



SPITFIRE CAPITAL LLC

DESCRIPTION OF STRATEGY

February 2012

We are value-oriented investors in publicly-traded, smaller capitalization companies. We invest in niche market share leading businesses which generate excess cash, possess substantial financial flexibility and demonstrate improving financial metrics. Our investments offer the potential for significant upside over a one to three year holding period while benefitting from a substantial margin of safety. Most of our targets trade at low multiples of earnings and free cash flow and have no analyst coverage. Our companies are often attractive acquisition candidates. Since inception, eleven companies, representing 25% of our investments, have been acquired by strategic or financial buyers.

CURRENT MONTH PERFORMANCE

In February, the Spitfire Fund L.P. was up +4.3% (gross) and +3.4% (net), which compares with the Russell 2000 and S&P 500 which were up +2.4% and +4.3%, respectively. Year to date, the Fund is up +9.9% (gross) and +7.9% (net), which compares with the Russell 2000 and S&P 500 which are up +9.6% and +9.0%, respectively. Since inception, the Fund is up 60.7% (gross) and 47.5% (net), which compares favorably to the Russell 2000 and the S&P 500 which are up +3.6% and +0.2%, respectively, representing cumulative outperformance of 43.9% and 47.3%, respectively. During the month, the largest contributor to our returns was Global Telecom & Technology, Inc., which was up +70%. Since January 1, 2012, the Company has announced six customer wins and on February 13th, 2012, Spitfire Capital LLC filed a 13G disclosing a 5.4% ownership position. We still believe that the Company is undervalued relative to its organic and inorganic growth initiatives, margin expansion potential and cash generating ability and look forward to sharing our investment thesis in our March quarterly letter.

HISTORICAL PERFORMANCE METRICS, NET (UNAUDITED)

through 02/29/12

	The Spitfire Fund, L.P.	Russell 2000	S&P 500
Last 3 Months Return	11.8%	10.4%	10.1%
Last 6 Months Return	15.1%	12.4%	13.3%
Last 12 Months Return	9.6%	(0.2%)	5.1%
Last 36 Months Return	172.8%	116.9%	97.2%
Cumulative return since inception ¹	47.5%	3.6%	0.2%
Fund outperformance versus index ¹	-	43.9%	47.3%
Compound annual rate of return ¹	8.7%	0.8%	0.1%
% of Months where Fund beats index ¹	-	53.6%	55.4%
% of Months Positive ¹	64.3%	58.9%	57.1%

(1) Metrics based on net performance from 7/1/2007 through 2/29/2012.

RISK STATISTICS²

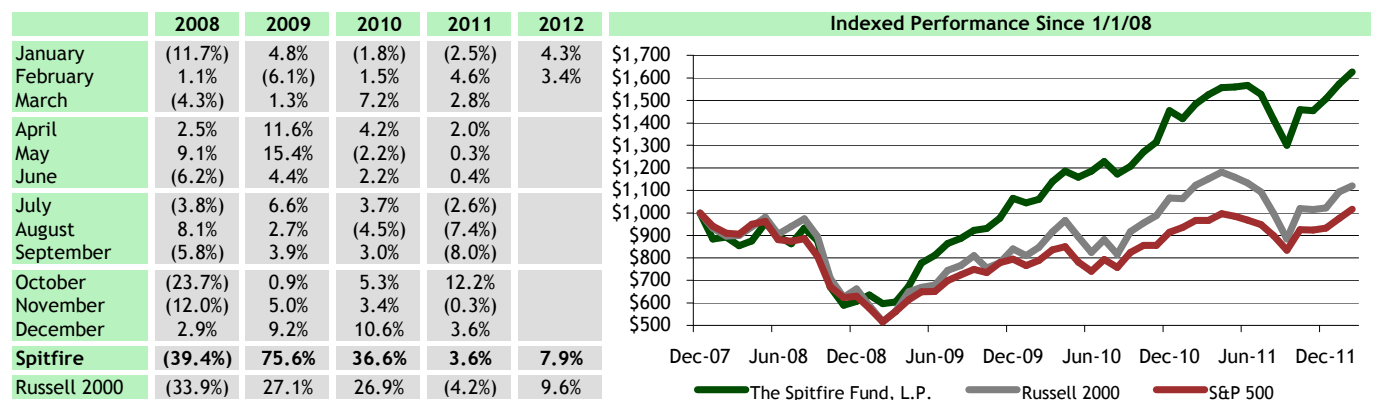
through 02/29/12

	The Spitfire Fund, L.P.	Russell 2000	S&P 500
Beta	1.1	1.4	1.0
Annualized Sharpe Ratio	0.6	0.0	0.1
Volatility	19.3%	24.7%	17.2%
Correlation Coefficient	1.0	1.0	1.0

(2) Metrics based on monthly performance over the trailing twelve month period, as calculated by Bloomberg LP (SPITFIR US).

HISTORICAL PERFORMANCE, NET (UNAUDITED)

through 02/29/12



Performance is unaudited and net of fees and expenses. Indices assume dividend reinvestment.

PORTFOLIO MANAGER'S BIOGRAPHY

Julian Allen (julian@spitfirecap.com)

Before starting Spitfire, Julian was a Member of Cannell Capital LLC, a San Francisco-based hedge fund, where he invested in neglected small capitalization equities. Previously, Julian was a General Partner and Managing Director of J.H. Whitney & Co., a middle market private equity investor with over \$5 billion under management. Julian started investing in 1995 at Patricof & Co. Ventures, Inc., now Apax Partners, and was a founding Principal of Capital Z Partners. Julian holds an MBA with High Distinction from the Harvard Business School, where he graduated as a George F. Baker Scholar, and a B.A. from Cambridge University, England.

ADMINISTRATIVE

Prime Broker	UBS Securities LLC	Fund Administrator	Strata Fund Services LLC
Auditor	KPMG LLP	Legal	Morrison Cohen LLP