

# Kingstown Capital Management, LP

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May 11, 2011

This Brochure provides information about the qualifications and business practices of Kingstown Capital Management, LP (“KCM” or “Adviser”). KCM is an SEC registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

This document is not an advertisement, an offer to sell or the solicitation of an offer to purchase interests in any fund managed by KCM. Offers to invest in any such interests may be made only pursuant to appropriate offering documents. Investors must be qualified and approved prior to investing. Restrictions may apply to specific funds which may differ from other investment products managed by KCM.

If you have any questions about the contents of this Brochure, please contact us at 212.319.1309. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about KCM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

On July 28, 2010, the SEC published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure has been drafted in the new format pursuant to SEC requirements. As such, this document is materially different in structure and requires certain new information that our prior year brochures did not require.

In the future, this item will discuss only specific material changes that are made to the Brochure and will be used to provide clients and investors with a summary of such changes.

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## **Item 4: Advisory Business**

KCM, established in 2006, provides investment management services on a discretionary basis only. The Principal owners of KCM are Michael Blitzer and Guy Shanon.

KCM is the investment manager for Kingstown Partners Master Ltd. (a Cayman Island exempted company), Kingstown Partners, LP (a U.S. Limited Partnership), Kingstown Partners Offshore Limited (a Cayman Island exempted company), Kingstown Partners II, LP (a U.S. Limited Partnership) and Ktown, LP (a U.S. Limited Partnership), collectively the “private funds.” KCM also serves as a sub-adviser to a registered investment company. All entities/accounts managed by KCM will generally be referred to as “funds” throughout this brochure. “Investor” refers to any client in any of the above referenced funds.

As of May 1, 2011 discretionary assets under management were approximately \$740,825,000.

## **Item 5: Fees and Compensation**

### **Management Fees**

KCM receives fees for investment management services based on assets under management and as disclosed in the respective fund offering documents and investment management agreements. Management fees are payable monthly in arrears or quarterly in advance depending on the terms of each investment management agreement. Management fees for the private funds are calculated by a third party administrator and deducted from each investor’s capital account.

KCM has discretion to charge management fees that are more or less than what is disclosed in the fund offering documents and management agreements and which may be payable on different terms. KCM has discretion to waive or reduce the management fee with respect to the capital accounts of one or more investors without notifying the other investors or without reducing the management fee with respect to the capital accounts of the other investors.

If an investor withdraws all or a portion of its capital account on any day other than the last business day of a calendar quarter, the investor will be credited, on the date of such withdrawal, the unearned portion of the management fee attributable to the amount withdrawn as of such date. Investors should refer to the fund offering documents of each respective private fund for specific redemption provisions.

Management fees on certain Special Investments (as defined in the offering documents) are accrued and paid when the special investment is liquidated (or upon the determination of the General Partner, in its discretion, that such special investment need not be treated as a special investment any longer). However, KCM has not used nor does it intend to use any Special Investment accounts as defined in certain of its fund offering documents agreements.

All client agreements may be terminated in accordance with the terms outlined in the respective investment management agreements.

**Other Fees**

Certain private funds, pursuant to the offering documents, will bear operating expenses, including but not limited to: (i) its investment expenses such as brokerage commissions, clearing and settlement charges, custodial fees, bank service fees, interest expense, and extraordinary expenses; (ii) administrative expenses; (iii) legal expenses; (iv) professional fees (including, without limitation, expenses of consultants and experts) relating to investments; (v) travel expenses related to investigating investment opportunities; (vi) accounting and bookkeeping expenses; (vii) auditing and tax preparation expenses; (viii) printing and mailing expenses, (ix) and fees and out-of-pocket expenses of any service company retained to provide accounting, investor, administrative or custodial services for the funds. Potential investors should review the appropriate offering documents for complete disclosure of permissible expenses.

Item 12 further describes the factors that KCM considers in selecting or recommending broker-dealers for transactions and determining the reasonableness of their compensation (e.g., commissions).

Certain expenses are borne directly by all funds, while other expenses are not. As a result, certain funds may benefit from expenses incurred and services paid for by one or more other funds.

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

Kingstown Capital Partners, LLC, the General Partner, receives an annual performance allocation fee from its private fund investors at the end of each fiscal year equal to 20% of the net capital appreciation credited to each investor, subject to a high water mark.

The General Partner has discretion to waive or reduce the performance allocation with respect to the capital accounts of one or more investors without notifying the other investors or without reducing the performance allocation fee with respect to the capital accounts of the other investors.

The General Partner, in its discretion, may agree to a different incentive compensation arrangement with respect to any of its advisory clients or underlying investors, including rebating incentive fees, deferring or spreading incentive fee calculations over multiple years, or providing a hurdle for which incentive fees are only earned above a certain amount.

KCM structures any performance or incentive fee arrangements subject to Section 205(a)(1) of the Advisors Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, KCM shall include realized and unrealized capital gains and losses.

KCM recognizes that these types of arrangements may create an incentive to recommend investments which may be riskier or more speculative than those which would be recommended

under a different fee arrangement. KCM recognizes that such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. KCM recognizes that such fee arrangements create an incentive to favor accounts for which the managing members have personal capital investments. In order to address these potential conflicts, KCM has developed and implemented the appropriate policies and procedures (e.g. trade allocation) to ensure that all clients are treated fairly and equally.

### **Item 7: Types of Clients**

KCM provides portfolio management services to private investment funds and a registered investment company. A minimum investment of \$1,000,000 is generally required to invest in any of our private funds, with additional capital contributions equal to at least \$250,000. However, KCM has discretion to waive or reduce the minimum investment for one or more investors (or prospective investors) as long as they qualify to invest based on all other suitability and regulatory requirements.

KCM may decline to accept an investment even if the proposed investor satisfies such suitability and regulatory requirements. KCM has discretion to accept additional capital contributions in different amounts from one or more investors without notifying the other investors and, in certain cases, has entered into such arrangements with certain investors.

### **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

KCM primarily uses independent fundamental analysis and generally seeks to maintain a long-term time horizon. KCM uses a value-oriented, event-driven strategy that focuses on identifying under-valued securities arising in special situations.

There is no assurance that the fund(s) will achieve its investment objective. Investing in our funds is speculative and involves significant risks, including the loss of principal. Investors should understand such risks and have the financial ability and willingness to accept them for an extended period of time.

Event driven investing requires the investor to make predictions about the likelihood that an event will occur and the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, a company may announce a plan of restructuring or a spinoff which promises to enhance value and fail to implement it, resulting in losses to investors. In liquidations and other forms of corporate reorganizations, the risk exists that the reorganization either will be unsuccessful, will be delayed 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 fund of the security in respect of which such distribution was made.

Because of the inherently speculative nature of event driven investing, the results of the fund's operations may be expected to fluctuate from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

### **Foreign Investments**

Certain private funds may invest outside the U.S. or in securities denominated in non-U.S. currencies. Such investments pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks that may include expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding non-U.S. companies which may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those applicable to U.S. companies. Further, foreign securities markets may not be as liquid as U.S. markets. Transaction costs of investing outside the U.S. are generally higher than in the U.S. Higher costs result because of the cost of converting a foreign currency to dollars, the payment of fixed brokerage commissions on some foreign exchanges and the imposition of transfer taxes or transaction charges by foreign exchanges. Less government supervision and regulation of exchanges, brokers and issuers generally exists abroad than in the U.S., and it is more difficult to take appropriate legal action in non-U.S. courts. In addition, non-U.S. markets have different clearance and settlement procedures from U.S. markets. Some foreign markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the fund's performance.

### **Derivatives**

Certain private funds may invest in complex derivative instruments which seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in significant loss or gain to the investor. These investments are all subject to additional risks that can result in substantial or total loss of all or part of an investment, in particular, interest rate and credit risk volatility, world and local market price and demand, and general economic factors and activity. Derivatives may have very high leverage embedded in them which could substantially magnify market movements and result in losses greater than the amount of the investment.

The markets in which derivative transactions may be effected may be "over-the-counter" or "inter-dealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not *bona fide*) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may result in losses due to adverse market movements while replacement transactions are executed or otherwise. Such "counterparty risk" is present in all swaps, and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the funds have concentrated its transactions with a single or small group of counterparties. The funds will not be restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty.

### **Illiquid Investment**

Some of the investments in the funds, including but not limited to Special Investments (as defined), may be subject to legal or other restrictions on transfer or may be investments for which no liquid market exists. The market prices, if any, of such investments tend to be more volatile and it may not be possible to sell such investments when desired or to realize their fair value in the event of a sale. In addition, securities in which the funds may invest include those that are not listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they may be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid. Furthermore, companies whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements that would be applicable if their securities were publicly traded.

### **Short Positions**

A short sale involves the sale of a security that the funds do not own in the hope of purchasing the same security (or a security exchangeable for such security) at a later date at a lower price. To make delivery to the buyer, the funds must borrow the security, and is obliged to return the security to the lender, which is accomplished by a later purchase of the security. A profit or a loss results from a short sale if the price of the security decreases or increases, respectively, between the date of the short sale and the date on which the short position is covered, i.e., the security to replace the borrowed security is purchased. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

### **Highly Volatile Markets**

The prices of commodities contracts and all derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts in which the funds may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The funds also are subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses.

### **Concentration**

A significant portion of the funds' investments may be concentrated in only a few securities, industries, countries or geographic regions. This concentration may cause a proportionately greater loss than if the funds' investments were more diversified.

### **Turnover**

The funds may invest on the basis of certain short-term market considerations. The turnover rate within the funds' investments may be significant, potentially involving substantial brokerage commissions and fees.



### **Reliability of Valuations**

As a general matter, securities that are illiquid, not traded on an exchange or in an established market, or for which no value can be readily determined will be assigned such fair value as the General Partner may determine in its judgment based on various factors. Special Investments will generally be valued at cost, unless the General Partner, in its discretion, determines that the value of a Special Investment is significantly greater or less than its cost, in which case the book value of a Special Investment may be adjusted upward or downward (as the case may be). Factors used to make valuations generally include, but are not limited to, aggregate dealer quotations or independent appraisals. Such valuations may not be indicative of what actual fair market value would be in an active, liquid or established market. Even where a security is subject to active trading in a market for which current quotation and last-sale reports are readily available, such reports often relate to small quantities of a given security and possibly may not provide accurate information about the market for a larger quantity of such securities or securities subject to transfer restrictions. Furthermore, if the funds purchase or sell a security on a date close to the valuation date for that security, the quotation and last sale price may be substantially affected.

The information provided with respect to this item is not intended to be a summary of all the risks associated with an investment in our Funds, but rather some of the more specific risks associated with our strategy and the types of securities in which we typically invest. Investors should refer to the fund offering documents for an expanded description of our investment strategy and risks.

### **Item 9: Disciplinary Information**

KCM has no legal or disciplinary events to report that would impact the evaluation of a client or prospective client (or investor) of KCM's advisory business or the integrity of our management.

### **Item 10: Other Financial Industry Activities and Affiliations**

#### **Kingstown Entities: Description of Relationships**

Kingstown Management GP LLC is the General Partner and an affiliate of the investment management entity (KCM). Kingstown Capital Partners LLC, also an affiliate of KCM, is the General Partner of the U.S. limited partnerships. Michael Blitzer and Guy Shanon are the Managing Members of both General Partner entities as well as Limited Partners of the Adviser. In addition, Mr. Blitzer and Mr. Shanon serve as Directors for Kingstown Partners Master Ltd. and Kingstown Partners Offshore Limited. Michael Blitzer acts as Portfolio Manager and is responsible for trading on behalf of all funds.

Matthew S. Hardin serves as Chief Compliance Officer for KCM. Mr. Hardin is a securities attorney and is licensed to practice law in Pennsylvania, Missouri and Illinois. He owns Hardin Law Group LLC and devotes approximately 5% of his business time to this law practice. In addition, Mr. Hardin owns Hardin Compliance Consulting LLC, a firm specializing in providing compliance consulting and support services to various registered investment advisers, broker-dealers, investment companies and private funds. Mr. Hardin is also registered with, and serves

as Chief Compliance Officer of, Cypress Alts LLC, a registered broker-dealer and FINRA member.

**Outside Business Activities**

Mr. Blitzer and Mr. Shanon serve as Adjunct Professors at Columbia Business School where they teach Applied Value Investing.

**Item 11: Code of Ethics**

KCM has adopted a Code of Ethics for all supervised persons of the Firm describing its high standards of business conduct and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, guidelines surrounding gifts and business entertainment items, personal securities trading, conflicts of interest, among other things. All supervised persons must acknowledge the terms of the Code initially upon hire as well as annually, or as amended.

Employees may maintain personal securities accounts but are subject to strict guidelines. In general, employees may transact in mutual funds (unless sub-advised by Kingstown), exchange traded funds or other non-reportable securities as defined in the Code. In certain circumstances, employees may be permitted to transact in a private placement or limited offering (as that term is defined), but must first obtain pre-approval by the CCO and a Managing Member. All other transactions are prohibited (e.g. single name securities, options, derivatives, etc.). Transactions are reported to the CCO in accordance with the reporting requirements outlined in the Code and personal trading is continually monitored in order to reasonably prevent conflicts of interest between KCM and its clients.

A copy of the Code of Ethics may be obtained by sending an email to [info@kingstowncapital.com](mailto:info@kingstowncapital.com) or by phoning us at 212.319.1309.

Note: It should be noted that the managing members of KCM hold two positions that are also held by the Funds. These positions were entered into prior to the adoption of the above mentioned personal trading policy (dated July 2010).

**Principal and Cross Transactions**

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

It is KCM's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts.

## **Item 12: Brokerage Practices**

KCM has discretion over what securities and the amount thereof to be bought and sold, the broker or dealer to be used as well as the commission rates to be paid.

KCM may invest in illiquid securities or investments, limiting the broker-dealers with whom the funds may deal. Transactions are generally allocated to brokers on the basis of best available execution and in consideration of such broker's provision or payment of the costs of brokerage and research services. When selecting brokers, banks and dealers to effect transactions, KCM considers such factors as price, the availability of the brokers, banks, and dealers to effect transactions, their facilities, reliability and financial responsibility, as well as any products or services provided, or expenses paid, by such brokers, banks and dealers.

KCM does not currently participate in any soft dollar or directed brokerage arrangements and does not select brokers based upon client referrals.

### **Trade Allocation and Aggregation**

KCM may, for a number of reasons, aggregate brokerage orders for clients rather than execute individual transactions for each account. Some of these reasons include: (1) obtaining lower commission rates; (2) avoiding the time and expense of simultaneously entering similar orders for many client accounts that are managed similarly; (3) ensuring that all accounts managed in a particular style obtain the same execution to minimize differences in performance; and (4) obtaining a better execution price even though the commission rate may be higher than the lowest rate otherwise available.

Consistent with our obligation to seek best execution, KCM aggregates client orders whenever possible. We have developed procedures to ensure that purchase and/or sell orders which have been aggregated are fairly allocated so that, over time, all clients are treated fairly and consistent with their investment objectives.

An order filled through a series of executions through the same broker on the same terms (e.g., market or limit order) on the same day is generally allocated using an average price. Once an order is filled, however, subsequent orders for the same security on the same day will not be averaged with the filled orders already filled for allocation purposes.

Preliminary allocations are made before execution. As a general policy, the allocation is finalized no later than the close of business on trade date. When an aggregated order is filled in its entirety, the order is allocated to participating accounts in accordance with the preliminary allocation schedule. When an aggregated order is only partially filled (and there is no reasonable expectation that the entire transaction will be completed within a reasonable period), the order will generally be allocated among the participating clients on an objective basis and in accordance with our established policies and procedures.

Where permissible, all client accounts are managed on a “pari-passu” basis with the intent of creating pro rata allocations in similar securities based upon a percentage of total assets under management. However, position weighting may vary over time due to capital flows of the funds and/or the investment limitations and restrictions applicable to certain funds that may limit KCM’s ability to purchase and sell securities to maintain certain security weighting or position sizes. In cases in which different funds invest in the same companies or securities, certain funds’ investments will likely not be made at the same time and in some cases may be at prices higher than those paid by other funds which would possibly result in lower possible investment returns from such investments. It is unlikely that the performance of each fund will be identical.

### **Item 13: Review of Accounts**

#### **Reviews**

Portfolio reviews are primarily conducted by the Portfolio Manager on a daily basis. Reviews include an analysis of position sizing based on fundamental developments related to portfolio investments.

#### **Reporting**

On at least a monthly basis, investors receive an investor capital statement from the Administrator summarizing their individual performance. KCM also provides each investor with a monthly performance estimate.

On a quarterly basis, KCM provides each investor with a “quarterly investor letter” that includes performance information, commentary, investment updates and organizational updates.

On an annual basis, each investor receives a copy of the Fund’s audited financial statements prepared by the independent auditors. KCM also provides various ad hoc reports as requested by our clients and/or investors.

### **Item 14: *Client* Referrals and Other Compensation**

KCM has agreements with third-party marketers that may solicit clients for the Adviser or investors/limited partners for the private funds. We believe that each arrangement complies with Rule 206(4)-3 of the Advisers Act.

In some cases, third-party marketers are compensated by KCM with a percentage share of the management fees or by the General Partner with a percentage share of the performance allocation. No additional fees are added to those that are already charged to investors as a result of our participation in these arrangements.

### **Item 15: Custody**

KCM does not maintain physical possession of client cash and/or securities. However, the managing members of the General Partner of KCM also serve as the managing members of the General Partner of the private funds. As a consequence, KCM does have access to cash and

securities in the private funds, along with the authority to perform various acts that may be deemed to result in custody, as defined under Rule 206(4)-2 of the Advisers Act.

Securities are maintained at a qualified custodian and cash is kept either at the prime broker or custodian or in the funds' bank account which is administered by the funds' administrator. The administrator has been engaged to oversee all cash transfers into and out of the funds in order to provide independent oversight.

The financial statements of the private funds are audited annually (in accordance with GAAP) by EisnerAmper, LLP, an independent public accounting firm that is registered with, and subject to regular inspection by, the PCAOB (the Public Accounting Oversight Board).

Copies of the audited financial statements are independently distributed to each investor within 120 days of the Fund's fiscal year end.

### **Item 16: Investment Discretion**

KCM receives discretionary authority from clients pursuant to an investment management agreement entered into at the outset of an advisory relationship. In all cases, discretion is exercised in a manner consistent with the stated investment objectives for the particular client account.

KCM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to KCM in writing.

### **Item 17: Voting *Client* Securities**

KCM has proxy voting authority with respect to all accounts managed. In accordance with Rule 206(4)-6, we have adopted policies and procedures which are reasonably designed to ensure that proxies are voted in the best interests of clients, to include addressing any material conflicts of interest, disclosure, and maintenance of books and records related to proxy voting.

It is our belief that proxy voting rights are valuable portfolio assets and an important part of the investment process, and we exercise our voting responsibilities solely with the goal of serving the best interests of our clients, as shareholders of a company. KCM has long been active in voting proxies on behalf of shareholders in the belief that the proxy voting process is a significant means of addressing crucial corporate governance issues and encouraging corporate actions that it believes enhance shareholder value. In determining how to vote on any proposal, we consider the proposal's expected impact on shareholder value, without considering any benefit to us, as Adviser.

We consider the reputation, experience and competence of a company's management when evaluating the merits of investing in a particular company, and we invest in companies in which we believe management goals and shareholder goals are aligned. Therefore, on most issues, we cast votes in accordance with management's recommendations. This does not mean we do not care about corporate governance. Rather, it is a confirmation that our process of investing

with shareholder aligned management is working. However, when we believe management's position on a particular issue is not in the best interests of clients and investors, we will vote contrary to management's recommendation.

KCM will use reasonable efforts to determine whether a potential conflict may exist with respect to voting proxies. KCM is sensitive to conflicts of interest that may arise in the proxy decision-making process and have identified various potential conflicts as part of our policies and procedures. Materiality determinations will be based on an assessment of the particular facts and circumstances and consultation with Legal Counsel. One or more of the following methods may be used to resolve a conflict, should one arise:

- In the case of a conflict of interest resulting from a particular employee's personal relationships, removing such employee from the decision-making process with respect to such proxy vote; or
- Any other method as is deemed appropriate under the particular facts and circumstances, given the nature of the conflict.

A copy of our Proxy Voting Policy and Procedures, as well as information related to how proxies were voted, may be obtained by sending an email to [info@kingstowncapital.com](mailto:info@kingstowncapital.com) or by phoning 212.319.1309.

## **Item 18: Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about KCM's financial condition. KCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **Item 19: Other Business Related Disclosures**

### **Side by Side Management**

KCM provides investment management services for five clients. Where permissible, all client accounts are managed on a "pari-passu" basis with the intent of creating pro rata allocations in similar securities based upon a percentage of total assets under management. However, certain conflicts may exist between clients particularly as it relates to trade and expense allocation between accounts. Kingstown has policies and procedures in place to properly manage and deal with potential conflicts. One client is a registered investment company and is regulated under the Investment Company Act of 1940 ("ICA"). Accordingly, KCM is subject to various ICA portfolio management restrictions and limitations.

### **Valuation**

KCM has adopted policies and procedures to comply with its fiduciary obligation to accurately value client portfolios. The Net Asset Value of the funds is calculated by the administrators. The valuation of the open portfolio securities in determining Net Asset Value shall be valued by

## Kingstown Capital Management, LP

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the administrators in accordance with agreed upon pricing guidelines. As investment adviser, KCM monitors valuation on an ongoing basis and provides assistance to the administrators for any hard to value securities as needed. Further information with respect to our Valuation Policy may be obtained by sending an email to [info@kingstowncapital.com](mailto:info@kingstowncapital.com).

### **Side Letters**

KCM has entered into side letters with one or more investors in certain private funds which have established different rights or privileges with respect to various items, including but not limited to, liquidity, management fees, performance allocation fees, transparency, reporting, capacity and key man. KCM may enter into such side letters without approval from, or notice to, any investor.

Michael Blitzer

Kingstown Capital Management, LP

100 Park Avenue  
21<sup>st</sup> Floor  
New York, NY 10017  
212.319.1309

This Brochure Supplement provides information about Michael Blitzer that supplements the Brochure for Kingstown Capital Management, LP (KCM), a copy of which you should have received. Please contact Mark Rosenthal, CFO of KCM if you did not receive the Brochure or if you have any questions about the contents of this supplement.



## **Educational Background and Business Experience**

**MICHAEL A. BLITZER: Born May 24, 1977**

### **Education**

Columbia Business School, M.B.A. (2004)  
Cornell University, B.S. (1999)

### **Business Background**

Mr. Blitzer has been Managing Member and Portfolio Manager of Kingstown Capital Management, LP since 2007. Prior to that, he held positions as Portfolio Manager and Research Analyst at Gotham Capital and J.P. Morgan.

## **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. Mr. Blitzer has no information applicable to this item.

## **Other Business Activities**

Mr. Blitzer is an Adjunct Professor at Columbia Business School where he teaches a weekly class in Applied Value Investing during the fall semester. The firm does not believe this presents any conflicts of interest.

## **Additional Compensation**

Mr. Blitzer has no information to report applicable to this item.

## **Supervision**

KCM is a small firm with 2 principal owners/managing members. Mr. Blitzer works closely with Guy Shanon (the other managing member) in providing all investment management services to the funds. Investment decisions must involve at least one managing member. Most investment decisions are collaborative and include both managing members and one or more analysts. Analysts provide information to support investment decision making, but do not, however, make investment decisions. Compliance services are provided by an independent consulting firm which allows for additional oversight.

Guy Shanon

Kingstown Capital Management, LP

100 Park Avenue

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212.319.1309

This Brochure Supplement provides information about Guy Shanon that supplements the Brochure for Kingstown Capital Management, LP (KCM), a copy of which you should have received. Please contact Mark Rosenthal, CFO of KCM if you did not receive the Brochure or if you have any questions about the contents of this supplement.

## **Educational Background and Business Experience**

**GUY SHANON: Born June 29, 1968**

### **Education**

Columbia Business School, M.B.A. (1999)  
George Washington University Law School, J.D. (1993)  
University of Michigan, B.A. (1990)

### **Business Background**

Mr. Shanon has been Managing Member of Kingstown Capital Management, LP since 2007. Prior to that, he was portfolio manager at Hudson Street Capital Management, a value-oriented investment partnership. Mr. Shanon was founder and CEO of Cityfeet.com, a leading commercial real estate listings and industry news content portal that was sold to Loopnet Inc. (NASDAQ: LOOP). He has also held positions in the Financial Sponsors Group at Merrill Lynch, the Investment Banking Department at Morgan Stanley, and Jones Lang LaSalle, where he focused on institutional real estate investments and finance.

## **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. Mr. Shanon has no information applicable to this item.

## **Other Business Activities**

Mr. Shanon is an Adjunct Professor at Columbia Business School where he teaches a weekly class in Applied Value Investing during the fall semester. The firm does not believe this presents any conflicts of interest.

## **Additional Compensation**

Mr. Shanon has no information to report applicable to this item.

## **Supervision**

KCM is a small firm with 2 principal owners/managing members. Mr. Shanon works closely with Michael Blitzer (the other managing member) in providing all investment management services to the funds. Investment decisions must involve at least one managing member. Most investment decisions are collaborative and include both managing members and one or more analysts. Analysts provide information to support investment decision making, but do not, however, make investment decisions. Compliance services are provided by an independent consulting firm which allows for additional oversight.