



Lazarus Management Company LLC

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August 5, 2011

Firm Brochure

(Form ADV, Part 2A)

This brochure provides information about the qualifications and business practices of Lazarus Management Company LLC. If you have any questions about the contents of this brochure, please contact us at (303) 500-8821 or email Justin B. Borus at jborus@lazarusip.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state security authority.

Additional information about Lazarus Management Company LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

This brochure, dated August 5, 2011, updates the last annual update to our brochure dated March 31, 2011 by changing our address and phone number on page 1, our address in items 11 and 17 and the Fund's capitol in item 4. This section discusses only specific material changes that were made since the March 31, 2011 annual update, which is the date of the last annual update of our brochure. We will update our brochure at least annually and may update more frequently in the event there are materially changes to the information contained herein.

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Note: **Firm Brochure Supplement (ADV Part 2B)** is provided along with this document.

Item 4. Advisory Business

Lazarus Management Company LLC (referred to herein as “we,” “us,” and “our”) is a Colorado limited liability company that was formed on February 3, 2003 and began providing investment advisory services in May 2003. We provide investment supervisory services exclusively through a privately offered (i.e. unregistered) pooled investment vehicle, Lazarus Investment Partners LLLP (the “Fund”). The Fund is available only to persons who are “accredited investors” under the Securities Act of 1933, as amended, and “qualified clients” under the Investment Advisers Act of 1940, as amended. Investors who invest in the Fund become limited partners in the Fund. The Fund is not made available to the general public and is not a registered investment company. We manage and invest the Fund’s capital of \$58 million (as of 7/31/2011) on a discretionary basis as the Fund’s investment adviser and serve as the Fund’s general partner. We do not provide investment advisory services to any other entities or individuals.

Our managing member, chief investment officer and chief compliance officer is Justin B. Borus. We serve as the portfolio manager for the Fund, and Mr. Borus, as the chief investment officer, is responsible for all investment decisions regarding the Fund.

The Fund principally makes investments in ultra-small microcap public companies with market capitalizations of \$250 million or less and seeks total returns in excess of the market averages with relatively low risk. The objective of the Fund is to identify those attractively priced ultra-small microcap companies that have begun to demonstrate strong business fundamentals, including top and bottom line growth, a solid cash position, little to no debt, and low burn rates, and have not yet been recognized by the investment community.

The Fund has a stated minimum investment requirement from any one individual limited partner of \$1,000,000. However, we may in our sole discretion accept initial investments in the Fund below the stated minimum. These situations are evaluated on a case-by-case basis.

Item 5. Fees and Compensation

We receive a management fee from the Fund payable monthly, at the end of each calendar month. The management fee is equal to 0.166 percent per month (i.e. two percent annually) of the net assets comprising each limited partner’s capital account in the Fund, as of the last day of each month (with a proration for any period of less than a month). In addition, we are entitled to receive certain performance based fees as more fully set forth in this brochure in the section titled “Performance-Based Fees and Side-by-Side Management.” These fees are deducted from each limited partner’s capital account and paid to us directly from the Fund.

Other fees the Fund pays directly or reimburses us for include.

- custody fees to prime brokers who hold the Fund's assets
- audit and tax fees (accrued monthly)
- legal services
- data processing and research services
- any other fee directly associated with the purchase or sale of a security

Please see section titled "Brokerage Practices" for more information.

All fees are accrued or paid when incurred and therefore there are no substantial prepaid expenses. Neither our firm nor our employees receive any compensation for the purchase or sale of any securities which could create a conflict of interest with the limited partners of the Fund.

In our sole discretion we may waive or reduce the management fee and the performance based profit allocation to be allocated to limited partners who are members or affiliates of ours. Fees are not negotiable and are not paid before the investment advisory services are provided.

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

As set forth above, in addition to the management fee, we are entitled to receive a performance based profit allocation in the Fund equal to twenty percent of the excess of net profits over net losses comprising each limited partner's capital account in each year or upon withdrawals or distributions provided that no such allocation shall be made until all net losses in such limited partner's capital account for prior years have been offset by net profits. Performance based fees are calculated and accrued monthly but are generally paid annually after year-end.

We do not manage any accounts other than the account of the Fund and therefore there are no conflicts of interests with respect to side-by-side management.

Item 7. Type of Clients

We only offer our investment advisory services to one client, the Fund, and do not hold ourselves out generally to the public as an investment adviser. Limited partnerships interests in the Fund are available for private purchase by high net worth individuals, trusts, partnerships, entities and retirement plans who are "accredited investors" and "qualified clients" under applicable rules and regulations. The Fund has a stated minimum investment requirement from any one individual limited partner of \$1,000,000. However, we may in our sole discretion accept initial investments in the Fund below the stated minimum. These situations are evaluated on a case-by-case basis.

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

The investment objective of the Fund is to maximize long-term capital appreciation while minimizing the inherent risk within the investment portfolio. In an effort to achieve this goal on behalf of the Fund, we make open market purchases of select ultra-small microcap companies that have stock prices that we

believe fail to reflect the value inherent in the companies. We may also participate on behalf of the Fund in private placements of public equity and pre-IPO companies; however, we will not invest in initial public offerings of equity securities. We pursue on behalf of the Fund an investment strategy and process that we believe (1) focuses on ultra-small microcap companies with market capitalizations of \$250 million or less; (2) benefits from pricing inefficiencies in the market segment caused by lack of information and apathy within the financial community; (3) capitalizes on the selectivity afforded to a small fund relative to other larger public equity funds; and (4) follows a disciplined approach to selecting attractive ultra-small companies at appealing prices.

Methods of Analysis

We use charting, fundamental, technical, and cyclical analysis to evaluate prospective investments and locate opportunities that meet the Fund's investment goals. In this regard, we use standard news periodicals, annual reports, press statements, filings with the SEC, and research provided by outside sources to evaluate current and prospective positions. We also communicate with research analysts of brokerage and advisory firms, attend presentations given to securities analysts, review industry publications, attend industry specific conferences, and if appropriate, interview customers, suppliers and competitors of a particular company. We may also inspect the corporate activities of a particular company including touring the company's facilities and meeting with management to decide if investment in the security fits the Fund's investment strategy.

Investment Strategies

On behalf of the Fund, we primarily make open market purchases of select ultra-small microcap companies, but may invest from time to time in larger companies at our discretion. In addition, on occasion, the Fund may participate in private placements of public equity and pre-IPO companies, but will not invest in initial public offerings of equity securities. The Fund takes only long positions in companies and thus avoids any unnecessary risk created by short selling, buying on margin, purchasing put or call options or other speculative hedging techniques.

The Fund attempts to invest in companies that have begun to demonstrate strong business fundamentals, including top and bottom line growth, a solid cash position, little to no debt, and low burn rates, and have not yet been recognized by the investment community.

The Fund invests in companies across a variety of industry sectors, including healthcare, media, retail and consumer products, services and technology. The Fund invests primarily in U.S. stocks, but may also invest selectively in foreign companies.

Risk of Loss

Investment in securities in which the Fund invests involve significant risks and is suitable only for persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment and who otherwise meet the suitability requirements for investment in the Fund. We do not represent or guarantee that our advisory services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate the Fund from losses due to market corrections or declines. Past performance is in no way an indication of future performance. There are no assurances that the Fund will achieve its investment objectives as set forth in this brochure and limited partners should carefully review the Fund's confidential private placement memorandum

before deciding to invest in the Fund. Among others, we believe the type of securities and companies in which the Fund invests have the following risks:

- *Market Risks:* The profitability of a significant portion of the Fund's investment program depends to a great extent upon correctly assessing the future course of price movements of specific securities. There can be no assurance that we will be able to predict these price movements accurately. With respect to the investment strategy utilized by the Fund, there is always some, and occasionally a significant degree of market risk.
- *Instability in the Microcap Sector:* Although the microcap sector has generally performed well in comparison to other sectors, many companies in this sector have been subject to extreme volatility in their stock price and unstable business conditions. They frequently rely on limited products or services, have limited financial resources, are saddled with onerous debt obligations and lack depth in the executive team. Many of them are also subject to competition from larger companies with greater financial and managerial resources. While we try and limit these risks, some or all of these risks may be applicable to the Fund's investments.
- *Illiquid Securities.* The Fund may invest in unregistered securities of publicly held companies and on occasion, in privately held companies. Such investments will be illiquid and may be difficult to value. Such investments may therefore require a significant amount of time from the date of initial investment until disposition. Sales of unregistered securities may not be possible and, if possible, may be made at substantial discounts from costs. Some of our portfolio companies may have the need for additional capital to support expansion or to achieve or maintain a competitive position, and there is no assurance that such capital will be available.
- *Speculative Nature of Certain Investments.* Certain potential investments of the Fund may be regarded as speculative in nature and involving increased levels of investment risk. Since an inherent part of our strategy is identifying securities that are undervalued by the marketplace, success of such strategy depends upon the market eventually recognizing such value in the price of the security, which may not necessarily occur. Equity positions may involve highly speculative securities.
- *Non-U.S. Securities.* Although we do not anticipate investing a material amount of funds in securities of non-U.S. companies, we have the authority to make such investments. Investments in non-U.S. securities involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of U.S. companies. These considerations include changes in exchange rates and exchange control regulations, political and social issues, expropriation, imposition of foreign taxes, less liquid markets and less available information, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Item 9. Disciplinary Information

We are required to disclose whether there are legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. We do not have any legal or disciplinary information to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Neither our firm nor Mr. Borus is registered as a securities broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor

Neither our firm nor Mr. Borus has any arrangements that are material to our advisory business or the Fund with a related person who is a (1) broker-dealer, municipal securities dealer, or government securities dealer or broker; (2) investment company or other pooled investment vehicle; (3) other investment adviser or financial planner; (4) futures commission merchant, commodity pool operator, or commodity trading advisor; (5) banking or thrift institution; (6) accountant or accounting firm; (7) lawyer or law firm; (8) insurance company or agency; (9) pension consultant; (10) real estate broker or dealer; or (11) sponsor or syndicator of limited partnerships.

As disclosed elsewhere, we serve as the general partner to the Fund, which is a private investment partnership that we organized and manage. Mr. Borus is our managing member, chief investment officer and chief compliance officer and is also an investor as a limited partner in the Fund.

Item 11. Code of Ethics, Participation or Interests in Client Transaction and Personal Trading

We may purchase or sell securities for the account of the Fund in which our members, officers and employees also have a position. Subject to compliance with the code of ethics summarized below, our members, officers and employees may, under certain limited circumstances, also buy or sell securities for their personal accounts that are also recommended for or held by the Fund, however, personal participation by such individuals contemporaneously with the Fund is generally not permitted. In addition, our members, officers and employees may invest in the Fund according to the same terms as other limited partners.

Generally, our members, officers and employees are not permitted to purchase and sell for their own account securities which are also being considered for purchase or sale by the Fund, or are being purchased or sold by the Fund. When we are purchasing securities on behalf of the Fund, which a member, officer or employee also desires to purchase, such individual must refrain from making any individual purchase until the Fund has accumulated the entire position it will be taking at such time. Similarly, if a member, officer or employee desires to sell the same securities as are held by the Fund and the Fund also anticipates the sale of such securities, such individual must refrain from effecting any individual sale until the Fund has sold the entire position which it desires to sell at such time. In no event will a member, officer or employee for his or her individual account purchase a security directly from the Fund and in no event will such person for his or her individual account sell a security to the Fund. Policies and procedures have been designed to ensure that any employee personal securities transactions do not disadvantage the Fund. These procedures are set forth in our code of ethics. The code is based upon the principle that our personnel owe a fiduciary duty to the Fund to conduct their affairs, including personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of the Fund; (ii) taking inappropriate advantage of their position; and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

All our access persons, defined as all our members, officers and employees, must receive written approval from our chief compliance officer, or other officer designated by us, before purchasing or selling securities in an account that such access person has beneficial ownership. The access person must request pre-clearance by completing, signing and submitting a personal securities transaction pre-clearance form to the chief compliance officer. Our controller, or other designated officer, will pre-clear the chief compliance officer's transactions. Prior to pre-clearance approval, the chief compliance officer, or the controller or other designated officer in the case of a request by the chief compliance officer, will review the list of securities that we are analyzing or considering for the Fund and will prohibit access persons from personal trading in those securities. All approved personal securities transactions must be completed within one trading day following the date of approval except as otherwise provided. If the trade is not executed within this one day time period, a new pre-clearance form must be submitted.

A new pre-clearance authorization will not be required if a trade is not completed within one trading day in certain circumstances including, but not limited to, the following: (1) delays in execution related to a transfer of securities; (2) delays in execution related to gifts or donations of securities made in-kind; and (iii) delays in the completion of a trade involving low liquidity stocks. Access persons are responsible for communicating such delays to the chief compliance officer. In addition, if an access person becomes aware of any additional information with respect to a transaction that was pre-cleared, such person is obligated to disclose such information to the chief compliance officer, or the controller as applicable, prior to executing the pre-cleared transaction.

Neither our firm nor our employees may enter trades on behalf of our or their own account or any account over which we or they have control or in which we or they have a beneficial interest if, in our judgment, such trade would cause our firm or them or any such account to benefit from any trade entered into or being contemplated on behalf of the Fund or cause the account of the Fund to be harmed.

We will provide a copy of our code of ethics to any limited partner of the Fund or any prospective limited partner upon request. Written requests should be sent to Lazarus Management Company LLC, Attention: Justin B. Borus, 3200 Cherry Creek South, Denver, Colorado 80209. Additionally, we provide prospective investors in the Fund with offering materials that disclose the potential conflicts of interest and restrictions involved with the securities transactions practices generally discussed in this section of the brochure.

Item 12. Brokerage Practices

We have full discretion with respect to securities transactions affected for the Fund and exercise our investment discretion consistent with the Fund's investment strategy. We have full authority to determine broker-dealers to be utilized and commissions to be paid with respect to securities transactions for the Fund. In placing orders with broker-dealers for the Fund, our primary objective is the ability of the broker-dealer, in our opinion, to secure prompt execution on favorable terms, including the reasonableness of the commission considering the state of the market at the time. While we generally seek reasonably competitive commission rates, we do not necessarily pay the lowest commission or mark-up. The specific factors considered in selecting a broker-dealer to effect a transaction include our knowledge of transaction costs, the nature of the security being traded, the size of the transaction, the desired timing of the trade, the activities existing and expected in the market for

the particular security, the financial stability of the broker-dealer, the quality of the overall brokerage and research services provided by the broker-dealer, and the execution, clearance and settlement capabilities of the broker-dealer.

Research services that may be received from a broker-dealer include economic forecasts, investment strategy advice, fundamental and technical advice, market analysis, statistical services and analysis of particular securities and investment situations. Where these services are provided by the executing broker-dealer, we may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction if we determine in good faith that the amount of commission is reasonable in relation to the value of the brokerage and research services provided by the broker-dealer, viewed in terms of either the particular transaction or our overall responsibilities with respect to the Fund. Despite the fact that we may, from time to time, receive research products and services in connection with executing transactions through broker-dealers, we do not have any soft-dollar arrangements, formal or informal, with any broker-dealer pursuant to which we direct transactions to specific broker-dealers in return for research products or services.

We are aware of our fiduciary obligation to seek the “best execution” on securities transactions. Best execution entails efficient placement of orders, clearance settlement and overall execution quality as well as the price obtained in the transaction.

Item 13. Review of Accounts

The account of the Fund, which is our only client and account, is reviewed on a continuous basis by Mr. Justin B. Borus, our managing member, chief investment officer and chief compliance officer. More extensive review of particular securities in the account is performed on a daily to weekly basis, depending upon the nature of the investment and the status of various factors that are used by us to monitor, rebalance and effect transactions in the account.

We provide investors in the Fund with unaudited quarterly reports and annual audited reports containing performance reporting, individual account balances and market commentary. Limited partners may also be provided with verbal reports in addition to the periodic written reports.

Item 14. Client Referrals and Other Compensation

We do not have any arrangements, either formal or informal, whereby we compensate any person for client or limited partner referrals. As described in this brochure, we have only one client which is the Fund.

Item 15. Custody

A qualified custodian serves as the custodian of the securities and uninvested cash of the Fund, which securities and cash are held directly by the custodian in a segregated account in the name of the Fund. In addition, the Fund utilizes a third party, unaffiliated administrator to provide certain financial, accounting, administrative and other services on behalf of the Fund, including disbursing payment of the

Fund's expenses, maintaining a registry for the ownership and transfer of limited partnership interests, maintaining the books and records of the Fund, coordinating with the Fund's auditors for the audit of the Fund's books and preparing and distributing reports to each limited partner.

The books and records of the Fund are audited at the end of each fiscal year by a firm of independent certified public accountants registered with the Public Company Accounting Oversight Board. Limited partners in the Fund are furnished with audited year-end financial statements prepared in accordance with generally accepted accounting principles within 120 days of the end of the Fund's fiscal year. Limited partners are also furnished with unaudited reports concerning the Fund's performance at least quarterly, as well as monthly reports regarding the net asset value of each limited partner's interest in the Fund, together with information regarding the Fund's investment portfolio. In the event of a liquidation of the Fund, each limited partner will receive a final liquidation audit report prepared in accordance with generally accepted accounting principles.

Item 16. Investment Discretion

As general partner and investment adviser to the Fund, we have full discretion with respect to securities transactions affected for the Fund and exercise our investment discretion consistent with the Fund's investment strategy. Please refer to the sections in this brochure titled "Advisory Business" and "Brokerage Practices" for more information on our discretionary management services.

Item 17. Voting Client Securities

As investment adviser to the Fund, we are delegated the right to vote, on behalf of the Fund, proxies received from companies in relation to the securities which are owned by the Fund.

We have adopted and implemented written policies and procedures that are reasonably designed to ensure that we vote proxies in the best interests of the Fund. The policy establishes a mechanism to address any conflicts of interests between us and the Fund. Further, the policy establishes how the Fund may obtain information on how the proxies have been voted.

We determine how to vote after studying the proxy materials and any other materials that may be necessary or beneficial in determining the appropriate vote. We vote in a manner that we believe reasonably furthers the best interests of the Fund, and is consistent with the investment strategy as set forth in the relevant investment management documents.

We will cast votes for each proxy vote on a case-by-case basis. We will generally vote in favor of matters which follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or in support of compensation plans that are commensurate with enhanced manager performance and market practices.

If a proxy vote creates a material conflict between the interests of our firm and the Fund, we will work to resolve the conflict before voting the proxies. We will either disclose the conflict to the Fund and

obtain consent to continue to handle the voting responsibility, or relinquish our delegated right to vote and instead seek an outside independent proxy voting firm or other qualified independent group to make a determination of the appropriate vote that would be in the Fund's best interest, or take other steps designed to ensure that a decision to vote the proxy is based on our determination of the Fund's best interest and does not deviate from this objective as a result of any material conflict.

We maintain records of (i) all proxy statements and materials we receive on behalf of the Fund; (ii) all proxy votes that are made on behalf of the Fund; (iii) all documents that were material to a proxy vote; (iv) all written requests from the Fund regarding voting history; and (v) all responses (written and oral) to the Fund's request. Such records are available upon request.

We will provide information with respect to how we voted securities to the Fund or any limited partner of the Fund upon request. Written requests should be sent to Lazarus Management Company LLC, Attention: Justin B. Borus, 3200 Cherry Creek South, Denver, Colorado 80209.

Item 18. Financial Information

We are not required to provide any financial information pursuant to this section of the brochure because we do not require or solicit prepayment of more than \$1,200 in fees, six months or more in advance. We are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to the Fund.

Item 19. Requirements for State-Registered Advisers

This section of the brochure is inapplicable to our operations as we are not a state-registered adviser.

Additional Information

Privacy Policy

Notice Concerning Privacy

We are committed to preserving the trust of each limited partner in the Fund by respecting the privacy of all limited partners to the best of our ability. We will not disclose a limited partner's nonpublic personal information to anyone unless it is required by law, at the limited partner's direction or consent, or is necessary to manage the limited partner's partnership account. We have not and will not sell a limited partner's personal information to anyone, even if our formal relationship ends.

The Information We Collect and Maintain

The only information we collect and maintain about a limited partner is information we receive from such limited partner related to establishing and maintaining the limited partner's partnership account (such as the limited partner's home address, telephone number and financial information).

The Disclosure of Information

We will not disclose any nonpublic personal information about the limited partner or its account(s) to anyone unless one of the following conditions is met: we receive the limited partner's prior written consent; we believe the recipient is the limited partner's authorized representative; we disclose the limited partner's nonpublic personal information as necessary to effect or process a transaction in the limited partner's account, or to maintain or service the limited partner's account(s); we are required by law to disclose information to the recipient.

The Protection of Information

We have instituted Fund-wide policies and procedures to protect each limited partner's nonpublic personal information which include: restricting access to nonpublic personal information to those persons who need to know that information to manage the partnership account; and maintaining physical, electronic and procedural safeguards to keep nonpublic personal information safe.



Lazarus Management Company LLC

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August 5, 2011

Firm Brochure Supplement

(Form ADV, Part 2B)

This brochure supplement provides information about Justin B. Borus that supplements the Lazarus Management Company LLC brochure. You should have received a copy of that brochure. Please contact Justin B. Borus if you did not receive Lazarus Management Company LLC's brochure or if you have any questions about the contents of this supplement.

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Item 2. Education and Business Background

Justin B. Borus

Year of Birth: 1976

Education: Williams College - B.A. Economics, 1998

Business Background:	2/2003 - present	Managing Member and Chief Compliance Officer, Lazarus Management Company LLC
	6/2009 - present	Chief Investment Officer, Lazarus Management Company LLC
	1/2001 – 5/2002	Associate, Bear, Stearns & Co., Inc
	7/1998 – 1/2001	Analyst, Bear, Stearns & Co., Inc.
	1/1997 – present	Member, Girls & Sports, LLC.

Item 3. Disciplinary Information

Mr. Borus has no disciplinary history to disclose.

Item 4. Other Business Activities

Mr. Borus is not engaged in any other business activity that provides a substantial source of his income or involves a substantial amount of his time.

Item 5. Additional Compensation

Mr. Borus does not receive any additional compensation beyond that received as a result of his capacity as managing member, chief investment officer and chief compliance officer of Lazarus Management Company LLC.

Item 6. Supervision

Mr. Borus is the managing member, chief investment officer and chief compliance officer for Lazarus Management Company LLC, and as such, he supervises all employees of the firm.

Item 7. Requirements for State-Registered Advisers

This section of the brochure supplement is inapplicable to as Lazarus Management Company LLC is not a state-registered adviser.