

Plainfield Asset Management LLC  
Part 2A of Form ADV  
Brochure (Multiple Strategy Funds)

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Plainfield Asset Management LLC (“Plainfield” or the “Company”; “We” refers to Plainfield Asset Management LLC) relating to the Multiple Strategy Funds, as defined in this Brochure. If you have any questions about the contents of this Brochure, please contact us at 203-302-1700. 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.

Additional information about Plainfield is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes**

Material changes since the posting of our last Brochure are the full redemption or dissolution of the following ten funds disclosed on March 31, 2011:

1. Plainfield Special Situations Onshore Feeder Fund LP, a Delaware limited partnership;
2. Plainfield Special Situations Offshore Feeder Fund Limited, a Cayman Islands exempted company;
3. Plainfield Special Situations Institutional Offshore Feeder Fund Limited, a Cayman Islands exempted company;
4. Plainfield Liquid Strategies Master Fund Limited, a Cayman Islands exempted company;
5. Plainfield Liquid Strategies Offshore Feeder Fund Limited, a Cayman Islands exempted company;
6. Plainfield OC Master Fund Limited, a Cayman Islands exempted company;
7. Plainfield OC Offshore Master Fund Limited, a Cayman Islands exempted company;
8. Plainfield Special Situations Master Fund II Limited, a Cayman Islands exempted company;
9. Plainfield Special Situations Offshore Feeder Fund II Limited, a Cayman Islands exempted company; and
10. Plainfield Special Situations Onshore Feeder Fund II LP, a Delaware limited partnership.

In addition, the Brochure contains updated disclosure regarding the proposed winding down of the existing funds managed by Plainfield Asset Management LLC and the status of Plainfield Asset Management LLC's advisory business.

## Table of Contents

Material Changes .....	2
Table of Contents .....	3
Advisory Business .....	3
Fees and Compensation .....	4
Performance Based Fees and Side-by-Side Management .....	5
Types of Clients.....	6
Methods of Analysis, Investment Strategies and Risk of Loss .....	6
RISK FACTORS .....	9
Disciplinary Information .....	28
Other Financial Industry Activities and Affiliations .....	28
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	28
Brokerage Practices .....	29
Review of Accounts .....	30
Client Referrals and Other Compensation.....	31
Custody.....	31
Investment Discretion.....	31
Voting Client Securities .....	31
Financial Information .....	31

## Advisory Business

Plainfield Asset Management LLC, a Delaware limited liability company organized in February 2005 and primarily owned by Max Holmes, provides investment advisory services to the following private funds:

1. Plainfield Special Situations Master Fund Limited, a Cayman Islands exempted company (“PSSMF”);
2. Plainfield 2008 Liquidating LLC, a Delaware limited liability company;
3. Plainfield 2008 Liquidating Limited, a Cayman Islands exempted company (entities 2-3, collectively, the “2008 Liquidating Entities”);
4. Plainfield 2009 Liquidating LLC, a Delaware limited liability company; and
5. Plainfield 2009 Liquidating Limited, a Cayman Islands exempted company (entities 4-5, collectively, the “2009 Liquidating Entities”) (entities 2-5, collectively, the “2008/2009 Liquidating Entities”).

We refer to the funds listed in 1-5 above, collectively, as the “Multiple Strategy Funds”, the “Funds” or the “Clients” and individually as a “Fund”. When we refer in this Brochure to “applicable Funds”, we mean the Funds have invested in the strategy or line of business or that are subject to the risks being discussed.

The information in this Brochure relates only to the Multiple Strategy Funds except where we state that it does not. When managing the Funds’ assets, we generally have complete discretion

and authority to manage and direct the investments. We manage the assets of each Fund in accordance with the terms of the governing documents applicable to such Fund.

Plainfield Asset Management LLC proposes to cease engaging in the advisory business after wind-down of the Funds.

**WE ARE NOT SEEKING OR ACCEPTING ADDITIONAL SUBSCRIPTIONS FROM INVESTORS FOR ANY OF THE FUNDS AT THIS TIME. WE HAVE FULLY REDEEMED INVESTORS FROM SEVERAL FUNDS OVER THE COURSE OF THE PAST YEAR. THE PSSMF FUND AND THE 2008/2009 LIQUIDATING ENTITIES ARE MULTIPLE STRATEGY FUNDS THAT ARE IN ORDERLY WIND-DOWN. CERTAIN FUNDS MAY, HOWEVER, MAKE FOLLOW-ON INVESTMENTS IN CERTAIN LIMITED CIRCUMSTANCES.**

The 2008 Liquidating Entities hold Sub-Class L of the PSSMF Funds. Sub-Class L, which was created for redeeming PSSMF Fund investors as of December 31, 2008, was allocated a pro-rata share of PSSMF's overall portfolio of assets and liabilities as of such date.

The 2009 Liquidating Entities hold Sub-Classes R and S of the PSSMF Funds. Sub-Classes R and S, which were created for redeeming PSSMF Fund investors as of May 31, 2009, were allocated pro-rata shares of PSSMF's overall portfolio of assets and liabilities as of such date.

As of March 31, 2012, Assets Under Management were approximately \$95 million.

## **Fees and Compensation**

### Summary of Fees and Other Terms

#### Management Fees for the Funds

- Payable quarterly in advance.
- Annual rates ranging from 1%-1.25%.

#### Incentive Allocation or Incentive Fees for the Funds

- Annual rates ranging from 10%-20%
- Incentive Allocation/Incentive Fees are not anticipated to be earned at this time.

Generally, the Management Fee and Incentive Allocation or Incentive Fee, as applicable, are not negotiable; however, we have required and reserve the right, in our sole discretion, to use a different fee schedule with regard to investors that are employees or affiliates of Plainfield, relatives of such persons, and for certain strategic investors. Fees are charged to each investor's capital account. The details of the applicable fee structures are found in the Funds' respective offering memoranda.

We render services to the Funds at our own expense, including the following overhead expenses: office rent; utilities; furniture and fixtures; stationery; secretarial and internal administrative

services; salaries and bonuses; employee entertainment expenses; employee insurance and payroll taxes; and research and consulting–related travel fees and expenses. All other expenses are paid by the respective Funds and include without limitation: legal, compliance, audit and accounting expenses; organizational expenses; investment and trading expenses such as commissions, information and news services, research and consulting fees and expenses (including research and consulting-related travel); interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; administrator and fees and expenses; directors' fees and expenses; and any other expenses reasonably related to the purchase, sale or transmittal of Fund assets.

**As noted above, the PSSMF Fund and the 2008/2009 Liquidating Entities are multiple strategy funds that are in orderly wind-down. Due to significant loss carry-forwards the Company does not anticipate earning any further performance fees.**

## **Performance Based Fees and Side-by-Side Management**

As mentioned above, we charge performance based fees to the Funds. The fact that we may be compensated based on performance-based fees may create an incentive for us to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the performance based fee received is based primarily on realized and unrealized gains and losses. As a result, the performance based fee earned could be based on unrealized gains that Clients may never realize.

Some of the Funds' investment strategies overlap with one another and the Funds may therefore share some investments. In addition, the Funds may have investment objectives or may implement investment strategies similar to or different from one another.

It is our policy that no Client for whom we have investment discretion shall receive preferential treatment over any other Client. Under no circumstances will investment allocations be determined based upon the likelihood of our earning an incentive allocation or receiving some other benefit.

## **Allocations Among Funds**

**As noted above, the PSSMF Fund and the 2008/2009 Liquidating Entities are multiple strategy funds that are in orderly wind-down. Certain Funds may, however, make follow-on investments in certain limited circumstances. Accordingly, the allocation procedures described below have limited application to the Funds' current activities.**

We make allocations among the Funds pursuant to procedures intended to be fair and equitable to all Clients over time, provided that such allocations would not result in improperly disadvantaging one Client of Plainfield as compared to another ("Fund Allocation Procedures"). Such procedures include the use of allocation procedures based upon, in most cases, the investment strategies pursued by each Client, fund or account limitations, funds available for purchase, or assets available for sale.

We allocate investment activities among the Funds taking into account, among other things, the following factors:

- the investment objectives, risk tolerances, preferences, and constraints of Clients;
- the appropriateness of making a particular allocation to a Client in light of those investment objectives, risk tolerances, preferences, and constraints;
- timing of cash flows and the amount of cash/buying power available to invest for a Client;
- Client Net Asset Values;
- the current or anticipated liquidity needs of a Client, as communicated to us;
- size of available position, as well as future actions that may be taken relating to such position including cash commitments and hedges;
- size of round lots in a particular market;
- previous investment allocation decisions;
- tax and legal status of the Client;
- current market conditions;
- supply or demand for an investment at a given price level;
- characteristics of an investment;
- the best interests of each Client; and
- any other information determined to be relevant to the fair allocation of investment activities.

Depending on the particular facts and circumstances in existence at the time the allocations are made, the allocation decisions may not result in a pro rata allocation among all Clients or all Clients with similar investment objectives and constraints.

## **Types of Clients**

We provide investment advisory services to the Funds.

We are not seeking or accepting additional subscriptions for any of the Funds at this time. We had set a minimum investment of \$1,000,000 in a Fund, but reserved the right to require a different amount.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

We employ fundamental analysis of individual event-driven special situations, including credit analysis and equity valuation analysis. In addition, general economic and political conditions relevant to each investment are analyzed. Our investment staff utilizes a variety of information as part of the investment decision making process, including but not limited to: financial publications, corporate rating services, company press releases, annual reports and filings with the SEC, sell-side and investment banking contacts, corporate contacts and original legal analysis and research.

Investment strategies may at any time include levered or unlevered long or short positions, swaps (including credit default swaps and total rate of return swaps), options (purchased or written), futures contracts, commodities, forward contracts and other derivative instruments. Investments

may be made by PSSMF in six lines of business including Priority Debt, Capital Structure Arbitrage, Special Situations and Classical Distressed Investing, Rescue Finance, Direct Lending and Investing, and Specialty Finance. With respect to PSSMF, investments in such lines of business are made in accordance with the applicable offering memorandum for the Fund and participation in particular lines of business may be limited thereby.

These are the six lines of business:

- (1) Priority Debt (PSSMF). The Fund seeks to purchase the senior secured bank debt and secured or first priority corporate bonds of industrial and other operating companies in bankruptcy or in other distress in the United States and abroad. The Fund, as part of a lender group or individually, seeks to be repaid in full. Typical holding periods for these types of investments range from 6 months to 2 years. Gains will typically be a combination of interest income and capital gains.
- (2) Capital Structure Arbitrage (PSSMF). The Fund seeks opportunities to purchase one security of an issuer and sell short a different security of the same or a related issuer. These issuers are likely to be in financial distress or face significant uncertainty regarding their future prospects. Typical holding periods for these types of investments range from 1 month to 2 years. Gains will typically be a combination of interest and dividend income and capital gains on one leg of the trade, offset by interest or dividend expense or capital losses on the other leg of the trade.
- (3) Special Situations and Classical Distressed Investing (PSSMF). The Fund seeks undervalued equity opportunities of companies in bankruptcy or undergoing some other type of restructuring in the United States or abroad. This activity usually involves investing in unsecured debt or more junior securities such as subordinated debt, convertible debt, convertible or preferred stock, or common stock, in each case at significant discounts to what we believe is its ultimate intrinsic value. The issuers of these securities are likely to be defaulting on their obligations, entering bankruptcy, in bankruptcy, emerging from bankruptcy, restructuring, reorganizing, liquidating, merging, being taken over, the subject of a proxy contest, selling assets, spinning off subsidiaries, or otherwise subject to change. We are prepared to be an activist with regard to these investments in order to maximize value for the Fund, including communicating directly with the officers or advisors of the issuer, joining a creditors committee or shareholders committee, or joining or initiating legal action to protect the rights of the Fund. The Fund may seek a significant or majority equity stake in a company, and may on occasion purchase complete ownership in a company or business. The Fund also seeks to sell short the securities of certain issuers that may be overvalued, particularly issuers that we believe are likely to enter bankruptcy or otherwise be restructured. Typical holding periods for these types of investments range from 6 months to 3 years. Gains will typically be capital gains.
- (4) Rescue Finance (PSSMF). The Fund, in conjunction with commercial banks, investment banks, other hedge funds, and other investors, make newly issued loans to, or purchase securities issued by, industrial and other operating companies in the United States and abroad to refinance their debt (thereby avoiding bankruptcy), to fund their

operations while in bankruptcy or upon emergence from bankruptcy (thereby allowing them to reorganize successfully through bankruptcy), or to fund operations of companies with limited access to traditional financing sources. Typical holding periods for these types of investments range from 6 months to 2 years. Gains will typically be a combination of interest income and capital gains.

- (5) Direct Lending and Investing (PSSMF). As discussed in further detail below, the Fund is involved in the making of direct loans to and investments in public and private middle-market companies, primarily in North America (the United States and Canada) but also elsewhere in the world, which are not properly served by the commercial banking system. Investments include first lien bank debt, second lien loans, mezzanine debt with warrants, and direct equity investments or co-investments. Typical holding periods for these types of investments range from 1 year to 3 years. Gains will typically be a combination of interest income, capital gains, fees and prepayment penalties.

The Fund may purchase assignments of loans and investments originated by and subsequently syndicated by others, such as commercial banks, investment banks, finance companies, business development companies, other hedge funds, and other investors. The Fund also purchases participations in such loans and investments. These assignments and participations may be in newly negotiated transactions or in the secondary market. In those cases, the participations generally will be purchased directly by the Fund or a corporation wholly-owned by such Fund, and the Fund will own a proportionate beneficial interest in the loans and investments.

- (6) Specialty Finance (PSSMF). The Fund seeks to invest in the following categories of investments: Consumer Finance, Entertainment Finance, Equipment Finance, Insurance Finance, Lease Finance, Legal Finance, Mortgage Finance, Asset-Backed Finance, Real Estate, Royalties, SBA/Government Backed Loans, Tax Liens, and Trade Claims.

In addition, the Fund expects to hold corporate, municipal and government securities that are liquid and either can be readily sold into the market to raise cash or have near-term maturities that will naturally convert to cash.

We seek to earn our return on a market neutral basis defined as hedged to systemic movements in (i) interest rates, (ii) currencies, (iii) general levels of equity markets, and (iv) general levels of high yield and investment grade corporate bond spreads. In order to employ a market neutral strategy, leverage is employed in addition to a significant level of equity shorts, corporate bond shorts, credit default swaps and index swaps.

We may hedge against fluctuations in (i) interest rates, (ii) currencies (where applicable), (iii) general levels of equity markets, and (iv) general levels of high yield and investment grade corporate bond spreads. We invest in a variety of derivative instruments and utilize a number of strategies for hedging and other strategic investment purposes.

All investing involves a risk of loss and the investment strategy offered by us could lose money over short or even long periods. An investment in the Fund carries with it the inherent risks



associated with investments in global securities (both equities and debt), as well as additional risks including, but not limited to, the use of short sales, leverage and investments in bankrupt or distressed companies and in thinly traded or illiquid securities.

As mentioned above, we are not seeking or accepting additional subscriptions from investors for any of the Funds at this time. In addition, the PSSMF Funds and the 2008/2009 Liquidating Entities are multiple strategy funds which are in orderly wind-down.

The Funds are not making new investments, although in anticipation of selling or otherwise liquidating existing investments, from time to time they may make additional or follow-on investments in a borrower or issuer in certain circumstances including if necessary to preserve the value of such investments.

Performance could be hurt by a number of different risks including but not limited to the following risks:

## **RISK FACTORS**

The Funds may be deemed to be highly speculative investments and we do not intend them as a complete investment program. We designed them only for sophisticated persons who are able to bear the economic risk of the loss of their investment in the Funds and who have a limited need for liquidity in their investment.

Risks of investing in the Funds include:

### **Nature of Investments**

We have broad discretion in making investments for the Funds. Investments will generally consist of debt and equity securities and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that we will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on a Fund's investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of a Fund's activities and the value of its investments. No guarantee or representation is made that a Fund's investment objective will be achieved.

### **High Risk Investments/Distressed Securities**

The applicable Funds may invest in "distressed securities" -- debt and equity securities, private claims and obligations of U.S. and non-U.S. entities that are experiencing significant financial or business difficulties. Investments in distressed securities involve a substantial degree of risk. The applicable Funds may lose a substantial portion or all of their investments in a distressed investment or may be required to accept cash or securities with a value less than such Funds' investments. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such entities. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such instruments may be greater than in other markets. In owning

distressed securities, litigation sometimes arises. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

### **Special Situations**

The applicable Funds may invest in companies involved in (or the target of) acquisition attempts or tender offers and in companies involved in or undergoing work-outs, liquidations, spin-offs, proxy contests, reorganizations, bankruptcies or other fundamental changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or new securities the value of which will be less than the purchase price to the applicable Funds of the securities or other financial instruments in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the applicable Funds may be required to sell their investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the applicable Funds may invest, there is a potential risk of loss by the applicable Funds of their entire investments in such companies. In connection with such transactions (or otherwise), the applicable Funds may purchase securities on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring. The purchase price or interest rate receivable with respect to a when-issued security can be fixed when the applicable Funds enter into the commitment. Such securities are subject to changes in market value subsequent to the date of the commitment to purchase.

### **Investment in Reorganizations and Restructurings**

The applicable Funds may make investments in restructurings that involve companies that are experiencing or are expected to experience severe financial difficulties. These severe financial difficulties may never be overcome and may cause such companies to become subject to bankruptcy proceedings. In such situations, the applicable Funds' investment is subject to the risk that a bankruptcy filing may adversely and permanently impact the value of a company and that high administrative costs may impair the value of the company. In addition, such investments could subject the applicable Funds to certain additional potential liabilities that may exceed the value of their original investment therein. For instance, under certain circumstances, payments to the applicable Funds and distributions by such Funds to their investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in distressed companies and restructurings may be adversely affected by statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the court's discretionary power to disallow, subordinate or disenfranchise particular claims.

Having an investment substantial enough to constitute a "blocking position" in a security that is subject to a plan of reorganization or a restructuring entails significant risks if our evaluation of the anticipated outcome of the investment situation should prove incorrect. In addition, an investment in a company involved in a reorganization proceeding or restructuring entails significant risks if our evaluation of the anticipated outcome of the investment situation should prove incorrect. Furthermore, an investment in a company involved in a reorganization

proceeding or restructuring may be adversely impacted if our evaluation of the timing of such outcome should prove incorrect.

Some of the investments the applicable Funds may require active monitoring and representation on an official and/or unofficial creditors or equity holders committee for a company involved in a reorganization proceeding or restructuring. Accordingly, the applicable Funds may seek representation on such committees from time to time if we, in our discretion, determine that such representation is necessary or advisable to protect or further the applicable Funds' interests. Serving on an official or unofficial committee increases the possibility that the applicable Funds will be deemed an "insider" or a "fiduciary" of the company it has so assisted and may restrict the applicable Funds' trading of its investments in such company. Should such assistance be provided before a company enters bankruptcy proceedings, the U.S. Bankruptcy Court, under certain conditions such as a finding of fraud or inequitable conduct, may invoke the doctrine of "equitable subordination" with respect to any claim or equity interest held by the applicable Funds in such company and subordinate any such claim or equity interest in whole or in part to other claims or equity interests in such company. Claims of equitable subordination may also arise outside of the context of the applicable Funds' committee activities. In addition, if representation on a creditors' committee of a company causes the applicable Funds to be deemed affiliates of the company, the securities of such company held by the applicable Funds may become restricted securities, which are not freely tradable. As the applicable Funds will indemnify any person serving on a committee on its behalf for claims arising from the breaches of those obligations, indemnification payments could adversely affect the return on the applicable Funds' investment in a portfolio company.

### **Activist Strategy**

As the applicable Funds' investment strategies may involve in some cases aggressive creditor or shareholder activism that will attempt to influence the destinies of target companies, there exists the risk that the intended strategy for a particular company will be unsuccessful. Further, when securities are purchased in anticipation of influencing the future direction of a company, a substantial period of time may elapse between the applicable Funds' purchase of the securities and the anticipated results. During this period, a portion of the applicable Funds' capital would be committed to the securities purchased, and the applicable Funds typically might finance some portion of such purchases with borrowed funds on which they must pay interest. Additionally, if the anticipated results do not in fact occur, the applicable Funds may be required to sell their investments at a loss. Moreover, there may be instances where the applicable Funds will be restricted in transacting in or redeeming a particular investment as a result of their activist investment strategy. Because there is substantial uncertainty concerning the outcome of transactions involving the target companies in which the applicable Funds may invest, there exists a potential risk of loss by the applicable Funds of their entire investment in such companies.

Moreover, as a result of the applicable Funds' investment strategy and the possibility that the applicable Funds may participate in restructuring or similar activities, it is possible that the applicable Funds may become involved in litigation (as either plaintiff or defendant). Litigation entails legal and other expenses which will be borne by the applicable Funds. Litigation also entails the possibility of counterclaims against the applicable Funds and ultimately judgments may be rendered against the applicable Funds for which the applicable Funds may not carry insurance.

## **Arbitrage Transaction Risks**

Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. Examples of arbitrage strategies include event-driven arbitrage, merger arbitrage, capital structure arbitrage, risk arbitrage, convertible arbitrage, fixed income or interest rate arbitrage, debt spread arbitrage and index arbitrage. Plainfield may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the applicable Fund is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads," which can also be identified, reduced or eliminated by other market participants.

## **Control Positions**

To the extent that the applicable Funds own a controlling stake in or is deemed an affiliate of a particular company, they may be subject to certain additional securities laws restrictions that could affect both the liquidity of the applicable Funds' interest and the applicable Funds' ability to liquidate their interest without adversely impacting the stock price, including insider trading restrictions, the affiliate sale restrictions of Rule 144 of the U.S. Securities Act of 1933, as amended, and the disclosure requirements of Sections 13 and 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, to the extent that affiliates of the Fund or Plainfield are subject to such restrictions, the applicable Funds, by virtue of their affiliation with such entities, may be similarly restricted, regardless of whether the applicable Funds stand to benefit from such affiliate's stock ownership.

If the applicable Funds, alone or as part of a group acting together for certain purposes, becomes the beneficial owner of more than 10% of certain classes of securities of a U.S. public company or places a director on the board of directors of such a company, the applicable Funds may be subject to certain additional reporting requirements and to liability for short-swing profits under Section 16 of the Exchange Act. Furthermore, the applicable Funds may also be subject to similar reporting requirements in non-U.S. jurisdictions where they hold significant positions in the securities of public companies in such jurisdictions.

## **High-Yield Securities and Other Instruments**

The applicable Funds may invest in "high-yield" bonds and preferred securities and other instruments that are not investment grade, including loans. Investments in the lower rating categories are subject to greater risk of loss as to timely repayment of principal and timely payment of interest or dividends than higher-rated securities. They are also generally considered to be subject to greater risk than investments with higher ratings in the case of deterioration of general economic conditions. The yields and prices of lower-rated instruments may tend to fluctuate more than those for higher-rated ones.

In addition, adverse publicity and investor perceptions about lower-rated instruments, whether or not based on fundamental analysis, may be a contributing factor in a decrease in their value and liquidity.

High-yield instruments that are rated BB+ or lower by S&P or Ba1 or lower by Moody's are often referred to in the financial press as "junk bonds" and may include instruments of issuers in default. "Junk bonds" are considered by the ratings agencies to be predominantly speculative and may

involve major risk exposures such as: (i) vulnerability to economic downturns and changes in interest rates; (ii) sensitivity to adverse economic changes and corporate developments; (iii) redemption or call provisions that may be exercised at inopportune times; and (iv) difficulty in accurately valuing or disposing of such instruments.

### **Small to Medium Capitalization Companies**

The applicable Funds may invest a portion of their assets in the stocks of companies with small-to medium-sized market capitalizations. While we believe these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than in those of larger capitalization stocks.

### **Asset-Backed Securities**

A portion of the applicable Funds' investments will be in asset backed securities ("ABS"). The structure of ABS, and the terms of the investors' interest in the underlying collateral, can vary widely depending on the type of collateral, the desires of investors and the use of credit enhancements. Individual transactions can differ markedly in both structure and execution. Important determinants of the risk associated with issuing or holding ABS include (i) the relative seniority or subordination of the class of ABS held by an investor, (ii) the relative allocation of principal and interest payments in the priorities by which such payments are made under the governing documents, (iii) the effect of credit losses on both the issuing vehicle and investors' returns, (iv) whether the underlying collateral represents a fixed set of specific assets or accounts, (v) whether the underlying collateral assets are revolving or closed-end, (vi) the terms (including maturity of the ABS) under which any remaining balance in the accounts may revert to the issuing vehicle and (vii) the extent to which the entity that sold the underlying collateral to the issuing vehicle is obligated to provide support to the issuing vehicle or to investors. With respect to some types of ABS, the foregoing risks are more closely correlated with similar risks on corporate bonds of similar terms and maturities than with the performance of a pool of similar assets.

In addition, certain ABS (particularly subordinated ABS) provide that the non-payment of interest thereon in cash will not constitute an event of default in certain circumstances, and the holders of such ABS will not have available to them any associated default remedies. Interest not paid in cash will generally be capitalized and added to the outstanding principal balance of the related security. Deferral of interest through such capitalization will reduce the yield on such ABS.

Holders of ABS bear various risks, including credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks and legal risks. Credit risk arises from (i) losses due to defaults by obligors under the underlying collateral and (ii) the issuing vehicle's or servicer's failure to perform their respective obligations under the transaction documents governing the ABS. These two risks may be related, as, for example, in the case of a servicer that does not provide adequate credit-review scrutiny to the underlying collateral, leading to a higher incidence of defaults.

Market risk arises from the cash flow characteristics of the ABS, which for most ABS tend to be predictable. The greatest variability in cash flows comes from credit performance, including the

presence of wind-down or acceleration features designed to protect the investor in the event that credit losses in the portfolio rise well above expected levels.

Interest rate risk arises for the issuer from (i) the pricing terms on the underlying collateral, (ii) the terms of the interest rate paid to holders of the ABS and (iii) the need to mark to market the excess servicing or spread account proceeds carried on the issuing vehicle's balance sheet. For the holder of the security, interest rate risk depends on the expected life of the ABS, which may depend on prepayments on the underlying assets or the occurrence of wind-down or termination events. If the servicer becomes subject to financial difficulty or otherwise ceases to be able to carry out its functions, it may be difficult to find other acceptable substitute servicers and cash flow disruptions or losses may occur, particularly with underlying collateral comprised of non-standard receivables or receivables originated by private retailers who collect many of the payments at their stores.

Structural and legal risks include the possibility that, in a bankruptcy or similar proceeding involving the originator or the servicer (often the same entity or affiliates), a court having jurisdiction over the proceeding could determine that, because of the degree to which cash flows on the assets of the issuing vehicle may have been commingled with cash flows on the originator's other assets (or similar reasons), (i) the assets of the issuing vehicle could be treated as never having been truly sold by the originator to the issuing vehicle and could be substantively consolidated with those of the originator, or (ii) the transfer of such assets to the issuer could be voided as a fraudulent transfer. The time and expense related to a challenge of such a determinations also could result in losses and/or delayed cash flows.

The applicable Funds may obtain exposure to ABS through its purchase of ABS CDO Securities. An "ABS CDO Security" is any CDO Security with respect to which the related underlying portfolio of assets consists primarily of ABS, real estate investment trust debt securities and/or CDO Securities. In addition to the risks related to ABS discussed above, an ABS CDO Security will also be subject to the general risks applicable to a CDO Security. The applicable Funds may purchase ABS CDO Securities that are CDO Equity Tranches or CDO Mezzanine Tranches of the CDO issuing such ABS CDO Security. Prospective investors should carefully consider the risks related to both ABS and CDO Securities (particularly CDO Equity Tranches or CDO Mezzanine Tranches) when evaluating the impact of the risks of ABS CDO Securities on the performance of the applicable Funds' investments.

### **Structured Finance Securities**

The applicable Funds may invest in structured finance securities such as, for example, equipment trust certificates, collateralized debt obligations, collateralized mortgage obligations, collateralized bond obligations, collateralized loan obligations or similar instruments. Structured finance securities may present risks similar to those of the other types of investments in which the applicable Funds may invest and, in fact, such risks may be of greater significance in the case of structured finance securities. Moreover, investing in structured finance securities may entail a variety of unique risks. Among other risks, structured finance securities may be subject to prepayment risk. In addition, the performance of a structured finance security will be affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets.

### **Loan Assignments and Participations**

The applicable Funds may invest in corporate loans acquired through assignment or participations. In purchasing participations, the applicable Funds will usually have a contractual relationship only with the selling institution, and not the borrower. The applicable Funds generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor will they have the right to object to certain changes to the loan agreement agreed to by the selling institution. The applicable Fund may not directly benefit from the collateral supporting the related secured loan and may be subject to any rights of set-off the borrower has against the selling institution.

In addition, in the event of the insolvency of the selling institution, under the laws of the United States and the states thereof, the applicable Funds may be treated as general creditors of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the secured loan. Consequently, the applicable Funds may be subject to the credit risk of the selling institution as well as of the borrower. Certain loans or loan participations may be governed by the laws of a jurisdiction other than a United States jurisdiction, which may present additional risks as regards the characterization under such laws of such participation in the event of the insolvency of the selling institution or the borrower.

### **Risks of Lending**

The value of the applicable Funds' investments in loans may be detrimentally affected to the extent a borrower defaults on its obligations, there is insufficient collateral and/or there are extensive legal and other costs incurred in collecting on a defaulted loan. We may attempt to minimize this risk by maintaining low loan-to-liquidation values with each loan and the collateral underlying the loan. However, there can be no assurance that the value assigned by us to collateral underlying a loan of the applicable Funds can be realized upon liquidation, nor can there be any assurance that collateral will retain its value. In addition, certain of applicable Funds' loans will be supported, in whole or in part, by personal guarantees made by the borrower or a relative, or guarantees made by a corporation affiliated with the borrower. The amount realizable with respect to a loan may be detrimentally affected if a guarantor fails to meet its obligations under the guarantee. Moreover, the value of collateral supporting loans may fluctuate. In addition, active lending/origination by the applicable Funds may subject them to additional regulation as well as possible adverse tax consequences. We will seek to adopt appropriate procedures to minimize such risk. Finally, there may be a monetary, as well as a time, cost involved in collecting on defaulted loans and, if applicable, taking possession of and subsequently liquidating various types of collateral.

### **Credit Derivatives**

The applicable Funds may invest in credit derivatives. Credit derivatives are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another. Such instruments may reference one or more debtors or may reference indexes of underlying debtors. Payments under credit derivatives may be made during the exercise period of the contracts. Payments under many credit derivatives are triggered by credit events such as bankruptcy, default, restructuring, failure to pay, cross default, or acceleration. Such payments may be for notional amounts, actual losses or amounts determined by formula.

The market for credit derivatives is relatively illiquid, and there are considerable risks that may make it difficult either to buy or sell the contracts as needed or at reasonable prices. The buyers of credit derivatives carry the risk of non-performance by the seller due to inability to pay. There are also risks with respect to credit derivatives in determining whether an event will trigger payment under the derivative and whether such payment will offset the loss or payment due under another instrument. In the past, buyers and sellers of credit derivatives have found that a trigger event in one contract may not match the trigger event in another contract, exposing the buyer or the seller to further risk. The value of this type of instrument depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to trading derivatives related to such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement may not only result in the loss of the entire investment, but may also expose the applicable Funds to the possibility of a loss exceeding the original amount invested or deposited. There can be no assurance that derivatives that the applicable Funds wish to acquire will be available at any particular times, at satisfactory terms or at all.

### **Credit Default Swaps**

A particular type of credit derivative that the applicable Funds may use is a credit default swap. The applicable Funds may enter into credit default swaps as a "buyer." The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay, obligation acceleration or modified restructuring. If a credit event occurs, the "seller" typically must pay the contingent payment to the "buyer," which is typically the full notional value of the reference obligation. The contingent payment may be payment of the face amount of the obligation in return for physical delivery of the reference obligation or cash settlement of the difference between the face amount of the obligation and its market value. Thus, if a credit event occurs, the applicable Funds should receive the full notional value of the underlying reference obligation. If no credit event occurs, the applicable Funds may incur losses and if the market value of the underlying position increases, the applicable Funds may incur significant losses. The "buyer" of credit default swaps may also incur a loss if the "seller" fails to perform on its obligation should a credit event occur. In certain circumstances, the "buyer" can receive the notional value of a credit default swap only by delivering a physical security to the "seller," and is at risk if deliverable securities are unavailable or illiquid.

The applicable Funds may also enter into credit default swaps as a "seller." To the extent the credit default swap contains inherent leverage, it involves greater risks than if the applicable Funds had invested in the reference obligation directly. If a credit event were to occur, the value of the reference obligation received by the "seller", coupled with the periodic payments previously received, may be less than the full notional value it pays to the "buyer", resulting in a loss of value to the applicable Funds. The "seller" of credit default swaps may also incur a loss if the "buyer" fails to perform on its obligation to make payments under the swap agreements.



## **Derivative Financial Instruments and Techniques**

The applicable Funds may invest in derivative financial instruments. The risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of the applicable Funds' assets, include: (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset); (3) legal risks (e.g., the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights); (4) operations risk (e.g., inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risk (exposure to losses resulting from inadequate documentation); (6) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (7) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

Use of derivatives and other techniques such as short sales for hedging purposes involves certain additional risks, including (i) dependence on the ability to predict movements in the price of the securities hedged; (ii) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and (iii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a portfolio's assets segregated to cover its obligations. In addition, by hedging a particular position, any potential gain from an increase in value of such position may be limited.

## **Futures**

The applicable Funds may invest in futures. Futures prices are highly volatile, with price movements being influenced by a multitude of factors such as supply and demand relationships, government trade, fiscal, monetary and exchange control policies, political and economic events and emotions in the marketplace. Futures trading is also highly leveraged. Further, futures trading may be illiquid as a result of daily limits on movements of prices. Finally, the applicable Funds' futures trading could be adversely affected by speculative position limits.

## **Hedging Transactions**

Although the applicable Funds may utilize a variety of financial instruments, such as derivatives, options, interest rate swaps, caps and floors, structured products, futures and forward contracts generally for risk management purposes (the applicable Funds may also utilize them for speculative purposes), there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while the applicable Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the applicable Funds than if they did not engage in any such hedging transactions. Moreover, the applicable Funds will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties). In addition, the applicable Funds may choose not to enter into hedging transactions with respect to some or all of their positions.

### **Synthetic Securities**

In addition to credit risks associated with holding non-investment grade loans and high yield debt securities, with respect to synthetic securities, the applicable Funds will usually have a contractual relationship only with the counterparty of such synthetic securities, and not the Reference Obligor (as defined below) on the Reference Obligation (as defined below). The applicable Funds generally will have no right to directly enforce compliance by the Reference Obligor with the terms of the Reference Obligation nor any rights of off-set against the Reference Obligor, nor have any voting rights with respect to the Reference Obligation. The applicable Funds will not benefit directly from the collateral supporting the Reference Obligation or have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. In addition, in the event of insolvency of the counterparty, the applicable Funds will be treated as a general creditor of such counterparty, and will not have any claim with respect to the credit risk of the counterparty as well as that of the Reference Obligor. As a result, concentrations of synthetic securities in any one counterparty subject the notes to an additional degree of risk with respect to defaults by such counterparty as well as by the Reference Obligor. Plainfield will not normally perform independent credit analyses of the counterparties, any such counterparty, or an entity guaranteeing such counterparty, individually or in the aggregate. A "Reference Obligor" is the obligor on a Reference Obligation. A "Reference Obligation" is the debt security or other obligation upon which the synthetic security is based.

### **Options**

The applicable Funds may invest in options. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

### **Short Sales**

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the applicable Funds' portfolios. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

### **Non-U.S. Securities**

Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States Government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign

government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

### **Currency Hedging**

While the Funds are denominated in U.S. dollars, some of the underlying investments of applicable Funds may be denominated in multiple currencies. Accordingly, any hedging of currency exposure that is implemented by the applicable Funds will primarily involve hedging back to the U.S. dollar, but in certain circumstances may involve other hedging activities. To the extent any such hedges are profitable during any month or quarter, the profits will be invested at the end of such month or quarter into the core investment portfolio of the applicable Funds. Conversely, if such hedges generate losses in any month or quarter, we may liquidate a portion of the applicable Fund's core investment portfolio to cover such losses. While the applicable Fund may hedge its overall currency exposure, there can be no assurance that such hedges will be effective.

### **Use of Leverage**

The applicable Funds may utilize leverage. This results in the applicable Funds controlling substantially more assets than the applicable Funds have equity. Leverage increases the applicable Fund's returns if the applicable Funds earn a greater return on investments purchased with borrowed funds than such Funds' cost of borrowing such funds. However, the use of leverage exposes the applicable Funds to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the applicable Funds not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the applicable Funds' cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the applicable Funds' assets, the applicable Funds may not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

We may fail to adequately predict the liquidity which the applicable Funds and the related Master Funds require to address counterparty requirements due to falling values of investments being financed by such counterparties, which could result not only in losses related to such investments, but in losses related to the need to liquidate unrelated investments in order to meet the obligations of the applicable Funds or the related Master Funds. The applicable Funds may incur substantial losses in the event significant capital is invested in highly leveraged investments or investment strategies.

There can be no assurance that we will be able to maintain adequate financing arrangements under all market circumstances. We may find it difficult or impossible to obtain leverage for the applicable Funds. Since leveraging their assets may be an integral part of the investment strategy of the applicable Funds, in such event the applicable Funds could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in Plainfield being forced to unwind positions quickly and at prices below what Plainfield deems to be fair value for the positions.

### **Securities Lending**

Under standard prime brokerage agreements, applicable Funds' securities held in margin accounts may be pledged, repledged, sold, hypothecated or rehypothecated or become subject to repurchase agreements. These transactions may limit the applicable Funds' ability to exercise voting or other attendant rights of ownership with respect to the loaned or pledged securities.

The applicable Funds may also lend certain "hard to borrow" securities to its prime brokers pursuant to securities lending agreements. The applicable Funds receive fee income for these transactions and cash or cash equivalent collateral based on the market price of the loaned securities. These collateral amounts are adjusted on a daily basis to reflect changes in the market value of the loaned securities. Risks in lending portfolio securities, like those associated with other extensions of secured credit, consist of possible delays in receiving additional collateral or in the recovery of the securities or possible loss of rights in the collateral should the prime broker fail financially. In certain circumstances, such loans may limit the applicable Funds' ability to exercise voting or other attendant rights of ownership with respect to the loaned securities.

The applicable Funds may engage in reverse repurchase agreements transactions with banks, brokers and other financial institutions. Under these agreements, the applicable Funds sell a security at a specified price with an agreement to purchase the same or substantially the same security from the same counterparty at a fixed or determinable price in the future. Reverse repurchase agreements involve the risk that the market value of the securities sold by the applicable Funds may decline below the repurchase price of the securities. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the applicable Funds' obligation to repurchase the securities and the applicable Funds' use of the proceeds of the reverse repurchase agreement may effectively be restricted pending such decision.

### **Hedging Risk**

Hedged portfolios are not risk-free. The types of trading risks incurred by hedged strategies generally relate to either spreads or price differentials between related securities and/or their derivatives, or the volatility of security prices or spreads or the level of market liquidity. At times of heightened systemic market risk, these hedged risks tend to increase, which may lead to underperformance of a hedged portfolio. In addition, other risks common to such a portfolio may include credit spread risk and credit default risk. The market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. In addition, the applicable Funds may suffer basis risk between its investments and its hedges, such that for a period of time as a result of market instability or illiquidity an investment and a hedge designed to move in opposite directions may in fact move in the same direction, magnifying the loss that would otherwise have occurred.

### **Non-Diversification**

The applicable Funds' portfolio may be relatively concentrated with respect to types of securities (i.e., debt and equities) and issuers. Accordingly, the investment portfolios of the applicable Funds may be subject to more rapid change in value than would be the case if the applicable Funds were required to maintain a wider diversification among types of securities, issuers and geographic areas.

### **Risk of Limited Number of Investments**

The applicable Funds may participate in a limited number of investments and, as a consequence, the aggregate return of the applicable Funds may be substantially adversely affected by the unfavorable performance of even a single investment.

### **Interest Rate Risk**

The applicable Funds' investments may be subject to interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. While the applicable Funds may hedge such risks (including through investments in Treasury securities or derivative instruments), there is no assurance that such measures will be effective.

### **Risk of Default or Bankruptcy of Third Parties**

The applicable Funds may engage in transactions in securities and financial instruments that involve counterparties. Under certain conditions, the applicable Funds could suffer losses if a counterparty to a transaction were to default or if the market for certain securities and/or financial instruments were to become illiquid. In addition, the applicable Funds could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the applicable Funds do business, or to which securities have been entrusted for custodial purposes.

### **Reinvestment Risk**

The applicable Funds may reinvest the cash flows received from interest-bearing and dividend-paying securities. The additional income from such reinvestment, sometimes called interest-on-interest, is reliant on the prevailing interest rate levels at the time of reinvestment. There is a risk that the interest rate at which interim cash flows can be reinvested will fall. Reinvestment risk is greater for longer holding periods and for securities with large, early cash flows such as high-coupon bonds.

### **Timing Risk**

Many agency, corporate and municipal bonds, and most asset-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains the right to refinance the bond in the future if market interest rates decline below the coupon rate and in some cases at the issuer's complete discretion. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer is likely to call the bond when interest rates have dropped, the applicable Fund is exposed to reinvestment rate risk. Finally, the capital appreciation potential of the bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

### **Maturity Risk**

In certain situations, the applicable Funds may purchase bonds of a given maturity while shorting bonds of a different maturity. Ordinarily, under these circumstances, the Funds will implement a hedge to account for the differential interest rate risks in the two bonds. This hedge, however,

makes an assumption about how the interest rates at different maturities will move. To the extent that the yield movements deviate from this assumption, there is a yield-curve or maturity risk. Another situation where yield-curve risk exists is in bond swap transactions and credit default swap transactions where the potential incremental returns are dependent on assumptions for the yield curve that may not actually occur.

### **Custody and Prime Brokerage Risk**

There are risks involved in dealing with the custodians or prime brokers who settle the applicable Funds' trades and/or hold the applicable Funds' assets. Under certain circumstances, including certain transactions where the applicable Funds' assets are pledged as collateral for margin, leverage or other forms of loans, or where the applicable Funds' assets are held at a non-U.S. prime broker, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the applicable Funds, and hence, the applicable Funds could be exposed to a credit risk with regard to such assets.

While the applicable Funds may custody their assets at one or more of Goldman Sachs & Co., Deutsche Bank Securities Inc., Citigroup Global Markets, Inc. and JPMorgan Clearing Corporation or their affiliates and such other brokers or dealers with whom the applicable Funds may establish prime brokerage or custodial relationships from time to time, it is anticipated that a portion of the applicable Funds' assets may be invested in privately negotiated instruments, such as bank debt, trade claims, private equity and derivative instruments, many of which are not capable of being "custodied" in the traditional sense. At any given time, the applicable Funds' accounts at its custodians may only contain a small amount of cash and/or direct investments, with the majority of the applicable Funds' assets posted as collateral or otherwise held at the various banks, brokerage firms and other financial institutions with which it has effected investment transactions. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the applicable Funds, and hence the applicable Funds should not be exposed to a credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or timing problems associated with enforcing the applicable Funds' rights to its assets in the case of an insolvency of any such party, particularly in regard to parties located in non-U.S. jurisdictions.

Moreover, although we monitor the prime brokers and believes that each prime broker is an appropriate custodian, there is no guarantee that each prime broker, or any other custodian that the applicable Funds may use from time to time, will not become insolvent. While both the U.S. Bankruptcy Code and the U.S. Securities Investor Protection Act of 1970 seek to protect customer property in the event of a failure, insolvency or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of the applicable Funds' assets, the applicable Funds would not incur losses due to its assets being unavailable for a period of time, or that ultimately it would fully recover its assets, or both.

### **Counterparty Risk**

To the extent that the applicable Funds invest in options, swaps, derivative or synthetic instruments, forward contracts, or other over-the-counter transactions, the applicable Funds may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily marking-to-

market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

### **Currency Risks**

An applicable Fund's investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

### **Lack of Liquidity of Fund Assets; Valuation**

Fund assets may include securities and other financial instruments or obligations that are very thinly traded or for which no market exists. Timely divestiture or sale of trading positions can be impaired by decreased trading volume, increased price volatility, concentrated trading positions, limitations on the ability to transfer positions in highly specialized or structured transactions to which the applicable Funds may be a party, and changes in industry and government regulations. When the applicable Funds hold a security or position it is vulnerable to price and value fluctuations and may experience losses to the extent the value of the position decreases and it is unable to timely sell, hedge or transfer the position. Therefore, it may be impossible or costly for the applicable Funds to liquidate positions rapidly, particularly if the relevant market is moving against a position or in the event of trading halts or daily price movement limits on the market or otherwise. Alternatively, it may not be possible in certain circumstances for a position to be purchased or sold promptly, particularly if there is insufficient trading activity in the relevant market or otherwise. Accordingly, the value at which its investments can be liquidated may differ, sometimes significantly, from the interim valuations arrived at using the methodology described herein. In addition, the timing of liquidations may also affect the values obtained on liquidation. Third party pricing information may not be available for certain positions held by the applicable Funds. Securities held by the applicable Funds may trade with bid-ask spreads that may be significant. In light of the foregoing, there is a risk that investors who redeem all or part of their investment while the applicable Funds hold such illiquid or thinly traded investments will be paid an amount less than such investors would otherwise be paid if the actual value of such investments is higher than the value designated by the applicable Funds. Similarly, there is a risk that such investors might, in effect, be overpaid if the actual value of the illiquid or thinly traded investment is lower than the value designated by the applicable Funds. The applicable Funds are entitled to rely, without independent investigation, upon pricing information and valuations furnished to the applicable Funds by third parties, including pricing services.

It should be noted that in the future, we may treat such illiquid/restricted investments as "Designated Investments" and hold such Designated Investments in a new class of Common Shares in order to not impose a significant liquidity burden on the Fund (see Section 4 "Investment Program – Illiquid Investments").

### **Reliance on the Managing Member**

Max Holmes is the Managing Member, Chief Investment Officer and Portfolio Manager of Plainfield. If Mr. Holmes dies, becomes incapacitated or resigns from Plainfield or otherwise

becomes unable to participate in the management of the applicable Fund, investors in a Fund will generally have no special redemption rights.

### **Limited Operating History**

The applicable Funds may be recently formed entities and have limited operating history. Accordingly, an investment in the Funds entails a significant degree of risk.

### **Tax Risks**

The applicable Funds may engage in certain activities that generate income that is treated as effectively connected with a United States trade or business.

### **Legal and Regulatory Risks.**

Legal and regulatory changes could occur which may adversely affect the applicable Funds. For example, the regulatory and tax environment for derivative instruments is evolving, and changes in the regulation or taxation of derivative instruments may adversely affect the value of derivative instruments held by the applicable Funds and the ability of the applicable Funds to pursue their investment strategies. Similarly, the regulatory environment for leveraged investors is evolving, and changes in the direct or indirect regulation of leveraged investors may adversely affect the ability of the applicable Funds to pursue their investment strategies.

The regulatory environment for hedge funds is also evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the applicable Funds and the ability of the applicable Funds to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the applicable Funds could be substantial and adverse.

### **Absence of Regulatory Oversight**

While the applicable Funds may be considered similar to investment companies, they do not intend to register as such under the 1940 Act, in reliance upon an exemption available to privately offered investment companies, and, accordingly, the provisions of that Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company) will not be afforded to the applicable Funds or the investors therein.

It should, however, be noted that Plainfield has since inception been and expects to continue to be registered as an investment adviser with the SEC.

### **Potential Conflicts of Interest**

We will use our best efforts in connection with the purposes and objectives of the applicable Funds and will devote so much of our time and effort to the affairs of the applicable Funds as



may, in our judgment, be necessary to accomplish the purposes of the applicable Funds. Under the terms of the Management Agreement by and among Plainfield, the applicable Funds and the Master Fund, Plainfield (or if applicable, the limited partnership agreement), and its directors, members, partners, shareholders, officers, employees, agents and affiliates (hereinafter referred to as the "Affiliated Parties") may conduct any other business, including any business within the securities industry, whether or not such business is in competition with the applicable Funds. Without limiting the generality of the foregoing, the Affiliated Parties may act as general partner, investment adviser or investment manager for others, may manage funds, separate accounts or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms.

In this regard, we act as investment manager for all of the Funds, as well as special purpose entities or investment vehicles created to further the applicable Funds' investment programs. Such other entities or accounts may have investment objectives or may implement investment strategies similar to or different from those of the Fund. In addition, the Affiliated Parties may, through other investments, including other investment funds, have interests in the securities in which the Fund invests as well as interests in investments in which the Fund does not invest. The Affiliated Parties may give advice or take action with respect to such other entities or accounts that differs from the advice given with respect to the Fund.

Plainfield employees may serve on the Board of Directors of certain of the applicable Funds' portfolio companies, whether public or private. Any compensation received in respect of such service on a private company will be received for the benefit of the applicable Funds. In addition, certain Plainfield employees may serve on the Board of Directors of public or private companies in which the applicable Funds do not have an investment interest.

As a result of the foregoing, the Affiliated Parties may have conflicts of interest in allocating their time and activity between the applicable Funds and other entities, in allocating investments among the applicable Funds and other entities and in effecting transactions for the applicable Funds and other entities, including ones in which the Affiliated Parties may have a greater financial interest.

In addition, purchase and sale transactions (including swaps) may be effected between the applicable Funds and the other entities or accounts. Specifically, in certain circumstances, subject to applicable law, the applicable Funds may purchase assets from one another at their fair market value in exchange for cash (or other consideration, upon the approval of the applicable Boards of Directors). Such transactions will be subject to the following guidelines: (i) they will be effected for cash or other consideration at the current market price of the particular securities (and if there is no current market price, at the midpoint of the bid and ask price then showing in the market) and (ii) no extraordinary brokerage commissions or fees (except for customary transfer fees or commissions) or other remuneration shall be paid in connection with any such transaction.

From the standpoint of a Fund, simultaneous identical portfolio transactions for such Fund and the other Funds may tend to decrease the prices received, and increase the prices required to be paid, by such Fund for its portfolio sales and purchases. Where less than the maximum desired number of shares (or other instruments) of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among the Funds in an equitable manner as determined by the Affiliated Parties. Further, it may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Fund for the

same investment positions to be taken or liquidated at the same time or at the same price; however, all transactions will be made on a "best execution" basis.

### **Valuation Methodologies**

Valuation methodologies for certain assets in the applicable Fund may be subject to significant subjectivity and the values of assets established pursuant to such methodologies may never be realized, which could result in significant losses for the applicable Fund.

There may be no readily-ascertainable market prices for many illiquid investments of the applicable Fund. The value of the investments of the applicable Master Fund is determined periodically by Plainfield based on the fair value of such investments. The fair value of investments is determined using a number of methodologies described in Plainfield's valuation policies. These policies are based on a number of factors, including the nature of the investment, the expected cash flows from the investment, bid or ask prices provided by third parties for the investment, the length of time the investment has been held, the trading price of securities (in the case of publicly traded securities), restrictions on transfer and other recognized valuation methodologies. The methodologies used in valuing individual investments are based on a variety of estimates and assumptions specific to the particular investments, and actual results related to the investment therefore often may vary materially as a result of the inaccuracy of such assumptions or estimates. In addition, because many of the illiquid investments held by the applicable Master Fund may be in industries or sectors which are unstable, in distress, or undergoing some uncertainty, such investments may be subject to rapid changes in value caused by sudden company-specific or industry-wide developments.

Because there is significant uncertainty in the valuation of, or in the stability of the value of illiquid investments, the fair values of such investments as reflected in the applicable Fund's net asset value may not necessarily reflect the prices that would actually be obtained on behalf of the Fund when such investments are sold. The applicable Master Funds employ Duff and Phelps Valuation Services Inc. to periodically review the valuation of such illiquid securities. Such reviews may prove to be incorrect.

We have delegated to the Sub-Administrator (as defined below) the determination of the net asset value of the Fund, subject to the overall supervision and direction of Plainfield. In determining the net asset value of the applicable Fund, each of Plainfield and the Sub-Administrator will follow the valuation policies and procedures adopted by the applicable Fund as set out above. For the purpose of calculating the net asset value of the applicable Fund, each of Plainfield and the Sub-Administrator shall, and shall be entitled to, rely on, and will not be responsible for the accuracy of, financial data furnished to it by the applicable Fund's prime broker(s), market makers and/or independent third party pricing services. Each of Plainfield and the Sub-Administrator may also use and rely on industry standard financial models in pricing any of the applicable Fund's securities or other assets. The Sub-Administrator and Plainfield may accept, use and rely on such prices in determining the net asset value of the applicable Fund and shall not be liable to the applicable Fund, any investor in the applicable Fund, Plainfield or any other person in so doing.

### **Incentive Allocation**

The allocation of a percentage of the applicable Fund's net profits to Plainfield Capital LLC, a Delaware limited liability company and an affiliate of Plainfield, may create an incentive for

Plainfield to cause the applicable Fund to make investments that are riskier or more speculative than would be the case if this allocation were not made. Since the allocation is calculated on a basis that includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains. Moreover, there is a conflict of interest relating to the fact that Plainfield may be involved in the valuation process and its affiliate receives an incentive allocation based on net asset value.

### **Limited Redemption and Transfer Rights**

Each investment by an investor is subject to an initial "lock-up" period in which no redemptions can be made, and after the lock-up period, each redemption is subject to a "redemption limit" that limits the amount of redemptions that can be made by each investor as of a particular date. Due to the illiquid nature of some of the investments that will be made by the applicable, in order to enable Plainfield to effectively manage the applicable Fund's cash flow needs, the threshold level of the redemption limit is relatively low, meaning that even after the lock-up period has expired, an investor's ability to make redemptions from the applicable Fund will be materially restricted.

Investments may be transferred only if the proposed transferee of the investment obtains the prior written approval of Plainfield, in consultation with Citco Canada Inc., 2 Bloor Street East, Suite 2700, Toronto, Ontario, ON M4W 1A8, Canada ("Sub-Administrator"). In this regard, the proposed transferee will be required to make the representations and warranties required of a subscriber in form and substance satisfactory to Plainfield, in consultation with the Sub-Administrator. Plainfield, in consultation with the Sub-Administrator, will have full discretion to approve or disapprove any proposed transferee, and no proposed transfer will be recognized until the documents relating to it, including, but not limited to, certain subscription documents, have been approved by Plainfield, in consultation with the Sub-Administrator.

### **Investment Risks**

The price of an investment in the applicable Funds may fall as well as rise. There can be no assurance that the applicable Fund will achieve its investment objective or that an investor will recover the full amount invested in the applicable Fund. The capital return and income of the applicable Fund are based on the capital appreciation and income on the securities it holds, less expenses incurred. Therefore, the applicable Fund's return may be expected to fluctuate in response to changes in such capital appreciation or income.

### **Contagion Risk Factor**

The applicable Fund has the power to issue shares or partnership interests (as applicable) in classes or series. The organizational documents of the applicable Fund provide for the manner in which the liabilities are to be attributed across the various classes or series (liabilities are to be attributed to the specific class or series in respect of which the liability was incurred). However, the applicable Fund is a single legal entity. Investors in the applicable Fund may be compelled to bear the liabilities incurred in respect of other classes or series of securities if there are insufficient assets in that other class or series to satisfy those liabilities.

### **Handling of Mail**

Mail addressed to the applicable Fund and received at its registered office will be forwarded unopened to Plainfield to be dealt with. None of the applicable Funds, its Directors, officers or service providers will bear any responsibility for any delay howsoever caused in mail reaching

Plainfield. In particular the Directors will not receive, open or deal directly with mail addressed to the applicable Fund.

### **No Separate Counsel; No Responsibility or Independent Verification**

Seward & Kissel LLP acts as United States counsel to Plainfield, the applicable Funds and the applicable Master Funds (collectively, the "Parties"). Maples and Calder has acted as Cayman Islands counsel to the applicable Funds and the applicable Master Funds. Neither the applicable Funds nor the applicable Master Funds have United States counsel separate and independent from counsel to Plainfield. Neither Seward & Kissel LLP nor Maples and Calder represented investors in the applicable Funds, and no independent counsel has been retained to represent investors in the applicable Funds. Neither Seward & Kissel LLP nor Maples and Calder is responsible for any acts or omissions of the Parties (including their compliance with any guidelines, policies, restrictions or applicable law, or the selection, suitability or advisability of their investment activities) or any administrator, accountant, custodian/prime broker or other service provider to the Parties.

### **Disciplinary Information**

We and our Management Persons (as defined below) have not been involved in any legal or disciplinary events that would be material to a Client's evaluation of our business or the integrity of our management.

As used in this Brochure, "Management Persons" means anyone with the power to exercise, directly or indirectly a controlling influence over our management or policies, or to determine the general investment advice given to our Clients.

### **Other Financial Industry Activities and Affiliations**

We and our Management Persons do not have any relationships or arrangements with other financial services companies that create material conflicts of interest.

### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Certain qualified employees of Plainfield could have invest their personal funds in the Funds. In addition, Covered Persons (a term which includes Plainfield employees and is defined below) may buy or sell securities for their personal accounts. Plainfield is aware of the potential for a conflict of interest in cases where Plainfield and Covered Persons, buy or sell securities recommended by Plainfield to Clients, and has established procedures intended to limit such conflicts. Plainfield has adopted a Code of Ethics (the "Code") that applies to all Covered Persons of Plainfield.

The Code includes the following:

1. A standard of business conduct required of Plainfield employees, which standard reflects Plainfield's fiduciary obligations and those of its employees;
2. Provisions requiring Plainfield's employees to comply with applicable federal securities laws;

3. Provisions requiring Plainfield's Covered Persons to report and for Plainfield to review, their personal securities transactions and holdings periodically;
4. Provisions requiring employees to report any violations of Plainfield's Code promptly to Plainfield's Chief Compliance Officer, or provided such Chief Compliance Officer also receives reports of all violations, to other persons designated in such Code of Ethics; and
5. Provisions requiring Plainfield to provide each of its employees with a copy of such Code of Ethics and any amendments, and requiring its supervised persons to provide it with a written acknowledgement of their receipt of such Code and any amendments.

The Plainfield Chief Compliance Officer is responsible for administering the Code, including monitoring the personal trading activity of all Covered Persons. A Covered Person is defined as any director, manager, officer, or employee of Plainfield. A Covered Person also includes any solicitor/consultant, representative or agent retained by Plainfield who (i) makes or participates in the making of investments and/or potential investments for our Clients; (ii) obtains information on investments and/or potential investments for our Clients; or (iii) has knowledge of the investments or potential investments of our Clients.

The Code requires that all Covered Persons must obtain the prior written approval of the compliance department before engaging in any transaction of any Reportable Security in any personal account. A Reportable Security is defined as any Security with the exception of (i) direct obligations of the U.S. Government or any agencies thereof; (ii) cash instruments including, bank accounts, certificates of deposit; (iii) money market funds; (iv) shares issued by registered open-end funds; and (v) shares issued by unit investment trusts that are invested exclusively in one or more registered open-end funds.

All Securities purchased must be held at least 30 calendar days before a sale or offsetting transaction can be executed. No Covered Person may engage in more than 30 transactions during any 30-day period without the prior written approval of the compliance department. A Covered Person is prohibited from buying or selling any Securities on the Restricted Securities List without compliance department approval. Securities are generally placed on the Restricted List when Plainfield receives material non-public information regarding the issuer. Short sales are generally prohibited and IPOs are prohibited without the prior written approval of the compliance department. Private securities transactions require compliance department approval. Covered Persons are subjected to periodic reporting of their personal security holdings and trading activity, and are required to have duplicate statements of their Personal Accounts sent to the compliance department and/or third party vendor for monitoring.

Clients or prospective Clients may obtain a copy of Plainfield's Code of Ethics by contacting Terri Lecamp by telephone at (203) 302-1702 or by email at [terri.lecamp@pfam.com](mailto:terri.lecamp@pfam.com).

## **Brokerage Practices**

We are responsible for the placement of orders for the Funds and the negotiation of any commissions paid on such orders. Purchases or sales of securities through brokers involve a

commission to the broker, or for dealers serving as market makers a spread between the bid and the asked price.

We consider various factors in selecting a broker-dealer and determining the reasonableness of its commissions. These factors include the financial stability and reputation of the broker-dealer, price, the extent to which the broker-dealer makes a market or trades in and has knowledge of the particular security and its market, broker-dealer inventory, research, ability of the broker-dealer to execute the transaction and overall level of service.

We do not negotiate for the receipt of specific research from broker-dealers that execute transactions for Clients, but may consider the provision of research services in its selection of broker-dealers to execute transactions. The research services that we receive may include, among others, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel; financial and industry publications and statistical and pricing services. We may “pay up” in brokerage commissions for such research. Brokerage commissions may be higher than they would be if we did not receive such research. When we use Client brokerage commissions to obtain research, we receive a benefit because it does not have to produce or pay for the research. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research. A specific Fund may not, in any particular instance, be the direct or indirect beneficiary of the research or related services provided.

It is our policy to consider in its selection of a broker-dealer, solely, research services that are eligible for protection from liability under the "safe harbor" created by Section 28(e) of the Securities Exchange Act of 1934. It is our policy to review at least twice a year the quality of the executions that it is receiving from broker-dealers with which it places orders and the commission levels that it is paying to determine whether it is receiving best execution.

## **Review of Accounts**

Max Holmes, Founder and Chief Investment Officer reviews the holdings in each Client's account at least monthly. These holdings are monitored by Mr. Holmes in light of trading activity, significant corporate developments and other activities which may dictate a change in portfolio positions. Before deciding whether to purchase or sell a particular security on behalf of a Client account, each Client account holding such security will be reviewed in full. In addition, Client accounts are reviewed periodically from the standpoint of the specific investment objectives of the Client and as particular situations may dictate.

Generally, we provide monthly estimated NAV and annual audited NAV to investors. Investors are also provided with a monthly Exposure Report. The Exposure Reports generally provide aggregate portfolio exposure by instrument type, industry sector, geography, currency and investment strategy together with leverage levels, number of issuers, risk characteristics, sensitivity to predefined market stresses in interest rates, currency crosses, equity levels and credit spreads. On an annual basis, investors are sent the annual audited financial statements of the applicable Fund.

## **Client Referrals and Other Compensation**

Certain Plainfield employees may serve on the Board of Directors of portfolio companies. Any compensation received in return for service on these boards will be property of the Funds.

## **Custody**

All Client assets are held in custody by unaffiliated broker/dealers or banks; however we may have access to Client accounts since it or an affiliate serves as the managing member or general partner of the Funds. Investors in the Funds will not receive statements from the custodian. Instead the Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Funds' fiscal year end.

## **Investment Discretion**

We generally have discretionary authority to determine, without obtaining specific consent from the Funds or their investors, the securities and amount to be bought or sold. Any limitations on authority are included in the respective Fund's offering memorandum and other governing documents.

## **Voting Client Securities**

We adopted Proxy Voting Policy and Procedures (the "Procedures") that are designed to ensure that in cases where we vote proxies with respect to Client securities, such proxies are voted in the best interests of its clients. The Procedures also require that we identify and address conflicts of interest between us and our Clients. If a material conflict of interest exists, we determine whether voting in accordance with the guidelines set forth in the Procedures is in the best interests of the Client or if the Company should take some other appropriate action. In voting proxies, we generally vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated). Generally, we vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, we determine whether a proposal is in the best interests of our Clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and our opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance. Clients may obtain a copy of Plainfield's Procedures and information about how Plainfield voted a Client's proxies by contacting Terri Lecamp by telephone at (203) 302-1702 or by email at [terri.lecamp@pfam.com](mailto:terri.lecamp@pfam.com).

## **Financial Information**

We have never filed for bankruptcy and we are not aware of any financial condition that is expected to affect our ability to manage Client accounts.

## **Max Holmes's Biographical Information**

### Educational Background and Business Experience

Founder & Chief Investment Officer

- Business Background:
  - 2002 – 2004: D. E. Shaw & Co. – Head of Distressed Securities Group & Co-Portfolio Manager
  - 1999 – 2002: RBC Capital Markets - Founder & Co-Head of the High Yield Group
  - 1996 – 1999: Gleacher NatWest Inc. - Head of High Yield Capital Markets & Head of High Yield Research
- Education:
  - Harvard College, A.B., 1981
  - Columbia University School of Law, J.D., 1984
  - Columbia Business School, M.B.A., 1984
  - Member of the bar in New York and Texas
- Date of Birth: March 16, 1960

### Disciplinary Information

Mr. Holmes has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Holmes or of Plainfield.

### Other Business Activities

Mr. Holmes is a managing member of EcQuant Holding LLC and EcQuant LLC, two Delaware limited liability companies (collectively, "EcQuant"). EcQuant was formed to develop a proprietary computer network and related software to deliver financial and political news to Wall Street and other users. EcQuant is a development stage company which hopes to launch a beta test of its product in 2012. EcQuant and its products do not intend to provide investment advice to clients. Mr. Holmes is also the managing member of Gray Birch Services LLC, a Delaware limited liability company formed in 2011 ("Gray Birch"). Gray Birch has been formed to provide restructuring advisory and other consulting services to corporate and institutional clients. Gray Birch's assignments will not involve current portfolio investments of any funds or accounts managed by Plainfield at the time of any assignment.

### Additional Compensation

Mr. Holmes does not receive economic benefits from any person or entity other than Plainfield in connection with the provision of investment advice to clients.

### Supervision

As Plainfield's Founder and Chief Investment Officer, Mr. Holmes maintains ultimate responsibility for Plainfield's activities. Operational decisions are discussed with Plainfield's Chief Operating Officer and Chief Compliance Officer, Terri J. Lecamp. These individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

Mr. Holmes is the managing member of Gray Birch Services LLC, a Delaware limited liability company formed in 2011 ("Gray Birch"). Gray Birch has been formed to provide restructuring advisory and other consulting services to corporate and institutional clients. Gray Birch's



assignments will not involve current portfolio investments of any of the Funds at the time of any assignment.