

The initial capital contribution and each additional capital contribution of a Partner will be credited to a single capital account (each, a “Capital Account”) established for such Partner. (See “Outline of Partnership Agreement – Additional Capital Contributions” and “Outline of Partnership Agreement – Admission of New Partners.”)

PM TRANCHES:

The Partnership or the Underlying Funds may issue tranches of Interests corresponding to the investment strategy (or a sub-strategy to the extent there are multiple investment strategies managed by a particular portfolio manager) pursued by a particular portfolio manager (the “PM Tranches”). Generally, only the portfolio manager associated with a PM Tranche, members of such portfolio manager’s team, a family member of such persons and certain other persons associated with the Management Company and/or trusts or other entities for the aforementioned parties’ benefit will be eligible to subscribe for a PM Tranche.

ALLOCATION OF GAINS AND LOSSES; INCENTIVE ALLOCATION:

At the end of each accounting period of the Partnership, any net capital appreciation or net capital depreciation will be allocated to all Partners (including the General Partner) in proportion to their respective Capital Accounts as of the beginning of such period.

Generally, at the end of each fiscal year of the Partnership, other than for an Unrecovered Loss Year (as defined below), 20% of the excess of the net capital appreciation allocated to a Limited Partner’s Capital Account for such fiscal year (or such other date as of which the Incentive Allocation is calculated) over the Management Fee debited to such Limited Partner’s Capital Account for such year will be reallocated to the General Partner (the “Full Incentive Allocation,” and together with the Reduced Incentive Allocation, as defined below, the “Incentive Allocation”).

The General Partner, in its sole discretion, may reduce, waive or calculate differently the Incentive Allocation with respect to certain Limited Partners (and has done so on occasion), including, without limitation, Limited Partners that are affiliates, consultants or current or former Principals or employees of the General Partner or the Management Company, members of the immediate families of such persons and trusts or other entities for their benefit.

The Partnership will maintain a memorandum loss recovery account for the Capital Account of each Limited Partner (a