

Part 2A of Form ADV: Firm Brochure

ITEM 1: COVER PAGE

Legion Partners Asset Management, LLC

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May 25, 2102

This brochure provides information about the qualifications and business practices of Legion Partners Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (530) 313-3048 and/or info@legionpartners.com. 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 Legion Partners Asset Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

On July 28, 2010, the United States Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV” which amends the disclosure document that all investment advisers provide to clients as required by SEC Rules. This Brochure dated May 25, 2012 is a new document prepared according to the SEC’s new requirements and rules.

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ITEM 4: ADVISORY BUSINESS

A. Description and Principal Owners

Legion Partners Asset Management, LLC, a Delaware limited liability company ("Legion Partners"), is a registered investment adviser.

Legion Partners was formed on April 11, 2012 in Delaware.

Legion Partners is 100% owned by Legion Partners Holdings, LLC, which is 100% owned by Raymond T. White (33 1/3 %), Christopher Kiper (33 1/3%) and Bradley Vizi (33 1/3%).

B. Advisory Services Offered

Legion Partners provides investment management services through separate managed accounts.

Legion Partners specializes in fundamental research, long-term oriented investing and building a productive relationship with portfolio companies. This involves long-term holdings and actively engaging the management and boards of public companies in order to help achieve superior long-term performance. Legion Partners' investment strategy is described in greater detail in Item 8.

C. Limited Tailoring of Advisory Services

Legion Partners limits the securities in which its invests for managed account clients while utilizing the same investment strategy as its other clients.

D. Non-participation in Wrap Fee Programs

Legion Partners does not participate in wrap fee programs.

E. Assets Under Management

As of May 25, 2012, Legion Partners managed \$0 of client account assets on a discretionary basis and \$0 on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

A. Advisory Fees

1. Types of Advisory Fees

The terms of each client's agreement with Legion Partners ("Client Agreement") will govern the advisory fees they pay Legion Partners. Legion Partners typically charges Clients a combination of Management Fees and Incentive Amounts.

a. Management Fees

Legion Partners typically charges an annual "Management Fee" of two percent (2%) per annum on the daily average of the current market value of the stock purchased.

b. Performance-Based Fees

Upon the sale of all of the Client's assets under management for cash, Legion Partners shall receive a percentage of realized investment profits (calculated as gross gains net of management fee amounts, expenses for which the Client is responsible under the applicable advisory agreement and any other reasonable expenses incurred by the Client related to the investment) based on absolute returns. Generally, if the absolute return is less than ten percent (10%), no performance-based fee; if the absolute return is ten percent (10%) or higher, twenty percent (20%) of the gain that is 10% or higher.

2. Negotiability

Advisory fees may be negotiable in certain circumstances, including, but not limited to, client portfolios that contain a substantial amount of assets.

B. Calculating and Billing Advisory Fees

Management Fees are typically calculated and become payable monthly in arrears (although the cash balance in the account will not accrue any management fee). All calculations are subject to pro rata adjustments to reflect contributions to or withdrawals from a client's Account or termination of services during a month.

All Performance-based fees are calculated upon the sale of all the assets under management.

Legion Partners bills clients for all Management Fees incurred. Clients can elect to pay Management Fees directly or authorize their deduction from client assets. Performance-based fees will be deducted prior to distribution to the Client.

C. Other Fees and Expenses

Client Agreements typically require clients to reimburse Legion Partners for certain expenses Legion Partners incurs in connection with performing its investment management services. These expenses are set out in the applicable Client Agreements and include, for example: the brokerage and other costs of transactions in the Client's account, all custodial and similar charges and third-party charges that

are pre-approved by the Client. Legion Partners' brokerage practices are described in Item 12 below.

D. Payment of Management Fees

Management Fees are payable in arrears.

Legion Partners typically requires clients to provide at least 30 day's advance notice in order to terminate an agreement. If this occurs, Legion Partners will adjust its Management Fees accordingly on a pro-rata basis.

E. Non-receipt of Brokerage Compensation

Legion Partners and its employees do not receive any compensation for selling investments to clients.

ITEM 6: PERFORMANCE-BASED FEES AND CO-INVESTMENT MANAGEMENT

Legion Partners charges all clients an Incentive Amount. This is discussed in greater detail in Item 5 above.

ITEM 7: TYPES OF CLIENTS

Legion Partners intends to provide investment management services to the following types of clients:

Public funds

Corporate pension funds

High net worth individuals

Family foundations

Taxable corporate funds

Such clients may elect to open a managed account with Legion Partners and receive these services directly, or invest in a limited partnership, of which Legion Partners or a subsidiary serves as general partner. Clients must invest at least \$1.0 million with Legion Partners for separate accounts.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Investment Strategy and Method of Analysis

1. Method of Analysis

Legion Partners uses deep fundamental analysis to identify companies it believes may be significantly undervalued relative to intrinsic value and future opportunity.

Legion Partners uses proprietary research and analysis to determine its investment decisions and the engagement process for each portfolio company.

2. Investment Strategy

Legion Partners specializes in fundamental research, long-term oriented investing and building a productive relationship with portfolio companies. This involves long-term holdings and actively engaging the management and boards of public companies in order to help achieve superior long-term performance.

Legion Partners engages a company by focusing the attention of its shareholders, management, and board of directors on factors that Legion Partners believes are contributing to the company's underperformance. Legion Partners periodically meets with members of the board of directors and/or management as well as representatives of portfolio companies. The intended result of this engagement is to increase the company's stock price to align with Legion Partners' view of its true long-term value.

In executing its investment strategy, among other techniques, Legion Partners may submit shareholder proposals under Rule 14a-8 of the Securities Exchange Act of 1934 as amended (the "Exchange Act") or pursuant to procedures set forth by the companies, and may seek board representation through negotiation or use of the Exchange Act's proxy rules. Additionally, Legion Partners may participate in proxy contests, tender offers and restructurings of companies in or out of formal bankruptcy proceedings.

Legion Partners implements its investment strategy with a primary focus on small and mid-cap companies but with no limit on capitalization. The portfolio typically consists of six to fifteen investments in equity securities of North American companies at any given time. Legion Partners has no fixed guidelines for diversification of investments among companies or industries. However, Legion Partners does not invest more than twenty-five percent (25%) of a client's assets at the time of investment in the securities of a single company or group of affiliated companies except in situations where the client may also have a Co-Investment in such securities in which event such amount shall not apply.

Legion Partners typically purchases securities for a holding period to exceed one year (with a target holding period of two to three years). Nevertheless, Legion Partners may sell securities after holding such securities for less than a year or the target period if, for example: the risk associated with a particular company is altered

to a degree that outweighs the expected return; its stock price aligns with Legion Partners' view of its value; if Legion Partners needs to liquidate certain holdings in order to fund new acquisitions; or for other reasons.

3. Risk Associated with Investing in Securities

Investing in securities involves a risk of loss that clients should be prepared to bear. Legion Partners makes no guarantee or representation that its investment strategy will be successful. Past performance of Legion Partners and/or its clients' portfolios is not a guarantee of future results.

B. Material Risks Associated with Investment Strategy

1. Market Risks

All investments are subject to market risks including but not limited to: investment-specific price fluctuations, economic, political, interest rate and other risks, which could result in adverse market price changes; and the difficulty of accurately predicting price movements in particular securities or the market as a whole. Due to the nature of its investment strategy, Legion Partners may have only limited ability to vary a client's investment portfolio in response to changing economic, financial and investment conditions.

2. Engagement Process

There is no guarantee that Legion Partners' engagement of a portfolio company will be successful or that even if it is successful, this will result in an increase in the share price of that company. Further, such engagement may cause a company's management to take defensive or other measures that erode, rather than increase, shareholder value.

3. Concentration

Client investments may be heavily concentrated, at any time, in only a limited number of companies or industries. Poor performance by a single investment could substantially and adversely affect the overall performance of a client's portfolio.

4. Long-Term Nature of Investments

Legion Partners' investment strategy may require clients to hold certain investments for a significant period of time in order to realize a return of or on invested capital. Because of the nature of Legion Partners' investments and investment strategy, there can be no assurance that Legion Partners will be able to realize returns on such investments in a timely manner or at all. Further, even if Legion Partners' engagement of a company is ultimately successful, there may be periods of time during the holding period when economic, financial or investment

conditions are unfavorable or when the company's performance has not yet improved. If a client causes Legion Partners to liquidate such investments prematurely by withdrawing assets from their Account or reducing their Capital Commitment, it could cause those clients and other non-withdrawing clients to realize losses or lesser profits on the sale of such securities.

5. Potential Illiquidity

Legion Partners' engagement of a company may require Legion Partners to agree to certain lock-up or blackout periods on the sale of that company's securities. Alternatively, Legion Partners might make private investments in public companies. These factors could prevent Legion Partners from being able to sell securities at desired times or prices or at all (in the case of such private investments) and could cause such client to realize losses or lesser profits on any sale of such securities.

C. Material Risks Associated with Equity Securities

Each investment in an equity security of a portfolio company is subject to the risks associated with the businesses in which the portfolio company is engaged, including market conditions, changes in regulatory requirements, general economic downturns, (in some cases) changes in commodity prices and other factors. Such conditions may result in a loss of value beyond the control of Legion Partners notwithstanding its engagement of the portfolio company.

ITEM 9: DISCIPLINARY INFORMATION

There are no legal or disciplinary events to report.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. No Broker-Dealer Affiliations

Neither Legion Partners nor any management person is registered or in the process of registering as a broker-dealer or a broker-dealer representative.

B. No Futures and Commodities Affiliations

Neither Legion Partners nor any management person is registered or in the process of registering as a future commission merchant, commodity pool operator, commodity trading advisor or an associated person thereof.

C. Arrangements with "Related Persons"

Clients may elect to invest in a limited partnership, of which Legion Partners or a subsidiary or affiliated entity serves as general partner. For the purpose of this Brochure, the SEC defines these limited partnerships as Legion Partners' "Related Persons".

Legion Partners' current limited partnership is Legion Partners L.P I, a Delaware limited partnership. Legion Partners may form additional limited partnerships for clients to invest in from time to time.

D. No Recommendation or Selection of Other Investment Advisers

Legion Partners does not recommend or select other investment advisers for clients.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics

Legion Partners places great significance on its Code of Ethics (the "Code") and adherence to the policies and procedures contained within the Code. The Code requires all personnel to:

- Act with competence, diligence, respect, and in a professional and ethical manner;
- Place the integrity of the investment profession and the interests of clients above their own personal interests;
- Use reasonable care and exercise independent professional judgment;
- Promote the integrity of, and uphold the rules governing, capital markets; and
- Maintain and improve professional competence.

The Code also incorporates Legion Partners' Personal Trading Policy, which is summarized as follows:

- Personnel are not allowed to purchase any "restricted" securities, defined as securities owned by the fund, being acquired by the fund or under active consideration by the fund;
- Employees (or their spouses or dependents) who wish to purchase or sell any publicly traded equity and debt securities (including options and warrants) must seek pre-clearance with (i) a Portfolio Manager or the CEO and (ii) the Chief Compliance Officer. Full disclosure of such approved trades shall be made to the Chief Compliance Officer in the manner required for quarterly or annual reporting of securities holdings within five (5) business days of execution of each such transaction;

- Personnel may purchase mutual funds, other closed end funds, Unit Investment Trusts, municipal securities, government securities and money market securities. Publicly traded securities may be purchased on behalf of an employee where such employee and his/her immediate family members do not have investment discretion over such securities;
- Legion Partners requires duplicate copies of statements and confirmations of all brokerage accounts to be sent to the Chief Compliance Officer;
- Personnel are required to review and acknowledge on a quarterly basis all brokerage accounts in their name and/or accounts in which they have an interest; and
- Personnel are required on an annual basis to review and acknowledge Legion Partners' Code of Ethics and Personal Trading Policies.

Violations of the above policies are taken very seriously and, in some circumstances, may lead to termination of employment.

A complete copy of the Code of Ethics and Personal Trading Policy is available to Clients and/or prospective Clients upon written request.

B. Securities in which Legion Partners has a Material Financial Interest

Legion Partners will not recommend or invest client assets in securities in which Legion Partners has a material financial interest.

However, if a Legion Partners' principal or employee is appointed director of a portfolio company as part of Legion Partners' engagement of that company, that person may have a financial interest in that company's securities when Legion Partners makes subsequent purchases or sales of those securities. This is because that person may receive compensation for serving as a director in the form of fees, stock or stock options. This financial interest could give rise to a number of conflicts of interest, which Legion Partners addresses as follows:

- Legion Partners only seeks board representation if it determines in its sole discretion that it is necessary to increase shareholder value;
- All Client Agreements specify that Legion Partners' Management Fee is to be reduced by the client's pro-rata share of the value of the compensation received by such persons;
- All subsequent client investment decisions relating to such securities are made in accordance with Legion Partners' investment strategy; and
- Any stock received as compensation for serving as director will be subject to the restrictions on personal trading described above and below.

C. Legion Partners as a Shareholder of Record and Restrictions against Personal Trading

In order to implement its investment strategy Legion Partners may need to be registered as a shareholder of record in certain portfolio companies. To achieve this Legion Partners may need to hold a nominal amount of such companies' shares in a proprietary account. Legion Partners believes that due to the nominal amount of shares involved, this does not present a conflict of interest. Typically, trades made in this account are made subsequent to and apart from the corresponding client transactions.

As discussed above, personnel are not permitted to purchase individual equity securities in which the fund has ownership interest or is acquiring such securities or such securities are under consideration as a fund investment and must follow Legion Partners' Pre-clearance Procedures in order to sell such securities within their portfolio. Such pre-clearance will not be granted if the proposed sale will take place around the same time as a client transaction in the same security and Legion Partners determines that the sale will negatively affect the price of the client transaction or be executed at a more favorable price as a consequence of the client transaction.

D. Timing of Shareholder of Record Transactions

As stated above, if Legion Partners buys or sells shareholder of record shares, these transactions take place subsequent to and apart from the corresponding client transactions.

ITEM 12: BROKERAGE PRACTICES

A. Selection of Broker-Dealers for Execution of Client Transactions

Legion Partners will periodically evaluate potential brokers and its approved list of brokers, together with the reasonableness of their commission rates against the following factors: reliability; financial responsibility; confidentiality protections; price, size, speed and anonymity of execution ("execution capability"); and the quality of brokerage and research services that might be provided.

When selecting brokers to execute particular client transactions, Legion Partners will use its evaluation of execution capability to select those brokers it believes will provide best execution, given the nature and circumstances of the transactions in question. If Legion Partners determines that more than one broker may be suitable for a particular transaction, it may (but is not required to) use its rankings to allocate that transaction among those brokers as it determines appropriate.

1. Brokerage and Research Services

Legion Partners has not received any brokerage or research services. If Legion Partners receives brokerage and research services from brokers who execute client

transactions, Legion Partners will be using client commissions to obtain a benefit because Legion Partners does not have to pay for or produce these services itself. Any research received by Legion Partners from brokers will be relevant to the implementation of Legion Partners' investment strategy and will be used for the benefit of the portfolios managed by Legion Partners.

In order to receive the benefit of brokerage and research services, Legion Partners may have an incentive to select one broker over another. However, as described above, Legion Partners will select those brokers it believes will provide best execution. Generally, if Legion Partners places trades with a broker who provides brokerage and research services, that broker will charge a commission that is greater than that of another broker who may be capable of executing the same transaction. Legion Partners will only pay a broker's commissions if it determines that they are reasonable in relation to the value of the services provided and within the safe harbor provided by section 28(e) of the Exchange Act as well as in compliance with Legion Partners' policy for soft dollar usage, which follows the CFA Institute Soft Dollar Standards.

If Legion Partners obtains brokerage and research services it will use them to service all clients. Legion Partners will not seek to allocate its use of such services to clients in proportion to the commissions or any soft dollars they pay.

2. Client Referrals not a Factor in Broker Selection

Legion Partners does not select brokers to execute client transactions in order to obtain client referrals from such brokers.

3. Client Directed Brokerage

Legion Partners does not currently participate in client directed brokerage.

B. Trade Allocation and Aggregation

1. Trade Allocation

Legion Partners typically invests all client assets within the same portfolio on a side-by-side and pro rata basis according to each client's relative amounts of capital available for investment as of the date such investment is made. Legion Partners may deviate from a pro rata allocation if it determines that this would result in a disproportionate or otherwise inappropriate weighting of the investment for one or more clients. Further, Legion Partners may omit individual securities from certain client's holdings in order to comply with client specific restrictions. Finally, Legion Partners may on occasion only trade for a small number of clients or one client at a time if, for example, it is investing newly committed assets or liquidating certain positions to fund withdrawals.

2. Trade Aggregation

When investing client assets, Legion Partners will typically aggregate all client trades into one or more trade orders. Due to the size of such trade orders, it will often be the case that not all trades within an order will fill at the same price. Further, in order to attempt to minimize the effect on the market of placing large orders, it may be necessary to divide transactions across separate trade orders, which take place across several days. Finally, due to market conditions, it may not be possible to complete all trade orders, which may result in partial fills. This may in turn necessitate the placing of further trade orders.

To attempt to avoid any potential conflicts of interest that this may cause, Legion Partners has adopted the following policies and procedures. Firstly, all trades within an order are typically pre-allocated in accordance with pro-rata basis described above. Secondly, clients pay the mean share price of all trades filled with a trade order. Thirdly, all commissions are allocated on a pro-rata basis. Finally, in the event of a partial fill, all executed trades are allocated to the participating clients on a pro rata basis in accordance with their pre-trade allocations.

Certain advisory agreements may prohibit Legion Partners from advising any other potential clients regarding a particular security or investing any other client's assets in a particular security.

ITEM 13: REVIEW OF ACCOUNTS

A. Periodic Reviews

Legion Partners produces daily internal reports which set out the preceding day's transactions, client account balances and holding values. These reports are reviewed daily by at least one principal. Legion Partners' Investment Committee (the "Investment Committee") performs more detailed reviews not less frequently than monthly to evaluate factors such as the status of holdings and performance of client accounts.

B. Non-Periodic Reviews

Whenever an issue is raised with respect to a particular holding, affected accounts are reviewed as appropriate.

C. Client Reports

Legion Partners provides client reports no less frequently than quarterly. Such reports typically set out account holdings and performance. Actual reporting requirements range from daily to quarterly depending on the terms of the applicable Client Agreement. Supplemental reports may be provided upon request.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. No Compensation Received from Non-Clients

Legion Partners does not receive any economic benefits from non-clients for providing investment management or other services to Legion Partners' clients.

B. Client Referrals

Legion Partners may engage the services of one or more solicitors consistent with the requirements of Rule 206-4(3) under the Investment Advisers Act of 1940 primarily with respect to certain separate managed accounts pursuant to pre-existing relationships. Legion Partners does not intend to engage solicitors for its core business and particularly with respect to public pension or other institutional clients.

In general, such solicitors are engaged as independent contractors and are compensated based on a percentage (generally ten percent (10%)) of revenues actually received upon the sale of securities related to a specific Client.

ITEM 15: CUSTODY

Legion Partners does not maintain direct custody or possession of any of its clients' funds or assets. Legion Partners will ensure that all information on all trades executed for its clients are provided to the appropriate custodian. The custodian shall provide monthly statements to the Legion Partners. Legion Partners will provide monthly statements to Clients.

ITEM 16: INVESTMENT DISCRETION

Legion Partners has discretionary authority over all client assets; however, certain advisory agreements require the Client's pre-approval prior to the sale of any assets. Clients may limit this authority by imposing restrictions on investing in certain securities or types of securities. Clients typically grant Legion Partners this authority by executing their Client Agreement.

ITEM 17: VOTING CLIENT SECURITIES

Voting proxies is an important part of Legion Partners' investment strategy and its engagement of portfolio companies. Consequently, Legion Partners votes clients' securities.

A. Policy

Legion Partners' policy is that each proxy proposal should be individually reviewed to determine whether it is consistent with Legion Partners' investment strategy and in the best interest of its clients, taken as a whole.

B. Procedure

Legion Partners has developed the following procedures for voting proxies:

- The Investment Committee shall be responsible for reviewing the special and/or annual report, proxy proposals and proxy proposal summaries. The Investment Committee shall take into consideration what vote is consistent with Legion Partners' investment strategy and in the best interests of Legion Partners' clients, taken as a whole. The Investment Committee will then vote the proxies in accordance with its policy.
- In reviewing the proxies and making voting decisions, Legion Partners generally performs its analysis internally for each investment; however, from time to time, the Investment Committee may review external sources' commentary such as the RiskMetrics Group and Glass Lewis.
- Legion Partners shall maintain copies of each annual report, proposal, proposal summary, actual vote, and/or any other information required to be maintained for a proxy vote.
- The Investment Committee may direct certain staff members to complete the forms in accordance with specific voting instructions provided by the Investment Committee.
- With respect to proxy votes on topics deemed, in the opinion of the Investment Committee, to be controversial and/or particularly sensitive, the Investment Committee will provide a written explanation for the proxy vote, which will be maintained with the record of the actual vote in Legion Partners' files.

C. Client Directed Voting

Legion Partners does not currently allow clients to direct Legion Partners' voting of their securities.

D. Conflicts of Interest

Securities purchased for separate accounts as described herein are not eligible for purchase by Legion Partners or its affiliates on behalf of other clients.

E. Further Information

Clients may obtain a copy of Legion Partners' Proxy Voting Policies and Procedures or information about how Legion Partners voted any security by submitting a written request to Legion Partners. Legion Partners will provide requested

documents and information within a reasonable period of time or as otherwise agreed in the Investment Agreement with a client.

ITEM 18: FINANCIAL INFORMATION

Legion Partners does not require clients to pay any advisory fees more than six months in advance. Legion Partners has never been the subject of a bankruptcy petition.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Legion Partners is not registered with any state securities authority.