

The Gores Group, LLC Part 2A of Form ADV Brochure

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This brochure provides information about the qualifications and business practices of The Gores Group, LLC. If you have any questions about the contents of this brochure, please contact us at (310) 209-3010. 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. Registration of an investment adviser does not imply any level of skill or training.

Additional information about The Gores Group, LLC is also available on the SEC's website at: www.adviserinfo.sec.gov.

Material Changes

This Brochure dated February 14, 2012 is a new document. In the future, this item will discuss specific material changes that are made to the Brochure.

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Advisory Business

The Gores Group, LLC (“Gores”) was founded in 1987 by its Chairman, Alec Gores. Gores registered with the SEC as an investment adviser in 2012. Gores serves, directly or indirectly, as the investment manager to the investment funds described herein, and affiliates of Gores serve as the general partner of such investment funds. Gores is referred to in this Brochure as “we” or “us.”

Gores is owned and controlled by Alec Gores. Gores manages private investment funds that focus on making private equity investments (the “Partnerships”). For purposes of this Brochure, Gores considers its clients to be the investment partnerships managed by it; the underlying investors in such investment partnerships are referred to in this Brochure as “investors.”

As of February 14, 2012, we had approximately \$3.4 billion of assets under management on a discretionary basis.¹ Our investment objective is to generate significant capital appreciation for investors. We will seek to achieve this objective primarily by making private investments in equity, equity-oriented, or debt securities that offer equity-like returns of underperforming companies. We may consider a broad range of transactions, including without limitation management and leveraged buyouts, recapitalizations, privately negotiated control and minority investments, consolidations and roll-ups, spin-offs and carve-outs, and growth equity investments.

We currently provide investment advisory services to various private equity funds and their affiliated parallel investment vehicles. Investors may also receive opportunities to co-invest in portfolio companies of particular Partnerships. The decision to open a specific investment to co-investments would be in our sole discretion.

We manage the assets of each Partnership in accordance with its particular investment objective and mandate and the terms of the applicable governing documents of each Partnership. Further details concerning each Partnership’s investment objective and mandate are set forth in the respective Partnership’s offering memorandum and governing documents. When providing these services to the Partnerships, we direct and manage the investment of each Partnership’s assets, and provide reports to investors, as described below under “Review of Accounts.” Investment advice is provided directly to each Partnership and not individually to the investors.

Fees and Compensation

We receive compensation in the form of management fees charged to the applicable Partnership based on a percentage of the total capital commitments to such Partnership (“Management Fees”). We also receive monitoring fees and transaction fees from portfolio companies, which offset Management Fees. In addition, the general partner (which is controlled by Gores) of each Partnership receives performance-based compensation in the form of a carried interest participation in such Partnership (“Incentive Allocation”). These compensation arrangements, which vary for each Partnership we manage, are described in detail in the offering memorandum and governing documents applicable to each such Partnership. We may, in our discretion, waive all or a portion of the Management Fees or Incentive

¹ Assets under management include unfunded capital commitments and assume all illiquid investments are valued at Gores’ estimated fair values as of December 31, 2011.

Allocations in connection with a particular Partnership. Fees are deducted directly from the account of each Partnership.

Management Fees

Management Fees paid by a Partnership are payable quarterly in advance at a rate up to 2.0% per annum, with the specific amount varying by Partnership, based on the aggregate capital commitments of such Partnership's investors. Upon the sooner to occur of the expiration of the Partnership's commitment period or the establishment of a successor Partnership with a certain level of aggregate capital commitments, the Management Fee percentage is reduced and is then calculated based on aggregate funded capital commitments. In addition, the Management Fee is partially or fully offset by monitoring fees and transaction fees that we receive directly from the Partnership's portfolio companies. Pre-paid Management Fees will be refunded on a pro rata basis if the applicable advisory contract is terminated before the end of a billing period.

Incentive Allocations - Carried Interest Participation

The general partner (which is controlled by Gores) of each Partnership also receives performance-based Incentive Allocations in the form of a carried interest of 20% of the net profits of the applicable Partnership. Incentive Allocation payments are made to the general partner from time to time during the life of the Partnership and are subject to a preferred return hurdle as well as escrow and clawback provisions. Various principals of Gores are also members or partners of the general partner and therefore have an economic interest in the Incentive Allocations. In addition, in certain legacy Partnerships that are no longer making investments, the general partner (which is controlled by Gores) of such Partnerships received direct equity interests in portfolio companies in consideration of services performed.

Other Fees and Partnership Expenses

Gores receives certain fees directly from the Partnerships' portfolio companies. Gores receives monitoring fees for its general oversight of portfolio companies and transaction fees for its services related to acquisitions, dispositions and financing transactions. Occasionally, Gores receives director fees and/or break-up fees, which are also paid directly by the portfolio companies or, in the case of break-up fees, third party acquisition targets. Gores' Management Fees are reduced by up to 100% of the monitoring, transaction, directors and break-up fees (net of direct expenses) it receives.

In addition, investors indirectly bear certain operating and organizational expenses of the Partnerships. These fees and expenses vary, but typically include expenses such as legal and accounting fees, registration expenses, the cost of directors' and officers' liability insurance, litigation or broken deal expenses and, in the case of organizational expenses, travel-related costs incurred for purposes of marketing the Partnerships. The Partnerships may also pay fees to placement agents for referring investors to the Partnerships. Such fees are paid by the applicable Partnerships and are 100% offset against the Management Fees, resulting in Gores bearing the full economic burden of any such placement agent fees. The offering memorandum and governing documents for each Partnership sets forth the arrangements regarding operating and organizational expenses for such Partnership, including the payment of placement agents and the applicable Management Fee offsets. Investors should review all fees and expenses to be paid by the Partnerships and, indirectly, their limited partners.

Performance Based Fees and Side-by-Side Management

All Partnerships we advise are subject to an Incentive Allocation as well as Management Fees. See “Fees and Compensation” above.

An adviser charging performance based fees to some accounts faces a variety of conflicts because the adviser can potentially receive greater fees from its accounts having a performance-based compensation structure than from those accounts it charges a fee unrelated to performance (e.g., an asset-based fee). As a result, the adviser may have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the account that pays a performance fee. However, we do not have such an incentive to favor certain Partnerships, since, as described above, all Partnerships we manage are subject to both an Incentive Allocation and Management Fees.

However, the fact that the we are compensated based on the profits of the Partnerships we manage may create an incentive for Gores to make investments on behalf of clients that are riskier or more speculative than would be the case in the absence of such compensation.

Types of Clients

We provide advisory services to the Partnerships, as described under “Advisory Business” above. Each Partnership operates as a private pooled investment vehicle. The minimum capital commitment for a limited partner of a Partnership is outlined in such Partnership’s offering memorandum and governing documents.

In the applicable subscription documents, investors are required to make certain representations when investing in a Partnership. Each investor is furnished with a copy of the governing documents for the applicable Partnership, including the offering memorandum, subscription documents and limited partnership agreement.

Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategy and Analysis

Gores’ investment strategy is consistent across industries and is focused primarily on control-oriented buyout investments of mature, under-performing businesses and/or where Gores’ operations expertise can unlock incremental value. We seek to invest in companies with a defensible core business of mature products and services, sustainable revenues and established customer relationships that are experiencing operational challenges. Gores has practiced and refined this investment strategy throughout its history and has demonstrated its ability to generate attractive equity returns, return its invested capital and minimize downside risk.

Gores expects to target companies primarily in technology, telecommunications, industrial, business services, media, healthcare, and security sectors in the U.S. and Europe. Gores has historically focused on these industries and believes these sectors are attractive due to (i) the consistent supply of investment opportunities across market cycles and (ii) the limited competition from strategic and financial buyers for the types of operationally challenged businesses that we target.

Gores targets acquisitions that provide us with the opportunity to use our operating skills to create long-term value. Such target businesses generally exhibit some or all of the following characteristics:

- Financial/balance sheet distress;
- Unfocused and/or poorly executed business strategies;
- Established customer base with sustainable revenue;
- Mature products or services with high switching costs for customers; and
- Under-utilized assets, including working capital, real estate, intellectual property, and brand.

Gores invests in a substantial number of operations-intensive turnarounds and complex carve-out transactions. Thus, when reviewing prospective investments, we are focused on companies that have a path to profitability that can be achieved in a short and foreseeable period of time through the implementation and execution of the agreed-upon business plan.

Gores is an active investor and closely monitors all aspects of each portfolio company's operations. After making an investment, we drive the implementation of operating plans and closely manage the operating performance of all portfolio companies. Our goal is to effect a transformation of the portfolio company, where appropriate, very quickly. Our control-oriented investment strategy emphasizes a "hands-on," partnership approach with senior management to realize full operational value. A control-oriented strategy is important given Gores' proactive investment philosophy as it enables us to make any changes at portfolio companies that we deem necessary. Although each portfolio company is managed autonomously, the management teams report to Gores' principals. When it consummates a transaction, Gores works closely with portfolio company management to ensure that the agreed-upon operating plan, which formed the basis of the initial investment decision, is being implemented.

When performing due diligence in connection with potential transactions and following an acquisition during the course of each Partnership's ownership of a portfolio company, we utilize the services of our affiliated operating partner, Glendon Partners, Inc., also known as Gores Operations Group ("Gores Operations"). Gores Operations, which is controlled by Gores, consists of seasoned professionals, based in the U.S. and Europe, who have substantial experience in major corporate disciplines, including without limitation, accounting, finance, information technology, legal, marketing, operations, sales, supply-chain management, insurance/risk management and tax. Gores Operations professionals generally have responsibility for developing the operational blueprint for a new portfolio company, implementing the transformation initiatives and working alongside management throughout the ownership period to maximize the value of the business. On occasion, members of Gores Operations will fill roles in the management of the portfolio company. The use of Gores Operations allows Gores and the portfolio companies to leverage Gores Operations' significant, dedicated operating experience and expertise, conduct due diligence rapidly, and reduce our reliance on third-party advisors.

Gores employs multiple techniques for realizing value from its investments. We typically structure our Partnerships' investments to provide a return of invested capital through distributions or recapitalizations and to monetize their full investments through either sale transactions or other exit alternatives. In addition to sales transactions, Gores occasionally evaluates opportunities to exit through public offerings and other creative opportunities when markets permit. Our M&A professionals actively evaluate exit opportunities for the Partnerships' portfolio companies and enlist the industry knowledge of portfolio company management to identify potential strategic buyers.

Risk of Loss

Acquiring an interest in any Partnership involves a number of risks. An investment in a Partnership may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in the Partnership. No guarantee or representation is made that the Partnership will achieve its investment objective or that investors will receive a return of their capital.

All investing involves a risk of loss and the investment strategies we offer could lose money over short or even long periods. The description contained below is a brief overview of some of the different market risks related to our investment strategies. A more complete description of applicable risks is available in the offering memorandum for each Partnership.

General Business and Management Risk. Investments in portfolio companies subject the Partnerships to the general risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the portfolio company level, interest rate and currency fluctuations, general economic downturns, domestic and foreign political situations and other factors. With respect to management at the portfolio company level, many portfolio companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the portfolio company's performance. While in all cases Gores monitors portfolio company management, management of each portfolio company has day-to-day responsibility for the operations of such portfolio company.

Liquidity Issues. The Partnerships will make investments where there is likely to be no actively traded market. Moreover, many of the Partnerships' investments may be held by relatively few other investors. Under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer or of the asset, the Partnerships may find it more difficult to sell such instruments when Gores believes it advisable to do so or may be forced to sell them at prices lower than if the instruments were widely held. Thus, the range of disposal strategies available to the Partnerships may be further limited. In addition, investors' investments in the Partnerships we manage are subject to restrictions on transfer and there is no established secondary market for such Partnership interests. An investment in the Partnerships is highly illiquid and an investor may not be able to sell or otherwise dispose of its interest if or when desired. Thus, investors in the Partnerships must be prepared to bear the risks of owning their interests and contributing capital for an extended period of time.

Unidentified Investments. Proceeds from commitments made to the Partnerships are intended to be invested in portfolio investments that have not been identified as of the date such commitments are made. Investors in the Partnerships will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding investments by the Partnerships.

Use of Leverage. The Partnerships' portfolio investments are expected to include investments in companies whose capital structures have significant leverage. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. The Partnerships' investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks (as well as particular risks associated with investing in the industries targeted by the Partnerships) may have a more pronounced effect on the profitability or survival of such companies. Moreover, rising interest rates may significantly increase portfolio companies' interest expense, causing losses and/or the inability to service debt levels. If a

portfolio company cannot generate adequate cash flow to meet debt obligations, the Partnerships may suffer a partial or total loss of capital invested in the portfolio company. In addition, borrowings by the Partnerships may be secured by the investors' Commitments as well as by the Partnerships' assets.

Reliance on Key Personnel. The success of the Partnerships depends in substantial part upon the skill and expertise of Gores' principals and the other investment professionals who will be providing investment advice with respect to the Partnerships. There can be no assurance that these key investment professionals will continue to be associated with Gores throughout the life of the Partnerships. The loss of key personnel could have a material adverse effect on the Partnerships' ability to realize their investment objectives.

Non-U.S. Investments. The Partnerships may invest globally, including in portfolio companies located in emerging markets. Foreign securities involve certain risks not typically associated with investing in U.S. securities, including risks relating to (a) currency exchange matters; (b) differences between the U.S. and foreign securities markets, including potential price volatility in and relative illiquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (c) certain economic and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation; and (d) the possible imposition of foreign taxes on income and gains recognized with respect to such securities. Anti-fraud and anti-insider trading legislation in these countries may be rudimentary. The legal systems in these countries may offer no effective means for the Partnership to seek to enforce its rights or otherwise seek legal redress or to seek to enforce foreign legal judgments.

Disciplinary Information

There are no legal or disciplinary events with respect to us or our management that are material to an investor's or prospective investor's evaluation of us or the integrity of our management.

Other Financial Industry Activities and Affiliations

We are affiliated with Gores Capital Advisors, LLC, Gores Capital Advisors II, LLC, Gores Capital Advisors (Alternative) II, L.P., Gores Capital Advisors III, L.P., Gores Capital Advisors (Alternative) III, L.P., and Gores Small Cap Advisors, L.P., each of which serves as the general partner of certain of the Partnerships.

In addition, as described above under "Methods of Analysis, Investment Strategies and Risk of Loss – Investment Strategy and Analysis," we utilize the services of Gores Operations, which we control. Gores Operations charges the Partnerships and their portfolio companies, as applicable, for Gores' Operations services on a fee-per-hour basis at rates that are consistent with market and industry standards, and uses its revenues from fees to cover its operational costs. In addition to the hourly fees charged, certain senior executives of Gores Operations receive small equity interests in the Partnerships' portfolio companies in which they are involved. Gores Operations does not receive any payments from portfolio companies or Gores except to the extent that Gores or the applicable portfolio company specifically engages Gores Operations professionals to provide services.

We believe the engagement of Gores Operations provides a substantial benefit to the Partnerships and their portfolio companies given the expertise of Gores Operations' professionals and the value provided by their involvement in the due diligence, transformation and ongoing operational stages of portfolio companies. Further information regarding Gores Operations is available in the offering memorandum of each Partnership.

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

Code of Ethics/Insider Trading

We have adopted a written Code of Ethics (the "Code") designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "Rule").

This Rule requires us to adopt a code of ethics that sets forth a standard of business conduct and compliance with federal securities laws by all of our employees. Our Code contains policies and procedures that ensure that all personal securities trading by employees is conducted in such a manner as to avoid conflicts of interest or any abuse of an individual's position of trust and responsibility.

Our Code requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, investors, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of investors along with the Partnerships, and the interests of Gores above one's own personal interests;
- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- To the extent practicable, avoid or disclose any conflicts of interest that are material to investors and the Partnerships;
- Conduct all personal securities transactions in a manner consistent with the Code;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect favorably on employees and the profession; and
- Abide by the requirements contained in the Investment Advisers Act of 1940, as amended, and rules thereunder, as well as applicable provisions of the securities laws.

Our Code limits our employees' personal securities trading activity and mandates that all such trading activity comply with the requirements of the Code, including: (1) pre-clearing certain personal securities

transactions; (2) reporting personal securities transactions on at least a quarterly basis; and (3) providing us with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

A copy of our Code will be provided to any investor or prospective investor upon request.

We serve as the investment manager, and our affiliates serve as the general partner, of the Partnerships. In addition, various employees of Gores have a material investment in our Partnerships. Therefore, we are considered to participate in transactions effected for the Partnerships. We do not believe this arrangement presents any material conflicts of interest since our interests and our employees' interests are aligned with the interest of investors in such Partnerships.

Brokerage Practices

Gores does not make regular use of broker-dealers for the purposes of purchasing or selling securities on behalf of the Partnerships because the securities that it typically purchases or sells on behalf of the Partnerships are acquired and/or disposed of in privately negotiated purchase and sale transactions. From time to time, Gores may use a broker-dealer to effect transactions in public securities resulting from, or in connection with, portfolio investments. In those instances, Gores has full discretionary authority with respect to the selection of, and commissions paid to, broker-dealers. If Gores determines to engage a broker-dealer, it will select the broker-dealer considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility and responsiveness to us, and the value to us of research provided, if any. In order to minimize execution costs and obtain best execution for all Partnerships, Gores may aggregate orders for multiple Partnerships, as long as aggregating would be in the best interests of each participating Partnership. Gores does not currently utilize any soft dollar benefits or client referrals from broker-dealers in connection with Partnership transactions, although Gores may from time to time receive research available to other institutional investors.

Gores routinely engages investment banks to advise the Partnerships in connection with the potential sale of, or securities offerings related to, portfolio companies. When engaging an investment bank to provide these services, Gores considers a variety of factors, including without limitation its overall service quality, execution capabilities, experience and knowledge in the particular industry, fees and responsiveness.

Review of Accounts

Investments held by the Partnerships are reviewed on a continuous basis by the applicable Investment Committee. The applicable Investment Committee meets regularly to discuss the Partnerships' portfolios, investment ideas, economic developments, current events, and other issues related to current portfolio holdings and potential investment opportunities. All Partnership investments are reviewed and approved by the applicable Investment Committee, which consists of senior professionals (i.e., our Chairman, senior managing directors and certain managing directors) from various disciplines within Gores. All acquisitions and dispositions of portfolio companies must also be reviewed and approved by the applicable Investment Committee.

We provide written quarterly and annual reports for each Partnership to such Partnership's investors in accordance with the terms of such Partnership's governing documents. The quarterly report includes investor capital account statements and asset allocation statements, as well as a comprehensive investment letter updating the activity in the applicable Partnership's portfolio that occurred during the quarter. The quarterly report also includes quarterly financial statements. Annual audited financial statements for each Partnership are provided to such Partnership's investors within 120 days of the end of each fiscal year, along with annual capital account statements and year-end tax information.

Client Referrals and Other Compensation

We do not engage third party agents to refer advisory clients to us. However, we pay fees to placement agents for referring investors to the Partnerships. Such fees are paid by the applicable Partnerships and are 100% offset against the Management Fees. See "Fees and Compensation – Other Fees and Partnership Expenses" above.

If we or our employees receive directors' fees, monitoring fees, transaction fees, break-up fees, or other fees relating to Partnership investments or potential transactions, such fees reduce Management Fees paid by investors in the applicable Partnership. See "Fees and Compensation" above.

Custody

All cash and certificated securities of the Partnerships are held in custody by an independent qualified custodian. However, Gores is deemed to have custody over Partnership accounts since an affiliate serves as general partner or managing member of each Partnership. Gores arranges for the Partnerships' financial statements to be prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and audited at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board in accordance with its rules. Gores distributes those audited financial statements to all investors in the Partnerships within 120 days of the end of each Partnership's fiscal year.

Investment Discretion

The governing documents of each Partnership provide that we or an affiliate, as the ultimate general partner of such Partnership, have exclusive and complete authority and discretion in managing the business and affairs of such Partnership, subject only to specific and express limitations provided therein. Thus, without obtaining specific consent from a Partnership or its investors for each transaction, we have discretionary authority to transact in securities for the Partnerships.

Voting Client Securities

We vote proxies on behalf of each of the Partnerships. Our investment and legal teams have the responsibility to identify the proxies upon which we will vote, vote the proxies in the overall interests of the applicable Partnerships and their investors (as described below) and submit the proxies promptly and properly.

In determining the overall interests of the Partnerships and their investors, consideration will be given to both short-term and long-term implications of the proposal to be voted on when considering the optimal vote. In voting proxies, we will seek to avoid material conflicts of interest between our interests, on the one hand, and the interests of the Partnerships and their investors, on the other. If we detect a material conflict of interest in connection with a proxy solicitation, our investment committee will consider the vote under consideration, discuss the perceived conflict of interest, and decide on how to vote the proxy. We will record the decision and then vote the proxy accordingly.

Upon request, we will provide investors in any of the Partnerships with information about how the proxies relevant to such Partnership and investor are voted. Our complete proxy voting policy and procedures are available to investors upon request. Our proxy voting record is also available to investors upon request.

Financial Information

Gores has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.