UNC
Partners

Fax Cover Sheet

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DATE:	July2, 1998	TIME:	11:00 AM
TO:	Emil Porter White House Staff	PHONE: FAX:	 202-456-2223
FROM:	Ed Dugger UNC Partners, Inc.	PHONE: FAX:	617-522-2160 617-522-2176
RE:	Trillion Dollar Roundtable		

Number of pages including cover sheet: 33

Message:

Dear Emil:

Enclosed is a proposal for the financial program to be presented at the Trillion Dollar Roundtable that I have recommended to Reverend Jackson. He asked that I send you a copy for your review. A hard copy of this document will be sent to you for overnight deliver.

Please note that the formation of four SBIC subsidiaries is an integral part of the private equity capital proposal. I have not confirmed that this many SBIC's can be owned by one parent partnership and would like your assistance in doing so.

Also please note that the DPIC concept referred to in the memo represents a large gap in terms of a concrete program. We need your help in filling it.

If you have any questions, please do not hesitate to give me a call.

617 522 2161 telephone
617 522 2176 facsimile

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Date June 30, 1998

To Reverend Jesse Jackson

From Edward Dugger III
President, UNC Partners, Inc.

Re **Proposed Action Plan for the Wall Street Project Trillion Dollar Roundtable**

Introduction

As requested, I have prepared a document that could be used at the Trillion Dollar Roundtable to explain to participants the purpose and scope of a private equity capital fund that embraces the vision of the Wall Street Project. This document has taken the form of a **draft** private placement memorandum so that the fund is expressed in terms familiar to institutional investors. However, there are still major gaps in the design of the fund (e.g., who the individual general partners will be) that should be closed to present the strongest case for it, but I have not attempted to fill them without discussing with you how you would like to approach the underlying issues.

Although I have focused exclusively on what shape I believe a private equity capital fund should take, I also continue to believe strongly that more than this type of fund is needed to address the full vision of the Wall Street Project. In my May 31, 1998 memo to you, I outlined a more comprehensive investment program that I have presented again below as a way of demonstrating the **intentions** of the Trillion Dollar Roundtable, even though the other components may not be as fully formed as the private equity capital fund.

One way to approach this issue at the Trillion Dollar Roundtable on July 15th is to present the various components of an investment program in the context of a project that goes beyond Wall Street and incorporates Main Street as well. For example, if the investment program outlined below were presented as "The Next American Century Project," than you could divide the components of the investment program into two groups: those that primarily address capital formation issues and those that primarily address the larger macro issues of rebuilding infrastructure. Given this dichotomy, you could present the investment program described below in the following manner:

The Next American Century Project

	The Wall Street Project	The Main Street Project
Goal	To close the wealth gap by increasing: • Access to capital • Opportunities for entrepreneurs of color • Board membership • Professional opportunities	To repair and strengthen the nation's social fabric by rebuilding: • The economic infrastructure of urban and rural communities • Employment opportunities for the working poor • Educational opportunities for urban and rural children
Investment Vehicle	• Private Equity Capital Program • Secondary Market Program	• National Real Estate Investment Trust (NREIT) Program • Domestic Private Investment Corporation Program (DPIC)

If you are interested in further developing this approach and incorporating it into part of the presentation at the Roundtable, I would welcome the opportunity to assist.

The balance of this memo represents the remainder of my suggestions on how the investment program should be discussed at the Roundtable.

Presentation of the Financial Investment Program

The design of the financial investment program is based on the following assumptions:

- The goal of this initiative is to mobilize $__ billion in capital toward investments that support an inclusive American economic system, thereby strengthening the nation's social fabric and expanding its domestic markets. The focus of this capital will be on:
  - The development and growth of minority controlled businesses.
  - The expansion of employment opportunities among those with lower incomes.
  - The rebuilding of economically sound urban and rural areas.
- A range of investment instruments is both needed to address this goal and necessary to attract a variety of financial institutions.

- The financial vehicles and processes developed should promote collaborative, working relationships between investment managers of color and established, financial institutions in order to build an extensive network of relationships within the mainstream of the American business community.

Call for Action: Presentation of the Overall Program

The financial institutions supporting the Trillion Dollar Round Table would be asked to participate in an investment program designed to develop America's under served markets and under utilized talent. Individually, they would be asked to commit up to 5% of their investment capital over a five-year period (i.e., 1% per year for five years). Collectively, they would be challenged to recruit other financial institutions to do the same with the goal of pooling their financial resources in an amount totaling $50 billion. The investment program offered them would have four major components:

- **Private Equity Capital Program.** An investment vehicle through which investors could expect to earn a competitive venture capital type return while assisting entrepreneurs of color to acquire new businesses and expand existing ones in collaboration with established, mainstream financial institutions and major corporations.

- **Secondary Market Program.** A financial vehicle through which investors could expect to receive a competitive return from credit enhanced AAA securities, as well as CRA Test credit, while providing a secondary market for a wide range of community development loans, including: home mortgages, affordable rental housing, commercial real estate and small business loans.

- **National Real Estate Investment Trust (NREIT) Program.** An investment vehicle through which investors could receive a competitive real estate type return, while rebuilding the economic infrastructure of urban communities by assisting in the assembly and development of under-utilized real estate in collaboration with local and national development teams.

- **Domestic Private Investment Program (DPIC).** The domestic equivalent of the Overseas Private Investment Corporation (OPIC), this investment vehicle would reduce the risk of financial institutions investing in and lending to companies operating in less developed communities, serving under-served markets and/or employing/collaborating with under utilized talent, by providing them with guaranties, loans and equity capital.

The target allocation of capital among these programs over a five-year period would be the following:

Private Equity Capital Program	$__ billion
Secondary Market Program	$__ billion
National Real Estate Investment Trust Program	$__ billion
Domestic Private Investment Program	$__ billion
Total	$__ billion

Capital invested in these programs would be based on commitments that would be taken down over five years in approximate increments of 20% per year. The financial program would have these additional features:

Relationship Among Programs — Each program would be independent of the others, but would be coordinated to have a targeted impact in terms of communities, industries, etc., to reduce risk and to enhance returns.

Coordinating Role — The coordinating role would be assumed by a "Blue Ribbon" advisory board consisting of senior executives from financial institutions participating in the Roundtable, experienced business professionals of color representing a variety of business sectors and a representative from the Wall Street Project. This board would be staffed by full time professionals and funded by an initial "placement fee" from financial intermediaries receiving capital through this initiative as well as an annual management fee. The staff of the advisory board would perform the day-to-day administrative tasks necessary for the board to fulfill its responsibilities, but would contract with the Wall Street Project to provide research, public relations services and outreach. The primary responsibilities of the advisory board would be the coordination of collaboration among financial intermediaries.

Selection of Investment Vehicles — Participating institutions could select among investment vehicles, but all would be required to allocate at least 15% of their commitment to the private equity program until it reached its initial funding goal of $1 billion.

The overall contribution of these programs to the goals of the Round Table is provided in Exhibit A.

Presentation of Phase 1: Formation of a Private Equity Capital Fund

After providing participants with an overview of the comprehensive investment program, the focus would shift to how they could participate in the first phase of the program, the formation of a private equity capital fund. The design of the fund would be presented to them for discussion and would be followed by endorsements of the program by key financial institutions. These endorsements could then be reinforced by announcing the formation of a committee of financial professionals to refine the design of the fund and prepare final documentation and subscription agreements.

I will call you today to schedule a time when you and I can discuss this memo as well as the private placement memorandum that is attached.

Exhibit A

SUMMARY OF FINANCIAL PROGRAM
for the
TRILLION DOLLAR ROUND TABLE

Financial Product	Organizational Form	Investment Security	Type of Return	Targeted Impact
Private Equity Capital Program	Limited partnerships managed by specialized investment management firms.	Limited Partnership Interests	Venture capital yields.	The development, growth and mainstreaming of minority controlled businesses. Focus will be on filling the market gap for businesses seeking equity and subordinated capital from $100,000 to $15 million.
Secondary Market Program	Limited partnerships or corporations managed by specialized investment management firms.	Limited partnership interests, shares of stock or CRA securities enhanced to AAA quality.	Treasury yields or better.	An increase in the availability of community development type loans for home mortgages, affordable rental housing, commercial real estate and small businesses.
National Real Estate Investment Trust (NREIT)	Investment Trust	Trust interests	Real estate investment yields	The rebuilding of the economic infrastructure of selected urban and rural communities.
Domestic Private Investment Program (DPIC)	Corporation or Quasi-government agency	Shares of stock or guaranteed securities.	Long term bond yields or better.	The mobilization of private capital and skills in the economic and social development of less developed urban and rural communities and communities in transition from local market economies to regional economies.

Draft. For Discussion Only. Not for Distribution

The Next American Century Fund, L. P.

A private equity capital partnership

offering $1 billion in limited partnership interests.

Initiated by

The Wall Street Project

and the

Organizing Committee of the

Trillion Dollar Roundtable

2012-0043-S
DETERMINED TO BE AN
ADMINISTRATIVE MARKING
INITIALS: MG DATE: 12-8-11

~~*Confidential*~~

Private Placement Memorandum

July, 1998

This Memorandum is submitted in connection with a private placement of Limited Partnership Interests, and may not be reproduced, in whole or in part, for any other purpose. The Limited Partnership Interests have not been registered in the United States with the Securities and Exchange Commission or with any governmental authority in any other country.

In making an investment decision investors must rely on their own examination of the person or entity creating the securities and the terms of the offering, including the merits and risks involved. The securities offered hereby have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

The securities offered hereby are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933, as amended, and the applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

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The Next American Century Fund, L. P.

Private Placement Memorandum

Why Invest in The Next American Century Fund?

High Returns from Under Served Markets.

The Next American Century Fund is a unique investment vehicle offering the sophisticated investor an opportunity to pursue attractive investments that are inaccessible through the public market, yet have the potential for substantially exceeding the long term average returns of the traditional public equity indices. It will specialize in:

- providing equity capital to under served markets where the potential for rapid capital appreciation is great, while the valuation of investment securities remains favorable;
- collaborating with a range of strategic partners representing a cross-section of the American business community to create new business initiatives that are also high quality investment opportunities; and
- forming partnerships with talented and experienced management professionals whose potential as entrepreneurs is untapped or under-utilized.

Capital invested in The Next American Century Fund will be used primarily to make direct equity investments in privately-held companies comprising the under served and less competitive private equity market of smaller businesses. Many of these investments will be used to expand existing businesses, while others will be used to acquire them. In either case, companies selected for investment will be poised for rapid growth and market leadership. Investments will be structured to create a portfolio that will generate a minimum return on investment to investors of 25% over the life of the fund. Actual returns are expected to be competitive with similar private equity funds.

A portion of invested capital will also be used to make indirect investments in smaller businesses through investments in the following:

- Four subsidiary private equity capital partnerships, each licensed to operate as a Small Business Investment Company (SBIC). As such, these subsidiaries will substantially increase the Fund's access to capital and investment flexibility, thereby allowing it to serve a broader segment of smaller businesses.

- Several affiliated private equity capital funds in which the Fund has up to an 80% ownership interest. These affiliated funds would have a similar focus on smaller businesses as well as comparable return objectives.

High Impact from Targeted Investments

In addition to a competitive return on investment, investors in The Next American Century Fund can also expect that their capital will be invested in a socially responsible manner. In so doing, the Fund will acknowledge the role it can play in not only enhancing the economic fabric of the communities in which its capital is invested, but its social fabric as well. For instance, throughout the investment, portfolio management and divestment process, The Next American Century Fund will use its capital, strategic partnerships and network of management professionals to foster the development of opportunities for business professionals of color to play a leadership role in the formation, operation and ownership of new ventures. It will also promote policies that support the development of inclusive work forces and their participation in the capital appreciation they help to create.

A Unique Collaboration of Business Leaders and Financial Professionals

The Next American Century Fund will bring together a rare coalition of business leaders, financial professionals and private equity capital that is committed to collaborating in the achievement of the Fund's objectives. Although the success of The Next American Century Fund will be the responsibility of its professional investment management team, its leadership will be enhanced substantially through a close working relationship with the Fund's National Board of Advisors and Collaborating Partners. The National Board of Advisors will consist of some of the nation's leading business and financial executives and will be co-chaired by Sanford Weill, CEO of the Travelers Group, and Reverend Jesse Jackson, Sr., founder of the Wall Street Project and Rainbow/PUSH Coalition. It will work closely with the management team to make available its extensive business network in the implement the Fund's investment strategy.

Also working closely with the management team will be a formal network of Collaborating Partners who are committed to fostering the development of business and investment opportunities for the Fund. Represented among these Collaborating Partners will be investment banks; national and regional and community banks; national and local business associations; and major corporations.

The investment management team of The Next American Century Fund also will represent an extensive business network resulting from a unique combination of professional disciplines, investment management skills and business development experience. In addition to these attributes, the management team will bring to The Next American Century Fund an entrepreneurial approach to the investment process. They will not only respond to the investment opportunities brought to them by entrepreneurs through a comprehensive marketing program, but will also work closely with a variety of strategic partners to explore and develop new entrepreneurial opportunities in which professional managers will participate as part of a collaborative team. These Fund-initiated ventures will have the advantage of early partner involvement, enhanced equity participation by the Fund and the extensive support of its collaborating partners.

Executive Summary

The Next American Century Fund is a private equity capital partnership offering $1 billion in limited partnership interests to institutional and individual investors. Initiated by the Wall Street Project and the Organizing Committee of the Trillion Dollar Roundtable, the objective of The Next American Century Fund is twofold. First and foremost, its objective is to provide investors with a return that is competitive with other successful private equity funds of its generation and scale. The second objective of The Next American Century Fund is to consciously pursue inclusive investment policies and opportunities that strengthen America's social fabric, expand its domestic markets and contribute to America's competitiveness in the global economy of the 21st century. A summary of the key features of the partnership is provided below.

The Fund

Investors in The Next American Century Fund ("NACF" or the "Fund") will have the opportunity to participate in returns from direct investments in private companies that have unusual prospects for appreciation in their market value. The Fund will pursue its targeted minimum return to investors of 25% by capitalizing on business opportunities that anticipate near term favorable changes in the business environment that will significantly increase investment values. In general, such changes in the business environment will result from an entrepreneurial approach to management, the consolidation of industry competitors, a shift in cultural norms and/or the application of innovative technology.

Organization and Management

The Next American Century Fund will be organized as a Delaware limited partnership with offices in ________ and _______. Overall management of the Fund will be the responsibility of its General Partner, American Century Partners, L. P. ("ACP, LP"), also a Delaware limited partnership. Managing the day-to-day responsibilities of ACP, L.P. will be its five individual General Partners: ____________, the Managing General Partner; ____________; ____________; ____________; and ____________. These individuals will perform their responsibilities through Next Generation Partners, Inc., an investment management company.

National Board of Advisors and Investment Committee

The National Board of Advisors of NACF will consist of eleven members representing a cross section of the nation's leaders in commerce, finance and economic development. Co-chairing the National Board of Advisors will be Sandford Weil, CEO of the Travelers Group, and Reverend Jesse Jackson, Sr., founder of the Rainbow/PUSH Coalition and the Wall Street Project. The Advisory Board will have responsibility for providing NACF with a national network of business relations that will assist the General Partner identify, develop and capitalize on unique business and investment opportunities.

The Fund will also have an Investment Committee consisting of seven members primarily representing the investors. This committee will have responsibility for overseeing the implementation of the Fund's investment strategy, confirming the valuation of portfolio investments, and resolving conflicts of interest that may arise.

Subsidiaries

The Next American Century Fund will have four subsidiary private equity capital funds that will each be licensed to operate as a Small Business Investment Company (SBIC). The subsidiaries will each be capitalized by NACF at $25 million and individually will raise an additional $90 million either from the sale of preferred stock to the Small Business Administration (SBA), or the issuance of SBA guaranteed debentures. When fully capitalized, each subsidiary will be funded at $115 million and in combination will represent a pool of additional capital totaling $360 million.

Affiliates

The Next American Century Fund will also invest up to $400 million in affiliated private equity capital funds that complement NACF's investment strategy and extend its access to investment opportunities. The investments in affiliated funds may range from $10 million to $200 million and may represent up to 80% of an affiliated fund's capitalization.

Collaborating Partners

NACF will work closely with a formal network of Collaborating Partners to identify, develop and consummate unique business and investment opportunities. This network will include: investment bankers; national and regional banking institutions; community banks; and major corporations. Many of the collaborating partners will also be investors in NACF and all will be strategically selected to enhance the implementation of its investment program.

Allocation of Capital

As indicated above, NACF will pursue an investment policy of portfolio diversification through a combination of direct investments, capital enhancements, and financial intermediaries. The allocation of capital among these elements will be approximately the following:

- Direct investments 50%
- Capital enhancements (SBIC's) 10%
- Affiliated financial intermediaries 40%

Commitments

The minimum investment in the Fund will be $10 million for institutional investors and $1 million for individuals. However, the General Partner reserves the right to accept commitments in lesser amounts. The General Partner will make a commitment of 1% of total committed capital up to $10 million.

Contributions

At the closing investors will be required to pay 10% of their commitment. Thereafter, commitments will be payable in increments of not less than 5% upon 30 days' notice.

Term

The Fund will have a term of 10 years, subject to two one year extensions.

Allocation of Income, Gains and Losses

In general, partnership income, gains and losses will be allocated 80% to all partners in proportion to their capital contributions and 15% to the General Partner and 5% to the The Next American Century Foundation.

Distributions

Distributions will be made at the discretion of the General Partner first to Partners in proportion to their capital contributions until Limited Partners have received their capital contributions plus a return on investment of 7%. Thereafter, the General Partner will receive distributions equal to 20% of cumulative net income. Additional distributions will be made in proportion to the Partners' respective capital accounts.

Management Fee

The Fund will pay a management fee of 1.8% of committed capital to the investment management company, Next Generation Partners, Inc. ("NGP"); and a service fee of 0.2% to the Wall Street Project. The management fee paid to NGP will be offset by 50% of advisory or investment banking fees otherwise payable to NGP, up to the annual amount of the fee.

Fund Objective and Opportunity

Objective: Capital Appreciation

The principal investment objective of The Next American Century Fund is to achieve a return on investment to investors that is superior for the private equity industry through the realization of capital gains. In so doing, The Next American Century Fund expects to exceed its minimum target return of 25% and substantially outperform the Standard & Poor Stock Index for the same investment period.

The fund will achieve its investment objective by pursuing high quality investment opportunities that are generally not available to institutions or individuals through the public market or traditional sources of private placements. Although such investments are likely to be relatively illiquid initially, they will be expected to rapidly appreciate in value over a four to six year period and become liquid as a result of a merger, acquisition or public offering.

Opportunity: Positive Social Impact

Sophisticated investors operating in today's complex financial world realize that their investment capital can achieve more than a simple return on investment. They recognize that investment capital is a powerful stimulus for economic growth and prosperity and is one of the resources used by fledgling businesses and great nations alike to pursue their economic and social objectives. Through the use of intermediaries, such as The Next American Century Fund, investors may indirectly contribute to the growth in this nation's employment, the development of new businesses and the spread of new wealth throughout its population. However, although almost all investment activity has some economic or social impact, most investors do not have the opportunity to assess whether or not their financial intermediaries are contributing to, or eroding, the well-being of the communities in which their capital is invested.

Investors in The Next American Century Fund will have an opportunity to earn a competitive return on their investment while their capital is being invested in a socially responsible manner. Although each investment made will have a particular positive social and economic impact in mind, all investments will contribute to America's smooth transition to an inclusive society, as the nation rapidly becomes one of the world's most diverse industrialized nations. Furthermore, investors will not only be able to assess the Fund's performance on the basis of its financial returns, but also on the societal dividends it helps to generate as well.

Investment Strategy

The Next American Century Fund will achieve its investment objective by pursuing an investment strategy that: 1) avoids competitive bidding; 2) concentrates the Fund's resources on building companies that have unusual prospects for growth and increase in value; and 3) promotes a diverse portfolio of investments. To achieve these requirements, The Next American Century Fund will implement a strategy that has the following components:

- Targeting of under served markets;
- Collaborations with strategic partners to initiate new business opportunities; and
- Investments in other financial intermediaries that complement NACF's investment strategy and extend its access to a broad range of investment opportunities.

Target: Under Served Markets

Under served markets that have been largely ignored by the capital markets due to their smaller size, lack of visibility or fragmented nature, represent a very large source of investment opportunities and a business environment in which the competition for clients is moderate to low. Such an environment, when coupled with high quality client services, lends itself not only to a more selective investment process and an important leadership role, but to less inflated valuations and more favorable pricing of investment securities as well.

The Next American Century Fund will minimize competitive bidding by providing equity capital to markets where the gap between demand and supply is substantial and high quality investment opportunities are increasing. Its primary market will be entrepreneurs pursuing their business ventures through the acquisition or development of small or lower market companies that compete in growth-oriented industries. Usually these companies will be privately-held and controlled by owners seeking liquidity or growth through product expansion, merger or acquisition. Such companies usually have the most difficulty obtaining capital to implement their plans due to their size and the minimum investment levels set by most large financial institutions that are generally targeting middle market companies.

The Next American Century Fund will target as either prospective clients or acquisition candidates privately-held companies generally classified as small or lower market. Furthermore, it will concentrate on companies that have one or more of the following attributes:

- **Owners at a Crossroad.** This category includes owners who: 1) have decided that one or more of multiple businesses is a poor fit with overall corporate strategies; 2) are engaged in succession or estate planning; and/or 3) perceive their growth or divestment options to be limited.

- **Business Environments in Transition.** Included in this category are companies that compete in industries that are experiencing significant change through industry consolidations, revision of government policy or shifts in regional or national demographics.

- **Favorable Regulatory Treatment.** This includes companies that operate in regulatory environments that provide them with a competitive advantage in the purchase of assets, the securing of financing or the selling of products and services.

Collaboration with Strategic Partners

The development of NACF-initiated investment opportunities will be done in close collaboration with a select group of strategic partners representing a cross-section of the American business community. These collaborators will include:

- **Major corporations** that can provide substantial support to a new business venture in the form of joint ventures, divested businesses, purchasing relationships and minority ownership;
- **Industry experts** that can provide insight into trends and opportunities within particular industries and help design strategies for capitalizing on them;

- **Business executives** who have demonstrated success in the management of businesses and have an interest in building entrepreneurial ventures; and
- **Business associations** that can help to coordinate collaborative efforts among their membership. Examples of such business associations would include the various state Business Roundtables and local chambers of commerce.

This hand-picked group will collaborate with the General Partners of the Fund to: 1) identify the business opportunities within targeted industries in general and specific markets in particular; 2) develop a strategy for entering and competing within these markets; and 3) design an implementation plan for rapidly establishing a strong market position. The common goal of this process will be to create new companies, primarily through the acquisition and integration of existing businesses that can establish themselves as attractive, highly valued companies operating within the mainstream of the American business community.

Further collaboration will occur in the recruitment and selection of management talent as well as board members and advisors. In many cases, those professionals selected by the General Partner as collaborators will become the CEO's of the newly formed companies that result from this process.

One key benefit of this entrepreneurial approach to generating deal flow is that the investment opportunities generated will be proprietary in nature and will help to minimize competitive bidding for attractive deals. They will also represent a good fit with the Fund's investment strategy and return expectations from inception.

Portfolio Diversification

Key to the investment strategy of The Next American Century Fund will be a portfolio that is diverse in terms of geographical location, business stage and use of leverage. In addition to pursuing this type of diversification through a portfolio of direct investments, the Fund will also accomplish this objective through the use of financial intermediaries that will both enhance its access to low cost capital and to a broader range of investment opportunities. Specifically, NACF will allocate its investment capital in approximately the following manner:

• Direct Investments	50%
• Capital Enhancements	10%
• Affiliated Financial Intermediaries	40%

Direct Investments. The Next American Century Fund will focus its direct investments on expansion financing for existing businesses and acquisition financing for both existing and new businesses. In general, these investments will be made in companies that have the opportunity to establish substantial competitive positions within their respective market or industry segments and strong prospects for near term profitability and growth. The size of the investments will vary, but will range from $5 million to $25 million.

Capital Enhancements. The Fund will further diversify its portfolio by obtaining lower cost capital that will substantially increase its pool of capital and allow the Fund to pursue a broader range of investment opportunities. It will accomplish this by establishing four (4) subsidiaries as private equity partnerships that are each a licensed Small Business Investment Company (SBIC). The Fund will initially capitalize each subsidiary at $25 million and they will individually raise an additional $90 million, either from the sale of 4% cumulative preferred stock to the Small Business Administration (SBA), or the issuance of debentures guaranteed by the SBA. When fully capitalized each subsidiary will be funded at $115 million and in combination will represent an additional pool of capital totaling $360 million.

Strategically located in different geographic areas, the subsidiaries will complement the Fund's direct investments by targeting smaller companies that have opportunities to establish strong competitive positions in local and regional markets as well as unusual prospects for rapid growth in their scale of operation and market value. In general, investments will range in size from $500,000 to $5 million.

Affiliated Financial Intermediaries. Further diversification will be achieved by investing up to $400 million in private equity capital partnerships that are affiliates of the Fund. An affiliated partnership will have a formal agreement with the Fund specifying its commitment to pursuing investments of mutual interest and its co-investment relationship. Investments in affiliated funds may range from $10 million to $200 million and may represent up to 80% of a fund's capitalization.

Management of the Fund

The management of The Next American Century Fund will be the responsibility of Next Generation Partners, Inc., a private equity investment management company, under the direction of the Fund's General Partner, American Century Partners, L.P. The day-to-day operations of the general partner will be the responsibility of its individual general partners, a group of seasoned investment and portfolio management professionals.

Qualifications

(To be completed)

Individual Profiles

(To be completed)

Working Relationship

(To be completed)

Investment Record

Background

(To be completed)

Summary of the Offering

The Offering and Subscription Procedures

Entity. The offering is being made by The Next American Century Fund, a Delaware limited partnership (the "Partnership" or the "Fund"), with its principal office in __________. The General Partner of the Fund is American Century Partners, L.P., a Delaware limited partnership (the "General Partner" or "ACP"). The day-to-day management of the Fund will be the responsibility of the individual general partners of ACP.

Size. The Partnership expects to raise an aggregate of $1 billion through the sale of Limited Partnership Interests (the "Interests") to selected institutional and individual investors. If the Partnership receives binding commitments of $500 million, the General Partner may elect to hold an initial closing and to continue the offering for a period of up to six months following the initial closing.

Commitments. The minimum investment in the Partnership will be $10 million for institutional investors, and $1 million for individuals, except that the General Partner reserves the right to accept commitments in lesser amounts. The General Partner will make a capital commitment to the Partnership of 1% of the Partnership's total committed capital (up to a maximum commitment of $10 million), payable at the same proportions as the Investors' capital contributions.

Closing and Capital Contributions. Each Investor will be required to execute the Limited Partnership Agreement (or an amendment thereto) upon its admission as a Limited Partner of the Partnership. At the closing, each Investor will be required to pay 10% of its capital commitment. To ensure that capital will be available for investment when opportunities arise, the remainder of each Investor's capital commitment will be payable in whole or in part from time to time upon 30 days' notice from the General Partner. It is anticipated that the final installment of contributions to the Partnership will be called prior to the fifth anniversary date of the initial closing. Failure to pay any committed funds when due will result in a forfeiture to the Partnership of 50% of the Investor's total capital commitment and a corresponding reduction in that Investor's capital account.