

Littlejohn Management Holdings, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Littlejohn Management Holdings, 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.

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Item 4 - Advisory Business

Littlejohn is a limited liability company formed under the laws of the state of Delaware. Angus C. Littlejohn, Jr. is the only person or entity that owns more than 25% of Littlejohn.

Littlejohn provides investment advisory services by serving as investment manager to various private investment partnerships (each, a “Partnership”). Littlejohn and its affiliated entities have been in business since 1996. Prior to 2009, Littlejohn & Co., L.L.C. (“Littlejohn & Co.”) an affiliate of Littlejohn, provided investment advisory services to certain of the Partnerships. In 2009, Littlejohn entered into a sub-management agreement with Littlejohn & Co. under which Littlejohn provides investment advisory services to such Partnerships. At such time, all employees of Littlejohn & Co. became employees of Littlejohn. In addition, Littlejohn has entered into sub-management agreements with each of Littlejohn Managers, LLC (“Littlejohn Managers”) and Littlejohn Opportunities Advisor LLC (“Littlejohn Opportunities Advisor”), each of which is a wholly owned subsidiary of Littlejohn, under which Littlejohn provides investment advisory services to certain other Partnerships. The general partner of each Partnership is an affiliate of Littlejohn.

None of Littlejohn & Co., Littlejohn Managers, Littlejohn Opportunities Advisor or any of the general partners of the Partnerships has any employees of its own. Each of Littlejohn & Co., Littlejohn Managers and Littlejohn Opportunities Advisors have entered into management agreements with respect to the provision of investment advisory services to one or more Partnerships. Pursuant to the sub-management agreements described above, all investment advisory services are performed by employees of Littlejohn.

Description of Advisory Services

The primary strategy of certain Partnerships (each, 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. Moreover, one of the Partnerships for which Littlejohn serves as investment manager (the “Hedge Fund”) does not make control-oriented investments and invests in the debt and other related securities or obligations of leveraged or financially distressed middle market companies.

Littlejohn formulates the investment objective for each Partnership, directs and manages the investment and reinvestment of each Partnership’s assets, and provides periodic reports to investors in each Partnership. Investment advice is provided directly to each Partnership and not individually to the limited partners of the Partnerships. The terms upon which Littlejohn and its affiliates serve as investment manager and general partner of a Partnership are established at the time of the organization of each Partnership and are generally set forth in the governing documents of such Partnership. Littlejohn’s investment strategies are discussed in further detail under Item 8 - *Methods of Analysis, Investment Strategies and Risk of Loss* below.

Assets Under Management

Littlejohn managed approximately \$2,409,531,000 in assets on a discretionary basis as of December 31, 2011, and did not manage any assets on a non-discretionary basis.

Item 5 - Fees and Compensation

Management Fees and Performance Compensation

Littlejohn receives both a management fee and a performance fee for providing investment advisory services to the Partnerships. Such fees differ for each Littlejohn Partnership, and are generally negotiated with the participating investors in each Partnership at the time of its organization and are generally not negotiable thereafter. Detailed information regarding the fees charged to each Partnership is provided in each Partnership’s offering documents and other governing documents. Littlejohn does not typically receive a management fee or performance compensation from the co-investment vehicles. General descriptions of such fees are provided below.

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 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 Hedge Fund pays Littlejohn a management fee equal to 1.5% per annum of the net asset value of the Hedge Fund as of the beginning of the applicable calendar quarter (or date of an investor's initial investment in the Hedge Fund, if applicable). Management fees paid by the Hedge Fund are debited against the capital accounts of its underlying limited partners.

Performance Compensation

Each Private Equity Partnership (other than the Executive Fund, as described below) 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.

The Hedge Fund pays 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 Performance Allocation is typically determined and paid on an annual basis at the end of each calendar year, but will be determined and paid with respect to shorter periods in respect of an investor's initial investment, withdrawal from the Hedge Fund, or certain other events, in each case as described in the offering documents of the Hedge Fund (each such annual or shorter period, a "Performance Period"). The Performance Allocation is calculated on a "high water mark" basis for each investor, so that only net profits which constitute new profits in excess of the highest cumulative level of profits as of the preceding date on which the general partner of the Hedge Fund received a Performance Allocation shall be subject to a Performance Allocation in the current Performance Period.

General

While Littlejohn's fees are generally not negotiable, the firm reserves the right to waive its fees for certain investors. In particular, the management fee and the carried interest for certain limited partners in the Private Equity Partnerships and the management fee and Performance Allocation for certain limited partners in the Hedge Fund who are key employees of Littlejohn or family members of such key employees, may be waived or reduced at the discretion of Littlejohn. In addition, Littlejohn has organized a Private Equity Partnership (the "Executive Fund") to offer certain individuals, including family members of Littlejohn employees and other persons with whom Littlejohn has preexisting personal relationships, to invest alongside one or more of the Private Equity Partnerships. Investors in the Executive Fund do not pay a management fee or a carried interest.

Other Expenses

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, 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 responsible for the costs and expenses relating to the organization of such Partnership, including travel, printing, legal, filing and accounting fees and 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.

Other Compensation

Littlejohn and its affiliates 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.

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, as described in the Advisory Business section. The investors in the Partnerships include:

- State and municipal government agencies
- Corporations
- Universities
- Insurance companies
- Funds of funds and other investment companies
- Public and private retirement and pension plans
- Charitable organizations
- Sovereign wealth funds
- High net worth individuals

Littlejohn will accept potential investors in a Partnership only if they meet certain suitability standards, as described in each Partnership's offering documents. In addition, the minimum

capital commitment for a limited partner is outlined in the offering documents and other governing documents of each Partnership; however Littlejohn maintains discretion to accept less than the minimum investment threshold.

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

INVESTMENT STRATEGIES AND METHODS OF ANALYSIS

Littlejohn invests primarily in middle-market domestic companies by employing two primary strategies: (1) investments in equity securities through which Littlejohn will obtain control over the target, and (2) investments in debt, equity and related securities or obligations of leveraged or financially distressed companies in which Littlejohn will not, at least initially, have control over the target company, though, in certain instances, Littlejohn may seek to obtain control over such issuer. Each of these strategies is described below, along with the methods of analysis Littlejohn uses to implement with these strategies.

Control Equity Investments

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.

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

An investment in any Partnership may be deemed a speculative investment, and is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in such Partnership. No guarantee or representation is made that the Partnership will achieve its investment objective or that limited partners will receive a return of their capital. Interests in a Partnership 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 Partnership Agreement of such Partnership. There will be no public or private market in which Partnership interests may be sold. Consequently, each limited partner should view any investment in a Private Equity Partnership as a long-term investment which it may not be able to liquidate for an indefinite period of time. Redemptions of interests in the Hedge Fund are subject to numerous limitations, as described in the governing documents of the Hedge Fund. Investors in any Partnership should be prepared to bear the loss of their investment.

Littlejohn's investment strategies and methods of analysis relating to control equity investments and distressed securities investments involve numerous risks that an investor or prospective investor should consider before making an investment in any Partnership that employs such strategies and methods of analysis. Set forth below is a description of some of these material risks. The following list of material risks is not intended to be an exhaustive list of the risks relating to Littlejohn's investment strategies and methods of analysis, and the descriptions of such risks herein are not intended to be comprehensive. Investors and prospective investors in any Partnership should review the offering documents with respect to such Partnership for a detailed description of the risks associated with an investment in such Partnership.

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.

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 are affiliated with Littlejohn by common ownership. In addition, Littlejohn & Co., Littlejohn Managers and Littlejohn Opportunities Advisor are engaged as investment advisers to certain of the Partnerships. However, pursuant to sub-management agreements, employees of Littlejohn provide all such investment advisory services to such Partnerships. As discussed, none of Littlejohn & Co., Littlejohn Managers or Littlejohn Opportunities Fund has its own employees.

Littlejohn serves as investment manager to the Partnerships, which are each pooled investment vehicles. The existence of multiple Partnerships can create a material conflict of interest with respect to Littlejohn's allocating investment opportunities among Partnerships. 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 to be suitable for a Private Equity Partnership and the Hedge Fund, Littlejohn will allocate the investment opportunity between such Partnerships on a basis Littlejohn considers to be fair and reasonable taking into consideration such factors as the capital available to such Partnerships, any investment restrictions included in the governing documents of such Partnerships, 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 Partnerships, 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 order to manage potential conflicts of interest arising from the different investment objectives of the Private Equity Partnerships and the Hedge Fund, Littlejohn has developed a conflicts of interest policy which provides certain guidelines for investments in distressed securities. Under this policy, when Littlejohn makes an investment in distressed securities and intends to seek to obtain control over the target company from the onset of the investment, generally, a Private Equity Partnership will make the investment, and the Hedge Fund will not participate in the investment. If Littlejohn determines to seek control over a company in which a Private Equity Partnership and the Hedge Fund already own securities, the Hedge Fund will be prohibited from selling such securities. Otherwise, if a Private Equity Partnership and the Hedge Fund own securities in the same company, they will each generally be permitted to sell into the market at any time, unless the ownership levels exceed a specified threshold.

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.

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.

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”). These policies additionally require the Chief Compliance Officer to regularly review all personal trading documents and securities holdings of Littlejohn employees in Controlled Accounts and to address any issues noted during the review, including the appropriateness of imposing a penalty for violations of the policies.

Under the Code, Littlejohn personnel must certify their compliance with the Code on an annual basis and report any suspected violations of the Code to the Chief Compliance Officer. Retaliation against any person who reports a violation is strictly prohibited.

Interest in Client Transactions

It is possible that Littlejohn personnel may personally invest in some of the same investments that are held by a Private Equity Partnership or the Hedge Fund, or that they may own investments that are subsequently purchased for a Private Equity Partnership or the Hedge Fund. Such Littlejohn personnel must obtain the pre-approval of the Chief Compliance Officer before engaging in any transaction in such securities so that the Chief Compliance Officer may evaluate any conflicts of interest or other issues resulting from the employee’s proposed ownership or disposition.

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 for the Hedge Fund or a Distressed Securities Pool, 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 including but not limited to: (i) the broker's ability to access a security and to effect prompt and reliable executions at favorable prices; (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer or counter party; (iv) the broker's risk in positioning a block of securities,, and (v) the competitiveness of commission rates in comparison with other broker-dealers. Although Littlejohn generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

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 Partnership 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 portfolios of the Hedge Fund and Distressed Securities Pools are reviewed on a weekly basis in order to assess exposure and performance expectations. Each holdings is monitored on an ongoing basis by a designated Littlejohn employee. The Managing Directors responsible for managing the distressed debt portfolios ensure that the securities or other financial instruments held by the relevant Partnerships are consistent with the portfolio parameters set forth in the relevant governing documents.

Reports to Investors

Littlejohn provides unaudited financial statements quarterly and audited financial statements annually to each investor in each Private Equity Partnership, together with valuations of each of such Private Equity Partnership's portfolio investments. In addition, Littlejohn provides quarterly reports to each investor in each Private Equity Partnership, including a detailed account of the major events that occurred during the quarter and an overview of general market conditions. Littlejohn provides each investor in the Hedge Fund with unaudited monthly statements reflecting such investor's capital account balance, as well as audited annual financial statements.

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 a placement agent is fully disclosed to investors referred by such placement agent.

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, each of which is an affiliate of Littlejohn, generally has discretionary authority to determine, without obtaining specific consent from a Partnership or its limited partners, the securities and amount thereof to be bought or sold by such Partnership. Such authority is given to the general partner, and any limitations on this authority are generally included within each Partnership's governing documents. Each Partnership's governing documents include restrictions on the types of investments each Partnership may make. Although such restrictions vary from Partnership to Partnership, 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 Private Equity 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 Private Equity Partnership. Littlejohn discloses the terms of any such side letter agreements to all limited partners in the applicable Private Equity 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.