

PART 2A OF FORM ADV – FIRM BROCHURE



BLUE WOLF CAPITAL PARTNERS LLC

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This brochure provides information about the qualifications and business practices of Blue Wolf Capital Partners LLC (“Blue Wolf”). If you have any questions about the contents of this brochure, please contact us at 212-288-1340 or via email at cmiller@blue-wolf.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Blue Wolf also is available on the SEC’s website at www.adviserinfo.sec.gov.

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT BLUE WOLF OR ANY PRINCIPALS OR EMPLOYEES OF BLUE WOLF POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY OR ANY OTHER BUSINESS.

ITEM 2 – MATERIAL CHANGES

Blue Wolf submitted its application for registration with the SEC as an investment adviser on June 24, 2014. This is the first version of Blue Wolf's Brochure. As such, there is no prior version of the Brochure and no material changes to be noted.

In the future, when Blue Wolf amends its Brochure in connection with its annual update amendment filing, and the amended version contains material changes from the last annual update, Blue Wolf will identify and discuss those changes either on this page or as a separate document accompanying the Brochure.

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ITEM 4 - ADVISORY BUSINESS

Blue Wolf Capital Partners LLC (“Blue Wolf”), a Delaware limited liability company, is a New York-based private equity firm that specializes in private equity investments primarily in lower middle market companies that have significant operations in North America. Blue Wolf commenced operations in 2005. The principal owner of Blue Wolf is Adam Blumenthal.

Blue Wolf provides discretionary investment advisory services to multiple private equity funds (the “Funds”) organized to capitalize on unique “special situations” by making investments in lower middle market companies with significant North America-based operations whose value has been obscured by financial distress, complex labor issues and/or the presence of significant government involvement with a target company’s value chain. Consistent with Blue Wolf’s deep value orientation, the Funds pursue complex and unconventional transactions that often deter other purchasers. Examples of such situations include, Chapter 11 reorganizations, operational turnarounds, carve outs of orphaned subsidiaries, underperforming family-owned businesses, and out-of-court restructurings. The Funds seek to acquire control and “effective control” positions by making equity and debt investments, typically between \$10 million and \$30 million, in portfolio companies with enterprise values typically between \$25 million and \$250 million.

Generally, a related person of Blue Wolf serves as the general partner of each Fund, and Blue Wolf serves as the investment adviser to each Fund. References to Blue Wolf in this Brochure include, as the context requires, any affiliates: (i) through which Blue Wolf provides investment advisory services to the Funds or (ii) that serve as general partners of the Funds.

Blue Wolf tailors its advisory services to the specific investment objectives and restrictions of each Fund. Investors and prospective investors in the Funds should refer to the confidential private placement memorandum, limited partnership agreement and other governing documents for each Fund (the “Governing Documents”) for more complete information on the investment objectives and investment restrictions with respect to a particular Fund. There is no assurance that any of the Funds’ investment objectives will be achieved.

The Funds are offered exclusively to accredited investors (as defined in Regulation D under the Securities Act of 1933, as amended) and/or qualified purchasers pursuant to Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940 (as amended, the “Company Act”), and are therefore not required to register as investment companies under the Company Act in reliance upon certain exemptions available to private investment funds whose securities are not publicly offered.

In accordance with common industry practice, one or more of the Fund general partners may enter into “side letters” or similar agreements with certain investors pursuant to

which the general partner grants the investor specific rights, benefits, or privileges that are not made available to investors generally.

Blue Wolf does not participate in any wrap fee programs.

Blue Wolf manages all client assets on a discretionary basis in accordance with the terms and conditions of each Fund's Governing Documents. As of March 31, 2014, the amount of assets Blue Wolf manages on a discretionary basis is \$422,666,945.

ITEM 5 - FEES AND COMPENSATION

Compensation and Fee Schedules

All investors and prospective investors should review the Governing Documents of each Fund in conjunction with this brochure for complete information on the fees and compensation payable with respect to a particular Fund. Different Funds may be subject to different management fees and performance-based compensation arrangements. In certain circumstances, the advisory fees payable to Blue Wolf may be negotiable. Investors and prospective investors in each Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

Subject to the specific terms set forth in the applicable Fund's Governing Documents, the annual management fee payable by a Fund investor in quarterly installments is generally: (i) 2.0% of the investor's capital commitment to such Fund during the earlier of (x) the Fund's investment period and (y) the date on which Blue Wolf or its affiliates begin to accrue management fees from a successor Fund and (ii) thereafter, 1.5% of the cost basis of all portfolio investments held by the Fund (excluding the cost basis of all or any portion of any portfolio investment that has been disposed of by the Fund or written down by more than 50% of the Fund's cost basis in such portfolio investment as of the last day of the immediately preceding calendar quarter). The foregoing management fee calculated with respect to each Fund investor is typically subject to reduction (i.e., offset) for certain amounts, including such investor's pro rata share of: (i) a specified percentage (as specified in the applicable Fund's Governing Documents) of certain types of portfolio company remuneration received by the applicable Fund's general partner and/or its related persons, including director fees, consulting fees, commitment fees, monitoring fees, success fees and break-up fees; (ii) any placement fees paid or payable by a Fund (with the result that the placement fees are ultimately borne by Blue Wolf and/or its related persons); and (iii) organizational expenses paid or payable by a Fund, to the extent such expenses exceed a specified amount set forth in such Fund's Governing Documents (with the result that such excess organizational expenses are ultimately borne by Blue Wolf and/or its related persons).

Additionally, pursuant to a Fund's Governing Documents, the general partner of the Fund is entitled to receive "carried interest" with respect to each Fund investor equal to 20% of the investment profits the investor receives in respect of such Fund, subject to satisfaction of an 8% hurdle rate. The hurdle rate or "preferred return" is the annual compounded return than that a Fund investor is entitled to receive prior to the Fund's general partner becoming entitled to receive its carried interest. Carried interest is generally paid out of proceeds the applicable Fund receives in respect of its portfolio investments, including interest and dividend payments and net proceeds from the sale of portfolio investments.

Deduction of Fees; Timing of Payments; Termination

As a general matter, Blue Wolf is authorized under the Governing Documents to charge and deduct advisory fees directly from the assets of the Funds pursuant to the terms of the Governing Documents. Advisory fee payments are generally made quarterly in advance and in accordance with the terms of the Governing Documents. Please refer to the Funds' Governing Documents for more complete information on the timing of advisory fee payments.

Blue Wolf's investment advisory services may be terminated by any of the Funds at any time by prior written notice to Blue Wolf delivered within a reasonable period of time (typically 90 days) prior to such termination. Upon such termination, any prepaid, unearned fees will be promptly refunded by Blue Wolf (determined on a pro rata basis based on the number of days elapsed in the applicable fee payment period), and any earned, unpaid fees will be due and payable by the applicable Fund.

Other Fees and Expenses

In addition to the advisory fees and performance-based fees payable to Blue Wolf, the Funds will incur certain charges imposed by third parties, including (but not limited to) organizational expenses (subject to any limits set forth in the applicable Governing Documents); any placement fees (which will be ultimately offset against Blue Wolf's advisory fees under the terms set forth in the applicable Governing Documents); any taxes that may be assessed against a Fund; all costs and expenses (including, without limitation, interest on money borrowed by a Fund, the Funds' respective general partners or Blue Wolf on behalf of a Fund, registration expenses, commissions and finders', brokerage, custodial and other fees) incurred in connection with acquiring, holding and disposing of securities (including any merger fees payable to third parties); all expenses relating to litigation and threatened litigation involving a Fund; expenses attributable to legal, consulting, custodial, auditing and accounting services provided to the Fund (including, without limitation, expenses associated with the preparation of Fund financial statements, tax returns and Schedule K-1s); premiums for liability insurance obtained by the Fund to protect the Fund, the Funds' respective general partners, any principal, Blue Wolf, the members and partners of the Blue Wolf and its affiliates, and/or the directors, officers, employees or agents of Blue Wolf and its affiliates in connection with the activities of a Fund; expenses for indemnification incurred pursuant to the Governing Documents; all out-of-pocket fees and expenses incurred by a Fund, Blue Wolf and its affiliates or the respective Funds' general partner or Blue Wolf's respective partners, members, managers, officers and employees (without duplication) relating to investment and disposition opportunities for a Fund not consummated (including, without limitation, legal, accounting, auditing, consulting and other fees and expenses); expenses incurred in connection with the managed distribution of marketable securities; expenses incurred in connection with annual or other meetings of the partners, whether individually or as a group; all expenses of a Fund's advisory board incurred pursuant the Governing Documents; and all other non-recurring or extraordinary expenses attributable to the

activities of a Fund. Please refer to the applicable Fund's Governing Documents for a complete description of all fees and expenses bearable by such Fund.

The section titled "Brokerage Practices" describes the factors Blue Wolf considers in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

Timing of Payments

Please refer to the subsection entitled "*Deduction of Fees; Timing of Payments; Termination*" described above.

Transaction-Based Compensation

Neither Blue Wolf nor any supervised person of Blue Wolf receives any compensation as broker or agent for the sale of interests in any Fund or the sale of securities or other investment products to any Fund. Please refer to the subsection titled "*Economic Benefits Received from Third Parties*" below for information on other types of compensation that Blue Wolf may receive from time to time with respect to investments by the Funds.

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

Performance-Based Fees

Currently, all Funds are subject to performance-based compensation arrangements. A related person of Blue Wolf, as a general partner of each Fund, will receive certain incentive allocations calculated and charged based on a share of capital gains on, or capital appreciation of, the assets of the Funds.

The performance-based allocation arrangements discussed above comply with Rule 205-3 under the Investment Advisers Act of 1940 (the “Advisers Act”). Any such share of profits allocated or distributed to a Fund’s general partner (or affiliates thereof) are separate and distinct from the advisory fees charged by Blue Wolf for advisory services.

Performance-based allocation arrangements received by related persons of Blue Wolf may create an incentive for Blue Wolf to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Please refer to the Governing Documents of each Fund for more complete information on the “performance-based fee” arrangements of each Fund.

Side-by-Side Management

Funds with similar investment strategies may, in the future, be subject to different performance-based compensation arrangements. If Blue Wolf or an affiliate is entitled to receive a higher percentage of the net profits of the account of one Fund than the percentage that Blue Wolf or an affiliate receives from another Fund with a similar investment strategy, then Blue Wolf may have an incentive to favor, or to allocate certain riskier or more speculative investments to, the Fund that is subject to the higher percentage.

To alleviate investment-allocation related potential conflicts of interest that could arise from simultaneously pursuing active investments on behalf of two or more Funds with similar/overlapping investment strategies, a Fund’s Governing Document will typically prohibit Blue Wolf from receiving or accruing management fees from a successor Fund with an investment strategy substantially similar to that of the current Fund until such current Fund’s commitment period has expired. Subject to the terms of the applicable Governing Documents, a Fund’s commitment period will typically be deemed to have expired upon the earlier of: (i) the end of the fifth anniversary of the Fund’s initial closing date and (ii) the date on which at least 75% of the Fund’s aggregate commitments have been invested, expended, committed, or reasonably reserved for future investments in existing portfolio companies or for reasonably anticipated Fund expenses. Upon the fifth anniversary of a Fund’s initial closing date (the “Investment Period Termination Date”), without the approval of the Fund’s limited partner advisory board, such Fund will not be permitted to make any additional investments other than “Permitted Investments” (as

defined below) and, consequently, any such prohibited investments will typically be allocated to the successor Fund (if any). Permitted Investments are essentially: (i) portfolio investments a Fund reasonably expects to close within 90 days of the Fund's Investment Period Termination Date, (ii) portfolio investments as to which the Fund and the prospective portfolio company have entered into a binding letter of intent prior to the Investment Period Termination Date or (iii) follow-on investments in: (a) investments consummated prior to the Investment Period Termination Date or (b) investments of the type described in (i) or (ii) above (subject to certain limits set forth in the relevant Governing Documents).

Further, as an additional conflicts resolution mechanism, without the approval of a Fund's limited partner advisory board, such Fund will, subject to certain exceptions set forth in the relevant Governing Documents, generally be prohibited from investing in the securities of any entity in which a prior Fund owns securities.

ITEM 7 - TYPES OF CLIENTS

Types of Clients

As noted above under “Advisory Business,” all of Blue Wolf’s investment advisory clients are pooled investment vehicle (i.e., the Funds). The limited partners of the Funds may include corporations, endowments, foundations, financial institutions, trusts, estates, fund-of-funds, individuals and pension and profit sharing plans. The Funds are offered exclusively to accredited investors and/or qualified purchasers pursuant to Section 3(c)(1) or Section 3(c)(7) of the Company Act, and are therefore not required to register as investment companies under the Company Act in reliance upon certain exemptions available to the Funds, the securities of which are not publicly offered.

Blue Wolf and/or its affiliates may establish certain alternative investment vehicles, parallel funds and/or special purpose vehicles (collectively, “AIVs”) for the purpose of addressing tax, regulatory and/or structural issues for certain investors, and/or facilitating certain investments by one or more Funds and/or investors. Prospective investors are requested to refer to the Governing Documents of the applicable Fund for complete details on any AIVs that may be established by such Fund and such Fund’s ability to make investments through AIVs.

Minimum Investment Requirements

Generally, the minimum commitment requirement required of an investor to invest in a Fund is \$5,000,000. The general partners of each Fund may, in their sole discretion, waive or decrease the foregoing minimum commitment requirement on a case-by-case basis.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Strategies

As discussed under “Advisory Business” above, the Funds’ primary investment strategy is to capitalize on unique “special situations” by making investments in lower middle market companies with significant North America-based operations that have solid underlying assets whose value has been obscured by financial distress, complex labor issues and/or the presence of significant government involvement with a target company’s value chain.

Consistent with Blue Wolf’s deep value orientation, the Funds pursue complex and unconventional transactions that often deter other purchasers. Examples of such situations include, Chapter 11 reorganizations, operational turnarounds, carve outs of orphaned subsidiaries, underperforming family-owned businesses, and out-of-court restructurings.

The Funds seek to acquire control and “effective control¹” positions by making equity and debt investments, typically between \$10 million and \$30 million, in portfolio companies with enterprise values typically between \$25 million and \$250 million. The Funds may opportunistically consider smaller and larger companies if they exhibit a significant majority of the investment characteristics sought by Blue Wolf. In particular Blue Wolf will consider smaller opportunities that represent a platform of growth or consolidation.

As part of the Funds’ investment strategy: (i) prior to making equity investments, the Funds will seek to reduce risk and create value by structuring transactions and implementing strategies that reduce or eliminate challenges that may have deterred other buyers; (ii) The Funds will employ a disciplined approach to entry valuations (designed to acquire portfolio companies at meaningful discounts to intrinsic value) and a conservative approach to leverage; and (iii) partner with portfolio company management teams to drive financial and operational improvements designed to maximize the Funds’ exit alternatives and equity value. In addition to maintaining a focus of maximizing realization alternatives and equity value at exit, the Funds seek to capitalize on opportunities to generate early liquidity for their respective investors.

¹ Typically, control will be evidenced by greater than 50% equity ownership in and board control, of a portfolio company. However, in certain circumstances, the Funds may structure or stage transactions in which some combination of debt and equity securities, together with negotiated control rights, provides effective control or a bridge to control.

Current and prospective Fund investors are requested to refer to the Governing Documents of the applicable Fund for more detailed information on the investment strategies employed by such Fund.

Methods of Analysis

Blue Wolf employs a thorough process with the objective of ensuring that every investment leverages the experience and knowledge of the investment team and meets Blue Wolf's investment criteria. Blue Wolf's investment process has six basic stages: origination; preliminary analysis; due diligence; transaction structuring; active engagement; and exit and value realization. The foregoing is a summary of the various aspects of Blue Wolf's investment process. Current and prospective Fund investors are requested to refer to the Governing Documents of the applicable Fund for more detailed information on Blue Wolf's investment process relating to such Fund.

Origination. Blue Wolf employs a combination of top-down and bottom-up initiatives in order to source differentiated investment opportunities. In its top-down approach, Blue Wolf conducts primary research in order to identify specific industries or sectors that have the potential to offer attractive investment opportunities. Once a target industry has been identified, the investment team focuses on such industry to seek out the most promising opportunities for a Fund's strategy and capital base. As part of this process, the investment team speaks with industry analysts, consultants, and company management teams; visits trade shows and industry conferences; and develops relationships with specialty investment bankers who cover an industry. In its bottom-up approach, Blue Wolf maintains close relationships with middle market intermediaries, bankruptcy professionals, attorneys, accountants, labor unions, industry consultants, and executives. These relationships inform Blue Wolf's analysis of a specific industry and often provide access to investment opportunities outside of structured processes. Blue Wolf uses its network of relationships as a window into the marketplace in order to obtain knowledge about industry niches and specific companies within those niches.

Preliminary Analysis & Due Diligence; Investment Approval. The Investment Team meets at least two times per month to discuss all outstanding opportunities and to evaluate prospective courses of action in pursuit of an opportunity. Blue Wolf's process is geared to identify opportunities where its competences, coupled with the situation facing a target company, can be expected to create above-market risk-adjusted returns. Blue Wolf typically assesses each potential investment to see whether it may present such an opportunity. To the extent that Blue Wolf is able to develop an investment thesis that it believes will result in superior risk-adjusted returns, the Investment Team will prepare a standardized, integrated financial model, including capital structure, income statement, balance sheet, cash flow, tax, and valuation. Additionally, as part of its due diligence process, Blue Wolf's deal team develops an investment memorandum, which is revised periodically during the assessment of an investment opportunity. This document typically sets out the investment thesis, risks and mitigating factors, open and resolved due diligence items, proposed exit strategy, and valuation methodology for the potential investment; helps maintain internal discipline and communication; and

provides a method and venue for tracking and resolving issues as they arise. The foregoing investment memorandum, along with a proposed non-binding indication of interest (“IOI”), will be presented to Blue Wolf’s investment committee for approval. Once the foregoing approval has been received, if the IOI is acceptable to the prospective seller, Blue Wolf’s deal team will proceed to a more comprehensive level of due diligence that will include meetings with the target portfolio company’s management. Simultaneous with the completion of due diligence, the deal team will negotiate the deal documents and update the investment memorandum. Upon completion of deal negotiations, the deal team will present a final version of the investment memo to the investment committee, seeking approval to execute the finalized deal documents and fund the portfolio investment. Once such approval has been received, Blue Wolf will fund and complete the portfolio investment.

Transaction Structuring. Blue Wolf seeks to structure transactions that are financeable, augment the effectiveness of management incentives, maintain and enhance a portfolio company’s industry profile, minimize risk, and maximize risk-adjusted returns. Blue Wolf seeks to identify and resolve structural weaknesses in target portfolio companies prior to investment by attempting to resolve liabilities, negotiate union contracts, reduce fixed and variable costs, establish joint ventures and execute add-on acquisitions, lead complex negotiations with creditors, and resolve outstanding issues with key governmental and/or regulatory constituencies.

Post-Investment Value-Add. In Blue Wolf’s investment approach, the weeks and months immediately after making an investment are critical to establishing the appropriate foundations for growth and improved profitability. As a result, Blue Wolf’s engagement with management is fairly intense during the pre-closing period and the first nine to twelve months of its ownership, when a significant majority of its value creation strategies are being implemented. Value creation initiatives in relation to portfolio companies are developed and implemented on a case-by-case basis.

Exit & Value Realization. From the time of its initial investment, Blue Wolf works toward a well-defined and realistic exit strategy. Because Blue Wolf’s investments are predicated on returning undervalued assets to health, an assessment of natural buyers for the company at exit is a critical piece of Blue Wolf’s investment assessment. Blue Wolf expects to realize the majority of Fund investments through sales to strategic or financial buyers and will selectively pursue opportunities to exit portfolio companies through the public markets. In addition to seeking to maximize equity value at the time of exit, Blue Wolf also opportunistically pursues strategies that enable the Funds to generate early liquidity for investors through the use of recapitalizations and dividends.

Material Risks

The task of identifying investment opportunities and managing such investments is difficult. There can be no assurance that Blue Wolf will be able to choose, and the Funds will be able to make and/or realize any particular investment or that the Funds will be able to generate returns for their investors. In addition, there can be no assurance that any investor will receive any distribution from a Fund. Investing in the Funds involves a risk

of loss that investors should be prepared to bear. Prospective investors in the Funds should, as part of their investment evaluation and decision-making process, carefully consider, among other factors, the below listed material risks involved with Blue Wolf's investment strategies. Investors in the Funds are requested to refer to the Governing Documents of the applicable Fund for more complete information on investment strategies employed by the Fund and the corresponding risks associated with such investment strategies.

Nature of Investments. A substantial portion of the Funds' investments will be in equity or equity-related investments that by their nature involve business, financial, market and/or legal risks. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that may result in substantial losses. There can be no assurance that a Fund will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds' activities. As a result, a Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

Illiquidity of Portfolio Investments. The Funds' investment portfolios will consist primarily of investments in private companies. The securities in which the Funds will invest may be among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss. It is unlikely that there will be a readily available market for the Funds' investments and most of the Funds' investments will be difficult to value. The Funds will generally not be able to sell their respective securities publicly unless their sale is registered under applicable securities laws or unless an exemption from such registration requirement is available. It is highly speculative as to the whether and when a portfolio company will be able to register its securities so that the securities become eligible for trading in public markets. In addition, in some cases, the Funds may be prohibited by contract or legal or regulatory reasons from selling securities for a period of time. There can be no assurance that the Funds will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the Partners.

Risks Associated with Investments in Middle Market Companies. A substantial component of the Funds' investment strategies is to invest in middle market companies. While investments in middle market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in large companies. Medium sized companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace

for the sale of interests in smaller private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small and medium-sized companies, could make it difficult for the Funds to react quickly to negative economic or political developments.

Investments in Distressed Companies. Subject to applicable restrictions in the applicable Governing Documents, the Funds may invest in distressed and bankrupt portfolio companies, including in debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer of those obligations might not make any interest or other payments. In addition, these instruments may not be protected by financial covenants or limitations upon additional indebtedness and may have limited liquidity. Distressed and debt instruments are also subject to other creditor 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 and, in certain circumstances and (iv) challenges to claims based on face value of instruments purchased at distressed levels against par.

Lack of Diversification. Diversification is not an objective of the Funds and, subject to the concentration limits and other investment restrictions set forth in the applicable Governing Documents, the Funds’ may take large positions in a small number of portfolio companies. As a consequence, the aggregate returns to Fund investors may be substantially adversely impacted by the unfavorable performance of even a single portfolio company.

Risks in Effecting Operating Improvements. In some cases, a Fund’s investment strategy will depend, in part, on the ability of the Fund to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that a Fund will be able to successfully identify and implement such restructuring programs and improvements.

Non-Controlling Investments. Although the Funds generally intend to make control investments, the Funds Fund may from time to time hold non-controlling interests in portfolio companies where the Funds may not be able to control or effectively influence the business or affairs of such entities. Such portfolio companies may have economic or business interests or goals that are inconsistent with those of a Fund, and the Funds may not be in a position to influence those interests or goals or otherwise protect the value of a Fund’s investments in such entities, although as a condition of making such investments, it is expected that appropriate shareholder rights generally will be sought to protect the Funds’ investments. In certain instances, a Fund will co-invest in a portfolio company

with financial, strategic or other third-party investors through partnerships, joint ventures or other entities. Such investments will involve additional risks not present in investments where a third party co-investor is not involved, including the possibility that a third-party co-investor may have economic or business interests or objectives that are inconsistent with those of the Fund or may be in a position to take (or block) action in a manner contrary to the Fund's interests or objectives. In addition, the Fund may, in certain circumstances, be liable for actions of its third party co-investors.

Leverage. Although the Funds themselves does not intend to borrow, other than certain short-term borrowings, portfolio companies may borrow without limitation. While leverage presents opportunities for a Fund's total return it also has the effect of potentially increasing losses. If income and appreciation of such portfolio companies are less than the required interest payment on the borrowings, the value of such portfolio companies, and thus of a Fund's net assets, may decrease or, in extreme cases, the lender could obtain the equity and a Fund could suffer a total loss. Accordingly, any event that adversely affects the value of an investment by the Funds may be magnified to the extent that a portfolio company is leveraged. The Funds' investments may involve portfolio companies whose capital structures have significant leverage. These companies may be subject to restrictive financial and operating covenants. The leverage may impair these companies' ability to finance their future operations and capital needs. Such investments will be inherently more sensitive to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the portfolio company or its industry.

Reliance on Other Management. Although the Funds may seek representation on the board of directors of each of the portfolio companies or otherwise provide management and strategic planning assistance, the Funds will not have an active role in the day-to-day management of the portfolio companies in which they invests. The day-to-day operations of each portfolio company in which a Fund invests will be the responsibility of such portfolio company's management team. Although the Funds' respective general partners will be responsible for monitoring the performance of each Fund investment and generally intends to cause the Funds to invest in portfolio companies operated by strong management, there can be no assurance that the existing management team or any successor will be able to operate any such portfolio company in accordance with a Fund's expectations. To the extent that the senior management of a portfolio company performs poorly, or if a key manager of a portfolio company terminates employment, a Fund's investment in such a portfolio company could be adversely affected.

Bridge Financings. From time to time, the Funds may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into more permanent, long-term securities; however, for reasons not always in the Funds' control, such long-term securities or other refinancing or syndication may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds.

Follow-On Investments. A Fund may be called upon to provide follow-on funding to its portfolio companies or may have the opportunity to increase its investment in a portfolio company. Although the Funds' respective general partners may use capital commitments to make follow-on investments, there is no assurance that the Funds and their respective co-investors will wish to make such follow-on investments or that the Funds and their respective co-investors will have sufficient capital to do so. Accordingly, third-party sources of financing may be required, but there is no assurance that such additional sources of financing will be available, or, if available, will be on terms favorable to the Funds. A Fund's decision not to make a follow-on investment or its inability to do so may have an adverse impact on such portfolio company in need of such an investment or may diminish the Fund's proportionate ownership in such portfolio company and thus its ability to influence such portfolio company's future development and it could have a significant negative impact on the Fund's investment.

Control Liability. The Funds will generally seek to obtain observation or visitation rights or the right to designate directors to serve on the boards of directors of portfolio companies. In addition, affiliates of Blue Wolf may serve, from time to time, as officers or directors of portfolio companies. The foregoing rights and activities, especially in light of new statutes and regulations relating to corporate governance and increased scrutiny of corporate boards, could expose Blue Wolf, its affiliates, and the assets of the Fund to regulatory action and/or claims by a portfolio company, its security holders, and its creditors. In addition, the Fund may be prohibited from selling publicly traded securities of a portfolio company if Blue Wolf is in possession of material non-public information relative to such entity. While Blue Wolf and the respective general partners intend to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims or adverse regulatory action cannot be eliminated, and such events may have a significant adverse effect on the Fund.

Investors in the Funds are requested to refer to the Governing Documents of the applicable Fund for more complete information on the risks associated with an investment in a Fund.

ITEM 9 - DISCIPLINARY INFORMATION

Blue Wolf and its principals have not been the subject of any material legal proceeding required to be disclosed in response to this item.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Registered Broker-Dealers

None of Blue Wolf or its management persons are registered as a broker-dealer or a registered representative of a broker-dealer. In addition, Blue Wolf and its management persons are not affiliated with any broker-dealer, bank or other financial services firm.

Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors

None of Blue Wolf or any of its management persons are registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

Relationships with Related Persons

As discussed in the subsection titled “*Participation or Interest in Client Transactions and Personal Trading*,” Blue Wolf and its related persons are, directly or indirectly, the general partners, limited partners and/or managing members of the general partner of each of the Funds. Blue Wolf and its related persons manage multiple Funds. This can create conflicts in the allocation of time, resources and investment opportunities among the Funds. Please refer to the Governing Documents of the relevant Fund for complete information on the requisite time commitments (if any) of Blue Wolf and its related persons to the Funds and the allocation of investment opportunities among the Funds. Please also refer to the description of Blue Wolf’s investment allocation policy described in the subsection “*Side-by-Side Management*” above.

Employees of Blue Wolf and its affiliates may serve as officers, advisors, directors or in comparable management functions for portfolio companies in which the Funds invest, or provide other services to portfolio companies, and may receive compensation in connection therewith. The foregoing individuals may spend a substantial portion of their time with these Fund-related management activities. Employees of Blue Wolf may also from time to time serve on the board of directors of a portfolio company, or be given access for other reasons to confidential information relating to companies in which the Funds invest and/or be subject to legal or contractual restrictions on their ability to effect

transactions for the Funds. As a result, the Funds may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or equity securities of certain portfolio companies, which prohibition may have an adverse effect on the Funds.

Selection or Recommendation of Other Advisers

Blue Wolf neither recommends or select other investment advisers for its clients nor receives compensation from such advisers in a manner that would create a material conflict of interest. Blue Wolf does not have other business relationships with other advisers that create a material conflict of interest.

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

Code of Ethics

Blue Wolf has adopted a Code of Ethics (the “Code of Ethics”) under Rule 204A-1 of the Advisers Act expressing Blue Wolf’s commitment to ethical conduct. Blue Wolf’s Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth Blue Wolf’s policies on, among other things (i) receipt of gifts and entertainment by employees, (ii) political campaign contributions, (iii) outside business activities and (iv) the personal trading activities of supervised persons with access to client investment recommendations. Under Blue Wolf’s Code of Ethics, all supervised personnel have a duty to act only in the best interests of the Funds and all potential conflicts and violations of the Code of Ethics must be promptly reported to Blue Wolf’s Chief Compliance Officer (“CCO”). All supervised personnel must acknowledge the terms of the Code of Ethics annually, or as amended. It is the expressed policy of Blue Wolf that no person employed by Blue Wolf shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, Blue Wolf requires each supervised person who has access to non-public information regarding clients’ securities transactions, or who is involved in making securities recommendations to clients, or who has access to such recommendations that are non-public (collectively “**Access Persons**”) to provide annual securities holdings reports and quarterly brokerage statements (or equivalent quarterly transaction reports) to the CCO. Blue Wolf requires such Access Persons to also receive written approval from the CCO prior to investing in any initial public offerings and private placements.

In an effort to prevent inappropriate securities transactions by Blue Wolf’s personnel, the CCO will maintain and make available a list of restricted securities. The restricted securities list will be updated periodically and will include securities about which any access person is in possession of, or knows, material nonpublic information. Access persons are strictly prohibited from trading on their own behalf in restricted securities without obtaining the prior written approval of the CCO.

Blue Wolf requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. Blue Wolf’s Code of Ethics also includes the firm’s policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline or termination.

Blue Wolf will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions; Personal Trading

As general partners, limited partners or managing members of the general partners of each of the Funds, Blue Wolf and its related persons have indirect beneficial interests in the securities owned by the Funds and will share in any profits and losses generated by the Funds' investments. In certain situations, related persons of Blue Wolf may purchase interests in portfolio investments held by one or more Funds. All such purchases are subject to compliance with Blue Wolf's Code of Ethics as described above. Before Blue Wolf makes a recommendation that a Fund buy or sell interests in a portfolio company, all Access Persons that have direct ownership of such issuer at the time of such recommendation are required to disclose such interest to Blue Wolf and will not be permitted to participate in the discussions or authorizations to recommend that a Fund buy or sell the securities of such issuer. An Access Person shall not be so restricted if such person's only interest in a portfolio company is (i) indirectly held through one of the general partner entities, the Funds or otherwise or (ii) related to service as a director or advisor of a portfolio company to facilitate Blue Wolf's ability to monitor the investment in such portfolio company.

ITEM 12 - BROKERAGE PRACTICES

Discretionary Brokerage

The Funds invest primarily in non-public debt and equity securities, although they may acquire, sell or distribute public securities on occasion (for example, where a Fund receives shares of a company as part of a general distribution or initial public offering). When selecting private placement opportunities, Blue Wolf believes it satisfies its best execution responsibilities through careful negotiation of the terms of the investment. With respect to those limited instances in which the Funds purchase or sell or distribute publicly traded securities through a broker-dealer, Blue Wolf seeks to satisfy its best execution obligation by considering all relevant facts and circumstances, including the price and size of the order, the trading characteristics of the securities involved, the value of the research provided by each broker, the broker's execution abilities commission rates, and financial responsibility and responsiveness.

Research and Soft Dollar Benefits

Blue Wolf does not generally have any soft dollar arrangements with respect to securities transactions for the Funds.

Brokerage and Client Referrals

Blue Wolf does not consider referrals of investors to the Funds in determining its selection of broker dealers or other third parties.

Trade Aggregation

Although Blue Wolf does not often trade in public securities, in such circumstances where more than one Fund is either selling or buying the same type of security, Blue Wolf will, to the extent possible, generally place a combined order for two or more Funds engaged in the purchase or sale of the same security if, in its good faith determination, joint execution would be consistent with its duty to seek best execution, consistent with the terms of the participating Funds' Governing Documents, and otherwise in the best interest of the Funds.

ITEM 13 - REVIEW OF ACCOUNTS

Review of Client Accounts

Blue Wolf will continuously monitor portfolio investments on behalf of the Funds. Investments are reviewed in the context of each Fund's stated investment objectives and guidelines as set forth in the Governing Documents of each Fund. Members of Blue Wolf's investment team meet regularly to determine and review overall investment objectives, risk tolerance and other information relevant to the Funds

Reports to Clients

The Funds distribute quarterly and annually written reports to their respective limited partners. Annual reports generally contain an individual capital account statement as of the end of such fiscal year, a list of the Funds' investments as of the end of the applicable fiscal year and the audited financial statements of the Funds. The quarterly reports are distributed for the first three quarters of each fiscal year and generally contain unaudited financial statements of the Funds, a list of the Funds' investments at the end of the applicable quarter and the investor capital account balances as of the end of such quarter.

Investors are requested to refer to the Governing Documents of each Fund for further information on the reports provided by a particular Fund to its investors.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Economic Benefits Received from Third Parties

In connection with investments made by the Funds, Blue Wolf or its related persons may receive consulting fees, commitment fees, monitoring fees, break-up fees, success fees or other remuneration from portfolio companies in which one or more of the Funds may invest or propose to invest (or affiliates of such portfolio companies). The potential for Blue Wolf and its related persons to receive such economic benefits creates a conflict of interest as Blue Wolf and its related persons may have an economic incentive to invest in portfolio investments that provide such benefits. To alleviate potential conflicts, Blue Wolf will generally offset a portion of such benefits against advisory fees payable by the applicable Fund or otherwise remit such benefits to the investors in such Fund in accordance with such Fund's Governing Documents. Investors are requested to refer to the Governing Documents of each of the Funds for complete information on the additional compensation received by Blue Wolf or its affiliates or supervised persons in connection with a particular Fund's investments and the methodology used to calculate the applicable advisory fee offset.

Third Party Compensation for Client Referrals

Blue Wolf and related persons of Blue Wolf may enter into cash compensation arrangements with unaffiliated placement agents or third parties for introducing investors to a Fund. In accordance with the terms of the relevant Fund's Governing Documents, any such placement agent fees will ultimately be payable by Blue Wolf and/or its related entities, either directly or through an offset of the advisory fee payable by the relevant Fund to Blue Wolf. A Fund investor will not bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party.

Blue Wolf endeavors at all times to put the interests of the Funds first as part of Blue Wolf's fiduciary duty. Nevertheless, the receipt of compensation by a placement agent creates a potential conflict of interest, and may affect the judgment of such placement agent when referring prospective investors to Blue Wolf and the Funds.

ITEM 15 - CUSTODY

Blue Wolf will not have physical custody of any client assets (other than physical custody of certain privately offered securities held directly or indirectly by the Funds to the extent permitted by the Advisers Act). Nevertheless, Blue Wolf may be deemed to have constructive custody of the assets of the Funds as a result of its position as an affiliate of the general partner of each Fund.

It is Blue Wolf's policy to cause each Fund with assets over which Blue Wolf is deemed to have "custody" to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such Fund, Blue Wolf will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all investors promptly after completion of the audit.

ITEM 16 - INVESTMENT DISCRETION

Subject to the investment objectives, policies and restrictions of each Fund as set forth in the Governing Documents of such Fund, Blue Wolf and its affiliates have discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Fund, including the selection of, and commissions paid to, broker-dealers (where applicable). Blue Wolf is provided with this authority pursuant to a limited power of attorney granted by Fund investors via the applicable Governing Documents.

ITEM 17 - VOTING CLIENT SECURITIES

Because Blue Wolf has, or will accept, authority to vote securities held by a Fund, it has adopted policies and procedures (the “Proxy Voting Policies and Procedures”) that have been designed to ensure that Blue Wolf complies with the requirements of Rule 206(4)-6 and Rule 204-2(c)(2) under the Advisers Act, and reflect Blue Wolf’s commitment to vote all client securities for which it exercises voting authority in a manner consistent with the best interest of the client.

Blue Wolf monitors the performance, activities and events related to each investment. When exercising its voting authority over client securities, the Blue Wolf considers such information, evaluates other issues that could have an impact on the value of the security and votes with a view toward maximizing overall value. The Blue Wolf votes all proxies in a prudent manner, considering the prevailing circumstances at such time, and in a manner consistent with these Proxy Voting Policies and Procedures and Blue Wolf’s fiduciary duties to its clients.

Blue Wolf reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the client. As a result, depending on the client’s particular circumstances, Blue Wolf may vote one client’s securities differently than it votes those of another client, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, Blue Wolf may determine that it is in the client’s best interest for Blue Wolf to “abstain” from voting or not to vote at all, and will do so accordingly.

Prior to exercising its voting authority, Blue Wolf, in consultation with senior professionals, the Chief Compliance Officer and outside counsel, as appropriate, reviews the relevant facts and determines whether or not a material conflict of interest may arise due to business, personal or family relationships of the Blue Wolf, its owners, its employees or its affiliates, with persons having an interest in the outcome of the vote. If a material conflict exists, Blue Wolf takes steps to ensure that its voting decision is based on the best interests of the client and is not a product of the conflict. Blue Wolf may, at its discretion, (A) seek the advice of the applicable advisory board of a Fund in voting such security (if any); (B) disclose the conflict of interest to the client or the applicable advisory board of a Fund and defer to the client’s voting recommendation; (C) defer to the voting recommendation of an independent third party provider of proxy voting services; and/or (D) take such other action in good faith (in consultation with the Blue Wolf’s outside counsel, if necessary) which would serve the best interest of the client. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical).

Blue Wolf will deliver to each Fund investor upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted proxies for the applicable Fund.

ITEM 18 - FINANCIAL INFORMATION

Blue Wolf has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.