

ADV Part 2A

Brochure

Dated April 30, 2012

**Chatham Capital Management IV, LLC
Chatham General Partner IV (Offshore) Ltd.
Chatham Carried Interest IV, LLC
Chatham SBIC Fund IV, GP, LLC
400 Galleria Parkway, Suite 1950
Atlanta, Georgia 30339**

**Chatham Capital Management IV, LLC, Chatham General Partner IV (Offshore) Ltd.,
Chatham Carried Interest IV, LLC and Chatham SBIC Fund IV, GP, LLC can be
contacted by telephone at (770) 618-2100; and by fax to the attention of Brian G. Reynolds
at (770) 618-2101**

**Chatham Capital Management IV, LLC, Chatham General Partner IV (Offshore) Ltd.,
Chatham Carried Interest IV, LLC and Chatham SBIC Fund IV, GP, LLC can be
contacted on the internet at chathamcapital.com.**

**This Brochure provides information about the qualifications and business practices
of Chatham Capital Management IV, LLC, Chatham General Partner IV (Offshore) Ltd.,
Chatham Carried Interest IV, LLC and Chatham SBIC Fund IV GP, LLC. If you have
any questions about the contents of this Brochure, please contact us at (770) 618-2100. 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 Chatham Capital Management IV, LLC, Chatham
General Partner IV (Offshore) Ltd., Chatham Carried Interest IV, LLC and Chatham
SBIC Fund IV GP, LLC is available on the SEC's website at www.adviserinfo.sec.gov.**

Item 2 **Material Changes**

Not Applicable

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Item 4 **Advisory Business**

A. **Advisory Firm and Principal Owners.**

Brian Reynolds is the Owner

Chatham Capital Management IV, LLC is a Delaware limited liability company. Chatham Capital Management IV, LLC was formed in 2011 and has been engaged in organizational and fund raising since September 2011. The managing member of Chatham Capital Management IV, LLC is Chatham Credit Holdings, LLC. Brian Reynolds is the managing member and sole owner of Chatham Credit Holdings, LLC.

Chatham General Partner IV (Offshore) Ltd. is a Cayman Islands exempt company. Chatham General Partner IV (Offshore) Ltd. was formed in 2011 and has been in business since November 2011.

Chatham Capital Management IV, LLC is the (sole owner) of Chatham General Partner IV (Offshore) Ltd.

Chatham Carried Interest IV, LLC is a Delaware limited liability company. Chatham Carried Interest IV, LLC was formed in 2011 and has been in business since September 2011. Chatham Credit Holdings, LLC is the managing member and sole owner of Chatham Carried Interest IV, LLC.

Chatham SBIC Fund IV, GP LLC is a Delaware limited liability company which was formed in 2011. Chatham SBIC Fund IV, GP LLC has been in business since September 2011. Chatham SBIC Fund IV, GP LLC is owned by Brian Reynolds, Nicholas Anagreonte, Lin Wang and Scott Krajewski, who are all affiliates of Chatham Capital Management IV, LLC.

Chatham Capital Management IV, LLC, Chatham Credit Holdings, LLC, Chatham General Partner IV (Offshore) Ltd., Chatham Carried Interest IV, LLC, Chatham SBIC Fund IV GP, LLC and Brian Reynolds have their principal offices in Atlanta, Georgia.

The Funds

Chatham Capital Management IV, LLC is the fund manager to the following private funds:

- Chatham Investment Fund IV, LLC
- Chatham Investment Fund QP IV, LLC
- Chatham SBIC Fund IV, L.P.
- Chatham SBIC Fund QP IV, L.P.
- Chatham Investment Offshore IV LP

We refer to Chatham Investment Fund IV, LLC as the C1 Fund in this Brochure.

We refer to Chatham Investment Fund QP IV, LLC as the QP Fund in this Brochure.

We refer to Chatham SBIC Fund IV, L.P. and Chatham SBIC Fund QP IV, L.P. as the Chatham SBIC Funds in this Brochure. Chatham SBIC Fund IV GP, LLC is the general partner of the SBIC Funds and has delegated management of the SBIC Funds to Chatham Capital Management IV, LLC.

We refer to Chatham Investment Offshore IV, LP, a Cayman Islands exempt company, as the Offshore Fund in this Brochure. See Item 8 of this Brochure under Offshore Fund. Chatham General Partner IV (Offshore) Ltd. is the general

partner of the Offshore Fund and has delegated management of the Offshore Fund to Chatham Capital Management IV, LLC.

We refer to the Funds, other than the Offshore Fund, as the Domestic Funds in this Brochure.

We refer collectively to these funds as the Funds in this Brochure.

Subject to certain regulatory or seasoning requirements, Chatham Capital Management IV, LLC intends to operate the Funds as a single source of financing for investments and to cause the Funds to participate jointly in all investments in proportion to each Fund's respective capital commitments, excluding those investments where the Chatham SBIC Funds are not eligible to invest pursuant to the SBIC Act of 1958.

Affiliates of Chatham Capital Management IV, LLC also manage Chatham Cascade Fund III, LLC and Chatham Cascade Fund QP III, LLC. We refer to these funds as Cascade in this Brochure. The Funds also intend to co-invest with Cascade from time to time.

B. Advisory Services. Chatham Capital Management IV, LLC manages the business and affairs of the Funds.

Chatham Capital Management IV, LLC provides administrative and investment management services to the Funds, such as:

- administration,
- location and origination of investments,
- business evaluation,
- transaction structuring,

- valuation,
- negotiation,
- documentation,
- continuing oversight of portfolio investments, and
- the other activities incidental to the operations of the Funds.

- C. **Advisory services are tailored to the needs of the Funds.** The advisory services offered by Chatham Capital Management IV, LLC are tailored to the needs of the Funds. See Item 8 and Item 13 of this Brochure for a discussion of these advisory services. See Item 16 of this Brochure for a discussion of the limits on the types of securities that Chatham Capital Management IV, LLC can cause the Funds to invest in without Board of Advisors approval.
- D. **No Wrap Fee Programs.** Chatham Capital Management IV, LLC does not participate in any wrap fee programs.
- E. **Assets under Management.** Chatham Capital Management IV, LLC manages the assets of the Funds. The first closing for the Funds took place on April 30, 2012. The regulatory assets under management of the Funds as of April 30, 2012 was approximately \$106 million. Chatham Capital Management IV, LLC has discretionary power over the assets of the Funds. See Item 16 of this Brochure below for a discussion of the limits on the discretionary power of Chatham Capital Management IV, LLC.

Item 5 **Fees and Compensation**

A. **Management Fee.**

Chatham Capital Management IV, LLC is entitled to a management fee and to a performance fee. These fees are provided for in the governing documents of the Funds and are not negotiable.

This Item 5A describes the management fee. The performance fee is described in Item 6 of this Brochure.

The Funds will pay Chatham Capital Management IV, LLC a management fee, which we refer to in this Brochure as the Management Fee.

The first closing for the Funds took place on April 30, 2012.

The Management Fee is subject to reduction four (4) years after termination of the offering of interests in the Funds. We refer to this initial four (4) year period as the Investment Period in this Brochure.

During the Investment Period (from and including April 30, 2012), the Management Fee is an amount equal to the sum of:

- (i) 2% per year of the total investor commitments; and
- (ii) 0.9% per year of the leverage (including the SBA Leverage described below) deployed by the Funds.

Participation in the SBIC program would make the Chatham SBIC Funds eligible to receive funds from the United States Small Business Administration (which we refer to in this Brochure as the SBA) in an amount equal to two times, and in some cases up to three times, the amount of private capital allocated to the Chatham SBIC Funds by Chatham Capital Management IV, LLC. We refer to

this eligibility as SBA Leverage in this Brochure. See Item 8 of this Brochure under SBIC Program.

In this Brochure, we refer to a company in which the Funds invest as a Portfolio Company, and to an investment made by the Funds as a Portfolio Investment.

After the Investment Period, the Management Fee equals:

- (i) 1.5% per year of an amount equal to, as of any date,
 - (A) the total amount of the capital contributions of the investors, minus
 - (B) the portion of investor capital contributions attributable to Portfolio Investments disposed of by the Funds, and
- (ii) 0.9% per year of any leverage (including SBA Leverage) deployed by the Funds.

B. Timing and Deduction of Management Fee. The Management Fee is typically paid quarterly in advance, but in no event will be paid more than five months in advance.

The Management Fee is in addition to the obligations of investors to fund their commitments. The Management Fee is deducted from the Funds.

C. Other Expenses.

Organizational Expenses. The organizational expenses of the Funds, which we refer to in this Brochure as the Formation Expenses, will be paid proportionally by the Funds from the initial capital contributions. The aggregate amount of Formation Expenses paid by the Funds is limited to the greater of \$1,000,000 or 0.5% of the aggregate investor commitments.

Expenses Paid by the Manager

Chatham Capital Management IV, LLC will pay all of its ordinary administrative and overhead expenses, such as:

- the expenses of obtaining office space, supplies and its administrative activities; and
- compensation of its personnel.

Expenses Paid by the Funds

The Funds will pay the expenses of their activities, which we refer to in this Brochure as the Fund Expenses, such as:

- the Management Fee;
- legal, auditing, insurance, consulting, annual meeting, website, investor communication and accounting expenses;
- expenses associated with the preparation of the financial statements, tax returns and K-1s of the Funds;
- out-of-pocket expenses of investments not consummated;
- other expenses associated with acquiring, managing, holding, marketing and disposing of investments of the Funds, including extraordinary expenses (such as litigation, if any); and
- leverage costs and costs associated with obtaining SBA Leverage, a capital line facility or pledged assets facilities. (See Item 8 under Leverage).

D. **Advance Payment of Management Fee.** The Management Fee is typically paid quarterly in advance, but in no event will be paid more than five months in advance.

If the Funds do not have sufficient cash to pay the Management Fee, the investors are required to contribute an amount equal to their pro rata share of the applicable Management Fee, which contributed amount is in addition to the commitment of that investor.

- E. **No Compensation For Sales of Securities.** None of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC, Chatham SBIC Fund IV GP, LLC or any of their supervised persons accepts compensation for the sale of securities or other investment products.

Performance Based Fees and Side by Side Management

Chatham Capital Management IV, LLC is entitled to a performance based fee under the documents governing the Funds.

Carried Interest

In general, Chatham Capital Management IV, LLC is entitled to a 20% allocation of profits. This allocation is calculated after an 8% per year preferred return to the investors and after the allocation of a catch-up amount to Chatham Capital Management IV, LLC is assessed.

We refer to this 20% allocation of profits as the Carried Interest in the Brochure.

The following describes the Carried Interest in more detail.

The following terms are used in the more detailed description of the Carried Interest.

Available Amounts

Chatham Capital Management IV, LLC determines the cash (or other assets) available for distribution to investors after:

- paying or providing for the current obligations of the Funds; and
- setting aside reasonable reserves for anticipated obligations or losses of the Funds, for permitted reinvestment or for amounts due in respect of the Management Fee or Fund Expenses.

We refer to this cash (or other assets) as Available Amounts in this Brochure.

Current Net Revenue

Chatham Capital Management IV, LLC also determines the cash (or other assets) received by the Funds that:

- was received as interest, fees or other amounts;
- was not received as a return of principal or other return of capital to the Funds; or
- was allocated to revenue for the period in question.

Chatham Capital Management IV, LLC then deducts current expenses for the period in question.

We refer to this cash (or other assets) as Current Net Revenue in this Brochure.

Unreturned Contributed Capital

In this Brochure, we refer to the aggregate amount of capital that an investor has contributed to the Funds that has not previously been returned to that investor as the Unreturned Contributed Capital.

Preferred Return

In this Brochure, we refer to an 8% per year return on the average Unreturned Contributed Capital as the Preferred Return.

Detailed Description of Carried Interest

The following is a more detailed description of the Carried Interest using the concepts just discussed.

Chatham Capital Management IV, LLC will distribute Available Amounts consisting of Current Net Revenue as follows:

1. first, 100% to the investors until the investors have received aggregate distributions equal to Unreturned Contributed Capital with respect to Management Fees and losses of capital incurred as a result of dispositions and write-downs of investments;

2. second, 100% to the investors until the investors have received aggregate distributions equal to their Preferred Return;
3. third, 100% to Chatham Capital Management IV, LLC until Chatham Capital Management IV, LLC (or its affiliate) has received (after giving effect to this distribution and all prior similar distributions) distributions equal to 25% of the aggregate amount of all distributions to investors with respect to the Preferred Return made on or before this distribution; and
4. thereafter, 80% to investors and 20% to Chatham Capital Management IV, LLC (or its affiliate).

Chatham Capital Management IV, LLC will make these distributions on a quarterly basis within 45 days after the end of the quarter in question.

Payment of Carried Interest

Chatham Capital Management IV, LLC, the CI Fund, the QP Fund and Chatham Carried Interest IV LLC have entered into Investment Advisory Agreements pursuant to which

- Chatham Carried Interest IV LLC is required to perform certain services to the CI Fund, the QP Fund and Chatham Capital Management IV, LLC (such as advice regarding administrative, investment management and other services); and
- Chatham Capital Management IV, LLC has assigned its right to receive the Carried Interest to Chatham Carried Interest IV, LLC.

It is anticipated that Chatham General Partner (Offshore) Ltd., Chatham Capital Management IV, LLC, the Offshore Fund and Chatham Carried

Interest IV LLC will enter into a similar agreement with respect to the Offshore Fund when and if that Fund becomes operational.

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Types of Clients

Chatham General Partner IV (Offshore) Ltd. is the general partner of the Offshore Fund and has delegated management of the Offshore Fund to Chatham Capital Management IV, LLC.

Chatham General Partner IV (Offshore) Ltd. does not have any clients other than the Offshore Fund.

Chatham SBC Fund GP IV LLC is the general partner of the SBIC Funds and has delegated management of the SBIC Funds to Chatham Capital Management IV, LLC.

Chatham SBIC Fund GP IV LLC does not have any clients other than the SBIC Funds.

Chatham Capital Management IV, LLC acts as fund manager for the Funds.

Chatham Capital Management IV, LLC does not have any clients other than the Funds.

Chatham Carried Interest IV, LLC does not have any clients other than the Funds.

Accordingly, all the clients of Chatham General Partner IV (offshore) Ltd., Chatham Capital Management IV, LLC and Chatham Carried Interest IV, LLC are private funds managed by Chatham Capital Management IV, LLC.

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

- A. **Methods of Analysis and Investment Strategies.** The Funds focus on small and middle-market companies.

The Funds will invest in junior debt, as well as provide senior debt in the small and middle markets. The Funds may also occasionally make opportunistic investments in syndicated debt in the primary and secondary markets. The portfolio of the Funds will be comprised of senior and junior debt, but the Funds reserve the right to modify their investment strategies based on market conditions.

The investments the Funds propose to make involve a risk of loss.

The Funds, and investors in the Funds, should be prepared to bear that loss.

Investment Approach

The Funds will make opportunistic investments in lower and middle-market companies and selective purchases of syndicated loans.

Chatham Capital Management IV, LLC will use a disciplined underwriting approach to identify opportunities to produce an attractive risk/return profile on senior loans and on junior debt financing.

Chatham Capital Management IV, LLC will emphasize a user-friendly, adaptable approach in making its investments. Chatham Capital Management IV, LLC will be flexible as to the form in which capital is invested, so long as the needs of the target Portfolio Companies can be met using our underwriting criteria.

In that context, Chatham Capital Management IV, LLC intends to be opportunistic. In certain cases, the Funds may invest in convertible debt, preferred stock or common equity.

The Funds will concentrate on private transactions, but in some circumstances

could purchase public securities, such as bonds, distressed debt or private investments in public equity, also known as PIPES transactions. Without the approval of the Board of Advisors (see Item 11D and Item 16 of this Brochure), the Funds will not be permitted to invest more than 20% of its aggregate commitments in equity securities.

Investments may be made in:

- profitable companies,
- companies in operational turnaround,
- leveraged buy-outs,
- early-stage companies, and/or
- leveraged build-ups.

Portfolio Companies may be in any industry, but Chatham Capital Management IV, LLC intends to focus on proven management teams in the following niche-oriented business areas:

- manufacturing,
- distribution,
- technology,
- service,
- retail,
- restaurant, and
- health care.

The Funds anticipate that a substantial portion of their investments will include leveraged buy-outs or acquisition financing.

Investment Process.

Chatham Capital Management IV, LLC will use a disciplined underwriting process to perform credit underwriting, including financial modeling and comprehensive operational, industry and management analysis. Chatham Capital Management IV, LLC will structure and document investments taking this analysis into account.

Monitoring Investments.

Once an investment has been made, Chatham Capital Management IV, LLC will monitor the performance of the Portfolio Companies of the Funds using techniques similar to those used by large financial institutions. Representatives of Chatham Capital Management IV, LLC will receive and analyze detailed periodic financial reports, and will conduct regular meetings and discussions regarding Portfolio Company financial and operating performance in the context of industry developments, as well as other factors such as the general state of the economy. Regular discussions with Portfolio Company management, as appropriate, will also occur. In most cases, the transaction documentation will contain financial covenant tests to provide an early warning of performance problems. Chatham Capital Management IV, LLC will have audits and consultant reviews conducted where applicable.

Chatham Capital Management IV, LLC believes that this structuring methodology (including taking a secured position in most instances and having a comprehensive loan covenant package, including financial covenants) and these

proactive portfolio monitoring procedures should result in enhanced recoveries in the event a Portfolio Company underperforms.

Offshore Fund

Chatham General Partner IV (Offshore) Ltd. has set up the Offshore Fund for tax exempt organizations and foreign investors seeking specific tax treatment. The Offshore Fund will have substantially the same investment objectives and policies as the other Funds. Due to certain restrictions applicable to the Offshore Fund that must be observed in order to preserve its investors' specific tax treatment, the Offshore Fund may only invest in secondary investments (*i.e.*, loans that have satisfied a cure period) and will not invest lock-step with the other Funds. Instead the Offshore Fund will purchase a portion of the other Funds' investments after a "seasoning period."

It is anticipated that the other Funds and the Offshore Fund will seek to proportionally rebalance the Portfolio Investments after a required seasoning period to the extent it does not create a "U.S. Trade or Business"; however, Chatham Capital Management IV, LLC reserves the right not to do so. Due to these restrictions, a complete rebalancing is unlikely.

In addition, the credit facilities of the other components of the other Funds will not be cross-collateralized or cross-defaulted with the credit facilities of the Offshore Fund and vice versa.

SBIC Program

Part of the investment strategy of the Funds is to obtain an SBIC Debenture License for the Chatham SBIC Funds. A portion of the capital of the Funds will

be allocated to the Chatham SBIC Funds in amounts determined by Chatham Capital Management IV, LLC in its sole discretion. The Chatham SBIC Funds are currently in the process of seeking an SBIC Debenture License from the SBA. Participation in the SBIC Debenture Program would make the Chatham SBIC Funds eligible to receive SBA Leverage. The SBA's investment is in the form of debentures with a fixed interest rate. The debentures have ten year maturities.

Use of Leverage

Leverage constitutes a significant part of the strategy for enhancing returns of the Funds. The Funds will use leverage to enhance potential returns to investors. The Funds will leverage their commitments by incurring indebtedness. The Funds have the right from time to time to borrow or otherwise incur indebtedness.

Potential Types of Leverage

It is anticipated that the Funds will obtain leverage through the use of a variety of forms of indebtedness, such as:

- a facility secured by the investors' unfunded investor commitments, which we refer to as a Capital Line Facility in this Brochure. The Capital Line Facility will be provided by a financial institution and operate much like a traditional line of credit;
- a revolving credit line facility, warehouse facility and/or any other credit facility pursuant to which the Funds pledge their assets and investments, which we refer to collectively as the Pledged Assets Facilities in this Brochure; and/or
- a debenture facility through the SBIC Program.

The Capital Line Facility and the Pledged Assets Facilities of the C1 Fund and the Capital Line Facility and the Pledged Assets Facilities of the QP Fund may be cross-defaulted and cross-collateralized.

At the first closing, the C1 and QP Funds entered into a capital call line of credit, which provides for loans in the amount of the lesser of \$15 million or one half of uncalled capital commitments. This loan is secured by personal property of the C1 and QP Funds, including rights to capital contributions. The primary source of repayment for loans under this line of credit will be capital contributions.

The Offshore Fund may have similar credit facilities; however, the credit facilities of the C1 and QP Funds will not be cross collateralized or cross-defaulted with the credit facilities of the Offshore Fund or the Chatham SBIC Funds.

These credit facilities may be renewed or replaced from time to time during the term of the Funds.

In addition, it is anticipated that the Funds may, from time to time, pool their portfolio of loan obligations and securitize them as collateralized loan obligations to further enhance the Funds' investment objectives. By using leverage, the investors will receive enhanced return opportunities as they share in the spread between the borrowing cost from the lender and the targeted current yield without increasing paid-in-capital. The extensive use of leverage creates opportunities for enhanced return, but does entail risks. See Items 8B and 8C of this Brochure.

Not more than 70% of the total capital of the Funds, including indebtedness, may be indebtedness incurred by the Funds.

Co-investments with Cascade

Affiliates of Chatham Capital Management IV, LLC also manage Cascade. It is contemplated that Cascade will co-invest with the Funds from time to time. Co-investments will be on the same terms for Cascade as for the Funds.

Rollover Investments

A significant number of the investments of the Funds may arise from relationships that the principals of Chatham Capital Management IV, LLC bring to the activities of the Funds, including those developed through previous investment vehicles they have sponsored. As a result, the Funds may invest in companies or affiliates of companies that constitute portfolio companies of other investment vehicles sponsored by the principals of Chatham Capital Management IV, LLC. In addition, the Funds may refinance or replace investments by other investment vehicles sponsored by the principals of Chatham Capital Management IV, LLC. These investments may involve the Funds paying the “equity kickers” and other returns due with respect to investments by other investment vehicles sponsored by the principals of Chatham Capital Management IV, LLC.

The principals of Chatham Capital Management IV, LLC recognize the potential for conflicts of interest in these types of investments. To protect against conflicts, the Funds may not make these types of investments unless they have been approved by a majority of the members of the Board of Advisors. See Item 11 of this Brochure under Board of Advisors.

- B. Investment Strategy Risks.** The risks relating to the Funds, including risks relating to the investment strategy of the Funds, are explained in the Confidential

Private Placement Memorandum, dated September 2011, with respect to the Domestic Funds and in the Private Placement Memorandum dated November 2011 with respect to the Offshore Fund.

- C. **Specific Security Risks.** The risks relating to the Funds, including risks relating to securities proposed to be the investments of the Funds, are explained in the Confidential Private Placement Memorandum, dated September 2011, with respect to the Domestic Funds and in the Private Placement Memorandum dated November 2011 with respect to the Offshore Fund.

Item 9

Disciplinary Information

There are no reportable events under this Item.

Item 10 **Other Financial Industry Activities and Affiliations**

- A. **No Broker-Dealer Registration.** None of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC, Chatham SBIC Fund IV GP, LLC or any of their supervised persons are registered, or have an application pending to register, as a broker-dealer, or a registered representative of a broker-dealer.
- B. **No CFTC Registration.** None of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC, Chatham SBIC Fund IV GP, LLC or any of their supervised persons are registered, or have an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading adviser, or an associated person of any of these entities.
- C. **Relationships with Related Persons.** Affiliates of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC and Chatham SBIC Fund IV GP, LLC are the sponsors of several other private investment vehicles. The Funds may invest in portfolio companies of these other investment vehicles. See Item 8 of this Brochure under Rollover Investments.

It is intended that Cascade will invest alongside the Funds from time to time. The terms of these types of co-investments will be the same for the Funds and for Cascade. See Item 8 of this Brochure under Co-investments with Cascade.

When the Cascade investment period ends, the Funds may co-invest with other private investment vehicles sponsored by affiliates of Chatham Capital Management IV, LLC.

D. **No Recommendation of Other Advisors.** Chatham General Partner IV (Offshore) Ltd. has delegated management of the Offshore Fund to Chatham Capital Management IV, LLC. Chatham SBIC Fund IV GP LLC has delegated management of the SBIC Funds to Chatham Capital Management IV, LLC. (Chatham Carried Interest IV, LLC is required to perform services to Chatham Capital Management IV, LLC which might be characterized as advisory.) Chatham Capital Management IV, LLC does not recommend or select any other investment advisors for the Funds.

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

A. **Code of Ethics.** Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC, and Chatham SBIC Fund IV GP, LLC have a Code of Ethics, which provides, among other things, that:

- Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC, Chatham SBIC Fund IV GP, LLC and their personnel will comply with their fiduciary duties, and with applicable federal securities and other laws;
- the access persons of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC and Chatham SBIC Fund IV GP, LLC will report their holdings of securities, as required by applicable regulations, and the Chief Compliance Officer of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC and Chatham SBIC Fund IV GP, LLC will review these reports; and
- the personnel of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC and Chatham SBIC Fund IV GP, LLC will report any violations of the Code of Ethics to the Chief Compliance Officer of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC and Chatham Carried Interest IV, LLC and Chatham SBIC Fund IV GP, LLC.

The Funds have a copy of the Code of Ethics of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham SBIC Fund IV GP, LLC Chatham Carried Interest IV LLC and Chatham SBIC Fund IV GP, LLC.

B./C./D. Conflicts of Interest. Affiliates of Chatham Capital Management IV, LLC are engaged in a variety of activities within industries in which the Funds may invest. These affiliates engage in activities in the ordinary course of their respective businesses which may conflict with the interests of the Funds.

These affiliates manage the activities of other investment vehicles they have sponsored, which includes significant involvement with the portfolio companies of those investment vehicles.

In addition, Chatham Capital Management IV, LLC, on behalf of the Funds and in other capacities with the Offshore Fund, will have discretion in determining which investments will be made by the C1 or QP Funds or the Chatham SBIC Funds or sold to the Offshore Fund. Accordingly, Chatham Capital Management IV, LLC may be influenced to refrain from causing the Offshore Fund to make such investments even though participation might benefit the Funds. Because of its relationship with the Offshore Fund and/or restrictions imposed on the Offshore Fund to prevent it from being involved in a “U.S. Trade or Business,” Chatham Capital Management IV, LLC may or may not rebalance the Portfolio Investments with the Offshore Fund, and may hold, acquire or dispose of any Portfolio Investment with or without causing any such rebalance.

The Funds may also invest in portfolio companies of other investment vehicles sponsored by the principals of Chatham Capital Management IV, LLC. These investments carry the risk that the capital of the Funds may be used to satisfy the additional capital needs of portfolio companies into which other investment vehicles sponsored by the principals of Chatham Capital Management IV, LLC are unable or unwilling to invest further monies. The investment risk to those other investment vehicles in those circumstances is being partially defrayed or ameliorated by capital from the Funds.

Restrictions on Future Funds

Neither Chatham Capital Management IV, LLC nor any of its affiliates will engage in, or cause or permit any other senior debt or mezzanine fund with a similar strategy organized by any of them to engage in, the business of the Funds before the earlier of:

- (i) the expiration of the Investment Period, or
- (ii) such earlier date upon which 60% of the aggregate investor commitments have been contributed to the Funds including as contributed capital:
 - the amount of any borrowings or other obligations that may be incurred with potential for recourse to the aggregate investor commitments,
 - amounts set forth in call notices that have not yet been funded,
 - commitments to the Chatham SBIC Funds, and

- amounts the Funds are legally obligated to fund with respect to follow-on investments or Fund Expenses, but have not yet been the subject of a call notice or otherwise committed for investment.

This restriction does not apply to:

- one or more funds or investment vehicles with a primary purpose of making investments arising from or relating to real estate,
- investment vehicles already in existence or the Offshore Fund,
- any one or more funds or investment vehicles with a primary purpose related to investments or operations of the Funds, or
- any activity approved in advance in writing by a majority interest of the investors in the Funds.

Board of Advisors

The Funds have a single board of advisors, which we refer to in this Brochure as the Board of Advisors, comprised of at least three but not more than nine individuals. The Board of Advisors will be responsible for determining the following matters:

- The appropriateness of any action or inaction that may constitute or result in a conflict of interest between the Funds, on the one hand, and Chatham Capital Management IV, LLC and its affiliates, on the other, including rollover investments (see Item 8A of this Brochure under Rollover Investments);
- The replacement of a principal of Chatham Capital Management IV, LLC, provided that any replacement shall be nominated by the remaining

principals of Chatham Capital Management IV, LLC and, with respect to the Chatham SBIC Funds, subject to the consent of the SBA;

- The replacement of Chatham Capital Management IV, LLC and/or all of its principals, if Chatham Capital Management IV, LLC or all of its principals resign; and, with respect to the Chatham SBIC Funds, subject to the consent of the SBA; and
- Any other matter submitted to the Board of Advisors by Chatham Capital Management IV, LLC.

The Board of Advisors will act by a majority vote.

Determinations of the Board of Advisors will be binding upon the investors.

Any determination by the Board of Advisors with respect to a transaction involving a potential conflict of interest will need to be approved by a majority of the members of the Board of Advisors not having an interest in the transaction (other than their investment in the Funds).

Item 12 **Brokerage Practices**

A. **No Broker Arrangements.** In general, Chatham Capital Management IV, LLC structures loan packages as investments by the Funds. Accordingly, neither the Funds nor Chatham Capital Management IV, LLC use broker-dealers for client transactions. The Funds generally do not incur commissions or other payments to broker-dealers in connection with investments by the Funds.

1. **No Soft Dollar Arrangements.** None of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC or Chatham SBIC Fund IV GP, LLC receive research or other products, other than execution, from a broker-dealer or a third party in connection with securities transactions by the Funds.

2. **No Brokerage for Client Referrals.** In selecting or recommending broker-dealers, none of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC, Chatham SBIC Fund IV GP, LLC or a related party of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC or Chatham SBIC Fund IV GP, LLC receive client referrals from a broker-dealer or third party.

3. **No Directed Brokerage.** None of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC or Chatham SBIC Fund IV GP, LLC routinely recommend, request or require that the Funds execute transactions through a specified broker-dealer. None of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried

Interest IV, LLC or Chatham SBIC Fund IV GP, LLC permit the Funds to direct brokerage.

- B. **Aggregation Practices.** Subject to certain regulatory or seasoning requirements, Chatham Capital Management IV, LLC intends to operate the Funds as a single source of financing for investments, excluding those investments where the Chatham SBIC Funds are not eligible to invest pursuant to the SBIC Act of 1958, and to cause the Funds to participate jointly in all investments in proportion to each Fund's respective capital commitments, except where such participation is not ratable because the Chatham SBIC Funds are prohibited from investing by provisions of the SBIC Act of 1958.

The Offshore Fund can participate in Portfolio Investments only if certain requirements are met. See Item 8A of this Brochure under Offshore Fund for a discussion of these requirements.

It is also anticipated that the Funds will co-invest with Cascade from time to time. These types of co-investments will be pro rata, based on capital committed to the investment, and on the same terms for participating Funds and for Cascade.

Item 13 **Review of Accounts**

- A. **Review of Investments.** Each principal of Chatham Capital Management IV, LLC will be responsible for communication with and monitoring of a specific number of Portfolio Companies.

Chatham Capital Management IV, LLC will review the investments of the Funds on a weekly basis. All principals of Chatham Capital Management IV, LLC will participate in these regular reviews.

- B. **Review of Specific Investments.** Chatham Capital Management IV, LLC will conduct a rigorous review of Portfolio Companies once a month and will spend significantly more time on under-performing investments. Chatham Capital Management IV, LLC will review variances in cash flow, components of working capital and other items, and take follow on actions as appropriate, including onsite meetings with Portfolio Company management and other measures.

- C. **Reports to Investors.** Investors in the Funds will receive audited annual financial statements of the Funds within 120 days after the end of each fiscal year and quarterly investor reports within 60 days after the end of each quarter.

Item 14 **Client Referrals and Other Compensation**

- A. None of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC or Chatham SBIC Fund IV GP, LLC receive economic benefits from someone who is not a client for providing investment advice to the Funds.

- B. None of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC or Chatham SBIC Fund IV GP, LLC directly or indirectly compensate any person who is not a supervised person of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC Chatham Carried Interest IV, LLC, or Chatham SBIC Fund IV GP, LLC for client referrals.

Item 15

Custody

Not Applicable.

Investment Discretion

In general, Chatham Capital Management IV, LLC has discretionary authority over the assets of the Funds. However, in some cases, this discretionary authority is subject to limitations.

Except to the extent approved by the Board of Advisors, the Funds cannot:

- (i) invest more than 25% of the aggregate investor commitments in any single Portfolio Company;
- (ii) invest more than 20% of the aggregate investor commitments in equity securities provided that this limitation does not apply to convertible debt, warrants, options or other equity interests acquired as additional return on a debt instrument or to any equity interests in the Chatham SBIC Funds;
- (iii) participate in hostile takeovers of public companies;
- (iv) make an investment with a stated maturity that exceeds eight years after the date the Funds make that particular investment; unless Chatham Capital Management IV, LLC determines the investment is reasonably liquid, (This limitation does not apply to warrants, options or other equity interests of a Portfolio Company acquired as additional return in exchange for debt instruments.); or
- (v) invest more than 10% of aggregate committed capital to investments in any Portfolio Company not organized in the United States.

To the extent the Funds hold monies pending investment, these amounts need to be placed in specified short term investments.

In addition, some types of transactions that present conflicts of interest cannot be carried out by the Funds without approval by the Board of Advisors. See Item 11 of this Brochure under Board of Advisors.

Item 17 **Voting Client Securities**

- A. Chatham Capital Management IV, LLC expects that most of the securities held by the Funds will not be voting securities. Where the investments held by the Funds are voting securities, Chatham Capital Management VI, LLC will vote them in a manner it believes is in the best interests of the Funds.

The Funds have a copy of the voting policy of Chatham Capital Management IV, LLC

- B. Not applicable.

Item 18 **Financial Information**

- A. Not applicable.
- B. None of Chatham General Partner IV (Offshore) Ltd., Chatham Capital Management IV, LLC, Chatham Carried Interest IV, LLC or Chatham SBIC Fund IV GP, LLC is aware of any financial condition that is reasonably likely to impair their ability to meet their contractual commitments to the Funds.
- C. Not applicable.