

KB & Partners Management Co. LLC

a subsidiary of KB Holdings LLC

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– Registered Investment Adviser –

Investment Adviser Brochure & Brochure Supplement

(Form ADV Part 2A & Part 2B)

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This brochure provides information about the qualifications and business practices of KB & Partners Management Co. LLC. If you have any questions about the contents of this brochure, please contact KB & Partners Management Co. LLC at 212-980-5050. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an Investment Adviser does not imply a certain level of skill or training.

Material Changes

This section describes any material changes that have been made to this brochure since its last annual update in: MARCH/2011. Regulations require that this page come directly after the cover page of the brochure.

There are no material changes in this Form ADV.

Table of Contents

SECTION 1	- ADVISORY BUSINESS	3
SECTION 2	- FEES AND COMPENSATION	3
SECTION 3	- PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT	4
SECTION 4	- TYPES OF CLIENTS	5
SECTION 5	- METHODS OF ANALYSIS AND INVESTMENT STRATEGIES	5
SECTION 6	- INVESTMENT RISKS AND RISK OF LOSS	7
SECTION 7	- DISCIPLINARY INFORMATION	7
SECTION 8	- OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	8
SECTION 9	- CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING	9
SECTION 10	- BROKERAGE PRACTICES	10
SECTION 11	- REVIEW OF ACCOUNTS	11
SECTION 12	- CLIENT REFERRALS AND OTHER COMPENSATION	11
SECTION 13	- CUSTODY	12
SECTION 14	- INVESTMENT DISCRETION	12
SECTION 15	- VOTING CLIENT SECURITIES	13
SECTION 16	- FINANCIAL INFORMATION	13
APPENDIX A	- BROCHURE SUPPLEMENT	14

Section 1 Advisory Business

KB & Partners Management Co. LLC (the “Firm”), a wholly owned subsidiary of KB Holdings LLC, is a Registered Investment Adviser in New York, NY. The Firm was founded in March of 2000 and has only one client: Kahn Brothers & Partners LP (the “Partnership”). As of December 2011, KB & Partners Management Co. LLC managed \$53,303,860 of assets for its client on a solely discretionary basis.

Kahn Brothers & Partners LP is a New York State limited partnership that was formed jointly between KB & Partners Management Co. LLC and Sullivan & Serwitz Equity Partners LP for the purpose of investing in securities. The Firm is the General Partner of the Partnership, and Sullivan & Serwitz Equity Partners LP is the Special Limited Partner.

KB & Partners Management Co. LLC employs a modified Graham and Dodd value investing style and is primarily focused on publicly-traded U.S. equities — mostly stocks traded on the New York Stock Exchange and the NASDAQ Stock Market. However, the Firm does occasionally purchase securities that trade on different markets and in foreign countries. The Firm currently engages in long trades only, but, in the future, it may engage in short selling at the discretion of the Firm.

The Firm’s particular value style seeks stocks that offer an adequate return on capital over long periods of time while presenting a satisfactory margin of safety. Its managers are not focused on short-term results, choosing instead to concentrate on long-term returns over periods of three to five years or longer.

The Firm’s investment decisions are based on fundamental analysis of securities and a primarily “bottom-up” stock selection process. The Firm’s managers analyze numerous sources of information and engage company managements. In selecting potential investments, they seek stocks that are trading near to or below their “intrinsic values.” Value can be measured in many ways, but, KB & Partners Management Co. LLC tends to use a blend of a number of value metrics, including book value, tangible book value, earnings per share, net working capital and cash flow. After the managers have identified a stock that trades at a discounted price compared to its value, they then look for catalysts that might unlock that value and cause the price to rise to a level that’s more commensurate with the value.

KB & Partners Management Co. LLC’s managers make frequent, periodic reviews of the Partnership’s account, and the holdings are monitored and adjusted as necessary. The Firm may consider many factors before making changes to the Partnership’s account, including the Partnership’s other assets and investments, its cash position and other articulated factors.

The Partnership is not currently subject to a wrap fee program.

Section 2 Fees and Compensation

KB & Partners Management Co. LLC provides investment advisory and money management services to the Partnership with full discretion. Such services include the selection of securities and the placing of trading orders for the Partnership’s account.

As the Partnership’s investment adviser, KB & Partners Management Co. LLC is compensated in two ways: first, the Firm receives a management fee that is a percentage of total net assets in the Partnership at the time of assessment, and, second, the Firm receives an incentive allocation that is calculated based on the investment performance of the Partnership’s account over the billing period being assessed. These

compensation arrangements are documented in the Agreement of Limited Partnership of Kahn Brothers & Partners LP and in the Limited Liability Company Agreement of the Firm.

The Firm's management fee is assessed at the close of each fiscal quarter of the Partnership at a rate of $\frac{1}{8}^{\text{th}}$ of 1% (0.00125) of the Partnership's total net assets at that time. One half of the management fee is payable to the Firm, and the other half to the Special Limited Partner. The amounts are deducted directly from the Partnership's account at its custodian, Charles Schwab & Co., Inc.

If during a fiscal year, the net profits allocated to the capital account of a Limited Partner exceed the net losses allocated to the Limited Partner's capital account for the fiscal year, there shall be reallocated as of the end of the fiscal year to the General Partner's and the Special Limited Partner's capital accounts, in equal amounts, an amount equal to 33% of the current year excess, adjusted for withdrawals and contributions made during the fiscal year. The allocation will be subject to a limitation such that no amount shall be reallocated from the limited Partner's capital account for the fiscal year unless and to the extent that the capital account has earned a 6% cumulative, non-compounded annual rate of return on the Limited Partner's initial capital contribution to the Partnership, adjusted for additional capital contributions and withdrawals. The incentive allocation will be subject to a loss carryforward provision, such that the amount reallocated from the Limited Partner's capital account to the General Partner and the Special Limited Partner for the fiscal year may not exceed the excess of the Limited Partner's net profits for the year over the Limited Partner's loss carryforward amount. The loss carryforward amount for each Limited Partner shall be the sum of all prior net losses allocated to the Limited Partner and not offset by all subsequent net profits, provided that the loss carryforward amount shall be reduced proportionately to reflect any net withdrawals made by the Limited Partner.

Prior to joining the Partnership, all prospective limited partners receive a Private Placement Memorandum and are made aware of the fee structure and of the terms of the Partnership by Sullivan & Serwitz Equity Partners LP.

The Partnership may incur other fees or expenses from outside institutions that will arise in connection with the services offered by KB & Partners Management Co. LLC. First, at the Partnership's request, the Firm uses an outside broker-dealer, Charles Schwab & Co., Inc., to transact all securities trades for the Partnership. As compensation for this service, Charles Schwab & Co., Inc. currently receives a flat commission. The commission rates may not be the absolute lowest available in the United States.

Also, since KB & Partners Management Co. LLC and its affiliated companies are not custodians for any client assets, the Partnership may be subject to custodian fees from an outside custodian institution. The Partnership's assets are currently custodied at Charles Schwab & Co., Inc., which, like any custodian, may charge custody fees to be determined by the custodian itself.

Kahn Brothers & Partners LP's account is not subject to a wrap fee program.

Section

3

Performance-Based Fees and Side-By-Side Management

If during a fiscal year, the net profits allocated to the capital account of a Limited Partner exceed the net losses allocated to the Limited Partner's capital account for the fiscal year, there shall be reallocated as of the end of the fiscal year to the General Partner's and the Special Limited Partner's capital accounts, in equal amounts, an amount equal to 33% of the current year excess, adjusted for withdrawals and contributions made during the fiscal year. The allocation will be subject to a limitation such that no amount shall be reallocated from the limited Partner's capital account for the fiscal year unless and to the extent that the capital account has earned a 6% cumulative, non-compounded annual rate of return on the Limited Partner's initial capital contribution to the Partnership, adjusted for additional capital contributions and withdrawals. The incentive allocation will be subject to a loss carryforward provision, such that the amount reallocated from the

Limited Partner's capital account to the General Partner and the Special Limited Partner for the fiscal year may not exceed the excess of the Limited Partner's net profits for the year over the Limited Partner's loss carryforward amount. The loss carryforward amount for each Limited Partner shall be the sum of all prior net losses allocated to the Limited Partner and not offset by all subsequent net profits, provided that the loss carryforward amount shall be reduced proportionately to reflect any net withdrawals made by the Limited Partner.

Performance-based fees can, in some instances, create a conflict of interest. This can arise when an investment adviser manages performance-based fee accounts side-by-side with accounts that don't charge such fees. When there is side-by-side management, advisers may be encouraged to offer more services or better service to those accounts that are assessed the performance-based fees.

The principals and employees of KB & Partners Management Co. LLC and its affiliated businesses are aware of this potential conflict. Although the Firm has only one client, the Firm's officers also manage funds for affiliated businesses that have numerous other clients of their own. Unlike the Partnership's account, most of the clients of these affiliated businesses do not presently incur performance-based fees. Therefore, the officers of KB & Partners Management Co. LLC make a point of not offering any favor or advantage to the Partnership over the clients of the Firm's affiliated businesses who do not pay performance-based fees. This impartiality and equal manner of service extends to all clients of the Firm and of all of its affiliated businesses, regardless of the individual circumstances of any one of those clients, his/her particular fee structures, the discretionary or non-discretionary nature of those accounts and any other distinguishing factors that may be present. It is simply against Firm policy to give favor to any one account of the Firm or of its affiliated businesses over another.

Additionally, to ensure that the Firm's employees adhere to this policy, the principals, compliance officer and supervisory employees of KB & Partners Management Co. LLC continually monitor the Firm's personnel to ensure equal treatment between the Partnership's account and the accounts of the clients of its affiliated businesses. This oversight includes daily reviews of all trading activity initiated by the Firm and its related entities and reviews of all reports generated by security analysts. Also, regulators from the Financial Industry Regulatory Authority, Inc. (FINRA) and the United States Securities and Exchange Commission (SEC) make periodic, on-site examinations of the Firm and its affiliated businesses to ensure lawful and ethical management of client accounts and funds.

Section 4 Types of Clients

KB & Partners Management Co. LLC has one client: Kahn Brothers & Partners LP, a New York limited partnership organized jointly between the Firm and Sullivan & Serwitz Equity Partners LP. The purpose of the Partnership is to invest in securities.

The Firm is the General Partner of the Partnership and, as such, is responsible for the investment management and administration of the aggregated funds in the Partnership.

Section 5 Methods of Analysis, Investment Strategies

KB & Partners Management Co. LLC employs a modified Graham and Dodd value investing style that seeks an adequate return on capital over long periods of time while presenting a satisfactory margin of safety. Unlike other investing styles that chase outsized returns with heavy risks associated with them, the Firm's

methodology strives to achieve strong, index-beating returns without leverage or excessive risk to the client's investment.

The Firm's modified value investing style is primarily focused on publicly-traded U.S. equities — mostly stocks traded on the New York Stock Exchange and the NASDAQ Stock Market. However, the Firm does occasionally purchase securities that trade on different markets and in foreign countries. The Firm currently engages in long trades only, but, in the future, it may engage in short selling at the discretion of the Firm.

The Firm's managers are not focused on short-term results, choosing instead to concentrate on long-term returns over periods of three to five years or longer. As a result, the Firm does not necessarily initiate trades for the Partnership on a daily or even monthly basis. Rather, the Firm is comfortable with a low turnover of securities in the client's account and places securities orders when it feels it is prudent to do so. The Partnership is therefore subject to fewer commissions from its broker-dealer and less frequent and lower taxation from the sale of securities than it would be at a Firm with a shorter investing time horizon.

The Firm's investment decisions are based on fundamental analysis of securities and a primarily "bottom-up" stock selection process. The managers seek a detailed understanding of target companies, their industries and the positions of these companies relative to their competitors. When possible, the managers engage in direct dialog with CEOs, CFOs and other members of companies' senior managements. The Firm also reviews and analyzes numerous sources of data and information to help shape its investment decisions.

The Firm seeks stocks that are trading near to or below their "intrinsic values." Value can be measured in many ways, but KB & Partners Management Co. LLC tends to use a blend of a number of value metrics, including book value, tangible book value, earnings per share, net working capital and free cash flow. After the managers have identified a stock that trades at a discounted price compared to its value, they then look for catalysts that might unlock that value and cause the price to rise to a level that's more commensurate with the value.

If there are very few value opportunities to be found in a given period, the Firm is perfectly comfortable holding cash, rather than placing money in speculative, overpriced issues. The Firm will not invest in an overpriced market simply to become "fully invested." Instead of risking its client's money in overpriced, expensive securities, the Firm would rather wait patiently for attractive situations to present themselves.

The Firm does not focus on companies that have particular levels of market capitalization or companies in certain key industries. Rather, the Firm finds attractive situations in companies large and small and across the spectrum of the world's industries.

The Firm prefers businesses whose managements hold meaningful stakes in the growth of their respective businesses and will protect their own, as well as the shareholders', interests. The Firm is less comfortable with situations in which management has aggressive compensation packages, little financial risk alongside shareholders and nominal ownership interest.

The Firm's investment process can often be characterized as "contrarian." For example, the Firm will often look to out-of-favor stocks or depressed economic sectors, rather than the popular industries or names of the day. This means that the Firm may invest in companies that seem, at the time, to be unattractive. Buying at depressed levels is the hallmark of the value investing process. The Firm looks for companies that are depressed but whose prospects suggest that the downturn is only temporarily. Such situations may include what are termed "fallen angels." These are quality companies that have suffered short-term and resolvable problems but also maintain the capacity for materially improved long-term earnings.

If the Firm ever uses different metrics or processes to select securities than those that have been described in this section or seeks out companies with characteristics that deviate from those mentioned in this section, it will disclose that to the client and explain its rationale for the change in its investment selection process.

Section

6 Investment Risks

There are particular non-systemic risks associated with KB & Partners Management Co. LLC's investment approach. Although the Firm tries to minimize these non-systemic risks, it cannot eliminate them entirely, and the firm's client should be aware of and familiar with them.

It should first be noted that different institutions have different definitions of "risk." As long-term investors, KB & Partners Management Co. LLC defines risk as the potential for *permanent* loss of capital. The Firm does *not* equate risk with a stock price's volatility, its standard deviation or its variance. Instead, the Firm looks at the factors that might lead to the *permanent* loss of one's investment and, from that data, determines what it believes the level of risk to be. A particular stock may go up or down over the duration of an investment, but those ups and downs do not, in the Firm's opinion, increase or decrease the fundamental risk of the investment since, in the process, capital is not permanently lost.

The following paragraph details *some* of the risks that are particular to KB & Partners Management Co. LLC's investment approach. The information contained hereafter is *not* exhaustive.

First, the Firm's modified value investing approach is just one particular style of stock selection. There is a broad universe of different styles, with each style having its own advantages and disadvantages. There is a wide array of opinions on the strengths and weaknesses of each style. Investors should be aware that any investment with KB & Partners Management Co. LLC will be made according to the Firm's modified value style — other styles will not be employed. As a result, investments with the Firm will not be diversified by investment methodology. The Firm also does not typically invest outside the public equities markets, and therefore, investments with the Firm will not typically be diversified by asset type.

Second, although many investment professionals believe that a long-term value style entails less risk than do other, speculative methodologies, there are still risks associated with the long-term nature of the approach. KB & Partners Management Co. LLC may hold positions for three to five years or longer. This may create liquidity risk that clients should be prepared to sustain. Between the purchase of a stock and its maturation and eventual sale, there may be temporary down periods when the stock underperforms. As a result, there is the potential for a client's portfolio to produce returns below popular indices, perhaps for multiple intervals. During these times, the Firm prefers to hold its positions and perhaps buy more of the stock. Buying more of the stock at lower prices decreases the client's average cost for the security and, therefore, increases his/her potential profit upon the investment's maturation. However, if a client sells the stock during the down period, a loss will be realized and the opportunity for future profit will be sacrificed.

Third, KB & Partners Management Co. LLC may invest its client's funds in small-cap stocks (i.e. companies with market capitalizations of \$300 million - \$2 billion) or micro-cap stocks (i.e. companies with market capitalizations under \$300 million). Such stocks may be thinly or infrequently traded and perhaps only in over-the-counter markets. Such companies may also have a lesser following among security analysts and institutional investors. These stocks have the potential to be inefficiently priced, which is what often makes them attractive investments to the Firm. Investors that take positions in such companies should be familiar with the particular companies' businesses, industries, historical trading volumes, and whether or not there is a regular market for such stocks.

Section



Disciplinary Information

KB & Partners Management Co. LLC, its related companies, and the predecessor business to its related companies (called "Kahn Brothers & Co., Inc.") have never been the subject of legal or disciplinary action of any kind.

Furthermore, the managers and executives of the KB & Partners Management Co. LLC; its related companies; and Kahn Brothers & Co. Inc. have never been and never were the subject of legal or disciplinary action of any kind.

The clean record of the Firm spans back to its inception in 2000. The clean record of the managers and executives of the Firm, its related companies and the predecessor business Kahn Brothers & Co., Inc. span the entirety of their respective careers.

Section

8

Other Financial Industry Activities and Affiliations

KB & Partners Management Co. LLC and its employees have numerous professional affiliations, licenses and business relationships of which the Partnership ought to be aware.

The Firm is a Registered Investment Adviser (also written “Advisor” in some contexts) with the SEC. Registration as an investment adviser does not imply a certain level of skill or training.

One of the Firm’s affiliated businesses, Kahn Brothers LLC, is a registered broker-dealer with the United States Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority (FINRA). Kahn Brothers LLC, however, does not serve as broker-dealer to KB & Partners Management Co. LLC or the Firm’s client, Kahn Brothers & Partners LP.

Many of the clients of Kahn Brothers LLC use Pershing LLC, a subsidiary of The Bank of New York Mellon Corp., as their custodian. Kahn Brothers LLC has a clearing arrangement with Pershing LLC in which it receives office services in exchange for a percentage of the commissions it receives. KB & Partners Management Co. LLC may utilize some of these office services.

KB & Partners Management Co. LLC uses the services of a law firm and an accounting, auditing and bookkeeping firm. For legal services, the Firm uses Windels, Marx, Lane and Mittendorf LP. For accounting, auditing and bookkeeping services, the Firm uses Freedman & Company, CPA, P.C.

KB & Partners Management Co. LLC has a relationship with the investment adviser and consultant Sullivan & Serwitz Investment Advisors, Inc. It also has a relationship with Sullivan & Serwitz Equity Partners LP, a limited partnership affiliated with Sullivan & Serwitz Investment Advisors, Inc. that serves as the Special Limited Partner of Kahn Brothers & Partners LP. Sullivan & Serwitz Equity Partners LP receives a share of the management fee that is charged to Kahn Brothers & Partners LP and a share of the incentive allocation (if applicable) that is re-allocated from Kahn Brothers & Partners LP’s capital accounts.

Kahn Brothers Advisors LLC’s principals also manage another limited partnership besides Kahn Brothers & Partners LP. It is called Kahn Brothers Value Fund LP, and it is managed through the Firm’s affiliated entity, Kahn Brothers Asset Management Corp.

Seven of the Firm’s employees are licensed by FINRA as General Securities Representatives (also called “Registered Representatives” or “Registered Reps”), a designation obtained after passing FINRA’s General Securities Representatives Exam (also called “Series 7”). Their names are Paula Cutrone, William DeLuca, Karen DeMarco, William Knox, Andrew Kahn, Thomas Graham Kahn and Kenneth Rodwogin. Seven of the firm’s employees are licensed as Securities Agents, a designation attained after passing the Uniform Securities State Law Exam (also called “Series 63”) administered by the North American Securities Administrators Association (NASAA) and FINRA. Their names are Paula Cutrone, William DeLuca, Karen DeMarco, William Knox, Andrew Kahn, Thomas Graham Kahn and Kenneth Rodwogin. Two of the firm’s employees — Thomas Graham Kahn and Kenneth Rodwogin — are licensed by FINRA as Equity Trader Limited Representatives, a designation attained after passing the Equity Trader Limited Representative

Exam (also called the “Series 55”). Two of the firm’s employees — William DeLuca and Thomas Graham Kahn — are licensed by FINRA as General Securities Principals, a designation attained after passing the General Securities Principal Exam (also called the “Series 24”). Two of the firm’s employees — Thomas Graham Kahn and Kenneth Rodwogin — are licensed by FINRA as Registered Options Principals, a designation attained after passing the Registered Options Principal Exam (also called the “Series 4”).

In addition to these designations, Thomas Graham Kahn also has six other licenses from FINRA. First, he is a Branch Office Manager, a designation attained after passing the Branch Office Manager Exams (also called the “Series 10”); a Financial and Options Principal, a designation attained after passing the Financial and Options Principal Exam (also called the “Series 27”); a Municipal Securities Representative, a designation attained after passing the Municipal Securities Representative Exam (also called the “Series 52”); a Municipal Securities Principal, a designation attained after passing the Municipal Securities Principal Exam (also called the “Series 53”); a Supervisory Analyst, a designation attained after passing the Supervisory Analyst Exam (also called the “Series 16”); and a Compliance Official, a designation attained after passing the Compliance Official Exam (also called the “Series 14”).

Additionally, Kenneth Rodwogin’s is currently a candidate for the Branch Office Manager (“Series 10”) license, and two of the firm’s employees — Thomas Graham Kahn and Irving Kahn — are Chartered Financial Analyst (also called “CFA”) charter holders.

Section 9

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

KB & Partners Management Co. LLC and its affiliated companies rely on the Code of Ethics of its affiliated investment advisory business, Kahn Brothers Advisors LLC. This Code of Ethics acts as a guide for ethical conduct by all employees of the Firm and its affiliated businesses. The principals of KB & Partners Management Co. LLC believe that the Firm’s good reputation is a direct reflection of the conduct and professionalism of its employees. Employees are, therefore expected to comply with the Code of Ethics unconditionally.

The Code of Ethics obligates the Firm’s employees to maintain and follow their fiduciary responsibilities to their client, Kahn Brothers & Partners LP. This includes, among many things, their responsibility to *never* (a) serve their own personal interests ahead of the client’s interests, (b) take advantage of their position in the Firm to gain unauthorized forms of compensation or (c) permit any abuse of position, trust or responsibility.

Employees of the Firm must provide independent, impartial advice; must ensure that that advice is suitable to the client’s investment objectives, needs and circumstances; must obtain best execution for the client’s transactions when the Firm or a related entity is also transacting the same security; and must safeguard all of the client’s personal information. The provision relating to client confidentiality applies during and after the employment terms of the Firm’s employees.

The Code of Ethics also strictly prohibits any actions that are or can be construed as being unethical or illegal. This includes any actions that are or may be interpreted as fraudulent, deceptive or manipulative. Trading on material, non-public information (also known as “insider information”) is strictly forbidden under the Code of Ethics as well as by U.S. federal law. The Firm has a “zero tolerance” policy for transactions that are motivated by insider information or employ deceptive devices or practices.

The Firm’s Code of Ethics is available to any of the limited partners of the Partnership or to any prospective limited partner of the Partnership *upon request*.

The Firm itself generally does not purchase stock in publicly-traded companies. However, some of its related entities do. Also, the Firm and its related businesses, through the discretionary management of their clients’ funds, may own a reportable but passive position in a publicly-traded company.

KB & Partners Management Co. LLC prides itself on the fact that it does not recommend a stock that its employees don't own themselves directly or indirectly. When the Firm places an order for the purchase of stock on behalf of the Partnership, it is likely that the Firm's employees and/or a related entity own the stock as well. The Firm's principals believe that this does not create a conflict of interest for two reasons. First, the stock positions taken out by the Firm's employees and/or their related entities has historically been passive, and, second, the Firm's principals believe that recommending a stock that one does not own may in fact be unethical as it subjects the client to risks that the investment adviser, himself/herself, is apparently not willing to bear. The Firm prefers to subject its clients only to investment risks that the Firm's employees find appropriate for themselves and their families. However, to ensure that a conflict of interest does not arise from a "related transaction," the senior officers of the Firm monitor all related transactions to equitably resolve any potential conflicts of interest that may arise.

If the Firm, its principals and its employees have a material financial interest in a company, this interest must be disclosed before dispensing advice on or transacting in that company's securities. Therefore, all of the limited partners of the Partnership are to be advised that the Firm and its employees own or may own the same securities directly or indirectly that are purchased for the Partnership.

It is the policy of the Firm to allocate purchases and sales of securities fairly among the individual capital accounts of the limited partners in the Partnership and always to give the Partnership priority in transactions over the Firm and its related entities if such a conflict occurs. In situations in which the Firm has put in an order for the Partnership for a particular security and has also put in an order for itself or a related entity, the Firm will endeavor to ensure that the Partnership gets the more favorable execution. Before transacting in securities for an account of the Firm or one of its related entities, employees must be aware of whether or not KB & Partners Management Co. LLC has placed orders for the Partnership in that same security. The Firm's officers regularly review all trading activity to ensure that this policy is honored.

Section 10 Brokerage Practices

Clients of KB & Partners Management Co. LLC may select any broker-dealer or custodian of their choosing. However, the Firm currently has only one client, Kahn Brothers & Partners LP, and that client uses the brokerage and custody services of Charles Schwab & Co., Inc.

For its brokerage services, Charles Schwab & Co., Inc. receives a flat commission rate of \$8.95 per in-house transaction without "mark-ups" and regardless of transaction size. Also, Charles Schwab & Co., Inc. may charge \$25 per trade for "trade-away" transactions that it must execute through outside broker-dealers. Currently, Charles Schwab & Co., Inc. does not execute "trade-away" transactions for the Firm. Both of these commission rates may not be the absolute lowest available in the United States.

KB & Partners Management Co. LLC does not purchase investment research or exchange research, products or services for "soft dollar benefits." Rather, the Firm generates its own research and also receives free research from other investment firms with which it does not have formal business relationships.

Although the Firm has no soft dollar arrangements, its affiliated broker-dealer, Kahn Brothers LLC, has a disclosed agreement through which its clearing and custody firm, Pershing LLC (a subsidiary of The Bank of New York Mellon Corp.), may provide it with various office services in exchange for which it may receive a percentage of the commissions it receives (subject to certain limitations specified under contract). The Firm may use some of these office services.

Although the Firm and its affiliated businesses do not act as broker-dealer for the Partnership's transactions, it still endeavors to maintain ethical standards when it comes to purchases of securities for the Partnership that may also be owned or is currently being purchased by the Firm or any of its related entities. To achieve this, the Firm and its related entities do not place orders in securities that the Firm is also transacting for the Partnership. Should a situation arise in which the Firm has put in an order for the Partnership for a particular

security and has also put in an order for itself or a related entity, the Firm will endeavor to ensure that the Partnership gets the more favorable execution.

The Firm occasionally recommends that the Partnership buy and sell securities in which the Firm or one of its related entities may have a financial interest (also called “related party transactions”). The Firm’s principals believe that, in general, owning the same securities that one recommend to one’s clients is appropriate, and that it may be unethical to subject your clients to risks to which one would not subject oneself and one’s family. However, there is also the possibility that, in certain specific situations, having an interest in a security can encourage an adviser to transact for a client against the client’s interests and for the adviser’s interests. For this reason, the senior officers of the Firm monitor all related party transactions to equitably resolve any potential conflicts of interest that may arise.

Section 11 Review of Accounts

Senior officers of KB & Partners Management Co. LLC make an effort to review the Partnership’s discretionary account on a frequent and periodic basis. They endeavor to review the account at a minimum of a monthly interval. However, the account may be reviewed more or less frequently at the Firm’s discretion. The Firm’s principals believe that this interval is appropriate for reviewing accounts that follow the Firm’s long-term, low-turnover investment strategy.

Reviews are conducted by the Firm’s President, Thomas Graham Kahn, and/or the Firm’s Senior Vice President, William Knox. Reviews involve, among other factors, analyses of the portfolio’s cash-to-equities ratio, its diversification by company, its diversification by sector and the timing and availability of other attractive investments that are suitable for the client. Reviews also take into account the client’s investment goals and restrictions, its short-term and long-term financial needs and the suitability of the portfolio’s holdings in relation to these factors.

General market condition and company- and industry-specific news are also tracked on a continuous, pro-active basis. Significant events may trigger additional portfolio reviews. Also, changes in the Partnership’s financial circumstances may trigger additional portfolio reviews.

As General Partner in the Partnership, KB & Partners Management Co. LLC receives monthly statements from the broker-dealer and custodian, Charles Schwab & Co., Inc. The limited partners of the Partnership, including the Special Limited Partner, Sullivan & Serwitz Equity Partners LP, receive quarterly letters from the Firm on the Partnership’s performance over the period and the Firm’s perspective on individual issues related to the Partnership’s investments. The limited partners also receive annual printed K-1 documents from the Firm’s accountant Freedman & Co., CPA, P.C.

All of the Partnership’s limited partners should carefully review these documents. In addition, KB & Partners Management Co. LLC urges its clients to compare and reconcile any facts and figures in these documents to ensure accuracy. The Partnership’s limited partners should immediately contact the Firm if they find any discrepancies between documents.

Section 12 Client Referrals and Other Compensation

KB & Partners Management Co. LLC is General Partner in Kahn Brothers & Partners LP, a New York limited partnership. As such, it is responsible for the investment management and administration of the aggregated

funds of the Partnership. Sullivan & Serwitz Equity Partners LP is Special Limited Partner of the Partnership. As specified in the Partnership's Agreement of Limited Partnership, Sullivan & Serwitz Equity Partners LP recruits new limited partners for the Partnership and services existing partners of the Partnership. Therefore, although not a consultant or solicitor, Sullivan & Serwitz Equity Partners LP performs some of the functions that a consultant or solicitor might perform.

As specified in the Agreement of Limited Partnership, KB & Partners Management Co. LLC and Sullivan & Serwitz Equity Partners LP each receive one-half of the management fee that is charged to the Partnership and one-half of the incentive allocation (if any) that is re-allocated from the Partnership's capital accounts.

The Firm always discloses this relationship between KB & Partners Management Co. LLC and Sullivan & Serwitz Equity Partners LP — including the compensation arrangement between the two firms — to all prospective limited partners prior to joining the Partnership. These arrangements are also documented in the Agreement of Limited Partnership that is signed by the incoming limited partner.

Incoming limited partners are also advised that they may pay more for financial services obtained through a consultant or solicitor than they would without a consultant or solicitor. Additional services provided by a consultant or solicitor, if any exist, must be negotiated between the client and the consultant or solicitor. Also, the Firm generally does not *receive* economic benefit from non-clients in exchange for giving investment advice to clients.

Section 13 Custody

KB & Partners Management Co. LLC does not custody assets for its client, Kahn Brothers & Partners LP. Rather, the Partnership's assets are custodied at an outside institution, Charles Schwab & Co., Inc.

As General Partner in the Partnership, KB & Partners Management Co. LLC receives monthly statements from Charles Schwab & Co., Inc. The limited partners of the Partnership, including the Special Limited Partner, Sullivan & Serwitz Equity Partners LP, receive quarterly letters from the Firm on the Partnership's performance over the period and the Firm's perspective on individual issues related to the Partnership's investments. The limited partners also receive annual printed K-1 documents from the Firm's accountant Freedman & Co., CPA, P.C.

All limited partners in the Partnership should carefully review these documents. In addition, KB & Partners Management Co. LLC urges its clients to compare and reconcile any facts and figures in these documents to ensure accuracy. The limited partners of the Partnership should immediately contact the Firm if they find any discrepancies between documents.

Section 14 Investment Discretion

The Firm's client, Kahn Brothers & Partners LP, has granted the Firm broad discretionary authority over its portfolio. The extent and parameters of this authority are detailed in the Partnership's Agreement of Limited Partnership. The Partnership may, at any time, choose to amend the extent and parameters of that authority by renegotiating the Agreement of Limited Partnership or by coming to an understanding with the Partnership's general partner, KB & Partners Management Co. LLC, and its Special Limited Partner, Sullivan & Serwitz Equity Partners LP.

Section 15 Voting Client Securities

As General Partner of Kahn Brothers & Partners LP, KB & Partners Management Co. LLC has the authority to vote proxy ballots on the Partnership's behalf. The Firm receives these ballots from Charles Schwab & Co., Inc. and typically votes them electronically (i.e. via www.proxyvote.com) or, in some cases, by telephone or USPS first-class mail. The votes contribute to decisions regarding corporate issues, such as the composition of a particular company's board of directors, the approval of a company's audit firm and any other issues that are brought to a vote among the shareholders of a given company.

The employees of the Firm charged with placing the votes always vote in the best financial interests of the Partnership and never favor another party regardless of the specific circumstances at hand. Also, those placing the votes do so only after thoroughly reviewing the proxy material and with knowledge of both the issues to be voted on and, in the case of electing board members, the qualifications, performance and compensation of those individuals who have been proposed by management. After processing these pieces of information and absent specific reasons and/or concerns to the contrary, the Firm frequently votes "as recommended by the management" of the company at hand. However, if the Firm believes that it is in the Partnership's best financial interests to vote against the recommendations of the management, it will do so.

When voting on a company's board of directors membership, the Firm typically weighs (among other factors) the proposed members' education, employment history and other qualifications; industry knowledge; unique and relevant relationships; other special attributes; ownership in the company whose board s/he is joining or renewing membership on; and whether or not that ownership interest was purchased freely in the open securities markets or awarded as compensation from the company (e.g. in the form of stock options or warrants). If the Firm believes that the proposed board member is unfit regarding any of the aforementioned reasons, the Firm may vote against the proposal to elect or renew the membership of that individual to the board of directors. Also, if the Firm believes that the proposed board member does not have a significant ownership interest in the company whose board s/he is joining or that the proposed member's ownership interest is too heavily weighted in stock options or warrants awarded from the company (as opposed to shares purchased in the open market with personal, post-tax income), then the Firm may vote against the proposal to elect or renew the membership of that individual to the board of directors.

If the Partnership wishes to vote its securities in a manner other than those outlined above or wishes for its securities to be voted by an entity outside the Firm, then the limited partners may contact the Firm and request to change the terms of the Partnership's Agreement of Limited Partnership.

If a limited partner in the Partnership would like information from the Firm on how it voted particular securities of the Partnership, he/she may contact the Firm at 212-980-5050 or via e-mail at accounts@kahnbrothers.com. Also, upon request, a limited partner may receive a copy of the Firm's proxy voting policies and procedures via USPS first-class mail.

With respect to conflicts of interest that may arise in the course of the Firm's discretionary proxy voting, the Firm always acts in the Partnership's best financial interests irrespective of any affiliation that the Firm or its related entities may have with the companies involved. Also, since the principals and employees of the Firm typically have ownership positions in the same companies that the Firm purchases for the Partnership, they generally consider their interests to be aligned with those of the Partnership.

Section 16 Financial Information

KB & Partners Management Co. LLC does not solicit prepayment of compensation from the Partnership.

KB & Partners Management Co. LLC has no financial conditions that are reasonably likely to impair its ability to meet its contractual commitments to the Partnership. Also, the Firm and its predecessor company, Kahn Brothers & Co., Inc., have not been the subject of any bankruptcy petitions at any time during their lifetime (which is over ten years).

Appendix

A Brochure Supplement

This Brochure Supplement provides additional information on the following four employees of KB & Partners Management Co. LLC: Irving Kahn, Thomas Graham Kahn, William DeLuca and William Knox. Additional information on these four employees is available on the website of the United States Securities and Exchange Commission (SEC) at www.adviserinfo.sec.gov. As permitted by the SEC, the Firm has provided the Brochure Supplement as an appendix to the Investment Adviser Brochure document. The Firm is required to send its new clients and offer to send its existing clients the Investment Adviser Brochure (with Brochure Supplement) on an annual basis. Please contact Paula Cutrone at 212-980-5050 if you would like an additional copy of these documents or if you have any questions about them.

■ Irving Kahn, CFA

Age: 106

Educational

Background: City College of New York (CUNY)
Columbia University Graduate School of Business, Teaching Assistant to Benjamin Graham
Chartered Financial Analyst¹, CFA Institute, 1963

Minimum 5 Years

Business Experience: 1978-2007

- Kahn Brothers & Co. Inc. – Chairman
1988 - Present
- Kahn Brothers Asset Management Corp. – Chairman
2007 - Present
- Kahn Brothers Group, Inc. – Chairman
- Kahn Brothers Advisors LLC – Chairman
- Kahn Brothers LLC – Chairman
- KB Group Asset Management LLC – Chairman
2000 - Present
- KB & Partners Management Co. LLC – Chairman

Disciplinary

Information: None

Other Business

Activities: Mr. Kahn is Chairman of Kahn Brothers Group, Inc., a company affiliated with the Firm. He does not receive compensation from this parent company. He is also Chairman of Kahn Brothers Group Inc.'s three subsidiary companies: Kahn Brothers Advisors LLC, a Registered Investment Adviser; Kahn Brothers LLC, a registered broker-dealer; and KB Group Asset Management LLC, a holding company with no clients. Mr. Kahn receives compensation (not commissions) from Kahn Brothers Advisors LLC. He does not receive compensation from Kahn Brothers LLC or KB Group Asset Management LLC.

Mr. Kahn is also Chairman of another affiliated company, Kahn Brothers Asset Management Corp., which is the general partner of a limited partnership that

¹ The Chartered Financial Analyst ("CFA") designation is an internationally-recognized professional designation offered and administered by the non-profit organization, CFA Institute. To qualify as a candidate for the CFA designation, one must have, at a minimum, a bachelor's degree from an accredited college or university and have a minimum of four years of experience in the finance industry. To receive the CFA designation, one must study a three-year course of material and pass three six-hour exams, each administered once per year.

engages in pooled investment activities. Mr. Kahn's does not receive compensation from this company.

For more information on any of the Firm's affiliated businesses, please contact the Firm directly at 212-980-5050 or at accountservices@kahnbrothers.com.

Additional
Compensation: None

▪ **Thomas Graham Kahn, CFA**

Age: 69

Educational
Background: Cornell University, B.A., 1964
New York University, M.B.A., 1967
Chartered Financial Analyst², CFA Institute, 1978

Minimum 5 Years

Business Experience: 1978-2007

- Kahn Brothers & Co. Inc. – President, Treasurer, Secretary, Chief Compliance Officer
1988 - Present
- Kahn Brothers Asset Management Corp. – President, Treasurer, Secretary, Chief Compliance Officer
2007 - Present
- Kahn Brothers Group, Inc. – President, Treasurer, Secretary, Chief Compliance Officer
- Kahn Brothers Advisors LLC – President, Treasurer, Assistant Secretary, Chief Compliance Officer
- Kahn Brothers LLC – President, Treasurer, Assistant Secretary, Chief Compliance Officer
- KB Group Asset Management LLC – President, Treasurer, Assistant Secretary, Chief Compliance Officer
- 2000 - Present*
- KB & Partners Management Co. LLC – President, Treasurer, Assistant Secretary, Chief Compliance Officer

Disciplinary
Information: None

Other Business
Activities:

Mr. Kahn is President, Treasurer, Assistant Secretary and Chief Compliance Officer of Kahn Brothers Group, Inc., a company affiliated with the Firm. He does not receive compensation from this parent company. He is also employed by Kahn Brothers Group Inc.'s three subsidiary companies: Kahn Brothers Advisors LLC, a Registered Investment Adviser; Kahn Brothers LLC, a registered broker-dealer; and KB Group Asset Management LLC, a holding company with no clients. He is President, Treasurer, Secretary and Chief Compliance Officer of Kahn Brothers Advisors LLC, and he is President, Treasurer, Assistant Secretary and Chief Compliance Officer of both Kahn Brothers LLC and KB Group Asset Management LLC. Mr. Kahn receives compensation (not commissions) from Kahn Brothers Advisors LLC. He does not receive compensation from Kahn Brothers LLC or KB Group Asset Management LLC.

Mr. Kahn is also President, Treasurer, Secretary and Chief Compliance Officer of another affiliated company, Kahn Brothers Asset Management Corp., which is the general partner in a limited partnership that engages in pooled investment activities. Mr. Kahn's work for this company may contribute to his annual compensation.

² The Chartered Financial Analyst ("CFA") designation is an internationally-recognized professional designation offered and administered by the non-profit organization, CFA Institute. To qualify as a candidate for the CFA designation, one must have, at a minimum, a bachelor's degree from an accredited college or university and have a minimum of four years of experience in the finance industry. To receive the CFA designation, one must study a three-year course of material and pass three six-hour exams, each administered once per year.

For more information on any of the Firm's affiliated businesses, please contact the Firm directly at 212-980-5050 or at accountservices@kahnbrothers.com.

Additional
Compensation: None

▪ **William DeLuca**

Age: 87

Educational
Background: New York University, B.A., 1950; L.L.B., 1955; M.B.A., 1962

Minimum 5 Years

Business Experience: 1978-2007

- Kahn Brothers & Co. Inc. – Senior Vice President, Secretary
1988 - Present
- Kahn Brothers Asset Management Corp. – Vice President, Assistant Treasurer, Assistant Secretary
2007 - Present
- Kahn Brothers Group, Inc. – Senior Vice President, Secretary
- Kahn Brothers Advisors LLC - Senior Vice President, Secretary
- Kahn Brothers LLC – Senior Vice President, Secretary
- KB Group Asset Management LLC – Senior Vice President, Secretary
2000 - Present
- KB & Partners Management Co. LLC – Senior Vice President, Secretary

Disciplinary
Information: None

Other Business
Activities:

Mr. DeLuca is Senior Vice President and Secretary of Kahn Brothers Group, Inc., a company affiliated with the Firm. He does not receive compensation from this parent company. He is also Senior Vice President and Secretary of Kahn Brothers Group Inc.'s three subsidiary companies: Kahn Brothers Advisors LLC, a Registered Investment Adviser; Kahn Brothers LLC, a registered broker-dealer; and KB Group Asset Management LLC, a holding company with no clients. Mr. DeLuca receives compensation (not commissions) from Kahn Brothers Advisors LLC. Kahn Brothers LLC is the broker-dealer for most but not all of Kahn Brothers Advisors LLC's clients, and it receives commissions for its service. These commissions contribute to Mr. DeLuca's compensation, but he is not paid the commissions directly. Therefore, Mr. DeLuca cannot boost his compensation by increasing the amount of commissions earned by the broker-dealer. KB Group Asset Management LLC is a holding company with no clients. Mr. DeLuca does not receive compensation from this company.

Since the Partnership uses Charles Schwab & Co., Inc., not Kahn Brothers LLC, as its broker-dealer, the Firm believes that there is no conflict-of-interest in connection with the fact that Mr. DeLuca's receives compensation from Kahn Brothers LLC.

Mr. DeLuca is also Vice President, Assistant Treasurer and Secretary of another affiliated company, Kahn Brothers Asset Management Corp., which is the general partner in a limited partnership that engages in pooled investment activities. Mr. DeLuca's does not receive compensation from this company.

For more information on any of the Firm's affiliated businesses, please contact the Firm directly at 212-980-5050 or at accountservices@kahnbrothers.com.

Additional
Compensation: None

▪ **William Knox**

Age: 54

Educational Background:	State University of New York (SUNY) Albany, B.A., 1980 Albany Law School, J.D. 1980
Minimum 5 Years	
Business Experience:	<p>1996-2007</p> <ul style="list-style-type: none"> • Kahn Brothers & Co. Inc., Senior Vice President <p>2007 - Present</p> <ul style="list-style-type: none"> • Kahn Brothers Group, Inc., Senior Vice President • Kahn Brothers Advisors LLC, Senior Vice President • Kahn Brothers LLC, Senior Vice President • KB Group Asset Management LLC, Senior Vice President <p>2000 - Present</p> <ul style="list-style-type: none"> • KB & Partners Management Co. LLC, Senior Vice President
Disciplinary Information:	None
Other Business Activities:	<p>Mr. Knox is Senior Vice President of Kahn Brothers Group, Inc., a company affiliated with the Firm. He does not receive compensation from this parent company. He is also Senior Vice President of Kahn Brothers Group Inc.'s three subsidiary companies: Kahn Brothers Advisors LLC, a Registered Investment Adviser; Kahn Brothers LLC, a registered broker-dealer; and KB Group Asset Management LLC, a holding company with no clients. Mr. Knox receives compensation (not commissions) from Kahn Brothers Advisors LLC. He does not receive compensation from Kahn Brothers LLC or KB Group Asset Management LLC.</p> <p>For more information on any of the Firm's affiliated businesses, please contact the Firm directly at 212-980-5050 or at accountservices@kahnbrothers.com.</p>
Additional Compensation:	None