
Old Bellows Partners L.P.

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This Brochure provides information about the qualifications and business practices of Old Bellows Partners L.P. (“Old Bellows”). If you have any questions about the contents of this Brochure, please contact us at (212) 355-5600. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Old Bellows is an investment adviser registered with the SEC. Registration with the SEC does not imply any level of skill or training.

Additional information about Old Bellows also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

Old Bellows is a newly registered investment adviser, and this is Old Bellows' initial narrative Brochure prepared in accordance with the new Part 2A of Form ADV. There are no material changes to report in this initial Item 2.

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ITEM 4 – ADVISORY BUSINESS

Old Bellows provides discretionary investment management services regarding securities and other financial instruments to U.S. and non-U.S. institutional clients (collectively, “Clients”), including private investment funds advised and/or managed by Old Bellows and/or its affiliates (“Funds”) and separately managed accounts (“Separate Account Clients”).

Old Bellows directly or indirectly invests on behalf of Clients in securities of distressed companies, bank debt, high yield bonds and other special situation securities. Old Bellows is responsible for all of the investment and trading activities of its Clients other than the portion of any investment allocated to equity and event driven investing that is managed by its affiliate, Scoggin LLC (“Scoggin”). Old Bellows acts as a sub-advisor to Scoggin regarding investments made by certain private funds to which Scoggin acts as the investment manager (the “Scoggin Funds”) in securities of distressed companies, bank debt, high yield bonds and other special situation securities pursuant to a sub-advisory agreement with Scoggin. The investment objectives, strategies, fees and risks of each Fund and other material information are set forth more fully in each Fund’s confidential offering document (“Memorandum”), which is available to investors and qualified prospective investors with whom Old Bellows or its agents have a pre-existing substantive relationship.

Old Bellows is a Delaware limited partnership established in 2006. The principals of Old Bellows are (i) Old Bell Associates LLC, a Delaware limited liability company, (ii) Dev Chodry, and (iii) Scoggin. Dev Chodry is the Chief Investment Officer of Old Bellows.

Old Bellows Advisors LLC, an affiliate of Old Bellows (“Old Bellows Advisors”) was formed in November 2006 to act as the manager and managing member of certain Funds. The principals of Old Bellows Advisors are Dev Chodry, Curtis Schenker and Craig Effron.

Old Bellows had \$287,605,000 of regulatory assets under management on a discretionary basis at December 31, 2011. Old Bellows does not manage assets on a non-discretionary basis.

ITEM 5 – FEES AND COMPENSATION

In connection with Old Bellows’ management of Fund assets, it generally receives a management fee of 2% per annum of assets under management, charged quarterly in advance. Investors redeeming intra-quarter will be charged management fees only for the portion of the quarter that they were invested in a Fund.

Old Bellows Advisors receives non-refundable performance-based compensation, subject to the provision of a loss recovery amount, generally charged at the end of each calendar year or at the time of an intra-year redemption by an investor in the Funds, which is equal to 20% of net capital appreciation. If an investor holds more than one class of interests (including any illiquid interest) in any Fund, the performance-based compensation will be made on the basis of the combined “New High Trading Profits”

of all classes of interests held by an investor. For purposes of calculating the performance-based compensation, net profit includes both realized and unrealized gains. Losses must be recouped before Old Bellows Advisors will be entitled to performance-based compensation.

Fees for Separate Account Clients, all of which meet the definition of “qualified purchaser” in Section 2(a)(51) of the Investment Company Act of 1940, as amended, are negotiated on a case-by-case basis between Old Bellows and the Separate Account Client.

Funds are also responsible for ongoing expenses, including, without limitation, legal, accounting, auditing, tax preparation, and related charges, and filing and other regulatory fees; administrators’ fees and expenses; expenses associated with the offering of interests and shares; operational expenses of the Fund, including but not limited to, photocopying, postage, telephone and facsimile expenses; extraordinary (including indemnification) expenses, if any, involving the Fund. In addition, the Funds are responsible for all transaction costs and investment related expenses (e.g., research) incurred, directly or indirectly, in connection with their trading activities, including, without limitation, execution and clearing charges; custodial charges; dealer markups; consulting fees; and legal charges directly related to investment activities.

Item 12 describes the factors that Old Bellows considers in selecting broker-dealers for Client transactions and determining the reasonableness of their compensation.

Redemptions by investors in a Fund are governed by the terms set forth in the Memorandum of each Fund.

Investment management agreements with Separate Account Clients are terminable following a notice period of no more than 30 days, as negotiated between Old Bellows and the Separate Account Client.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Old Bellows Advisors’ performance-based compensation from Fund Clients is generally equal to 20% of net capital appreciation and is paid annually or at the time of an intra-year redemption by an investor in a Fund. Performance-based compensation is in conformity with Rule 205-3 under the Investment Advisers Act of 1940 (the “Advisers Act”). Please see Item 5 for more information.

These performance-based fee arrangements may create an incentive for Old Bellows, an affiliate of Old Bellows Advisors, to make investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. While both the Old Bellows Funds and the Scoggin Funds have the same fee structures, and therefore there is no incentive to favor any one fund over another as a result of fee structures, the differing ownership of Old Bellows and Scoggin, and thus differing participation in fees of Old Bellows and Scoggin by the three principal portfolio managers, could appear to create an incentive for an individual portfolio manager to favor one Fund over another.

Fees for Separate Account Clients vary as negotiated between Old Bellows or its affiliated manager and each Separate Account Client, and may be higher or lower than fees paid by the Funds.

Old Bellows has procedures designed and implemented to ensure that all Clients are treated equitably in the allocation of investment opportunities and trades. See Items 10, 11 and 12 for a discussion of Old Bellows' affiliation with another investment adviser and policies and procedures to mitigate any conflicts of interest arising from such relationship.

ITEM 7 – TYPES OF CLIENTS

Old Bellows provides investment management services to U.S. and non-U.S. Funds. Each Fund has a minimum investment requirement for investors as set forth in the Fund's Memorandum, which is waivable in Old Bellows Advisors' discretion, in the case of U.S. Funds, or the board of directors' discretion in the case of non-U.S. Funds. Investors also are required to meet certain eligibility standards as set forth in each Fund's Memorandum.

Old Bellows also provides investment management services for a limited number of Separate Account Clients, which are accepted on a case-by-case basis.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Old Bellows uses a multi-disciplined investment approach that relies on fundamental analysis to take advantage of market opportunities and mispricings and to realize gains when investments reach Old Bellows' price targets. Old Bellows' main sources of information include general sources of news and analysis, news releases, industry publications, industry analysts and sales people, industry research, and company specific information (e.g., indentures and financial statements). Old Bellows may also attend industry conferences, visit the offices of target companies and perform other types of due diligence on its investments for Clients.

Old Bellows intends to maximize capital appreciation by investing primarily in securities of distressed companies, bank debt, high yield bonds and other special situation securities.

1. Distressed Companies; Issuers of High Yield Securities. Clients invest principally in high yield and distressed bonds and bank debt. High yield bonds generally are defined as bonds that are rated BBB- or lower by Standard & Poor's. Distressed bonds generally are defined as bonds that have a yield to maturity that is more than 10% above U.S. government bonds of similar maturities. Clients focus principally on bonds that are senior and/or secured, which Old Bellows believes are likely to mature or be refinanced at par. Clients also may invest in junior bonds if Old Bellows believes that they are attractively valued. In some instances, a Client will invest in bonds that have defaulted, or are likely to default in the belief that the bonds will be restored, exchanged for equivalent or greater value, or converted into equity of the issuer at an attractive valuation.

2. Mergers. When an exchange offer or a proposal for a merger is publicly announced, the value of the securities proposed to be issued by the acquiring entity typically is greater than the market price of the securities of the target company for which they are to be exchanged. If Old Bellows finds it probable that the transaction will be consummated, or that another merger proposal will be made, a Client may purchase shares of the target company or purchase call options involving the underlying security.
3. Corporate Restructuring. Companies from time to time engage in restructuring transactions, such as self-tender offers or debt-for-equity or other exchange offers. If Old Bellows believes it is probable that an announced restructuring transaction will be consummated and that the value to be received in the transaction will be greater than the current market price of the securities to be exchanged, a Client may purchase such securities.
4. Spin-offs. A spin-off is a form of corporate divestiture that results in a subsidiary or division of a company becoming an independent entity. As a result of such divestiture, shares of the new entity are distributed pro-rata to the parent corporation's shareholders. Old Bellows will evaluate the proposed spin-off, and if Old Bellows believes that the transaction is likely to increase the value of the securities of the parent, a Client may purchase securities of the parent. If the transaction is consummated, the Client would expect to realize a profit from the increase in the value of the securities purchased. The Client also may purchase the shares of the new entity following the spin-off if an extraordinary perceived value exists.
5. Short Sales. Clients may make short sales of securities. A short sale is a transaction in which the Client sells a security it does not own in anticipation of a decline in market price. If Old Bellows determines that it is probable that a proposed exchange offer, merger or restructuring will not be consummated, the Client may sell short the securities of the target company. If the transaction is not consummated and the price of the target company's securities declines, the Client will then cover its short position with securities purchased in the market. The profit realized, if any, will be the price differential between the price received in the short sale and the cost of the securities purchased to cover the short sale.
6. Use of Options. Where deemed appropriate by Old Bellows, in connection with its risk arbitrage activities, a Client may engage in options transactions either in lieu of, or in combination with, the purchase of the underlying securities. A Client will buy and sell only those options that are listed on a national securities exchange or included in the NASDAQ System and/or over-the-counter options. Stock options give the purchaser the right to purchase or sell an individual stock at a certain price during a certain time period. Options on the stock indices are similar to the options on individual stocks described above, except they are based upon an index.
7. Leverage/Borrowings. A Client may employ leverage when Old Bellows deems it appropriate to do so by buying securities on margin and by arranging with banks, brokers and others to borrow money. Clients do not intend to employ leverage through borrowings in a ratio exceeding 2:1. Leverage also is employed in trading of futures and other derivatives. Historically, Clients have employed leverage through borrowings to a limited extent and Old Bellows expects that it will continue to use leverage on a limited basis in the future. Leverage also is employed in connection with trading futures and other derivatives. In addition, to the extent that a Client utilizes futures and forward contracts, as well as other derivatives, these instruments are inherently leveraged.

8. Derivative and Other Transactions. A Client may engage in various derivative transactions in futures contracts, and options thereon for hedging, or possibly for speculative purposes. Related derivative transactions also may be effected. Transactions may involve foreign currencies, financial instruments, metals and other instruments and commodities. A Client also may invest in mortgage-backed securities and similar instruments, to a limited extent.

9. Loan Participations. A Client may, in certain isolated cases (generally no more than 5 per year) purchase an interest in a primary loan made to a company with which Old Bellows is familiar. Typically, in such circumstances, such a company, in need of a capital infusion, would retain an agent to structure a loan. The Client would then purchase from that agent all or some portion of such loan. These loans generally will be illiquid and have no secondary market, although they are expected to have high yields (as compared to more conventional loans.) No more than 10% of a Client's Net Asset Value will be allocated to such instruments at any one time.

Old Bellows is also permitted to make such other investments as it may determine, in its sole discretion, to be potentially profitable, whether or not such investments are within the investment strategies discussed above.

There can be no assurance that a Client will achieve its investment objective or that the strategies pursued and methods utilized by Old Bellows will be successful under all or any market conditions.

Material Risks

Investing in securities involves a risk of loss that Clients and investors should be prepared to bear. A brief explanation of the material risks associated with Old Bellows' principal investment strategy and methods of analysis follows.

- Purchases of Securities and Other Obligations of Financially Distressed Companies. A company in financial distress may announce a restructuring plan, either in the form of a court-supervised bankruptcy or insolvency proceeding, or an out-of-court restructuring of its indebtedness and other liabilities. An investment in such distressed company's securities may be made if Old Bellows believes that a successful restructuring or reorganization is likely to be completed and that the value of the new securities to be received, plus cash or any other consideration, if any, exceeds the current market price of such securities. Securities or other assets or investments acquired by a Client may have to be held for extended periods of time. Proposed reorganizations of companies that issue distressed securities may not be consummated, or may be significantly delayed, for several reasons, including: opposition by the management or shareholders of the company or companies involved in the reorganization, opposition by regulatory agencies whose approval may be required; discovery of undisclosed facts during the process of legal or commercial due diligence or by other means; a dispute over price or other terms among the parties to a negotiated reorganization; litigation; a material adverse change in the business of the company or companies involved in the reorganization or the securities markets generally; passage of legislation by governmental entities restricting certain types of reorganizations and other circumstances, including, but not limited to, the failure to meet certain conditions customarily specified in acquisition agreements. In addition, the markets for these

securities may be illiquid and therefore significantly impair the Client's ability to buy or sell at advantageous prices.

- High Yield Securities. Clients may invest in "high yield" bonds and preferred stock that are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher rated securities and are generally considered to be predominately speculative with respect to the issuer's capacity to pay interest and dividends and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of a deterioration of general economic conditions. Because the marketplace generally perceives that there are greater risks associated with the lower rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher rated securities. The market for lower rated securities is thinner and less active than that for higher rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower rated securities. Further, the markets for these securities may be illiquid and therefore significantly impair a Client's ability to buy or sell at advantageous prices.
- Speculative Purchases of Securities. Speculative purchases of securities may include securities that Old Bellows believes to be undervalued, or where a significant position in the securities of the particular company has been taken by one or more other persons, or where other companies in the same or a related industry have been the subject of acquisition attempts. There can be no assurances that securities that Old Bellows believes to be undervalued are in fact undervalued, or that undervalued securities will increase in value. If a Client purchases securities in anticipation of an acquisition attempt or reorganization that does not in fact occur, the Client may experience losses. Further, a substantial period of time may elapse between the Client's purchase of the securities and the acquisition attempt or reorganization. During this period, a portion of the Client's assets would be committed to the securities purchased and the Client may finance such purchase with borrowed funds on which it will have to pay interest.
- Speculative Short Sales of Securities. A Client may sell short certain securities that Old Bellows believes are overvalued. There can be no assurances that securities that Old Bellows believes to be overvalued are in fact overvalued, or that overvalued securities will decrease in value. If the price of such securities increases, the Client may be forced to cover its short position at a higher price than the short sale price, resulting in a loss. A short sale involves the risk of a theoretically unlimited increase in the market price of the security. Furthermore, if the Client has sold short the securities offered in an exchange offer or merger and has purchased the securities of the target company, the Client is exposed to the risk that, if the transaction is not consummated, it may suffer losses with respect to both its long and short positions.
- Options Trading. The principal risk of trading options is that they are wholly speculative. The purchaser of a call option runs the risk of losing the entire amount of the premium paid for the option. Thus, a Client could incur significant losses in a relatively short period of time. The ability to trade in

or exercise options also may be restricted in the event that trading in the underlying security becomes restricted. Options trading may also be illiquid in the event that the Client's assets are invested in contracts with extended expirations.

- Leverage Through Borrowings. Old Bellows may use borrowed funds in order to make investments. Under current margin regulations, the maximum amount which, as a general rule, can be borrowed using securities as collateral in a single transaction is 50%. To the extent borrowings are used to create leverage, the risk of loss (and the possibility of gain) is increased in direct proportion to the level of a Client's borrowings. The level of interest rates generally, and the rates at which a Client can borrow in particular, will be an expense of the Client and therefore affect the operating results of the Client.
- Risks From Hedging Activities. There is a substantial risk that hedging techniques may not always be effective in limiting losses. If Old Bellows analyzes market conditions incorrectly or employs a strategy that does not correlate well with the Client's investments, the Client's hedging techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return. These hedging techniques may also increase the volatility of the Client, may involve a small investment of cash relative to the magnitude of the risk assumed or result in a loss if the other party to the transaction does not perform as promised.
- Special Risks Associated with Futures Trading
 - *Speculative Nature.* Futures prices are highly volatile. Price movements for commodity futures are influenced by, among other things, changing supply and demand relationships, government, trade, fiscal, and economic events and changes in interest rates. Governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly.
 - *Position Limits.* The Commodity Futures Trading Commission ("CFTC") has jurisdiction to establish, or cause exchanges to establish, position limits with respect to all commodities traded on exchanges located in the United States and may do so, and any exchange may impose limits on positions on that exchange. No such limits presently exist in the forward contract markets or on certain non-U.S. exchanges. Insofar as such limits do exist, all commodity accounts owned, held, controlled or managed by Old Bellows and its principals and affiliates may be combined (that is, aggregated) for position limit purposes.
 - *Price Limits.* United States commodity exchanges may limit fluctuations in futures contracts prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." In addition, even if futures prices have not moved the daily limit, the Client may not be able to execute futures trades at favorable prices if little trading in such contracts is taking place (a "thin" market).
 - *Margin.* The low margin deposits normally required in options and futures trading permit an extremely high degree of leverage. Accordingly, a relatively small price movement may

result in immediate and substantial gain or loss to the Client. Investments leveraged to this extent may result in gains or losses in excess of the amount invested by the Client.

- *Trading on Non-U.S. Exchanges.* Transactions on markets located outside the United States, including markets formally linked to a United States market, may be subject to regulations that offer different or diminished protection to the Client and its investors. Further, United States regulatory authorities may be unable to compel the enforcement of the rules of regulatory authorities or markets in non-United States jurisdictions where transactions for the pool may be effected.
- Derivative Instruments. The risks associated with derivative transactions potentially are greater than those associated with the direct purchase or sale of the underlying security because of the additional complexity and potential for leverage. Derivatives may be used as a primary strategy or as a hedging technique for other strategies, and may expose a Client's investments to risk of default by the counterparty, premature termination of the transaction, adverse changes in market conditions, and substantial costs for creating and maintaining the transaction. There is no liquid secondary market for derivative transactions. Certain derivatives instruments purchased by a Client may be privately negotiated and therefore may not be traded on an exchange. Such derivatives may create credit risk (the risk that a counterparty on a derivative transaction will not fulfill its contractual obligations), as well as legal, operational, reputational and other risks beyond those associated with the direct purchase or sale of the underlying security to which their values are related. In addition, such instruments are not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. To the extent that a Client engages in these transactions, the Client must rely on the creditworthiness of its counterparty and counterparty or credit risk may be affected by the lack of a central clearinghouse.
- Risk Arbitrage Investments. The risk arbitrage business is extremely competitive, and many of the major participants in the business are large investment banking firms with substantially greater financial resources, larger research staffs and more securities traders than will be available to Old Bellows. Arbitrage activity by other larger firms may tend to narrow the spread between the price at which a security may be purchased by a Client and the price it expects to receive upon consummation of a transaction. The price offered for the securities of a company in a tender offer, merger or other acquisition transaction will generally be at a premium above the market price of the security prior to the offer. The announcement of such a transaction will generally cause the market price of the securities to begin rising. Occasionally, Old Bellows will purchase a security in advance of such an announcement if it correctly anticipates the acquisition event. Old Bellows generally purchases securities after the announcement of the transaction at a price that is higher than the pre-announcement market price, but which is lower than the price at which Old Bellows expects the transaction to be consummated. In either event, if the proposed transaction is not consummated, the value of such securities purchased by the Client may decline significantly. It is also possible that the difference between the price paid by the Client for securities and the amount anticipated to be received upon consummation of the proposed transaction may be very small. If a proposed

transaction is in fact not consummated or is delayed, the market price of the securities may decline sharply.

- Concentration of Investments. Certain Clients maintain concentrated portfolios and do not limit the amount of capital that may be committed to any one investment. These Clients may hold a few (or even one), relatively large (in relation to their capital) securities positions, with the result that a loss in any one position could have a more adverse impact on the Client than would a loss position in a more diversified portfolio.
- Foreign Securities. Foreign securities may be highly volatile and involve greater risks than comparable U.S. investments, because of, among other things, instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in foreign securities. Higher expenses also may result from investment in foreign securities than domestic securities. Foreign securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States.
- Loan Participations. Interests in primary loans generally will be illiquid and have no secondary market. Moreover, borrowing companies likely will be in a weak or transitional financial position. The risk of loss associated with such illiquid investments is greater than that related to investments in securities that are more liquid because even if Old Bellows determines that such an investment is likely to be unprofitable, it will likely be unable to avoid losses in Client accounts in connection therewith because it will be unable to dispose of the investment.

The foregoing is a summary of the material risks involved in Old Bellows' investment strategies. Further discussion of risk factors related to the Funds is presented in each Fund's Memorandum, which is available to current investors in such Fund and prospective investors with whom Old Bellows or its agents have a pre-existing substantive relationship.

ITEM 9 – DISCIPLINARY INFORMATION

Old Bellows does not have any disciplinary or legal events to report.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Scoggin, also a registered investment adviser, is an affiliate of Old Bellows by virtue of partial common ownership. Scoggin acts as the investment manager to the Scoggin Funds for which Old Bellows also provides investment management services with respect to distressed securities. The Scoggin Funds are managed by Craig Effron and Curtis Schenker.

While both the Old Bellows Funds and the Scoggin Funds have the same fee structures, and therefore there is no incentive to favor any one fund over another as a result of fee structures, the differing

ownership of Old Bellows and Scoggin, and thus differing participation in fees of Old Bellows and Scoggin by the three principal portfolio managers, could appear to create an incentive for an individual portfolio manager to favor one Fund over another.

To avoid even the appearance of such impropriety, Old Bellows and Scoggin have adopted procedures for allocation of investment opportunities and trades. It is the policy of Old Bellows that investment decisions for clients of both Scoggin and Old Bellows are to be made consistent with the investment objectives, guidelines and restrictions of such Clients and that investment opportunities and trades are to be allocated fairly and equitably among accounts participating in each transaction, taking into consideration their investment objectives and restrictions, and after consideration of such factors as their current holdings, available cash for investment and the size of their positions.

Old Bellows is the primary adviser to certain Funds and Separate Account Clients and also the sub-adviser for the portion of the Scoggin Funds that are invested in distressed securities. In this role Old Bellows allocates some of its distressed and debt trades to the Scoggin Funds. Generally, this is done on a pro-rata basis, but Funds and Separate Account Clients with a primary investment focus (e.g., distressed investments), may be given a greater share of a given allocation.

Scoggin is a sub-adviser, primarily on equity investments, to certain Clients advised by Old Bellows.

At the beginning of each month Scoggin and Old Bellows establish pro-rata trade allocation formulas based on assets under management, investment strategy and product. For each aggregated or bunched order, when the trade is entered, the order management system utilized by Old Bellows and Scoggin automatically allocates that trade to each client consistent with the applicable monthly allocation formula.

Allocations of securities may be modified after preparation of the allocation statement but prior to settlement under the following circumstances:

- *Investment Guidelines.* Trades may be reallocated if it is determined that an allocation would result in a violation of any Client's investment objectives or guidelines.
- *Legal Requirements.* Trades may be reallocated if it is determined that an allocation would result in a violation of any law or regulation applicable to the type of client or transaction.
- *Portfolio Manager Discretion.* Trades may be reallocated in other circumstances at the direction of, or with approval from, the portfolio managers.
- *Hedging Transaction.* Because different Clients may participate in different transactions, hedges against industry, or country-specific portfolio exposure will be made selectively and will not follow pre-set allocations procedures.
- *Rebalancing Trades.* Upon subscriptions to or redemptions from the Funds, the portfolio managers may or may not choose to rebalance the portfolio, depending on market conditions at the time. Instead, the portfolio managers may choose to adjust positions over time with rebalancing trades that result in deviations from pre-set allocations.

All exceptions to the pro-rata allocation procedures are subject to review by the Chief Compliance Officer.

For Separate Account Clients, the investment strategy to be followed for the account is set forth in the investment management agreement. If the Separate Account Client directs that its assets are to be managed in the style of a Fund, the trades for the Separate Account Client will be executed consistent with these allocation procedures, as applied to the Fund.

It is generally the policy of Old Bellows and Scoggin that orders of multiple clients for the same security in the same direction on the same trading day will be aggregated for execution, and that all clients participating in such orders will receive the average price for the trading day.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Old Bellows has adopted a Code of Ethics (the “Code”) that sets forth the ethical and fiduciary principles and related compliance requirements under which Old Bellows operates and the procedures for implementing those principles. The Code includes provisions that govern fiduciary duty, client opportunities, insider trading, personal trading, gifts and entertainment, political contributions, outside business activities and confidentiality.

With respect to personal trading, principals, employees and related accounts (collectively, “Employees”), are permitted to maintain personal securities accounts provided that such accounts are disclosed to Old Bellows and that any personal trading is consistent with applicable law and with the Code. Subject to compliance with the Code, Employees may buy, sell or hold, for their own personal accounts, securities that Old Bellows also may buy, sell or hold for Funds and Separate Account Clients.

The Code contains policies and procedures that, among other things:

- prohibit Employees from taking personal advantage of opportunities belonging to Clients;
- prohibit trading on the basis of material nonpublic information;
- place limitations on personal trading by Employees to avoid direct conflict with Client trading and impose preclearance (in certain cases) and reporting obligations with respect to trading; and
- require initial and annual reports of securities holdings and quarterly transaction reports by Employees.

Old Bellows’ Code of Ethics is available to Clients or prospective clients upon request from Daniel S. Taub, Old Bellows’ Chief Compliance Officer, at (212) 355-5600.

Old Bellows, consistent with Clients’ investment objectives and in accordance with applicable law, may cause accounts it manages to purchase or sell securities in which the manager or employees of Old Bellows, directly or indirectly, have a position or interest.

ITEM 12 – BROKERAGE PRACTICES

In the exercise of its discretionary authority, Old Bellows has the authority to determine, without obtaining specific Client consent, the brokers/dealers or futures commission merchants (“Brokers”) to be used for each transaction for a Client and to negotiate the rates and commissions the Client will pay. In selecting Brokers to execute transactions, Old Bellows need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Old Bellows’ practice to negotiate “execution only” commission rates; thus, a Client may be deemed to be paying for other products and services provided by the Brokers which are included in the commission rate.

Old Bellows attempts to enter into brokerage arrangements that are competitive, based on its knowledge of the industry. In making its selection of Brokers, Old Bellows takes into account the Brokers’ reliability, reputation, financial responsibility, stability, ability to execute trades, nature and frequency of sales coverage, commission rate, if any, and the responsiveness of the Brokers to it. In addition, Old Bellows considers the value of brokerage and research products and services, either generated and provided by the Brokers, or provided by others and paid for by the Brokers (either by direct or reimbursement payment in whatever form, cash payments, commissions, or any other means) (collectively, “Products and Services”).

Old Bellows has the authority under Fund offering documents to, and may, allocate portfolio transactions to Brokers based on their willingness to recommend an investment in a Fund to their customers. In recognition of the value of Products and Services provided by a Broker, Old Bellows may effect securities transactions which cause Clients to pay the Broker a commission in excess of the amount of commission another broker would have charged.

In exchange for the direction of commission dollars to certain Brokers, credits are generated which Old Bellows may use to pay for the various Products and Services provided by, or paid for by, such Brokers. To the extent that “soft dollar” credits are generated or such Products and Services are obtained, Old Bellows receives a significant benefit by reason of the direction of commissions to such Brokers.

Products and Services are used by Old Bellows in servicing some or all of its Clients and the clients of its affiliates. In addition, some Products and Services may not necessarily be used exclusively by a particular Client even though the Client's commission dollars were used to obtain the Products and Services. A Client, therefore, may not always be the direct or indirect beneficiary of the Products or Services provided or even be in a position fully to utilize all the credits are generated by its brokerage transactions.

ITEM 13 – REVIEW OF ACCOUNTS

Old Bellows undertakes the following activities in an effort to ensure that investments for Clients are made in accordance with their respective investment objectives and restrictions:

- Operational personnel monitor and reconcile the cash and trades daily for each account and advise portfolio managers of any apparent anomalies.
- For Separate Account Clients, each Separate Account Client's portfolio is monitored by the portfolio manager or a member of the portfolio management team through the use of an electronic trading system for compliance with investment objectives and restrictions.
- For Funds managed by Old Bellows, the portfolio manager or a member of the portfolio management team continuously monitors trading for consistency with the Fund's investment objectives and restrictions set forth in its Memorandum.

Investors in the Funds generally are provided with written unaudited monthly statements of their account from the administrator to the Fund and annually receive audited financial statements.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Old Bellows may pay brokers, finders or other third parties fees or similar compensation in connection with the referral of investors to the Funds. Investors in the Funds do not pay higher advisory fees based on these relationships.

Other than the soft-dollar benefits described in Item 12 above, Old Bellows does not receive any economic benefit for providing advice to its Clients from anyone other than its Clients.

ITEM 15 – CUSTODY

Old Bellows does not have physical custody of any Client assets. Because Old Bellows or related persons of Old Bellows act as the managing member or general partner of certain Clients, Old Bellows is deemed to have custody of the assets of those Clients. Old Bellows maintains the assets of all Clients with qualified custodians, within the meaning of Rule 206(4)-2 under the Advisers Act. Old Bellows satisfies reporting requirements under that rule by furnishing audited financial statements annually to all investors in the Funds within time periods required under the custody rule.

Old Bellows does not typically have physical or constructive custody over Separate Account Client accounts.

ITEM 16 – INVESTMENT DISCRETION

Old Bellows has the authority to determine, without obtaining specific Client consent, (1) securities or other instruments to be bought or sold, (2) the amount of the securities to be bought or sold, (3) the broker or dealer to be used, and (4) commission rates paid. Limitations on Old Bellows' authority are imposed by the investment strategies and objectives of its Clients. See Item 4.

ITEM 17 – VOTING CLIENT SECURITIES

Given the nature of its investment management services, Old Bellows exercises discretion to vote proxies for Clients' securities only in limited circumstances. As a result, Scoggin, for itself and on behalf of Old Bellows, engages Institutional Shareholder Services ("ISS") to vote any proxies and has so notified each Client. The Chief Financial Officer manages the relationship with ISS. The Chief Financial Officer ensures that ISS votes all proxies in the best interest of Old Bellows' Clients and retains all required documentation associated with proxy voting. Old Bellows does not disclose how it expects to vote on upcoming proxies. Additionally, Old Bellows does not disclose the way it voted proxies to unaffiliated third parties who do not have a legitimate need to know such information.

Old Bellows must act as a fiduciary when voting proxies on behalf of its Clients. In that regard, Old Bellows will seek to avoid possible conflicts of interest in connection with proxy voting. Conflicts of interest in connection with proxy votes arise only in limited cases when a proxy vote is withdrawn from the ISS proxy voting system. In such event, the Chief Financial Officer and the Chief Compliance Officer will consider whether Old Bellows is subject to any material conflict and will take action to mitigate such conflict. ISS will retain and provide copies to Old Bellows of information in connection with each proxy vote.

ISS and the Chief Financial Officer will maintain the following records with respect to proxies: (i) proxy statements received regarding Client securities; (ii) records of votes cast on behalf of a Client, including each security as to which votes were cast, the number of shares voted and how they were voted on each issue; (iii) written records of requests by Clients for proxy voting information; (iv) written responses to any written or oral requests; and (v) any documents prepared or used by Old Bellows that were material to how a proxy was voted or that memorialized the basis for the voting decision.

Old Bellows does not accept requests from Clients to vote proxies in a particular manner.

Old Bellows' proxy voting policy and procedures are available upon request. A Client may obtain Old Bellows' proxy voting policy or a record of Old Bellows' proxy voting for such Client by contacting Daniel S. Taub, Old Bellows' Chief Compliance Officer, at (212) 355-5600.

ITEM 18 – FINANCIAL INFORMATION

Old Bellows has no financial condition that impairs its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy proceeding.