

**PART 2A OF FORM ADV: FIRM BROCHURE**

**Item 1**

**Cover Page**

**Longroad Asset Management, LLC**

February 10, 2012

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## **ITEM 2**

### **MATERIAL CHANGES**

#### **Amendments to Form ADV**

Effective October 12, 2010, the SEC amended the Form ADV Part II and the related rules promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The amendments require expanded content, a plain English narrative, electronic filing, and delivery of "brochure supplements" containing resume-like information about advisory personnel. This brochure has been prepared according to these new requirements and rules.

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## **ITEM 4**

### **ADVISORY BUSINESS**

#### **A. General Description of Advisory Firm.**

Longroad Asset Management, LLC, a Delaware limited liability company (the "Adviser"), launched in March, 2001. Adviser's principal office is located at 177 Broad Street, Suite 1150, Stamford, CT. 06901. The principal owner of Adviser is Paul J. Coughlin, III who owns 99% equity interests in the Adviser directly.

The Adviser and its affiliates (the "Affiliates") (the Adviser and the Affiliates sometimes collectively are referred to as the "Advisers") provide administrative and/or investment management services to U.S. limited partnerships and limited liability companies (collectively, "Clients"), based on their respective investment objectives. Certain Advisers serve as the general partner to the Clients. The Advisers tailor their advisory services as described in the investment program of the relevant Client's private placement memorandum, as set forth in such Client's organizational documents and/or as set forth in the investment management agreement with such Client. Please refer to Item 8 for a more detailed description of Advisers' investment strategies as well as the securities, and other instruments, purchased by Clients under the management of the Advisers.

As of the date hereof, the Advisers provide administrative and/or investment management services to the following Clients: Longroad Capital Partners, L.P. ("LCP"), Longroad HZ II, L.P. (LRHZII"), HOP Broad Street Partners, LLC ("HOP"), and Longroad Capital Partners III, L.P. ("LRCPIII"), all of which are formed under the laws of the State of Delaware.

The Advisers provide investment management services to the Clients on a discretionary basis.

#### **B. Description of Advisory Services.**

Please see Item 8.

#### **C. Availability of Customized Services for Individual Clients.**

The Advisers tailor their advisory services as described in the investment program of the relevant Client's private placement memorandum or as set forth in such Client's organizational documents (*e.g.*, a Client's limited liability company agreement) and/or as set forth in the investment management agreement with such Client.

In addition, the Advisers have the right to enter and have entered into agreements, such as co-investment agreements, with certain underlying investors of the Clients, at Advisers discretion. Advisers have the right to enter and have entered into agreements for the provision of additional reports tailored to the requests of certain underlying investors of Clients.

Persons reviewing this Form ADV Part 2A should not construe this as an offering of any of the Private Funds described herein, which will only be made pursuant to the delivery of a private placement memorandum to prospective investors.

**D. Wrap Fee Programs.**

The Adviser does not participate in wrap fee programs.

**E. Client Assets Under Management.**

The Adviser manages approximately \$416,152,549.00 as of January 1, 2012 on a discretionary basis. Assets under management (the "AUM") are calculated in the following manner:

(i) total committed capital (for Clients that are currently in their investment period); and (ii) the remaining called capital valued at fair market value for Clients that are currently past their investment period or in liquidation), plus any rights to uncalled capital for follow-on investments.

## **ITEM 5**

### **FEES AND COMPENSATION**

#### **A. Advisory Services and Fees.**

##### Management Fee and Incentive Allocation—LCP

With respect to LCP, Adviser generally is paid a semi-annual management fee equal to 0.88% of the lesser of each limited partner's cost basis in, or the fair market value of, the Client's portfolio investments that have not been disposed of. With respect to LCP, an Affiliate is generally entitled to an incentive allocation equal to 20% of the excess proceeds, if any, that exceed the sum of all contributed capital, plus an 8% annual preferred return on limited partner's investment.

##### Management Fee and Incentive Allocation--LRHZII

With respect to LRHZII, Advisor generally is paid a semi-annual management fee equal to 0.50% of the lesser of each limited partner's cost basis in, or the fair market value of, the Client's portfolio investments that have not been disposed of. In addition, an Affiliate that serves as the general partner of LRHZII, is paid an incentive allocation. With respect to LRHZII, an Affiliate is generally entitled to an annual performance-based allocation equal to 15% of the excess proceeds if any, that exceed the sum of all contributed capital plus 8% annual preferred return on limited partner's investment is achieved; thereafter an Affiliate is generally entitled to an annual performance-based allocation equal to 30% of the excess proceeds if any, that exceed the sum of all contributed capital plus a 30% annual preferred return.

##### Management Fee and Incentive Allocation--LRCPIII

With respect to LRCPIII, Advisor generally is paid a quarterly management fee equal to 0.5% of the assets under management of LRCPIII, payable in advance at the beginning of each quarter. In addition, an Affiliate that serves as the general partner of LRCPIII, is paid an incentive allocation. With respect to LRCPIII, an Affiliate is generally entitled to an incentive allocation equal to 20% of the excess proceeds, if any, that remain from disposition of an investment, after allocating to each limited partner's capital account a) such limited partner's contributions used to fund the investment (and all other realized investments), b) the portion of such limited partner's contributions to fund organizational expenses and Management Fees, and c) an 8% annual preferred return on limited partner's investment.

##### Management Fee and Incentive Allocation—HOP

HOP is a co-investment vehicle, and no separate management fees or incentive fees are charged by Advisor.

#### **B. Payment of Fees.**

Management fees, incentive allocations, incentive fees and carried interest are deducted directly from the Clients.

**C. Additional Expenses and Fees.**

A Client may bear the following expenses: investment-related expenses (*e.g.* costs and expenses associated with the investigation of investment opportunities (whether or not consummated), negotiating, financing, sourcing, acquiring, holding, settling and disposing of its investments or proposed investments and other transaction costs, including travel expenses, transaction fees, consulting, advisory, investment banking, legal and other professional fees relating to investments or contemplated investments, brokerage commissions, information-related expenses, clearing and settlement charges, custodial fees, interest expenses, appraisal fees and expenses and certain expenses of the operations team as described below), expenses incurred in collection of monies owed to the Client, legal, auditing and accounting expenses (including expenses associated with the preparation of Client financial statements, tax returns and schedules K-1), reasonable expenses of such Client's advisory board and its members, insurance expenses (including directors' and officers' insurance, errors and omissions insurance and other similar policies), fees and expenses of such Client's administrator, if any, any entity-level taxes, fees or other governmental charges levied against the Client or any special purpose vehicle or alternative investment vehicle, all litigation-related and indemnification expenses, wind-up and liquidation expenses, extraordinary expenses and expenses comparable to any of the foregoing.

**D. Prepayment of Fees.**

Please see responses to Item 5A above.

**E. Additional Compensation and Conflicts of Interest.**

Neither the Adviser, its Affiliates, nor any of their Supervised Persons accept compensation for the sale of securities or other investment products.



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

As detailed in Item 5.A, above, the Adviser's Affiliates receive performance-based compensation in the form of an incentive allocation, an incentive fee or carried interest with respect to the following Clients: LCP, HZII and LRCPIII. Other Clients that are either charged no compensation or only a management fee are in liquidation and are not making new investments other than follow-on investments.

In the allocation of investment opportunities, performance-based fee/allocation arrangements could create (i) an incentive to favor accounts with performance fee/allocation arrangements over accounts that are not charged, or from which an adviser will not receive a performance fee/allocation; and (ii) an incentive to favor accounts from which an adviser will receive a greater performance fee/allocation over accounts from which an adviser will receive a lesser performance fee/allocation. The Advisers have adopted an Investment Allocation Policy and Procedures (the "Allocation Procedures") designed to ensure that all Clients are treated fairly and equally and to prevent this form of conflict from influencing the allocation of investment opportunities among Clients. In accordance with the Allocation Procedures, the Advisers will endeavor to treat each Client in a fair and equitable manner.

**ITEM 7**  
**TYPES OF CLIENTS**

The Clients to whom the Adviser and its Affiliates provide investment management services and advice are pooled investment vehicles, as described above.

The offering documents of each Private Fund set minimum amounts for investment by prospective investors in such Private Funds. These minimum amounts may be waived by the Adviser or an Affiliate.

## ITEM 8

### METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

#### **A. Methods of Analysis and Investment Strategies.**

The Advisor generally pursues on behalf of its Clients a distressed private equity strategy seeking controlling investments in operationally challenged, financially troubled, underperforming and/or undervalued companies and impaired assets.

At present, no new investments, other than follow-on investments, are being made by LCP, HZII and HOP, as the Advisor or its Affiliates are currently liquidating the existing investment portfolio of each of these Private Funds.

**Distressed Private Equity.** The Advisers make investments on behalf of Clients in debt and equity and equity-related securities of distressed or undervalued companies, including companies with operational issues that may not be considered to be distressed by the markets. Distressed companies typically include: (i) those facing operating difficulties or those that the Advisers believe would benefit from operational improvements; (ii) those undergoing, or considered likely to undergo, reorganization under U.S. bankruptcy law or similar laws in other countries; (iii) those which are or have been engaged in other extraordinary transactions, such as debt restructuring, reorganization and liquidation outside of bankruptcy; and (iv) those facing a broad range of liquidity issues.

**Lending.** The Advisers, on behalf of their Clients, may originate loans to, or purchase loans made to, distressed companies. Such investments may include senior secured, junior secured and mezzanine loans and other secured and unsecured debt that has been recently originated or that trades on the secondary market. The Advisers may lend to, or purchase secured and unsecured debt obligations of, companies that (i) are likely to become subject to U.S. bankruptcy or restructuring proceedings; (ii) are seeking to avoid restructuring; (iii) are not distressed, but have lost the support of their financial lenders; (iv) do not have sufficient capital to manage their operations; and/or (v) are seeking terms for their debt that are more flexible or appropriate for their current circumstances.

#### **B. Risks Relating to Investment Strategies.**

The investment programs for each of the Clients involve a substantial degree of risk. The Adviser has listed certain specific risks in 8.C below; however, these risks are not comprehensive. Clients are strongly encouraged to review the risks of their investment program, as contained in the Client's private placement memorandum or as set forth in our Client's organizational documents and/or as set forth in our investment management agreement with such Client. In addition, while certain risks may be more important for certain investment strategies, certain risks may overlap investment strategies.

**C. Distressed Securities Risks.** Clients typically invest in securities and assets of U.S. and Canadian companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant returns to such Clients, they involve a substantial degree of risk. Any one or all of the issuers of the securities in which such Clients may invest may be unsuccessful or not show any return for a considerable period of time. The level of analytical sophistication, both financial and legal, necessary for

successful investment in companies experiencing significant business and financial difficulties is unusually high. Furthermore, with respect to a Client's investments in loans, there is no assurance that the Adviser or its Affiliates will correctly evaluate the value of the assets collateralizing such Client's loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a Client invests, such Client may lose its entire investment, may be required to accept cash or securities with a value less than such Client's original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from such Client's investments may not compensate the Client adequately for the risks assumed.

**Active Involvement.** Troubled company and other investments require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by the Adviser or its Affiliates. To the extent that the Adviser or an Affiliate becomes involved in such proceedings, a Client may have a more active participation in the affairs of the issuer. In addition, involvement by the Adviser or an Affiliate in an issuer's reorganization proceedings could result in the imposition of restrictions limiting such Client's ability to liquidate its position in the issuer.

**Illiquidity.** Investments for Clients generally do not take the form of publicly traded securities. The market for distressed securities generally is less liquid than the market for securities of companies that are not distressed. At times, a major portion of an issue of distressed securities may be held by relatively few investors. Furthermore, at times, a large portion of a Client's portfolio may be invested in investments for which there is not current liquidity. Under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, a Client may find it more difficult to sell such securities when the Adviser or an Affiliate believes it advisable to do so or may be able to sell such securities only at prices lower than if the securities were more widely held. In such circumstances, it may be more difficult to determine the fair market value of such securities for purposes of computing the Client's net asset value. In some cases a Client may be prohibited by contract from selling investments for a period of time. In addition, the types of investments held by a Client may be such that they require a substantial length of time to liquidate.

**Unregistered Securities.** A Client may invest in unregistered securities of distressed companies. There is no assurance that there will be a ready market for resale of such investments. Illiquidity may result from the absence of an established market for certain investments as well as legal or contractual restrictions on their resale by such Client. To the extent there is a market for such securities, the market will be limited to a narrow range of potential counterparties, such as institutions and investment banks. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. As a consequence, such Client's ability to participate in or liquidate such investments may be restricted and the value of such investments may be subject to wide fluctuation.

**Control Issues.** Clients may have control positions in addition to advisory roles in portfolio company investments, along with certain contractual rights to protect its investments, (including shareholder agreements, redemption rights and/or placement of a designee of the Adviser or an Affiliate on the boards of directors or as a board observer of portfolio

companies), such Clients may not always have control over its portfolio companies. A Client runs the risk of refusal of management or shareholders of portfolio companies to adopt the recommendations of such Client, disagreement with existing management and any resulting negative impact on the value of the portfolio company or such Client's ability to exit from such investment at a profit as a result of such refusal or disagreement.

Although the Adviser or an Affiliate may seek protective positions, including board representation, in connection with its private investments, to the extent a Client takes minority positions in companies in which it invests, the Adviser or an Affiliate may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect such Client's position in such companies.

Furthermore, in connection with the disposition of certain investments, a Client may be required to make representations about the business and financial affairs of the underlying company, and to indemnify the purchasers of such company if those representations ultimately prove to be inaccurate.

**Leverage.** Private investments in highly-leveraged companies involve a high degree of risk. Some of a Client's investments in companies may involve leverage, which in turn will increase the exposure of such companies to adverse economic factors such as downturns in the economy or deterioration in the conditions of such companies or their respective industries. In the event any such company cannot generate adequate cash flow to meet debt service, a Client may suffer a partial or total loss of capital invested in the company, which, depending on the size of such Client's investments, could adversely affect the return on the capital of such Client.

**Need for Follow-on Funding.** A Client may be called upon to provide follow-on funding for its portfolio companies or may have the opportunity to increase its investment in portfolio companies. There can be no assurance that a Client will wish to make such follow-on investments or have available capital to do so, and the inability to make such follow-on investments may have a substantial negative impact on a portfolio company in need of capital or may diminish such Client's ability to influence the portfolio company's future development.

**Lending Risks.** The Clients' investment program may include investments in bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; (iv) limitations on the ability of the Clients to directly enforce their rights with respect to participations; and (v) possible claims for the return of some or all payments in a debt made within 90 days (and in some cases, within one year) of the date of the issuer's/borrower's insolvency came under Title 11 of the United States Code and under certain state laws. Successful claims by third parties arising from these and other risks will be borne by the Clients.

Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to other markets.

Under Title 11 of the United States Code ("U.S. Code"), a court may use its equitable powers to subordinate the claim of a lender to some or all of the other claims against the borrower under certain circumstances. Equitable subordination generally has been imposed by Courts in one of three circumstances: (i) when a fiduciary of the debtor (who is also a creditor) misuses its position to the detriment of other creditors, (ii) when a third party (which can include a lender) controls the debtor to the disadvantage of other creditors, and (iii) when a third party actually defrauds other creditors. A Client may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the Client should be equitably subordinated.

Under Title 11 of the U.S. Code, a court may use its equitable powers to "recharacterize" the claim of a lender, *i.e.*, notwithstanding the characterization by the lender and borrower of a loan advance as a "debt," to find that the advance was in fact a contribution of equity. Typically, recharacterization occurs when an equity holder asserts a claim based on a loan made by the equity holder to the borrower at the time the borrower was in such poor financial condition so that other lenders would not make such a loan. In effect, a court that recharacterizes a claim makes a determination that the original circumstance of the contribution warrants treating the holder's advance not as debt but rather as equity. In determining whether recharacterization is warranted in any given circumstance, courts look to the following factors: (i) the names given to the instruments (if any) evidencing the indebtedness, (ii) the presence or absence of a fixed maturity or scheduled payment, (iii) the presence or absence of a fixed rate of interest and interest payments, (iv) the source of repayments, (v) the adequacy or inadequacy of capital, (vi) the identity of interest between the creditor and the equity holders, (vii) the security (if any) for the advances, (viii) the borrower's ability to obtain financing from outside lending institutions, (ix) the extent to which the advances were subordinated to the claims of outside creditors, (x) the extent to which the assets were used to acquire capital assets, and (xi) the presence or absence of a sinking fund to provide for repayment. These factors are reviewed under the circumstances of each case, and no one factor is controlling. A Client may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the Client should be recharacterized.

Of paramount concern in lending is the possibility of material misrepresentation or omission on the part of the borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the Advisers to perfect or effectuate a lien on the collateral securing the loan. The Advisers will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonably possible, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to Clients may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

**Risks Associated with Bankruptcy Proceedings.** Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of a Client. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such when they take over management and functional operating control of a debtor. In those cases where a Client, by virtue of such action, is found to exercise "domination and control" of a debtor, such Client may lose its priority if the debtor or other

creditors can demonstrate that the debtor's business was adversely impacted or other creditors and equity holders were harmed by such Client.

Generally, the duration of a bankruptcy case can only be roughly estimated. Unless such Client's claim in such case is secured by assets having a value in excess of such claim, no interest will be permitted to accrue and, therefore, such Client's return on investment can be adversely affected by the passage of time during which the plan of reorganization of the debtor is being negotiated, approved by the creditors, and confirmed by the bankruptcy court. The risk of delay is particularly acute when a creditor holds unsecured debt or when the collateral value underlying secured debt does not equal the amount of the secured claim. Under most circumstances, unless the debtor is proved to be solvent, no interest or fees are permitted to accrue after the commencement of the debtor's case, as a matter of U.S. bankruptcy law. Reorganizations outside of bankruptcy are also subject to unpredictable and potentially lengthy delays.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that a Client's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other alteration of, the class.

The administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors (other than out of assets or proceeds hereof, which are subject to valid and enforceable liens and other security interests) and equity holders. In addition, certain claims that have priority by law (for example, claims for taxes) may be quite high.

The Adviser or an Affiliate, on behalf of a Client, may seek representation on creditors' committees, equity holders' committees or other groups to ensure preservation or enhancement of such Client's position as a creditor or equity holder. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If the Adviser or an Affiliate concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to such Client, it will resign from that committee or group, and such Client may not realize the benefits, if any, of participation on the committee or group. In addition, if such Client is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of its investments in such company while it continues to be represented on such committee or group.

A Client may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

**Litigation Risk.** Investing in distressed securities can be a contentious and adversarial process. Different investor groups may have qualitatively different, and frequently conflicting, interests. A Client's investment activities may include activities that are hostile in nature and will subject such Client to the risks of becoming involved in litigation by third parties. This risk may be greater where such Client exercises control or significant influence over a company's direction. The expense of defending against claims against such Client by

third parties and paying any amounts pursuant to settlements or judgments would be borne by such Client and would reduce net assets and could require such Client's investors to return distributed capital and earnings to such Client. The Adviser or an Affiliate will be indemnified by such Client in connection with such litigation, subject to certain conditions.

**Canadian Investment.** The Clients may invest in Canadian debts, obligations and securities. Canada has a comprehensive and stable body of law and regulation dealing with enforcement of debts, obligations and securities. However, volumes in Canadian securities markets vary and, at times, volatility of price might be greater than in the United States. The issuers of some of the securities, such as non-U.S. bank obligations, may be subject to different regulations than other issuers.

The Clients may be subject to withholding taxes levied by the federal or provincial governments of Canada, which could have the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Any such taxes paid by the Clients will reduce its net income or return from such investments. While the Adviser and its Affiliates will take these factors into consideration in making investment decisions for the Clients, no assurance can be given that the Clients will be able to fully avoid these risks.

**Risks of Environmental Liabilities.** Under various federal, state and local laws, ordinances and regulations, an owner or operator of real property may become liable for the costs of removal or remediation of certain hazardous substances released on, about, under or in its property. Environmental laws often impose this liability without regard to whether the owner or operator knew of, or was responsible for, the release of hazardous substances. The presence of hazardous substances, or the failure to remediate hazardous substances properly, may adversely affect the owner's ability to sell or use real estate or to borrow outside funds using real estate as collateral. In addition, some environmental laws create a lien on contaminated property in favor of the government for costs it incurs in connection with the contamination. In addition, to clean up actions brought by federal, state and local agencies and private parties, the presence of hazardous substances on a property may lead to claims of personal injury, property damage or other claims by private plaintiffs.

**Third-Party Involvement.** A Client may co-invest with third parties through partnerships, joint ventures, limited liability companies or other entities. Such investments may involve risks in connection with such third party involvement resulting in a negative impact on such investment, including the possibility that a third party co-venturer may have financial difficulties, may have economic or business interests or goals that are inconsistent with those of such Client or may be in a position to take (or block) action in a manner contrary to the Client's investment objective.

**Uncertain Exit Strategies.** Due to the illiquid nature of many of the positions which a Client is expected to acquire, as well as the uncertainties of the reorganization and active management process, the Adviser or an Affiliate is unable to predict with confidence what the exit strategy will ultimately be available for any given investment. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.



**ITEM 9**  
**DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

**ITEM 10**  
**OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

**A. Broker-Dealer Registration Status.**

The Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the Securities and Exchange Commission (the "SEC") as a broker-dealer or registered representative of a broker-dealer.

**B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status.**

The Adviser and its management persons are not registered as, and do not have any application to register as, a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

**C. Material Relationships or Arrangements with Industry Participants.**

**Affiliated Advisers**

Affiliate Longroad Partners GP II, LLC serves as the general partner of LCP and LRHZII.  
Affiliate Longroad Partners III GP, LLC serves as general partner of LRCPIII.

**D. Conflicts of Interest Relating to Other Investment Advisers**

As indicated above, the Adviser and its Affiliates manage a number of Clients, some of which have investment programs that are similar or substantially similar. In addition, the Adviser or its Affiliates may in the future establish, sponsor and become affiliated with other pooled investment vehicles and companies that have investment programs that are similar or substantially similar to the investment program of its current Clients. As a result of the foregoing, the Adviser and its personnel may have conflicts of interest in allocating their time and resources between clients, in allocating investments among Clients and other entities, and in effecting transactions between Clients and other entities, including ones in which the Adviser or its personnel may have a financial interest. Accordingly, the Adviser will devote so much of its time and will allocate the time and resources of its operations team to its Clients as in its judgment the conduct of each Client's account reasonably requires.

In addition, generally, the Adviser exercises investment responsibility on behalf of, or directly or indirectly purchases, sells, holds or otherwise deals with, any portfolio investment for the account of multiple Clients and multiple businesses. Clients will not have any right to participate in any manner in any profits or income earned or derived by or accruing for the Adviser or its Affiliates from the conduct of any business or from any transaction in investments effected by the Adviser or its Affiliates for any account other than its own.

To address these potential conflicts of interests in its material relationships, the Adviser has adopted policies and procedures, including a Code of Ethics and the Allocation Procedures. For a more detailed discussion of the Adviser's Code of Ethics and allocations and conflicts of interest policies, please see Item 11, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading," below.

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

**A. Code of Ethics.**

The Advisers have implemented a personal securities trading policy, which is incorporated by reference to the Advisers' Code of Ethics and Business Conduct (the "Code of Ethics"), that prohibits employees from engaging in transactions with respect to the securities of any issuer, public or private, subject to certain limited exceptions. One of the exceptions to the prohibition on personal trading of certain types of securities (generally, widely traded public securities that Clients are not invested in, governmental securities, money market instruments, money market funds, open-end mutual funds and unit investment trusts) is where employees do not have any opportunity to benefit from any of the private, proprietary or confidential information of the Advisers or the Clients. In addition, employees may transact in exchange-traded funds and participate in private investments upon advance written notice to and written approval from the Securities Compliance Committee of the Advisers. Due to the illiquid and non-public nature of the great majority of securities and instruments in which Clients invest, it is extremely unlikely that consistent with the foregoing policies, employees of the Advisers will buy or sell securities or other instruments of the type or kind of securities or other instruments also recommended to Clients.

The Advisers are committed to the highest standards of ethical conduct. In furtherance thereof, the Advisers' Code of Ethics designates a Compliance & Risk Management Committee (the "Compliance & Risk Management Committee") charged with the implementation of the Code of Ethics. The Code of Ethics specifies and prohibits certain types of transactions deemed to create actual conflicts of interest, the potential for conflicts, or the appearance of conflicts, and establishes general guidelines for the conduct of the Adviser personnel as well as clearance and/or reporting requirements and enforcement procedures.

In recognition of the trust and confidence placed in the Advisers by the investors in the Private Funds, and by managed accounts, and to give effect to the Advisers' belief that their operations should be directed to the benefit of the Clients, the Advisers adopted the following general principles to guide the actions of their employees:

- (i) The interests of the Clients are paramount. All employees must conduct themselves and their operations to place the interests of the Clients before their own.
- (ii) All permitted personal transactions in securities by employees must be accomplished so as to avoid the appearance of a conflict of interest on the part of such personnel with the interests of the Clients.
- (iii) All employees must avoid actions or activities that allow a person to profit or benefit from his or her position with respect to the Clients or that otherwise improperly bring into question the person's independence or judgment.
- (iv) All employees must report any violation(s) of the Code of Ethics or inappropriate conduct to the Compliance & Risk Management Committee.

- (v) All employees must comply with all applicable laws, rules and regulations, including Federal securities law.

The Advisers require that all Adviser personnel avoid any relationship or activity that might impair, or appear to impair, such individual's ability to make objective and fair decisions when performing job functions. The Code of Ethics prohibits Adviser personnel from using Adviser property or information for personal gain or personally taking for themselves any opportunity that is discovered through their Adviser position. The Code of Ethics further requires that employees disclose any situation, including situations pertaining to the employee's family members, with reasonably could be expected to give rise to a conflict of interest. The Code of Ethics also contains general prohibitions against fraud, deceit and manipulation, as well as additional restrictions and requirements regarding gifts, entertainment and outside activities.

The Advisers have adopted a Securities Compliance Policy and have designated a Securities Compliance Committee charged with the implementation of such policy. The Securities Compliance Policy sets forth, among other things, policies and procedures regarding material nonpublic information and proprietary Adviser information, and employee accounts and trading. The policies and procedures contained in the Securities Compliance Policy are designed to (a) provide for the proper handling of both material nonpublic information about companies or other issuers and proprietary information of the Advisers, (b) prevent violations of laws and regulations prohibiting the misuse of material nonpublic information about companies or other issuers and/or proprietary information of the Advisers, and (c) avoid situations that might create an appearance that material nonpublic information about companies or other issuers or proprietary information of the Advisers has been misused. In furtherance thereof, the Securities Compliance Policy prohibits employees from misusing material nonpublic information and/or nonpublic proprietary information, and sets forth general and specific procedures to restrict the flow of material nonpublic information from employees performing investment, transactional, lending, finance, private research and/or private analysis activities at the Advisers to employees responsible for or involved in the securities trading activities of the Advisers.

Notwithstanding the internal screen procedures set forth in the Securities Compliance Policy, there may be certain instances where the Advisers receive material nonpublic information due to their various activities on behalf of the Clients and are restricted from purchasing or selling securities or other instruments from the Clients. The Advisers seek to minimize those cases whenever possible, consistent with applicable law and the Securities Compliance Policy, but there can be no assurance that such efforts will be successful and that such restrictions will not occur.

The Securities Compliance Policy is incorporated by reference to the Code of Ethics. The Adviser will provide a copy of the Code of Ethics to any Client or investor of a Private Fund or prospective client or investor in a Private Fund upon request.

Adviser personnel are required to certify to their compliance with the Code of Ethics, including the Securities Compliance Policy, on an annual basis.

## **B. Securities That You or a Related Person Has a Material Financial Interest.**

It is the policy of Adviser that neither Adviser nor a Related Person of Adviser recommends to Clients or buys or sells for Client accounts, securities in which Adviser or a Related Person has a

material financial interest.

**C. Investing in Securities That You or a Related Person Recommends to Clients.**

See response to Item 11(A).

**D. Conflicts of Interest Created by Contemporaneous Trading.**

It is the policy of Adviser that neither Adviser, nor any Related Person of Adviser recommends securities to Clients or buys or sells securities for a Client account, at or about the same time that Adviser or a Related Person to Adviser buys or sells the same securities for its own account.

## ITEM 12

### BROKERAGE PRACTICES

#### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.**

The Adviser or its Affiliates has complete discretion, without obtaining specific Client consent, to (i) buy or sell securities, (ii) the amount of the securities to be bought or sold, and (iii) the broker or dealer to be used in such purchase or sale. Adviser generally compensates its selected broker dealers at their normal and customary rates.

The Adviser or its Affiliates will effect transactions with brokers that (with respect to U.S. securities) are registered with the SEC and are members of the Financial Industry Regulatory Authority. The Adviser or its Affiliates will select brokers on the basis of their ability to provide best execution (including both the trade price and commission).

Investors in the Clients may include fund of funds affiliated with brokers or, possibly, brokerage firms themselves. The fact that any such investor has invested in a Client will not be taken into consideration in selecting brokers (including prime brokers).

##### 1. Research and Other Soft Dollar Benefits.

The Adviser or its Affiliates do not use soft dollar benefits to service Client accounts.

##### 2. Brokerage for Client Referrals.

The Advisers do not receive Client referrals in exchange for brokerage business.

##### 3. Directed Brokerage.

The Adviser does not recommend, request or require that a Client direct the Adviser to execute transactions through a specified broker-dealer.

#### **B. Aggregated Orders for Various Client Accounts.**

If the Adviser determines that the purchase or sale of the same security is in the best interest of more than one Client, the Adviser may, but is not obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law. If an aggregated order is filled through multiple trades at different prices on the same day, each participating Client will receive the average price with transaction costs allocated *pro rata* based on the size of each Client's participation in the order as determined by the Adviser. In the event of a partial fill, allocations generally will be made on a *pro rata* basis on the initial order but may be modified on a basis the Adviser deems appropriate, including for example, in order to avoid odd lots or *de minimis* allocations.

**ITEM 13**  
**REVIEW OF ACCOUNTS**

**A. Frequency and Nature of Review of Client Accounts or Financial Plans.**

The Adviser performs various daily, quarterly and other periodic reviews of the Clients' portfolios. Daily reviews may include account liquidity monitoring by the Adviser's risk and financial personnel. Quarterly reviews include portfolio valuation reviews by the Adviser's Valuation Committee. Periodic reviews include portfolio monitoring by the Adviser's General Counsel.

**B. Factors Prompting Review of Client Accounts Other than a Periodic Review.**

A review of a Client account may be triggered by any unusual activity or special circumstances.

**C. Content and Frequency of Account Reports to Clients.**

Investors in the Clients receive from the Adviser or its Affiliates, unaudited quarterly reports providing summary financial and other information. The Adviser may provide certain investors with information on a more frequent and detailed basis if agreed to by the Adviser or its Affiliates. In addition, the Adviser or its Affiliates provide to investors in the Clients, audited financial statements concerning the Client and tax information necessary for the completion of such investor's return within 120 days of the end of the Client's fiscal year.

Investors are also provided with performance and other detailed information so that each investor can monitor its investment in the Clients. The Advisers welcome inquiries from investors in the event any investor desires information not contained in the Advisers' Form ADV Part 1, Form ADV Part 2 or other relevant offering material or Client reports. The Advisers will endeavor to answer all reasonable and appropriate questions in a timely fashion, while maintaining the confidentiality of sensitive non-public and proprietary information related to the operations and investments of the Advisers and the Clients. The Advisers do not publish investor questions and answers and generally do not otherwise disseminate such answers to all investors of the relevant Client the Adviser and its Affiliates hold an annual meeting for each of their Clients and their respective investors.

**ITEM 14**  
**CLIENT REFERRALS AND OTHER COMPENSATION**

**A. Economic Benefits for Providing Services to Clients.**

The Adviser does not receive economic benefits from non-Clients for providing investment advice and other advisory services.

**B. Compensation to Non-Supervised Persons for Client Referrals.**

Neither the Adviser nor a related person directly or indirectly compensates any person for Client referrals. The Adviser engaged Placement Agents with respect to soliciting certain types of prospective investors for investments in LCP and LCPIII. Information regarding the Placement Agents for LCP and LCPIII may be found in Advisers Form ADV filing. Adviser presently has no relationship with any Placement Agent, but may in the future enter into additional arrangements with third party placement agents, distributors or others to solicit investors in pooled investment vehicles and such arrangements will generally provide for the compensation of such persons for their services at the Adviser's expense.



## **ITEM 15**

### **CUSTODY**

Rule 206(4)-2 promulgated under the Advisers Act (the "Custody Rule") (and certain related rules and regulations under the Advisers Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful).

The Advisers are required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which they have custody with a "qualified custodian". Qualified custodians include banks, brokers, futures commission merchants and certain foreign financial institutions.

Rule 206(4)-2 imposes on advisers with custody of clients' funds or securities certain requirements concerning reports to such clients (including underlying investors) and surprise examinations relating to such clients' funds or securities. However, an adviser need not comply with such requirements with respect to pooled investment vehicles subject to audit and delivery if each pooled investment vehicle: (i) is audited at least annually by an independent public accountant, and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to their investors, all limited partners, members or other beneficial owners within 120 days (180 days in the applicable case of a fund of fund adviser) of its fiscal year-end. The Advisers comply with, and rely upon this audit exception with respect to the Clients.

**ITEM 16**  
**INVESTMENT DISCRETION**

The Adviser or its Affiliates have been appointed as the investment manager, management company, manager or general partner of the "Clients" with discretionary trading and investment authorization. The Adviser or its Affiliates have full discretionary authority with respect to investment decisions, and its advice with respect to the "Clients" is made in accordance with the investment objectives and guidelines as set forth in such Client's respective private placement memoranda, if any, investment management agreement or other organizational document. The Adviser or its Affiliates assume discretionary authority to manage the Clients through the execution of investment management agreements or through the organizational documents of Clients (*e.g.*, limited partnership agreements).

**ITEM 17**  
**VOTING CLIENT SECURITIES**

The SEC adopted Rule 206(4)-6 under the Advisers Act, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. In compliance with such rules, the Advisers have adopted proxy voting policies and procedures (the "Policies"). The Adviser is committed to voting proxies in a manner consistent with the best interest of the Clients. While the decision whether or not to vote a proxy must be made on a case-by-case basis, the Adviser generally does not vote a proxy if it believes the proposal is not adverse to the best interest of the Clients, or, if adverse, the outcome of the vote is not in doubt. In the situations where the Adviser does vote a proxy, the Adviser generally votes proxies in accordance with specified guidelines. A copy of the Policies and the proxy voting record relating to a Client may be obtained by contacting the Adviser.

**ITEM 18**  
**FINANCIAL INFORMATION**

The Adviser is not required to include a balance sheet for its most recent financial year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.