

Columbia Pacific Advisors, LLC

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Firm Brochure (Part 2A of Form ADV)

March 30, 2012

This brochure provides information about the qualifications and business practices of Columbia Pacific Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (206) 728-9063. 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.

Columbia Pacific Advisors, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with the information with which you determine to hire or retain an Adviser.

Additional information about Columbia Pacific Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Firm Brochure, dated March 30, 2012, is an update to our March 31, 2011 disclosure document prepared according to the SEC's new requirements and rules. Only material changes since our March 31, 2011 brochure are being mentioned on this page.

We opened our fifth fund, Columbia Pacific Income Fund I, LP in November. You will find information on this fund under Item numbers 4, 5, 6, 8, 13 and 15.

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Item 4 – Advisory Business

Columbia Pacific Advisors, LLC (“Columbia”) is a Washington limited liability company. We began conducting business in January 2007.

Listed below are the firm’s principal owners:

ALEXANDER B. WASHBURN (controls at least 25%)

DANIEL R. BATY (controls at least 10%)

STANLEY L. BATY (controls at least 10%)

BRANDON D. BATY (controls at least 10%)

Columbia is:

- (i) the general partner of Columbia Pacific Opportunity Fund, L.P. (the “Opportunity Fund”), a Washington limited partnership; and
- (ii) the investment manager to:
 - a. Columbia Pacific Distressed Fund, L.P. (the “Distressed Fund”), a Delaware limited partnership.
 - b. CPDFCI, L.P. (“CPDFCI”), a Delaware limited partnership.
 - c. Columbia Pacific Senior Housing Fund, L.P. (the “Senior Fund”), a Delaware limited partnership.
 - d. Columbia Pacific Income Fund I, L.P. (the “Income Fund”), a Delaware limited partnership.

Columbia Pacific Distressed GP, LLC (the “Distressed GP”) is a Washington limited liability company, whose sole member is Columbia, and serves as the general partner of the Distressed Fund and CPDFCI. Columbia Pacific Senior Fund GP, LLC (the “Senior GP”) is a Washington limited liability company, whose sole member is Columbia, and serves as the general partner of the Senior Fund. Columbia Pacific Income Fund GP, LLC (the “Income GP”) is a Washington limited liability company, whose sole member is Columbia, and serves as the general partner of the Income Fund.

In its capacity as general partner of the Opportunity Fund and the investment manager to the Distressed Fund, CPDFCI, Senior Fund and Income Fund; Columbia is responsible for implementing each Fund’s investment objectives and strategies. Columbia may offer investment advisory services to other private investment vehicles or other clients in the future.

Opportunity Fund

The Opportunity Fund has a perpetual term but may cease to offer limited partnership interests to current or prospective investors at any time as Columbia may determine in its discretion. A Limited Partner of the Opportunity Fund may not withdraw amounts from the Opportunity Fund within three years of such Limited Partner’s initial capital contribution. Subject to such lock-up period, Limited Partners of the Opportunity Fund will generally be permitted to withdraw amounts from their capital accounts with respect to the Opportunity Fund as of each June 30 and each December 31 in each fiscal year on not less than 90 days’ prior written notice. No withdrawal will be permitted if such withdrawal would reduce a Limited Partner’s capital account below \$500,000 unless such withdrawal is a complete withdrawal. Columbia may permit withdrawals on other terms in its sole discretion. If the aggregate net asset value of amounts requested to be withdrawn from the Opportunity Fund on a withdrawal date exceeds 20% of the net asset value of the Opportunity Fund on the applicable withdrawal date, Columbia may, in its sole discretion, reduce the amount. The minimum investment is \$500,000. Columbia reserves the right to waive this requirement.

Distressed Fund and CPDFCI

The Distressed Fund and CPDFCI no longer offer limited partnership interests. The term of each of the Distressed Fund and CPDFCI will end on the tenth anniversary of the initial closing date of such Funds, but may be extended for up to four consecutive one-year periods. However, 80% in interest of the Limited Partners of each of the Distressed Fund and CPDFCI may dissolve such Fund at any time for any reason.

Senior Fund

The Senior Fund has a term ending on the tenth anniversary of the Initial Closing date (September 30, 2011), but may be extended for up to four consecutive one-year periods at the discretion of Columbia. Additional Closings may occur on dates as Columbia determines. Limited Partners participating in Closings after September 30, 2011 will make capital contributions to the partnership in an amount equal to the sum of (i) the amount the Limited Partner would have contributed to the partnership to date had it been admitted on September 30, 2011, plus (ii) an interest charge (dating back to September 30, 2011) equal to the Prime Rate plus 2% on the amount described in clause (i).

The Senior Fund will have an investment period beginning on September 30, 2011 and ending on the third anniversary of the Final Closing Date (the "Investment Period"). During the Investment Period, the Limited Partners will be required to make capital contributions to fund the making of new and follow-on investments and the payment of Fund expenses. Columbia may, in its discretion, terminate the Investment Period early if it determines that applicable laws or regulations require such early termination. Upon the termination of the Investment Period, the Partners will not be required to make any further capital contributions to the Fund, except with respect to follow-on investments, Fund expenses (including management fees and indemnification obligations) and investments in process at the end of the Investment Period. The minimum investment commitment is \$500,000. Columbia reserves the right to waive this requirement.

Income Fund

The Income Fund will have a term ending on the fifth anniversary of the Initial Closing Date (the "Closing Date"), but may be extended for up to two consecutive one-year periods, at the discretion of Columbia. The Closing Date will occur on such future date as Columbia determines. Additional closings may occur on dates as Columbia determines. Limited Partners participating in Closings after the Closing Date will make capital contributions to the partnership in an amount equal to the sum of (i) the amount the Limited Partner would have contributed to the partnership to date had it been admitted at the Closing Date, plus (ii) an interest charge (dating back to the Closing Date) equal to the Prime Rate plus 5% on the amount described in clause (i).

The Income Fund will have an investment period beginning on the Closing Date and ending on the third anniversary of the Final Closing Date (the "Investment Period"). During the Investment Period, the Limited Partners will be required to make capital contributions to fund the making of new and follow-on investments and the payment of Fund expenses. Columbia may, in its discretion, terminate the Investment Period early if it determines that applicable laws or regulations require such early termination. Upon the termination of the Investment Period, the Partners will not be required to make any further capital contributions to the Fund, except with respect to follow-on investments, Fund expenses (including management fees and indemnification obligations) and investments in process at the end of the Investment Period. The minimum investment commitment is \$500,000. Columbia reserves the right to waive this requirement.

Limited Partners of the following Funds: Distressed Fund, CPDFCI, Senior Fund and Income Fund may not withdraw any amounts from such Funds except in the limited circumstances described in the relevant Fund's limited partnership agreement. Additional information regarding each Fund and the terms of an investment therein is set forth in each Fund's private placement memorandum.

Limited Partners in any of the Funds managed by Columbia may not impose restrictions on investing in certain securities or types of securities.

As of December 31, 2011, we were actively managing approximately \$457,700,000 of clients' assets on a discretionary basis. We were not managing any client assets on a non-discretionary basis.

Item 5 – Fees and Compensation

Columbia may, in its sole discretion, waive or reduce the management fees with respect to any Limited Partner. The Funds are subject to the following management fees (deducted directly from each Fund quarterly in advance) and incentive allocations or carried interest distributions:

Opportunity Fund

Columbia receives a management fee at an annual rate of 1% of the net asset value of each Limited Partner's capital account (other than those affiliated with Columbia). Management fees for any capital contributions made at any time other than the beginning of a fiscal quarter will be prorated to reflect the number of days remaining prior to the end of the relevant quarter, but no refund will be made where a Limited Partner is permitted to withdraw amounts from the Opportunity Fund other than at the end of a fiscal quarter.

Columbia receives, as of the end of each fiscal year, an incentive allocation equal to 20% of each Limited Partner's allocable share of aggregate net profits for the fiscal year, provided that any prior net losses previously allocated to the Limited Partner must be offset by allocations of net profits before the incentive allocation may be made with respect to such Limited Partner. Any withdrawal at any time other than the end of a fiscal year will also be subject to an incentive allocation as of the date of such withdrawal. Columbia may, in its sole discretion, waive or reduce the incentive allocation payable with respect to any Limited Partner.

Distressed Fund

The Distressed Fund will pay Columbia a management fee at an annual rate of 2% of aggregate capital commitments of the Limited Partners (other than those affiliated with the Distressed GP) until the end of the Fund's term.

The Distressed GP (GP) will be entitled to "carried interest" distributions equal to 20% of the net proceeds from dispositions of, and income attributable to, the Fund's portfolio investments (subject to retention to pay expenses and to certain reserve and reinvestment rights) after the Partners have first received, on a cumulative basis, the sum of:

- (i) an amount equal to 100% of the Partners' aggregate capital contributions
- (ii) an amount sufficient to provide a compounded return of 7% per annum on the Partners' aggregate capital contributions from the dates of contribution to the dates of distribution under clause (i).
- (iii) Then, 100% to the GP until the GP has received an amount equal to 20% of distributions made under clause (ii) and this clause; and
- (iv) finally, (a) 20% to the GP and (b) 80% to the Partners in proportion to their percentage interests.

Upon any distribution thereafter, the GP will be required to return distributions to the Fund to the extent the GP has been over distributed with respect to its carried interest (reduced by the aggregate tax liability deemed incurred by the GP on account of its carried interest).

CPDFCI

CPDFCI will pay Columbia a management fee at an annual rate of 1% of aggregate capital commitments of the Limited Partners (other than those affiliated with the Distressed GP) until the end of CPDFCI's term.

The Distressed GP (GP) will be entitled to "carried interest" distributions equal to 25% of the net proceeds from dispositions of, and net income attributable to, CPDFCI's portfolio investments (subject to retention to pay expenses and provide for reasonable reserves) after the Partners have first received, on a cumulative basis, the sum of:

- (i) an amount equal to 100% of the Partners' aggregate capital contributions
- (ii) an amount sufficient to provide a compounded return of 7% per annum on the Partners' aggregate capital contributions from the dates of contribution to the dates of distribution under clause (i)
- (iii) Then, 100% to the GP until the GP has received an amount equal to 25% of distributions made under clause (ii) and this clause; and
- (iv) finally, (a) 25% to the GP and (b) 75% to the Partners in proportion to their percentage interests.

Upon any distribution thereafter, the GP will be required to return carried interest distributions to CPDFCI to the extent the GP has been over distributed with respect to its carried interest (reduced by the aggregate tax liability deemed incurred by the GP on account of its carried interest).

Senior Fund

The Senior Fund will pay Columbia a management fee at an annual rate of 1% of aggregate capital contributions of the Limited Partners (other than those affiliated with the Senior Fund GP) until the end of the Fund's term. For Capital Contributions made during a quarter, the Management Fee applicable to such additional Capital Contributions will be pro-rated and collected at the beginning of the following quarter.

The Senior GP (GP) will be entitled to "carried interest" distributions equal to 25% of the net proceeds from dispositions of, and net income attributable to, the Fund's portfolio investments (subject to retention to pay expenses and provide for reasonable reserves) after the Partners have first received, on a cumulative basis, the sum of:

- (i) an amount equal to 100% of the Partners' aggregate capital contributions
- (ii) an amount sufficient to provide a compounded return of 6% per annum on the Partners' aggregate capital contributions from the dates of contribution to the dates of distribution under clause (i)
- (iii) finally, (a) 25% to the GP and (b) 75% to the Partners in proportion to their percentage interests.

Upon any distribution thereafter, the GP will be required to return carried interest distributions to the Fund to the extent the GP has been over distributed with respect to its carried interest (reduced by the aggregate tax liability deemed incurred by the GP on account of its carried interest).

Income Fund

The Income Fund will pay Columbia a management fee at an annual rate of 1.5% of aggregate capital contributions of the Limited Partners (other than those affiliated with the Income Fund GP) until the end of the Fund's term. For Capital Contributions made during a quarter, the Management Fee applicable to such additional Capital Contributions will be pro-rated and collected at the beginning of the following quarter.

The Income GP (GP) will be entitled to "carried interest" distributions equal to 20% of the net proceeds from dispositions of, and net income attributable to, the Fund's portfolio investments (subject to retention to pay expenses and provide for reasonable reserves) after the Partners have first received, on a cumulative basis, the sum of:

- (i) an amount equal to 100% of the Partners' aggregate capital contributions
- (ii) an amount sufficient to provide a compounded return of 8% per annum on the Partners' aggregate capital contributions from the dates of contribution to the dates of distribution under clause (i)
- (iii) Then, 100% to the GP until the GP has received an amount equal to 20% of distributions made under clause (ii) and this clause; and
- (iv) finally, (a) 20% to the GP and (b) 80% to the Partners in proportion to their percentage interests.

Upon final liquidation of the Fund, the GP will be required to return carried interest distributions to the Fund to the extent the GP has been over distributed with respect to its carried interest in excess of 20% of aggregate Fund profit (reduced by the aggregate tax liability deemed incurred by the GP attributable to its carried interest).

General information

Columbia's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Columbia's fee, and Columbia shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Columbia considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

The Funds are subject to the following incentive allocations or carried interest distributions:

Opportunity Fund

Columbia receives, as of the end of each fiscal year, an incentive allocation equal to 20% of each Limited Partner's allocable share of aggregate net profits for the fiscal year, provided that any prior net losses previously allocated to the Limited Partner must be offset by allocations of net profits before the incentive allocation may be made with respect to such Limited Partner. Any withdrawal at any time other than the end of a fiscal year will also be subject to an incentive allocation as of the date of such withdrawal. Columbia may, in its sole discretion, waive or reduce the incentive allocation payable with respect to any Limited Partner.

Distressed Fund

The Distressed GP (GP) will be entitled to "carried interest" distributions equal to 20% of the net proceeds from dispositions of, and income attributable to, the Fund's portfolio investments (subject to retention to pay expenses and to certain reserve and reinvestment rights) after the Partners have first received, on a cumulative basis, the sum of:

- (i) an amount equal to 100% of the Partners' aggregate capital contributions
- (ii) an amount sufficient to provide a compounded return of 7% per annum on the Partners' aggregate capital contributions from the dates of contribution to the dates of distribution under clause (i).
- (iii) Then, 100% to the GP until the GP has received an amount equal to 20% of distributions made under clause (ii) and this clause; and
- (iv) finally, (a) 20% to the GP and (b) 80% to the Partners in proportion to their percentage interests.

Upon any distribution thereafter, the GP will be required to return distributions to the Fund to the extent the GP has been over distributed with respect to its carried interest (reduced by the aggregate tax liability deemed incurred by the GP on account of its carried interest).

CPDFCI

The Distressed GP (GP) will be entitled to "carried interest" distributions equal to 25% of the net proceeds from dispositions of, and net income attributable to, CPDFCI's portfolio investments (subject to retention to pay expenses and provide for reasonable reserves) after the Partners have first received, on a cumulative basis, the sum of:

- (i) an amount equal to 100% of the Partners' aggregate capital contributions
- (ii) an amount sufficient to provide a compounded return of 7% per annum on the Partners' aggregate capital contributions from the dates of contribution to the dates of distribution under clause (i)
- (iii) Then, 100% to the GP until the GP has received an amount equal to 25% of distributions made under clause (ii) and this clause; and
- (iv) finally, (a) 25% to the GP and (b) 75% to the Partners in proportion to their percentage interests.

Upon any distribution thereafter, the GP will be required to return carried interest distributions to CPDFCI to the extent the GP has been over distributed with respect to its carried interest (reduced by the aggregate tax liability deemed incurred by the GP on account of its carried interest).

Senior Fund

The Senior GP (GP) will be entitled to "carried interest" distributions equal to 25% of the net proceeds from dispositions of, and net income attributable to, the Fund's portfolio investments (subject to retention to pay expenses and provide for reasonable reserves) after the Partners have first received, on a cumulative basis, the sum of:

- (i) an amount equal to 100% of the Partners' aggregate capital contributions
- (ii) an amount sufficient to provide a compounded return of 6% per annum on the Partners' aggregate capital contributions from the dates of contribution to the dates of distribution under clause (i)
- (iii) finally, (a) 25% to the GP and (b) 75% to the Partners in proportion to their percentage interests.

Upon any distribution thereafter, the GP will be required to return carried interest distributions to the Fund to the extent the GP has been over distributed with respect to its carried interest (reduced by the aggregate tax liability deemed incurred by the GP on account of its carried interest).

Income Fund

The Income GP (GP) will be entitled to “carried interest” distributions equal to 20% of the net proceeds from dispositions of, and net income attributable to, the Fund’s portfolio investments (subject to retention to pay expenses and provide for reasonable reserves) after the Partners have first received, on a cumulative basis, the sum of:

- (i) an amount equal to 100% of the Partners’ aggregate capital contributions
- (ii) an amount sufficient to provide a compounded return of 8% per annum on the Partners’ aggregate capital contributions from the dates of contribution to the dates of distribution under clause (i)
- (iii) Then, 100% to the GP until the GP has received an amount equal to 20% of distributions made under clause (ii) and this clause; and
- (iv) finally, (a) 20% to the GP and (b) 80% to the Partners in proportion to their percentage interests.

Upon final liquidation of the Fund, the GP will be required to return carried interest distributions to the Fund to the extent the GP has been over distributed with respect to its carried interest in excess of 20% of aggregate Fund profit (reduced by the aggregate tax liability deemed incurred by the GP attributable to its carried interest).

Item 7 – Types of Clients

Columbia provides investment advisory services solely to the Funds.

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

As the general Partner of, or investment manager to each Fund, Columbia has authority over and responsibility for the investment program of each Fund. An investment in a Fund involves a significant amount of risk and is suitable only for sophisticated investors of substantial means who have no immediate need for liquidity in the amount invested, and who understand and can afford a risk of loss of all, or a substantial part of such investment. There can be no assurance that any returns will be realized or that a Limited Partner will receive a return of its capital. In addition, investors should be aware that there will be occasions when the General Partner and its affiliates (including the Manager) may encounter potential conflicts of interest in connection with the Funds.

The following is a brief summary of the investment objective, strategy and related information of or for each Fund:

Opportunity Fund

The investment objective of the Opportunity Fund is to generate positive returns in all markets through a prudently diversified portfolio of significant investments that will generate superior-risk adjusted returns. The Opportunity Fund seeks to invest across multiple asset classes through direct investments. Direct investments will be made in assets in which Columbia’s principals have expertise. Investments within this class can be both debt and equity, private and public. Potential asset classes include real estate, private equity, public equity, distressed debt, and special situation lending.

The Opportunity Fund will be free to change its investment policies and practices in any manner in the sole discretion of Columbia and without the approval of or notice to the limited Partners. The Opportunity Fund may trade in derivative instruments and may trade on margin or borrow funds in order to employ leverage. Columbia reserves the full discretion to invest Opportunity Fund assets in any way Columbia believes may be in the best interests of the Opportunity Fund consistent with the Opportunity Fund’s overall investment objective.

Columbia may designate, in its sole discretion, that certain investments of the Opportunity Fund, such as investments in illiquid funds, accounts or securities, or funds, accounts or securities that do not have a readily

ascertainable market value, will be designated “Side Pocket Investments.” Partners admitted after the designation of a Side Pocket Investment will have no interest in that Side Pocket Investment and, except as set forth in the limited Partnership agreement of the Opportunity Fund, no Partner will be permitted to withdraw any amount of its interest attributable to a Side Pocket Investment until all or the relevant part of such Side Pocket Investment is no longer designated as such. Side Pocket Investments will be subject to management fees, but no incentive allocation will be payable on any Side Pocket Investment until gains have been realized or deemed realized by Columbia in its sole discretion with respect to that Side Pocket Investment.

See the private placement memorandum for the specific risks associated with this fund.

Distressed Fund

The investment objective of the Distressed Fund is to achieve superior long-term capital appreciation through investments in distressed senior housing and healthcare real estate and related distressed investments such as mortgage-backed securities, bonds, warrants and mezzanine debt. Subject to certain co-investment opportunities that may be granted to certain third parties and limited Partners for strategic or capacity related reasons, the Distressed GP, Columbia and each of Daniel R. Baty, Stanley L. Baty, Brandon D. Baty and Alexander B. Washburn (the “Managing Partners”) will present to the Distressed Fund all investment opportunities that fall within the investment objectives of the Distressed Fund during the investment period commencing on the initial closing date and ending on the third anniversary of the final closing date.

The Distressed Fund will not invest in portfolio investments more than 10% of the value of which consists of real estate located outside of North America or companies organized, headquartered or having their principal place of business outside of North America. The Distressed Fund may not invest in any other blind pool investment vehicle with respect to which the Distressed Fund would pay a “carried interest” or a management fee. The Distressed Fund may invest in listed options, futures or over-the-counter financial derivatives for the purpose of hedging the value of the Distressed Fund’s investment in portfolio investments that are not options, futures or derivatives.

The Distressed Fund may borrow funds in anticipation of capital draw downs, and the Distressed Fund and its portfolio investments may borrow funds for the acquisition of assets and for other purposes, provided that in no event will the Fund at any one time have outstanding indebtedness for borrowed money in excess of 50% of the Distressed Fund’s aggregate capital commitments. The Distressed Fund may also guarantee obligations of portfolio investments.

See the private placement memorandum for the specific risks associated with this fund.

CPDFCI

The investment objective of CPDFCI is to co-invest with the Distressed Fund, through a single-purpose entity, to acquire senior housing and healthcare real estate through direct ownership and a joint venture with Blackstone Real Estate Advisors and Emeritus Corporation (“JV Investment”) and related investments. At the time of the investment, the JV Investment comprised 60% of CPDFCI’s capital commitments and CPDFCI owned an 11% interest in the JV Investment. Subject to certain co-investment opportunities that may be granted to certain third parties and limited Partners for strategic or capacity-related reasons, the Distressed GP, Columbia and each Managing Partner will present to CPDFCI all investment opportunities that fall within the investment objectives of CPDFCI during the investment period commencing on the initial closing date and ending on the first anniversary of the final closing date.

CPDFCI may not invest in any other blind pool investment vehicle with respect to which CPDFCI would pay a “carried interest” or a management fee. CPDFCI may invest in listed options, futures or over-the-counter financial derivatives for the purpose of hedging the value of CPDFCI’s investment in portfolio investments that are not options, futures or derivatives.

CPDFCI may borrow funds in anticipation of capital draw downs, and CPDFCI and its portfolio investments may borrow funds for the acquisition of assets and for other purposes. CPDFCI may also guarantee obligations of portfolio investments.

See the private placement memorandum for the specific risks associated with this fund.

Senior Fund

The investment objective of the Senior Fund is to own an interest in any corporation, partnership, limited liability company, or other legal entity whose primary business is to acquire, develop, construct, own, operate, sell, lease, sublease, finance, or otherwise deal with senior housing facilities (including independent living, assisted living and skilled nursing) in North America, as well as ancillary businesses, including therapy, home health, durable medical equipment and hospice in North America.

See the private placement memorandum for the specific risks associated with this fund.

Income Fund

The investment objective of the Income Fund is to make short to medium term real estate secured loans and invest in other high quality secured loans at what the Manager believes to be a discount to fair value. The Fund intends to create a portfolio of loans with strong collateral profiles diversified both geographically and by product type. The Fund intends to primarily apply attractive, low leverage and stable financing to balance sheet borrowers who are willing to provide strong collateral, which may include a combination of personal guarantees and substantial collateral.

See the private placement memorandum for the specific risks associated with this fund.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Columbia or the integrity of Columbia’s management. Columbia has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Columbia serves as the general partner of or investment manager to each Fund, as further described in the responses in the Advisory Business section above.

The owners of Columbia have an affiliation with another investment adviser, Columbia Pacific Capital Management (CPCM) which provides advisory services for separately managed accounts. The owners have an ownership interest in CPCM, but are not involved in the daily operations.

Three of the members of Columbia are involved with two publicly traded companies in which the Opportunity Fund currently owns shares of common stock. As a result, the Opportunity Fund is restricted from trading shares of those two publicly traded companies except during the same “open window” periods applicable to the management teams of the two publicly traded companies. Because of these limitations, the Opportunity Fund may be prevented from trading shares of either company at a time that Columbia believes may be advantageous to the Opportunity Fund.

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

Columbia has adopted a Code of Ethics (the Code) that sets forth the basic policies of ethical conduct for all managers, members, officers, directors and employees of Columbia and their fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All Access Persons at Columbia must acknowledge the terms of the Code annually, or as amended.

In addition, the Code governs personal trading by each employee of Columbia deemed to be an Access Person (as that term is defined in the Code) and is intended to ensure securities transactions effected by Access Persons of Columbia are conducted in a manner that avoids any actual or potential conflict of interest between such persons and clients or affiliates of Columbia. Columbia collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest.

Columbia anticipates that, in appropriate circumstances, consistent with the Funds' investment objectives, it will cause a Fund over which Columbia has management authority to effect and recommend the purchase or sale of securities in which Columbia, its affiliates and/or clients, directly or indirectly, have a position of interest.

The Code is designed to assure that the personal securities transactions, activities and interests of the employees of Columbia will not interfere with (i) making decisions in the best interest of the Funds and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Columbia clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity.

Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as the Funds, there is a possibility that employees might benefit from market activity by a Fund in a security held by an employee. Employee trading is periodically monitored under the Code to reasonably prevent conflicts of interest between Columbia and its clients.

Certain affiliated accounts may trade in the same securities on the same day as the Fund accounts, on an aggregated basis when consistent with Columbia's obligation of best execution. In such circumstances, the affiliated and client accounts at the same custodian will receive securities at the same average price. Columbia will retain records of the trade order (specifying each participating account) and its allocation. Partially filled orders will usually be allocated on a pro rata or random basis.

It is Columbia's policy that the firm will not affect any principal cross securities transactions for client accounts. Columbia will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account.

Columbia's clients or prospective clients may request a copy of the firm's Code by contacting Paul Parietti, the Chief Compliance Officer, at (206) 701-7887.

Item 12 - Brokerage Practices

Among the Funds managed by Columbia, only the Opportunity Fund currently trades public securities. As a result, the following discussion pertains directly to the trading activities of the Opportunity Fund.

Columbia has complete discretion over the selection of broker-dealers to execute securities transactions and negotiate compensation arrangements with such broker-dealers. In addition to using broker-dealers as agents and

paying commissions, Columbia may cause the Opportunity Fund to buy or sell securities directly from, or to broker-dealers acting as principal (such as market-makers for over-the-counter securities) at prices that include markups or markdowns, and may buy securities from underwriters or broker-dealers in public offerings at prices that include compensation to the underwriters or broker-dealers. The following discussion summarizes the material aspects of Columbia's practices in selecting broker-dealers to execute transactions.

Selection Criteria – Execution Quality

In choosing broker-dealers, Columbia is not required to consider any particular criteria. For the most part, Columbia seeks "best execution" of securities transactions. "Best execution" is not synonymous with the lowest price. In evaluating whether a broker-dealer will provide best execution, Columbia considers a range of factors. These include, among others, (i) historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions, (ii) the execution, clearance and settlement and error correction capabilities of the broker-dealer generally and in connection with securities of the type and in the amounts to be bought or sold, (iii) the broker-dealer's willingness to commit capital, (iv) the broker-dealer's reliability and financial stability, (v) the size of the transaction, (vi) the availability of securities to borrow for short sales, (vii) the market for the security, (viii) and, as discussed more fully below, the nature, quantity and quality of research and other services and products provided by the broker-dealer. Columbia is not required to select the broker-dealer that charges the lowest transaction price, even if that broker-dealer can provide execution quality comparable to other broker-dealers. The Opportunity Fund may at times pay more than the lowest transaction price available in order to obtain for Columbia services and products that relate to investment research or trading activities.

"SOFT DOLLARS"

Columbia may select broker-dealers in recognition of the value of various services or products, beyond transaction execution, that they provide to Columbia or its advisory clients. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is commonly referred to as paying for those services or products with "soft dollars." Because many of those services and products could benefit Columbia, Columbia may face conflicts of interest in allocating a client's securities transactional business. These may include incentives to cause the client to engage in the following practices to induce broker-dealers to provide those benefits, including by:

- (i) paying broker-dealers higher compensation (including markups and markdowns on principal transactions with market-makers) than the compensation payable to other market participants who do not provide the services or products;
- (ii) selecting broker-dealers that do not provide the best possible price;
- (iii) using (and paying) broker-dealers who do not actually provide execution services (including broker-dealers who are paid commissions on transactions effected on a principal basis with other broker-dealers acting as market makers); and
- (iv) effecting more transactions than might otherwise be optimal.

The agreements between Columbia and its clients generally authorize Columbia to use client soft dollars for a wide range of purposes, including certain purposes that may fall outside the safe harbor afforded by Section 28(e) of the Exchange Act as amended (see below). The extent of any such conflict depends in large part on the nature and uses of the services and products acquired with soft dollars.

Columbia believes its use of soft dollars benefits the Opportunity Fund. However, the research and services acquired with soft dollars generated by the Opportunity Fund's investments may also benefit Columbia, its members, employees and affiliates.

Fund Expenses

Columbia may use soft dollars to pay broker-dealers for record-keeping, custodial and related services for the Opportunity Fund.

Research and Brokerage

Columbia may use soft dollars to acquire other “research” and “brokerage” services and products for which the Opportunity Fund would not otherwise be required to pay. Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a “safe harbor” for soft dollar uses when certain conditions are met. Under Section 28(e), “research” means services or products used to provide lawful and appropriate assistance to Columbia in making investment decisions for its clients. “Brokerage” services and products are those used to effect securities transactions for Columbia’s clients or to assist in effecting those transactions. To be protected under Section 28(e), Columbia must, among other things, determine that commissions paid are reasonable in light of the value of the “brokerage” and “research” services and products acquired. Notwithstanding this protection, Columbia could be considered to have a conflict of interest when it uses soft dollars for research and brokerage services and products. Because Columbia might otherwise have to pay cash for those services and products, it may have an incentive to use broker-dealers who provide those products and services more than it otherwise would. The types of “research” Columbia expects to acquire include (but is not limited to): reports on, and other information about, particular companies or industries; economic surveys and analyses; recommendations as to purchase, holding or sale of specific securities; financial publications; portfolio evaluation services; computerized news, pricing and statistical services; analytical software; proxy analysis services and systems; for use in running software used in investment decision making; and other products or services that may enhance Columbia’s investment decision making. “Brokerage” services and products (beyond typical execution services) include (but are not limited to): computer systems and facilities used for such things as communicating orders electronically to executing brokers.

When a particular product or service that a broker or dealer is willing to provide for soft dollars has dual purposes (*i.e.*, it is useful to Columbia for both “research” and non-research purposes), Columbia may allocate the cost of the product or service between its research and non-research uses and pay only the “research” portion with soft dollars. Columbia’s interest in making such allocation may differ from the Opportunity Fund’s interest in that Columbia has an incentive to designate as much as possible of such cost to “research” in order to permit payment with soft dollars.

Procedures

Broker-dealers from which Columbia obtains soft dollar services or products generally establish “credits” based on past transactional business (including markups and markdowns on principal transactions), which may be used to pay or reimburse Columbia for specified expenses. In some cases, a broker-dealer may suggest a level of future business that would fully compensate the broker-dealer for services or products it provides. Columbia’s actual transactional business with a broker-dealer may be less than the suggested level but can—and often will—exceed that level, and credits established may exceed the amounts used to acquire services and products. This may be in part because Columbia’s investment activities generate aggregate commissions in excess of the levels of future business suggested by all broker-dealers who provide services and products. And it may be in part because those broker-dealers may also provide superior execution and may therefore be most appropriate for particular transactions. These procedures are generally consistent with the requirements of Section 28(e) when the products or services acquired constitute research and/or brokerage services.

Broker-dealers with which a Fund transacts may introduce Columbia to prospective investors in the Fund. To the extent Columbia receives services from a broker-dealer at lower than market prices, and to the extent Columbia is responsible for selecting the broker-dealer or negotiating the rates of compensation paid to the broker-dealer by a Fund, conflicts may exist between Columbia’s interests and the interests of the Fund. Columbia may have an incentive to cause the Fund to accept less favorable pricing for brokerage services (including interest and similar charges on margin borrowings and short positions) than might be available otherwise or to continue to use the broker-dealer when the Fund would not otherwise do so. Columbia believes the compensation the Opportunity Fund will pay broker-dealers is reasonable and competitive with rates charged by other broker-dealers for services of comparable quality.

Aggregation of Orders

Columbia may (but is not required to) combine orders on behalf of the Opportunity Fund with orders for other accounts for which Columbia or its principals have trading authority, or in which Columbia or its principals have an economic interest. When it does, Columbia will generally allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. Columbia believes combining orders in this way will be advantageous to all participants over time. However, the average price could be less advantageous to the Opportunity Fund than if it had been the only account effecting the transaction or had completed its transaction before the other participants.

Columbia may appoint one or more placement agents to solicit prospective investors for interests in the Funds. Unless paid by the relevant investor, all fees or compensation payable to a placement agent with respect to an investment by such investor will be paid solely by Columbia or its affiliates (other than the relevant Fund), which fees or compensation are expected to be paid out of the management fees, incentive allocations or carried interest distributions payable by such Fund.

Item 13 – Review of Accounts

Alexander Washburn monitors the publicly traded securities of each Fund on a daily basis. The principals of Columbia monitor all other investments on at least a monthly basis.

In general, each investor in a Fund receives, for each fiscal year of the Fund, audited financial statements and such information as may be reasonably necessary for the preparation of the investor's tax returns. In addition, each investor in the Opportunity Fund generally receives, semi-annually, an unaudited capital account statement; each investor in the Distressed Fund generally receives, quarterly, an unaudited report providing a summary of the Distressed Fund's portfolio investments; each investor in CPDFCI generally receives, semi-annually, an unaudited report providing a summary of CPDFCI's portfolio investments; each investor in the Senior Fund generally receives, semi-annually, an unaudited report providing a summary of the Senior Fund's portfolio investments; and each investor in the Income Fund will generally receive, semi-annually, an unaudited report providing a summary of the Income Fund's portfolio investments.

Item 14 – Client Referrals and Other Compensation

Columbia does not have any referral arrangements for compensation and does not intend to establish any.

Item 15 – Custody

Opportunity Fund – Columbia self-custodies approximately 2/3 of the investments. We choose to custody the public securities at Goldman Sachs and cash at Goldman Sachs and/or Washington Trust Bank.

Distressed Fund – Columbia self-custodies all of the investments. Cash is custodied at Washington Trust Bank.

CPDFCI – Columbia self-custodies all of the investments. Cash is custodied at Washington Trust Bank.

Senior Fund – Columbia self-custodies all of the investments. Cash is custodied at Seattle Bank.

Income Fund – Columbia self-custodies all of the investments. Cash is custodied at Seattle Bank.

Columbia does not receive any compensation from the three above mentioned custodians and believes that all three firms provide adequate service for reasonable fees.

Item 16 – Investment Discretion

Columbia has complete discretion over the selection and amount of securities to be bought or sold by the Funds (within the parameters established by the relevant Fund’s limited partnership agreement and/or private placement memorandum). Columbia is not required to obtain the consent or approval of any Limited Partner of a Fund in connection with any investment transaction or decision on behalf of the Fund.

Item 17 – Voting Client Securities

Columbia has adopted a policy governing the voting of proxies that is designed to ensure that Columbia votes proxies relating to securities or other assets held by the Funds in a prudent and diligent manner intended to enhance the economic value of the relevant securities or other assets. Each proxy proposal will be considered on its own merits, and an independent determination will be made whether to support or oppose management’s position. A client may obtain a copy of these proxy voting policies as well as information on how Columbia has voted past proxies by calling (206) 728-9063.

Item 18 – Financial Information

Columbia has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.