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Chapter IV Investors, LLC

301 South Tryon Street

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Charlotte, NC 28202

704-644-4070

[www.ChapterIVInvestors.com](http://www.ChapterIVInvestors.com)

February 14, 2012

This brochure provides information about the qualifications and business practices of Chapter IV Investors, LLC. If you have any questions about the contents of this brochure, please contact us by phone at 704-644-4070. 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.

Chapter IV Investors, LLC is a registered investment adviser. The term registered investment adviser reflects Chapter IVs' registration with the SEC and does not imply a certain level of skill or training.

Additional information about Chapter IV Investors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 – Summary of Material Changes**

This Brochure has been modified from its prior version, dated May 10, 2011, and contains new information for the benefit of our clients.

In this “Summary of Material Changes” we address only the material changes since the last date of this Brochure, May 10, 2011:

(1) Separate Managed Account (the “Account”): We have updated the Brochure to include a new client relationship, established January 6, 2012, whereby Chapter IV is the investment manager of a separate account. Where applicable, areas throughout the Brochure have been modified to include details regarding the managed account.

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ADV Part IIB – Brochure Supplement

#### **Item 4 – Advisory Business**

Chapter IV Investors, LLC (“Chapter IV” or the “Registrant”) serves as the investment manager for Chapter IV Investors Special Situations Fund, L.P. (the “Fund”) and for a separate managed account (the “Account”). The Registrant is also the sole member of Chapter IV Fund GP, LLC (the “General Partner”), the sole general partner of the Fund. Chapter IV was formed in February of 2006 by Barnes Hauptfuhrer, who is the sole owner of the Registrant and serves as its lead investment professional, Chief Executive Officer, and Chief Compliance Officer (“CCO”).

Chapter IV’s advisory services are tailored to the needs of its clients, the Fund and the Account. The Fund and Account invest principally in equity securities. The Fund has the flexibility to invest in both public and private market opportunities as the Registrant deems appropriate, subject to certain limitations, while the Account may only invest in public market opportunities. It is generally intended that the Account will consist of the same types and proportions of assets as are held by the Fund (excluding any private securities held by the Fund), however, the Registrant is permitted to deviate from the type and proportion of assets held by the Fund for the Account if the Registrant reasonably believes such deviation to be in the best interest of the Account. Although the Fund has traditionally invested in equity securities, the flexible investment charter allows for investment in debt, equity and other securities at any level of a portfolio company’s capital structure. With respect to private investments, Chapter IV focuses on buyout transactions and, to a lesser extent, later-stage growth investments. With respect to public investments, Chapter IV focuses on companies whose stock is trading at discounts of 25% or more to either what the Registrant views as the going-private buyout value of the company or the strategic value that the Registrant believes the company would command if sold. Although it has yet to do so, Chapter IV may utilize hedging techniques (for the Fund only) on a selective basis to enable the Fund to amplify its returns or better manage the risks associated with investments. The Fund and Account portfolios are concentrated, typically including eight to twelve investments at any given time.

As of the date of this brochure, the Registrant provides advisory services only to the Fund and to the Account. Its services are limited to the types of investments described above.

The Registrant has full discretion over its clients’ investments, and the Fund’s and Account’s investors do not participate in investment decisions.

Chapter IV does not participate in wrap fee programs.

As of January 30, 2012, Chapter IV had \$251,642,945 in assets under management, all of which are managed on a discretionary basis.

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**Item 5 – Fees and Compensation**

Chapter IV is compensated via a quarterly management fee paid in advance by the Fund and the Account. The Fund management fee is ultimately borne by the limited partners in the Fund (the “Limited Partners”) and, for each Limited Partner, equals a percentage (the “Management Fee Percentage”) of the Limited Partner’s “Funds Under Management.” Funds Under Management is a term defined in the limited partnership agreement of the Fund (the “Fund LPA”). The definition is very detailed and depends in part on the type of investments held by the Fund, but currently, because the Fund has to date invested only in publicly traded securities (or restricted depositary units representing publicly traded securities, which are deemed “publicly traded securities” under the Fund LPA and for purposes of this brochure), it generally means the sum of (i) the Limited Partner’s proportionate share of the mark-to-market net asset value of the Fund’s portfolio plus (ii) certain unfunded commitments of the Limited Partner that are subject to capital call by the Fund. If the Fund were to make any private investments, a Limited Partner’s Funds Under Management would also generally include the cost basis of such investments, less the amount of any write-downs with respect thereto. The Account management fee equals the Management Fee Percentage of the “Adjusted Investment Contribution” as defined in the Investment Management Agreement for the Account (“the Account IMA”). The Adjusted Investment Contribution generally means the sum of (i) the amount initially invested in the Account by the Account holder plus (ii) additional assets deposited into the account less (iii) any withdrawals from the Account (except to the extent such withdrawal represents a withdrawal of investment profits).

The Management Fee Percentage for each Limited Partner and the Account (expressed on an annual basis) is based on its capital commitment to the Fund or the Account’s Adjusted Investment Contribution as follows:

<u>Capital Commitment/Adjusted Investment Contribution</u>	<u>Management Fee Percentage</u>
\$50 million (~ \$46.6M for the Account) or more	0.50%
≥ \$37.5 million but < \$50 million (~ \$46.6M for the Account)	0.75%
≥ \$25 million but < \$37.5 million	1.00%
Less than \$25 million	1.25%

Chapter IV may require the management fee to be paid by the Fund out of current income and disposition proceeds allocable to Limited Partners and/or from capital calls made to the Limited Partners. Management fees for the Account are funded solely from the Account via current income or disposition proceeds. Chapter IV causes the clients to pay management fees on the first business day of each quarter.

The only circumstance under which prepaid management fees are returned to the Fund is upon the removal of the General Partner as the general partner of the Fund, in which case

the General Partner must cause a proportionate amount of the management fee to be repaid to the Fund. The Account management fees, once paid, are non-refundable.

The General Partner, which is a wholly-owned subsidiary of the Registrant, or Chapter IV in the case of the Account, is also entitled to a performance fee (“Carried Interest”), which is generally equal to 20% of the net profits of the Fund/the Account, provided the Limited Partners/Account have earned an 8% preferred return, compounded annually. In the case of the Fund, for the most part, the Carried Interest is calculated separately with respect to the Fund’s public securities portfolio and any private securities the Fund may acquire. Carried Interest allocations and distributions are made as set forth in the Fund LPA or the Account IMA and are complicated but can be summarized as follows:

Carried Interest allocations with respect to each LP’s interest in the Fund’s public securities portfolio are made on a “high water-mark” basis at the end of each fiscal quarter and at certain other times as the General Partner deems appropriate and are based on the net asset value of the public securities portfolio (including unrealized gains) as of such date. The General Partner may withdraw its Carried Interest from the public securities portfolio at any time, subject to certain restrictions established in the Fund LPA.

The Fund has yet to invest in any private securities, but if a private securities portfolio were to exist, Carried Interest allocations and distributions would be made only upon the realization of private investments. Such Carried Interest allocations and distributions are subject to rules and limitations included in the Fund LPA.

Carried Interest with respect to the Account is determined as of the end of each “Accounting Period,” as defined in the Account IMA, which is generally the date any capital is withdrawn from the Account or the last day of the calendar year. Carried Interest is calculated based on the net asset value of the Account (including unrealized gains) as of such date and is due and payable as a fee immediately upon its calculation.

Fees paid to Chapter IV by the Fund were negotiated with Limited Partners when the Fund was formed. They are now established in the Fund LPA and are not negotiable. Fees paid to Chapter IV by the Account are established in the Account IMA, which was negotiated with the Account holder.

Neither the Account, the Fund nor the Limited Partners pay Chapter IV any other types of fees or other compensation in connection with the operation of the Account or the Fund. Neither Chapter IV nor its employees accepts compensation for the sale of securities or other investment products.

The Fund and the Account will incur brokerage and other transactions costs, as well as general operating costs and expenses, including legal and due diligence costs. See Item 12 – Brokerage Practices.

#### **Item 6 – Performance-Based Fees and Side-by-Side Management**

Chapter IV advises two clients, the Fund and the Account, which pay both a management fee and a performance-based fee as discussed above. By managing these accounts at the same time, a conflict of interest in allocating investment opportunities to client accounts may exist based on the likelihood that the Registrant may be more likely to earn performance-based fees on one relationship over the other, depending on performance. In order to mitigate this risk, all investment opportunities, excluding private opportunities which the Account does not invest in, are generally allocated pro-rata between the Fund and the Account based upon each client's proportionate share of total Chapter IV assets under management. Similarly, investment dispositions by the Fund and the Account are generally allocated on a pro-rata basis. Another mitigating factor is the fact that most of the securities in which both the Fund and the Account invest are both publicly traded and traded in sufficient quantities to as to permit both the Fund and the Account, at any time, to acquire or sell the desired amount of securities without adversely affecting the transaction price or availability of the securities or parties with whom to conduct transactions.

An additional potential conflict of interest that arises from Chapter IV's charging performance-based fees is that it may create an incentive for the Registrant to cause the Fund or the Account to engage in riskier investment behavior due to the higher return potential.

#### **Item 7 – Types of Clients**

Chapter IV currently provides portfolio management services to the Fund, which is an investment limited partnership, and to a separate managed account of a private corporation. Chapter IV does not have a minimum account size for its clients, although the Fund had a minimum investment amount and various other eligibility requirements when it was created.

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

The Fund LPA and the Account IMA provide the Registrant with some investment flexibility. The Fund's mix between private and public securities will be a function of the Registrant's evaluation of opportunities in each sector. To date, all of the Fund's and the Account's investments have been in publicly traded securities. It is expected that publicly traded securities will comprise the bulk of the Fund's investment portfolio and all of the Account's investment portfolio going forward. The Registrant intends to remain focused

on businesses that: (i) pass a rigorous due diligence review process, (ii) possess requisite fundamentals that make them attractive long-term investment prospects, (iii) afford attractive risk/reward characteristics for investors and (iv) Mr. Hauptfuhrer would be comfortable owning 100% of personally, capital permitting.

Chapter IV's investment process typically involves in-depth fundamental analysis of potential portfolio companies, use of detailed Chapter IV developed analytical models, detailed industry analysis, evaluation of company management, listening to company conference calls, attendance at relevant investment conferences, on-site visits with management teams and other forms of industry and company specific due diligence.

### ***Private Equity***

With respect to private equity investment opportunities for the Fund, Chapter IV focuses primarily on buyout transactions and, to a lesser extent, later-stage growth investments. The Registrant does not anticipate investing Fund capital in venture capital, early-stage growth investments or real-estate related investments.

While the Fund may pursue selected transactions in the \$50 million to \$200 million range, the Fund may selectively participate in substantially larger buyout opportunities that may range in size from \$1 billion to over \$5 billion. One of Mr. Hauptfuhrer's goals is to be the "initiating idea" professional for private equity transactions in which the Fund will invest and in which one or more of the Fund's investors and other third-party private equity investors may co-invest. Ideas for private equity transactions that the Fund may invest in may also be generated by one or more of the Fund's investors, or by other private equity sponsors with whom Chapter IV has relationships. The Fund would typically be a non-controlling investor in such transactions due to its size. Buyout transactions will be targeted toward companies with fundamentals such as:

1. Protected market niches or high barriers to entry,
2. High market share,
3. Strong cash flow generation,
4. High returns on invested capital, and
5. Excellent management.

### ***Risks Associated With Private Investments***

There will be no public market for Fund investments made in privately held entities. Such investments will typically be highly illiquid and the Fund may not be able to realize any return on such investments until a sale or initial public offering of such entity occurs. Even if such investments prove successful, they are unlikely to produce a realized return to the Fund or its investors for a number of years.

While buyout and later-stage growth investments offer the opportunity for significant gains, they involve a high degree of business and financial risk and can result in



substantial loss. Portfolio companies may be highly leveraged, special situation, expansion stage, and other privately held companies that are particularly risky. The profitability and survival prospects of highly leveraged companies in which the Fund may invest may be particularly sensitive to recession, general economic and business conditions, and increased interest rates. Buyout investments also involve significant risks related to possible problems in product development, manufacturing, sales, finance, or general management. In some cases, the Fund's portfolio companies may require substantial capital to support expansion plans and to achieve and maintain a competitive position. Funding such additional capital requirements may be incompatible with the Fund's diversification or other objectives, and the availability of funding from other sources will depend on a number of factors, including access to institutional private placements and public markets.

### ***Public Equity***

With respect to public equity investments, Chapter IV primarily focuses on companies that trade at discounts of 25% or more to either what the Registrant views as the going-private buyout value of the company or the strategic value that the Registrant believes the company would command if sold.

Public companies that Chapter IV invests in typically have varying leverage characteristics. Chapter IV may target both under-levered companies whose earnings and equity returns can be accelerated via stock repurchase or leveraged recapitalization and more highly leveraged companies with attractive free cash flow characteristics that can service such leverage (e.g., the “stub” equity securities of leveraged recapitalizations).

The types of public companies that are of particular interest to Chapter IV include, but are not limited to:

1. Companies in situations that are analytically intensive (and difficult for many public investors to understand for certain periods of time),
2. Less liquid companies that may trade at a discount because of the lack of a desirable float for larger institutional investors,
3. Companies whose securities trade at a value that has been temporarily “infected” by the herd psychology of the investment marketplace, and
4. Companies whose publicly traded status should be limited in time (e.g., because Sarbanes-Oxley regulation, inadequate research coverage, limited float or other factors make it more sensible for such companies' boards of directors to consider a going-private transaction or bids from strategic buyers willing to pay a premium).

The Registrant does not intend to cause the Fund or the Account to trade securities actively or to pursue short-term appreciation candidates (e.g., short-term arbitrage plays or so-called “momentum” plays); rather, it intends to maintain a long-term “value” focus.

The Registrant anticipates that publicly traded investments will be limited to companies based in the United States.

### ***Risks Associated With Public Investments***

#### ***General***

Clients' investments in securities of publicly traded companies may be sensitive to movements in the stock market and trends in the overall economy.

#### ***Thinly Traded Public Securities***

Some public securities in which Chapter IV invests may be thinly traded and relatively illiquid or might cease to be traded. The market price, if any, for such securities is typically volatile and the illiquidity of such securities may prevent Chapter IV from selling such securities when optimal. In addition, sales of thinly traded securities by Chapter IV may significantly depress the value of any identical securities retained by the Fund or the Account.

### ***Portfolio Risks***

#### ***Capital Risk***

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that an investor may lose 100 percent of its money. All investments carry some form of risk, and the loss of capital is generally a risk for any investment instrument, including an investment in the Fund or the Account and including every investment made by Chapter IV. There can be no assurances that a client's investment objectives will be achieved. Chapter IV's investment decisions may not always or in the aggregate be profitable.

#### ***Limited Number of Investments***

It is anticipated that the Fund and the Account will participate in a limited number of investments and, as a consequence, the aggregate return of each portfolio may be materially adversely affected by the unfavorable performance of any one investment. Chapter IV anticipates that each portfolio will, at any time, include eight to twelve investments.

#### ***Lack of Diversification***

While Chapter IV attempts to construct a diversified portfolio of investments within each client's investment strategy, Chapter IV does not attempt to create diversified portfolios across investment strategies, or even within private or public equity generally. Chapter IV does not purport to provide a complete investment program for the Account, the Fund or any of its Limited Partners.

#### ***Unidentified Investments***

The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that

Chapter IV will be able to identify and complete investments that meet the client's investment objectives.

*Minority Investments*

The clients are expected to own non-controlling positions in both public and private companies that it invests in. As such, the client may have a limited ability to protect its position in portfolio companies.

*Market Risk*

The market value of an investment will fluctuate as a result of the occurrence of natural economic forces, such as that of supply and demand, on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole.

*Use of Leverage*

The Fund (not the Account) also may utilize derivatives and margin trading in order to take positions that are in excess of the capital contributed by the Limited Partners. This use of leverage can exacerbate losses and increase volatility. There can be no assurance that the performance of the Fund will be enhanced by investing with leverage. The exact amount of leverage used (including the use of derivatives and margin trading) will depend on market conditions and the discretion of Chapter IV. Any leveraging strategies that the Registrant employs should be expected to increase the Fund's transaction costs, interest expenses, and other costs and expenses. In addition, margin trading requires the pledge of the assets as collateral, which can result in the selling of portfolio securities at substantial losses that would not otherwise be realized. No assurance can be given that margin trading and other leverage transactions will not result in material losses for the Fund. The only limitation in the Fund LPA on leverage is a requirement that the General Partner obtain Limited Partner approval before causing the Fund to make any new investment or borrowing of funds or otherwise take any affirmative action that would cause the ratio of the Fund's total assets to its net assets to exceed 2:1.

These and other risks are discussed in the offering documents pursuant to which interests in the Fund were offered to investors.

**Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding certain legal or disciplinary events that would be material to your evaluation of Chapter IV or the integrity of Chapter IV's management. Chapter IV has no such legal or disciplinary events/information to disclose.

**Item 10 – Other Financial Industry Activities and Affiliations**

Neither Chapter IV nor any of its management persons is registered as a broker-dealer nor do any such parties have an application pending or otherwise in process for the purpose of seeking registration as a broker-dealer. Further, none of our management persons are registered as or currently seeking registration as a registered representative of a broker-dealer.

Neither Chapter IV nor any of its management persons is registered as a futures commission merchant, an introducing broker, a commodity trading adviser, or a commodity pool operator, nor do any such parties have an application pending or otherwise in process for the purpose of seeking registration as any of these types of firms. Further, none of our management persons are registered as or currently seeking registration as associated persons of any of these types of firms.

Except for the fact that the General Partner, which could be viewed as the sponsor of the Fund, is a wholly-owned subsidiary of Chapter IV, neither Chapter IV nor any of its management persons has any relationship or arrangement that is material to its advisory business or its clients with any related person that is a broker-dealer, municipal securities dealer, or government securities dealer or broker; an investment company or other pooled investment vehicle; another investment adviser or financial planner; a futures commission merchant, introducing broker, commodity pool operator, or commodity trading advisor; a banking or thrift institution; an accountant or accounting firm; a lawyer or law firm; an insurance company or agency; a pension consultant; a real estate broker or dealer; or a sponsor or syndicator of limited partnerships.

Chapter IV does not recommend or select other investment advisers for its clients.

**Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Chapter IV has adopted a Code of Ethics (“Code”) to address the securities-related conduct of our employees. The Code includes policies and procedures developed to protect client(s) interests by addressing the following topics, among others:

- the duty at all times to place client/investor interests first,
- appropriate business conduct,
- confidentiality of client information,
- material non-public information,
- personal securities trading procedures, and
- political contribution restrictions.

Clients or prospective clients may request a copy of the Chapter IV Code of Ethics by contacting Kathleen Buck, Office Manager, at 704-644-4070.

Neither Chapter IV nor any of its related parties recommends to clients, or buys or sells from client accounts, securities in which Chapter IV or any of its related parties has a material financial interest.

While Chapter IV does not buy or sell securities for its own account, its employees are permitted to, and may occasionally, buy or sell the same securities for their personal or family accounts that are bought or sold for the Fund or the Account. Such employee transactions may be conducted before, at or about the same time, or after such Chapter IV transactions.

Personal securities transactions by employees such as those described above may raise potential conflicts of interest. Chapter IV has adopted policies and procedures intended to address these potential conflicts of interest. These policies and procedures require, among other things:

- periodic reviews of employee personal securities transactions and holdings;
- that employees not trade in any securities of issuers as to which they or any other employee has material non-public information;
- prior approval of the CCO before any personal transaction involving securities issued by any portfolio company or prospective portfolio company of the Fund;
- that employees hold portfolio company securities, acquired personally, long-term and that a sale of such securities be approved by the CCO in advance of the trade; and
- prior approval of the CCO before any acquisition of shares in any initial public offering or any private offering.

As a general rule, Chapter IV will approve an employee's personal transaction involving securities issued by any portfolio company or prospective portfolio company of Chapter IV clients only if (i) the securities are so extensively traded that the employee's transaction would not be expected to affect the price or availability of such securities, (ii) the employee's transaction would not be likely to be viewed as trading against Chapter IV clients or in a manner that is materially different from its clients' historical and intended trading activity, and (iii) Chapter IV deems it unlikely that the employee's personal holdings of the security would affect the employee's judgment in participating in the management of the Fund or the Account. In all circumstances, an employee must put the interests of Chapter IV's clients and investors above his or her own personal interests.

### **Item 12 – Brokerage Practices**

Chapter IV selects brokers for use by the Fund and the Account in executing transactions. In doing so and in determining the reasonableness of a broker's compensation, the Registrant considers a number of factors, including pricing, whether the broker has custody of the client's assets, the ability of the broker to settle the trade promptly, accurately and effectively, the ability of the broker to position stock to facilitate execution, past experience with similar trades, and other factors which may be unique to a particular order. Based on these judgmental factors, Chapter IV may trade through one or more brokers for each portfolio company target. Chapter IV currently has brokerage relationships with Morgan Stanley and Credit Suisse, although other broker-dealer relationships may be established as needed. These brokers provide Chapter IV custodial services, trade execution, and clearance and settlement of transactions.

Chapter IV's current brokerage agreements provide for fees which are in line with the market. As a result of relationships with these broker-dealers, Chapter IV is provided research, pricing information and other market data; however, access to such information is not dependent on the volume of transactions or dollar amount of client assets maintained by the broker-dealer.

Because Chapter IV does not have to produce or pay for this research, it does receive a benefit resulting from its clients' payments of brokerage commissions. As such, Chapter IV may have an incentive to select a broker-dealer based on its interest in receiving research, rather than on the client's interest in receiving most favorable execution. Chapter IV may cause the Fund and the Account to pay commissions higher than those charged by other broker-dealers in return for research.

Chapter IV does not otherwise participate in soft dollar programs.

Chapter IV does not consider client referrals in selecting or recommending brokers, recommend, request or require potential clients to direct Chapter IV to execute transactions through a specified broker-dealer, or permit clients to direct brokerage.

### **Item 13 - Review of Accounts**

Chapter IV monitors portfolio investments and performance on an ongoing basis with a semi-formal review of the Fund and the Account conducted monthly and formal reviews conducted at least quarterly. Such reviews are focused on accounting, reconciliation, compliance with investment guidelines and performance. Monthly and quarterly reviews are performed by the CFO and reviewed/analyzed by Mr. Hauptfuhrer.

Chapter IV investment professionals carefully monitor portfolio company investments on an ongoing basis. Formal portfolio company reviews may also be triggered by other factors such as changes in general economic and market conditions, analyst reports, company news and market price movements. A detailed review by the entire investment team of each portfolio company and a portfolio company ranking process is performed at least semi-annually.

Chapter IV prepares quarterly reports for its clients, which include unaudited quarterly financial statements, portfolio performance and benchmark comparisons, individual investor performance, trading details, a schedule of investments, investment manager portfolio and market commentary, and other similar information. Chapter IV also causes annual audited financial statements of the Fund (not of the Account) to be prepared. Brokerage statements are provided directly to the owner of the Account monthly by the brokerage firm. The foregoing are provided both to Fund Limited Partners and to the owner of the Account. Chapter IV may provide additional information to investors, such as monthly performance reports (which are currently provided to some but not all Limited Partners and to the Account holder), upon request.

Chapter IV holds an annual investors meeting accessible by all investors to discuss portfolio performance and the performance/progress of individual portfolio companies.

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

Chapter IV has not received any benefits, economic or otherwise, from non-clients for providing investment advice or other advisory services.

Chapter IV does not directly or indirectly compensate any person or institution for client referrals.

#### **Item 15 – Custody**

The Fund's and Account's securities and cash are maintained by a qualified custodian. All such assets are verified monthly by Chapter IV via careful review and reconciliation of brokerage and bank account statements. Chapter IV provides investors in the Fund with quarterly account statements. Chapter IV provides the Account with monthly statements which include a recommendation for such client to reconcile Chapter IV's statement with statements the client receives directly from the broker. The broker for the managed account also provides the client with daily access to account information via the internet.

Chapter IV provides GAAP audited financial statements of the Fund, prepared by an independent accounting firm registered with and subject to oversight by the PCAOB, to all Chapter IV investors within 120 days after the end of each fiscal year. Accordingly,



with respect to the Fund, Chapter IV is not subject to the notice, account statement and surprise audit requirements that otherwise apply to registered investment advisers with custody of client assets. The Account is subject to an annual surprise examination of funds and securities by an independent accounting firm registered with the PCAOB.

#### **Item 16 – Investment Discretion**

Chapter IV provides investment advice to the Fund and the Account on a discretionary basis. Investors do not participate in investment decisions. Chapter IV's discretionary authority is memorialized in the Account IMA, the Fund LPA and the other legal documents governing the Fund. Information about the Fund's investment objectives and strategies, investment guidelines and restrictions, fees and expenses and other material information may be found in the Fund's private placement memorandum and in the Fund LPA.

#### **Item 17 – Voting Client Securities**

Chapter IV is responsible for voting proxies with respect to securities held by the Fund and the Account. Chapter IV has adopted policies and procedures designed to prevent conflicts of interest from influencing proxy voting decisions made on behalf of the Fund and the Account and to ensure that these decisions are in accordance with its fiduciary responsibilities. Generally, votes will be cast in line with the recommendations of a portfolio company's board of directors, but all votes – and in particular voting as it relates to material changes in a company's business model – are reviewed by Mr. Hauptfuhrer, both as CCO and as Chapter IV's lead investment professional, to ensure the votes are made in the best interest of Chapter IV's clients.

Chapter IV's proxy voting policies and procedures, including information on how proxies were voted, are available upon written request to Kathleen Buck at [Kathleen@ChapterIVInvestors.com](mailto:Kathleen@ChapterIVInvestors.com).

#### **Item 18 – Financial Information**

Chapter IV does not require or solicit prepayment of fees six months or more in advance, has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy proceeding.

#### **Item 19 – Requirements for State-Registered Advisers**

Chapter IV is not registered or required to be registered as an investment adviser in any state.





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**W. Barnes Hauptfuhrer**

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February 14, 2012

**Brochure Supplement**

This brochure supplement provides information about W. Barnes Hauptfuhrer that supplements the Chapter IV Investors, LLC brochure. You should have received a copy of that brochure. Please contact Kathleen Buck at 704-644-4070 if you did not receive Chapter IV Investors, LLC's brochure or if you have any questions about the contents of this supplement.

## **Educational Background and Business Experience**

W. Barnes Hauptfuhrer  
Year of birth: 1954

*Formal education includes:*

- University of Virginia – 1981, JD/MBA
- Princeton University – 1976, BA

*Business background:*

- Chapter IV Investors – Founder, Chief Executive Officer & Chief Compliance Officer; 2006-Present
- Wachovia – Co-Head of Corporate & Investment Banking Division; 1998-2004
- First Union Capital Partners – Founder & Managing Partner; 1988-1998
- Kidder, Peabody & Co – Investment Banker, M&A Advisor; 1981-1988

## **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding certain legal or disciplinary events that would be material to your evaluation of each individual providing investment advice. Mr. Hauptfuhrer has not been the subject of any such legal or disciplinary event.

## **Other Business Activities**

Mr. Hauptfuhrer is not involved in any other business activities that require a substantial amount of his time or provide a substantial amount of income. None of Mr. Hauptfuhrer's other activities creates a material conflict of interest.

## **Additional Compensation**

Outside of what he receives from Chapter IV for advising Chapter IV's sole client, Chapter IV Investors Special Situations Fund, L.P., Mr. Hauptfuhrer does not receive any economic benefit or other compensation for providing investment advisory services.

## **Supervision**

Mr. Hauptfuhrer is the sole owner, Chief Executive Officer, Chief Compliance Officer and lead investment professional for Chapter IV. Mr. Hauptfuhrer can be reached at (704) 644-4070.

### **Requirements for State-Registered Advisers**

Chapter IV is not registered or required to be registered as an investment adviser in any state.



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February 14, 2012

**Brochure Supplement**

This brochure supplement provides information about Ryan J. Jack that supplements the Chapter IV Investors, LLC brochure. You should have received a copy of that brochure. Please contact Kathleen Buck at 704-644-4070 if you did not receive Chapter IV Investors, LLC's brochure or if you have any questions about the contents of this supplement.

## **Educational Background and Business Experience**

Ryan J. Jack  
Year of birth: 1976

### *Formal education includes:*

- University of Pennsylvania – 2007, MBA – Finance & Accounting
- University of North Carolina at Chapel Hill – 1999, BA

### *Business background:*

- Chapter IV Investors – Partner; 2007-Present
- Falfurrias Capital Partners – Senior Associate; Summer 2006
- Wachovia Capital Partners – Senior Associate; 2003-2005
- Brockway Moran & Partners – Associate; 2001-2003
- Bowles Hollowell Conner & Co – Financial Analyst; 1999-2001

## **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding certain legal or disciplinary events that would be material to your evaluation of each individual providing investment advice. Mr. Jack has not been the subject of any such legal or disciplinary event.

## **Other Business Activities**

Mr. Jack is not involved in any other business activities outside of Chapter IV.

## **Additional Compensation**

Outside of what he receives from Chapter IV for advising Chapter IV's sole client, Chapter IV Investors Special Situations Fund, L.P., Mr. Jack does not receive any economic benefit or other compensation for providing investment advisory services.

## **Supervision**

Mr. Jack is supervised by W. Barnes Hauptfuhrer, CEO/CCO. Mr. Hauptfuhrer supervises Mr. Jack, as well as the firm's other investment professional, Mr. Robert G. Lesley Jr., by working closely together with them on all investment transactions and by retaining ultimate investment decision-making authority with respect to all investment decisions. Mr. Hauptfuhrer can be reached at (704) 644-4070.

### **Requirements for State-Registered Advisers**

Chapter IV is not registered or required to be registered as an investment adviser in any state.



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**Robert G. Lesley Jr.**

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301 South Tryon Street  
Suite 1850  
Charlotte, NC 28202

704-644-4070

[www.ChapterIVInvestors.com](http://www.ChapterIVInvestors.com)

February 14, 2012

### Brochure Supplement

This brochure supplement provides information about Robert G. Lesley Jr. that supplements the Chapter IV Investors, LLC brochure. You should have received a copy of that brochure. Please contact Kathleen Buck at 704-644-4070 if you did not receive Chapter IV Investors, LLC's brochure or if you have any questions about the contents of this supplement.

## **Educational Background and Business Experience**

Robert G. Lesley Jr.  
Year of birth: 1970

### *Formal education includes:*

- Northwestern University – 2000, MBA – Finance & Accounting
- University of North Carolina at Chapel Hill – 1993, BA

### *Business background:*

- Chapter IV Investors – Partner; 2007-Present
- Blue Point Capital Partners – Vice President; 2003-2007
- Wachovia Securities – Senior Associate; 2000-2003
- Credit Suisse First Boston – Associate; Summer 1999
- Trusco Capital Management – Equity Security Analyst; 1996-1998
- Trusco Capital Management – Jr. Fixed Income Portfolio Manager; 1993-1996

### *Designations:*

- Chartered Financial Analyst (CFA) – Candidates must pass each of three six-hour exams, possess a bachelor's degree from an accredited institution and have 48 months of qualified, professional work experience. They are also obligated to adhere to a strict Code of Ethics and Standards of governing their professional conduct.

## **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding certain legal or disciplinary events that would be material to your evaluation of each individual providing investment advice. Mr. Lesley has not been the subject of any such legal or disciplinary event.

## **Other Business Activities**

Mr. Lesley is not involved in any other business activities outside of Chapter IV.



**Additional Compensation**

Outside of what he receives from Chapter IV for advising Chapter IV's sole client, Chapter IV Investors Special Situations Fund, L.P., Mr. Lesley does not receive any economic benefit or other compensation for providing investment advisory services.

**Supervision**

Mr. Lesley is supervised by W. Barnes Hauptfuhrer, CEO/CCO. Mr. Hauptfuhrer supervises Mr. Lesley, as well as the firm's other investment professional, Mr. Ryan J. Jack, by working closely together with them on all investment transactions and by retaining ultimate investment decision-making authority with respect to all investment decisions. Mr. Hauptfuhrer can be reached at (704) 644-4070.

**Requirements for State-Registered Advisers**

Chapter IV is not registered or required to be registered as an investment adviser in any state.