

Item 1 – Cover Page**J.C. FLOWERS & Co. LLC**

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This brochure provides information about the qualifications and business practices of J.C. Flowers & Co. LLC. If you have any questions about the contents of this brochure, please contact us at (212) 404-6800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

J.C. Flowers & Co. LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain such an adviser.

Copies of this Brochure may be requested by contacting Kristi Touris at (212) 404-6827 or ktouris@jcfco.com. Additional information about J.C. Flowers & Co. LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes: This Brochure does not reflect any material changes from the annual update filed on March 31, 2014.

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Item 4 – Advisory Business

- A. J.C. Flowers & Co. LLC (“JCF”, “JCF&Co” or the “Adviser”), a Delaware limited liability company, provides investment advisory services to various private partnerships and other private investment vehicles (each, a “Fund” or a “Client”)¹, including identifying, evaluating, structuring and negotiating prospective investments, managing portfolio companies post-acquisition and advising the Funds with respect to disposition opportunities. An affiliate of JCF&Co generally serves as the general partner (or similar managing body) of each Fund.

Interests in the Funds are only offered to qualified investors via private placement.

Mr. J. Christopher Flowers (“Mr. Flowers”) founded JCF&Co’s advisory business in 1998. Mr. Flowers is the Adviser’s principal owner.

- B. JCF&Co provides discretionary investment advisory services that generally seek to generate long-term capital appreciation by making privately negotiated and open market investments in the equity and debt securities of financial services companies. Financial services companies generally include banks, insurance and reinsurance companies, asset management and brokerage houses, consumer and commercial finance businesses, mortgage originators and guarantors, and other companies and firms providing supporting technology or services for financial services companies.
- C. Each Fund has a set of specific guidelines which are set forth in the governing documents of the applicable Fund and its offering documents. These guidelines may provide for limits on the size, concentration, geography, type of security and/or terms of the Fund’s investments.
- D. The Registrant does not participate in wrap fee programs.
- E. As of December 31, 2013, JCF&Co managed approximately \$11,567,092,000 of regulatory assets under management on a discretionary basis.

Item 5 – Fees and Compensation

- A. JCF&Co’s fee and compensation arrangements may vary among the Funds. The specific terms of such arrangements are established by JCF&Co, as modified by negotiations with investors in the applicable Fund, and as set forth in each Fund’s Investment Advisory Agreement and governing

¹ “Fund” or “Client” means a private investment fund to which JCF provides investment advice and/or invests on a discretionary or nondiscretionary basis. The individuals and other persons that invest in the JCF&Co-sponsored private investment funds are generally referred to herein as “investors.” Unless otherwise expressly stated herein, the terms “Fund” and “Client” do not include “investors.”

documentation received by each investor prior to investment in such Fund.

As compensation for its services, JCF&Co typically receives a management fee (the "Management Fee") from each Fund. Generally, prior to the earliest of (i) the expiration of a Fund's commitment period, (ii) the date on which capital commitments have been fully drawn down and (iii) the date on which a management fee becomes payable by investors in a successor fund, the Management Fee is based on a percentage of the aggregate capital commitments of the Fund's third party investors. Thereafter, the Management Fee is generally based on a lower percentage of the Fund's aggregate invested capital. The Management Fee is due and payable from each Fund four (4) times per calendar year, as provided in each Fund's Investment Advisory Agreement, as further described below. The terms of the Management Fee may vary among the Funds, as well as among investors in the same Fund.

In addition to the Management Fee, in connection with the affairs of a Fund, JCF&Co may receive from actual or prospective portfolio companies, the Fund or their respective affiliates (i) monitoring fees, organization fees, set-up fees, financial advisory fees, transaction fees and other similar fees, (ii) cash and non-cash directors' fees, (iii) certain management fees payable with respect to co-investment capital and (iv) termination, break-up and topping fees. The Fund's Management Fee may be offset, or reduced, by a portion of such other fees. The Management Fee may be further reduced, waived or rebated at the sole discretion of JCF&Co. Additionally, a portfolio company may reimburse JCF&Co for expenses (including without limitation travel expenses, which may include expenses for first class or equivalent travel) incurred by JCF&Co in connection with its performance of services for such portfolio company. Such reimbursements are not subject to the offset arrangements described above.

JCF may have a conflict of interest to the extent that it has an opportunity to earn a fee in connection with an acquisition, disposition or co-investment. However, JCF believes that the Management Fee offset provisions described above substantially mitigates this potential conflict.

- B. The general partner of a Fund generally causes the Management Fee to be paid to JCF by or on behalf of a Fund by (i) requiring investors in the Fund to make capital contributions, (ii) withholding from investment proceeds that would otherwise be distributable to investors in the Fund or (iii) causing the Fund to borrow money.
- C. Consistent with each Fund's governing documentation, each Fund typically bears and is charged with the costs and expenses of its operations, including without limitation (i) fees and expenses of administrators, custodians, attorneys, accountants and other professionals (including audit and certification fees and the costs of preparing, printing and distributing financial and tax reports to investors), (ii) out-of-pocket fees and expenses incurred in holding, developing, negotiating, structuring and disposing of actual portfolio investments, including, without limitation, any financing, legal, accounting, advisory, consulting and travel expenses, which may

include expenses for first class or equivalent travel (to the extent not subject to any reimbursement of such costs and expenses by portfolio investments or third parties), (iii) out-of-pocket fees and expenses incurred in developing, negotiating and structuring prospective or potential portfolio investments, including, without limitation, any financing, legal, accounting, advisory, consulting and travel expenses, (v) interest on and fees and expenses arising out of all borrowings, including the arrangement thereof, (vi) fees and expenses incurred in connection with any litigation, including D&O liability or other insurance costs, and any other indemnification or other extraordinary expense or liability relating to the affairs of the Fund, (vii) expenses of liquidating the Fund, (viii) registration expenses and taxes (with certain exceptions), fees or other governmental charges levied against or payable by the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund, (ix) the expenses of any committee of investor representatives organized by the general partner, and any firm retained to determine the fair market value of unrealized portfolio investments, (x) the expenses of any "feeder fund" affiliated with the Fund, (xi) fees for regulatory filings required to be made by the Fund or by the Registrant in connection with its advisory services to the Fund, (xii) the expenses of investor meetings, updates and reporting (which may include travel expenses, which may include expenses for first class or equivalent travel), (xiii) the expenses of enabling limited partner transfers, and (xiv) other expenses related to the general partner's execution of the Fund's governing documentation.

A Fund generally pays the out-of-pocket expenses incurred in connection with the organization of the Fund and the general partner up to a certain amount, as well as any placement fees associated with the offering of the Fund's interests. However, 100% of all placement fees and organizational expenses above a certain amount, or "cap", are offset against, or reduce, the Management Fee on a dollar-for-dollar basis.

Additionally, please see Item 6 below regarding "carried interest" that Funds may pay.

- D. Typically, the annual Management Fee is payable by a Fund in four installments, with 50% of the Management Fee calculated with respect to each of two semi-annual Management Fee periods due and payable at the start of the period, and the remaining 50% due and payable 90 days thereafter. In the event JCF&Co does not provide services for the full management fee period, the Management Fee is typically required to be returned to the investors in the applicable Fund. In general, the amount of fees returned is calculated based on the number days remaining in the applicable period.
- E. Neither JCF&Co nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

JCF&Co's fee and compensation arrangements vary among the Funds. The specific terms of such arrangements are established by JCF&Co, as modified by negotiations with investors in the applicable Fund, and as set forth in each Fund's Investment Advisory Agreement and governing documentation received by each investor prior to investment in such Fund. Each Fund's general partner (including affiliates thereof, the "general partner") typically charges a performance-based fee (referred to as "carried interest"). Carried interest paid by a Fund is indirectly borne by investors in such Fund. Third party investors in all Funds are generally charged carried interest, although a general partner may, in its sole discretion, waive or reduce an investor's obligation to pay carried interest.

Additionally, the payment by some, but not all, Funds of carried interest or the payment of carried interest at varying rates (including varying effective rates based on the past performance of a Fund) may create an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying carried interest or Funds paying carried interest at a higher rate, or allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the governing documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth investment allocation requirements.

In addition, the carried interest may create an incentive for the general partner to make riskier or more speculative investments on behalf of a Fund than it would otherwise make in the absence of such performance-based arrangement. However, the JCF investment team, including Mr. Flowers, has invested substantial amounts in the Funds, which should reduce this incentive.

Finally, if distributions are made in kind, the amount of any such distribution will be accounted for at the fair market value of the distributed property as determined in accordance with procedures specified in each Fund's governing documents.

See Item 11 below for additional information relating to how conflicts of interests are generally addressed by JCF&Co.

Item 7 – Types of Clients

JCF's Clients are generally pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended. Investment advice is provided to the Funds (subject to the direction and control of the general partner of each such Fund, if applicable) and not individually to the investors in such Fund. Investors in the Funds include high net worth individuals, pension plans, endowments, trusts, sovereign wealth funds, financial institutions and other U.S. and non-U.S. corporations.

In general, the minimum initial investment in a Fund is \$10 million, although lesser amounts may be accepted in the discretion of the general partner.

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

- A. JCF&Co's investment strategy seeks to generate long-term capital appreciation by making privately negotiated and open market investments in the equity and debt securities of financial services companies. Financial services companies generally include banks, insurance and reinsurance companies, asset management and brokerage houses, consumer and commercial finance businesses, mortgage originators and guarantors, and other companies and firms providing supporting technology or services for financial services companies. Generally the Funds acquire such securities with a view to holding them for the medium to long term.

Through its network of relationships across the global financial services industry, JCF&Co seeks to identify potential investments that meet the Funds' investment criteria. JCF's due diligence process is designed to enable its team to evaluate potential investments, including by assessing a potential portfolio company's strengths, weaknesses, and opportunities, developing a view on its value and prospective return, meeting the management team and identifying potential transactional issues. JCF's analysis typically focuses on the target company's (i) business model and competitive environment, (ii) financial structure and performance, (iii) business plan and opportunities for value creation, (iv) management team capabilities and (v) potential for attractive exit opportunities. JCF may seek to leverage the resources of its advisors and the skills of certain portfolio company employees to complement its due diligence process. JCF's investment analysis methods may include fundamental, technical gain/loss forecast models, cash-flow models, sensitivity analysis, charting, fundamental, technical and cyclical analysis.

An investment in a Fund involves a high degree of risk, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Fund and for which the Fund does not represent a complete investment program. There can be no assurance any Fund will meet its investment objectives or otherwise be able to carry out its investment program successfully or that an investor will receive a return of its capital. In addition, there can be no assurance that any Fund will be able to generate returns for investors or that returns will be commensurate with the risks of the Fund's investments. A Fund investment should only be made by persons that can afford a loss of their entire investment.

- B. There are significant risks inherent in the strategy of investing in financial services companies. A Fund may lose all or a substantial portion of its investments. Certain of these risks are summarized below. However, prospective investors should carefully consider all of the risks related to investing in a Fund that are set forth in the private placement memorandum or other offering document for the applicable Fund.

Each Fund's portfolio investments are concentrated in the financial services industry. Concentration in a single industry may involve risks greater than those generally associated with more diversified funds, including disproportionate exposure to risks associated with the financial services industry and significant fluctuations in returns.

Financial services companies have asset and liability structures that are essentially monetary in nature and are directly affected by many factors, including domestic and international economic and political conditions, broad trends in business and finance, legislation and regulation affecting the national and international business and financial communities, monetary and fiscal policies, interest rates, inflation, currency values, market conditions, the availability and cost of short-term or long-term funding and capital, the credit capacity or perceived creditworthiness of customers and counterparties, and the level and volatility of trading markets. A change in any of these factors could adversely impact the value of financial instruments held by and the balance sheets of financial services companies.

The profitability of the financial services industry may be adversely affected by a worsening of general economic conditions in domestic and international markets and by monetary, fiscal or other policies that are adopted by various governmental authorities and international bodies. Factors such as the liquidity of the global financial markets, the volatility of financial instruments, investor sentiment, and the availability and cost of credit may significantly affect the activity levels of customers with respect to size, number and timing of transactions. A change in any of these factors could lead to a decline in the volume of transactions that financial services companies execute for their customers and decrease their overall profitability.

The financial services industry is extremely competitive. Technological advances and the growth of e-commerce have made it possible for non-financial institutions to offer products and services that have been traditionally offered by financial services institutions. It is expected that competitive conditions in the industry will continue to intensify.

Financial services companies operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. Failure to comply with any of these laws, rules or regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties, fines, license suspension or termination of deposit insurance. In addition, in order to comply with banking laws, rules and regulations, a Fund may be required to invest in a manner that may not be as advantageous as the manner of making investments that are not subject to such laws, rules and regulations. Further, investments in financial services companies often require the approval of various regulatory bodies and there is no guarantee that such approvals will be obtained.

The financial services industry is highly dependent on communications and information systems and is exposed to many types of operational risks, including the risk of fraud or security breaches by employees or other parties, record keeping errors, errors resulting from faulty or “hacked” computer or telecommunication systems, computer failures or interruptions, and damage to computer and telecommunication systems caused by internal or external events.

The disturbances in the United States and global financial markets that began in 2008 illustrated the possibility of extraordinary and unprecedented uncertainty and instability in such markets. There can be no assurances that conditions in the global financial markets will not adversely affect one or more of a Fund’s portfolio companies, its access to capital or leverage or its overall performance.

- C. There are significant risks and potential conflicts of interest inherent in investing in private pooled investment funds. Certain of these risks and potential conflicts of interest are summarized below. However, prospective investors should carefully consider all of the risks and potential conflicts of interest related to investing in a Fund that are set forth in the private placement memorandum or other offering document for the applicable Fund.

Investment Risks

No Assurance of Investment Return. There can be no assurance that any Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of investments in which such Fund participates. Accordingly, an investment in a Fund should only be considered by persons who can afford a loss of their entire investment. **There can be no assurance that projected or targeted returns for any Fund will be achieved.**

Role of JCF Professionals. The success of each Fund will depend in part upon the skill and expertise of Mr. Flowers and JCF&Co’s investment professionals and, where applicable, the management of portfolio companies. There can be no assurance that Mr. Flowers or any such other professionals will continue to be associated with JCF&Co throughout the life of any Fund and a loss of the services of Mr. Flowers and other key personnel could impair JCF&Co’s ability to provide services to a Fund.

Reliance on the General Partner and Adviser. The general partner and investment adviser of a Fund will have exclusive responsibility for a Fund’s activities, and, other than as may be set forth in a Fund’s governing documents, investors will not be able to make investment or any other decisions concerning the management of a Fund.

Methods of Investment Analysis. JCF seeks to conduct reasonable and appropriate analysis and due diligence of its investments based on the facts and circumstances applicable to each investment. The objective of such analysis and due diligence is to identify attractive investment

opportunities based on the facts and circumstances surrounding an investment, to identify possible risks associated with that investment and to prepare a framework that may be used from the date of an acquisition to drive operational achievement and value creation. When conducting due diligence and making an assessment regarding an investment, JCF relies on available resources, including information provided by the target of the investment and, in some circumstances, third-parties. As a result, the due diligence process may at times be subjective. Accordingly, JCF cannot be certain that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts (including fraud) that may be necessary or helpful in evaluating such investment opportunity, including the existence of contingent liabilities.

Market Conditions and Financial Market Fluctuations. A lack of liquidity in the capital markets may make it significantly more difficult for sponsors like JCF&Co to obtain favorable financing for investments, and the financing that is available may be on much less favorable terms than had been prevailing in the past. General fluctuations in the market prices of securities and economic conditions generally, particularly of the type experienced since 2008, may reduce the availability of attractive investment opportunities for the Funds and may affect a Fund's ability to make investments and the value of the investments held by a Fund. Instability in the securities markets and economic conditions generally may also increase the risks inherent in a Fund's investments. The public securities markets have seen increased volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by the tightening of the credit markets and the ongoing financial turmoil. It is unclear what the repercussions of this market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present and it may well continue to be volatile for the foreseeable future. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable to a Fund to sell these securities when JCF&Co believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of a Fund to buy, sell and partially dispose of their portfolio company investments. A Fund may be adversely affected to the extent that it seeks to dispose of any of its portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that

JCF&Co believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive investments is highly competitive, and involves a high degree of uncertainty. There can be no assurance that a Fund will be able to locate, consummate and exit investments that satisfy its rate of return objectives or realize upon their values or that it will be able to invest fully its committed capital. In addition, if the Funds make only a limited number of investments, the aggregate returns realized by the Funds' investors could be adversely affected in a material manner by the unfavorable performance of even one such investment.

Illiquid and Long-Term Investments. Investment in a Fund may require a long-term commitment with no certainty of return. Many of a Fund's investments will be highly illiquid, and there can be no assurance that a Fund will be able to realize on such investments in a timely manner. Although investments may occasionally generate some current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition or refinancing of such investment.

Use of Leverage. A Fund's investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. Moreover, any rise in interest rates may significantly increase investment interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, a Fund may suffer a partial or total loss of capital invested in a portfolio company. The ability of a portfolio company to refinance debt securities may depend on its ability to sell new securities in the public high yield debt market or otherwise.

Controlling Interests. Because of its equity ownership, representation on the board of directors and/or contractual rights, a Fund may often be considered to control, participate in the management of or influence the conduct of portfolio companies. Under certain circumstances such ownership or roles could be used by third parties as the basis for such parties to assert claims against the Fund or its affiliates whether or not there is any actual liability on such basis. If these liabilities were to arise, a Fund may suffer a significant loss.

Minority Investments. A Fund may invest in securities where it is not a lead or organizing investor. In such cases, a Fund may not be able to exert significant influence or protect its position in a portfolio company. A Fund will be significantly reliant on the existing management and board of directors of such portfolio companies and may be exposed to risks related to third party co-investors. For example, the board and/or third party co-investors may include representation of other financial investors with whom a Fund is not affiliated or other third

parties whose interests may be contrary to a Fund's investment objectives and may conflict with such Fund's interests.

Investments Longer than Term. A Fund may make investments which may not be advantageously disposed of prior to the date such Fund will be dissolved, either by expiration of its term or otherwise. In addition, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to investors will occur.

Limited Number of Investments. A Fund may participate in a limited number of investments and, as a consequence, the aggregate return of such Fund may be substantially adversely affected by the unfavorable performance of even a single investment. In addition, other than as set forth in the applicable Fund's governing documents, investors have no assurance as to the degree of diversification of a Fund's investments.

Non-U.S. Investments. JCF's Funds may invest in businesses outside the United States. Investing in non-U.S. securities involves risks relating to (i) currency exchange matters, including fluctuations in the rates of exchange and costs associated with currency conversion; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and varying degrees of government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital; and (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such securities. In addition, laws and regulations of foreign countries may impose restrictions that would not exist in the U.S. and may require financing and structuring alternatives that differ significantly from those customarily used in the U.S.

Legal, Tax and Regulatory Changes. Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect such Fund. There is a material risk that regulatory agencies in the United States, Europe, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private equity industry, or other changes that could adversely affect private equity firms and the funds they sponsor, including a Fund.

Regulatory Complexity and Scrutiny. The global regulatory landscape is complex and evolving quickly. As the burden of compliance with global regulatory obligations increases, the risk of non-compliance also increases. In addition, regulators have recently shown increased scrutiny of private fund investment advisors such as JCF, and the risk of an enforcement action in the event of non-compliance is heightened.

Unregistered Securities. Notwithstanding that JCF&Co is registered as an investment adviser under the Advisers Act, and that the Funds may be considered similar in some ways to

investment companies, the Funds are not required and do not intend to register as such under the Investment Company Act of 1940 and, accordingly, investors are not afforded the protections of such Act.

Indemnification. Each Fund generally will be required to indemnify its general partner, its investment adviser, their affiliates and each of their respective members, officers, directors, employees, consultants, advisors, senior advisors, stockholders, shareholders, partners and other persons who serve at the request of its general partner on behalf of the relevant Fund for liabilities incurred in connection with the affairs of such Fund. Where applicable, members of an investment committee of investors unaffiliated with JCF&Co of such Fund will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the applicable Fund's governing documents. As a result of the provisions contained in the governing agreement of a Fund, investors in such Fund may in certain cases have a more limited right of action against the general partner than it would in the absence of such limitations.

Failure to Make Capital Contributions. If a limited partner fails to pay when due installments of its commitment to a Fund, and the capital contributions made by non-defaulting investors and borrowings by the Fund are inadequate to cover the defaulted capital contribution, a Fund may be unable to pay its obligations when due. As a result, the Fund may be subjected to significant penalties that could materially adversely affect the returns to the investors (including non-defaulting investors).

Diverse Investor Group. Investors may have conflicting investment, tax and other interests with respect to their investments in a Fund. As a consequence, conflicts of interest may arise in connection with decisions made by the general partner or investment adviser of a Fund, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to limited partners' individual tax situations.

No Market for Interests; Restrictions on Transfers. Interests in the Funds have not been registered under the Securities Act, or applicable securities laws of any U.S. state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and any other applicable securities laws or an exemption from such registration is available. There is no public market for the interests in the Funds and one is not expected to develop. An investor will not be permitted to directly or indirectly assign, sell, pledge, exchange or transfer any of its interests or any of its rights or obligations with respect to its interests without the prior written consent of the general partner of the applicable Fund, which consent may be given or withheld in accordance with the governing documents of the applicable Fund. Withdrawals from the Funds are generally not permitted, and there most likely will be little or no near-term cash flow available to investors as

a result of owning the interests. Investors must be prepared to bear the risks of owning interests in the Funds for an extended period of time.

Item 9 – Disciplinary Information

JCF&Co does not have any disclosure applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

- A. Neither JCF&Co nor any of its management persons are registered as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither JCF&Co nor any of its management 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. An affiliate of JCF&Co generally serves as the general partner (or similar managing body) of each Fund. For a description of potentially material conflicts of interest created by the relationship among JCF&Co and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

J.C. Flowers & Co. UK LLP (“JCF UK”), a subsidiary of JCF&Co, renders investment sub-advisory services to JCF&Co, primarily with respect to investment opportunities in Europe. JCF UK is registered with the UK Financial Services Authority pursuant to the United Kingdom’s Financial Services Act of 1986.

Because JCF&Co’s investment strategy is focused on the financial services industry, the Funds have portfolio investments in various types of financial institutions, including but not limited to retail, commercial and investment banks and thrifts, asset management and brokerage houses, and insurance and reinsurance companies, some of which provide investment advisory services. Some of these investments may be deemed “controlled” investments. As a result, certain conflicts of interest with the Fund may arise; for example, as described in Item 8, investment opportunities that may be appropriate for the Funds may be allocated in whole or in part to such entities. However, JCF&Co does not believe such conflicts of interest to be material. In addition, JCF&Co has policies and procedures in place that are designed to mitigate these types of conflicts of interest, although there can be no assurances that such policies and procedures will be effective.

- D. JCF&Co does not recommend or select other investment advisers for its Clients.

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

- A. JCF&Co has adopted a Code of Ethics (the “Code”) to ensure that the Adviser fulfills its role as a fiduciary to the Funds. Pursuant to the Ethics Policy set forth in the Code, JCF&Co personnel are

required to comply with applicable laws and regulations and make prompt reports of any actual or suspected violations of such laws by JCF&Co or its personnel. JCF&Co personnel who violate the Code may be subject to remedial actions, including, but not limited to, suspension or dismissal. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of JCF's personnel. The Code requires that personnel pre-clear certain public and private personal securities transactions, report all personal securities transactions on at least a quarterly basis and provide JCF&Co with a summary of personal securities holdings at least annually. The Code also addresses confidentiality and insider trading, and expressly prohibits personnel from disseminating material nonpublic information or using such information to inappropriately benefit any party through securities trading activities. Personnel are required to provide a written certification as to their compliance with the Code on an annual basis.

Copies of JCF's Code will be provided to any existing or prospective Client upon request.

- B. From time to time, consistent with a Fund's investment objectives and subject to satisfaction of the policies and procedures set forth in the Code, the Firm's compliance manual (the "Compliance Manual"), the Fund's governing documents and applicable law, JCF&Co may recommend that a Fund acquire or sell securities in which a JCF&Co related person has a pre-existing direct or indirect interest, and an affiliate of JCF may cause the Fund to effect the recommended transaction. If the recommended transaction is not effected, the Fund may be required to bear the expenses of having evaluated the transaction. A potential conflict of interest could arise in that the interested JCF&Co related person could benefit from such a purchase or sale of the applicable security by a Fund. However, the Firm has policies and procedures designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions. Certain terms of the Funds' governing documents and the equity participation of JCF&Co related persons in the Funds further mitigate such conflicts.
- C. From time to time, subject to satisfaction of the policies and procedures set forth in the Code, the Compliance Manual, the Fund's governing documents and applicable law, a JCF&Co related person may acquire or sell securities that are recommended to a Fund or in which a Fund has a pre-existing direct or indirect interest. A potential conflict of interest could arise in that the interested JCF&Co related person could benefit from the Fund's ownership of, or subsequent sale of, the applicable security. However, the Code and the Compliance Manual are designed to identify and manage conflicts of interest to the extent they arise in connection with the personal securities transactions and other investment activities of JCF&Co related persons. In particular, the Code requires that JCF related persons abide by policies and procedures in connection with their personal securities trading activities, and such activities are monitored under the Code to ensure compliance with such policies and procedures.

- D. From time to time, in appropriate circumstances and subject to satisfaction of the policies and procedures set forth in the Code, the Compliance Manual and the Fund's governing documents, JCF&Co may establish certain investment vehicles through which JCF&Co personnel and other related persons or business associates may invest alongside a Fund in one or more investment opportunities. Such vehicles, referred to "co-investment vehicles," generally are contractually required, as a condition of investment, to purchase and sell each investment opportunity at substantially the same time and substantially the same terms as the applicable Fund that is invested in that investment opportunity. Such co-investment vehicles may not be required to pay management fees or carried interest.

Other Potential Conflicts of Interest

JCF&Co and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management and other services to funds and operating companies. Investors should be aware that in the ordinary course of conducting its activities, there will be occasions when the interests of a Fund may conflict with those of JCF&Co, other Funds and/or their respective affiliates. Certain potential conflicts of interest are summarized below or described elsewhere herein. However, prospective investors should carefully consider all of the potential conflicts of interest and other risks related to investing in a Fund that are set forth in the private placement memorandum or other offering document for the applicable Fund.

Carried Interest. As described in Item 6, carried interest may create an incentive for the general partner of a Fund to make riskier or more speculative investments on behalf of such Fund than would be the case in the absence of this arrangement.

Other Fees. As described in Item 5, JCF&Co and its related persons may receive, from prospective portfolio companies, actual portfolio companies or their respective affiliates, monitoring fees, organization fees, set-up fees, financial advisory fees, transaction fees and other similar fees, either in cash or securities, termination, break-up and topping fees, and cash and non-cash directors' fees, including any such fees payable in the form of warrants, options, derivatives and other rights in respect of securities owned by the Funds and otherwise. Such fees will be in addition to any Management Fees or carried interest paid by the Funds to JCF&Co. Consistent with the Funds' governing documents, JCF&Co may incur expenses, and a portfolio company may reimburse JCF&Co for such expenses (including without limitation travel expenses, which may include expenses for first class or equivalent travel) incurred by JCF&Co in connection with its performance of services for such portfolio company. This creates a conflict of interest between JCF&Co and its affiliates and the Funds and their investors because the amounts of these fees and reimbursements may be substantial and the Funds and their investors generally do not have an interest in these fees and reimbursements. JCF&Co

determines the amount of these fees and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Funds. JCF&Co and its affiliates will in some circumstances reduce the amount of Management Fees paid by the applicable Fund in connection with the receipt of the applicable Fund's share of such fees. The amount and nature of this reduction varies from Fund to Fund and is set forth in each Fund's Investment Advisory Agreement and/or governing documents of the applicable Fund. Entities other than Funds that participate in investments alongside the Funds (such as entities through which JCF&Co and certain employees and affiliates of JCF&Co invest alongside the Funds) may have a right to share in such fees, and Management Fees will generally not be reduced in connection with the receipt of such entities' share of such fees.

Allocation of Investment Opportunities. In connection with its investment activities, and subject to satisfaction of the policies and procedures set forth in Compliance Manual, JCF&Co may encounter situations in which it must determine how to allocate investment opportunities among various Clients and other persons, including but not limited to the Funds, portfolio companies of the Funds, co-investment vehicles that have been formed to invest side-by-side with one or more Funds (the investors in such co-investment vehicles may include employees, business associates and other "friends and family" of JCF or its personnel; individuals and entities that are also investors in one or more Funds ("JCF investors"); and/or individuals and entities that are not investors in any Funds ("third party investors")) and investors whose co-investment JCF determines in good faith will provide business benefits to a Fund in sourcing, consummating, managing or exiting portfolio investments (including where an investor can invest or commit to invest a significant amount of capital in a short period of time under circumstances where it is not practicable to offer all investors the opportunity to co-invest) ("strategic investors"). The carried interest and management fees payable by co-investors, if any, may be calculated solely with respect to such co-investment.

The Funds are generally subject to investment allocation requirements (collectively, "Investment Allocation Requirements"), which may also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Requirements may be set forth in the instrument under which the Fund was established (such as a Fund's limited partnership agreement or private placement memorandum), or in side letters. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow JCF discretion in making allocation decisions among the Funds, JCF will allocate opportunities in its sole discretion.

The appropriate allocation among the Funds and co-investors of fees and expenses incurred in the course of evaluating and making investments which are not consummated, such as out-of-

pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by JCF and its affiliates in their good faith discretion, consistent with the policies and procedures of the Firm and the organizational documents of the Funds, as applicable. Such “broken deal” expenses will generally not be allocated to co-investment vehicles. There may be occasions when one Fund (the “Payor Fund”) pays an expense common to multiple funds (the “Allocated Funds”) (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund.

In exercising its discretion to allocate investment opportunities and fees and expenses, JCF&Co may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, JCF may have an incentive to allocate investment opportunities to the Funds from which the JCF or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit.

Material, Non-Public Information. By reason of their responsibilities in connection with their other activities, JCF&Co professionals may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be able to act upon any such information. Due to these restrictions, JCF&Co may not be able to initiate a transaction on behalf of a Fund that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Side Letters. The general partner of a Fund may enter into side letters or other similar agreements with certain investors in connection with their admission to such Fund without the approval of any other investor. Such side letters or other similar agreements may alter and/or supplement the terms of the Fund’s governing documents in a manner that makes the terms applicable to such investors more favorable than those applicable to other investors. Such rights or terms in any such side letter may include, without limitation, (i) fee arrangements with respect to such investors; (ii) excuse rights applicable to particular investments; (iii) reporting obligations of the applicable general partner; (iv) waiver of certain confidentiality obligations; (v) consent of the applicable general partner to certain transfers by such investor; (vi) special rights with respect to co-investment; or (vii) rights or terms necessary in light of particular legal, public policy or regulatory characteristics of an investor.

Principal Ownership Interests. From time to time, subject to satisfaction of the policies and procedures set forth in the Compliance Manual, JCF&Co may recommend that a Fund acquire or sell securities in which a JCF&Co related person has a pre-existing direct or indirect interest. In

addition, a JCF&Co related person may acquire or sell securities that are recommended to a Fund or in which a Fund has a pre-existing direct or indirect interest. A potential conflict of interest could arise in that the interested JCF&Co related person could benefit from the Fund's actual or potential investment in, or sale of, the applicable security. Alternatively, the JCF&Co related person could benefit from an investment or divestiture opportunity that would otherwise have been available to the Fund. Finally, the Funds may incur expenses related to the developing, negotiating and structuring of prospective or potential portfolio investments that are not ultimately made (i.e., broken-deal expenses), which such expenses could be deemed to benefit the issuer and the interested JCF&Co related person. JCF&Co has policies and procedures in place that are designed to mitigate these types of conflicts of interest, but there can be no assurances that such policies and procedures will be effective.

Asymmetrical Information. Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner's interests in a secondary transaction) or a co-investment opportunity (see above) may ask different questions and request different information, JCF&Co may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

Related Party Transactions. JCF&Co generally may, in its discretion, contract with any related person (including but not limited to a portfolio company of a Fund) to perform services in connection with its provision of services to the Funds. When engaging a related person to provide such services, JCF may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost. JCF&Co has in place policies that are designed to mitigate any conflicts of interest with respect to the above recommendations.

JCF&Co generally may, in its discretion, recommend to a Fund or to a portfolio company thereof that it contract for services with (i) JCF or a related person (including but not limited to a portfolio company of a Fund), (ii) an entity with which JCF or its affiliates or a member of their personnel has a relationship or from which JCF or its affiliates or their personnel otherwise derives financial or other benefit or (iii) a JCF investor. When making such a recommendation, JCF may, because of its financial or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by JCF, are reimbursed by a Fund and/or its portfolio companies, JCF may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Employees of JCF may serve as directors of portfolio companies. Such employees are required to remit any remuneration they may receive as directors to the applicable Funds.

Resolution of Conflicts of Interest

In the case of all conflicts of interest which are not managed pursuant to a contractual obligation, policy or procedure, JCF&Co's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's best judgment, but in its sole discretion. In resolving conflicts, JCF&Co may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth in the Funds' governing documents. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless JCF believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant offering and/or organizational documents for the Funds;
- Generally, each Fund has established an advisory committee, consisting of representatives of investors not affiliated with the Adviser. The advisory committees meet as required to consult with the Adviser as to certain material potential conflicts of interest. Where conflicts of interest are not presented to the advisory committee, the Adviser will be guided by its good faith discretion;
- Where the Adviser deems appropriate, unaffiliated third parties and professional advisors may be consulted to help resolve conflicts;
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund; and
- The Adviser will seek to treat its clients fairly and equitably.

Item 12 – Brokerage Practices

- A. JCF&Co has full discretionary authority in selecting broker-dealers for the Funds' transactions, as applicable. Therefore, JCF&Co is generally not in a position to recommend a broker-dealer for the Funds' transactions. JCF&Co primarily invests in private securities, and does not frequently engage in the high volume trading of public securities. In order to monitor best execution of the limited number of public securities transactions in which JCF&Co may engage, the CFO, in consultation with the CCO, will periodically review broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Firm and each Fund.

1. JCF&Co does not have any soft dollar arrangements.

2. In the private equity context, client referrals are not relevant to JCF&Co's selection or recommendation of broker-dealers.
 3. JCF&Co does not engage in directed brokerage arrangements.
- B. In the private equity context, aggregation of the purchase or sale of securities for multiple client accounts is generally not relevant.

Item 13 – Review of Accounts

- A. The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly JCF&Co's review of them is not directed toward a short-term decision to dispose of securities. JCF&Co's investment professionals monitor and review the Funds' portfolio investments on an ongoing basis, including, for example, by participating in board meetings and management calls, reviewing annual and interim financial statements, and making ad hoc on-site visits. Each Fund's financial accounts are maintained and monitored by a dedicated Fund controller under the supervision of JCF&Co's CFO and Director of Finance. In addition, each Fund's financial statements are audited on an annual basis by an independent third-party accounting firm.
- B. Mr. Flowers, in conjunction with JCF's investment committee, regularly supervises and monitors the investment activities of each Fund.
- C. Audited financial statements are provided to investors in each Fund, generally within 120 days of the end of the Fund's fiscal year. Unaudited financial statements and investor-specific account statements are generally provided to investors in each Fund within 45-60 days of the end of such Fund's fiscal quarter.

Written reports describing each Fund's portfolio investments are generally provided to the applicable investors on a semi-annual basis. In addition, each Fund's investors are invited to participate in an annual investor meeting at which JCF&Co reports on the Fund's portfolio investments and performance. Finally, JCF&Co may hold investor update calls from time to time in appropriate circumstances.

Certain investors may have the right to obtain, or may request, information relating to a Fund and, to the extent such information is readily available or may be obtained without unreasonable effort or expense, JCF&Co generally will provide such investors with the information requested. Accordingly, such investors may possess information regarding the business and affairs of a Fund that may not be known to other investors. As a result, certain investors may be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

Item 14 – Client Referrals and Other Compensation

- A. Other than the compensation described in Items 5, 6 and 8 of this Brochure, no one other than JCF's Clients provide an economic benefit to JCF&Co. for providing investment advice or other advisory services. In addition, JCF and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies of Funds.
- B. Neither JCF&Co nor any of its related persons compensates any person who is not a supervised person for Client referrals. However, from time to time, in the context of organizing a Fund, JCF&Co may compensate one or more placement agents for referrals of Fund investors. A prospective investor solicited by a placement agent or other third party will be advised of any such arrangement, including the receipt of fees.

Item 15 – Custody

Item 15 is not applicable to the Adviser.

Item 16 – Investment Discretion

Typically, JCF&Co provides investment advice directly to the Funds on a discretionary basis and not individually to the investors in the Funds. An affiliate of JCF&Co, usually the general partner, accepts discretionary investment authority for each Fund. Generally this discretion is subject only to the investment guidelines set forth in the Fund's governing agreements.

Item 17 – Voting Client Securities

- A. JCF&Co accepts authority to vote the securities held by the Funds. JCF's Proxy Voting Committee, which consists of several managing directors, together with the Adviser's Chief Compliance Officer, generally seeks to ensure that public securities owned by a client are voted in accordance with the applicable Fund's best interests and in the interest of maximizing shareholder value. JCF&Co has also instituted a Proxy Voting Policy that is followed by the Proxy Voting Committee in order to identify and manage conflicts of interest. Generally, the CCO reviews all proxy materials of publicly-traded portfolio companies as well as proxy materials for any extraordinary shareholder votes related to private securities in order to identify potential conflicts of interest. If the CCO determines that JCF&Co or an individual Proxy Voting Committee member has a material conflict of interest (or potential conflict) with respect to any issues presented by the proxy, the CCO shall conduct a conflict analysis and mitigation. Similarly, in the event that it is determined that refraining from voting is in the best interest of a Fund's limited partners, JCF will refrain accordingly. The steps to mitigate a potential conflict may include: consulting with legal counsel, disclosing the conflict to the Fund's investor advisory committee (as described in the Fund's governing documents) and requiring any conflicted individual to recuse himself from the determination as to how to vote the proxy.

Upon request, a Client may obtain a copy of JCF's Proxy Voting Policy as well as information about how JCF&Co voted any proxies on the Fund's behalf.

- B. See Item 17.A above.

Item 18 – Financial Information

- A. JCF&Co does not require or solicit prepayment of client fees more than six months in advance.
- B. JCF&Co does not have any financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.
- C. JCF&Co has never been the subject of a bankruptcy petition.

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