

SOSIN PARTNERS, LP

A Delaware Limited Partnership

AMENDED AND RESTATED CONFIDENTIAL OFFERING MEMORANDUM

March 1, 2016

PRIVATE OFFERING OF LIMITED PARTNERSHIP INTERESTS

Minimum Investment: \$1,000,000

The assets of Sosin Partners, LP (the "Partnership") will be principally invested in a concentrated portfolio of tradable credit and equity instruments (on a long and short basis) with the goal of outperforming the S&P 500 (as measured by a specific S&P 500 ETF) over time.

This Amended and Restated Confidential Offering Memorandum, as the same may be further amended, restated and/or supplemented from time to time (the "Offering Memorandum") is being furnished by the Partnership's general partner, Sosin, LLC (the "General Partner") solely for use by prospective subscribers in evaluating the offering and the Partnership. Interests are being offered to those investors who meet the definition of an "accredited investor" ("Accredited Investor"), as that term is defined in Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act").

An investment in the Partnership is speculative and involves substantial risks, several of which are described in this Offering Memorandum (See "Certain Risk Factors"). Prospective investors should satisfy themselves that an investment in the Partnership is suitable for them and should carefully examine this Offering Memorandum and the Agreement of Limited Partnership attached hereto as Exhibit II.

Offering Memorandum No. _____

Recipient's Name _____

This Offering Memorandum is being given to the recipient solely for the purpose of his or her evaluation of an investment in the limited partnership interests described herein. It may not be reproduced or distributed to anyone else (other than the identified recipient's professional advisers). The recipient, by accepting delivery of this Offering Memorandum, agrees to return it and all related documents to the General Partner if the recipient does not subscribe for a limited partnership interest.

GENERAL PARTNER Sosin, LLC 135 East 57 th Street, Suite 18-108 New York, NY 10022	MANAGER CAS Investment Partners, LLC 135 East 57th Street, Suite 18-108 New York, NY 10022
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THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") NOR QUALIFIED, APPROVED OR DISAPPROVED UNDER ANY OTHER FEDERAL OR STATE SECURITIES LAWS. NEITHER THE SECURITIES AND EXCHANGE COMMISSION ("SEC") NOR ANY OTHER FEDERAL

OR STATE REGULATORY AUTHORITY HAS PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE SECURITIES OFFERED HEREBY MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF BY AN INVESTOR UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT AND, WHERE REQUIRED, UNDER THE LAWS OF OTHER JURISDICTIONS, UNLESS SUCH PROPOSED SALE, TRANSFER OR DISPOSITION IS EXEMPT FROM SUCH REGISTRATION.

THE GENERAL PARTNER IS EXEMPT FROM REGISTRATION WITH THE COMMODITY FUTURES TRADING COMMISSION (“CFTC”) AS A COMMODITY POOL OPERATOR PURSUANT TO RULE 4.13(A)(3) AND THEREFORE, UNLIKE A REGISTERED COMMODITY POOL OPERATOR, IT IS NOT REQUIRED TO DELIVER A DISCLOSURE DOCUMENT AND A CERTIFIED ANNUAL REPORT TO PARTICIPANTS IN THE POOL.

THE GENERAL PARTNER’S ELIGIBILITY FOR SUCH EXEMPTION FROM REGISTRATION IS BASED ON THE FACT THAT AT ALL TIMES, THE POOL MEETS ONE OR MORE TESTS WITH RESPECT TO ITS COMMODITY INTEREST POSITIONS REQUIRED UNDER CFTC REGULATION §4.13(A)(3)(ii), AS DESCRIBED MORE FULLY IN THIS OFFERING MEMORANDUM, AND THAT (1) AT ALL TIMES INTERESTS IN THE POOL ARE EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND SUCH INTERESTS ARE OFFERED AND SOLD WITHOUT MARKETING TO THE PUBLIC IN THE UNITED STATES AND (2) EACH PERSON PARTICIPATING IN THE POOL IS (A) AN “ACCREDITED INVESTOR,” AS THAT TERM IS DEFINED IN §230.501 OF TITLE 17 OF THE UNITED STATES CODE OF FEDERAL REGULATIONS, (B) A TRUST THAT IS NOT AN ACCREDITED INVESTOR BUT THAT WAS FORMED BY AN ACCREDITED INVESTOR FOR THE BENEFIT OF A FAMILY MEMBER, (C) A “QUALIFIED ELIGIBLE PERSON,” AS THAT TERM IS DEFINED IN CFTC REGULATION §4.7(A)(2)(viii)(A) OR (D) A “KNOWLEDGEABLE EMPLOYEE,” AS THAT TERM IS DEFINED IN CFTC REGULATION §270.3C-5.

**THESE SECURITIES ARE SUBJECT TO A HIGH DEGREE OF RISK.
SEE “CERTAIN RISK FACTORS.”**

NOTICE TO ALL INVESTORS

THIS IS A PRIVATE OFFERING MADE PURSUANT TO APPLICABLE FEDERAL AND STATE "PRIVATE PLACEMENT" EXEMPTIONS. THE INTERESTS MUST BE ACQUIRED FOR INVESTMENT PURPOSES ONLY AND, ONCE ACQUIRED, WILL NOT BE FREELY TRANSFERABLE.

THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS UNLAWFUL. THIS OFFERING MEMORANDUM CONSTITUTES AN OFFER ONLY IF DELIVERY OF THIS OFFERING MEMORANDUM IS PROPERLY AUTHORIZED BY THE GENERAL PARTNER. THIS OFFERING MEMORANDUM HAS BEEN PREPARED BY THE GENERAL PARTNER SOLELY FOR THE BENEFIT OF PERSONS INTERESTED IN THE PROPOSED SALE OF THE INTERESTS, AND ANY DISTRIBUTION OR REPRODUCTION OF THIS OFFERING MEMORANDUM, IN WHOLE OR IN PART, WITHOUT THE PRIOR WRITTEN CONSENT OF THE GENERAL PARTNER, IS PROHIBITED.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OR PROVIDE ANY INFORMATION WITH RESPECT TO THE INTERESTS EXCEPT SUCH INFORMATION AS IS CONTAINED IN THIS OFFERING MEMORANDUM.

IN MAKING AN INVESTMENT DECISION, EACH PROSPECTIVE INVESTOR MUST RELY ON ITS OWN EXAMINATION OF THE PARTNERSHIP AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THE CONTENTS OF THIS OFFERING MEMORANDUM SHOULD NOT BE CONSTRUED AS INVESTMENT, LEGAL, ERISA (AS DEFINED HEREIN) OR TAX ADVICE. A NUMBER OF FACTORS MATERIAL TO A DECISION WHETHER TO INVEST IN THE INTERESTS HAVE BEEN PRESENTED IN THIS OFFERING MEMORANDUM IN SUMMARY OR OUTLINE FORM ONLY IN RELIANCE ON THE FINANCIAL SOPHISTICATION OF THE OFFEREEES. EACH PROSPECTIVE INVESTOR IS URGED TO SEEK INDEPENDENT INVESTMENT, LEGAL, ERISA AND TAX ADVICE CONCERNING THE CONSEQUENCES OF INVESTING IN THE PARTNERSHIP.

NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED OR SHOULD BE INFERRED WITH RESPECT TO THE ECONOMIC RETURN OR THE TAX CONSEQUENCES FROM AN INVESTMENT IN THE PARTNERSHIP. NO ASSURANCE CAN BE GIVEN THAT EXISTING LAWS WILL NOT BE CHANGED OR INTERPRETED ADVERSELY TO THE PARTNERSHIP OR THE LIMITED PARTNERS OF THE PARTNERSHIP.

THE DELIVERY OF THIS OFFERING MEMORANDUM DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE ON THE COVER HEREOF.

INTERESTS ARE AVAILABLE ONLY TO PERSONS WILLING AND ABLE TO BEAR THE ECONOMIC RISKS OF THIS INVESTMENT. THE INVESTMENT IN THE PARTNERSHIP IS SPECULATIVE, ILLIQUID AND INVOLVES A HIGH DEGREE OF RISK, INCLUDING THE RISK OF A COMPLETE LOSS OF CAPITAL, AND IS SUITABLE ONLY FOR SOPHISTICATED INVESTORS. SEE "CERTAIN RISK FACTORS." THE INVESTMENTS ARE SUITABLE AS AN

INVESTMENT ONLY FOR A LIMITED PORTION OF THE RISK SEGMENT OF AN INVESTOR'S PORTFOLIO.

TO THE EXTENT THAT THESE MATERIALS CONTAIN STATEMENTS ABOUT THE FUTURE, SUCH STATEMENTS ARE FORWARD LOOKING AND SUBJECT TO A NUMBER OF RISKS AND UNCERTAINTIES, INCLUDING, BUT NOT LIMITED TO, THE IMPACT OF COMPETITIVE PRODUCTS, PRODUCT DEMAND AND MARKET ACCEPTANCE RISKS, RELIANCE ON KEY STRATEGIC ALLIANCES, FLUCTUATIONS IN OPERATING RESULTS AND OTHER RISKS. THESE RISKS COULD AFFECT THE VALUE OF THE INTERESTS DESCRIBED HEREIN AND COULD CAUSE THE RESULTS FOR THE CURRENT FISCAL YEAR AND BEYOND TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN ANY FORWARD LOOKING STATEMENTS MADE HEREIN.

THIS OFFERING MEMORANDUM IS BEING GIVEN TO THE RECIPIENT SOLELY FOR THE PURPOSE OF EVALUATING AN INVESTMENT IN THE INTERESTS DESCRIBED HEREIN. IT MAY NOT BE REPRODUCED OR DISTRIBUTED TO ANYONE ELSE (OTHER THAN THE RECIPIENT'S PROFESSIONAL ADVISERS). BY ACCEPTING DELIVERY OF THIS OFFERING MEMORANDUM, RECIPIENT AGREES NOT TO DISTRIBUTE IT AND, IF THE RECIPIENT DETERMINES NOT TO SUBSCRIBE FOR INTERESTS, RECIPIENT AGREES TO RETURN THE OFFERING MEMORANDUM AND ALL RELATED DOCUMENTS TO THE GENERAL PARTNER.

INVESTORS (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF INVESTORS) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATIONS OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF THE TRANSACTION AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSIS) THAT ARE PROVIDED TO INVESTORS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. THIS AUTHORIZATION OF TAX DISCLOSURE IS RETROACTIVELY EFFECTIVE TO THE COMMENCEMENT OF THE FIRST DISCUSSIONS BETWEEN SUCH INVESTOR AND THE PARTNERSHIP REGARDING THE TRANSACTIONS CONTEMPLATED HEREIN.

DISCUSSIONS IN THIS OFFERING MEMORANDUM BELOW AS THEY RELATE TO CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES ARE NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING UNITED STATES FEDERAL TAX PENALTIES. SUCH DISCUSSIONS WERE WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED IN THIS OFFERING MEMORANDUM, AND ANY TAXPAYER TO WHOM THE TRANSACTIONS OR MATTERS ARE BEING PROMOTED, MARKETED OR RECOMMENDED SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

NOTICE TO RESIDENTS OF ALL STATES:

THE INTERESTS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATES AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE INTERESTS ARE SUBJECT TO RESTRICTION ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE INTERESTS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE

ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO FLORIDA INVESTORS:

THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES ACT.

IF SALES ARE MADE TO FIVE (5) OR MORE INVESTORS IN FLORIDA, ANY FLORIDA INVESTOR MAY, AT HIS OR HER OPTION, VOID ANY PURCHASE HEREUNDER WITHIN A PERIOD OF THREE (3) DAYS AFTER HE OR SHE (A) FIRST TENDERS OR PAYS TO THE PARTNERSHIP, AN AGENT OF THE PARTNERSHIP OR AN ESCROW AGENT THE CONSIDERATION REQUIRED HEREUNDER OR (B) DELIVERS HIS OR HER EXECUTED SUBSCRIPTION AGREEMENT, WHICHEVER OCCURS LATER. TO ACCOMPLISH THIS, IT IS SUFFICIENT FOR A FLORIDA INVESTOR TO SEND A LETTER OR TELEGRAM TO THE PARTNERSHIP WITHIN SUCH THREE-DAY (3) PERIOD, STATING THAT HE OR SHE IS VOIDING AND RESCINDING THE PURCHASE. IF ANY INVESTOR SENDS A LETTER, IT IS PRUDENT TO DO SO BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO INSURE THAT THE LETTER IS RECEIVED AND TO EVIDENCE THE TIME OF MAILING.

NOTICE TO GEORGIA INVESTORS:

THE INTERESTS HAVE BEEN ISSUED OR SOLD IN RELIANCE ON PARAGRAPH (13) OF CODE SECTION 10-5-9 OF THE "GEORGIA SECURITIES ACT OF 1973," AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION THAT IS EXEMPT UNDER SUCH ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SUCH ACT.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG:

YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO AN INVESTMENT IN THE PARTNERSHIP IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS DOCUMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS DOCUMENT HAS NOT BEEN REGISTERED BY THE REGISTRAR OF COMPANIES IN HONG KONG PURSUANT TO THE COMPANIES ORDINANCE ("CO") AND ITS CONTENTS HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG.

ACCORDINGLY, IN HONG KONG OTHER THAN (1) TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571) OF THE LAWS OF HONG KONG ("SFO") AND ANY RULES MADE UNDER THAT ORDINANCE, TO PERSONS AND IN CIRCUMSTANCES WHICH DO NOT RESULT IN THIS DOCUMENT BEING A "PROSPECTUS" AS DEFINED IN SECTION 2(1) OF THE COMPANIES ORDINANCE (CHAPTER 32) ("CO") OR WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE CO AND (2) NO PERSON MAY ISSUE ANY INVITATION, ADVERTISEMENT OR OTHER DOCUMENT RELATING TO THE INTERESTS WHETHER IN HONG KONG OR ELSEWHERE, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKE TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO THE INTERESTS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" WITHIN THE MEANING OF THE SFO AND RULES MADE THEREUNDER.

Table of Contents

	Page
DIRECTORY	VII
SUMMARY OF TERMS	VIII
OVERVIEW	1
INVESTMENT OBJECTIVE AND STRATEGY	1
PARTNERSHIP PROFESSIONALS	7
SUBSCRIPTIONS, CAPITAL ACCOUNTS, ALLOCATIONS, NET ASSET VALUATION	12
WITHDRAWALS	19
FEES AND EXPENSES	21
SUITABILITY	23
CERTAIN RISK FACTORS	29
POTENTIAL CONFLICTS OF INTEREST	47
TAX CONSIDERATIONS	50
CERTAIN ERISA CONSIDERATIONS	60
MISCELLANEOUS	63
INDEPENDENT REGISTERED PUBLIC ACCOUNTING AND TAX ACCOUNTING FIRM	64
LEGAL MATTERS	64
ACCESS TO INFORMATION	64
EXHIBIT I- PRIVACY NOTICE	66
EXHIBITS	
I. PRIVACY NOTICE	
II. AGREEMENT OF LIMITED PARTNERSHIP	
III. SUBSCRIPTION DOCUMENT	

DIRECTORY

SOSIN PARTNERS, LP

General Partner	Sosin, LLC 135 East 57th Street, Suite 18-108 New York, NY 10022	Telephone: [REDACTED]
Manager	CAS Investment Partners, LLC 135 East 57th Street, Suite 18-108 New York, NY 10022	Telephone: [REDACTED]
Principal Office of the Partnership	Sosin Partners, LP 135 East 57th Street, Suite 18-108 New York, NY 10022	Telephone: [REDACTED]
Auditors	Spicer Jeffries LLP 5251 S. Quebec Street, Suite 200 Greenwood Village, CO 80111	Telephone: [REDACTED] Facsimile: [REDACTED]
Administrator	Panoptic Fund Administration, LLC 11835 W. Olympic Blvd., Suite 625E Los Angeles, CA 90064 Attn: Georgia Goodman	Telephone: [REDACTED] Facsimile: [REDACTED]
Prime Broker	BTIG, LLC 825 Third Avenue, FL-6 New York, NY 10022	Telephone: [REDACTED] Facsimile: [REDACTED]
Custodian	Pershing, LLC One Pershing Plaza Jersey City, NJ 07399	Telephone: [REDACTED]
Legal Advisors	Haynes and Boone, LLP 30 Rockefeller Plaza, 26 th Floor New York, New York 10112 Attn: Ricardo W. Davidovich, Esq.	Telephone: [REDACTED] Facsimile: [REDACTED]

SUMMARY OF TERMS

The following is a summary of the terms and conditions of an investment in Sosin Partners, LP, a Delaware limited partnership (the “Partnership”). The following summary is qualified in its entirety by the information appearing elsewhere herein and in the amended and restated agreement of limited partnership of the Partnership, as the same may be further amended, restated and/or supplemented from time to time (the “Partnership Agreement”). The description of any document is qualified by reference to such document.

The Partnership

The Partnership is a Delaware limited partnership which is currently offering through private placement limited partnership interests (the “Interests” and each individually, an “Interest”) through this Amended and Restated Confidential Offering Memorandum, as the same may be further amended, restated and/or supplemented from time to time (the “Memorandum”) to eligible investors as set forth herein. Investors admitted to the Partnership will acquire an Interest and become limited partners of the Partnership (the “Limited Partners”). The Limited Partners and the General Partner (as defined below) are sometimes referred to herein collectively as the “Partners.”

The Partnership is authorized to issue additional classes of Interests from time to time pursuant to this or other offering materials and without the consent of the Limited Partners. Such classes may have terms that differ from (and may be more favorable than) those set forth herein, including different investment strategies and/or fee structures.

General Partner

Sosin, LLC, a Delaware limited liability company (the “General Partner”) controlled by Clifford A. Sosin, is the general partner of the Partnership. The General Partner exercises ultimate authority over the Partnership and is responsible for the day-to-day operations of the Partnership. The General Partner is the “Tax Matters Partner” for Internal Revenue Service (“IRS”) purposes. The General Partner has filed for an exemption from registration as a commodity pool operator pursuant to CFTC Regulation 4.13(a)(3).

Manager

The General Partner has delegated its responsibility for the Partnership’s investment decisions to CAS Investment Partners, LLC, a Delaware limited liability company (the “Manager”) also controlled by Clifford A. Sosin pursuant to a management agreement, as amended or restated from time to time (the “Management Agreement”). The Manager relies on the exemption from registration as a commodity trading advisor pursuant to CFTC Regulation 4.14(a)(10).

Master Fund

While not currently anticipated, at the election of the General

Partner, the Partnership may adopt a “master-feeder” structure and invest all, or substantially all, of its assets in another entity with an investment program identical to that of the Partnership. Such master fund (referred to herein as the “Master Fund”) may utilize the services of the General Partner, the Manager and/or their affiliates and invest and reinvest assets of the Partnership, together with assets of other similar entities, following the same investment strategy described herein.

Investment Strategy and Process

The assets of the Partnership will be principally invested in a concentrated portfolio of tradable credit and equity instruments (on a long and short basis) with the goal of outperforming the S&P 500 (as measured by a specific S&P 500 ETF) over time. The Manager does not seek to maintain any specific directional market bias or asset class bias. Instead, the Partnership’s overall market and asset class exposure (i.e. long or short equities or long or short credit) is endogenous to the Manager’s opinion of risks and expected returns of individual securities.

Special Situation Investments

The Manager does not intend to seek out a significant number of Special Situation Investments (as defined herein); nevertheless, the Manager reserves the right to make Special Situation Investments, as provided herein. Furthermore, certain investments held by the Partnership may become Special Situation Investments. Accordingly, a portion of the Partnership’s investment portfolio may consist of (i) privately offered securities and other similarly illiquid securities that, in the sole opinion of the Manager, are subject to regulatory, contractual or other restrictions on disposition; (ii) structured products and over-the-counter derivative transactions that, in the sole opinion of the Manager, cannot be replicated by other securities available in the market, thereby making it (in each case) difficult or impossible to value accurately such securities, products or transactions; and/or (iii) investments that become illiquid due to regulatory action, bankruptcy or insolvency of an issuer or counterparty, or otherwise (each such security, product, transaction or investment is referred to herein as a “Special Situation Investment”).

The Partnership, in the discretion of the General Partner, may invest in or hold Special Situation Investments through separate or wholly-owned limited liability companies, limited partnerships, liquidating trusts or special purpose vehicles. Any investment in a Special Situation Investment by the Partnership will be subject to the deduction of Management Fees (as defined herein) and the allocation of the Performance Allocation (as defined herein) in the manner as provided herein.

No Assurance. There can be no assurance that the Manager will be successful in achieving the Partnership’s investment

objective or that the strategies set forth herein will be successful. Past results of the Partnership, the Manager and/or the principals or affiliates of the General Partner and/or the Manager in this or other activities are not necessarily indicative of the future performance of the Partnership.

See “CERTAIN RISK FACTORS” and “POTENTIAL CONFLICTS OF INTEREST” for a description of the risks and conflicts associated with the Partnership’s investment program and an investment in the Partnership.

Administrator

The Partnership has entered into an administration agreement (“Administration Agreement”) with Panoptic Fund Administration, LLC (“Administrator”), to perform certain operational, accounting, administration and facilities support services on behalf of the Partnership. See “PARTNERSHIP PROFESSIONALS - The Administrator.”

Brokerage

The General Partner has retained BTIG, LLC (“Prime Broker”) to serve as the Partnership’s introducing broker and Pershing, LLC to serve as its custodian and clearing agent (“Custodian”). In the discretion of the General Partner, portfolio assets may be held for the benefit of the Partnership by other financial institutions, including any brokers or dealers or other institutions through which the Partnership effects transactions. The Partnership may engage and pay fees and/or commissions to other or additional custodians, prime brokers and/or brokers, including without limitation, affiliates of the General Partner and/or the Manager at any time. The Partnership may retain additional parties to serve as prime broker and/or may terminate its relationship with the Prime Broker in the General Partner’s sole discretion without the consent of the Limited Partners.

Portfolio transactions are executed by brokers and dealers selected by the Manager on behalf of the Partnership on the basis of their ability to effect prompt and efficient executions at competitive rates and also in consideration of such brokers’ provision or payment of brokerage or research services (the provision or payment of such services by brokers are referred to as payment made by “soft dollars,” as further discussed herein). The Manager intends to use “soft dollars” within the parameters of the “safe harbor” established by Section 28(e) of the Securities Exchange Act of 1934, as amended.

Certain prime brokers may charge the Partnership for custody if the Partnership does not meet minimum revenue requirements with the prime broker. The Manager will make its trading decisions irrespective of these minimum revenue requirements. As such, the Partnership may have to pay for custody. See “PARTNERSHIP PROFESSIONALS - Brokerage.”

Minimum Initial and Subsequent Investments The minimum initial investment in the Partnership is \$1,000,000, subject to the sole discretion of the General Partner to waive, reduce or increase such minimum amount.

Eligible Investors Investors in the Partnership must be “accredited investors” within the meaning of Regulation D under the U.S. Securities Act of 1933 as amended (the “Securities Act”) and “qualified clients” within the meaning of the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”) and will be required to meet other suitability requirements as set forth in the subscription documents. The foregoing suitability standards represent the minimum suitability requirements for prospective investors in the Partnership and satisfaction of these standards does not necessarily mean that an investment in the Partnership is a suitable investment for a prospective investor. See “SUITABILITY.”

Admissions; Additional Capital Contributions The General Partner may admit new Limited Partners and permit Limited Partners to make additional capital contributions on a monthly basis as of the first Business Day (as defined below) of any calendar month, or at any other time as determined by the General Partner in its sole discretion (each, a “Subscription Date”). The General Partner may modify the frequency of permitted admissions and/or additional contributions. The term “Business Day” refers to any day (other than a Saturday or Sunday) when banks in New York are open for business or such other day as determined by the General Partner in its sole discretion.

The General Partner has the right, in its sole and absolute discretion, to accept, or to decline to accept, any capital contribution, in whole or in part for any or no reason. Additionally, the General Partner, in its sole discretion, may allow a Limited Partner to make in-kind contributions (either partially or fully) to the Partnership. Such contributions shall be valued by the General Partner as of the date of acceptance by the Partnership at their fair market value, net of costs and expenses incurred in accepting such contributions.

The General Partner may, in its sole discretion, “close” the Partnership or any class of Interests at any time by refusing to (i) allow the admission of new Limited Partners and/or (ii) accept additional capital contributions by existing Limited Partners, without notice to the Limited Partners. Notwithstanding the foregoing, the General Partner may, at its sole discretion, reopen the Partnership or any class of Interests (as applicable) as of any date.

Completed subscription materials must be received by the Administrator at least three (3) Business Days prior to the

relevant Subscription Date, and cleared funds must be in the Partnership's account prior to the relevant Subscription Date. The General Partner may waive or reduce the required notice periods in its sole discretion, on a case by case basis.

**Capital Accounts;
Special Situation Sub-Accounts**

Generally. A capital account (the "Capital Account") is established with respect to each Partner in the Partnership, including the General Partner, the opening value of which will be the Partner's initial capital contribution to the Partnership, adjusted as hereinafter provided.

At the beginning of each Accounting Period (as defined herein), the Capital Account of each Partner shall be increased by the amount of any additional capital contributions made by such Partner as of the beginning of such Accounting Period. At the end of each Accounting Period, each Partner's Capital Account shall be (i) increased or decreased by any Net Capital Appreciation or Net Capital Depreciation (as each term is defined herein) allocated to such Partner's Capital Account for such Accounting Period; (ii) decreased by the amount, if any, reallocated from a Partner's Capital Account to its Special Situation Sub-Account(s) (as defined herein); (iii) increased by the amount, if any, reallocated from such Partner's Special Situation Sub-Account(s) to its Capital Account; and (iv) decreased by (x) the amount of any withdrawals made by, or distributions made to, such Partner as of the end of such Accounting Period and (y) the amount of any Management Fees charged to such Capital Account during such Accounting Period. Adjustments are then made to the Capital Accounts to account for Performance Allocations (as defined herein), if any, withholding and foreign taxes or tax credits with respect to any investments of the Partnership.

Special Situation Sub-Accounts. When the Partnership acquires a Special Situation Investment or when an investment previously acquired becomes a Special Situation Investment, a new sub-account (a "Special Situation Sub-Account") will be established for each Limited Partner who is a Limited Partner at such time. With respect to each Special Situation Investment of the Partnership, a Limited Partner's Special Situation Sub-Account will be established in an amount equal to (i) its Special Situation Percentage (as defined in the Partnership Agreement) as of the time that the Partnership acquires such Special Situation Investment or an investment previously acquired becomes a Special Situation Investment, as the case may be, multiplied by (ii) the Book Value (as defined below) of such Special Situation Investment.

Upon a determination by the Manager that the applicable Special Situation Investment no longer constitutes a Special Situation Investment or a disposition, in whole or in part, of such Special

Situation Investment maintained in the applicable Special Situation Sub-Account of a Limited Partner (a "Liquid Date"), an amount equal to the product of (i) the fair value of such Special Situation Investment held or the proceeds thereof and (ii) the Special Situation Percentage with respect to such Limited Partner which is attributable to such Special Situation Investment shall be reallocated, at such time as the General Partner determines, in consultation with the Manager, from such Special Situation Sub-Account to the Capital Account of such Limited Partner (except as otherwise provided in the section entitled "WITHDRAWALS" herein), and, thereafter, such Special Situation Sub-Account shall be terminated. The General Partner will not be allocated a Performance Allocation with respect to any appreciation generated by a Special Situation Investment until the Liquid Date with respect to such Special Situation Investment in accordance with the terms of the Partnership Agreement.

The term "Book Value" shall mean, with respect to a Special Situation Investment, the original price at which the Special Situation Investment was purchased (adjusted for amortizations of premiums or discounts, reserves, interest payments, principal amortization or other factors as deemed appropriate by the Manager) or, with respect to an existing investment that becomes a Special Situation Investment, the lower of: (i) the fair value of the investment determined by the Manager immediately preceding the time it was determined by the Manager to be a Special Situation Investment, or (ii) the estimated current fair value of the investment, as determined by the Manager in its sole discretion, based on all available information at such time, subject to adjustment pursuant to the following paragraphs.

Notwithstanding anything to the contrary set forth herein, the Partnership will hire a third-party valuation agent to determine the Book Value of a Special Situation Investment previously acquired by the Partnership which was subsequently determined by the Manager to be a Special Situation Investment as of the date of such determination (the "SSI Determination Date") if all of the following criteria are met: (A) the fair value of such Special Situation Investment (as determined by the Manager) as of such SSI Determination Date is equal to or exceeds both (x) \$5,000,000, and (y) ten percent (10%) of the Partnership's Net Asset Value as of such SSI Determination Date; and (B) the estimated accrued, but unallocated, Performance Allocation as of such SSI Determination Date is equal to or exceeds one percent (1.0%) of the Partnership's Net Asset Value as of such date.

In addition, at the end of each calendar quarter (each such date a "Subsequent Determination Date"), the Manager shall estimate

the fair value of each Special Situation Investment. If such estimated fair value of such Special Situation Investment is less than the Book Value of such Special Situation Investment, the Book Value of such Special Situation Investment shall be decreased to such estimated fair value as of such Subsequent Determination Date (the amount of such decrease, an “Estimated Write Down”).

Further, notwithstanding anything to the contrary set forth herein, the Partnership will hire a third-party valuation agent to determine the fair value of any Special Situation Investment as of the end of the fiscal year following the anniversary of the acquisition date or the SSI Determination Date, as applicable, with respect to such Special Situation Investment, and as of each subsequent fiscal year end thereafter, if all of the following criteria are met: (A) the fair value of such Special Situation Investment (as determined by the Manager) as of such fiscal year end is equal to or exceeds both (x) \$5,000,000, and (y) ten percent (10%) of the Partnership’s Net Asset Value as of such fiscal year end; and (B) the estimated accrued, but unallocated, Performance Allocation as of such fiscal year end is equal to or exceeds one percent (1.0%) of the Partnership’s Net Asset Value as of such date. If the fair value of any Special Situation Investment determined by such third-party valuation agent as of a fiscal year end is less than the Book Value of such Special Situation Investment, the Book Value of such Special Situation Investment shall be decreased to such estimated fair value as of such fiscal year end (the amount of such decrease, a “Valuation Write Down”).

New Issue Allocation

Subject to the following paragraph, the Partnership may directly or indirectly invest in “new issues” (generally defined in Financial Industry Regulatory Authority (“FINRA”) Rule 5130, as the same may be amended, supplemented or replaced from time to time (“FINRA Rule 5130”) as any initial public offering of an equity security). New issues may not be sold, except in limited circumstances, to an account in which a member or person affiliated with or related to a member of FINRA (or to certain other securities industry professionals/companies) has an interest. In the event the Partnership invests in “new issues,” Partners who are “restricted persons” within the meaning of FINRA Rule 5130 may be prohibited from participating in such “new issues” in whole or in part. Accordingly, to the extent that the Partnership purchases new issues, the Partnership will do so primarily, if not only, with the assets attributable to those Partners who are eligible to participate in “new issues.” In addition, the General Partner may, in its sole discretion, make special allocations to prevent all or part of a Partner’s Capital Account from participating in “new issues” so as to comply with FINRA Rule 5130.

Anti-Spinning. Notwithstanding the foregoing, the Partnership may be prohibited, in whole or in part, from receiving allocations of “new issues” based on FINRA Rule 5131 (“FINRA Rule 5131”). FINRA Rule 5131 restricts FINRA members (i.e. broker-dealers) from allocating new issues to any “account” (i.e. the Partnership) in which an executive officer or director of a public company or a covered non-public company (as defined herein), or a person materially supported (as defined herein) by such executive officer or director, has a beneficial interest, if one of the three (3) following conditions are met: (1) the executive officer or director’s company must also either be a current or former (within the past twelve (12) months) investment banking services client of the member; (2) the person making the allocation decision on behalf of the FINRA member knows or has reason to know that the member intends to provide investment banking services for the company within the next three (3) months; or (3) on the express or implied condition that the executive officer or director will retain the FINRA member for the performance of future investment banking services. However, FINRA Rule 5131 provides a de minimis exception and expressly permits allocation of new issues to any account in which the executive officers and directors of that particular company do not receive, in the aggregate, more than twenty-five percent (25%) in the aggregate of such allocation. As such, the General Partner may, in its sole discretion, make special allocations to prevent all or part of any Partner’s Capital Account from participating in new issues so as to comply with FINRA Rule 5131.

Valuation

In general, the Partnership’s net asset value is equal to the Partnership’s assets at fair value, less its liabilities, at fair value (“Net Asset Value”). The Partnership’s Net Asset Value is calculated by the General Partner (or any other party designated by the General Partner, including the Administrator) on a monthly basis as of the close of the last Business Day of each calendar month or at such other time as determined by the General Partner (each, a “Valuation Date”). See “SUBSCRIPTIONS, CAPITAL ACCOUNTS, ALLOCATIONS, NET ASSET VALUATION – Net Asset Valuation.”

Performance Allocation

Subject to the Loss Recovery Account provisions described herein, at the end of each Performance Allocation Period (as defined below), twenty percent (20%) of the Aggregate Net Increase (as defined herein) with respect to each Limited Partner’s Capital Account during such Performance Allocation Period will be reallocated from such Capital Account to the Capital Account of the General Partner (the “Performance Allocation”). The Partnership has adopted the “high water mark” method of calculating the Performance Allocation by utilizing the Loss Recovery Account method described below.

A "Performance Allocation Period" shall commence, with respect to a Limited Partner, on the date of admission of such Limited Partner and, thereafter, immediately following the close of the preceding Performance Allocation Period, and will end (i) on the last Business Day of each fiscal year, (ii) with respect to a Limited Partner making a total withdrawal or a partial withdrawal from its Capital Account (with respect to the amount withdrawn), on the Withdrawal Date, (iii) at the General Partner's sole discretion, with respect to a Limited Partner transferring all or a portion of its Capital Account (with respect to such transferred amounts), on the date of such transfer, (iv) on the effective date that the General Partner ceases to be the Partnership's general partner, and (v) on the date when the Partnership dissolves and/or terminates.

The General Partner reserves the right to waive or reduce the Performance Allocation with respect to any Limited Partner, including, without limitation, its affiliates, members and/or employees.

Loss Recovery Account

There is established on the books of the Partnership for each Limited Partner a memorandum account (the "Loss Recovery Account"), the opening balance of which is zero. The General Partner's Performance Allocation shall be subject to the amount of each Limited Partner's Loss Recovery Account from the preceding Performance Allocation Period. At the end of each Performance Allocation Period, the balance in each Limited Partner's Loss Recovery Account is adjusted as follows: (i) an amount equal to any Aggregate Overall Depreciation (as defined herein) with respect to such Limited Partner during such Performance Allocation Period is credited to such Limited Partner's Loss Recovery Account; or (ii) an amount equal to any Aggregate Overall Appreciation (as defined herein) with respect to such Limited Partner during such Performance Allocation Period, before any Performance Allocation to the General Partner, is debited to and reduces any unrecovered balance in such Limited Partner's Loss Recovery Account, but not beyond zero. No Performance Allocation is allocable from a Limited Partner's Capital Account unless and until such Limited Partner's Loss Recovery Account is at zero. The Aggregate Net Increase upon which the calculation of the Performance Allocation is based is deemed reduced by the amount, if any, of such Limited Partner's Loss Recovery Account. Furthermore, for purposes of adjusting a Limited Partner's Loss Recovery Account, any Management Fees paid or accrued with respect to a Limited Partner during a Performance Allocation Period shall increase the amount of Aggregate Overall Depreciation credited to such Limited Partner's Loss Recovery Account or decrease the amount of Aggregate Overall Appreciation debited to such Limited Partner's Loss Recovery Account, as the case may be.

In the event that a Limited Partner with an unrecovered balance in its Loss Recovery Account withdraws all or a portion of its Capital Account or receives a distribution of a Special Situation Investment in kind, the unrecovered balance in such Limited Partner's Loss Recovery Account is reduced as of the beginning of the next Performance Allocation Period by an amount equal to the product obtained by multiplying the balance in such Limited Partner's Loss Recovery Account by a fraction, the numerator of which is the amount of such withdrawal made or distribution received by such Limited Partner and the denominator of which is the aggregate balance in such Limited Partner's Capital Account and Special Situation Sub-Account(s) on the last day of the prior Performance Allocation Period (prior to such withdrawal made by or distribution to the Limited Partner). Additional capital contributions will not affect any Limited Partner's Loss Recovery Account.

Fees and Expenses

Management Fee. The Partnership will pay the Manager (or any other person or entity designated by the Manager) a management fee that accrues monthly and is payable quarterly in arrears (the "Management Fee") in an amount equal to: (i) 0.50% of the Net Asset Value of the Capital Account of each Limited Partner (two percent (2.0%) per annum), and (ii) 0.35% of the Book Value of the Special Situation Sub-Account of each Limited Partner (one and four-tenths percent (1.4%) per annum). The Management Fee is prorated for partial periods. Payment of the Management Fee is due as of the last Business Day of each calendar quarter and is payable by the Partnership within ten (10) days thereafter.

In the event of a suspension or limitation of the rights of Limited Partners to withdraw from the Partnership as discussed in "WITHDRAWALS – *Inability to Liquidate; Suspension*" herein (other than any suspensions or limitations required by law, regulatory authority or as the result of a request by a regulatory or governmental agency or authority or self-regulatory organization), the Partnership will pay the Manager a Management Fee in an amount equal to 0.35% (one and four-tenths percent (1.4%) per annum) of the Net Asset Value of the Capital Account of such Limited Partner for such period of suspension or limitation.

The Management Fee Holdback (as defined herein) will be imposed on a Limited Partner that requests a withdrawal of substantially all of the assets of its Capital Account at any time prior to the liquidation of each Special Situation Sub-Account of such Limited Partner. See "WITHDRAWALS – Special Situation Investments" herein.

The Manager, in its sole discretion, may waive, by rebate or

otherwise, all or part of the Management Fee otherwise due with respect to any Partner's investment, including, without limitation, its affiliates, members and/or employees.

Organizational and Offering Expenses. Organizational expenses of the Partnership include, but are not limited to, legal, accounting and government filing fees. Offering expenses include marketing expenses, printing of this Offering Memorandum and exhibits thereto and the admission of Limited Partners. The costs and expenses of the Partnership's organization and the initial offering and sale of Interests, which were approximately \$7,500, were paid by the General Partner. These organizational and offering expenses are being reimbursed by the Partnership over time and are being amortized over a period of up to 60 months. For any period in which the Partnership is amortizing organizational expenses, the General Partner may decide to (a) recognize the unamortized expenses or (b) make U.S. Generally Accepted Accounting Principles ("GAAP") conforming changes for financial reporting purposes but amortize expenses for purposes of calculating the Partnership's net asset value. If a Partner withdraws a portion of its Capital Account prior to the end of the period during which the Partnership is amortizing its organizational expenses, the General Partner may elect to accelerate a proportionate share of the unamortized expenses based on the portion of the Capital Account withdrawn and allocate such expense to that Capital Account (which shall reduce that Partner's withdrawal proceeds by the amount of such accelerated expenses).

Ongoing Expenses. Certain of the Partnership's operating expenses will be paid by the Partnership. Operating expenses include, without limitation, (A) the Partnership's ongoing accounting, auditing, bookkeeping, due diligence, tax preparation, administration, trading and execution, legal, consulting and other professional fees and expenses; (B) all costs of communications with Limited Partners; (C) a portion of original and third-party research expenses not reimbursed or otherwise paid by broker dealers (including some or all of the costs associated with various data feeds (e.g. Bloomberg terminal, etc.) and subscriptions to professional journals and the like not to exceed 60bps annually (as measured by the Partnership's capital at the beginning of the year); (D) all investment-related expenses, (including all commissions, bid-ask spreads, mark-ups, interest on margin borrowing, costs relating to short sales, transfer taxes, custodian fees, etc.); (E) all costs of protecting or preserving any investment held by the Partnership; (F) all losses, damages, charges, costs or expenses arising from the Partnership's indemnification obligations under the Partnership Agreement and other contracts to which the Partnership may become a party; (G) expenses incurred with regard to Special Situation Sub-Accounts; (H) regulatory and tax

filing fees; (I) expenses incurred with respect to the preparation, duplication and distribution to Limited Partners and prospective Limited Partners of the offering documents, annual reports and other financial information; (J) expenses of any third-party valuation agent(s); and (K) all costs associated with dissolution, winding up, liquidation or termination of the Partnership. The Manager may elect to pay for some or all of the Partnership's costs and expenses.

Fees and expenses that are identifiable with a particular class of Interests may, in the General Partner's sole discretion, be charged against that class in computing its Net Asset Value.

The General Partner and/or the Manager will pay, and shall not be reimbursed by the Partnership for, each of their own overhead expenses. These may include, without limitation, rent, employee salaries and benefits and insurance and research-related travel (including travel and lodging incurred for the benefit of the Partnership).

Administration Fee. The Administrator will be paid an administration fee, which such administration fee may be paid by the General Partner, the Manager and/or the Partnership, based upon the size of the Partnership, in accordance with the Administrator's standard schedule for providing similar services.

Subscription Fees. Any fees or duties incurred by the Partnership in processing an investor's application for Interests may either be deducted from the investor's subscription proceeds, in which case the subscription proceeds net of the subscription charges shall be allocated to the investor's Capital Account, or the subscription charges may be charged in addition to the amount being subscribed.

Brokerage Fees. The Partnership pays all fees and commissions associated with its brokerage. Brokerage fees include financing charges and transaction and administrative fees as more fully described in the brokerage agreements. Transaction costs vary depending on the country and the type of investment. The compensation provisions of such agreements may be amended from time to time as circumstances dictate. The Manager has complete discretion in deciding which brokers and dealers it uses and in negotiating the rates of compensation with respect to the management of the Partnership's assets and liabilities.

Withdrawals

No market for the Interests is expected to develop. Subject to the Lock-Up Period (as defined herein), a Limited Partner generally may, however, on ninety (90) calendar days written notice to the Administrator, withdraw all or part of its Capital Account, and not from its Special Situation Sub-Accounts, as of

the last Business Day of each fiscal quarter (each a “Withdrawal Date”) or at such other times as the General Partner determines in its sole discretion. The General Partner may waive these withdrawal restrictions for any Limited Partner. However, under certain circumstances the General Partner also may suspend the withdrawal rights of any Limited Partner or the Limited Partners as a group. For example, withdrawals might be suspended when market conditions are such that any withdrawal cannot, in the General Partner’s sole judgment, be affected without adverse consequences to the Partnership or when one withdrawal, in combination with others, may be reasonably expected to have the same effect.

Lock-Up Period. Notwithstanding anything to the contrary, a Limited Partner may not withdraw any capital contribution (and any appreciation thereon) until after the expiration of the twelve (12) month period (the “Lock-Up Period”) following the contribution of such capital, without the prior written consent of the General Partner, which may be granted or denied in the General Partner’s sole discretion.

Compulsory Withdrawals. The General Partner, in its sole discretion, has the right to require a compulsory withdrawal of all or part of a Limited Partner’s Interests in the Partnership at any time for any or no reason (including without limitation, the General Partner’s determination, in its sole discretion, that such Limited Partner’s holding of an interest in the Partnership could result in the assets of the Partnership being considered “plan assets” for purposes of Employee Retirement Income Security Act of 1974, as amended (“ERISA”)), without prior written notice to the Limited Partner.

Payment of Withdrawal Proceeds. Ninety-five percent (95%) of the withdrawal amount will be made within thirty (30) days after the Withdrawal Date, with the remainder being paid as soon as practicable after final reconciliation of valuations for the withdrawal date provided that for complete withdrawals the General Partner may elect to retain the remainder until completion of the Partnership’s audit for the fiscal year in which the withdrawal occurs. Any retained withdrawal proceeds will not be considered to be invested in the Partnership. Upon withdrawal of all of its Capital Account, a Limited Partner shall be deemed to have withdrawn from the Partnership, and upon notice of such withdrawal, a Limited Partner shall not be entitled to exercise any voting rights afforded to Limited Partners under the Partnership Agreement. Withdrawal proceeds are reduced by the Performance Allocation due to the General Partner, if any, in respect of the funds being withdrawn, and may be further reduced to pay accrued, future and contingent expenses (including the Partnership’s indemnification obligations under which it may be

required to reserve capital to advance legal costs as incurred by the Manager or other indemnified persons) and other reserves as deemed necessary in the Manager's sole discretion.

Special Situation Investments. Notwithstanding anything to the contrary contained herein, amounts maintained in Special Situation Sub-Accounts may be withdrawn by a Limited Partner only in accordance with the withdrawal provisions herein and in the Partnership Agreement from Capital Accounts after the Special Situation Sub-Account balance(s) of such Limited Partner are reallocated to such Limited Partner's Capital Account, subject to the General Partner's right to distribute one or more Special Situation Investments in kind to the withdrawing Limited Partner. Moreover, the Partnership may establish a liquidating trust, special purpose vehicle, or similar mechanism for the purpose of holding the Special Situation Investments that constitute part or all of a Limited Partner's withdrawal proceeds or Special Situation Sub-Accounts until such times as such Special Situation Investments are no longer illiquid or become readily capable of liquidation in whole or in part (to the extent that they are readily capable of liquidation) in the sole discretion of the Manager. A Special Situation Investment shall remain at risk in the Partnership and be subject to the Management Fee, Performance Allocation and all other terms of the Offering Memorandum and the Partnership Agreement until such Special Situation Investment is liquidated in whole or in part (to the extent liquidated) or is otherwise distributed in-kind to the Limited Partners.

If a Limited Partner requests a withdrawal of substantially all of the assets of its Capital Account at any time prior to the liquidation of each Special Situation Sub-Account of such Limited Partner, the Partnership, through the General Partner, shall withhold from the withdrawal proceeds of such Limited Partner an amount equal to an estimate (in the Investment Manager's sole discretion) of one (1) year (or such other period as determined by the Investment Manager in its sole discretion) of Management Fees payable with respect to such Special Situation Sub-Account (the "Management Fee Holdback"). The Management Fee Holdback may be invested by the Investment Manager for the benefit of such Limited Partner in U.S. Treasury bills, money market funds or any other investment deemed appropriate by the Investment Manager; provided, however, that the Management Fee shall accrue monthly and be paid quarterly in arrears to the Manager in accordance with the terms of the Partnership Agreement. If the aggregate Management Fees payable with respect to the Special Situation Sub-Accounts held by a Limited Partner that has completely withdrawn its Capital Account exceeds the Management Fee Holdback with respect to such Limited Partner's Special Situation Sub-Accounts, the Partnership will bill such Limited

Partner not more frequently than quarterly for Management Fees due in respect of such Special Situation Sub-Accounts. Such Management Fees will be due within thirty (30) days of receiving such notice. If the full amount of the Management Fees due is not paid to the Partnership, the Partnership may, in its sole discretion, reduce the amount of any subsequent withdrawal proceeds paid with respect to such Special Situation Sub-Accounts by an amount equal to the unpaid Management Fees, together with interest thereon, accruing from the date such Management Fees become payable, at an annual rate equal to the federal funds rate plus twelve percent (12.0%). When the Partnership disposes of the Special Situation Investment(s) attributable to such Special Situation Sub-Accounts, the Partnership shall distribute any remaining Management Fee Holdback attributable to such Special Situation Sub-Accounts to the relevant Limited Partner in accordance with the withdrawal terms set forth herein.

Inability to Liquidate; Suspension. In circumstances where the Partnership is unable to liquidate securities positions in an orderly manner in order to fund withdrawals, or where the value of the net assets and liabilities of the Partnership cannot reasonably be determined, the Partnership may take longer than the aforementioned time periods to effect settlements of withdrawals and/or the General Partner may suspend withdrawals and/or establish a liquidating trust, special purpose vehicle, or similar mechanism, for the purpose of holding any illiquid investments or may establish side pockets (in the form of Sub-Accounts) to hold such illiquid investments from which withdrawals may not be made until the General Partner determines such investments are no longer illiquid. In addition, the Partnership, in the General Partner's sole discretion, may settle any given withdrawal, in whole or in part, in kind and provide for liquidation using a liquidation trust, special purpose vehicle or similar structure.

The General Partner reserves the right to suspend the calculation of the Partnership's (or any class of Interests') Net Asset Value and/or to suspend (in whole or in part) or limit the rights of Limited Partners to withdraw from the Partnership, to receive withdrawal payments and/or to make capital contributions, upon the occurrence of an event that may result in dissolution of the Partnership or otherwise in the General Partner's sole discretion. The Partnership may withhold a portion of any proceeds of withdrawals if necessary to comply with applicable regulatory requirements. In the event of a suspension or limitation of the rights of Limited Partners to withdraw from the Partnership, the General Partner's withdrawal right will be similarly suspended and/or limited, as the case may be, and the Management Fee shall be reduced as described in "FEES AND EXPENSES – Fees of the Manager"

herein for periods when such suspension or limitation is in place.

General Partner Withdrawals. The General Partner and its affiliates may make withdrawals, including current earnings and allocations, from their Capital Accounts at any time without notice to the Limited Partners. In addition, the General Partner may withdraw from the Partnership as general partner at any time upon notice to the Limited Partners.

When withdrawals are made, Performance Allocations that have been accrued as of the date of withdrawal will be calculated and deducted from the withdrawal proceeds as described in “SUBSCRIPTIONS, CAPITAL ACCOUNTS, ALLOCATIONS, NET ASSET VALUATION.”

Termination. Any Limited Partner who has submitted a withdrawal request to the Partnership in accordance with the provisions herein and in the Partnership Agreement (regardless of whether such request has been accepted) may, in the General Partner’s discretion, have any such withdrawal suspended in the event the decision to terminate the Partnership has been made.

See “WITHDRAWALS” and the Partnership Agreement for additional terms that apply to withdrawals.

Transfers of Interests

A Limited Partner may not pledge, transfer or assign its interest in the Partnership in whole or in part to any person except by operation of law or with prior written consent of the General Partner (which consent may be withheld by the General Partner in its sole discretion for any or no reason), nor will it be entitled to substitute for itself as a Limited Partner any other person without the prior written consent of the General Partner (which consent may be withheld by the General Partner in its sole discretion for any or no reason). Any attempted transfer, pledge, assignment or substitution not made in accordance with the preceding sentence will be void.

Distributions and Reinvestment

The Partnership generally does not make distributions; it reinvests substantially all income and gain. Distributions, including withdrawals, generally are made in cash but may be partly in cash or in kind, in the Manager’s sole discretion.

Risk Factors; Conflicts of Interest

An investment in the Partnership is speculative and involves a high degree of risk. Past performance of the Partnership or of the Manager, the principals of the General Partner and/or the Manager and/or any other collective investment vehicles or arrangements managed by such persons is no guarantee of the future performance of the Partnership or any such party. There is no assurance that the Partnership will be profitable or that an investor will not lose some or all of its investment in the

Partnership. The success of the Partnership will depend largely upon the abilities of the General Partner and the Manager. There is no assurance that the strategies employed by the Manager for the Partnership will achieve attractive returns or be successful. The risks of an investment in the Partnership include, but are not limited to, the speculative nature of the Partnership's strategies and the substantial charges that the Partnership will incur regardless of whether any profits are earned. See "CERTAIN RISK FACTORS." The General Partner and/or the Manager may directly or indirectly manage the assets of funds that in some respects compete with the Partnership for certain investments. The Partnership also may be subject to certain other conflicts of interest. See "POTENTIAL CONFLICTS OF INTEREST."

Fiscal Year

The Partnership's fiscal year-end is December 31st.

Regulatory Matters; Amendments

The Partnership Agreement may be amended by the General Partner without further notice to the Limited Partners so as to comply with appropriate regulations under the Advisers Act, the Investment Company Act of 1940, as amended (the "Company Act"), the Internal Revenue Code of 1986, as amended (the "Code"), or to comply with any other rule, regulation or statute. The Partnership Agreement may be amended without further notice in other circumstances. See the Partnership Agreement for additional amendment provisions.

Tax Consequences

A prospective investor is responsible for, and should consider carefully, all of the potential tax consequences of an investment in the Partnership and should consult with its tax advisor before subscribing for the Interests. Tax-exempt entity investors, including those governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), may be exposed to unrelated business taxable income, notwithstanding their otherwise tax-exempt nature, depending upon the use of margin or other leverage by the Partnership or by such investors. As a general principle, an investment in the Partnership may not be suitable for non-U.S. persons because of certain potentially adverse withholding tax consequences. For a discussion of certain income tax consequences of an investment in the Partnership, see "TAX CONSIDERATIONS."

ERISA Considerations

Investment in the Partnership generally will be open to employee benefit plans and other funds subject to ERISA and/or Section 4975 of the Code. Except as described below under "CERTAIN RISK FACTORS – Certain ERISA Restrictions," the General Partner intends to use commercially reasonable efforts to cause "benefit plan investors" not to own a significant portion of any class of equity interests in the Partnership, so that the assets of the Partnership should not be considered "plan assets" for purposes of ERISA and Section 4975 of the Code,

although there can be no assurance that non “plan asset” status will be obtained or maintained. Prospective purchasers and subsequent transferees of Interests in the Partnership may be required to make certain representations regarding compliance with ERISA and Section 4975 of the Code. See “CERTAIN ERISA CONSIDERATIONS.”

EACH PROSPECTIVE INVESTOR THAT IS SUBJECT TO ERISA AND/OR SECTION 4975 OF THE CODE IS ADVISED TO CONSULT WITH ITS OWN LEGAL, TAX AND ERISA ADVISERS AS TO THE CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP.

Reports to Partners

The General Partner intends to provide, or arrange for the Administrator to provide, monthly investment reports to all Limited Partners (unaudited) and an annual audited financial statement prepared in accordance with GAAP. The General Partner will distribute additional information, including, without limitation, a form K-1 with regard to the Partnership, appropriate to enable the Limited Partners of the Partnership to prepare their respective income tax returns, although the preparation of such returns will be the sole responsibility of each Limited Partner. The General Partner reserves the right not to disclose the Partnership’s positions in all or some financial instruments, at its discretion. Costs incurred with respect to such reporting are treated as an expense of the Partnership.

The Partnership reserves the right to make interim reports available solely in electronic form on the web site of the Partnership or its administrator, and the Partners hereby agree to accept such electronic delivery in satisfaction of any regulatory requirements under any applicable law.

Privacy Notice

Any and all nonpublic personal information received by the Partnership, the General Partner and/or the Manager in the course of business with respect to Limited Partners who are natural persons, including the information provided to the Partnership by a Limited Partner in the subscription documents, shall not be shared with nonaffiliated third parties which are not service providers to the Partnership, the General Partner and/or the Manager without prior notice to, and consent from, such Limited Partners, unless otherwise required by law. In the normal course of business, we may disclose the kinds of nonpublic personal information listed above to nonaffiliated third party service providers involved in servicing and administering products and services on our behalf. The Partnership's service providers include, but are not limited to the Administrator, the auditors and the legal advisors of the Partnership. Notwithstanding the foregoing, the Partnership, the General Partner and/or the Manager may disclose such nonpublic personal information as required by law (such as to respond to a subpoena or a request for information by a regulator and/or to prevent fraud), including without limitation, the disclosure that may be required by the Uniting and Strengthening America Act by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 and the rules and regulations promulgated thereunder. In addition, if the Partnership chooses to dispose of any Limited Partner's nonpublic personal information that the Partnership is not legally bound to maintain, then the Partnership will do so in a manner that reasonably protects such information from unauthorized access. The same privacy policy also applies to former Limited Partners who are natural persons. See "Exhibit I - Privacy Notice."

Legal Advisors

Haynes and Boone, LLP (“HB”) acts as counsel to the Partnership in connection with this offering; HB also acts as counsel to the Manager and the General Partner. It is not anticipated that, in connection with the operation of the Partnership, the Manager or the General Partner will have the Partnership engage counsel separate from counsel to the Manager, the General Partner and/or their affiliates.

In connection with this offering, the operation and ongoing advice to the Partnership, the Manager, the General Partner and their affiliates, HB has not represented, and will not be representing, the Limited Partners. No independent counsel has been, nor is it anticipated will be, retained to represent the Limited Partners. HB’s representation of the Partnership and its Manager, General Partner and their affiliates is limited to those specific matters upon which it has been consulted. No attorney-client relationship exists between HB or any other person or entity solely by virtue of such person or entity making an investment in the Partnership. There may exist other matters which would have a bearing on the Partnership, the Manager and the General Partner and their affiliates upon which HB has not been consulted. Furthermore, in the event a conflict of interest or dispute arises between the Manager and the Partnership and any Limited Partner, it will be accepted that HB may act as counsel to the Manager and not counsel to the Partnership or Limited Partners, notwithstanding the fact that, in certain cases, HB’s fees are paid through or by the Partnership. HB does not undertake to monitor the compliance of the Partnership, the Manager and the General Partner and their affiliates with the investment program, valuation procedures and other guidelines set out herein, nor does it monitor compliance with applicable laws. Additionally, in all cases, including the preparation of this Offering Memorandum, HB relies upon information furnished to it by the Partnership and its Manager, General Partner and their affiliates, and does not investigate or verify the accuracy and completeness of such information. In the course of advising the Partnership and its Manager, General Partner and their affiliates, there may be times when the interests of the Manager and the General Partner may differ from those of the Limited Partners. HB does not represent the interests of the Limited Partners in resolving such issues.

OVERVIEW

Sosin Partners, LP (the “Partnership”), a limited partnership organized under the laws of the State of Delaware, is offering by private placement through this Amended and Restated Confidential Offering Memorandum, as the same may be further amended, restated and/or supplemented from time to time (the “Memorandum”), limited partnership interests (the “Interests” and each individually, an “Interest”) in the Partnership to a select group of sophisticated qualified investors. Investors admitted to the Partnership will acquire an Interest and become limited partners of the Partnership (the “Limited Partners”). The Limited Partners and the General Partner (as defined herein) are referred to herein as the “Partners.” The Partnership is authorized to issue additional classes of Interests from time to time pursuant to this or other offering materials and without the consent of the Limited Partners. Such classes may have terms that differ from (and may be more favorable than) those set forth herein, including different investment strategies and/or fee structures. The Partnership’s investment objective and strategy with regard to the Interests is set forth below, and investors are directed to review such section. The General Partner may from time to time refine or change the Partnership’s strategy without prior notice to, or approval by, the Limited Partners. The information in this Offering Memorandum is qualified in its entirety by the Partnership’s amended and restated agreement of limited partnership, as the same may be further amended, restated and/or supplemented from time to time (the “Partnership Agreement”) and Subscription Documents (the “Subscription Documents”), annexed hereto as exhibits and deemed part of this Offering Memorandum, which should be reviewed carefully before a prospective investor invests in the Partnership. The description of any document is qualified by reference to such document.

INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective. The assets of the Partnership will be principally invested in a concentrated portfolio of tradable credit and equity instruments (on a long and short basis) with the goal of outperforming the S&P 500 (as measured by a specific S&P 500 ETF) over time.

Investment Strategy. Hedge funds typically focus excessively on generating uncorrelated performance and avoiding short-term market value losses. As a consequence of this focus, traditional hedge funds often generate low absolute level of returns. Low absolute returns combined with a typically high fee structure require that traditional hedge funds use excessive leverage in order to meet investors’ return expectations. As a result, the Manager has concluded that traditional hedge funds present their investors a bad mix of low risk-adjusted returns and an unacceptably high risk of permanent loss.

The Manager has also concluded that mutual funds are not much better. The typical mutual fund’s large size and high degree of diversification often make it difficult to outperform over time. In addition, mutual fund managers generally are paid solely based on assets under management. This creates an incentive for them to build a portfolio that closely tracks their benchmark and thus prevents underperformance to a degree which could jeopardize their established asset base versus an incentive to maximize returns.

The Manager established the Partnership in order to present a superior alternative to investors.

The Partnership operates on three core beliefs:

- 1) Buying assets for substantially less than they are worth and/or selling assets for substantially more than they are worth can be expected to provide investors both higher returns over time and less risk of permanent capital loss.
- 2) It is necessary to act independently on the basis of sound facts and sound reasoning with little concern for short/ medium term market volatility.
- 3) Investment managers should be judged only for outperforming low-fee index-based products.

With these core beliefs in mind, the Manager invests the Partnership's assets with the goal of outperforming the S&P 500 (as measured by a specific S&P 500 ETF) over time.

The Manager's "Three Rules"

The Manager invests in a tradable portfolio of credit and equity securities (on a long and short basis) which meet the following three criteria--collectively the "Three Rules."

- 1) **Understanding:** The Manager seeks to understand what processes/dynamics are at work that allow an issuer to earn profits over time despite competitive forces and how changes to the competitive ecosystem might impact the asset's future performance.
- 2) **Margin of Safety:** Based on the Manager's expectations for the likely range of future outcomes, the expected return derived from the asset's cumulative future cash flows substantially exceeds the expected return derived from the cumulative future cash flows of a similar investment in the broader market.
- 3) **Creative Risk Imagination:** The Manager believes that it is often risks which have not materialized in the recent past which are the most menacing. The Manager takes great care to think creatively about things that might go wrong which could threaten the profitability of an investment and to avoid investments where reasonably likely scenarios could result in permanent capital loss even if those scenarios are not the most likely scenarios. The Manager believes that it is better to miss a potential for a profit when seemingly unlikely things don't occur than to take an excessive risk.

No investment manager, including the Manager, can confidently and consistently predict the near term direction of the economy or the markets. Consequently, the Manager focuses on asset-specific considerations which he subjects to rigorous due diligence. He believes thoughtful security selection resides at the core of successful investing, thus, due diligence and research will represent the Manager's primary use of time.

In the short/ medium term market prices can diverge materially from fair prices. Cheap securities can trade for cheaper prices while expensive securities can trade for even more expensive prices. Even if perfectly applied, the Manager recognizes that this strategy may result in periods of months and sometimes a year or more during which the Partnership's investing performance may underperform the market. Investors should consider an investment in the Partnership a long term investment and should invest with the expectation of having down periods both on an absolute and relative to the broader market basis. The Manager expects to be judged based on its results on a multi-year basis.

Portfolio Considerations

The Manager does not seek to maintain any specific directional market bias or asset class bias (e.g. market neutral, long only, or long credit). Instead, he evaluates each investment individually on its own merits. Thus the Partnership's overall market and asset class exposure (i.e. long or short equities or long or short credit) is endogenous to the Managers opinion of risks and expected returns of individual securities. As such, it is likely that the Partnership's mix of investments between equity and credit securities and between long and short positions will vary with market conditions and individual opportunities.

There is no limit on the degree of concentration of the Partnership's investment portfolio. However, the Manager expects that the portfolio will typically include between five (5) and fifteen (15) investments. In normal market conditions, no single investment is expected to exceed twenty-five percent (25%) of the Partnership's invested capital (at cost).

While it is not the focus of the Partnership, the Manager may use ETFs and other derivatives and make limited use of futures interests in order to make specific macro-economic bets when the Manager believes that such bets serve as hedges to reduce the macro-economic (currency, commodity, market) risk faced by other investments.

On occasion the Manager may conclude that the expected outcomes of a specific investment opportunity is better expressed through options or other derivatives than through stocks or bonds. Usually in these situations the Manager is endeavoring to use options to take less risk by protecting against a low probability negative event or attempting to capture the profits from an event which the market has perceived as unlikely, but which the Manager believes is likely.

In keeping with the Manager's views that avoiding permanent capital loss is paramount, the Partnership will not use excessive margin to increase its purchasing power. However, the Partnership may use non-recourse leverage on specific investments and it may use margin as required to collateralize short sales.

Special Situation Investments

The Manager does not intend to seek out a significant number of Special Situation Investments (as defined herein); nevertheless, the Manager reserves the right to make Special Situation Investments, as provided herein. Furthermore, certain investments held by the Partnership may become Special Situation Investments. Accordingly, a portion of the Partnership's investment portfolio may consist of (i) privately offered securities and other similarly illiquid securities that, in the sole opinion of the Manager, are subject to regulatory, contractual or other restrictions on disposition; (ii) structured products and over-the-counter derivative transactions that, in the sole opinion of the Manager, cannot be replicated by other securities available in the market, thereby making it (in each case) difficult or impossible to value accurately such securities, products or transactions; and/or (iii) investments that become illiquid due to regulatory action, bankruptcy or insolvency of an issuer or counterparty, or otherwise (as defined herein) of their Capital Accounts (each such security, product, transaction or investment is referred to herein as a "Special Situation Investment").

The Partnership, in the discretion of the General Partner, may invest in or hold Special Situation Investments through separate or wholly-owned limited liability companies, limited partnerships, liquidating trusts or special purpose vehicles. Any investment in a Special Situation Investment by the Partnership will be subject to the deduction of Management Fees (as defined herein) and the allocation of the Performance Allocation (as defined herein) in the manner as provided herein.

Limitation on Trading of Commodity Interest Positions

At all times, the Partnership will limit its trading of commodity interest positions to one of the following limits:

- The aggregate initial margin and premiums required to establish commodity interest positions, determined at the time the most recent position was established, will not exceed five percent (5%) of the liquidation value of the Partnership's portfolio, after taking into account unrealized profits and unrealized losses on any such positions it has entered into;¹ or
- The aggregate net notional value of the Partnership's commodity interest positions, determined at the time the most recent position was established, will not exceed one hundred percent (100%) of the liquidation value of the Partnership's portfolio, after taking into account unrealized profits and unrealized losses on any such positions it has entered.²

Given the limitations imposed on the Partnership's trading of commodity interest positions, the Partnership should not be viewed as a vehicle for trading in the commodity futures or commodity options markets.

Other Matters

The Manager's investment approach is a process laden with assumptions and will be only as strong and successful as the validity of the assumptions. The investment objectives and methods summarized above represent the Manager's current intentions. Notwithstanding these investment objectives and general policies, the Partnership Agreement imposes no limits on the types of securities in which the Partnership may take positions, the types of positions it may take, the concentration of its investments, or the amount of leverage the Partnership may employ, including the extent of the Partnership's margin trading and short positions. The Manager has broad discretion to employ any securities trading or investment techniques, whether or not contemplated by the expected investment strategies and criteria described above. Depending on conditions and trends in securities markets and the economy generally, the Manager may pursue any other objectives or employ other techniques that it considers appropriate and in the best interest of the Partnership. The Manager cannot assure investors that the Partnership's will achieve its investment objectives. Further, many of the investment techniques and activities described above are high risk activities that could result in substantial losses under certain circumstances

¹ Rule 4.13(a)(3)(ii)(A) of the Commodity Exchange Act (the "CEA"). In the case of an option that is in-the-money at the time of purchase, the in-the-money amount as defined in Rule 190.01(x) of the CEA may be excluded in computing the five percent.

² Rule 4.13(a)(3)(ii)(B) of the CEA. The term "notional value" is calculated for each futures position by multiplying the number of contracts by the size of the contract, in contract units (taking into account any multiplier specified in the contract), by the current market price per unit and for each such option position by multiplying the number of contracts by the size of the contract, in contract units (taking into account any multiplier specified in the contract), by the strike price per unit. The Manager, in calculating notional value, is permitted to net contracts with the same underlying commodity across designated contract markets, registered derivatives transaction execution facilities and foreign boards of trade.

This Offering Memorandum includes forward-looking statements. Forward-looking statements may be identified by the presence in such statements of the words “may,” “will,” “expect,” “intend,” “anticipate,” “believe,” “attempt,” “seek,” or “project” or the negatives, derivatives, and variations of such words or comparable terminology. Neither the General Partner nor the Manager or the Partnership undertakes any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Memorandum may not occur.

In addition, this Offering Memorandum includes statements of current application. The General Partner has based these statements on the current implementation of the investment strategy described herein. Neither the General Partner nor the Manager or the Partnership undertakes any obligation to publicly update or revise such statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the current situation may change and such statements should be viewed as forward-looking statements subject to the same risks, uncertainties and assumptions described above.

No Assurance. There can be no assurance that the Manager will be successful in achieving the Partnership’s investment objective or that the strategies set forth herein will be successful. Past results of the Partnership, the Manager and/or the principals or affiliates of the General Partner and/or the Manager in this or in other activities are not necessarily indicative of the future performance of the Partnership. See “CERTAIN RISK FACTORS” and “POTENTIAL CONFLICTS OF INTEREST” for a description of the risks and conflicts associated with the Partnership’s investment program and an investment in the Partnership.

Distributions and Reinvestment

The Partnership generally does not make distributions; it reinvests substantially all income and gain. Distributions, including withdrawals, generally are made in cash but may be partly in cash or in kind, in the Manager’s sole discretion.

Borrowing/Leverage

Borrowings. The Partnership is permitted to borrow for purposes of providing liquidity to fund withdrawals by Limited Partners, for operations purposes (such as the payment of fees, expenses and other short-term Partnership obligations) and/or for investment purposes as provided below, subject to regulatory requirements. There are no limits on the Partnership’s borrowing ability other than those imposed by applicable regulations. Loans with respect to the Partnership generally may be obtained from securities brokers and dealers, the Federal Reserve or from other financial institutions; such loans will be secured by securities or other capital of the Partnership, as the case may be, pledged to such brokers, the Federal Reserve or financial institutions.

In the event the Partnership obtains a credit facility or loan or loans, the Manager’s investment discretion may be subject to certain limitations prior to and/or following an event of default. For example, pursuant to the terms of the credit facility or loan or loans, the Partnership’s trading may have to abide by certain formulas, or the Manager may have to obtain the lender’s consent to engage in some or all transactions while the credit facility is outstanding. After the occurrence of an event of default (whether because of nonpayment or otherwise), it is likely or possible that, among other consequences, the lender would assume total control of the Partnership’s assets and/or trading activities and no distributions could be made or withdrawals effected without the lender’s consent.

The Manager may employ both direct and indirect forms of portfolio leverage to increase the potential for gain from the Partnership's investment portfolio. The Partnership is not subject to any limitations on borrowing or leverage. Indirect forms of leverage include leverage via short sales or derivative instruments such as options techniques discussed above, which have embedded leverage features. Any use of leverage exposes the Partnership to greater risk of loss. See "CERTAIN RISK FACTORS."

New Issue Allocation; Anti-Spinning Provisions

Subject to the following paragraph, the Partnership may directly or indirectly invest in "new issues" (generally defined in Financial Industry Regulatory Authority ("FINRA") Rule 5130, as the same may be amended, supplemented or replaced from time to time ("FINRA Rule 5130") as any initial public offering of an equity security). New issues may not be sold, except in limited circumstances, to an account in which a member or person affiliated with or related to a member of FINRA (or to certain other securities industry professionals/companies) has an interest. In the event the Partnership invests in "new issues," Partners who are "restricted persons" within the meaning of FINRA Rule 5130 may be prohibited from participating in such "new issues" in whole or in part. Accordingly, to the extent that the Partnership purchases new issues, the Partnership will do so primarily, if not only, with the assets attributable to those Partners who are eligible to participate in "new issues." In addition, the General Partner may, in its sole discretion, make special allocations to prevent all or part of a Partner's Capital Account from participating in "new issues" so as to comply with FINRA Rule 5130.

Anti-Spinning. Notwithstanding the foregoing, the Partnership may be prohibited, in whole or in part, from receiving allocations of "new issues" based on FINRA Rule 5131 ("FINRA Rule 5131"). FINRA Rule 5131 restricts FINRA members (i.e. broker-dealers) from allocating new issues to any "account" (i.e. the Partnership) in which an executive officer or director of a public company or a covered non-public company³, or a person materially supported⁴ by such executive officer or director, has a beneficial interest, if one of the three (3) following conditions are met: (1) the executive officer or director's company must also either be a current or former (within the past twelve (12) months) investment banking services client of the member; (2) the person making the allocation decision on behalf of the FINRA member knows or has reason to know that the member intends to provide investment banking services for the company within the next three (3) months; or (3) on the express or implied condition that the executive officer or director will retain the FINRA member for the performance of future investment banking services. However, FINRA Rule 5131 provides a de minimis exception and expressly permits allocation of new issues to any account in which the executive officers and directors of that particular company do not receive, in the aggregate, more than twenty-five percent (25%) in the aggregate of such allocation. As such, the General Partner may, in its sole discretion, make special allocations to prevent all or part of any Partner's Capital Account from participating in new issues so as to comply with FINRA Rule 5131.

³ A "covered non-public company" refers to any non-public company that satisfies one of the following three criteria: "(i) income of at least \$1 million in the last fiscal year or in two of the last three fiscal years and shareholders' equity of at least \$15 million; (ii) shareholders' equity of at least \$30 million and a two-year operating history; or (iii) total assets and total revenue of at least \$75 million in the latest fiscal year or in two of the last three fiscal years."

⁴ "Material support" means directly or indirectly providing more than 25% of a person's income in the prior calendar year. Persons living in the same household are deemed to be providing each other with material support.

Plan of Distribution and Use of Proceeds; Cash Equivalents

Interests will be offered through private placement to a variety of sophisticated investors. See “SUITABILITY.” The net proceeds of the private offering contemplated herein will be invested in accordance with the policies set forth under “INVESTMENT OBJECTIVE AND STRATEGY”. The Partnership, without limitation, may hold cash or invest in cash equivalents for short-term investments. Among the cash equivalents in which the Partnership may invest are: obligations of the U.S. Government, its agencies or instrumentalities (i.e., U.S. Government Securities; U.S. Treasury Bills), commercial paper and repurchase agreements, money market mutual funds, certificates of deposit and bankers’ acceptances issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation. In the event the Manager determines that there is not sufficiently good value in any securities suitable for investment of the Partnership’s capital, all such capital may be held in cash and cash equivalents. The Partnership may also invest in debt securities of non-U.S. issuers.

In making investment decisions, the Partnership will rely on the advice of the Manager rather than any specific objective criteria.

Master Fund

While not currently anticipated, at the election of the General Partner, the Partnership may adopt a “master-feeder” structure and invest all, or substantially all, of its assets in another entity with an investment program identical to that of the Partnership. Such master fund (referred to herein as the “Master Fund”) may utilize the services of the General Partner, the Manager and/or their affiliates and invest and reinvest assets of the Partnership, together with assets of other similar entities, following the same investment strategy described herein.

* * * *

The foregoing description is general and is not intended to be exhaustive. Investors must recognize that there are inherent limitations on all descriptions of investment processes due to the complexity, confidentiality and subjectivity of such processes. In addition, the description of virtually every strategy must be qualified by the fact that investment approaches are continually changing, as are the markets invested in by the Partnership. Finally, the Partnership may pursue additional strategies, in the Manager’s sole discretion, in the pursuit of the Partnership’s investment objective.

PARTNERSHIP PROFESSIONALS

The General Partner

Sosin, LLC, a Delaware limited liability company (the “General Partner”) controlled by Clifford A. Sosin, is the general partner of the Partnership. The General Partner exercises ultimate authority over the Partnership and is responsible for the day-to-day operations of the Partnership. The General Partner is the “Tax Matters Partner” for Internal Revenue Service (“IRS”) purposes. The General Partner has filed for an exemption from registration as a commodity pool operator pursuant to CFTC Regulation 4.13(a)(3).

The General Partner has the right to delegate its responsibilities hereunder, including the responsibility of providing certain investment advisory, management, administrative and auditing services, to suitable parties who may be reasonably compensated by the Partnership. The General Partner may also retain such other suitable parties to provide services to the Partnership, including, without

limitation, legal, consulting and auditing services. Furthermore, the General Partner may enter into agreements with such parties on behalf of the Partnership, which agreements may include provisions for the indemnification and exculpation of such parties by the Partnership. The Partnership Agreement provides for the indemnification of the General Partner with respect to certain expenses incurred by the General Partner in connection with the performance of its duties on behalf of the Partnership.

The principal decision-maker of the General Partner is Clifford A. Sosin. See “Manager” below for his biography.

Manager

The General Partner has delegated its responsibility for the Partnership’s investment decisions to CAS Investment Partners, LLC, a Delaware limited liability company (the “Manager”) also controlled by Clifford A. Sosin pursuant to a management agreement, as amended or restated from time to time (the “Management Agreement”). The Manager relies on the exemption from registration as a commodity trading advisor pursuant to CFTC Regulation 4.14(a)(10).

Principal Decision-Makers. The principal decision-maker of the Manager with regard to the Partnership’s portfolio is Clifford A. Sosin.

Clifford A. Sosin. Clifford Sosin founded CAS Investment Partners, LLC in July 2012. He is its sole managing member. From July 2007 through July 2012, he worked for the UBS Fundamental Investment Group, a multibillion dollar proprietary investing effort within UBS’s investment bank. Working as a generalist, Mr. Sosin was responsible for investments across a variety of industries and assets classes. He was promoted to director and ultimately rose become one of the group’s most senior members. From August 2006 to July 2007, Mr. Sosin was an associate at Silver Point Capital where he gained experience underwriting and negotiating private high-yield loans. Prior to joining Silver Point, Mr. Sosin spent two years as an analyst in the financial restructuring group at Houlihan Lokey Howard & Zukin. Mr. Sosin holds a Bachelor of Science degree in engineering and a Bachelors of Arts in economics, both awarded in 2004 with high honors from Swarthmore College.

The Management Agreement. Pursuant to the terms of the Management Agreement, the Manager has agreed, inter alia, to manage and invest the assets of the Partnership.

The Management Agreement between the Partnership and the Manager provides that the Manager shall not be liable to the Partnership or its Partners for (i) any act or omission that the Manager, in taking or failing to take such action, believed, in good faith, to be (A) in the interests of the Partnership and (B) within the scope of the authority conferred on the Manager by the Management Agreement, unless such act or omission was performed or omitted in bad faith or constituted fraud, gross negligence, a breach of the Management Agreement or a willful violation of applicable law; or (ii) any act or omission of any agent of the Manager arising out of, related to, or in connection with, the Partnership’s business, provided that such agent was selected, engaged or retained by the Manager with reasonable care. The Management Agreement contains provisions for the indemnification of the Manager by the Partnership against liabilities to third parties arising in connection with the performance of its services, except under certain circumstances specified as per the Management Agreement.

The Management Agreement has an indefinite term, subject to termination (i) upon the dissolution of the Manager, unless prior thereto the Manager assigned the Management Agreement in accordance with the provisions set forth in the Management Agreement, or (ii) by either party at any time upon not less than ninety (90) days’ prior written notice to the other party.

See “FEES AND EXPENSES - Fees of the Manager” herein for a general description of the fees payable to the Manager.

* * * *

The Manager and the General Partner will devote as much time to the investment activities of the Partnership as they shall determine to be necessary for the efficient and effective operation of the Partnership.

The Manager, the General Partner and their respective affiliates, principals and employees may engage or participate in other activities or ventures, whether or not of the same nature as the Partnership. No Partner shall be entitled to any profits that the Manager, the General Partner or any of their affiliates, principals or employees shall derive from any activities or ventures other than those derived from the Partnership, whether or not such businesses or ventures are of the same nature as, and/or compete with, the Partnership. The Manager, the General Partner and/or their affiliates, principals and employees shall not be prohibited from buying or selling securities for their own account, including securities that are the same as those held by the Partnership. As a result of their other activities, the Manager and the General Partner may have conflicts of interest in allocating time, services and functions among the Partnership and other business ventures. See “CERTAIN RISK FACTORS” and “POTENTIAL CONFLICTS OF INTEREST.”

The Administrator

The Partnership has entered into an agreement (the “Administration Agreement”) with Panoptic Fund Administration, LLC (“Administrator”). Under the Administration Agreement, the Administrator will provide various services which may include operational, accounting, administration and facilities support services to the Partnership, including (i) monthly recordkeeping of expenses/accruals using U.S. Generally Accepted Accounting Principles (“GAAP”), (ii) monthly calculation of net asset values, including fee calculations and (iii) receiving and processing subscription documents and withdrawal requests. (iv) providing electronic communication and reporting services and facilities for the Partnership; and (v) maintaining the financial records of the Partnership. The Partnership will pay the Administrator customary fees for the operational, accounting, and administration services the Administrator provides the Partnership.

Either the Partnership or the Administrator may terminate the Administration Agreement upon sixty (60) days' prior written notice to the other party, or earlier as provided in the Administration Agreement.

The Administration Agreement provides that the Administrator will not be responsible for any loss sustained by the Partnership except for damages resulting from (i) gross negligence, bad faith or fraud in the performance of its duties and obligations hereunder or (ii) willful or reckless disregard of its duties and obligations hereunder or (iii) material violation of applicable laws relating to the Administration Agreement or (iv) material breach of the Administration Agreement. The Administrator will not be liable for any indirect, special, incidental, or consequential damages of any kind arising out of any investment by the Partnership or for any act or omission by the Administrator or its related party in carrying out its duties and obligations under the Administration Agreement. The Partnership shall indemnify and hold harmless the Administrator and any related party thereof from and against any and all actions, suits, claims or proceedings, whether groundless or otherwise, and from and against any and all losses, damages, costs, charges, penalties, disbursements, payments, settlements, expenses (including reasonable attorney's fees and investigation expenses) and other liabilities that the Administrator or its related party may sustain or which may be asserted against such party arising out of or attributable to its

performance of its duties and obligations under the Administration Agreement, except to the extent such losses are determined by a court of competent jurisdiction in a non-appealable judgment to be caused by the Administrator's or its related party's (i) gross negligence, bad faith or fraud in the performance of its duties and obligations under the Administration Agreement or (ii) willful or reckless disregard of its duties and obligations under the Administration Agreement or (iii) material violation of applicable laws relating to the Administration Agreement or (iv) material breach of the Administration Agreement.

The Administrator shall have no obligation to review, monitor or otherwise ensure compliance by the Partnership with the investment policies, restrictions or guidelines applicable to it or any other term or condition of the Partnership's offering documents. The Administrator is a service provider to the Partnership and is not responsible for the preparation of this Memorandum or the activities of the Partnership and therefore accepts no responsibility for any information contained in this Memorandum.

The Partnership may appoint a different Administrator without the consent of the Limited Partners.

See "FEES AND EXPENSES" herein for a description of the fees payable to the Administrator pursuant to the Administration Agreement.

Brokerage

The General Partner has retained BTIG, LLC ("Prime Broker") to serve as the Partnership's introducing broker and Pershing, LLC to serve as its custodian and clearing agent ("Custodian").

The Prime Broker and/or the Custodian for the Partnership clears (on the basis of payment against delivery) the Partnership's securities transactions, which are often effected through other brokerage firms. The Prime Broker's services may also include the provision, either directly or through affiliates, in relation to the Partnership of margin financing, settlement, stock borrowing and foreign exchange facilities. The Partnership may utilize affiliates of the Prime Broker and other brokers and dealers for the purposes of executing principal or agency transactions, subject to applicable law.

Portfolio transactions are executed by brokers selected by the Manager on behalf of the Partnership based on such factors as price, the ability of the brokers to effect the transactions and the brokers' facilities, reliability and financial responsibility. The Manager will not select brokers or dealers on the basis of *brokerage or research services* (i.e., "soft dollar items") provided by such brokers.

Section 28(e) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), establishes a safe harbor (the "Section 28(e) safe harbor" or "safe harbor") allowing investment managers to use client funds, by way of commission dollars, to purchase certain "brokerage and research services." Pursuant to such safe harbor, the brokerage and research services must provide *lawful and appropriate assistance* to the Manager in the performance of its investment decision-making responsibilities. Further, the amount of commissions paid by the Partnership must be reasonable in light of the value of the brokerage or research services offered, taking into account various factors, including commission rates, financial responsibility and strength and ability of the broker to efficiently execute transactions. Accordingly, if the Manager determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage or research services provided by such broker, the Partnership may pay commissions to such broker in an amount greater than the amount another broker might charge.

Section 28(e) safe harbor research services provided by brokers generally include advice, analyses and reports, and may specifically include traditional research reports analyzing the performance of a

particular company or stock, certain financial newsletters and trade journals, quantitative analytical software and software that provides analyses of securities portfolios, seminars, conferences and other services that reflect substantive content (i.e., the expression of reasoning or knowledge relating to the subject matter of Section 28(e)) and provide *lawful and appropriate assistance* to the Manager in the performance of its investment decision-making responsibilities on behalf of the Partnership). According to an interpretive release issued by the SEC (the "Release"), products with inherently tangible or physical attributes, such as computer hardware (including computer terminals), telephone lines and office furniture are ineligible as "research services" under the Section 28(e) safe harbor, as such products do not reflect the expression of reasoning or knowledge. Other products and services that are not eligible under the Section 28(e) safe harbor are rent, legal expenses, office equipment and mass marketed publications.

Certain equipment and services that are ineligible as research services, such as connectivity services between the Manager and the broker and other relevant parties, trading software operated by a broker to route orders to market centers and algorithmic trading software, may, however, be eligible as "brokerage services" under the Section 28(e) safe harbor to the extent such equipment is sufficiently related to the execution, clearing and settlement of securities transactions and other incidental functions. However, "overhead expenses" such as telephone or computer terminals and other products that are not sufficiently related to order execution or fall outside the temporal standard for "brokerage" under the Section 28(e) safe harbor are not eligible.

The SEC's position on the eligibility of custody also falls within the temporal standard for "brokerage services." The SEC states that short-term custody that relates to effecting, clearing and trading particular transactions falls within the safe harbor. However, long-term custody that takes place post-settlement and relates to long-term maintenance of securities positions, is not incidental to effecting the securities transaction and therefore does not fall within the safe harbor. Furthermore, long-term custody is generally a service provided directly to the Manager's client for the benefit of the client and not provided to the Manager for the benefit of the client.

The Section 28(e) safe harbor is available only when the Manager conducts business with a broker that is involved with "effecting" the trades and "provides" the research. "Effecting" trades generally involves executing, clearing or settling the trade. A broker "provides" the product or service if the broker that is effecting transactions for the advised accounts is either legally obligated to pay for the research or, is not legally obligated to pay, but pays the research preparer directly and takes steps to ensure that the services being paid with client commissions are eligible under the safe harbor.

Soft dollar items, whether provided directly or indirectly, may be utilized for the benefit of the Manager and any of its affiliates' other accounts. The Manager may use client commissions to acquire soft dollar items that the Manager would otherwise be obligated to provide to, or acquire at its own expense for, the Partnership. Nonetheless, the Manager believes that such soft dollar items may provide the Partnership with benefits by supplementing the research and services otherwise available to the Partnership.

In selecting brokers and negotiating commission rates, the Manager will take into account the financial stability and reputation of brokerage firms, and the research, trading services, brokerage or other services provided by such brokers. The Manager may place transactions with a broker or dealer that (i) provides the Manager (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Partnership or other products advised by the Manager (or an affiliate), if otherwise consistent with seeking best execution; provided the Manager is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

The Partnership's obligations to the Prime Broker and Custodian (and their affiliates) may be

secured by way of a first priority perfected security interest over all of the Partnership's assets held in custody. The Prime Broker and Custodian (and their affiliates) may transfer to themselves all rights, title and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge or otherwise use all such collateral for their own purposes.

* * * *

The General Partner will notify Limited Partners in the event that the Partnership has made a change with respect to its prime broker, custodian, auditor, administrator and/or counsel on behalf of the Partnership.

Auditor

Spicer Jeffries LLP shall serve as the Partnership's auditor.

Independent Client Representative

The Partnership has the authority to appoint a person (the "Independent Client Representative") unaffiliated with the General Partner, the Manager, and/or any of their affiliates to act as the agent of the Partnership to give or withhold any consent of the Partnership required under applicable law to a transaction in which the Manager causes the Partnership to purchase securities or other instruments from, or sell securities or other instruments to, the General Partner, the Manager or their affiliates or to engage in brokerage transactions in which any of the General Partner's or Manager's affiliates acts as broker for another person on the side of the transaction opposite that of the Partnership. If appointed, the Independent Client Representative may be paid by the Partnership and will receive an indemnity from the Partnership for claims arising out of activity in such capacity. This paragraph is included for compliance with applicable law, including, but not limited to, Section 206 of the Investment Advisers Act of 1940, as amended (the "Advisers Act").

The General Partner may engage in transactions in which it causes the Partnership to purchase securities or other instruments from, or sell securities or other instruments to, other funds or managed accounts managed by the General Partner, the Manager and/or its affiliates ("cross-trades") for purposes of portfolio rebalancing or for other reasons as may arise from time to time. The General Partner and/or its affiliates will not take brokerage commissions or otherwise be compensated for effecting these cross-trades. The General Partner intends that cross-trades will, to the best of the General Partner's ability, reflect the market value of the security or other instrument being purchased or sold and the General Partner and/or its affiliates, as applicable, will always seek best execution. Prior to effecting any cross-trade, the General Partner will make a good faith determination that the transaction is in the best interests of the Partnership.

SUBSCRIPTIONS, CAPITAL ACCOUNTS, ALLOCATIONS, NET ASSET VALUATION

Subscriptions

The minimum initial investment in the Partnership is \$1,000,000, subject to the sole discretion of the General Partner to waive, reduce or increase such minimum amount.

The General Partner may admit new Limited Partners and permit Limited Partners to make additional capital contributions on a monthly basis as of the first Business Day (as defined below) of any calendar month, or at any other time as determined by the General Partner in its sole discretion (each, a "Subscription Date"). The General Partner may modify the frequency of permitted admissions and/or additional contributions. The term "Business Day" refers to any day (other than a Saturday or Sunday) when banks in New York are open for business or such other day as determined by the General Partner in its sole discretion.

The General Partner has the right, in its sole and absolute discretion, to accept, or to decline to accept, any capital contribution, in whole or in part for any or no reason. Additionally, the General Partner, in its sole discretion, may allow a Limited Partner to make in-kind contributions (either partially or fully) to the Partnership. Such contributions shall be valued by the General Partner as of the date of acceptance by the Partnership at their fair market value, net of costs and expenses incurred in accepting such contributions.

The General Partner may, in its sole discretion, "close" the Partnership or any class of Interests at any time by refusing to (i) allow the admission of new Limited Partners and/or (ii) accept additional capital contributions by existing Limited Partners, without notice to the Limited Partners. Notwithstanding the foregoing, the General Partner may, at its sole discretion, reopen the Partnership or any class of Interests (as applicable) as of any date.

Completed subscription materials must be received by the Administrator at least three (3) Business Days prior to the relevant Subscription Date, and cleared funds must be in the Partnership's account prior to the relevant Subscription Date. The General Partner may waive or reduce the required notice periods in its sole discretion, on a case by case basis.

Mr. Sosin shall notify Limited Partners in writing at least once per calendar year whether his interest in the Partnership is greater or less than fifty percent (50%) of his liquid net worth. In computing his liquid net worth, the General Partner may subtract \$500,000 to reflect his minimum liquidity requirements.

Capital Account Establishment; Special Situation Sub-Accounts

Capital Account. A capital account (the "Capital Account") is established with respect to each Partner in the Partnership, including the General Partner, the opening value of which will be the Partner's initial capital contribution to the Partnership, adjusted as hereinafter provided.

At the beginning of each Accounting Period,⁵ the Capital Account of each Partner shall be increased by the amount of any additional capital contributions made by such Partner as of the beginning of such Accounting Period. At the end of each Accounting Period, each Partner's Capital Account shall

⁵ The term "Accounting Period" shall mean the following periods: The initial Accounting Period will begin upon the initial opening of the Partnership and each subsequent Accounting Period will begin immediately after the close of the immediately preceding Accounting Period. Each Accounting Period will close at the close of business on the first to occur of (i) the date immediately prior to the effective date of the admission of a new Limited Partner and/or an increase in a Limited Partner's Capital Contribution; (ii) the effective date of any withdrawal by a Limited Partner; (iii) the effective date on which a Special Situation Sub-Account is established; (iv) the effective date of a transfer from a Limited Partner's Special Situation Sub-Account(s) to such Limited Partner's Capital Account; (v) the date when the Partnership dissolves and/or terminates; (vi) the last Business Day of each calendar month, (vii) at such other time as may be required by governmental rules and regulations imposed upon the General Partner and/or the Partnership, or (viii) at such other time as the General Partner, in its sole discretion, may determine.

be (i) increased or decreased by any Net Capital Appreciation⁶ or Net Capital Depreciation⁷ allocated to such Partner's Capital Account for such Accounting Period; (ii) decreased by the amount, if any, reallocated from a Partner's Capital Account to its Special Situation Sub-Account(s) (as defined herein); (iii) increased by the amount, if any, reallocated from such Partner's Special Situation Sub-Account(s) to its Capital Account; and (iv) decreased by (x) the amount of any withdrawals made by, or distributions made to, such Partner as of the end of such Accounting Period and (y) the amount of any Management Fees charged to such Capital Account during such Accounting Period. Adjustments are then made to the Capital Accounts to account for Performance Allocations (as defined herein), if any, withholding and foreign taxes or tax credits with respect to any investments of the Partnership.

Special Situation Sub-Accounts. When the Partnership acquires a Special Situation Investment or when an investment previously acquired becomes a Special Situation Investment, a new sub-account (a "Special Situation Sub-Account") will be established for each Limited Partner who is a Limited Partner at such time. With respect to each Special Situation Investment of the Partnership, a Limited Partner's Special Situation Sub-Account will be established in an amount equal to (i) its Special Situation Percentage (as defined in the Partnership Agreement) as of the time that the Partnership acquires such Special Situation Investment or an investment previously acquired becomes a Special Situation Investment, as the case may be, multiplied by (ii) the Book Value (as defined below) of such Special Situation Investment.

Upon a determination by the Manager that the applicable Special Situation Investment no longer constitutes a Special Situation Investment or a disposition, in whole or in part, of such Special Situation Investment maintained in the applicable Special Situation Sub-Account of a Limited Partner (a "Liquid Date"), an amount equal to the product of (i) the fair value of such Special Situation Investment held or the proceeds thereof and (ii) the Special Situation Percentage with respect to such Limited Partner which is attributable to such Special Situation Investment shall be reallocated, at such time as the General Partner determines, in consultation with the Manager, from such Special Situation Sub-Account to the Capital Account of such Limited Partner (except as otherwise provided in the section entitled "WITHDRAWALS" herein), and, thereafter, such Special Situation Sub-Account shall be terminated. The General Partner will not be allocated a Performance Allocation with respect to any appreciation generated by a Special Situation Investment until the Liquid Date with respect to such Special Situation Investment in accordance with the terms of the Partnership Agreement.

The term "Book Value" shall mean, with respect to a Special Situation Investment, the original price at which the Special Situation Investment was purchased (adjusted for amortizations of premiums or discounts, reserves, interest payments, principal amortization or other factors as deemed appropriate by the Manager) or, with respect to an existing investment that becomes a Special Situation Investment, the lower of: (i) the fair value of the investment determined by the Manager immediately preceding the time it was determined by the Manager to be a Special Situation Investment, or (ii) the estimated current fair value of the investment, as determined by the Manager in its sole discretion, based on all available information at such time, subject to adjustment pursuant to the following paragraphs.

⁶ The term "Net Capital Appreciation" shall mean, with respect to any Accounting Period, the excess, if any, of the Ending Value over the Beginning Value (as such terms are defined in the Partnership Agreement) (excluding, in each case and except as otherwise set forth herein and in the Partnership Agreement, assets and liabilities attributable to Special Situation Sub-Accounts).

⁷ The term "Net Capital Depreciation" shall mean, with respect to any Accounting Period, the excess, if any, of the Beginning Value over the Ending Value (as such terms are defined in the Partnership Agreement) (excluding, in each case and except as otherwise set forth herein and in the Partnership Agreement, assets and liabilities attributable to Special Situation Sub-Accounts).

Notwithstanding anything to the contrary set forth herein, the Partnership will hire a third-party valuation agent to determine the Book Value of a Special Situation Investment previously acquired by the Partnership which was subsequently determined by the Manager to be a Special Situation Investment as of the date of such determination (the "SSI Determination Date") if all of the following criteria are met: (A) the fair value of such Special Situation Investment (as determined by the Manager) as of such SSI Determination Date is equal to or exceeds both (x) \$5,000,000, and (y) ten percent (10%) of the Partnership's Net Asset Value as of such SSI Determination Date; and (B) the estimated accrued, but unallocated, Performance Allocation as of such SSI Determination Date is equal to or exceeds one percent (1.0%) of the Partnership's Net Asset Value as of such date.

In addition, at the end of each calendar quarter (each such date a "Subsequent Determination Date"), the Manager shall estimate the fair value of each Special Situation Investment. If such estimated fair value of such Special Situation Investment is less than the Book Value of such Special Situation Investment, the Book Value of such Special Situation Investment shall be decreased to such estimated fair value as of such Subsequent Determination Date (the amount of such decrease, an "Estimated Write Down").

Further, notwithstanding anything to the contrary set forth herein, the Partnership will hire a third-party valuation agent to determine the fair value of any Special Situation Investment as of the end of the fiscal year following the anniversary of the acquisition date or the SSI Determination Date, as applicable, with respect to such Special Situation Investment, and as of each subsequent fiscal year end thereafter, if all of the following criteria are met: (A) the fair value of such Special Situation Investment (as determined by the Manager) as of such fiscal year end is equal to or exceeds both (x) \$5,000,000, and (y) ten percent (10%) of the Partnership's Net Asset Value as of such fiscal year end; and (B) the estimated accrued, but unallocated, Performance Allocation as of such fiscal year end is equal to or exceeds one percent (1.0%) of the Partnership's Net Asset Value as of such date. If the fair value of any Special Situation Investment determined by such third-party valuation agent as of a fiscal year end is less than the Book Value of such Special Situation Investment, the Book Value of such Special Situation Investment shall be decreased to such estimated fair value as of such fiscal year end (the amount of such decrease, a "Valuation Write Down").

Performance Allocation

Subject to the Loss Recovery Account provisions described herein, at the end of each Performance Allocation Period (as defined below), twenty percent (20%) of the Aggregate Net Increase⁸ with respect to each Limited Partner's Capital Account during such Performance Allocation Period will be reallocated from such Capital Account to the Capital Account of the General Partner (the "Performance Allocation"). The Partnership has adopted the "high water mark" method of calculating the Performance Allocation by utilizing the Loss Recovery Account method described below.

A "Performance Allocation Period" shall commence, with respect to a Limited Partner, on the date of admission of such Limited Partner and, thereafter, immediately following the close of the preceding Performance Allocation Period, and will end (i) on the last Business Day of each fiscal year, (ii) with respect to a Limited Partner making a total withdrawal or a partial withdrawal from its Capital Account (with respect to the amount withdrawn), on the Withdrawal Date, (iii) at the General Partner's sole discretion, with respect to a Limited Partner transferring all or a portion of its Capital Account (with

⁸ The term "Aggregate Net Increase" shall mean, with respect to each Limited Partner and any Performance Allocation Period (i) the Aggregate Overall Appreciation (as defined below) with respect to such Performance Allocation Period less (ii) any Management Fees charged to such Limited Partner's Capital Account during such Performance Allocation Period.

respect to such transferred amounts), on the date of such transfer, (iv) on the effective date that the General Partner ceases to be the Partnership's general partner, and (v) on the date when the Partnership dissolves and/or terminates.

The General Partner reserves the right to waive or reduce the Performance Allocation with respect to any Limited Partner, including, without limitation, its affiliates, members and/or employees.

Loss Recovery Account

There is established on the books of the Partnership for each Limited Partner a memorandum account (the "Loss Recovery Account"), the opening balance of which is zero. The General Partner's Performance Allocation shall be subject to the amount of each Limited Partner's Loss Recovery Account from the preceding Performance Allocation Period. At the end of each Performance Allocation Period, the balance in each Limited Partner's Loss Recovery Account is adjusted as follows: (i) an amount equal to any Aggregate Overall Depreciation⁹ with respect to such Limited Partner during such Performance Allocation Period is credited to such Limited Partner's Loss Recovery Account; or (ii) an amount equal to any Aggregate Overall Appreciation¹⁰ with respect to such Limited Partner during such Performance Allocation Period, before any Performance Allocation to the General Partner, is debited to and reduces any unrecovered balance in such Limited Partner's Loss Recovery Account, but not beyond zero. No Performance Allocation is allocable from a Limited Partner's Capital Account unless and until such Limited Partner's Loss Recovery Account is at zero. The Aggregate Net Increase upon which the calculation of the Performance Allocation is based is deemed reduced by the amount, if any, of such Limited Partner's Loss Recovery Account. Furthermore, for purposes of adjusting a Limited Partner's Loss Recovery Account, any Management Fees paid or accrued with respect to a Limited Partner during a Performance Allocation Period shall increase the amount of Aggregate Overall Depreciation credited to

⁹ The term "Aggregate Overall Depreciation" shall mean, with respect to each Limited Partner and any Performance Allocation Period, the excess (if any) of (i) the sum of (A) the aggregate Net Capital Depreciations debited to such Limited Partner's Capital Account during such Performance Allocation Period and (B) the aggregate Special Situation Depreciations (as defined below) with respect to such Limited Partner for such Performance Allocation Period over (ii) the sum of (A) the aggregate Net Capital Appreciations credited to such Limited Partner's Capital Account during such Performance Allocation Period and (B) the aggregate Special Situation Appreciations (as defined below) with respect to such Limited Partner for such Performance Allocation Period.

¹⁰ The term "Aggregate Overall Appreciation" shall mean, with respect to each Limited Partner and any Performance Allocation Period, the excess (if any) of (i) the sum of (A) the aggregate Net Capital Appreciations credited to such Limited Partner's Capital Account during such Performance Allocation Period and (B) the aggregate Special Situation Appreciations with respect to such Limited Partner for such Performance Allocation Period, over (ii) the sum of (A) the aggregate Net Capital Depreciations debited to such Limited Partner's Capital Account during such Performance Allocation Period and (B) the aggregate Special Situation Depreciations with respect to such Limited Partner for such Performance Allocation Period.

The term "Special Situation Appreciation" shall mean, with respect to any Special Situation Investment and Limited Partner, the product of (i) the excess, if any, of (x) the fair value of such Special Situation Investment or proceeds thereof on the termination of the relevant Special Situation Sub-Account with respect to such Special Situation Investment over (y) the Book Value of such Special Situation Investment, and (ii) the Special Situation Percentage with respect to such Limited Partner which is attributable to such Special Situation Investment.

The term "Special Situation Depreciation" shall mean, with respect to any Special Situation Investment and Limited Partner, either: (A) the product of (i) the Estimated Write Down or Valuation Write Down, if any, with respect to such Special Situation Investment and (ii) the Special Situation Percentage with respect to such Limited Partner which is attributable to such Special Situation Investment; or (B) the product of (i) the excess, if any, of (x) the Book Value of such Special Situation Investment over (y) the fair value of such Special Situation Investment or proceeds thereof on the termination of the relevant Special Situation Sub-Account with respect to such Special Situation Investment, and (ii) the Special Situation Percentage with respect to such Limited Partner which is attributable to such Special Situation Investment.

such Limited Partner's Loss Recovery Account or decrease the amount of Aggregate Overall Appreciation debited to such Limited Partner's Loss Recovery Account, as the case may be.

In the event that a Limited Partner with an unrecovered balance in its Loss Recovery Account withdraws all or a portion of its Capital Account or receives a distribution of a Special Situation Investment in kind, the unrecovered balance in such Limited Partner's Loss Recovery Account is reduced as of the beginning of the next Performance Allocation Period by an amount equal to the product obtained by multiplying the balance in such Limited Partner's Loss Recovery Account by a fraction, the numerator of which is the amount of such withdrawal made or distribution received by such Limited Partner and the denominator of which is the aggregate balance in such Limited Partner's Capital Account and Special Situation Sub-Account(s) on the last day of the prior Performance Allocation Period (prior to such withdrawal made by or distribution to the Limited Partner). Additional capital contributions will not affect any Limited Partner's Loss Recovery Account.

Net Asset Valuation

In general, the Partnership's net asset value ("Net Asset Value") is equal to the Partnership's assets at fair value, less its liabilities, at fair value. The Partnership's Net Asset Value is calculated by the General Partner (or any other party designated by the General Partner, including the Administrator) on a monthly basis as of the close of the last Business Day of each calendar month or at such other time the General Partner determines in its sole discretion (each, a "Valuation Date"):

(a) Securities, other than options and warrants, that are listed or admitted to trading on one or more securities exchanges or similar electronic system, will be valued at the last sales price during the regular trading session on the primary exchange on which such securities trade on the relevant Valuation Date or, if no sale was reported on the Valuation Date on the primary exchange where that security is traded, the security will be valued at the last sales price on the primary exchange when that security was last traded. In the event this last sales price is outside of the bid-ask range the security is then priced at the average of bid-ask. Securities that are not listed or admitted to trading on an exchange or similar electronic system, including, without limitation, "Brady Bonds," will be valued at the mean between the bid and asked prices provided by several dealers whom the Manager (or an affiliate), acting in good faith, determines to be reputable dealers.

(b) Options and warrants that are listed or admitted to trading on one or more exchanges or similar electronic system will be valued (i) at the last sales price on the primary exchange on which such options or warrants are traded, if such price is equal to or is between, the closing "bid" and the closing "asked" prices on the relevant Valuation Date, or (ii) at the mean between the "bid" and "asked" prices, if, as at the relevant Valuation Day, the last traded price is outside of the closing bid price and the closing asked price for such option or warrant if no trades occurred on the relevant Valuation Day. Options and warrants that are not listed or admitted to trading on an exchange or similar electronic system will be valued at the mean between the bid and asked prices provided by several dealers whom the Manager (or an affiliate), acting in good faith, determines to be reputable dealers. The Manager (or an affiliate), acting in good faith, may also value options and warrants according to a valuation model or volatility formula based on volatility levels provided by dealers deemed to be reputable by the Manager (or an affiliate).

(c) Futures contracts and options thereon, which are traded on commodities exchanges, will be valued at their settlement value as of the close of such exchanges.

(d) Convertible bonds and convertible preferred stocks that are listed or admitted to trading on one or more exchanges will be valued at the last sale price, if such price is equal to or is between, the "bid" and the "asked" prices.

(e) Convertible bonds, convertible preferred stocks, restricted common shares, options, warrants or any other security or security derivatives that are not listed or admitted to trading on one or more exchanges, will be valued based on specific methodologies designed by the General Partner and/or the Manager, provided that the General Partner, at its sole discretion, may elect to have these securities valued by a qualified third party valuation expert acceptable to the Administrator.

(f) Fixed income securities are valued on a daily basis with Standard and Poors, IDC, broker quotes or Bloomberg, or as determined by the General Partner, in consultation with the Manager.

(g) Commodities are valued at the last sale price reported by Bloomberg or other reporting service selected by the General Partner or the Manager.

(h) Special Situation Investments and other securities for which no such market prices are available will be generally carried on the books of the Partnership at fair value as reasonably determined by the General Partner and/or the Manager in accordance with the U.S. Financial Accounting Standards Board Statement No. 157, even if such valuation differs from the value which would otherwise be obtained in accordance with the above.

(i) All other securities and all property other than securities will be valued at fair value as reasonably determined by the General Partner or its designee. The General Partner may in its discretion hire an independent appraiser, and the expense of such appraiser will be charged to the Partnership. Securities or other property that are subject to any restriction will be valued by the General Partner or its designee taking into account such restriction.

(j) In the event the General Partner deems any of the foregoing valuation methods to be inadequately representative of an asset's value, the General Partner, acting in good faith and a commercially reasonable manner, may assign to such asset an alternate value. Furthermore, all assets of the Partnership other than those described in the preceding paragraphs will be assigned such value as the General Partner (or such other party as may be designated by the General Partner), may reasonably determine in good faith. Independent appraisals may be conducted but are not required.

(k) Liabilities will be determined using GAAP.

(l) All values assigned to securities and other assets and liabilities by the General Partner and/or any party designated by the General Partner to value the Partnership's assets (including the Manager and/or the Partnership's administrator) shall be final and conclusive as to all of the Partners.

In determining the Partnership's Net Asset Value based upon the above parameters, the following shall be subtracted: (a) Management Fees, administration fees and other fees that have accrued, as of the date of computation, but are not yet paid; (b) an allowance for the cost of the Partnership's annual audit, legal and other fees and (c) any contingency for which reserves are determined to be appropriate. Net Asset Valuations are expressed in U.S. Dollars and any items denominated in other currencies are converted at prevailing exchange rates as determined by the Partnership. All debts, liabilities and Net Asset Valuations will be determined in accordance with GAAP unless otherwise determined by the General Partner.

Fiscal year-end Net Asset Value calculations are audited by the Partnership's independent auditors and may be revised as a result of such audit. In no event shall the General Partner, the Manager or any entity appointed by the General Partner and/or the Manager to determine the Partnership's Net

Asset Value, incur any individual liability or responsibility for any determination made or other action taken or omitted by them in the absence of gross negligence, willful default or fraud.

WITHDRAWALS

No market for the Interests is expected to develop. Subject to the Lock-Up Period (as defined herein), a Limited Partner generally may, however, on ninety (90) calendar days written notice to the Administrator, withdraw all or part of its Capital Account, and not from its Special Situation Sub-Accounts, as of the last Business Day of each fiscal quarter (each a “Withdrawal Date”) or at such other times as the General Partner determines in its sole discretion. The General Partner may waive these withdrawal restrictions for any Limited Partner. However, under certain circumstances the General Partner also may suspend the withdrawal rights of any Limited Partner or the Limited Partners as a group. For example, withdrawals might be suspended when market conditions are such that any withdrawal cannot, in the General Partner’s sole judgment, be affected without adverse consequences to the Partnership or when one withdrawal, in combination with others, may be reasonably expected to have the same effect.

Lock-Up Period. Notwithstanding anything to the contrary, a Limited Partner may not withdraw any capital contribution (and any appreciation thereon) until after the expiration of the twelve (12) month period (the “Lock-Up Period”) following the contribution of such capital, without the prior written consent of the General Partner, which may be granted or denied in the General Partner’s sole discretion.

Compulsory Withdrawals. The General Partner, in its sole discretion, has the right to require a compulsory withdrawal of all or part of a Limited Partner’s Interests in the Partnership at any time for any or no reason (including without limitation, the General Partner’s determination, in its sole discretion, that such Limited Partner’s holding of an interest in the Partnership could result in the assets of the Partnership being considered “plan assets” for purposes of Employee Retirement Income Security Act of 1974, as amended (“ERISA”)), without prior written notice to the Limited Partner.

Payment of Withdrawal Proceeds. Ninety-five percent (95%) of the withdrawal amount will be made within thirty (30) days after the Withdrawal Date, with the remainder being paid as soon as practicable after final reconciliation of valuations for the withdrawal date provided that for complete withdrawals the General Partner may elect to retain the remainder until completion of the Partnership’s audit for the fiscal year in which the withdrawal occurs. Any retained withdrawal proceeds will not be considered to be invested in the Partnership. Upon withdrawal of all of its Capital Account, a Limited Partner shall be deemed to have withdrawn from the Partnership, and upon notice of such withdrawal, a Limited Partner shall not be entitled to exercise any voting rights afforded to Limited Partners under the Partnership Agreement. Withdrawal proceeds are reduced by the Performance Allocation due to the General Partner, if any, in respect of the funds being withdrawn, and may be further reduced to pay accrued, future and contingent expenses (including the Partnership’s indemnification obligations under which it may be required to reserve capital to advance legal costs as incurred by the Manager or other indemnified persons) and other reserves as deemed necessary in the Manager’s sole discretion.

Special Situation Investments. Notwithstanding anything to the contrary contained herein, amounts maintained in Special Situation Sub-Accounts may be withdrawn by a Limited Partner only in accordance with the withdrawal provisions herein and in the Partnership Agreement from Capital Accounts after the Special Situation Sub-Account balance(s) of such Limited Partner are reallocated to such Limited Partner’s Capital Account, subject to the General Partner’s right to distribute one or more

Special Situation Investments in kind to the withdrawing Limited Partner. Moreover, the Partnership may establish a liquidating trust, special purpose vehicle, or similar mechanism for the purpose of holding the Special Situation Investments that constitute part or all of a Limited Partner's withdrawal proceeds or Special Situation Sub-Accounts until such times as such Special Situation Investments are no longer illiquid or become readily capable of liquidation in whole or in part (to the extent that they are readily capable of liquidation) in the sole discretion of the Manager. A Special Situation Investment shall remain at risk in the Partnership and be subject to the Management Fee, Performance Allocation and all other terms of the Offering Memorandum and the Partnership Agreement until such Special Situation Investment is liquidated in whole or in part (to the extent liquidated) or is otherwise distributed in-kind to the Limited Partners.

If a Limited Partner requests a withdrawal of substantially all of the assets of its Capital Account at any time prior to the liquidation of each Special Situation Sub-Account of such Limited Partner, the Partnership, through the General Partner, shall withhold from the withdrawal proceeds of such Limited Partner an amount equal to an estimate (in the Investment Manager's sole discretion) of one (1) year (or such other period as determined by the Investment Manager in its sole discretion) of Management Fees payable with respect to such Special Situation Sub-Account (the "Management Fee Holdback"). The Management Fee Holdback may be invested by the Investment Manager for the benefit of such Limited Partner in U.S. Treasury bills, money market funds or any other investment deemed appropriate by the Investment Manager; provided, however, that the Management Fee shall accrue monthly and be paid quarterly in arrears to the Manager in accordance with the terms of the Partnership Agreement. If the aggregate Management Fees payable with respect to the Special Situation Sub-Accounts held by a Limited Partner that has completely withdrawn its Capital Account exceeds the Management Fee Holdback with respect to such Limited Partner's Special Situation Sub-Accounts, the Partnership will bill such Limited Partner not more frequently than quarterly for Management Fees due in respect of such Special Situation Sub-Accounts. Such Management Fees will be due within thirty (30) days of receiving such notice. If the full amount of the Management Fees due is not paid to the Partnership, the Partnership may, in its sole discretion, reduce the amount of any subsequent withdrawal proceeds paid with respect to such Special Situation Sub-Accounts by an amount equal to the unpaid Management Fees, together with interest thereon, accruing from the date such Management Fees become payable, at an annual rate equal to the federal funds rate plus twelve percent (12.0%). When the Partnership disposes of the Special Situation Investment(s) attributable to such Special Situation Sub-Accounts, the Partnership shall distribute any remaining Management Fee Holdback attributable to such Special Situation Sub-Accounts to the relevant Limited Partner in accordance with the withdrawal terms set forth herein.

Inability to Liquidate; Suspension. In circumstances where the Partnership is unable to liquidate securities positions in an orderly manner in order to fund withdrawals, or where the value of the net assets and liabilities of the Partnership cannot reasonably be determined, the Partnership may take longer than the aforementioned time periods to effect settlements of withdrawals and/or the General Partner may suspend withdrawals and/or establish a liquidating trust, special purpose vehicle, or similar mechanism, for the purpose of holding any illiquid investments or may establish side pockets (in the form of Sub-Accounts) to hold such illiquid investments from which withdrawals may not be made until the General Partner determines such investments are no longer illiquid. In addition, the Partnership, in the General Partner's sole discretion, may settle any given withdrawal, in whole or in part, in kind and provide for liquidation using a liquidation trust, special purpose vehicle or similar structure.

The General Partner reserves the right to suspend the calculation of the Partnership's (or any class of Interests') Net Asset Value and/or to suspend (in whole or in part) or limit the rights of Limited Partners to withdraw from the Partnership, to receive withdrawal payments and/or to make capital contributions, upon the occurrence of an event that may result in dissolution of the Partnership or otherwise in the General Partner's sole discretion. The Partnership may withhold a portion of any

proceeds of withdrawals if necessary to comply with applicable regulatory requirements. In the event of a suspension or limitation of the rights of Limited Partners to withdraw from the Partnership, the General Partner's withdrawal right will be similarly suspended and/or limited, as the case may be, and the Management Fee shall be reduced as described in "FEES AND EXPENSES – Fees of the Manager" herein for periods when such suspension or limitation is in place.

General Partner Withdrawals. The General Partner and its affiliates may make withdrawals, including current earnings and allocations, from their Capital Accounts at any time without notice to the Limited Partners. In addition, the General Partner may withdraw from the Partnership as general partner at any time upon notice to the Limited Partners.

When withdrawals are made, Performance Allocations that have been accrued as of the date of withdrawal will be calculated and deducted from the withdrawal proceeds as described in "SUBSCRIPTIONS, CAPITAL ACCOUNTS, ALLOCATIONS, NET ASSET VALUATION."

Termination. Any Limited Partner who has submitted a withdrawal request to the Partnership in accordance with the provisions herein and in the Partnership Agreement (regardless of whether such request has been accepted) may, in the General Partner's discretion, have any such withdrawal suspended in the event the decision to terminate the Partnership has been made.

See the Partnership Agreement for additional terms that apply to withdrawals.

FEES AND EXPENSES

Fees of the Manager

The Partnership will pay the Manager (or any other person or entity designated by the Manager) a management fee that accrues monthly and is payable quarterly in arrears (the "Management Fee") in an amount equal to: (i) 0.50% of the Net Asset Value of the Capital Account of each Limited Partner (two percent (2.0%) per annum), and (ii) 0.35% of the Book Value of the Special Situation Sub-Account of each Limited Partner (one and four-tenths percent (1.4%) per annum). The Management Fee is prorated for partial periods. Payment of the Management Fee is due as of the last Business Day of each calendar quarter and is payable by the Partnership within ten (10) days thereafter.

In the event of a suspension or limitation of the rights of Limited Partners to withdraw from the Partnership as discussed in "WITHDRAWALS – *Inability to Liquidate; Suspension*" herein (other than any suspensions or limitations required by law, regulatory authority or as the result of a request by a regulatory or governmental agency or authority or self-regulatory organization), the Partnership will pay the Manager a Management Fee in an amount equal to 0.35% (one and four-tenths percent (1.4%) per annum) of the Net Asset Value of the Capital Account of such Limited Partner for such period of suspension or limitation.

The Management Fee Holdback (as defined herein) will be imposed on a Limited Partner that requests a withdrawal of substantially all of the assets of its Capital Account at any time prior to the liquidation of each Special Situation Sub-Account of such Limited Partner. See "WITHDRAWALS – Special Situation Investments" herein.

The Manager, in its sole discretion, may waive, by rebate or otherwise, all or part of the Management Fee otherwise due with respect to any Partner's investment, including, without limitation, its affiliates, members and/or employees.

Organizational and Offering Expenses

Organizational expenses of the Partnership include, but are not limited to, legal, accounting and government filing fees. Offering expenses include marketing expenses, printing of this Offering Memorandum and exhibits thereto and the admission of Limited Partners. The costs and expenses of the Partnership's organization and the initial offering and sale of Interests, which were approximately \$7,500, were paid by the General Partner. These organizational and offering expenses are being reimbursed by the Partnership over time and are being amortized over a period of up to 60 months. For any period in which the Partnership is amortizing organizational expenses, the General Partner may decide to (a) recognize the unamortized expenses or (b) make GAAP conforming changes for financial reporting purposes but amortize expenses for purposes of calculating the Partnership's net asset value. If a Partner withdraws a portion of its Capital Account prior to the end of the period during which the Partnership is amortizing its organizational expenses, the General Partner may elect to accelerate a proportionate share of the unamortized expenses based on the portion of the Capital Account withdrawn and allocate such expense to that Capital Account (which shall reduce that Partner's withdrawal proceeds by the amount of such accelerated expenses).

Ongoing Expenses

Certain of the Partnership's operating expenses will be paid by the Partnership. Operating expenses include, without limitation, (A) the Partnership's ongoing accounting, auditing, bookkeeping, tax preparation, administration, legal, consulting and other professional fees and expenses; (B) all costs of communications with Limited Partners; (C) a portion of original and third-party research expenses not reimbursed or otherwise paid by broker dealers (including some or all of the costs associated with various data feeds (e.g. Bloomberg terminal, etc.) and subscriptions to professional journals and the like not to exceed 60bps annually (as measured by the Partnership's capital at the beginning of the year); (D) all investment-related expenses, (including all commissions, bid-ask spreads, mark-ups, interest on margin borrowing, costs relating to short sales, transfer taxes, custodian fees, etc.); (E) all costs of protecting or preserving any investment held by the Partnership; (F) all losses, damages, charges, costs or expenses arising from the Partnership's indemnification obligations under the Partnership Agreement and other contracts to which the Partnership may become a party; (G) expenses incurred with regard to Special Situation Sub-Accounts; (H) regulatory and tax filing fees; (I) expenses incurred with respect to the preparation, duplication and distribution to Limited Partners and prospective Limited Partners of the offering documents, annual reports and other financial information; (J) expenses of any third-party valuation agent(s); and (K) all costs associated with dissolution, winding up, liquidation or termination of the Partnership. The Manager may elect to pay for some or all of the Partnership's costs and expenses.

Fees and expenses that are identifiable with a particular class of Interests may, in the General Partner's sole discretion, be charged against that class in computing its Net Asset Value. The General Partner and/or the Manager will pay, and shall not be reimbursed by the Partnership for, each of their own overhead expenses. These may include, without limitation, rent, employee salaries and benefits and insurance and research-related travel (including travel and lodging incurred for the benefit of the Partnership).

Administration Fee

The Administrator will be paid an administration fee, which such administration fee may be paid by the General Partner, the Manager and/or the Partnership, based upon the size of the Partnership, in accordance with the Administrator's standard schedule for providing similar services.

Subscription Fees

Any fees or duties incurred by the Partnership in processing an investor's application for Interests may either be deducted from the investor's subscription proceeds, in which case the subscription proceeds net of the subscription charges shall be allocated to the investor's Capital Account, or the subscription charges may be charged in addition to the amount being subscribed.

Brokerage Fees

The Partnership pays all fees and commissions associated with its brokerage. Brokerage fees include financing charges and transaction and administrative fees as more fully described in the brokerage agreements. Transaction costs vary depending on the country and the type of investment. The compensation provisions of such agreements may be amended from time to time as circumstances dictate. The Manager has complete discretion in deciding which brokers and dealers it uses and in negotiating the rates of compensation with respect to the management of the Partnership's assets and liabilities.

SUITABILITY

Investor Suitability Standards

Each purchaser of an Interest must bear the economic risk of its investment for an indefinite period of time (subject to its limited right to withdraw capital from the Partnership as more specifically described in the Partnership Agreement) because the Interests have not been registered under the Securities Act of 1933 as amended (the "Securities Act"), and, therefore, cannot be sold unless they are subsequently registered under the Securities Act or an exemption from such registration is available. It is not contemplated that any such registration will ever be effected, or that certain exemptions provided by rules promulgated under the Securities Act (such as Rule 144) will be available. There is no public market for the Interests now, nor is one expected to develop in the future. The Interests are being offered in reliance upon the exemption provided in Section 4(2) of the Securities Act and Regulation D thereunder. The Interests have not been registered under the securities laws of any state or other jurisdiction and will not be offered in any state of the United States except pursuant to an exemption from registration. In addition, the Partnership is not registered under the Investment Company Act of 1940, as amended (the "Company Act"). The Partnership Agreement provides that a Limited Partner may not assign its Interest (except by operation of law), nor substitute another person as a Limited Partner, without the prior consent of the General Partner, which may be withheld for any or no reason. The foregoing restrictions on transferability must be regarded as substantial, and will be clearly reflected in the Partnership records.

Each purchaser of an Interest is required to represent that the Interest is being acquired for its own account, for investment, and not with a view to resale or distribution. The Interests are suitable investments only for sophisticated investors for whom an investment in the Partnership does not constitute a complete investment program and who fully understand, are willing to assume, and who have

the financial resources necessary to withstand the risks involved in the Partnership's specialized investment program and to bear the potential loss of their entire investment in the Interests.

Each potential investor must qualify as an "accredited investor" within the meaning of Regulation D under the Securities Act and a "qualified client" within the meaning of the Advisers Act and will be required to meet other suitability requirements as set forth in the subscription documents.

An accredited investor is:

1. Any U.S. bank or any banking institution organized under the laws of any State, territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the State or Territorial banking commission or similar official agency, any U.S. savings and loan association or other similar institution, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Exchange Act; any U.S. insurance company; any investment company registered under the Company Act or a business development company as defined in the Company Act; any Small Business Investment Partnership licensed by the U.S. Small Business Administration under the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), if the investment decision is made by a plan fiduciary, as defined in ERISA, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000; or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

2. Any "private business development company" as defined in the Advisers Act;

3. Any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total capital in excess of \$5,000,000;

4. The General Partner and certain affiliates of the General Partner;

5. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase, exceeds \$1,000,000;¹¹

6. Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

7. Any trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Regulation D; or

¹¹ For purposes of this definition, "net worth" means the excess of total assets at fair market value, including home furnishings (but exclusive of the Investor's primary residence up to its fair market value) and automobiles, over total liabilities. Note that (i) any indebtedness secured by an investor's primary residence in excess of the fair market value of an investor's primary residence should be considered a liability and deducted from the investor's net worth and (ii) any indebtedness that is secured by an investor's primary residence, up to the estimated fair market value of the primary residence as of the date the investor is sold the Interests, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of the Interests exceeds the amount outstanding sixty (60) days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability and deducted from the investor's net worth.

8. Any entity all of whose equity owners satisfy one or more of such requirements (1) through (7) above.

A **qualified client** is one of the following:

1. A natural person who, or a company that, immediately after entering into the contract has at least \$1,000,000 under the management of the investment adviser;

2. A natural person who, or a company that, the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$ 2,000,000 at the time the contract is entered into; or

3. A natural person who immediately prior to entering into the contract is: (A) An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or (B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

4. A private investment company¹², an investment company registered under the Company Act or a business development company as defined in the Company Act, and each equity owner of such entity satisfies one of the above conditions.

5. A “qualified purchaser” as defined in section 2(a)(51)(A) of the Company Act.

The qualifications for the “qualified purchaser” standard are:

- A. any natural person who owns not less than \$5,000,000 in Investments (as defined below), including any Investments held jointly, in community property or other similarly shared ownership interest with that person’s spouse, including the amount of such person’s Investments held in an individual retirement account or similar account and the Investments of which are directed by and held for the benefit of such person;¹³
- B. any trust that was not formed for the specific purpose of acquiring the Interests, as to which the trustee or other person authorized to make decisions with respect to the trust, and each settlor or other person who has contributed assets to the trust, are qualified purchasers;

¹² The term *private investment company* means a company that would be defined as an investment company under section 3(a) of the Investment Company Act of 1940 but for the exception provided from that definition by section 3(c)(1) of such Act.

¹³ In determining whether spouses who are making a joint investment are qualified purchasers, there may be included in the amount of each spouse’s Investments any Investments owned by the other spouse (whether or not such Investments are held jointly).

- C. any other person (e.g., an institutional investor) acting for its own account or the accounts of other qualified purchasers, who in the aggregate owns and invests on a discretionary basis, not less than \$25,000,000 in Investments;
- D. any company¹⁴ that owns not less than \$5,000,000 in Investments (as defined below), and that is owned directly or indirectly by or for two or more natural persons who are related as siblings or spouse (including former spouses), or direct lineal descendants or ancestors by birth or adoption, or spouses of such descendants or ancestors (each, a “Related Person”), the estates of such persons, or foundations, charitable organizations, or trusts established by or for the benefit of such persons (a “Family Company”);
- E. any other person (e.g., an institutional investor) acting for its own account or the accounts of other qualified purchasers, who in the aggregate owns and invests on a discretionary basis, not less than \$25,000,000 in Investments, including Investments owned by majority-owned subsidiaries of a company and Investments owned by a company (“Parent Company”) of which the company is a majority-owned subsidiary of the company and other majority-owned subsidiaries of the Parent Company;
- F. any qualified institutional buyer as defined in Rule 144A under the Securities Act, acting for its own account, the account of another qualified institutional buyer, or the account of a qualified purchaser, provided that (i) a dealer described in paragraph (a)(1)(ii) of Rule 144A shall own and invest on a discretionary basis at least \$25,000,000 in securities of issuers that are not affiliated persons of the dealer; and (ii) a plan referred to in paragraph (a)(1)(D) or (a)(1)(E) of Rule 144A, or a trust fund referred to in paragraph (a)(1)(F) of Rule 144A that holds the assets of such a plan, will not be deemed to be acting for its own account if investment decisions with respect to the plan are made by the beneficiaries of the plan, except with respect to investment decisions made solely by the fiduciary, trustee or sponsor of such plan;
- G. any company that, but for the exceptions provided for in Sections 3(c)(1) or 3(c)(7) under the Company Act, would be an investment company (hereafter in this paragraph referred to as an “excepted investment company”), provided that all beneficial owners of its outstanding securities (other than short-term paper), determined in accordance with Section 3(c)(1)(A) thereunder, that acquired such securities on or before April 30, 1996 (hereafter in this paragraph referred to as “pre-amendment beneficial owners”), and all pre-amendment beneficial owners of the outstanding securities (other than short-term paper) or any excepted investment company that, directly or indirectly, owns any outstanding securities of such excepted investment company, have consented to its treatment as a qualified purchaser;
- H. any company, such as a corporation, partnership, an association, a joint-stock company, a trust, a fund, or any organized group of persons whether incorporated

¹⁴ “Company” means a corporation, a partnership, an association, a joint-stock company, a trust, a fund, or any organized group of persons whether incorporated or not; or any receiver, trustee in bankruptcy or similar official or any liquidating agent for any of the foregoing, in his capacity as such.

or not; or any receiver, trustee in bankruptcy or similar official or any liquidating agent for any of the foregoing, in his capacity as such, provided that each beneficial owner of the company's securities is a qualified purchaser;

For the purpose of the above tests, the term **Investments** means:

1. Securities (within the meaning of Section 2(a)(1) of the Securities Act), other than securities of an issuer that controls, is controlled by, or is under common control with, a person seeking to purchase the Interests, unless the issuer of such securities is:
 - A. an investment company as defined under Section 3(c)(1) of the Company Act, a company that would be an investment company but for the exclusions provided by Sections 3(c)(1) through 3(c)(9) of the Company Act, or the exemptions provided by Rule 3a-7 thereunder for issuers of asset-backed securities or a commodity pool as defined under the CEA;
 - B. a company that either files reports pursuant to Sections 13 or 15(d) of the Exchange Act (a "Public Company"), or has a class of securities that are listed on a "designated offshore securities market" as such term is defined by Regulation S under the Securities Act; or
 - C. a company with shareholders' equity of not less than \$50,000,000 (determined in accordance with generally accepted accounting principles) as reflected in such company's most recent financial statements, provided that such financial statements present the information as of a date within sixteen (16) months preceding the date on which the prospective investor seeks to acquire Interests;
2. Real estate held for investment purposes;¹⁵
3. Commodity futures contracts, options on commodity futures contracts, and options on any physical commodity traded on or subject to the rules of any contract market designated for trading such transactions under the CEA, any board of trade or exchange outside the United States ("Commodity Interests"), entered into for investment purposes;
4. Any physical commodity with respect to which a commodity interest is traded on a market specified in paragraph (3) above ("Physical Commodities"), and held for investment purposes;
5. Financial contracts (within the meaning of Section 3(c)(2)(B)(ii) of the Company Act) excluded from the definition of securities in paragraph (i) above, entered into for investment purposes;¹⁶

¹⁵ Real estate is not considered held for investment purposes by a prospective purchaser if it is used by the prospective purchaser or a Related Person (as defined herein) for personal purposes or as a place of business, or in connection with the conduct of the trade or business of the prospective purchaser or a Related Person, provided that real estate owned by a prospective purchaser who is engaged primarily in the business of investing, trading or developing real estate in connection with such business may be deemed to be held for investment purposes. Residential real estate shall not be deemed to be used for personal purposes if deductions with respect to such real estate are not disallowed by section 280A of the Code.

¹⁶ For purposes of calculating Investments as described in paragraphs (3) through (5) above, a Commodity Interest or Physical Commodity owned, or a financial contract entered into, by the prospective purchaser who is engaged primarily in the business of investing, reinvesting, or trading in commodity interest, physical commodities or financial contracts in connection with such business may be deemed to be held for investment purposes.

6. In the case of a prospective investor that is a qualified purchaser, a company that would be an investment company under the Company Act but for the exclusion provided by Section 3(c)(1) thereunder, or a commodity pool under the CEA, any amounts payable to such prospective investor pursuant to a firm agreement or a similar binding commitment pursuant to which a person has agreed to acquire an interest in, or make capital contributions to, the prospective investor upon its demand therefor; or

7. Cash or cash equivalents (including foreign currencies) held for investment purposes, including bank deposits, certificates of deposit, bankers acceptances and similar bank instruments held for investment purposes, as well as net cash surrender value of an insurance policy.

For purposes of determining whether an investor is a qualified purchaser, the aggregate amount of Investments owned and invested on a discretionary basis by the prospective investor shall be the Investments' fair market value on the most recent practicable date or their cost, provided that:

1. In the case of Commodity Interests, the amount of Investments shall be the value of the initial margin or option premium deposited in connection with such commodity interests;

2. The amount of any outstanding indebtedness incurred to acquire, or for the purpose of acquiring, the Investments owned by such prospective investor, as applicable, shall be deducted from the amount of Investments owned by the prospective investor.

The foregoing suitability standards represent the minimum suitability requirement for prospective investors in the Partnership and satisfaction of these standards does not necessarily mean that an investment in the Partnership is a suitable investment for a prospective investor. In all cases, the General Partner shall have the right, in its sole discretion, to refuse a subscription for Interests for any or no reason, including, but not limited to, its belief that the prospective investor does not meet the applicable suitability requirements or that such an investment is otherwise unsuitable for that investor.

Each prospective purchaser is urged to consult with its own advisers to determine the suitability of an investment in the Interests, and the relationship of such an investment to the purchaser's overall investment program and financial and tax position. Each purchaser of an Interest is required to further represent that, after all necessary advice and analysis, its investment in an Interest is suitable and appropriate, in light of the foregoing considerations.

The method of subscription is described in the Subscription Documents.

Stricter State Standards

Residents of certain states may be subject to stricter suitability standards than those stated above and the General Partner may reject the subscription of prospective investors not meeting such standards.

Purchases by Employee Benefit Plans

A fiduciary of an employee benefit plan subject to ERISA (a "Plan") should give appropriate consideration to the facts and circumstances that are relevant to an investment in the Partnership and the role it plays in the Plan's investment portfolio.

Investment by a Plan is subject to certain additional considerations because investments of Plans are subject to ERISA, as well as certain restrictions imposed by Section 4975 of the Code. United States Department of Labor ("DOL") Regulation Section 2510.3-101 (as modified by Section 3(42) of ERISA) (the "Plan Asset Regulation") provides certain rules for determining whether an investment in the

Partnership by a Plan will be treated as investment by such plans in the underlying capital of the Partnership. Under the Plan Asset Regulation, the underlying capital of the Partnership will not be considered assets of any investing Plan because, as a policy matter, no more than twenty-five percent (25%) of any class of the Partnership's capital (excluding any capital invested by the General Partner and its affiliates) may consist of investments of Plans. Accordingly, the General Partner may be compelled to require the withdrawal of some or all of the Capital Accounts held by such Plans or accounts if necessary to comply with such policy.

Acceptance of subscriptions on behalf of Plans is in no respect a representation by the Partnership or the General Partner that an investment in the Partnership meets all relevant legal requirements with respect to investments by any particular Plan or that an investment in the Partnership is appropriate for any particular Plan. The person with investment discretion should consult with his or her attorney as to the propriety of such an investment in light of the circumstances of the particular Plan.

CERTAIN RISK FACTORS

Prospective investors should give careful consideration to the following risk factors in evaluating the merits and suitability of an investment in the Partnership as they relate specifically to Interests or to the Partnership in general, as the context requires. The following does not purport to be a comprehensive summary of all of the risks associated with an investment in the Partnership. Rather, the following are only certain risks to which the Partnership is subject and that the General Partner wishes to encourage prospective investors to discuss in detail with their professional advisors.

GENERAL RISKS

Market Risks

General Market Risk. As with any investment, there is a risk that the price of a security will rise or fall. There could be many reasons for a decline or increase in the price of a security. These include changing economic, political or market conditions and changes in interest rates.

Investments in Securities Generally. Investments in securities and other financial instruments entail general investment risks that all investors face. Securities prices can be volatile. The markets for the securities the Partnership holds can experience periods of substantial illiquidity. Regulatory bodies can suspend the trading of securities. Securities prices are influenced by many unpredictable factors and the Partnership is competing for investment opportunities with other investors, many of which have greater investment research and other resources than the Manager. The Manager believes that its investment strategies and research techniques will moderate risk through careful securities selection. However, risk cannot be eliminated. No guarantee or representation is made that the Manager's investment programs will be successful or that the Partnership's investment objectives will be achieved. The Manager can never learn all relevant information regarding a company or a security. The Manager may misinterpret or incorrectly analyze the information that it has about a particular security. These and other factors may cause the Manager to (a) invest in securities at times that will lead to losses in the Partnership's portfolio and may cause a Limited Partner to lose a significant portion of its investment in the Partnership or (b) refrain from investing in particular securities at times that would have resulted in gains in the Partnership's portfolio if the Manager would have caused the Partnership to invest.

Competition. The securities industry, and the varied strategies and techniques to be engaged in by the Manager, are extremely competitive. The Partnership will compete with firms, including many of

the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Partnership's Investment Activities. The Partnership's investment activities involve a high degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of, nor predictable by, the Manager. These factors include a wide range of economic, political, competitive and other conditions which may affect investments in general or specific industries or companies. In recent years, the securities markets have become increasingly volatile, which may adversely affect the ability of the Partnership to realize profits. As a result of the nature of the Partnership's investing activities, it is possible that the Partnership's financial performance may fluctuate substantially from period to period.

Liquidity Risks. The Partnership may invest in securities that, while they are publicly traded, are relatively illiquid. That may be because a security is thinly traded or because the Partnership's position in a security is large in relation to the overall market for the security. The Partnership may own securities that are relatively liquid when acquired but that become illiquid after the Partnership invests. The Partnership may not be able to liquidate illiquid securities positions if the need were to arise; rapid sales of such securities could depress the market value of those securities, reducing the Partnership's profits, or increasing its losses, in the positions. The value assigned to illiquid securities (including thinly traded securities) and large blocks of securities for purposes of determining ownership percentages and determining profit and loss may differ from the value the Partnership is ultimately able to realize on those securities.

Institutional Risk. The Manager may enter into contractual arrangements with various brokerage firms, banks and other institutions. There is a possibility that the institutions, including brokerage firms and banks, with which the Partnership does business will encounter financial difficulties that may substantially impair the operational capabilities or the capital position of the Partnership.

Transactions entered into by the Partnership may be executed on various exchanges (domestic and foreign) and may be cleared and settled through various clearinghouses, custodians, depositories and brokers throughout the world. Although the Partnership will attempt to execute, clear and settle such transactions through entities they believe to be sound, there can be no assurance that a failure by any such entity will not lead to a loss.

To the extent possible, the Partnership's securities will be entrusted to a qualified custodian. The Partnership's obligations to that firm and any other custodian are secured by a first priority perfected security interest over all of the Partnership's assets held in custody by that custodian. A custodian may transfer to itself all rights, title and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge or otherwise use all such collateral for its own purposes. If any such transfer occurs, the Partnership will rank as such custodian's (or affiliate's) unsecured creditor. If such custodian or affiliate becomes insolvent, the Partnership may not be able to recover such equivalent securities in full or any such recovery may be delayed. In addition, the Partnership's cash held by a custodian may not be segregated from such custodian's own cash and, if not so segregated, may be used by such custodian or affiliate in the course of its business and the Partnership will therefore rank as an unsecured creditor in relation thereto.

Risks Related to the Partnership's Investment Strategy

Broad Discretionary Power to Choose Investments and Strategies. The Partnership Agreement gives the Manager broad discretionary power to decide what investments the Partnership will make and what strategies it will use. While the Manager currently intends to use the strategies described under the

caption “INVESTMENT OBJECTIVE AND STRATEGY,” it is not obligated to do so, and it may choose other investments and strategies that it believes are advisable.

Concentration of Investments. The Partnership Agreement does not limit the amount of the Partnership’s capital that may be committed to any single investment, industry or sector. The Manager will attempt to spread the Partnership’s capital among a number of investments. From time to time, however, particularly when if Manager experiences swift changes in the Partnership’s capital, the Partnership may hold a relatively small number of securities positions, each representing a relatively large portion of the Partnership’s capital. Losses incurred in such positions could have a materially adverse effect on the Partnership’s overall financial condition.

Short Sales. The Partnership may sell securities short. A short sale results in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale results in a loss if the price of the securities sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that the Partnership may be required to pay with respect to the borrowed securities, offset (wholly or partly) by short interest credits. In a generally rising market, the Partnership’s short positions may be more likely to result in losses because securities sold short may be more likely to increase in value. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss.

To make a short sale, the Partnership must borrow the securities being sold short. It may be impossible for the Partnership to borrow securities at the most desirable time to make a short sale, particularly in illiquid securities markets. If the prices of securities sold short increase, the Partnership may be required to provide additional funds or collateral to maintain the short positions. This could require the Partnership to liquidate other investments to provide additional collateral. Such liquidations might not be at favorable prices. Further, the lender can request the return of the borrowed securities and the Partnership may not be able to borrow those securities from other lenders. This would cause a “buy-in” of the short position, which may be disadvantageous to the Partnership.

Some market participants seek to exploit short-sellers such as the Partnership by identifying and buying large quantities of securities that are significantly shorted in an attempt to increase the value of the securities. If these so-called “short squeezes” are executed successfully, as described above, the Partnership may have to cover its short position at a disadvantageous time regardless of the Manager’s view of the true value of the securities, thereby causing significant losses.

There are other inherent difficulties and challenges in short selling. The general negative perceptions of short-sellers may limit the Manager’s access to management of various issuers and hamper its research efforts. Management and other stakeholders of issuers may take legal action against short-sellers to prevent or discourage short sales of the issuer’s securities to avoid depressing the value of its securities. The Manager and the Partnership could be subject to such private legal actions. The cost of and management time committed to defending any such action could be substantial.

Gains from short sales of securities will generally be considered short-term capital gains, subject to less favorable tax rates.

Short selling can occur only in a margin account. The Broker may not be able to accept the Partnership’s order if the security it is attempting to sell short is not available to borrow. In certain situations, the Broker may borrow hard-to-borrow securities from sources external to the Broker, such as another brokerage firm; there is a fee for this which the Partnership must pay. If the lending firm requests the borrowed shares be returned, the Broker may buy-in the shares which the Partnership is short, close out the Partnership’s short position, and deliver those borrowed shares back to the lending brokerage firm,

regardless of the profit or loss to the Partnership. When the Partnership sells short, the Broker retains the proceeds of the sale, and industry regulations require the Partnership to make an initial deposit or have additional equity in the account based on the net proceeds of that sale. In addition, the Broker has minimum equity and maintenance requirements determined by share price.

Leverage. The Partnership may use some leverage in its investment program when deemed appropriate by the Manager and subject to applicable regulations. At times, the amount of such leverage may be substantial. Leverage creates an opportunity for greater yield and total return, but at the same time increases exposure to capital risk and higher current expenses. If the Partnership purchases securities on margin and the value of those securities declines, the Partnership may be obligated to pay down the margin loans to avoid liquidation of the securities. If loans to the Partnership are collateralized with portfolio securities that decrease in value, the Partnership may be obligated to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Moreover, counterparties of the Partnership, in their sole discretion, may change the leverage limits that they extend to the Partnership.

Exchange Traded Funds (ETFs)

The Partnership may invest an unspecified portion of the assets of the Partnership in exchange traded funds (“ETFs”). ETFs are a type of investment company bought and sold on a securities exchange. An ETF represents a portfolio of securities designed to track groups of other securities, particular strategies, countries, industries, sectors, trends, commodities or market indices. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile. ETFs have management fees.

Fixed Income Securities

Fixed Income Securities: In General. Fixed income securities are subject to credit and interest rate risks. Credit risk refers to the likelihood that an issuer will default on the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an investment and securities which are rated by rating agencies are often reviewed and may be subject to downgrade. Interest rate risk refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Fixed Income Securities: Interest Rate Risks. The value of all bonds and other fixed income investments change as interest rates in general fluctuate. When interest rates decline, the value of bonds and other fixed income investments generally can be expected to rise. Conversely, when interest rates increase, the value of the bonds and other fixed income investments generally can be expected to decline. The results of the Partnership's investments in fixed income securities will depend to a large degree on the ability of the General Partner's skill and expertise in managing interest rate risk.

Fixed Income Securities: Credit Risks. The Partnership is subject to the risk that issuers or insurers of instruments in which the Partnership invests and trades may default on their obligations under

such instruments and that certain events may occur which have an immediate and significant adverse effect on the value of such instruments. There can be no assurance that an issuer of a security in which the Partnership invests will not default or that an event which has an immediate and significant adverse effect on the value of such instruments will not occur, and that the Partnership will not sustain a loss on a transaction as a result.

Fixed Income Securities: Non Investment Grade Debt Securities. The Partnership may invest in debt securities that are generally rated below investment grade (such as BB or lower by Standard & Poor's Corporation and/or Ba or lower by Moody's Investors Service, Inc. or not rated at all) or which are already in default. These securities are considered speculative and, while generally offering greater income than investments in higher quality securities, involve greater risk of loss of principal and income especially during periods of economic uncertainty or change. These lower quality bonds tend to be affected by economic changes, as well as public perception of those changes, to a greater extent than higher quality securities, which react primarily to fluctuations in the general level of interest rates.

In addition, the market for lower-rated debt securities may be thinner and less active than that for higher-rated debt securities, which can adversely affect the prices at which the lower-rated debt securities are sold. If market quotations are not available, lower-rated debt securities will be valued by the general partner in its sole discretion. Judgment plays a greater role in valuing high yield corporate debt securities than is the case for securities for which more external sources for quotations and last sale information is available. Adverse publicity and changing investor perception may also affect the availability of outside pricing services to value lower-rated debt securities and the Partnership's ability to dispose of these securities. In addition, such securities generally present a higher degree of credit risk.

Options

The Partnership anticipates buying and selling (writing) put and call options.

Options Generally.

The trading of options is highly speculative and may entail risks that are greater than those present when investing in other securities. Prices of options are generally more volatile than prices of other securities. The Partnership will be speculating on market fluctuations of securities and securities exchange indices while investing only a small percentage of the value of the securities underlying the option. A change in the market price of the underlying securities or underlying market index may cause a much greater change in the price of the option contract. In addition, to the extent that the Partnership purchases options that it does not sell or exercise, it will suffer the loss of the premium paid in such purchase. To the extent that the Partnership sells options and must deliver the underlying securities at the option price, the Partnership has a theoretically unlimited risk of loss if the price of such underlying securities increases. To the extent that the Partnership must buy the underlying securities, the Partnership risks the loss of the difference between the market price of the underlying securities and the option price. Any gain or loss derived from the sale or exercise of an option will be reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions payable on the purchase and on the exercise or sale of an option.

Stock or index options that may be purchased or sold by the Partnership include options not traded on a securities exchange. Options not traded on an exchange are not issued by the Options Clearing Corporation; therefore, the risk of nonperformance by the obligor on such an option may be greater and the ease with which the Partnership can dispose of such an option may be less than in the case of an exchange traded option issued by the Options Clearing Corporation.

Special risks are associated with the use of options. A decision as to whether, when and how to use options involves the exercise of skill and judgment which are different from those needed to select other portfolio securities, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior, currency fluctuations or interest rate trends. If the General Partner is incorrect in its forecasts regarding market values or other relevant factors, the Partnership may be in a worse position than if the Partnership had not engaged in options transactions. The potential loss incurred by the Partnership in writing uncovered options is unlimited. When options are used as a hedging technique, there can be no guaranty of a correlation between price movements in the option and in the portfolio securities being hedged. A lack of correlation could result in a loss on both the hedged securities and the hedging vehicle, so that the Partnership's return might have been better had hedging not been attempted.

Call Options. The Partnership will engage in sales or purchases of call options. The seller (writer) of a call option which is covered (*e.g.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option.

The buyer of a call option assumes the risk of losing his or her entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

Put Options. The Partnership will engage in sales or purchases of put options. The seller (writer) of a put option which is covered (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

The buyer of a put option assumes the risk of losing his or her entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

Bank Loans

The Partnership's investment program may include investments in bank loans and participations. These obligations are subject to unique risks, including, without limitation: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Partnership to directly enforce its rights with respect to participations. In analyzing each bank loan or participation, the Manager will likely compare the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Partnership. Investments in loan participations may also subject the Partnership to the risk of counterparty default.

As secondary market trading volumes increase, new loans are frequently adopting standardized documentation to facilitate loan trading which may improve market liquidity. There can be no assurance,

however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security.

Prepayment Risk. The frequency at which prepayments (including voluntary prepayments by the obligors and liquidations due to default and foreclosures) occur on loans underlying certain of the Partnership's investments will be affected by a variety of factors including the prevailing level of interest rates as well as economic, demographic, tax, social, legal and other factors. In general, "premium" financial instruments (financial instruments whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" financial instruments (financial instruments whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since the Partnership's investments may include discount financial instruments when interest rates are high, and may include premium financial instruments when interest rates are low, such investments may be adversely affected by prepayments in any interest rate environment.

Competition and Supply for Loan Investments. The Partnership's success in the area of loan investing will depend, in part, on its ability to obtain loans on advantageous terms. In purchasing loans, the Partnership will compete with a broad spectrum of investors and institutions. Increased competition for, or a diminution in the available supply of, qualifying loans could result in lower yields on such loans, which could reduce returns to investors.

Non-Performing Nature of Debt. Certain of the debt purchased by the Partnership may be, or in the future may become, non-performing and possibly in default. Furthermore, the obligor(s) and/or relevant guarantor(s) may also be, or come to be, in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the debt.

Futures Interests and Securities Futures Products

The Partnership may enter into a limited volume of transactions involving futures interests, including securities futures products, for investment, hedging and risk management. Although securities futures contracts share some characteristics with options on securities (options contracts), these products are also different in a number of material ways.

If the Partnership purchases an options contract, it has the right, but not the obligation, to buy or sell a security prior to the expiration date. By contrast, if it takes a position in a security futures contract (either long or short), it has both the right and the obligation to buy or sell a security at a future date. The only way the Partnership can avoid the obligation incurred by the securities futures contract is to liquidate the position with an offsetting contract.

The purchaser and seller of a security futures contract each enter into an agreement to buy or sell a specific quantity of shares in the underlying security. Based on the movement in prices of the underlying security, a person who holds a position in a security futures contract can gain or lose many times his or her initial margin deposit. In this respect, the benefits of a security futures contract are similar to the benefits of *purchasing* an option, while the risks of entering into a security futures contract are similar to the risks of *selling* an option.

Both the purchaser and seller of a security futures contract have daily margin obligations. At least once each day, security futures contracts are marked-to-market and the increase or decrease in the

value of the contract is credited or debited to the buyer and seller. As a result, any time the Partnership has an open position in a futures contract including security futures products, it may be called upon to meet additional margin requirements. As a consequence of the mark-to-market feature, investors generally feel the effects of gains and losses from such investments immediately.

In addition, the Partnership may not be able to execute futures contract trades at favorable prices if trading volume is low. It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order trading in a particular contract be conducted for liquidation only.

There are other risks of trading futures interests and security futures products that differ from the risks of investing in securities. Some, but not all, are:

1. Under certain market conditions it may be difficult or impossible to liquidate a position. If the Partnership cannot liquidate a position, it may be impossible to realize a gain from its position or prevent losses from mounting. This could occur, for example, in the event of a trading halt in the underlying security.

2. Under certain market conditions, the prices of futures interests and security futures products may not maintain their customary or anticipated relationship to the price of the underlying security. This could occur, for example, when the market for the primary security is closed, reporting is delayed or the primary market is illiquid.

3. The brokerage firm that holds the Partnership's futures interests may be required to deliver Partnership funds into the accounts of a foreign broker, exchange or clearing organization to satisfy the margin and mark-to-market requirements (if any) of futures contracts traded on foreign exchanges. In the event of the bankruptcy of a counter party, the Partnership's funds may not receive the same protections as they would have in the hands of a domestic broker, exchange or clearing organization.

Stock Index Futures

Using stock index futures for hedging involves several risks. Price movement in the stock index and price movements in the securities that are the subject of the hedge do not always correlate. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and there is no secondary market for those contracts. In addition, there may be no active market for the contracts at any particular time. Some exchanges do not permit trading in particular contracts at prices that fluctuate more than a set limit in any day. If prices fluctuate during a single day beyond those limits, the Partnership may not be able to liquidate unfavorable positions promptly and may lose money.

Derivatives

Derivatives: In General

In addition to futures interests, indices, options and ETFs (all of which are themselves a form of derivative contract), the Partnership trades in exchange-traded and over-the-counter derivatives, including, but not limited to, swaps, forwards, and other derivative interests. Special risks are associated with using derivatives. Deciding whether, when and how to use derivatives involves different skills and judgment than those needed to select portfolio securities. Even a well-conceived transaction may be unsuccessful to some degree because of market behavior, currency fluctuations or interest rate trends. If the Manager incorrectly forecasts market values or other relevant factors, the Partnership may be in a

worse position than if it had not engaged in derivatives transactions. When derivatives are used for hedging, there may be no correlation between price movements in the derivative and in the portfolio securities being hedged. A lack of correlation could result in a loss on both the hedged securities and the hedging vehicle, so that the Partnership's return might have been better had it not attempted to hedge. Derivative instruments can be difficult to value accurately. Any miscalculation could adversely affect the Partnership.

Transactions in over-the-counter contracts may involve additional risk. For example, contractual asymmetries and inefficiencies can increase risk. For example, contractual provisions such as break clauses may permit a counterparty to terminate a transaction on the basis of a certain reduction in the Partnership's net asset value, incorrect collateral calls or delays in collateral recovery.

Derivatives: Swaps

The Partnership anticipates investing in swap transactions (long and short). In its simplest form, a swap consists of an agreement between two entities (called counterparties) to exchange in the future two streams of cash flows. In a currency swap, these streams of cash flows consist of a stream of interest and principal payments in one currency exchanged for a stream of interest and principal payments of the same maturity in another currency. In an interest rate swap they consist of streams of interest payments of one type (fixed or floating), exchanged for streams of interest payments of the other type in the same currency.

There are two types of risk in swap transactions: rate risk, and default risk. Rate risk arises because, during the life of the swap, exchange rates and interest rates vary so that the default-free present value of the cash flows remaining to be paid and received through the swap also varies. This rate risk can be hedged by taking offsetting positions in some combination of currency futures, bond and interest rate futures, currency forward contracts, and spot currency and bond markets.

The second type of swap risk, default risk, is much more difficult to hedge. This risk, sometimes called replacement risk, is complex to evaluate because the cost of default by the counterparty to a swap depends upon four things: the value of the swap at the default date, the event that will trigger the swap default, the relationship between the value of the swap and the event triggering default, and the rule for sharing claims in default. In swap defaults there is the added complication that the counterparty that is in default on its original debt could be due either to make or to receive a swap payment. If it is due to make a payment it will, presumably, default on the swap contract as well as on the debt if the swap payment is subordinated to the debt. Alternatively, it could be due to receive a swap payment, in which case the swap payment could be received (increasing the value of the bankrupt firm) or withheld.

Derivatives: Forwards. The Partnership's investment program may include forward contracts. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the Manager would otherwise recommend, to the possible detriment of the Partnership. In

respect of such trading, the Partnership would be subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in substantial losses to the Partnership.

Short Sales. The Partnership may sell securities short. A short sale results in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale results in a loss if the price of the securities sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that the Partnership may be required to pay with respect to the borrowed securities, offset (wholly or partly) by short interest credits. In a generally rising market, the Partnership's short positions may be more likely to result in losses because securities sold short may be more likely to increase in value. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss.

To make a short sale, the Partnership must borrow the securities being sold short. It may be impossible for the Partnership to borrow securities at the most desirable time to make a short sale, particularly in illiquid securities markets. If the prices of securities sold short increase, the Partnership may be required to provide additional funds or collateral to maintain the short positions. This could require the Partnership to liquidate other investments to provide additional collateral. Such liquidations might not be at favorable prices. Further, the lender can request the return of the borrowed securities and the Partnership may not be able to borrow those securities from other lenders. This would cause a "buy-in" of the short position, which may be disadvantageous to the Partnership.

Some market participants seek to exploit short-sellers such as the Partnership by identifying and buying large quantities of securities that are significantly shorted in an attempt to increase the value of the securities. If these so-called "short squeezes" are executed successfully, as described above, the Partnership may have to cover its short position at a disadvantageous time regardless of the Manager's view of the true value of the securities, thereby causing significant losses.

There are other inherent difficulties and challenges in short selling. The general negative perceptions of short-sellers may limit the Manager's access to management of various issuers and hamper its research efforts. Management and other stakeholders of issuers may take legal action against short-sellers to prevent or discourage short sales of the issuer's securities to avoid depressing the value of its securities. The Manager and the Partnership could be subject to such private legal actions. The cost of and management time committed to defending any such action could be substantial.

Gains from short sales of securities will generally be considered short-term capital gains, subject to less favorable tax rates.

Accuracy of Public Information. The Manager selects investments for the Partnership, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Manager by the issuers or through sources other than the issuers. Although the Manager evaluates all such information and data and, when the Manager considers it is appropriate and when it is reasonably available, seeks independent corroboration, the Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

Risks Related to the General Partner

Dependence on the General Partner. The Partnership's success depends on the skill and expertise of the General Partner and the Manager. Neither the General Partner nor Manager can assure

investors that: (a) the Partnership will realize its investment objectives; (b) the Partnership's investment strategy will prove successful; or (c) investors will not lose all or a portion of their investment in the Partnership.

The Partnership Agreement provides that the General Partner has absolute discretion and authority in managing and controlling the investments and affairs of the Partnership, subject to specific and express limitations in the Partnership Agreement or provided by applicable law notwithstanding the Partnership Agreement. Subject to its fiduciary duties to the Limited Partners, the General Partner or its delegate (the Manager) may exercise this discretion and authority conditionally or unconditionally, arbitrarily, or inconsistently in varying or similar circumstances, without accountability to the Partnership or any Limited Partner. For example, the Manager may provide certain Limited Partners with reports, special fee and allocation arrangements and special withdrawal rights that it does not provide to other Limited Partners.

Reliance On Mr. Sosin. The Partnership could be materially adversely affected if the Company loses the services of Mr. Sosin or he otherwise ceases to be involved in the active management of the Company's investments. Limited Partners, other than the Manager, generally will have no right or power to take part in the management of the Company except under the limited and specified circumstances set forth in the Partnership Agreement.

Operating Expenses. The expenses of operating the Partnership (including the Management Fee) may exceed its income, thereby requiring that the difference be paid out of the Partnership's capital, reducing the Partnership's investment capital and potential for profitability. These expenses may constitute a high percentage relative to other investment entities. In addition, as a result of withdrawals or other circumstances, the Partnership's necessary operating expenses may be a high percentage of the Partnership's net asset value. For example, it is possible that the Partnership may have trading gains while the Partnership's net asset value may not increase or may even decrease.

Brokerage Commissions/Transaction Costs. During some periods, the Partnership's activities may involve a high level of trading, and the turnover of its portfolio may generate substantial transaction costs. These costs will be borne by the Partnership regardless of its profitability.

Current Income. The Partnership's investment policies should be considered speculative, as there can be no assurance that the General Partner's assessments of the short-term or long-term prospects of investments will generate a profit. In view of the fact that the Partnership will likely not pay dividends, an investment in the Partnership is not suitable for investors seeking current income for financial or tax planning purposes.

Trade Errors by the Manager. The Manager places orders for the purchase and sale of securities with brokers on behalf of the Partnership. The trading process is complex and can vary for different types of securities. Moreover, the Manager may be required to break up orders, or may buy or sell the same security for more than one client, including the Partnership and other accounts, further complicating the trading process. The Manager might make or cause trading errors. The Partnership is responsible for any such trade errors. Neither the Manager nor the General Partner (or its affiliates) will be required to bear the cost of any trade error or reimburse the Partnership for resulting costs or losses.

Effect of the Performance Allocation. In view of the relationship between the General Partner and the Manager, the Performance Allocation allocable to the General Partner may create an incentive for the Manager to make riskier or more speculative investments than it would otherwise make in the absence of performance-based allocation. The Performance Allocation includes amounts in respect of any unrealized appreciation of the Partnership's investments.

Liability Standard; Indemnification. Pursuant to the Partnership Agreement, the Partnership is required to indemnify the General Partner and any of its affiliates, agents, or attorneys from any action, claim or liability arising from any act or omission made in good faith and in performance of its duties under the Partnership Agreement. Any investigation, litigation or other proceeding undertaken by state or federal regulatory agencies or private parties could require reserving and/or spending material amounts of Partnership funds for legal and other costs and could have other materially adverse consequences for the Partnership. The Partnership does not intend to carry any insurance to cover its indemnification obligations and, if it should carry one or more insurance policies against such obligations in the future, the coverage of such policies may be not be adequate to cover all claims arising thereunder. The availability of indemnification may reduce the amount of funds the Partnership has available to invest on behalf of Limited Partners and/or reduce any distributions that it might otherwise make to Limited Partners.

General Partner's Right to Dissolve the Partnership and Expel Limited Partners. The Partnership Agreement provides that the General Partner may at any time dissolve the Partnership on notice to the Limited Partners. Accordingly, there is a risk that if the Partnership's assets become depleted or the unrecouped losses become significant and, as a result, the Management Fee and Performance Allocation are reduced, the General Partner may elect to dissolve the Partnership at a time when dissolution may be disadvantageous to the Limited Partners. In addition, the General Partner may expel a Limited Partner from the Partnership at any time, in which event the expelled Limited Partner will be deemed to have withdrawn entirely from the Partnership. Such expulsion could result in adverse tax and economic consequences to the Limited Partner.

Additional Risk Factors

No Minimum Size of Partnership. At low asset levels, the Partnership may be unable to diversify its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale, including the ability to obtain the most timely and valuable research and trading information from securities brokers. It is possible that even if the Partnership operates for a period with substantial capital, Limited Partners' withdrawals could diminish the Partnership's assets to a level that does not permit the most efficient and effective implementation of the Partnership's investment program.

Interests Are Illiquid. Transfers of Interests are restricted. There is no market for the Interests and, accordingly, the Interests may be disposed of only through the withdrawal procedures described elsewhere in the Partnership Agreement and in this Offering Memorandum. Furthermore, the Partnership may be unable to liquidate some of its investments to fund withdrawals in a timely manner. Neither the Partnership, the General Partner, the Manager nor any of their affiliates have agreed to purchase or otherwise acquire from any Limited Partner any Interests or assume the responsibility for locating prospective purchasers of Interests. Even if a purchaser for Interests were available, approval of the transfer by the General Partner and satisfaction of certain requirements specified herein and in the Partnership Agreement would be required before any transfer may occur. In addition, the Interests have not been registered under the securities laws of any jurisdiction and the Partnership has no plans to, and is under no obligation to, register the Interests under any such law. Accordingly, Interests may not be transferred unless registered under applicable securities laws or unless appropriate exemptions from such laws are available. Moreover, a Limited Partner may not withdraw amounts from its Special Situation Sub-Accounts until the Manager determines that such investment no longer constitutes a Special Situation Investment, liquidates such investment in whole or in part (to the extent liquidated) or determines to distribute same. Under certain circumstances, such withdrawal procedures may entail a significant delay in a Limited Partner's withdrawal of Interests from the Partnership.

Reserves. Under certain circumstances, the Partnership may find it necessary to establish a reserve for contingent liabilities or withhold a portion of the Limited Partner's settlement proceeds at the

time of withdrawal, in which case the reserved portion would be isolated from fluctuations in the profits and losses of the Partnership but remain subject to the claims of the Partnership's creditors.

Need for Independent Advice. The General Partner and the Manager have consulted with counsel, accountants and other experts regarding the formation of the Partnership. Each prospective investor should consult its own legal, tax, ERISA and financial advisors regarding the desirability of an investment in the Partnership.

Economic and Business Conditions. General economic and business conditions may affect the Partnership's activities. Interest rates, the prices of securities and participation by other investors in the financial markets may affect the value of securities purchased by the Partnership. Unexpected volatility or liquidity in the markets in which the Partnership directly or indirectly holds positions could impair the Partnership's ability to carry out its business and could cause it to incur losses.

Early Termination. In the event of the early termination of the Partnership, the Partnership would have to distribute to the Limited Partners pro rata their interest in the assets of the Partnership. Certain assets held by the Partnership may be highly illiquid and might have little or no marketable value. It is possible that at the time of such sale or distribution certain securities held by the Partnership would be worth less than the initial cost of such securities, resulting in a loss to the Limited Partners.

Borrowing. The Partnership is permitted to borrow for purposes of providing liquidity to fund withdrawals by Limited Partners, for operations purposes (such as the payment of fees, expenses and other short-term Partnership obligations) and/or for investment purposes, subject to regulatory requirements. In the event of a sudden, precipitous drop in value of the Partnership's assets occasioned by a sudden market decline, the Partnership might not be able to liquidate assets quickly enough to meet its margin or borrowing obligations. The Partnership's borrowing capacity is limited by its voluntary restrictions (as set forth herein), and by the limitations imposed by lenders and any applicable credit regulations.

Distributions in Cash or in Kind. The Partnership is not required to distribute cash or other property to the Limited Partners, and the General Partner does not intend to make any such distributions. Notwithstanding the foregoing, the Partnership may, in the General Partner's discretion, settle a given withdrawal, in whole or in part, in kind.

Special Situation Investments. From time to time, a portion of the Partnership's assets may consist of Special Situation Investments. Because of the absence of any trading market, or limited trading, for the Special Situation Investments, the Manager may take longer to liquidate these positions than would be the case for publicly traded securities. Accordingly, the Partnership's ability to respond to market movements may be impaired and the Partnership may experience adverse price movements upon liquidation of its investments. Although these securities may sometimes be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by the Partnership. Additionally, accurately valuing and realizing such investments or closing out positions in such investments at appropriate prices may not always be possible. Finally, if a substantial number of Limited Partners were to withdraw from the Partnership and the Partnership did not have a sufficient number of liquid securities, the General Partner has the right to suspend or limit withdrawals, or to meet such withdrawals through distributions of the Special Situation Investments in-kind. Moreover, to the extent a Limited Partner's capital is invested in a Special Situation Investment, such Limited Partner that withdraws from the Partnership will not receive its share of assets attributable to a Special Situation Investment until the Manager, in its sole discretion, determines that such investment no longer constitutes a Special Situation Investment, liquidates such investment in whole or in part (to the extent liquidated) or determines to make an in-kind distribution of the same to the withdrawing Limited Partner.

Due to the illiquid nature of Special Situation Investments, as well as the uncertainties of the reorganization and active management process, the Manager will be unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available. Exit strategies, which appear to be viable when an investment is initiated, may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

Withdrawal from the Partnership. An investment in the Partnership is suitable only for sophisticated investors who have no need for liquidity in this investment. Distributions of proceeds upon a Limited Partner's withdrawal may be limited and may be in-kind where, in the view of the Manager, the disposal of all or a part of the Partnership's assets to meet withdrawal requests would be prejudicial to the non-withdrawing Limited Partners. In addition, the General Partner, by written notice to any Limited Partner, may suspend the payment of withdrawal proceeds payable to such Limited Partner if the General Partner reasonably deems it necessary to do so to comply with anti-money laundering regulations applicable to the Partnership, the General Partner, and their affiliates, subsidiaries or associates or any of the Partnership's other service providers and in certain other limited circumstances.

Withdrawal Risks. Limited Partners are subject to a one year "lock-up" and thereafter may only withdraw capital as of the last Business Day of each fiscal quarter upon at least ninety (90) days' prior written notice. Payment of at least ninety-five percent (95%) of the withdrawn capital will be made within thirty (30) days after the withdrawal date, with the remainder being paid as soon as practicable (provided that for complete withdrawals the General Partner may elect to retain the remainder until after the completion of the Partnership's annual financial audit for the fiscal year). No interest or other investment return will be paid on any delayed payment. In addition, in exceptional circumstances, the Partnership may defer or suspend withdrawals. Substantial withdrawals may cause the liquidation of the Partnership. The General Partner may, in its sole discretion at any time, require any Limited Partner to withdraw all or part of its Interest.

Although the Manager believes the withdrawal notice provisions in the Partnership Agreement allow the Partnership sufficient time to liquidate its investments in the amounts necessary to satisfy Limited Partner withdrawals, the Partnership may not be able to do so in a timely manner. Substantial withdrawals by Limited Partners in a short period could require the Manager to liquidate Partnership investments more rapidly than is desirable, possibly reducing the value of the Partnership's assets or disrupting the Manager's investment strategy. Further, reduction in the size of the Partnership's portfolio could make it more difficult to generate a positive return or to recoup losses.

Private Offering Exemption. The Partnership intends to offer Interests on a continuing basis without registration under any securities laws in reliance on an exemption for "transactions by an issuer not involving any public offering." While the General Partner believes reliance on such exemption is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other companies, the scope of disclosure provided, failures to make notices, filings or changes in applicable laws, regulations or interpretations will not cause the Partnership to fail to qualify for such exemptions under U.S. federal or one or more states' securities laws. Failure to so qualify could result in the rescission of sales of Interests at prices higher than the current value of those Interests, potentially materially and adversely affecting the Partnership's performance and business. Further, even non-meritorious claims that offers and sales of Interests were not made in compliance with applicable securities laws could materially and adversely affect the General Partner's ability to conduct the Partnership's business and thus the return to investors.

Registration. The Partnership is not registered as an investment company under the Company Act (or any similar state laws). Investors, therefore, will not be accorded the protective measures

provided by such legislation. Both the General Partner and the Manager are exempt from registration as an investment adviser under New York law. However, applicable regulations under New York law and federal securities laws subject registered investment advisers to certain prohibitions as to substantive activities. Violations of these regulations or the regulations promulgated thereunder could subject the General Partner to substantial penalties which, in turn, could result in an untimely liquidation of the Partnership's portfolio.

Tax Liability Without Distributions. Limited Partners will be liable to pay taxes on their allocable shares of the Partnership's taxable income. However, the Manager does not intend to make significant distributions to the Limited Partners corresponding to profits, but instead intends to re-invest substantially all of the Partnership's income and gains for the foreseeable future. Taxable income can be expected to differ from net profit, primarily because generally only realized gains and losses are considered for income tax purposes but net profit and net loss will include unrealized gains and losses. It is possible that sales of appreciated securities in a particular period could cause some Partners to have taxable gain for that period at the same time that unrealized losses result in an overall net loss. It generally will be necessary for Partners to pay such tax liabilities out of separate funds and not from distributions from the Partnership.

Contingent Liabilities. Under certain circumstances, the Partnership may find it necessary when a Limited Partner withdraws capital (or upon dissolution) to set up a reserve for contingent and future liabilities and withhold a portion of such Limited Partner's withdrawal proceeds. Reserves may be established and withholding may occur, for example, if the Partnership becomes involved in material litigation, to fund undetermined contingent liabilities or in the event it is audited by the IRS. In addition to the foregoing, reserves also may be set aside by the Partnership to satisfy its obligations under the indemnification provisions set forth in the Partnership Agreement or in other agreements to which it becomes a party.

Short-Term Capital Gains. Frequent profitable short-term trading by the Partnership will result in taxable short-term capital gains to the Limited Partners. Under current law, short-term capital gains generally are taxed at a higher rate than long-term capital gains. See "TAX CONSIDERATIONS."

Tax Risk. Prospective investors should read the section entitled "TAX CONSIDERATIONS" for a discussion of some of the tax risks of investing in Interests, and talk to his or her own tax advisor about how an investment in the Partnership would affect his or her personal tax situation.

Tax-Exempt Entities. Subscribers that may be considering investing in the Partnership on behalf of a tax-exempt entity should consider the possible adverse tax consequences that could arise out of unrelated business taxable income ("UBTI"). Such subscribers should read the section entitled "ERISA Considerations" and discuss the suitability of an investment in the Interests with their own tax advisors.

Master Feeder Structure. To the extent the Partnership invests through a master fund, the Partnership's investment in a Master Fund may be affected by an investment by other feeder funds in the Master Fund. In view of the fact that all expenses of a Master Fund would be shared pro-rata among its investors, if other investors in a Master Fund redeem their shares, then the possibility exists that the Partnership will bear the burden of an increased share of such Master Fund's expenses.

Compliance. The Partnership must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change over the scheduled term of the Partnership, the legal requirements to which the Partnership and the Limited Partners may be subject could differ materially from current requirements.

Deductibility of Management Fee Expense; Performance Allocation. To the extent that the Partnership's operations do not constitute a "trade or business" within the meaning of Section 162 and other provisions of the Code, Limited Partners who are individuals and Limited Partners that are certain types of corporations (herein "Affected Investors") cannot deduct investment management fee expenses of the Partnership unless such expenses in the aggregate exceed two percent (2%) of their adjusted gross incomes. In the event the Performance Allocation is taken at the Partnership level, such incentive arrangement with the General Partner will follow the allocation method – i.e. the General Partner will be entitled to a share of the items of income, gain, loss and credit of the Partnership. Under current law, the amount of such allocation retains its character for federal income tax purposes as such reallocation occurs and the limitation described above is generally not applicable. However, the U.S. House of Representatives has passed legislation that, if enacted, would tax income and gains associated with a performance allocation as ordinary income. As a result, if all or a portion of the Performance Allocation to the General Partner were re-characterized for tax purposes as ordinary income to the General Partner and as an expense of the Partnership, there exists the risk that Affected Investors could be subject to the deduction limitations described above as to their share of the recharacterized amount. Accordingly, prospective Affected Investors are urged to consult their own tax advisors concerning this matter.

Increased Regulatory Oversight. The financial services industry generally, and the activities of hedge funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Partnership's, the General Partner's and/or the Manager's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight can also impose administrative burdens on the General Partner and the Manager, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the General Partner's and the Manager's time, attention and resources from portfolio management activities.

Liability of a Limited Partner for the Return of Capital Distributions. If a Limited Partner receives a distribution from the Partnership which the Partnership is prohibited from making, the Limited Partner may be liable to return all or part of the distribution, plus interest.

Potential Mandatory Withdrawal. The General Partner may, in its sole discretion at any time, require a Limited Partner to withdraw all or a portion of his or her Capital Account balance. Such mandatory withdrawal could result in adverse tax and/or economic consequences to that Limited Partner.

Notice Required. A Limited Partner must give prior written notice to the Administrator to make a partial or total withdrawal of its Interests (subject to the General Partner's right to shorten or extend such notice period). During such notice period, the Limited Partner's investment remains at risk and may decrease in value from the date that notice of withdrawal is made to the Administrator until the effective date of withdrawal.

Side Letters. The Partnership, by consent of the General Partner, in consultation with the Manager, may, from time to time, to the fullest extent permitted by the Partnership Agreement and applicable law, seek to induce investment in the Partnership by offering investment terms to certain prospective investors which are not available to existing investors in the Partnership. In such cases the parties will enter into a written side arrangement varying the standard terms of offer herein. Such variations may include, without limitation, variations to minimum investment, withdrawals, fees, the right to receive reports from the Partnership on a more frequent basis or the right to receive reports that include information not provided to other Limited Partners and such other rights as may be negotiated with such Limited Partners, with the effect that not all investors in the Partnership will invest on the same terms and some investors may be expected to enjoy more favorable terms than others. As a result, should the Partnership experience a decline in performance over a period of time, a Limited Partner who is a party to

a side letter that permits different withdrawal terms may be able to withdraw prior to other Limited Partners.

Purchasing Initial Public Offerings. The Partnership may purchase securities of companies in initial public offerings or shortly after those offerings are complete. Special risks associated with these securities may include a limited number of shares available for trading, lack of a trading history, lack of investor knowledge of the issuer, and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Partnership to buy or sell significant amounts of shares without an unfavorable effect on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or near-term prospects of achieving revenues or operating income.

Moreover, the Partnership and/or certain investors in the Partnership may be limited as to the amount of new issue allocations it/they can receive while other investors may not be restricted at all and may be entitled to receive or may actually receive a larger portion of any new issue allocation. Conversely, the General Partner and/or the Manager may determine to restrict the Partnership as a whole from purchasing new issues.

Certain ERISA Restrictions. The General Partner intends to use commercially reasonable efforts to cause employee benefit plans subject to ERISA and/or Section 4975 of the Code and other “benefit plan investors,” as defined in the Plan Asset Regulation, in the aggregate hold less than 25% of the Interests in the Partnership and of any other class of equity interests in the Partnership. The General Partner shall use commercially reasonable efforts to restrict transfers of any equity interest in the Partnership so that ownership of each class of equity interests in the Partnership by benefit plan investors will remain below the 25% threshold contained in the Plan Asset Regulation. In this event, although there can be no assurance that such will be the case, the assets of the Partnership should not constitute “plan assets” for purposes of ERISA and Section 4975 of the Code.

If the assets of the Partnership were to become “plan assets” subject to ERISA and Section 4975 of the Code, certain investments made or to be made by the Partnership in the normal course of its operations might result in non-exempt prohibited transactions and might have to be rescinded (see “CERTAIN ERISA CONSIDERATIONS”). If at any time the General Partner determines that assets of the Partnership may be deemed to be “plan assets” subject to ERISA and Section 4975 of the Code, the General Partner may take certain actions it may determine to be necessary or appropriate, including requiring one or more investors to withdraw or otherwise dispose of all or part of their Interests in the Partnership or terminating and liquidating the Partnership.

Anti-Money Laundering. If the Manager, the General Partner, the Administrator and/or any governmental agency believes that the Partnership has accepted subscriptions for Interests by, or is otherwise holding assets of, any person or entity that is acting directly or indirectly, in violation of an U.S., international or other anti-money laundering laws, rules, regulations, treaties or other restrictions, or on behalf of any suspected terrorist or terrorist organization, suspected drug trafficker, or senior foreign political figure(s) suspected in engaging in foreign corruption, the Administrator, the General Partner, in consultation with the Manager, and/or such governmental agency may freeze the assets of such person or entity invested in the Partnership or suspend their redemption rights. The Partnership may also be required to report and to remit or transfer those assets to a governmental agency.

Security Breaches and Disruptions. In the ordinary course of business, the Partnership, the Manager and their service providers collect and store, on such parties' networks and/or on the networks of their third party vendors, sensitive data including the intellectual property, trading data and personally identifiable information of the Limited Partners. The secure processing, maintenance and transmission of this information is critical to the Partnership's operations. Despite the security measures implemented by the Partnership, the Manager and their service providers and/or vendors, such parties' information technology and infrastructure may be vulnerable to attacks by hackers and/or breaches as a result of employee error, malfeasance or other technological disruptions. These attacks or breaches may remain undetected for an extended period of time and could compromise such networks, resulting in the information stored therein being accessed, publicly disclosed, lost and/or stolen. Any such access, disclosure or loss of information may have legal ramifications (including legal claims or proceedings, liability under laws that protect the privacy of personal information and regulatory penalties under federal and/or state securities laws) and may result in the disclosure or misuse of confidential information concerning the Limited Partners, cause reputational harm to the Manager and/or the Partnership and increase their respective costs. All of the foregoing potential consequences of an attack or breach could negatively impact the Partnership and its Limited Partners.

Legal Counsel. Haynes and Boone, LLP ("HB") acts as counsel to the Partnership in connection with this offering; HB also acts as counsel to the Manager and the General Partner. In connection with this offering, the operation and ongoing advice to the Partnership, the Manager, the General Partner and their affiliates, HB has not represented, and will not be representing, the Limited Partners. No independent counsel has been, nor is it anticipated will be, retained to represent the Limited Partners. HB's representation of the Partnership and its Manager, General Partner and their affiliates is limited to those specific matters upon which it has been consulted. No attorney-client relationship exists between either HB or any other person or entity solely by virtue of such person or entity making an investment in the Partnership. There may exist other matters which would have a bearing on the Partnership, the Manager and the General Partner and their affiliates upon which HB has not been consulted. Furthermore, in the event a conflict of interest or dispute arises between the Manager and the Partnership and any Limited Partner, it will be accepted that HB may act as counsel to the Manager and not counsel to the Partnership or Limited Partners, notwithstanding the fact that, in certain cases, HB's fees are paid through or by the Partnership. HB does not undertake to monitor the compliance of the Partnership, the Manager and the General Partner and their affiliates with the investment program, valuation procedures and other guidelines set out herein, nor does it monitor compliance with applicable laws. Additionally, in all cases, including the preparation of this Memorandum, HB relies upon information furnished to it by the Partnership and its Manager, General Partner and their affiliates, and does not investigate or verify the accuracy and completeness of such information. In the course of advising the Partnership and its Manager, General Partner and their affiliates, there may be times when the interests of the Investment and the General Partner may differ from those of the Limited Partners. HB does not represent the interests of the Limited Partners in resolving such issues.

Cross-Class Liability. The General Partner retains the right to issue additional classes of Interests in the Partnership. Separate classes are not separate legal entities. The Partnership as a whole, including all such separate classes, is a legal entity. Thus, all of the assets of the Partnership are available to meet all of the Partnership's liabilities, regardless of the classes of interests to which such assets or liabilities are attributable. In practice, cross-class liability will usually only arise where any separate class of shares or interests become insolvent and is unable to meet all of its liabilities. In this case, all of the assets of the Partnership attributable to a class of Interests may be applied to cover the liabilities of an insolvent class of Interests.

If losses or liabilities are sustained by a class of Interests in excess of the assets attributable to such class, such excess may be apportioned to the other classes of Interests. THE ASSETS

ATTRIBUTABLE TO ANY ONE CLASS OF INTERESTS WILL NOT BE ISOLATED FROM THE LIABILITIES ATTRIBUTABLE TO OTHER CLASSES OF INTERESTS. TO THE EXTENT THAT THE ASSETS OF ONE PARTICULAR CLASS OF INTERESTS ARE INSUFFICIENT TO SATISFY THE LIABILITIES ATTRIBUTABLE TO SUCH CLASS OF INTERESTS, THEN THE ASSETS OF OTHER CLASSES OF INTERESTS MAY BE CHARGED WITH SUCH LIABILITIES.

THE FOREGOING LIST DOES NOT PURPORT TO BE COMPLETE AND IT MAY NOT DESCRIBE ALL OF THE RISKS AND CONFLICTS OF INTERESTS RELATING TO AN INVESTMENT IN THE PARTNERSHIP. SUBSCRIBERS SHOULD READ THIS ENTIRE OFFERING MEMORANDUM AND CONSULT WITH YOUR OWN LEGAL AND FINANCIAL ADVISORS BEFORE INVESTING IN THE PARTNERSHIP.

POTENTIAL CONFLICTS OF INTEREST

The General Partner, the Manager and their respective affiliates, which shall be deemed to include, in each case, their respective limited partners, officers, directors, employees and entities owned by any of the aforementioned parties (the "Related Parties") may face certain conflicts of interests in relation to the Partnership. These conflicts include, but are not limited to, those set forth below.

General Partner and Manager

The General Partner, the Manager and their respective principal decision makers presently and may in the future, directly or indirectly, direct, sponsor or manage other managed pools or accounts in addition to the Partnership. The General Partner, the Manager and their principal decision-makers may have financial or other incentives to favor such pools or accounts over the Partnership. The General Partner and the Manager shall, under normal conditions, allocate investment opportunities between the Partnership and such other pools and accounts on a fair and equitable basis as measured over time, subject to applicable law and client guidelines. The General Partner and the Manager will make their own decisions for the Partnership, which decisions may differ from time to time from those recommended by analysts of the General Partner and the Manager for their other advisory clients. As of the date hereof, the Manager manages the assets of one or more of its principals.

The Partnership depends on the General Partner for the operation of the Partnership and on the Manager for the investment of the Partnership's assets. The General Partner and the Manager believe that they will continue to have sufficient staff personnel and resources to perform all of their duties with respect to the Partnership. However, because some of the officers of the General Partner and the Manager may have duties in connection with other investment funds and other matters, such officers may have conflicts of interest in the allocation of responsibilities, services and functions among the Partnership and other entities.

Some or all of the Related Parties may be involved with other entities utilizing investment strategies similar to those of the Partnership and with other business in general. The General Partner and the Manager may cause the Partnership to invest in securities in which some or all of the Related Parties have a financial interest, or to engage in transactions with brokers or others with whom some or all of the Related Parties have financial or other relationships. In the event the Partnership intends to engage in any such transaction, the Partnership may appoint an Independent Client Representative to give or withhold the consent of the Partnership to such transactions.

The Related Parties may engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Partnership has no right to participate in or benefit from the other management activities of the Manager described above and the Related Parties shall not be obliged to account to the Partnership for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Partnership any of the investment or service opportunities obtained through such activities. Related Parties may own Interests in the Partnership, deal as principals with the Partnership in the sale or purchase of investments of the Partnership or act as brokers, whether to the Partnership or to third parties, in the purchase or sale of the Partnership's investments and shall be entitled to retain any profits or customary commissions resulting from such dealings.

The General Partner and the Manager and/or their affiliates and/or employees may from time to time have an interest, direct or indirect, in a security, the purchase or sale of which by the Partnership is recommended, or which in fact is purchased or sold by or otherwise traded for the Partnership. Moreover, such recommendation, purchase, sale or trading may occur in connection with a transaction involving another fund or account managed by the General Partner and/or the Manager. Accordingly, the General Partner may sell or recommend the sale of a particular security for certain accounts, including accounts in which it has an interest, and it or others may buy or recommend the purchase of such security for other accounts, including accounts in which it has an interest, and, thus, transactions in particular accounts may not be consistent with transactions in other accounts or with the General Partner's investment recommendations. For example, the General Partner may recommend that the Partnership sell a security, while not recommending such sale for other accounts in order to enable the Partnership to have sufficient liquidity to honor Limited Partners' withdrawal requests. When there is a limited supply of investments, the General Partner will use its reasonable efforts to allocate or rotate investment opportunities, but the General Partner cannot assure absolute equality among all of its accounts and clients. The General Partner and the Manager will, however, seek to ensure that all such potential conflicts of interests are resolved fairly and in the best interests of the Partnership. When allocating investment opportunities, the Manager will seek to ensure that all such investment will be allocated in a fair and equitable manner as measured over time.

The Manager may engage in transactions in which it causes the Partnership to purchase securities or other instruments from, or sell securities or other instruments to, other funds or managed accounts managed by the Manager and/or its affiliates ("cross-trades") for purposes of portfolio rebalancing or for other reasons as may arise from time to time. The Manager and/or its affiliates will not take brokerage commissions or otherwise be compensated for effecting these cross-trades. The Manager intends that cross-trades will, to the best of the Manager's ability, reflect the market value of the security or other instrument being purchased or sold and the Manager and/or its affiliates, as applicable, will always seek best execution. Prior to effecting any cross-trade, the Manager will make a good faith determination that the transaction is in the best interests of the Partnership.

Brokerage Practices; "Soft Dollars"

The Manager may be offered nonmonetary benefits from brokers and dealers who effect transactions for the Partnership and the Manager's other clients. These may take the form of investment research used in the management of all the General Partner's and/or Manager's clients (not just the Partnership), referrals of investors, payment of certain expenses, and other services. Although the Manager and the General Partner believe the Partnership benefits from the receipt of these services, the Partnership may not be the sole beneficiary. If brokers were not providing these services, the Manager and/or the General Partner might have to acquire them with their own funds. The practice of allowing brokers to pay for them creates an incentive for the Manager to select brokers or dealers to execute trades

for the Partnership on the basis of the benefits provided to Manager and/or the General Partner, rather than solely on the quality of the transactional services and the price charged the Partnership.

Privately Negotiated Transactions

The General Partner, the Manager and/or the Partnership and any of their respective affiliates, in connection with this offering or in the future, may enter into privately negotiated transactions which may result in additional classes which have different rights, some of which are preferential to the Interests issued hereunder.

Performance Allocation and Management Fees

The relationship between the Manager and the General Partner may create an incentive for the Manager to cause the Partnership to make riskier or more speculative investments than it otherwise would in the absence of Performance Allocations to the General Partner. It may also cause the Manager to overvalue the Partnership's securities to increase its compensation. In some cases, fees charged by the Partnership may be greater than fees charged by other investment advisers for similar services; in other cases the Partnership's fees may be lower.

Valuation

Determination of valuations of the Partnership's securities and other investments will be made by the Administrator, in consultation with the Manager and the General Partner, and any qualified third party designed by the General Partner and acceptable to the Administrator. Such parties may have conflicts of interest in making such determinations because the determinations will affect the amount of their compensation. If such valuations should prove to be incorrect, the net asset value of the Partnership could be adversely affected.

Business Relationships with Affiliated Persons

The management of the Partnership is expected to be Mr. Sosin's primary professional occupation. He will devote so much of his time and resources to the activities of the Partnership as is necessary and appropriate. In the future, the General Partner, the Manager and/or Mr. Sosin may sponsor, manage or participate in other investment activities and programs unrelated to the Partnership's activities (some of which may compete with the Partnership's investment activities). These other activities may include, among other things, providing investment advisory services to various other funds and accounts. In the event the General Partner, the Manager or Mr. Sosin elects to materially involve themselves or himself in such other activities, the Manager will notify the Limited Partners in advance.

Allocation of Expenses

The General Partner, the Manager and their affiliates may from time to time incur expenses on behalf of the Partnership or one or more existing or subsequently created investment vehicles. Although the General Partner and Manager will attempt to allocate such expenses on a basis that it considers equitable, there can be no assurance that such expenses will in all cases be allocated appropriately.

Valuation of the Partnership's Assets

Determination of valuations of the Partnership's securities and other investments will be made by the Administrator, in consultation with the Manager and the General Partner, and any qualified third party designed by the General Partner and acceptable to the Administrator. Such parties may have conflicts of interest in making such determinations because the determinations will affect the amount of their compensation. If such valuations should prove to be incorrect, the net asset value of the Partnership could be adversely affected.

Common Counsel

The law firm of Haynes and Boone, LLP serves as counsel to the Partnership, the Manager and the General Partner and may serve as counsel to other investment funds sponsored or managed by the General Partner, the Manager or their affiliates. Should a future dispute arise between the Partnership, the General Partner and the Manager (as the case may be), separate counsel may be retained as circumstances then dictate. Counsel to the Partnership does not represent the Limited Partners. Furthermore, in the event a conflict of interest or dispute arises between the Manager and the Partnership or any Limited Partner, it will be accepted that counsel may act as counsel to the Manager and not counsel to the Partnership or the Limited Partners, notwithstanding the fact that, in certain cases, counsel's fees are paid through or by the Partnership. Potential investors should seek independent legal counsel before making an investment in the Partnership.

Other Activities

The General Partner, the Manager and each of their respective affiliates may engage in other business activities and manage the accounts of clients other than the Partnership, including those of other collective investment vehicles. The investment strategy for such other clients may vary from that of the Partnership. The General Partner, the Manager and their respective affiliates are not required to refrain from any other activity, nor must they disgorge any profits from any such activity, including acting as general partner or managing agent for investment vehicles with objectives similar to those of the Partnership.

TAX CONSIDERATIONS

Federal Income Tax Aspects

The following is a general summary of some of the federal income tax consequences to Limited Partners of an investment in the Partnership. It is not intended as a complete analysis of all possible tax considerations in acquiring, holding and disposing of a Limited Partnership Interest and, therefore, is not a substitute for careful tax planning by each investor, particularly since the federal, state and local income tax consequences of an investment in partnerships such as the Partnership may not be the same for all taxpayers. Except where otherwise indicated, this discussion has been prepared on the assumption that a Limited Partner is a U.S. resident individual or a U.S. domestic corporation that is not tax exempt. Prospective investors should consult their own tax advisors with respect to the tax consequences (including state and local and foreign tax consequences) of an investment in the Partnership.

The following statements are based upon the provisions of the United States Internal Revenue Code of 1986, as amended (the "Code"), the applicable existing and proposed regulations promulgated

thereunder (the “Regulations”), existing judicial decisions and current administrative rulings and practice. It is emphasized, however, that no assurance can be given that legislative, judicial or administrative changes may not be forthcoming which would modify such statements. Accordingly, certain of the Code provisions discussed hereinafter may be further amended, modified or clarified by the IRS or the courts, which may have an effect on the Partnership and the Limited Partners. Moreover, the availability and amount of deductions, credits and income attributable to the activities of the Partnership will depend not only on the legal principles described herein, but also upon the resolution of various factual issues. There can be no assurance, therefore, that some of the positions taken by the Partnership will not be successfully challenged by the IRS.

This discussion of the federal income tax consequences of an investment in the Partnership is based upon existing law. The existing law, as currently interpreted, is subject to change by new legislation, or by differing interpretations of existing law, either of which could, by retroactive application or otherwise, adversely affect a Limited Partner’s investment in the Partnership.

THIS SUMMARY IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING UNITED STATES FEDERAL TAX PENALTIES. THIS SUMMARY WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN, AND ANY TAXPAYER TO WHOM THE TRANSACTIONS OR MATTERS ARE BEING PROMOTED, MARKETED OR RECOMMENDED SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Classification as a Partnership

Since, under the Regulations, and subject to the discussion of “publicly traded partnerships” herein, the Partnership is classified as a “partnership” for federal income tax purposes, no Federal income tax is payable by it as an entity. Instead, each Partner is required to take into account such Partner’s distributive share of the items of income, gain, loss, deduction and credit of the Partnership.

If the Partnership were classified as an association taxable as a corporation, the Partnership would be subject to federal income tax on any taxable income at regular corporate tax rates, reducing the amount of cash available for distribution to the Partners. In that event, the Partners would not be entitled to take into account their distributive shares of the Partnership’s deductions in computing their taxable income, nor would they be subject to tax on the Partnership’s income. Distributions to a Partner would be treated as (i) dividends to the extent of the Partnership’s current or accumulated earnings and profits, (ii) a return of basis to the extent of each Partner’s basis in its Partnership Interest and (iii) gain to the extent any remaining distributions exceeded the Partner’s basis in its Partnership Interest. Overall, treatment of the Partnership as an association taxable as a corporation would substantially reduce the anticipated benefits of an investment in the Partnership.

A “publicly traded partnership” (as defined in Section 7704 of the Code) is one in which the interests are (i) traded on an established securities market or (ii) readily tradable on a secondary market or the substantial equivalent thereof. A “publicly traded partnership” is treated as a corporation unless a certain percentage of its gross income during certain prescribed periods is “qualifying income” (generally, interest, dividends, real estate rents, and gain from the sale of capital assets and certain other items). It is likely, but not certain, that the Partnership will meet the qualifying income test. Even if it does not, however, the Partnership should not be considered a “publicly traded partnership.” Interests in the Partnership will not be traded on an established securities market. Furthermore, the Interests should not be readily tradable on a secondary market or the substantial equivalent thereof, since the Partnership should qualify for the safe

harbors established under the Regulations for partnerships that are not registered under the Securities Act, because the Partnership will have fewer than one hundred (100) Limited Partners.

Taxation of Partners on Income or Losses of the Partnership

Since Limited Partners are required to include Partnership income in their respective income tax returns without regard to whether there have been distributions from the Partnership attributable to that income, Limited Partners may be liable for Federal and state income taxes on that income even though they have received no cash or other property from the Partnership. While the Partnership Agreement may allow the Partners to withdraw amounts from their Capital Accounts actual withdrawals may not in fact be sufficient to pay all federal, state and local taxes arising out of a Limited Partner's investment in the Partnership.

It is possible that the Partnership might have a net loss for Federal income tax purposes during a taxable period. Certain Limited Partners (generally, all limited partners subject to tax which are not widely held corporations) may be subject to limitations on the deduction of their shares of Partnership losses and deductions, including the at-risk rules, passive loss rules, rules restricting the deduction of investment interest, potential capital loss limitations and the rules governing the deduction of miscellaneous itemized deductions. See "Limitations on Deductibility of Certain Expenses." The deductions of any Limited Partner will not be deductible to the extent in excess of that Limited Partner's basis in its interest in the Partnership. See "Basis of Limited Partnership Interest and Distributions."

Allocations of Income and Loss

A partner's distributive share of partnership income, gain, loss, deduction or credit for federal income tax purposes is usually determined in accordance with the allocation provisions of a partnership agreement. However, under Section 704(b) of the Code, an allocation is respected only if it either has "substantial economic effect" or is in accordance with the partner's "interest in the partnership." If the allocation contained in the Partnership Agreement does not meet either test, the IRS will make the allocation in accordance with its determination of the Partner's interest in the Partnership.

The Regulations under Section 704(b) of the Code are extremely complex and in many respects subject to varying interpretations. The allocations contained in the Partnership Agreement may not comply in all respects with the Regulations' requirements for having substantial economic effect or for being deemed to be in accordance with the Partners' interests in the Partnership. However, although the matter is not free from doubt, the General Partner believes that the allocations to the Partners contained in the Partnership Agreement are in accordance with the Partners' interests in the Partnership and is sustained in all material respects. It should be noted, however, that there can be no assurance that the IRS will not claim that these allocations are not in accordance with the Partners' interests in the Partnership and, therefore, attempt to change the allocations to the Partners. In such an event, some Partners' distributive shares of the Partnership's taxable income may increase, while others' may decrease.

Under the Partnership Agreement, the General Partner has the sole and absolute discretion to allocate specially items of Partnership capital gain (including short-term capital gain) and capital loss for federal income tax purposes to a withdrawing Partner to the extent that its Capital Account exceeds or is less than, as the case may be, its adjusted tax basis in its Interest. There can be no assurance that, if the General Partner makes such a special allocation, the IRS will accept such allocation. If such allocation is successfully challenged by the IRS, the Partnership's gains, or losses, as the case may be, allocable to the remaining Partners would be increased.

Differences Between Book Income and Tax Income

Profits and losses allocated to the Partners will include their respective shares of unrealized gain or loss. However, such items may not be taken into account for federal income tax purposes until realized or, in some cases, even later. If the relative interests of the Limited Partners change in the interim (*e.g.*, because of the admission of a new partner or a withdrawal of a Partner), the gain or loss recognized for tax purposes on the disposition of an asset will be allocated, to the extent possible, to reflect the prior allocation of the unrealized gain or loss, which is not necessarily in the same nature as the interests of the Partners at the time of disposition. For these and similar reasons, it is possible for a Limited Partner to be allocated taxable income even though the Partnership (or that Limited Partner) suffers an economic loss, or be allocated tax losses at a time that the Partnership (or that Limited Partner) enjoys substantial economic profits. Usually, such discrepancies even out over a period of time, but, because of certain technical rules under subchapter K of the Code, it may be impossible to do so in all cases. The General Partner will make such corrective allocations as, consistent with the tax law and after consulting with the Partnership's tax advisors, may in its judgment be most appropriate to eliminate or minimize these differences between book and tax income.

Basis of Limited Partnership Interest and Distributions

A Limited Partner's tax basis in its Partnership Interest will include the amount of money and/or its tax basis in securities or other property that the Limited Partner contributes to the Partnership, increased principally by (i) any additional contributions made by the Limited Partner to the Partnership, (ii) the Limited Partner's distributive share of any Partnership income, and (iii) the amount, if any, of the Limited Partner's share of Partnership nonrecourse indebtedness; and decreased, but not below zero, principally by (x) distributions from the Partnership to the Limited Partner, (y) the amount of the Limited Partner's distributive share of Partnership losses, and (z) any reduction in the Limited Partner's share of Partnership nonrecourse indebtedness. In the case of non-liquidating distributions other than cash (and other than certain ordinary income type assets, like accounts receivable) basis is reduced (but not below zero) by the basis of the property distributed.

It is possible that investors in the Partnership will contribute property to the Partnership in exchange for Interests in the Partnership. Generally, if the property contributed constitutes a diversified portfolio of stocks and securities for purposes of the Regulations under Section 351 of the Code as applicable to transfers under Section 721 of the Code, any gain realized on such contribution should not be recognized by an investor making such in-kind contribution. However, in view of the complexity of the rules governing the tax treatment of such transfer, a prospective investor contemplating a contribution other than cash to the Partnership is urged to consult with its tax advisor with respect to the tax consequences thereof.

Special rules apply in determining the basis of an interest in a partnership which has been transferred in a taxable transaction or by reason of death. Each prospective investor should consult with his own tax advisor with regard to such transfers.

Generally, a cash distribution to a Partner will be taxable only to the extent it exceeds the Partner's basis in its Partnership interest. The amount of that excess generally would be taxable as capital gain. Distributions of property other than cash (or certain ordinary income type assets) are generally not taxable although any unrealized gain with respect to such property may be taxable upon the subsequent disposition of such property.

Sale of an Interest or Withdrawal

A Limited Partner generally will recognize capital gain or loss on the sale of an Interest or upon a complete withdrawal from the Partnership. The amount of gain or loss recognized is determined by the difference between the amount realized and the Limited Partner's adjusted tax basis in its Interest. See "Basis of Limited Partnership Interest and Distributions" above. For this purpose, the amount realized includes the Limited Partner's share of outstanding Partnership nonrecourse liabilities, if any. Under certain circumstances, a portion of the gain may be taxable as ordinary income.

As discussed above, the Partnership Agreement provides that the General Partner may specially allocate items of Partnership capital gain (including short-term capital gain) and capital loss to a withdrawing Partner to the extent its Capital Account exceeds or is less than, as the case may be, its adjusted tax basis in its Interest. Such a special allocation may result in the withdrawing Partner recognizing capital gain, which may include short-term capital gain, in the Partner's last taxable year in the Partnership, thereby reducing the amount of long-term capital gain recognized during the tax year in which it receives its liquidating distribution upon withdrawal.

Elections as to Basis Adjustments

The Partnership Agreement does not require the General Partner to make an election as to basis adjustments under Section 754 of the Code, nor does it prohibit the General Partner from doing so. In general, a Section 754 election, if made, would permit the Partnership to adjust the tax basis of its assets to reflect a transferee Partner's basis in an Interest in the Partnership sold or exchanged, or transferred upon the death of a Partner. Certain adjustments might also arise if assets are distributed in kind. These elections are usually beneficial if the Partnership's properties have appreciated in value. However, if there are many transfers or distributions to which the election applies, the calculation of the adjustments and the necessary record keeping become extremely complicated and costly. Consequently, the General Partner, in its discretion, may choose not to make the election.

Other elections may be available as well in accordance with applicable rules. The General Partner may exercise its discretion in making such elections.

In addition, under the Code, the Partnership is generally required to adjust its tax basis in its assets in respect of all Partners in cases of Partnership distributions that result in a "substantial basis reduction" (i.e., in excess of \$250,000) in respect of the Partnership's property. The Partnership also is required to adjust its tax basis in its assets in respect of a transferee Partner in the case of a sale or exchange of an Interest, or a transfer upon death, when there exists a "substantial built-in loss" (i.e., in excess of \$250,000) in respect of Partnership property immediately after the transfer. For this reason, the Partnership will require (i) a Partner who receives a distribution from the Partnership in connection with a complete withdrawal, (ii) a transferee of an Interest (including a transferee in case of death) and (iii) any other Partner in appropriate circumstances to provide the Partnership with information regarding its adjusted tax basis in its Interest.

Treatment of Fees

The Partnership intends to deduct the Management Fee either as an ordinary and necessary business expense or as an expense incurred to produce income.

The General Partner believes that the Management Fee is reasonable and approximates the amount which would be paid to an unrelated third party. However, the IRS may disallow all or part of the deduction for such fee. The determination of whether the fee is reasonable in amount and deductible in

full involves factual questions and thus there can be no assurance that the IRS will not contest the amount of the deduction by asserting that it is excessive and the expenditure is in whole or in part a capital expense or other non-deductible expenditure.

Limitations on Deductibility of Certain Expenses

Under Section 163(d) of the Code, the deduction of investment interest by an individual on indebtedness incurred to purchase or carry investment property is limited to the amount of the taxpayer's net investment income. Investment interest generally includes interest paid by the Partnership on its debt and would usually include interest paid by a Limited Partner on indebtedness incurred to purchase or carry such Limited Partner's interest in the Partnership to the extent the Partner's interest in the Partnership is investment property. Property held for investment includes (1) any interest in an activity involving the conduct of a trade or business which is not passive and in which the taxpayer does not materially participate in the activity and (2) generally, partnership property that produces "portfolio" income. Thus, it is anticipated that the Limited Partners that are individuals are subject to the investment interest limitations.

It is anticipated that income earned by the Partnership (other than certain dividend income and long-term capital gain, except as described below) and passed through to the Limited Partners should be included in net investment income. If the income were not included in net investment income, a non-corporate Limited Partner might be denied a deduction for all or part of that portion of its distributive share of the Partnership's ordinary losses that is attributable to interest expense, unless such Limited Partner has sufficient investment income from other sources.

Certain dividend income and long-term capital gain which qualifies for the maximum twenty percent (20%) tax rate on dividends and long-term capital gain earned by the Partnership and passed-through to the Limited Partners may not be offset by investment interest expense, except to the extent that the taxpayer elects to take the dividend income or long-term capital gain into account as "investment income." To the extent that the taxpayer makes such an election, the dividend income and long-term capital gain will not be eligible for the twenty percent (20%) rate.

A Limited Partner who could not deduct losses currently as a result of the application of Section 163(d) would be entitled to carry those losses forward to future years, when the same limitation would again apply. Thus, subject to certain limitations, investment interest expense which is not deductible in a taxable year can be carried forward until all disallowed amounts have been deducted.

Subject to certain enumerated exceptions, Section 67(a) of the Code provides that an individual taxpayer's miscellaneous itemized deductions, including investment expenses (but not investment and other interest deductible under Section 163 of the Code), are deductible only to the extent they exceed two percent (2%) of the taxpayer's adjusted gross income. Regulations issued by the Treasury Department prohibit the indirect deduction through partnerships and other pass-through entities of amounts that would not be deductible if paid by the individual. Thus, the limitation would apply to the Partnership's expenses if the Partnership were not considered to be engaged in a trade or business. While the Partnership's activities may constitute a trade or business for such purpose, such a determination is dependent upon an analysis of all facts and circumstances, and as such, there can be no assurance that the IRS will agree with this position. Accordingly, in view of such uncertain application to the Partnership and the Partners of the two percent (2%) floor on miscellaneous itemized deductions, prospective investors should consult their tax advisors regarding the potential impact of the two percent (2%) rule on their particular tax situations. In addition, for taxable years beginning on or after January 1, 2013, certain itemized deductions of an individual are subject to reduction under Section 68(a) of the Code to the extent the individual's adjusted gross income exceeds \$250,000 (\$300,000 for married couples filing jointly) as increased for inflation.

The reduction is equal to the lesser of three percent (3%) of the excess of his adjusted gross income over the specified amount or eighty percent (80%) of those itemized deductions otherwise allowable. This reduction occurs after the two percent (2%) floor on miscellaneous itemized deductions is taken into account.

Gain or Loss on Disposition of Securities

Gains and losses with respect to stock or securities, other than certain gains recognized with respect to market discount obligations (see "Original Issue Discount and Market Discount" below), generally will be recognized for tax purposes on the date of sale or other disposition of the stock or securities. Gains and losses recognized with respect to stock or securities will generally be capital gains and losses and will be long-term capital gains and losses if the property was held for more than the long-term holding period. The minimum long term holding period is generally twelve (12) months. The application of certain federal income tax rules relating to short sales, so called "wash sale" and "straddle" transactions, and trading of certain future and forward contracts may affect the manner in which the Partnership determines its holding period for certain securities, its characterization of the gain with respect to such securities as ordinary or capital and, if capital, as short-term or long-term, and the timing of the recognition of certain gains and losses with respect to certain securities. Net capital gains (the excess of long-term capital gain over short-term capital loss, if any) of individuals on capital assets (other than collectibles and small business stock) held more than twelve (12) months is taxed at a maximum rate of twenty percent (20%). Gains arising from real estate depreciation recapture, however, are taxed at a maximum rate of no less than twenty-five percent (25%).

There may be circumstances in which a taxpayer eligible for the benefit of the long-term capital gains rate in effect forfeits both on a present and a carryover basis the benefits of certain losses and other deductions (including net operating loss carryovers). This situation is likely to arise if the taxpayer's net capital gain is large relative to his available items of deduction and his income other than net capital gain. However, other taxpayers may also find themselves in such a situation, as a result of their own individual tax attributes, and a particular taxpayer's situation may vary from year to year. Accordingly, each potential Limited Partner should consult with his tax advisor regarding whether there would be any benefit to him from the maximum individual long-term capital gain rate.

In addition, for taxable years beginning on or after January 1, 2013, individuals, estates and trusts will be subject to a Medicare tax of 3.8% on "net investment income" (or undistributed "net investment income", in the case of estates and trusts) for each such taxable year, with such tax applying to the lesser of such income or the excess of such person's adjusted gross income (with certain adjustments) over a specified amount.¹⁷ Net investment income includes net income from interest, dividends, annuities, royalties and rents and net gain attributable to the disposition of investment property. It is anticipated that net income and gain attributable to an investment in the Partnership will be included in a Partner's "net investment income" subject to this Medicare tax.

Original Issue Discount and Market Discount

Investments by the Partnership in securities with original issue discount generally will result in income to the Partnership equal to a portion of the excess of the stated redemption price at maturity of the securities over their issue price (the "Original Issue Discount") each year that the securities are held, even though the Partnership receives no cash interest payments. In addition, if the Partnership invests in

¹⁷ The amount is \$250,000 for married individuals filing jointly, \$125,000 for married individuals filing separately, \$200,000 for other individuals and the dollar amount at which the highest income tax bracket for estates and trusts begins.

certain high-yield Original Issue Discount obligations issued by domestic corporations, a portion of the Original Issue Discount accruing on such an obligation that is allocable to a corporate Limited Partner may be eligible for the deduction for dividends received by corporations.

Gain derived by the Partnership from the disposition of any market discount obligations (i.e., obligations purchased other than at original issue, where the face value of the obligations exceeds their purchase price by more than a de minimis amount) held by the Partnership generally will be taxed as ordinary income to the extent of the accrued market discount on the obligations, unless the Partnership elects to include the market discount in income as it accrues.

For each taxable year, interest expense incurred by the Partnership to purchase or carry a market discount obligation cannot be deducted to the extent that the amount thereof exceeds the interest (including Original Issue Discount) that is includible in the Partnership's income for such taxable year with respect to such obligation; disallowed interest will be deductible in the year of the obligation's disposition. Alternatively, at the Partnership's election, such interest expense can be carried forward and deducted in a year prior to the disposition of the obligation, if any, in which the taxpayer has net interest income from the obligations.

Partnership Tax Returns; Audit

The Partnership tax returns are subject to review by the IRS and other taxing authorities, which may dispute the Partnership's tax positions. There can be no assurance that these authorities will not adjust the tax figures reported in the Partnership returns. Any recharacterizations or adjustments resulting from an audit may require each Limited Partner to pay additional income taxes and interest and possibly result in an audit of other items on the Limited Partner's own return, and any audit of a Limited Partner's return could result in adjustments of non-Partnership, as well as Partnership, income and deductions. Any adjustment would give rise to interest and could give rise to penalties.

Generally, upon an IRS audit, the tax treatment of Partnership items are determined at the Partnership level pursuant to administrative or judicial proceedings conducted at the Partnership level. Each Limited Partner generally is required to file his tax returns in a manner consistent with the information returns filed by the Partnership or be subject to possible penalties, unless the Limited Partner files a statement with its return on IRS Form 8082 describing any inconsistency. Pursuant to the Partnership Agreement, the General Partner is the Partnership's "tax matters partner" and will have considerable authority with respect to the tax treatment of Partnership items and procedural rights of the Partners. The General Partner is able to extend the statute of limitations on behalf of all Limited Partners with respect to Partnership items. A Limited Partner may file with the IRS a statement that General Partner does not have the authority to enter into a settlement agreement on behalf of that Limited Partner.

The Bipartisan Budget Act of 2015 ("Budget Act") significantly modifies the IRS partnership audit regime. The Budget Act will take effect on January 1, 2018. Under current law, the IRS may audit a partnership, but may only impose liability for any taxes, interest and penalties arising from such audit upon investors who were partners in the partnership during the time period to which the audit relates. Under the Budget Act, the IRS may be able to impose liability for taxes, interest and penalties on the partnership itself. As a consequence, the audit exposure may be ultimately borne by the current partners of a partnership even though the audit relates to prior taxable periods. The Budget Act also offers an alternative regime under which the Partnership itself would not bear any liability arising from a partnership audit, but which results in greater liability to the Limited Partners in the Partnership during the time period to which the audit relates. The General Partner reserves the right to elect to be audited under this alternative regime. In addition, the Budget Act replaces the tax matters partner with the

“partnership representative” who will have more control over the audit process than the tax matters partner currently has. It is anticipated that the General Partner will be the partnership representative.

IRS Reporting Requirements

Under the Regulations, funds and, in certain circumstances, investors in funds are generally required to disclose to the IRS their participation in certain transactions, including certain “loss transactions” which result in a loss of at least \$2 million in any taxable year (or an aggregate of \$4 million over a period of six taxable years) for certain partnerships and for individuals. However, an individual or a trust will be treated as engaged in a “loss transaction” if it claims a loss from a foreign currency transaction, either directly or through a pass-through entity such as the Partnership, of at least \$50,000 in any taxable year. While the IRS has exempted many transactions from the reporting requirements, certain transactions, including certain straddle transactions and certain foreign currency transactions, are not so exempt. The Partnership will notify any Partner who may have an IRS reporting requirement under the Regulations with respect to any non-exempt “loss transaction” entered into by the Partnership. Each prospective investor should consult with his own tax advisor with regard to the possible application of the IRS reporting requirements under the Regulations to his investment in the Partnership.

Unrelated Business Taxable Income

Generally, an exempt organization (such as, without limitation, a qualified pension or profit sharing plan exempt under Section 501(a) of the Code) is exempt from federal income tax on its passive investment income, such as dividends, interest and capital gains, whether realized by the organization directly or indirectly through a partnership in which it is a partner.

This general exemption from tax does not apply to the “unrelated business taxable income” (“UBTI”) of an exempt organization. UBTI also includes “unrelated debt-financed income,” which generally consists of (i) income derived by an exempt organization (directly or through a partnership) from income-producing property with respect to which there is “acquisition indebtedness” at any time during the taxable year, and (ii) gains derived by an exempt organization (directly or through a partnership) from the disposition of property with respect to which there is “acquisition indebtedness” at any time during the twelve-month period ending with the date of such disposition.

The Partnership may incur “acquisition indebtedness” with respect to certain of its transactions, such as the purchase of securities on margin or the use of funds borrowed from others for the purpose of pursuing its investment objectives. To the extent the Partnership recognizes income (i.e., dividends and interest) from securities with respect to which there is “acquisition indebtedness” during a taxable year, the percentage of such income which will be treated as UBTI generally will be based on the percentage which the “average acquisition indebtedness” incurred with respect to such securities is of the “average amount of the adjusted basis” of such securities during the taxable year.

To the extent the Partnership recognizes capital gains from securities with respect to which there is “acquisition indebtedness” at any time during the twelve-month period ending with the date of their disposition, the percentage of such gain which will be treated as UBTI will be based on the percentage which the highest amount of such “acquisition indebtedness” is of the “average amount of the adjusted basis” of such securities during the taxable year. In determining the unrelated debt-financed income of the Partnership, an allocable portion of deductions directly connected with the Partnership’s debt-financed property is taken into account. Thus, for instance, a percentage of capital losses from debt-financed securities (based on the debt/basis percentage calculation described above) would offset gains treated as UBTI.

Since the calculation of the Partnership's "unrelated debt-financed income" is complex and will depend in large part on the amount of leverage used by the Partnership from time to time, it is impossible to predict what percentage of the Partnership's income and gains will be treated as UBTI for a Limited Partner which is an exempt organization. An exempt organization's share of the income or gains of the Partnership which is treated as UBTI may not be offset by losses of the exempt organization either from the Partnership or otherwise, unless such losses are treated as attributable to an unrelated trade or business (e.g., losses from securities for which there is acquisition indebtedness).

To the extent that the Partnership generates UBTI, the applicable federal tax rate for such a Limited Partner generally would be either the corporate or trust tax rate depending upon the nature of the particular exempt organization. However, if the Limited Partner is a charitable remainder trust, an excise tax would be imposed on the trust in an amount equal to one hundred percent (100%) of its share of the Partnership's UBTI. An exempt organization may be required to support, to the satisfaction of the IRS, the method used to calculate its UBTI. The Partnership will be required to report to a Partner which is an exempt organization information as to the portion of its income and gains from the Partnership for each year which will be treated as UBTI. The calculation of such amount with respect to transactions entered into by the Partnership is highly complex, and there is no assurance that the Partnership's calculation of UBTI will be accepted by the IRS.

In general, if UBTI is allocated to an exempt organization such as a qualified retirement plan or a private foundation, the portion of the Partnership's income and gains which is not treated as UBTI will continue to be exempt from tax, as will the organization's income and gains from other investments which are not treated as UBTI. Therefore, the possibility of realizing UBTI from its investment in the Partnership generally should not affect the tax-exempt status of such an exempt organization. A prospective investor should consult its tax advisor with respect to the tax consequences of receiving UBTI from the Partnership.

State and Local Taxes

Each Partner may be liable for state and local income taxes payable in the state or locality in which it is a resident or doing business or in a state or locality in which the Partnership conducts or is deemed to conduct business. In addition, the Partnership may operate in states and localities which impose taxes on the Partnership's assets or income. The income tax laws of each state and locality may differ from the above discussion of federal income tax laws so each prospective Partner should consult its own tax counsel with respect to potential state and local income taxes payable as a result of an investment in the Partnership.

Foreign Partners

A foreign (*i.e.*, non-U.S.) person or entity considering acquiring an Interest in the Partnership should consult its own tax advisors as to the Federal, state and local tax consequences of an investment in the Partnership, as well as with respect to the treatment of income or gain received from the Partnership under the laws of its country of citizenship, residence or incorporation. As a general principle, an investment in the Partnership is not suitable for non-U.S. persons because of certain adverse withholding tax consequences.

Other Jurisdictions

In jurisdictions other than the U.S., foreign taxes may be withheld at the source on dividend and interest income derived by the Partnership at rates varying from jurisdiction to jurisdiction. Capital gains derived by the Partnership in such jurisdictions may often be exempt from foreign income or withholding taxes at source, although the treatment of capital gains varies among jurisdictions.

THE FOREGOING IS A BRIEF SUMMARY OF CERTAIN MATERIAL INCOME TAX MATTERS WHICH ARE PERTINENT TO PROSPECTIVE INVESTORS. THE SUMMARY IS NOT, AND IS NOT INTENDED TO BE, A COMPLETE ANALYSIS OF ALL PROVISIONS OF THE FEDERAL INCOME TAX LAW WHICH MAY HAVE AN EFFECT ON SUCH INVESTMENTS. THIS ANALYSIS IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. ACCORDINGLY, PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN RESPECTIVE TAX ADVISORS WITH RESPECT TO THEIR OWN RESPECTIVE TAX SITUATIONS AND THE EFFECTS OF THIS INVESTMENT THEREON.

CERTAIN ERISA CONSIDERATIONS

The United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”) imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA. These include entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans”) and persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan’s particular circumstances, including the ERISA Plan’s existing investment portfolio, and all of the facts and circumstances of the investment including, but not limited to, the matters discussed above under “CERTAIN RISK FACTORS” and in the Offering Memorandum.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, “Plans”)) and certain persons (referred to as “parties in interest” for purposes of ERISA and “disqualified persons” for purposes of the Code) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code, and the transaction might have to be rescinded.

The U.S. Department of Labor (the “DOL”) has promulgated a regulation, 29 C.F.R. Section 2510.3-101 (the “Plan Asset Regulation”), which has been modified by Section 3(42) of ERISA added under the Pension Protection Act of 2006 (the “2006 Act”). These provisions describe what constitutes the assets of a Plan with respect to the Plan’s investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and the related prohibited transaction provisions under Section 4975 of the Code. Under the Plan Asset

Regulation, if a Plan invests in an “equity interest” of an entity that is neither a “publicly offered security” nor a security issued by an investment company registered under the Company Act, the Plan’s assets include both the equity interest and an undivided interest in each of the entity’s underlying assets, unless it is established that the entity is an “operating company”, which includes for purposes of the Plan Asset Regulation, a “venture capital operating company” (“VCOC”), or that equity participation in the entity by “Benefit Plan Investors” (as defined below) is not “significant” (i.e., satisfies the 25% threshold requirements of Section 3(42) of ERISA discussed below).

VCOC. Generally in order to qualify as a VCOC, an entity must demonstrate on its “initial valuation date” (as defined in the Plan Asset Regulation), and annually thereafter, that at least 50% of its assets, valued at cost (other than short-term investments pending long-term commitment or distribution to investors), are invested in operating companies other than VCOCs (i.e., entities that are primarily engaged directly, or through a majority owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital) with respect to which such entity has direct contractual management rights. In addition, to qualify as a VCOC, an entity must, in the ordinary course of its business, actually exercise such management rights with respect to at least one of the operating companies in which it invests. The Plan Asset Regulation does not provide specific guidance regarding what rights will qualify as management rights, and the DOL has consistently taken the position that such determination can only be made in light of the surrounding facts and circumstances of each particular case, substantially limiting the degree to which it can be determined with certainty whether particular rights will satisfy this requirement.

Plan Assets Not Significant. Under Section 3(42) of ERISA, assets of an entity will not be treated as “plan assets” if, immediately after the most recent acquisition of any equity interest in the entity, less than 25% of the value of any class of equity interests in the entity is held by Benefit Plan Investors. The term “Benefit Plan Investor” includes: (a) any employee benefit plan (as defined in Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA; (b) any plan, account or arrangement that is subject to Section 4975 of the Code; e.g., an individual retirement account (“IRA”); and (c) any entity whose underlying assets include plan assets by reason of the investment in the entity, by any entity described in (a) or (b) (e.g., an entity in which 25% or more of the value of any class or equity interest is held by Benefit Plan Investors which does not satisfy any exception under the Plan Asset Regulation). For purposes of this determination, (i) the value of equity interests held by a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the entity or that provides investment advice for a fee (direct or indirect) with respect to such assets (or any affiliate of any such person) is disregarded, and (ii) only that portion of the equity interests of an entity described in clause (c) of the preceding sentence investing in another entity that are held by Benefit Plan Investors are included in the testing of such other entity.

An Interest in the Partnership should be considered to be an “equity interest” in the Partnership for purposes of the Plan Asset Regulation, and the Interests will not constitute “publicly offered securities” for purposes of the Plan Asset Regulation. In addition, the Partnership will not be registered under the Company Act and is not expected to qualify as a VCOC.

The General Partner intends to use commercially reasonable efforts to restrict transfers of any equity interest in the Partnership so that ownership of each class of equity interests in the Partnership by Benefit Plan Investors will remain below the 25% threshold described above so that the assets of Partnership should not constitute “plan assets” for purposes of ERISA and Section 4975 of the Code (although there can be no assurance that this will be the case).

If the assets of the Partnership were deemed to constitute the assets of a Plan, the fiduciary making an investment in the Partnership on behalf of an ERISA Plan could be deemed to have improperly

delegated its asset management responsibility, the assets of the Partnership could be subject to ERISA's reporting and disclosure requirements, and transactions involving the assets of the Partnership would be subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and the prohibited transaction rules of Section 4975 of the Code. Accordingly, certain transactions that the Partnership might enter into, or may have entered into, in the normal course of its operations might result in non-exempt prohibited transactions. As a result, the Manager and/or other fiduciary that has engaged in the transaction could be required to "correct" the transaction by undoing the transaction to the extent possible, restoring to the Partnership any profit realized by a fiduciary on the transaction, and reimbursing the Partnership for any losses incurred as a result of the transaction.

A party in interest or disqualified person that engages in a non-exempt prohibited transaction could be subject to an excise tax equal to 15% of the amount involved in the prohibited transaction for each year the transaction continues and, unless the transaction is corrected within statutorily required periods, to an additional tax of 100%. The 2006 Act provides an exemption from the excise tax for certain prohibited transactions involving the acquisition, holding or disposition of a security or commodity that are corrected within a prescribed period. However, there can be no assurance that this exemption would be available for prohibited transactions engaged in by the Partnership.

"Plan Asset" treatment would also subject the calculation and payment of the Manager's fees to applicable prohibited transaction and certain conflict of interest provisions of ERISA and the Code. Consequently, if at any time the General Partner determines that assets of the Partnership may be deemed to be "plan assets" subject to ERISA and Section 4975 of the Code, the General Partner may take certain actions it may determine to be necessary or appropriate, including requiring one or more investors to withdraw or otherwise dispose of all or part of their Interests in the Partnership or terminating and liquidating the Partnership.

The sale of any Interests to a Benefit Plan Investor is in no respect a representation by the General Partner, the Manager, or any of their affiliates that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Regardless of whether the assets of the Partnership are deemed to be "plan assets", the acquisition of an Interest by a Plan could, depending upon the facts and circumstances of such acquisition, be a prohibited transaction, for example, if any of the General Partner, the Manager or any of their affiliates were a party in interest or disqualified person with respect to the Plan. However, such a prohibited transaction may be treated as exempt under ERISA and the Code if the Interests were acquired pursuant to and in accordance with one or more "class exemptions" issued by the DOL, such as Prohibited Transaction Class Exemption ("PTCE") 84-14 (a class exemption for certain transactions determined by an independent qualified professional asset manager), PTCE 90-1 (a class exemption for certain transactions involving an insurance company pooled separate account), PTCE 91-38 (a class exemption for certain transactions involving a bank collective investment fund), PTCE 95-60 (a class exemption for certain transactions involving an insurance company general account), and PTCE 96-23 (a class exemption for certain transactions determined by an in-house asset manager).

Each Plan fiduciary who is responsible for making the investment decision whether to invest in the Partnership should determine whether, under ERISA's general fiduciary standards of investment prudence and diversification and under the documents and instruments governing the Plan, an investment in the Interests is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Plan fiduciaries who decide to invest in the Partnership could, under certain circumstances, be liable for prohibited transactions or other violations as a result of their investment in the Partnership or as co-fiduciaries for actions taken by or on behalf of the

Partnership, the Manager or the General Partner. With respect to an IRA that invests in the Partnership, the occurrence of a prohibited transaction involving the individual who established the IRA, or such individual's beneficiaries, would cause the IRA to lose its tax-exempt status. Accordingly, any Plan or IRA proposing to invest in the Partnership should consult with its counsel to confirm that such investment will not result in a prohibited transaction and will satisfy the other requirements of ERISA and the Code.

Any insurance company proposing to invest assets of its general account in the Partnership should also consider the extent to which such investment would be subject to the requirements of ERISA in light of the U.S. Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank* and under any subsequent legislation or other guidance that has or may become available relating to that decision, including Section 401(c) of ERISA and the regulations thereunder published by the DOL in January, 2000.

The General Partner will require a fiduciary of an ERISA Plan that proposes to acquire an Interest to represent that it has been informed of and understands the Partnership's investment objectives, policies, strategies and limitations, that the decision to acquire an Interest was made in accordance with its fiduciary responsibilities under ERISA and that neither the General Partner nor any of their affiliates has provided investment advice with respect to such decision. The General Partner will also require any investor that is, or is acting on behalf of, a Plan to represent and warrant that its acquisition and holding of an Interest will not result in a non-exempt prohibited transaction under ERISA and/or Section 4975 of the Code.

Governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to state or other federal laws that are substantially similar to the foregoing provisions of ERISA and the Code. The Manager will require similar representations and warranties with respect to the purchase of an Interest by any such plan. Fiduciaries of such plans should consult with their counsel before purchasing any Interests.

The discussion of ERISA and Section 4975 of the Code contained in this Offering Memorandum is, of necessity, general and does not purport to be complete. Moreover, the provisions of ERISA and Section 4975 of the Code are subject to extensive and continuing administrative and judicial interpretation and review. Therefore, the matters discussed above may be affected by future regulations, rulings and court decisions, some of which may have retroactive application and effect.

ANY POTENTIAL INVESTOR CONSIDERING AN INVESTMENT IN THE INTERESTS THAT IS, OR IS ACTING ON BEHALF OF, A PLAN (OR A GOVERNMENTAL PLAN SUBJECT TO LAWS SIMILAR TO ERISA AND/OR SECTION 4975 OF THE CODE) IS STRONGLY URGED TO CONSULT ITS OWN LEGAL, TAX AND ERISA ADVISERS REGARDING THE CONSEQUENCES OF SUCH AN INVESTMENT AND THE ABILITY TO MAKE THE REPRESENTATIONS DESCRIBED ABOVE.

MISCELLANEOUS

Exemption from the Company Act

To ensure that the Partnership is exempt from registration under the Company Act, it will be necessary to limit the number of Partners and the percentage interest in the Partnership that may be held by certain investors.

Amendments to Partnership Agreement

The Partnership Agreement may be amended by the General Partner without further notice to the Limited Partners so as to comply with appropriate regulations if (i) the General Partner, the Manager or one or more of their affiliates registers as an investment adviser under the Advisers Act, or under any similar state statutes, (ii) such amendment is necessary to comply with any federal or state statute and (iii) otherwise in accordance with the Partnership Agreement.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING AND TAX ACCOUNTING FIRM

The Partnership has retained Spicer Jeffries LLP, located at 5251 S. Quebec Street, Suite 200, Greenwood Village, CO 80111, as independent auditor and tax accounting firm for the Partnership.

LEGAL MATTERS

Haynes and Boone, LLP, located at 30 Rockefeller Plaza, 26th Floor, New York, New York 10112, has acted as counsel to the Partnership, the General Partner and the Manager in connection with the preparation of this Offering Memorandum and may serve as counsel to other investment funds sponsored or managed by the General Partner, the Manager and/or their affiliates. Should a future dispute arise between the Partnership and the General Partner or the Manager separate counsel may be retained as circumstances and professional responsibilities then dictate. Counsel does not represent the investors.

ACCESS TO INFORMATION

Reports

The General Partner intends to provide, or arrange for the Administrator to provide, monthly investment reports to all Limited Partners (unaudited) and an annual audited financial statement prepared in accordance with GAAP. The General Partner will distribute additional information, including, without limitation, a form K-1 with regard to the Partnership, appropriate to enable the Limited Partners of the Partnership to prepare their respective income tax returns, although the preparation of such returns will be the sole responsibility of each Limited Partner. The General Partner reserves the right not to disclose the Partnership's positions in all or some financial instruments, at its discretion. Costs incurred with respect to such reporting are treated as an expense of the Partnership.

The Partnership reserves the right to make interim reports available solely in electronic form on the web site of the Partnership or its administrator, and the Partners hereby agree to accept such electronic delivery in satisfaction of any regulatory requirements under any applicable law.

Additional Information

Prospective investors are invited to review any materials available to the General Partner which can be acquired without unreasonable effort or expense that is necessary to verify the accuracy of any information relating to the Partnership, the operations of the Partnership, the General Partner and its affiliates, and any other matters relating to this Offering.

EXHIBIT I- Privacy Notice

The Partnership recognizes the importance of protecting the Limited Partners' privacy. As such, the Partnership, the General Partner and the Manager have policies in place to maintain the confidentiality and security of our Limited Partners' information.

Categories of Information We May Collect

In the normal course of business, we may collect the following types of information i) Information Limited Partners provide in the subscription documents and other forms (including name, address, social security number, date of birth, income and other financial-related information); and ii) Data about Limited Partners transactions with the Partnership (such as the types of investments Limited Partners have made and Limited Partners account status).

How We Use Limited Partners Information That We Collect

Any and all nonpublic personal information received by the Partnership, the General Partner and/or the Manager in the course of business with respect to Limited Partners who are natural persons, including the information provided to the Partnership by a Limited Partner in the subscription documents, shall not be shared with nonaffiliated third parties which are not service providers to the Partnership, the General Partner and/or the Manager without prior notice to, and consent from, such Limited Partners, unless otherwise required by law. In the normal course of business, we may disclose the kinds of nonpublic personal information listed above to nonaffiliated third party service providers involved in servicing and administering products and services on our behalf. The Partnership's service providers include, but are not limited to the Administrator, the auditors and the legal advisors of the Partnership. Notwithstanding the foregoing, the Partnership, the General Partner and/or the Manager may disclose such nonpublic personal information as required by law (such as to respond to a subpoena or a request for information by a regulator and/or to prevent fraud), including without limitation, the disclosure that may be required by the Uniting and Strengthening America Act by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 and the rules and regulations promulgated thereunder. In addition, if the Partnership chooses to dispose of any Limited Partner's nonpublic personal information that the Partnership is not legally bound to maintain, then the Partnership will do so in a manner that reasonably protects such information from unauthorized access. The same privacy policy also applies to former Limited Partners who are natural persons.

Confidentiality and Security

We restrict access to nonpublic personal information about our customers to those employees and agents who need to know that information in order to provide products and services to Limited Partners. We maintain physical, electronic and procedural safeguards to protect Limited Partners' nonpublic personal information.

For questions about this privacy policy, please contact the General Partner.