

Under a loss carryforward provision contained in the Partnership Agreement, no deduction with respect to the General Partner's percentage of any net profits will be made from the capital account of a particular Limited Partner with respect to a fiscal year until any net loss previously allocated to the capital account of such Limited Partner with respect to the applicable series has been offset by subsequent net profits allocated to the capital account of such Limited Partner for that series. Any such loss carryforward will be reduced proportionately to reflect any withdrawals made by such Limited Partner.

Purchase of New Issues

From time to time, the Partnership may, to the extent permitted by the Rules of the Financial Industry Regulatory Authority, Inc. (the "FINRA Rules"), purchase New Issues. Under the FINRA Rules, brokers generally may not sell such securities to a private investment fund if the fund has investors who are "Restricted Persons," which includes persons employed by or affiliated with a broker and portfolio managers of hedge funds and other registered and unregistered investment advisory firms, or "Covered Investors" which includes certain persons who are affiliated with certain companies that are current, former or prospective investment banking clients of the broker. The profits and losses from New Issues will generally be allocated to investors in the Partnership that are not Restricted Persons or Covered Investors. The Partnership may, however, avail itself of a "de minimis" exemption pursuant to which a portion of any New Issue profits and losses may be allocated to Restricted Persons and/or Covered Investors. The Partnership Agreement provides that the General Partner is authorized to determine, among other things: (i) the manner in which New Issues are purchased, held, transferred and sold by the Partnership and any adjustments with respect thereto; (ii) the Partners who are eligible and ineligible to participate in the profits and losses from New Issues; (iii) the method by which profits and losses from New Issues are to be allocated among Partners in a manner that is permitted under the FINRA Rules (including whether the Partnership will avail itself of a "de minimis" exemption or any other exemption); and (iv) the time at which New Issues are no longer considered as such under the FINRA Rules.

Prior Fiscal Period Items

In general, and notwithstanding any of the allocation rules discussed above, if the Partnership has a material item of income or loss (as defined in the Partnership Agreement) in any fiscal period which relates to a matter or transaction occurring during a prior fiscal period (e.g., if the Partnership wins a cash settlement in a case it began in a prior year) the item of income or loss may, at the sole discretion of the General Partner, be shared among the Partners (including persons who have ceased to be Partners) in accordance with their interest in the Partnership during the prior period. A person who has ceased to be a Partner will be liable for such person's proportionate share of prior fiscal period items and will pay such share on demand, but the amount to be paid will not exceed the amount of such Partner's capital account at the time such prior fiscal period item arose.

8. RISK FACTORS

The Partnership is a highly speculative investment and is not intended as a complete investment program. It is designed only for sophisticated persons who are able to bear the economic risk of the loss of their investment in the Partnership and who have limited need for liquidity. The following risks should be carefully evaluated before making an investment in the Partnership:

Nature of Investments

The Investment Manager has broad discretion in making investments for the Partnership. Investments generally consist of equity securities and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Partnership's activities and the value of its investments. In addition, the value of the Partnership's portfolio (especially fixed income securities) may fluctuate as the general level of interest