

MORGAN DEMPSEY CAPITAL MANAGEMENT, LLC

FIRM INFORMATION & FAQs

Investment Management Firm Name	Morgan Dempsey Capital Management, LLC		
Website Address	http://www.morgandempsey.com		
Address	309 N. Water Street		
City	Milwaukee	State	WI
Zip Code	53202	Country	U.S.A.
Telephone	414-319-1080	Facsimile	414-319-1087
Date Founded	12/19/1994		
Legal Structure	LLC		
Ownership Structure	100 % Owned by Employees		

GIPS COMPLIANCE

<input checked="" type="checkbox"/> GIPS Compliant	<input type="checkbox"/> Level I Verified	<input type="checkbox"/> Level II Verified	Verified By:
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REGULATORY INFORMATION

SEC Registered Investment Advisor	Yes
SEC #: 801-48064	CRD #: 106288
Are any SEC Investigations pending against the firm?	No

Have any Legal Judgments been passed against the firm?	No
Does the firm have Fiduciary Liability Insurance?	Yes
Does the firm have Errors and Omissions Insurance?	Will purchase upon request
Is the firm Bonded?	Will purchase upon request

Within the last five years has the firm, any predecessor of the firm, or a member of the firm been the subject of any stop order, consent decree censure, reprimand or any other disciplinary action by the SEC, NASD, NYSE, ASE, or any other state or federal regulatory agency? No

For a copy of the firms ADV part I or II, please contact Maury McCoy at Maury@McCoy-Associates.com or (512) 775-0944

ORGANIZATION

Please describe your firm and its history, including the year founded and ownership/structure. If your organization is an affiliate or subsidiary of another firm, describe the relationship.

Morgan Dempsey Capital Management, LLC is a successor company of National Investment Services of America, Inc. (NISA), a Milwaukee investment management firm founded in 1975. Morgan Dempsey was established by the shareholders of NISA in 1994.

The firm is 100% owned by employees and does not have affiliations with any brokerage firm or holding company.

Describe the compensation and incentive program for executives (senior management). How are executives evaluated and rewarded? What incentives are provided to attract and retain superior individuals?

The firms principals are compensated with a base salary and bonuses based upon the profitability of the firm.

Discuss your long-term goals. Where do you expect your firm to be in terms of assets under management, number of accounts, mix of business (institutional vs. individual), and professional staffing in one year? In three years? In five years?

The firms focus is to maintain the integrity of our investment process in order to maximize our clients'

returns.

Our goal is that in one year we will have added \$50 million to the Small/Micro-Cap Value strategy, added 1 staff member and have a 90/10% mix, institutional/individual. In three years we expect to be at \$300 million in assets under management in the Small/Micro-Cap Value strategy, added 2 staff members and have a 95/5% mix, institutional/individual. In five years, our goal is to continue growing our firm and strategy such that client performance is maximized. Our ultimate goal is to help our clients meet their goals.

What steps are you taking to ensure that your operations, administration and compliance capabilities are state-of-the-art and will adapt to growth of assets/investment products?

The firm currently has the infrastructure in place to manage each of our investment strategies at full capacity. We keep current on technology that could help us better serve our clients or increase the amount of time we can spend on research and portfolio management. Our entire server system was recently updated in 2010.

Describe the business and management philosophy of the firm.

We want to grow our firm cautiously with our focus on portfolio management and client service.

How are resources allocated to different areas in the organization (research, portfolio management, client service, marketing, information systems, trading, etc.)? Who makes the decision and on what basis?

Decisions are made by the Partners who have weekly investment oversight meetings as well as weekly business meetings. Resources are allocated based on how we can best serve our clients.

Marketing for the firm is handled by the third-party marketing firm of McCoy Associates. McCoy Associates is an independent marketing consultant representing Morgan Dempsey Capital Management, LLC. Clients are not charged a higher fee as a result of McCoy Associates' marketing efforts.

Have you been audited by the SEC? What was discovered?

Yes, our last SEC audit was October 2007. There were no significant concerns by the SEC. This does not imply the SEC has endorsed, approves or guarantees MDCM.

Has your firm been involved in any litigation?

No

Do you have or are you affiliated with a broker/dealer, investment bank, insurance company, or

other lines of business that are not asset management related, but could present conflicts?

We do not have any affiliations with any other lines of business that could present conflicts.

Do you have a plan/arrangements in place for an alternative work site should your facilities become inoperative because of fire, earthquake, etc.? Describe your emergency and disaster recovery plans.

We have written disaster recovery plans including an alternative work site. We perform regular backups with the data stored offsite. All portfolios are separate accounts with 3rd party custodians who also maintain redundant systems.

How do you measure and monitor client service and customer satisfaction?

We provide statements to clients on at least a quarterly basis. We encourage an environment where each client feels comfortable talking with any member of our firm at any time. Our preference is for frequent, open communication with our clients.

How does management monitor the quality and performance of the firm's products?

We believe we are applying fundamental investment principles to our client portfolios that, over time, should produce satisfactory results. Judgment of our investment acumen is appropriate on a rolling 3-5 year basis rather than a monthly or even quarterly basis.