

Lion Capital – Part 2A of Form ADV

Investment Adviser Brochure

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This brochure provides information about the qualifications and business practices of Lion Capital (Americas) Inc. (“Lion Capital (Americas)”). If you have any questions about the contents of this brochure, please contact us at (310) 800 1000. 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.

Additional information about Lion Capital (Americas) also is available on the SEC’s website at www.adviserinfo.sec.gov

While Lion Capital (Americas) is a registered investment adviser, such registration does not imply a certain level of skill or training.

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We have updated the Brochure issued in February 2012 for the following points:

- New address for Lion Capital (Americas)
- Revised source of its Fees and Compensation
- Assets under Management now disclosed as at September 30, 2012

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1. Advisory Business

Lion Capital (Americas) was incorporated in Delaware on 19 May 2008 as Lion Capital Inc. It changed its name to Lion Capital (Americas), Inc. on 27 May 2008. The company is a wholly owned subsidiary of Lion Capital LLP, which is authorized and regulated by the United Kingdom Financial Services Authority. Lion Capital LLP was registered in 2004 and is based in the United Kingdom. Lyndon Lea, Managing Partner of Lion Capital LLP, is the principal owner of Lion Capital LLP.

Lion Capital (Americas) has a sub-advisory arrangement with Lion Capital LLP. Lion Capital LLP is a consumer-focused investment firm that manages limited partnership funds (each a “Fund” and collectively, the “Funds”) on behalf of largely institutional investors. It seeks to make control private equity investments in mid- and large-sized, consumer-oriented businesses in Europe and North America. Lion Capital (Americas) provides non-discretionary investment advice to Lion Capital LLP in respect of investments in North America that Lion Capital LLP may consider making on behalf of the Funds.

The limited partnership agreements of each Fund are negotiated with the investors as a group and define investment policies and restrictions. Some investors are granted opt-out arrangements if they are unable to invest in certain companies or sectors due to certain reasons. Lion Capital (Americas) provides advice as directed by Lion Capital LLP and does not provide advice with respect to any particular investor in a Fund.

Lion Capital (Americas) sub-advised approximately \$380 million assets on a non-discretionary basis as of September 30, 2012.

2. Fees and compensation

The general partners to the Funds (to which Lion Capital LLP acts as manager) receive management fees, in the form of general partner share, during the investment period of a Fund from such Fund, calculated as a percentage of commitments to the Fund. After the end of the investment period or in specified circumstances, the fees are calculated at a fixed percentage of the cost of unrealized investments. Lion Capital LLP also receives management and oversight and advisory fees from companies in the Funds’ investment portfolios which are wholly or partially offset against the general partner share.

Lion Capital (Americas) draws a profit share from Lion Capital General Partner III LLP, which is the general partner to Lion Capital Fund III, but does not charge fees directly to any of the Funds. This profit share is equal to its expenses plus a specified percentage and is payable monthly in arrears as of the first business day of the succeeding month.

3. Performance based fees and Side-by-Side management

Neither Lion Capital (Americas) nor its supervised persons receive performance-based fees in respect of their services provided to Lion Capital LLP.

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4. Types of Clients

Lion Capital (Americas) provides non-discretionary investment advice only to Lion Capital LLP. Lion Capital LLP acts as manager to the Funds. Investors in the Funds typically comprise financial institutions and pension funds and rarely include private persons unless they are high net worth individuals with prior experience of the asset class. The limited partnership agreements for each Fund typically specify minimum investment levels.

5. Methods of Analysis, Investment Strategies and Risk of Loss

Lion Capital LLP is a specialized investment firm, focused on making control investments in mid- and large-sized, consumer-oriented businesses in Europe and North America. Lion Capital (Americas) provides non-discretionary advice to Lion Capital LLP in respect of investments in North America that Lion Capital LLP may consider making on behalf of the Funds. The investment process, from initial sourcing and screening, through to execution, financing, operational improvement and exit, is typically undertaken with the assistance of external advisers with their fees ultimately paid by the applicable Fund.

The following is a description of the methods of analysis and investment strategy of Lion Capital LLP generally. Lion Capital (Americas) utilizes generally the same methods and strategy in respect of the services it provides to Lion Capital LLP.

- *General Investment Approach.* Lion Capital LLP seeks to invest in a diversified portfolio of comparatively low volatility assets within which Lion Capital LLP is well placed to create equity value. Within the consumer sector, Lion Capital LLP believes that strong brands consistently provide the greatest source of sustainable competitive advantage and resilience through the economic cycle, making them the focus of Lion Capital LLP's investment approach.
- *Effective and Differentiated Investment Sourcing.* By focusing on a single sector, Lion Capital LLP develops relationships across the consumer space. Further, through a record of understanding consumer businesses and effecting lasting operational and strategic change, Lion Capital LLP has built a reputation as a constructive and valuable equity partner in transactions, bringing significant operational and strategic insight as well as the financial expertise to effectively manage leveraged capital structures.
- *Due Diligence.* Lion Capital LLP's insight into the consumer sector, and in particular the key attributes of successful branded businesses, enables it to conduct efficient and probing due diligence.
- *Strategic and Operational Change.* Lion Capital LLP's investments are predicated on significant strategic or operational change in each portfolio company. During the due diligence process, Lion Capital LLP's executives formulate the high level plan that will be implemented post-acquisition either in partnership with the existing management team, or with a new team put in place by Lion Capital LLP.

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The risks of investments with respect to which Lion Capital (Americas) provides non-discretionary investment advice include, without limitation:

- *Business Risks.* The investments consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.
- *Investment in Junior Securities.* The securities recommended for investment may be among the most junior in a company's capital structure and, thus, be subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.
- *Projections.* Projected operating results of a company recommended for investment will normally be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.
- *Need for Follow-On Investments.* Following an initial investment in a given company, there may be the opportunity to increase such investment in a successful company. There is no assurance that such follow-on investments will be made. Any decision not to make follow-on investments may have a substantial negative effect on a company in need of such an investment or may result in a lost opportunity to increase participation in a successful operation.
- *Leveraged Investments.* Certain investments recommended to Lion Capital LLP may require the use of leverage. Leverage generally magnifies both the opportunities for gain and the risk of loss from a particular investment.
- *Restricted Nature of Investment Positions.* Generally, there will be no readily available market for a substantial number of the recommended investments, and hence, most of such investments will be difficult to value.
- *Reliance on Company Management.* Although Lion Capital (Americas) generally intends to recommend investments in companies with strong management, there can be no assurance that the existing management of such companies will continue to operate a company successfully.
- *Public Company Holdings.* To the extent Lion Capital (Americas) recommends investment in a company that is or becomes publicly held, such investments may be subject to risks that differ in type or degree from those involved with investments in

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privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, and increased costs associated with each of the aforementioned risks.

- *Director Liability.* Lion Capital (Americas) may help obtain the right to appoint a representative to the board of directors (or similar governing body) of the companies in which it recommends an investment. Serving on the board of directors (or similar governing body) of a company exposes board members and those they act on behalf of to potential liability. Not all companies may obtain insurance with respect to such liability, and the insurance that companies do obtain may be insufficient to adequately protect officers and directors from such liability.
- *Uncertain Economic and Political Environment.* The current global economic and political climate is one of uncertainty. This may have an adverse effect on the economy generally and on the ability of Lion Capital (Americas) and the companies it recommends for investment to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions, reducing the accuracy of the financial projections.
- *Market Conditions.* Any material change in the economic environment could have a negative impact on the performance and/or valuation of the companies Lion Capital (Americas) recommends for investment. The performance of such companies can be affected by deterioration in public markets and by market events, which can impact the public market comparable earnings multiples used to value privately held companies. Movements in foreign exchange rates may adversely affect the value of investments in such companies.
- *Co-investments.* Third parties may co-invest through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that such party may have financial difficulties that negatively impact such investment or may have economic or business interests that conflict with Lion Capital LLP or a Fund.

6. Disciplinary Information

There are no disciplinary events to disclose.

7. Other Financial Industry Activities and Affiliations

Lion Capital (Americas) is a wholly-owned subsidiary of Lion Capital LLP. Lion Capital LLP is authorized and regulated by the United Kingdom Financial Services Authority.

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

Lion Capital (Americas) has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “Code”), which sets forth standards of conduct that are expected of the Lion Capital (Americas) personnel and addresses conflicts that arise from personal trading. The Code requires personnel to report their personal securities transactions and prohibits Lion Capital (Americas) personnel’s direct or indirect acquisition of beneficial ownership of securities in an initial public offering or in a limited offering, in each case, without first obtaining approval from the Lion Capital (Americas) Chief Compliance Officer. A copy of the Code will be provided to any client or prospective client upon request to John Horton at (212) 314-1900 or horton@lioncapital.com. Personal securities transactions by personnel are required to be conducted in a manner that prioritizes the client’s interests in client-eligible investments.

Lion Capital (Americas) and its affiliated persons may come into possession from time to time of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Lion Capital (Americas) and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Lion Capital (Americas), and the Code prohibits such disclosure or use. Accordingly, should Lion Capital (Americas) or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Lion Capital (Americas) would be prohibited from communicating such information to Lion Capital LLP in respect of the Funds, and Lion Capital (Americas) will have no responsibility or liability for failing to disclose such information as a result of following its policies and procedures designed to comply with applicable law.

Personnel of Lion Capital (Americas) may directly or indirectly own an interest in the Funds or certain co-investment vehicles. Lion Capital (Americas) believes such interests do not create a conflict of interest and instead operate to align the interests of Lion Capital (Americas) personnel with the Funds. To the extent that co-investment vehicles exist, conflicts of interest are managed by requiring that such vehicles invest *pari passu* alongside a Fund.

Lion Capital (Americas) and its affiliates and their personnel may carry on investment activities for their own accounts and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to other accounts or in respect of certain vehicles which may differ from advice given to Lion Capital LLP.

9. Brokerage Practices

The Funds hold few listed investments and undertake a minimal level of transactions with broker-dealers. Lion Capital (Americas) in particular does not use the services of broker-dealers and does not select or recommend broker-dealers. Therefore, Lion Capital (Americas) does not

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benefit from soft dollar arrangements and does not have a need to aggregate the purchase or sale of securities for client accounts.

10. Review of Accounts

The limited partnership agreements for the Funds are agreed with investors at inception. Any material changes require the investors' prior approval in accordance with the applicable limited partnership agreement. Lion Capital LLP monitors compliance with the agreements on an ongoing basis, most specifically whenever Lion Capital LLP makes a new investment; calls/distributes cash from/to investors; or pays monies out of a Fund. These reviews are usually performed by the Lion Capital LLP partner responsible for investor relations. Because Lion Capital (Americas) has a non-discretionary sub-advisory arrangement, it does not typically have a need to conduct such reviews.

Lion Capital LLP provides written reports to investors within 60 days of the end of March, June and September quarter-ends and provides audited reports within 90 days of the December year end. These reports include a review of the performance of each investment and the applicable Fund as a whole together with financial statements for the Fund. Lion Capital (Americas) provides reporting to Lion Capital LLP upon request.

Lion Capital LLP holds an annual investor meeting each year to which all limited partners of the Funds are invited.

11. Client Referrals and Other Compensation

Lion Capital LLP receives management and oversight and advisory fees from companies in the Funds' investment portfolios. Lion Capital LLP manages any conflict this might create by wholly or partially offsetting such fees against the general partner share. Lion Capital (Americas)'s compensation is limited to the fee it receives from Lion Capital LLP.

Lion Capital LLP uses a placement agent to assist with fundraising activities and takes certain measures to ensure that the placement agent is registered with the Securities and Exchange Commission as a broker-dealer (if relevant) and complies with the Lion Capital LLP written Code of Investor Conduct. Lion Capital (Americas) does not use the services of a placement agent nor does it compensate any other third party for client referrals.

12. Custody

Lion Capital (Americas) does not maintain custody of client funds or securities.

13. Investment Discretion

Lion Capital (Americas) has a non-discretionary sub-advisory arrangement with Lion Capital LLP.

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14. Voting Client Securities

The limited partners in the Funds are passive investors and have minimal ability to influence voting decisions. Lion Capital LLP, as manager of the Funds, exercises its voting rights on behalf of the Funds. Lion Capital (Americas) does not have and will not accept the authority to vote Lion Capital LLP or Fund securities.

15. Financial Information

Lion Capital (Americas) does not require or solicit prepayment of management fees six months or more in advance, does not have discretionary authority over or custody of client funds or securities and does not have any other events requiring disclosure under this item.

16. Requirements for State-Registered Advisers

Not applicable.