

Item 1 – Cover Page



Sasco Capital, Inc.

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Form ADV Part 2A

December 31, 2011

This Brochure provides information about the qualifications and business practices of Sasco Capital, Inc. ("Sasco Capital"). The following pages describe our services, fee arrangements and business practices. If you have any questions about the contents of this brochure, please contact us at the telephone number or email address displayed above. 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 Sasco Capital is available on the SEC's website at www.adviserinfo.sec.gov.

Sasco Capital is an investment adviser that has been registered with the SEC since 1985. Our registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, are information you use to evaluate us and factor in your decision to hire us or to continue to maintain a mutually beneficial relationship.

Item 2 - Material Changes

No Material Changes.

In the future, this item will discuss only specific material changes that are made to the Brochure and will provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure. We will further provide clients with a new Brochure as necessary, based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting us at the telephone number or email found on the cover page of this Brochure.

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Item 4 - Advisory Business

Description of Advisory Services:

Sasco Capital has been providing investment management services to institutional and high net worth individual clients since 1986. All client accounts are managed on a discretionary basis. The firm offers only one investment strategy – **Contrarian Value Equity** investments. All accounts are managed identically on a team basis. The firm has a diversified client base comprised of public and corporate funds, endowments and foundations, among others.

Sasco Capital is independently owned and is not affiliated with any other organization. Bruce D. Bottomley and Daniel L. Leary each own greater than 25% of Sasco Capital.

As of December 31, 2011, Sasco Capital had approximately \$4.96 billion in discretionary assets under management.

Item 5 - Fees and Compensation

Annual-based Fees:

Sasco Capital is a fee based investment adviser. Annual fees are calculated quarterly based on a percentage of the dollar value of assets under management at the end of the quarter.

The annual fee schedule for institutional accounts is as follows:

0.80% on the first \$10,000,000.
0.50% on the next \$40,000,000.
0.40% on the next \$50,000,000.
0.35% on the next \$200,000,000.
Negotiable thereafter.

Fees for international institutional accounts requiring international servicing are negotiated. Fees for individual high net worth clients are negotiated at a minimum of 0.50% of assets under management.

Payment of Fees:

Fees shall be payable quarterly, in arrears, based upon the assets under management for a client's account, as of the last day of the preceding quarter. Fees are billed directly to the client, on a quarterly basis, and are paid to Sasco Capital by check or bank wire.

Any Investment Management Agreement (IMA) between Sasco Capital and a client may be terminated by either, at any time, without payment of any penalty, by giving the other party a

30-day written notice. In the event the IMA is in effect for only a portion of a quarter, then the quarterly payment will be calculated as if the termination date of the IMA was the last business day of such quarter, multiplied by a fraction, the numerator of which is the number of business days in the quarter for which the agreement was in effect, and the denominator of which is the total number of business days in such quarter.

Additional Fees and Expenses:

Advisory fees paid to Sasco Capital do not include all of the fees a client would pay in connection with our advisory services. Fees and expenses a client would pay directly to third parties, include, but are not limited to:

- Brokerage commissions;
- SEC fees;
- Transactions fees;
- Custodial fees;
- Accounting fees;
- Audit fees; and
- Wire transfer and electronic fund processing fees.

Sasco Capital does not receive, directly or indirectly, any of these fees. For more information regarding brokerage and other transaction costs, please see Item 12, below.

Sasco Capital and its employees are not affiliated with any third party or any broker/dealer, nor do we receive, directly or indirectly, any compensation from the sale of securities or investments that are purchased or sold for a client's account. As a result, we are a "fee only" investment adviser and do not have any potential conflicts of interest that relate to any additional compensation from a client.

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

Sasco Capital can enter into a performance based fee agreement with a qualified client, in accordance with the provisions of Rule 205-3 under the Investment Advisers Act of 1940 (Advisers Act"). Under such a performance-based fee structure, Sasco Capital and the client would agree upon certain performance criteria, that if achieved would earn Sasco Capital a higher fee than what that client would pay as a standard annual-based fee for the investment advisory services received.

Sasco Capital recognizes that entering into a performance-based advisory agreement, which meets the requirements of Rule 205-3 under the Advisers Act, does not alter its obligation, as a fiduciary, to deal fairly with its clients and to make full and fair disclosure of its compensation arrangements, as well as any material conflict posed by such an arrangement.

All client accounts at Sasco Capital are managed identically, on a team basis, and all trades are executed on a pro-rata basis across all accounts. As discussed in item 5, above, Sasco Capital also manages accounts that pay an annual-based fee. There is no difference in management of a client account whether it is on a performance-based or an annual-based fee schedule and, therefore, no conflicts of interest arise from managing such accounts.

Item 7 - Types of Clients

Sasco Capital offers its investment advisory services to a number of types of clients, including:

- Corporate pension and profit sharing funds
- Public pension funds
- Endowments
- Foundations
- Investment companies
- Trusts, estates and charitable organizations
- Taft-Hartley plans, governmental plans and municipalities
- High net worth individuals, and
- Not for profit entities

Currently, the minimum requirement for opening a new institutional account is \$50,000,000. This minimum requirement may be waived under certain circumstances.

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

Analysis:

Sasco Capital is a contrarian value equity investment adviser. We engage in fundamental, “bottom-up” security analysis based on our proprietary screening process, individual company research, and meetings with senior management. Sasco Capital does not invest in any derivatives, and does not engage in any margin transactions or short sales.

In conducting our company analysis, we research a company’s annual reports, press releases, prospectuses, 10-K’s and other public filings., as well as, financial newspapers and magazines, research materials prepared by others, corporate rating services and meetings with companies’ senior management.

Investment Strategies

Sasco Capital offers only one investment strategy: contrarian value equity. The firm invests in out-of-favor, underperforming companies with restructuring and turnaround potential. Our research identifies companies that are selling at a discount to our estimate of their underlying asset value and our projection of future earning power from possible restructuring scenarios. The investment strategy has a long -term investment horizon and low turnover.

Risks:

Investing in securities involves a risk of loss that clients should be prepared to bear. The prices of the securities in which Sasco Capital invests may decline for a number of reasons. The price declines of common stocks may be steep, sudden and/or prolonged. Price changes may occur in the market as a whole, or they may occur in only a particular company, industry or sector of the market. Should a company undergo bankruptcy, the stocks of that company might have the least senior interest and could become worthless.

Sasco Capital's portfolio managers may be wrong in their assessment of a company's value and the stock may not reach what the portfolio managers believe is its full value. From time to time, "value" investing falls out of favor with investors. During such periods, relative performance may suffer.

9 - Disciplinary Information

Not applicable. Sasco Capital does not have any legal, financial or other "disciplinary" item to report. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a client/adviser relationship, or to continue a client/adviser relationship with our firm.

This statement applies to our firm and all of our employees.

Item 10 - Other Financial Industry Activities and Affiliations

Not applicable. Sasco Capital is an independent investment adviser and is not engaged in any other financial industry activity. The firm is not affiliated with any broker/dealer or any other organization.

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

As required by Rule 17j-1 under the Investment Company Act of 1940 and Rule 204A-1 under the Advisers Act, Sasco Capital has adopted a Code of Ethics ("Code") designed to ensure that the firm and its employees meet their fiduciary duties to clients and to drive home a culture of compliance within our firm. The Code is comprehensive and is provided to each employee at the time of hire and annually thereafter. On-going monitoring of employee activity is designed to detect and prevent violations of securities laws, prohibit certain types of transactions deemed to create conflicts of interest and to establish reporting requirements and enforcement procedures. The Code applies to all employees. The Code does not prohibit personal trading by employees. However, employees may not invest in securities for their personal accounts in which clients' accounts are also invested, unless they receive pre-clearance from the firm's Chief Compliance Officer.

The Code includes the following:

- Prohibitions on:
 - Insider trading (possession of material, non-public information); and
 - The acceptance/giving of gifts and/or entertainment that exceed our policy standards;
- Reporting of gifts and business entertainment;
- Pre-clearance of employee personal securities transactions considered for, or held by, client accounts;
- Reporting on an on-going quarterly basis, all personal securities transactions;
- A requirement to maintain records of all non-exempt securities bought or sold by employees; and
- A requirement to maintain confidentiality of all client information.

Any client, or prospective client, may obtain a full copy of the Code by contacting Hoda Bibi, Chief Compliance Officer, at the address, telephone number or email found on the cover page of this Brochure.

Item 12 - Brokerage Practices

General Considerations – Selecting/Recommending Broker-Dealers for Client Transactions and Commission Charges:

Sasco Capital has full discretionary authority to determine, without obtaining specific client consent, the securities to be bought or sold for an account, as well as the amount of securities to be bought or sold, in accordance with the client's IMA and written investment guidelines.

In addition, Sasco Capital has discretion, in the absence of any instructions from the client, as to the broker-dealer to be used and the commission rates to be paid. In selecting a broker-dealer, Sasco Capital's primary focus is on "best execution". Sasco Capital may choose to pay a greater commission than the lowest available rate, depending on the circumstance and if it determines in good faith that the commission amount is reasonable in relation to the value of the brokerage and/or research services provided by such broker/dealer. Sasco Capital has no affiliations with any broker-dealers. Sasco Capital has an established broker-dealer list for consideration by Sasco Capital's trader in deciding which firm to use for a particular security transaction. Several factors are considered prior to placing an order with a broker-dealer for execution, such as the price of the security, the size and difficulty of the order, the broker-dealer's general execution and operational capability, reliability, integrity, financial condition, and brokerage and research services.

Aggregation of the Purchase or Sale of Securities:

All securities trade transactions are aggregated. If an aggregated order is executed by a broker-dealer at different prices, each account participating in the aggregated order will receive the daily average price obtained by the executing broker-dealer. If an aggregated transaction is not filled completely, Sasco Capital will allocate the partially filled transaction on an equitable basis, taking into account the need to accommodate clients' cash positions, the need to allocate in round lots, or any special client requests for cash balance usages.

Research and Other Soft Dollar Benefits:

Sasco Capital pays commission dollars for research services that provide assistance in its decision-making process. During Sasco Capital's last fiscal year, such services included software which serves a research function of providing data on securities, sectors and market activity, as well as econometric models, screens and data bases, which are considered an integral part of the investment process. Such research services also included economic and market data and security and industry analyses. Since such research services are used in servicing all of Sasco Capital's accounts, each account pays its prorated share of the costs incurred. When we use client commission dollars to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving most favorable execution.

Client Directed Brokerage:

Clients may request us, in writing, to direct commissions to a specific broker-dealer. However, clients who do so may pay higher commissions on some transactions or may receive less favorable execution of some transactions, or both. In particular, if you direct commissions to a specific broker-dealer, you may not be able to participate in aggregated trades with other clients' accounts.

Cross Transactions:

Sasco Capital does not engage in any cross transactions.

Outside Consultants:

Sasco Capital does not use outside consultants to gather information for investments.

Item 13 - Review of Accounts

All accounts are reviewed by the portfolio managers with the client on a quarterly basis. The review is in writing as well as orally, based on the client's request. The formal quarterly review includes, but is not limited to:

- 1) An overview of the economic/market environment;
- 2) Portfolio holdings, reflecting market -cost, number of shares and yield/income data;
- 3) Portfolio sector analysis;
- 4) A transaction report covering the buy/sell activities that occurred during the quarter;
- 5) The amount of commissions paid; and
- 6) Performance data which includes quarter, year-to-date, last twelve months, and three-year, five- year, ten-year and since inception performance data, as available.

More frequent reviews may be requested by the client by phone, mail or email.

Item 14 - Client Referrals and Other Compensation

Sasco Capital may, from time to time, enter into referral arrangements with a marketing person and pay fees to such person for client referrals, pursuant to Rule 206(4)-3 under the Advisers Act, which covers cash payments for client solicitations. Referral arrangements are in writing and involve only properly qualified persons. Clients referred through such arrangements, receive from the marketing solicitor a copy of Sasco Capital's Form ADV Part 2 and a copy of the disclosure document describing the terms and conditions of the solicitation agreement.

Sasco Capital does not currently have any referral arrangements.

Item 15 - Custody

Not applicable. Sasco Capital does not have custody of any client funds.

Item 16 - Investment Discretion

Sasco Capital has full discretionary authority to determine, without obtaining specific client consent, the securities to be bought or sold for a client's account, as well as the amount of securities to be bought or sold, in accordance with the IMA and written guidelines provided by the client.

In addition, Sasco Capital has discretion, in the absence of any instructions from a client, as to the broker-dealer to be used and the commission rate to be paid.

Item 17 - Voting Client Securities

In the event that a client directs Sasco Capital to vote proxies relating to portfolio securities held in its account, the firm has adopted and implemented written guidelines and procedures that are designed to vote on proposed issues in a consistent manner that is in the best interest of the client. The firm maintains detailed proxy voting records, which include the name of the issuer, shareholder meeting date, a brief identification of the items voted upon and whether the vote was for or against managements' recommendations. In situations where there is a conflict of interest between Sasco Capital and a client, Sasco Capital will vote issues in accordance with the recommendations of Institutional Shareholder Services (ISS), a leading provider of corporate governance and proxy voting services.

Our proxy voting guidelines and proxy voting record are available to all clients and interested parties upon request, without charge, by contacting us at the telephone number or email found on the cover page of this Brochure.

Item 18 - Financial Information

Not applicable. Registered investment advisers are required in this item to provide you with certain financial information or disclosures about their financial condition. Sasco Capital is an independent company that has been conservatively managed since its inception in 1985. The firm has no financial commitments that would impair its ability to meet its contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.