

Plainfield Asset Management LLC
Part 2A of Form ADV
Brochure (Plainfield Direct)

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Plainfield Asset Management LLC (“Plainfield” or the “Investment Manager”; “We” refers to Plainfield Asset Management LLC) relating to Plainfield Direct, as defined in this Brochure. If you have any questions about the contents of this Brochure, please contact us at 203-302-1700. 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 Plainfield is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

This is the first Brochure for Plainfield Direct under Part 2A of Form ADV.

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Advisory Business

Plainfield Asset Management LLC, a Delaware limited liability company organized in February 2005 and primarily owned by Max Holmes, provides investment advisory services to Plainfield Direct LLC (“Plainfield Direct”), among other funds (“Plainfield Multiple Strategy Funds”), on a discretionary basis.

Plainfield Direct is a fund exempt from the definition of investment company pursuant to Section 3(c)(7) of the Investment Company Act of 1940 (“Investment Company Act”). Prior to December 30, 2010, Plainfield Direct was an externally managed closed-end management investment company that had elected to be treated as a business development company under the Investment Company Act. Plainfield Direct is the successor to Plainfield Direct Inc. (“PDI”) as a result of a reorganization relating to an election by PDI to no longer be treated as a regulated investment company under the Internal Revenue Code of 1986. On December 7, 2010, the Board of Directors of Plainfield Direct voted that it was in the best interest of Plainfield Direct to withdraw its election to be treated as a business development company. Investors in Plainfield Direct voted to withdraw the election on December 20, 2010; the withdrawal of election was effective December 30, 2010.

The information in this Brochure relates only to Plainfield Direct, except where we state that it does not. When managing Plainfield Direct’s assets, we generally have complete discretion and

authority to manage and direct the investments. We manage the assets of Plainfield Direct in accordance with the terms of the governing documents applicable to Plainfield Direct.

We provide a separate brochure relating to Plainfield Multiple Strategy Funds.

PLAINFIELD DIRECT IS NOT SEEKING OR ACCEPTING ADDITIONAL SUBSCRIPTIONS FROM INVESTORS AT THIS TIME.

PLAINFIELD DIRECT IS CURRENTLY EXPLORING STRATEGIC ALTERNATIVES, WHICH INCLUDE SELLING ALL OR A MATERIAL PORTION OF ITS ASSETS, AND IS NOT CURRENTLY ENGAGED IN THE ORIGINATION OF ANY NEW INVESTMENTS. PLAINFIELD DIRECT MAY, HOWEVER, MAKE FOLLOW-ON INVESTMENTS IN CERTAIN LIMITED CIRCUMSTANCES.

As of January 31, 2011, we managed \$330,555,725 on a discretionary basis for Plainfield Direct and \$1.17 billion on a discretionary basis on behalf of 16 clients, including Plainfield Direct.

When we refer to “Clients” or “Funds” we are referring to all of the clients of Plainfield, including Plainfield Direct.

Fees and Compensation

Summary of Fees and Other Terms

Management Fees for Plainfield Direct

- Payable monthly in arrears based on the Fund’s net asset value on the first business day of each calendar quarter.
- Annual rate of 2% of net assets (subject to the waiver described below).
- Plainfield has agreed to reduce the Management Fee to 1.25% for the benefit of all investors of Plainfield Direct.

Incentive Allocation or Incentive Fees for Plainfield Direct

- Plainfield may be entitled to an Incentive Fee under certain circumstances.
- Plainfield has agreed to waive an Incentive Fee based on net investment income and waive for 2011 an incentive fee based on capital gains, each for the benefit of all investors of Plainfield Direct.

We render services to Plainfield Direct at our own expense, including the following overhead expenses: office rent; utilities; furniture and fixtures; stationery; secretarial and internal administrative services; salaries; employee entertainment expenses; employee insurance and payroll taxes. All other expenses are paid by Plainfield Direct and include without limitation: the fees payable to Plainfield, legal, compliance, audit and accounting expenses (including third party accounting services) payable to third parties; organizational expenses; investment and trading expenses such as commissions, information and news services, research and consulting fees and

expenses (including research and consulting-related travel); interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; directors' fees and expenses; and any other expenses reasonably related to the purchase, sale or transmittal of Fund assets.

Performance Based Fees and Side-by-Side Management

As mentioned above, we may charge performance based fees to Plainfield Direct. The fact that we may be compensated based on performance-based fees may create an incentive for us to make investments on behalf of Plainfield Direct that are riskier or more speculative than would be the case in the absence of such compensation.

Some of Plainfield Direct's investment strategies overlap with other Funds and Plainfield Direct may therefore share some investments with other Funds. In addition, Plainfield Direct may have investment objectives or may implement investment strategies similar to or different from other Funds.

It is our policy that no Client for whom we have investment discretion shall receive preferential treatment over any other Client. Under no circumstances will investment allocations be determined based upon the likelihood of our earning an incentive allocation or receiving some other benefit.

Allocations Among Funds

As noted above, Plainfield Direct is currently exploring strategic alternatives, which include selling all or a material portion of its assets, and is not currently engaged in the origination of any new investments. Plainfield Direct may, however, make follow-on investments in certain limited circumstances. Accordingly, the allocation procedures described below have limited application to Plainfield Direct's current activities.

We make allocations among the Funds pursuant to procedures intended to be fair and equitable to all Clients over time, provided that such allocations would not result in improperly disadvantaging one Client of Plainfield as compared to another ("Fund Allocation Procedures"). Such procedures include the use of allocation procedures based upon, in most cases, the investment strategies pursued by each Client, fund or account limitations, funds available for purchase, or assets available for sale.

We allocate investment activities among the Funds taking into account, among other things, the following factors:

- the investment objectives, risk tolerances, preferences, and constraints of Clients;
- the appropriateness of making a particular allocation to a Client in light of those investment objectives, risk tolerances, preferences, and constraints;
- timing of cash flows and the amount of cash/buying power available to invest for a Client;
- Client Net Asset Values;
- the current or anticipated liquidity needs of a Client, as communicated to us;

- size of available position, as well as future actions that may be taken relating to such position including cash commitments and hedges;
- size of round lots in a particular market;
- previous investment allocation decisions;
- tax and legal status of the Client;
- current market conditions;
- supply or demand for an investment at a given price level;
- characteristics of an investment;
- the best interests of each Client; and
- any other information determined to be relevant to the fair allocation of investment activities.

Depending on the particular facts and circumstances in existence at the time the allocations are made, the allocation decisions may not result in a pro rata allocation among all Clients or all Clients with similar investment objectives and constraints.

Types of Clients

We provide investment advisory services to Plainfield Direct.

We are not seeking or accepting additional subscriptions for Plainfield Direct at this time. We had set a minimum investment of \$1,000,000 in a Fund, but reserved the right to require a different amount.

Methods of Analysis, Investment Strategies and Risk of Loss

PLAINFIELD DIRECT IS NOT SEEKING OR ACCEPTING ADDITIONAL SUBSCRIPTIONS FROM INVESTORS AT THIS TIME.

PLAINFIELD DIRECT IS CURRENTLY EXPLORING STRATEGIC ALTERNATIVES, WHICH INCLUDE SELLING ALL OR A MATERIAL PORTION OF ITS ASSETS, AND IS NOT CURRENTLY ENGAGED IN THE ORIGINATION OF ANY NEW INVESTMENTS. PLAINFIELD DIRECT MAY, HOWEVER, MAKE FOLLOW-ON INVESTMENTS IN CERTAIN LIMITED CIRCUMSTANCES.

Plainfield Direct's investment objectives are to generate both current income and capital appreciation through its debt and equity investments. Plainfield Direct invests primarily in private (and, to a lesser extent, public) "middle-market" companies, which Plainfield Direct currently views as companies with annual revenues between \$25 million and \$500 million. Plainfield Direct invests throughout the capital structure of these companies, including first lien, second lien and subordinated and unsecured debt and a variety of equity investments, including preferred equity, common equity and warrants. Occasionally Plainfield Direct purchases options, warrants, credit derivatives, high-yield bonds, trade claims, distressed debt and structured securities. Plainfield Direct participates in a wide variety of transactions with these companies that are categorized into five general transaction types: financial sponsor buyouts, which include participation in control acquisitions or leveraged recapitalizations led by private equity firms; financial entrepreneur

transactions, which include participation in control acquisitions or leveraged recapitalizations led by individuals or teams that are not associated with their own dedicated funds; growth and expansion financings, which include investments in organic growth initiatives, property, plant and equipment or the financing of strategic acquisitions; hard asset lending, which includes investments based upon the quality of collateral rather than an enterprise's cash flow characteristics; and turnaround lending, which includes financing provided to allow the borrower to avoid, reorganize in or exit bankruptcy, including debtor-in-possession loans and exit financing. Plainfield Direct's targeted investments typically range between \$1 million and \$25 million. In addition, Plainfield Direct generates fee revenue related to its investments in the form of commitment, funding or other origination, structuring, due diligence and monitoring fees and prepayment penalties.

Plainfield Direct may hedge against fluctuations in (i) interest rates, (ii) currencies (where applicable), (iii) general levels of equity markets, and (iv) general levels of high yield and investment grade corporate bond spreads. The Investment Manager invests in a variety of derivative instruments and utilizes a number of strategies for hedging and other strategic investment purposes.

Portfolio Composition

Plainfield Direct invests primarily in loans to and investments in private (and to a lesser extent, public) middle-market companies located in the United States. Plainfield Direct invests throughout an issuer's capital structure, including first lien, second lien, subordinated and unsecured debt and a variety of equity investments including preferred equity, common equity and warrants.

Senior secured loans are typically supported by first or second liens or collateral in favor of the lenders on all or a portion of the assets of the borrower or on assets of affiliates of the borrower or both. Although Plainfield Direct may seek to dispose of such collateral in the event of default, it may be delayed in exercising such rights or its rights may be contested by others. In addition, the value of the collateral may deteriorate so that the collateral is insufficient for Plainfield Direct to recover its investment in the event of default.

Structurally junior or subordinated loans usually rank subordinate in priority of payment to senior debt, such as senior bank debt, and are often unsecured. However, such loans rank senior to common and preferred equity in a borrower's capital structure. Often these instruments have elements of both debt and equity instruments, offering fixed returns in the form of interest payments associated with senior debt. Lenders often have an opportunity to participate in the capital appreciation of a borrower through an equity interest, which often takes the form of warrants or options. Due to its higher risk profile and often less restrictive covenants as compared to senior loans, such loans generally earn a higher return than senior secured loans. The warrants or options associated with such loans are typically detachable, which allows lenders to receive repayment of their principal on an agreed amortization schedule while retaining their equity interest in the borrower. Such warrants or options also may include a put feature, which permits the holder to sell its equity interest back to the borrower at a price determined through an agreed formula.

In addition to loans, Plainfield Direct may also invest in other types of securities, including common and preferred equity, interests in limited partnerships, limited liability companies, joint ventures and other similar entities, warrants, options, credit derivatives, high yield bonds, trade claims, distressed debt and structured securities.

Investment Selection

Plainfield Direct's investment objectives are to provide to its investors a combination of current income and capital appreciation. In managing Plainfield Direct, the Investment Manager intends to use the same investment philosophies that it uses to manage other investment accounts.

Investment Structure

The Investment Manager typically will work with the management of a portfolio company (or prospective portfolio company) and its other capital providers, including senior, junior, and equity capital providers, to structure an investment. The Investment Manager will negotiate among these parties to agree on how Plainfield Direct's investment is expected to perform relative to the other capital in the prospective portfolio company's capital structure.

The Investment Manager seeks to structure Plainfield Direct's debt investments to provide for relatively high fixed or floating interest rates that will provide Plainfield Direct with significant current interest income. These debt instruments typically will have interest-only payments in the early years, with amortization of principal deferred to the later years. In some cases, Plainfield Direct invests in debt instruments that, by their terms, convert into equity or additional debt securities or defer payments of cash interest for the first several years after investment. Typically, these debt instruments have maturities of one to ten years.

The Investment Manager invests a portion of Plainfield Direct's assets in senior secured loans. These senior secured loans typically have terms of one to ten years. They are typically supported by first or second liens on collateral on all or a portion of the assets of the borrower or on assets of affiliates of the borrower, or both.

The Investment Manager generally structures equity investments as common and preferred shares or interests, including convertible preferred shares or interests, in corporations, limited partnerships, or limited liability companies.

The Investment Manager tailors the terms of Plainfield Direct's investments to the circumstances of the transaction and the prospective portfolio company, negotiating a structure that seeks to protect Plainfield Direct's rights and to manage Plainfield Direct's risk while creating incentives for the portfolio company to achieve its business plan and improve its profitability. For example, where the Investment Manager structures a debt investment, it will seek to limit the downside potential of Plainfield Direct's investments by means of one or more of the following actions:

- requiring a total return on investment (including both interest and potential equity appreciation) that compensates Plainfield Direct adequately for its credit risk;
- incorporating put rights and call protection into the investment structure; and
- negotiating covenants that afford the portfolio companies with flexibility in managing

their businesses, consistent with preservation of Plainfield Direct's capital. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions, and board rights, including either observation or participation rights.

Plainfield Direct's debt investments may include equity features, such as warrants or options to buy a minority interest in the common stock of portfolio companies. Thus, if a portfolio company appreciates in value, Plainfield Direct may achieve additional investment returns from its equity interest in such company. The Investment Manager may structure the warrants or options to protect Plainfield Direct's rights as a minority-interest holder, as well as puts, which are rights to sell such securities back to the company upon the occurrence of specified events. In many cases, Plainfield Direct also obtains registration rights in connection with these equity interests. Plainfield Direct will seek to achieve additional investment return from the appreciation and sale of these warrants or options.

Plainfield Direct expects to hold most of its debt investments to maturity or repayment, but will sell debt and equity investments earlier if a liquidity event takes place, such as the sale or recapitalization of a portfolio company, or if otherwise appropriate. In addition, with regard to any newly negotiated loans or investments originated by Plainfield Direct, it may, contemporaneously with or subsequent to the origination of the loan or investment, sell all or a portion of the loan or investment to third parties.

Ongoing Relationships with Portfolio Companies

The Investment Manager monitors Plainfield Direct's portfolio companies on an ongoing basis. The Investment Manager monitors the financial trends of each portfolio company to determine if it is meeting its business plans and to assess the appropriate course of action for each portfolio company.

The Investment Manager has several methods of evaluating and monitoring the performance of Plainfield Direct's investments, which may include any or all of the following:

- review of available monthly, quarterly and annual financial statements and financial projections;
- assessment of success of the portfolio company in adhering to its business plan and compliance with covenants;
- periodic and regular contact with portfolio company management and, if applicable, the financial or strategic sponsor, to discuss financial position, obligations and accomplishments;
- comparisons to other companies in the industry; and
- attendance at, or participation in, board meetings.

Other Investments

High Yield Bonds. Plainfield Direct invests in high yield bonds, primarily registered bonds or bonds relying on the Rule 144A exemption that in either case are non-investment grade

securities. Plainfield Direct's investments in high yield bonds may have fixed or variable interest rates and various other interest features, including adjustable rates upon certain events, zero coupon, contingent, deferred and payment-in-kind interest, as well as maturities typically ranging from one year to ten years.

Non-investment grade debt securities, though high yielding, are characterized by high risk. The higher credit risk associated with below investment grade securities potentially can have a greater effect on the value of such securities than may be the case with higher quality issues of comparable maturity.

The ratings of Moody's Investors Service, Standard & Poor's Corp. (S&P) and any other rating agencies represent their opinions as to the quality of the obligations that they undertake to rate. Ratings are relative and subjective and, although ratings may be useful in evaluating the safety of interest and principal payments, they do not evaluate the market value risk of such obligations. Although these ratings may be an initial criterion for selection of portfolio investments, the Investment Manager also will independently evaluate these securities and the ability of the issuers of such securities to pay interest and principal. To the extent that Plainfield Direct invests in lower grade securities that have not been rated by a rating agency, Plainfield Direct's ability to achieve its investment objectives will be more dependent on the Investment Manager's credit analysis than would be the case when Plainfield Direct invests in rated securities.

Distressed Debt. Plainfield Direct invests in debt securities and other obligations of distressed companies. Investment in distressed debt is speculative and involves significant risk, including possible loss of the principal invested. Distressed debt obligations may be paying interest or not paying interest, may be in violation of the issuer's covenants, and generally trade at prices substantially lower than lower grade securities of companies in similar industries.

Equity Securities. Plainfield Direct also invests in equity securities of issuers selected through the Investment Manager's investment process.

Derivatives. Plainfield Direct may, but is not required to, use various derivatives, including but not limited to those described below, to facilitate portfolio management, mitigate risks and generate total returns. The use of derivatives is generally accepted under modern portfolio management theory and occurs regularly in the portfolios of many mutual funds, closed-end funds and other institutional investors. Although the Investment Manager will seek to use its practices to further Plainfield Direct's investment objectives, no assurance can be given that these practices will achieve this result.

Plainfield Direct may enter into derivative transactions such as swaps (including credit default swaps, interest rate swaps and total rate of return swaps), options (purchased or written), structured products, futures contracts, commodities, forward contracts and other derivative instruments.

Flexibility

The Investment Manager intends to pursue the investment strategies described above as long as such strategies are in accord with Plainfield Direct's investment objectives.

Plainfield Direct has broad and flexible investment authority. In order to maintain flexibility and to capitalize on investment opportunities as they arise, Plainfield Direct is not required to invest any particular percentage of its portfolio in any type of investment, and the amount of the

respective portfolio that is invested in any type of investment, or which is weighted in different sectors, can change at any time based on the availability of attractive market opportunities. Accordingly, Plainfield Direct's investments may at any time include positions in U.S. publicly traded or privately issued or negotiated common stocks, preferred stocks (including convertible and straight preferred stocks), stock warrants, options, and rights, corporate debt (senior and subordinated), bonds, bank debt, term loans, revolvers, mortgages, trade claims, notes (secured and unsecured), debentures, debt participations, convertible securities, fixed income securities, swaps (including credit default swaps, interest rate swaps and total rate of return swaps), options (purchased or written), structured products, futures contracts, commodities, forward contracts and other derivative instruments.

Plainfield Direct has complete flexibility to create, invest in or organize (alone or in conjunction with others) or otherwise utilize special purpose subsidiaries or other special purpose investment vehicles, swaps or other derivatives or structured products to access investments, particularly in instances where the Investment Manager, in its sole discretion, determines that there is a potential tax, regulatory, finance, confidentiality or other advantage to such structured product, instrument or entity.

RISK FACTORS

Plainfield Direct may be deemed to be a highly speculative investment and we do not intend an investment in Plainfield Direct as a complete investment program. Plainfield Direct has been designed only for sophisticated persons who are able to bear the economic risk of the loss of their investment in Plainfield Direct and who have a limited need for liquidity in their investment.

Risks of investing in Plainfield Direct include:

Plainfield Direct's investments are risky, and investors could lose all or part of their investment.

Plainfield Direct invests in "high-yield" bonds and preferred securities and other instruments that are not investment grade. Investments in the lower rating categories are subject to greater risk of loss as to timely repayment of principal and timely payment of interest or dividends than higher-rated securities. They are also generally considered to be subject to greater risk than investments with higher ratings in the case of deterioration of general economic conditions. The yields and prices of lower-rated instruments may tend to fluctuate more than those of higher-rated ones.

In addition, adverse publicity and investor perceptions about lower-rated instruments, whether or not based on fundamental analysis, may be a contributing factor in a decrease in their value and liquidity.

High-yield instruments that are rated BB+ or lower by S&P or Ba1 or lower by Moody's are often referred to in the financial press as "junk bonds" and may include instruments of issuers in default. "Junk bonds" are considered by the ratings agencies to be predominantly speculative and may involve major risk exposures such as: (i) vulnerability to economic downturns and changes in interest rates; (ii) sensitivity to adverse economic changes and corporate developments;

(iii) redemption or call provisions that may be exercised at inopportune times; and (iv) difficulty in accurately valuing or disposing of such instruments.

Plainfield Direct also invests in “distressed securities”—debt and equity securities, private claims and obligations of domestic and foreign entities that are experiencing significant financial or business difficulties. Investments in distressed securities involve a substantial degree of risk. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such entities. The market prices of such instruments also are subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such instruments may be greater than in other markets. Litigation sometimes arises with respect to distressed securities. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses. Plainfield Direct may lose a substantial portion or all of its investment in a distressed investment or may be required to accept cash or securities with a value less than the investment.

Plainfield Direct may also invest in other assets, including first and second lien loans, U.S. government securities, credit derivatives and other structured securities and certain direct equity investments. These investments entail additional risks that could adversely affect Plainfield Direct’s investment returns. In addition, to the extent interest payments associated with such debt are deferred, such debt will be subject to greater fluctuations in value based on changes in interest rates, such debt could produce taxable income without a corresponding cash payment to Plainfield Direct, and since Plainfield Direct will generally not receive any cash prior to maturity of the debt, the investment will be of greater risk.

In addition, private middle-market companies in which Plainfield Direct invests involve a number of significant risks, including:

- limited financial resources and being unable to meet their obligations, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of realizing any guarantees obtained in connection with the investment;
- shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors’ actions and market conditions, as well as general economic downturns;
- dependence on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on Plainfield Direct’s portfolio companies and, in turn, on Plainfield Direct;
- less predictable operating results, and the fact that such companies may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, Plainfield Direct’s executive officers, directors and the Investment Manager may, in the ordinary course of business, be named as defendants in litigation arising from Plainfield Direct’s investments in its portfolio companies; and
- difficulty accessing the capital markets to meet future capital needs.

When Plainfield Direct invests in first lien, second lien, subordinated and unsecured debt, it may acquire warrants, options or other equity securities as well. Plainfield Direct's goal is ultimately to dispose of such equity interests and realize gains upon Plainfield Direct's disposition of such interests. However, the equity interests Plainfield Direct receives may not appreciate in value and, in fact, may decline in value. Accordingly, Plainfield Direct may not be able to realize gains from its equity interests, and any gains that it does realize on the disposition of any equity interests may not be sufficient to offset any other losses Plainfield Direct experiences.

Price declines and illiquidity in the corporate debt markets have adversely affected, and may continue to adversely affect, the fair value of Plainfield Direct's portfolio investments, reducing its net asset value through increased net unrealized depreciation.

Economic recessions or downturns could impair Plainfield Direct's portfolio companies and harm its operating results.

Many of Plainfield Direct's portfolio companies may be susceptible to economic slowdowns or recessions and may be unable to repay Plainfield Direct's loans during these periods. Therefore, Plainfield Direct's non-performing assets are likely to increase and the value of its portfolio is likely to decrease during these periods. Adverse economic conditions also may decrease the value of the collateral securing some of Plainfield Direct's loans and the value of Plainfield Direct's investments. Economic slowdowns or recessions could lead to financial losses in Plainfield Direct's portfolio and a decrease in revenues, net income and assets. Recent unfavorable economic conditions have limited Plainfield Direct's access to the capital markets and ability to access credit from lenders. These events have prevented Plainfield Direct from increasing investments and have harmed its operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by Plainfield Direct or other lenders could lead to defaults and, potentially, acceleration of the time when the loans are due and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize Plainfield Direct's portfolio company's ability to meet its obligations under the debt that Plainfield Direct holds and the value of any equity securities Plainfield Direct owns. Plainfield Direct may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company.

An investment strategy focused primarily on privately held companies presents certain challenges, including the lack of available information about these companies.

Plainfield Direct invests primarily in privately held companies. Generally, little public information exists about these companies, including typically a lack of audited financial statements and ratings by third parties. Plainfield Direct must therefore rely on the ability of the Investment Manager's investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. These companies and their financial information may not be subject to the Sarbanes-Oxley Act of 2002, referred to as the Sarbanes-Oxley Act, and other rules that govern public companies. If Plainfield Direct is unable to uncover all material information about these companies, it may not make a fully informed investment decision, and it may lose money on its investments. These factors could affect its investment returns.

Because there generally is no established market in which to value Plainfield Direct's loans and warrants, Plainfield Direct's determination of their values may differ materially from the values that a ready market or third party would attribute to them.

Plainfield Direct carries its investments at market value or, if there is no readily ascertainable market value, at fair value. Because there typically is no public market for the investments of Plainfield Direct's portfolio companies, these investments will be valued monthly at fair value as determined in good faith pursuant to policies and procedures approved by Plainfield Direct's Board of Directors. In addition to these monthly valuations, if, in Plainfield Direct's reasonable judgment, at any point in time the then current valuation for any investment held by Plainfield Direct does not accurately reflect the fair value of that investment, then that investment will be valued at a price that reflects such security's fair value. However, because fair valuations, and particularly fair valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and are often based to a large extent on estimates, comparisons and qualitative evaluations of private information, Plainfield Direct's determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. These factors could make it more difficult for investors to accurately value Plainfield Direct's investments and could lead to under-valuation or over-valuation of Plainfield Direct's securities.

The lack of liquidity in its investments may adversely affect Plainfield Direct's business.

Plainfield Direct generally makes investments in privately held or unlisted companies. A substantial portion of these securities may be subject to legal and other restrictions on resale, transfer, pledge or other disposition or will otherwise be less liquid than securities listed on a national securities exchange. The illiquidity of Plainfield Direct's investments may make it difficult for Plainfield Direct to sell such investments if the need arises. In addition, if Plainfield Direct is required to liquidate all or a portion of its portfolio quickly, Plainfield Direct may realize significantly less value than the value at which it has previously recorded its investments. Moreover, Plainfield Direct may face other restrictions on its ability to liquidate an investment in a business entity to the extent that Plainfield Direct or the Investment Manager has or could be attributed with material non-public information regarding such business entity.

There may be circumstances where Plainfield Direct's debt investments could be subordinated to claims of other creditors or Plainfield Direct could be subject to lender liability claims.

If one of Plainfield Direct's portfolio companies were to go bankrupt, even though Plainfield Direct may have structured its interest as senior debt, depending on the facts and circumstances, a bankruptcy court might recharacterize its debt holding and subordinate all or a portion of its claim to that of other creditors. In addition, lenders can be subject to lender liability claims for actions taken by them where they become too involved in the borrower's business or exercise control over the borrower. It is possible that Plainfield Direct could become subject to a lender's liability claim. Such claim, if successful, could have a material adverse effect on Plainfield Direct's business and results of operations.

Plainfield Direct's portfolio companies may incur debt or issue equity securities that rank equally with, or senior to, Plainfield Direct's investments in such companies.

Plainfield Direct's portfolio companies usually have, or may be permitted to incur, other debt, or issue other equity securities, that rank equally with, or senior to, its investments. By their terms, such instruments may provide that the holders are entitled to receive payment of dividends, interest or principal on or before the dates on which Plainfield Direct is entitled to receive payments in respect of its investments. These debt instruments usually prohibit the portfolio companies from paying interest on or repaying Plainfield Direct's investments in the event and

during the continuance of a default under such debt. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of securities ranking senior to Plainfield Direct's investment in that portfolio company typically would be entitled to receive payment in full before Plainfield Direct receives any distribution in respect of its investment. After repaying such holders, the portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of securities ranking equally with Plainfield Direct's investments, Plainfield Direct would have to share any distributions on an equal basis with other securityholders in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

Investments in equity securities involve a substantial degree of risk.

Plainfield Direct purchases equity investments, such as common or preferred shares or interests, including convertible preferred shares or interests in corporations, limited partnerships or limited liability companies. Although equity securities have historically generated higher average total returns than fixed-income securities over the long term, equity securities also have experienced significantly more volatility in those returns and in recent years have significantly underperformed relative to fixed-income securities. The equity securities Plainfield Direct acquires may fail to appreciate and may decline in value or become worthless and Plainfield Direct's ability to recover its investment will depend on Plainfield Direct's portfolio companies' success. Investments in equity securities involve a number of significant risks, including:

- any equity investment Plainfield Direct makes in a portfolio company could be subject to further dilution as a result of the issuance of indebtedness or securities ranking senior to Plainfield Direct's in the event that the issuer is unable to meet its obligations or becomes subject to a bankruptcy process; and
- in some cases, equity securities in which Plainfield Direct invests will not pay current dividends, and its ability to realize a return on its investment, as well as to recover its investment, will be dependent on the success of its portfolio companies. Even if the portfolio companies are successful, Plainfield Direct's ability to realize the value of its investment may be dependent on the occurrence of a liquidity event, such as a public offering or the sale of the portfolio company. It is likely to take a significant amount of time before a liquidity event occurs or Plainfield Direct can sell its equity investments. In addition, the equity securities Plainfield Direct receives or invests in may be subject to restrictions on resale during periods in which it could be advantageous to sell.

There are special risks associated with investing in preferred securities, including:

- preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If Plainfield Direct owns a preferred security that is deferring its distributions, it may be required to report income for tax purposes even though it has not received any cash payments in respect of such income;
- preferred securities may be treated as if they were subordinated to debt in terms of their priority with respect to the declaration of dividends or any other distribution including liquidation and therefore will be subject to greater risk than debt;
- preferred securities may be substantially less liquid than many other securities, such as

- common securities or U.S. government securities; and
- preferred securityholders generally have no voting rights with respect to the issuing company, subject to limited exceptions.

Plainfield Direct's investments in securities other than equity and debt securities may bear different or additional risks.

Loan Participations and Assignments. Plainfield Direct invests in corporate loans acquired through assignment or participations. In purchasing participations, Plainfield Direct will usually have a contractual relationship only with the selling institution, and not the borrower. Plainfield Direct generally will have no right to directly enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor will Plainfield Direct have the right to object to certain changes to the loan agreement agreed to by the selling institution. Plainfield Direct may not directly benefit from the collateral supporting the related secured loan and may not be subject to any rights of set-off the borrower has against the selling institution. In addition, in the event of the insolvency of the selling institution, under the laws of the United States and the states thereof, Plainfield Direct may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the secured loan. Consequently, Plainfield Direct may be subject to the credit risk of the selling institution as well as of the borrower. Certain loans or loan participations may be governed by the laws of a jurisdiction other than a United States jurisdiction, which may present additional risks as regards the characterization under such laws of such participation in the event of the insolvency of the selling institution or the borrower.

Plainfield Direct also may enter into credit default swaps as a "seller." To the extent the credit default swap contains inherent leverage, it involves greater risks than if Plainfield Direct had invested in the reference obligation directly. If a credit event were to occur, the value of the reference obligation received by the "seller," coupled with the periodic payments previously received, may be less than the full notional value it pays to the "buyer," resulting in a loss of value to Plainfield Direct. The seller of credit default swaps may also incur a loss if the "buyer" fails to perform on its obligation to make payments under the swap agreements.

Derivative Financial Instruments and Techniques. Plainfield Direct also may invest in derivative financial instruments. The risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging Plainfield Direct's assets, include: (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset; such movements may require us to deposit additional collateral to secure Plainfield Direct's obligations under such instrument); (3) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights); (4) operations risk (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risk (exposure to losses resulting from inadequate documentation); (6) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (7) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry

or exposure linked to a particular entity); and (9) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

The use of derivatives and other techniques involves certain additional risks, including (i) dependence on the ability to predict movements in the price of the securities hedged; (ii) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and (iii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a portfolio's assets segregated to cover its obligations. In addition, by hedging a particular position, any potential gain from an increase in value of such position may be limited.

Synthetic Securities. In addition to credit risks associated with holding non-investment grade loans and high-yield debt securities, with respect to synthetic securities, Plainfield Direct usually will have a contractual relationship only with the counterparty of such synthetic securities, and not the Reference Obligor (as defined below) on the Reference Obligation (as defined below). Plainfield Direct generally will have no right to directly enforce compliance by the Reference Obligor with the terms of the Reference Obligation nor any rights of offset against the Reference Obligor, nor have any voting rights with respect to the Reference Obligation. Plainfield Direct will not benefit directly from the collateral supporting the Reference Obligation or have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. In addition, in the event of insolvency of the counterparty, Plainfield Direct will be treated as a general creditor of such counterparty and will not have any claim with respect to the credit risk of the counterparty as well as that of the Reference Obligor. As a result, concentrations of synthetic securities in any one counterparty subject the notes to an additional degree of risk with respect to defaults by such counterparty as well as by the Reference Obligor. The Investment Manager will not normally perform independent credit analyses of the counterparties, any such counterparty or an entity guaranteeing such counterparty, individually or in the aggregate. A "Reference Obligor" is the obligor on a Reference Obligation. A "Reference Obligation" is the debt security or other obligation upon which the synthetic security is based.

Options. Plainfield Direct may invest in options. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Structured Finance Securities. Plainfield Direct may invest in structured finance securities such as, for example, equipment trust certificates, collateralized mortgage obligations, collateralized debt obligations, collateralized bond obligations, collateralized loan obligations or similar instruments. Structured finance securities may present risks similar to those of the other types of investments in which Plainfield Direct may invest and, in fact, such risks may be of greater significance in the case of structured finance securities. Moreover, investing in structured finance securities may entail a variety of unique risks. Among other risks, structured finance securities may be subject to prepayment risk. In addition, the performance of a structured finance

security will be affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, the remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the party servicing the securitized assets.

Asset-Backed Securities. Although its investment objectives and allocation procedures are likely to limit the opportunities for such investments, any asset-backed securities Plainfield Direct did invest in would be subject to interest rate risk and prepayment risk. Certain asset-backed securities may be subject to additional risks to the extent that they do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. For example, credit card receivables are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. In addition, asset-backed securities are subject to pre-payment risk in environments where interest rates are decreasing. Asset-backed securities are also subject to credit risk.

Any incentive fee payable to the Investment Manager may induce the Investment Manager to make certain investments, including speculative investments.

The incentive fees that Plainfield Direct pays to the Investment Manager may create an incentive for the Investment Manager to make investments on Plainfield Direct's behalf that are risky or more speculative than would be the case in the absence of such a compensation arrangement. The incentive fee Plainfield Direct pays to the Investment Manager may encourage the Investment Manager to incur indebtedness or issue other senior securities to increase the return on Plainfield Direct's investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor the holders of Plainfield Direct's securities. To the extent that the Investment Manager may receive an incentive fee based, in part, upon realized capital gains for each calendar year computed net of all realized capital losses and unrealized capital depreciation, any such incentive fee may induce the Investment Manager to invest more in investments that are likely to result in capital gains as compared to income-producing securities. Such a practice could result in Plainfield Direct investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns. Plainfield Direct may, in the future, engage in financing arrangements or invest in certain structured finance securities or make similar investments. These types of transactions typically require the formation and use of special purpose entities. To the extent that Plainfield Direct's special purpose entities are qualifying special purpose entities, as defined in SFAS 140, then, Plainfield Direct will recognize transfers of assets to these entities as sales, and the Investment Manager may receive a capital gains incentive fee in connection with sales of certain appreciated assets to these entities. However, reference is made to the waivers described in the "Fees and Compensation" section above.

Any investments in foreign issuers may involve significant risks in addition to the risks inherent in U.S. investments.

Although most of Plainfield Direct's investments will be U.S. dollar-denominated, Plainfield Direct's investments that are denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. Plainfield Direct may employ hedging techniques to minimize these risks, but Plainfield Direct cannot assure an investor that it will fully hedge against these risks or that such strategies will be effective.

Investing in foreign companies may expose Plainfield Direct to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Control position investments may result in additional restrictions.

To the extent that Plainfield Direct owns a controlling stake in or is deemed to be an affiliate of a particular company, it may be subject to certain additional securities laws restrictions that

could affect both the liquidity of its interest and its ability to liquidate its interest without adversely impacting the stock price, including insider trading restrictions, the affiliate resale restrictions of Rule 144 under the U.S. Securities Act of 1933, as amended, (referred to as the “1933 Act”), and the disclosure requirements of Sections 13 and 16 of the Exchange Act. In addition, to the extent that affiliates of Plainfield Direct or the Investment Manager are subject to such restrictions, Plainfield Direct, by virtue of its affiliation with such entities, may be similarly restricted.

If Plainfield Direct, alone or as part of a group acting together for certain purposes, becomes the beneficial owner of more than 10% of certain classes of securities of a U.S. public company or places a director on the board of directors of such a company, Plainfield Direct may be subject to certain additional reporting requirements and to liability for short-swing profits under Section 16 of the Exchange Act.

Plainfield Direct may not be in a position to control its portfolio companies.

Plainfield Direct anticipates making both debt and minority equity investments in its portfolio companies. Even though Plainfield Direct may have board representation or board observation rights with certain of its portfolio companies and even though its debt agreements with such companies may contain restrictive covenants, Plainfield Direct may not control such companies. In light of its lack of control, Plainfield Direct may be subject to the risk that its portfolio companies may make business decisions with which Plainfield Direct disagrees, and the stockholders and management of such companies may take risks or otherwise act in ways that do not serve Plainfield Direct’s interests. As a result, a portfolio company may make decisions that could decrease the value of Plainfield Direct’s portfolio holdings.

Plainfield Direct may expose itself to risks by engaging in hedging transactions.

By engaging in hedging transactions, Plainfield Direct may expose itself to risks associated with such transactions. Plainfield Direct may utilize instruments such as forward contracts, interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of Plainfield Direct’s portfolio positions from changes in market interest rates. Hedging against a decline in the values of Plainfield Direct’s portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the portfolio positions should increase. Moreover, it may not be possible to hedge against an interest rate fluctuation that is so generally anticipated that Plainfield Direct is not able to enter into a hedging transaction at an acceptable price.

The success of Plainfield Direct’s hedging transactions will depend on its ability to correctly predict movements and interest rates. Therefore, while Plainfield Direct may enter into such transactions to seek to reduce interest rate risks, unanticipated changes in interest rates may result in poorer overall investment performance than if it had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, Plainfield Direct may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect

correlation may prevent Plainfield Direct from achieving the intended hedge and expose us to risk of loss.

There can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while Plainfield Direct may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for Plainfield Direct than if it did not engage in any such hedging transactions. Moreover, Plainfield Direct will always be exposed to certain risks that cannot be completely hedged, such as credit risk (relating both to particular securities and counterparties). In addition, Plainfield Direct may choose not to enter into hedging transactions with respect to some or all of its positions.

Plainfield Direct's Board of Directors may change its operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse.

Plainfield Direct's Board of Directors has the authority to modify or waive its current operating policies and its strategies without prior notice and without stockholder approval. Plainfield Direct cannot predict the effect any changes to its current operating policies and strategies would have on its business, operating results and value of Plainfield Direct's securities. However, the effects might be adverse, which could negatively impact Plainfield Direct's ability to pay dividends and cause an investor to lose all or part of an investment.

Plainfield Direct may not have sufficient funds to make follow-on investments. Its decision not to make a follow-on investment may have a negative impact on a portfolio company in need of such an investment or may result in a missed opportunity for Plainfield Direct.

After Plainfield Direct's initial investment in a portfolio company, it may be called upon from time to time to provide additional funds to such company or have the opportunity to increase its investment in a successful situation by, among other things, making a follow-on investment or exercising a warrant to purchase common stock. There is no assurance that Plainfield Direct will make, or will have sufficient funds to make, follow-on investments. Any decision not to make a follow-on investment or any inability on Plainfield Direct's part to make such an investment may have a negative impact on a portfolio company in need of such an investment or may result in a missed opportunity for Plainfield Direct to increase its participation in a successful operation, and may dilute its equity interest or reduce the expected yield on its investment.

Investors will not have the opportunity to evaluate or select Plainfield Direct's future investments.

Except as may have been set forth in offering documents, a Plainfield Direct investor will not be able to evaluate any specific portfolio company investments prior to investing in Plainfield Direct. In addition, Plainfield Direct's investments will be selected by the Investment Manager and Plainfield Direct's investors will not have input into such investment decisions. Both of these factors will increase the uncertainty, and thus the risk, of investing in Plainfield Direct.

Terrorist attacks and acts of war may affect any market for Plainfield Direct's securities, impact the businesses in which Plainfield Direct invests and harm its business, operating results and financial condition.

The war with Iraq, its aftermath and the continuing U.S. presence in Iraq and other parts of the Middle East are likely to have a substantial impact on the U.S. and world economies and securities markets. In addition, terrorist attacks on the World Trade Center and the Pentagon on

September 11, 2001 closed some of the U.S. securities markets for a four-day period and similar events in the future cannot be ruled out. The war, terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. Those events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect individual issuers and securities markets, inflation and other factors relating to Plainfield Direct's securities.

There can be no assurance that the Investment Manager will be able to accurately predict the future course of the price movements of securities and other investments and the movements of interest rates.

The profitability of a significant portion of Plainfield Direct's investment program depends to a great extent upon the Investment Manager correctly assessing the future course of the price movements of securities and other investments and the movements of interest rates. There can be no assurance that the Investment Manager will be able to accurately predict these price and interest rate movements.

Inflation may cause the real value of Plainfield Direct's investments to decline.

Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if Plainfield Direct purchases a bond in which it can realize a coupon rate of 5%, but the rate of inflation increases from 2% to 6%, then the purchasing power of the cash flow has declined. For the portion of Plainfield Direct's debt investments at fair value that consist of fixed rate investments, Plainfield Direct is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security.

Disciplinary Information

We and our Management Persons (as defined below) have not been involved in any legal or disciplinary events that would be material to a Client's evaluation of our business or the integrity of our management.

As used in this Brochure, "Management Persons" means anyone with the power to exercise, directly or indirectly a controlling influence over our management or policies, or to determine the general investment advice given to our Clients.

Other Financial Industry Activities and Affiliations

We and our Management Persons do not have any relationships or arrangements with other financial services companies that create material conflicts of interest.

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

Certain qualified employees of Plainfield may invest their personal funds in the Funds. In addition, Covered Persons (a term which includes Plainfield employees and is defined below) may buy or sell securities for their personal accounts. Plainfield is aware of the potential for a conflict of interest in cases where Plainfield and Covered Persons, buy or sell securities recommended by

Plainfield to Clients, and has established procedures intended to limit such conflicts. Plainfield has adopted a Code of Ethics (the “Code”) that applies to all Covered Persons of Plainfield.

The Code includes the following:

1. A standard of business conduct required of Plainfield employees, which standard reflects Plainfield’s fiduciary obligations and those of its employees;
2. Provisions requiring Plainfield’s employees to comply with applicable federal securities laws;
3. Provisions requiring Plainfield’s Covered Persons to report and for Plainfield to review, their personal securities transactions and holdings periodically;
4. Provisions requiring employees to report any violations of Plainfield’s Code promptly to Plainfield’s Chief Compliance Officer, or provided such Chief Compliance Officer also receives reports of all violations, to other persons designated in such Code of Ethics; and
5. Provisions requiring Plainfield to provide each of its employees with a copy of such Code of Ethics and any amendments, and requiring its supervised persons to provide it with a written acknowledgement of their receipt of such Code and any amendments.

The Plainfield compliance department is responsible for administering the Code, including monitoring the personal trading activity of all Covered Persons. A Covered Person is defined as any director, manager, officer, or employee of Plainfield. A Covered Person also includes any solicitor/consultant, representative or agent retained by Plainfield who (i) makes or participates in the making of investments and/or potential investments for our Clients; (ii) obtains information on investments and/or potential investments for our Clients; or (iii) has knowledge of the investments or potential investments of our Clients.

The Code requires that all Covered Persons must obtain the prior written approval of the compliance department before engaging in any transaction of any Reportable Security in any personal account. (A Reportable Security is defined as any Security with the exception of (i) direct obligations of the U.S. Government or any agencies thereof; (ii) cash instruments including, bank accounts, certificates of deposit; (iii) money market funds; (iv) shares issued by registered open-end funds; and (v) shares issued by unit investment trusts that are invested exclusively in one or more registered open-end funds).

All Securities purchased must be held at least 30 calendar days before a sale or offsetting transaction can be executed. No Covered Person may engage in more than 30 transactions during any 30-day period without the prior written approval of the compliance department. A Covered Person is prohibited from buying or selling any Securities on the Restricted Securities List without compliance department approval. Securities are generally placed on the Restricted List when Plainfield receives material non-public information regarding the issuer. Short sales are generally prohibited and IPOs are prohibited without the prior written approval of the compliance department. Private securities transactions require compliance department approval. Covered Persons are subjected to periodic reporting of their personal security holdings and trading activity,

and are required to have duplicate statements of their Personal Accounts sent to the compliance department and/or third party vendor for monitoring.

Clients or prospective Clients may obtain a copy of Plainfield's Code of Ethics by contacting Gerald Lee by telephone at (203) 302-1712 or by email at gerald.lee@pfam.com.

Brokerage Practices

We are responsible for the placement of orders for the Funds and the negotiation of any commissions paid on such orders. Purchases or sales of securities through brokers involve a commission to the broker, or for dealers serving as market makers a spread between the bid and the asked price.

We consider various factors in selecting a broker-dealer and determining the reasonableness of its commissions. These factors include the financial stability and reputation of the broker-dealer, price, the extent to which the broker-dealer makes a market or trades in and has knowledge of the particular security and its market, broker-dealer inventory, research, ability of the broker-dealer to execute the transaction and overall level of service.

We do not negotiate for the receipt of specific research from broker-dealers that execute transactions for Clients, but may consider the provision of research services in its selection of broker-dealers to execute transactions. The research services that we receive may include, among others, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel; financial and industry publications and statistical and pricing services. We may "pay up" in brokerage commissions for such research. Brokerage commissions may be higher than they would be if we did not receive such research. When we use Client brokerage commissions to obtain research, we receive a benefit because it does not have to produce or pay for the research. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research. A specific Fund may not, in any particular instance, be the direct or indirect beneficiary of the research or related services provided.

It is our policy to consider in its selection of a broker-dealer, solely, research services that are eligible for protection from liability under the "safe harbor" created by Section 28(e) of the Exchange Act. It is our policy to review at least twice a year the quality of the executions that it is receiving from broker-dealers with which it places orders and the commission levels that it is paying to determine whether it is receiving best execution.

Review of Accounts

Max Holmes, Founder and Chief Investment Officer reviews the holdings in each Client's account on a continuous basis. These holdings are monitored by Mr. Holmes in light of trading activity, significant corporate developments and other activities which may dictate a change in portfolio positions. Before deciding whether to purchase or sell a particular security on behalf of a Client account, each Client account holding such security will be reviewed in full. In addition, Client accounts are reviewed periodically from the standpoint of the specific investment objectives of the Client and as particular situations may dictate.

Generally, we provide monthly estimated NAV and annual audited NAV to investors. Investors are also provided with a monthly Exposure Report. The Exposure Reports generally provide aggregate portfolio exposure by instrument type, industry sector, geography, currency and investment strategy together with leverage levels, number of issuers and risk characteristics, sensitivity to predefined market stresses in interest rates, currency crosses, equity levels and credit spreads. On an annual basis, investors are sent the annual audited financial statements of the applicable Fund.

Client Referrals and Other Compensation

Certain Plainfield employees may serve on the Board of Directors of portfolio companies. Any compensation received in return for service on these boards will be property of the Funds.

Custody

All Client assets are held in custody by unaffiliated broker/dealers or banks; however we may have access to Client accounts since it or an affiliate serves as the managing member or general partner of the Funds. Investors in the Funds will not receive statements from the custodian. Instead the Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Funds' fiscal year end.

Investment Discretion

We generally have discretionary authority to determine, without obtaining specific consent from the Funds or their investors, the securities and amount to be bought or sold. Any limitations on authority are included in the respective Fund's offering memorandum and other governing documents.

Voting Client Securities

We adopted Proxy Voting Policy and Procedures (the "Procedures") that are designed to ensure that in cases where we vote proxies with respect to Client securities, such proxies are voted in the best interests of its clients. The Procedures also require that we identify and address conflicts of interest between us and our Clients. If a material conflict of interest exists, we determine whether voting in accordance with the guidelines set forth in the Procedures is in the best interests of the Client or if the Company should take some other appropriate action. In voting proxies, we generally vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated). Generally, we vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, we determine whether a proposal is in the best interests of our Clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and our opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance. Clients may obtain a copy of Plainfield's Procedures and information about how Plainfield voted a Client's proxies by contacting Gerald Lee by telephone at (203) 302-1712 or by email at gerald.lee@pfam.com.

Financial Information

We have never filed for bankruptcy and we are not aware of any financial condition that is expected to affect our ability to manage Client accounts.

Additional Disclosure

Wydown Management Corp. (“Wydown”) is a consulting firm through which various senior executives provide consulting services to Plainfield, the Funds and portfolio companies in which certain Funds are invested. Wydown affiliated personnel also may provide services to others. Some Wydown affiliated personnel were formerly employed by or otherwise associated with us. Wydown affiliated personnel from time to time provide services directly to portfolio companies in which we invest. In such instances, the cost of the services generally will be charged to the portfolio company. As of December 31, 2010, all such assignments involving Wydown have been completed.

In addition, personnel formerly employed by Plainfield or formerly associated with Wydown from time to time provide services directly to portfolio companies in which Plainfield invests. In such instances, the cost of the services generally will be charged to the portfolio company.

Mr. Holmes is the managing member of Gray Birch Services LLC, a Delaware limited liability company formed in 2011 (“Gray Birch”). Gray Birch has been formed to provide restructuring advisory and other consulting services to corporate and institutional clients. Gray Birch’s assignments will not involve current portfolio investments of any of the Funds at the time of any assignment.