

Littlejohn & Co., LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Littlejohn & Co., LLC (“Littlejohn” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at (203) 552-3500. 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 Littlejohn is also available on the SEC’s website at:
www.adviserinfo.sec.gov.

Item 2 – Material Changes

Littlejohn is amending this ADV Part 2A for the purpose of filing the annual amendment. There are no material changes.

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Item 4 - Advisory Business

Littlejohn & Co., LLC is a limited liability company formed under the laws of the state of Delaware, and has been in business since 1996. Littlejohn & Co, LLC (together with its affiliates, “Littlejohn”) acts as a sponsor and manager of private equity, distressed and performing credit investment vehicles.

Description of Advisory Services

Private Equity

The primary strategy of certain private investment partnerships (each a “Partnership”, and to the extent invested in private equity, a “Private Equity Partnership”) is to make control-oriented investments in equity securities of mid-sized companies, typically those with revenues in the

range of \$150 million to \$800 million, which are experiencing a fundamental change in capital structure, strategy, operations, or growth. The Private Equity Partnerships generally invest in companies that are performing below industry benchmarks or offer untapped operating or growth potential. Certain of Littlejohn's Private Equity Partnerships may also invest in the debt and other related securities or obligations of leveraged or financially distressed middle market companies. Such investments may lead to control positions in the issuers of such debt or securities. Each Private Equity Partnership may also have related investment vehicles, including co-investment vehicles. The relevant governing documents of each Private Equity Partnership permit the general partner of the Private Equity Partnership to form one or more co-investment vehicles for the purpose of investing in some or all of the investments made by the Private Equity Partnership. The Private Equity Partnerships have formed such co-investment vehicles.

Hedge Funds

One or more of the Partnerships for which Littlejohn serves as investment manager invests in the debt and other related securities or obligations of leveraged or financially distressed middle market companies (each of these Partnerships, a "Hedge Fund"). In general circumstances, Littlejohn seeks to make opportunistic investments on behalf of a Hedge Fund to achieve superior risk-adjusted returns by investing in attractive investment opportunities across the capital structure throughout all phases of the business cycle.

Performing Credit

Certain pooled investment vehicles focus on performing credit principally through the management of portfolios of broadly syndicated leveraged loans. By investing in performing companies across a diverse group of industries and sectors, the performing credit platform seeks to preserve principal and provide consistent payments to creditors after payment of applicable expenses.

Regulatory Assets Under Management

As of December 31, 2015, Littlejohn managed approximately \$5.8 Billion in assets, and did not manage any assets on a non-discretionary basis.

Item 5 - Fees and Compensation

Management Fees and Performance Compensation

Management Fees

Management fees charged to each Partnership are generally payable quarterly in advance, are non-refundable, and are pro-rated for any period that is less than a full calendar quarter. The Partnerships vary in terms of their respective management fee structures. While the following is a basic description of management fee terms, it is not an exhaustive representation of how each Partnership's fees are calculated. *For a specific explanation of the fees for any particular Partnership, investors should carefully review the offering documents of that Partnership.*

The management fee charged to each Private Equity Partnership is specified in the governing documents of such Private Equity Partnership and is determined based upon a percentage of capital commitments to such Private Equity Partnership during its investment period. Littlejohn charges each Private Equity Partnership (other than the Executive Fund, as described below) a management fee of up to 2.0% per annum of the capital commitments of the limited partners to such Private Equity Partnership during its investment period. After the investment period, the management fee charged to each Private Equity Partnership (other than the Executive Fund) is reduced to a percentage, ranging from 1.5% to 1.75% per annum, of such Private Equity Partnership's unreturned invested capital. Each limited partner in a Private Equity Partnership is billed for such limited partner's pro rata portion of the management fee.

The management fees charged to Hedge Funds vary according to the particular Hedge Fund's terms. These management fees are generally paid quarterly, in advance, and are debited against the capital accounts of the underlying limited partners. For more specific discussion of management fee amounts, calculations, and other terms, investors should carefully review the offering materials for the applicable Hedge Fund.

Performance Compensation

Generally, each Private Equity Partnership pays the general partner of such Partnership a carried interest of 20% of profits on distributions derived from the disposition of investments or securities, after accounting for a preferred return to limited partners of up to 8% per annum. The carried interest is paid to the general partner at the time of and out of the distribution of profits to limited partners. Carried interest that has been paid is subject to claw back under certain circumstances as set forth in each Private Equity Partnership's governing documents.

Generally, the Hedge Funds pay the general partner of the Hedge Fund performance compensation (the "Performance Allocation") equal to 20% of the increase in value of each investor's investment in the Hedge Fund. The calculation of the Performance Allocation differs depending on the Hedge Fund. Due to the variance in calculation methods and other relevant factors regarding Performance Allocations in Hedge Funds, Investors should refer to the relevant Hedge Fund offering documents for specific information regarding that Hedge Fund's Performance Allocation.

Performing credit accounts pay the collateral manager an incentive fee, which is generally subject to meeting certain minimum standards of investment returns. The incentive fee is generally equal to 20% of the amount available for distribution once all prior payment obligations and the minimum investment return are satisfied.

General

While Littlejohn's fees are generally not negotiable, the firm reserves the right to reduce or waive its fees for certain investors. In particular, fees may be waived for key employees of Littlejohn or family members of such key employees.

Other Expenses

Private Equity/Hedge Funds

In addition to management and performance compensation, each Partnership (and indirectly its limited partners) is required to pay all fees and expenses relating to the Partnership's activities, investments and business. Such fees and expenses will vary, but typically will include those associated with making or selling portfolio investments, including investment expenses and investment related travel. Investment related travel may include travel on a private aircraft when Littlejohn believes that this cost is justified by the greater efficiency and security provided by the use of private air travel, especially for destinations which commercial aircraft do not efficiently reach. In addition to expenses related to researching, implementing and monitoring investments, Partnerships are also charged legal and accounting fees, taxes, fund administration fees, commissions and brokerage fees, registration expenses, the cost of directors' and officers' liability insurance and other expenses such as litigation or broken deal expenses.

Each Partnership (and indirectly its limited partners) is also responsible for the costs and expenses relating to the organization of such Partnership, including travel, printing, legal, filing and accounting fees and expenses, and certain regulatory expenses up to a certain amount, as described in the offering materials and/or governing documents of such Partnership. Any such organizational expenses paid by a Partnership in excess of the specified amount for each Partnership will be applied to reduce management fees payable by such Partnership. A Partnership is also required to pay any placement agent fees that are incurred in connection with the marketing and offering of interests in such Partnership, provided, that any such payments will be applied to reduce the management fee payable by the Partnership, as described under Item 14 –

Client Referrals and Other Compensation.

In the event an investor in the Hedge Fund seeks to redeem its investment within a specified period of time after the investment is made, the investor may also be required to pay a redemption fee out of the amount of the redemption proceeds. These redemption fees are paid to the applicable Partnership.

Performing Credit

Collateralized loan obligations can incur and may be responsible for other expenses separate from management and incentive fees, subject to its governing documents and availability of funds. Some of these expenses may be payable to Littlejohn in respect of reimbursements for expenses. These expenses typically may include: (1) costs and expenses with respect to any workout, restructuring, recapitalization, amendment, waiver or consent of or with respect to certain investments and the protection or enforcement of rights thereunder; (2) reasonable fees and expenses incurred to employ outside counsel, accountant, or other specialist or professional, asset pricing and asset rating services, accounting, programming and data entry services, costs and expenses in connection with the acquisition of director and officer insurance; (3) commissions,

transfer fees, registration costs, taxes, and other similar costs, and transaction related expenses; legal, custodial, accounting audit and related costs and expenses; (4) expenses incurred in obtaining credit ratings on investments; and (5) certain other fees and expenses that may be authorized under a fund's governing documents or investment management agreement.

Other Compensation

Littlejohn, its affiliates, and in some cases, operating partners, may receive director's fees, consulting fees, monitoring fees and other similar fees from the Private Equity Partnerships' portfolio companies (collectively, "Advisory Fees") and may also receive "breakup" fees in connection with transactions which are not consummated or transaction fees in connection with the acquisition or disposition of portfolio companies. In addition, Littlejohn may receive "transaction fees" in respect of acquisitions by or dispositions of portfolio companies. A percentage of the Advisory Fees and "breakup" fees Littlejohn receives will be applied to reduce the quarterly management fee payable by the applicable Private Equity Partnerships, and transaction fees will be used to pay or reimburse the applicable Private Equity Partnerships for costs and expenses incurred by such Partnership in connection with any transaction (whether or not consummated) for which such Partnerships have not previously been reimbursed, in each case as detailed in the governing documents of the Private Equity Partnerships. Given the investment program of many of the Partnerships, it is likely that certain investment professionals of Littlejohn may become members of the board of directors of one or more companies whose securities are included in a Partnership's portfolio. In the event such a professional becomes a board member, and such professional is compensated by the company for his or her role as a board member, such compensation will be remitted to the Partnership holding the relevant investment. Operating partners whose efforts are dedicated to a specific portfolio company will be compensated by that portfolio company, and as such their compensation not used to offset any portion of management fees.

Item 6 - Performance Based Fees and Side-by-Side Management

As discussed under Item 5 - *Fees and Compensation* above, each Private Equity Partnership (other than the Executive Fund) pays a carried interest of up to 20% to the general partner of such Partnership, and the Hedge Fund pays a Performance Allocation to the general partner of the Hedge Fund. Each of the general partners of the Partnerships are related persons of Littlejohn. Littlejohn's receipt of performance fees may create an incentive for Littlejohn to make more speculative investments than it would otherwise make in the absence of performance-based compensation. In order to minimize adverse consequences that might result from this risk, Littlejohn manages each Partnership in accordance with the investment strategies it has developed for such Partnership. Furthermore, Littlejohn discloses to investors the risks associated with the payment of a performance fee, as well as the risks inherent in the investment strategies of a Partnership, in the offering documents for such Partnership.

The fact that Littlejohn (including the general partners) does not receive fees in respect of the performance of the Executive Fund but does receive fees in respect of the performance of the other Partnerships does not create a conflict of interest with respect to Littlejohn's allocation of investment opportunities because the governing documents of the Executive Fund and certain

Private Equity Partnerships specify that the Executive Fund will invest alongside such Private Equity Partnerships in all investments in which such Private Equity Partnerships will control the target company immediately following such investment, and further specify that such investments shall be made pro rata based upon the unfunded capital commitments of the Executive Fund and each such Private Equity Partnership.

Item 7 - Types of Clients

Littlejohn provides advisory services to the Partnerships and the CLO, as described in the Advisory Business section.

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

INVESTMENT STRATEGIES AND METHODS OF ANALYSIS

Private Equity

Littlejohn seeks to acquire controlling equity positions on behalf of the Private Equity Partnerships in companies where the investment opportunity generally possesses the following characteristics: (i) the company is under-performing or distressed; (ii) the Firm has a clear plan to improve the company's operations; (iii) the valuation of the company is lower than the Firm's perception of the intrinsic value of the company; and (iv) the company can benefit from Littlejohn's "hands-on" approach to its investments.

Once Littlejohn has identified a potential control investment opportunity, the Firm will undertake a comprehensive due diligence process, consisting of the following components:

- Preparation of a preliminary financial model and collecting and analyzing sufficient industry, company specific and management information;
- Thorough study of the target company's industry, market share, competitive strengths and weaknesses, and internal operations, utilizing industry professionals or consultants to supplement internal findings and opinions where appropriate.
- Assessment of the target's management team, and, if management is underqualified (or does not exist) initiation of a search for qualified candidates. In these circumstances, Littlejohn will confirm that it can provide the operating resources to temporarily assume management responsibilities until qualified personnel are hired.
- Evaluation of internal operations of business, including (i) understanding components of cost and fully loaded customer and product line profitability; (ii) identifying opportunities to streamline manufacturing processes and improve capacity utilization; (iii) identifying opportunities to improve product mix and quality; and (iv) developing strategic plans for internal growth and growth through acquisitions.
- Confirmatory due diligence conducted by outside professionals on matters such as accounting, tax, legal, environmental, human resources, technical (if necessary), risk management and employee benefits.

As part of Littlejohn's control investment strategy, after making an investment, Littlejohn will begin implementing a long-term operating strategy that identifies priorities and goals, attracts and motivates a superior management team, and addresses manufacturing, financial controls and systems, sales and marketing, and product development needs. The Firm closely monitors each portfolio company's performance and holds management accountable for the achievement of performance targets.

Distressed Securities Investments

Littlejohn seeks to achieve superior risk adjusted returns on behalf of the Hedge Fund as well as specified portions of the assets of certain of the Private Equity Partnerships (each such portion of assets of a Private Equity Partnership, a "Distressed Securities Pool") by investing in a diversified portfolio of debt, equity and other related securities or obligations of leveraged or financially distressed middle market companies. Such companies generally have undergone, are undergoing or are considered likely to undergo, a reorganization under bankruptcy laws or other extraordinary transaction, such as debt restructurings, reorganizations or liquidations outside of formal bankruptcy proceedings. Littlejohn believes that securities of distressed companies are often mispriced by the marketplace due to difficulties in understanding the timing and process of a corporate restructuring, lack of reliable external data, and difficulties in conducting financial analysis, and Littlejohn seeks to profit on its expertise in investing in operationally and financially challenged companies.

During the holding period of an investment, Littlejohn may attempt to proactively lead change by asserting rights as a creditor to maximize value by advocating for bankruptcy and/or restructuring. To the degree possible, Littlejohn will attempt to serve as an active member of creditor committees, company boards, and ad hoc creditors groups. Littlejohn will attempt to exit when investor value has been maximized.

When Littlejohn makes distressed securities investments on behalf of a Private Equity Partnership, Littlejohn may seek to build its non-control position in a target into one where it will ultimately gain control over the issuer of such securities. The Firm believes that this strategy significantly improves the Private Equity Partnerships' ability to access and take control of underperforming companies, especially in instances where ownership is fragmented and control will most likely be achieved through the conversion of debt. Once control is obtained over a target company, Littlejohn will further leverage the resources and infrastructure of Littlejohn's private equity group by becoming active in the management of such company on the same basis that Littlejohn manages companies in which it makes control equity investments, as described above.

Littlejohn employs both quantitative and qualitative valuation techniques to properly assess the intrinsic value of target companies. In analyzing a target, Littlejohn will consider all securities and obligations within the target's capital structure and will focus its investments on the best risk adjusted assets, though preference will be given to the most senior tranche of a company's capital structure. Littlejohn will also analyze the timing and complexity of the restructuring or other extraordinary event the target is undergoing in order to determine what actions and events will be necessary to increase the value of the investment, and consider the effects these factors will have on the liquidity and hold period of the investment in order to construct a diversified portfolio.

Performing Credit

Through Wellfleet Credit Partners (“Wellfleet”), Littlejohn created an extension of its debt management strategy. While the distressed securities investments focus on underperforming debt, Wellfleet focuses on performing credit. Initially, Wellfleet will use a CLO to finance the purchase of its assets. Eventually, it is expected that Wellfleet, will manage both CLOs and private investment partnerships. Wellfleet performs a thorough credit analysis on issuers whose debt (or other securities) it considers for an investment, including analysis of the debt structure of the company and the priority of the loan as compared to other debt instruments or obligations and the free cash flow generating ability of the company. Wellfleet will invest in interest-bearing loans and other instruments, which are expected to provide sufficient income to pay the interest to creditors, pay management fees and expenses and potentially provide additional returns to subordinated investors. The investments must also generally meet certain standards for creditworthiness, including having received certain ratings from third party ratings agencies.

Collateralized loan obligations have many tests that require its collateral manager to maintain the quality and diversity of the loan portfolios. These tests, which include overcollateralization tests, weighted average ratings factor tests, interest coverage tests, and weighted average life tests, among others, are mandated by the CLO’s indenture and are verified by an independent trustee.

RISK OF LOSS AND MATERIAL RISKS RELATING TO INVESTMENT STRATEGIES AND METHODS OF ANALYSIS

An investment in any pooled investment vehicle may be deemed a speculative investment, and is designed for sophisticated investors who fully understand and are capable of bearing the risk of such an investment. No guarantee or representation is made that any investment will achieve its investment objective or that investors will receive a return of their capital. Interests in a pooled investment vehicle will not be registered under the federal securities laws and their transfer will be limited under federal and state securities laws and under the terms of the vehicle’s governing documents. All investment strategies involve numerous risks that an investor or prospective investor should consider before making an investment. The following list of material risks is not intended to be an exhaustive list of the risks relating to the stated Investment strategies and methods of analysis, and the descriptions of such risks herein are not intended to be comprehensive. Investors and prospective investors should carefully review the governing documents with respect to any pooled investment vehicle in which they are an investor or are considering an investment for a detailed description of the risks associated with such an investment.

Risks Relating to Control Equity Investments

Investments in which Littlejohn uses its control investment strategy and related methods of analysis described above are subject to many material risks, including the following:

General Business and Management Risk

The Partnerships intend to invest in medium-sized companies that are under-performing. Such investments will necessarily have significant risks as a result of business, financial or legal uncertainties. There can be no assurance that Littlejohn will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments or that Littlejohn will be able to successfully turn around such companies. Investments in portfolio companies subject the Partnerships to the general risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the company level, interest rate and currency fluctuations, general economic downturns, domestic and foreign political situations and other factors. With respect to management at the portfolio company level, many portfolio companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly and adversely affect the portfolio company's performance. While in all cases Littlejohn will monitor the management of portfolio companies, the day-to-day management of the portfolio companies is the responsibility of such portfolio company's executives and officers.

Risk of Limited Number of Investments and Portfolio Valuation

Since each Private Equity Partnership may only make a limited number of control investments and such investments generally will involve a high degree of risk, poor performance by even a single portfolio company could severely affect the total returns to limited partners.

Competitive Market for Investment Opportunities

The Partnerships will be competing with a significant number of private equity and hedge funds, as well as institutional investors, for suitable investments. As a result of this competition, there can be no assurance that the Partnerships will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve their targeted rate of return or fully invest their respective committed capital.

Liquidity Issues

The Partnerships will invest in certain instruments where there is likely to be no actively traded market. Moreover, many of the Partnerships' investments may be held by relatively few other investors. Under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer or of the asset, the Partnerships may find it more difficult to sell such instruments when Littlejohn believes it advisable to do so or may be forced to sell them at prices lower than if the instruments were widely held. Thus, the range of disposal strategies available to the Partnerships may be further limited. Finally, dispositions of investments may be subject to contractual and other limitations on transfer, or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms obtainable upon a disposition.

Leverage

The Partnerships' investments are expected to include portfolio companies whose capital structures may have significant leverage. Although the portfolio companies will seek to use leverage in a manner they believe to be prudent, the leveraged capital structure of such portfolio companies will increase the exposure of the portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the portfolio company or its industry. Further, leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available income. Such investments are inherently more sensitive to declines in revenues and to increases in expenses. If a portfolio company defaults on secured indebtedness, the lender may foreclose and a Partnership could lose its entire investment in such portfolio company.

Risks Relating to Distressed Securities Investments

In addition to many of the same or similar material risks discussed above in respect of control equity investments, Littlejohn's investments in distressed securities are subject to many additional risks, including those described below:

General

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 issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also 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 normally expected. The nature of a Partnership's investments may potentially result in such Partnership incurring significant fees and expenses, such as legal, financial advisory and consulting fees and expenses. In trading distressed securities, litigation sometimes arises. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

Investment Environment and Market Risk

Many factors affect the appeal and availability of investment in companies that are the focus of the Partnerships. Although Littlejohn sees changes in these factors indicating a trend towards increased opportunities and value creation, there can be no assurance that such changes will continue. The profitability of Littlejohn's investment program in distressed securities will depend to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Littlejohn will be able to predict accurately these price movements. Although Littlejohn may attempt to mitigate market risk through the use of long and short positions or other methods, there may be a significant degree of market risk.

Special Situations

A Partnership may have investments in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Partnership of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a Partnership may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Partnerships may invest, there is a potential risk of loss by each Partnership of its entire investment in such companies.

Risks Relating to Restructurings and Bankruptcies

The Partnerships may invest in companies that face financial or operational difficulties or are otherwise in need of restructuring. Littlejohn may not be able to implement a restructuring in a timely manner or at all, and the companies may go out of business or become subject to bankruptcy proceedings. Bankruptcy is time-consuming and expensive, and may result in a partial or total loss on the investment. Previous payments from a company to a Partnership could be reclaimed if they are deemed to be fraudulent conveyances or preferential payments, and a bankruptcy court could disallow, subordinate or disenfranchise a Partnership's claims to a company's assets. Other factors could adversely affect the Partnerships' investment in such a situation, including Littlejohn's misjudgment of the time required to complete a restructuring, failing to adequately monitor the company and the creditors' committees or incurring liability as an insider or fiduciary of the company.

Board Participation

The size of a Partnership's equity holdings in a particular issuer, or contractual rights obtained by a Partnership in connection with a distressed securities investment, may enable a Partnership to designate one or more directors to serve on the boards (or comparable governing bodies) of companies in which such Partnership invests. While such representation may enhance Littlejohn's ability to manage a Partnership's investments, it may also have the effect of impairing the ability of a Partnership to sell the related securities when, and upon the terms, it might otherwise desire, as it may subject the Partnership to legal claims it would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims, and other potential claims related to service on a board. A Partnership will indemnify Littlejohn and its affiliates for claims arising from such board representation.

Default Rates of Commercial Loans and High-Yield Securities

There are varying sources of statistical default rate data for commercial loans and high-yield securities and numerous methods for measuring default rates. The historical performance of the

loan market or high-yield market is not necessarily indicative of its future performance. Should increases in default rates occur with respect to the type of investments comprising the portfolio collateral, the actual default rates of the portfolio collateral may exceed the rates anticipated.

Littlejohn and Investors Will Have Limited Control of the Administration and Amendment of Portfolio Loans

Littlejohn as well the collateral manager will exercise or enforce, or refrain from exercising or enforcing, any or all of its rights in connection with any loan held in the portfolio collateral (each, a “Portfolio Loan”) or any related documents or will refuse or accept amendments or waivers of the terms of any Portfolio Loan and related documents in accordance with its customary business practices as if Littlejohn were administering the Portfolio Loans for its own account. The authority of Littlejohn to change the terms of the Portfolio Loans will generally not be restricted by the fund’s governing documents. Further, holders of any notes, preferred shares or securities (collectively, the “Notes”) issued by the CLO have no rights to compel Littlejohn to take or refrain from taking any actions other than in accordance with its customary business practices.

The terms and conditions of the loan agreements and related assignments may be amended, modified or waived only by the agreement of the lenders. Generally, any such agreement must include a majority or a super majority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote of the lenders. Consequently, the terms and conditions of the payment obligation arising from loan agreements could be modified, amended or waived in a manner contrary to the preferences of Littlejohn, as the case may be, if a sufficient number of the other lenders were to concur with such modification, amendment or waiver. There can be no assurance that any obligations arising from a loan agreement will maintain the original terms and conditions.

The exercise of remedies may also be subject to the vote of a specified percentage of the lenders thereunder. Littlejohn will have the authority to consent to certain amendments, waivers or modifications to the Portfolio Loans requested by obligors or the lead agents for loan syndication agreements. Littlejohn may, in accordance with its investment management standards and subject to the transaction documents, extend or defer the maturity, adjust the outstanding balance of any Portfolio Loan, reduce or forgive interest or fees, release material collateral or guarantees, or otherwise amend, modify or waive the terms of any related loan agreement, including the payment terms thereunder. Littlejohn will make such determinations in accordance with its customary investment management standards, and in accordance with a fund’s governing documents. Any amendment, waiver or modification of a Portfolio Loan could postpone the expected maturity of the Notes and/or reduce the likelihood of timely and complete payment of interest or principal under the Notes, as well as the timing and amount of payments to holders of the Notes.

Interest Rate Risk

The Notes generally will bear interest at a rate based on LIBOR, as described in the Notes’ offering circulars. While most of the portfolio collateral will bear interest at floating rates, some of

the portfolio collateral may bear interest at fixed rates. Further, the obligors under the Portfolio Loans which are floating rate collateral may choose different interest indices than the London interbank offered rate for three-month U.S. dollar deposits or the interest rates on the floating rate collateral may be determined or adjustments may take effect on different dates than is the case for the Notes.

Risks Relating to Performing Credit

Limited Funds Available to Pay Operating Expenses.

The funds available to pay certain fees and expenses are limited. In the event that such funds are not sufficient to pay the expenses, the ability of an issuer to operate effectively may be impaired, and it may not be able to defend or prosecute legal proceedings that may be brought against it or that it might otherwise bring. In addition, service providers who are not paid in full, have the right to resign. This could lead to default under the Cayman Islands Companies Law and potentially being struck from the register of companies and dissolved.

Interest Rate Risk.

There may be an interest rate or basis mismatch between the loans in a portfolio and their corresponding collateral. In particular, floating rate assets may adjust more or less frequently, on different dates and based on different indices, than the interest rates on floating rate notes. As a result of such mismatches, an increase in the level of LIBOR or any other applicable floating rate index could adversely impact payments to creditors.

Conflicts Related to Concentrated Ownership of the Controlling Class.

A single investor may purchase a majority of senior notes. The interests and incentives of such holder will not necessarily be aligned with those of the other holders of any particular class. A majority or supermajority, as applicable, of a controlling class may be entitled to direct certain actions and control certain decisions (including with respect to certain remedies following an event of default). So long as such an investor (or any other single investor) holds a substantial interest in the most senior notes, it will not be possible to take such actions without that investor's consent.

Conflicts Related to Concentrated Ownership of Subordinated Notes.

Littlejohn, either directly or indirectly, may hold all or a majority of subordinated notes. Any action permitted under an indenture that requires a majority or supermajority of subordinated note holders may not be possible without Littlejohn's consent. The interests and incentives of any concentrated note holder may not necessarily be aligned with those of the holders of other notes. Further, it is possible that, because of this relationship, the holders of such subordinated notes will have greater influence over the collateral manager than other holders. This influence could include the ability to impact the collateral manager's investment decisions or to provide an incentive for

the collateral manager to seek riskier assets in order to obtain higher returns for the holders of the subordinated notes.

Item 9 - Disciplinary Information

Littlejohn and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Item 10 - Other Financial Industry Activities and Affiliations

As discussed above, the Firm provides investment advice to the Partnerships. The general partners of the Partnerships and in some cases other affiliates acting as investment managers for certain partners, are affiliated with Littlejohn by common ownership. However, pursuant to sub-management agreements, employees of Littlejohn provide all such investment advisory services to all Partnerships. As discussed, none of the affiliates of Littlejohn & Co., has its own employees. Littlejohn serves as investment manager to pooled investment vehicles, which are each pooled investment vehicles. The existence of multiple pooled investment vehicles can create a material conflict of interest with respect to Littlejohn's allocating investment opportunities among pooled investment vehicles. Generally, under the Private Equity Partnerships' governing documents, control equity investments that are suitable for more than one Private Equity Partnership are allocated pro rata to the Private Equity Partnership(s) that are in their investment periods at the time of the allocation, although follow-on investments in existing portfolio companies are generally made by the Private Equity Partnership(s) that made the initial investment. When Littlejohn deems investment opportunities in distressed securities or performing credit to be suitable for more than one pooled investment vehicle, Littlejohn will allocate the investment opportunity between such pooled investment vehicles on a basis Littlejohn considers to be fair and reasonable taking into consideration such factors as the capital available to such pooled investment vehicles, any investment restrictions included in the governing documents of such pooled investment vehicles, the size of the transaction, the amount of potential follow-on investing that may be required for such investment and the other portfolio investments of such pooled investment vehicles, the relation of such opportunity to the investment strategy of such Partnerships, considerations involving the portfolio balances of such Partnerships, the sourcing of the transaction, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals of Littlejohn, and any other considerations Littlejohn deems relevant in good faith.

In addition, conflicts of interest would arise if different Partnerships were to invest at different times or in different securities of or in different levels of the capital structure of a single company (for example, by one Partnership investing in the equity of an issuer, and another Partnership investing in debt securities of such issuer). Accordingly, when more than one Partnership invests in the same company, they will generally do so at the same time and on the substantially the same economic terms. In addition, Partnerships are generally prohibited from selling securities to other Partnerships unless the transaction is processed through a broker-dealer.

In order to manage potential conflicts of interest arising from the different investment objectives of the various Partnerships and other vehicles Littlejohn has developed a conflicts of interest policy which provides certain guidelines for investments in distressed securities.

Littlejohn Capital, LLC

Angus C. Littlejohn, Jr. is the founder of Littlejohn Capital, LLC, a private equity firm focused on micro-cap private companies whose size generally prohibits investment by Littlejohn. In the event an investment opportunity arises that has any significant potential to become an investment for one of the Partnerships, Littlejohn requires Littlejohn Capital to present the opportunity to the Partnerships for a right of first refusal prior to Littlejohn Capital making an investment. In the event such an opportunity were to be appropriate for both Littlejohn Capital and one or more Partnerships, the above procedures as described for the allocations of investment opportunities would be instituted and conflicts of interest explored by the applicable Partnership's Advisory Committee.

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

Code of Ethics

Littlejohn recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its clients and investors; (ii) its long-term business interests are best served by adherence to the principle that the interests of clients and investors come first; and (iii) it has a fiduciary duty to its Partnerships to act for their benefit. Accordingly, and in accordance with Rule 204A-1 under the Investment Advisers Act of 1940, as amended, Littlejohn has adopted a Code of Ethics (the "Code"), which recognizes that, as an investment adviser, Littlejohn is required to act in its clients best interests and is designed to ensure that Littlejohn meets its fiduciary duties to its clients. Investors or prospective investors may obtain a copy of the Code by sending a written request to Mr. Kenneth Warren (Littlejohn's Chief Compliance Officer) at the address set forth on the cover page of this Brochure.

The Code requires Littlejohn personnel to act with competence, dignity, integrity and in an ethical manner when dealing with the Partnerships, their investors and other third parties. The Code also requires Littlejohn employees to comply with all federal securities laws. Littlejohn employees are further required to adhere to the highest standards with respect to any conflicts of interest with clients, and to report to the Chief Compliance Officer any practice that creates or gives the appearance of a material conflict of interest.

It is possible that Littlejohn personnel may personally invest in some of the same investments that are held by a Private Equity Partnership, the Hedge Funds, the CLO or that they may own investments that are subsequently purchased for a Private Equity Partnership, the Hedge Funds, or the CLO. To mitigate the effects of this potential conflict, the Code implements policies and procedures which govern, among other things, personal trading by Littlejohn personnel. Among other requirements, all employees must seek pre-approval from the Chief Compliance Officer for certain personal trades and report their personal securities transactions and holdings in accounts

over which they have direct or indirect influence or control (“Controlled Accounts”). Further, Littlejohn personnel must certify their compliance with the Code on an annual basis.

Item 12 - Brokerage Practices

Selection of Brokers

Because the Private Equity Partnerships (other than the Distressed Securities Pools) invest only in private securities, Littlejohn does not ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments.

When Littlejohn transacts in public securities, Littlejohn is generally authorized to make the following determinations, subject to the Partnership’s investment objectives and restrictions, without obtaining prior consent from the relevant Partnership or any of their respective limited partners: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; and (3) the executing broker or dealer for any transaction, irrespective of the commission rates or commission equivalents such broker or dealer charges.

Littlejohn seeks to select brokers based upon the brokers’ ability to provide best execution for the transaction. In making its decisions regarding the allocation of brokerage transactions for Partnerships and in seeking best execution, Littlejohn will consider a variety of factors, of which commission price is not the only concern. This is partly due to the fact that in many cases, commission cost is not possible to determine due to the nature of the pricing structure the brokers use, making the cost of execution less relevant in seeking best execution than an overall assessment of the totality of circumstances for each trade.

Research and Soft Dollar Benefits

Brokers through which Littlejohn effects transactions may provide Littlejohn with investment research and other products and services that are generally made available to all institutional investors doing business with such brokers. These bundled services are made available to Littlejohn on an unsolicited basis and without regard to the rates of commissions or spreads charged or paid by Littlejohn or the volume of business Littlejohn directs to such broker-dealers. Since these products and services are merely made available by brokers as part of a bundled business package to Littlejohn, which may or may not use them, it is Littlejohn’s understanding that such brokers do not set discrete prices for such products and services. Accordingly, Littlejohn does not separately compensate such brokers for the provision of such services and does not believe that it “pays-up” for such brokers’ services since the brokers do not break out the costs for such services.

Aggregation of Orders

Littlejohn may aggregate trades for different Partnerships in distressed debt and other obligations when such aggregation is expected to result in best execution and be in the best interest of all participating Partnerships. All Partnerships participating in block trades must receive the average price and pay a proportional share of any trading costs, based upon the allocation of the trade

among the Partnerships. The guidelines Littlejohn follows in allocating trades among Partnerships are described in Item 10 - *Other Financial Industry Activities and Affiliations*.

Item 13 - Review of Accounts

Review of Accounts

Littlejohn reviews the composition and investment opportunities of each pooled investment vehicle on a regular, ongoing basis. The Firm's private equity investment professionals hold regular meetings at which the investment professionals responsible for conducting the due diligence on each investment present the investment to Littlejohn's private equity Investment Committee, which consists of the Firm's Managing Directors responsible for overseeing control equity investments. Once a control equity investment is made, Littlejohn assigns to each portfolio company a Managing Director from its private equity team who, together with a specified team of Littlejohn's other investment professionals, is responsible for managing the investment on an ongoing basis. Littlejohn requires each portfolio company to prepare regular operating reports and financial statements and evaluates each portfolio company's performance at regular meetings of the Firm's investment professionals.

The credit portfolios are reviewed on a regular basis in order to assess exposure and performance expectations. Each holding is monitored on an ongoing basis by a designated Littlejohn employee. The Managing Directors responsible for managing the performing credit or distressed debt portfolios ensure that the securities or other financial instruments held by the relevant vehicle are consistent with the portfolio parameters set forth in the relevant governing documents.

Reports to Investors

All investors receive, at least quarterly, reports showing the current estimated value of their investment. In addition, all Partnerships issue audited financial statements at least annually. In addition, each pooled investment vehicle provides information to its investors applicable to that vehicle that may include information regarding investments, market conditions or values.

Item 14 - Client Referrals and Other Compensation

Compensation for Client Referrals

Littlejohn may enter into written agreements with and compensate unaffiliated third parties for soliciting new investors to certain of the Partnerships. Under such agreements, Littlejohn agrees to pay a placement agent a percentage of the amounts invested into a Partnership to the extent the investors were referred by the placement agent. Such placement fees are paid initially by the applicable Partnership, but management fees owed by such Partnership to Littlejohn are correspondingly reduced so that Littlejohn, and not the Partnership (or its investors), bears the cost of placement fees. The use of any placement agent is fully disclosed to investors referred by such placement agent. As of the date hereof, Littlejohn has no active placement agent agreements.

Economic Benefits from Non-Clients

As discussed in Item 5 - *Fees and Compensation* above, Littlejohn may receive Advisory Fees in respect of services it provides to portfolio companies, and may receive transaction fees in connection with the acquisition or disposition of portfolio companies. In addition, Littlejohn may receive “breakup” fees in connection with proposed investments which are not consummated. A percentage of the Advisory Fees and any breakup fees Littlejohn receives will be applied to reduce the quarterly management fee of the applicable Private Equity Partnership, as detailed in the governing documents of the Private Equity Partnerships. If Littlejohn receives any transaction fees in connection with the acquisition or disposition of portfolio companies, such transactions fees will be used to pay or reimburse the applicable Private Equity Partnership for costs and expenses incurred by such Partnership in connection with any transaction (whether or not consummated) for which the Partnership has not previously been reimbursed. The pro-rata portion of Advisory Fees that would be allocated for the benefit of certain co-investment vehicles is allocated to the Private Equity Partnerships in accordance with the relevant governing documents, as the co-investment vehicles do not pay any management fees.

Item 15 - Custody

Littlejohn has custody over the Partnerships’ funds and securities because its affiliates serve as the general partners of the Partnerships. With the exception of certain privately offered securities, all assets of the Partnerships are held in custody by unaffiliated broker/dealers or banks. Limited partners will not receive statements from the custodians. Instead the Partnerships are subject to an annual audit and the audited financial statements are distributed to each limited partner. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Partnership’s fiscal year end.

Item 16 - Investment Discretion

The general partner of each Partnership, as well as the Collateral Manager for the CLO, each of which is an affiliate of Littlejohn, generally has discretionary authority to determine, without obtaining specific consent from the respective pooled investment vehicle or its investors, the securities and amount thereof to be bought or sold by such vehicle. Such authority is given to the general partner or Collateral Manager, as the case may be, and any limitations on this authority are generally included within each vehicle’s governing documents. The governing documents include restrictions on the types of investments each pooled investment vehicle may make. Although such restrictions vary from vehicle to vehicle, they typically include restrictions on the types of securities and other assets the Partnership may invest in, the amount of the Partnership’s assets that may be invested in single portfolio company and the geographical regions in which the Partnership may invest. In addition, a Partnership may enter into separate agreements, commonly referred to as “side letters”, with certain investors, which agreements, among other things, may provide additional limitations on the general partner’s authority to select investments on behalf of the applicable Partnership.

Item 17 - Voting Client Securities

Littlejohn has adopted proxy voting policies and procedures (the “Proxy Voting Policy”), and shall be responsible for voting securities on behalf of the Partnerships. Littlejohn shall vote client securities in a way that it believes will maximize the value of the Partnerships’ investments, which will generally be determined by the relevant Managing Director(s) of the relevant investment team. Littlejohn recognizes that, in voting securities on behalf of a Partnership, conflicts may arise between the interests of one or more investors in such Partnership and Littlejohn. The Proxy Voting Policy implements policies and procedures to address issues that could give rise to a conflict, including referring the matter to an internal committee of Littlejohn personnel who can help resolve the conflict.

Littlejohn’s investment professionals or affiliates may serve as board members for the Partnerships’ portfolio companies. In situations where Littlejohn votes the securities of a portfolio company for which a member of Littlejohn serves on the board of directors, Littlejohn has determined that it does not inherently present a conflict of interest as the purpose for serving on the board is to maximize the return on the Partnership’s investment and to ensure that the Partnership’s interests are protected.

Investors in the Partnerships may obtain a copy of Littlejohn’s Proxy Voting Policy, as well as applicable proxy voting records, by sending a written request to Mr. Kenneth Warren (Littlejohn’s Chief Compliance Officer) at the address set forth on the cover page of this Brochure.

Item 18 - Financial Information

Littlejohn has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts or to meet contractual commitments to clients.