

Item 1: Cover Sheet

INFORMATIONAL BROCHURE

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This brochure provides information about the qualifications and business practices of Arrowhead Mezzanine LLC. If you have any questions about the contents of this brochure, please contact us at (203) 485-0700 or via email at jcerminaro@arrowmezz.com. 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 Arrowhead Mezzanine LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Statement of Material Changes

This ADV Part 2 is prepared to provide minor updates for the 2012 annual amendment. There are no material changes to this ADV Part 2.

Item 3: Table of Contents

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ARROWHEAD MEZZANINE LLC

Item 4 Advisory Business

Arrowhead Mezzanine LLC (“Arrowhead Mezzanine”) has been in business since 2007. The five principals have an average of 20 years of experience in mezzanine investing.

Arrowhead Mezzanine acts as the investment manager of Gleacher Mezzanine Fund I, L.P., Gleacher Mezzanine Fund P, L.P., and Gleacher Mezzanine Fund II, L.P. (collectively, the “Funds”). Gleacher Mezzanine Fund I, L.P. and Gleacher Mezzanine Fund P, L.P. (jointly, “Fund I”) are finished making investments and are in the process of winding down. Gleacher Mezzanine Fund II, L.P. (“Fund II”) is closed to new investors. Investors in the Funds should consult the respective offering documents for the Fund in which they are invested for a complete discussion of the Funds and their risk factors.

The Funds attempt to provide investors with capital appreciation and income by investing in private companies through a combination of senior debt, subordinated debt, preferred stock, and non-control common equity securities.

For additional discussion of the Funds, and their investment objectives and risks, please see response to Item 8.

Item 5 Fees and Compensation

A. Fees Charged

Investors in each Fund will be charged a management fee, and if applicable under the terms of the Fund’s Private Placement Memorandum, a performance based fee known as a “carry”.

Management Fee

Fund II pays an annual management fee (the “Management Fee”) payable quarterly in advance equal to 1.75% per annum, less the General Partner’s participation. The percentage charged shall be based on the total amount of committed capital in the Fund. After the Fund stops making new investments, or the tenth anniversary of the final closing, the Management Fee will be reduced to 1.25% of invested capital. Fund I and Fund P no longer pay a management fee. *For a more comprehensive description of the Management Fee calculation and payment terms, investors should refer to their respective Fund’s offering documents.*

Performance Based

The Funds (and therefore each investor in the Fund) generally pay a 20% performance-based fee to their respective general partners (each, a “General Partner”). The General Partner and Arrowhead Mezzanine are affiliated. Performance fees are paid when individual investments are sold or otherwise disposed of. However, the performance fee will not be paid until (a) the investors are reimbursed for certain expenses they have previously paid; and (b) until the investors achieve a base rate of return of 8% on their capital invested on that investment and lost on other investments. In addition the performance fee is subject to a “clawback”. Because performance fees are paid when investments are sold, situations may arise where performance fees collected on profitable transactions may exceed total performance fees due when the Fund

sells or otherwise disposes of all its investments. A clawback is a repayment to investors of the excess performance fees previously paid. For a more comprehensive description of the performance fees associated with each Fund, investors should refer to their respective Fund's offering documents.

Management of Portfolio Company

Arrowhead Mezzanine may receive fees from portfolio companies for assistance in the management of the company's affairs. These fees are negotiated on an individual basis.

B. Fee Payment

In accordance with Fund II's documentation, Management Fees are paid quarterly, in advance, and are directly debited from the Fund. Fund I and Fund P no longer pay management fees.

C. Other Fees

The Funds bear all legal, organizational and offering expenses, including the out-of-pocket expenses of Arrowhead Mezzanine and its agents, actually incurred in the formation of the Funds. The Funds also pay all costs and expenses relating to their respective operations, including, but not limited to: professional fees, fees related to investments, interest, taxes, and meetings with investors. Arrowhead Mezzanine is responsible for its own operations, including rent, salaries, furniture and fixtures and all other office equipment.

Arrowhead Mezzanine bears full economic responsibility for any fees payable to any placement agent. The Clients will not bear any such fees.

Investors should refer to the private placement memorandum for the Fund in which they are invested for additional discussion of fees paid by investors in the Funds.

D. Pro-rata Fees

Due to the nature of the Fund, clients commit to investing a specified amount into the Fund at designated times. Clients are not generally permitted to withdraw from a Fund or become an investor in a Fund after it closes. Accordingly, there will be no need to calculate *pro-rata* fees.

E. Compensation for the Sale of Securities.

None of the employees of Arrowhead Mezzanine is a registered representative of a broker-dealer. None of the employees of Arrowhead Mezzanine receives any compensation for executing trades on behalf of the Fund aside from Arrowhead Mezzanine's receipt of fees described above.

Item 6 Performance Based Fees

Please see response to Item 5.

Item 7 Types of Clients

Arrowhead Mezzanine's clients are all either pension funds, insurance companies, endowments, high net worth individuals or other institutional investors.

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

For a more complete discussion of Arrowhead Mezzanine's investment process, please refer to the offering documents for the Funds. Fund I has completed its investments. The below discussion is pertinent to all of the Funds, but most specifically, Fund II.

It is important for investors to know and remember that all investments carry risks. Investing in securities involves risk of loss that clients should be prepared to bear.

The General Partner has an Investment Committee, which is comprised of the firm's five principals, as well as two individuals who are not employed by Arrowhead Mezzanine.

Arrowhead Mezzanine manages private funds. The investment objectives of these funds are similar, in that all attempt to provide investors with capital appreciation and income by investing in private companies through a combination of senior debt, subordinated debt, preferred stock, and non-control common equity securities. The Funds are considered "mezzanine" investing funds. "Mezzanine" investing generally refers to the lending of money to a company in exchange for promissory notes and sometimes partial ownership of the borrower. The borrower is typically an existing business that is in need of capital to pursue a goal or business objective. A mezzanine fund is a pooled investment vehicle that uses the investments of its limited partners to make mezzanine investments. A portfolio of these investments is intended to mitigate the risks and maximize the returns of investing.

Identification and Sourcing:

The principals of Arrowhead Mezzanine work through their networks and direct calling efforts to develop strong relationships with numerous market participants, such as private equity firms, management teams, senior lenders, other mezzanine providers, and investment banks. In addition, Arrowhead Mezzanine may also be sought out by borrowers or other lenders to participate in an investment.

Each of the four principals of the firm is actively involved in identifying potential investment opportunities. Initial screening is carried out by one of more of the four principals. If the transaction is potentially attractive, the principals will decide as a group whether to pursue the opportunity.

Analysis and Due Diligence:

The due diligence process is designed to identify and substantiate the particular attributes of each potential investment. Each investment undergoes a credit review process, including analysis of business and operational dynamics as well as both historical and projected financial information. Areas of additional focus may include management or sponsor experience and capability, industry and competitive dynamics and tangible and intangible asset values. The principals may also seek to verify any understandings established during due diligence by personally contacting customers, suppliers and competitors. On-site due diligence may also be performed to provide support for the investment thesis.

Structuring:

The principals evaluate whether a proposed capital structure is appropriate for the issuer's business and to customize the transaction to suit both the fund's objectives and those of the issuing company. The principals determine whether the investment structure, particularly the

amount of leverage, is appropriate for the issuer's business. Senior debt terms are analyzed to ensure that they do not unreasonable disadvantage the mezzanine holders and that covenants are set appropriately.

Investment Approval: Final approval of an investment transaction rests with the Investment Committee. The Investment Committee may hold a meeting or approve investments in writing. The proposed transaction is submitted to the Investment Committee and, in the case where a meeting is held, subjected to discussion. Typically, a formal memorandum which includes the results of due diligence, is prepared. Approval of an investment requires a majority vote of the Investment Committee members. Approval of an investment may be subject to various conditions. In the event of a conditional approval, it is the responsibility of the principals to ensure that the approval conditions are met.

Investment Monitoring and Exit:

Arrowhead Mezzanine believes in an active management approach to ensure that each portfolio company continues to perform as anticipated by the initial investment thesis. The principals evaluate monthly or quarterly financial reporting packages that cover operational and financial performance. The principals conduct a regular valuation analysis and continually monitor future liquidity and covenant compliance.

Exit alternatives are considered during due diligence and continually reviewed and revised throughout the life of the investment. At all times, the goal is to ensure that the Funds realize any opportunity to enhance returns. Should the portfolio company's performance change, the investment may be re-evaluated.

RISK FACTORS

The risk factors stated below are considered to be some of the more significant risk factors associated with investing in one of the Funds. For a complete discussion of risk factors, please see the Funds' private placement memorandums.

All investments risk the loss of capital. No guarantee or representation is made that any of the Funds will achieve its investment objective or that a client will receive a return of its capital. In addition, there will be occasions when Arrowhead Mezzanine and its affiliates may encounter potential conflicts of interest in connection with the Fund. In evaluating whether to make an investment in the Fund, potential investors should consider all information contained in the private placement memorandum. The following discussion is not a complete list of all potential risks, because some risks are unknown.

Illiquid and Long-Term Investments. Most investments will not be sold or realized for a number of years. It is unlikely that there will be a public market for the securities held by the Funds at the time of their acquisition. The Funds generally will not be able to sell its securities publicly. In addition, in some cases, the Funds may be prohibited or limited by contract from selling certain securities for a period of time, and as a result, may not be permitted to sell an investment at a time it might otherwise desire to do so.

Portfolio Company Management Risks. With respect to management at the investment level, many companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly affect the company's performance. If the company's performance is negatively affected, the Fund's performance will be as well. Arrowhead Mezzanine expects to

monitor company management, but Arrowhead Mezzanine will not have day-to-day responsibility with respect to the business of the companies in which the Fund invests.

Arrowhead Mezzanine Management Risks. Arrowhead Mezzanine's strategy of investing in a concentrated number of investments which are private and require skill to originate and monitor increases Arrowhead Mezzanine's reliance on the continued performance of a few key executives, particularly the principals of Arrowhead Mezzanine. If such executives were to leave Arrowhead Mezzanine or be unable to perform their responsibilities, the performance of the Funds could be adversely affected.

Concentration of Investments. The Funds will participate in a limited number of investments and, as a consequence, the aggregate return of a Fund may be affected by the performance of a small number of investments. This means that the Funds will not be diversified.

Conflicts of Interest

Performance Allocation. The existence of Arrowhead Mezzanine's performance-based fee may create an incentive for Arrowhead Mezzanine to make more speculative investments on behalf of the Fund. The investment in the Fund by the principals of Arrowhead Mezzanine should tend to reduce this incentive.

Item 9 Disciplinary Information

None to report.

Item 10 Other Financial Industry Activities and Affiliations

A. Broker-dealer

There are no day-to-day brokerage trades placed on behalf of clients. Therefore, there are no contractual relationships between Arrowhead Mezzanine and any other party within the financial industry that would give rise to a conflict of interest.

B. Futures Commission Merchant/Commodity Trading Advisor

None of Arrowhead Mezzanine's professionals or related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Relationship with Related Persons

Not applicable.

D. Recommendations of other Advisers

Not applicable.

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

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes

discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable.

C. On occasion, an employee of Arrowhead Mezzanine may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be pre-cleared through the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of Arrowhead Mezzanine may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be pre-cleared through the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

Item 12 Brokerage Practices

Arrowhead Mezzanine's only clients are the Funds and the investors of the Funds. There are no day-to-day brokerage trades placed on behalf of clients.

Item 13 Review of Accounts

Arrowhead Mezzanine reviews the performance of each investment and updates the valuations of each investment on at least a quarterly basis. Investors in the Funds receive quarterly financial information.

Item 14 Client Referrals and Other Compensation

Placement agents were engaged to assist in sourcing investors for the Funds. The amounts paid to these agents were not paid by investors. All investors received disclosures regarding the use of the placement agent.

Item 15 Custody

Arrowhead Mezzanine has custody of client funds through its management of the Fund. The Fund is audited by Deloitte & Touche, LLP, a PCAOB registered firm.

Item 16 Investment Discretion

Please see Item 8 for a discussion of investment discretion.

Item 17 Voting Client Securities

Arrowhead Mezzanine will have discretion to vote proxies related to any publicly traded portfolio company. Each proxy will be voted on a case-by-case basis. Copies of our Proxy Voting Policies and Procedures are available upon request. Copies of our Proxy Voting Records (records showing how each proxy we received has been handled) are available upon request.

Item 18 Financial Information

Arrowhead Mezzanine does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

Arrowhead Mezzanine has discretion over the Fund's investments. There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.