

BB&T CAPITAL PARTNERS

BB&T Capital Partners, Inc.

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This brochure provides information about the qualifications and business practices of BB&T Capital Partners, Inc. If you have any questions about the contents of this brochure, please contact us at 336-733-0350. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Additional information about BB&T Capital Partners, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

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Advisory Business

General Information

ReyCap Services, Inc., a North Carolina corporation, which conducts its business under the name “BB&T Capital Partners, Inc.” (the “Adviser”), was organized in February 2005.

Relying Advisers

The Adviser offers investment advisory services to its clients through the following advisers that are under the common control of the Adviser (the “Relying Advisers”): (i) Reynolda Capital Management Company, LLC, which is the investment adviser to BB&T Capital Partners, L.L.C.; (ii) Reynolda Capital Management Company II, LLC, which is the investment adviser to BB&T Capital Partners/Windsor Mezzanine Fund, LLC; (iii) Winston Mezzanine Partners, LLC, which is the investment adviser to BB&T Capital Partners Mezzanine Fund II, LP; (iv) Pinewood Advisors, LLC, which is the investment adviser to BB&T Capital Partners II, L.L.C.; and (v) Forsyth Equity Advisors, LLC, which is the investment adviser to BB&T Capital Partners Fund of Funds I, LLC. In providing investment advisory services to clients, the Adviser and the Relying Advisers seek to tailor their services to client needs, interests and circumstances.

Pooled Investment Advisory Services

The Adviser provides investment advisory services to pooled investment vehicles (each, a “Fund”, and collectively, the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) indirectly through the Relying Advisers. As the investment adviser to a particular Fund, each Relying Adviser identifies investment opportunities for, and participates in the acquisition, management, monitoring and disposition of investments, of the applicable Fund. All supervised persons acting on behalf of the Relying Advisers are also supervised persons of the Adviser. In addition, the Adviser and Relying Advisers operate under a single code of ethics (the “Code”) and compliance manual that is administered by the Adviser’s Chief Compliance Officer (the “CCO”). Accordingly, all references to the Adviser in this disclosure brochure include one or more of the Relying Advisers, as applicable.

SBIC Funds. The Adviser provides discretionary investment advisory services to Funds that are small business investment companies (the “SBIC Funds”) that are regulated by the Small Business Administration (the “SBA”). The SBIC Funds focus on investments in companies that (i) satisfy the requirements set forth by the SBA for an SBIC and (ii) are located in the United States. The primary investment advisory services provided by the Adviser to the SBIC Funds are researching and advising on private equity

investments and mezzanine lending across a wide variety of industries. Such investments take the form of privately negotiated investment instruments, including, without limitation, unregistered equity securities and mezzanine notes. Although the primary focus of each of the SBIC Funds is on private equity investments and/or mezzanine lending, the Adviser may from time to time recommend other types of investments consistent with the respective Fund's investment strategy and objectives, as set forth in its offering documents. The SBIC Funds currently advised by the Adviser include: (i) BB&T Capital Partners, L.L.C.; (ii) BB&T Capital Partners/Windsor Mezzanine Fund, LLC; (iii) BB&T Capital Partners Mezzanine Fund II, LP and (iv) BB&T Capital Partners II, L.L.C.

Fund of Funds. The Adviser provides investment advisory services to BB&T Capital Partners Fund of Funds I, LLC, a private equity fund of funds (the "Fund of Funds"). The Fund of Funds focuses on investments in private equity funds that are in the lower middle-market buyout segment of private equity fund (*i.e.*, private equity funds with commitments of \$750 million or less). The primary investment advisory services provided by the Adviser to Fund of Funds is selecting private equity funds of established and emerging private equity fund managers that have appropriate sector focus and that have differentiated business strategies.

Institutional Investor Advisory Services

The Adviser may provide investment advisory services to institutional investors ("Institutional Investors Advisory Services"). Institutional Investors Advisory Services may use in part or whole investment strategies used by the Funds or the Adviser's other clients.

Investment Discretion

All of the Adviser's investment advisory services are provided on a discretionary basis. As of December 31, 2011, the Adviser had \$406,187,269.38 in assets under management.

Principal Owners

David G. Townsend, Thomas H. Westbrook, Martin P. Gilmore, and Christopher N. Jones are the owners of the Adviser and are the principal owners of each of the Relying Advisers.

Fees and Compensation.

Fees For Pooled Investment Advisory Services

The Funds generally pay the Adviser an annualized management fee of up to 2.00%, as set forth below, and as further described in each Fund's offering documents (the "Management Fee"). The Management Fee is paid quarterly in advance and is deducted

from the Fund. Generally, each Fund pays the Management Fee on capital committed by the Fund's investors for an initial period (*e.g.*, the first five years of the Fund's existence), and thereafter, the fee percentage is typically applied only to the amount equal to the Fund's invested capital, and also may be scaled down. The Management Fee is generally subject to waiver or reduction by each Fund's general partner or manager (each, a "General Partner") in its sole discretion, including in connection with investments made by the General Partner or its related persons.

In addition, each Fund is also responsible for certain of its operating expenses including, without limitation, legal, accounting, tax, auditing and administrative fees, as outlined in its offering documents. To the extent the Adviser or its affiliates provide and are compensated for any of the foregoing services not covered by the Management Fee, such payments may offset the Management Fee, as described in each Fund's offering documents. Each Fund is also responsible for brokerage commissions and custodial fees paid to third parties.

In the event of a termination of a Fund's investment advisory agreement, fees will be prorated. Any paid but unearned fees will be promptly refunded to the Fund, and any fees due to the Adviser from the Fund will be invoiced or deducted from the Fund's account prior to termination.

Notwithstanding the foregoing, the Adviser may negotiate or set a management fee different from the foregoing with respect to any Fund it manages.

Institutional Investor Advisory Services Fees

The Adviser's fees for Institutional Investor Advisory Services are negotiated individually with each client.

Additional information related to the foregoing Fee discussion is set forth below under "*Performance-Based Fees and Side-By-Side Management*" and "*Brokerage Practices*".

Performance-Based Fees and Side-By-Side Management

While the Adviser does not receive a performance based fee, certain affiliates of the Adviser generally receive distributions of carried interest of up to 15% of the net profits earned by each investor in the respective Fund. While the Funds have long-term investment strategies, potential investors should note that a carried interest arrangement may nonetheless provide an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such an arrangement.

Notwithstanding the foregoing, the Adviser or its affiliates may negotiate or set carried interest or other terms different from the foregoing with respect to any Fund the Adviser manages.

Types of Clients

The Adviser currently provides investment advisory services solely to the Funds, subject to the direction and control of the General Partner of each Fund, and not individually to the investors of a Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Permitted investors in the Funds may include high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations and other business entities.

The minimum investment requirement for a Fund offered by the Adviser typically begins at \$250,000. However, the General Partner of each Fund, in its sole discretion, may permit investments that are less than the required minimum investment commitment set forth in the applicable Fund's offering documents.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

The Adviser currently manages Funds with three different primary investment strategies. Each strategy involves significant risks, including the risk that each Fund (and, in turn, the underlying investors in such Funds), could lose some or all of any invested capital. An investment in a Fund will provide limited liquidity because there are significant restrictions on transferability of each Fund's interests and withdrawals from each Fund.

A description of the primary investment strategies, are set forth below.

SBIC Funds. Each of the SBIC Funds has an investment strategy of either focusing primarily on making private equity investments or on providing mezzanine lending.

- **Private Equity Investment Strategy.** The SBIC Funds that focus on private equity investments generally target equity investments in middle market companies (*i.e.*, companies with an enterprise value between approximately \$10 and \$100 million) that operate in higher-growth industry segments in the United States. The Adviser's value-oriented approach generally relies on identifying investment opportunities that are sourced through targeted processes, and that can be acquired for what the Adviser believes are attractive valuations given the nature of their management (often founder-run and without key functional area leaders) or their size. After making an investment, the Adviser may seek to add value to a portfolio company by supporting upgrades or expansions in management teams, encouraging the establishment of operational best practices, developing strategic plans in an effort to accelerate growth and diversify service

offerings, or taking other steps to assist or strengthen the company and its business.

- Mezzanine Lending Investment Strategy. The SBIC Funds that focus on mezzanine lending generally target their lending to middle-market companies that the Adviser believes are in a position to capitalize on key competitive advantages. Before making a loan, the Adviser conducts due diligence to assess different factors utilizing available resources, including the experience of the Individual Managers. After making loans to companies, the Adviser may assist them with identifying, prioritizing and pursuing initiatives in an effort to enhance performance and create value.

Fund of Funds. The Fund of Funds focuses on making investments in private equity funds with a sector focus, as well as those with differentiated business strategies. The Fund of Funds targets both established and emerging managers and private equity funds.

Risk of Loss

While the Adviser seeks to diversify each Fund's investment portfolio by investing in multiple companies, all investment portfolios are subject to risks. Accordingly, there can be no assurance that a Fund will be able to fully meet its investment objectives and goals, or that investments will not lose money. Below is a description of several of the principal risks that each Fund may face.

Economic Conditions. Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws may adversely affect the business prospects or perceived prospects of companies. While the Adviser performs due diligence on the companies in which it invests, economic conditions are not within the control of the Adviser and no assurances can be given that the Adviser will anticipate adverse developments.

Geographic Concentration Risk. Certain Funds will focus their investments in a particular geographic region and therefore will be particularly vulnerable to events affecting companies in the region. The economy of a particular region in which a Fund may focus its investments is influenced by financial and market considerations in the relevant region. The performance of a Fund focused on a particular region may be worse than the performance of other funds that invest more broadly geographically.

Lack of Diversification. A Fund may not have a diversified portfolio of investments at any given time. While investing in a relatively small number of companies will allow the

Adviser to more easily monitor the performance and operations of portfolio companies, a substantial loss with respect to any particular investment in an undiversified portfolio will have a substantial negative impact on the aggregate value of the portfolio.

Leverage. Certain Funds may allow the Adviser or one of its affiliates to borrow money on behalf of a Fund and to invest the proceeds thereof for the Fund's investment portfolio. While the use of leverage may increase potential gains, Funds that use leverage are also subject to greater risk of loss in the event that investments acquired with borrowed money decline in value.

Additional Risks Relating to the SBIC Funds Only

The following risks apply to the SBIC Funds only, and to the SBIC Funds that utilize SBA leverage in particular:

Regulation by SBA. The SBIC Funds are subject to SBA regulations and policies which may change during the life of the SBIC Funds in ways that might require the SBIC Funds to alter their business activities. Any such changes may have adverse consequences for the SBIC Funds.

Use of SBA Leverage. For the SBIC Funds that utilize SBA leverage, the use of this leverage will magnify the potential for both gains and losses with respect to investments made by the SBIC Funds. As a result of the commitment fees, repayment obligations and semi-annual interest payments to which the SBA is entitled, the SBIC Funds' investors may realize a lower return than they otherwise would have realized if they had made an investment in a fund that did not use SBA leverage, and may realize no return when they would have realized a positive return if they had made their investment in such a fund. There can be no assurance that the SBIC Funds that utilize SBA leverage will generate returns that exceed the crossover point for return enhancement attributable to SBA leverage. The payments to which the SBA is entitled may reduce or entirely eliminate returns to the SBIC Funds' investors if the SBIC Funds do not generate sufficient returns in excess of such payments.

Ongoing Availability of SBA Leverage. Becoming licensed as an SBIC does not ensure that the SBIC Funds will receive SBA leverage funding. Receipt of SBA leverage funding is dependent upon the SBIC Fund continuing to be in compliance with SBA regulations and policies and there being funding available. The amount of SBA leverage funding available to SBICs is dependent upon annual Congressional authorizations and, in the future, may be subject to annual Congressional appropriations. There can be no assurance that there will be sufficient SBA leverage funding available at the times desired by the SBIC Fund.

Please see each Fund's offering documents for information about the specific risks associated with an investment in that Fund.

Disciplinary Information

The Adviser has no disciplinary events to disclose.

Other Financial Industry Activities and Affiliations

The principals of the Adviser are also the principals of the General Partner of each Fund. Each General Partner is identified above.

Code of Ethics, Participation or Interest in Client Transactions

Code of Ethics

Under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), the Adviser and its principals and certain employees ("Supervised Persons") owe fiduciary duties to their clients. Consistent with these duties, the Adviser has adopted the Code that, among other things, requires that its Supervised Persons reflect the professional standards expected of investment advisers and comply with federal and state securities laws and regulations pertaining to the Adviser. Under the Code, Supervised Persons should place the interests of clients first, ahead of their own personal interests, and generally seek to treat clients fairly. In addition, Supervised Persons are prohibited from engaging in any practice that defrauds or misleads any client or investor, or engaging in any manipulative or deceitful practice with respect to clients, investors or securities.

The Code also includes provisions addressing personal trading by Supervised Persons, as summarized below:

Personal Trading. Under the Code, Supervised Persons are generally required to submit information about their personal trading activities to the Adviser's CCO or the CCO's designee for review. In addition, Supervised Persons are generally required to notify the CCO or the CCO's designee and obtain advance approval of certain personal trades in securities that may be traded by the Adviser for client accounts or otherwise affected by investments made on behalf of clients. Violations of the Code may result in disciplinary action up to and including dismissal.

Participation or Interest in Client Transactions. Under the Code, Supervised Persons are prohibited from trading in securities on the basis of material, non-public information or communicating material, non-public information about the issuer of any security to any other person.

The Adviser will provide a copy of the Code to clients or prospective clients upon request.

Brokerage Practices

The Adviser does not normally utilize the services of broker-dealers for transaction related services. In the event that the Adviser chooses to use a broker-dealer for a securities transaction, the Adviser will seek to obtain best execution for any such transactions.

Soft Dollar Transactions

The Adviser does not generate or use soft dollars, which are credits generated by transactions placed with certain securities broker-dealers that may be used to “purchase” certain research and brokerage products from such securities broker-dealers.

Aggregation of Trades

The Funds normally do not actively trade in securities. However, the Adviser may aggregate a Fund’s securities trades with those of another Fund to the extent consistent with receiving best execution. Generally, Funds participating in an aggregated order will receive an average price of all trades placed that trading day and pay their ratable share of brokerage costs. In some cases, the Adviser may be excluded from aggregated block trades due to legal, regulatory or other concerns.

Review of Accounts

Oversight and Monitoring

The portfolio managers of each Fund will review Fund accounts not less than quarterly. These reviews will focus on appropriateness of the Fund’s investments for the Fund’s portfolio and the performance of the Fund.

Reporting

Investors in the Funds generally receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of the Fund (180 days for the Fund of Funds). In addition, investors in each Fund will typically receive unaudited summary financial information regarding the Fund following the end of each financial quarter. Investors in the Funds also receive regular reporting updates through letters and investor meetings.

Client Referrals and Other Compensation

The Adviser does not engage solicitors who refer clients to the Adviser. The Adviser may compensate certain third-parties who refer investors to the Funds advised by the Adviser. In addition, the Adviser or its affiliates may, in certain instances, receive

discounts on products and services provided by portfolio companies, or receive compensation for services provided to portfolio companies.

Custody

The Adviser (through the General Partners) is deemed to have custody of certain assets of the Funds. The Funds' qualified custodian is Branch Banking and Trust Company. All of the Funds' certificated investment securities are held by the qualified custodian on behalf of the Funds. The Adviser does not use the qualified custodian to send quarterly account statements directly to the Funds or investors in the Funds. Each Fund is audited annually and the annual audited financial statements of each Fund are sent to the Fund's investors.

Investment Discretion

The Adviser has discretionary authority to determine the investments to be bought or sold and the amounts to invest for the Funds, pursuant to the investment advisory agreement between each Fund and the Adviser.

Voting Client Securities

As a general policy, the Adviser votes proxies related to securities held in Fund accounts in a manner that serves the best interests of the Fund. Clients have no authority to direct the vote of the Adviser. In voting securities held by a Fund, the Adviser will attempt to resolve any conflict of interest between the Fund and the Adviser's business interests in the way that will most benefit the Fund. The Adviser maintains a detailed Proxy Voting Policy and a record of how the Adviser has voted proxies, each of which is available to clients upon request.

Financial Information

The Adviser does not require or solicit prepayment of fees six months or more in advance, and the Adviser currently does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.