

Item 1- Cover Page

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PART 2A OF FORM ADV: FIRM BROCHURE

This brochure provides information about the qualifications and business practices of Paine & Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 379-7200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about Paine & Partners, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On February 13, 2012 Paine & Partners, LLC filed its initial application to register as an investment adviser with the SEC. Accordingly, this is the first brochure compiled by Paine & Partners, LLC in accordance with the new requirements and rules pertaining to Form ADV.

In the future, this Item will identify and discuss the material changes that have occurred after the last annual update of the brochure.

We encourage all recipients of this brochure to read it carefully in its entirety.

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Item 4 – Advisory Business

Paine & Partners, LLC (“P&P” or the “Firm”), a Delaware limited liability company, provides investment advisory services to pooled investment vehicles and specially formed alternative investment vehicles (each, a “Fund” or a “Client”) that make private equity investments. The Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and their securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

P&P provides investment advisory services directly to the Funds and not individually to investors in the Funds. Services to the Funds include identifying, evaluating, structuring and negotiating prospective investments, managing and monitoring portfolio companies and advising the Funds with respect to disposition opportunities. An affiliate of P&P generally serves as the general partner (or similar managing body) of each Fund.

The Funds’ private equity investments focus on management-led corporate acquisitions, recapitalizations and company expansion programs. The Firm’s portfolio includes businesses in a number of industries, with a concentration in the food and agribusiness industry. The Firm currently focuses its new investment activity on the food and agribusiness industry.

P&P generally provides investment advisory services to its Clients through separate advisory agreements (each, an “Advisory Agreement”) tailored to the specific needs of a Client as may be necessary, appropriate or negotiated on a case-by-case basis.

The Firm was formed in 2006 and is owned by an entity whose owners are W. Dexter Paine, III, Mitchell S. Presser and Kevin M. Schwartz. The Firm has an Executive Committee which consists of Mr. Paine, Mr. Presser and Mr. Schwartz.

As of September 30, 2011, P&P managed client assets totaling approximately \$1.1 billion all of which is managed on a discretionary basis.

Item 5 – Fees and Compensation

P&P’s fee and compensation arrangements may vary among the Funds. The specific terms of such arrangements are set forth in each Fund’s written agreement with P&P or the general partner, as applicable.

As compensation for its services, P&P typically receives a management fee (the “Management Fee”) quarterly in advance from each Fund. The annual management fee is typically in the range of 1.75-2.00% of the aggregate capital commitments of the Fund’s investors while the Fund is actively investing, and thereafter, the fee percentage is typically applied only to the Fund’s aggregate invested capital less realizations. The Fund’s governing documents provide that in the event Paine does not perform services for the full quarter (other than the last quarter), the Management Fee is required to be returned to the applicable Fund. In general, the amount of fees returned is calculated based on the number of days remaining in the applicable period.

The Management Fee is paid to the Firm by or on behalf of a Fund by (i) requiring investors in the Fund

to make capital contributions, or (ii) withholding fee amounts from investment proceeds that would otherwise be distributable to investors in the Fund. In addition to the Management Fee, in connection with the affairs of a Fund, the Firm may receive (i) monitoring fees, financial consultation fees, advisory fees, directors' fees and other similar fees, and (ii) transaction fees and break-up fees. The Fund's Management Fee may be offset, or reduced, by a portion of such fees. The Management Fee may be further reduced, waived or rebated at the sole discretion of P&P.

In addition, each affiliate of Paine that serves as a general partner of a Fund is entitled to receive a carried interest distribution from the Fund that it serves in such capacity, as further discussed below in Item 6.

Each Fund typically bears and is charged with its own operating costs and expenses, including without limitation (i) administration, legal, auditing, consulting, financing and accounting fees and expenses, (ii) D&O liability and other insurance costs, (iii) expenses associated with the Fund's financial statements, tax returns and Internal Revenue Service Schedule K-1s; (iv) out-of-pocket expenses for transactions that are not consummated, including with respect to the investigation of potential investments, (v) other expenses associated with the investigation, evaluation, acquisition, holding or disposition of investments, (vi) expenses associated with the Fund's advisory board, (vii) extraordinary expenses, including litigation costs (expenses and damages), and (viii) any taxes, fees or other governmental charges levied against the Fund. Certain of these costs and expenses may be incurred by P&P or its affiliates and reimbursed by the Funds.

A Fund generally pays the out-of-pocket expenses incurred in connection with the organization of the Fund and the general partner up to a certain amount, or "cap". Organizational expenses above the cap are paid by the Firm or its affiliates.

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

In addition to a Management Fee, the Funds generally allocate a portion of their investment profits to their general partners, which are affiliates of the Firm, as "carried interest."

The carried interest is structured subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. Accordingly, the Firm seeks to ensure that investors in a Fund that is assessed a carried interest meet the qualifications set forth in Rule 205-3, and have been advised of the terms of such performance-based fees and the associated risks.

The carried interest may create an incentive for the general partner of a Fund to make riskier or more speculative investments on behalf of such Fund than would be the case in the absence of this arrangement. P&P manages this potential risk by ensuring through its investment approval process that appropriate material investment decisions are made by the investment committee (as referenced in Item 13 of this brochure). In addition, P&P's investment professionals generally make significant investments of their own in the Funds, which further serves to protect against potential risks from performance-based compensation arrangements.

Item 7 – Types of Clients

P&P's Clients are generally pooled investment vehicles that are exempt from registration under the Investment Company Act. The investors in the Funds are primarily "qualified purchasers," as defined in the Investment Company Act, and may include, among others, pension plans, endowments, trusts, sovereign wealth funds, funds-of-funds, financial institutions and other US and non US corporations.

Generally, the minimum initial commitment of the investors in the Funds' is \$10 million, although lesser amounts may be accepted at the discretion of the general partner. Conditions for investing in each Fund are stated in each Fund's applicable offering documents.

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

Methods of Analysis and Investment Strategy

P&P seeks to make significant investments in operating companies at various stages through acquisitions, recapitalizations and company expansion programs, generally in conjunction with the management of target companies. P&P generally focuses on transactions where investment opportunities are created by addressing complexity and developing solutions for sellers, management teams or corporate partners. P&P has both formal and informal processes for identifying investment opportunities and focus industries. In evaluating potential portfolio companies, P&P's analysis typically focuses on the target company's (i) business model and competitive environment, (ii) financial structure and performance, (iii) business plan and opportunities for value creation, (iv) management team capabilities and (v) potential for attractive exit opportunities. P&P from time to time utilizes legal, industry, financial and other advisors and the skills of certain portfolio company employees to complement its due diligence process. P&P's investment analysis methods may include fundamental, technical gain/loss forecast models, cash-flow models, sensitivity analysis, charting, fundamental, technical and cyclical analysis.

In identifying focus areas, investment professionals develop top-down investment theses, build relationships with industry constituents and target specific transaction opportunities.

Investment Risks

The items set forth below are a brief overview of the risks associated with the Firm's investment strategy; they are not intended to serve as a comprehensive exposition of all risks and conflicts that may arise in connection with the management and operation of the Funds.

No Assurance of Investment Return. There can be no assurance that any Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of investments in which such Fund participates. Accordingly, an investment in a Fund should only be considered by persons who can afford a loss of their entire investment. **There can be no assurance that projected or targeted returns for any Fund will be achieved or that invested capital will be returned. Past performance of any P&P Funds is not indicative of future results.**

Highly Competitive Market for Investment Opportunities. 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 a Fund will be able to locate, consummate and exit investments that satisfy its investment objectives.

Risk of Limited Number of Investments. A Fund may participate in a limited number of investments and, as a consequence, the unfavorable performance of any single investment may substantially adversely affect the aggregate returns to a Fund's investors. Moreover, there can be no assurance that one or more of any Fund's investments will perform well enough for such Fund to achieve above-average returns.

Use of Leverage. Investments in leveraged companies offer the opportunity for capital appreciation, but also involve a higher degree of risk. A Fund's investments will involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. Moreover, any rise in interest rates may significantly increase investment interest expense, causing losses and/or the inability to service debt levels. If an investment cannot generate adequate cash flow to meet debt obligations, a Fund may suffer a partial or total loss of capital invested in a portfolio company.

Availability of Financing. A Fund's ability to invest in portfolio companies may depend on the availability and terms of any borrowings that are required or desirable with respect to such investments. A decrease in the availability of financing (or an increase in the interest cost) for leveraged transactions, whether due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders, may impair a Fund's ability to consummate these transactions and may adversely affect the Fund's returns. Availability of financing may also adversely affect the liquidity position of a portfolio investment.

Operating, Financial and Regulatory Risks affecting Portfolio Companies. The performance of the operating companies in which a Fund invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, an economic downturn, changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks. Regulation generally, including tax laws and regulation, whether in the United States or abroad, also could increase the cost of acquiring, holding or divesting portfolio investments, the profitability of enterprises and the cost of operating a Fund. As a result, a Fund's portfolio investments may experience significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or experience financial distress.

Controlling Interests. Because of its equity ownership, representation on the board of directors and/or contractual rights, a Fund may often be considered to control, participate in the management of or influence the conduct of portfolio companies. Under certain circumstances such ownership or roles could be used by third parties as the basis for such parties to assert claims

against the Fund or its affiliates whether or not there is any actual liability on such basis. If these liabilities were to arise, a Fund may suffer a significant loss.

Illiquid and Long-Term Investments. Investment in a Fund may require a long-term commitment with no certainty of return. Many of a Fund's investments will be highly illiquid, and there can be no assurance that a Fund will be able to realize on such investments in a timely manner. Although investments may occasionally generate some current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition or refinancing of such investment.

Minority Investments. Although the Firm's typical investment approach is to acquire controlling interests or positions of significant influence, a Fund may invest in securities where it is not a lead or organizing investor. In such cases, a Fund may not be able to exert significant influence or protect its position. A Fund will be significantly reliant on the existing management and board of directors of such companies and may be exposed to risks related to third party co-investors. For example, the board and/or third party co-investors may include representation of other financial investors with whom a Fund is not affiliated or other third parties whose interests may be contrary to a Fund's investment objectives and may conflict with such Fund's interests.

Uncertainty of Financial Projections. P&P generally establishes the capital structure of companies in which a Fund invests on the basis of financial projections for such companies, which normally are based primarily on management judgments. Projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed, there can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

Non-U.S. Investments. The Funds may invest in businesses outside the United States. Investing in non-U.S. securities involves risks relating to (i) currency exchange matters, including fluctuations in the rates of exchange and costs associated with currency conversion; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and varying degrees of government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital; and (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such securities. In addition, laws and regulations of foreign countries may impose restrictions that would not exist in the U.S. and may require financing and structuring alternatives that differ significantly from those customarily used in the U.S.

Market Conditions. A Fund will be materially affected by conditions in the financial markets and economic conditions throughout the world, including interest rates, availability and terms of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, commodity prices,

currency exchange rates and controls and national and international political circumstances, and such conditions may adversely its performance.

ERISA. A Fund may hold “plan assets” subject to the Employee Retirement Income Security Act of 1974 (“ERISA”). ERISA imposes certain general and specific responsibilities and restrictions on fiduciaries with respect to plan assets. P&P endeavors to structure the Funds so that P&P or related entities are not classified as “fiduciaries” under ERISA as a result of holding such plan assets. If P&P or a related entity were to be considered a “fiduciary” with respect to plan assets in a Fund, such Fund may be prohibited from entering into certain transactions if the investment would violate ERISA with respect to such Fund, or may be obligated to take certain actions or refrain from taking certain actions in order to avoid a violation of ERISA with respect to such Fund.

Item 9 – Disciplinary Information

There are no legal or disciplinary events required to be disclosed pursuant to this Item 9.

Item 10 – Other Financial Industry Activities and Affiliations

Neither P&P nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer; or as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. P&P organizes and sponsors the Funds. The Funds managed by P&P are controlled by affiliated general partner entities (“GP entities”). The GP entities delegate the management of the Funds to P&P through a management agreement for each Fund. No other relationship or arrangement exists between P&P and any related person that is material to P&P’s advisory business or the Funds. Some Funds have indirect ownership interests in Capital Z Asset Management, LLC, an investment adviser with exempt reporting adviser status with the SEC. P&P does not recommend or select investment advisers for its Clients.

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

Code of Ethics

P&P has adopted a comprehensive Code of Ethics (the “Code”) intended to ensure that the Firm fulfills its role as a fiduciary to the Funds. The Code requires that Firm personnel and certain associated persons act in the best interests of the Funds to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Funds to the extent reasonably possible, and identify and manage conflicts of interest to the extent they arise. Personnel are also required to comply with applicable provisions of the federal securities laws and make prompt reports of any actual or suspected violations of such laws by P&P or its personnel. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of P&P’s personnel. The Code requires that personnel pre-clear certain public and all private personal securities transactions, report all personal securities transactions to the Chief Compliance Officer on at least a quarterly basis and provide the Firm with a summary of personal securities holdings at least annually. The Code also addresses confidentiality and insider trading, and expressly prohibits personnel from disseminating material

nonpublic information or using such information to inappropriately benefit any party through securities trading activities. Personnel are required to provide a written certification as to their compliance with the Code on an annual basis.

Copies of P&P's Code are available to investors upon request.

Participation or Interest in Client Transactions; Related Person Investments

As a matter of general practice, neither P&P nor any of its related persons acquire or sell securities that are also recommended to the Funds other than through direct participation in the Funds.

In connection with the Funds' investments, the Firm from time to time, allows affiliates of the Funds' investors and financing sources to co-invest in a Fund investment on a side-by side basis with the Funds. From time to time, in appropriate circumstances and subject to satisfaction of the policies and procedures set forth in the Code and the Fund's governing documents, P&P personnel and other related persons may also co-invest in such Fund investment. P&P does not believe that this common industry practice gives rise to a material conflict of interest. P&P believes that any potential conflicts of interest are addressed by the Code and the Funds' governing documents.

Potential Conflicts of Interest

P&P has put in place personal trading policies and procedures, as set forth in the Code of Ethics and as discussed more fully above in this Item 11, designed, among other things, to address the conflicts of interest that arise in connection with personal trading.

P&P may, in its discretion, contract with any related person of P&P (including but not limited to a portfolio company of a Fund) to perform services for P&P in connection with its provision of services to the Funds. When engaging a related person to provide such services, P&P may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

P&P may, in its discretion, recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) a related person of P&P or (ii) an entity with which P&P or a member of its personnel has a relationship or from which P&P or a member of its personnel otherwise derives financial or other benefit. When making such a recommendation, P&P may, because of its financial or other business interests have an incentive to recommend the related or other person even if another person is equally or more qualified to provide the applicable services and/or can provide such services at a lesser cost.

It is expected that most or all of the officers and employees responsible for managing a Fund will have responsibilities with respect to other funds or accounts managed by P&P, including funds and accounts that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

P&P and certain of its professionals will typically perform management, advisory, financial advisory and other services for, and will receive fees from, actual or prospective portfolio companies, which fees will

be in addition to any asset-based fees or carried interest paid to P&P or its affiliates by the Fund. Subject to the terms of the relevant limited partnership and management agreements for the Funds, P&P is required to reduce its asset based-fees by a portion of such fees, and the Funds will benefit from these fees only to the extent set forth in such limited partnership and management agreements.

Certain of P&P's professionals, in connection with the monitoring of portfolio company investments, also may serve on the board of directors of certain portfolio companies. In these circumstances, such professionals may receive director's fees, stock options and/or other equity compensation in connection with such service. While such compensation may initially be received by the applicable professionals, such compensation may be transferred to P&P and if transferred typically offsets the Management Fee received by the Firm from the applicable Fund.

The Funds may have tax-exempt, taxable, foreign and other investors, whereas most members of the general partners of the Funds are taxable at individual U.S. rates. Potential conflicts exist with respect to various structuring, investment and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax-exempt investors, conflicts among the interests of domestic and foreign investors, and conflicts between the interests of investors and management. For these reasons, among others, decisions may be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations.

Item 12 – Brokerage Practices

Because P&P primarily invests in private securities, P&P does not typically select or recommend broker-dealers for Client transactions. From time to time, P&P may be in a position to select a broker-dealer due to the purchase of public securities or as a result of a portfolio company going public. In the event that a broker-dealer is selected or recommended, P&P employs a review process to ensure that any such transaction is executed in the best interest of the Fund taking into account factors such as a broker's execution capability and trading and industry expertise in addition to pricing.

Item 13 – Review of Accounts

P&P's investment committee regularly supervises and monitors the investment activities of each Fund. Additionally, P&P's investment professionals and senior management monitor and review the Funds' portfolio investments on an ongoing basis, including, for example, by participating in board meetings and management calls, reviewing financial statements, and making on-site visits. The Firm reviews the valuation of the Funds' portfolio companies on a quarterly basis.

The Firm provides written reports describing each Fund's portfolio investments to such Fund's investors on at least an annual basis. In addition, the Firm invites each Fund's investors to an annual investor meeting at which the Firm reports on each Fund's portfolio investments and performance. The Firm may also hold investor update calls from time to time in appropriate circumstances.

The Firm provides to investors in each Fund audited annual financial statements, generally within 120 days of the end of such Fund's fiscal year, as well as unaudited financial statements and investor-specific account statements, generally within 45-60 days of the end of such Fund's fiscal quarter.

Item 14 – Client Referrals and Other Compensation

As described in Item 5, in connection with the affairs of a Fund, the Firm may receive, from prospective portfolio companies, actual portfolio companies or their respective affiliates, (i) monitoring fees, financial consultation fees, advisory fees, directors' fees and other similar fees, and (ii) transaction fees and break-up fees.

Neither P&P nor any of its related persons compensates any person for Client referrals. However, from time to time, in the context of organizing a Fund, the Firm may compensate one or more placement agents for referrals of Fund investors. A prospective investor solicited by a placement agent or other third party will be advised of any such arrangement, including the receipt of fees. Placement fees are generally borne by the Firm.

Item 15 – Custody

In connection with the management of Fund investments, P&P may have, or may be deemed to have, custody of Client assets. Rule 206(4)-2 (the "Custody Rule") of the Advisers Act defines custody as holding client securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client's accounts or ownership of or access to client funds or securities (such as through fee deductions). With the exception of certain assets that qualify as "privately offered securities" under Rule 206(4)-2 of the Advisers Act (the "Custody Rule"), all Fund assets are held in custody by unaffiliated broker/dealers or banks that are qualified custodians.

Investors in the Funds will not receive statements from the custodian. Instead, P&P arranges for annual independent audits of the Funds by a major accounting firm and obtains and delivers to investors in the Funds audited financial statements prepared in accordance with US Generally Accepted Accounting Principles ("GAAP") within 120 days of the Funds' fiscal year end.

Item 16 – Investment Discretion

Typically, P&P provides investment advice to the Funds on a discretionary basis in accordance with the management agreement and organizational documents of each Fund. Generally this discretion is subject only to the investment guidelines set forth in the Fund's governing agreements.

Item 17 – Voting Client Securities

Since P&P invests primarily in private securities, it generally does not have occasion to vote proxies on publicly traded securities. However, in the event that P&P obtains securities with voting authority, the Firm will vote proxies for companies in which Funds have investments in the best interest of the Funds in accordance with the Firm's proxy voting policy. In all instances, the reason for the decision as to how to vote a proxy and a record of the vote will be retained by the Firm.

Funds and their investors may contact P&P to obtain a copy of the Firm's proxy voting policy or to obtain any other information with respect to proxy votes, policies and procedures.

Item 18 – Financial Information

The Firm does not solicit prepayment of fees six months or more in advance, has never been the subject of a bankruptcy petition and is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.