, VSS will offset its Management

Fee for a percentage of any such transaction fees earned by the Firm or our affiliates, typically ranging from 50% to 100% on amounts in excess of 1% of the enterprise value of the portfolio company or the target acquisition company.

Any particular transaction may or may not involve the participation of an investment bank or broker dealer. If an investment bank or broker dealer is involved in a Fund transaction, it is typically because the selling company engaged such firm to assist it in negotiating and structuring the terms of a particular deal on its behalf including organization of an auction or otherwise. In this way, the selling company hopes to obtain the best possible terms for its sale. As a result, the primary factor for VSS in determining whether to enter into a transaction on behalf of a Fund with an investment bank or broker dealer is based on our decision to seek investment in a company that has engaged such investment bank or broker dealer.

Acquisitions and investments are generally funded with capital raised from the Funds' limited partners, but may also be partially or substantially financed by debt obtained for the Fund by VSS. Under these circumstances, the cash flow from the portfolio company generally will provide the source for the repayment of such debt.

Of course each Fund's ultimate goal when investing is to sell or "exit" its investments in portfolio companies for a return in excess of the price paid. Exit scenarios have historically included the sale of a portfolio company to a strategic acquirer through a merger or acquisition ("M&A"), an initial public offering ("IPO"), or secondary sale to another private equity firm. Another exit strategy may be to receive a preferred dividend from the portfolio company until, over time, the company has repaid the Fund for its investment, including a return on that investment.

As disclosed at Item 5 of this Brochure, VSS or the General Partner of a particular Fund may make co-investment opportunities available to Limited Partners and their affiliates as appropriate and in the best interest of the Funds. Allocation of such opportunities creates a conflict of interest as they are, by nature, limited and participation is not possible for all or even most investors in the Funds. As such, VSS must determine which investors will be given the opportunity to co-invest and which will not. To address this conflict we have adopted written Allocation Policies and Procedures designed to ensure that VSS does not favor certain investors over others and that, over time, all investors are treated fairly with respect to co-investment opportunities. Investors should note, however, that in its allocation of co-investment opportunities, VSS will generally give priority to an investor that brought the opportunity to VSS's attention, if any.

Certain executive officers and employees of VSS also have direct investments in one or more of the underlying portfolio companies which the Funds have invested in. With respect to the existing VSS Fund, employees of VSS and its subsidiaries may also be offered additional opportunities, on a case-by-case basis, to co-invest in portfolio companies with the Funds. These co-investments are limited to and may not exceed a predefined total aggregate percentage of any such investment in accordance with the respective Fund's Limited Partnership Agreement. No determination has been made whether VSS will offer to employees investment opportunities with respect to future VSS Funds.

VSS does not have any formal or informal soft-dollar arrangements nor do we receive any soft-dollar benefits from any broker, dealer or other counterparty.

Item 13 REVIEW OF ACCOUNTS

VSS monitors the portfolio companies of each Fund on an ongoing basis. As part of the terms of investment, VSS has also arranged for the Funds' to have one or more representatives serving on or otherwise monitoring the Board of Directors of many portfolio companies.

The Investment Committee for each Fund will approve all portfolio investments and dispositions and will be actively involved in analyzing each investment and reviewing those investments on an on-going basis.

The Investment Committees meet once per week to review ongoing monitoring activities and to evaluate potential new platform investments and add-on acquisitions. The Investment Committees also meet once per quarter to review and approve quarterly carrying values of the Funds' respective investments. The following individuals serve on the Investment Committee for the Funds as set forth below:

CP II

John S. Suhler, Partner; Jeffrey T. Stevenson, Partner; Christopher J. Russell, Managing Director; and John R. Sinatra, Chief Financial Officer of VSS, serve on the Investment Committee.

CP III and CP IV

John S. Suhler, Partner; Jeffrey T. Stevenson, Partner; Christopher J. Russell, Managing Director; J. Morgan Callagy, Managing Director; and John R. Sinatra, Chief Financial Officer of VSS, serve on the Investment Committee.

SC I

John S. Suhler, Partner; Jeffrey T. Stevenson, Partner; George L. Cole, Managing Director; and Hal R. Greenberg, Managing Director of VSS, serve on the Investment Committee.

SC II

George L. Cole, Managing Director; Hal T. Greenberg, Managing Director; John S. Suhler, Partner; and Jeffrey T. Stevenson, Partner of VSS, serve on the Investment Committee.

Certain individuals that had formerly served on the Investment Committees of one or more of the Funds have since left VSS, including, John J. Veronis, Partner, who retired from VSS in 2010, Marco Sodi, who headed VSS's London office, and Scott J. Troeller, Partner in the New York office. In addition, VSS has expanded the Investment Committees to the Funds to include Michael B. Kessler, Managing Director; Chris J. Russell, Managing Director; David F. Bainbridge, Managing Director; J. Morgan Callagy, Managing Director; and William W.

Archer, Managing Director. Included in the Investment Committee meetings are other investment professionals who review investment materials, due diligence materials and provide valuable industry insight.

The Funds are audited annually by an independent, certified public accountant that is both registered with and subject to regular inspection by the PCAOB and a copy of the audited financials are sent to each investor on a timely basis.

In addition to annual audited financials, investors in each Fund will receive at least quarterly Operations Summary Reports, capital account statements and unaudited Consolidated Financial Statements containing valuation and performance information for the applicable Fund.

Item 14 CLIENT REFERRALS AND OTHER COMPENSATION

Currently, the Funds are the firm's only clients. As disclosed at Item 4 of this Brochure, the Funds receive unfunded or partially funded capital commitments from investors during one or more initial fundraising stages, after which the Funds are generally closed to new investors. As part of our marketing efforts when launching a Fund, we, or our affiliates, as applicable, have entered into arrangements to compensate certain persons, including third-party placement agents and/or others, to assist in the offer and sale of such Fund's interests. In general, these arrangements involve the payment of a retainer fee and/or a percentage of either the referred investor's subscribed amount to the VSS Fund or of the Management Fee collected by VSS and attributable to the referred investor's capital account. Depending on the terms of these various arrangements, payments may continue for several years following the final close of the VSS Fund.

VSS reserves the right to enter into additional, similar arrangements in the future. Although common, such referral arrangements do create a potential conflict of interest because, in theory, the referrer may be motivated, at least partially, by financial gain and not because the VSS Funds are the most suitable to the prospective investor's needs. To address this potential conflict of interest, all referred investors are carefully screened to ensure that the particular Fund is suitable to the prospective investor's investment needs, objectives and risk tolerance before any subscription is accepted.

Other than as disclosed at Items 5, 10 and 12 of this Brochure, neither VSS, nor any officer, director or employee of VSS, receives compensation from third parties in connection with providing investment advice to the Funds.

Item 15 CUSTODY

Because we act as investment adviser to the Funds and are affiliated with each Fund's General Partner through common ownership and control, we are deemed to have custody of client assets under current applicable regulatory interpretations. As an adviser with custody, we seek to have each of the Funds audited on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the PCAOB. We seek to send,

directly or through a third party, the audited financials to each Fund investor within 120 days of the applicable Fund's fiscal year end.

Item 16 INVESTMENT DISCRETION

As investment adviser to the Funds, VSS is granted the discretionary authority in the relevant organizational documents and/or advisory agreements to determine the investment and their amounts that are to be bought or sold on behalf of the Funds.

Item 17 VOTING CLIENT SECURITIES

Because the Funds transact primarily in privately issued securities, VSS rarely is required to vote proxies. Under certain limited circumstances, however, VSS may be required to vote proxies solicited by portfolio companies. Under these circumstances, VSS will vote proxies in the best interest of the Funds, typically with the goal of maximizing value for the Funds and the investors in the Funds. To that end, VSS endeavors to vote proxies in the manner that it determines in good faith will be the most likely to cause the Funds' investments to increase the most or decline the least in value. Consideration is given to both the short and long-term implications of the proposal to be voted on when considering the optimal vote. VSS' complete proxy voting policy and procedures has been memorialized and is available for review by the Investor Advisory Committee for each Fund.

VSS or our affiliates will often closely monitor private portfolio companies whose securities are held by the Funds by appointing an affiliated person to serve on or oversee these companies' boards of directors and any such person may, in this capacity, cast votes or otherwise seek to influence company policies with respect to specific matters. In general, it is VSS's policy to use its influence or vote solely in the best economic interests of the Funds and to disclose conflicts or potential conflicts of interest that arise to the Fund Investor Advisory Committee. It is important to note that company directors have a fiduciary duty to act in the best interests of the company. In general, VSS believes that the best interests of portfolio companies will parallel those of the Funds. However, should those interests ever conflict, it is VSS's policy that our affiliated person abstain from casting a vote.

Item 17 FINANCIAL INFORMATION

Under no circumstances will VSS require or solicit the prepayment of fees in excess of \$1,200 more than six months in advance of services rendered, therefore, we are not required to include a financial statement with this Brochure.

VSS has not been the subject of a bankruptcy petition at any time during the past ten years.