

Kingstown Capital Management, LP

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This Brochure provides information about the qualifications and business practices of Kingstown Capital Management, LP ("Kingstown" or "Adviser"). Kingstown 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 Kingstown. 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 Kingstown.

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 Kingstown is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Kingstown has updated Form ADV Part 2 (brochure) as part of the annual amendment process. There have been no material changes to the Firm's business practices in the past year and therefore no material changes have been made to this brochure.

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Item 4: Advisory Business

Kingstown, established in 2006, provides investment management services on a discretionary basis only. The principal owners of Kingstown are Michael Blitzler and Guy Shanon.

Kingstown 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.” Kingstown also serves as a sub-adviser to a registered investment company. All entities/accounts managed by Kingstown will generally be referred to as “funds” throughout this brochure. “Investor” refers to any limited partner or shareholder in any of the above referenced funds.

As of December 31, 2011 discretionary assets under management were approximately \$785,504,000.

Item 5: Fees and Compensation

Management Fees

Kingstown 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.

Kingstown 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. Kingstown 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.

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 Kingstown 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. In measuring clients' assets for the calculation of performance-based fees, Kingstown shall include realized and unrealized capital gains and losses.

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.

Kingstown 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. Kingstown also recognizes that such fee arrangements create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities and 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, Kingstown has developed policies and procedures for allocating investments to clients in a fair and equitable manner.

Item 7: Types of Clients

Kingstown provides portfolio management services to private funds and a registered investment company. A minimum investment of \$1,000,000 is generally required to invest in any of the Kingstown funds, with additional capital contributions equal to at least \$250,000. However, Kingstown 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.

Kingstown may decline to accept an investment even if the proposed investor satisfies such suitability and regulatory requirements. Kingstown 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

Investment Objective and Strategy and Methods of Analysis

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

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.

Risks Associated with Investment in the Private Fund

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. The information provided with respect to this item is not intended to be a summary of all the risks associated with an investment in the Kingstown 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.

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.

Item 9: Disciplinary Information

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

Item 10: Other Financial Industry Activities and Affiliations

Kingstown Management GP LLC is the General Partner and an affiliate of Kingstown. Kingstown Capital Partners LLC, also an affiliate, 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 Kingstown. 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

Code of Ethics

Kingstown 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 Chief Compliance Officer and a Managing Member. All other transactions are prohibited (e.g. single name securities, options, derivatives, etc.). Transactions are reported to the Chief Compliance Officer 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 Kingstown and its clients.

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

Conflicts of Interest

Side by Side Management

Kingstown provides investment management services for six 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, Kingstown is subject to various ICA portfolio management restrictions and limitations.

Valuation

Kingstown 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. Open portfolio securities are valued by the administrators in accordance with agreed upon pricing guidelines. As investment adviser, Kingstown monitors valuation on an ongoing basis and provides assistance to the administrators for any hard to value securities as needed.

Side Letters

Kingstown 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. Kingstown may enter into such side letters without approval from, or notice to, any investor.

Principal and Cross Transactions

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

Item 12: Brokerage Practices

Kingstown 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.

Kingstown 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, Kingstown 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.

Kingstown 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

Kingstown 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, Kingstown 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 Kingstown’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. Kingstown also provides each investor with a monthly performance estimate.

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

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

Item 14: *Client* Referrals and Other Compensation

Kingstown has one active agreement with a third-party marketer that may solicit investors for certain Kingstown funds. In the past, Kingstown was also a party to a solicitation agreement for which a third party firm solicited both investors for certain Kingstown funds and separate advisory account clients. Although this agreement has been terminated, Kingstown still makes payments to the third party firm in

accordance with the terms of the agreement.

In some cases, third-party marketers are compensated by Kingstown 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

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

In addition, the annual financial statements of the private funds are prepared in accordance with GAAP, audited by an independent accounting firm registered with the Public Company Accounting Oversight Board and distributed to all investors within 120 days of the Funds' fiscal year end.

Item 16: Investment Discretion

Kingstown has full discretionary authority over all assets it manages pursuant to investment management agreements with the Kingstown funds and the Firm's investment company client. Discretion is exercised in a manner consistent with the investment objectives and strategies described in the fund offering materials. With respect to Kingstown's investment company client, Kingstown's ability to trade certain securities may be limited by restrictions within the Investment Company Act of 1940.

Item 17: Voting *Client* Securities

Kingstown has sole authority to vote client securities in accordance with the Firm's proxy voting policies and procedures. Our procedures are reasonably designed for voting proxies in the best interests of clients consistent with the investment philosophy described in our fund offering materials.

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. Kingstown 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.

Kingstown uses reasonable efforts to determine whether a potential conflict may exist with respect to voting proxies. Kingstown 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 outside 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 or by phoning 212.319.1309.

Item 18: Financial Information

Kingstown 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.