

FORM ADV PART 2A -- INVESTMENT ADVISER BROCHURE

LINCOLNSHIRE MANAGEMENT, INC.

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Lincolnshire Management, Inc. (“LMI”). If you have any questions about the contents of this Brochure, please contact us at (212) 319-3633. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

LMI is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding LMI is also available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

LMI is a newly registered investment adviser and this is its initial Brochure. For future Brochures, this page will describe any material changes made since the previous Brochure.

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ADVISORY BUSINESS

LMI is a private investment management firm, which has several affiliated investment advisory entities and other organizations (collectively, “**Lincolnshire**”). LMI, a Delaware corporation and a registered investment adviser, provides discretionary investment advisory services to private investment funds. LMI commenced operations in 1986.

The following are the affiliated advisers of LMI (collectively with LMI, the “**Advisers**”):

General Partners

- Lincolnshire Equity Partners, L.P. (“**LEP I**”);
- Lincolnshire Equity Partners II, L.P. (“**LEP II**”);
- Lincolnshire Equity Partners III, L.P. (“**LEP III**”); and
- Lincolnshire Equity Partners IV, L.P. (“**LEP IV**”).

Management Companies

- Lincolnshire Management, LP (“**LMLP**”); and
- Lincolnshire Management IV, L.P. (“**LM IV**”).

LMI’s clients include the following private equity funds (collectively the “**Partnerships**,” and together with any future private investment funds to which LMI or its affiliates provide investment advisory services, “**Private Investment Funds**”):

- Lincolnshire Equity Fund, L.P. (“**Fund I**”);
- Lincolnshire Equity Fund II, L.P. (“**Fund II**”);
- Lincolnshire Equity Fund III, L.P. (“**Fund III**”);
- Lincolnshire Equity Fund IV, L.P. (“**LEF IV**”); and
- Lincolnshire Equity Fund IV-A, L.P. (“**LEF IV-A**,” and together with LEF IV, “**Fund IV**”).

The general partner entities listed above (the “**General Partners**”) each serve as general partner to one or more Partnerships and the management companies listed above (the “**Management Companies**”) each serve as the investment manager to one or more of the Partnerships. Each Adviser is deemed registered under the Advisers Act pursuant to LMI’s registration in accordance with SEC guidance. This Brochure describes the business practices of the Advisers which operate as a single advisory business and are under common control. The General Partners and Management Companies make arrangements for investment advisory and other services (including personnel) from LMI to fulfill their obligations to the Partnerships. References contained in this Brochure to the strategy and operations of a General Partner or a Management Company should be read to include the activities of LMI and other Lincolnshire affiliates that collectively engage in the investment process and ongoing management of the Partnerships’ portfolio companies. However, LMI, the Management Companies and the General

Partners each act in separate and specific capacities as described in the applicable limited partnership agreement of the relevant Private Investment Fund (the “**Partnership Agreement**”) and any management agreements or other agreements between the entities.

The Partnerships and any other Private Investment Funds that may be formed by a General Partner (or its affiliates) at a later date or that may otherwise become clients of an Adviser are expected to invest through negotiated transactions in operating entities. The Advisers’ investment advisory services to the Partnerships consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted, subject to certain limitations in the Partnership Agreement of each Partnership. The senior principals of Lincolnshire (the “**Principals**”) or other personnel of the Advisers or their affiliates generally serve on a portfolio company’s board of directors or otherwise act to influence control or management of the portfolio companies held by the Partnerships.

The Advisers’ advisory services for Partnerships are further described in the applicable private placement memoranda and Partnership Agreements as well as below under “Methods of Analysis, Investment Strategies and Risk of Loss” and “Investment Discretion.” Investors in Private Investment Funds participate in the overall investment program for the applicable Private Investment Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints, pursuant to the terms of the applicable Partnership Agreement. The Private Investment Funds or the Advisers may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing a Private Investment Fund’s Partnership Agreement.

As of December 31, 2011, LMI managed approximately \$1.2 billion in client assets on a discretionary basis. LMI is owned by Thomas J. Maloney.

FEES AND COMPENSATION

In general, LMI and the Management Companies receive a Management Fee (as defined below) and the applicable General Partner receives a carried interest, each in connection with advisory services. LMI, the General Partners, Management Companies or other Lincolnshire entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies (*e.g.*, monitoring and other fees) of Partnerships and a portion of such additional compensation may offset in part the Management Fees otherwise payable to the relevant Management Company or LMI, as applicable. Investors in the Partnerships also bear certain fund expenses.

Management Fee

Generally, each Partnership initially pays LMI or the relevant Management Company, as applicable, a management fee (the “**Management Fee**”) equal to 2.0% on an annual basis of third-party investor capital commitments (“**Commitments**”). Any investment by an Adviser in either of Fund III or Fund IV is not subject to the Management Fee. Investors participating in a closing after the initial closing bear the Management Fee from the initial closing plus interest.

The Management Fee is generally paid quarterly in advance. Following the occurrence of certain events as specified in the relevant Partnership Agreement, including the end of the applicable investment period and, in certain cases, the drawdown of a specified percentage of the Commitments, the Management Fee will be reduced in accordance with the terms of such Partnership Agreement. The Management Fee is typically payable until all portfolio investments and other assets have been distributed, disposed of or liquidated as described in the relevant Partnership Agreement. Installments of the Management Fee payable for any period other than a full Management Fee period are adjusted on pro rata basis according to the actual number of days in such period.

The Management Fee will typically be reduced by a specified portion of the relevant Partnership's share of certain types of fees received by an Adviser or its affiliates from the portfolio companies (such fees, "**Supplemental Fees**"). Such fees may include monitoring, consulting, directors' and financial advisory fees in connection with supervising the business and financial activities of the portfolio companies received by an Adviser or its affiliates and certain other professional service fees and break-up fees. To the extent that such an offset credit would reduce the Management Fee for a given Management Fee period below zero, the credit will be carried forward for future application against payable Management Fees.

As permitted under the Partnership Agreement for each of Fund III and Fund IV, the applicable Management Company may waive or agree to reduce the Management Fee otherwise payable to it from the limited partners. Any such waived or reduced portion of the Management Fee may reduce dollar-for-dollar the amount of capital that affiliates of the applicable General Partner (including the Management Company in its capacity as a limited partner of each of Fund III and Fund IV) would otherwise be required to contribute to the relevant Partnership for portfolio investments. The limited partners of the relevant Partnership may be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution for portfolio investments that would otherwise be required of such affiliates of the applicable General Partner in connection with any such waiver or reduction as described above.

Carried Interest

The General Partner of each Partnership is entitled to receive a carried interest with respect to such Partnership equal to 20% of all profits after (i) an 8% compounded preferred return with respect to Fund III and Fund IV and (ii) a 9% compounded preferred return with respect to Fund I and Fund II, subject in each case to a General Partner catch-up provision with respect to the applicable preferred return as more fully described in the Partnership Agreement of the applicable Partnership. The carried interest distributed to the General Partner is generally subject to a potential giveback at certain points during and at the end of the life of the relevant Partnership if the General Partner has received excess cumulative distributions of carried interest, subject to the terms of the applicable Partnership Agreement.

Other Information

The Private Investment Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the applicable Partnership Agreement, over the term of the applicable Private Investment Fund, and

investors generally are not permitted to withdraw or redeem interests in the Private Investment Fund.

Principals or other employees of Lincolnshire may receive a portion of the carried interest or certain other compensation received by the General Partners or their affiliates. The Management Fee will be used to cover the Advisers' operating expenses, including employee compensation.

In addition to the Management Fee and carried interest payable to the applicable Adviser, each Partnership bears certain expenses to the extent not paid by its portfolio companies. Such fees and expenses are set forth in the relevant Partnership Agreement and may include, without limitation: (a) all costs, expenses and liabilities incurred in or attributable to evaluating, investigating, analyzing, negotiating, acquiring, holding and disposing of investments, whether consummated or unconsummated (including interest on money borrowed, travel expenses, finders or brokers fees and bank and custodial fees); (b) all legal, accounting, consulting, audit, filing and other fees and expenses, including the fees associated with the preparation of audited financial reports, tax returns and Schedules K-1; (c) legal fees and expenses, judgments, fines, damages or costs paid or incurred in prosecuting or defending administrative or legal proceedings brought by or against the Partnership, the Advisers or any of their affiliates or portfolio companies (or paid in any settlement thereof); (d) extraordinary costs and expenses, including amounts paid or advanced by the Partnership pursuant to its indemnification obligations; (e) expenses of any advisory committee of certain limited partners (the “**Advisory Committee**”); (f) costs of any retained valuation experts; (g) all out-of-pocket fees and expenses incurred in connection with any conference or meeting with the limited partners; (h) any taxes (including stamp duties and transfer taxes), fees or other governmental charges levied against the Partnership; (i) premiums for insurance; (j) the costs of dissolving and winding up the Partnership; and (k) all organizational expenses up to the expense cap specified in the Partnership Agreement.

The Advisers are responsible for all normal overhead expenses in connection with their day-to-day operations, including compensation for their employees and expenses for office space. Brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” the General Partners may receive a carried interest allocation on certain profits in the Partnerships. The Advisers do not currently advise any Private Investment Funds not subject to a carried interest. However, as described below, with respect to Fund III and Fund IV, the relevant General Partner may exempt certain investors from all or a portion of carried interest through Private Investment Funds that co-invest alongside such funds.

TYPES OF CLIENTS

The Advisers provide investment advice to Private Investment Funds, including the Partnerships. Private Investment Funds are investment partnerships or other investment entities

formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The investors participating in Private Investment Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of the Advisers and their affiliates.

Each Partnership generally has a minimum investment of \$5 million for third-party investors with the exception of Fund IV, which generally has a minimum investment of \$10 million. All such minimum investment amounts may be waived by the applicable General Partner. Investors in the Partnerships must meet certain suitability and net worth qualifications prior to making an investment. Investors in LEF IV-A generally must be (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended and (ii) either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act. Interests in all other Partnerships are offered and sold solely to certain sophisticated investors who are also accredited investors.

Certain affiliates and personnel of Lincolnshire and other third party investors may be permitted to co-invest directly in a particular portfolio company or in a holding company which holds the equity in the portfolio company. To the extent such co-investment opportunities are offered, the Advisers will select which investors are permitted to participate in such co-invest opportunities based on various factors, including the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis and for strategic or other reasons. The Advisers are not obligated to make co-investment opportunities available to any particular investors or limited partners.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Lincolnshire is a private investment firm focused on control and control-oriented investments, including, leveraged acquisitions and recapitalizations and significant minority investments in middle-market companies believed to benefit from Lincolnshire’s in-house operating professionals and experience. The Advisers’ investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for investments. Investments are predominantly in non-public companies although investments in public companies are permitted.

The Advisers’ investment strategy for the Partnerships focuses on control-oriented investment opportunities in companies with enterprise values typically ranging from \$50 million to \$350 million. The Advisers have a value-driven investment approach, targeting fundamentally sound businesses with strong potential for significant improvements in operations and corporate growth. The Advisers believe that by applying their resources and actively working with management post investment, the Advisers can build substantial value in these businesses.

The following is a summary of the investment strategies and methods of analysis generally employed by the Advisers on behalf of the Partnerships. More detailed descriptions of the Partnerships' investment strategies and methods of analysis are included in the applicable private placement memorandum and Partnership Agreement for each Partnership. *There can be no assurance that the Advisers will achieve the investment objectives of the Partnerships, and a loss of investment may be possible.*

Investment and Operating Strategy

Focus on Small and Middle-Market Companies. The Partnerships will generally pursue businesses in the lower-to-mid range of the middle market, with revenue ranging from \$50 million to \$500 million and operating cash flows of \$10 million to \$50 million. The focus on businesses of this size has the benefit of limited competition from financial buyers, as the Advisers believe there are relatively few competitors that can source deals consistently on a non-auction basis. Furthermore, unlike financial buyers focused on mainstream industries, the Advisers intend to continue to devote resources to examining a wide variety of industries, including niche sectors. The Advisers believe that in order to effectively pursue a value-oriented strategy, the Partnerships are better served by a broad approach when sourcing companies with attractive features. The Advisers will seek investments for the Partnerships that the Advisers believe generally have one or more of the following characteristics: (i) businesses that are fundamentally sound with the potential to improve both revenue and profit; (ii) companies operating in niche businesses or out-of-favor sectors; (iii) businesses that are orphaned divisions of larger companies; and (iv) businesses that involve transactional complexities that obscure value from the view of traditional buyers.

Systematic Approach to Deal Sourcing. The Advisers take a proactive approach to deal origination, preferring to develop both proprietary and less competitive situations. Lincolnshire's deal-sourcing team (the "**Origination Team**") manages a systematic calling effort geared toward traditional intermediaries and other deal sources, collectively maintaining a network of over 2,600 active contacts specializing in small and middle-market deals. The Advisers believe that Lincolnshire's day-to-day presence in key regions of the country significantly enhances their origination capabilities, as Lincolnshire's regional offices are positioned to proactively source high quality opportunities that are not typically shown outside of their respective regions. The Advisers believe the Origination Team has cultivated effective and loyal relationships with its transaction sources over its long tenure and that Lincolnshire has demonstrated to its transaction sources a long history of closing transactions. The Advisers believe both of these factors enhance their credibility among potential sellers and their intermediaries. The Advisers further believe Lincolnshire's deal sourcing efforts benefit the Partnerships as follows: (i) enabling the Partnerships to achieve improved pricing on deals by avoiding highly competitive auction processes; (ii) allowing the Advisers to conduct enhanced due diligence by avoiding the time-intensive process and constraints of a traditional auction; and (iii) allowing the Advisers to develop a robust post-acquisition plan well before a transaction is complete.

Control Investments with Flexible Transaction Structures. The Advisers are principally focused on control-oriented investments and significant minority investments and aim to build value through active involvement in the management of portfolio companies. The Advisers

believe that this position of control over portfolio companies, combined with the experience of their investment team, enables the Advisers to effectively manage investments. This approach also typically enables the Advisers to determine the time and manner in which to exit an investment, something that the Advisers believe is as important as the original investment decision. The Partnerships typically own more than 50% of the common equity of their portfolio companies, but the Advisers seek to be flexible in taking advantage of attractive investment opportunities and structuring transactions in a manner that fulfills the objectives of all parties involved, including those of the seller, lenders and management teams. The Advisers believe that creating appropriate equity incentives for their management teams helps to align the objectives of all parties and is critical to each investment's success. Management teams are strongly encouraged to invest their own capital, over and above any equity incentive structures in order to further align interests.

Active Approach to Post-Acquisition Value Building. The Advisers seek to ensure that portfolio companies develop the sustainable competitive advantages necessary to support long-term growth and profitability. Accordingly, during the diligence phase, the Advisers work with management to thoroughly assess the quality of the management team and business infrastructure, including the information systems, controls, policies and procedures, in order to develop capabilities to a "best practices" level. Post acquisition, the Advisers seek to enhance portfolio companies through a range of strategic initiatives. Such strategies may include: entering new markets, introducing new products, expanding distribution channels, upgrading machinery and equipment, and employing accretive mergers and acquisitions solutions. In addition, where prudent, the Advisers seek to rationalize operations and reduce overhead to improve profitability. Lincolnshire not only focuses on augmenting a management team's skills, but also the taking a hands-on approach, when necessary, to the operational and strategic management of its portfolio companies. The Advisers focus on determining whether a company has the requisite management expertise to improve operations and grow the business. If these skills are lacking, the Advisers or portfolio companies may retain outside executives to supplement management, often including a chief financial officer, as well as specialists in sales, marketing and other areas.

Operational Approach to Internal Growth and Complementary Acquisitions. The Advisers focus on improving the top-line growth and profitability of portfolio companies. Multiple senior members of Lincolnshire are dedicated primarily to portfolio company operations, having spent many years in various operations, finance and consulting positions. Post acquisition, the Advisers intend to work with management on numerous initiatives to add direct value to the portfolio companies, including implementing proactive sales and marketing efforts, maximizing profit margins through direct and indirect price increases to customers, identifying and acquiring complementary acquisitions (including integration of such acquisitions), strategic sourcing to reduce costs or lessen vendor dependency, sales channel expansion, new product development, implementing key performance indicators for daily/weekly/monthly monitoring and improving financial reporting used for management analysis.

Investment Exit. Although the Partnerships typically buy companies on a direct and non-auction basis, the Advisers generally retain and work closely with investment banking firms to manage the process of realizing portfolio investments. The Advisers analyze exit opportunities

for Partnership portfolio investments during the acquisition process and continually review such opportunities once the investment has been completed. Such reviews assess: (i) the impact of value-enhancing strategic initiatives that have been implemented during the Partnerships' period of ownership; (ii) expected future value growth from such initiatives; and (iii) current market conditions. Consistent with historical performance, the Advisers expect to continue to focus on realizing Partnership portfolio investments for cash through a sale to a strategic or financial buyer as the Advisers believe that public offerings are not the best method for realizing investments in the lower-middle market.

Risks of Investment

A Partnership and its investors bear the risk of loss that the applicable Adviser's investment strategy entails. The risks involved with an Adviser's investment strategy and an investment in a Partnership are detailed in such Partnership's private placement memorandum. In general, the risks applicable to each Partnership and the activities of its related General Partner, Management Companies and LMI include, but are not limited to:

Business Risks. The Partnership's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Concentration of Investments. The Partnership may participate in only a limited number of investments and may seek to make several investments in a limited number of industries or industry segments. Further, the types of investments that the Partnership may make are subject to certain limitations contained in the Partnership's Partnership Agreement. As a result, the Partnership's investment portfolio could become highly concentrated, and the performance of a few investments may substantially affect its aggregate return.

Lack of Sufficient Investment Opportunities. It is possible that the Partnership will never be fully invested if enough attractive investments are not identified and ultimately procured. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. The Partnership will be competing for investment opportunities with other groups, including other private equity pooled-investment vehicles, direct investment firms and merchant banks and the Partnership may be unable to identify a sufficient number of attractive investment opportunities for the Partnership to meet its investment objectives. However, limited partners will be required to pay their pro rata portion of annual Management Fees during the investment period based on Commitments.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of the Partnership's investments and hence, most of the Partnership's investments will be difficult to value. Certain investments may be distributed in kind to the partners of the Partnership.

Uncertain Economic and Political Environment. The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have in the past exacerbated

volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a “self-reinforcing” economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, continues to be restricted. This may have an adverse effect on the economy generally and on the ability of the Partnership and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. Furthermore, such uncertainty may have an adverse effect upon portfolio companies in which the Partnership makes investments.

Reliance on the Portfolio Company Management. Although the General Partner will monitor the performance of each Partnership investment, it will primarily be the responsibility of each portfolio company’s management team to operate the portfolio company on a day-to-day basis. Although the Partnership generally intends to invest in companies with strong management or recruit strong management to such portfolio companies, there can be no assurance that the existing or recruited management of such companies will operate a company successfully.

Projections. Projected operating results of a portfolio company in which the Partnership invests normally will be based primarily on financial projections prepared by each such company’s management. In all cases, projections are only estimates of future results that are based upon information received from the portfolio company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from such projections. Also, general economic factors (which are not predictable and are completely outside the control of the Advisers and their employees and affiliates) can have a material effect on the reliability of projections.

Leveraged Investments. The Partnership may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company. Leverage generally magnifies both the Partnership’s opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast. During times when credit markets are unfavorable, it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on the borrower, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Partnership’s investments, without limitation, to any deterioration in such companies’ condition or industry, competitive pressures, an adverse economic environment or rising interest rates. Furthermore, should the credit markets be unfavorable at the time the Partnership determines that it is desirable to sell all or a portion of a portfolio company, the Partnership may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Partnership will invest generally will not be rated by a credit rating agency.

Need for Add-On Investments. Following its initial investment in a given portfolio company, the Partnership may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Partnership will make follow on investments or that the Partnership will have sufficient funds available to it to make all or any of such investments. Any decision by the Partnership not to make follow on investments or any limitation or inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment or may result in a lost opportunity for the Partnership to increase its participation in a successful operation.

Non-U.S. Investments. The Partnership may invest a portion of the aggregate capital commitments of the Partnership in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Partnership), the application of complex U.S. and non-U.S. tax rules to cross-border investments.

Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction.

Risks Upon Disposition of Investments. In connection with the disposition of an investment in a portfolio company, the Partnership may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the limited partners to the extent of their unfunded Commitments or by recall of distributions.

Public Company Holdings. The Partnership's investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Partnership to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Partnership to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including the Principals, and increased costs associated with each of the aforementioned risks.

Recourse to the Partnership's Assets. The Partnership's assets, including any investments and any funds held by the Partnership, are available to satisfy all liabilities and other obligations of the Partnership. If the Partnership becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Partnership's assets generally and not be limited to the particular investment giving rise to the liability.

Borrowings by the Partnership. The Partnership is permitted to borrow, subject to certain limitations set forth in the Partnership Agreement, including to fund investments prior to

the receipt of a capital contribution pursuant to a capital call notice. Under credit agreements that the Partnership may enter into for such purpose, capital commitments may be pledged to the lender to secure such loans and in the event obligations thereunder are not met, lenders may proceed to satisfy any such liability against the assets of the Partnership, including by issuing capital call notices to the Partnership's limited partners up to the amount of any unfunded capital commitments.

Conflicts of Interest

During the investment period of a given Partnership, the Principals generally pursue all appropriate investment opportunities within the Partnership's mandate exclusively through such Partnership, subject to certain exceptions. However, the Principals will typically manage several other Private Investment Funds and investments similar to those in which a given Partnership invests, and may direct certain relevant investment opportunities to those Private Investment Funds and investments rather than to such Partnership, subject to various restrictions contained in the Partnership Agreement. The Principals and the Advisers' investment staff will continue to manage and monitor such Private Investment Funds and investments. Lincolnshire believes that the significant investment of the Principals in each Partnership, as well as the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the limited partners in a given Partnership, although the Principals have economic interests in such other Private Investment Funds and investments as well and receive management fees and carried interests relating to these interests. Such other Private Investment Funds and investments that the Principals may control may compete with the Partnership or companies acquired by a given Partnership. Following the investment period of a Partnership, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Partnership's investments.

From time to time, the Principals will be presented with investment opportunities that would be suitable not only for a given Partnership, but also for other Private Investment Funds operated by Lincolnshire. In determining which investment vehicles should participate in such investment opportunities, the Advisers and their affiliates are subject to conflicts of interest among the investors in such investment vehicles. The Advisers and their affiliates attempt to resolve such conflicts of interest in light of their obligations to investors in a given Partnership and other Private Investment Funds, and attempt to allocate investment opportunities among such Partnership and such other Private Investment Funds in a fair and equitable manner and consistent with the Advisers' obligations and the underlying Partnership Agreement. Where necessary, the Advisers consult and receive consent to conflicts from the applicable Advisory Committee.

Because the General Partner's carried interest is based on a percentage of realized profits, it may create an incentive for the General Partner to cause a given Partnership to make riskier or more speculative investments than would otherwise be the case.

Since the Advisers are permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Partnership investments, they could have a conflict of interest in connection with approving transactions. The Advisers attempt to resolve such conflict by offsetting the Management Fee by a portion of such Supplemental Fees.

DISCIPLINARY INFORMATION

LMI and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

LMI is affiliated with the following Lincolnshire investment advisers:

- Lincolnshire Equity Partners, L.P. (general partner of Fund I);
- Lincolnshire Equity Partners II, L.P. (general partner to Fund II);
- Lincolnshire Equity Partners III, L.P. (general partner to Fund III);
- Lincolnshire Equity Partners IV, L.P. (general partner to Fund IV);
- Lincolnshire Management, L.P. (management company to Fund III); and
- Lincolnshire Management IV, L.P. (management company to Fund IV).

Each of these General Partners and Management Companies are registered with the SEC under the Advisers Act pursuant to LMI's registration in accordance with SEC guidance. These affiliated investment advisers operate as a single advisory business together with LMI and serve as managers or general partners of private investment funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions. The Management Companies provide advisory services to Fund III and Fund IV, as applicable, pursuant to management agreements. LMI provides advisory services directly to Fund I and Fund II and to the General Partners and the Management Companies of Fund III and Fund IV pursuant to advisory agreements.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Advisers have adopted the Lincolnshire Code of Ethics and Securities Trading Policy (the "**Code**"), which sets forth standards of conduct that are expected of the Advisers' Principals and employees and addresses conflicts that arise from personal trading. The Code requires the Advisers' personnel to:

- report their personal securities transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any client or prospective client upon request to Kevin Nappi, the Lincolnshire Chief Compliance Officer, at (212) 319-3633. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client-eligible investments.

The Advisers and their affiliated persons may come into possession from time to time of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Advisers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Advisers. Accordingly, should the Advisers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers would be prohibited from communicating such information to clients, and the Advisers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Lincolnshire personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Partnerships.

Principals and employees of the Advisers and their affiliates may directly or indirectly own an interest in Private Investment Funds or certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Partnership. The Advisers believe that such interests do not create a conflict of interest and instead operate to align the interests of Principals and employees of the relevant General Partner with the Private Investment Funds. The Partnerships and other Private Investment Funds may invest together with other Private Investment Funds advised by an affiliated adviser of the General Partner in the manner set forth in the applicable Partnership Agreement. The Advisers will determine allocation of investment opportunities in a manner that they believe is fair and equitable to their clients consistent with the Advisers' fiduciary obligations and consistent with the applicable Private Investment Funds' underlying documents.

The Advisers and their affiliates, Principals and employees may carry on investment activities for their own accounts and for family members, friends or others who do not invest in the Partnerships, and may give advice and recommend securities to other accounts or certain Partnerships or vehicles which may differ from advice given to, or securities recommended or bought for, other Partnerships or vehicles, even though their investment objectives may be the same or similar.

From time to time, the General Partners may borrow funds on behalf of certain of the Partnerships or the Private Investment Funds and contribute such borrowed amounts to the Partnerships (or relevant Private Investment Fund, as applicable) as a special capital contribution for investment, to be redeemed at a later date. Interest in connection with such borrowing is borne by the Partnerships (or the relevant Private Investment Fund, as applicable) as a Partnership expense, consistent with the applicable Partnership Agreement (or other governing document) and the expense policy described under "Fees and Compensation." In borrowing on behalf of the Partnerships or a Private Investment Fund, the General Partners are subject to conflicts of interest between repaying their obligations and retaining such borrowed amounts for

the benefit of the Partnerships or Private Investment Fund, as applicable. The General Partners will effect such borrowings in a manner that they believe to be fair and equitable to the Partnerships or Private Investment Fund, as applicable, and consistent with the General Partners' obligations to the Partnership and the Partnership Agreement (or other governing document).

The Advisers or their affiliates may recommend the purchase or sale of securities for Private Investment Funds in which one or more of their partners, members, officers, directors, employees (and members of their families) or affiliates ("**affiliated persons**"), directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the Private Investment Funds. Certain of these transactions may require the consent of the applicable Private Investment Fund.

BROKERAGE PRACTICES

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers may also distribute securities to investors in a Private Investment Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Advisers do not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If the Advisers purchase or sell publicly traded securities for a Private Investment Fund, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. In such event, the Advisers will seek to select brokers on the basis of price and execution capability. In selecting a broker to execute client transactions, the Advisers may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Advisers have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Advisers generally seek competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time.

The Advisers do not anticipate engaging in frequent public securities transactions; however, to the extent that the Advisers engage in any such transactions, orders for purchase or

sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Private Investment Funds are completed independently, the Advisers may also purchase or sell the same securities or instruments for several Private Investment Funds simultaneously. From time to time, the Advisers may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund of the Advisers is favored over any other Private Investment Fund. When an aggregated order is filled in its entirety, each participating Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. If orders are not batched, it may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Private Investment Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Private Investment Funds.

Each Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Private Investment Funds over time.

REVIEW OF ACCOUNTS

The investments made by the Private Investment Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Advisers closely monitor companies in which the Private Investment Funds invest, and the Lincolnshire Chief Compliance Officer periodically checks to confirm that each Private Investment Fund is maintained in accordance with its stated objectives.

The Partnerships will provide to their limited partners (i) audited annual financial report of such Partnership and valuations of such Partnership’s investments generally within 90 days after the conclusion of its fiscal year, subject to exceptions permitted under the Partnership Agreement and (ii) with respect to Fund III and Fund IV, an unaudited financial report and a summary of significant activities of such Partnership and its investments within 45 days following the conclusion of each of the first three fiscal quarters of each fiscal year of such Partnership.

CLIENT REFERRALS AND OTHER COMPENSATION

The Advisers and/or affiliates may provide certain business or consulting services to companies in the Partnerships’ portfolio and may receive compensation from these companies in connection with such services. As described in the applicable Partnership’s Partnership Agreement, this compensation may, in many cases, offset a portion of the Management Fees paid by the Partnerships. However, in other cases (e.g., reimbursements for out of pocket expenses

related to a portfolio company), these fees would be in addition to Management Fees. See “Fees and Compensation.”

Lincolnshire previously entered into a solicitation arrangement with UBS Investment Bank, LLC (“**UBS**,” and together with any other placement agents engaged by the Advisers “**Placement Agents**”), pursuant to which it compensated UBS for referrals that resulted in a potential investor becoming a limited partner in Fund IV. The Advisers engaged additional Placement Agents with respect to referrals of investors for the Partnerships. Any fees and expenses payable to any Placement Agent engaged by the Advisers or their affiliates are ultimately borne by the Advisers or their affiliates either directly or indirectly through an offset against the Management Fee.

CUSTODY

The Advisers maintain custody of the Partnerships’ assets held in the Partnerships’ names with the following qualified custodians:

- Wells Fargo Bank, N.A., located at 12 East 49th Street, 44th Floor, New York, NY 10017; and
- Bank of America, N.A., located at 540 West Madison Street, Suite 2600, Chicago, IL 60661.

INVESTMENT DISCRETION

The Advisers have discretionary authority to manage investments on behalf of the applicable Partnership. As a general policy, the Advisers do not allow limited partners to place limitations on this authority, provided that the Partnership Agreement of a Partnership may impose certain restrictions on investing in certain types of securities. Pursuant to the terms of the Partnership Agreement, however, an Adviser may enter into “side letter” arrangements with certain limited partners whereby the terms applicable to such limited partner’s investment in the Partnership may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. The Advisers assume this discretionary authority pursuant to the terms of (i) the Partnership Agreement and (ii) powers of attorney executed by the limited partners of each Partnership.

VOTING CLIENT SECURITIES

The Advisers have adopted the Lincolnshire Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how they will vote proxies, as applicable, for the Partnerships’ portfolio investments. The majority of “proxies” received by the Advisers will be written shareholder consents (or similar instruments) for private companies, although the Advisers may also receive traditional proxies from public companies from time to time. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Partnerships, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe their interests are aligned with those of the Partnerships’ investors through the Principals’ beneficial ownership interests in the Partnerships and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a

conflict of interest in voting proxies, the Proxy Policy provides that the Advisers may address the conflict using several alternatives, including by seeking the approval or concurrence of any Advisory Committee, on the proposed proxy vote, or through other alternatives set forth in the Proxy Policy. The Advisers do not consider service on portfolio company boards by Lincolnshire personnel or the Advisers' receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when voting proxies on behalf of the Partnerships. A limited partner of a Partnership may obtain a copy, free of charge, of Lincolnshire's complete Proxy Policy and information regarding how the Advisers voted proxies for particular portfolio companies by contacting Kevin Nappi, the Lincolnshire Chief Compliance Officer, at (212) 319-3633.

FINANCIAL INFORMATION

LMI does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.