

Item 1 – Cover Page

McCarthy Partners Management, LLC

1601 Dodge Street, Suite 3800

Omaha, NE 68102

T: 402.932.8600

F: 402.991.0020

August 26, 2011

This Brochure provides information about the qualifications and business practices of McCarthy Partners Management, LLC (“MPM”, “Firm”, “us”, “we” or “our”). If you have any questions about the contents of this Brochure, please contact us at 402.991.8600 and/or tmercerc@mccarthycapital.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.

We are a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications presented to you by an investment adviser provide you with information which you may use to determine to hire or retain the adviser or invest in its managed funds.

Additional information about McCarthy Partners Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission (the “SEC”) published “Amendments to Form ADV” which amended the disclosure document that we provide to clients as required by SEC Rules. This Brochure, dated August 26, 2011, is a new document prepared according to the SEC’s new requirements and rules.

Future updates of this Section will include a description and summary of specific material changes that have been made to this Brochure since our last delivery or posting on the SEC’s public disclosure website.

Currently, our Brochure may be requested by contacting Teri Mercer, our Chief Compliance Officer, at (402) 991-8430 or tmercerc@mccarthycapital.com. You can always receive the most recent version of this Brochure through the SEC’s public disclosure website (IADP) at www.adviserinfo.sec.gov.

Additional information about our Firm is available via the SEC’s web site www.adviserinfo.sec.gov.

Item 3 – Table of Contents

Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	4
Item 6 – Performance-Based Fees and Side-By-Side Management	5
Item 7 – Types of Clients.....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9 – Disciplinary Information	16
Item 10 – Other Financial Industry Activities and Affiliations	16
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	16
Item 12 – Brokerage Practices	17
Item 13 – Review of Accounts.....	17
Item 14 – Client Referrals and Other Compensation.....	18
Item 15 – Custody	18
Item 16 – Investment Discretion	18
Item 17 –Voting Client Securities.....	18
Item 18 – Financial Information.....	19
Item 19 – Requirements for State-Registered Advisors	19

Item 4 – Advisory Business

McCarthy Partners Management, LLC is based in Omaha, Nebraska, and has been in business since June 2011. MPM is a wholly owned subsidiary of McCarthy Partners, LLC. McCarthy Partners, LLC is 100% owned by a group of individuals.

MPM provides general investment advisory and management services to one fund which will invest in private equity investments. The fund has \$178 million of assets under management and will generally have a term of 10 years. This fund is marketed primarily to institutional investors and high net worth individuals. These investors purchase interests in our client fund, and investments are made at the fund level, not for individual investors in the fund. The minimum subscription for an interest in our client fund, unless waived, reduced or increased in our discretion, is \$5,000,000.

We do not offer customized services for individual clients. MPM has been appointed as an adviser to the fund's general partner. The duration of our appointment as investment adviser lasts for the duration of the fund.

For our client fund, the investment advice we provide is based on specific investment objectives and criteria set forth in the fund's offering memorandum, limited partnership or operating agreement and management or advisory agreement. We do not vary our advice from the terms of these agreements.

We specialize in providing investment advice to pooled investment vehicles that invest in private equity investments. When managing pooled investment vehicles, we are assisted by affiliated entities and certain of their personnel, but we are generally responsible for the day-to-day management of each client, the identification of investment opportunities for the client and the acquisition, management and disposition of the client's investments.

We serve as the sole or primary investment adviser for the following funds:

- McCarthy Capital Fund V, L.P. This fund is a private equity fund organized in Delaware and includes both high net worth and institutional investors. This fund was formed in 2011.

As of August 26, 2011, we manage \$178.0 million of assets on a discretionary basis.

Item 5 – Fees and Compensation

For our services to the clients we manage or advise we receive management fees. Management fees are generally negotiated with prospective clients or with investors in a client fund over the course of the fund's private offering of limited partnership interests. In certain instances, the investment advisory fees payable by a limited partner in one of our client funds may be reduced or waived. Our client fund

maintains for each investor in the fund a capital account that is adjusted to reflect the performance-based carried interest or allocation, the management fee and other fund expenses, capital contributions, and other similar changes during the term of the fund.

Our management fees are payable, in advance, quarterly during the term of the fund.

For the fund client, for the period from the fund's initial closing through the end of the investment period for the fund (5 years), management fees are based on 2% per annum on committed capital. Thereafter, through the term of the management agreement, the management fee equals 2% on remaining invested capital in the fund as determined on December 31 of the prior year. The net asset value is determined by each portfolio company manager and then approved by a valuation committee.

Management fees are billed to the fund or its general partner and paid by the fund or its general partner from the fund's assets. To obtain cash for the payment of management fees, the general partner of the fund may draw down on the investors' capital commitments. Management fees are exclusive of other expenses incurred by the fund, which are borne by and payable out of the assets of the fund and not by us, including costs associated with its organization and the offering of interests to investors, certain annual and recurring including legal and external audit expenses, meeting expenses, and extraordinary expenses such as litigation and indemnification, in all cases as described in each fund's offering memorandum, limited partnership or operating agreement and management or advisory agreement.

Any portion of the management fees paid to us on account of one of our affiliate's interests in a client fund as an investor, or one or more of our affiliates' indirect interest in that fund held through the general partner, will be paid to us. The effective result of this is that our affiliates will not pay a management fee on their direct or indirect investment in our client funds.

In the event that we receive any fees or other remuneration directly from any portfolio company of a client (such as board of director fees), those fees reduce the management fees otherwise payable by the relevant client in the following quarter.

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

The limited partnership agreement of the fund generally provide a distribution waterfall in which the net proceeds realized by the fund are shared between the general partner and the limited partners (on a 20:80 basis) after the limited partners have received their contributed capital and received at least an 8% preferred return on their investment.

Our client fund maintains for each investor in the fund a capital account that is adjusted to reflect the performance-based carried interest or allocation, the management fee and other fund expenses, capital contributions, and other similar changes during the term of the particular fund.

Performance based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

The existence of performance-based compensation for the general partner of the fund may create an incentive for the general partner to make more speculative investments in that fund than it would otherwise make in the absence of such performance-based compensation. Any performance-based compensation allocated to the general partner of a fund on account of one of our affiliate's interest in that fund as an investor, or one or more of our affiliates' indirect interest in that fund held through the general partner, will be specially allocated to one or more of our affiliates pursuant to the terms of the general partner's operating agreement. The effective result of this special allocation is that our affiliates will not be charged any performance-based compensation on their direct and indirect investment in our client funds.

Item 7 – Types of Clients

We provide investment management and investment advisory services to a pooled investment fund. The investors in this fund consist of institutional investors and high net worth individuals. We require that each investor in a fund be an "accredited investor" as defined in Regulation D under the Securities Act of 1933 or a "qualified purchaser", within the meaning of 2(a)(51) of the Investment Company Act of 1940, as amended. We also require that each investor in a fund that is a U.S. resident be a "qualified client" within the meaning of Rule 205-3 of the Investment Advisers Act of 1940, as amended.

Investors are generally required to commit at least \$5,000,000 million to the fund, subject to the right of the fund's general partner to waive the minimum investment amount.

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

Our client fund will typically invest equity and equity-related securities of private operating companies in negotiated transactions. Our client fund will make both control and non-control investments, and in both cases require there to be significant ownership from company management. For our client fund, we make investment recommendations in accordance with the investment strategies described in the fund's offering memorandum, limited partnership and operating agreements and management or advisory agreement.

Potential fund investments are subjected to an analysis that begins with intensive "bottom up" due diligence, cash flow modeling and valuation, and terminates with an investment recommendation by our investment committee comprised of our Senior Partners. Each investment opportunity is initially analyzed by a team of investment professionals. In all cases at least one partner leads the analysis of a new investment. The teams undertake a thorough analysis of the company, analyzing such things as past and expected future performance, multiples, expected exit timing, business description, and assessing key indicators of the company's market environment (i.e. market comparables, exit comparables,

market growth rates and key trends). This analysis forms the basis of a memorandum which then must be reviewed and approved by the investment committee before the investment can be made.

Business Risks

Our client'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 which can result in substantial losses. Among those risks are the general risks associated with investing in companies at an early stage of development and/or with operating losses and/or with significant variations in operating results. In many cases, these companies will require substantial capital to support expansion plans to achieve and maintain a competitive position. Such companies also will likely face intense competition from established companies with greater resources and capabilities.

Investments in more mature companies in the expansion or profitable stage also involve substantial risks. The companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a business or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing and general management of these activities. Development-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. The percentage of companies which survive and prosper can be small.

Investors in Our Client Fund May Not Receive Distributions

There can be no assurance that the operations of any of our fund client will be profitable, that the fund will be able to avoid losses or that cash from the fund's investments will be sufficient to enable it to make distributions to its investors. Our fund client will have no source of funds from which to pay distributions to their investors other than income and gain received from investments and the return of capital. There is no assurance of any distribution to the fund's investors prior to or upon liquidation of the fund. Further, the general partner of the fund may distribute the publicly traded securities of a portfolio company to the investors in that fund; any such distribution could exert downward pressure on the market price of such issuer's securities.

Investment in Junior Securities; Minority Holdings

The securities in which our fund client may 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 by one of our client fund once made. Our client fund will generally take stakes in privately held companies and may also invest directly in publicly traded companies. Therefore, a fund may at times hold minority equity stakes in public companies, such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that a fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

Concentration of Investments

Our fund client 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 its aggregate return may be affected substantially by the performance of a few holdings. Furthermore, to the extent that the capital raised is less than the targeted amount, a fund may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities

While we expect that many attractive investments of the type in which our fund client intends to invest are currently available, there can be no assurance that such investments will be available when the fund is ready to make investments, or that available investments will meet any of fund client's investment criteria. The marketplace for private equity investing has become increasingly competitive. Involvement by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments, and the competition for investment opportunities is at high levels. Our fund client will compete for investments with other funds and companies, some of which have greater resources than our fund. There can be no assurances that we will locate an adequate number of attractive investment opportunities. It is possible that the fund will never be fully invested if enough sufficiently attractive investments are not identified. However, investors in the fund will be required to pay annual management fees during the investment period based on the entire amount of their commitments.

Changes in Environment

Our client fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the fund operates may undergo substantial changes, some of which may be adverse to the fund. The general partner of the fund has the exclusive right and authority (within limitations set forth in the fund's limited partnership or operating agreement and management or advisory agreement) to determine the manner in which the fund shall respond to such changes, and investors in the fund will generally have no right to withdraw from the fund or to demand specific modifications to the fund's operations in consequence thereof.

The investment sourcing, selection, management, and liquidation strategies and procedures exercised by us in the past may not be successful, or even practicable, during any particular client fund's term. Within the limitations set forth in the fund's limited partnership or operating agreement and management or advisory agreement, the general partner of the fund will have the right and authority to cause the fund's investment sourcing, selection, management and liquidation strategies and procedures to change over time. Investors in the fund will have no right or power to take part in the management of the fund, its assets, or its portfolio investments. All aspects of the fund's management are entrusted to the general partner of that fund and, indirectly, to us. Investors in our client fund will invest greater amounts and receive a proportionately smaller interest in the profits of the fund than the fund's general partner.

General economic conditions beyond our control may affect the performance of our fund client. Interest rates, general levels of economic activity, performance of the public securities markets and participation by other investors in the financial markets may affect the value of the portfolio companies or companies being considered for prospective investments. Legal, tax and regulatory changes could occur during the term of a fund that may adversely affect that fund and its investors.

Management Fee Will Be Paid Regardless of Fund Performance

Whether or not suitable investment opportunities are available to our fund client, and regardless of whether the fund experiences net losses in a particular year or over its term, investors in the fund will be required to make payments to the fund to cover management fees and to reimburse us for certain expenses.

Illiquidity; Lack of Current Distributions

An investment in our client fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, will generally 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. Prior to such time, there may be no current return on the investments. Furthermore, the expenses of operating a fund (including annual management fees) may exceed its income, thereby requiring that the difference be paid from the fund's capital.

Leveraged Investments; Bridge Loans

Our fund client may make use of leverage by incurring debt to finance a portion of its investment in a given portfolio company, or the fund may make equity investments in leveraged portfolio companies. Leverage generally magnifies both the fund's opportunities for gain and its risk of loss from a particular investment. The use of leverage will also result in interest expense and other costs to the fund that may not be covered by distributions made to the fund or appreciation of its investments. In addition, this portfolio company leverage could accelerate and magnify declines in the value of the fund's investments in the leveraged portfolio companies in a down market. It is possible that a leveraged portfolio company in which the fund invests will not have sufficient cash flow to pay its current debt service obligations as they become due or will not be able to refinance its outstanding indebtedness on favorable terms, or at all, upon maturity. It is anticipated that certain portfolio companies of our client fund will have outstanding variable rate debt. An increase in interest rates could impact such portfolio companies' ability to meet current debt service obligations. If a portfolio company is unable to timely meet its payment obligations or fails to satisfy applicable financial covenants, the portfolio company's lenders typically will have the ability to exercise a variety of remedies under the relevant credit documents, including foreclosing on the assets of the portfolio company that are used to secure the underlying debt. Any rights of our fund client as an equity holder will be junior to the rights of the portfolio company's lenders, whether the underlying debt is secured or not. If a portfolio company is liquidated or sold, there may be no assets remaining for equity holders after the portfolio company's creditors are paid. In addition, our client fund may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the fund's control, such long-term securities may not issue and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the fund.

Limited Transferability of Interests in a Client Fund

An investment in our fund client is a long-term commitment. The transferability of interests will be restricted by the fund's limited partnership or operating agreement and management or advisory agreement and by U.S. federal and state, as well as foreign, securities laws. The interests are highly

illiquid and have no public market. Voluntary withdrawals or redemption of interests are not permitted, except in limited instances when necessary to comply with laws or regulations applicable to an investor in a client fund, including, but not limited to, ERISA regulations. There will be no public market for the interests in our client fund, and none is expected to develop.

Restricted Nature of Investment Positions

Generally, there will be no readily available market for a substantial number of our client fund's investments, and hence, most of our fund's investments will be difficult to value. Consequently, the fund may not be able to dispose of an investment when its general partner desires to do so. Certain investments may be distributed in kind to the investors in that fund.

Reliance on the General Partner of Our Fund Client and Our Employees

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 our business and investment acumen. The loss of service of one or more of our investment professionals could have an adverse impact on our client fund's ability to realize their investment objectives. No assurances can be given that each member of the general partner of our client fund, or each member of our investment professional staff will continue to be affiliated with our client fund throughout its term. Except as specifically provided in the limited partnership or operating agreement and management or advisory agreement of the fund, the members of the general partner of the fund will not be required to devote their time and attention exclusively to that fund. Additional members may be admitted to the general partner of any fund following that fund's initial closing and the investors in that fund will have no power to prevent any specific person from being admitted to the general partner of the fund. Within the general partner of each fund the economic, voting and other rights of the individual members of the general partner will be determined by agreement among such members and will be subject to change, without notice to the investors in that fund. Some of the members of the general partner of the fund client or employees of MPM may have limited experience working together. Notwithstanding any prior experience that members of the general partner of any particular fund or employees MPM may have in making investments of the type expected to be made by our client fund, any such prior experience necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that members of the general partner of the client fund or employees of MPM will be able to duplicate prior levels of success.

The general partner of the fund may appoint or admit certain persons to advisory or other committees or boards intended to assist the general partner by providing advice, industry contacts, deal flow, technical expertise or other benefits to the fund. Under most circumstances, such persons will have no contractual or other obligation to continue as members of such committees or boards or to provide any particular benefits.

Reliance on Portfolio Company Management

Our task of identifying investment opportunities, managing such investments and realizing a significant return for our client fund is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize such investments successfully. Although we

will monitor the performance of each investment by our client fund, 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 we intend to have our fund client invest in companies with strong management, there can be no assurance that the existing management of such companies will continue to operate a company successfully. Ultimately the profitability of the fund will depend on the our ability to select and retain good management for such portfolio company, and the ability of that management to carry out the company's plan.

Investments by a Fund May Not Be In the Best Interests of Some Limited Partners

The investors in a the client fund may have conflicting interests that stem from differences in investment preferences, domicile, tax status and regulatory status. We will attempt to consider the objectives of the fund and its respective investors as a whole when making decisions with respect to the selection, structuring and sale of portfolio investments, but it is inevitable that such decisions may be more beneficial for some investors in the fund over others.

Capital Commitments May Not Be Fully Drawn Down

Investors in the fund may be called upon to make capital contributions at any time during the fund's investment period and, subject to limited exceptions, after the investment period. While it is in the interest of the general partner of the fund to draw upon all available commitments to the fund, to increase the general partner's potential return from that fund, there can be no assurance that commitments in any particular fund will be fully drawn down.

Inability to Invest if Commitments are not Met

If one or more investors in a fund fail to fund their commitments, the capital available to the fund may be insufficient to meet its investment objectives.

Material Non-Public Information

By reason of their responsibilities in connection with their other activities, certain of our employees may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. Therefore, our client fund will not be free to act upon any such information. Due to these restrictions, a fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Projections

There generally will be little or no publicly available information regarding the status and prospects of portfolio companies. Many of our investment decisions will be dependant upon the ability of our employees and agents to obtain relevant information from non-public sources, and we may be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impractical to verify. In all cases, projections are only estimates of future results that are based upon 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 impact on the reliability of projections.

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 any 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 impact 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.

Reserves

In managing our client fund, we will establish reserves for follow-on investments in portfolio companies, operating expenses (including reimbursements of expenses), fund liabilities and other matters. Estimating the amount necessary for such reserves is difficult, particularly because follow-on investment opportunities are directly tied to the success and capital needs of portfolio companies. Inadequate or excessive reserves could have a material adverse effect on the investment returns to the investors in that fund. For example, if reserves are inadequate, a client fund may be unable to take advantage of attractive follow-on or other investment opportunities or to protect its existing investments from dilutive or other punitive terms associated with a “pay-to-play” or similar investment round. If reserves are excessive, the fund may decline attractive investment opportunities or hold unnecessary amounts of capital in money market or similar low-yield accounts.

Fund May Face Competition from Other Similar Funds

The business of investing in the industries that our client fund will invest in is competitive. Any number of new funds with similar investment objectives may be formed by other parties at any time and well established funds with more generalized investment capabilities may enter into the industries that our client fund invest in at any time. Therefore, competition for suitable investment opportunities may become more intense in the future. This may adversely affect the terms upon which a fund makes investments and may decrease the number of suitable investment opportunities.

The Fund’s Investments May be Subject to Litigation and Claims

The fund, the members of its general partner, and our employees will be subject to the risk of litigation in connection with our ongoing business activities, particularly claims and suits brought against directors and controlling persons of the fund’s portfolio companies. Generally, it is anticipated that investments made by our client fund will be structured to require that the portfolio company provide indemnification for any claims or suits brought against the fund, its affiliates and our employees. However, there can be no assurance that such indemnification will be sufficient to fully cover all such liabilities and costs. The limited partnership or operating agreement and management or advisory agreement of the fund provides that the general partner of the fund and our employees will not be liable to the fund or to any investor for any loss or damage sustained in connection with the fund’s business, including errors in judgment or other acts or omissions reasonably believed to be within the authority granted under the limited partnership or operating agreement and management or advisory agreement, unless such loss or damage is the result of gross negligence or willful misconduct. As a result, investors in the fund effectively may have a more limited right of action against the general partner of the fund and us than they would otherwise have absent such provisions. The limited partnership or operating agreement and management or advisory agreement of each fund also provides for indemnification of the general

partner of the fund and us against liability arising out of any act or omission in connection with the business of the fund if such act or omission does not constitute gross negligence or willful misconduct.

Investments Longer than Term

Our fund client may invest in investments which may not be advantageously disposed of prior to the date that the fund will be dissolved, either by expiration of the fund's term or otherwise. Although we expect that investments will be either disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Cash Distributed to Investors in Fund Clients May Not be Sufficient to Pay Taxes

Under certain circumstances, the investors in the fund could be required to recognize taxable income in a taxable year for U.S. federal income tax purposes, even if the fund has not made distributions in an amount to cover the federal, state and local income taxes that might result from such taxable income.

Tax Risks

We attempt to structure our fund in a manner that is tax-efficient for U.S. investors. However, there can be no assurance that such structure will be tax-efficient for any particular investor or that any particular tax result will be achieved. Furthermore, in general, tax laws, rules and procedures are extremely complex and are subject to change, which in some cases may have retroactive effect. We structure our client fund's investments in a manner that is intended to achieve the fund's investment objectives, but there can be no assurance that the structure of any investment will be tax efficient for any particular investor or that any particular tax result will be achieved. In addition, tax reporting requirements may be imposed on investors under the laws of the jurisdictions in which investors are liable for taxation or in which the fund makes portfolio investments. Furthermore, a fund's returns in respect of its investments may be reduced by withholding or other taxes imposed by jurisdictions in which the fund's portfolio companies are organized.

Significant Default Penalties

The limited partnership or operating agreement and management or advisory agreement of the fund contain significant penalties in the event an investor in the fund defaults on its capital commitment or other payment obligations. In addition to losing its right to potential distributions from the fund, a defaulting investor may be subject to a variety of adverse consequences including the forced transfer of its interest for an amount that is less than the fair market value of such interest and that may be paid over a period of years, without interest.

Director Liability

Our fund client will often obtain the right to appoint a representative 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 (typically our employees), and ultimately the fund, to potential liability. Although portfolio companies often have insurance to protect directors and officers from such liability, such insurance may not be obtained by all portfolio companies and may be insufficient if obtained.

Potential Liabilities on Exit

In connection with the disposition of an investment in a portfolio company, the fund may be required to

make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. The fund may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the general partner of the fund may establish reserves and escrows. In that regard, distributions to the investors in the fund may be delayed or withheld until such reserve is no longer needed or the escrow period expires.

General Conflicts of Interest

There are potential conflicts of interest in the fund's structure and operation, particularly with respect to activities of the members of the general partner of the fund outside of their activities on behalf of the fund. Furthermore, we are permitted in the future to organize, offer interests in and provide services to, as well as invest in, other funds that may or may not be in the same investment field as any of our existing client fund, which activities may conflict with our duties to or interest with respect to, the existing fund. Our existing client fund will have no interest in these activities. As a result of the foregoing, we may be engaged in substantial activities other than on behalf of the client fund, may have differing economic interests in respect of such activities, and our employees may have conflicts of interest in allocating their time and activity between and among our current and future client funds.

Provisions contained within the fund's limited partnership or operating agreement and management or advisory agreement authorize the general partner of the fund or its members to engage in investment, management or other activities outside, or alongside, our client fund, or to cause the client fund to make investments in respect of which our employees or members of the fund's general partner have conflicting interests, will override common law and statutory fiduciary duties that would apply in the absence of such provisions. The fund's limited partnership or operating agreement and management or advisory agreement contain certain provisions for investors in the fund to address conflicts of interest faced by the general partner of the fund and its members, but will not purport to address all types of conflicts that may arise. Moreover, as a practical matter, it may be difficult for investors in the fund to subject the behavior of the general partner and its members to close scrutiny.

Under the limited partnership or operating agreement and management or advisory agreement of the fund, certain transactions that involve conflicts of interest between the general partner of the fund and the fund may be submitted to a committee comprised of investors in the fund for resolution. However, this committee will not necessarily represent the interests of all the investors in the fund, and the members of the committee may themselves be subject to various conflicts of interest. In general, the investors in the fund will not be entitled to control the selection of members on this committee, or to review the actions or deliberations of the committee. During the fund's term, many different types of conflicts of interest may arise and investors in the client fund will ultimately be heavily dependent upon our good faith and the good faith of the general partner of the fund and its members.

While it is our intention that investment opportunities will be apportioned among our clients on a fair and reasonable basis and in compliance with the limited partnership or operating agreement and management or advisory agreement of the fund, there is no assurance that the fund will be offered any specific investment opportunities that come to our attention or that the fund will be permitted to invest

the full amount it desires to invest in any such opportunity that is made available.

Certain Risks for Investors in Our Client Fund

If the fund should become insolvent, the investors in the fund may be required to return with interest any distributions representing a return of capital, repay any distributions wrongfully made to them and forfeit any undistributed profits.

The capital contributions of our affiliates to the fund will represent only a small portion of the fund's capital. Investors in the fund will invest greater amounts and receive a proportionately smaller interest in the profits of each than its general partner.

In accordance with common industry practice, the general partner of the fund may enter into one or more "side letters" or similar agreements with certain investors in the fund pursuant to which the general partner grants to those investors' specific rights, benefits or privileges that are not made available to investors in that fund generally. Such agreements will be disclosed only to those actual or potential investors in the fund that have separately negotiated with the general partner of the fund the right to review such agreements.

Freedom of Information Disclosures

Under "freedom of information", "sunshine", "public records" and similar laws, certain governmental or other regulated entities such as state universities and pension funds may be required to publicly disclose confidential information regarding a fund or its portfolio companies, notwithstanding contractual obligations (such as those contained in the limited partnership or operating agreement and management or advisory agreement of the fund) to the contrary. Any such disclosure could have a material adverse effect upon the fund or its portfolio companies, and it could even expose the fund, the general partner of the fund, the members of the general partner of the fund, or our employees to claims for damages brought by portfolio companies or other persons related thereto. Nevertheless, the limited partnership or operating agreement and management or advisory agreement of the fund will not prohibit such entities from being an investor in our client fund.

Breaches of Confidentiality

Although investors in our client fund are subject to confidentiality provisions, confidential information of a fund, its portfolio companies and other investors may be inadvertently or intentionally disclosed, causing harm to such persons.

Delayed Schedule K-1's

Our fund may not be able to provide final Schedule K-1s to its investors for any given fiscal year until after April 15 of the following year. We will use reasonable efforts to provide investors with estimates of the taxable income or loss allocated to their investment in a client fund on or before such date, but final Schedule K-1s may not be available before such date for various reasons. Investors in our client fund may be required to obtain extensions of the filing dates for their federal, state, and local income tax returns.

Relationships

We and our affiliates have existing and will develop additional relationships with a significant number of corporations, institutions and high net worth individuals. We may face conflicts of interest with respect

to such relationships, on the one hand, and our client fund, the investors in the fund, or the companies in which the fund has invested, on the other hand. In addition, these relationships may present conflicts of interest in determining whether to offer certain investment opportunities to the fund.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We have no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

We are a registered investment adviser with the United States Securities and Exchange Commission. We have no other information applicable to this Item.

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

We have adopted a Code of Ethics for all employees of the firm describing our high standard of business conduct, and fiduciary duty to our clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. Our employees must certify at least annually their receipt, understanding and compliance with our Code of Ethics.

We do not as a general practice recommend that our client fund invest in companies in which we or our affiliates have a material ownership interest. In their capacities as investors or members of the general partners of our certain client fund, we or our affiliates share in the profits and losses generated by the investments of that fund.

These and other operating relationships among our affiliates and client fund have the potential for creating conflicts of interest. In situations where actual or potential conflicts of interest between us and our affiliates and the client fund are identified, procedures contained in the limited partnership or operating agreements or management or advisory agreements of the client fund generally provide for submission of the proposed transaction to an investor committee for review and resolution. The specific procedures for each fund we advise are set forth in the private placement memorandum and limited partnership or operating agreement or management or advisory agreement of the fund.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with our ability to make decisions and complete transactions in the best interest of our clients.

Our Code of Ethics requires all employees to obtain pre-approval for private placements and IPOs, and prohibits insider trading.

Employee trading is monitored (i.e., trade pre-approvals, quarterly trade reporting and annual holdings reports) under our Code of Ethics in order to reasonably prevent conflicts of interest between us or our employees and our client fund and to prevent an employee from using inside information obtained through their position for their own benefit.

A copy of our Code of Ethics will be provided upon request to any investor in our client fund. Such a request can be made by contacting Teri Mercer at tmercerc@mccarthycapital.com or (402) 991-8430.

Item 12 – Brokerage Practices

The investments made by our client fund generally do not require the use of a broker-dealer. On certain occasions, however, an investment by the fund or disposition of securities held by the fund will require that we select a broker-dealer to execute a transaction. In that case, we will use a broker-dealer whom we have determined will provide the best execution for the transaction. Generally speaking, best execution means the broker's ability to obtain the best qualitative and quantitative execution reasonably available in the circumstances.

We attempt to achieve these results by choosing broker-dealers to execute transactions based on a range of considerations, including:

- The price and size of the order
- The trading characteristics of the securities involved
- The value of any research provided
- The broker's execution capabilities
- Commission rates
- Financial responsibility
- Responsiveness

We do not take the availability of soft dollars into consideration as it is our policy not to accept research or services in exchange for soft dollars.

Item 13 – Review of Accounts

We will review the performance of the investments of the client fund on a day-to-day basis, including reviewing various market conditions and investment situations.

We will provide the following reports to investors in our client fund:

On an annual basis:

- Audited financial statements
- Tax information necessary for the completion of tax returns

On a quarterly basis:

- Unaudited financial statements
- Capital account summary
- Portfolio company overviews

Item 14 – Client Referrals and Other Compensation

We do not receive any economic benefit from any person that is not a client for providing advisory and management services to our client.

We may from time to time enter into agreements that provide for cash compensation to solicitors who secure investors for the client fund sponsored by us or our affiliates. The agreements generally provide for compensation equal to a specified percentage of the capital commitments of the clients referred by the solicitor.

Item 15 – Custody

The client fund we manage is privately offered limited partnership that will be annually audited by a PCAOB registered independent accounting firm in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940. The audited financial statements will be subsequently distributed to all investors within 120 days of year end.

Item 16 – Investment Discretion

We have discretionary authority over our client fund mentioned by name in response to Item 4 above. The exercise of discretionary authority, however, is subject to and must be exercised in a manner consistent with, the limited partnership or operating agreement and management or advisory agreement for the fund.

Item 17 –Voting Client Securities

To the extent matters arise that call for the vote or consent of the investors in a portfolio company of the client fund for whom we have discretionary authority; we will exercise the voting rights on behalf of the client fund in question. It is our policy to vote all proxies in a manner that best serves the interests

of the applicable client fund. A copy of our Proxy Policy may be obtained by contacting Teri Mercer at tmerc@mcCarthyCapital.com or (402) 991-8430.

Item 18 – Financial Information

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to our client and we have not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisors

We have no state registrations.