

merger transactions (whether announced or unannounced) (as previously defined, “Corporate Events”), in situations in which either (i) the price at which shares eligible for an appraisal can be acquired by the Corporate Value Fund in the market or (ii) Hudson Bay Capital’s analysis indicates that the Transaction Price agreed to between the Target and the Acquiror, is below the Fair Value that Hudson Bay Capital believes is likely to be determined in an Appraisal Proceeding.

The Corporate Value Fund will generally not invest in Corporate Events that have not yet been publicly announced. However, even in the case of a publicly announced Corporate Event, there can be substantial uncertainty as to whether and under what terms such Corporate Event will be consummated.

After an investment in a Corporate Event (a “Corporate Event Investment”) has been identified and a position established, Hudson Bay Capital may seek to “perfect” the Corporate Value Fund’s right to be granted an appraisal of its shares in the Target. Hudson Bay Capital will base its determination of which Targets to select on Hudson Bay Capital’s analysis of its legal rights, as well as the economic fundamentals underlying each such Target as compared to the proposed Transaction Price.

Once a Corporate Event is consummated, Hudson Bay Capital may: (i) file an appraisal petition (an “Appraisal Petition”) in court on behalf of the Corporate Value Fund to begin the appraisal process in an attempt to obtain the Fair Value of the Target’s securities as opposed to the Transaction Price; or (ii) elect not to file, but nevertheless to “perfect” its claim to become entitled to receive the Fair Value obtained by the lead plaintiff in an Appraisal Proceeding. The process of resolving an appraisal demand (as previously defined, an “Appraisal Proceeding”) takes an unpredictable amount of time — often as long as several years. Hudson Bay Capital may, in certain situations, attempt to agree upon a payment for the Corporate Value Fund’s holdings in the Target with the Acquiror and settle the Corporate Value Fund’s interest in the Appraisal Proceeding. The Acquiror may also prepay the Transaction Price for all or part of the Target’s shares so that interest at the statutory rate only accrues on the shortfall, if any, ultimately determined between the Transaction Price and the Fair Value. The Corporate Value Fund also may acquire perfected appraisal rights from third parties (collectively, “Third-Party Appraisal Rights”).

Hudson Bay Capital may cause the Corporate Value Fund to invest in any Corporate Event in which Hudson Bay Capital believes that it is able to identify a sufficient shortfall between the Transaction Price and Fair Value, irrespective of diversification considerations. Similarly, although Hudson Bay Capital anticipates that most of the Appraisal Proceedings the Corporate Value Fund will bring will be in Delaware, the Corporate Value Fund is not restricted as to the jurisdiction in which it may bring an Appraisal Proceeding, and may make substantial investments in Appraisal Proceedings in jurisdictions (including non-U.S. jurisdictions) in which the applicable Law is not as well settled (or not as favorable to the Corporate Value Fund) as it is in Delaware.

The duration of the Corporate Value Fund’s different Corporate Event Investments is expected to be both variable and unpredictable. Hudson Bay Capital anticipates that