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YUKON PARTNERS MANAGEMENT, L.L.C.

Form ADV Part 2A

February 13, 2012

This brochure provides information about the qualifications and business practices of Yukon Partners Management, L.L.C. If you have any questions about the contents of this brochure, please contact us at (612) 435-7800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Yukon Partners Management, L.L.C. also is available on the SEC's website at www.adviserinfo.sec.gov.

Yukon Partners Management, L.L.C. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of any registered investment adviser are intended to provide you with information which you may use in determining whether to hire or retain a registered investment adviser.



Item 2 – Material Changes

This brochure dated February 13, 2012 is the initial brochure prepared by us. In the future, this Item will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure. We will further provide clients with a new brochure as necessary based on changes or new information, at any time, without charge. Currently, our brochure may be requested by contacting us at (612) 435-7800.



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Item 4 – Advisory Business

Yukon Partners Management, L.L.C. provides advisory and management services to mezzanine investment funds. These funds currently include Yukon Capital Partners, L.P. and Yukon Capital Partners Parallel, L.P., collectively referred to as Fund I. Yukon Partners Management, L.L.C. is referred to herein as Yukon, and Fund I and any other funds that may in the future be managed by Yukon are referred to herein as the Yukon funds.

Yukon was formed on February 26, 2008. Since its formation in 2008, Mr. Michael J. Hall and Mr. William L. Dietz have been the sole owners and managers of Yukon.

Yukon provides investment advisory services solely to each Yukon fund, and not to investors in those funds. No investment advisory relationship exists between Yukon and any investors in the Yukon funds. To the extent any investor in a Yukon fund desires any advice regarding its own investment decisions, it should engage its own financial, legal, tax, accounting and other advisors. Each investor and its own advisors are responsible for conducting their own analysis and due diligence to the full extent they deem necessary, and based on such independent analysis, each investor must make its own decisions regarding whether and when to invest in any Yukon fund.

Yukon provides advisory services to each Yukon fund pursuant to an agreement entered into by Yukon and the funds. The Private Placement Memorandum and limited partnership agreements for Fund I provide restrictions on the investments that may be made by Yukon on behalf of Fund I. Fund I may not (a) invest more than 20% of its total capital commitments in any individual portfolio company, (b) invest more than 10% of its total capital commitments in portfolio companies organized and maintaining their principal place of business and principal operations outside of the United States and Canada, (c) invest more than 10% of its total capital commitments in securities of publicly traded companies or purchase securities in traditional PIPEs transactions, (d) invest more than 10% of its total capital commitments in equity securities (except to the extent acquired in connection with its investments in mezzanine and other debt securities), (d) participate in hostile take-overs, (e) invest in funds of funds, (f) sell equity securities on margin or short sale, (g) make direct investments in any portfolio company the principal business of which is investing in or developing raw, undeveloped land or oil and gas exploration, or (h) make investments in derivative securities (subject to certain exceptions in connection with hedging transactions or derivative securities acquired from existing portfolio companies and portfolio company investments).

All assets of the Yukon funds are managed by Yukon on a discretionary basis, subject only to the investment limitations described above or as otherwise set forth in the management agreement and/or limited partnership agreements. As of December 31, 2011, Yukon's total assets under management were approximately \$231,916,787 million. Assets under management have been calculated separately for each Yukon fund by determining the current fair value of such fund's assets and the contractual amount of any uncalled commitments to such fund.

Item 5 – Fees and Compensation

In general, Yukon charges an annual management fee of up to 2% of the aggregate capital commitments of the limited partners of Fund I, payable semi-annually in advance. Limited partners of Yukon funds who are affiliated with Yukon are not required to pay management fees. Management fees are paid to Yukon in accordance with the related management agreements and limited partnership agreements for each Yukon fund.



Yukon Partners, L.L.C., the general partner of Fund I, is entitled to receive a performance fee in the form of a carried interest on the profits of Fund I. See Item 6 below.

The management fees described above are generally non-negotiable as between Yukon and its clients, the Yukon funds. However, certain investors in a Yukon fund may negotiate a reduction of such management fees prior to or concurrently with becoming an investor in the fund.

Management fees are generally paid pursuant to capital calls made semi-annually on the limited partners of each Yukon fund. However, if and to the extent a Yukon fund has cash on hand as a result of dividends or interest income received from portfolio investments or proceeds from the repayment of principal or disposition of a portfolio investment, Yukon and the general partner of such Yukon fund generally have the discretion to pay management fees to Yukon from such cash on hand.

If the general partner of a Yukon fund is then entitled to carried interest payments, those payments are made from time to time when cash distributions are otherwise made to the partners of the Yukon fund.

Each Yukon fund bears all of the organizational and offering expenses (excluding any placement fees) incurred in connection with the formation of the fund, its general partner and any other necessary related entities, up to a specified maximum amount set forth in the related limited partnership agreement for such fund. Each Yukon fund will reimburse Yukon for such expenses to the extent that any such expenses are borne by Yukon directly on behalf of the fund.

Each Yukon fund is also responsible for all other expenses attributable to its activities, whether incurred directly by the fund or by its general partner or Yukon on its behalf, including but not limited to:

- fees and expenses relating to consummated portfolio investments, and/or contemplated but unconsummated investments, and temporary investments, including but not limited to travel, legal, accounting, auditing, consulting, brokerage, and financing commitment fees, transfer taxes, and registration costs in connection with such investments to the extent that such fees and expenses are not reimbursed by a portfolio company or other third person;
- premiums for legal insurance protecting the fund and any indemnified persons from liabilities to third persons in connection with fund affairs, including, if deemed appropriate, key man life insurance for principals of Yukon ;
- legal, custodial and accounting expenses, including expenses associated with the preparation of the fund's financial statements, tax returns and Schedule K-1's and the representation of the fund or its partners by the tax matters partner;
- all expenses of the Advisory Committee and any other Yukon fund committee or board;
- all litigation expenses;
- all unreimbursed out-of-pocket fees and expenses incurred by any Yukon fund, the General Partner, the Manager or their affiliates in connection with any conference or meeting of such fund or communications with the limited partners;
- expenses related to vehicles through or in which portfolio investments may be made;



- taxes and other governmental charges, fees and duties payable by the fund;
- interest and expenses payable by the fund on any indebtedness incurred by the fund;
- expenses relating to defaults in capital contribution funding obligations;
- costs of winding up and liquidating the fund; and
- other fees and expenses to be borne by the fund under the terms of the fund's limited partnership agreement.

Neither Yukon nor any of its personnel receive compensation for the purchase or sale of securities or other investment products by the Yukon funds. Yukon generally causes the Yukon funds to purchase securities through private placement transactions, without the assistance of a broker or dealer and without the payment of a brokerage commission or other transaction costs. Item 12 contains further information on the factors that Yukon considers in the event that a broker-dealer is used for client transactions.

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

Yukon Partners, L.L.C., the general partner of Fund I and an affiliate of Yukon, is entitled to receive a performance fee in the form of a carried interest equal to 20% of Fund I's profits, subject to satisfaction of an 8% preferred return to Fund I's investors.

Item 7 – Types of Clients

Yukon currently provides advisory and management services solely to Fund I, and in the future may provide advisory and management services to other private funds. A minimum capital commitment of \$5 million is generally required of an investor in a Yukon fund, provided that this minimum has been waived from time to time and may be waived by a fund's general partner in its discretion.

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

In providing advisory services to the Yukon funds, Yukon generally makes mezzanine investments in buyouts, recapitalizations and acquisitions of middle-market companies headquartered in North America, in partnership with private equity sponsors. Yukon's investments primarily take the form of subordinated debt, which may be combined with equity participation rights or enhancements such as common equity warrants or common stock.

Following each investment, Yukon is actively involved with their private equity sponsor partners and portfolio companies. Yukon typically obtains board observation rights in connection with its fund investments. In addition to its participation in board of director meetings, Yukon also monitors monthly operating data and financial performance reports from its portfolio companies and maintains regular contact with portfolio company senior management. Even after the debt security is redeemed, Yukon continues to actively monitor the equity portion, if any, of the remaining investment.

Investing in securities involves risk of loss that investors in Yukon funds should be prepared to bear. Yukon in no way guarantees performance or results. The return of capital and the realization of gains in the portfolio of a Yukon fund will generally occur only upon the partial or complete disposition of an



investment by the fund. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after an initial investment has been made. There can be no assurance that there will be a current return on investments made by a Yukon fund. Because a Yukon fund may only make a limited number of investments and since the fund's investments generally will involve a high degree of risk, poor performance by a few investments could severely affect total returns.

Yukon's investments will typically be subordinated to the obligations held by its private equity sponsor partners, either contractually or structurally (in the case of debt securities), or due to the nature of the security (in the case of preferred or common stock). Such subordinated investments may be characterized by greater credit risks than those associated with the senior obligations of the same portfolio company. Adverse changes in a portfolio company's financial condition or general economic conditions may impair the ability of the portfolio company to make payments on the subordinated securities, resulting in defaults on such securities more quickly than on the senior obligations of the same portfolio company.

Risks affecting investment in debt securities and obligations entails normal credit risks, such as the risk of non-payment of interest and principal. A debt security or obligation may be subject to redemption at the option of the issuer, in which case a Yukon fund may be required to permit the issuer to call for redemption a debt security or obligation at its option. Early redemptions of fund investments could have an adverse effect on a Yukon fund's cash-on-cash return objective.

The activity of identifying, completing and realizing mezzanine financings is highly competitive and involves a high degree of uncertainty. Yukon competes for investments with other mezzanine investment vehicles, as well as individuals, financial institutions and other institutional investors. Further, over the past several years, an increasing number of mezzanine funds have been formed (and many such existing funds have grown in size and have sizable undrawn commitments). Additional funds with similar investment objectives may exist or be formed in the future by other unrelated parties. There can be no assurance that Yukon will be able to identify and complete investments in portfolio companies that satisfy the rate of return objectives of a Yukon fund, or realize the values of such investments, or that it will be able to fully invest its committed capital.

The investment strategy of Yukon involves providing financing to portfolio companies with proven operating management in place. However, there can be no assurance that such management will continue to operate successfully. Although Yukon monitors the performance of each investment, the Yukon funds rely upon portfolio company management to continue to operate the company on a day-to-day basis and upon the equity sponsors who control the boards of directors of the portfolio companies to select qualified management for such companies.

The Yukon funds' investments may include portfolio companies with significant levels of debt, which are inherently sensitive to declines in revenues and to increases in expenses and interest rates and to adverse general economic conditions. The securities in which the Yukon funds invest are generally among the most junior in a portfolio company's capital structure. As such, the inability of a portfolio company to service its debt obligations could result in a loss of the investment.

Item 9 – Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of the advisor or the integrity of its management. Yukon has no history of any disciplinary action.



Item 10 – Other Financial Industry Activities and Affiliations

Registered investment advisors are required to disclose any relationship or arrangement with certain industries or industry professionals that may be material to their advisory business or to their clients. Yukon has no such relationships to disclose.

Item 11 – Code of Ethics

Yukon has adopted a code of ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The code of ethics is set forth in Yukon's Compliance Manual, and includes provisions relating to registration and licensing requirements, a prohibition on insider trading, disclosure requirements, and personal securities trading procedures, among other things. All supervised persons at Yukon must acknowledge the terms of the Code of Ethics annually, or when and as amended. Yukon's clients or prospective clients, and investors or prospective investors in the Yukon funds, may request a copy of the firm's Code of Ethics by contacting us at (612) 435-7800.

Yukon anticipates that, in appropriate circumstances, consistent with the investment objectives of a Yukon fund, it may cause a Yukon fund to purchase or sell securities in which Yukon, its affiliates and/or other clients, directly or indirectly, have a position or interest. Yukon's employees and other associated persons are required to follow Yukon's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, managers and employees of Yukon and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for the Yukon funds. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Yukon will not interfere with (i) making decisions in the best interest of the Yukon funds and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, all Yukon employees are required to provide a list of all personal/related accounts to the firm, as well as transaction reports and quarterly account statements so that employee trading may be continually monitored in order to prevent conflicts of interest between Yukon and the Yukon funds. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as the Yukon funds, there is a possibility that employees might benefit from market activity by a Yukon fund in a security held by an employee.

Yukon's general policy requires each employee to place the interests of the Yukon funds above their own. Yukon's Compliance Manual contains a Policy Regarding Insider Trading which prohibits employees from purchasing or selling stock for personal accounts immediately before a Yukon fund's planned purchase or sale of which such employee has knowledge.

Item 12 – Brokerage Practices

With respect to the portfolio companies in which Yukon funds invest, the securities of such portfolio companies are generally purchased through private placement transactions, without the assistance of a broker or dealer and without the payment of a brokerage commission. If a broker or dealer is to be used, Yukon has discretion to determine, without the consent of the Yukon funds or their limited partners, the broker or dealer to be used and the commission rates to be paid. Yukon endeavors in good faith to obtain the best execution of brokerage transactions for the Yukon funds and selects brokers and dealers through which to effect transactions on behalf of the Yukon funds on the basis of various factors. Best price, giving effect to commissions and commission equivalents, if any, and other transaction costs will normally be important factors in this decision, but the selection may also take into account the quality of brokerage services, including such factors as execution capability, willingness to commit capital,



creditworthiness and financial stability, financial responsibility, responsiveness and clearance and settlement capability. Accordingly, where a broker or dealer is used, transactions will not always be executed at the best available price or commission.

Yukon may select a broker or dealer that furnishes Yukon, directly or through correspondent relationships, with research (including third party research) or other services which provide, in Yukon's view, appropriate assistance to Yukon in the investment decision-making process. Such research or other services may include research reports on companies, industries and securities; economic and financial data; economic surveys and analyses; recommendations as to specific investments and securities; financial publications; and other services. In some circumstances, the commissions paid on transactions with a broker or dealer or other firms providing such services may exceed the amount another broker or dealer or service provider would have charged for effecting such transactions. The use of commissions or "soft dollars" to pay for such research or other services, whether provided directly or indirectly, may be utilized (but has not to date), for the benefit of the Yukon funds managed by Yukon and its affiliates.

Yukon currently expects that any soft dollar arrangements will be within the safe harbor afforded by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended.

Item 13 – Review of Accounts

Yukon reviews and evaluates the investment plans and strategies of the Yukon funds, and reconciles each fund's accounts (and those of their respective investors) on a monthly basis. Investors in the Yukon funds receive quarterly account statements. The accounts of the Yukon funds are reviewed by Yukon's Chief Financial Officer and Chief Compliance Officer/Controller. Investors in the Yukon funds receive, in written form, (i) annual financial statements of the related funds within 90 days following the end of each year, (ii) quarterly reports within 45 days of the end of each of the first three quarters of each year providing summary financial and other information on the fund's activities and (iii) tax information as required for tax filings.

The annual financial statements for each Yukon fund are audited by an independent accounting firm selected by the general partner.

Item 14 – Client Referrals and Other Compensation

Yukon does not receive economic benefits from non-clients for providing investment advice or other advisory services to its clients. Neither Yukon nor any related person directly or indirectly compensates any person for referrals of clients to Yukon, as the only clients of Yukon are the Yukon funds. Yukon has entered into arrangements with certain firms and individuals which provide for the payment of fees based upon the referral of investors who sign binding subscription agreements for the purchase of limited partnership interests in a Yukon fund; however, as described above, investors in the Yukon funds are not advisory clients of Yukon.

Item 15 – Custody

Yukon maintains custody of the assets of the Yukon funds through the use of qualified custodians that are not related to Yukon. The Yukon funds, which constitute Yukon's clients, receive account statements directly from the qualified custodians. Yukon then provides written reports to the investors in the Yukon funds on a periodic basis. See Item 13 above.



Item 16 – Investment Discretion

All assets of the Yukon funds are managed by Yukon on a discretionary basis, subject only to the investment limitations described above or as otherwise set forth in the related management agreements and/or limited partnership agreements. See Item 1 above.

Item 17 – Voting Client Securities

Yukon does not vote the securities held by the Yukon funds. The respective general partner the Yukon funds, which is an affiliate of Yukon, votes the securities held by the related Yukon fund. Yukon Partners, L.L.C. is the general partner of the Yukon funds.

Item 18 – Financial Information

Yukon requires that management fees be paid semi-annually in advance. See Item 5 above for management fee information. Yukon is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitment to the Yukon funds (its clients), and has not been the subject of a bankruptcy proceeding. An unaudited balance sheet prepared in accordance with generally accepted accounting principles containing financial information for the most recent fiscal year is attached to this brochure. An audited balance sheet will be filed as soon as it is completed by Yukon's auditors.

YUKON CAPITAL PARTNERS, L.P. AND YUKON CAPITAL PARTNERS PARALLEL, L.P.

COMBINED STATEMENTS OF NET ASSETS

DECEMBER 31, 2011 AND 2010
(UNAUDITED)

ASSETS:	2011	2010
Investments at fair value (cost of \$64,097,021 at December 31, 2011 and \$33,322,021 at December 31, 2010)	\$ 65,204,638	\$ 33,327,008
Cash and cash equivalents	3,553,235	6,848,051
Interest and dividends receivable	1,502,677	676,450
Total assets	70,260,550	40,851,509
LIABILITIES:		
Accounts payable and current liabilities	74,868	221,338
Due to investors (capital)	-	8,014,271
Due to management company	-	19,965
Placement agent liability	2,851,587	1,130,932
Total liabilities	2,926,455	9,386,506
Net Assets	\$ 67,334,095	\$ 31,465,003
Analysis of Net Assets (Partnership Capital):		
General partner's capital	\$ 1,652,862	\$ 1,911,002
Limited partners' capital	65,681,233	29,554,001
Total partnership capital	\$ 67,334,095	\$ 31,465,003

See accompanying notes.