



Part 2A of Form ADV: Firm Brochure

Twin Haven Capital Partners, LLC

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This brochure provides information about the qualifications and business practices of Twin Haven Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 310-689-5100. 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 Twin Haven Capital Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. Registration does not imply a certain level of skill or training.

Item 2 Material Changes

This item discusses only material changes to the previous annual update to the Brochure prepared by Twin Haven Capital Partners, LLC (“Twin Haven” or the “Firm”) dated March 31, 2014. The Brochure will be updated on an annual basis and any material changes to it will be identified in this section.

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Item 4 Advisory Business

Twin Haven was formed as a limited liability company in Delaware in June 2009. Robert B. Webster and Paul L. Mellinger (the “Portfolio Managers”) are the founders of the firm and together their respective trusts, The Robert and Julie Webster Living Trust and The Paul and Valerie Mellinger Trust, own 100% of Twin Haven.

Twin Haven serves as investment manager for private investment funds and for a liquidating trust for investments from a private investment fund (collectively referred to as the “Funds”) and as such makes all investment decisions on behalf of such Funds according to the investment objective of each Fund. In the case of a liquidating trust references to the investment strategy, objectives or private offering memorandum are those of the Fund whose investments the trust received, with the purpose of liquidating these investments and reference to the partnership agreement shall include the trust agreement of a liquidating trust. The Funds were generally formed for the purpose of making opportunistic investments in debt, debt-related and equity securities and other financial instruments (collectively referred to as the “securities”) of companies, generally with small or medium-sized capitalizations, in distressed or other special situations. The specific investment strategy, objective, and restrictions of each Fund are stated in the respective confidential private offering memorandum and limited partnership agreement governing such Fund. Please refer to Item 8 for a more detailed description of Twin Haven’s investment strategies.

As of December 31, 2014, Twin Haven managed \$551,154,639 of client assets on a discretionary basis (and \$0 on a non-discretionary basis).

Item 5 Fees and Compensation

The annual management fee rate paid by the Funds is between 1.38% and 1.75% and may vary with respect to each limited partner of a Fund based on the amount and timing of a limited partner’s capital commitment to the Fund. The management fee is payable quarterly in advance and will be prorated for any fiscal quarter that is less than a full quarter. It would be Twin Haven’s policy to rebate the fee on a pro rata basis if the investment management agreement is terminated during a quarter. The applicable rate for each limited partner is applied to (1) the total commitment of such limited partner during the Fund’s commitment period, and (2) after the commitment period, such limited partner’s allocable share of the cost basis of the remaining investments of the Fund, but not to exceed such limited partner’s commitment to the Fund. The current liquidating trust does not pay a management fee.

The management fees with respect to limited partners that are non-affiliates of Twin Haven are offset by a pro rata share of any net transaction, investment banking, monitoring or similar fees or directors’ fees received by Twin Haven or its affiliates or employees.

Twin Haven accepts performance-based fees, as further described below in response to Item 6. Other fees, costs and expenses which the Funds pay in connection with the operation of the Funds and the management and investment management of the Funds include the costs and expenses of brokerage and transactions (see also “Item 12: Brokerage Practices”) and of the administration of the Funds generally, including costs and expenses related to custody. A summary of such other fees, cost and expenses of the Fund are set out in the confidential private offering memorandum of each of the Funds.

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

The performance based compensation paid by a Fund generally is paid to an affiliate of Twin Haven in its capacity as a general partner or trustee (“Twin Haven Trustee”) of the Fund and is referred to as a “carried interest.” Other than tax distributions, carried interest is not paid to the general partner until the limited partners in the Fund have received a return of their capital contributions and a certain cumulative annual return, compounded annually, on their capital contributions (net of capital distributions). Further details of the specified carried interest and preferred return are documented in each Fund’s confidential private offering memorandum and limited partnership agreement. Twin Haven does not currently manage client accounts that are not charged a performance fee.

Item 7 Types of Clients

Twin Haven Capital Partners, LLC acts as investment manager to the Funds. The Funds operate as limited partnerships or liquidating trust that are not required to be registered under the Investment Company Act of 1940. The investors must be “accredited investors”, as such term is defined in Regulation D under the Securities Act of 1933 and “qualified purchasers” as such term is defined under the Investment Company Act of 1940. Investors include individuals, pension and profit-sharing plans, trusts, endowments, foundations, estates, corporations and other entities. Twin Haven Capital Partners, LLC has created and may in the future create a liquidating trust upon dissolution of a Fund.

Investors are required to commit or contribute certain minimum capital amounts to become limited partners of Twin Haven’s Funds. For an individual limited partner the minimum commitment is \$1 million and for an institutional limited partner it is \$5 million. These minimum commitment requirements are subject to waiver by the general partner of the Fund at its discretion.

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

The Funds will primarily invest in debt, debt-related and equity securities and other financial instruments of companies, generally with small or middle capitalizations, in distressed or other special situations. Twin Haven employs traditional valuation and credit analysis along with its expertise in the legal and business processes of restructuring and insolvency to evaluate current and potential holdings in each portfolio. While the Funds seek to achieve attractive long-term risk-adjusted returns, there can be no assurances that the Funds will not incur losses. The investments risks that investors may face include, but are not limited to:

- *Overall Investment Risk:* All investments risk the loss of capital. The nature of the investments may increase this risk. There can be no assurances that the Fund will not incur losses. Many unforeseeable events, including actions by various government agencies and domestic and international political events, may cause sharp market fluctuations that could impact the investment program of the Funds.
- *Market Risk:* The profitability of a significant portion of the investments depends to a great extent upon Twin Haven correctly assessing the future course of price movements of investments. There can be no assurance that Twin Haven will be able to predict accurately these price movements. At times, securities and other markets experience great volatility and unpredictability. Changing market and general economic and business conditions may make a Fund’s intended investment strategy less profitable.
- *Liquidity Risk:* The market value of investments will fluctuate with, among other things, changes in market rates of interest, general economic conditions, economic conditions in particular industries, the condition of financial markets and the financial condition of the issuers of investments. In addition, the lack of an established, liquid secondary market for some investments may have an adverse effect on the market value of those investments and on a Fund’s ability to dispose of them. The Funds’ investments may be less liquid because they are in mid- and small-cap rather than larger companies. The markets for the Funds’ various investments have from time to time experienced periods of substantial illiquidity.
- *Credit Risk:* The risk of an issuer’s ability to meet principal and interest payments on its obligation.

Additionally, there are risks associated with the financial instruments in which the Funds primarily invest, as discussed below.

Debt Securities

Debt securities are subject to the risk of an issuer’s ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). With respect to bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. The risk of debt securities can vary significantly depending upon factors such as the issuer and maturity.

High Yield Securities

The Funds may invest in “high yield” bonds and preferred stock or debt securities that are unrated or rated in the lower categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the

lower categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's ability to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions.

Distressed Securities and Claims

The Funds invest in securities, claims and other obligations of issuers that are experiencing significant financial or business difficulties. There can be no assurance that such financially or operationally troubled issuers can be successfully reorganized or transformed into profitable operating companies. Substantial or total losses may be incurred on investments. Investments in the debt or equity of companies involved in reorganization proceedings typically entail a number of risks that do not normally apply to investments in financially sound companies. During an economic downturn or recession, securities of financially or operationally troubled issuers are more likely to go into default than securities of other issuers. Additionally, if Twin Haven's evaluation of the anticipated outcome of a reorganization or the timing of such outcome should prove incorrect, losses may be incurred. A wide variety of considerations make any evaluation of the outcome of an investment in such an issuer uncertain. Such considerations include, for example, the possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations which limit access to reliable and timely information concerning material developments affecting an issuer, or which cause lengthy delays in the completion of a reorganization or liquidation proceeding. Competition from other investors may also render it difficult or impossible for a Fund to achieve intended results or promptly effect transactions.

Securities of financially or operationally troubled issuers are generally less liquid and more volatile than securities of companies not experiencing such difficulties. The market prices of these securities are subject to erratic and abrupt market movements and the spread between bid and asked prices may be greater than normally expected for more liquid or less volatile securities. Many of the Funds' portfolio investments may not be widely traded and investment in such securities may be substantial relative to the market for such securities. As a result, there may be delays and losses and other costs in connection with the sale of a Fund's portfolio securities.

Defaulted Securities

Twin Haven may invest in the securities of, and trade claims against, companies involved in bankruptcy proceedings, reorganizations and financial restructurings and may have a more active participation in the affairs of the issuer than is generally assumed by an investor. This may subject the Funds to litigation risks or prevent (or otherwise limit) the Funds from disposing of securities. In a bankruptcy or other proceeding, a Fund as a creditor may be unable to enforce its claims or rights in any collateral or may have its claims or security interest in any collateral challenged, disallowed or subordinated to the claims or security interests of other creditors.

Risks Associated with Bankruptcy Cases

A Fund's investment and lending activities, particularly involving companies in distressed situations, may result in its becoming involved as a creditor in bankruptcy cases. In addition, the Funds may purchase securities or assets of, or claims against, companies in bankruptcy.

- Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors.
- Generally, the duration of a bankruptcy case can only be roughly estimated. The restructuring process can involve substantial legal, professional and administrative costs to the company and a Fund; it is subject to unpredictable and lengthy delays; and during the process, the company's competitive position may erode, key management may depart and the company may not be able to reorganize and may be required to liquidate assets.
- When a company seeks relief under the Bankruptcy Code (or has an involuntary petition filed against it), an automatic stay generally prevents (with limited exceptions) all entities, including creditors, from foreclosing or taking other actions to enforce claims, perfect liens or seize collateral securing such claims. Creditors who have secured claims against the company prior to the date of the bankruptcy filing must petition the court to permit them to take any action to enforce their claims or their rights in any collateral.

Secured creditors may be prohibited from exercising their rights against their collateral if the court concludes that the value of the property in which the creditor has an interest will be “adequately protected” during the proceedings.

- Security interests held by creditors are closely scrutinized and frequently challenged in bankruptcy proceedings and may be invalidated for a variety of reasons. If a security interest is invalidated or avoided, the secured creditor loses its secured status, causing its claim to be treated as an unsecured claim. If this occurs, the holder of such claim may experience a significant loss of its investment.
- Debt may be disallowed or subordinated to the claims of other creditors if the creditor is found to have engaged in certain inequitable conduct resulting in harm to other parties with respect to the affairs of a company filing for protection from creditors under the Bankruptcy Code. If a creditor is found to have interfered with the company’s affairs to the detriment of other creditors or shareholders, the creditor may be held liable for damages to injured parties. It is also possible that claims acquired by a Fund from third parties could be subject to equitable subordination or disallowance as a result of the inequitable conduct of prior holders of such claims. Such claims may also be subject to defenses or setoff relating to the prior holders. Additionally, in certain circumstances, debt obligations may be recharacterized as contributions to capital (*e.g.*, equity) and, therefore, be structurally subordinated to the claims of all creditors.
- While the challenges to liens and debt described above normally occur in a bankruptcy proceeding, the conditions or conduct that would lead to an attack in a bankruptcy proceeding could in certain circumstances result in actions brought by other creditors of the debtor, shareholders of the debtor or even the debtor itself or a representative of the debtor in other state or federal proceedings. To the extent that a Fund assumes an active role in any legal proceeding involving the debtor, the Fund may be prevented from disposing of securities issued by the debtor due to the Fund’s possession of material, non-public information concerning the debtor. In certain circumstances, a Fund’s active role in certain legal proceedings involving the debtor may itself restrict the Fund’s ability to dispose of its securities. A Fund may also incur significant costs with respect to any active role it plays in any legal proceeding.
- Changes in bankruptcy or other applicable laws may have a material adverse effect on the Fund.

Post-Reorganization Securities

Post-reorganization securities typically entail a higher degree of risk than investments in securities of companies that have not undergone a reorganization or restructuring. Moreover, post-reorganization securities can be subject to heavy selling or downward pricing pressure after the completion of a bankruptcy reorganization or restructuring. Unlike certain distressed investors that focus exclusively on investing in senior securities that typically receive cash or debt in a reorganization, Twin Haven’s investment approach may result in the receipt of post-reorganization equity securities, which may be subject to greater risk than debt securities.

“Blocking Positions”

In connection with a Fund’s distressed investment strategy, the Fund may acquire plan of reorganization “blocking positions” in securities of portfolio companies. This strategy entails significant risks. If Twin Haven’s evaluation of the anticipated outcome of such a blocking position should prove incorrect, the Fund could experience substantial losses.

Participation on Boards, Creditor Committees and Other Advisory Committees

Twin Haven anticipates that each Fund’s investment program will enable the Fund to place its representatives on the boards, creditor committees and other advisory committees of certain companies in which the Fund has invested. While such representation may enable Twin Haven to enhance the sale value of investments, it may also prevent the Fund from freely disposing of investments. Further, exercising control over a company may subject the Fund to additional risk of liability, including liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored.

Lender Liability Considerations and Equitable Subordination

Courts in the United States have upheld the right of borrowers to sue lending institutions on the basis of various

evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of its investments, a Fund could be subject to claims of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lending institution (1) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (2) engages in other inequitable conduct to the detriment of such other creditors, (3) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (4) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination.” Because of the nature of certain of its investments, a Fund could be subject to claims from creditors of an obligor that the investments issued by such obligor that are held by the Fund should be equitably subordinated. A Fund may not be the lead creditor in a number of investments of this nature. It is, accordingly, possible that lender liability or equitable subordination claims affecting such investments could arise for a Fund, including, in some cases, without the Fund’s direct involvement.

Investment in Loans

The Funds may invest in loans which entails the following risks:

- *General Credit Risks.* A Fund may be exposed to losses resulting from default and foreclosure. The value of the underlying collateral, if any, the creditworthiness of the borrower and the priority of the lien are each of great importance (although a Fund may invest in subordinate or second priority liens). There is no assurance that Twin Haven will correctly evaluate the value of the assets collateralizing the loans or the prospects for a successful reorganization or similar action or that the protection of such Fund’s interests, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests, will be adequate. In the event of a foreclosure, the Fund may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to the Fund. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.
- *Lower Credit Quality Loans.* There are no restrictions on the credit quality of the loans in which Twin Haven invests. Loans purchased by a Fund may be deemed to have substantial vulnerability to default in payment of interest and/or principal. Certain of the loans which a Fund may fund have large uncertainties or major risk exposures to adverse conditions, and may be considered to be predominantly speculative.
- *Liquidity.* Loans and interests in loans have significant liquidity risks and market value risks since they are not generally traded in organized exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Because loans are privately syndicated and loan agreements are privately negotiated and customized, loans are not purchased or sold as easily as publicly-traded securities.
- *Special Risks.* Special risks associated with investments in bank loans and participations include (1) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors’ rights laws, (2) so-called lender-liability claims by the issuer of the obligations, (3) environmental liabilities that may arise with respect to collateral securing the obligations, and (4) limitations on the ability of a Fund to directly enforce its rights with respect to participations.

Capital Structure Arbitrage

Investments may include fixed-income obligations and related investments, and Twin Haven may engage in capital structure arbitrage. In capital structure arbitrage, a Fund will take a long position in a debt security and hedge that position with a short position in a junior debt security or equity security of that issuer, or a combination thereof, expected to move similarly in price, thereby attempting to limit downside risk while preserving a senior position. Such positions may be fully or partially hedged, depending upon analysis of such factors as total yield or return, hedging and carrying costs and Twin Haven’s perception of relative risk.

Non-United States Investments

Twin Haven may invest up to a certain specified percentage of a Fund in non-U.S. securities. Investing in non-U.S. securities involves considerations and possible risks not typically involved in investing in U.S. securities, including instability of some non-U.S. governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of non-U.S. tax laws or confiscatory taxation may also affect investment in non-U.S. securities. Higher expenses may result from investment in non-U.S. securities than would result from investment in U.S. securities because of the costs that must be incurred in connection with conversions between various currencies and non-U.S. brokerage commissions that may be higher than in the United States. Non-U.S. financial markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Such investments could be affected by other factors not present in the United States, including less stringent and less uniform accounting, auditing and financial reporting standards, different bankruptcy laws and practice, and potential difficulties in enforcing contractual obligations and obtaining and enforcing legal judgments against non-U.S. entities.

Further information regarding the investment strategy of each Fund and related risk factors is included in the confidential private offering memorandum of the Fund.

Item 9 Disciplinary Information

Twin Haven and its management personnel have not been subject to any material legal or disciplinary actions that would require disclosure.

Item 10 Other Financial Industry Activities and Affiliations

Affiliates of Twin Haven serve as general partners or as Twin Haven Trustee of the Funds. A Fund may be subject to various conflicts of interest arising from its relationship with Twin Haven and its affiliates. A Fund may on occasion purchase securities at the same time as another Fund.

Except as expressly provided in a Fund's partnership agreement with respect to restrictions on providing investment management services to any new investment vehicle or client with an investment objective substantially similar to that of the Fund until certain conditions are satisfied (a "successor fund"), Twin Haven is not precluded from engaging in any business, including providing investment management services to other investment vehicles or clients. These investment vehicles or clients could invest in some of the same securities or strategies as a Fund or Twin Haven could engage in investment strategies that are substantially different from, and possibly opposed to, the strategies implemented for such Fund. It may be possible that one such account experiences substantial profits while another does not. For a discussion of Twin Haven's policies with respect to investments by more than one of the Funds, please see Item 12: "Brokerage Practices" below.

While during the commitment period of a Fund, none of Twin Haven nor any affiliate is permitted to invest in opportunities within the investment objectives or strategies of the Fund (as determined by Twin Haven in good faith) other than through the Fund or any other permissible Fund, as determined by Twin Haven in good faith; such persons are not precluded from investing in any opportunities which do not fall within the investment objectives of the Fund (as determined by Twin Haven in good faith). While not anticipated to be the case, any such future investment activities by Twin Haven or its affiliates may give rise to conflicts of interest.

Except as expressly provided by a Fund's partnership agreement, the general partner or Twin Haven Trustee of the Fund is permitted to purchase property or obtain services from, sell property or provide services to, borrow funds or otherwise deal with any of its affiliates, any limited partner, any portfolio company or potential portfolio company or their affiliates subject only to such transactions between the Fund or such portfolio companies, on the one hand, and Twin Haven and its affiliates, on the other hand, being on terms no less favorable than those that would be obtained on an arm's-length basis. Notwithstanding that requirement, such transactions may give rise to conflicts of interest.

In the event of a conflict of interest that is not otherwise addressed by the applicable limited partnership agreement, Twin Haven will be guided by its fiduciary responsibilities, compliance policies and procedures and good faith

judgment as to the best interests of a Fund and may, pursuant to the limited partnership agreement of the Fund, seek guidance from any limited partner-conflicts resolution committee of such Fund.

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

Twin Haven strives to operate in conformity with federal securities laws and to conduct its business in the highest ethical and professional manner. Twin Haven has made a commitment to prevent violation of federal securities laws through its implementation of a Code of Ethics that is reasonably designed to accomplish this. Twin Haven will review those policies and procedures annually for their adequacy and the effectiveness of their implementation. Upon employment with Twin Haven and annually thereafter, employees will be required to read and acknowledge receipt of Twin Haven's Code of Ethics.

Twin Haven's Code of Ethics aims to detect and avoid conflicts of interests which may arise between employees and clients as a result of personal investing activities. This Code of Ethics is designed to ensure, among other things, that employees conduct their investing activities in accordance with applicable law and in a manner where clients' interests are placed first and foremost. The Code of Ethics prohibits any trading strategy that may conflict with any Twin Haven trading strategy or that mirrors a Twin Haven trading strategy conducted on behalf of its clients. Employees are prohibited from engaging in transactions in securities that are owned by the Funds or being considered to be purchased by the Funds. In addition, Twin Haven has implemented restrictions on benefits or gifts from persons who do or are seeking to do business with Twin Haven in order to minimize potential conflicts of interest. In order to ensure adherence to these policies, all employees must submit quarterly transaction reports and an annual disclosure report. Twin Haven requires personnel to report any suspected violations of the Code of Ethics to the Chief Compliance Officer. The Chief Compliance Officer and outside legal counsel will review the Code of Ethics no less frequently than on an annual basis.

Twin Haven will provide a copy of its Code of Ethics to clients, prospective clients or limited partners of the Funds upon request to Michael Vinci (Chief Compliance Officer) via email at mvinci@twinhavencap.com or by telephone at (203) 293-1813.

For further information about how Twin Haven addresses conflicts of interest please see Item 10 above.

Item 12 Brokerage Practices

Twin Haven selects broker-dealers to effect its client transactions in accordance with its Selection of Broker-Dealers Policy. In determining which broker-dealer with whom Twin Haven will execute a trade, the Firm considers the services that such broker-dealer can provide and a number of other factors. These factors include the broker-dealer's ability to execute difficult trades, commitment of capital, nature and frequency of sales coverage, breadth of services provided, operational capabilities, back office and processing capabilities, financial stability and responsibility, reputation, access to markets, confidentiality, commission rates, responsiveness and the value of research products and services provided by such brokers. Recognizing the values of these factors, the firm may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. The trader and Portfolio Managers work together to review brokerage commissions. The trader periodically reviews commissions allocated to his budgets to ensure that he remains within these parameters. When executing trades on a daily basis, the trader weighs a combination of factors, including a broker-dealer's execution capabilities and trading expertise to execute transactions.

Selecting a broker/dealer in recognition of services or products other than execution is known as paying for those services or products with "soft dollars." Because many of those services could benefit Twin Haven, Twin Haven may have a conflict of interest in allocating the Funds' brokerage business. Twin Haven intends to comply with Section 28(e) of the Securities Exchange Act of 1934, as amended, except with respect to securities transactions for which Section 28(e) is unavailable. Under Section 28(e), Twin Haven's use of a Fund's commission dollars to acquire research products and services is not a breach of its fiduciary duty to the Fund—even if the brokerage commissions paid are higher than the lowest available—as long as (among certain other requirements) Twin Haven determines that the commissions are reasonable compensation for both the brokerage services and the research acquired. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to Twin Haven in making investment decisions for its clients. The types of research Twin Haven may

acquire include: reports or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities; financial publications; portfolio evaluation services; financial database software and services; computerized news, pricing and order-entry services; and other products or services that may enhance Twin Haven's investment decision making. The "safe harbor" under Section 28(e) applies to the use of one client's "soft dollars" even when the research acquired is used in making investment decisions for another client.

Twin Haven currently manages lock-up Funds with substantially the same investment strategy. With respect to all investment opportunities that fall within the investment objectives of the Funds and any permitted successor funds, Twin Haven will act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities among the Funds and any permitted successor funds, taking into consideration available capital, diversification considerations, any other anticipated opportunities and other relevant factors. Where the Funds and/or any successor funds participates in an investment, the general partner will seek to execute orders for the Funds and/or such successor funds in the investment on an equitable basis. If all such orders cannot be filled at the same price, the general partner will allocate investments among the Funds and the other accounts on a basis that it considers equitable.

Item 13 Review of Accounts

All investment decisions on behalf of a Fund will be approved by an investment committee (the "Investment Committee") consisting of Robert B. Webster and Paul L. Mellinger (the Portfolio Managers). Twin Haven, through the Investment Committee, oversees the monitoring and realization of investments. Twin Haven's Portfolio Managers and investment staff review the securities held within each Fund's portfolio on a continuous basis.

At the end of each fiscal quarter, each Fund's general partner or Twin Haven Trustee provides to the Fund's limited partners or beneficiaries in the case of the liquidating trust a quarterly report discussing the performance of the Fund along with a more detailed portfolio review. In addition, each investor receives on a quarterly basis an account statement reflecting beginning and ending value of each account along with any capital activity. Audited financial statements for each fund are provided on an annual basis within 120 days of the end of each fiscal year. Twin Haven or its affiliates may by agreement, or upon request, provide additional information or reports to certain limited partners of the Funds.

Item 14 Client Referrals and Other Compensation

Twin Haven has not previously engaged independent solicitors to refer prospective investors to the Funds it manages.

Item 15 Custody

Credit Suisse First Boston (USA), LLC and Pershing LLC, the Funds' prime brokers, and Citibank, N.A., the Funds' custodian and Wilmington Trust, National Association, the custodian for the liquidating trust (referred to collectively herein as the "Custodians") are responsible for the safekeeping of the Funds' assets. Pursuant to agreements entered into between the Funds and their respective Custodians, the Custodians send monthly account statements directly to the Funds.

Twin Haven arranges for each Fund's financial statements to be prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and audited at least annually by an independent public accountant that is registered with, and subject to regular inspection as of the commencement of the professional engagement period, and as of each calendar year-end, by, the Public Company Accounting Oversight Board in accordance with its rules. Twin Haven makes those audited financial statements available to all limited partners in each Fund, or beneficiaries in the case of the liquidating trust, within 120 days of the end of the Fund's fiscal year. The limited partners, or beneficiaries in the case of the liquidating trust, should carefully review those financial statements. Upon liquidation of a Fund, Twin Haven will distribute its audited financial statements prepared in accordance with GAAP to all limited partners in the Fund or beneficiaries in the case of the liquidating trust, promptly after the completion of such audit.

Item 16 Investment Discretion

Twin Haven has discretion over the selection and amount of securities to be bought or sold for each of the Funds, subject to the limitations in the limited partnership agreements governing the respective Funds. Twin Haven assumes this authority pursuant to the investment management agreement with each of the Funds. All investment and disposition decisions require the approval of an Investment Committee consisting of Robert B. Webster and Paul L. Mellinger (the Portfolio Managers). The specific investment strategy and objective of each Fund is set forth in such Fund's confidential private offering memorandum and limited partnership agreement. A liquidating trust will continue the investment strategy of the Fund it received the investments from with the purpose of liquidating those investments.

Item 17 Voting Client Securities

Twin Haven or the general partner or Twin Haven Trustee of the respective Funds exercises all voting rights with respect to securities held by the Funds. Clients do not have the power to direct this vote. Twin Haven has adopted proxy voting policies and procedures designed to ensure that votes will be in the best interest of its clients with a view toward maximizing the ultimate economic value of the investment. Additionally, Twin Haven will identify material conflicts of interest, if any, which may arise between Twin Haven and its clients as it relates to voting proxies to ensure that all proxies are voted in the best interest of its clients. Generally, if a conflict of interest is determined to exist, the Chief Compliance Officer will vote the proxy in accordance with the proxy voting guidelines that Twin Haven has adapted.

A client may obtain a copy of Twin Haven's proxy voting policies and procedures and information about how Twin Haven voted proxies by contacting Michael Vinci (Chief Compliance Officer) via email at mvinci@twinhavencap.com or by telephone at (203) 293-1813.

Item 18 Financial Information

Twin Haven is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients. It has not been the subject of any bankruptcy petition.