

Form ADV Part 2A: Firm Brochure

March 31, 2015

PAR Capital Management, Inc.
One International Place, Suite, 2401
Boston, MA 02110
www.parcapital.com

This brochure provides information about the qualifications and business practices of PAR Capital Management, Inc. (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at 617-526-8990. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov. Registration with the SEC does not imply any level of skill or training.

Item 2 – Material Changes

The Adviser has not made any material changes to this Brochure as part of this annual update.

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Item 4 – Advisory Business

PAR Capital Management, Inc. (the “Adviser”) is a Delaware corporation that was organized in March 1992 to serve as the investment adviser to PAR Investment Partners, L.P., a Delaware limited partnership (the “Partnership”). The general partner of the Partnership is PAR Group, L.P. (“PAR Group”), and the Adviser is the general partner of PAR Group. The principal owners of the Adviser are Paul A. Reeder, III and Edward L. Shapiro. Arthur G. Epker III, Frederick S. Downs Jr., Steven M. Smith, Michael J. Tucker and Herbert A. Frazier are also shareholders of the Adviser. Employees of the Adviser may also invest in PAR Group.

The Adviser does not act as investment adviser to any person or entity other than the Partnership and PAR Group conducts no business other than acting as general partner to the Partnership.

The Partnership’s investment objectives are set forth in its offering documents. Investors in the Partnership do not have the ability to impose specific investment objectives or restrictions on the Partnership.

As of December 31, 2014, the Adviser managed approximately \$4,179,900,000 of assets on behalf of the Partnership. This amount represents the approximate “net asset value” of the Partnership as of such date. All assets of the Partnership are managed on a discretionary basis.

Item 5 – Fees and Compensation

PAR Group, as the general partner of the Partnership, receives a management fee at an annual rate of 1.25% of the aggregate value of the capital accounts of the limited partners. The management fee is paid by deduction from the capital accounts of the limited partners of the Partnership, generally within five (5) days of the first business day of the start of each calendar quarter.

In addition to the management fee, PAR Group may be entitled to an incentive allocation at the end of each semi-annual measurement period commencing on January 1 and July 1 of any calendar year. Incentive allocations are earned with respect to a limited partner of the Partnership if the book profit allocated to such limited partner during a measurement period exceeds a 5% annualized return. This 5% annualized amount is referred to as the “hurdle”. The incentive allocation is equal to 25% of the amount of the book profits in excess of the hurdle allocated to such limited partner’s capital account during the measurement period. If there is a performance shortfall for a limited partner relative to the hurdle in any given measurement period, this shortfall must be recouped and subsequent period hurdles must be surpassed before

PAR Group is entitled to receive an incentive allocation with respect to such limited partner.

The management fee and incentive allocation percentages are not negotiable and the Adviser has not entered into side letters or other arrangements with any limited partners providing for different fee terms. The capital account of the PAR Group (the general partner of the Partnership) is not assessed management fees or incentive allocations; however, the general partner is allocated its ratable share of all other fees and expenses described below.

In addition to the management fee and incentive allocation, the Partnership is responsible for payment of all costs and expenses incurred in organizing and managing the Partnership. Those costs include items such as:

- brokerage commissions and other transaction costs associated with buying, selling, selling short and covering shorts,
- clearing and settlement charges,
- custodial fees and expenses,
- fees and expenses of the Administrator,
- legal and other costs and expenses incurred in connection with actual and proposed investments by the Partnership,
- expenses associated with research and research services (including, without limitation, third party research services such as newspapers, magazines, exchange feeds and news feeds),
- bank service fees and interest expense,
- other legal and accounting expenses, such as those incurred in connection with the Partnership audit and the preparation of Partnership financial statements, tax returns and schedule K-1s,
- professional and consulting fees and expenses,
- expenses incurred by the Adviser's personnel in connection with attendance at industry conferences,
- costs and expenses associated with federal, state and non-U.S. regulatory filings on behalf of, or related to the activities of, the Partnership,
- fees and expenses incurred in connection with proxy vote execution services,
- portfolio accounting software and related services,
- expenses incurred in connection with the offering and sale of interests in the Partnership, and
- any other fees and expenses of the Partnership, including extraordinary expenses.

Such costs and expenses are borne by all partners (including the general partner) ratably on the basis of their respective capital accounts.

Item 12 below describes the factors the Adviser considers in selecting or recommending broker-dealers for transactions by the Partnership and determining the reasonableness of their compensation.

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

PAR Group may be entitled to performance-based incentive allocations from time to time as noted above in Item 5.

The Adviser does not provide investment advisory services to any person or entity other than the Partnership.

Item 7 – Types of Clients

The Adviser provides investment management services to the Partnership, its only client. The limited partners of the Partnership are high-net worth individuals, family offices, trust programs, endowments and foundations, and private investment funds, including fund of funds. To invest in the Partnership, a prospective limited partner must provide the Partnership, PAR Group and the Adviser with a reasonable basis to believe that such limited partner qualifies as an “accredited investor” (as defined in Regulation D under the Securities Act of 1933) and is a “qualified purchaser” (as that term is defined in Section 2(a)(51)A of the Investment Company Act of 1940). The minimum initial investment by a limited partner in the Partnership is \$1,000,000, provided that PAR Group may waive this limitation in its sole discretion.

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

Method of Analysis

As noted above, the Adviser’s only client is the Partnership. The Adviser makes investment decisions for the Partnership on the basis of fundamental security analysis. Such analysis is premised on research into the capital structure, financial statements and management of a company. Portfolio managers conduct such research by reference to, among other things, regulatory filings by issuers, data provided by regulatory agencies, discussions and meetings with executives and industry experts, periodicals and on-line news sources, third-party research and independent data providers. Through such research, portfolio managers form judgments about the financial strength, valuation and outlook of a company. Those judgments form the basis for investment decisions.

Investment Strategy

In managing the Partnership, the Adviser seeks to maximize after-tax capital appreciation by assuming high levels of risk in an aggressively managed portfolio of securities.

There are no restrictions on the type of instruments in which the Partnership may invest. However, the Partnership invests primarily in publicly traded equity securities, as well as options, warrants, and swaps related to equity securities. Such equity securities may be common or preferred, voting or non-voting, and may be of U.S. or non-U.S. issuers. In addition, the Partnership may invest in privately placed equity securities, including warrants and options, of issuers that may or may not have a class of securities that is publicly traded.

The Partnership may also invest in publicly traded or privately placed debt instruments, including bank loans and distressed, defaulted or non-performing loans, notes and bonds, high yield or subordinated instruments. Such debt securities may have equity features or be convertible or exchangeable into equity securities.

The Adviser engages in short sales of equity securities. In addition, it may use options, total return swaps, credit default swaps, and other derivatives to gain exposure, hedge exposure or manage risk.

Risk of Loss

Investing in securities involves the risk of loss that investors should be prepared to bear. Because the investment strategy of the Partnership involves high risk, limited partners of the Partnership must be prepared to bear the loss of their entire investment.

A summary of some of the principal risks inherent in the Partnership's investment strategy is set forth below.

Lack of Diversification

The Partnership's portfolio is often highly concentrated in a small number of securities and industries. Accordingly, the Partnership's portfolio is subject to greater volatility than would be the case if it were broadly diversified among companies, industries, securities and types of securities.

Lack of Liquidity

Although the Partnership's investments are generally expected to be liquid, the Partnership has the authority to invest in illiquid or restricted securities or other instruments. There can be no assurance that the Partnership will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy.

Short Sales

Short sales are transactions that are profitable if the subject security loses value from the time the investment is made. If a security that is sold short appreciates in value, the investment results in a loss. Because securities can, in theory, rise in value infinitely, short sales involve

unlimited loss potential. The Partnership may limit such losses by repurchasing the securities sold short. However, under adverse market conditions, the Partnership could have difficulty repurchasing securities sold short and/or posting the necessary collateral to support the increasing liability represented by the short position. Under such conditions, the Partnership could be forced to sell other portfolio securities in order to raise the necessary capital to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

Use of Leverage

Subject to applicable margin and other limitations imposed by the Partnership's prime brokers and otherwise, the Partnership may borrow funds in order to make investments, and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Partnership's portfolio could be amplified. Interest on borrowings by the Partnership is a portfolio expense and will affect the operating results of the Partnership. Also, the Partnership potentially could create leverage via the use of derivatives, as described below.

Investments in Derivatives

Derivatives include options, swaps, futures, forwards, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. The Partnership may use derivatives extensively as part of its investment strategy. Using derivatives allows the Partnership to hedge or speculate upon price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are additional risks associated with derivatives. For example, many derivatives are "leveraged," meaning that they can provide notional exposure to an asset that is disproportionately large relative to the money paid or deposited upon entering into the transaction. As a result, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Partnership to the possibility of a loss exceeding the original amount invested. Derivatives may also expose the Partnership to liquidity risk because there may not be a liquid market in which to close or dispose of outstanding derivatives contracts, particularly in adverse market conditions. In addition, derivatives are generally contractual arrangements that expose the Partnership to the risk that the counterparty to the contract may default on its obligations. In the event of a derivative counterparty default, the Partnership will typically rank as an unsecured creditor and will risk the loss of all or a portion of the amounts it is contractually entitled to receive.

Options Trading

The Partnership may purchase and sell call and put options on securities and other investments, each of which entails certain risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying instruments. In theory, an uncovered call writer's loss is potentially unlimited. The risk for a writer of a put option is that the price of the underlying instrument may fall below the exercise price.

Debt Obligations

Debt obligations, such as bonds, notes, loans and debentures, are subject to credit and interest rate risks. "Credit risk" refers to the possibility that an issuer will default in the payment of principal and/or interest. Credit risk may change over the term of an instrument, and debt obligations that are rated by rating agencies are often reviewed and may be subject to downgrade. "Interest rate risk" refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed-rate debt securities) and directly (especially in the case of debt instruments whose rates are adjustable). Prices of debt securities fluctuate and are susceptible to general stock market fluctuations and to changes in market confidence and perceptions of their issuers.

Direct Loans

On occasion, the Partnership may provide financing to borrowers that have difficulty obtaining financing from other sources. While the Adviser believes that this may provide an attractive opportunity for the Partnership to generate profits, such borrowers may have difficulty repaying their loans to the Partnership upon maturity. A borrower's ability to repay its loan may be adversely affected by numerous factors, including, without limitation, a failure to meet its business plan, a downturn in its industry or negative economic conditions.

Below Investment-Grade Securities

There is no minimum credit standard that is a prerequisite to the Partnership's investment in any instrument. A portion of the obligations and securities in which the Partnership invests from time to time may be in the form of fixed-income instruments which are or are deemed to be the equivalent in terms of quality to securities rated below investment grade by a nationally recognized statistical rating organization. These securities involve great risk.

Second Lien Loans

The Partnership may invest in loans that are secured by a second lien on assets. Second lien loans have been a developed market for a relatively short period of time, and there is limited historical data on the performance of second lien loans in adverse economic circumstances. In

addition, second lien loan products are subject to inter-creditor arrangements with the holders of first lien indebtedness, pursuant to which the second lien holders have waived many of the rights of a secured creditor, and some rights of unsecured creditors, including rights in bankruptcy which can materially affect recoveries.

Bankruptcy Claims

The Partnership may purchase creditor claims subsequent to the commencement of a bankruptcy case. Bankruptcy claims are usually illiquid and generally do not pay interest, and there is no guarantee that the debtor will ever be able to satisfy the obligation on the bankruptcy claim. The markets in bankruptcy claims are not generally regulated under the federal securities laws.

Execution of Orders

The Partnership's trading strategy depends on its ability to establish and maintain an overall market position in a combination of securities selected by the Adviser. Should the Partnership's trading orders not be executed in a timely and efficient manner, the Partnership might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Partnership might not be able to make such adjustment. In such an event, the Partnership would not be able to achieve the market position selected by the Adviser, and might incur a loss in liquidating its position, incur an opportunity cost relating to the value of the portfolio or deviate from the targeted level of portfolio risk.

Interest Rate Risk

Interest rate risk is the risk that fixed-income or preferred securities will decline in value because of changes in market interest rates. When market interest rates rise, the market value of such securities generally will fall. Investments in debt securities with long-term maturities may experience particularly significant price declines if long-term interest rates increase. Although the Adviser may seek to mitigate interest rate risk using derivative instruments and other methods, there can be no assurance that such methods will be effective.

Private Equity Investments

The Partnership may make private equity investments from time to time, including investments in early-stage companies, companies undergoing debt restructurings and recapitalized companies. These investments involve a high degree of risk. Such companies may have highly leveraged capital structures, require substantial additional capital to support expansion or to achieve or maintain a competitive position, produce substantial variations in operating results from period to period or operate at a loss. Private equity investments may have extended holding periods of several years during which no distributions are made to the

Partnership on its investment, and there can be no assurance that a viable exit mechanism will be available at the end of the anticipated holding period.

Non-U.S. Investments

The Partnership may invest in securities issued by non-U.S. companies. Such investments have risks associated with political and economic developments, higher operating expenses, exchange controls, currency fluctuations, foreign withholding and other taxes which may reduce investment return, reduced availability of public information concerning issuers and the fact that foreign issuers are not generally subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements comparable to those applicable to U.S. chartered issuers. Transaction costs for non-U.S. securities are generally higher than for comparable securities issued in the U.S.

Past Performance

Past performance of the Partnership, the Adviser, the general partner or their affiliates, employees or representatives or any other person is not indicative of future results of the Partnership and no assurance can be given that the investment objectives of the Partnership will be achieved or that investors in the Partnership will receive a return of any of their investment.

Investors should refer to the Partnership's offering documents for further details with respect to methods of analyses, investment strategies and risks of loss.

Item 9 – Disciplinary Information

The Adviser is required to disclose any legal or disciplinary events that are material to the evaluation of the Adviser's business or the integrity of its management. The Adviser does not have any such events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

PAR Group is the general partner of the Partnership and the Adviser is the general partner of PAR Group. Other than this relationship, neither the Adviser nor any of its management personnel has any relationships or arrangements with other financial services companies that are material to its advisory business or that create material conflicts of interest with its clients.

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

The Adviser has adopted a Code of Ethics (the “Code”) for all supervised persons. The Code describes the Adviser’s standards of business conduct and fiduciary duty to its client. The Code includes provisions relating identification and handling of conflicts of interest, personal trading and reporting of securities transactions and holdings by access persons, restrictions on the acceptance of significant gifts, and the reporting of certain gifts and business entertainment items, among other things.

Under the Code, the Adviser’s employees must seek pre-approval from the Chief Compliance Officer or General Counsel prior to trading in many types of securities for accounts they, or their immediate family members with whom they share a household, beneficially own or control. If there is a possibility that the Partnership may trade in such securities at or around the time the employee seeks pre-approval or if the Partnership or any employee is in possession of material non-public information with regard to an issuer, approval will not be granted. The Code prohibits short-term trading of securities, whether or not such securities require pre-approval for trading, as well as the participation by employees in initial public offerings.

The Adviser has provided its Code to its client, the Partnership, and will provide it with updates or amendments as they occur.

Item 12 – Brokerage Practices

The Adviser manages the Partnership on a fully discretionary basis and has authority to determine the securities to be bought or sold, the amount of securities to be bought or sold, and the broker dealers to be used and related commission rates. In selecting brokers, the Adviser seeks to achieve the best overall combination of price and execution of its purchase and sale orders based on empirical as well as subjective considerations. In particular, weight may be given to factors such as:

- the reputation, perceived soundness, and performance of various firms,
- demonstrated execution capability, both generally and in regard to particular securities transactions,
- proposed commission charges, taking into account the securities or instrument being traded, the size and type of the transaction, the nature and character of the markets for the security or instrument to be purchased or sold, the desired timing of the trade, the activity existing and expected in the market for the particular security or instrument,
- confidentiality, and

- clearance and settlement capabilities.

In selecting brokers to execute purchase and sale orders, the Adviser also has the sole and absolute discretion to give consideration to proprietary research services that brokers have provided in the past or may provide in the future that the Adviser believes will be useful in managing the Partnership. Such research services may include:

- supplemental investment research such as information pertaining to particular securities, individual companies or industries,
- market, financial and economic data or analysis,
- facilitating meetings with corporate executives to obtain oral reports pertaining to company or industry performance, and
- extending invitations to seminars and conferences focused on issuers, securities or industries.

Accordingly, the Adviser's consideration of these research services in the broker selection process may cause the Partnership to, at times, pay higher brokerage commissions in connection with trades than otherwise would be the case. In addition, the Adviser receives a benefit when receiving research services using brokerage commissions paid by the Partnership because the Adviser does not have to pay for or produce such research itself. The Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving research or other products or services, rather than the Partnership's interest in receiving the lowest execution price.

To the extent brokerage commissions are used to purchase items other than trade execution services, such items could be considered "soft dollars". The Adviser intends that the use of soft dollars, if any, will be in compliance with the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

At least twice each year, portfolio managers make recommendations to the Adviser's traders to allocate a certain portion of such of the Partnership's commissions to various broker-dealers in return for research or other products and services.

In addition to utilizing research services produced by brokers, the Partnership also acquires research produced by third party research vendors. Payment for all third party research as well as other services provided in connection with the management of the Partnership are paid either through so called "commission sharing arrangements" or in cash and treated as Partnership expenses in accordance with the limited partnership agreement.

The Partnership has engaged UBS Securities LLC ("UBS"), Fidelity Prime Services and Morgan Stanley & Co. Inc. to serve as prime brokers. The responsibilities of the prime brokers fall into

two categories: financial and operational. The financial services component includes securities lending and margin activities. The operational services component pertains to the clearing of securities trades, maintaining custody of Partnership securities, the provision of various accounting reports and other ancillary services. The prime brokers also generally act as custodians of the Partnership's securities. In addition, the Adviser currently licenses office space from UBS and until May 31, 2015 may also contract with UBS for other ancillary services in connection with this relationship, including the use of office furniture, phone equipment, and common space and the services of a shared receptionist, a shared office manager, and computer support staff. The Partnership may terminate its arrangements with its prime brokers at any time and it may add other prime brokers in the Adviser's sole and absolute discretion, in each case without notice to Limited Partners.

Item 13 – Review of Accounts

Each day, a comprehensive report on the holdings, transactions and market value of the Partnership is distributed to all investment personnel, as well as to the Chief Operating Officer, Vice President of Finance and Chief Compliance Officer. This report is regularly reviewed by all such personnel.

Limited partners of the Partnership receive written monthly summaries of aggregate Partnership performance as well as monthly account statements.

Item 14 – Client Referrals and Other Compensation

Neither the Adviser, PAR Group nor the Partnership compensates any person who is not a supervised person for client referrals.

Item 15 – Custody

The Partnership's assets generally are held in custody by third party qualified custodians, including the Partnership's prime brokers and other unaffiliated broker/dealers or banks. Additionally, subject to certain conditions, certain uncertificated securities and private stock certificates may be held by the Adviser.

The Adviser, however, also may be deemed to have constructive custody of Partnership assets because it is the general partner of PAR Group, which is the general partner of the Partnership, and because PAR Group has the ability to debit management fees directly from the capital

accounts of limited partners of the Partnership. To comply with Rule 206(4)-2 under the Advisers Act, the Partnership distributes annual audited financial statements prepared by an independent public accountant to limited partners within 120 days of the Partnership's fiscal year-end.

Item 16 – Investment Discretion

The Adviser exercises investment discretion over the assets of the Partnership. This authority is established through the limited partnership agreements of the Partnership and PAR Group.

Item 17 – Voting Client Securities

With regard to each proxy vote, the portfolio manager responsible for the applicable investment independently reviews the relevant issues and provides voting instructions in accordance with the best interests of the Partnership. Proxy votes are executed by the Adviser's personnel through the use of an on-line proxy execution service.

Neither the Partnership nor the limited partners of the Partnership may direct proxy voting by the Partnership. Information on the proxy voting record of the Adviser is available to the Partnership upon request.

Item 18 – Financial Information

Not applicable.