



SPITFIRE CAPITAL LLC

DESCRIPTION OF STRATEGY

April 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 discount to intrinsic value and are underfollowed by sell side analysts and institutional investors. Our companies are often attractive acquisition candidates. Since inception, twelve companies, representing approximately 25% of our investments, have been acquired by strategic or financial buyers.

CURRENT MONTH PERFORMANCE

In April, the Spitfire Fund L.P. was up +2.0% (net), which compares with the Russell 2000 and S&P 500 which were down -1.5% and -0.6%, respectively. Year to date, the Fund is up +16.1% (net), which compares with the Russell 2000 and S&P 500 which are up +10.7% and +11.9%, respectively. During the month, Libbey (NYSE: LBLY), up +10%, was our largest winner. The Company reported strong first quarter earnings, which featured revenue growth (+10% in US foodservice and +62% in China), margin expansion and continued debt pay down. The Company also called its 10% senior secured debentures due 2015. Periods of macro-economic uncertainty and "risk off" trading patterns increase market inefficiency and allow us to add to our favorite positions at attractive prices. We anticipate more such opportunities in the coming months.

HISTORICAL PERFORMANCE METRICS, NET (UNAUDITED)

through 04/30/12

	The Spitfire Fund, L.P.	Russell 2000	S&P 500
Last 3 Months Return	11.3%	3.4%	7.1%
Last 6 Months Return	20.0%	11.0%	12.8%
Last 12 Months Return	12.5%	(4.3%)	4.8%
Last 36 Months Return	159.7%	74.1%	69.8%
Cumulative return since inception ¹	58.7%	4.6%	2.9%
Fund outperformance versus index ¹	-	54.1%	55.8%
Compound annual rate of return ¹	10.0%	0.9%	0.6%
% of Months where Fund beats index ¹	-	55.2%	56.9%
% of Months Positive ¹	65.5%	58.6%	56.9%

(1) Metrics based on net performance from 7/1/2007 through 4/30/2012.

RISK STATISTICS²

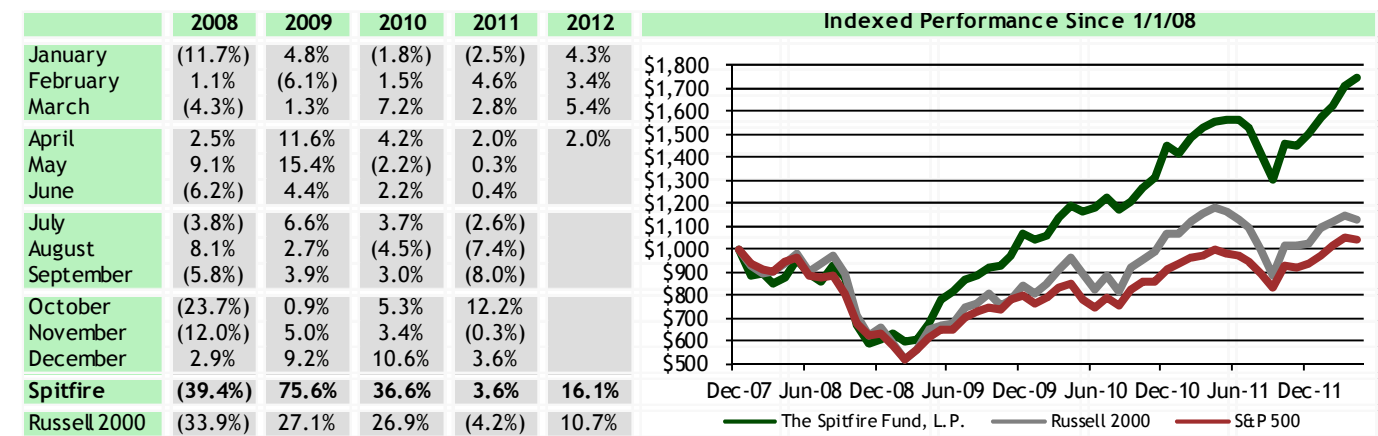
through 04/30/12

	The Spitfire Fund, L.P.	Russell 2000	S&P 500
Beta	1.1	1.4	1.0
Annualized Sharpe Ratio	0.7	-0.2	0.1
Volatility	19.9%	24.6%	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 04/30/12



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

PORTFOLIO MANAGER'S BIOGRAPHY

Julian Allen (julian@spitfirecap.com)

Julian has over 15 years' professional hedge fund and private equity investing experience. 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 private equity investor with over \$5 billion under management. Julian started investing at Patricof & Co. Ventures, Inc., now Apex 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. (Hons) from Cambridge University.

ADMINISTRATIVE

Prime Broker	UBS Securities LLC	Fund Administrator	Strata Fund Services LLC
Auditor	KPMG LLP	Legal	Cole-Frieman LLP & Morrison Cohen LLP