



Spitfire is a value-oriented investor in publicly-traded, smaller capitalization companies. We invest in market share leading businesses which generate excess cash, possess substantial financial flexibility and demonstrate increasing intrinsic value. 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 are underfollowed by sell side analysts and institutional investors and 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 June, The Spitfire Fund L.P. was up +4.6% (net), which compares with the Russell 2000 and S&P 500 which were up +5.0% and +4.1%, respectively. For the second quarter, the Fund was up 4.4% (net), ahead of the Russell 2000 and S&P 500 which were down -3.5% and -2.8% respectively. Year to date, the Fund is up +18.8% (net), which compares with the Russell 2000 and S&P 500 which are up +8.5% and +9.5%, respectively. During the quarter, Libbey, Inc. (NYSE: LBY), up +19%, completed its refinancing which reduces cash interest expense, extends maturities to 2020 and prefunts its pension contributions. AZZ, Inc. (NYSE: AZZ), also up +19%, reported very strong first fiscal quarter results. As of June 30, 2012, the Fund has attained its fifth anniversary. I am grateful to all our investors, particularly those who have been with us throughout this period.

HISTORICAL PERFORMANCE METRICS, NET (UNAUDITED)

through 06/30/12

| | The Spitfire Fund, L.P. | Russell 2000 | S&P 500 |
|---|-------------------------|--------------|---------|
| Last 3 Months Return | 4.4% | (3.5%) | (2.8%) |
| Last 12 Months Return | 14.3% | (2.1%) | 5.4% |
| Last 36 Months Return | 120.7% | 63.3% | 57.1% |
| Last 60 Months Return | 62.3% | 2.5% | 0.7% |
| Cumulative return since inception ¹ | 62.3% | 2.5% | 0.7% |
| Fund outperformance versus index ¹ | - | 59.8% | 61.6% |
| Compound annual rate of return ¹ | 10.2% | 0.5% | 0.1% |
| % of Months where Fund beats index ¹ | - | 55.0% | 58.3% |
| % of Months Positive ¹ | 65.0% | 58.3% | 56.7% |

(1) Metrics based on net performance from 7/1/2007 through 6/30/2012.

RISK STATISTICS²

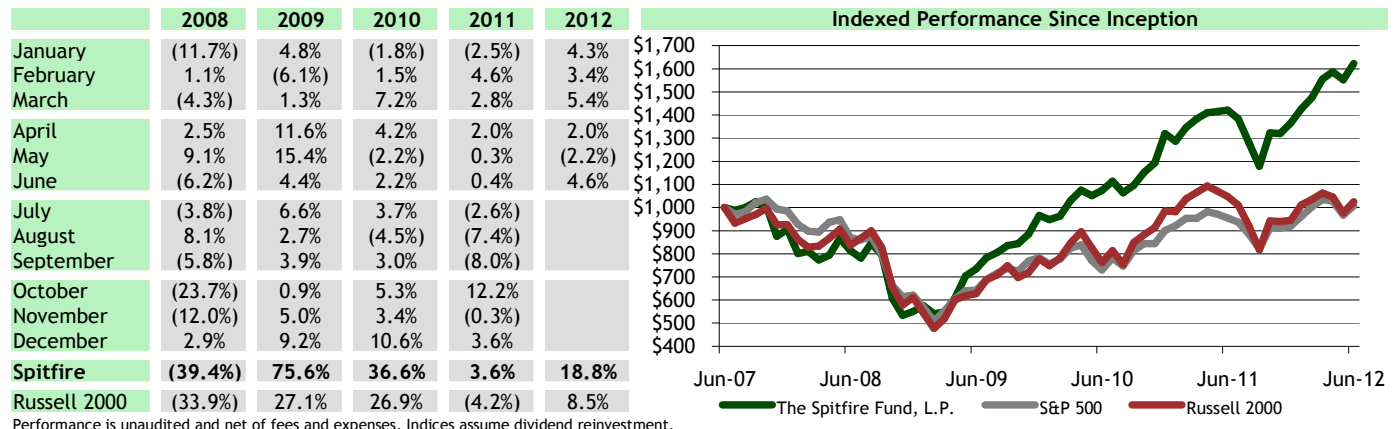
through 06/30/12

| | The Spitfire Fund, L.P. | Russell 2000 | S&P 500 |
|-------------------------|-------------------------|--------------|---------|
| Beta | 1.0 | 1.4 | 1.0 |
| Annualized Sharpe Ratio | 0.8 | -0.3 | -0.1 |
| Volatility | 20.1% | 25.9% | 18.8% |
| 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 06/30/12



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 |